



PRESS RELEASE

PANARIAGROUP Industrie Ceramiche S.p.A.: the Shareholders' meeting approved the 2010 Financial Statement.

The Shareholders' meeting of Panariagroup Industrie Ceramiche S.p.A., Group specialized in the production and distribution of porcelain stoneware for floors and wall, focused on the top level luxury segment, in a meeting today, deliberated the following points:

- **Approval of the Financial Statement 2010**

The Shareholders' meeting approved the 2010 Financial Statement.

Because of this phase of the economic cycle, which continues to be unfavourable, in 2010 the construction industry in most industrialised nations turned in a negative trend for the third year running, even if it was less emphatic than the previous year. In Europe, restrictive budget policies have had a drastic impact on infrastructure investments, making the deep crisis in the labour market even worse, with a consequent decline in consumer spending as well.

Patterns have been different in emerging nations, especially in Asia.

Considering the fact that our Group's production and commercial activities are concentrated principally in industrialised nations, to mitigate the repercussions of the economic crisis in these areas, our main efforts in 2010 were again to protect market shares, hold down costs and to reduce debt. These measures did reinforce our capital structure and in particular the financial and allowed carrying out substantial strategic investments.

- Consolidated net revenues from sales came to 285.2 million euro, slightly better than 2009 (284.5 million euro)
- The gross operating profit is up by 33.84% on 2009 (+7.1 million euro), coming in at 28.3 million euro.
- The net operating profit is 6.5 million euro, well up on the figure of 0.2 million euro in 2009.
- The consolidated net profit amounts to 1.4 million euro (versus a consolidated loss of 4.6 million euro at 31 December 2009).
- Net financial indebtedness fell by 8.2 million euro to 78.6 million euro (86.8 million euro in 2009).

The Italian Parent Company Panariagroup Industrie Ceramiche S.p.A., obtained a net profit of euro 2.081.135; the Shareholders' meeting approved the disposition proposed by the Board of Directors:

- 5% to Legal Reserve
- Settlement of 2009 Net Loss for Euro 1,477,600
- The residual part to Extraordinary Reserve

- **Nomination of the Board of Directors of the Company**

Following the expiration of the previous mandate, in agreement with the article 21 of the corporate by-laws, the Shareholders' Meeting nominated, based on the only list presented by the majority holding Finpanaria S.p.A. the new Board of Directors of the Company, that will be in-charge until the approval of the Financial Statement 2013.



The list of the Directors is the following:

Giuliano Mussini	Director
Giovanna Mussini	Director
Emilio Mussini	Director
Marco Mussini	Director
Andrea Mussini	Director
Giuseppe Mussini	Director
Paolo Mussini	Director
Giuliano Pini	Director
Paolo Onofri	Independent Director
Alessandro Iori	Independent Director
Enrico Palandri	Independent Director

Immediately after the Shareholders' meeting, the Board of Directors nominated Emilio Mussini as President of the Board, Giuliano Mussini and Giovanna Mussini as Vice-Presidents, Giuliano Pini as Managing Director and Chief Executive, Giuseppe Mussini, Paolo Mussini and Andrea Mussini Managing Directors respectively for the brands Panaria, Cotto d'Este/Blustyle and Fiordo, while the Lea brand remains directly managed by the new President Emilio Mussini.

Moreover, the Board of Directors of the Company attested the existence of the requirements of independence of the Directors Paolo Onofri, Alessandro Iori and Enrico Palandri and nominated these persons as members of the "Remuneration Committee" and the "Internal Control Committee".

The Board of Directors has also nominated, hearing the opinion of the Statutory Auditors, Damiano Quarta as Financial Reporting Manager.

The Board of Directors has finally nominated the Independent Director Paolo Onofri as *lead independent director* of the Company.

- **Authorization to the Board of Directors to do operations of trading of Treasury Shares and start of the Buying program.**

The Shareholders' Meeting renewed the authorization to the Board of Directors to trade Treasury Shares for a maximum number of shares representing not more than 10% of the actual Share Capital, equal to maximum n. 4,535,529 shares, deducted the 432,234 shares actually owned, in accordance with the legal and regulatory dispositions applicable from time to time and with the Regulations issued by Borsa Italiana, as well as in compliance with the EU rules.

Today the Company owns n.432,234 Treasury Shares (equal to 0.953% of the Share capital), for a nominal value of 216,117 Euros. The eventual purchases should be effected on the Stock Exchange for a period between today and the date of approval of the Financial Statement 2011, for a price not higher than 20% above or below the official price of the stock posted at the Stock Exchange session immediately previous to each individual transaction. The potential purchase of Treasury Shares should not exceed the available reserves shown in the latest approved financial statement.

The reasons for the request of the authorization are company purposes allowed by the Law, such as, incentives to the staff, to the personnel and the Administrators of the Company and/or controlled companies; as part of private negotiations and/or corporate finance deals; completion of trading operations, in the limit of the market use and trading operations with payment in shares, in the interest of the Company.



We inform also that the Board of Directors approved today the start of a Buying Program of Treasury Shares, with objectives, terms, values and maximum quantities established by the above mentioned Shareholders' Meeting authorization. The Board of Directors deliberated that the maximum number of shares daily purchasable is defined in accordance with the art. 5 of Ue rule CE 2273/2003.

- **Modification of the Corporate By-Laws**

The Shareholders' meeting finally approved, in extraordinary session, the modification to the articles 5,6,11,12,13,15,18,20,21,25,30,31,32,32-bis,33,34,35 and 36 of the corporate by-laws in order to comply with new laws i) d.Lgs. 27th January 2010 n.27, following EU directive 2007/36/CE, related to the rights of the shareholders of the listed companies and ii) d.Lgs. 27 January 2010, n.39, following EU directive 2006/43/CE, related to legal audit of the annual accounts and consolidated accounts that modify EU directives 78/660/CEE and 83/349/CEE and cancel the directive 84/253/CEE.

In agreement with paragraph 2, art 154-bis of the D.Lgs. 24th February 1998, n.5, Panariagroup Financial Manager Damiano Quarta, declares that the accounting information contained in this press release corresponds to the documents, books and accounting records.

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Finale Emilia, April 28, 2011



PANARIAGROUP CONSOLIDATED FINANCIAL STATEMENT

BALANCE SHEET

(THOUSANDS OF EURO)

<u>ASSETS</u>	<u>31/12/2010</u>	<u>31/12/2009</u>
CURRENT ASSETS	229.646	229.587
Inventories	134.943	130.367
Trade Receivables	83.647	87.478
Due from tax authorities	5.717	3.629
Other current assets	3.011	3.657
Cash and cash equivalents	2.328	4.456
NON-CURRENT ASSETS	117.245	122.604
Goodwill	12.789	12.789
Intangible assets	3.187	3.376
Property, plant and equipment	90.218	95.572
Financial assets	10.773	10.580
Deferred tax assets	0	0
Other non-current assets	278	287
TOTAL ASSETS	346.891	352.191
<u>LIABILITIES</u>	<u>31/12/2010</u>	<u>31/12/2009</u>
CURRENT LIABILITIES	124.915	124.135
Due to banks and other sources of finance	37.823	38.766
Trade payables	59.947	57.104
Due to tax authorities	3.310	3.664
Other current liabilities	23.835	24.601
NON-CURRENT LIABILITIES	71.803	81.542
Employee severance indemnities	6.440	6.710
Deferred tax liabilities	2.438	2.918
Provisions for risks and charges	7.856	7.756
Due to banks and other sources of finance	54.509	63.634
Other non-current liabilities	560	524
TOTAL LIABILITIES	196.718	205.677
EQUITY	150.173	146.514
Share capital	22.678	22.678
Reserves	126.051	128.444
Net profit for the year	1.444	(4.608)
TOTAL LIABILITIES AND EQUITY	346.891	352.191



PANARIAGROUP CONSOLIDATED FINANCIAL STATEMENT

INCOME STATEMENT - IFRS

(THOUSANDS OF EURO)

	31/12/2010		31/12/2009	
REVENUES FROM SALES AND SERVICES	285.179	97,5%	284.490	105,8%
	–	0,0%	–	0,0%
Change in inventories of finished products	3.111	1,1%	(20.608)	-7,7%
Other revenues	4.210	1,4%	5.106	1,9%
VALUE OF PRODUCTION	292.500	100,0%	268.988	100,0%
Raw materials	(76.087)	-26,0%	(67.471)	-25,1%
Services, leases and rentals	(115.761)	-39,6%	(108.718)	-40,4%
<i>of which, related party transactions</i>	<i>(5.096)</i>	<i>-1,7%</i>	<i>(5.048)</i>	<i>-1,9%</i>
Personnel costs	(69.863)	-23,9%	(68.036)	-25,3%
Change in inventories of raw materials	405	0,1%	(832)	-0,3%
Other operating expenses	(2.941)	-1,0%	(2.822)	-1,0%
PRODUCTION COSTS	(264.247)	-90,3%	(247.879)	-92,2%
GROSS OPERATING PROFIT	28.253	9,7%	21.109	7,8%
Amortisation and depreciation	(17.402)	-5,9%	(17.139)	-6,4%
Provisions and writedowns	(4.371)	-1,5%	(2.964)	-1,1%
Non recurring Provisions and Writedowns	–	0,0%	(788)	-0,3%
NET OPERATING PROFIT	6.480	2,2%	218	0,1%
Financial income (expense)	(2.058)	-0,7%	(4.732)	-1,8%
PRE-TAX PROFIT	4.422	1,5%	(4.514)	-1,7%
Income taxes	(2.978)	-1,0%	(94)	0,0%
NET PROFIT	1.444	0,5%	(4.608)	-1,7%
BASIC AND DILUTED EARNING PER SHARE	0,03		(0,10)	

PANARIAGROUP
CONSOLIDATED FINANCIAL STATEMENT
CASH FLOW STATEMENT - IFRS
(THOUSANDS OF EURO)

	31st December	
	2010	2009
A - OPERATIONS		
Net Result of the period	1,444	(4,608)
Amortisation, depreciation and impairments	17,402	17,339
Deferred tax liabilities (assets)	(480)	(395)
Net change in provisions	3,828	2,868
<i>Cash flow (absorption) from operations prior to changes in working capital</i>	<i>22,194</i>	<i>15,204</i>
(Increase)/Decrease in trade receivables	1,548	7,554
(Increase)/Decrease in inventories	(6,291)	21,695
(Increase)/Decrease in trade payables	2,843	(7,974)
Net change in other current assets/liabilities	(2,471)	(6,383)
<i>Cash flow (absorption) from operations due to changes in working capital</i>	<i>(4,371)</i>	<i>14,892</i>
TOTAL (A) CASH FLOW FROM OPERATIONS	17,823	30,096
B - INVESTMENT ACTIVITY		
Net investment in tangible and intangible assets	(10,607)	(15,918)
Net investment in financial assets	-	-
Exchange difference on tangible and intangible assets	(1,252)	532
TOTAL (B) CASH FLOW (ABSORPTION) FROM INVESTMENT ACTIVITY	(11,859)	(15,386)
C - FINANCING ACTIVITY		
Increase in capital	-	-
Distribution of dividends	-	(1,348)
Other changes in equity	-	-
(Purchase) Sale of treasury shares	-	-
Net change in loans	(4,505)	32,454
TOTAL (C) CASH FLOW (ABSORPTION) FROM FINANCING ACTIVITIES	(4,505)	31,106
Opening net cash (indebtedness)	(23,277)	(68,078)
Change in the translation reserve	2,215	(1,015)
Net change in net short-term cash (indebtedness) (A+B+C)	1,459	45,816
Closing net cash (indebtedness)	(19,603)	(23,277)
Supplementary information		
Interest paid	1,662	2,468
Income taxes paid	3,605	2,747

The net cash (indebtedness) position includes cash and cash equivalents, including bank deposits and overdrafts, but excluding the current portion of long-term loans



PANARIAGROUP Industrie Ceramiche S.p.A.
FINANCIAL STATEMENT

BALANCE SHEET

(THOUSANDS OF EURO)

<u>ASSETS</u>	31/12/2010	31/12/2009
CURRENT ASSETS	166.940.342	167.020.722
Inventories	86.160.626	81.341.846
Trade Receivables	71.992.723	75.699.840
Due from tax authorities	5.364.563	3.198.263
Other current assets	3.224.237	4.916.551
Cash and cash equivalents	198.193	1.864.222
NON-CURRENT ASSETS	121.671.355	127.817.754
Intangible assets	1.232.527	1.424.067
Property, plant and equipment	40.769.477	45.391.136
Financial assets	63.713.183	67.212.183
Deferred tax assets	0	0
Other non-current assets	15.956.168	13.790.368
TOTAL ASSETS	288.611.697	294.838.476
<u>LIABILITIES</u>	31/12/2010	31/12/2009
CURRENT LIABILITIES	97.703.351	96.477.941
Due to banks and other sources of finance	33.872.892	34.328.808
Trade payables	42.641.675	40.073.605
Due to tax authorities	2.085.179	3.199.699
Other current liabilities	19.103.605	18.875.829
NON-CURRENT LIABILITIES	53.493.218	63.026.643
Employee severance indemnities	6.297.933	6.588.272
Deferred tax liabilities	133.898	293.020
Provisions for risks and charges	7.137.072	7.009.959
Due to banks and other sources of finance	39.895.054	49.080.770
Other non-current liabilities	29.261	54.622
TOTAL LIABILITIES	151.196.569	159.504.584
EQUITY	137.415.128	135.333.892
Share capital	22.677.646	22.677.646
Reserves	112.656.247	114.133.846
Net profit for the year	2.081.235	(1.477.600)
TOTAL LIABILITIES AND EQUITY	288.611.697	294.838.476



PANARIAGROUP Industrie Ceramiche S.p.A.

INCOME STATEMENT

(THOUSANDS OF EURO)

	31/12/2010		31/12/2009	
REVENUES FROM SALES AND SERVICES	176.152.291	96,1%	185.558.966	107,0%
Change in inventories of finished products	4.976.359	2,7%	(15.045.305)	-8,7%
Other revenues	2.220.716	1,2%	2.882.491	1,7%
VALUE OF PRODUCTION	183.349.366	100,0%	173.396.152	100,0%
Raw materials	(44.967.897)	-24,5%	(39.531.316)	-22,8%
Services, leases and rentals	(74.358.633)	-40,6%	(72.473.227)	-41,8%
<i>of which, related party transactions</i>	<i>(5.096.501)</i>	<i>-2,8%</i>	<i>(5.048.296)</i>	<i>-2,9%</i>
Personnel costs	(44.749.513)	-24,4%	(42.691.319)	-24,6%
Change in inventories of raw materials	404.440	0,2%	(831.880)	-0,5%
Other operating expenses	(1.503.512)	-0,8%	(1.372.585)	-0,8%
PRODUCTION COSTS	(165.175.115)	-90,1%	(156.900.327)	-90,5%
GROSS OPERATING PROFIT	18.174.251	9,9%	16.495.825	9,5%
Amortisation and depreciation	(11.214.654)	-6,1%	(10.578.602)	-6,1%
Provisions and writedowns	(3.860.644)	-2,1%	(1.495.413)	-0,9%
NET OPERATING PROFIT	3.098.953	1,7%	4.421.810	2,6%
Financial income (expense)	787.057	0,4%	(5.793.741)	-3,3%
PRE-TAX PROFIT	3.886.010	2,1%	(1.371.931)	-0,8%
Income taxes	(1.804.775)	-1,0%	(105.669)	-0,1%
NET PROFIT	2.081.235	1,1%	(1.477.600)	-0,9%
BASIC AND DILUTED EARNING PER SHARE	0,05		(0,03)	



PANARIAGROUP INDUSTRIE CERAMICHE S.P.A.

CASH FLOW STATEMENT

(THOUSANDS OF EURO)

	31 december 2010	31 december 2009
A - OPERATIONS		
Net Result	2.081	(1.478)
Amortisation and depreciation	11.214	10.579
Deferred tax liabilities (assets)	(159)	(2)
Net change in the provision for severance indemnities	(290)	(174)
Net change in provisions	3.614	1.302
Investments depreciation	3.500	7.200
Dividends by controlled companies not yet paid	990	990
<i>Cash flow (absorption) from operations prior to changes in working capital</i>	<i>20.950</i>	<i>18.417</i>
(Increase)/Decrease in trade receivables	1.935	6.739
(Increase)/Decrease in inventories	(6.534)	14.646
(Increase)/Decrease in trade payables	2.569	(4.520)
Net change in other current assets/liabilities	(2.377)	(1.736)
<i>Cash flow (absorption) from operations due to changes in working capital</i>	<i>(4.407)</i>	<i>15.129</i>
TOTAL (A) CASH FLOW FROM OPERATIONS	16.543	33.546
B - INVESTMENT ACTIVITY		
Net investment in tangible assets	(5.872)	(11.766)
Net investment in intangible assets	(529)	(686)
Net investment in financial assets	(1)	-
TOTAL (B) CASH FLOW (ABSORPTION) FROM INVESTMENT ACTIVITY	(6.402)	(12.452)
C - FINANCING ACTIVITY		
Increase in capital	-	-
Distribution of dividends	-	(1.347)
Other changes in equity	-	-
(Purchase) Sale of treasury shares	-	-
Net change in loans	(4.072)	28.182
Net change in other financing activities/liabilities	-	-
Net change in intercompany loans	(2.166)	(4.674)
TOTAL (C) CASH FLOW (ABSORPTION) FROM FINANCING ACTIVITIES	(6.238)	22.161
Opening net cash (indebtedness)	(23.391)	(66.646)
Net change in net short-term cash (indebtedness) (A+B+C)	3.903	43.255
Closing net cash (indebtedness)	(19.488)	(23.391)
Supplementary information		
Interest paid	1.498	2.236
Income taxes paid	2.309	976

The net cash (indebtedness) position includes cash and cash equivalents, including bank deposits and overdrafts, but excluding the current portion of long-term loans