PRESS RELEASE

Panariagroup Industrie Ceramiche S.p.A. : the Board of Directors approves the Consolidated Quarterly Report as of 30th September 2011

- Net Revenues amounted to 220.3 million Euros.
- Gross operating profit amounted to 19.6 million Euros.
- Net operating profit amounted to 4.9 million Euros
- Pre-tax result amounted to 2.4 million Euros
- Consolidated net profit of the period was 0.3 million Euros

The Board of Directors of Panariagroup Industrie Ceramiche S.p.A. Group specialized in production and distribution of high-end and luxury ceramic material for floor and wall, approved today the Consolidated Quarterly Report as of September 30th 2011, in accordance with the International Financial Reporting Standard (IFRS).

Despite the critical state of the global economy, in the third quarter our Group achieved a slight increase in revenues over the same period last year (+1.4%), essentially confirming the positive trend of the first 9 months (+2.4%).

This is an excellent result considering the considerable difficulties encountered in the Portuguese market (one of the most important for the Group), which was adversely affected by the delicate situation of the domestic economy and the austerity measures which have heavily penalised industry, ours included.

FINANCIAL HIGHLIGHTS
(thousand Euros)

	30/9/2011	**30/9/2010**	**var. €**
Revenues from sales and services	220,261	215,084	5,177
Value of production	227,173	217,568	9,605
Gross operating profit	19,592	21,861	(2,269)
Net operating profit	4,923	6,496	(1,573)
Consolidated net profit (loss)	0,278	2,083	(1,805)

“The results of the Third Quarter confirm the solidity of our Group – said Emilio Mussini, Chairman of Panariagroup – and the effectiveness of our strategies oriented on the one hand to the expansion of sales towards emerging markets, and on the other hand on the unremitting engagement on technological innovation of products and processes, such as the manufacturing of laminated gres”.

“Nonetheless the worsening of the general economic context – continued Mussini – in particular in the Western countries, Panariagroup increase turnover with +1.4% in the third quarter and +2.4% in the first 9 months of 2011. We obtained significant increase on the Italian market of 4.2%, and on the US market where the 3.4% growth in Euro become more than +10% if expressed in US dollars, but it’s also very good the increase in the Asiatic areas (+25%). These results compensated the

European stagnation and the decrease in the Portuguese market due to its well-known economic crisis".

"All of this means that we are increasing our competitive skills – ended Mussini - and that we can look in a positive view to the future because we demonstrate to have the right arguments to extend our export area and to expand our market share on the most interesting countries".

REVENUES

The **Net sales** reported a growth of **2.4%** going from 215.1 million Euros as of 30th September 2010 up to 220.3 million Euros as of 30th September 2011 (+ 5.2 million Euros).

In all the main markets, our Group has managed to hold up well, with good growth both in Italy and in Asia.

EUROPE – The share of the European markets on the consolidated sales is around 41%.
Turnover has remained more or less stable in all of the main **European countries**, excluding Portugal; significant increases were recorded in German-speaking countries such as Germany, Austria and Switzerland and certain Eastern European countries.
The overall effect of these trends has led to revenues broadly in line with 2010.

ITALY – The share of the Italian market on the consolidated sales is around 29%. On this area, there has been good growth (more than 4%); this figure is extremely positive when compared with the performance of the sector which, according to recent surveys by Confindustria Ceramica, lost 2.3%. Once again, our Group's innovative products, particularly those in porcelain gres laminate, have helped increase our presence in the domestic market, despite the contraction in investment in both residential and commercial construction

USA – The share of the US market on the consolidated sales is around 21%. Our Group reported an increase in US dollar sales of more than 10%, confirming the figure of previous quarters. This is attributable not only to a good performance on the part of Florida Tile, the U.S. subsidiary, but also good results on the part of the Italian brands.

ASIA, OCEANIA and AFRICA - Thanks to the Group's commercial policy, **overseas markets** (Asia, Oceania and Africa) have achieved excellent results with turnover up by 3.5 million euro compared with 2010 (+25%).

FINANCIAL RESULTS

The **Gross operating profit** was 19.6 million Euros, which represents 8.6% of the Value of Production (21.9 million at 30th September 2010).

The main factors that impacted negatively the level of profitability:

- The increase in energy prices (electricity and natural gas); in particular, the increases for the Italian business unit came to 5.1% and 30.7% respectively, hitting the income statement for an extra Euro 2 million;
- The increase in raw material prices (for feldspar and zirconium) and higher costs for their transport. The impact on the income statement is put at around Euro 1 million.

The **Net operating profit** was 4.9 million Euros (6.5 million Euros as of 30th September 2010).

The **Pre-tax Profit** amounted to 2.4 million Euros. (4.8 million Euros as of 30th September 2010).

NET CONSOLIDATED RESULT

The **Consolidated Net Profit** amounted to about 0.3 million Euros.

NET FINANCIAL POSITION

The Net Financial Position as of 30th September 2011 reported a negative balance of about 84.7 million Euros.

SHAREHOLDERS' EQUITY

The Shareholders' equity of the Group amounted to 150.3 million Euros at 30th September 2011, while it was equal to 150.2 million Euros at 31st December 2010.

OPERATIONAL OUTLOOK FOR THE GROUP

Considering the ongoing volatility in the economy, we remain very cautious when making forecasts about future trends. We remain confident and convinced that our policy of technical and aesthetic product innovation, thanks to specific investments, allows our collections to stand out from those of our competitors, giving us important competitive advantages in this difficult economic climate.
In addition to constant supervision and consolidation of our traditional markets, our Group is also making every effort to develop sales in new market areas, which are showing attractive growth rates despite the crisis.

Declaration of the Financial Reporting Manager

The Financial Reporting Manager, Damiano Quarta, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records.

Attachments: Consolidated Balance Sheet and Profit & Loss account

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	September 30, 2011	June 30, 2011	December 31, 2010	September 30,2010
Inventories	138,169	135,268	134,943	131,038
Accounts Receivable	85,810	97,436	83,647	88,948
Other current assets	5,979	7,119	8,095	6,283
CURRENT ASSETS	**229,958**	**239,823**	**226,685**	**226,269**
Accounts Payables	(58,392)	(64,258)	(59,947)	(58,090)
Other current liabilities	(28,632)	(35,494)	(27,145)	(30,717)
CURRENT LIABILITIES	**(87,024)**	**(99,752)**	**(87,092)**	**(88,807)**
NET WORKING CAPITAL	**142,934**	**140,071**	**139,593**	**137,462**
Goodwill	12,789	12,789	12,789	12,789
Intangible assets	2,734	2,735	3,187	3,131
Tangible assets	88,937	87,696	90,218	90,874
Equity Investments and other financial fixed assets	5	5	4	4
FIXED ASSETS	**104,465**	**103,225**	**106,198**	**106,798**
Receivables due after the following year	267	263	278	280
Provisions for termination benefits	(6,320)	(6,332)	(6,440)	(6,533)
Provisions for risks and charge and deferred taxes	(5,804)	(5,582)	(10,294)	(9,820)
Other payables due after the year	(581)	(538)	(560)	(607)
ASSETS AND LIABILITIES DUE AFTER THE YEAR	**(12,438)**	**(12,189)**	**(17,016)**	**(16,680)**
NET CAPITAL EMPLOYED	**234,961**	**231,107**	**228,775**	**227,580**

Short term financial assets	(3,205)	(5,078)	(2,328)	(4,791)
Short term financial debt	37,900	50,004	37,190	36,633
NET SHORT TERM FINANCIAL DEBT	**34,695**	**44,926**	**34,862**	**31,842**
Mid-long term financial debt	49,993	37,829	43,740	45,495
NET FINANCIAL POSITION	**84,688**	**82,755**	**78,602**	**77,337**
Group Shareholders' Equity	150,273	148,352	150,173	150,243
SHAREHOLDERS' EQUITY	**150,273**	**148,352**	**150,173**	**150,243**
TOTAL SOURCES OF FUNDS	**234,961**	**231,107**	**228,775**	**227,580**

PANARIAgroup
INDUSTRIE CERAMICHE S.P.A.

CUMULATED	September 30, 2011	%	September 30, 2010	%	var.
Revenues from sales and services	**220,261**	**96.96%**	**215,084**	**98.86%**	**5,177**
Change in inventories of finished products	2,914	1.28%	(602)	-0.28%	3,516
Other revenues	3,998	1.76%	3,086	1.42%	912
Value of Production	**227,173**	**100.00%**	**217,568**	**100.00%**	**9,605**
Raw, ancillary and consumable materials	(62,600)	-27.56%	(56,418)	-25.93%	(6,182)
Services, leases and rentals	(90,110)	-39.67%	(85,530)	-39.31%	(4,580)
Personnel costs	(52,988)	-23.32%	(52,162)	-23.98%	(826)
Change in inventories of raw materials	384	0.17%	523	0.24%	(139)
Other operating expenses	(2,267)	-1.00%	(2,120)	-0.97%	(147)
Cost of production	**(207,581)**	**-91.38%**	**(195,707)**	**-89.95%**	**(11,874)**
Gross operating profit	**19,592**	**8.62%**	**21,861**	**10.05%**	**(2,269)**
Amortisation and depreciation	(12,827)	-5.65%	(12,857)	-5.91%	30
Provisions and impairments	(1,842)	-0.81%	(2,508)	-1.15%	666
Net operating profit	**4,923**	**2.17%**	**6,496**	**2.99%**	**(1,573)**
Financial income and expense	(2,535)	-1.12%	(1,688)	-0.78%	(847)
Pre-tax profit	**2,388**	**1.05%**	**4,808**	**2.21%**	**(2,420)**
Income taxes estimated	(2,110)	-0.93%	(2,725)	-1.25%	615
Net profit for the period	**278**	**0.12%**	**2,083**	**0.96%**	**(1,805)**
Cash Flow	**14,947**	**6.58%**	**17,448**	**8.02%**	**(2,501)**