

Press release

May 15th, 2006

**Ricchetti Group: net profit for the first quarter 2006 at 4.1 millions Euro
(loss of the first quarter 2005: 211 thousands Euro)**

- The turnover is 71.4 millions Euro (+ 3,1% compared to the corresponding period of 2004: 69.2 millions Euro)
- The consolidated Ebitda is 6.3 millions Euro, 8.2% of the production value (on the rise compared to the corresponding period of 2005: 5.2 millions Euro)
- Ebit is 3.4 millions Euro, 4.4% of the production value (on the rise compared to the corresponding period of 2005: 1.3 millions Euro)
- Consolidated net profit before tax: 5.8 millions Euro, up compared to March 2005 (1.1 millions Euro)
- Consolidated net profit: 4.1 millions Euro (loss in March 2005: 211 thousands Euro)
- Net Financial Position: 81.0 millions Euro, in line compared to December 31, 2005 (81.3 millions Euro).
- The Impact of the financial management is positive at + 2.9%, compared to - 0.6% in the corresponding period of 2005.
- The first quarter consolidated Report as at March, 31 2006 has been drawn-up following the International Accounting Principles (IAS/IFRS) in compliance with article 82 of the Consob Regulation n. 11971 (May 14, 1999), modified by the Consob Decision n. 14990 (April 14, 2005).

The Board of Directors of Ricchetti Group, chaired by Oscar Zannoni, has approved today the first quarter Report as of March 31, 2006, that shows **a net profit before tax** coming in at 5.8 millions Euro, up compared to the corresponding period of the previous year (1.1 millions Euro) and a **net profit** of 4.1 millions Euro (net loss of 211 thousands Euro in Q1 2005).

The consolidated turnover in the first quarter 2006, coming in at 71.4 millions Euro, has increased by about 3.1% compared to the corresponding period of 2005 (69.2 millions

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Euro). This increase is mainly due to the turnover increase of the Portuguese subsidiary company Cinca SA.

The consolidated Ebidta margin is 6.3 millions Euro (8.2% of the production value), up compared to the corresponding period of 2005 (5.2 millions Euro; 7.0% of the production value).

The consolidated Ebit is 3.4 millions Euro (4.4% of the production value), up compared to the corresponding period of 2005 (1.3 millions Euro; 1.7% of the production value).

The net financial position shows a debt of 81.0 millions Euro, in line with December 31, 2005 (81.3 millions Euro). **The impact of the financial management** decreases from minus 0.6% to plus 2.9%, if compared to the corresponding period of 2005. This improvement is mainly due to the revenues coming from gain on sales of securities; net financial charges as of 31 March 2006, indeed, is 1%, in line with the corresponding period of the previous year.

The first quarter consolidated Report as at March 31, 2006 has been drawn-up following the **International Accounting Principles (IAS/IFRS)** in compliance with article 82 of the Consob Regulation n. 11971 (May 14, 1999), modified by the Consob Decision n. 14990 (April 14, 2005).

The financial results analysis has been carried out by comparing the balance sheets as at September 30, 2005 to the corresponding period of 2004 and it has been reclassified according to the IAS/IFRS accounting standards, in order to allow an immediate and homogeneous reading.

Oscar Zannoni, President and Managing Director of Ricchetti Group stated: “In the third quarter of the year our turnover has increased by 3.1%, compared to the corresponding period of 2005, but we are still not in line with market levels. Thanks to a better financial management we succeeded in substantially increasing the profit before tax, compared to the corresponding period of 2005. This is evidence of the positive trend already recorded in the whole 2005 financial year. We keep focusing our efforts on investments that privilege products with an higher added value, by giving great importance to research and development”.

The first quarter report is available at: www.ricchetti-group.com – section Investor relations.

Ricchetti Group is an industrial holding that produces and distributes ceramic wall and floor tiles for internal and external use. It was the first company in the ceramic sector to be

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listed at the Stock Exchange in 1996 and it is one of the largest group, both in Italy and worldwide, in the ceramic tile industry.

Ricchetti Group has 15 manufacturing facilities (seven in Italy, mostly in the ceramic district of Sassuolo, and eight in Europe), with about 2.250 employees and an annual production of around 40 millions square meters of tiles, about 80% of which is sold abroad.

Financial statements on the following pages

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Consolidated profit and loss account

(in thousands of Euro)

	1.1-31.3 06	%	1.1-31.3 05	%
Revenues	71,389	92.9	69,239	93.7
Other income	348	0.5	317	0.4
Change in stock of finished and semi-finished products	5,137	6.7	4,335	5.9
Value of production	76,874	100.0	73,981	100.0
Goods purchased	(23,356)	(30.4)	(22,800)	(30.9)
Services purchased	(23,224)	(30.2)	(22,003)	(29.8)
Personnel expenses	(22,480)	(29.2)	(22,992)	(31.1)
Other expense	(1,486)	(1.9)	(886)	(1.2)
OPERATIVE RESULT (EBITDA)	6,308	8.2	5,209	7.0
Amortisation and depreciation	(2,927)	(3.8)	(3,915)	(5.3)
OPERATING INCOME	3,381	4.4	1,294	1.7
Financial expense-Net	2,265	2.9	(408)	(0.6)
Adjustment in the value of financial fixed assets	106	0.1	178	0.2
PROFIT BEFORE TAX	5,752	7.5	1,064	1.4
Income taxes for the period	(1,641)	(2.1)	(1,322)	(1.8)
Minority interest in equity	-	0	47	0.1
NET INCOME	4,111	5.3	(211)	(0.3)
EPS (in Euro)				
Basic earnings per share	0.078		0.005	
Diluted earnings per share	0.078		0.005	

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Consolidated statement of assets and liabilities

<i>(in thousands of Euro)</i>	31 March 2006	31 December 2005
Tangible Assets	203,223	205,752
Start up	5,160	5,163
Intangible assets	286	284
Equity investments in associated companies	4,791	4,136
Available-for-sale assets	31,288	30,456
Other financial assets	1,102	1,102
Receivables from others	1,877	1,637
Financial receivables	336	336
Receivables for prepaid taxes	539	539
Total non-current assets	248,603	249,405
Trade receivables	72,748	66,763
Inventory	154,433	149,543
Other receivables	4,277	4,368
Receivables for prepaid taxes	6,816	6,909
Available-for-sale assets	6,055	4,986
Financial receivables	9	31
Total cash and cash equivalent	10,961	8,114
Total current assets	255,299	240,713
Total assets	503,902	490,118
Loans	40,235	39,571
Deferred tax liabilities	48,471	48,235
Severance and pension indemnity fund	26,389	26,466
Provisions for contingencies and other liabilities	806	467
Total non-current liabilities	115,901	114,739
Loans	89,035	85,274
Trade payables	61,456	57,666
Other payables	17,947	17,810
Taxes	6,258	4,780
Derivative financial products	104	104

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Total current liabilities	174,800	165,634
Total liabilities	290,701	280,373
Share capital	54,858	54,858
Additional paid-in capital	37.335	37.207
Other reserves	18,942	18,691
Fair-value reserve	12,825	12,582
Retained earnings	84,966	82,740
Profit (loss) for the period	4,111	3,528
Minority interest in equity	164	138
Group shareholders' equity and minority interests in equity	213,201	209,745
Total shareholders' equity and liabilities	503,902	490,118

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Statements of cash-flows

<i>(in thousands of Euro)</i>	31 March 2006	31 December 2005
Financial indebtedness at the beginning of the period	81,289	90,791
Cash-flows from operating activities:		
Profit for the period	4,111	3,528
Depreciation, amortisation and write-downs	2,927	17,111
Provisions (drawdowns) to reserves for risks and charges	575	536
Provisions (drawdowns) to the employees' indemnity fund	(77)	(344)
Change in working capital	(5,264)	(9,993)
Total	2,272	10,838
Cash-flows from investing activities:		
Increase in intangible and tangible assets	(397)	(4,482)
Increase/Decrease in financial assets	(655)	(980)
Impact on net tangible assets due to exchange rates	(2)	43
Net value of sold assets	-	305
Decrease (increase) in accounts receivable over 12 months	(240)	(1,074)
Total	(1,294)	(6,188)
Cash-Flows from financing activities:		
Change in share capital	-	463
Change in inventories	(895)	258
Dividends	-	(2,098)
Change in fair-value reserve	243	6,554
Currency translation	(3)	(325)
Total	(655)	4,852
Change in indebtedness	(323)	(9,502)
Financial indebtedness at the end of the period	80,966	81,289

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