



Press release

September 13, 2006

## **Ricchetti Group: semi –annual net profit comes to 3.2 millions Euro (+ 18.5 compared to 2.7 millions Euro in the corresponding period of 2005)**

- **The turnover is 144.3 millions Euro (-1.2% compared to 146.1 millions Euro in the corresponding period of 2005)**
- **The consolidated Ebitda is 12.3 millions Euro, 8.1% of the production value (dropping compared to the corresponding period of 2005: 15.1 millions Euro)**
- **Ebit is 5.1 millions Euro, 3.3% of the production value (dropping compared to the corresponding period of 2005: 7.2 millions Euro)**
- **Consolidated net profit before tax: 6.3 millions Euro, on the rise compared to June 2005 (5.9 millions Euro)**
- **Consolidated net profit: 3.2 millions Euro compared to 2.7 millions Euro in June 2005 (+18.5%)**
- **Net Financial Position: 85.2 millions Euro, compared to 81.3 millions Euro as at December 31, 2005, and to 92.1 millions Euro in the corresponding period of 2005.**
- **The Impact of the financial management has improved, coming to + 0.8%, compared to - 0.8% in the corresponding period of 2005.**
- **The semi-annual consolidated Report as at June, 30 2006 has been drawn-up following the International Accounting Principles (IAS/IFRS) in compliance with the article 81 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, headed by Oscar Zannoni, has approved today the semi-annual Report as at June 30, 2006, that shows a **consolidated net profit** coming in at 3.2 millions Euro, on the rise (+18.5%) compared to the corresponding period of the previous year (2.7 millions Euro) and a **net profit before tax** of 6.3 millions Euro (5.9 millions Euro as at June 30, 2005).

**The consolidated turnover** in the first semester 2006, coming in at 144.3 millions Euro, has decreased by about 1.2% compared to 146.1 millions Euro in the corresponding period of 2005 (0.4% drop in volume). This decrease is mainly due to sales drop of the parent company on the Italian and North American market.

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**The consolidated Ebidta margin** is 12.3 millions Euro, 8.1% of the production value (dropping compared to 15.1 millions Euro in the corresponding period of 2005).

**The consolidated Ebit** is 5.1 millions Euro (3.3% of the production value) dropping compared to the corresponding period of 2005 (7.2 millions Euro).

The drop of operative profits is mainly due to the enormous increase in energetic costs (methane and electric energy), that had a negative impact on the Group (about 3 millions Euro).

**The net financial position** shows a debt of 85.2 millions Euro, compared to 81.3 millions Euro as at December 31, 2005 and to 92.1 millions Euro in the corresponding period of 2005.

**The impact of the financial management** has improved, coming to + 0.8%, compared to - 0.8% in the corresponding period of 2005.

The semi-annual consolidated Report as at June 30, 2006 has been drawn-up following **the International Accounting Principles (IAS/IFRS)** in compliance with the article 82 of the Consob Regulation n. 11971 (May 14, 1999), modified by the Consob Decision n. 14990 (April 14, 2005).

Oscar Zannoni, President and Managing Director of Ricchetti Group, stated: “In spite of the enormous increase in the energy costs and the unfavourable evolution of exchanges rates in the macroeconomic context, we succeeded in increasing our net profit by 18.5%, compared to the corresponding period of 2005, thanks to a better financial management. The strong sharpening of competition and globalisation of our sector implies the necessity of strong investments in order to develop products at an ever-higher level, both technologically and aesthetically, which is a primary target for our Group.

The semi-annual report is available at: [www.ricchetti-group.com](http://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 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 statement of assets and liabilities

<i>(in thousands of Euro)</i>	<b>30 June 2006</b>	<b>31 December 2005</b>
Tangible Assets	200,099	205,752
Start up	5,163	5,163
Intangible assets	307	284
Equity investments in associated companies	3,987	4,136
Available-for-sale assets	29,532	30,456
Other financial assets	1,102	1,102
Receivables from others	1,330	1,637
Financial receivables	836	336
Receivables for prepaid taxes	539	539
<b>Total non-current assets</b>	<b>242,806</b>	<b>249,405</b>
Trade receivables	75,791	66,763
Inventory	156,161	149,543
Other receivables	4,636	4,368
Receivables for prepaid taxes	6,732	6,909
Available-for-sale assets	6,131	4,986
Financial receivables	17	31
Derivative financial products	92	-
Total cash and cash equivalent	12,168	8,114
<b>Total current assets</b>	<b>261,729</b>	<b>240,713</b>
<b>Total assets</b>	<b>504,535</b>	<b>490,118</b>

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<i>(in thousands of Euro)</i>	<b>30 June 2006</b>	<b>31 December 2005</b>
Loans	44,727	39,571
Deferred tax liabilities	47,816	48,235
Severance and pension indemnity fund	26,309	26,466
Provisions for contingencies and other liabilities	304	467
<b>Total non-current liabilities</b>	<b>119,156</b>	<b>114,739</b>
Loans	88,474	85,274
Trade payables	60,567	57,666
Other payables	21,378	17,810
Taxes	6,076	4,780
Derivative financial products	-	104
<b>Total current liabilities</b>	<b>176,495</b>	<b>165,634</b>
<b>Total liabilities</b>	<b>295,651</b>	<b>280,373</b>
Share capital	54,858	54,858
Additional paid-in capital	36,900	37,207
Revaluation reserve	11,965	11,965
Legal reserve	1,163	1,078
Fair-value reserve	10,429	12,582
Other reserves and Retained earnings	93,436	91,917
Minority interest in equity	133	138
<b>Group shareholders' equity and minority interests in equity</b>	<b>208,884</b>	<b>209,745</b>
<b>Total shareholders' equity and liabilities</b>	<b>504,535</b>	<b>490,118</b>

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## Consolidated profit and loss account

<i>(in thousand of Euro)</i>	<b>First Half 2006</b>	<b>First Half 2005</b>	<b>Second Quarter 2006</b>	<b>Second Quarter 2005</b>
Revenues	144,305	146,125	72,916	76,866
Other income	820	939	472	622
Change in stock of finished and semi-finished products	6,987	10,789	1,850	6,454
<b>Value of production</b>	<b>152,112</b>	<b>157,853</b>	<b>75,238</b>	<b>83,962</b>
Goods purchased	(46,171)	(48,634)	(22,815)	(25,834)
Services purchased	(47,111)	(45,528)	(23,867)	(23,525)
Personnel expenses	(44,652)	(46,524)	(22,172)	(23,532)
Other expense	(1,860)	(2,081)	(374)	(1,195)
<b>OPERATIVE RESULT (EBITDA)</b>	<b>12,318</b>	<b>15,086</b>	<b>6,010</b>	<b>9,876</b>
Amortisation and depreciation	(7,229)	(7,903)	(4,302)	(3,988)
<b>OPERATING INCOME</b>	<b>5,089</b>	<b>7,183</b>	<b>1,708</b>	<b>5,888</b>
Financial income/expense-Net	1,225	(1,293)	(1,040)	(885)
<b>PROFIT BEFORE TAX</b>	<b>6,314</b>	<b>5,890</b>	<b>668</b>	<b>5,003</b>
Income taxes for the period	(3,095)	(3,211)	(1,454)	(1,889)
Minority interest in equity	6	5	6	(42)
<b>NET INCOME</b>	<b>3,226</b>	<b>2,684</b>	<b>(780)</b>	<b>3,072</b>
<b>EPS (in Euro)</b>				
<b>Basic earning per share</b>	<b>0.0611</b>	<b>0.0511</b>	<b>(0.0148)</b>	<b>0.0594</b>
<b>Diluted earnings per share</b>	<b>0.0611</b>	<b>0.0511</b>	<b>(0.0148)</b>	<b>0.0594</b>

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## Consolidated statements of cash-flows as at 30/06/2006 (thousands of Euro)

<i>(in thousands of Euro)</i>	<b>First Half 2006</b>	<b>First Half 2005</b>
<b>Financial indebtedness at the beginning of the period (as at 1-01)</b>	<b>81,362</b>	<b>90,985</b>
<b>Cash-flows from operating activities:</b>		
Profit for the period	3,226	2,684
Depreciation, amortisation and write-downs	7,229	7,903
Provisions (drawdowns) to reserves for risks and charges	(583)	(1,390)
Provisions (drawdowns) to the employees' indemnity fund	(157)	506
Change in working capital	(7,973)	(6,532)
<b>Total</b>	<b>1,743</b>	<b>3,171</b>
<b>Cash-flows from investing activities:</b>		
Increase in intangible and tangible assets	(1,599)	(1,457)
Increase/Decrease in financial assets	238	(1,287)
Decrease (increase) in accounts receivable over 12 months	(193)	(1,335)
<b>Total</b>	<b>(1,554)</b>	<b>(4,079)</b>
<b>Cash-Flows from financing activities:</b>		
Change in share capital	-	194
Change in investories	177	(114)
Dividends	(2,110)	(2,099)
Change in fair-value reserve	(2,154)	1,825
<b>Total</b>	<b>(4,087)</b>	<b>(194)</b>
<b>Change in indebtedness</b>	<b>3,898</b>	<b>1,102</b>
<b>Financial indebtedness at the end of the period (as at 30-06)</b>	<b>85,260</b>	<b>92,087</b>

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