

Press release

March 30, 2007

RICCHETTI GROUP

THE FINAL BALANCE SHEET FOR THE YEAR 2006 HAS BEEN APPROVED

CONSOLIDATED NET PROFIT: 3.7 MILLIONS EURO (+ 5.7% COMPARED TO 2005)

Since the first of January 2006, Ricchetti Group has adopted the IAS/IFRS International Accounting Standards also to draw up the balance sheet.

The distribution of dividends worth about 1.2 millions Euro, equivalent to 0.023 Euro per share, has been proposed. The date for the detachment of the dividend coupon has been fixed for 21 of May; payment date 24 of May.

The Board of Directors has approved today the Final Balance Sheet for the year 2006.

As far as the Consolidated financial statements are concerned, the results have been:

- Net profit: 3.5 millions Euro compared to 3.5 millions Euro as at 31 December 2005 (+ 5.7%)
- Net financial position: 77.4 millions Euro, with an improvement compared to 81.3 millions Euro in 2005
- EBITDA margin: 7.0% (8.8% in 2005)
- EBIT margin: 1.9% (3.3% in 2005), influenced by the increase of the provisions to reserves for inventory and the rise of energetic costs
- Turnover: 282 millions Euro versus 281 millions Euro in 2005 (after the intercompany turnover worth 44.1 millions Euro in 2006 – 37.2 millions Euro in the financial year 2005),

The Parent Company showed the following results:

- Net income for the year: 2.1 Millions Euro, versus an income of 1.6 millions Euro in 2005
- EBITDA margin: 7.5% (9.7% in 2005)
- EBIT margin: 2.1% (3.8% in 2005), influenced by provisions and non-recurrent costs worth about 5 millions Euro
- Revenues: 116.6 millions Euro versus 125.1 millions Euro in 2005

As far as the Consolidated financial statements are concerned, it has been reported a positive result equal to 3.7 millions Euro, versus an income of 3.5 millions Euro in 2005, with a 5.7% increase.

The EBITDA margin is 7.0% (8.8% in 2005). The EBIT margin is 1.9% (3.3% in 2005), influenced by the increment of the provisions to reserves for inventory and the rise of energetic costs. In particular, the provisions to reserves for inventory have been increased of 3.0 millions Euro (1.0 millions Euro in 2005).

The Net financial position shows a debt of about 77.4 millions Euro, with an improvement compared to about 81.3 millions Euro as at 31 of December 2005, in spite of the payment of dividends worth 2.1 millions Euro.

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The turnover has been 282 millions Euro versus 281 millions Euro in 2005 (after the intercompany turnover worth 44.1 millions Euro in 2006 – 37.2 millions Euro in the financial year 2005).

In the year 2006 a rise of the labour cost impact on the production value has been recorded (30.6% in 2006 versus 29.4% in 2005) due to the reorganization costs related to laid-off workers after the closure of the factory located in Sassuolo (Via Pedemontana). The number of employees at the end of the financial year 2006 was 2083 units, 1229 of which abroad, versus 2237 total units, 1225 of which abroad, at the end of the financial year 2005.

As far as the Parent Company is concerned, the net income for the year is positive on revenue of 2.1 millions Euro, versus an income of 1.6 millions Euro in 2005.

The EBITDA margin is 7.5% compared to 9.7% in 2005. This drop has been mainly caused by the considerable rise of the energetic costs.

The EBIT margin is 2.1% compared to 3.8% in 2005 and has been influenced by provisions for loss of subsidiary companies equal to about 1202 thousands Euro (286 thousands Euro in 2005), by the provisions to reserves for inventory of finished products equal to 2.3 millions Euro (0.5 millions Euro in 2005), by provisions for future expenses equal to 0.6 millions Euro, by extraordinary labour costs worth 1.3 millions Euro (following the closure of the factory located in Sassuolo, Via Pedemontana) and by higher amortisation and depreciation worth about 0.6 millions Euro due to the elimination of adjustments and provisions applied only according to fiscal laws in the previous years.

The revenues for the year (after discounts) are 116.6 millions Euro versus 125.1 millions Euro in 2005, 42% of which comes from Italy and 58% from abroad (44% and 56% respectively in 2005).

In 2006 the subsidiary companies decided a distribution of dividends worth 11.0 millions Euro (6,2 millions Euro in 2005).

Oscar Zannoni, President and Managing Director of Ricchetti Group stated: “In a scenery where the enormous increase in energetic costs, the unfavourable evolution of exchanges rates, the strong sharpening of competition and the continuous globalisation of our sector make us fear that the recovery of the sector is not so close, our company keeps making strong investments aimed at process and product innovation. The activity of research and development is still, actually, a primary target in order to develop products at an ever-higher level, both technologically and aesthetically. In the first months of 2007, thanks to these investments, we have already seen, as far as the Italian parent company revenues are concerned, a rise compared to the same period of the previous year (3.9% in volume; 5,7% in terms of value); therefore we expect a positive evolution of the revenues in the near future.”

The final balance sheet for the year 2006 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 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 14 manufacturing facilities (six in Italy, mostly in the ceramic district of Sassuolo, and eight in Europe), with about 2,100 employees and an annual production of around 36 millions square meters of tiles, about 60% of which is sold abroad.

Financial statements on the following pages

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CONSOLIDATED FINANCIAL STATEMENTS as at 31.12.2006

FINANCIAL STATEMENTS

Assets	<i>(in thousands of Euro)</i>	31 December 2006	31 December 2005
Tangible assets		194,840	205,752
Start up		5,196	5,163
Intangible assets		301	284
Equity investments in associated companies		8,918	4,136
Available-for-sale assets		34,932	30,456
- of which towards related entities		581	581
Other financial assets		1,102	1,102
Receivables from others		1,154	1,637
Financial receivables		400	336
- of which towards related entities		-	336
Receivables for prepaid taxes		1,536	539
Total non-current assets		248,379	249,405
Trade receivables		65,888	66,763
- of which towards related entities		198	0
Inventory		153,751	149,543
Other receivables		4,947	4,368
- of which towards related entities		386	241
Receivables for prepaid taxes		5,837	6,909
Available-for-sale assets		8,123	4,986
- of which towards related entities			
Financial receivables		38	31
- of which towards related entities		38	31
Derivative products		145	-
Total cash and cash equivalent		14,306	8,114
Total current assets		253,035	240,714
Total assets		501,414	490,119

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FINANCIAL STATEMENTS

<i>Equity and Liabilities (in thousands of Euro)</i>	31 December 2006	31 December 2005
Loans	46,614	39,571
Deferred tax liabilities	46,397	48,235
Severance and pension indemnity fund	25,776	26,466
Provisions for contingencies and other liabilities	932	467
Total non-current liabilities	119,719	114,739
Loans	88,331	85,274
- of which towards related entities	10,250	5,900
Trade payables	52,454	57,666
- of which towards related entities	555	1,915
Other payables	18,570	17,810
- of which towards related entities	-	-
Taxes	5,846	4,780
Derivative financial products	-	104
Total current liabilities	165,201	165,634
Total liabilities	284,920	280,373
Share capital	54,858	54,858
Additional paid-in capital	38,763	37,207
Other reserves	18,752	18,691
Fair-value reserve	17,267	12,582
Retained earnings	83,041	82,742
Minority interest in equity	92	138
Profit for the year	3,721	3,528
Group shareholders' equity	216,494	209,746
Total shareholders' equity and liabilities	501,414	490,119

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PROFIT AND LOSS ACCOUNT

<i>(in thousands of Euro)</i>	31 December 2006	31 December 2005
Revenues	282,278	281,346
<i>- of which towards related entities</i>	233	-
Other income	2,960	1,962
<i>- of which towards related entities</i>	33	36
Change in stock of finished and semi-finished products	-3,055	17,601
Value of production	282.183	300.909
Goods purchased	-79,935	-90,727
<i>- of which towards related entities</i>	-1,155	-1,161
Services purchased	-91,782	-90,356
<i>- of which towards related entities</i>	-1,607	-1,728
Personnel expenses	-86,474	-88,676
Other expense	-4,332	-4,756
<i>- of which towards related entities</i>	-	-
OPERATIVE RESULT (EBITDA)	19,660	26,395
Amortization and depreciation	-14,239	-16,546
OPERATING INCOME	5,421	9,849
Financial expense-Net	-337	-1,677
<i>- of which towards related entities</i>	-371	-169
Adjustments in the value of financial fixed assets	1,713	172
<i>- of which towards related entities</i>	1,713	172
PROFIT BEFORE TAX	6,797	8,344
Income taxes for the period	-3,104	-4,842
Minority interest in equity	28	26
NET INCOME	3,721	3,528
EPS (in Euro)		
Basic earnings per share	0.071	0.067
Diluted earnings per share	0.071	0.067

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FINAL BALANCE SHEET as at 31.12.2006

Drawn up following the IFRS international account standards
(in Euro units)

FINANCIAL STATEMENTS

Assets	31 December 2006	31 December 2005
Tangible assets	158,730,908	164,596,450
Intangible assets	125,306	48,860
Equity investments in subsidiary companies	77,239,920	77,985,030
Equity investments in associated companies	4,986,497	4,426,497
Other financial assets	857,563	857,563
Available-for-sale assets	581,014	581,014
<i>- of which towards related entities</i>	<i>581,014</i>	<i>581,014</i>
Receivables from others	1,041,661	1,507,685
Financial receivables	4,240,278	4,566,041
<i>- of which towards related entities</i>	<i>3,840,278</i>	<i>4,566,041</i>
Receivables for prepaid taxes	1,131,225	539,088
Total non current assets	248,934,372	255,108,228
Trade receivables	40,974,059	50,782,343
<i>- of which towards related entities</i>	<i>2,201,204</i>	<i>11,547,055</i>
Inventory	96,387,883	78,028,102
Other receivables	12,368,754	7,762,173
<i>- of which towards related entities</i>	<i>11,304,887</i>	<i>6,439,228</i>
Receivables for prepaid taxes	3,907,208	3,627,815
Available-for-sale assets		-
<i>- of which towards related entities</i>		
Financial receivables	189,388	1,200,038
<i>- of which towards related entities</i>	<i>189,388</i>	<i>1,200,038</i>
Derivative products	144,766	0
Total cash and cash equivalent	2,431,174	808,354
Total current assets	156,403,232	142,208,825
Total assets	405,337,604	397,317,053

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FINANCIAL STATEMENTS

<i>Equity and Liabilities</i>	31 December 2006	31 December 2005
Loans	36,544,279	28,324,270
Deferred tax liabilities	43,702,344	45,164,739
Severance and pension indemnity fund	17,651,797	18,067,877
Provisions for contingencies and other liabilities	2,694,912	873,196
Total non-current liabilities	100,593,332	92,430,082
Loans	71,903,787	70,703,288
- of which towards related entities	5,650,000	4,960,000
Trade payables	32,226,152	34,287,934
- of which towards related entities	1,935,246	2,102,967
Other payables	11,572,607	9,573,942
- of which towards related entities	2,079,758	1,158,531
Taxes	1,556,421	1,935,666
Derivative financial products		104,000
Total current liabilities	117,258,967	116,604,830
Total liabilities	217,852,299	209,034,912
Share capital	54,857,447	54,857,447
Legal Reserve	1,163,019	1,078,556
Additional paid-in capital	38,762,900	38,762,900
Other reserves	17,367,999	17,872,979
Fair-value reserve	12,000	756,137
Retained earnings	73,264,867	73,356,867
Profit for the year	2,057,073	1,597,255
Group shareholders' equity	187,485,305	188,282,141
Total shareholders' equity and liabilities	405,337,604	397,317,053

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PROFIT AND LOSS ACCOUNT

	31 December 2006	31 December 2005
Revenues	116,552,634	125,079,981
- of which towards related entities	12,592,708	14,002,216
Other income	3,215,064	2,276,795
- of which towards related entities	1,248,730	1,225,179
Change in stock of finished and semi-finished products	10,604,013	11,059,181
Value of production	130,371,711	138,415,957
Goods purchased	-38,880,147	-39,479,777
- of which towards related entities	-15,829,693	-6,307,327
Services purchased	-44,079,292	-44,322,248
- of which towards related entities	-5,026,812	-4,673,069
Personnel expenses	-38,658,113	-39,091,675
Other expense	-4,369,434	-2,952,100
- of which towards related entities		
OPERATIVE RESULT (EBITDA)	4,384,725	12,570,157
Amortization and depreciation	-7,071,238	-8,147,278
OPERATING INCOME	-2,686,513	4,422,879
Financial expense-Net	7,622,885	3,190,812
- of which towards related entities	10,869,649	6,112,644
Adjustments in the value of financial fixed assets	-2,577,272	-3,157,953
- of which towards related entities	-2,577,272	-3,157,953
PROFIT BEFORE TAX	2,359,100	4,455,738
Income taxes for the period	-302,027	-2,858,483
NET INCOME	2,057,073	1,597,255
EPS (In Euro)		
Basic earnings per share	0.039	0.030
Basic earnings per share	0.039	0.030

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