

Press Release

CERAMICHE RICCHETTI S.p.A. GROUP:

Draft 2006 Financial Statements Approved by the Ordinary Shareholders' Meeting

Dividend Distribution to Shareholders Approved. Coupon detachment date will be 21 May 2007

Standing Board of Directors Confirmed

Milan, 4 May 2007 – The Ordinary Shareholders' Meeting of the Ceramiche Ricchetti S.p.A. Group met today and approved the draft Financial Statements for the year ended 31 December 2006, together with the Directors' Report on Operations, the Report of the Board of Auditors and the Independent Auditors' Report, as approved by the Board of Directors on 30 March 2007.

Consolidated results for the year

At consolidated level, net income for the year was €3.7 million, compared to €3.5 million for the previous year, showing a 5.7% increase.

EBITDA margin amounted to 7.0% (8.8% in 2005). EBIT margin was 1.9% (3.3% in 2005), impacted by the increase in the inventory write-down provision and the rise in energy prices. In detail, the inventory write-down provision increased €3.0 million (€1.0 million in 2005).

Net financial debt improved to approximately €77.4 million, from about €81.3 million at 31 December 2005.

Revenues were €282 million, compared to €281 million in 2005 (net of intercompany revenues amounting to €44.1 million in 2006 – €37.2 million in 2005).

Dividend distribution

The Ordinary Shareholders' Meeting of the Ceramiche Ricchetti S.p.A. Group approved a dividend distribution of €0.023 per share. Coupon detachment date will be 21 May 2007, with payment on 24 May.

Appointment of the Board of Directors

The Ordinary Shareholders' Meeting confirmed the appointment of the standing Board of Directors until approval of the Financial Statements for the year ending 31 December 2007.

Appointment of the Board of Auditors and its Chairman

For the 2007-2009 three-year period, the Ordinary Shareholders' Meeting appointed Eugenio Orienti as Chairman, Claudio Semeghini and Albino Motter as Acting Auditors.

Authorisation to buy-back and sell own shares and relevant methods

The Ordinary Shareholders' Meeting decided to renew the authorisation to Company Directors to buy back own shares for the next 18 months. The purchase price will be from €1 up to €4.

Appointment of Independent Auditors

The Ordinary Shareholders' Meeting approved the extension of the appointment of Mazars & Guérard S.p.A. as Independent Auditors. The firm will therefore audit the company and consolidated financial statements for the 2008 to 2013 periods, as per Article 159 of Legislative Decree 58, dated 24 February 1998 and Article 8, paragraph 7 of Legislative Decree 303, dated 29 December 2006.

For further press information contact:

Weber Shandwick - fax +39 02.573.784.50

Beatrice Cagnoni - tel. +39 02.57378 453 / mobile +39 335.5635111

Chiara Bellini – tel. +39 02. 57378 456

CONSOLIDATED FINANCIAL STATEMENTS as at 31.12.2006

FINANCIAL STATEMENTS

Assets	(in thousands of Euro)	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
<i>- of which towards related entities</i>		581	581
Other financial assets		1,102	1,102
Receivables from others		1,154	1,637
Financial receivables		400	336
<i>- of which towards related entities</i>		-	336
Receivables for prepaid taxes		1,536	539
Total non-current assets		248,379	249,405
Trade receivables		65,888	66,763
<i>- of which towards related entities</i>		198	0
Inventory		153,751	149,543
Other receivables		4,947	4,368
<i>- of which towards related entities</i>		386	241
Receivables for prepaid taxes		5,837	6,909
Available-for-sale assets		8,123	4,986
<i>- of which towards related entities</i>			
Financial receivables		38	31
<i>- of which towards related entities</i>		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>	581,014	581,014
Receivables from others	1,041,661	1,507,685
Financial receivables	4,240,278	4,566,041
<i>- of which towards related entities</i>	3,840,278	4,566,041
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>	2,201,204	11,547,055
Inventory	96,387,883	78,028,102
Other receivables	12,368,754	7,762,173
<i>- of which towards related entities</i>	11,304,887	6,439,228
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>	189,388	1,200,038
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
<i>- of which towards related entities</i>	5,650,000	4,960,000
Trade payables	32,226,152	34,287,934
<i>- of which towards related entities</i>	1,935,246	2,102,967
Other payables	11,572,607	9,573,942
<i>- of which towards related entities</i>	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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