

Granitifianodre S.p.A.

Registered office at Castellarano (RE) - Via Radici Nord 112

Share capital Euro 18,431,339.00 fully paid-in

Registered at the Company's Registration Office of Reggio Emilia

Tax Number: 03056540374

STATUTORY AUDITORS' REPORT TO THE SHAREHOLDERS' AGM IN ACCORDANCE WITH ARTICLE 153 OF LEGISLATIVE DECREE NO. 58, 1998 AND ARTICLE 2429, PARAGRAPH 3 OF THE CIVIL CODE FOR THE YEAR ENDED DECEMBER 31, 2009

Dear Shareholders,

The financial statements were approved unanimously by the Board of Directors' meeting of March 12, 2010 and on the same date presented to the Board of Statutory Auditors; a report on these financial statements is presented below.

For the year ended 31/12/2009, in conjunction with the independent audit firm, we have performed controls and verifications in compliance with the requirements of law, and in accordance with the principles of conduct for Statutory Auditors as recommended by the Italian Accounting Profession (Consigli nazionali dei dottori commercialisti e dei ragionieri) and in accordance with Consob communications DAC/RM/97001574 of February 20, 1997, DEM/1025564 of April 6, 2001 and DEM/2064231 of September 30, 2002.

During our mandate:

- a) we attended the meetings of the Board of Directors, through which we received information on the activities and on the most important economic and financial operations undertaken by the company and its subsidiaries. In relation to these activities, we believe that the actions deliberated and taken are in conformity with law and the by-laws of the company and were not imprudent or risk related; when in potential conflict of interest due communication was made and no operations were made contrary to the deliberations taken by the Shareholders' Meetings or such as to compromise the integrity of the company's assets;
- b) we have obtained information and monitored, within the scope of our duties, the adequacy of the organisational structure of the company and compliance with the principles of correct administration through direct observations, gathering of information from the persons in charge of the operating functions and meetings with the independent audit firm for the reciprocal exchange of relevant information;
- c) we have evaluated the effectiveness of the company's internal audit, administration and accounting procedures. In the latter case, we also assessed the accounting system for the purposes of ensuring that it accurately represents data on operations in accordance with the principles of correct administration, by obtaining information from the heads of the respective corporate departments and from analysing the results of the work carried out by the Independent Auditors.

The Company also prepared the half-year report, which was issued within the terms and conditions required by Consob, as well as the quarterly reports as per article 82, of Consob Regulation No. 11971.

The Board of Statutory Auditors believes that the preparation of the statutory financial statements and of the directors' report, prepared by the Directors, is in compliance with law and provides adequate disclosure in relation to the more significant operations during the year 2009 and in the first months of 2010; in relation to the accounting and consolidation principles utilised in the preparation of the consolidated financial statements, these are in accordance with applicable accounting standards and International Accounting Standards (IAS/IFRS).

In relation to the above and with specific reference to the disclosures required by Consob communications of February 20, 1997 and April 6, 2001 and to the disclosure of related party transactions contained in Consob Reg. DEM/2064231 of September 30, 2002, we report on the following:

1. The most important economic, financial and equity operations:

- the sale of the shareholding, comprising 66% of the share capital, in the company Granitifiandre Praha S.r.o.; the holding was sold to minority shareholders for an amount of Euro. 1.00 (Euro one); the agreement provides for the continuation, through franchising, of the brand shop Geologica and improved commercial terms. From the second quarter of 2009 Granitifiandre Praha exited the consolidation scope of the Granitifiandre Group;
- the sale of the holding, comprising 50% of the share capital, in the industrial company Hydrodesign S.r.l. for Euro 4,100,000.00, of which Euro 1 million received by Granitifiandre S.p.A.. on the signing of the contract. The remaining Euro 3.1 million, deferred over a ten year period, was discounted in that the receivable, not assisted by guarantees, from the acquiring company Finart S.p.A. is non-interest bearing.
This sale led to the exit from the consolidation scope, in addition to Hydrodesign, also of the indirect subsidiary Kaleydos Design SL, with headquarters in Spain, held 85% by Hydrodesign srl, from Q2 2009.
The holding was recorded in the financial statements for Euro 3,600,000.00; following the sale Granitifiandre S.p.A. has a 1% holding;
- the acquisition of the residual portion of 6.02% of the Share Capital of the French company Technopose & Bedel Sarl, in addition to 93.98% already held by Granitifiandre S.p.A., reaching 100% of the share capital;
- the acquisition of 2 shares at a nominal value of Euro 3,099.00 each of Golf Club SpA;
- the repayment by the German subsidiary Porcelaingres GmbH of the share capital payment on account of Euro 5,200,000 in 2007;
- the share capital payment on account, in favour of the commercial company Geologica Milano S.r.l. of Euro 135,938. The holding was written down by Euro 103,706 based on the net equity at 31/12/2009;
- the share capital payment on account, in favour of the commercial company Geologica Parma S.r.l. of Euro 55,500 and the acquisition of a 4.50% holding, reaching 55.50% of the share capital. The holding was written down by Euro 47,434 based on the net equity at 31/12/2009;
- the approval of the advertising and promotional investments budget for 2010 of the parent

company GranitiFiandre SpA; the budget provides for a total investment of Euro 7 million including investments relating to the new “Active Clean Air & Antibacterial Ceramic” technology, compared to Euro 7.5 million budgeted for 2009;

- the renewal of the commercial agreement with Technokolla S.p.A. - a company operating in the high-end adhesive sector for the construction industry. The partnership involves GranitiFiandre undertaking the management of the image, sales and marketing. This agreement provides for a royalty of 50% of the Ebit generated by Technokolla S.p.A.. GranitiFiandre S.p.A. in 2009 received a royalty of Euro 1,810 thousand.
- the renewal of a short-term “roll over” loan to GranitiFiandre SpA in order to service the financial needs of the company for an amount of Euro 28,100 thousand from Unicredit S.p.A.;
- the renewal of a short-term loan to GranitiFiandre SpA in order to service the financial needs of the company for an amount of Euro 13,454 thousand from Castellarano Fiandre S.p.A., a company under common control;
- the continuation of a surety guarantee relating to a credit line of USD 10 million with Unicredit S.p.A. provided by GranitiFiandre S.p.A. in favour of its American subsidiary StonePeak Ceramics Inc., with revocable expiry;
- the continuation of a surety guarantee for GranitiFiandre S.p.A. in favour of its American subsidiary StonePeak Ceramics Inc. of USD 15 million so that this latter can utilise a credit line of USD 15 million, in addition to a the USD 10 million above, with revocable expiry;
- the continuation of a surety guarantee relating to a credit line of Euro 200 thousand with Unicredit S.p.A. provided by GranitiFiandre S.p.A. in favour its German subsidiary Porcelaingres GmbH, with expiry in April 2012;
- on October 8, 2009, the Executive Director Alberto Selmi discontinued, for strictly personal reasons, some of the duties attributed to him with a consequent redetermination of his remuneration; the discontinued responsibilities were transferred to the Chairman and the Chief Executive Officer Graziano Verdi.

After the end of the year 2009, the following significant operations took place:

- resignation from office of the BoD Mr. Alberto Selmi, director with specific responsibility for employment, whose mandate would have expired on April 30 next;
- co-option of Director Mr. Giuseppe Pifferi as director with responsibility for employment;
- approval of the remuneration plan for the members of the BoD, presented and approved previously by the remuneration committee.

On March 12, 2010, the BoD, in line with the joint Bank of Italy/Consob/Isvap document No. 4 of March 3, 2010, approved independently the results of the impairment test, in particular in relation to the valuation of the holdings in the subsidiary companies Stonepeak and Savoia Canada.

2. The completeness of the information contained in the financial statements and in the

directors' report in relation to inter-group operations and with related parties.

3. The verification activity did not observe significant non-recurring events and transactions and atypical or unusual transactions either with inter-group or related parties or third parties as defined in Consob communication DEM/6064293 of July 28, 2006.
4. Within the Group, the main operations involved production integration and various support activities, such as financial, management of suppliers of goods and services and human resources. Based on the information received, all of these operations, pertaining to normal business activity, were regulated at normal competitive conditions, taking into account the quality of the goods and services and responding to reciprocal business needs. The inter-group and related party transactions were exhaustively reported upon by the Directors at each Board meeting, as well as in the explanatory notes and in the Corporate Governance report.
5. The directors did not report to us the existence of any petitions during the year 2009 or thereafter, up to the date of the present report, nor have any complaints been made pursuant to article 2408 of the Civil Code;
6. The accounting records and the 2009 financial statements were audited by Deloitte & Touche S.p.A., who also audited the subsidiary companies pursuant to article 165 of Legislative Decree No. 58 of February 24, 1998.
7. No other assignments were awarded to the audit firm other than the audit of the financial statements, the Group consolidated financial statements, the limited half-year audit as per Consob communication DAC/RM/97001574 of February 20, 1997 and the control of the accounting records and correct recording of the operational events pursuant to article 155 of Legislative Decree 58/98, for the years ended December 31 of 2007, 2008 and 2009. In addition, the audit company was appointed to undertake the fiscal declaration for the Unico, IRAP and 770 forms.
8. No assignments were made to parties related to the audit firm.
9. During the year, the Board of Statutory Auditors provided favourable opinions on:
 - a) the approval of the quarterly reports and the half-yearly report presented by the BoD;
 - b) the internal control committee reports presented to the various BoDs, directors' remuneration for the year 2009 and incentive agreements for 2010; the Corporate Governance report;
 - c) operations indicated under point 1) of the present report;
10. Frequency of the board meetings during the year 2009:
 - Ordinary Shareholders' Meeting for the approval of the Annual Accounts for 2008, held in first convocation on 15/04/2009.
 - The Board of Directors held 6 meetings in 2009: 2/1/2009, 13/3/2009, 15/5/2009, 28/8/2009, 8/10/2009 and 13/11/2009;
 - The Internal Control Committee held 7 meetings in 2009: 12/2/2009, 26/2/2009, 10/3/2009, 6/4/2009, 8/7/2009; 6/10/2009 and 15/12/2009.
 - The Board of Statutory Auditors held 5 meetings: 16/2/2009, 18/5/2009, 30/7/2009, 20/10/2009 and 20/11/2009.

The Board of Statutory Auditors undertook a regular exchange of information with the

audit firm Deloitte & Touche, also in the presence, for the company, of the Directors Mascaretti, Selmi and Verdi.

The Board of Statutory Auditors, from the end of the year 2009 and up to the filing of the present report, attended the meetings of the Board of Directors held after 31/12/2009: 1 meeting: 12/3/2010.

11. The attendance of the Board of Statutory Auditors at the Board meetings and the information received from persons who were conferred powers illustrates thorough respect of the principals of correct administration of the company. The company prepared the half-year report pursuant to article 2428, fourth paragraph, of the Civil Code and applied a limited audit, and complied with the law in relation to the terms for communication and filing.
12. The organisational structure is in line with the size, complexity and importance of the corporate structure.
13. The improvement of the internal control system continued in 2009 with regard to the internal procedures of the company and also within the foreign subsidiaries.
14. The administration and accounting system is adequate for the organisational structure, both in relation to the systems and the availability of personnel with specific capacity; the system is therefore considered reliable and capable of fairly representing the operational events. In relation to the entry into law of European Regulation No. 1606 of 2002, the company provided us with the consolidated financial statements and the directors' report in a timely manner; the separate company financial statements at 31/12/2009 were prepared in accordance with current regulations and therefore International Accounting Standards (IAS/IFRS).
15. An Executive has been appointed responsible for relations with subsidiary companies in accordance with article 114, paragraph 2, of Legislative Decree 58/98; this information is regularly communicated.
16. Pursuant to article 150, paragraph 2, of Legislative Decree 58/98, periodic meetings were undertaken with the Audit Firm to verify the reliability of the administrative-accounting system and of the internal control system with reciprocal exchange of information and reports that there were no significant matters – also in the current year. The Audit Firm undertook quarterly verifications without reporting any matters on the accounting system and on the adoption of the correct accounting principles, as was the case in the meeting between the Statutory Auditors and the Auditors on November 20, 2009, which - from the verifications - no significant problems arose.
17. The company has adopted the self governance code issued by the Corporate Governance Committee for listed companies; the company communicated, to Consob and to the market, the transactions made with relevant persons and persons strictly related to them pursuant to article 152 of the Consob Issuers' Regulation.
18. We confirm that the Board of Directors and the Directors with delegated powers are absolved of the information obligation to the Board of Statutory Auditors as our supervision activity was undertaken in a satisfactory manner; no administrative irregularities or matters to report upon were noted from our supervision activities. We also undertook our functions

in collaboration with the audit firm Deloitte & Touche S.p.A., appointed auditors, and based on the audit report, from which no matters arose to report upon.

19. In accordance with article 153, paragraph 2 of Legislative Decree 58/98, the Board of Statutory Auditors on March 29, 2010 proposed the conferment of the independent audit of the parent company and consolidated financial statements to an independent audit company in accordance with article 159, paragraph 1 of Legislative Decree 58/98; this proposal will be presented to the shareholders' meeting for the approval of the annual financial statements.
20. In relation to the protection of personal data, the Board has updated the Programmed Document on Security (DPS).
21. We have noted that the Supervisory Board has undertaken the updating of the organisational, management and control model as per Legislative Decree 231/2001.

The Board finally noted compliance with law in the financial statements format adopted and its adequacy in relation to the activities undertaken by the companies, the adequacy of the accounting principles in the recording of the transactions by the company, the correspondence between the financial statements and the facts and information which we are aware of. The Board also expresses its agreement in relation to the criteria and techniques adopted by the Directors in the preparation of the consolidated financial statements and the criteria and techniques in accordance with current regulations; the correctness of the consolidation scope and the statements adopted are in compliance with law.

Finally, we confirm the correctness of the directors' report pursuant to article 2428 of the civil code, the data and results of the financial statements and the principles of fairness, correctness and clarity established by law.

In relation to the results from the financial statements, the company ended the year 31/12/2009 with a net profit of Euro 4,112 thousand after amortisation and depreciation and provisions of Euro 5,939 thousand and income taxes of Euro 2,490 thousand; the net equity, including the net profit for the year, amounts to Euro 172,471 thousand.

The consolidated financial statements report a net profit of Euro 954 thousand and a consolidated net debt of Euro 41,727 thousand in consideration of the investments made in the year. The consolidated net equity, including the net profit for the year and minority interests, amounted to Euro 155,313 thousand.

The Independent Audit Company has not noted any anomalies and/or exceptions in its report.

In view of the above, we express a favourable opinion in the approval of the financial statements for the year ended 31/12/2009 and we believe that the dividend proposed by the Board of Directors is appropriate in consideration of the results for the year and the available shareholders' equity, as well as the financial conditions of the company.

Finally, with the expiry of the three-year mandate conferred to Directors and Statutory Auditors, the Board invites the Shareholders to undertake the necessary resolutions and also expresses its gratitude for the trust afforded to it and extends best wishes for the future of the company.

Castellarano, April 7, 2010

The Board of Statutory
Auditors

Rossini, Mr. Edoardo

(Chairman)

Parisi, Ms. Rosa Carla

(Standing Auditor)

Pagliani, Ms. Francesca

(Standing Auditor)

Elenco degli altri incarichi ricoperti dai componenti il collegio sindacale alla data del 7 aprile 2010 previsto dall'art. 144-*quinquiesdecies* del Regolamento Emittenti e allegato alla relazione predisposta ai sensi dell'art. 153 del TUF redatto ai sensi dell'allegato 5-bis schema 4

SINDACO	ALTRI INCARICHI		SCADENZA
Rossini Edoardo	Arca S.G.R. Spa	Presidente del Collegio Sindacale	Approvazione bilancio al 31/12/2010
	Bper Services Spa	Presidente del Collegio Sindacale	Approvazione bilancio al 31/12/2011
	Banca Popolare dell'Emilia Romagna SC - Quotata	Sindaco effettivo	Approvazione bilancio al 31/12/2011
	Modena Teminal Srl	Sindaco effettivo	Approvazione bilancio al 31/12/2012
	Nettuno Gestione Crediti Spa	Sindaco effettivo	Approvazione bilancio al 31/12/2010
	Optima S.G.R. Spa	Sindaco effettivo	Approvazione bilancio al 31/12/2011
	Immobiliare Futura Srl	Presidente del Consiglio di Amministrazione	Fino alla revoca
	Futura Holding spa	Consigliere	Approvazione bilancio al 31/12/2010
SINDACO	ALTRI INCARICHI		SCADENZA
Pagliani Francesca	nessuno		
SINDACO	ALTRI INCARICHI		SCADENZA
Parisi Rosa Carla	Ariosteia S.p.A.	Presidente del CS	Approvazione Bilancio 12/09
	A.T.S. Finanziaria S.r.l.	Sindaco effettivo	Approvazione Bilancio 12/10
	Castellarano Fiandre S.p.A.	Presidente del CS	Approvazione Bilancio 12/09
	Delta S.p.A.	Sindaco effettivo	Approvazione Bilancio 12/10
	Finanziaria Ceramica Castellarano S.p.A:	Presidente del CS	Approvazione Bilancio 12/09
	Fincea S.p.A.	Sindaco effettivo	Approvazione Bilancio 12/10
	Floornature.com S.p.A.	Sindaco effettivo	Approvazione Bilancio 12/11
	Iris Ceramica S.p.A.	Sindaco effettivo	Approvazione Bilancio 12/10
	Iris Due S.p.A:	Presidente del CS	Approvazione Bilancio 12/10

	Maletti Due S.p.A.	Sindaco effettivo	Approvazione Bilancio 12/09
	Silver Fin S.p.A.	Sindaco effettivo	Approvazione Bilancio 12/09
	Technokolla S.p.A.	Sindaco effettivo	Approvazione Bilancio 12/11

