



**Directors' Report
to the Annual General Meeting**

First convocation: April 23, 2008, time 15.00
at Castellarano, Via Guido Reni n.2/OP

Second convocation: April 24, 2008, time 15.00
at Castellarano, Via Guido Reni n.2/OP

Directors' Report on the Agenda prepared in accordance with article 3 of the Justice Minister Decree No. 437 of November 5, 1998 and Consob Resolution No. 11971 of May 14, 1999 and subsequent amendments.

GRANITIFIANDRE S.p.A.

Registered office at Castellarano (RE) - via Radici Nord 112
Share capital Euro 18,431,339
Company's Register Office Reggio Emilia & tax number: 03056540374
Company subject to the management and direction of Iris Due S.p.A.

Annual General Meeting of April 23, 2008 - April 24, 2008

Directors' Report

Dear Shareholders,

you are convened to the Annual General Meeting to be held on:

April 23, 2008 in first convocation
April 24, 2008 in second convocation

to deliberate on the following

agenda

- 1) Presentation of the financial statements for the year ended December 31, 2007; Directors' Report on operations; Board of Statutory Auditor's Report; deliberations thereon. Presentation of the consolidated financial statements for the year ended December 31, 2007 and reports thereto.
- 2) Approval of the incentive plan for the directors.

In relation to the matters on the agenda, we present the following report

Point No. 1

Presentation of the financial statements for the year ended December 31, 2007; Directors' Report on operations; Board of Statutory Auditor's Report; deliberations thereon. Presentation of the consolidated financial statements for the year ended December 31, 2007 and reports thereto.

Reference should be made to the financial statements for the year ended December 31, 2007, as well as the Directors' Report on operations, with particular reference to the proposal for the appropriation of the net profit at the end of the document.

Point No. 2

Approval of the incentive plan for the directors

In accordance with the Stock Exchange Regulations relating to the Star segment, the ordinary Shareholders' Meeting of GranitiFiandre Spa held on May 13, 2004 deliberated to undertake agreements with the executive directors and the senior management of the Company that a significant part of their gross remuneration would constitute emoluments on objectives related to the financial results of the Company, including stock option benefits.

The stock option agreement with the Chairman of the Board Graziano Verdi remains in force.

The Board of Directors meeting of March 27, 2008 formulated a proposal for the adoption of a new incentive plan for the directors to be presented for approval to the Shareholders' Meeting.

These agreements provide that a significant part of the remuneration of the directors Graziano Verdi and Alberto Selmi is based on objectives related to the results of the Company.

In particular, these agreements recognise further remuneration on the reaching of pre-fixed financial objectives based on increased sales and maintaining high levels of margins and cash flow.

We therefore invite you to vote, with the prior favourable approval of the Board of Statutory Auditors, on the proposal illustrated adopting the following resolution:

“The Shareholders’ Meeting of GRANITIFIANDRE S.p.A., having taking notice of the proposal made by the Board of Directors of March 21, 2008

Deliberates

to make agreements that a significant part of the remuneration of the directors Graziano Verdi and Alberto Selmi shall be related to the achievement of Company results objectives, as illustrated by the Chairman for each and based on the documentation maintained by the Company”.

Castellarano, March 21, 2008

for the Board of Directors
Graziano Verdi
Chairman

The present report was sent to Consob and Borsa Italiana Spa and deposited at the registered office of the company at least 15 days before the shareholders’ meeting. This report is also available on the Company’s website www.granitifiandre.com, in the Investor Relations section.