



**THE BOARD OF DIRECTORS OF BIALETTI INDUSTRIE S.p.A.
HAS APPROVED THE CONSOLIDATED RESULTS AS OF JUNE 30, 2008**

- Consolidated revenues: €100.6 million (€102.9 million in first-half 2007)
- Positive EBITDA: €4 million (€1.4 million in the same period last year)
- Negative EBIT: €1.4 million (positive €6.8 million in first-half 2007)
- Negative consolidated net result as of June 30, 2008: €6.7 million (compared to the €2 million profit as of June 30, 2007)

Coccaglio, 29th August 2008 – The Board of Directors of Bialetti Industrie S.p.A. (Milan, MTA: BIA) met today under the chairmanship of Mr. Francesco Ranzoni, and approved the consolidated results of first-half 2008.

Mr. Ugo Forner, Managing Director, said: *“The first quarter of the year 2008 was marked by lower consumption levels; moreover, the further and unexpected market decline in the second quarter made the situation much worse than that foreseen at the beginning of the year. Despite such a difficult scenario, the revenues in the second quarter were such as to reduce the first quarter’s fall in turnover. Moreover, as from first-half 2008, the company has begun taking remedial measures in the different businesses which the Group is engaged in; such measures will continue within the industrial plan 2009-2011, to be completed by the end of the year. Said measures will bring positive effects as early as 2009.*

Unless it becomes necessary to undertake other extraordinary measures in the last four months, the new goal in 2008 is to balance the net results of the Group, also in the light of the positive effects on operative marginality ensuing from the seasonal nature of the business and new product introduction, chiefly in the Small Household Appliances segment.

Consolidated economic-financial data

As of June 30, 2008, the **consolidated net revenues** totalled €100.6 million, i.e. -2.2% when compared to the same period in 2007 (€102.9 million), split between **Houseware**, coffee-machines and cooking equipment (78%) and **PED**, Small Household Appliances (22%).

Regarding the total sales of that period, the unfavorable exchange rate between the dollar and the euro took its toll: at a constant exchange rate the revenues of first half 2008 would have been in line with the same period of last year.

Despite such a difficult scenario, the revenues in the second quarter 2008 (+2.8% compared to the same period in 2007) were such as to reduce the fall in turnover in the first quarter 2008 (turnover falling by 6.8% when compared to the same period in 2007).

The above fall was essentially due to lower sales in North America and to the stagnation of consumption in Italy and across Europe. Nonetheless, we should point out the excellent sales of Small Household Appliances, with revenues increasing sharply when compared to the same period last year, rising from €12.9 million in first-half 2007 to €22.1 million in first-half 2008 (+71.1%).



As of June 30, 2008, 65.1% of revenues had been realized in Italy, 22.6% in other European states, 8.2% in North America and 4.1% in the rest of the world.

As result of the different sales mix, **product costs** had a 49.6% incidence in first-half 2008, and thus dropped by 2.3 percentage points when compared to the same period last year.

The **cost for services** increased by €3.2 million, essentially due to costs for the transport of goods sold (€1.4 million), fixed-term employees and consultants.

As of June 30, 2008, **personnel costs** totalled €17.2 million (+ €4.4 million when compared to the same period last year). The upward variation is due to the introduction of some new offices, higher salaries, and to the Group's greater number of workers engaged in new projects undertaken between late 2007 and early 2008 (retail and expansion across international markets), which are currently being assessed by the Management, in consideration of the unexpected market decline.

The **Consolidated Gross Operating Margin (EBITDA)**, €4 million, was lower than last year's result in the same period (€1.4 million).

The **Consolidated Operating Result (EBIT)** was negative by €1.4 million (positive by €6.8 million as of June 30, 2007).

The €2.8 million increase in **financial charges** was due to exchange differences - €2.4 million - (mainly ascribable to the devaluation of the Turkish Lira, affecting the accounts payable of the controlled company Cem Bialetti, due to Bialetti Industrie S.p.A.), and to the general increase in interest rates over the last 12 months.

The first half of the year ended with a **net consolidated loss** of €6.8 million, compared to the €2 million profit achieved the same period last year.

As of June 30, 2008, the **Group's net financial indebtedness** was €95.7 million, compared to €85.1 million at December 31, 2007 and €93.7 million at March 31, 2008.

During the first half of 2008, the Group **invested** €9.4 million (net) in fixed assets, €4.1 million of which in the factory being built in India and €1.5 million in leased fittings for Bialetti Store S.r.l.'s outlets.

Events following the end of first-half 2008 and expected future development

In July 2008, Bialetti Industrie S.p.A. launched a programme to purchase its own shares, in accordance with the General Assembly's decision of April 21, 2008 and with the Board of Directors' decision taken the same day.

As of today, the company holds 80,000 own shares, roughly amounting to 0.11% of its share capital.

As for the expected 2008 results, and in the light of the difficult economic scenario of first period



2008, which is unlikely to change in second-half 2008, the Management has already begun taking remedial measures in the businesses which the Group is engaged (restructuring, in particular, its controlled Turkish company, Cem Bialetti, and reorganizing the structure of the Holding Company); such measures will continue within the industrial plan 2009-2011, to be completed by the end of the year. Said measures will bring positive effects as early as 2009.

As for sales, we expect to continue recovering losses in second-half 2008 and thus to fully complete the process that began in the second quarter, achieving a higher turnover than last year, partly thanks to introduction of new products, chiefly in the Small Household Appliances segment.

Given the difficult market scenario, the economic goals for 2008, set out at the end of the first quarter (i.e. to bring this year's results in line with last year's), should be reviewed in the light of the market's negative trend in the second quarter and of the impact of said remedial measures.

Unless it becomes necessary to undertake other extraordinary measures in the last four months, the new goal in 2008 is to balance the net results of the Group, also in the light of the positive effects on operative marginality ensuing from the seasonal nature of the business and new product introduction.

Corporate governance

The Board of Directors has acknowledged Ms. Anna Luisa Spadari's resignation, who is about to embark upon new professional ventures. The company wishes to thank Ms. Spadari for her contribution to the Group's business.

The Board has appointed Mr. Luca Graziadei as manager responsible for preparing the company's financial reports of Bialetti Industrie S.p.A.

Mr. Graziadei comes from Sun Chemical, where he was in charge of Chief Financial & IT Office position. In his past experiences he worked in Olivetti, MasterFood and Bolton Group, after his graduation in Economics.

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The results of first-half 2008 will be illustrated to investors and analysts on Monday 1st September, during a conference call at 3 p.m. (Italian time).

The presentation will be published on www.bialettiindustrie.it (Investor Relations section).

Please find enclosed the company's reclassified accounting charts.

Bialetti Industrie S.p.A. is one of Italy's leading industries and a key operator in international markets. Its brand is acknowledged as a synonym for "made in Italy products of quality". The Group is the owner of brands of long-standing tradition and fame like Bialetti, Rondine, Girmi, Aeternum and CEM. Bialetti Industrie is active in the production and sale of products for the home and in particular cooking utensils, coffee makers and small household appliances through its two strategic divisions, "*Housewares*" (cookware, non-electric coffee makers and kitchen accessories) and "*PED*" (small electrical appliances, including electric coffee makers), both dedicated to mass retail chains and retail stores. Over the years Bialetti Industrie has distinguished itself for its highly innovative and quality products and also for the use of new materials and technologies. Its manufacturing plants are located in Italy – in the provinces of Brescia (Coccaglio) and Verbania (Omegna) and also in Turkey and Romania. The level of excellence achieved is the result of the Group's ability to associate its products with values of tradition, quality, durability over time, design and safety, in line with its strategy of social and environmental responsibility, which is perfectly expressed in the Group's philosophy: "add value to daily life" .



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This communication refers to alternative performance indicators so as to allow for a better evaluation of the economic-financial management of Bialetti Industrie Group. Said indicators do not replace the conventional ones laid down by the IFRS.

In particular, the alternative indicator we refer to is EBITDA (Gross Operating Margin), which is calculated by adding amortizations, as well as profits and losses on derivatives to EBIT (Operating Profit).

The six-month financial report of the Group as of June 30, 2008 will be available to the public at the company's premises, and through the NIS [Network Information System] circuit of the Italian Stock Exchange, and on the Website www.bialettiindustrie.it, as from today.

“The manager responsible for preparing the company's financial reports” Anna Luisa Spadari declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records.



Consolidated assets and liabilities

<i>(€/000)</i>	As at 30 June 2008	As at 31 December 2007
ASSETS		
Non current assets		
Tangible fixed assets	34.608	28.214
Intangible fixed assets	26.924	30.376
Receivables for deferred tax assets	5.882	6.763
Receivables and other non current assets	468	259
Total non current assets	67.882	65.612
Current assets		
Inventories	65.328	56.227
Trade receivables	70.945	81.984
Financial assets available for sale	3.970	3.505
Tax receivables	2.524	2.286
Receivables and other current assets	9.727	10.221
Cash and cash equivalents	6.007	6.810
Total current assets	158.501	161.033
TOTAL ASSETS	226.383	226.645
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	18.750	18.750
Reserves	27.074	28.939
Retained earnings	79	6.753
Group shareholders' equity	45.903	54.442
Minority interests	91	233
Total shareholders' equity	45.994	54.675
Non current liabilities		
Payables and other financial liabilities	22.541	20.854
Employee benefits	4.587	4.927
Provisions for risks	452	407
Payables for deferred tax liabilities	3.441	3.286
Other liabilities	2.566	2.888
Total non current liabilities	33.587	32.362
Current liabilities		
Payables and other financial liabilities	83.123	74.577
Trade payables	52.239	55.204
Tax payables	2.189	2.003
Provisions for risks	163	163
Other liabilities	9.088	7.661
Total current liabilities	146.802	139.608
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	226.383	226.645



Group's financial report

(€/000)	Period as at 30 June,	
	2008	2007
Net result before taxes	(7.064)	3.928
Amortisation	5.091	4.382
Allocation to bad debt provision	140	7
(Capital gains)/capital losses on disposals of tangible fixed	(24)	(116)
Gains / (Losses) on derivative instruments	324	(971)
Interest income and dividends on financial assets available for sale	(88)	(84)
Net financial charges	4.061	2.924
Allocation to staff severance indemnity	923	816
Change in inventories	(7.292)	(13.017)
Change in trade receivables	8.203	9.271
Change in receivables and other current assets	579	(48)
Change in other assets and tax assets	737	945
Change in trade payables	(2.965)	5.237
Change in deferred tax payables	645	(1.719)
Change in other liabilities	1.105	(3.800)
Change in tied cash	1.341	1.225
Interest paid	(4.061)	(2.924)
Income taxes paid	(303)	(713)
Payments/advances and other changes in staff severance inden	(1.284)	(1.680)
Change for payments of provisions for risks	45	18
Net cash flow generated/(absorbed) by operating activity	113	3.681
Investments in tangible fixed assets	(7.530)	(4.104)
Divestiture of tangible fixed assets	52	623
Investments in subsidiaries, net of acquired cash	428	-
Investments in intangible fixed assets	(1.023)	(2.926)
Purchases/(sales) of financial assets available for sale	(377)	1.109
Realised gains/(losses) on derivative instruments	(324)	971
Net cash flow generated /(absorbed) by investment activity	(8.774)	(4.327)
Raising of new loans	80.765	79.147
Repayments of loans	(70.973)	(76.317)
Other change in shareholders equity	(593)	-
Net cash flow generated/ (absorbed) by financial activity	9.199	2.830
Total cash flow generated/(absorbed) in the period	538	2.184
Opening untied cash	5.469	2.430
Closing untied cash	6.007	4.614