

DAMIANI

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Damiani S.p.A:
Board of Directors approves the Half-Year Report
at 30 September 2007

Retail and wholesale channel revenues + 9.6%,
EBITDA net of non-recurring items +9.6%

- **Retail and wholesale channel revenues:** 71.2 million euro, +9.6% vs. 30 September 2006
- **Total consolidated revenues:** 81.8 million euro (including 7.6 million euro of non-recurring revenues), from 67.6 million euro to 30 September 2006
- **EBITDA¹ net of non-recurring items:** 10.3 million euro, +9.6% vs. 30 September 2006
- **Consolidated EBITDA** 17.3 million euro
- **Operating Profit net of non-recurring items:** 9.0 million euro, +10% vs. 30 September 2006
- **Operating Profit:** 16.1 million euro including including non recurring items
- **Net Profit:** 10.1 million euro, +170% vs. 30 September 2006
- **Net debt:** 46.8 million euro vs. 47.9 million euro at 31 March 2007 and vs. 78.1 million euro at 30 September 2006

Milano, 14 November 2007 – The Board of Directors of **Damiani S.p.A.** (Milan, Star: DMN), the parent company of the Damiani Group, a creator, producer and distributor of luxury and designer jewels in Italy and abroad, today approved the **consolidated half-year report at 30 September 2007** which includes second quarter figures.

CONSOLIDATED REVENUES

For the first half to 30 September 2007, the Damiani Group reported **core revenues (revenues for the wholesale and retail channels)** of 71.2 million euro increased of 9.6%.from 65.0 million euro at 30 September 2006.

Group consolidated turnover was 81.8 million euro, an improvement of 20.9% compared to 30 September 2006. The figure comprises non-recurring revenues in the first half, which included key money amounting to approximately **7.6 million euro**.

¹ EBITDA reflects operating profit before provisions, depreciation and amortisation. It is used by the company management to monitor operating performance and is not identified as an IFRS accounting parameter, and therefore should not be considered as an alternative parameter for assessment of Group earnings. Since the composition of EBITDA is not regulated by the accounting principles adopted by the Group, the criterion used by the Group to determine EBITDA may be dissimilar to, and consequently not comparable with, that adopted by others.

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Channel breakdown of revenues

Wholesale revenues (accounting for 81.9% of Group consolidated turnover) totalled **66.9 million euro**, an improvement of 9.7%.

Retail revenues amounted to **4.2 million euro**, an improvement of 7.7%.

The growth in **other channels/other revenues** in the first half was due to the effect of collection of non recurring revenues totalling **7.6 million euro**.

Revenues by Sales Channel (In thousands of Euro)	I Half		% change
	fiscal year 2007/2008	fiscal year 2006/2007	
Wholesale	66.949	61.017	9,7%
<i>% of total revenues</i>	<i>81,9%</i>	<i>90,2%</i>	
Retail	4.248	3.945	7,7%
<i>% of total revenues</i>	<i>5,2%</i>	<i>5,8%</i>	
Total Wholesale and Retail Revenues	71.198	64.962	9,6%
<i>% of total revenues</i>	<i>87,1%</i>	<i>96,0%</i>	
Other channels/Other revenues	10.566	2.673	295,3%
<i>% of total revenues</i>	<i>12,9%</i>	<i>4,0%</i>	
Total Revenues	81.764	67.635	20,9%

Geographical breakdown of revenues

The geographical revenue breakdown shows **6%** growth in **Italy** to 51.9 million euro, accounting for 63% of consolidated turnover.

Revenues also progressed in the **Americas** area, rising by approximately **19%** from the year-earlier period (+30% at constant exchange rates) to reach 4.1 million euro.

Turnover also made significant progress in **Rest of the World**, with **core revenues** improving by **33%** to 13.3 million euro (+108% total revenues, which include non-recurring revenues), driven mainly by excellent performance of the Russian market (+30%) and sustained growth of new markets such as Arabian Emirates.

In Japan, Group revenues slid by 4% from the year-earlier period, with performance adversely affected by the exchange-rate effect as the yen lost almost 13% against the euro on an annualised basis. Net of the exchange-rate effect, revenues in Japan, denominated in local currency, showed an improvement of approximately 7%.

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Revenues (In thousands of Euro)	I Half		I Half		2007 vs 2006
	fiscal year 2007/2008	% of total	fiscal year 2006/2007	% of total	
Italy:	51.890	63%	49.022	72%	6%
Americas	4.052	5%	3.411	5%	19%
Japan	4.931	6%	5.156	8%	-4%
Rest of World	20.890	26%	10.046	15%	108%
Total Revenues	81.764	100%	67.635	100%	21%

GROUP'S ACTIVITIES

During the first half of 2007 the Group announced the opening of monobrand boutiques in Dubai and Macao, as well as a corner in Jerusalem and a Bliss monobrand boutique in Mexico City.

The Group also presented the new Damiani, Salvini, Alfieri & St. John and Bliss collections, to enhance its offer for the next Christmas season.

In sales, marketing and communication, the Group announced agreements with Raoul Bova and Paris Hilton as the new testimonials for the Salvini and Bliss brands respectively.

During the half year, the Group signed leases for a store in Los Angeles (Rodeo Drive) and a store in Tokyo (in Ginza) to be opened in the second half of the financial year. In October the Group opened the new Damiani DOS in Bologna.

OPERATING RESULTS AND NET PROFIT

The Damiani Group closed the quarter with **EBITDA net of non-recurring items of 10.3 million euro**, an improvement of 9.6% from 9.4 million euro in the period to 30 September 2006 (**Consolidated EBITDA of 17.3 million euro**, +86.4%, including non-recurring items).

The **EBITDA margin net of non-recurring items** was **14%**, in line with the year-earlier period (gross of the effect of non-recurring items the EBITDA margin for the first half of 2007 was **21%**).

Operating Profit was **9.0 million euro**, an increase of 10% from 8.2 million euro in the period to 30 September 2006 (**16.1 million euro** gross of key money, a gain of 96.1% over the first half of 2006).

Net Profit amounted to **10.1 million euro** compared with 3.7 million euro in the first half to 30 September 2006 (+170%).

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NET DEBT

The Group had a Net Debt of **46.8 million euro** at 30 September 2007, an improvement of 1.1 million euro from 47.9 million euro at 31 March 2007 and of 31.2 million euro from 78.1 million euro at 30 September 2006.

The improvement in the Net Debt compared to 30 September 2006 reflected the impact of operating performance, the Group restructuring in March 2007 and the positive impact of key money.

SECOND QUARTER (July-September 2007)

In the **second quarter (July-September 2007)**, which historically accounts for approximately 18% of total Group turnover, revenues from sales rose by 12.0% to reach 31.2 million euro; EBITDA was 2.3 million euro and EBIT was 1.7 million euro.

The manager in charge of preparing the company's financial reports (Gilberto Frola) declares, pursuant to paragraph 2 article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the documented results, books and accounting entries.

Trading commencement date: 08.11.2007

Operation Listing Partners: Unicredit and Merrill Lynch

Damiani S.p.A.

Damiani S.p.A. è capofila del Damiani Group, leader nel mercato italiano della produzione e commercializzazione di gioielli di alta gamma e di *design*, e attivo nel settore della gioielleria con marchi prestigiosi quali: Damiani, Salvini, Alfieri & St. John, Bliss e il marchio Calderoni, recentemente acquisito.

Maestri artigiani sin dal 1924, il Damiani Group vanta una lunga tradizione nell'arte orafa che interpreta oggi con lo stesso spirito innovativo delle sue origini e detiene il record imbattuto di ben 22 *Diamonds International Awards* (18 *Awards Damiani* e 4 *Awards Calderoni*). Ogni gioiello creato da Damiani viene realizzato a mano nel rispetto delle più alte tradizioni artigiane e dell'eleganza dello stile *Made in Italy*.

Con circa 466 dipendenti, il Damiani Group è presente in Italia e nei principali mercati mondiali attraverso società che consentono di presidiare il mercato europeo, americano e asiatico: in particolare, Damiani International BV (con sede ad Amsterdam), Damiani USA Corp. (con sede a New York); Damiani Japan K.K. (con sede a Tokyo). Il Gruppo vanta inoltre 54 punti vendita monomarca posizionati nelle principali vie della moda italiane ed internazionali.

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Attachments :

Reclassified consolidated Income Statement and Balance Sheet schedules

Income Statement I Half and II Quarter fiscal year 2007/2008-2006/2007

<i>(In thousands of Euro)</i>	I Half		% change
	fiscal year 2007/2008	fiscal year 2006/2007	
Revenues from sales and services	73.893	67.288	9,8%
Other recurring revenues	259	347	-25,4%
Other non-recurring revenues	7.612		
Total Revenues	81.764	67.635	20,9%
Cost of production	(64.416)	(58.239)	10,6%
EBITDA (*)	17.348	9.396	84,6%
EBITDA margin	21%	14%	
Depreciation and amortisation	(1.279)	(1.203)	6,3%
EBIT	16.069	8.193	96,1%
EBIT margin	20%	12%	
Net finance income (expense)	(675)	(460)	46,6%
Pre-tax profit	15.394	7.733	99,1%
Pre-tax profit margin	19%	11%	
Income tax	(5.288)	(3.990)	32,5%
Net profit	10.107	3.743	170,0%
Net profit margin	12%	6%	
Minority interest	146	18	
Group net profit	9.961	3.725	
Group net profit margin	12%	6%	

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<i>(In thousands of Euro)</i>	II Quarter		% change
	fiscal year 2007/2008	fiscal year 2006/2007	
Revenues from sales and services	31.222	27.872	12,0%
Other recurring revenues	134	176	-23,9%
Other non-recurring revenues	0	0	
Total Revenues	31.356	28.048	11,8%
Cost of production	(29.034)	(25.151)	15,4%
EBITDA (*)	2.322	2.897	-19,8%
<i>EBITDA margin</i>	7%	10%	
Depreciation and amortisation	(625)	(591)	5,8%
EBIT	1.697	2.306	-26,4%
<i>EBIT margin</i>	5%	8%	
Net finance income (expense)	(251)	(1.044)	-76,0%
Pre-tax profit	1.446	1.262	14,6%
<i>Pre-tax profit margin</i>	5%	4%	
Income tax	(1.685)	(1.725)	-2,3%
Net profit	-238	-463	-48,6%
<i>Net profit margin</i>	-1%	-2%	
Minority interest	(90)	(124)	
Group net profit	-148	-339	
Group net profit margin	0%	-1%	

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Balance sheet at September 30th 2007, March 31st 2007, September 30th 2007

Balance Sheet data (In thousands of Euro)	30 September 2007	31 March 2007	30 September 2006
Non-current assets	33.238	37.526	46.668
Net working capital	104.080	94.418	99.889
Current and non-current liabilities	(7.073)	(7.608)	(5.351)
Net invested capital	130.245	124.336	141.207
Shareholders' equity	83.460	76.430	63.141
Net debt	46.785	47.906	78.066
Sources of funds	130.245	124.336	141.207

Net Debt (in thousands of Euro)	30 September 2007	31 March 2007	30 September 2006
Debentures - current portion			5.423
Medium/long-term financing - current portion	4.519	8.386	3.988
Current loans and borrowings	19.368	14.824	30.751
Current Debt	23.887	23.210	40.162
Medium/long-term financing - non-current portion	32.470	38.793	44.965
Non-current Debt	32.470	38.793	44.965
Total Gross Debt	56.357	62.003	85.127
Cash and cash equivalents	-9.572	-14.097	-7.061
Net Debt	46.785	47.906	78.066