

DAMIANI

PRESS RELEASE

Damiani S.p.A:

Board of Directors approves the Group's interim report for the first quarter ending June 30, 2009 of fiscal year 2009/2010¹

- **Consolidated revenues:** 33.4 million euro (39.2 million euro at June 30, 2008)
- **Retail revenues:** 7.0 million euro (2.5 million euro at June 30, 2008)
- **Consolidated EBITDA:** -1.3 million euro (4.5 million euro at June 30, 2008)
- **Consolidated EBIT:** -2.5 million euro (3.8 million euro at June 30, 2008)
- **Group Net Result:** -3.0 million euro (2.1 million euro at June 30, 2008)
- **Net financial position:** 51.5 million euro (38.4 million euro at March 31, 2009)

Valenza, August 7, 2009 – 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 Group's interim consolidated results for the first quarter ending **June 30, 2009**.

Guido Damiani, President and CEO of the Damiani Group, commented: "The macroeconomic scenario remains difficult for the whole luxury goods sector in general, and for jewellery in particular, which is suffering for a lack of confidence in the future from the consumers. In recent weeks we have seen some positive signs which could bring us to assume that future demand is stabilizing.

In this context, our Group is taking actions to evaluate opportunities for the future. This is done with great attention to our costs and with a tight selection of our investments. We have also taken several actions to support demand of our products; first of all, our new collections are closer to the new consumers' needs, in addition we are also working on new initiatives in Italy and abroad. Furthermore, we have implemented some projects in order to razionalize and reduce our operating costs which, we believe, will bring benefits shortly".

CONSOLIDATED REVENUES

During the first quarter of fiscal year 2009/2010 **Damiani consolidated revenues** were equal to **33.4 million euro** compared to 39.2 million euro as of June 30, 2008, with a **14.8% decrease versus the same period of last year** at current exchange rates and with a **decrease of 15.9%** at constant exchange rates.

Revenues Breakdown By Distribution Channel

In the **first quarter of fiscal year 2009/2010 retail revenues** grew by **181.7%** at current exchange rates and by **177.9%** at constant exchange rates and amounted to **7.0 million euro** compared to 2.5 million euro as of June 30, 2008.

¹ It is highlighted that the perimeter of the consolidation area of Damiani S.p.A. at June 30, 2009 was different from that as of June 30, 2008, as a consequence of the acquisition of 100% di Rocca S.p.A. that was finalized on September 15, 2008. Consolidating of the Rocca Group started from September 1, 2008.

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The improvement has been driven by the inclusion of the Rocca stores, which has been consolidated since September 1, 2008.

At June 30, 2009 the Group's monobrand stores network included 37 Directly Operated Stores (DOS) and 40 franchised stores, located in the most important fashion streets in Italy and abroad.

In the **first quarter of fiscal year 2009/2010 wholesale revenues** decreased by **27.8%** at current exchange rates and by **28.9%** at constant exchange rates to **26.3 million euro** compared to 36.5 million euro as of June 30, 2008.

| Revenues breakdown by channel (In thousand of Euro) | I Quarter | | % change current exchange rates | % change constant exchange rates |
|--|-----------------|-----------------|------------------------------------|-------------------------------------|
| | FY 2009/2010 | FY 2008/2009 | | |
| Retail | 7,034 | 2,497 | 181.7% | 177.9% |
| <i>% on total revenues</i> | 21.1% | 6.4% | | |
| Wholesale | 26,313 | 36,460 | -27.8% | -28.9% |
| <i>% on total revenues</i> | 78.8% | 93.1% | | |
| Total Revenues from sales and services | 33,347 | 38,957 | -14.4% | -15.6% |
| <i>% on total revenues</i> | 99.9% | 99.5% | | |
| Other revenues | 36 | 205 | -82.4% | -82.4% |
| <i>% on total revenues</i> | 0.1% | 0.5% | | |
| Total Revenues | 33,383 | 39,162 | -14.8% | -15.9% |

Revenues Breakdown By Geographical Region

In the **first quarter of fiscal year 2009/2010, Italian revenues** amounted to **26.6 million euro with an increase of 1.5%** vs. the same period of last year, accounting for 79.8% of consolidated revenues. The performance of the domestic market has been positively influenced by the growth in the retail channel that offsets the general slowdown in the wholesale channel.

In the **Americas, revenues** reached **0.9 million euro** with a **59.6% decrease** compared to June 30, 2008 at current exchange rates and with a **decrease of 64.8%** at constant exchange rates and accounted for 2.7% of consolidated revenues. This performance has been negative influenced by the severe consumer contraction in the wholesale channel in the region.

Revenues in **Japan** were equal to **1.8 million euro** with a **18.0% decrease** at current exchange rates compared to the same period of the previous year and with a **33.5% decrease** at constant exchange rates. The Group's results in Japan have been penalised by the persistent contraction in the consumer demand, with similar trends both in the wholesale and in the retail channel.

During the first quarter of fiscal year 2009/2010 revenues in the **Rest of the World** amounted to 4.0 million euro with a **51.5% decrease** at current exchange rates and with a **51.8% decrease** at constant

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exchange rates compared to 8.7 million euro as of June 30, 2008, mainly driven by the negative trend in Russia and in the other Former Soviet Republics markets.

| Revenues breakdown by region (In thousand of Euro) | I Quarter FY 2009/2010 | % on total revenues | I Quarter FY 2008/2009 | % on total revenues | % change current exchange rates | % change constant exchange rates |
|---|------------------------------|------------------------|------------------------------|------------------------|---------------------------------------|--|
| Italy | 26,611 | 79.8% | 26,218 | 66.9% | 1.5% | 1.5% |
| Americas | 912 | 2.7% | 2,258 | 5.8% | -59.6% | -64.8% |
| Japan | 1,818 | 5.4% | 2,218 | 5.7% | -18.0% | -33.5% |
| Rest of World | 4,006 | 12.0% | 8,263 | 21.1% | -51.5% | -51.8% |
| Other revenues | 36 | 0.1% | 205 | 0.5% | -82.4% | -82.4% |
| Total Revenues | 33,383 | 100.0% | 39,162 | 100.0% | -14.8% | -15.6% |

OPERATING RESULT AND NET RESULT

Damiani Group closed the first quarter of fiscal year 2009/2010 with a **consolidated EBITDA negative for -1.3 million euro**, compared to 4.5 million euro as of June 30, 2008.

This EBITDA contraction is largely a consequence of the decrease in the group's revenues which brought to a decline in gross profit. At the same time, the group was able to control some production costs thanks to the actions which have been implemented since the previous quarter.

Consolidated EBIT was negative and equal to **-2.5 million euro**, from 3.8 million euro as of June 30, 2008.

Consolidate net result amounted to **-3.0 million euro** compared with 2.1 million euro achieved on June 30, 2008.

NET FINANCIAL POSITION

As of June 30, 2009 the Group's net financial debt was equal to **51.5 million euro** compared to 38.4 million euro as of March 31, 2009 with a worsening of 13.1 million euro. This change was due to: a) the cash flow absorbed from the operating activities, b) the investment in capital expenditure and c) the cash outflow for the buy back program.

SHARE BUYBACK PLAN UPDATE

At June 30, 2009 n. 5.054.305 ordinary shares were purchased, equal to 6,119% of the Damiani S.p.A. share capital (net of 1.000.000 shares used in the occasion of the Rocca acquisition) with a total outlay of 7.6 million euro and with an average price of 1,5 Euro per share.

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Damiani S.p.A.

Damiani S.p.A. is the parent company of the Damiani Group, a leader in the Italian market in the production and sales of high-end jewelry and design and active in the jewelry sector with prestigious brands, such as Damiani, Calderoni, Salvini, Alfieri & St. John e Bliss. It also owns Rocca 1794, a the most prestigious Italian chain with over 200 years of expertise in the retail sale of the world's most famous international brands of watches and jewelry.

The Damiani Group is active in Italy and the main world markets with its own operative affiliates and manages 37 direct points of sale and 40 more in franchising located on the main world international fashion streets.

Strong with a tradition that has lasted for centuries in the world of high end jewellery the Group today is careful in interpreting its legendary patrimony and presents it with full respect for tradition and the innovative spirit of its origins and also has licenses to design, manufacture and distribute jewellery collections for prestigious international brands, such as Jil Sander and Gianfranco Ferrè.

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Attachments:

Reclassified consolidated Income Statement and Balance Sheet schedules as of June 30 2009

Consolidated Income statement of I Quarter (april-june) FY 2009/2010 and FY 2008/2009.

| Income Statement (In thousand of Euro) | I Quarter | | % Change |
|---|-----------------|-----------------|---------------|
| | FY 2009/2010 | FY 2008/2009 | |
| Revenues from sales and services | 33,347 | 38,957 | -14.4% |
| Total Revenues | 33,383 | 39,162 | -14.8% |
| Operating expenses | (34,727) | (34,655) | 0.2% |
| EBITDA | (1,344) | 4,507 | n.m. |
| EBITDA % | -4.0% | 11.5% | |
| Operating Income | (2,549) | 3,828 | n.m. |
| Income before taxes | (2,921) | 4,110 | n.m. |
| Net Group Result | (2,954) | 2,101 | n.m. |
| Basic Earnings/(Losses) per share in Euro | (0.04) | 0.03 | n.m. |

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Consolidated Balance Sheet at June 30 2009, March 31 2009, June 30 2008

| Balance sheet data (In thousand of Euro) | June 30 2009 | March 31 2009 | June 30 2008 |
|--|----------------|----------------|-----------------|
| Fixed assets | 63,425 | 64,208 | 43,470 |
| Net working capital | 123,076 | 115,168 | 92,327 |
| Non current liabilities | (10,344) | (11,141) | (8,589) |
| Net Invested Capital | 176,157 | 168,235 | 127,208 |
| Net Equity | 124,695 | 129,838 | 155,314 |
| Net Financial Position | 51,462 | 38,397 | (28,106) |
| Sources of financing | 176,157 | 168,235 | 127,208 |
| Net Financial Position (in thousand of Euro) | June 30 2009 | March 31 2009 | June 30 2008 |
| Medium-long term loans - Current share | 7,406 | 8,902 | 2,865 |
| Current financial debts to banks and other financial institutes | 7,646 | 16,229 | 1,095 |
| Medium long term loans with related parties - Current share | 817 | 779 | 950 |
| Current financial debt | 15,869 | 25,910 | 4,910 |
| Medium-long term loans - Non current share | 29,645 | 5,757 | 8,575 |
| Medium long term loans with related parties - Non current share | 16,062 | 16,272 | 7,639 |
| Non current financial debt | 45,707 | 22,029 | 16,214 |
| Total gross financial debt | 61,576 | 47,939 | 21,124 |
| Cash and cash equivalent | (10,114) | (9,542) | (49,230) |
| Net Financial Position | 51,462 | 38,397 | (28,106) |