

DAMIANI

PRESS RELEASE

Damiani S.p.A:

Board of Directors approves the Group's interim report for the first half ending September 30, 2009 of fiscal year 2009/2010

- **Consolidated revenues:** 56.3 million euro (66.1 million euro at September 30, 2008)
- **Retail revenues:** 14.7 million euro (6.7 million euro at September 30, 2008)
- **Consolidated EBITDA:** -6.9 million euro (4.5 million euro at September 30, 2008)
- **Consolidated EBIT:** -9.2 million euro (2.8 million euro at September 30, 2008)
- **Group Net Result:** -9.6 million euro (1.8 million euro at September 30, 2008)
- **Net financial position:** 54.0 million euro (51.5 million euro at June 30, 2009)

Valenza, November 21, 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 half ending **September 30, 2009**.

Guido Damiani, President and CEO of the Damiani Group, commented: "Notwithstanding the continuing uncertain macroeconomic environment, I am satisfy with the actions the Damiani Group undertook to reinforce our presence in markets, segments and channels which are important for our future development, like for example the agreement with Birks and Mayors and like the new partnerships with important brands. All the above together with a constant attention to further rationalize our production costs and the first signals of recovery in demand registered in October, make me confident towards the coming Christmas season."

CONSOLIDATED REVENUES

During the first half of fiscal year 2009/2010 **Damiani consolidated revenues** were equal to **56.3 million euro** compared to 66.1 million euro as of September 30, 2008, with a **14.8% decrease versus the same period of last year** at current exchange rates and with a **decrease of 15.8%** at constant exchange rates.

Revenues Breakdown By Sales Channel

In the **first half of fiscal year 2009/2010 retail revenues** grew by **118.3%** at current exchange rates and by **115.6%** at constant exchange rates and amounted to **14.7 million euro** compared to 6.7 million euro as of September 30, 2008.

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

At September 30, 2009 the Group's monobrand stores network included 36 Directly Operated Stores (DOS) and 41 franchised stores, located in the most important fashion streets in Italy and abroad.

In regards to the Group's presence development around the world, Damiani inaugurated in July 2009 in London in the prestigious Old Bond Street the first Damiani mono brand store.

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In the **first half of fiscal year 2009/2010 wholesale revenues** decreased by **29.7%** at current exchange rates and by **30.9%** at constant exchange rates to **41.4 million euro** compared to 58.9 million euro as of September 30, 2008.

Revenues by Sales Channel (In thousands of Euro)	I Half		% Change current exchange rates	% Change constant exchange rates
	FY 2009/2010	FY 2009/2010		
Retail	14,716	6,740	118.3%	115.6%
<i>% on total sales</i>	26.1%	10.2%		
Wholesale	41,443	58,952	-29.7%	-30.9%
<i>% on total sales</i>	73.6%	89.2%		
Total revenues from sales and services	56,159	65,692	-14.5%	-15.8%
<i>% on total sales</i>	99.7%	99.4%		
Other revenues	174	411	-57.7%	-57.7%
<i>% on total sales</i>	0.3%	0.6%		
Total Revenues	56,333	66,103	-14.8%	-16.1%

Revenues Breakdown By Geographical Area

In the **first half of fiscal year 2009/2010, Italian revenues** amounted to **43.0 million euro with a decrease of 1.5%** vs. the same period of last year, accounting for 76.3% 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 **2.5 million euro with a 40.8% decrease** compared to September 30, 2008 at current exchange rates and accounted for 4.4% 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 **3.3 million euro with a 26.7% decrease** at current exchange rates compared to the same period of the previous year. The Group's results in Japan have been penalized by the persistent contraction in the consumer demand.

During the first half of fiscal year 2009/2010 revenues in the **Rest of the World** amounted to 7.4 million euro with a **44.6% decrease** at current exchange rates compared to 13.4 million euro as of September 30, 2008, mainly driven by the negative trend in Russia and Middle East markets.

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Revenues by Geographical Area (In thousands of Euro)	I Half 2009/2010	% of total	I Half 2008/2009	% of total	change % current exchange rates	change % constant exchange rates
Italy	42,972	76.3%	43,634	66.0%	-1.5%	-1.5%
Americas	2,463	4.4%	4,159	6.3%	-40.8%	-46.0%
Japan	3,310	5.9%	4,516	6.8%	-26.7%	-40.0%
Rest of the World	7,414	13.2%	13,383	20.2%	-44.6%	-45.0%
Other revenues	174	0.3%	411	0.6%	-57.7%	-57.7%
Total revenues	56,333	100.0%	66,103	100.0%	-14.8%	-16.1%

OPERATING RESULT AND NET RESULT

Damiani Group closed the first half of fiscal year 2009/2010 with a **consolidated EBITDA negative for - 6.9 million euro**, compared to 4.5 million euro as of September 30, 2008.

This EBITDA contraction is largely a consequence of the decrease in the group's revenues which brought to a decline in gross margin. The contraction is also due to the less margin on sales of third brands sold in Rocca boutiques, which weigh more on total revenues because in the same period of last year were consolidated only since September. At the same time, the group was able to control some operation costs (personnel and services costs) thanks to the actions which have been implemented since the previous quarter.

Moreover the first half of fiscal year 2008/2009 has been positively influenced by exchange rates proceeds not present in the first half 2009/2010.

Consolidated EBIT was negative and equal to **-9.2 million euro**, from 2.8 million euro as of September 30, 2008.

Consolidated net result amounted to **-9.6 million euro** compared with 1.8 million euro achieved on September 30, 2008.

NET FINANCIAL POSITION

As of September 30, 2009 the Group's net financial debt was equal to **54.0 million euro** compared to 38.4 million euro as of March 31, 2009 with a decrease of 15.4 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. This decrease took place mainly in the first quarter 2009/2010 (April-June 2009): as of 30 June 2009 the net financial position was equal to 51.5 million euro (minus 13.1 million euro versus 31 March 2009), while in the second quarter the careful monitoring of working capital together with the cash flows periodicity took to a minor cash absorption (2.3 million euro).

IMPORTANT EVENTS IN THE FIRST HALF

During the first half 2009/2010 the Group signed an agreement with Gianfranco Ferré for the development and production of a jewellery collection, an agreement with Jil Sander and finally one with Ferrari.

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STOCK OPTION PLAN 2009

At September 24, 2009 the Board of Directors resolved, together with the Compensation Committee, to proceed with the implementation of the 2009 Stock Option plan, for a part of the management of Damiani Group.

The Board singled out, for the time being, 16 recipients (the members of Damiani family are not included) who purchased – with a payment of Euro 0,126 for each right of purchase- a total number of 685,000 options, each of which allows the right to purchase one share of Damiani S.p.A. at the price of Euro 1.60 (the “strike price”). The right of purchase will be mature on September 12, 2012,

SHARE BUYBACK PLAN UPDATE

At September 30, 2009 n. 5.619.609 ordinary shares were purchased, equal to 6.80% 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 8.2 million euro and with an average price of 1,46 Euro per share.

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.

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 owned brands, such as Damiani, Calderoni, Salvini, Alfieri & St. John e Bliss and manages the licensing of various lines of prestigious international brands. It also owns Rocca 1794, the most prestigious Italian chain with over 200 years of expertise in the retail sale of the world's most famous watches and jewelry brands. The Damiani Group is active in Italy and the main world markets with its own operative affiliates and manages 36 direct points of sale and 41 more in franchising located on the main world international fashion streets. Strong with a tradition that has lasted for centuries, 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.

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Attachments:

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

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

Main economic data	I Half FY 2009/2010	I Half FY 2008/2009	Change %
(in thousands of Euro)			
Revenues from sales and services	56,159	65,692	-14.5%
Total revenues	56,333	66,103	-14.8%
Cost of production	(63,190)	(61,627)	2.5%
EBITDA **	(6,857)	4,476	n.m.
EBITDA %	-12.2%	6.8%	
Amortization and depreciation	(2,325)	(1,635)	42.2%
Operating income	(9,182)	2,840	n.m.
Operating income %	-16.4%	4.3%	
Net financial income (expenses)	(1,036)	1,249	n.m.
Result before taxes	(10,218)	4,090	n.m.
Net result of the Group	(9,552)	1,806	
Basic Earnings (Losses) per Share	(0.12)	0.02	n.m.

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Consolidated Balance Sheet at September 30 2009 and March 31 2009

Balance sheet data (In thousand of Euro)	30 septemebr 2009	31 march 2009
Fixed assets	64,013	64,208
Net working capital	117,235	115,168
Non current liabilities	(9,808)	(11,141)
Net Invested Capital	171,440	168,235
Net Equity	117,464	129,838
Net Financial Position	53,976	38,397
Sources of financing	171,440	168,235

Net Financial Position (in thousands of Euro)	Situation at September 30 2009	Situation at March 31 2009
Medium-long term loans and financing - Current portion	9,306	8,902
Usage of credit lines, short term financing and others	7,250	16,229
Medium-long term loans and financing with related parties - Current portion	932	779
Current financial indebtness	17,488	25,910
Medium-long term loans and financing - Non current portion	26,801	5,757
Medium-long term loans and financing with related parties - Non current portion	15,748	16,272
Not current financial indebtness	42,549	22,029
Total financial indebtness	60,037	47,939
Cash and cash equivalentents	(6,061)	(9,542)
Net Financial Position	53,976	38,397