

DAMIANI

PRESS RELEASE

Damiani S.p.A:

Board of Directors approves the Group's interim report for the first 9 months ending December 31, 2009 of fiscal year 2009/2010

In the Third Quarter of fiscal year 2009/2010 Consolidated revenues +2,3% YoY

CONSOLIDATED RESULTS THIRD QUARTER FY 2009/2010

- **Consolidated revenues:** 62.1€m (60.7€m as of December 31, 2008)
- **Retail revenues:** 13.3€m (12.1€m as of December 31, 2008)
- **Consolidated EBITDA:** 6.3€m (2.4¹€m as of December 31, 2008)
- **Group Net Result:** 2.1€m (-2.2¹€m as of December 31, 2008)

CONSOLIDATED RESULTS FIRST 9 MONTHS FY 2009/2010

- **Consolidated revenues:** 118.4€m (126.8€m as of December 31, 2008)
- **Retail revenues:** 28.0€m (18.8€m as of December 31, 2008)
- **Consolidated EBITDA:** -0.6€m (14.7²€m as of December 31, 2008)
- **Consolidated EBIT:** -4.2€m (11.7²€m as of December 31, 2008)
- **Group Net Result:** -7.4€m (7.7²€m as of December 31, 2008)
- **Net Debt:** 54.6€m (54.0€m as of September 30, 2009)

Milan, February 10, 2010 – 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 9 months ending **December 31, 2009**, including third quarter data.

Guido Damiani, President and CEO of the Damiani Group commented: "The Christmas season, which just ended, conveyed a signal of trend inversion with respect to the previous quarters. In fact, during the last three months of 2009 Group's turnover increased by 2.3% vs the previous year. Despite the uncertainty of the global macroeconomic environment, we are satisfied with these results and we are looking at 2010 with greater optimism, comforted also by the trend of the sales of the first weeks of 2010.

The retail channel led this recovery driven by the good performance of monobrand stores and Rocca boutiques. Furthermore it is fundamental to underline that the wholesale channel has begun to give signals of cautious recovery".

¹ Net of 7.8 million euro of forex gains booked in the third quarter of FY 2008/2009

² It Includes 10,5 million euro of forex gains booked in the first 9 months of FY 2008/2009

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CONSOLIDATED REVENUES

During the first 9 months of fiscal year 2009/2010 **Damiani consolidated revenues** were equal to **118.4 million euro** compared to 126.8 million euro as of December 31, 2008, with a **6.6%** decrease versus the same period of last year at current exchange rates and with a decrease of **7.3%** at constant exchange rates.

In the third quarter of fiscal year 2009/2010, consolidated revenues were equal to **62.1 million euro** with a **2,3%** increase YoY.

Revenues Breakdown By Sales Channel

In the **first 9 months of fiscal year 2009/2010 retail revenues** grew by **48.5%** at current exchange rates and by **47.6%** at constant exchange rates and amounted to **28.0 million euro** compared to 18.8 million euro as of December 31, 2008.

The improvement has been driven by the impact of the Rocca stores, which interests the whole year vs. the four months of 2008/2009 (Rocca stores have been consolidated from September 1, 2008).

In the **third quarter of fiscal year 2009/2010**, the first with the same scope of activities, retail revenues were equal to **13.3 million euro** with a **10%** increase, YoY, at current exchange rates.

As of December 31, 2009 the Group's monobrand stores network included 79 stores of which 38 are Directly Operated Stores (DOS) and 41 are franchised stores, located in the most important fashion streets in Italy and abroad including also Damiani mono brand store recently inaugurated in the prestigious Old Bond Street in London.

In the **first 9 months of fiscal year 2009/2010 wholesale revenues** decreased by **16.1%** at current exchange rates and by **17.1%** at constant exchange rates to **90.0 million euro** compared to 107.5 million euro as of December 31, 2008.

In particular, in the **third quarter of fiscal year 2009/2010**, wholesale revenues were equal to **48.6 million euro** in line with the same period of last year, at current exchange rates.

Revenues by sales channel	9 Mesi esercizio 2009/2010	9 Mesi esercizio 2008/2009	% Change current exchnage rates	% Change constant exchnage rates
(In thousands of Euro)				
Retail	27,976	18,836	48.5%	47.6%
<i>Percentage on total sales</i>	<i>23.6%</i>	<i>14.9%</i>		
Wholesale	90,248	107,536	-16.1%	-17.1%
<i>Percentage on total sales</i>	<i>76.2%</i>	<i>84.8%</i>		
Total revenues from sales and services	118,224	126,372	-6.4%	-7.3%
<i>Percentage on total sales</i>	<i>99.8%</i>	<i>99.7%</i>		
Other revenues	223	415	-	-
<i>Percentage on total sales</i>	<i>0.2%</i>	<i>0.3%</i>		
Total Revenues	118,447	126,787	-6.6%	-7.3%

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Revenues Breakdown By Geographical Area

In the first 9 months of fiscal year 2009/2010, Italian revenues amounted to 92.5 million euro in line vs. the same period of last year, accounting for 78.1% 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 first 9 months of fiscal year 2009/2010 in Americas, revenues reached 6.7 million euro with a 0.7% increase compared to December 31, 2008 at current exchange rates and with a 3.5% decrease at constant exchange rates and accounted for 5.7% of consolidated revenues.

Revenues in Japan were equal to 6.0 million euro with a 20.4% decrease at current exchange rates and with a 30.0% decrease at constant 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 9 months of fiscal year 2009/2010 revenues in the Rest of the World amounted to 13.0 million euro with a 34.9% decrease at current exchange rates and with a 35.2% decrease at constant exchange rates as of December 31, 2008. This decrease is mainly driven by the negative trend in Russia, Ukraine and Middle East markets.

Revenues by Geographical Area (In thousands of Euro)	9 Months 2009/2010	% of total	9 Months 2008/2009	% of total	change % current exchange rates	change % constant exchange rates
Italy	92,507	78.1%	92,186	72.7%	0.0%	0.0%
Americas	6,743	5.7%	6,695	5.3%	0.7%	-3.5%
Japan	5,961	5.0%	7,488	5.9%	-20.4%	-30.0%
Rest of the World	13,014	11.0%	20,003	15.8%	-34.9%	-35.2%
Altri ricavi	223	0.2%	415	0.3%	-	-
Total revenues	118,447	100%	126,787	100.0%	-6.6%	-7.3%

OPERATING RESULTS AND NET RESULT

Damiani Group closed the first 9 months of fiscal year 2009/2010 with a negative consolidated EBITDA for -0.6 million euro, compared to a positive 14.7 million euro as of December 31, 2008.

The first 9 months of fiscal year 2008/2009 have been positively influenced by 10.5 million of forex gains. Net of these gains the decrease of the ebitda would have been lower and equal to 4.9 million euro.

This EBITDA contraction in the first 9 months of fiscal year 2009/2010 is also 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 lower margin on sales of third parties brands sold in Rocca boutiques. These brands weigh more on total revenues than in 2008/2009 because they were consolidated only from September 2008. At the same time, the Group was able to reduce some operational costs thanks to the strict control implemented from the previous year.

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In the **third quarter of fiscal year 2009/2010**, consolidated EBITDA was equal to **6.3 million euro** compared to 2.4 million euro (net of forex gains) of the same period of last year.

Consolidated EBIT was negative, in the first nine months of fiscal year 2009/2010, and equal to **-4.2 million euro**, from 11.7 million euro as of December 31, 2008.

Consolidated net result in the first nine months of fiscal year 2009/2010 amounted to **-7.4 million euro** compared with 7.7 million euro achieved on December 31, 2008.

In the **third quarter of fiscal year 2009/2010**, consolidated net result was equal to **2.1 million euro** compared to -2,2 million euro (net of forex gains) of the same period of last year.

NET DEBT

As of December 31, 2009 the Group's net financial debt was equal to **54.6 million euro** compared to 38.4 million euro as of March 31, 2009 with an increase of 16.2 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 worsening took place mainly in the first quarter 2009/2010 (April-June 2009): as of 30 June 2009 the net debt was already equal to 51.5 million euro (minus 13.1 million euro versus 31 March 2009), while during the following six months the careful monitoring of working capital together with the cash flows seasonality took to a lower cash absorption (3.2 million euro).

IMPORTANT EVENTS IN THE FIRST 9 MONTHS OF FY 2009/2010

In the first 9 months of fiscal year 2009/2010 Damiani announced a distribution agreement with Birks & Mayors Inc., a North American luxury goods retailer listed on the NYSE Amex which operates a network of 67 high-end jewelry and timepieces stores in Canada and in South East United States. The distribution agreement, which has a five year term, covers all Damiani Group's brands.

In November 2009 the Clean water humanitarian project was officially presented by Sharon Stone and Damiani Group in Tokyo. The project revolves around the decision by the Damiani family and by Sharon Stone to make a tangible contribution to Africans in terms of both economic aid and media&public involvement. To achieve this important and ambitious objective, Damiani worked with Sharon Stone to design an innovative jewellery collection presented in Tokyo and sold during the Christmas period.

Part of the proceeds from sales will be donated to non-government and no-profit humanitarian associations that raise funds to build wells for extracting clean water in African villages and where it is necessary thus contributing to reduce the very high rate of mortality, especially amongst children.

During the first 9 months 2009/2010 the Group signed an agreement with Gianfranco Ferré for the development and production of a jewellery collection, an agreement with Jil Sander, one with Ferrari and finally an agreement for the first jewellery line of Maserati.

STOCK OPTION PLAN 2009

As of 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, on the condition that, on the date of purchase, the employee relationship with the beneficiary still exists.

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SHARE BUYBACK PLAN UPDATE

As of December 31, 2009 n. 5,619,609 ordinary shares were purchased, equal to 6.80% of the Damiani S.p.A. share capital with a total outlay of around 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 38 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.

For further information please contact:

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Attachments:

Reclassified consolidated Income Statement and Balance Sheet schedules as of December 31 2009

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Consolidated Income statement of first 9 months (april-december) FY 2009/2010 and FY 2008/2009.

Main economic data			
(in thousands of Euro)	9 Months 2009/2010	9 Months 2008/2009	Change %
Revenues from sales and services	118,224	126,372	-6.4%
Total revenues	118,447	126,787	-6.6%
Cost of production	(119,052)	(112,050)	6.2%
EBITDA	(605)	14,737	n.s.
EBITDA %	-0.5%	11.6%	
Amortization and depreciation	(3,615)	(3,080)	17.4%
Operating income	(4,220)	11,657	n.s.
Operating income %	-3.6%	9.2%	
Net financial income (expenses)	(1,931)	952	n.s.
Result before taxes	(6,151)	12,609	n.s.
Net result of the Group	(7,406)	7,721	n.s.
Basic Earnings (Losses) per Share	(0.09)	0.10	

Consolidated Balance Sheet data at December 31 2009 and March 31 2009

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Balance sheet Data (In thousands of Euro)	Situation at December 31 2009	Situation at March 31 2009
Fixed Assets	61,704	64,208
Net working capital	122,170	115,168
Non current Liabilities	(9,574)	(11,141)
Net Capital Invested	174,300	168,235
Net Equity	119,684	129,838
Net Debt	54,616	38,397
Sources of Financing	174,300	168,235

Net Debt (in thousands of Euro)	Situation at December 31 2009	Situation at March 31 2009
Medium-long term loans and financing - Current portion	9,359	8,902
Usage of credit lines, short term financing and others	12,390	16,229
Medium-long term loans and financing with related parties - Current portion	1,103	779
Current financial indebtness	22,852	25,910
Medium-long term loans and financing - Non current portion	23,727	5,757
Medium-long term loans and financing with related parties - Non current portion	15,431	16,272
Non current financial indebtness	39,158	22,029
Total financial indebtness	62,010	47,939
Cash and cash equivalents	(7,394)	(9,542)
Net Debt	54,616	38,397