

# DAMIANI

## PRESS RELEASE

Damiani S.p.A.:

The Board of Directors Approves Group's Results for Full Year 2009/2010 ending 31 March 2010

### CONSOLIDATED RESULTS FOR FOURTH QUARTER 2009/10

- **Consolidated revenues:** 27.1 million Euros (22.9 million Euros at 31 marzo 2009) + 18.4% YoY
- **Retail channel revenues:** 7.4 million Euros (6.5 million Euros at 31 March 2009)
- **Wholesale channel revenues:** 19.7 million Euros (16.4 million Euros at 31 March 2009)

### CONSOLIDATED RESULTS FY 2009/10

- **Consolidated revenues:** 145.8 million Euros (149.8 million Euros at 31 marzo 2009) -2.7% YoY
- **Retail channel revenues:** 35.4 million Euros (25.4 million Euros at 31 March 2009)
- **Wholesale channel revenues:** 111.0 million Euros (123.9 million Euros at 31 March 2009)
- **Consolidated EBITDA:** -13.2 million Euros (1.1 million Euros at 31 March 2009)
- **Consolidated EBITDA adjusted<sup>1</sup>:** 0.3 million Euros
- **Consolidated Operating Result:** -19.1 million Euros (-3.1 million Euros at 31 March 2009)
- **Group Net Consolidated Result:** -18.2 million Euros (-4.7 million Euros at 31 March 2009)
- **Net Debt:** 39.0 million Euros (54.6 million Euros at 31 December 2009)

<sup>1</sup> The EBITDA at 31 March 2010 was adjusted for the provisions posted to cover the risk of losses in the values of current assets for a total of 13,5 million Euros at the consolidated level. In the previous FY the provisions on the values of current assets were equal to 5.9 million Euros.

Milan, 11 June 2010 – The Board of Directors of **Damiani S.p.A.** (quoted Milan, Star: DMN) the parent company of the Damiani Group, which creates, produces and distributes high-end jewelry and watches in Italy and abroad, today approved the Group's **Consolidated Financial Results for Full Year ending 31 March 2010** and the Group's Corporate Governance Report.

Guido Damiani, President and CEO of the Damiani Group, commented: "Notwithstanding the still difficult global environment in 2009 for the consumer goods sector, in general, and for jewelry in particular, we have firmly taken important measures to strengthen the Damiani Group. We continued to rationalize the group's costs structure, which we began last year, with the aim to improve our efficiencies and we have set strategic actions to support the group's growth.

Albeit in a context of shrinking demand, our retail network showed a positive sales trend, both for our mono-brand stores and for our multibrand-Rocca stores, this confirms that our collections have been highly appreciated by the retail customer. In fact, our retail channel performed significantly better than the wholesale one, given that the latter continued its de-stocking actions also in 2009.

Although the overall macroeconomic situation remains uncertain and we believe it will take time before returning to the 2007 level, the returned to a positive trend in revenues occurred in the last period of FY2009/2010, the debt reduction achieved, the costs' rationalisation implemented, make us confident to look to 2010 with more optimism."

# DAMIANI

## CONSOLIDATED REVENUES

Group's consolidated revenues for fiscal year 2009/10, were equal to **145.8 million Euros** compared to 149.8 million Euros as of 31 March 2009 with a drop of **2.7%**, at current exchange rates and of 3.2% at constant exchange rates.

Specifically, in the fourth quarter of fiscal year 2009/2010, consolidated revenues were **27.1 million Euros up by 18.4% compared to the same period of last year**, at current exchange rates

### Revenues split by sales channel

Revenues of the **retail channel** for fiscal year 2009/2010 reached **35.4 million Euros**, compared to 25.4 million Euros as of 31 March 2009 up by **39.3%** at current exchange rates and by 38.7% at constant exchange rates, compared to the same period of the previous fiscal year.

The progress of the retail channel is due to both the good performance of our mono brand boutiques and to the higher contribution of the Rocca stores that were consolidated for twelve months in the fiscal year 2009/2010, compared to only seven months in the previous fiscal year, given that Rocca was consolidated since 1 September 2008.

At 31 March 2010 the Group managed **78 points of sale of which 33 direct points of sale and 45 franchised stores** located in the most prestigious Italian and international luxury streets.

Revenues of the **wholesale channel** at for fiscal year 2009/2010 decreased by **11.2%** at current exchange rates and by 11.7% at constant exchange rates, totalling **111.0 million Euros** compared to 123.9 million Euros for the previous fiscal year.

Revenues breakdown by channel (in thousand of Euro)	FY 2009/2010	FY 2008/2009	% change current exchange rates	% change constant exchange rates
<b>Retail</b>	<b>35,362</b>	<b>25,380</b>	<b>39.3%</b>	<b>38.7%</b>
% on total revenues	24.3%	16.9%		
<b>Wholesale</b>	<b>110,003</b>	<b>123,909</b>	<b>-11.2%</b>	<b>-11.7%</b>
% on total revenues	75.5%	82.7%		
<b>Total Revenues from sales and services</b>	<b>145,365</b>	<b>149,289</b>	<b>-2.6%</b>	<b>-3.2%</b>
% on total revenues	99.7%	99.7%		
<b>Other Revenues</b>	<b>390</b>	<b>502</b>	-	-
% on total revenues	0.3%	0.3%		
<b>Total revenues</b>	<b>145,755</b>	<b>149,791</b>	<b>-2.7%</b>	<b>-3.2%</b>

### Geographical split of the revenues

In **fiscal year 2009/2010**, Italian revenues was **112.4 million Euros**, with a growth of 3.3% compared to the the same period of the previous year, equal to 77.1% percentage of the group's revenues. The sales growth in the domestic market sales was largely driven by the good performances of the retail channel which offset the decline in wholesale revenues.

During fiscal year 2009/2010, in the **Americas**, revenues reached **5.1 million Euros**, equal to 3.5% of consolidated sales, with a 33.5% decrease at current exchange rates and 33.9% at constant exchange

# DAMIANI

rates, compared to the same period of the previous year.

In fiscal year 2009/2010 revenues in **Japan** was equal to **8.5 million Euros**, down **12.2%** at current exchange rates and 19.8% at constant exchange rates, compared to the same period of the previous year. Sales performance in Japan suffered for the effect of the continuing shrinking of the internal demand for luxury goods product.

During fiscal year 2009/2010, **Rest of World** revenues amounted to **19.4 million Euros**, down by **16.3%** at current exchange rates and by 16.5% at constant exchange rates, compared to the same period of the previous year, mainly due to the drop in sales in some regions where the Group has a very significant presence, such as Russia, Dubai, etc.

<b>Revenues breakdown by region</b> <i>(in thousand of Euro)</i>	FY 2009/2010	% on total	FY 2008/2009	% on total	% change current exchange rates	% change constant exchange rates
Italy	112,373	77.1%	108,761	72.6%	3.3%	3.3%
Americas	5,112	3.5%	7,692	5.1%	-33.5%	-33.9%
Japan	8,486	5.8%	9,660	6.4%	-12.2%	-19.8%
Rest of World	19,394	13.3%	23,176	15.5%	-16.3%	-16.5%
Other Revenues	390	0,3%	502	0,3%	-	-
<b>Total Revenues</b>	<b>145,755</b>	<b>100.0%</b>	<b>149,791</b>	<b>100.0%</b>	<b>-2.7%</b>	<b>-3.2%</b>

## OPERATING RESULTS AND NET PROFIT

At profitability level **during the fiscal year 2009/2010**, the Damiani Group recorded a negative **consolidated EBITDA** of **-13.2 million Euros**, compared to 1.1 million Euros positive recorded at 31 March 2009.

In fiscal year closed at March 31, 2010 the Group, also considering the current environment, recorded write-down on current assets (no cash items) for 13.5 million Euros, (compared to 5.9 million Euros at March 31, 2009) related to inventories for 9.8 million Euros, as well as bad debt provisions related to the contingency of the situation for 3.7 million Euros. Net of these charges, the **EBITDA** would have been positive for **0.3 million Euros**.

**Consolidated operating result** for the fiscal year 2009/2010 was negative for **-19.1 million Euros** compared to the loss of -3.1 million Euros recorded in the previous fiscal year.

The **Group net result** for fiscal year 2009/2010 was negative for **-18.2 million Euros** compared to the -4.7 million Euros in fiscal year 2008/2009.

# DAMIANI

## NET DEBT

At 31 March 2010, the Group net debt was equal to **39,0 million Euros**, 15 million Euros lower compared to the 54.6 million Euros as of 31 December 2009 and 0.6 million Euros lower compared to 38.4 million Euros as of 31 March 2009.

## **GROUP PARENT RESULTS**

The Group Parent Damiani S.p.A. recorded total revenues for 56.7 million Euros and achieved a net loss of -11.2 million Euros.

## **PROPOSAL TO AUTHORIZE THE ACQUISITION OF TREASURY SHARES AND THE APPROVAL OF THE PLAN AS PER article 114, part two, of the Consolidated Finance Act**

Today the Board also resolved to submit to the Shareholders' Meeting the renewal of the authorization to be able acquire and dispose of treasury shares dated 22 July 2009.

In line with that of the previous authorization the Resolution of the Shareholders' Meeting shall allow the acquisition of a maximum number of 8,250,000 ordinary shares with a nominal value of Euros 0.44 each and, in any case, no more than 10% of the total Share Capital for a period of 18 months from the date of the relative Resolution of the Shareholders' Meeting and, therefore, until 23 January 2012.

At the date of this Press Release the company holds 5,619,609 of its own ordinary shares, amounting to 6.80% of the Share Capital.

The Board of Directors also resolved on the proposal of the Remuneration Committee, meeting on June 11, 2010, to propose for the Shareholders House to adopt a plan based on financial instruments under Article 114 bis of Legislative Decree No 58/98 ("T.U.F."), which provides for free allocation in one or more parcels of options to purchase (or possibly underwrite) company shares, up to a maximum number of 3,500,000.

The plan is intended for executive directors (among whom Damiani family members are not included), managers, staff employees, other employees, consultants and collaborators of the Group which will be identified when the plan, which aims to foster loyalty and motivation.

The shares will be drawn from the own shares purchased and held by Damiani SpA, in accordance with the shareholders' resolutions to authorize the purchase and subsequent sale of own shares, as per Articles 2357 and 2357 "ter" of the Civil Code; as an alternative, following a shareholders' resolution, there can be a capital increase and the consequent issue of new shares to the beneficiaries.

The Board of Directors decided to propose to the shareholders' meeting, called for next July 21, 2010, on first call at 6 pm at the legal headquarters of Damiani SpA Viale Santuario 46 in Valenza (with any necessary second call meeting planned for July 30, 2010 at the same time and in the same place), to proceed to cover the financial period loss for Damiani SpA using existing reserves.

The Shareholders' Meeting has also been called to decide on the renewal of the Board of Auditors and to determine their compensation and to approve statutory modifications following the applicability in Italy of the Directive 2007/36/EC.

The Corporate Governance Report is contained in the Financial Statements file, which is made available to the general public following the methodologies laid down by the relative legislation currently in force and, therefore, also within the "Investor Relations" sector of the website [www.damiani.com](http://www.damiani.com).

# DAMIANI

*The Executive responsible for drawing up the company accounting documents of the company, Gilberto Frola, hereby declares, pursuant to article 154, second part, paragraph 2, of the Consolidated Finance Act that the accounting information contained in this press release corresponds to that contained in the relative company documents, books and accounting postings, based on the best available estimates.*

## Damiani S.p.A.

Damiani S.p.A. is the parent company of the Damiani Group, an Italian market leader in the production and commercializing of high end jewelry and watches. It operates in the jewelry sector with its own prestigious brands such as Damiani, Calderoni 1840, Salvini, Alfieri & St. John and Bliss and also manages some lines of prestigious international brands under license. The Group also owns the Rocca 1794 chain, which has a history of more than 200 years in the retail sale of the most famous brands of timepieces and high-level jewelry. The Damiani Group is present in Italia and the main world markets with its own operating branches and it manages 35 direct points of sale and 47 in franchising that are situated in the main international fashion streets. With the strength of its centuries old tradition, the Group is an attentive interpreter of a historical heritage that it offers, while fully respecting tradition, with the same innovative spirit of its origins.

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# DAMIANI

The following are attached:

The Consolidated Income Statement and Balance Sheet at 31 March 2010

The Interim Consolidated Income Statement for the fiscal year 2009/2010 and the fiscal year 2008/2009

<b>Income statement</b> <i>(in thousand of Euro)</i>	FY 2009/2010	FY 2008/2009	variazione %
<b>Revenues from sales and services</b>	<b>145,365</b>	<b>149,289</b>	<b>-2.6%</b>
Total Revenues	145,755	149,791	-2.7%
Costs of production	(158,995)	(148,670)	6.9%
<b>EBITDA</b>	<b>(13,240)</b>	<b>1,121</b>	<b>n.s.</b>
<b>EBITDA %</b>	<b>-9.1%</b>	<b>0.7%</b>	
Depreciation and amortization	(5,886)	(4,191)	40.4%
<b>Operating income</b>	<b>(19,126)</b>	<b>(3,070)</b>	<b>n.s.</b>
<b>Operating income%</b>	<b>-13.1%</b>	<b>-2.0%</b>	
Net financial income/(expense)	(2,715)	(374)	n.s.
Income before taxes	(21,841)	(3,444)	n.s.
Net Group Result	(18,242)	(4,709)	n.s.
Basic Earnings/(Losses)per share	(0,23)	(0,06)	

# DAMIANI

## Consolidated Balance Sheet data at 31 March 2010 and at 31 March 2009

<b>Balance sheet data</b> (in thousand of Euro)	March 31, 2010	March 31, 2009
Fixed assets	56,060	64,208
Net working capital	98,632	115,168
Current and non current liabilities	(6,637)	(11,141)
<b>Net Invested Capital</b>	<b>148,055</b>	<b>168,235</b>
Net Equity	109,027	129,838
Net Debt	39,028	38,397
<b>Sources of financing</b>	<b>148,055</b>	<b>168,235</b>

<b>Net Debt</b> (in thousand of Euro)	March 31, 2010	March 31, 2009
Medium-long loans - Current share	9,399	8,902
Medium-long term loans with banks	1,964	16,229
Medium-long term loans with related parties	641	779
<b>Current financial debt</b>	<b>12,004</b>	<b>25,910</b>
Medium-long term loans - non current share	22,748	5,757
Medium-long term loans with related parties - non current share	11,608	16,272
<b>Non-current financial debt</b>	<b>34,356</b>	<b>22,029</b>
<b>Total Gross financial debt</b>	<b>46,360</b>	<b>47,939</b>
Bank and similar	(7,332)	(9,542)
<b>Net debt</b>	<b>39,028</b>	<b>38,397</b>