

# DAMIANI

## PRESS RELEASE

**Damian S.p.A.:**

**The Shareholders' meeting approves the financial statements at March 31, 2010**

**Authorization to purchase own shares is renewed.**

**A plan based on financial instruments as per Article 114 bis of Legislative Decree 58/98 is approved**

**Appointment of new Board of Statutory Auditors**

**A new Director joins the Board of Directors of Damiani S.p.A.**

Milan, July 21, 2010 - The shareholders of Damiani S.p.A. (Milan, Star: DMN) today approved, on first call, the annual financial statements of their parent company Damiani S.p.A. as at March 31, 2010.

At the consolidated level, the Damiani Group closed the financial year 2009/10 with consolidated revenues amounting to 145.8 million euros compared to 149.8 million euros reported in the previous year with a consolidated EBITDA equal to -13.2 million euros (the adjusted consolidated EBITDA amounted to 0.3 million euros) compared to 1.1 million euros recorded as at March 31, 2009<sup>1</sup>. Consolidated net result was -18.2 million euros, compared with -4.7 million euros at March 31, 2009.

During the 2009/10 financial year, Damiani S.p.A. recorded revenues of 56.7 million euros and a net loss amounting to -11.2 million euros.

### **RESOLUTION FOR THE NEW AUTHORIZATION FOR PURCHASE AND DISPOSAL OF OWN SHARES**

The Shareholders' Meeting then resolved to authorize - subject to revocation, for the part not carried out -of the resolution adopted by the Shareholders at the meeting on July 22, 2009 – the purchase and disposal of own shares under co-joined Articles 2357 and 2357 ter of the Civil Code and Art. 132, D. of Decree Law 58/1998.

The reasons for the authorization, which will allow the Company to acquire an important tool for management and strategic flexibility, consist of the possibility of (a) using own shares in operations related to projects of interest to the issuer as arises the opportunity for exchanges or transfers of share holdings, (b) performing operations to support the liquidity of these same shares in the interest of the Company and all members, in relation to contingent market situations, promoting the course of trading, according to law and regulations while ensuring the equal treatment of shareholders; (c) implementing distribution programs of shares or options, whether at a price or free, at the same value to directors, employees or associates of the Damiani Group, as well as programs for free allocation of shares to shareholders, in full compliance with primary and secondary regulatory requirements currently in force.

The authorization to purchase own shares is structured as follows:

maximum number of shares available for purchase: the Company may purchase a maximum number of ordinary shares whose nominal value does not exceed one tenth of the company share capital, for a maximum of 8,260,000 ordinary shares that must not represent more than 10% of the share capital, at a nominal value of 0.44 euros each, also keeping in consideration the shares held by the Company and any which may be held by subsidiaries.

· Duration of the purchase authorization: the authorization was granted for a period of 18 months starting as of today's date and lasting until the date of January 21, 2012.

· Minimum and maximum purchase – As per the applicable acts: the purchase price of each of the own shares is set by the Board of Directors and must be, at an amount including additional expenses of purchase, as a minimum not less than 20% (twenty percent) and as a maximum not more than 20% (twenty percent) of the official price registered by the title in the trading session of the MTA on the day before each purchase.

Method of purchase: purchase transactions may be made under Article 132 TUF, and Art. 144 bis of Consob Reg. No 11971/99, through a public tender offer of exchange or purchase, or on the market, according to procedures established by the company in charge of managing the market which do not permit the direct matching of orders of

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<sup>1</sup> The EBITDA adjusted to March 31, 2010 is net of provisions made on the value of the assets for a total amount of 13.5 million euros at consolidated level. In the previous year provisions amending the assets were equal to 5.9 million euros.

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purchase with pre-determined proposals of orders for sale, or also through the purchase and sale of derivatives traded on the market, as stated in the regulations, and in all cases to ensure equal treatment of shareholders and compliance with all applicable laws, including European Community regulations. The purchase of own shares will be carried out in ways other than those listed above, as is permitted in accordance with laws in force, taking into account the need to comply with the principle of equal treatment for shareholders.

The Shareholders' Meeting also authorized, without imposing time limits, the availability of own shares purchased for a minimum amount that, in any event, are not less than 90% of the average of official prices on the MTA (Digital Stock Market) in the five days preceding the sale (exceptions exist in special cases in the interest of the Company, as in the case of trade or transfer of shares for the construction of industrial &/or commercial projects &/or those of interest to the issuer, and in case of transfer of shares to carry out programs according to Art. 114 bis of Legislative Decree no. February 24, 1998, n. 58).

Acts of disposition regarding the shares purchased will be carried out one or more times, even before having completed the purchases in the manner deemed most appropriate in the interests of the Company, including the sale on the stock exchange, blocks, or by exchange of shares or other assets in industrial projects and / or commercial projects and / or those of interest to the issuer, in carrying out incentive programs and plans as per Article. 114 bis of Legislative Decree 24 February 1998, No 58, or also through a public tender offer of purchase or exchange. The shares can be alienated also through combinations with other financial instruments.

Under the own share purchase program, approved by the Board of Directors on July 22, 2009 that concludes today, in accordance with the authorization resolution to purchase and sell own shares as approved by the Shareholders Meeting on July 22, 2009, Damiani SpA, announced that during the inclusive period from July 23 2009 to July 20 2010, (last purchase on September 11, 2009) it has purchased a total of no. 403,231 ordinary shares (equal to 0.488% of company capital) at an average unit price of 1.1369 euros, for a total of 458,453 euros and for a total number of 37 Bourse sessions.

The purchase operations were carried out on the market, as per Art.132 of Legislative Decree 58/98 and Art. 144 bis of Consob Regulation 11971/99.

This program was created in accordance with the authorization of the shareholders on July 22, 2009, which provided the option to purchase up to a maximum of 8,250,000 ordinary shares at a nominal value of 0.44 euros each, but representing no more than 10 % of company capital for a period of 18 months from the date of the shareholders' approval, meaning up to the date of January 22, 2011.

Purchases were made in accordance with the rules and regulations in force: in particular, under Article. 5, co. 2, Reg No EC 2273/2003, Damiani S.p.a., during each session of the stock exchange, acquired a number of shares not exceeding 25% of the average daily volume of shares traded on the market, considered to be the average daily volume of trade in the twenty trading days preceding the date of purchase.

The shares acquired to carry out the herein-described purchasing program were not subject to alienation for the duration of the program.

Please note that as of this date, Damiani SpA holds 5,619,609 shares, (net of 1,000,000 shares sold in the acquisition of Rocca SpA) equal to 6.80% of company capital, at a thought out average price of 1.4645 euros, for a total of 8,230,156 euros.

The Company does not own shares through affiliates, trustees or third parties.

## **RESOLUTION TO ADOPT A PLAN BASED ON FINANCIAL INSTRUMENTS AS PER ART. 114 bis of Legislative Decree 58/98**

The Shareholders' Meeting has also approved the adoption of a plan based on financial instruments under Article. 114 bis of Legislative Decree 24 February 1998, no. 58, entitled "Stock Option Plan 2010".

The plan of free allocation of options to purchase Damiani shares ("Stock Option Plan 2010") provides for the granting of options for a maximum of 3,500,000 ordinary shares by the issuer at a par value of 0.44 each, implemented in one or more tranches, within 5 years after approval by the Shareholders' Meeting and is

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addressed to executive directors, managers, staff and other employees, consultants and collaborators of the issuer and companies of the Damiani Group, to be identified later.

The Board of Directors has in fact received a mandate from the shareholders to implement this same plan including the identification of beneficiaries, who will be identified with the help of the Remuneration Committee.

Shares in the plan will be drawn from the reserve of shares purchased and held by the Issuer in accordance with the shareholders' meeting resolutions to authorize the purchase and subsequent sale of own shares, under Articles. 2357 and 2357 ter of the Civil Code, in alternative to and according to a special resolution adopted by the relevant company bodies, will take place with a capital increase. The maximum number of shares in the Plan shall be 3,500,000.

Detailed information on the "Stock Option Plan 2010" is contained in the documents available on the internet site [www.damiani.com](http://www.damiani.com).

The Shareholders lastly decided in extraordinary session on modifications to Articles 10, 11, 16 and 24 of the company bylaws and to insert the new Art. 34 in them, in accordance with the proposal of the Board of Directors following the implementation in Italy of Directive 2007/36/EC of the European Parliament and the Board on July 11, 2007, regarding the exercise of certain rights of shareholders in listed companies, implementing the delegation of powers given to the Government as per Article 31 of the law of July 7, 2009, no 88.

The Shareholders appointment of new Board of Statutory Auditors and confirmed Gianluca Bolelli as acting Chairman of the Board of Auditors, Fabio Massimo Micaludi and Simone Cavalli as Statutory Auditors and Pietro Sportelli as Deputy Auditor and appointed Alessandro Madau as Deputy Auditor. Composed as such, by the sole list presented by the auditing partner Leading Jewels S.A., the Board of Statutory Auditors will be in charge until the approval of the 31/3/2013 financial statements.

After re-determining the number of members of the Board of Directors as eight, the shareholders also appointed Francesco Minoli, as a new Director – non executive and non independent - of the Board of Damiani SpA. His candidacy was presented by the controlling shareholder, Leading Jewels S.A. and will last until the expiration of the current Board of Directors, and so until the approval of Financial Statements which will close on March 31, 2012.

*The manager responsible for preparing corporate accounting documents (Dott. Gilberto Frola) states under 'Article 154 bis, paragraph 2, of the Consolidated Finance Act that the accounting information contained in this press release corresponds to the documents, registers and accounting records.*

## **Damiani S.p.A.**

Damiani S.p.A. is the flagship company of the Damiani Group, a leader in Italy in manufacturing and marketing high end jewelry and luxury watches. Active in the jewelry sector with prestigious owned brands such as Damiani, Calderoni, 1840, Salvini, Alfieri & St. John and Bliss, the Group also manages various lines of prestigious international brands under license. The Group owns the Rocca 1794 chain, which has over 200 years of experience in retail sales of the best known brands of watches and jewelry. The Damiani Group operates in Italy and in major world markets through its operating subsidiaries and manages 35 stores and 47 franchises situated on the main streets of international fashion. With a tradition that is centuries-old, the group is careful to interpret its historical heritage with respect for both its traditions and the innovative spirit of its origins.

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