

# DAMIANI

## PRESS RELEASE

Damiani S.p.A:

Board of Directors approves the Group's interim report for the first quarter ending June 30, 2010 of fiscal year 2010/2011

- **Consolidated revenues:** 26.4 million euro (33.3 million euro at June 30, 2009)
- **Retail revenues:** 7.9 million euro (7.0 million euro at June 30, 2009)
- **Consolidated EBITDA:** -2.0 million euro (-1.3 million euro at June 30, 2009)
- **Consolidated EBIT:** -4.2 million euro (-2.6 million euro at June 30, 2009)
- **Group Net Result:** -4.5 million euro (-3.0 million euro at June 30, 2009)
- **Net financial position:** 39.5 million euro (39.0 million euro at March 31, 2010; 51.5 million euro at June 30, 2009)

Valenza, August 6, 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 quarter ending **June 30, 2010**.

In the first quarter Damiani DOS showed a revenues increase on the average of 20% indicating customer satisfaction for our collections. The multibrand boutiques also showed positive results, in improvement over June 30, 2009.

Sales abroad showed signs of recovery after the recent crisis. Meanwhile the domestic market is still marked by uncertainty in the wholesale channel which is still in the destocking phase and maintains a cautious approach in purchasing also due to the low seasonality. The net debt remain stable as of March 31, 2010 and is in a strong improvement as compared to the same period of last period.

### CONSOLIDATED REVENUES

During the first quarter of fiscal year 2010/2011 **Damiani consolidated revenues from sales and services** were equal to **26.4 million euro** compared to 33.3 million euro as of June 30, 2009, with a **20.8% decrease versus the same period of last year** at current exchange rates and with a **decrease of 21.9%** at constant exchange rates.

### Revenues Breakdown By Distribution Channel

In the **first quarter of fiscal year 2010/2011 retail revenues** grew by **12.2%** at current exchange rates and by **11.3%** at constant exchange rates and amounted to **7.9 million euro**.

The improvement has been driven by the good improvement of Damiani monobrand stores, that showed a revenues increase on the average of 20%, reflecting how much consumers appreciate our products, and the good improvement of the Rocca stores.

At June 30, 2010 the Group's monobrand stores network included **33 Directly Operated Stores (DOS)** and **47 franchised stores**, located in the most important fashion streets in Italy and abroad.

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In the **first quarter of fiscal year 2010/2011 wholesale revenues** decreased by **29.7%** at current exchange rates and by **30.8%** at constant exchange rates to **18.5 million euro** compared to 26.3 million euro as of June 30, 2009 especially caused to the destocking phase of the Italian wholesale channel.

Revenues breakdown by channel (In thousand of Euro)	I Quarter		% Change current exchange rates	% Change constant exchange rates
	FY 2010/2011	FY 2009/2010		
<b>Retail</b>	<b>7,889</b>	<b>7,034</b>	12.2%	11.2%
<i>% on total revenues</i>	29.8%	21.1%		
<b>Wholesale</b>	<b>18,506</b>	<b>26,313</b>	-29.7%	-30.8%
<i>% on total revenues</i>	70.0%	78.8%		
<b>Total revenues from slaes and services</b>	<b>26,395</b>	<b>33,347</b>	-20.8%	-21.9%
<i>% on total revenues</i>	99.8%	99.9%		
Other revenues	51	36	-	-
<i>% on total revenues</i>	0.2%	0.1%		
<b>Total revenues</b>	<b>26,446</b>	<b>33,383</b>	-20.8%	-21.9%

## Revenues Breakdown By Geographical Area

In the **first quarter of fiscal year 2010/2011, Italian revenues amounted to 19.5 million euro with a decrease of 26.7%** vs. the same period of last year, accounting for 73.9% of consolidated revenues. The growth in the retail channel partially offsets the general slowdown in the wholesale channel.

**Abroad** the revenues of **first quarter of fiscal year 2010/2011** amounted **6.9million euro with an increase of 2.4%** vs the same period of last year accounting for 26.1% of consolidated revenues in increase of around 6 points % vs first quarter of fiscal year 2009/2010. In detail:

- in the **Americas, revenues** reached **0.9 million euro** in line with revenues compared to June 30, 2009 and accounted for 3.5% of consolidated revenues.
- Revenues in **Japan** were equal to **2.4 million euro** with a **32.2% increase** at current exchange rates compared to the same period of the previous year and with a **16.8% increase** at constant exchange rates. with some positive signals in a context penalised by the persistent contraction in the consumer demand.
- During the first quarter of fiscal year 2010/2011 revenues in the **Rest of the World** amounted to **3.6 million euro** with a **10.8% decrease** at current exchange rates and with a **11.1% decrease** at constant exchange rates compared to June 30, 2009, mainly driven by the negative trend in Europe and in the Middle East vs the strong increase of the Far East.

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Revenues breakdown by area (In thousand of Euro)	I Quarter		I Quarter		% Change current exchange rates	% Change constant exchange rates
	FY 2010/2011	% on total	FY 2009/2010	% on total		
Italy	19,502	73.7%	26,611	79.7%	-26.7%	-26.7%
Americas	915	3.5%	912	2.7%	-0.3%	-6.5%
Japan	2,404	9.1%	1,818	5.4%	32.2%	16.8%
Rest of World	3,574	13.5%	4,006	12.0%	-10.8%	-11.1%
Other revenues	51	0.2%	36	0.1%	-	-
<b>Total revenues</b>	<b>26,446</b>	<b>100.0%</b>	<b>33,383</b>	<b>100.0%</b>	<b>-20.8%</b>	<b>-21.9%</b>

## OPERATING RESULT AND NET RESULT

Damiani Group closed the first quarter of fiscal year 2010/2011 with a **consolidated EBITDA negative for -2.0 million euro**, compared to -1.3 million euro as of June 30, 2009.

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 service and personnel costs thanks to the actions implemented to improve the efficiency of the Group.

**Consolidated EBIT** was negative and equal to **-4.2 million euro**, from -2.6 million euro as of June 30, 2009.

**Consolidated net result** amounted to **-4.5 million euro** compared with -3.0 million euro achieved on June 30, 2009.

## NET FINANCIAL DEBT

As of June 30, 2010 the Group's net financial debt was equal to **39.5 million euro** substantially stable compared to 39.0 million euro as of March 31, 2010 and in strong improvement compared to 51,5 million euro as of June 30, 2009.

*The executive 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.*

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# DAMIANI

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

Damiani S.p.A., founded in Valenza in 1924 and led today by the third generation, 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 33 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 its tradition and with the innovative spirit of its origins.

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**Attachments:**

Consolidated Income Statement and Balance Sheet schedules as of June 30, 2010.

Consolidated Income Statement schedules of I Quarter (april-june) FY 2010/2011 and FY 2009/2010

<b>Income Statement</b> (In thousand of Euro)	<b>I Quarter</b>		<b>Change</b> <b>%</b>
	<b>FY</b> <b>2010/2011</b>	<b>FY</b> <b>2009/2010</b>	
<b>Revenues from sales and services</b>	<b>26,395</b>	<b>33,347</b>	-20.8%
Total Revenues	26,446	33,383	-20.8%
Costs of production	(28,429)	(34,727)	-18.1%
<b>EBITDA</b>	<b>(1,983)</b>	<b>(1,344)</b>	n.m.
EBITDA %	-7.5%	-4.0%	
<b>Operating Income</b>	<b>(4,181)</b>	<b>(2,549)</b>	n.m.
Income before taxes	(5,216)	(2,921)	n.m.
<b>Net Group Result</b>	<b>(4,532)</b>	<b>(2,954)</b>	n.m.
Basic Earnings/(Losses) per share	(0.06)	(0.04)	n.m.

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## Consolidated Balance Sheet at June 30 2010 and March 31 2010

<b>Balance Sheet Data</b> (In thousand of Euro)	June 30, 2010	March 31, 2010	change
Fixed Assets	55,571	56,060	(489)
Net working capital	96,564	98,632	(2,068)
Non current liabilities	(6,742)	(6,637)	(105)
<b>Net Invested Capital</b>	<b>145,393</b>	<b>148,055</b>	<b>(2,662)</b>
Net Equity	105,868	109,027	(3,159)
Net Debt	39,525	39,028	497
<b>Sources of financing</b>	<b>145,393</b>	<b>148,055</b>	<b>(2,662)</b>
<b>Net Debt</b> (in thoudsand of Euro)	June 30, 2010	March 31, 2010	change
Medium-long loans - current share	9,251	9,399	(148)
Medium-long term loans with banks	4,617	1,964	2,653
Medium-long term loans with related parties - current share	755	641	114
<b>Current Financial Debt</b>	<b>14,623</b>	<b>12,004</b>	<b>2,619</b>
Medium-long term loans - non current share	20,277	22,748	(2,471)
Medium-long term loans with related parties - non current share	11,419	11,608	(189)
<b>Non-current financial debt</b>	<b>31,696</b>	<b>34,356</b>	<b>(2,660)</b>
<b>Total Gross financial debt</b>	<b>46,319</b>	<b>46,360</b>	<b>(41)</b>
Bank and similar	(6,794)	(7,332)	538
<b>Net Debt</b>	<b>39,525</b>	<b>39,028</b>	<b>497</b>