

DAMIANI

PRESS RELEASE

Damiani S.p.A:
Board of Directors approves the Group's interim report for the first half ending
September 30, 2010 of fiscal year 2010/2011

SECOND QUARTER FISCAL YEAR 2010/11 CONSOLIDATED REVENUES

- **Consolidated Revenues:** 29.1 million euro (22.9 million euro at September 30, 2009) +27.1%
- **Retail Revenues:** 9.6 million euro (7.7 million euro at Settembre 2009) +25.3%

FIRST HALF FISCAL YEAR 2010/11 CONSOLIDATED RESULTS

- **Consolidated Revenues:** 55.5 million euro (56.3 million euro at September 30, 2009) -1.5%
- **Retail Revenues:** 17.5 million euro (14.7 million euro at September 30, 2009) +19.0%
- **Consolidated EBITDA:** -4.8 million euro (-6.9 million euro at September 30, 2009)
- **Net Debt:** 39.4 million euro (39.0 million euro at March 31, 2010 and 54.0 million euro at September 30, 2009)

Valenza, November 26th, 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 semester ending **September 30, 2010**.

Guido Damiani, Chairman and C.E.O. of Damiani Group, has commented:

"In this second quarter Damiani showed a remarkable performance particularly due to the good results achieved by its retail network, both monobrand and Rocca multibrand stores, and to the positive trend in foreign markets, notwithstanding that the demand for hard luxury good products remains volatily and that the domestic wholesale channel is still in a destocking phase maintaining a cautious approach in purchasing. Moreover, we continue to focus on our activities in order to control the Group's operating costs and to control our net debt which, at the end of September 2010 was stable as compared to March 31, 2010 and showed a strong improvement as compared to the same period of last year. We are, therefore, confident that the Group has undertaken the right move to go back to the level of revenues and profitability achieved before the present crisis".

CONSOLIDATED REVENUES

During the first half of fiscal year 2010/2011 **Damiani consolidated revenues from sales and services** were equal to **55.5 million euro** compared to 56.3 million euro of the same period of last year, with a **1.5 % decrease**. In the second quarter the consolidated revenues increased by 27.1% as compared to the same period of previous year.

Revenues Breakdown By Distribution Channel

In the **first half of fiscal year 2010/2011**, **retail revenues** grew by **19%** at current exchange rates and by **17.8%** at constant exchange rates and amounted to **17.5 million euro**.

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The growing trend has been driven by the improvement of Damiani monobrand stores and by the good results of the Rocca multibrand stores, indicating customer satisfaction for the collections.

At September 30, 2010 the Group monobrand stores network included **32 Directly Operated Stores (DOS) and 49 franchised stores**, located in the most important fashion streets in Italy and abroad.

As for the Group expansion abroad in the first half 2010/2011, there was the opening of the new Damiani monobrand franchised stores in Singapore, Beirut (Lebabon) and Ning Bo (China), and of two new Bliss monobrand boutiques in Shanghai and in the touristic city of Haerbin Quilin, China.

In the **first half of fiscal year 2010/2011 wholesale revenues** decreased by **8.6%** at current exchange rates and by **10.3%** at constant exchange rates to **37.9 million euro**.

| Revenues by Sales Channel (In thousands of Euro) | I Half 2010/2011 | I Half 2009/2010 | Current exchange rates % | Costant exchange rates % |
|---|---------------------|---------------------|-----------------------------|-----------------------------|
| Retail | 17,512 | 14,716 | 19.0% | 17.8% |
| % on total revenues | 31.5% | 26.1% | | |
| Wholesale | 37,884 | 41,443 | -8.6% | -10.3% |
| % on total revenues | 68.2% | 73.6% | | |
| Total revenues from sales and services | 55,396 | 56,159 | -1.4% | -2.9% |
| % on total revenues | 99.8% | 99.7% | | |
| Other revenues | 112 | 174 | -35.6% | -35.6% |
| % on total revenues | 0.2% | 0.3% | | |
| Total Revenues | 55,508 | 56,333 | -1.5% | -3.0% |

Revenues Breakdown By Geographical Area

In the **first half of fiscal year 2010/2011**, the revenues breakdown by **geographical area** reports **Italian** revenues amount to **40.0 million euro** with a decrease of **6.9%** versus the same results at September 30, 2009, accounting for 72% of consolidated revenues. The growth in the second quarter compared to the same period of last year considerably offsets the slowdown registered in the first quarter.

In the **Americas, revenues** reached **2.5 million euro**, with a 2.5% increase at current exchange rates and a 6.0% decrease at constant exchange rates, compared to the same period of last year.

In **Japan** revenues reached **4.4 million euro**, increasing by **33.5%** at current exchange rates and by 14.1% at constant exchange rates compared to the same period of last year, as a result from the increase in both retail and wholesale channels.

In the **Rest of the World** revenues amounted to **8.5 million euro** with a **14.2%** increase at current exchange rates and with a **13.6%** increase at constant exchange rates compared to September 30, 2009.

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| Revenues by Geographical Area (In thousands of Euro) | I Half 2010/2011 | I Half 2009/2010 | Current exchange rates % | Costant exchange rates % |
|---|------------------|------------------|--------------------------|--------------------------|
| Italy | 39,987 | 43,030 | -6.9% | -6.9% |
| Americas | 2,525 | 2,463 | 2.5% | -6,0% |
| Japan | 4,419 | 3,310 | 33.5% | 14.1% |
| Rest of the World | 8,465 | 7,414 | 14.2% | 13.6% |
| Other revenues | 112 | 174 | -35.6% | -35.6% |
| Total revenues | 55,508 | 56,333 | -1.5% | -3.0% |

OPERATING RESULT AND NET RESULT

Damiani Group closed the **first half of fiscal year 2010/2011** with a **negative consolidated EBITDA for – 4.8 million euro**, comparatively growing from the -6.9 million euro result as of September 30, 2009. The important controls and savings over service and personnel costs have partially offset the related effects of market evolution with decreasing sales trend.

Consolidated EBIT was negative and equal to **–7.8 million euro**, increasing from -9.2 million euro as of September 30, 2009.

Consolidated net result for the first half of fiscal year 2010/2011 was negative and amounted to **–8.5 million euro**, growing from the –9.5 million euro achieved on September 30, 2009.

NET FINANCIAL DEBT

As of September 30, 2010 the Group's net financial debt was equal to **39.4 million euro** substantially stable compared to 39.0 million euro as of March 31, 2010 and in strong improvement compared to 54.0 million euro as of September 30, 2009, thanks to the careful monitoring over net working capital.

PROCEDURE FOR THE OPERATIONS WITH RELATED PARTS

At the date of today, the Board of Directors of Damiani S.p.A. has also unanimously approved, subject to favourable agreement of the independent Directors participating at the Board, the Procedure for the operations with Damiani S.p.A. related parts, assigning the role and the relevant competences (tasks) to the 'Committee for Internal Control and Effectiveness with related parts', according to Consob regulation n. 17221/10.

For further details, refer to Damiani S.p.A. Procedure for the operations with related parts, that will be published without delay on the corporate website www.damiani.com.

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The executive responsible for preparing corporate accounting documents (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., 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 32 stores and 49 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.

For more information:

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Attachments:

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

Consolidated Income Statement of I Half (april-september) FY 2010/2011 and FY 2009/2010

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| (in thousands of Euro) | I Half 2010/2011 | I Half 2009/2010 | Change % |
|---|---------------------|---------------------|--------------|
| Revenues from sales and services | 55,396 | 56,159 | -1.4% |
| Total revenues | 55,508 | 56,333 | -1.5% |
| Cost of production | (60,290) | (63,190) | -4.6% |
| EBITDA * | (4,782) | (6,857) | 30.3% |
| EBITDA % | -8.6% | -12.2% | |
| Depreciation and amortization | (3,035) | (2,325) | 30.5% |
| Operating income | (7,817) | (9,182) | 14.9% |
| Operating income % | -14.1% | -16.3% | |
| Net financial incomes (expenses) | (855) | (1,036) | -17.5% |
| Result before taxes | (8,672) | (10,218) | 15.1% |
| Net result of the Group | (8,517) | (9,552) | 10.8% |
| Basic Earnings (Losses) per Share | (0.11) | (0.12) | |

Intermediate Consolidated Balance Sheet at September 30 2010 and at March 31 2010

| Balance sheet Data (In thousands of Euro) | Situation at September 30 2010 | Situation at March 31 2010 |
|---|-----------------------------------|-------------------------------|
| Fixed Assets | 54,941 | 56,060 |
| Net working capital | 92,358 | 98,632 |
| Non current Liabilities | (6,936) | (6,637) |
| Net Capital Invested | 140,363 | 148,055 |
| Net Equity | 100,920 | 109,027 |
| Net Financial position | 39,443 | 39,028 |
| Sources of Financing | 140,363 | 148,055 |

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| Net Financial Debt (in thousands of Euro) | Situation at September 30 2010 | Situation at March 31 2010 |
|---|-----------------------------------|-------------------------------|
| Medium-long term loans and financing - current portion | 8,508 | 9,399 |
| Usage of credit lines, short term financing and others | 7,178 | 1,964 |
| Medium-long term loans and financing with related parties - current portion | 788 | 641 |
| Current financial indebtness | 16,474 | 12,004 |
| Medium-long term loans and financing - non current portion | 19,370 | 22,748 |
| Medium-long term loans and financing with related parties - non current portion | 11,013 | 11,608 |
| Non current financial indebtness | 30,383 | 34,356 |
| Total gross financial indebtness | 46,857 | 46,360 |
| Current financial credits | (1,212) | - |
| Cash and cash equivalents | (6,202) | (7,332) |
| Net Financial Debt | 39,443 | 39,028 |