

DAMIANI

PRESS RELEASE

Damiani S.p.A:

Board of Directors approves the Group's interim report for the first 9 months ending December 31, 2010 of fiscal year 2010/2011

FIRST 9 MONTHS FISCAL YEAR 2010/11 CONSOLIDATED RESULTS

- **Retail Revenues:** 30.6 million euro (28.0 million euro at December 31, 2009) +9.4% YoY
- **Consolidated Revenues:** 111.5 million euro (118.4 million euro at December 31, 2009) -5.9% YoY
- **Consolidated EBITDA:** 0.5 million euro (-0.6 million euro at December 31, 2009)
- **Net Result:** -6.8 million euro (-7.4 million euro at December 31, 2009)
- **Net Debt:** 37.7 million euro (39.0 million euro at March 31, 2010 and 54.6 million euro at December 31, 2009)

Valenza, February 11th, 2011 – 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, 2010.**

Guido Damiani, Chairman and C.E.O. of Damiani Group, has commented: *“Our Group's performances in the third quarter the most important period for the jewellery industry, confirmed the trends already seen in the previous two quarters, with remarkable performances in our retail network, and in foreign markets, while the domestic wholesale channel remains 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, select the investments and control our net debt which, at the end of December 2010 was decrease 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 actions to maintain its financial stability and to go back to positive level of net profitability”.*

CONSOLIDATED REVENUES

During the first 9 months of fiscal year 2010/2011 **Damiani consolidated revenues from sales and services** were equal to **111.5 million euro** compared to 118.4 million euro of the same period of last year, with a **5.9% decrease.**

Revenues Breakdown By Distribution Channel

In the **first 9 months of fiscal year 2010/2011, retail revenues** grew by **9.4%** at current exchange rates and by **8.4%** at constant exchange rates and amounted to **30.6 million euro.**

The growing trend has been driven by the improvement of Damiani monobrand stores (+27.7%), indicating customer satisfaction for the collections and by the good results of the Rocca multibrand stores.

At December 31, 2010 the Group monobrand stores network included **33 Directly Operated Stores (DOS)** and **46 franchised stores**, located in the most important fashion streets in Italy and abroad.

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As for the Group expansion abroad in the 9 months 2010/2011, there was the opening of the new Damiani monobrand franchised stores in Singapore, Beirut (Lebabon), Ning Bo (China), a new Damiani DOS in Macao, and of two new Bliss monobrand boutiques in Shanghai and in the touristic city of Haerbin Quilin, China.

In the **first 9 months of fiscal year 2010/2011 wholesale revenues** decreased by **10.5%** at current exchange rates and by **12.0%** at constant exchange rates to **80.7 million euro**.

Revenues by Sales Channel	Nine Months			
	Financial Year 2010/2011	Financial Year 2009/2010	Change % current exchange rates	Change % constant exchange rates
(in thousands of Euro)				
Retail	30,609	27,976	9.4%	8.4%
<i>Percentage on total revenues</i>	<i>27.5%</i>	<i>23.6%</i>		
Wholesale	80,727	90,248	-10.5%	-12.0%
<i>Percentage on total revenues</i>	<i>72.4%</i>	<i>76.2%</i>		
Total revenues from sales and services	111,336	118,224	-5.8%	-7.2%
<i>Percentage on total revenues</i>	<i>99.9%</i>	<i>99.8%</i>		
Other revenues	166	223	-25.6%	-25.6%
<i>Percentage on total revenues</i>	<i>0.1%</i>	<i>0.2%</i>		
Total Revenues	111,502	118,447	-5.9%	-7.2%

Revenues Breakdown By Geographical Area

In the **first 9 months of fiscal year 2010/2011**, the revenues breakdown by **geographical area** reports **Italian** revenues amount to **83.9 million euro** with a decrease of **9.3%** versus the same results at December 31, 2009, accounting for 75.3% of consolidated revenues. The decrease is due to the slowdown of the wholesale channel only partially offset by the good trend of the retail channel.

In the **Americas**, revenues reached **5.6 million euro**, with a 16.7% decrease at current exchange rates and a 23.6% decrease at constant exchange rates, compared to the same period of last year. The decrease is due to the slowdown of the wholesale channel only partially offset by the improvement of the retail channel

In **Japan** revenues reached **7.5 million euro**, increasing by **25.4%** at current exchange rates and by **6.7%** 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 **14.3 million euro** with a **10.1%** increase at current exchange rates and with a **9.6%** increase at constant exchange rates compared to December 31, 2009, for the effect of the sales increase in Far East.

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Revenues by Geographical Area (In thousands of Euro)	Nine Months		change % current exchange rates	change % current exchange rates
	Financial Year 2010/2011	Financial Year 2009/2010		
Italy	83,922	92,507	-9.3%	-9.3%
Americas	5,617	6,743	-16.7%	-23.6%
Japan	7,472	5,961	25.3%	6.7%
Rest of the World	14,335	13,014	10.1%	9.6%
Other Revenues	166	223	-25.6%	-25.6%
Total revenues	111,502	118,447	-5.9%	-7.2%

OPERATING RESULT AND NET RESULT

Damiani Group closed the **first 9 months of fiscal year 2010/2011** with a **positive consolidated EBITDA for 0.5 million euro**, comparatively growing from the -0.6 million euro result as of December 31, 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 **-3.4 million euro**, increasing from -4.2 million euro as of December 31, 2009.

Consolidated net result for the first 9 months of fiscal year 2010/2011 was negative and amounted to **-6.8 million euro**, growing from the -7.4 million euro achieved on December 31, 2009.

NET FINANCIAL DEBT

As of December 31, 2010 the Group's net financial debt was equal to **37.7 million euro** substantially stable compared to 39.0 million euro as of March 31, 2010 and in strong improvement compared to 54.6 million euro as of December 31, 2009, thanks to the careful monitoring over net working capital.

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 leaded 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 46 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 Statement as of December 31, 2010.

Consolidated Income Statement of First 9 Months (april-december) FY 2010/2011 and FY 2009/2010

Main economic data (in thousands of Euro)	Nine months		
	Financial Year 2010/2011	Financial Year 2009/2010	Change %
Revenues from sales and services	111,336	118,224	-5.8%
Total revenues	111,502	118,447	-5.9%
Cost of production	(111,031)	(119,052)	-6.7%
EBITDA	471	(605)	n.m.
EBITDA %	0.4%	-0.5%	
Amortization and depreciation	(3,860)	(3,615)	6.8%
Operating income	(3,389)	(4,220)	-19.7%
Operating income %	-3.0%	-3.6%	
Net financial income (expenses)	(2,089)	(1,931)	8.2%
Result before taxes	(5,478)	(6,151)	10.9%
Net result of the Group	(6,823)	(7,407)	7.9%
Basic Earnings (Losses) per Share	(0.09)	(0.09)	

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Intermediate Consolidated Balance Sheet at December 31 2010 and at March 31 2010

Balance sheet Data (In thousands of Euro)	Situation at December 31 2010	Situation at March 31 2010
Fixed Assets	53,930	56,060
Net working capital	94,473	98,632
Non current Liabilities	(6,932)	(6,637)
Net Capital Invested	141,471	148,055
Net Equity	103,759	109,027
Net Financial debt	37,712	39,028
Sources of Financing	141,471	148,055

Net Financial Debt (in thousands of Euro)	December 31 2010	March 31 2010
Medium-long term loans and financing - Current portion	6,756	9,399
Usage of credit lines, short term financing and others	9,249	1,964
Medium-long term loans and financing with related parties - Current portion	963	641
Current financial indebtness	16,968	12,004
Medium-long term loans and financing - Non current portion	16,981	22,748
Medium-long term loans and financing with related parties - Non current portion	10,654	11,608
Non current financial indebtness	27,635	34,356
Total financial indebtness	44,603	46,360
(Cash and cash equivalents)	(5,622)	(7,332)
Net Financial Debt	37,712	39,028