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PRESS RELEASE

Damiani S.p.A.: The Board of Directors Approves Group's Results at March 31, 2011

FOURTH QUARTER 2010/11

- **Consolidated revenues:** 32.0 million Euros +17.4% vs 2010

FY 2010/11

- **Consolidated revenues:** 143.5 million Euros (145.8 million Euros at March 31, 2010) -1.5% vs 2010
- **Retail revenues:** +11.1% vs 2010
- **Wholesale revenues:** -5.4% vs 2010
- **Italian Revenues:** -8.0% vs 2010
- **Abroad Revenues:** +20.9% vs 2010
- **Brand Damiani worldwide revenues:** +16% vs 2010
- **EBITDA:** -6.1 million Euros vs -13.2 million Euros in 2010
- **Net Debt:** 28.9 million Euros (37.7 million Euros at December 31, 2010 and 39.0 million Euros at March 31, 2010)

Milan, 10 June 2011 – **Damiani S.p.A.'s** board of Directors (quoted Milan, Star: DMN) leader of the Damiani Group, which creates, produces and distributes high-end jewelry and watches, today approved the Group's **Consolidated Financial Results for Full Year ending** March 31, 2011 and the Group's Corporate Governance Report and the Possessor Arrangement for the closing period at March 31, 2011.

Guido Grassi Damiani, President and CEO of the Damiani Group, commented:

"The just concluded year confirmed the previous emerging trends, giving positive revenues in the retail channel, both in the mono-brand as much as in the multi-brand shops and some difficulties in the domestic wholesale channel.

Damiani's brand business has grown by about the 16% YoY performing great results especially in the retail channel and increasing his international visibility.

We have moved forward strategically expanding Damiani and Bliss brands into new markets abroad where we were not present last year, in particularly in the Asian countries where the growth rate is increasing, together with the evergreen affection towards the Made in Italy. Our Group has high expectation on those countries and it is working on strengthening its presence and opening new point of sales.

Moreover, we continued with our actions aimed to the selective implementation of investments and to the strict control on the operating costs and on the financial debt which has been decreasing compared to March 31, 2010, and which is now equal to less than 1/3 (one third) of the net equity.

In the two first months of the current fiscal year we recorded a positive trend on revenues that confirm the appreciation of our offer and the goodness of the activities we are gradually realizing.

I strongly believe that our full implementation of the actions will allow us to recover a positive profitability within the current year. This will consent us to maintain a solid balance sheet together with a net financial position under control".

CONSOLIDATED REVENUES

Group's consolidated revenues at March 31, 2011, for fiscal year 2010/11, were equal to **143.5** million Euros compared to 145.8 million Euros as of March 31, 2010 with a drop of **1.5%**, at current exchange rates and of 2.8% at constant exchange rates.

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Specifically, in the fourth quarter of fiscal year 2010/2011, consolidated revenues were **32** million Euros up by **17.4%** compared to the same period of last year, at current exchange rates.

Revenues breakdown by channel

At March 31, 2011 the Group managed **78 points of sale of which 32 direct points of sale and 46 franchised stores** located in the most prestigious Italian and international luxury streets.

During FY2010/2011 the Group inaugurated new monobrand boutiques in franchising in Singapore, Beirut and Ninbo (China). Then we opened in China two monobrand Bliss boutiques in Shanghai and in the touristic city of Haerbin Quilin and in January we inaugurated three Rocca boutiques in franchising in Cancun. In November 2010 has been inaugurated the monobrand D.O.S. Damiani in Macao.

Revenues of the **retail channel** for fiscal year 2010/2011 reached **39.3** million Euros, compared to 35.4 million Euros as of March 31, 2010 up by **11.1%** at current exchange rates and by 10.1% at constant exchange rates.

The progress of the retail channel was due to the good performance of our mono brand multi brands boutiques, both in Italy and abroad. In detail, the monobrand Damiani recorded a growth of 26.7%.

Revenues of the **wholesale channel** for fiscal year 2010/2011 decreased by **5.4%** at current exchange rates and by 6.9% at constant exchange rates, totaling **104.0** million Euros compared to 110.0 million Euros for the previous fiscal year.

Revenues breakdown by channel <i>(in thousand of Euro)</i>	FY 2010/2011	FY 2009/2010	% change current exchange rates	% change constant exchange rates
Retail	39,281	35,362	11.1%	10.1%
<i>% on total revenues</i>	<i>27.4%</i>	<i>24.3%</i>		
Wholesale	104,042	110,003	-5.4%	-6.9%
<i>% on total revenues</i>	<i>72.5%</i>	<i>75.5%</i>		
Total revenues from sales and services	143,323	145,365	-1.4%	-2.8%
<i>% on total revenues</i>	<i>99.8%</i>	<i>99.7%</i>		
Other revenues	226	390		
<i>% on total revenues</i>	<i>0.2%</i>	<i>0.3%</i>		
Total revenues	143,549	145,755	-1.5%	-2.8%

Revenues breakdown by Geographical area

In fiscal year 2010/2011, Italian turnover totaled **103.4** million Euros with a decreasing of **8.0%** compared to the previous fiscal year. The sales in the domestic market were largely driven by the good performances of the retail channel which partially offset the decline in wholesale revenues. In particular Damiani monobrand stores in Italy were up +28,5% as a result of appreciation of the collections.

During fiscal year 2010/2011, in the **Americas**, revenues reached **8.2** million Euros, equal to 5.7% of consolidated sales, with a **60.9%** increase at current exchange rates and 50.4% at constant exchange rates if compared to March 31, 2010.

In fiscal year 2010/2011 revenues in **Japan** were equal to **9.8** million Euros, increasing of the **16.0%** at current exchange rates and steady at constant exchange rates, compared to the same period of the

DAMIANI

previous year.

During fiscal year 2010/2011, **Rest of World** revenues amounted to **21.8** million Euros, increasing by **12.5%** at current exchange rates and by **12.1%** at constant exchange rates, compared to March 31, 2010.

Revenues breakdown by region (in thousand of Euro)	FY 2010/2011	% on total	FY 2009/2010	% on total	% change current exchange rates	% change constant exchange rates
Italy	103,434	72.1%	112,373	77.1%	-8.0%	-8.0%
Americas	8,223	5.7%	5,112	3.5%	60.9%	50.4%
Japan	9,845	6.9%	8,486	5.8%	16.0%	0.0%
Rest of World	21,821	15.2%	19,394	13.3%	12.5%	12.1%
Other revenues	226	0.2%	390	0.3%		
Total Revenues	143,549	100.0%	145,755	100.0%	-1.5%	-2.8%

OPERATING RESULTS AND NET RESULT

At profitability level during the fiscal year 2010/2011, the Damiani Group registered a negative **consolidated EBITDA** of **-6.1 million Euros**, compared to -13.2 million Euros recorded at March 31, 2010.

The costs of production are in decrease concerning personnel costs and external services costs, thanks to the structure rationalization and savings, while the increase of raw material costs made pressure on costs of sales.

Both in FY 2010/2011 and in FY 2009/2010 the Group posted provisions to cover the risk of losses in the values of current assets and to adequate balance sheet values to the market context; these provisions affected the profitability of the Group.

Consolidated operating result for the fiscal year 2010/2011 was negative equal to **10.9** million Euros increasing compared to the -19.1 million Euros recorded at March 31, 2010.

The **Group net result** for fiscal year 2010/2011 was negative for **14.5 million Euros** improving compared to the -18.2 million Euros in fiscal year 2009/2010.

NET DEBT

At March 31, 2011, the Group net debt was equal to **28.9 million Euros**, with an improvement compared to the 37.7 million Euros as of December 31, 2010 and compared to the 39 million Euros as of March 31, 2010. This improvement was mainly due to positive effects of the monitoring actions on the net operating working capital during the FY.

GROUP PARENT RESULTS

The Group Parent Damiani S.p.A. recorded total revenues for 60.8 million Euro (+7.2% vs March 31, 2010) and achieved a net loss of 5.3 million Euros (in FY 2009/2010 the loss was 11.2 million Euros).

The Board of Directors decided to propose to the Shareholders' meeting to proceed to cover the financial period loss for Damiani SpA using existing reserves.

DAMIANI

PRESCRIPTIVE AMENDMENT OF THE COMPANY'S BY LAWS

The Board of Directors of Damiani S.p.A. also resolved upon the prescriptive amendment of the Company's By-laws in compliance with article 135-novies, sixth paragraph, of Legislative Decree no. 58/98, by inserting into article 11 of the By-Laws – which rules the right of the Shareholders to attend the Shareholders' Meeting by means of a representative – a provision stating that the proxy can be notified to the Company also by means of certified e-mail, to the address specified in the meeting notice, in compliance with the laws and regulation in force.

By means of the same resolution, the Board of Directors also decided to delete article 34 of the Company's By-Laws, concerning the provisional regulations applicable to the Shareholders' Meetings called before October 31, 2010, since such provision is outdated.

The amended By-Laws and the minutes of the relevant resolution will be made available to the public with the modalities and within the terms provided by the laws and regulation in force.

IMPLEMENTATION OF THE SECOND TRANCHE OF THE STOCK GRANT PLAN 2009

Today, with the assistance of the Remuneration Committee, the Board of Directors of Damiani S.p.A. also resolved upon the implementation of the second tranche of the Stock Grant Plan approved by the Shareholders' Meeting on July 22, 2009, concerning the granting – in one or more tranches – of a maximum number of 1.000.000 own shares in favor of employees and directors of Damiani S.p.A. and its subsidiaries (the "**Plan**").

With the assistance of the Remuneration Committee the Board has also identified 11 further Beneficiaries of the second tranche of implementation of such Plan, and resolved to grant such Beneficiaries – pursuant to criteria connected to their personal contribution to the development of the Damiani Group – an overall number of 187.000 ordinary shares of Damiani S.p.A., out of the maximum number of 1.000.000 own shares concerned by the Plan approved by the Shareholders' Meeting.

Please note that the shares concerned by the Plan will be taken from the stock of own shares purchased and held by Damiani S.p.A. pursuant to the resolution of the Shareholders' Meeting of July 21, 2010 to authorize the purchase and subsequent disposition of own shares. Therefore the granting of shares will have no dilutive effect on the current shareholders of Damiani S.p.A.

The identified Beneficiaries will be entitled to receive the shares of Damini S.p.A., for free and starting from June 15, 2012.

For further details please make reference to the integrative informational document prepared pursuant to article 84-bis of CONSOB Regulation no. 11971/1999, made available to the public at the registered office of the Company and Borsa Italiana S.p.A., and published on the Company's website at the address www.damiani.com

SHAREHOLDERS' MEETING

During the meeting held today the Board of Directors has also resolved to call for the Shareholders' Meeting, to be held at the registered office of the Company on July 27, 2011 on first call, and (if necessary) on July 29 on second call, in order to discuss and resolve upon the following matters: in ordinary meeting, approval of the Financial Statements as of March 31, 2011, and upon the authorization to the purchase and subsequent disposition of own shares; and to propose a modification of the Stock Option Plan 2010 and of Stock Grant Plan 2009; in extraordinary meeting, to amend the Company's By-Laws pursuant to CONSOB Resolution no. 17221/2010.

The meeting notice and all the documentation provided for by the laws and regulation in force will be made available to the public with the modalities and within the terms of law and regulations.

The reasons behind the decision of the Board of Directors to submit to the Shareholders' Meeting the request of authorization to purchase (and, at certain conditions, to dispose of) own shares - always complying with the principle of equal treatment of all shareholders and with the laws and regulation in force – will be detailed in the Directors Report drafted pursuant to article 125-ter of the Consolidated Law on Finance.

The Corporate Governance Report is contained in the Financial Statements file, which is made available

DAMIANI

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.

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 32 direct points of sale and 46 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.

For further information:

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In attachment: the Consolidated Income Statement and Balance Sheet at March 31, 2011

Consolidated Income Statement for the fiscal year 2010/2011 and the fiscal year 2009/2010

Income Statement <i>(in thousand of Euros)</i>	FY 2010/2011	FY 2009/2010	change	change %
Revenues from sales and servi	143,323	145,365	(2,042)	-1.4%
Total revenues	143,549	145,755	(2,206)	-1.5%
Costs of production	(149,623)	(158,995)	9,372	-5.9%
EBITDA	(6,074)	(13,240)	7,166	54.1%
EBITDA %	-4.2%	-9.1%		
Depreciation and amortization	(4,844)	(5,886)	1,042	-17.7%
Operating Income	(10,918)	(19,126)	8,208	42.9%
Operating Income%	-7.6%	-13.1%		
Net financial income/(expense)	(2,549)	(2,715)	166	6.1%
Income before taxes	(13,467)	(21,841)	8,374	38.3%
Net Group Result	(14,525)	(18,242)	3,717	20.4%
Basic Earnings/(Losses) per share	(0.19)	(0.23)		

DAMIANI

Consolidated Balance Sheet data at March 31, 2011 and at March 31, 2010

Balance Sheet (in thousand of Euros)	March 31, 2011	March 31, 2010
Fixed Assets	51,684	57,338
Net working Capital	79,653	97,354
Non current liabilities	(7,380)	(6,637)
Capitale investito netto	123,957	148,055
Net Equity	95,106	109,027
Net Debt	28,851	39,028
Sources of financing	123,957	148,055

Net Debt (in thousand of Euros)	March 31, 2011	March 31, 2010
Medium-long term loans - current share	7,147	9,399
Current debts with banks	5,965	1,964
Medium-long term loans with related parties - current share	714	641
Current financial debt	13,826	12,004
Medium-long term loans - non current share	15,602	22,748
Medium-long term loans with related parties - non current share	10,714	11,608
Non current financial debt	26,316	34,356
Total gross financial debt	40,142	46,360
Current financial credit	(1,074)	0
Cash and cash equivalent	(10,217)	(7,332)
Net Debt	28,851	39,028