

DAMIANI

PRESS RELEASE

Damiani S.p.A.:
The Board of Directors has approved the Interim Financial Report to 30 September 2013
relating to the first half of the financial year 2013/2014

Consolidated sales revenue +16.1%

Milan 29 November 2013 - Today, the Board of Directors of **Damiani S.p.A.** (Milan, Star: DMN) has approved the Financial Report relating to the First Half of the financial year **to 30 September 2013**.

In the half-year 2013/2014, the directly-managed shops in Italy and abroad recorded an overall increase in revenues of 19.3% at constant currency rates, confirming a positive trend that has now continued for four financial years, testifying the growth in appreciation of the brand by the end customer. The weight of retail revenues has reached 41.5% of the sales income of the group, a further growth with respect to the first half of the previous financial year.

Wholesale sales recorded an increase of 13.8% at constant currency rates with positive signals from both the domestic market, confirming the effectiveness of the commercial strategies undertaken in a market which remains complex and uncertain, and in foreign countries where penetration into new highly potential markets, primarily in the Far East, continues.

CONSOLIDATED REVENUES

During the first half of the financial year 2013/2014, the group achieved Revenues from Sales and Services of Euro 65.0 million, compared to Euro 57.7 million recorded in the same period in the previous financial year, with a positive variation of 16.1% at constant currency rates and 12.7%, at current currency rates.

Breakdown of revenues by sales channel

In the first half of the financial year 2013/2014, the revenues in the Retail channel rose by 19.3% at constant currency rates and 14.7% at current currency rates. At 30 September 2013, the group managed 55 direct points of sale positioned in the main international luxury streets.

During the first half of the financial year 2013/2014, the revenues in the Wholesale distribution channel increased by 13.8%, at constant currency rates and 11.4% at current currency rates.

Revenues by Sales Channel (In thousands of Euro)	I Half 2013/2014	I Half 2012/2013	Change % constant exchange rates	Change % current exchange rates
Retail	26,993	23,542	19.3%	14.7%
<i>Percentage on total revenues</i>	<i>41.5%</i>	<i>40.7%</i>		
Wholesale	38,040	34,150	13.8%	11.4%
<i>Percentage on total revenues</i>	<i>58.5%</i>	<i>59.1%</i>		
Total revenues from sales and services	65,033	57,692	16.1%	12.7%
<i>Percentage on total revenues</i>	<i>100.0%</i>	<i>99.8%</i>		
Other revenues	20	98	nm	nm
<i>Percentage on total revenues</i>	<i>0.0%</i>	<i>0.2%</i>		
Total Revenues	65,053	57,790	16.0%	12.6%

DAMIANI

Distribution of revenues by geographical area

Over the first half of the financial year 2013/2014, the analysis of the Revenues from Sales and Services by geographical area highlights an increase of 8.1% in Italy compared to 30 September 2012.

Overseas, total revenues increased by 32.3% at constant currency rates in the first half of the 2013/2014 financial year, and 22.0% at constant currency rates compared to the same period in the previous financial year.

OPERATING EARNINGS AND NET PROFIT

The Damiani group recorded a negative consolidated EBITDA of Euro -3.0 million, compared to the Euro -2.4 million recorded at 30 September 2012, in the first half of the financial year 2013/2014. In the first half of the financial year 2012/2013, there was a non-recurrent income of Euro 1.9 million; net of this component, the EBITDA would result in an improvement of Euro 1.3 million.

The Consolidated Operating Result was negative at Euro -4.6 million, compared to Euro -3.9 million at 30 September 2012; net of the non-recurrent earnings, the Operating Result would have an improvement of Euro 1.2 million.

The group closed the first half of the financial year 2013/2014 with a negative Consolidated Net Result for the period of Euro -6.4 million compared to Euro -5.6 million at 30 September 2012.

NET FINANCIAL POSITION

At 30 September 2013, the group had Net Debt of Euro 41.6 million compared to Euro 33.0 million at 31 March 2013.

SIGNIFICANT EVENTS OCCURRING DURING THE HALF-YEAR

In the half-year, the Group continued its expansion within the sphere of the plan for development abroad, opening new Damiani brand points of sale, both managed directly and franchised. In detail:

- in May, the first directly managed boutique was opened in Beijing Charter, the new luxury mall in Beijing, in the western part of the Chinese metropolis;
- in July, a new point of sale was opened at Vnukovo International Airport, Moscow;
- in September, a new, directly-managed, boutique was opened in the Charter Store, the most prestigious luxury mall of the metropolis Shenyang in north-east China;
- in September, at Kuala Lumpur, in Malaysia, in the famous Starhill Gallery where the capital's luxury-consumers go;
- in September, the new, directly-managed boutique was also inaugurated in Macau, in the shopping mall of the Hotel Venetian, with an icon of Italian quality like Sophia Loren in attendance.

After obtaining the authorisation of the relevant Indian entity in November 2012, 51% of the share capital of Damiani India Pvt. Ltd. was transferred from the previous Indian owner to Damiani International B.V., a company 100%-controlled by Damiani S.p.A., on 15 April 2013. The Indian company manages a single-brand sales point at the prestigious Oberoi Hotel in New Delhi.

From 14 to 20 April 2013, the Damiani group organised four important events in Singapore, Beijing, Shanghai and Hong Kong to promote the Damiani brand, an excellence of Italian quality, and its prestigious collections, in Asia. The diva Sophia Loren co-operated in the highly successful events in which Damiani met customers, personalities and the local press.

DAMIANI

In May 2013, Damiani won the international Andrea Palladio Jewellery Award for the best communication campaign 2012/2013, promoted by Vicenza Fair and dedicated to excellence in design and development, production and communication in jewellers.

Still in May, a new point of sale, under the sign Rocca Tr3nd, the new young retail concept, re-interpreting (jewellery and watches) accessibly, was opened in the very central Via Roma, Turin. After the recent openings in the Coin department stores of Milan and Rome, the shop in Turin is the third sales point with the Rocca Tr3nd sign in Italy, and the first on the street.

SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE HALF-YEAR

The Damiani group abroad also grew further in October with the opening of the first franchised Damiani boutique in Kyrgyzstan, the former Soviet republic in central Asia.

Also in October, the second directly managed boutique in Shanghai was inaugurated at Xin Tian Di, a trendy and elegant pedestrian area for shopping and free time in the Chinese megalopolis.

The event for the re-opening of the Damiani boutique in Via Condotti, Rome, was organised on 20 November 2013. The boutique, 400 square metres on three floors, has been completely renovated with the new concept presented in Via Montenapoleone, Milan, last year. Sophia Loren was the patron of the event, which was very successful with the press and the selected guests participating. The Rome event also marked the start of the 90th anniversary celebrations of the company, to be celebrated in 2014. For the occasion, a preview was given of the ten pieces created exclusively to represent each decade of history of the company, to be reproduced in just 9 numbered examples of each in the whole world. The tour to celebrate the 90th anniversary of the company will continue in other key cities for the group such as Paris, Moscow, Tokyo, Dubai, London, Beijing, Shanghai, Hong Kong and Singapore, to name but a few.

OTHER RESOLUTIONS OF THE BOARD OF DIRECTORS

During the course of today's session, the Board of Directors likewise approved the cross-border project for the merger of the 100% controlled Dutch company Damiani International B.V. with Damiani S.p.A. within the sphere of a project for the simplification of the current corporate structure of the Damiani group under the economic, managerial and financial profiles. The merger operation will not lead to any increase in the capital of the surviving entity and, in compliance with CONSOB Regulation No. 17221/10, it is not subject to the '*Procedure on operations with associated parties of Damiani S.p.A.*' as occurring with a fully-owned company in the absence of significant interests of other associated parties.

In compliance with the legislation in force and Art. 20 of the Articles of Association of Damiani S.p.A., the merger will be deliberated by the Board of Directors of the surviving entity and the meeting of the shareholders of the merging entity, except for the right of the shareholders of Damiani S.p.A. representing at least 5% of the share capital to ask for the decision approving the merger to be adopted by the Shareholders' Meeting of the surviving entity within eight days of deposit, as per Art. 2501-ter, sub-paragraph 3, of the Civil Code.

The documentation relating to the merger will be made available to the public in the ways and means set out by the statutory regulations and the law in force.

DAMIANI

Lastly, the Board of Directors appointed the executive director Giorgio Grassi Damiani to the position of Director Responsible for Internal Audit and Risk Management System, replacing Mr Stefano Graidì as a result of his supervening commitments.

Pursuant to Article 154 bis, sub-paragraph 2, of the Consolidated Financial Act, the senior manager responsible for drafting the corporate accounting documents (Mr Gilberto Frola) declares, that the accounting information in this press release corresponds to the documentary results, books and book entries based on the best available estimates.

For further information:

Paola Burzi
Investor Relator & Press Officer
Damiani Group
Tel: +39 02 46716340
Email: paolaburzi@damiani.it

Damiani S.p.A.

Damiani S.p.A., founded in Valenza in 1924 and now managed by the third generation, is the parent company of the Damiani group, leader in the Italian market of the production and sale of fine jewellery and watches. Active in the jewellery sector with the prestigious brands it owns such as Damiani, Calderoni 1840, Salvini, Alfieri & St. John and Bliss. The group also owns the chain Rocca 1794 with a history of more than 200 years in the retail of the best-known brands of watches and fine jewellery. The Damiani group is present in Italy and in major world markets through its operating subsidiaries and manages direct and franchised points of sale in principle international fashion high streets. Strengthened by a tradition of hundreds of years, the group is an attentive interpreter of a heritage that has full respect for tradition with the same innovative spirit as its origins.

DAMIANI

ENCLOSURES:

The consolidated tables of the Income Statement and Balance Sheet to 30 September 2013

Interim Consolidated Income Statement for the first six months (April-September) of the 2013/2014 financial year and the 2012/2013 financial year

Main economic data (in thousands of Euro)	I Half 2013/2014	I Half 2012/2013 (restated*)	Change
Revenues from sales and services	65,033	57,692	7,341
Total revenues	65,053	57,790	7,263
Cost of production	(68,096)	(60,318)	(7,931)
EBITDA	(3,043)	(2,528)	(668)
EBITDA %	-4.7%	-4.4%	
Depreciation and amortization	(1,579)	(1,487)	(92)
Operating income	(4,622)	(4,015)	(760)
Operating income %	-7.1%	-7.0%	
Net financial incomes (expenses)	(1,269)	(921)	(249)
Result before taxes	(5,891)	(4,936)	(1,009)
Net result of the Group	(6,136)	(5,374)	(801)
Basic Earnings (Losses) per Share	(0.08)	(0.07)	

(*The restated economics data related to the first half 2012-2013 transpose the effects resulting from IAS 19, 2011)

DAMIANI

Interim Consolidated Balance Sheet at 30 September 2013 and 31 March 2013

Balance sheet Data (In thousands of Euro)	Situation at September 30 2013	Situation at March 31 2013	change
Fixed Assets	48,626	49,191	(565)
Net working capital	68,735	67,553	1,182
Non current Liabilities	(6,478)	(6,622)	144
Net Capital Invested	110,883	110,122	761
Net Equity	69,335	77,159	(7,824)
Net Financial position	41,548	32,963	8,585
Sources of Financing	110,883	110,122	761

Net Financial Position (in thousands of Euro)	Situation at September 30 2013	Situation at March 31 2013	change
Medium-long term loans and financing - current portion	4,904	5,500	(596)
Usage of credit lines, short term financing and others	25,454	21,493	3,961
Medium-long term loans and financing with related parties - current portion	1,040	1,042	(2)
Current financial indebtness	31,398	28,035	3,363
Medium-long term loans and financing - non current portion	4,984	4,500	484
Medium-long term loans and financing with related parties - non current portion	12,707	8,263	4,444
Non current financial indebtness	17,691	12,763	4,928
Total gross financial indebtness	49,089	40,798	8,291
Financial current assets	0	(147)	147
Cash and cash equivalents	(7,541)	(7,688)	147
Net Financial Position	41,548	32,963	8,585