

DAMIANI

PRESS RELEASE

Damiani S.p.A:

Board of Directors approves the Group's interim report for the first 9 months ending December 31, 2011 of fiscal year 2011/2012

Consolidated revenues +6,4% YoY

FIRST 9 MONTHS FINANCIAL YEAR 2011/12 CONSOLIDATED RESULTS

- **Consolidated Revenues:** 118.4 million euro (111.5 million euro at December 31, 2010) +6.4% YoY
- **Consolidated EBITDA:** 1.4 million euro (0.5 million euro at December 31, 2010)
- **Net Result:** -5.3 million euro (-6.8 million euro at December 31, 2010)
- **Net Debt: equal to** 34.7 million euro (28.90 million euro at March 31, 2011 and 37.7 million euro at December 31, 2010)

Valenza, Italy, February 10th, 2012 – 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, 2011.**

Guido Damiani, Chairman and C.E.O. of Damiani Group, has commented: "Performance in the 9 month period generally confirmed a positive sales trend, albeit with some signs of a slowdown in the third quarter. Despite the increase in prices of raw materials used in the production process, the Group recorded an increase in gross operating margin compared to the previous year. Therefore, while still in an economic environment characterized by uncertainty, the Group will continue its strategy of expansion abroad, implementing measures to increase the efficiency of production processes with a view to economic and financial balance."

CONSOLIDATED REVENUES

During the first 9 months of financial year 2011/2012 **Damiani consolidated revenues** were equal to **118.4 million euro**, an increase of **+6.4%** at constant exchange rates and **+6.2 %** at current exchange rates as compared to 111.5 million euro in the prior year period.

Revenues Breakdown By Distribution Channel

In the first 9 months of financial year 2011/2012, consolidated revenues were **32.6 million euro**, an increase of **6.8%** at the constant exchange rates and **6.5%** at the current exchange rate..

The positive trend in the retail area was due to growth derived from Damiani boutiques in Italy and abroad (+14%), indicating customer satisfaction for the collections, including those of the Rocca multibrand stores.

At December 31, 2011 the Group monobrand stores network included **32 Directly Operated Stores (DOS) and 51 franchised stores**, located in the most important fashion streets in Italy and abroad.

As for the Group expansion abroad in the first 9 months of 2011/2012, there was the opening of the new Damiani monobrand franchised stores in Chengdu, China. In Central America the Group opened two shops in shops and four corners in the prestigious Department Store of the Palacio de Hierro chain in Mexico City. In the first **9 months of fiscal year 2011/2012** wholesale revenues increased by 6.2% at current exchange rates (of 6.1% at current exchange rates) and were equal to **85.6 million euro**.

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Revenues by Sales Channel (in thousands of Euro)	Nine Months			
	Financial Year 2011/2012	Financial Year 2010/2011	Change % current exchange rates	Change % constant exchange rates
Retail	32,612	30,609	6.5%	6.8%
<i>Percentage on total revenues</i>	<i>27.5%</i>	<i>27.5%</i>		
Wholesale	85,618	80,727	6.1%	6.2%
<i>Percentage on total revenues</i>	<i>72.3%</i>	<i>72.4%</i>		
Total revenues from sales and services	118,230	111,336	6.2%	6.4%
<i>Percentage on total revenues</i>	<i>99.8%</i>	<i>99.9%</i>		
Other revenues	213	166	nm	nm
<i>Percentage on total revenues</i>	<i>0.2%</i>	<i>0.1%</i>		
Total Revenues	118,443	111,502	6.2%	6.4%

Revenues Breakdown By Geographical Area

In the **first 9 months of financial year 2011/2012**, the revenues breakdown by **geographical area** reported **Italian** revenues amount to **87.7 million euro (an increase of 4.5% compared to December 31, 2010)** with an effect on consolidated revenues equal to 74.0%.

In the **Americas**, revenues reached **5.2 million euro**, stable at fixed exchange rates and with a decrease of **6.9%** at the current exchange rate as compared to December 31, 2010.

In **Japan** revenues reached **7.5 million euro**, a decrease of 2.4% at the fixed exchange rates, and stable at the current exchange rate, as compared to the same period of last year.

In the **Rest of the World** revenues amounted to **17.9 million euro** with a 24.8% increase at constant exchange rates (**24.7%** at current exchange rates) compared to December 31, 2010.

Revenues by Geographical Area (In thousands of Euro)	Nine Months			
	Financial Year 2011/2012	Financial Year 2010/2011	change % current exchange rates	change % constant exchange rates
Italy:				
- revenues from sales of goods and services	87,662	83,926	4.5%	4.5%
Americas:				
- revenues from sales of goods and services	5,228	5,617	-6.9%	-0.3%
Japan				
- revenues from sales of goods and services	7,478	7,472	0.1%	-2.4%
Rest of the World				
- revenues from sales of goods and services	17,862	14,321	24.7%	24.8%
Other revenues	213	166	nm	nm
Total revenues	118,443	111,502	6.2%	6.4%

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OPERATING RESULT AND NET RESULT

Damiani Group closed the **first 9 months of financial year 2011/2012** with a **positive consolidated EBITDA of 1.4 million euro**, comparatively growing from the 0.5 million euro result as of December 31, 2010.

The consolidated operating result was negative and equal to -0.8 million euro, an improvement as compared to -3.4 million euro as of December 31, 2010.

Consolidated net result for the first 9 months of fiscal year 2011/2012 was negative and amounted to -5.3 million euro, **an improvement** as compared to -6.8 million euro achieved on December 31, 2010.

NET FINANCIAL POSITION

As of December 31, 2011 the Group's net financial position was negative for 34.7 million euro, an increase as compared to 28.9 million euro as of March 31, 2011 and in reduction as compared to 37.7 million euro as of December 31, 2010.

STOCK GRANT PLAN 2009 AND THE STOCK OPTION PLAN 2010

On this same date, the Company Board of Directors, with the help of the auxiliary Committee for Remuneration, implemented the shareholders' meeting resolutions of July 27, 2011 as regards the modification of the Stock Plan 2009 and the Stock Option Plan 2010, emending the regulations of parts awaiting validation, as follows: (i) allowing beneficiaries of the second cycle of implementation of the Stock Grant Plan 2009 to receive shares provided that they retain a relevant relationship with the Damiani Group until the date of March 31, 2012 (the closing date of the reporting period, provided that the results 2011/2012 are consistent with those expected and that the recipients have reached the individual goals assigned them), (ii) allowing beneficiaries of the first cycle of implementation of the Stock Option Plan of 2010 to exercise the options allocated to them provided they retain a relevant relationship with the Damiani Group until the dates of March 31, 2013, 2014, 2015 (the closing periods of company reference, provided that their results are consistent with those expected).

The information relating to the amendment of the Stock Grant Plan 2009 and the 2010 Stock Option Plan will be made available to the public in accordance with the procedures established by law.

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 documents, registers and accounting records based on the best data available.

Damiani S.p.A.

Damiani S.p.A., is the flagship company of the Damiani Group, a leader in Italy in manufacturing and marketing high end jewelry and luxury design. 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 51 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:

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Consolidated Income Statement and Balance Sheet Statement as of December 31, 2011

Consolidated Income Statement (First 9 Months April-December) FY 2011/2012 and FY 2010/2011

Main economic data (in thousands of Euro)	Nine months			
	Financial Year 2010/2011	Financial Year 2009/2010	Change	Change %
Revenues from sales and services	118,230	111,336	6,894	6.2%
Total revenues	118,443	111,502	6,941	6.2%
Cost of production	(117,024)	(111,031)	(5,993)	5.4%
EBITDA	1,419	471	948	n.m.
EBITDA %	1.2%	0.4%		
Amortization and depreciation	(2,257)	(3,860)	1,603	-41.5%
Operating result	(838)	(3,389)	2,551	75.3%
Operating result %	-0.7%	-3.0%		
Net financial income (expenses)	(1,783)	(2,089)	306	14.6%
Result before taxes	(2,621)	(5,478)	2,857	52.2%
Net result of the Group	(5,304)	(6,823)	1,519	22.3%
Basic Earnings (Losses) per Share	(0.07)	(0.09)		

Intermediate Consolidated Balance Sheet at December 31 2011 and at March 31 2010

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Balance sheet Data (In thousands of Euro)	Situation at December 31 2011	Situation at March 31 2011
Fixed Assets	50,559	51,684
Net working capital	82,157	79,653
Non current Liabilities	(6,549)	(7,380)
Net Capital Invested	126,167	123,957
Net Equity	91,421	95,106
Net Financial Position	34,746	28,851
Sources of Financing	126,167	123,957

Net Financial Position (in thousands of Euro)	December 31 2011	March 31 2010
Medium-long term loans and financing - Current portion	6,270	7,147
Usage of credit lines, short term financing and others	13,277	5,965
Medium-long term loans and financing with related parties - Current portion	955	714
Current financial indebtness	20,502	13,826
Medium-long term loans and financing - Non current portion	10,690	15,602
Medium-long term loans and financing with related parties - Non current portion	9,831	10,714
Non current financial indebtness	20,521	26,316
Total financial indebtness	41,023	40,142
Financial current assets	(229)	(1,074)
Cash and cash equivalents	(6,048)	(10,217)
Net Financial Position	34,746	28,851