

DAMIANI

PRESS RELEASE

Damiani S.p.A.: **Approved the Financial Statements and the Consolidated Financial Statements** **to 31 March 2013**

Consolidated Revenues from sales and service at Euro 137.6 million **Damiani single brand boutiques up by 22%**

14 June 2013 – The Board of Directors of **Damiani S.p.A.** (Milan, Star: DMN) parent company of the Damiani group, operating in the creation, production and distribution of fine jewellery and watches, has today approved its **Financial Statements and the Consolidated Financial Statements** to 31 March 2013, the Annual Report on Corporate Governance and the Ownership Structure for the financial year to 31 March 2013, the Remuneration Policies and procedures for the implementation, and the Remuneration Report.

Guido Grassi Damiani, president and managing director of the Damiani group, commented: *“The financial year closed in a still complicated and difficult context which our Group has had to face and strongly conditioned the results achieved.*

Nevertheless, over the twelve months to 31 March 2013, there was strong growth with our single brand and directly-run multi-brand boutiques, which confirmed the positive trends continuing over four financial years, a witness to the regard for our offer enjoyed with the end customer, at home and abroad.

We have continued with investment in Greater China where we have 9 shops, those in Beijing and Shanghai being inaugurated recently.

The additional implementation of the distribution strategy, more oriented to the retail channel and abroad, and the full evidence of the structural interventions on operating costs, confirmed by the start of the new financial year, lead us to believe that, in 2013/2014, the Damiani group can also see reflected in appreciable financial results as achieved in distribution, product and market.”

CONSOLIDATED REVENUES

Group consolidated revenues to 31 March 2013 for the 2012/2013 financial year was Euro **137.8** million compared to Euro 151.6 million to 31 March 2011, a fall of **9.1%**, at current exchange rates and 9.6% at fixed exchange rates.

Breakdown by sales channel

At 31 March 2013, the group managed **70 points of sale of which 49 were direct and 21 franchised**, situated in the main streets of large cities in Italy and abroad. Over the financial year 2012/2013, 6 new boutiques of the group were inaugurated abroad. In May, the first Damiani single brand boutique was opened in New Delhi inside the luxurious Oberoi Hotel, where there are already prestigious international luxury brands. For the group, this opening also marked the start of penetration of the Indian market, which has importance and high potential at world level. In September, the group started a new Damiani point of sale in Hong Kong, at the luxury Harvey Nichols shopping centre in Pacific Place.

In December 2012, a franchised Damiani flagship store was opened in Singapore. In January 2013, a new franchised Damiani point of sale was opened in Suzhou, a metropolis of more than 4 million inhabitants with a strong tourist vocation in eastern China. The boutique is in Suzhou Tower Shopping Mall, the most important and prestigious shopping centre in the city, where there are the main international luxury brands. In February 2013, Damiani opened the point of sale at the Peninsula Hotel, Shanghai, a chain of luxury hotels to be found in the world's most important cities.

DAMIANI

On 6 March 2013, the new franchised Damiani boutique was inaugurated in Moscow, in Stoleshnikov, the main street for luxury items in the Russian capital, confirming the group's expansion and the regard for its products in the area.

The revenues in the **retail** channel for the financial year 2012/2013 amounted to Euro **50.1** million compared to Euro 46.3 million at 31 March 2012, with a growth of 8.2% at current exchange rates and 7.3% at fixed exchange rates. The trend in the retail channel is attributable to the positive trend of both the single- and multi-brand boutiques of the group.

The revenues in the **wholesale** channel for the financial year 2012/2013 decreased by **16.7%** at current exchange rates and 17.0% at fixed exchange rates. It amounted to Euro **87.5** million compared to Euro 105.0 million for the previous financial year. The wholesale channel, especially in Italy, is very cautious in purchasing and is keeping on the destocking.

Revenues by Sales Channel (In thousands of Euro)	Financial Year 2012/2013	Financial Year 2011/2012	% change current exchange rates	% change current exchange rates
Retail	50,142	46,330	8.2%	7.3%
<i>Percentage on total revenues</i>	<i>36.4%</i>	<i>30.6%</i>		
Wholesale	87,462	104,978	-16.7%	-17.0%
<i>Percentage on total revenues</i>	<i>63.5%</i>	<i>69.2%</i>		
Total revenues from sales and services	137,605	151,308	-9.1%	-9.6%
<i>Percentage on total revenues</i>	<i>99.8%</i>	<i>99.8%</i>		
Other revenues	218	291	-25.1%	-25.1%
<i>Percentage on total revenues</i>	<i>0.2%</i>	<i>0.2%</i>		
Total Revenues	137,823	151,599	-9.1%	-9.6%

Breakdown by geographic area

Over the financial year **2012/2013**, revenues from sales and services in **Italy** were Euro **96.2** million with a fall of 11.1% compared to those to 31 March 2012. Revenues in Italy were penalised by the crisis in consumption which, in the wholesale channel, generated a highly cautious approach to purchases by resellers, compared to a positive trend in the retail channel.

In the financial year 2012/2013 in **Japan**, turnover rose by 30.2% at current exchange rates and 27.3% at fixed exchange rates compared to the previous financial year. This result rewards the strategic orientation of greater presence in the retail sector for the Damiani brand which amplifies its visibility.

Revenues by Geographical Area (In thousands of Euro)	Financial Year 2012/2013	% of total	Financial Year 2011/2012	% of total	change % current exchange rates	change % current exchange rates
Italy						
- revenues from sales and services	96,179	69.8%	108,171	71.4%	-11.1%	-11.1%
Rest of the World						
- revenues from sales and services	23,541	17.1%	26,579	17.6%	-11.4%	-12.1%
Japan						
- revenues from sales and services	12,585	9.1%	9,663	6.4%	30.3%	27.3%
Americas:						
- revenues from sales and services	5,299	3.8%	6,895	4.5%	-23.1%	-28.2%
- other revenues	218	0.2%	291.00	0.3%		
Total revenues	137,823		151,599		-9.1%	-9.6%

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OPERATING AND NET RESULT

In terms of profitability during the financial year 2012/2013, the Damiani group recorded a negative **consolidated EBITDA** of Euro 2.7 million, improving with respect to the Euro -4.3 million recorded at 31 March 2012. The **Consolidated Operating Profit** in the financial year 2012/2013 was negative at Euro 6.3 million, an improvement with respect to the Euro -7.4 million recorded at 31 March 2012. The **Group Net Profit** in the financial year 2012/2013 was negative at Euro 8.6, an improvement with respect to the Euro -11.9 million for the financial year 2011/2012.

NET FINANCIAL POSITION

At 31 March 2013, the Group had net financial debt of Euro **33.0** million, an improvement over the Euro 36.7 million at 31 December 2012.

RESULTS OF PARENT COMPANY

The parent company Damiani S.p.A. recorded total revenues of Euro 78.5 million (+21.2% compared to the previous financial year) and a negative net profit of Euro 3.2 million compared to the loss of Euro 6.0 million in the previous financial year.

The Board of Directors has decided to propose to the Shareholders' Meeting that the losses of Damiani S.p.A. for the financial year are covered by using the existing reserves.

IMPORTANT EVENTS DURING THE FINANCIAL YEAR

In addition to numerous new store openings, previously mentioned, the most important events that marked the business of the Damiani Group in the financial year to 31 March 2013 are highlighted below.

In the financial year 2012/2013, the group completed a series of reorganisations, which had already been outlined in the previous financial year, mainly concentrated in companies based and operating in Italy in order to recover efficiency and flexibility in the management of the production and distribution processes.

In August 2012, the Chinese subsidiary Damiani Shanghai Trading Co. Ltd was set up. It is 100% controlled by Damiani S.p.A. and has the registered office in the Pudong New Area, Shanghai. At 31 March 2013, the subsidiary managed directly two points of sale in Shanghai and Ningbo .

On 20 December 2012, the merger through acquisition of New Mood S.p.A. and Alfieri & St. John S.p.A. into the parent company Damiani S.p.A. (which held 100% of the share capital of both subsidiaries) was formalised with effect from 1 January 2013. The project on merger through acquisition started on 26 July 2012 with its approval by the Board of Directors of Damiani S.p.A. The merger operations were approved by the respective Boards of Directors of the companies involved on 8 October 2012.

On 13 March 2013, the Korean subsidiary Damiani Korea Co. Ltd was set up. It is 100% controlled by Damiani S.p.A. and has the registered office in the One IFC Building, International Finance Center, Seoul.

On 1 July-31 August 2012, Damiani carried out charity activities in favour of the people of Emilia, victims of the earthquake, with the aim of raising funds in support of the ONLUS '*Volà nel Cuore*', an association that supports children. Payment of the sum generated was made in November 2012.

DAMIANI

In July 2012, Damiani won the international Robb Report Best of the Best 2012 award with the Burlesque bracelet, a masterpiece in white gold, black and white diamonds and rubies.

On 7-26 November 2012, Damiani took part in the exhibition *'Exhibitally - Eccellenze italiane'* in Moscow, sponsored by the Presidency of the Council of Ministers on the excellences of Italian quality products.

Cruciani and Damiani, two leading companies in Italian quality products, worked together over the second half of the financial year on the production of bracelets among which the limited series bracelet for St Valentine, enriched by diamonds and silver, stands out.

IMPORTANT EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR

After obtaining the authorisation from the relevant Indian agency in November 2012, transfer was made of 51% of the share capital of Damiani India Pvt. Ltd, to Damiani International B.V., a 100%-owned subsidiary of Damiani S.p.A., from the Indian partner, owner of all the shares, on 15 April 2013. At present, the Indian company manages a Damiani single brand point of sale in Mumbai, at the illustrious Oberoi Hotel.

On 14-20 April 2013, the Damiani Group organised with the prestigious cooperation of the diva Sophia Loren four prestigious events in Singapore, Beijing, Shanghai and Hong Kong to promote the Damiani brand and its distinguished collections, excellence of Italian quality products, in Asia, meeting customers, personalities and local press and receiving general acclaim.

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 jewellery.

In May 2013, Damiani opened the first directly run boutique in Beijing, at Beijing Charter, the new luxury mall in the west of the Chinese metropolis.

Again in May, a new point of sale with the Rocca Tr3nd flag, the new young retail concept which reinterprets luxury (jewellery and watches) accessibly, was opened in Turin in the highly central Via Roma. There are currently 3 points of sale under this sign in Italy (2 in the Coin department stores of Milan and Rome).

Another international award. Damiani is one of the few brand chosen by the magazine Harper's Bazaar China for the Top 10 Best High Jewelry 2012. The award went to the Damiani Burlesque Masterpiece, a bracelet in white gold with rubies and black and white diamonds.

REMUNERATION REPORT

Please note that, today, the Board of Directors has similarly approved the Remuneration Report prepared pursuant to Art. 123-ter of the TUF. The Remuneration Report will be made available to the public in accordance with the methods set out by the law, including regulatory, in force.

Just as last year, the Chairman Guido Grassi Damiani and the Deputy Chairmen with delegated powers Giorgio and Silvia Grassi Damiani have renounced the salary proposed for them for the financial year 1/4/2013-31/03/2014, pursuant to Art. 2389, sub-paragraph 3 of the Civil Code, taking account of the still complicated context which the group is, once more, called on to face in the current financial year.

DAMIANI

At today's date, the BOD, with the aid of the Remuneration Committee, has also noted that the results for the year to 31 March 2013 are not consistent with those expected and, therefore, the stock options in the first period of maturity of the 'Stock Option Plan 2010' cannot be exercised. See the supplementary information document enclosed with the Remuneration Report pursuant to Art. 123-*ter* of Legislative Decree 58/98, made available to the public in the manner and terms set out by current legislation.

RESIGNATION OF A DIRECTOR

Today, the director Francesco Minoli (non-executive director of the company with the requisites of independence set out by the law) after annual report approval, has resigned, for personal reasons, from the position with effect from the date of the Shareholders' Meeting to approve the balance of accounts for the financial year to 31 March 2013. At today's date, director Minoli does not hold shares in the company.

SHAREHOLDERS' MEETING

In today's meeting, the Board of Directors similarly decided to convene the Shareholders' Meeting at the Registered Office on 26 July 2013 first call and, if necessary, on 29 July second call, to discuss and decide on the approval of the Financial Statements to 31 March 2013 in ordinary session, the renewal of the authorisation to purchase and the subsequent disposal of treasury shares, the appointment of the Board of Auditors and the determination of its retainer, and also the re-determination of the number of members of the Board of Directors; the Shareholders' Meeting will likewise be called on to deliberate, in a non-binding manner, on the first section of the Remuneration Report drafted by the Board of Directors pursuant to Art. 123-*ter* of Legislative Decree 58/98 ('TUF' - Unified Finance Law), with particular reference to the Damiani S.p.A. remuneration policy.

The documentation relevant to the subjects on the Agenda of the next Shareholders' Meeting will be made available to the public in the manner and terms set out by current legislation.

PROPOSAL FOR AUTHORISATION BY THE MEETING OF THE PURCHASE AND DISPOSAL OF TREASURY SHARES

With special reference to the proposal to renew the authorisation of the Meeting of the purchase and disposal of treasury shares, subject to revocation of the resolution adopted by the Shareholders' Meeting on 26 July 2012 as not used, it should be explained that the reasons behind the authorisation are specified in detail in the Directors' Report drafted pursuant to Art. 125-*ter* of the TUF.

The proposal sets out that: the maximum number of shares that can be acquired is 16,250,000 ordinary shares of a nominal value of Euro 0.44 each, corresponding to one-fifth of the share capital; the authorisation is valid for a period of 18 months; except for the cases of payment in kind, the purchase price of each of the treasury shares must be, as a minimum, not less than 20% lower and, as a maximum, not more than 20% higher than the official price of the trades registered in the On-line Stock Market on the day preceding the purchase; purchase operations must be made pursuant to Article 132 of the TUF and Art. 144-*bis* of CONSOB Reg. No. 11971/99 in the ways indicated therein, in any case in such a way that parity of treatment between shareholders and respect for all applicable laws is ensured, including Community laws (the purchase of treasury shares may take place in a different manner from that indicated above where permitted in accordance with the applicable principles).

DAMIANI

Please note that, at today's date, Damiani S.p.A. holds 5.556.409 treasury shares, equivalent to 6,73% of the share capital. The company does not hold treasury shares through subsidiaries, trust companies or third parties.

REPORT ON CORPORATE GOVERNANCE AND THE OWNERSHIP STRUCTURE

At today's date, the Board of Directors has approved the Report on Corporate Governance and the ownership structure for the financial year 2012/2013, which will be made available to the public with the Annual Financial Report by 29 June 2013, in accordance with the methods set out by the law, including regulatory, in force.

The senior manager responsible for drafting the corporate accounting documents (Gilberto Frola) states, pursuant to Article 154 bis, sub-para. 2, of the Consolidated Finance Law, that the accounting information in this press release corresponds to the documentary results, books and records on the basis of the best estimates available.

With reference to the data shown in this release, please note that the statutory audit has not been completed for this data.

Damiani S.p.A.

Damiani S.p.A. is head of the Damiani group, leader in the Italian market for the production and marketing fine jewellery and watches. It operates in the jewellery sector with prestigious proprietary brands such as Damiani, Calderoni 1840, Salvini, Alfieri & St. John and Bliss, and also manages some ranges of prestigious international brands under licence. In addition, the group also owns the chain Rocca 1794, with more than 200 years of history in the retail sale of the best-known brands of watches and fine jewellery. The Damiani group can be found in Italy and the main world markets through its operating subsidiaries and has directly managed and franchised points of sale in the main international fashion streets. Strengthened by a centuries-old tradition, the group is a careful interpreter of a heritage that it offers fully respecting tradition, with the same innovative spirit as its origins.

For further information:

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PLEASE FIND ATTACHED: the consolidated tables of the Profit and Loss Account and Statement of Assets and Liabilities to 31 March 2013

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Consolidated Profit and Loss Account for the financial years 2012/2013 and 2011/2012

Main economic data (in thousands of Euro)	Financial Year 2012/2013	Financial Year 2011/2012	Change
Revenues from sales and services	137,605	151,308	(13,703)
Total revenues	137,823	151,599	(13,776)
Cost of production	(140,554)	(155,908)	15,354
EBITDA	(2,731)	(4,309)	1,578
EBITDA %	-2.0%	-2.8%	
Depreciation and amortization	(3,575)	(3,047)	(528)
Operating income	(6,306)	(7,356)	1,050
Operating income %	-4.6%	-4.9%	
Net financial incomes (expenses)	(2,220)	(2,112)	(108)
Result before taxes	(8,526)	(9,468)	942
Net result of the Group	(8,564)	(11,939)	3,375
Basic Earnings (Losses) per Share	(0.11)	(0.15)	

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Consolidated balance sheet data at 31 March 2013 and 31 March 2012

Balance sheet Data (In thousands of Euro)	Situation at March 31 2013	Situation at March 31 2012
Fixed Assets	49,191	50,015
Net working capital	67,553	71,956
Non current Liabilities	(6,622)	(7,205)
Net Capital Invested	110,122	114,766
Net Equity	77,159	86,178
Net Financial position	32,963	28,588
Sources of Financing	110,122	114,766
Net Financial Position (in thousands of Euro)	Situation at March 31 2013	Situation at March 31 2012
Medium-long term loans and financing - current portion	5,500	6,075
Usage of credit lines, short term financing and others	21,493	8,617
Medium-long term loans and financing with related parties - current	1,042	975
Current financial indebtness	28,035	15,667
Medium-long term loans and financing - non current portion	4,500	10,000
Medium-long term loans and financing with related parties - non cur	8,263	9,579
Non current financial indebtness	12,763	19,579
Total gross financial indebtness	40,798	35,246
Financial current assets	(147)	-
Cash and cash equivalents	(7,688)	(6,658)
Net Financial Position	32,963	28,588