DAMIANI S.p.A.

Consolidated Interim Financial Report as of December 31, 2011

(9 months period – April/December 2011)
Drawn up pursuant to the IAS/IFRS
Not audited by the Independent Auditors

Damiani S.p.A.
1, Piazza Damiano Grassi Damiani, Valenza (AL)
Share Capital Euros 36,344,000
Tax and Vat registration no. 01457570065

February 10, 2012

INDEX

CORPORATE BODIES

Board of Directors

Guido Grassi Damiani (Chairman and CEO)
Giorgio Grassi Damiani (Vice Chairman)
Silvia Grassi Damiani (Vice Chairman)
Roberta Benaglia (Director)
Stefano Graidi (Director)
Giancarlo Malerba (Director)
Francesco Minoli (Director)
Fabrizio Redaelli (Director)

Board of Statutory Auditors

Gianluca Bolelli (Chairman)
Simone Cavalli (Statutory Auditor)
Fabio Massimo Micaludi (Statutory Auditor)
Pietro Sportelli (Alternate Auditor)
Alessandro Madau (Alternate Auditor)

Independent Auditors

Reconta Ernst & Young S.p.A.

Internal Control and Corporate Governance Committee

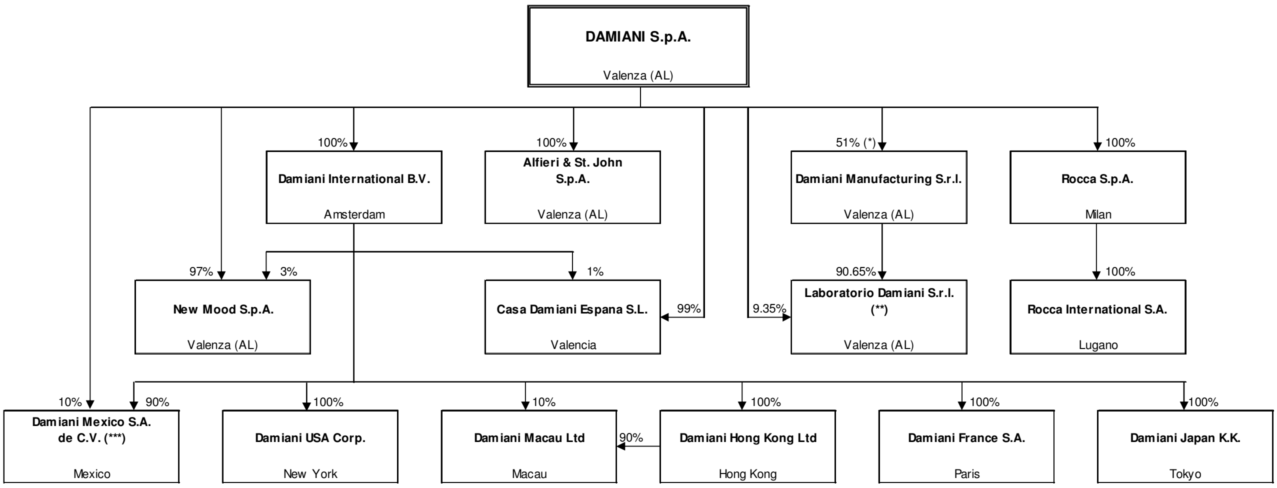
Giancarlo Malerba (Chairman)
Roberta Benaglia
Fabrizio Redaelli

Remuneration Committee

Giancarlo Malerba (Chairman)
Roberta Benaglia
Fabrizio Redaelli

REPORT ON OPERATIONS [(1)]

Structure and business activities of Damiani Group



(*) 49% is held by Christian and Simone Rizzetto, both currently Damiani Manufacturing S.r.l. directors
(**) 90.65% is held by Damiani Manufacturing S.r.l. while 9.35% is held by Damiani S.p.A.. Overall Damiani S.p.A. helds 55.58% of the share capital of Laboratorio Damiani S.r.l..
(***) Former Exclusividad en Joyas Italianas S.A. de C.V. On December 20, 2011 the company adopted its present name.

Damiani S.p.A. is a *holding* company that, apart from directly performing production and commercial activities, is responsible for carrying out strategic and coordination activities for the Group and technical and financial assistance both for production and commercial operations carried out by subsidiaries, directly and indirectly controlled. All those activities made by the parent company Damiani S.p.A. are based on normal market conditions.
Starting from November 2007 Damiani S.p.A. has listed on the electronic stock market of the Italian Stock Exchange, STAR segment.
The consolidated financial statements as of December 31, 2011 include the financial statements of the parent company Damiani S.p.A. and of those companies directly or indirectly controlled, as per article 2359 of the Italian Civil Code.
In the consolidated financial statements intercompany transactions have been eliminated.

During the first nine months of the 2011/2012 financial year in the consolidation area there was the following change:
- on September 15, 2011 has been incorporated the Mexican company Esclusividad en Joyas Italianas S.A. de C.V. located in Mexico, Distrito Federal with a share capital of 50,000 Pesos, fully owned by Damiani Group (90% from Damiani International B.V.; 10% from Damiani S.p.A.). Afterwards, has been made a capital increase, keeping the shares of ownership, up to a total of 3,000,000 Pesos. That company has to manage the import and distribution in Mexico of jewels of Damiani Group brands. On December 20, 2011 the Mexican subsidiary changed name to Damiani Mexico S.A. de C.V.

The Group, which is concentrated on producing and distributing top quality jewelry both in Italy and abroad, offers wide coverage of the main market segments and thanks to its different brands provides customers with a large range of variously priced jewelry. The Group's portfolio is made up of five brands: Damiani, Salvini, Alfieri & St. John, Bliss and Calderoni.
Furthermore, through the fully owned network Rocca, the Group distributes prestigious third party brands, particularly in the timepiece sectors, in directly managed multi-brand boutiques. Finally, the Group manufactures and distributes products according to license agreements and supply contracts with fashion

[1] Damiani Group closes its financial year at March 31, and therefore the period from April 1, 2011 to December 31, 2011 represents the first nine months of the financial year that will end on March 31, 2012 (hereafter the 2011/2012 Financial Year). For comparative purposes are shown data for the prior year period, first nine months of the 2010/2011 Financial Year.

and automotive brands (inter alia Ferrari, Ducati and John Galliano).

The distribution of the Group products takes place through two different channels in Italy and abroad:

- the wholesale channel, consisting of independent multi-brand jewelers, department stores, franchisees and distributors;
- the retail channel consisting of the individual stores managed directly by the Group. As of December 31, 2011 the POS were 32, of which 17 with the Damiani brand, 3 with the Bliss brand and 12 multi-brand Rocca boutiques.

Criteria used and accounting standards

Damiani Group prepared the consolidated interim financial report as of December 31, 2011, not audited by the independent auditors, in compliance with article no. 154 ter of Italian Law (T.U.F.) introduced by the Legislative Decree no. 195/2007 that carried out European Community Directive no. 109/2004 (so called Transparency Directive). The interim financial report has been prepared in compliance with the international accounting standards IAS/IFRS, in force the moment of its editing. For more details on accounting principles and criteria adopted by the Group in preparing the Interim financial statements refer to the Annual consolidated financial statements as of March 31, 2011.

Share buy-back program

The Shareholders' Meeting of July 27, 2011 resolved to authorize – subject to revocation, for the part not executed, of the resolution adopted by the Shareholders' Meeting of July 21, 2010 – the purchase and disposal of own shares under co-joined Articles 2357 and 2357 ter of the Italian Civil Code and Article 132 of the Legislative Decree no. 58/1998.
The reasons for the authorization consist of the possibility of i) using own shares in operations related to projects of interest for the issuer Damiani S.p.A. as arises the opportunity for exchanges or transfers of stakes; ii) performing operations to support the liquidity of these same shares in the interest of the Company and all members, in relation to contingent market situations, promoting the course of trading, according to law and regulations while ensuring the equal treatment of shareholders; iii) invest in Company shares if the stock trends or the liquidity available make the investment convenient; iv) give/sell out shares to the employees and implementing distribution programs of shares or options in full compliance with Article 114 bis of T.U.F.; v) purchase in relation to commercial operations that will be in the Company's interest.
The authorization to purchase treasury shares is structured as follows:

- the Company may purchase a maximum number of ordinary shares whose nominal value does not exceed the limit of the law, for a maximum of no. 16,250,000 ordinary shares, at a nominal value of 0.44 euros each, also keeping in consideration the shares held by the Company and any which may be held by subsidiaries;
- the authorization was granted for a period of 18 months starting from Shareholders' Meeting date and lasting until the date of January 27, 2013;
- the purchase price of each of the own shares is set by the Board of Directors and must be, at an amount including additional expenses of purchase, as a minimum not less than 20% and a maximum not more than 20% of the official price registered by the title in the trading session of the MTA on the day before each purchase;
- purchase transactions may be made under Article 132 of T.U.F. and Article 144 bis of Consob Regulation no. 11971/1999, and in all cases to ensure equal treatment of shareholders and compliance with all applicable laws.

For further details please refer to the Directors' Report available on the internet website of the Company, section Investor Relations/Shareholders/Shareholders' Meeting.

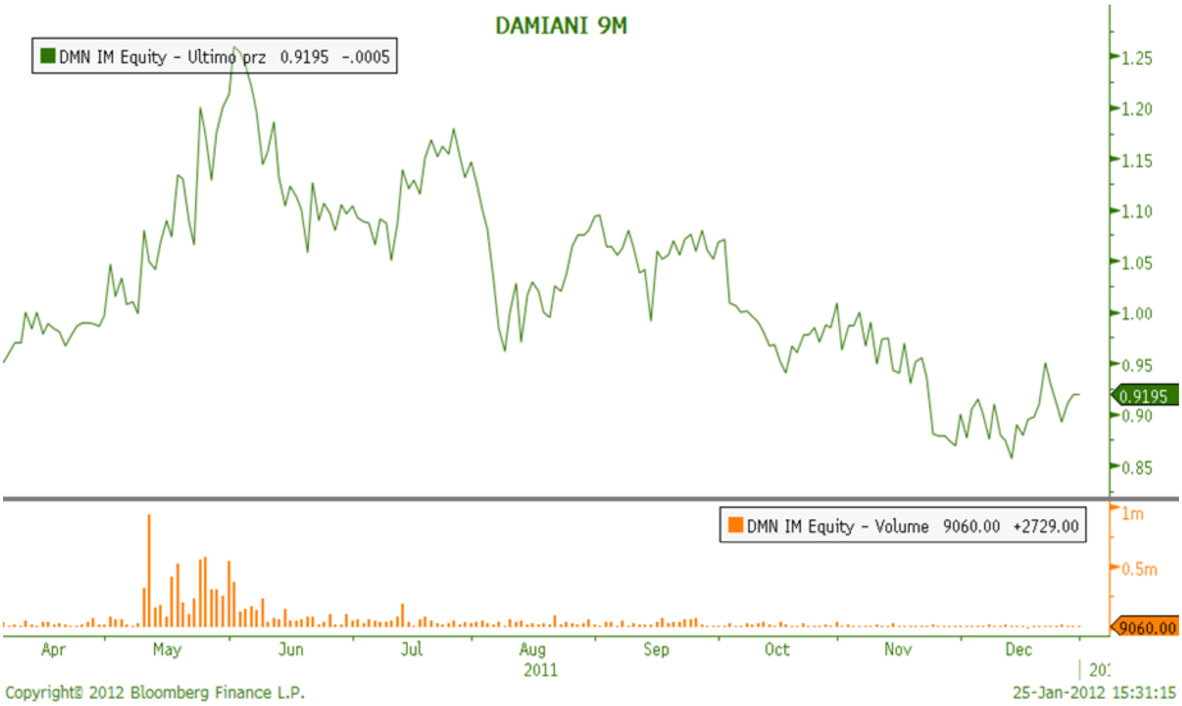
Stock options

On July 21, 2010 the Shareholders' Meeting approved the adoption of a plan based on financial instruments under Article 114 bis of T.U.F. 58/1998, entitled "Stock option plan 2010", that foresees the free allocation of

options to purchase Damiani shares for a maximum of 3,500,000 ordinary shares and gave the Board of Directors a mandate to implement this same plan.
The plan could be implemented in one or more tranches, within 5 years after approval by the Shareholders' Meeting and is addressed to executive directors, managers, staff and other employees, consultants and collaborators of the issuer and companies of the Damiani Group.
On April 21, 2011 the Board of Directors of Damiani S.p.A. resolved, with the aid of the Remuneration Committee, to proceed with a first implementation of the Stock Option Plan, identifying the beneficiaries, the number of options to be assigned, and times, the exercise prices of options and modes of enjoyment.
In detail: i) beneficiaries were identified (no members of the Damiani family are among them) between the executive directors of subsidiaries, the Group's strategic executive, managers, agents and consultants; December 31, 2011 the beneficiaries were no. 49; ii) were granted to beneficiaries – according to a criterion of personal contribution to the development of Damiani Group – a total of no. 1,848,000 free options and personal, within a maximum of no. 3,500,000 options under the Plan approved by the Shareholders' Meeting; iii) the strike price of the option was set to 1.47 euros per share of Damiani S.p.A., that was higher of about 50% of the current price at grant; iv) three different vesting period have been set: until April 21, 2013, April 21, 2014 and April 21, 2015 with exercise of options granted in the following three years (except that at the time of vesting must be valid on the relevant relationship, the exercise of the options is possible even after the cessation of the relationship); v) has set the maximum number of shares sold by each beneficiary in each trading day in the no. 50,000.
It is stated that the shares subject to the Plan will be taken from the share depository of the own shares purchased and held by Damiani S.p.A.; therefore, the assignment of shares will not have any diluting effect on the shareholders of Damiani S.p.A.
Detailed information is included in the informational document required as per Article 84 bis of Consob Regulation no. 11971/1999 which is available to the public at the headquarter, at the Italian Stock Exchange (Borsa Italiana S.p.A.) and on the website at www.damiani.com.

Title's performance on Market Stock Exchange

The following graph represents the price trend of the Damiani share and the volumes traded during the first nine months of the 2011/2012 financial year.



The main share and market data for the nine months period closed at December 31, 2011 are reported below.

Damiani in the Stock Market

Price on April, 1st 2011 (euro)	0.95
Price on December 30, 2011 (euro)	0.9195
Maximum price (euro)	1.26 (on 1 Jun 2011)
Minimum price (euro)	0.857 (on 13 Dec 2011)
Average volumes	60,336
Maximum volumes	939,478 (on 17 May 2011)
Minimum volumes	337 (on 16 Dec 2011)
N° shares Company capital	82,600,000
Market capitalisation at December 30, 2011 (euro)	75,950,700

Key Data

Share Capital	December 31, 2011	March 31, 2011
Number of share issued	82,600,000	82,600,000
Par value per share	0.44	0.44
Share Capital	36,344,000	36,344,000

Ownership	% on shares issued	% on shares issued
Leading Jewels S.A.	56.76%	56.76%
Sparkling Investment S.A. (1)	1.45%	0.57%
Guido Grassi Damiani	5.78%	5.02%
Giorgio Grassi Damiani	6.11%	6.11%
Silvia Grassi Damiani	5.31%	5.68%
Damiani S.p.A. (own shares) (2)	6.74%	6.80%
Market	17.85%	19.06%

Shares held by the subjects indicated by article no.79 of the Legislative Decree no. 58/1998

First and last name	**Office held**	**Number of shares**
Guido Grassi Damiani (indirectly no. 58,424,185) (3)	Director	4,774,376
Giorgio Grassi Damiani	Director	5,047,371
Silvia Grassi Damiani	Director	4,387,371
Executives with strategic responsibilities		58,100

(1) Sparkling Investment S.A. is traceable to Damiani family.
(2) The Shareholders' Meeting of July 27, 2011 approved the authorization, for the part not executed of the resolution of the Shareholders' Meeting of July 21, 2010, for the purchase of own shares up to a maximum of no. 16,250,000 ordinary shares of Damiani S.p.A. within a period of 18 months from the date of the Shareholders' resolution. As of December 31, 2011 the own shares in portfolio were no. 5,568,659, equal to 6.74% of the share capital.
(3) As controlling shareholder of Leading Jewels S.A. and Sparkling Investment S.A. the own shares of Damiani S.p.A. are traceable to Mr. Guido Grassi Damiani.

Main economic data	**Nine months**			
(in thousands of Euro)	Financial Year 2011/2012	Financial Year 2010/2011	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 income	**(838)**	**(3,389)**	**2,551**	**75.3%**
Operating income %	***-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)		
Personnel cost	(19,249)	(19,171)	(78)	0.4%
Average number of employees (**)	573	573	0	0.0%

(*) EBITDA represents the operating result gross of depreciation and amortization. EBITDA thus defined is used by the Group's management to monitor and evaluate the Group's operational performance and is not an IFRS accounting measure, therefore it must not be considered as an alternative measure for evaluating Group's results. Since EBITDA is not regulated by the accounting standards of reference, the criteria employed by the Group may not be the same as criteria used by other companies and therefore cannot be used for comparative purposes.
(**) Average number of employees in the two periods compared.

Balance sheet data			
(In thousands of Euro)	December 31 2011	March 31 2011	change
Fixed Assets	50,559	51,684	(1,125)
Net working capital	82,157	79,653	2,504
Non current Liabilities	(6,549)	(7,380)	831
Net Capital Invested	**126,167**	**123,957**	**2,210**
Net Equity	91,421	95,106	(3,685)
Net Financial Position (*)	34,746	28,851	5,895
Sources of Financing	**126,167**	**123,957**	**2,210**

(*) The net financial position was determined on the basis of the indications of Consob (Italian SEC) communication DEM/6064923 of July 28, 2006.

Comments on the main economic and financial results of the Group

Total revenues of the Damiani Group in the first nine months of 2011/2012 financial year increased by 6.2% if compared to the same period of the previous financial year; the operating result, negative for 838 thousand euros, showed an improvement of 2,551 thousand euros compared to the prior year period.
The good performance of revenues from sales in the nine months resulted in a moderate increase in costs, despite the pressure of prices of raw materials used in the production process, which allowed the Damiani Group to improve the operating result.
The net loss of the Group was equal to 5,304 thousand euros, an improvement of 1,519 thousand euros compared to the first nine months of the 2010/2011 financial year, even in the presence of a greater impact in terms of tax burden.
In the following table is shown the income statement for the first nine months of 2011/2012 financial year, compared to the income statement of the corresponding period of the previous year, and then are discussed

the main economic trends.

Profit & Loss	**Nine Months**			
(in thousands of Euro)	Financial Year 2011/2012	Financial Year 2010/2011	Change	Change %
Revenues from sales and services	118,230	111,336	6,894	6.2%
Other recurring revenues	213	166	47	28.3%
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%***		
Depreciation and amortization	(2,257)	(3,860)	1,603	-41.5%
Operating income	**(838)**	**(3,389)**	2,551	75.3%
Operating income %	***-0.7%***	***-3.0%***		
Net financial incomes (expenses)	(1,783)	(2,089)	306	-14.6%
Result before taxes	**(2,621)**	**(5,478)**	2,857	52.2%
Result before taxes %	***-2.2%***	***-4.9%***		
Taxes	(2,639)	(1,372)		
Net result	**(5,260)**	**(6,850)**	1,590	23.2%
Net result %	***-4.4%***	***-6.1%***		
Minorities Interests	44	(27)	71	n.m.
Net result of the Group	(5,304)	(6,823)	1,519	22.3%
Net result of the Group %	*-4.5%*	*-6.1%*		

(*) EBITDA represents the operating result gross of depreciation and amortization. EBITDA thus defined is used by the Group's management to monitor and evaluate the Group's operational performance and is not an IFRS accounting measure, therefore it must not be considered as an alternative measure for evaluating Group's results. Since EBITDA is not regulated by the accounting standards of reference, the criteria employed by the Group may not be the same as criteria used by other companies and therefore cannot be used for comparative purposes.

REVENUES

Revenues from sales and services, that were not influenced by non-recurring transactions and are expressed at current exchange rates, in the first nine months of 2011/2012 financial year were equal to 118,230 thousand euros, an improvement of 6.2% compared to the prior year period. At constant exchange rates the increase in revenues would be 6.4% compared to the prior year period.

The following table shows the revenues breakdown by channels.

Revenues by Sales Channel	Nine Months		
(in thousands of Euro)	Financial Year 2011/2012	Financial Year 2010/2011	Change %
Retail	**32,612**	**30,609**	**6.5%**
Percentage on total revenues	*27.5%*	*27.5%*	
Wholesale	**85,618**	**80,727**	**6.1%**
Percentage on total revenues	*72.3%*	*72.4%*	
Total revenues from sales and services	**118,230**	**111,336**	**6.2%**
Percentage on total revenues	*99.8%*	*99.9%*	
Other revenues	213	166	28.3%
Percentage on total revenues	*0.2%*	*0.1%*	
Total Revenues	**118,443**	**111,502**	**6.2%**

- The retail channel revenues amounted to 32,612 thousand euros, up 6.8% at constant exchange rates compared to the prior year period (+6.5% at current exchange rates), confirming a positive trend that has continued for two years, thanks to the increasing contribution of both mono-brand Damiani boutiques in Italy and abroad (+14%) and the sales in multi-brands DOS.
- The wholesale channel revenues amounted to 85,618 thousand euros, up 6.2% at constant exchange rates (+6.1% at current exchange rates), with increments made primarily on the domestic market that in the recent past recorded a negative trend influenced by the high uncertainty that characterizes the industry and that has manifested its symptoms even in the Christmas season.

In the third quarter of the current financial year (October-December 2011) the revenues from sales were equal to 57,016 thousand euros, an improvement of 1.9% compared to the prior year quarter (55,940 thousand euros).

Cost of production

Overall the net production costs in the first nine months of 2011/2012 financial year were 117,024 thousand euros, an improvement of 5,993 thousand euros (+5,4%) compared to the prior year period (111,031 thousand euros).
In details the trend of costs in the period ended on December 31, 2011 was the following:

- **Costs of raw materials and other materials, including purchase of finished goods** was equal to 66,108 thousand euros, up 12.7% compared to the same period of 2010/2011 financial year (58,681 thousand euros). The increase was mainly due to: i) pressure from raw material costs whose prices have resulted in strong growth compared to the prior year period (the average price of gold in the period April-December 2011 was higher than 20.8% compared to the corresponding period of 2010); ii) write-down of inventories of finished products for 1,534 thousand euros booked in the current 2011/2012 financial year.
- **Costs for services** amounted to 33,526 thousand euros, decreasing by 3.0% compared to the prior year period (34,566 thousand euros); the reduction was mainly due to minor Directors' fees as a consequence of the waiver by members of the Grassi Damiani family to the fees for 2011/2012 financial year.
- **Personnel costs** amounted to 19,249 thousand euros with a slight increase by 0.4% compared to the prior year period (19,171 thousand euros). The substantial stability of the cost was related to the corresponding invariance in the average staff of the Group in the two nine months periods: in the period ended December 31, 2011 the average number of employees was 573 units, equal to the units used on average in the period ended December 31, 2010.
- **Other net operating (charges)/incomes** show a positive balance in the first nine months of the 2011/2012 financial year for 1,859 thousand euros against a positive balance equal to 1,387 thousand euros in the same period of the 2010/2011 financial year. The balance in the current 2011/2012 financial year includes also the positive net effects for 2,135 thousand euros related to a partial release of the fund for returns on sales set aside in previous year. That fund was in surplus given the contraction in the volume of returns from customers. The positive balance in the previous year included instead the key money (equal to 1,826 thousand euros) cashed in ceding to third parties some locations not strategic for the Group before their natural expiry dates. Against this income has been recorded the write off of net book value relative to the amount initially paid to acquire the same locations and any other fixed assets not yet fully depreciated (these amounts were accounted between the depreciation and amortization). The net effects of such operations on the income statements of the first half of 2010/2011 financial year was equal to 530 thousand euros.

EBITDA

The combined effect of revenues and costs of production described above determined a positive EBITDA for 1,419 thousand euros in the nine months period ended December 31, 2011, an improvement of 948 thousand euros compared to the gross operating profit of the same period of the previous financial year (it was positive for 471 thousand euros).

Amortization and Depreciation

In the nine months period ended December 31, 2011 the value of amortization and depreciation amounted to 2,257 thousand euros, a decrease of 1,603 thousand euros compared to the prior year period (equal to 3,860 thousand euros). This difference was mainly due to the devaluation for 1,261 thousand euros to the net assets related to not profitable boutiques closed in the previous 2010/2011 financial year, from the disposals of which the Group received the amounts booked in "Other net operating (charges) incomes".

Operating result

Overall the Group's operating result in the nine months period ended December 31, 2011 remained still negative but an improvement of 2,551 thousand euros compared to the operating loss of the same period of the previous financial year. The increase in revenues from sales (+6.2% over the first nine months of last year) was proportionally greater than the overall growth in operational costs (+3.8% over the same period of the previous financial year).

Net financial incomes/(losses)

The balance of net financial incomes/(expenses) in the first nine months of the 2011/2012 financial year was negative 1,783 thousand euros, an improvement of 306 thousand euros compared to the negative balance of 2,089 thousand euros in the prior year period. The balance was positively influenced by the impact of the net foreign exchange incomes and changes in the fair value of financial instruments.

Current, prepaid and deferred taxes

In the nine months period ended December 31, 2011 taxes had a negative impact equal to 2,639 thousand euros against a positive balance of 1,372 thousand euros in the same period of the 2010/2011 financial year, which included the positive effects arising from the restatement of deferred tax assets generated in prior periods for the change in tax rate. In both periods we didn't post the prepaid taxes that refer to the losses recorded by the Group companies.

Net Result

The net consolidated result of the Group in the first nine months of the 2011/2012 financial year was negative of 5,304 thousand euros against a negative net result equal to 6,823 thousand euros in the same period of the 2010/2011 financial year, with a consequent improvement of 1,519 thousand euros. In the third quarter of the financial year (october-december 2011) the net result was positive of 1,886 thousand euros, an improvement of 192 thousand euros compared to the prior year period.

Capital and financial situation

The following table shows the reclassified consolidated balance sheet of Damiani Group at December 31, 2011, compared to that of March 31, 2011, and then discussed the main changes.

Balance sheet data (In thousands of Euro)	December 31 2011	March 31 2011	change
Fixed Assets	50,559	51,684	(1,125)
Net working capital	82,157	79,653	2,504
Non current Liabilities	(6,549)	(7,380)	831
Net Capital Invested	**126,167**	**123,957**	**2,210**
Net Equity	91,421	95,106	(3,685)
Net Financial Position (*)	34,746	28,851	5,895
Sources of Financing	**126,167**	**123,957**	**2,210**

(*) The net financial position was determined on the basis of the indications of Consob (Italian SEC) communication DEM/6064923 of July 28, 2006.

Fixed Assets

As of December 31, 2011 the fixed assets of the Group were equal to 50,559 thousand euros, decrease of 1,125 thousand euros compared to the value of March 31, 2011 (51,684 thousand euros). The growth in the nine months period for capital expenditure (equal to 1,247 thousand euros) and for guarantee deposits paid to locations for new boutiques (equal to 633 thousand euros) and booked between financial receivables has been fully offset by the amortization of the period.

Net working capital

As of December 31, 2011 the net working capital amounted to 82,157 thousand euros, up 2,504 thousand euros compared to the value of March 31, 2011: the trend of its components was related to the normal process of production and distribution with the increase in trade receivables and payables in the high seasonal period, related to the finished products received by the suppliers to make sales on the wholesale channel.

Non-current liabilities

As of December 31, 2011 the non-current liabilities amounted to 6,549 thousand euros, decrease compared to the end of the previous financial year (the amount was equal to 7,380 thousand euros), mainly due to the partial use of the provisions for risks at March 31, 2011.

Shareholders' Equity

As of December 31, 2011 Net equity amounted to 91,421 thousand euros, a decrease of 3,685 thousand euros if compared to March 31, 2011, mainly for the negative net result of the period (net loss of 5,260 thousand euros), partially offset from effect of currency translation recorded under other equity reserves (1,341 thousand euros). In the nine months period were not made purchases of own shares.

Net financial position

The composition of the net financial position as of December 31, 2011 and its evolution with respect to March 31, 2011 is given in the following table.

Net Financial Position (*) (in thousands of Euro)	December 31 2011	March 31 2011	Change
Medium-long term loans and financing - Current portion	6,270	7,147	(877)
Usage of credit lines, short term financing and others	13,277	5,965	7,312
Medium-long term loans and financing with related parties - Current portion	955	714	241
Current financial indebtness	**20,502**	**13,826**	**6,676**
Medium-long term loans and financing - Non current portion	10,690	15,602	(4,912)
Medium-long term loans and financing with related parties - Non current portion	9,831	10,714	(883)
Non current financial indebtness	**20,521**	**26,316**	**(5,795)**
Total financial indebtness	**41,023**	**40,142**	**881**
Financial current assets	(229)	(1,074)	845
Cash and cash equivalents	(6,048)	(10,217)	4,169
Net Financial Position (*)	**34,746**	**28,851**	**5,895**

(*) The net financial position was determined on the basis of the indications of Consob (Italian SEC) communication DEM/6064923 of July 28, 2006.

As of December 31, 2011 the Group showed a net financial position negative for 34,746 thousand euros, a decrease of 5,895 thousand euros if compared to March 31, 2011. The change is related to both the negative economic performance in the period and variance in the net working capital. The careful monitoring in the net working capital put in place over the last twelve months (reduction of 12,358 thousand euros compared to December 31, 2010) has led to an improved consolidated net financial position of 2,966 thousand euros compared to December 31, 2010.
Compared to March 31, 2011 the increase of the weight of current financial exposure to banks on total gross indebtedness did not lead to a deterioration in terms of burden, as the rate on short term is currently lower than the interest paid on medium/long term financing; the short term credit lines of the Group continued to be underutilized.
It should be noted that on December 31, 2011 the net financial position included 10,786 thousand euros payable to related party for no. 4 real estate operations booked as sale and lease-back transactions (on March 31, 2011 this debt amounted to 11,428 thousand euros); net of this component, the net financial position as of December 31, 2011 would have been equal to 23,960 thousand euros.

Key data by geographical areas

The Damiani Group operates in a single business segment without any significant differences of products which could constitute separate business units. Therefore, the geographical dimension is the object of periodical observations and revision by the directors, as well as of the involvement of the management team. Coherently with this model, in the previous annual and interim financial statements, segment information was provided, which is also in line with the requirements of the accounting principle IFRS 8.
The areas are identified as such:

i) The Italy area includes the revenues and the operating costs of the parent company Damiani S.p.A. and its subsidiaries which operate in Italy;
ii) The Americas area includes the revenues and the operating costs of Damiani USA Corp. that is located in New York and distributes the Group's products across the continent and the Mexican subsidiary Damiani Mexico S.A. de C.V., which is in a start-up period;
iii) The Japanese area includes the revenues and the operating costs of Damiani Japan K.K. which operates in Japan;
iv) The Rest of the World area includes the revenues and the operating costs of the other subsidiaries which operates in countries not included in the above defined areas.

The revenues for the first nine months period ended December 31, 2011 and for the same period of the previous financial year are shown in the following table.

Revenues by Geographical Area *(in thousands of Euro)*	**Nine Months** Financial Year 2011/2012	Financial Year 2010/2011	change	change %
Italy:	**87,859**	**84,072**	3,787	4.5%
- revenues from sales of goods and services	87,662	83,926		
- other revenues	197	146		
Americas:	**5,228**	**5,617**	(389)	-6.9%
- revenues from sales of goods and services	5,228	5,617		
- other revenues	-	-		
Japan	**7,480**	**7,482**	(2)	0.0%
- revenues from sales of goods and services	7,478	7,472		
- other revenues	2	10		
Rest of the World	**17,876**	**14,331**	3,545	24.7%
- revenues from sales of goods and services	17,862	14,321		
- other revenues	14	10		
Total revenues	**118,443**	**111,502**	6,941	6.2%

The Revenues by geographical area have developed as follows:

- The increase of revenues in **Italy** (+4.5% compared to the same period of the 2010/2011 financial year) was due to the growth of the wholesale sales.
- In the **Americas** sales were in decrease by -6.9% at current exchange rates, while they were substantially unchanged at constant exchange rates compared to the prior year period (-0.3%) with the growth in the retail channel that offset the reduction in the wholesale channel.
- Sales stable in **Japan** (-2.4% at constant exchange rates) with the growth in the retail channel.
- The **Rest of the World** recorded an increase by +24.7% compared to the prior year period (+24.8% at constant exchange rates) due to the growth of sales both in wholesale and retail channels (with turnover more than doubled in the direct sales outlets).

Overall, the weight of foreign revenues in the first nine months of the 2011/2012 financial year was equal to about 26% of total.

EBITDA values for each geographical area in the first nine months of the 2011/2012 financial year and in the corresponding period of the previous financial year are given in the following table.

EBITDA by Geographical Area (*) *(in thousands of Euro)*	**Nine Months** Financial Year 2011/2012	Financial Year 2010/2011	change	change %
Italy	**4,577**	**1,895**	2,682	nm
Americas	**(2,499)**	**(3,694)**	1,195	32.3%
Japan	**(1,363)**	**(1,181)**	(182)	-15.4%
Rest of the World	**704**	**3,451**	(2,747)	-79.6%
Consolidated EBITDA	**1,419**	**471**	948	n.m.
% on Revenues	*1.2%*	*0.4%*		

(*) EBITDA represents the operating result gross of depreciation and amortization. EBITDA thus defined is used by the Group's management to monitor and evaluate the Group's operational performance and is not an IFRS accounting measure, therefore it must not be considered as an alternative measure for evaluating Group's results. Since EBITDA is not regulated by the accounting standards of reference, the criteria employed by the Group may not be the same as criteria used by other companies and therefore cannot be used for comparative purposes.

In terms of EBITDA, the **Italy** segment showed an increase in the gross operating result if compared to the prior year period due to the growth of revenues and efficiencies on the cost components.
Improvement of EBITDA in the **Americas** was mainly due to saving measures made on the operating costs.
The slight decrease of EBITDA in **Japan** was due to the absence of non-recurring income that had had a positive impact of 489 thousand euros in the corresponding period of the previous financial year, in a contest of a substantial stability of core revenues and operating costs.
In the **Rest of the World** the worsening in EBITDA was mainly related to higher operating costs incurred in the first nine months of the 2011/2012 financial year to support the development abroad, particularly in the retail channel.

Transactions with related parties

The operations carried out by the Damiani Group with related parties are mainly of real estate nature (property leasing for offices and shops).
Data concerning dealings of the Group with related parties in the period ended December 31, 2011 and in the same period of the previous financial year are displayed hereunder.

(in thousands of Euro)	First nine months 2011/2012		Balance at December 31, 2011		
	Operating costs	Financial expenses	Other current assets	Financial debts (including leasing)	Trade payables
Total with related parties	(2,246)	(515)	1,171	(10,786)	(868)
Total from Financial Statements	(119,281)	(2,839)	13,819	(41,023)	(59,459)
% age weight	2%	18%	8%	26%	1%

(in thousands of Euro)	First nine months 2010/2011		Balance at December 31, 2010		
	Operating costs	Financial expenses	Other current assets	Financial debts (including leasing)	Trade payables
Total with related parties	(1,962)	(834)	909	(11,617)	(1,086)
Total from Financial Statements	(114,891)	(2,378)	11,833	(44,603)	(57,985)
% age weight	2%	35%	8%	26%	2%

Non-recurring, atypical and/or unusual operations

In the period there were no positions or transactions deriving from non-recurring, atypical and unusual operations as defined in the Consob ruling no.15519 as of July 27, 2006.

Significant events of the quarter

On October 27, 2011 the Chairman of Damiani Group participated in the "General states of the Foreign Trade" organized in Rome by the Italian Government, along with a select group of entrepreneurs and sole representative of the luxury goods sector. Goal of the meeting was to develop strategies for the expansion of the Italian companies abroad.

On November 25, 2011 at Peninsula Hotel in Shanghai were presented for the first time in China the unique collection of Damiani within the exclusive "Masterpiece Couture" at the presence of big names of local business, culture and entertainment.

On November 29, 2011 Damiani opened a new boutique in the prestigious Department Store Palacio de Hierro Interlomas, housing in the district of Mexico City, alongside the most prestigious european luxury brands. In the month of December were also opened a new shop in shop and four other corners in department stores chain Palacio de Hiero in Mexico City. With these openings Damiani consolidates its presence in the main country in Central America.

Significant events after the end of the quarter

There are no significant events after the end of the quarter.

Business Outlook

The third quarter (October-December) was characterized by a slowdown in sales in the domestic market, which has affected the general decline in consumer spending over the Christmas period. Abroad, the trend, largely positive which was already in the first half, went total consolidated.

The great uncertainty that weighs on developments in the short terms of the italian financial crisis, on the effects caused by recent government measures and therefore to the propensity to domestic consumption of luxury goods, reduces the visibility even in the short term performance of the Group in terms of revenues.

In this context, the Group will continue to internally implement all possible measures aimed at increasing the efficiency of production and distribution processes with the objective to recover an appropriate level of operating profitability in a balanced level of debt/equity, that does not adversely affect the strategy of international expansion of the Group or its credit rating.

Valenza, February 10, 2012

For the Board of Directors
The Chairman & CEO
Mr. Guido Grassi Damiani

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011

INTERIM CONSOLIDATED BALANCE SHEET

At December 31, 2011 and at March 31, 2011.

(in thousands of Euro)	**December 31, 2011**	**March 31, 2011**
NON-CURRENT ASSETS		
Goodwill	4,984	4,984
Other Intangible Fixed Assets	5,386	5,596
Tangible Fixed Assets	17,019	17,590
Investments	167	167
Financial receivables and other non current assets	4,143	3,493
Deferred tax assets	18,860	19,854
TOTAL NON CURRENT ASSETS	**50,559**	**51,684**
CURRENT ASSETS		
Inventories	96,702	96,192
Trade receivables	36,623	31,232
Tax receivables	2,580	2,788
Other current assets	13,819	11,401
of which towards related parties	*1,171*	*935*
Current financial receivables	229	1,074
Cash and cash equivalents	6,048	10,217
TOTAL CURRENT ASSETS	**156,001**	**152,904**
TOTAL ASSETS	**206,560**	**204,588**
GROUP SHAREHOLDERS' EQUITY		
Share Capital	36,344	36,344
Reserves	58,940	71,890
Group net income (loss) for the period	(5,304)	(14,525)
TOTAL GROUP SHAREHOLDERS' EQUITY	**89,980**	**93,709**
MINORITY SHAREHOLDERS' EQUITY		
Minority share capital and reserves	1,397	1,422
Minority net income (loss) for the period	44	(25)
TOTAL MINORITY SHAREHOLDERS' EQUITY	**1,441**	**1,397**
TOTAL SHAREHOLDERS' EQUITY	**91,421**	**95,106**
NON CURRENT LIABILITIES		
Long term financial debts	20,521	26,316
of which towards related parties	*9,831*	*10,714*
Termination Indemnities	4,128	4,325
Deferred Tax liabilities	1,012	1,131
Risks reserves	968	1,431
Other non current liabilities	441	493
TOTAL NON CURRENT LIABILITIES	**27,070**	**33,696**
CURRENT LIABILITIES		
Current portion of long term financial debts	7,225	7,861
of which towards related parties	*955*	*714*
Trade payables	59,459	54,673
of which towards related parties	*868*	*1,928*
Short term borrowings	13,277	5,965
Income tax payables	4,193	2,425
Other current liabilities	3,915	4,862
TOTAL CURRENT LIABILITIES	**88,069**	**75,786**
TOTAL LIABILITIES	**115,139**	**109,482**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**206,560**	**204,588**

INTERIM CONSOLIDATED INCOME STATEMENT

For the nine months period ended December 31, 2011 and December 31, 2010.

	Nine Months	
(In thousands of Euro)	Financial Year 2011/2012	Financial Year 2010/2011
Revenues from sales and services	118,230	111,336
Other recurring revenues	213	166
TOTAL REVENUES	**118,443**	**111,502**
Cost of raw materials and consumables	(66,108)	(58,681)
Cost of services	(33,526)	(34,566)
of which towards related parties	*(2,010)*	*(1,962)*
of which cost of services not recurring	-	*(35)*
Personnel cost	(19,249)	(19,171)
Other net operating (charges) incomes	1,859	1,387
of which not recurring	-	*1,826.00*
Amortization and depreciation	(2,257)	(3,860)
of which not recurring	0	*(1,261)*
TOTAL OPERATING EXPENSES	**(119,281)**	**(114,891)**
OPERATING INCOME (LOSS)	**(838)**	**(3,389)**
Financial Expenses	(2,839)	(2,378)
of which towards related parties	*(515)*	*(834)*
Financial Incomes	1,056	289
INCOME (LOSS) BEFORE INCOME TAXES	**(2,621)**	**(5,478)**
Income Taxes	(2,639)	(1,372)
NET INCOME (LOSS) FOR THE PERIOD	**(5,260)**	**(6,850)**
Attributable to:		
Group	(5,304)	(6,823)
Minorities	44	(27)
Basic Earning (Losses) per Share(*)	**(0.07)**	**(0.09)**
Diluted Earning (Losses) per Share(*)	**(0.07)**	**(0.09)**

(*) The basic net result per share has been calculated by dividing the net result for the period that was attributable to the ordinary shareholders of the Issuer Damiani S.p.A. for the weighted average number of the shares that were in circulation within the relative accounting period.

Details of the shares taken into account for the purposes of calculating Basic and Diluted result per share are set out below:

Basic Earnings (Losses) per Share	**Nine Months** Financial Year 2011/2012	Financial Year 2010/2011
Number of ordinary shares at the beginning of the period	82,600,000	82,600,000
Number of ordinary shares at the end of the period	82,600,000	82,600,000
Weighted average number of ordinary shares for computation of basic earnings per share	77,851,321	78,185,170
Basic Earnings per Share (amount in Euro)	**(0.07)**	**(0.09)**

Diluted Earnings (Losses) per Share	Financial Year 2011/2012	Financial Year 2010/2011
Number of ordinary shares at the beginning and at the end of the period	82,600,000	82,600,000
Diluted effect from Stock option plan	-	-
Weighted average number of ordinary shares for computation of basic earnings per share	77,851,321	78,185,170
Diluted Earnings per Share (amount in Euro)	**(0.07)**	**(0.09)**

INTERIM COMPREHENSIVE INCOME STATEMENT

For the nine months period ended December 31, 2011 and December 31, 2010.

(in thousands of Euro)	**Nine Months** Financial Year 2011/2012	Financial Year 2010/2011
Net income (Loss) for the period	**(5,260)**	**(6,850)**
Gain (Losses) on cash flow hedges	16	41
Fiscal Effect	(4)	(11)
Gain (Losses) on exchange differences on translating foreign opera	580	1,004
Fiscal Effect	761	526
Total Comprehensive Income (loss) for the period	**(3,907)**	**(5,290)**

STATEMENT OF CHANGES IN EQUITY

For the nine months period ended December 31, 2011 and December 31, 2010.

(in thousands of Euro)	Share Capital	Share Premium Reserve	Legal Reserve	Cash flow hedging reserve	Shareholders payment reserve	Stock option reserve	Own Shares	Other reserves	Net income (Loss) for the period	Group shareholder's equity	Minorities shareholder's equity	Total shareholder's equity
Balances at March 31, 2010	**36,344**	**69,858**	**2,434**	**(56)**	**8,618**	**108**	**(8,227)**	**16,703**	**(18,242)**	**107,540**	**1,487**	**109,027**
Allocation of the result for the period								(18,242)	18,242	-		-
Other comprehensive income(loss)				30				1,530	(6,823)	(5,263)	(27)	(5,290)
Stock option						(5)				(5)		(5)
Other movements							2	86		88	(61)	27
Balances at December 31, 2010	**36,344**	**69,858**	**2,434**	**(26)**	**8,618**	**103**	**(8,225)**	**77**	**(6,823)**	**102,360**	**1,399**	**103,759**

(in thousands of Euro)	Share Capital	Share Premium Reserve	Legal Reserve	Cash flow hedging reserve	Shareholders payment reserve	Stock option reserve	Own Shares	Other reserves	Net income (Loss) for the period	Group shareholder's equity	Minorities shareholder's equity	Total shareholder's equity
Balances at March 31, 2011	**36,344**	**69,858**	**2,434**	**(16)**	**8,618**	**92**	**(8,225)**	**(871)**	**(14,525)**	**93,709**	**1,397**	**95,106**
Allocation of the result for the period								(14,525)	14,525	-		-
Other comprehensive income(loss)				12				1,341	(5,304)	(3,951)	44	(3,907)
Stock option						156				156		156
Other movements						(5)	71			66		66
Balances at December 31, 2011	**36,344**	**69,858**	**2,434**	**(4)**	**8,618**	**243**	**(8,154)**	**(14,055)**	**(5,304)**	**89,980**	**1,441**	**91,421**

CASH FLOW STATEMENT

For the nine months period ended December 31, 2011 and December 31, 2010.

	Nine Months	
(in thousand of Euro)	Financial Year 2011/2012	Financial Year 2010/2011
CASH FLOW PROVIDED BY OPERATING ACTIVITIES		
Net Income / (Loss) for the period	(5,260)	(6,850)
Adjustments to reconcile the profit (loss) for the period to the cash flow generated (absorbed) by operations:		
Amortization and depreciation	2,257	3,860
Costs / (Revenues) for stock option	222	(5)
(Gains) / Losses from disposals	(1)	(471)
Provisions to Bad debts reserve	331	317
Provisions /(Utilizations) to risks reserves	(463)	-
Changes in the fair value of financial instruments	(336)	(30)
Provisions in termination indemnities	78	302
Payements for termination indemnities	(275)	(195)
Changes in the deferred tax assets and liabilities	875	(1,965)
	(2,572)	(5,037)
Changes on operational assets and liabilities:		
Trade receivables	(5,722)	3,165
Inventories	(510)	315
Trade payables	4,786	40
Tax receivables	208	1,596
Income tax payables	1,768	1,900
Other current assets and current and non current liabilities	(2,236)	(4,489)
NET CASH FLOW PROVIDED (ABSORBED) BY OPERATING ACTIVITIES (A)	**(4,278)**	**(2,510)**
CASH FLOW FROM INVESTING ACTIVITIES		
Cash in from disposals of tangible and intangible assets	27	1,463
Leaseback w rite-off	-	151
Tangible fixed assets purchased	(1,144)	(705)
Intangible fixed assets purchased	(103)	(86)
Net changes in the other non current assets	(650)	493
NET CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES (B)	**(1,870)**	**1,316**
CASH FLOW FROM FINANCING ACTIVITIES		
Leaseback debt w rite-off	-	(184)
Repayment of long-term debt	(6,431)	(8,858)
Net change in short-term financial liabilities	7,312	7,285
Purchase of ow n shares	-	-
Share Capital increase	-	-
Other changes in net equity	1,098	1,241
NET CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES ©	**1,979**	**(516)**
TOTAL CASH FLOW (D=A+B+C)	**(4,169)**	**(1,710)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (E)	**10,217**	**7,332**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (F=D+E)	**6,048**	**5,622**

Declaration under article no. 154 bis, paragraph 2, of T.U.F.

The Executive in charge of preparing the Company's financial reports declares, in compliance with paragraph 2 of Article no. 154bis of the Italian law "Testo Unico della Finanza" that on the basis of his knowledge the accounting information contained in the Interim Consolidated Report as of December 31, 2011 corresponds to the documental results, books and accounting records.

The Executive in charge of preparing the Company's financial reports
Mr. Gilberto Frola