DAMIANI S.p.A.

Consolidated Interim Financial Report
as of December 31, 2012

(9 months period – April/December 2012)
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 08, 2013

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CORPORATE BODIES

Board of Directors [1]

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.

Audit and Risk Committee

Fabrizio Redaelli (Chairman)

Roberta Benaglia

Giancarlo Malerba

Remuneration Committee

Fabrizio Redaelli (Chairman)

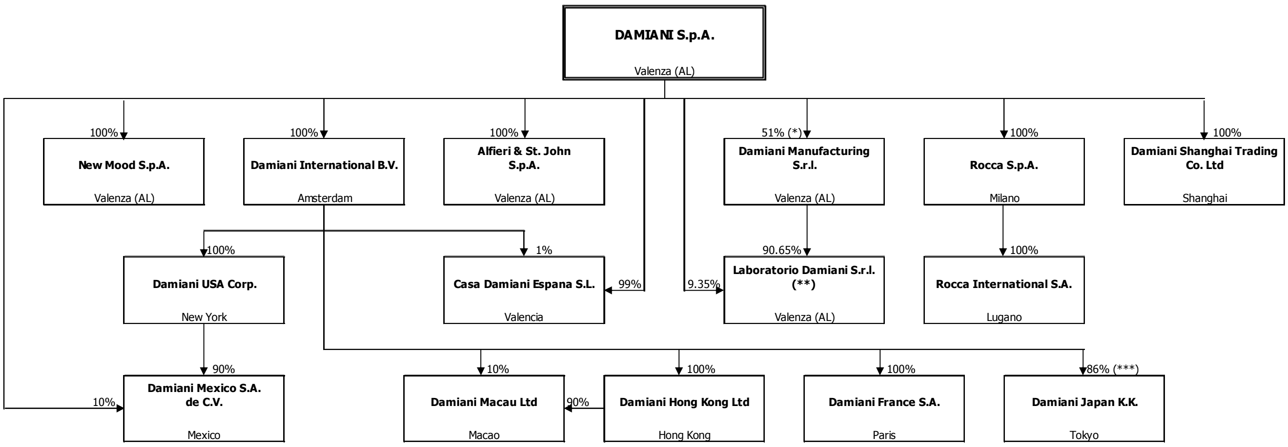
Roberta Benaglia

Giancarlo Malerba

[1] Appointed by the Shareholders' Meeting of Damiani SpA of July 26, 2012 and in office for the period 2012-2015, until the approval of the Financial statements for the year ended March 31, 2015.

REPORT ON OPERATIONS [(2)]

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. and 9.35% is held by Damiani S.p.A.. Overall Damiani S.p.A. holds 55.58% of the share capital of Laboratorio Damiani S.r.l..
(***) Since January 2012 14% of Damiani Japan is held by Itochu Corporation

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, 2012 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.

In the first nine months of the financial year 2012/2013 the consolidation area of the Group underwent the following change:
- In the month of August 2012 was established the Chinese subsidiary Damiani Shanghai Trading Co. Ltd., wholly owned by Damiani S.p.A., with registered office in Shanghai, Pudong New Area. The share capital of this new company is 15 million Renminbi (CNY). The company's purpose is the import and distribution in China of jewelry and watches. At December 31, 2012 the subsidiary was not yet operational.

The Group, focused on the production and distribution of jewelry in Italy and abroad, offers, through its brands, wide coverage of the major market segments in order to satisfy consumers with jewelry in various price ranges. The brands in the portfolio are five: Damiani, Salvini, Alfieri & St. John, Bliss and Calderoni.
In addition, through the network of properties under the brand name Rocca, the Group distributes in multi-brand boutiques even third party brands, in particular concerning watches sector.

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 stores managed directly by the Group. As of December 31, 2012 the POS were 50, of which 33 monobrand Damiani, two monobrand Bliss and 15 multibrand Rocca

[2] Damiani Group closes its financial year at March 31, and therefore the period from April 1, 2012 to December 31, 2012 represents the first nine months of the financial year that will end on March 31, 2013 (hereafter the 2012/2013 Financial Year). For comparative purposes are shown data for the prior year period, first nine months of the 2011/2012 Financial Year.

boutiques. In geographical terms the POS network was as follows:

Boutiques	Italy	Rest of the World	Japan	Americas	**Total**
Mono-brand Damiani	10	4	11	8	**33**
Mono-brand Bliss	2	-	-	-	**2**
Multi-brand Rocca	14	1	-	-	**15**
Total	**26**	**5**	**11**	**8**	**50**

Criteria used and accounting standards

Damiani Group prepared the consolidated interim financial report as of December 31, 2012, not audited by the independent auditors, in compliance with article n. 154 ter of Italian Law (T.U.F.) introduced by the Legislative Decree n. 195/2007 that carried out European Community Directive n. 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, 2012.

Appointment of the new Board of Directors of Damiani S.p.A.

The Shareholders' Meeting of July 26, 2012 has appointed the new Board of Directors of Damiani S.p.A. confirming for a further three years, until the approval of the Financial statements as of March 31, 2015 the eight Directors to expire.
The new Board of Directors of Damiani S.p.A. met on July 26, 2012 has then appointed Guido Grassi Damiani as President and CEO, Giorgio and Silvia Grassi Damiani as Vice President, Stefano Graidi as Director in charge of the system of internal control and risk management and Fabrizio Redaelli as Lead Independent Director.
After verifying the requirements of non-enforceability and independence, under article 148 of the Legislative Decree n. 58/1998 and article 3 of the Code of Conduct for listed companies, the Directors Fabrizio Redaelli, Roberta Benaglia and Giancarlo Malerba were called to form the Remuneration Committee and the Audit and Risk Committee.
The Board of Directors of Damiani S.p.A. of July 26, 2012 also ratified the waiver of fees for the financial year 2012/2013 for the Directors Guido Grassi Damiani (President and CEO), Giorgio Grassi Damiani (Vice President) and Silvia Grassi Damiani (Vice President). Such waiver, already occurred in the earlier financial year 2011/2012, is related to annual fees of about Euro 1.3 million.
The current composition of the Corporate bodies is on page 3 of this Consolidated interim financial report.

Share buy-back program

The Shareholders' Meeting of July 26, 2012 resolved to authorize – subject to revocation, for the part not executed, of the resolution adopted by the Shareholders' Meeting of July 27, 2011 – 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 n. 58/1998.

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 n. 16,250,000 ordinary shares, at a nominal value of 0.44 euros each, corresponding to the fifth part of the share capital;
- the authorization was granted for a period of 18 months starting from Shareholders' Meeting date and lasting until the date of January 26, 2014;
- the purchase price of each of the own shares 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 share in the trading session of the MTA on the day before each purchase;

- purchase transactions may be made under article 132 of the Italian law T.U.F. and article 144bis of Consob Regulation n. 11971/1999, and in all cases to ensure equal treatment of shareholders and compliance with all applicable laws, including the Community rules.

Please note that at December 31, 2012 Damiani S.p.A. owned n. 5,556,409 own shares, equal to 6.73% of the share capital, and no additional share has been purchased in the April-December 2012 period.

Stock options

The Board of Directors of Damiani S.p.A. on July 26, 2012 voted to continue the implementation of the Stock Option Plan 2009, initially approved by the Shareholders' Meeting of July 22, 2009 and implemented by the Board of Directors of September 24, 2009 and concerning the sale of options to the management of the Damiani Group for the purchase of maximum n. 3,500,000 Damiani shares. The options can now be performed from September 13, 2014 to September 30, 2014 (or, alternatively, in the period between September 13, 2015 to September 30, 2015) at a strike price of Euro 1.45 per share. The value of the option has been set at Euro 0.0202 (or Euro 0.0405 for the alternative period of exercise), determined by the Board of Directors and by the Remuneration Committee with the support of Equita SIM S.p.A.

At the date of approval of this Consolidated interim financial report are ongoing three different plans based on financial instruments under article 114-bis of the Legislative Decree n. 58/1998. In addition to the Stock Option Plan 2009 also:

- Stock Grant Plan 2009, approved by the Shareholders' Meeting of July 22, 2009 and concerning the free allocation of a maximum of n. 1,000,000 Damiani shares to employees and certain directors of the Damiani Group, in one or more tranches, within five years from the date of approval; such plan has been the focus of two cycles of implementation approved by the Board of Directors on September 10, 2009 and June 10, 2011.
- Stock Option Plan 2010, approved by the Shareholders' Meeting of July 21, 2010 and concerning the free allocation of a maximum of n. 3,500,000 Damiani shares to directors, executives, managers, other employees, consultants and contributors, including agents, of the Damiani Group in one or more tranches within five years from the date of approval. Such plan has been the focus of a single cycle of implementation approved by the Board of Directors on April 21, 2011.

For more information see the Remuneration report, prepared by the Board of Directors of Damiani S.p.A. under the article 123-ter of the Legislative Decree n. 58/1998 and the article 84-quater of the Consob Regulation n. 11971/1999 and available on the website www.damiani.com.

Reorganization projects of the Damiani Group

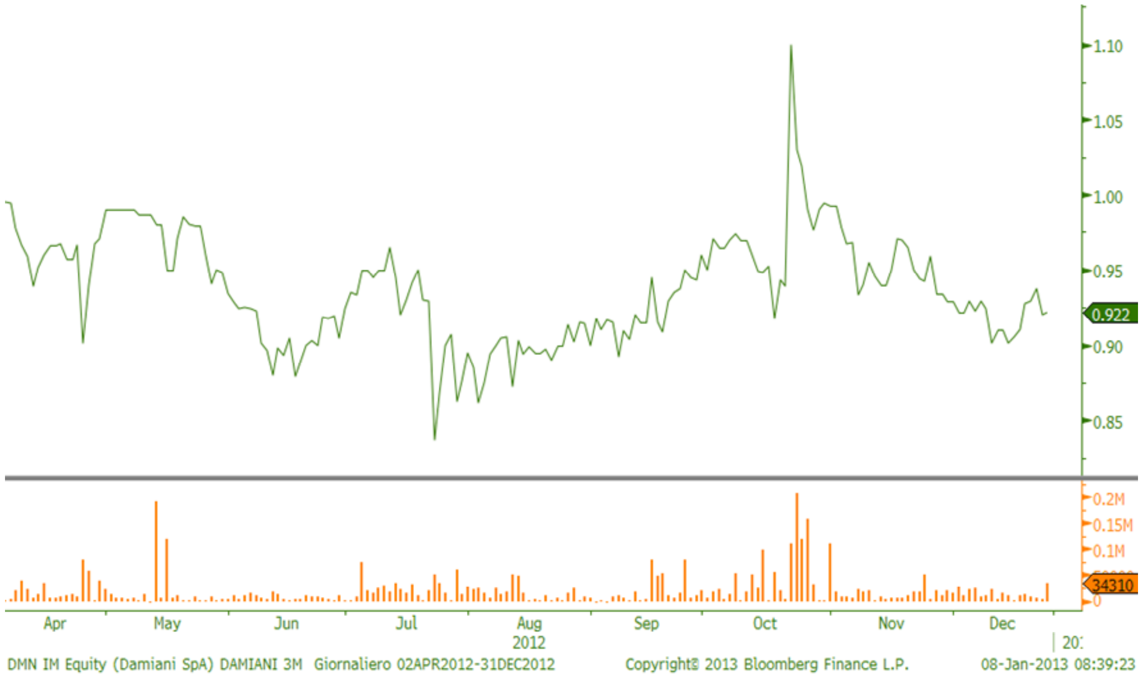
In order to recover efficiency and flexibility in the management of production and distribution processes, the Group has continued during the first nine months of the financial year 2012/2013 in the implementation of the reorganization already defined in its guidelines in the previous financial year.
In detail, these actions include: i) the reorganization of the commercial and logistic activities for the foreign market operated by the subsidiary Damiani International BV (through the operating swiss branch); ii) the polarization in the site of Valenza of all the administrative and logistic activities previously featured on several separate poles; iii) the merger of the wholly owned subsidiaries Alfieri & St. John S.p.A. and New Mood S.p.A. in the parent company Damiani S.p.A.
At December 31, 2012 the described projects are in an advanced stage and will be completed by the end of the current financial year 2012/2013, in accordance with the timeframe initially established. These actions generate benefits to the Group in terms of saving in operating costs that will be visible in the next financial year.

With reference to mergers by incorporation, referred to in point iii), requiring compliance with a formal process and the fulfillment of a series of obligations which are geared to meet the needs and protect the various stakeholders based on the provisions of the company law (arts. 2501 -2505 quater of the Italian Civil Code) and tax law (DPR 917/86), the activities are described below.
The Board of Directors of July 26, 2012 approved the merger projects in Damiani S.p.A. of the wholly owned companies Alfieri & St. John S.p.A and New Mood S.p.A.

The mergers do not involve any capital increase of the acquiring company and are not subject to the procedure on transactions with related parties under Consob Reg. n. 17221/2010.
The documentation concerning the proposed merger was made available to the public in the manner prescribed by the regulations (at the commercial register of Alexandria, the Head Office of incorporating and website www.damiani.com) dated July 30, 2012.
In October 8, 2012 date the Board of Directors of Damiani S.p.A. approved the merger by incorporation of the subsidiaries to 100% Alfieri & St. John S.p.A and New Mood S.p.A. in Damiani S.p.A., pursuant to art. 2505, paragraph 2, of the civil code and pursuant to art. 20 of the bylaws.
On the same day, these mergers were also approved by the respective Boards of directors of Alfieri & St. John S.p.A and New Mood S.p.A.
On December 20, 2012 was formalized, by notarial act, the merger of the companies New Mood S.p.A and Alfieri & St. John S.p.A. in Damiani S.p.A., with effect from January 1, 2013.

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 financial year 2012/2013.



The main share and market data for the nine months period closed at December 31, 2012 are reported below.

Damiani in the Stock Market*

Price on April, 2nd 2012 (euro)	0.995
Price on December 31, 2012 (euro)	0.922
Maximum price (euro)	1.10 (on 22nd October 2012)
Minimum price (euro)	0.8375 (on 23 July 2012)
Average volumes	20,500
Maximum volumes	208,824 (23rd October 2012)
Minimum volumes	2 (on 11 May 2012)
N° shares Company capital	82,600,000
Market capitalisation at December 31, 2012 (euro mln)	76 mln €

* The table above summarizes the main share data as of December 31, 2012
Source: Bloomberg

Key Data

Share Capital	December 31 2012	March 31 2012
Number of shares 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. (1)	57.27%	56.76%
Sparkling Investment S.A. (1)	1.53%	1.45%
Guido Grassi Damiani	5.99%	5.89%
Giorgio Grassi Damiani	6.11%	6.11%
Silvia Grassi Damiani	5.30%	5.31%
Damiani S.p.A. (own shares) (2)	6.73%	6.74%
Market	17.07%	17.74%

Shares held by the subjects indicated by art. 79 Legislative Decree n. 58/98

Individual	Office held	Number of shares
Guido Grassi Damiani (total n. 59,068,986) (3)	Director	4,943,850
Giorgio Grassi Damiani	Director	5,047,371
Silvia Grassi Damiani	Director	4,379,371
Strategic executives		12,000

(1) Companies traceable to Damiani Family

(2) The Shareholders' Meeting of July 26, 2012 approved the authorization, for the part not executed of the resolution of the Shareholders' Meeting of July 27, 2011, for the purchase of own shares up to a maximum of n. 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, 2012 the own shares in portfolio were n. 5,556,409, equal to 6.73% of the share capital.

(3) As controlling shareholder to Mr. Guido Grassi Damiani are traceable the shares owned by: Leading Jewels S.A., Sparkling Investment S.A. and the own shares of Damiani S.p.A.

Main economic data	**Nine months**			
(in thousands of Euro)	Financial Year 2012/2013	Financial Year 2011/2012	Change	Change %
Revenues from sales and services	**107,483**	**118,230**	**(10,747)**	**-9.1%**
Total revenues	107,626	118,443	(10,817)	-9.1%
Cost of production	(108,592)	(117,024)	8,432	-7.2%
EBITDA (*)	**(966)**	**1,419**	**(2,385)**	**n.m.**
EBITDA %	***-0.9%***	***1.2%***		
Amortization and depreciation	(2,228)	(2,257)	29	-1.3%
Operating income	**(3,194)**	**(838)**	**(2,356)**	**n.m.**
Operating income %	***-3.0%***	***-0.7%***		
Net financial income (expenses)	(1,335)	(1,783)	448	-25.1%
Result before taxes	(4,529)	(2,621)	(1,908)	-72.8%
Net result of the Group	(4,738)	(5,304)	566	10.7%
Basic Earnings (Losses) per Share	(0.06)	(0.07)		
Personnel cost	(20,505)	(19,249)	(1,256)	6.5%
Average number of employees (**)	568	573	(5)	-0.9%

(*) 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 2012	March 31 2012	change
Fixed Assets	48,521	50,015	(1,494)
Net working capital	75,490	71,956	3,534
Non current Liabilities	(6,201)	(7,205)	1,004
Net Capital Invested	**117,810**	**114,766**	**3,044**
Net Equity	81,078	86,178	(5,100)
Net Financial Position (*)	36,732	28,588	8,144
Sources of Financing	**117,810**	**114,766**	**3,044**

(*) The net financial position is determined according to the indications of Consob (Italian SEC) communication DEM/6064923 of July 28, 2006.

Comments on the main economic and financial results of the Group

The Damiani Group's total revenues in the first nine months of the financial year 2012/2013 resulted in decrease of 9.1% compared to those recorded in the corresponding period of the previous financial year; the operating result, negative for Euro 3,194 thousand has been penalized by the contraction in revenues and only partly offset by savings achieved between operational costs.
Actions of intervention on the cost structure (whose impacts will be discussed in more detail in the following paragraphs), made during the period, will manifest the benefits on the income statement of the Group mainly in the next year.
The Group's net loss was equal to Euro 4,738 thousand, an improvement of Euro 566 thousand compared to the first nine months of the financial year 2011/2012, due to a reduced impact of financial and fiscal management compared to the corresponding period of the previous financial year.
The following table shows the income statement of the first nine months of the financial year 2012/2013, compared to the statement of the corresponding period of the previous financial year, and then are commented the trends of the main economic items.

Profit & Loss	**Nine Months**			
(in thousands of Euro)	Financial Year 2012/2013	Financial Year 2011/2012	Change	Change %
Revenues from sales and services	107,483	118,230	(10,747)	-9.1%
Other recurring revenues	143	213	(70)	-33.0%
Total revenues	**107,626**	**118,443**	(10,817)	-9.1%
Cost of production	(108,592)	(117,024)	8,432	-7.2%
EBITDA (*)	**(966)**	**1,419**	(2,385)	n.m.
EBITDA %	***-0.9%***	***1.2%***		
Depreciation and amortization	(2,228)	(2,257)	29	-1.3%
Operating income	**(3,194)**	**(838)**	(2,356)	n.m.
Operating income %	***-3.0%***	***-0.7%***		
Net financial incomes (expenses)	(1,335)	(1,783)	448	-25.1%
Result before taxes	**(4,529)**	**(2,621)**	(1,908)	-72.8%
Result before taxes %	***-4.2%***	***-2.2%***		
Taxes	(388)	(2,639)		
Net result	**(4,917)**	**(5,260)**	343	6.5%
Net result %	***-4.6%***	***-4.4%***		
Minorities Interests	(179)	44	(223)	n.m.
Net result of the Group	(4,738)	(5,304)	566	10.7%
Net result of the Group %	*-4.4%*	*-4.5%*		

(*) 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 the financial year 2012/2013 were equal to Euro 107,483 thousand, a decrease of 9.1% compared to those recorded in the corresponding period of the previous financial year. At constant exchange rates the decrease in revenues would have been instead of 10.1% compared to the same period of the previous financial year.
The following table shows the revenues breakdown by channels.

	Nine Months			
Revenues by Sales Channel	**Financial Year**	**Financial Year**		
(In thousands of Euro)	**2012/2013**	**2011/2012**	**Change**	**Change %**
Retail (*)	**38,757**	**35,208**	**3,549**	**10.1%**
Percentage on total revenues	*36.0%*	*29.7%*		
Wholesale	**68,726**	**83,022**	**(14,296)**	**-17.2%**
Percentage on total revenues	*63.9%*	*70.1%*		
Total revenues from sales and services	**107,483**	**118,230**	**(10,747)**	**-9.1%**
Percentage on total revenues	*99.9%*	*99.8%*		
Other revenues	**143**	**213**	**(70)**	**-32.9%**
Percentage on total revenues	*0.1%*	*0.2%*		
Total Revenues	**107,626**	**118,443**	**(10,817)**	**-9.1%**

(*) In the financial year 2012/2013 revenues made in corner active in department stores with use of employees have been included in the retail channel. Therefore, in order to make comparable correctly the two periods the corresponding revenues for the first nine months of the financial year 2011/2012 have been reclassified from wholesale to retail.

- In retail channel revenues were equal to Euro 38,757 thousand, an increase of 10.1% at current exchange rates compared to the equivalent period of the previous financial year, confirming a positive long-term trend that testifies to the quality of the offer mostly with the brand Damiani, with mono-brand boutiques in Italy and abroad that recorded an increase in revenues of +26% in nine months; the Rocca multi-brand, present almost exclusively in Italy, recorded a growth of 1% of revenues, in spite of the generalized contraction in the domestic consumption in luxury goods.
- In wholesale channel revenues were equal to Euro 68,726 thousand, -17.2% at current exchange rates, mainly as a result of the contraction in the domestic market (-20.7%), heavily affected by the stagnation of consumption and by the resulting caution in purchases by the category of jewelers, while abroad fell by -7.8%, due to lower sales in the Americas.

In the third quarter of the financial year 2012/2013 revenues from sales and services were equal to Euro 49,791 thousand, compared to Euro 57,016 thousand in the corresponding quarter in the previous financial year. The reduction was entirely due to the wholesale channel (-19%), while in retail there has been an increase (+8%).

<u>Cost of production</u>

Total net production costs in the first nine months of the financial year 2012/2013 were equal to Euro 108,592 thousand, a decrease of Euro 8,432 thousand (-7.2%) compared to the corresponding period of the previous financial year (Euro 117,024 thousand).
In detail the trend of the main items in the nine-month period ended December 31, 2012:

- The **Costs for raw materials and other materials (including purchase of finished goods)**, were equal to Euro 60,230 thousand in contraction of 8.9% compared to the equivalent period the financial year 2011/2012 (Euro 66,108 thousand). The reduction is directly related to lower revenues from sales recorded during the period compared to the previous year.
- The **Costs for services** amounted to Euro 30,232 thousand, a reduction of 9.8% compared to the equivalent period of the previous year (Euro 33,526 thousand); the contraction is caused by actions of savings.
- The **Personnel cost** was equal to Euro 20,505 thousand with an increase of 6.5% compared to the corresponding period of the previous financial year (Euro 19,249 thousand). In the first nine months of the financial year 2012/2013, the Group has launched a number of restructuring actions, that will complete within the next months, with the aim of rationalizing some business processes. The full benefits will only be visible in the next financial year 2013/2014, while the current income statement is partially penalized by contractual costs related to the dismissal of some managers. In the first nine months of the current year the average number of employees was n. 568 units (compared with an average of n. 573 units in the corresponding period of the previous year. In December 2012, the workforce was reduced to n. 565 units compared to n. 582 units in December 2011).
- The **other net operating (charges)/incomes** showed during the first nine months of the financial year 2012/2013 a positive balance of Euro 2,375 thousand compared to a positive balance of Euro 1,859 thousand in the corresponding period of the financial year 2011/2012. The balance in the financial year 2012/2013 also includes the compensation for the loss of goodwill that the subsidiary New Mood S.p.A has received for the issuance of a shop. The balance in the financial year 2011/2012 included the positive effects of Euro 2,135 thousand related to a revaluation of the return fund allocated in previous years, owing to the contraction of the volume of returns from customers.

<u>EBITDA</u>

The combined effect of revenues and costs of production above described determined an EBITDA, in the nine-month period ended December 31, 2012, negative for Euro 966 thousand, worsening of Euro 2,385 thousand compared to the gross operating profit of Euro 1,419 thousand of the corresponding period of the previous financial year.

Amortization and Depreciation

In the nine months period ended December 31, 2012 the value of amortization and depreciation amounted to Euro 2,228 thousand, a decrease of Euro 29 thousand compared to the prior year period (equal to Euro 2,257 thousand).

Operating result

Overall the Group's operating result in the first nine months of the financial year 2012/2013 was negative and results in worsening of Euro 2,356 thousand compared to the operating loss of the same period of the previous financial year. The contraction in total revenues of Euro 10,817 thousand was partially offset by lower net operating costs for Euro 8,461 thousand.

Net financial incomes/(expenses)

The balance of net financial incomes/(expenses) in the first nine months of the financial year 2012/2013 was negative for Euro 1,335 thousand, an improvement of Euro 448 thousand compared to the negative balance of Euro 1,783 thousand in the prior year period. The variation was mainly influenced by the positive impact of foreign exchange differences.

Current, prepaid and deferred taxes

In the nine months period ended December 31, 2012 taxes had a negative impact equal to Euro 388 thousand vs. a negative balance of Euro 2,639 thousand in the same period of the financial year 2011/2012. The major burden for the financial year 2011/2012 was due to the effects arising from the release of deferred tax assets, recorded in previous years, referring to temporary differences between book value and tax value (for funds for return on sales and unrealized intra-group margins).

Net Result

The Net consolidated result of the Group in the first nine months of the financial year 2012/2013 was negative for Euro 4,738 thousand vs. a negative net result equal to Euro 5,304 thousand in the same period of the financial year 2011/2012, with a consequent improvement of Euro 566 thousand.

Capital and financial situation

The following table shows the reclassified consolidated balance sheet of Damiani Group at December 31, 2012, compared to that at March 31, 2012, and then discussed the main changes.

Balance sheet data (In thousands of Euro)	December 31 2012	March 31 2012	change
Fixed Assets	48,521	50,015	(1,494)
Net working capital	75,490	71,956	3,534
Non current Liabilities	(6,201)	(7,205)	1,004
Net Capital Invested	**117,810**	**114,766**	**3,044**
Net Equity	81,078	86,178	(5,100)
Net Financial Position (*)	36,732	28,588	8,144
Sources of Financing	**117,810**	**114,766**	**3,044**

(*) The net financial position is determined according to the indications of Consob (Italian SEC) communication DEM/6064923 of July 28, 2006.

Fixed Assets

As of December 31, 2012 the fixed assets of the Group were equal to Euro 48,521 thousand, decreasing of Euro 1,494 thousand compared to the value of March 31, 2012 (Euro 50,015 thousand). The decrease was mainly due to the depreciation of the period against limited capex (overall Euro 1,169 thousand).

Net working capital

As of December 31, 2012 the net working capital amounted to Euro 75,490 thousand, up Euro 3,534 thousand compared to the value of March 31, 2012: the dynamics of its components is related to the normal trend of production/distribution process with the increase in December of trade receivables related to sales on the wholesale channel during the high season (October-December), with delayed collection.

Non-current liabilities

As of December 31, 2012 the non-current liabilities amounted to Euro 6,201 thousand, a decrease compared to the end of the previous financial year (equal to Euro 7,205 thousand), mainly due to the partial use of the risk reserve formed in the previous financial year (Euro 803 thousand).

Shareholders' Equity

As of December 31, 2012 Net equity amounted to Euro 81,078 thousand, a decrease of Euro 5,100 thousand if compared to March 31, 2012, mainly for the negative net result of the period (net loss of Euro 4,917 thousand, including minority interests), and by the effects of exchange rate on translation accounted in the other reserves of the net equity. In the nine months period have not been purchased any own shares.

Net financial position

The composition of the net financial position as of December 31, 2012 and its evolution with respect to March 31, 2012 is given in the following table.

Net Financial Position (*) (in thousands of Euro)	December 31 2012	March 31 2012	Change
Medium-long term loans and financing - Current portion	5,579	6,075	(496)
Usage of credit lines, short term financing and others	27,861	8,617	19,244
Medium-long term loans and financing with related parties - Current portion	1,020	975	45
Current financial indebtness	**34,460**	**15,667**	**18,793**
Medium-long term loans and financing - Non current portion	5,125	10,000	(4,875)
Medium-long term loans and financing with related parties - Non current portion	8,531	9,579	(1,048)
Non current financial indebtness	**13,656**	**19,579**	**(5,923)**
Total gross financial indebtness	**48,116**	**35,246**	**12,870**
Cash and cash equivalents	(11,384)	(6,658)	(4,726)
Net Financial Position (*)	**36,732**	**28,588**	**8,144**

(*) The net financial position is determined according to the indications of Consob (Italian SEC) communication DEM/6064923 of July 28, 2006.

The Group at December 31, 2012 had a net financial debt of Euro 36,732 thousand in worsening of Euro 8,144 thousand compared to March 31, 2012, due to the effects of the negative economic performance of the period and for the change in net working capital. Compared to March 31, 2012, the growth of the weight of current financial exposure to banks on the total gross indebtedness did not result in a deterioration in terms of burden, because the rate on short term is currently lower than the rate paid on the medium/long term loans. The short-term credit lines of the Group continue to be only partially used.

Please note that the December 31, 2012 the net financial position includes Euro 9,551 thousand for debts toward related party for real estate transactions accounted as sale and lease-back operations. Excluding that component, the net financial debt to the banking system in December 31, 2012 was equal Euro 27,181 thousand.

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 sectors are thus formed:

i) The Italy segment includes the revenues and the operating costs of the parent company Damiani S.p.A. and its direct subsidiaries which operate in Italy;
ii) The Americas segment includes the revenues and the operating costs of Damiani USA Corp. that is located in New York and that distributes the Group's products in the whole continent and the subsidiary Damiani Mexico S.A. de C.V., focused on the Mexican market;
iii) The Japan segment includes the revenues and the operating costs of Damiani Japan K.K. which operates in Japan;
iv) The Rest of the World segment includes the revenues and the operating costs of the other subsidiaries that operate and sell in all those other countries which are not included in the above geographical areas.

During the first nine months of the financial year 2012/2013 have been implemented reorganizational actions in the Damiani Group that resulted in the reallocation of operational activities relating to international markets. In order to maintain comparability between periods in the economic information by geographical segments we proceed also using data taken from internal management systems of the Group, in order to properly allocate revenues and operating costs on the relevant geographical areas.
In the following table are shown the revenues by geographical sectors in the nine-month period ended December 31, 2012 and in the corresponding period of the previous financial year.

	Nine Months				
Revenues by Geographical Area (In thousands of Euro)	**Financial Year 2012/2013**	**% of total**	**Financial Year 2011/2012**	**% of total**	**change %**
Italy	**76,477**	71.1%	**87,859**	74.2%	-13.0%
- revenues from sales and services	76,358		87,662		
- other revenues	119		197		
Rest of the World	**17,996**	16.7%	**17,876**	15.1%	0.7%
- revenues from sales and services	17,979		17,862		
- other revenues	17		14		
Japan	**9,340**	8.7%	**7,480**	6.3%	24.9%
- revenues from sales and services	9,333		7,478		
- other revenues	7		2		
Americas	**3,813**	3.5%	**5,228**	4.4%	-27.1%
- revenues from sales and services	3,813		5,228		
- other revenues	-		-		
Total revenues	**107,626**	**100%**	**118,443**	**100%**	-9.1%

The Revenues by geographical areas showed the following trends:

- The decrease of revenues in **Italy** (-13% compared to the same period of the financial year 2011/2012) was due to the contraction of the wholesale sales.
- The **Rest of the world** recorded an increase of +0.7% over the same period of the previous financial year with the confirmation of the good sales trend in areas in which the awareness of the brand Damiani is growing and where the Group is focusing its development initiatives (in particular in the countries of the former Soviet Union and in the Greater China);

- The increase recorded in **Japan** (+24.9% at current exchange rates) was mainly due to the good performance of the retail channel;
- in the **Americas** sales decreased by -27.1% at current exchange rates, as a result of lower wholesale sales.

Overall, the weight of foreign revenues in the first nine months of the financial year 2012/2013 was equal to about 29% of total (was around 26% in the first nine months of the previous financial year).

The following table shows the EBITDA breakdown by geographical areas in the first nine months of the financial year 2012/2013 and in the corresponding period of the previous year.

EBITDA by Geographical Area (*)	**Nine Months**			
(in thousands of Euro)	Financial Year 2012/2013	Financial Year 2011/2012	change	change %
Italy	**851**	**4,577**	(3,726)	-81.4%
Rest of the World	**1,442**	**704**	738	104.8%
Japan	**(1,970)**	**(1,363)**	(607)	-44.5%
Americas	**(1,289)**	**(2,499)**	1,210	48.4%
Consolidated EBITDA	**(966)**	**1,419**	(2,385)	n.m.
% on Revenues	*-0.9%*	*1.2%*		

(*) 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 recorded a worsening of gross operating profit compared to the same period of the prior financial year due to contraction of revenues from sales partly offset by lower operating costs.
- In the **Rest of the world** the EBITDA improvement was related to the efficiency of the cost structure against total revenues stable.
- The worsening of EBITDA in **Japan** was due to major operating costs incurred for the development in the retail channel in which the increase in revenues, already present, will allow in the near future to reach the break-even point.
- The improvement of EBITDA in **the Americas** was primarily the consequence of saving actions conducted on operating costs, despite contraction in revenues.

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, 2012 and in the same period of the previous financial year are displayed hereunder.

(in thousands of Euro)	First nine months 2012/2013		Balance at December 31, 2012		
	Net operating costs	Financial expenses	Other current assets	Financial debts (including leasing)	Trade payables
Total with related parties	(122)	(697)	1,411	(9,551)	(1,549)
Total from Financial Statements	(110,820)	(1,616)	12,825	(48,116)	(47,710)
% age weight	0.1%	43.1%	11.0%	19.8%	3.2%

(in thousands of Euro)	First nine months 2011/2012		Balance at December 31, 2011		
	Net 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	1.9%	18.1%	8.5%	26.3%	1.5%

Non-recurring, atypical and/or unusual operations

In the period there were no positions or transactions deriving from atypical and unusual operations as defined in the Consob ruling n. 15519 as of July 27, 2006.
As non-recurring operation it should be noted:

- compensation for the loss of goodwill pursuant to art. 34 of law 392/78 perceived by the subsidiary New Mood S.p.A. for the issuance of commercial premises in Milan, owned by related party, for an amount of Euro 1,955 thousand (gross of the related tax effects). The amount was accounted among other operating income.

Significant events of the quarter

On October 14, 2012 was broadcast on TV, on the main national networks, the new spot Damiani which offers the same atmospheres that also characterized the press campaign.
On October 23, 2012 Damiani received by the Indian Government the approval in the demand for investment to acquire 51% of the share capital of Damiani India Pvt Ltd., the company that manages the Damiani boutique opened in May 2012 in New Delhi. In accordance with this authorization will provide for the acquisition of control of the subsidiary and to enter in a partnership agreement with local entrepreneurs to further develop the retail business in India.
From 7 to 26 November, 2012 Damiani participated in the exhibition "Exhibitaly – Italian Excellences" in Moscow, sponsored by the Presidency of Council on the excellence of Made in Italy. The project is divided into four events dedicated to the design, fashion, technology and food. Damiani participates in the section on design with two Oscars of the jewelry won in the past: Blue Moon earrings and bracelet Onda Marina.
Damiani has created the necklace "Aro necklace" that appears in the second part of the saga Twilight – The breaking dawn 2.
From the month of October (and in some cases from November) have been resolved in advance some leases relating to buildings used by the Group (particularly offices in Milan and Valencia), owned by related parties. Such actions fall within the scope of the reorganization being implemented within the Group, which will lead to a concentration of facilities in a smaller number of properties in order to generate efficiencies in processes and cost savings.
In December 2012 was opened in franchising a flagship Damiani in Singapore Scotts Square, the shopping center in the city where there are major international luxury brands.

Significant events after the end of the quarter

In January 2013, was opened a new store Damiani in franchising in Suzhou, the metropolis of more than 4 million people located in Eastern China with a strong tourist.
The boutique is located within Suzhou Tower Shopping Mall, the most important and prestigious mall of the city, where there are large international luxury brands. With this opening, the Group continues its expansion in Greater China and to Suzhou represents the seventh store.
Cruciani and Damiani, two maison of the excellence of made in Italy, continue in January 2013 their collaboration started in previous months with the production of a bracelet for Valentine's day, in limited edition, embellished with diamonds and silver.

Business Outlook

The Group's economic performance in the first nine months of the current financial year has been heavily influenced by the contraction of consumption recorded in Italy, the main market of the Group. This contraction, destined to keep on in the latter part of the financial year, is the direct consequence of the gradual deterioration in both the country's macroeconomic indicators (crisis of the industrial system, rising unemployment rate, etc.) and the lack of confidence among consumers also fueled by Government measures implemented, such as the maximum of 1,000 euro for cash payments that is particularly detrimental to our industry. Such a climate is further fueled by the uncertainty of possible outcomes of the upcoming political elections and the consequent governmental measures. Group sales in the domestic wholesale channel are those that have been most affected by this situation.
At the same time, the positive trend of retail, both in Italy and abroad, confirms once again the quality of the offer and the validity of the strategy that the Group is implementing, aimed at developing this distribution channel.
In the nine months have progressed, in line with the established program, actions aimed at streamlining internal processes, with structural interventions on consistency in operating costs. These actions will continue in the last quarter of the current financial year; its benefits will be fully evident in the next financial year 2013/2014.

Under art. 3 of Consob Resolution n. 18079 of January 20, 2012 we inform you that Damiani S.p.A. uses the derogation provided for articles 70, paragraph 8, and 71, paragraph 1-bis, of Consob Regulation n. 11971/99 and subsequent changes and additions.

Milan, February 8, 2013

For the Board of Directors
President and CEO
Mr. Guido Grassi Damiani

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2012

CONSOLIDATED BALANCE SHEET STATEMENT

At December 31, 2012 and at March 31, 2012.

(in thousands of Euro)	December 31, 2012	March 31, 2012
NON-CURRENT ASSETS		
Goodwill	4,984	4,984
Other Intangible Fixed Assets	4,910	5,227
Tangible Fixed Assets	16,280	17,460
Investments	167	167
Financial receivables and other non current assets	4,009	3,924
Deferred tax assets	18,171	18,253
TOTAL NON CURRENT ASSETS	**48,521**	**50,015**
CURRENT ASSETS		
Inventories	86,573	87,791
Trade receivables	30,467	29,320
Tax receivables	1,839	1,769
Other current assets	12,825	11,788
of which towards related parties	*1,411*	*1,166*
Cash and cash equivalents	11,384	6,658
TOTAL CURRENT ASSETS	**143,088**	**137,326**
TOTAL ASSETS	**191,610**	**187,341**
GROUP SHAREHOLDERS' EQUITY		
Share Capital	36,344	36,344
Reserves	46,799	58,906
Group net income (loss) for the period	(4,738)	(11,939)
TOTAL GROUP SHAREHOLDERS' EQUITY	**78,405**	**83,311**
MINORITY SHAREHOLDERS' EQUITY		
Minority share capital and reserves	2,851	3,004
Minority net income (loss) for the period	(179)	(137)
TOTAL MINORITY SHAREHOLDERS' EQUITY	**2,673**	**2,867**
TOTAL SHAREHOLDERS' EQUITY	**81,078**	**86,178**
NON CURRENT LIABILITIES		
Long term financial debts	13,656	19,579
of which towards related parties	*8,531*	*9,579*
Termination Indemnities	4,064	4,011
Deferred Tax liabilities	530	843
Risks reserves	1,016	1,819
Other non current liabilities	591	532
TOTAL NON CURRENT LIABILITIES	**19,857**	**26,784**
CURRENT LIABILITIES		
Current portion of long term financial debts	6,599	7,050
of which towards related parties	*1,020*	*975*
Trade payables	47,710	51,180
of which towards related parties	*1,549*	*761*
Short term borrowings	27,861	8,617
Income tax payables	4,069	2,151
Other current liabilities	4,436	5,381
TOTAL CURRENT LIABILITIES	**90,674**	**74,379**
TOTAL LIABILITIES	**110,532**	**101,163**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**191,610**	**187,341**

CONSOLIDATED INCOME STATEMENT

For the nine months period ended December 31, 2012 and December 31, 2011.

	Nine Months	
(in thousands of Euro)	Financial Year 2012/2013	Financial Year 2011/2012
Revenues from sales and services	107,483	118,230
Other revenues	143	213
TOTAL REVENUES	**107,626**	**118,443**
Cost of raw materials and consumables	(60,230)	(66,108)
Cost of services	(30,232)	(33,526)
of which towards related parties	*(2,077)*	*(2,010)*
Personnel cost	(20,505)	(19,249)
Other net operating (charges) incomes	2,375	1,859
of which towards related parties	*1,955*	*(236)*
of which other income not recurring	*1,955*	-
Amortization and depreciation	(2,228)	(2,257)
TOTAL OPERATING EXPENSES	**(110,820)**	**(119,281)**
OPERATING INCOME (LOSS)	**(3,194)**	**(838)**
Financial Expenses	(1,616)	(2,839)
of which towards related parties	*(697)*	*(515)*
Financial Incomes	280	1,056
INCOME (LOSS) BEFORE INCOME TAXES	**(4,529)**	**(2,621)**
Income Taxes	(388)	(2,639)
NET INCOME (LOSS) FOR THE PERIOD	**(4,917)**	**(5,260)**
Attributable to:		
Group	(4,738)	(5,304)
Minorities	(179)	44
Basic Earning (Losses) per Share(*)	**(0.06)**	**(0.07)**
Diluted Earning (Losses) per Share(*)	**(0.06)**	**(0.07)**

(*) The earning (losses) per share are calculated by dividing the net result for the period belonging to the ordinary shareholders of the Issuer Damiani S.p.A. by the weighted average number of the shares in circulation during the period.

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

	Nine Months	
Basic Earnings (Losses) per Share	Financial Year 2012/2013	Financial Year 2011/2012
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	77,680,198	77,851,321
Basic Earnings(Losses) per Share (in Euro)	**(0.06)**	**(0.07)**

Diluted Earnings (Losses) per Share	Financial Year 2012/2013	Financial Year 2011/2012
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 diluted earnings per share	77,680,198	77,851,321
Diluted Earnings(Losses) per Share (in Euro)	**(0.06)**	**(0.07)**

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

For the nine months period ended December 31, 2012 and December 31, 2011.

	Nine Months	
(in thousands of Euro)	Financial Year 2012/2013	Financial Year 2011/2012
Net income (Loss) for the period	**(4,917)**	**(5,260)**
Gain (Losses) on cash flow hedges	3	16
Fiscal Effect	(1)	(4)
Gain (Losses) on exchange differences on translating foreign operations	(288)	580
Fiscal Effect	(57)	761
Total Comprehensive Income (loss) for the period	**(5,260)**	**(3,907)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months period ended December 31, 2012 and December 31, 2011.

(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**

(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, 2012	**36,344**	**69,858**	**2,434**	**(2)**	**8,618**	**264**	**(8,149)**	**(14,117)**	**(11,939)**	**83,311**	**2,867**	**86,178**
Allocation of the result for the period								(11,939)	11,939	-		-
Other comprehensive income(loss)				2				(330)	(4,738)	(5,066)	(194)	(5,260)
Stock option						145				145		145
Other movements							15			15		15
Balances at December 31, 2012	**36,344**	**69,858**	**2,434**	**(0)**	**8,618**	**409**	**(8,134)**	**(26,386)**	**(4,738)**	**78,405**	**2,673**	**81,078**

CONSOLIDATED CASH FLOW STATEMENT

For the nine months period ended December 31, 2012 and December 31, 2011.

	Nine months	
(In thousand of Euro)	Financial Year 2012/2013	Financial Year 2011/2012
CASH FLOW PROVIDED BY OPERATING ACTIVITIES		
Net income (loss) for the period	(4,917)	(5,260)
Adjustments to reconcile the income (loss) for the period to the cash flow generated (absorbed) by operations:		
Amortization, depreciation and devaluation	2,228	2,257
Costs/(revenues) for stock option	160	222
(Gains)/Losses from sale of non current assets	121	(1)
Provisions to Bad Debts Reserve	10	331
Provisions (releases) to risk reserves	(34)	(463)
Changes in the fair value of financial instruments	(83)	(336)
Provisions for termination indemnity	125	78
Termination indemnity payments	(72)	(275)
Changes in the deferred tax assets and liabilities	(237)	875
	(2,700)	(2,572)
Changes on operational assets and liabilities		
Trade receivables	(1,158)	(5,722)
Inventories	1,217	(510)
Trade payables	(3,470)	4,786
Tax receivables	(70)	208
Income tax payables	1,918	1,768
Risk reserves	(769)	-
Other current assets and current and non current liabilities	(1,839)	(2,236)
NET CASH FLOW PROVIDED (ABSORBED) BY OPERATING ACTIVITIES (A)	**(6,869)**	**(4,278)**
CASH FLOW FROM INVESTING ACTIVITIES		
Cash in from disposal of intangible and tangible fixed assets	1	27
Tangible fixed assets purchased	(1,149)	(1,144)
Intangible fixed assets purchased	(20)	(103)
Net change in the other non current assets	(85)	(650)
NET CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES (B)	**(1,253)**	**(1,870)**
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term loans	(6,091)	(6,431)
Net change in short-term financial liabilities	19,244	7,312
Other changes in net equity	(305)	1,098
NET CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES ©	**12,849**	**1,979**
TOTAL CASH FLOW (D=A+B+C)	**4,726**	**(4,169)**
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE YEAR (E)	**6,658**	**10,217**
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD (F=D+E)	**11,384**	**6,048**

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 n. 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, 2012 corresponds to the documental results, books and accounting records.

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