DAMIANI S.p.A.

Consolidated Interim Financial Report as of June 30, 2010

(3 months period – April/June 2010)
Drawn up pursuant to the IAS/IFRS
Not audited by the Independent Auditors

Damiani SpA
46, Viale Santuario, Valenza (AL).
Share Capital €36,344,000
Tax and VAT registration no. 01457570065

August 6, 2010

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CORPORATE BOARDS

Board of Directors

Guido Grassi Damiani (Chairman and CEO)
Giorgio Grassi Damiani (Vice Chairman)
Silvia Grassi Damiani (Vice Chairman)
Roberta Benaglia (Board Director)
Stefano Graidi (Board Director)
Giancarlo Malerba (Board Director)
Fabrizio Redaelli (Board Director)
Francesco Minoli (Board Director) (1)

Board of Statutory Auditors

Gianluca Bolelli (Chairman)
Simone Cavalli (Statutory Auditor)
Fabio Massimo Micaludi (Statutory Auditor)
Pietro Sportelli (Alternate Auditor)
Pietro Michele Villa (Alternate Auditor) (2)
Alessandro Madau (Alternate Auditor) (3)

External Auditors

Reconta Ernst & Young S.p.A.

Internal Control and Corporate Governance Committee

Giancarlo Malerba (Chairman)
Roberta Benaglia
Fabrizio Redaelli

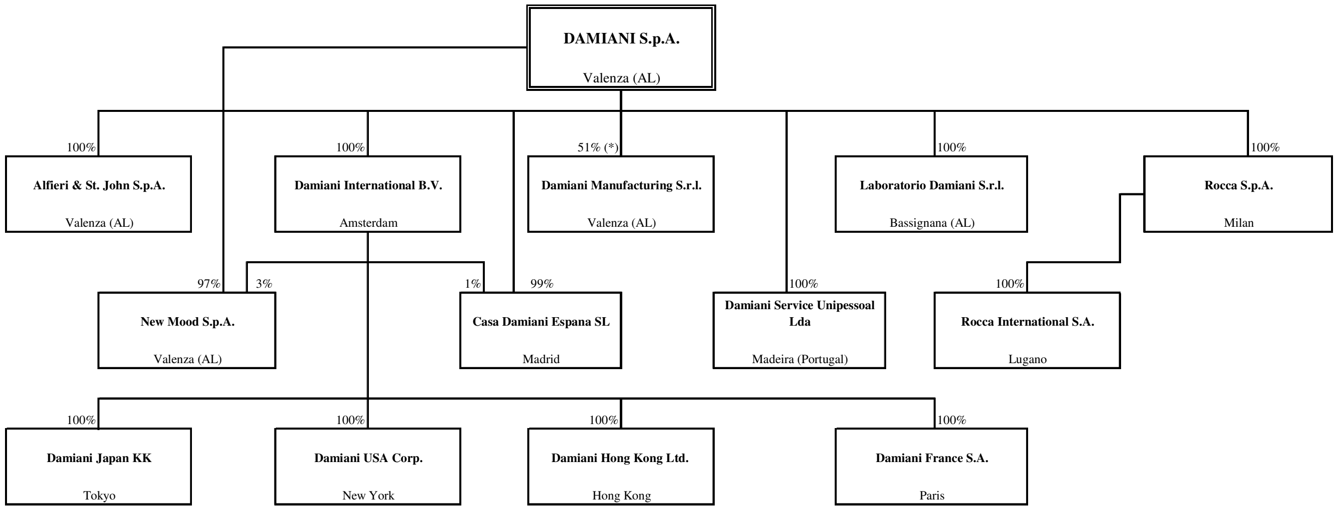
Remuneration Committee

Giancarlo Malerba (Chairman)
Roberta Benaglia
Fabrizio Redaelli

(1) Appointed by the Shareholders meeting of July 21, 2010. In office until the expiration of the present Board of Directors and so until the approval of the Financial Statements as of March 31, 2012
(2) In office until the approval of the Financial Statements as of March 31, 2010, occurred on July 21, 2010.
(3) Appointed by the Shareholders meeting of July 21, 2010. In office for three financial year until the approval of the Financial Statements as of March 31, 2013.

REPORT ON OPERATIONS [1].

Structure and Business Activities of Damiani Group



(*) Il 49% is held by Christian and Simone Rizzetto, both currently Damiani Manufacturing S.r.l. directors, with control over production, administration and finance.

Damiani S.p.A. is a holding company that, apart from directly developping commercial activities, is responsible for carrying out strategic and coordination activities for the Group and for the production and commercial operations carried out by directly and indirectly controlled subsidiary companies.

The consolidated interim report for the three months period ended on June 30, 2010 includes 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 Civil Code.

If compared to the annual financial report ended March 31, 2010, the consolidation area as reported in the organization chart pointed up above is unchanged.

The Group, which is concentrated on producing and distributing top quality jewellery and timepieces 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 jewellery.

The Group's portfolio is made up of five brands: Damiani, Salvini, Alfieri & St. John, Bliss and Calderoni.

Furthermore, through the owned network Rocca, Damiani Group distributes prestigious third party brands, particularly in the timepiece sectors, through directly managed multi-brand boutiques.

Moreover the Group recently started the manufacturing and marketing of products after the subscription of license agreements and supply contracts with fashion (Jil Sander, Ferrè, Martin Margiela, John Galliano) and automotive (Ferrari, Maserati, Ducati) brands.

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[1] Damiani Group closes its financial year at March 31, and therefore the period from April 1, 2010 to June 30, 2010 represents the first three months of the financial year that will end on March 31, 2011.

The Group's products are marketed in Italy and abroad through two distribution channels:

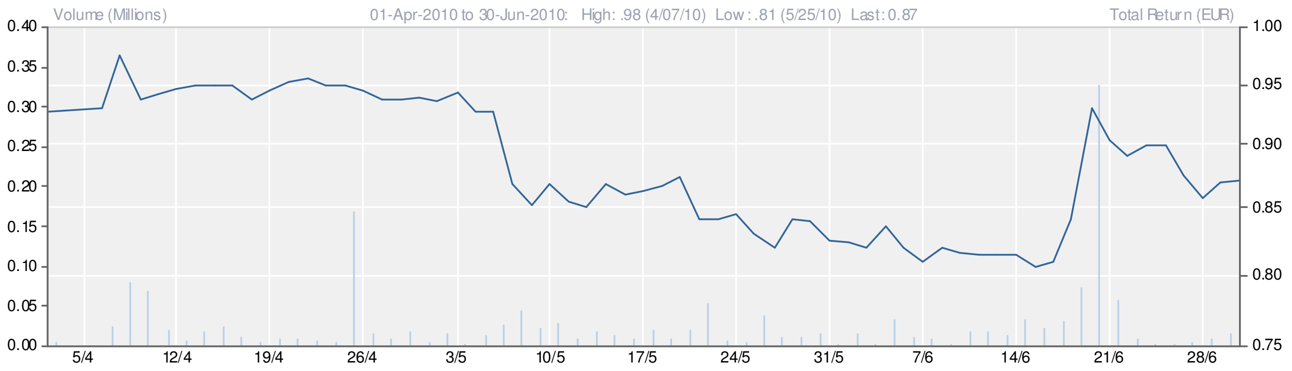
- the wholesale channel, consisting of independent multi-brand jewellers, department stores, franchisees and distributors;
- the retail channel, consisting of boutiques run directly by the Group. As of June 30, 2010, the POS directly managed were 31: of which 13 with Damiani brand, 3 with Bliss brand and 15 multi-brand boutiques of Rocca.

The parent company Damiani S.p.A. is responsible for coordinating Group companies and offers economic, administrative and technical assistance of both commercial and financial nature, which are based on normal market conditions.
In the consolidated financial statements intercompany transactions have been eliminated.

Criteria used and accounting standards

Damiani Group prepared the consolidated interim financial report as of June 30, 2010 in compliance with art. 154 ter of Italian Law (TUF) no. 58/98, introduced by the Legislative Decree no. 195/07 that carried out European directive 2004/109/EU (so called Transparency directive).
The accounting standards used for the preparation of economic and financial situation of the Group as of June 30, 2010 are the IAS/IFRS standards issued by the International Accounting Standards Board (IASB), in force at the moment of its editing. The accounting standards used are the same adopted for the yearly Consolidated financial statements as of March 31, 2010, to which we refer for more details.

Title's Performance on Market Stock Exchange



Damiani on the Stock Market 1Q 2010/2011 (April 1, 2010-June 30, 2010)

Price on April 1st 2010 (euro)	0.927
Price on June 30th 2010 (euro)	0.871
Maximum price 1Q (euro)	0.975 (on April 7, 2010)
Minimum price 1Q (euro)	0.7955 (on May 25, 2010)
Average volumes	23,344
Maximum volumes	327,226 (on June 18, 2010)
Minimum volumes	1,000 (on June 30, 2010)
N. shares Company capital	82,600,000
Market capitalization on June 30, 2010 (euro mln)	73.89 m

Key Data

Share Capital	June 30, 2010	June 30, 2009
Number of shares issued	82,600,000	82,600,000
Par value of individual share (euro)	0.44	0.44
Share Capital (euro)	36,344,000	36,344,000

Ownership	% on shares issued	% on shares issued
Leading Jewels S.A.	56.42%	56.20%
Guido Grassi Damiani	5.02%	5.02%
Giorgio Grassi Damiani	6.11%	6.11%
Silvia Grassi Damiani	5.68%	5.68%
Damiani S.p.A. (own shares) (1)	6.80%	6.12%
Market	19.97%	20.87%

Shares held by the subjects indicated by art.79 Legislative Decree no. 58/98

First and last name	Office held	Number of shares
Guido Grassi Damiani (indirectly through Leading Jewels S.A. n. 46,578,882) (2)	Director	4,150,808
Giorgio Grassi Damiani	Director	5,047,371
Silvia Grassi Damiani	Director	4,687,371
Executives with strategic responsibilities		4,500

(1) The ordinary Shareholders' Meeting of July 21, 2010 approved the authorization, for the part not executed, of the resolution of the Shareholders' meeting of July 22, 2009, for the purchase of own shares up to a maximum of 8,260,000 ordinary shares of Damiani S.p.A. within a period of 18 months from the date of the Shareholders' resolution. As of June 30, 2010 the own shares in portfolio were no. 5,619,609, equal to 6.80% of the share capital.

(2) As controlling shareholder of Leading Jewels S.A., the own shares of Damiani S.p.A. (no. 5,619,609) are traceable to Mr. Guido Grassi Damiani.

	I Quarter			
Main economic data *(in thousands of Euro)*	Financial Year 2010/2011	Financial Year 2009/2010	Change	Change %
Revenues from sales and services	**26,395**	**33,347**	(6,952)	-20.8%
Total Revenues	26,446	33,383	(6,937)	-20.8%
Cost of production	(28,429)	(34,727)	6,298	-18.1%
EBITDA (*)	(1,983)	(1,344)	(639)	-47.5%
EBITDA %	-7.5%	-4.0%		
Operating income	**(4,181)**	**(2,549)**	**(1,632)**	-64.0%
Result before taxes	(5,216)	(2,921)	(2,295)	n.m.
Net result of the Group	(4,532)	(2,954)	(1,578)	-53.4%
Basic Earnings (Losses) per Share	(0.06)	(0.04)		
Personnel Cost	(6,353)	(6,902)	549	-8.0%
Average numbers of employees (**)	581	640	(59)	-9.2%
Gross Margin %(***)	46.4%	48.5%		

(*) 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.
(**) Average number of employees in the two quarters
(***) Gross Margin: the difference between revenues from sales and the cost of good sold meant as the sum of costs for raw materials and other materials (including finished goods) and the cost of operations performed outside the company. Gross margin is a measure used by management of the Group to monitor and evaluate the company's operational performance and is not considered an IFRS accounting measure. Therefore it cannot be considered an alternative measure for the evaluation of the Group's results. Since the composition of Gross Margin is not regulated by the accounting standards of reference, the criteria of determination applied by the Group could not be homogeneous with that adopted by others and thus not comparable.

Balance sheet data *(In thousands of Euro)*	**Situation at June 30 2010**	**Situation at March 31 2010**	**change**
Fixed Assets	55,571	56,060	(489)
Net working capital	96,564	98,632	(2,068)
Non current Liabilities	(6,742)	(6,637)	(105)
Net Capital Invested	**145,393**	**148,055**	**(2,662)**
Net Equity	105,868	109,027	(3,159)
Net Financial Debt (*)	39,525	39,028	497
Sources of Financing	**145,393**	**148,055**	**(2,662)**

(*) The net financial debt 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

The total revenues and the profitability of Damiani Group in the first three months of the financial year 2010/2011 showed a decrease if compared to the same period of the previous financial year.

	I Quarter			
(in thousands of Euro)	Financial Year 2010/2011	Financial Year 2009/2010	Change	Change %
Revenues from sales and services	26,395	33,347	(6,952)	-20.8%
Other revenues	51	36	15	41.7%
Total Revenues	**26,446**	**33,383**	**(6,937)**	**-20.8%**
Cost of production	(28,429)	(34,727)	6,298	-18.1%
EBITDA (*)	**(1,983)**	**(1,344)**	**(639)**	**-47.5%**
EBITDA %	-7.5%	-4.0%		
Depreciation and amortization	(2,198)	(1,205)	(993)	82.4%
Operating income	**(4,181)**	**(2,549)**	**(1,632)**	**-64.0%**
Operating income %	-15.8%	-7.6%		
Net Financial incomes (expenses)	(1,035)	(372)	(663)	n.m.
Result before taxes	**(5,216)**	**(2,921)**	**(2,295)**	**-78.6%**
Result before taxes %	-19.7%	-8.7%		
Taxes	641	9	632	n.m.
Net result	**(4,575)**	**(2,912)**	**(1,663)**	**-57.1%**
Net result %	-17.3%	-8.7%		
Minorities Interests	(43)	42	(85)	n.m.
Net result of the Group	**(4,532)**	**(2,954)**	**(1,578)**	**-53.4%**
Net result of the Group %	-17.1%	-8.8%		

(*) 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 declined compared to the first three-month period of the previous financial year by Euro 6,952 thousands, a reduction of –20.8% at current exchange rates (-21.9% at constant exchange rates).

The following table shows the revenues breakdown by sales channel.

Revenues by Sales Channel *(in thousands of Euro)*	I Quarter Financial Year 2010/2011	I Quarter Financial Year 2009/2010	Change	Change %
Retail	7,889	7,034	855	12.2%
Percentage on total revenues	29.8%	21.1%		
Wholesale	18,128	26,313	(8,185)	-31.1%
Percentage on total revenues	68.5%	78.8%		
Licences	378	-	378	n.m.
Percentage on total revenues	1.4%			
Total revenues from sales and services	26,395	33,347	(6,952)	-20.8%
Percentage on total revenues	99.8%	99.9%		
Other revenues	51	36	15	41.7%
Percentage on total revenues	0.2%	0.1%		
Total Revenues	26,446	33,383	(6,937)	-20.8%

- The retail channel revenues amounted to Euro 7,889 thousands, achieved almost 30.0% of the total Group revenues with an increase of 12.2% compared to the first three months of the previous financial year (Euro 7,034 thousands) as a consequence of the trend both of sales in single Damiani brand outlet (+24.4%) as evidence of the appreciation of the end consumer of the products offered, and sales in Rocca multi brand boutiques (+12.8%).
- In the wholesale channel the revenues amounted to Euro 18,128 thousands, -31.1% at current exchange rates (-32.2% at constant exchange rates) compared to the first quarter of the previous financial year, with reductions recorded mainly in domestic market in which the sector continues to show signs of contractions, while a positive trend was recorded in Americas and Far East.

Therefore, in the first quarter of the financial year 2010/2011 the weight of the foreign revenues amounted to 26.1% of the total, an increase of nearly six percentage points compared to the same period of the previous financial year (more details by geographical area are reported in the paragraph "Key data by geographical area").

<u>Cost of production</u>

Overall the production costs in the first three months of 2010/2011 financial year amounted to Euro 28,429 thousands, decreasing by Euro 6,298 thousands (-18.1%) compared to the same period of the previous financial year (Euro 34,727 thousands).

In details the trend of costs was the following:

- Costs of raw materials and consumables (including purchase of finished goods): amounted to Euro 13,579 thousands, with a decrease by 17.7% compared to the same period of the previous financial year (Euro 16,499 thousands); the variation is directly linked to the reduction of revenues from sales and services.

- Costs of services: in the first three months of the Financial year 2010/2011 amounted to Euro 9,690 thousands, decreasing by 8.1% compared to the same period of the previous financial year (Euro 10,540 thousands). The decrease was due to the savings taken on all items of costs of services.
- Personnel cost: in the first three months of the financial year 2010/2011 amounted to Euro 6,353 thousands decreasing by 8% compared to the same accounting period of the previous financial year (Euro 6,902 thousands); the decrease was mainly driven by the reduction of the number of employees of the Group as consequence of actions to rationalize the structure.
- Other net operating (charges)/incomes: the balance is mainly composed by the key money received from third parties following the disposal in advance of a leasing contract for a boutique that was considered to be no longer strategic for the Group. Against this income has been recorded the write off of the value initially paid to buy the same location (the write off of net book value was recorded in the profit and loss between the depreciation and amortization). The net effect of this real estate operation on the net result of the period was marginal.

Gross Margin

In the first quarter of 2010/2011 financial year, Gross Margin was equal to Euro 12,245 thousands compared to Euro 16,168 thousands for the same period of the previous financial year. The impact on revenues in percentage was 46.4% compared with 48.5% in the previous financial year. This reduction was mainly due to a lower margin of third party brands sold in the multi-brand Rocca boutiques, that had a higher weight on the total revenues compared to the first quarter of the previous financial year.

EBITDA

The trend of revenues and costs of production described above determined a negative EBITDA for the three months period closed on June 30, 2010 equal to Euro 1,983 thousands, in worsening of Euro 639 thousands compared to the same period of the previous financial year. The reduction was attributable to the lower Gross Margin affected by the decrease in revenues from sales and by the margins in percentage, while the other costs of production (with particular reference to costs of services) decreased by Euro 3,269 thousands, as consequence of actions carried out and finalized to improve the efficiency of the Group.

Amortization and Depreciation

The value of the amortization in the first quarter of 2010/2011 financial year amounted to Euro 2,198 thousands, with an increase by Euro 993 thousands compared with the same period of the previous financial year; this increase was attributable to the total devaluation of the key money initially paid when a rental contract was signed for a boutique whose lease agreement was transferred to third parties as above described.

Net Financial Incomes/(expenses)

The net financial expenses for the first three months of 2010/2011 financial year were Euro 1,035 thousands, in worsening of Euro 663 thousands compared to the negative balance of Euro 372 thousands of the corresponding quarter of 2009/2010 financial year. The variation was due to the different contribution of the foreign exchange that was negative in the first quarter of 2010/2011 financial year (equals to Euro 532 thousands) while it was positive in the same period of the previous year (Euro 390 thousands).

Net Result

The Group closed the first three months of 2010/2011 financial year with a negative consolidated result for the period equal to Euro 4,532 thousands in worsening of Euro 1,578 thousands compared to the same period of the previous year.

Capital and Financial situation

In the following table is shown the reclassified consolidated capital and financial situation of Damiani Group at June 30, 2010 compared with the one at March 31, 2010.

Balance sheet data *(In thousands of Euro)*	Situation at June 30 2010	Situation at March 31 2010	change
Fixed Assets	55,571	56,060	(489)
Net working capital	96,564	98,632	(2,068)
Non current Liabilities	(6,742)	(6,637)	(105)
Net Capital Invested	**145,393**	**148,055**	**(2,662)**
Net Equity	105,868	109,027	(3,159)
Net Financial Debt (*)	39,525	39,028	497
Sources of Financing	**145,393**	**148,055**	**(2,662)**

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

In the first three months of 2010/2011 financial year the consolidated **Net Capital Invested** decreased by Euro 2,662 thousands towards to March 31, 2010. The trend was mainly due to the decrease of the net working capital as consequence of the dynamics of receipts and payments correlated to the seasonality of the business and to the production cycle.

The contraction in **Net Equity** that existed between March 31, 2010 and June 30, 2010 and equals to a decrease by Euro 3,159 thousands, was mainly due to the combined effect i) of the negative net result of the period (Euro 4,575 thousands) and ii) of the unrealized foreign exchange revenues generating from currency transactions between companies of the Group that were directly recorded in Net equity.

The composition of the **Net financial debt** as of June 30, 2010 and its evolution compared to that at March 31, 2010 is given in the following table.

Net Financial Debt (*) *(in thousands of Euro)*	Situation at June 30 2010	Situation at March 31 2010	change
Medium-Long term loans and financing- current portion	9,251	9,399	(148)
Usage of credit lines, short term financing and others	4,617	1,964	2,653
Medium-Long term loans and financing with related parties- current portion	755	641	114
Current financial indebtness	**14,623**	**12,004**	**2,619**
Medium-Long term loans and financing- non current portion	20,277	22,748	(2,471)
Medium-Long term loans and financing with related parties- non current portion	11,419	11,608	(189)
Non-current financial indebtness	**31,696**	**34,356**	**(2,660)**
Total gross financial indebtness	**46,319**	**46,360**	**(41)**
Cash and cash equivalents	(6,794)	(7,332)	538
Net Financial Debt (*)	**39,525**	**39,028**	**497**

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

On June 30, 2010 the net financial debt of the Group amounted to Euro 39,525 thousands in worsening of Euro 497 thousands compared to the situation as of March 31, 2010. The slight worsening was due to the cash flow absorbed by the operating activities on the basis of the seasonal trend of the cash flow.

Compared to June 30, 2009 the net financial debt showed an improvement by Euro 11,937 thousands (it amounted to Euro 51,462 thousands).

Key data by geographical areas

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, the segment information was provided in the annual and interim financial statements. These information are also in line with the requirements of the accounting principle IFRS 8.

The areas are identified as such:

i) Italy area includes the revenues and the operating costs of the parent company Damiani S.p.A. and its subsidiaries that operate in Italy;

ii) The Americas area includes the revenues and the operating costs of the subsidiary Damiani USA that operates in the United States of America and markets the Group's products throughout the continent;

iii) the Japanese area includes the revenues and the operating costs of the subsidiary Damiani Japan K.K. that operates in Japan;

iv) the Rest of the World (ROW) area includes the revenues and the operating costs of the other subsidiaries that operate and sell in all the other countries not included in the above defined areas.

In the following table are shown the revenues for each geographical area in the first three months of the 2010/2011 and 2009/2010 financial years.

Revenues by Geographical Area *(in thousands of Euro)*	I Quarter Financial Year 2010/2011	% of total	I Quarter Financial Year 2009/2010	% of total
Italy	**19,544**	73.9%	**26,643**	79.8%
- Revenues from sales and services	19,502		26,611	
- Other revenues	42		32	
Americas	**915**	3.5%	**912**	2.7%
- Revenues from sales and services	915		912	
- Altri Ricavi				
Japan	**2,407**	9.1%	**1,819**	5.4%
- Revenues from sales and services	2,404		1,818	
- Other revenues	3		1	
Rest of the World	**3,580**	13.5%	**4,009**	12.0%
- Revenues from sales and services	3,574		4,006	
- Other revenues	6		3	
Total Revenues	**26,446**	100.0%	**33,383**	100.0%

In detail:

- in **Italy** (-26.6% compared to the first three months of the 2009/2010 financial year) the decrease becomes from the lower contribution of the wholesale channel only partially offset by the good trend of the retail channel;
- in the **Americas** the revenues were in line with the amount of the same period of the 2009/2010 financial year;
- **Japan** shows an increase in revenues in each channel with signs of recovery in a context characterized by a persistent long lasting trend of decline in consumption;
- in the **Rest of the World** the revenues decreased by –10.7% compared to the same period of the previous financial year, with mixed signals in various areas: the contraction in Europe and Middle East was offset by the strong increase in Far East (Korea and opening of the Chinese market).

In the following table are given for each geographical area the values of EBITDA in the first three months of 2010/2011 and 2009/2010 financial years:

EBITDA by Geographical Area(*) *(in thousands of Euro)*	I Quarter Financial Year 2010/2011	 Financial Year 2009/2010	change %
Italy	(671)	639	n.m.
Americas	(1,509)	(1,397)	-8.0%
Japan	(528)	(796)	33.7%
Rest of the World	725	210	n.m.
Consolidated EBITDA	(1,983)	(1,344)	-47.5%
% of revenues	*-7.5%*	*-4.0%*	

(*) 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.

In terms of EBITDA, the **Italy** area showed a reduction mainly due to the decrease in revenues and lower marginality of the third parties brands marketed in the multi-brand Rocca boutiques, only partially offset by the reduction of the operating costs.

The **Americas** area showed a slight worsening.

The **Japan** sector showed a good recovery (even if **EBITDA** was still negative) resulting from the increase in sales and gross margin.

The improvement in EBITDA in **Rest of the World** area was due to the efficiencies achieved in operating costs towards the first quarter of the previous financial year.

Transactions with related parties

Damiani Group has mainly real estate relationship with related parties (i.e. the renting of buildings for offices and shops).

Data concerning dealings of the Group with related parties in the period from April to June of the 2010/2011 financial year and of 2009/2010 financial year are displayed here under.

(in thousands of Euro)	I Quarter Financial Year 2010/2011		Situation at June 30, 2010	
	Operating costs	Financial expenses	Financial debt (including leasing)	Trade paytables
Total with related parties	(562)	(285)	(12,174)	(650)
Total from Financial Statements	(28,429)	(1,216)	(41,702)	(54,675)
% age weight	2%	23%	29%	1%

(in thousands of Euro)	I Quarter Financial Year 2009/2010		Situation at June 30, 2009	
	Operating costs	Financial expenses	Financial debt (including leasing)	Trade paytables
Total with related parties	(301)	(342)	(16,879)	(906)
Total from Financial Statements	(34,727)	(870)	(53,930)	(59,192)
% age weight	1%	39%	31%	2%

Significant events of the quarter

In April 2010, two mono brand Damiani boutiques were inaugurated in franchising in Singapore and Beirut.

On June 28, 2010 Damiani Group was honored along with companies that have given special credit to their women employees, under the project called "Companies that Invest in Women."

This initiative launched in 2009 by the Piedmont Region and the Ministry of Labour and Social Policies, aims to identify companies (in firms with over 100 employees) virtuous in the management of human resources for a significant number of women staff and management positions.

At the moment the Group consists of two thirds of female workforce, about 40% of executives and managers are women, and four women are member of Board of Directors in the Group’s companies and two of them are CEO.

Significant events after the end of the quarter

The Shareholders’ Meeting of Damiani S.p.A. of July 21, 2010 appointed the new Board of Statutory Auditors (shown on page 3 of this document) for the next three financial year and therefore until the approval of financial year that will end as of March 31, 2013. The chairman and the other statutory auditors were confirmed.

The Shareholders' Meeting of July 21, 2010 resolved to authorize - subject to revocation, for the part not carried out of the resolution adopted by the Shareholders at the meeting on July 22, 2009 – the purchase and disposal of own shares under co-joined Articles 2357 and 2357 ter of the Civil Code and Art. 132, Italian Law no. 58/98. The reasons for the authorization consist of the possibility of i) using own shares in operations related to projects of interest to the Group as arises the opportunity for exchanges or transfers of share holdings; ii) implementing distribution programs of shares or options to directors, employees or associates of the Damiani Group in full compliance with regulatory requirements currently in force; iii) performing operations to support the liquidity of these same shares, according to law and regulations while ensuring the equal treatment of shareholders.

The transaction is structured as follows:

- Damiani S.p.A. can buy back up to a maximum of 8,260,000 ordinary shares with nominal value of Euro 0.44 each, and at any rate not more than 10% of the share capital;
- duration of the authorization equals to 18 months from July 21, 2010 and therefore until January 21, 2012;
- the purchase price of each share, including the necessary expenses for the purchase, must not be either 20% less or 20% more than the official stock exchange price on the day before each individual purchase operation;
- each operation must fully respect current regulations (art.132 Italian Law no. 58/98; art.144 bis of Consob Reg. no. 11971/99).

The Shareholders’ meeting also authorized, without imposing time limits, the availability of own shares purchased for a minimum amount that, in any event, are not less than 90% of the average of the official prices recorded on the “MTA (Digital Stock Market) share“ in the five days preceding the sale. Under the own share purchase program, approved by the Board of Directors on July 22, 2009 concluded as of July 21, 2010, Damiani SpA purchased a total of no. 403,231 ordinary shares (equal to 0.488% of share capital) at an average unit price of 1.1369 Euro, for a total amount of 458,453 Euro.

The Shareholders' Meeting has also approved the adoption of a plan based on financial instruments under Article. 114 bis of Italian Law no. 58/98, 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. Terms and vesting period will be determined by the Board with the help of the Remuneration Committee.

The Shareholders as of July 21, 2010 according to art.126 Italian Law no. 58/98 determined the number of members of the Board of Directors as eight, and appointed Francesco Minoli, as a new

Director of the Board of Damiani S.p.A. The office of director will last until the expiration of the current Board of Directors, and so until the approval of Financial Statements which will close on March 31, 2012. His remuneration is equal to that of others members according to that resolved by the Shareholders meeting as of April 3, 2009, excluding the remuneration for directors with special charges, pursuant the art. 2389 and 2390 of the Civil Code.
In July 2010 began the cooperation with the famous designer John Galliano to produce a collection of fine jewellery and creativity.

Business outlook

The results achieved by Damiani Group in the quarter closed as of June 30, 2010 (period of low seasonality) reflect the existing situation that, especially on the domestic market, is still marked by a strong uncertainty with the wholesale channel during destocking and against an end market that is not consolidating a recovery phase, although slight but sustained, keeps a attitude marked by caution in purchases. In this environment the Group continues the implementation of its strategies with the task of recovering in the next future the profitability levels achieved in the past. These actions continue on one hand the strict control of the costs, with target already achieved in the previous financial year, to improve the operating efficiency in the enduring term and on other hand with actions focused on achieving in the short time of an adequate profitability and of financial balance and targeted to increase both the penetration in the key foreign markets with higher growth potential and to consolidate the leadership in the domestic market.

Milan, August 6, 2010

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

CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2010

BALANCE SHEET STATEMENT

At June 30, 2010 and at March 31, 2010

(in thousands of Euro)	June 30 2010	March 31 2010
NON-CURRENT ASSETS		
Goodwill	4,984	4,984
Other Intangible Fixed Assets	6,231	7,504
Tangible Fixed Assets	20,109	20,397
Investments	167	167
Financial receivables and other non current assets	5,104	4,479
Deferred tax assets	18,976	18,529
TOTAL NON-CURRENT ASSETS	**55,571**	**56,060**
CURRENT ASSETS		
Inventories	108,804	106,108
Trade receivables	34,279	42,971
Tax receivables	5,441	4,939
Other current assets	10,563	9,777
Cash and cash equivalents	6,794	7,332
TOTAL CURRENT ASSETS	**165,881**	**171,127**
TOTAL ASSETS	**221,452**	**227,187**
GROUP SHAREHOLDERS' EQUITY		
Share Capital	36,344	36,344
Reserves	72,611	89,438
Group net income (loss) for the period	(4,532)	(18,242)
TOTAL GROUP SHAREHOLDERS' EQUITY	**104,423**	**107,540**
MINORITY SHAREHOLDERS' EQUITY		
Minority share capital and reserves	1,488	1,513
Minority net income (loss) for the period	(43)	(26)
TOTAL MINORITY SHAREHOLDERS' EQUITY	**1,445**	**1,487**
TOTAL SHAREHOLDERS' EQUITY	**105,868**	**109,027**
NON CURRENT LIABILITIES		
Long term financial debt	31,696	34,356
of which towards related parties	11,419	11,608
Termination Indemnities	4,716	4,693
Deferred Tax liabilities	867	864
Risk reserves	574	649
Other non current liabilities	585	431
TOTAL NON CURRENT LIABILITIES	**38,438**	**40,993**
CURRENT LIABILITIES		
Current portion of long term financial debt	10,006	10,040
of which towards related parties	755	641
Trade payables	54,675	57,945
of which towards related parties	650	1,293
Short term borrowings	4,617	1,964
Income tax payables	2,665	2,399
Other current liabilities	5,183	4,819
TOTAL CURRENT LIABILITIES	**77,146**	**77,167**
TOTAL LIABILITIES	**115,584**	**118,160**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**221,452**	**227,187**

SEPARATE INCOME STATEMENT

For the period of three months closed at June 30, 2010 and June 30, 2009.

	I Quarter	
(in thousands of Euro)	Financial Year 2010/2011	Financial Year 2009/2010
Revenues from sales and services	26,395	33,347
Other recurring revenues	51	36
TOTAL REVENUES	**26,446**	**33,383**
Costs of raw materials and consumables	(13,579)	(16,499)
Costs of services	(9,690)	(10,540)
of which towards related parties	(380)	(301)
Personnel cost	(6,353)	(6,902)
Other net operating (charges) incomes	1,193	(786)
of which towards related parties	(182)	0
Amortization and depreciation	(2,198)	(1,205)
TOTAL OPERATING EXPENSES	**(30,627)**	**(35,932)**
OPERATING INCOME (LOSS)	**(4,181)**	**(2,549)**
Financial Expenses	(1,216)	(870)
of which towards related parties	(285)	(342)
Financial Incomes	181	498
INCOME (LOSS) BEFORE INCOME TAXES	**(5,216)**	**(2,921)**
Income Taxes	641	9
NET INCOME (LOSS) FOR THE PERIOD	**(4,575)**	**(2,912)**
Attibutable to:		
Group	(4,532)	(2,954)
Minorities	(43)	42
Basic Earnings (Losses) per Share(*)	(0.06)	(0.04)
Diluted Earnings (Losses) per Share(*)	(0.06)	(0.04)

(*) Basic and diluted earnings (losses) per share

The basic net result per share has been calculated by dividing the net result for the three months that was attributable to the ordinary shareholders of the Issuer for the weighted average number of the shares that were in circulation within the relative accounting period.

The weighted number of ordinary shares in circulation take into account the effects of the purchase of own shares started from March 2008.

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	I Quarter Financial Year 2010/2011	Financial Year 2009/2010
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	79,783,933	79,783,933
Basic Earnings (Losses) per Share (amount in Euro)	(0.06)	(0.04)

Diluted Earnings (Losses)per Share	I Quarter Financial Year 2010/2011	Financial Year 2009/2010
Number of ordinary shares at the beginning and at the end of the period	82,600,000	82,600,000
Weighted average number of ordinary shares for computation of diluited earnings per share	79,783,933	79,783,933
Weighted average number of ordinary shares for computation of basic earnings per share	79,783,933	79,783,933
Diluted Earnings (Losses) per Share (amount in Euro)	(0.06)	(0.04)

COMPREHENSIVE INCOME STATEMENT

For the period of three months closed at June 30, 2010 and June 30, 2009.

(in thousands of Euro)	I Quarter Financial Year 2010/2011	I Quarter Financial Year 2009/2010
Net Income (Loss) for the period	**(4,575)**	**(2,912)**
Gain (Losses) on cash flow hedging	14	7
Fiscal effect	(4)	(2)
Gain (Losses) on exchange differences on translating foreign operations	1,692	(529)
Fiscal effect	(296)	(106)
Total comprehensive Income (Loss) for the period	**(3,169)**	**(3,542)**

STATEMENT OF CHANGES IN EQUITY

For the period of three months closed at June 30, 2010 and June 30, 2009.

(In thousands of Euro)	Share Capital	Share Premium Reserve	Legal Reserve	Cash flow hedging reserve	Shareholders payment 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, 2009	**36,344**	**69,858**	**2,397**	**(91)**	**8,618**	**(6,046)**	**21,955**	**(4,709)**	**128,326**	**1,512**	**129,838**
Allocation of the result for the period			37				(4,746)	4,709			-
Other comprehensive income(loss)				5			(635)	(2,954)	(3,584)	42	(3,542)
Stock option											-
Purchase of own shares						(1,542)			(1,542)		(1,542)
Other movements							(59)		(59)		(59)
Balances at June 30, 2009	**36,344**	**69,858**	**2,434**	**(86)**	**8,618**	**(7,588)**	**16,515**	**(2,954)**	**123,141**	**1,554**	**124,695**

(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)				10				1,396	(4,532)	(3,126)	(43)	(3,169)
Stock option						10				10		10
Other movements								(1)		(1)	1	-
Balances at June 30, 2010	**36,344**	**69,858**	**2,434**	**(46)**	**8,618**	**118**	**(8,227)**	**(144)**	**(4,532)**	**104,423**	**1,445**	**105,868**

CASH FLOW STATEMENT

For the period of three months closed at June 30, 2010 and June 30, 2009.

	I Quarter	
(In thousands of Euro)	**Financial Year 2010/2011**	**Financial Year 2009/2010**
CASH FLOW PROVIDED BY OPERATING ACTIVITIES		
Net income (loss) for the period	(4,575)	(2,912)
Adjustments to reconcile the profit (loss) for the period to the cash flow generated (absorbed) by operations:		
Amortization, depreciation and write-downs	2,198	1,333
Costs / (Revenues) for stock option	10	-
Provisions to Bad Debts Reserve	-	595
Provisions to risks reserves	(75)	-
Changes in the Fair value of Financial Instruments	10	(5)
Provisions for termination Indemnity and actuarial valuation of ELI Fund	77	(176)
Termination indemnity payments	(54)	-
Changes in the deferred tax assets and liabilities	(444)	112
	(2,853)	(1,053)
Changes on operational assets and liabilities		
Trade receivables	8,692	1,357
Inventories	(2,696)	999
Trade payables	(3,270)	(11,731)
Tax receivables	(502)	267
Income Tax payables	266	535
Other current and non current assets and liabilities	(278)	(624)
NET CASH FLOW PROVIDED (ABSORBED) BY OPERATING ACTIVITIES (A)	**(641)**	**(10,250)**
CASH FLOW FROM INVESTING ACTIVITIES		
Tangible Fixed Assets purchased	(59)	(211)
Intangible Fixed Assets purchased	(89)	(267)
Net change in the other non current assets	(625)	(106)
NET CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES (B)	**(773)**	**(584)**
CASH FLOW FROM FINANCING ACTIVITIES		
New Long term loans	-	25,000
Payment of long-term debt	(2,694)	(2,780)
Net change in short-term financial liabilities	2,653	(8,583)
Purchase of own shares	-	(1,542)
Other changes in Net Equity	917	(689)
NET CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES (C)	**876**	**11,406**
TOTAL CASH FLOW (D=A+B+C)	**(538)**	**572**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR (E)	**7,332**	**9,542**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (F=D+E)	**6,794**	**10,114**

DECLARATION

The Executive in charge of preparing the Company's financial reports declares, in compliance with paragraph two of Article 154*bis* of the Italian Law *"Testo Unico della Finanza"*, that, on the basis of his knowledge, the accounting information contained in the Consolidated Interim Financial Report as of June 30, 2010 corresponds to the documental results, books and accounting records.

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