

DAMIANI S.p.A.

**Consolidated Interim Financial Report
as of June 30, 2014**

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 n. 01457570065

August 8, 2014

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CORPORATE BODIES **Board of Directors** ⁽¹⁾

Guido Grassi Damiani (Chairman & CEO)

Giorgio Grassi Damiani (Vice President)

Silvia Grassi Damiani (Vice President)

Roberta Benaglia (Director)

Stefano Graidì (Director)

Giancarlo Malerba (Director)

Fabrizio Redaelli (Director)

Board of Statutory Auditors ⁽²⁾

Gianluca Bolelli (President)

Simone Cavalli (Statutory Auditor)

Milena Motta (Statutory Auditor)

Fabio Massimo Micaludi (Alternate Auditor)

Paola Mignani (Alternate Auditor)

Independent Auditors

Ernst & Young S.p.A.

Audit and Risk Committee

Fabrizio Redaelli (President)

Roberta Benaglia

Giancarlo Malerba

Remuneration Committee

Fabrizio Redaelli (President)

Roberta Benaglia

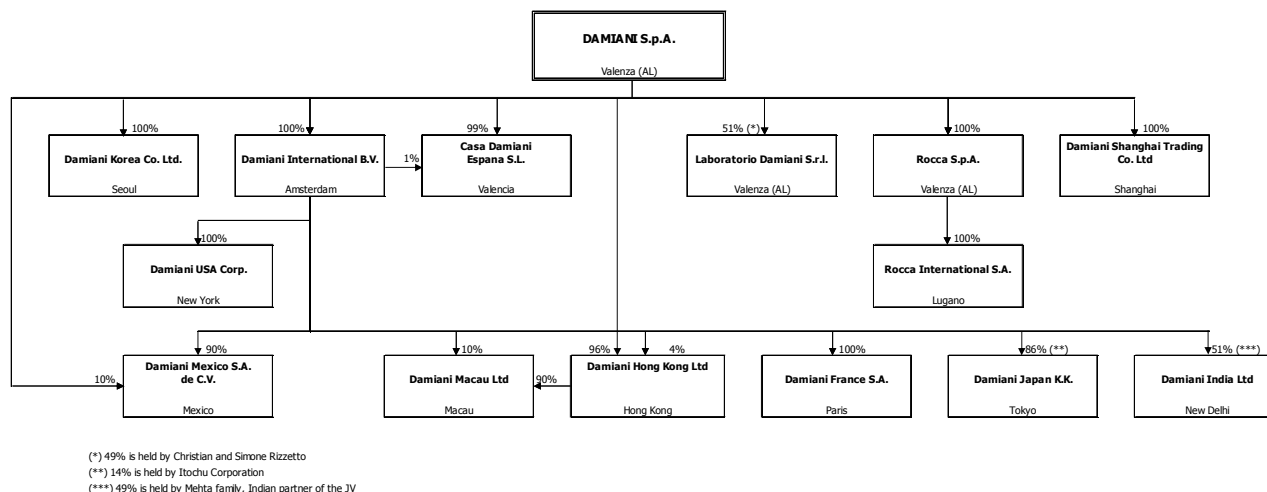
Giancarlo Malerba

¹ Appointed by the Shareholders' Meeting of Damiani S.p.A. 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.

² Appointed by the Shareholders' Meeting of Damiani S.p.A. of July 26, 2013 and in office for the period 2013-2016, until the approval of the Financial statements for the year ended March 31, 2016.

REPORT ON OPERATIONS ⁽³⁾

Structure and business activities of Damiani Group



The Damiani Group has been operating for 90 years in the jewelry industry, with a significant presence in Italy and in the major foreign markets that has emerged over time thanks to the quality and beauty of its products, recognized by customers around the world who appreciate the luxury Made in Italy.

The Group, leader in Italy, works abroad with direct commercial subsidiaries that oversee the major markets. The parent company is Damiani S.p.A. (hereinafter the "Company"), which in addition to directly carry out production and commercial activities, also covers the role of industrial and financial holding company, developing the strategic direction of the Group, managing and coordinating initiatives and providing technical, financial and administrative assistance, both for manufacturing operations and for those commercial activities of the companies, directly or indirectly, controlled.

From November 2007 Damiani S.p.A. is listed on the Italian Stock Exchange electronic market.

The Damiani Group, which is focused on producing and distributing jewelry both in Italy and abroad, offers wide coverage of the main market segments and thanks to its different brands provides customers with a large range of differently priced jewelry. The Group's portfolio is made up of five brands: Damiani, Salvini, Alfieri & St. John, Bliss and Calderoni.

Furthermore, through the fully owned network Rocca, the Group distributes prestigious third party brands, mainly in the timepiece sectors.

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

- the wholesale channel, consisting of independent multi-brands jewelers, department stores, franchisees and distributors;
- the retail channel consisting of the store directly managed by the Group (boutiques, shop-in-shop and corners). As of June 30, 2014 the Point of Sales ("POS") in Italy and abroad were 57. Geographically, the network of directly operated stores of the Group is as follows:

³ The Damiani Group closes its financial year at March 31, and therefore the period from April 1 to June 30, 2014 represents the first three months of the financial year that will end on March 31, 2015 (hereafter the financial year 2014/2015). For comparative purposes are shown data for the prior year period, first three months of the financial year 2013/2014.

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| Boutiques and corners | Italy | Japan | Rest of the World | Total |
|-----------------------|-----------|-----------|-------------------|--------------|
| Mono-brand Damiani | 11 | 12 | 19 | 42 |
| Mono-brand Bliss | 1 | - | - | 1 |
| Multi-brand Rocca | 13 | - | 1 | 14 |
| Total | 25 | 12 | 20 | 57 |

In the first quarter of the financial year 2014/2015 the network abroad has grown by three more stores than at the end of the previous financial year.

Criteria used and accounting standards

The consolidated financial statements at June 30, 2014 include the financial statements of the parent company, Damiani S.p.A. and those of the companies which it controls, either directly or indirectly, as per article 2359 of the Italian Civil Code.

During the first three months of the financial year 2014/2015 the composition of the Group has not changed with respect to March 31, 2014 the closing date of the previous financial year.

The Damiani Group prepared the Consolidated interim financial report at June 30, 2014, not audited by the independent auditors, in compliance with article 154 ter of the 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 further details on accounting standards and criteria adopted by the Group in preparing the interim financial statements refer to the Annual consolidated financial statements as of and for the year ended March 31, 2014.

In the consolidated financial statements intercompany transactions have been eliminated.

Board of Directors of Damiani S.p.A.

The Board of Directors of Damiani S.p.A currently in office was appointed on July 26, 2012 by the Shareholders' Meeting, for the period 2012-2015 until the approval of the Financial statements as of March 31, 2015.

The new Board of Directors of Damiani S.p.A. which met for the first time on July 26, 2012 appointed Guido Grassi Damiani as Chairman and CEO, Giorgio and Silvia Grassi Damiani as Vice-Presidents, and Fabrizio Redaelli as Lead Independent Director.

Following the verification of the requirements of non-executive and independent directors, pursuant to article 148 of the Legislative Decree n. 58/1998 and article 3 of the Self-Regulation Code for Listed companies, the Directors Fabrizio Redaelli, Roberta Benaglia and Giancarlo Malerba were designated to form the Remuneration Committee and the Audit and Risk Committee.

The Board of Directors of Damiani S.p.A. currently consists of seven members, as reported on page 3 of this Interim financial report.

On November 29, 2013 the Board of Directors of Damiani S.p.A. appointed Giorgio Grassi Damiani as Director responsible for the internal control system and risk management, replacing Stefano Graidì that, due to unexpected commitments, gave up this position held previously.

Share buy-back program

The Shareholders' Meeting of July 24, 2014 resolved to authorize - subject to revocation, for the part non executed of the resolution adopted by the Shareholders' Meeting of July 26, 2013 - the purchase and disposal of treasury 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:

- Damiani S.p.A. may purchase a maximum of ordinary shares whose nominal value does not exceed the limit of the law, up to a maximum of n. 16,520,000 ordinary shares, at a nominal value of 0.44 euro each.
- The authorization was granted for a period of 18 months starting from the Shareholders' Meeting date and lasting until the date of January 24, 2016.
- The purchase price of each share, including additional expenses of purchase, must be 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 before each exchange transaction.
- The purchase transactions will be conducted on regulated markets in accordance with local regulations (article 132 of the Legislative Decree n. 58/1998 and article 144bis of Consob Regulations n. 11971/1999) and respecting the principle of equal treatment of Shareholders and any other regulations, including Community rules.

As of June 30, 2014 Damiani S.p.A. owned n. 5,556,409 treasury shares (equal to 6.73% of the share capital), and no additional treasury shares have been purchased or sold between April 2014 and June 2014.

Stock options

At the date of approval of this Interim financial report there are two ongoing compensation plans based on financial instruments pursuant to article 114-bis of the Legislative Decree n. 58/1998. In detail:

- 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 Group, in one or more tranches, for the purchase of maximum n. 3,500,000 Damiani shares. The implementation cycle was subsequently amended by the Board of Directors of Damiani S.p.A. of July 26, 2012 and it is still valid.
- Stock Option Plan 2010, approved by the Shareholders' Meeting of July 21, 2010 and concerning the free allocation of options for the purchase 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. The Plan was amended by the Shareholders' Meeting of July 27, 2011 and was the subject of three cycles of implementation so far declared by: i) the first cycle by the Board of Directors on April 21, 2011 (subsequently amended on February 10, 2012) and still valid; ii) the second and the third cycles by the Board of Directors on June 12, 2014.

In addition, the Shareholders' Meeting of July 24, 2014 approved the adoption of two further plans based on financial instruments pursuant to article 114-bis of the legislative Decree n. 58/1998, that will be implemented in the coming months:

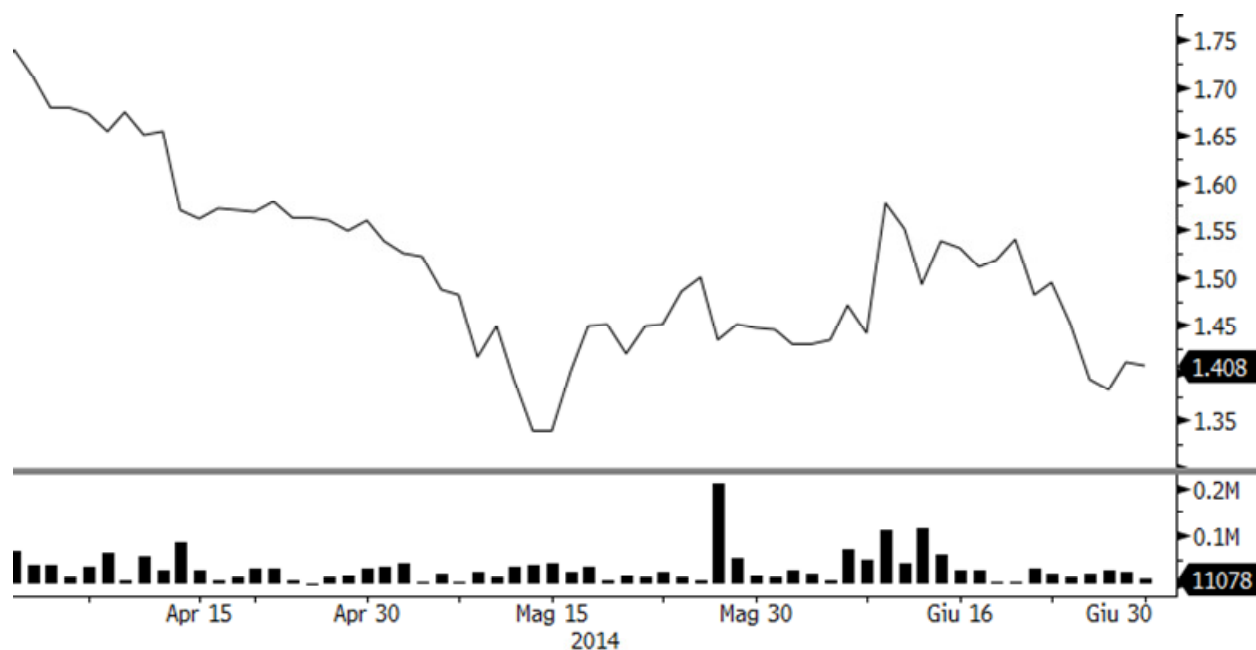
- Stock Grant Plan 2014-2019 which provides for the free assignment of a maximum of n. 1,000,000 Damiani shares in favor of the beneficiaries to be identified by the Board of Directors of Damiani S.p.A., with the assistance of the Remuneration Committee, between directors, employees and consultants of the Group companies.
- Stock Option Plan 2014-2019 which provides for the sale of options to purchase a maximum of n. 3,500,000 Damiani shares in favor of the beneficiaries to be identified by the Board of Directors of Damiani S.p.A., with the assistance of the Remuneration Committee, between the management of the Group companies.

For more information refer 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.

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 three months of the financial year 2014/2015.

Damiani Group
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DMN IM Equity (Damiani SpA) DAMIANI grafico b/n Copyright© 2014 Bloomberg Finance L.P. 25-Jul-2014 14:03:02

The main share and market data for the first three months of the financial year 2014/2015 are reported below.

Damiani in the Stock Market*

| | |
|---|-------------------------|
| Official Price on April, 1st 2014 (euro) | 1.739 |
| Official Price on June 30th, 2014 (euro) | 1.408 |
| Maximum price (euro) | 1.739 (1st April 2014) |
| Minimum price (euro) | 1.34 (15th May 2014) |
| Average volumes | 33,525 |
| Maximum volumes | 209,000 (28th May 2014) |
| Minimum volumes | 50 (25th April 2014) |
| N° shares | 82,600,000 |
| Market capitalisation at June 30th, 2014 (euro mln) | 116.3 |

* The table above summarizes the main share data as of June 30, 2014

Source: Bloomberg

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Key Data

| Share Capital | June 30 2014 | March 31 2014 |
|-------------------------|--------------|---------------|
| Number of shares issued | 82,600,000 | 82,600,000 |
| Par value per share | 0.44 | 0.44 |
| Share capital (in euro) | 36,344,000 | 36,344,000 |

| Ownership | % on shares issued | % on shares issued |
|--------------------------------------|--------------------|--------------------|
| Leading Jewels S.A. (1) | 58.81% | 58.81% |
| Guido Grassi Damiani | 5.99% | 5.99% |
| Giorgio Grassi Damiani | 6.11% | 6.11% |
| Silvia Grassi Damiani | 5.30% | 5.30% |
| Damiani S.p.A. (treasury shares) (2) | 6.73% | 6.73% |
| Market | 17.06% | 17.06% |

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. 59,078,736) (3) | Director | 4,943,850 |
| Giorgio Grassi Damiani | Director | 5,047,371 |
| Silvia Grassi Damiani | Director | 4,379,371 |
| Strategic executives | | 12,000 |

(1) Company traceable to Damiani Family

(2) The Shareholders' Meeting of July 24, 2014 approved the authorization, for the part not executed of the resolution of the Shareholders' Meeting of July 26, 2013, for the purchase of own shares up to a maximum of n. 16,520,000 ordinary shares of Damiani S.p.A., within a period of 18 months from the date of the Shareholders' resolution. As of June 30, 2014 the treasury 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. and the treasury shares of Damiani S.p.A.

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| Main economic data | I Quarter | | | |
|--|-----------------------------|-----------------------------|----------------|--------------|
| | Financial Year 2014/2015 | Financial Year 2013/2014 | Change | Change % |
| <i>(in thousands of Euro)</i> | | | | |
| Revenues from sales and services | 30,778 | 33,054 | (2,276) | -6.9% |
| Total revenues | 30,788 | 33,071 | (2,283) | -6.9% |
| Cost of production | (29,499) | (33,643) | 4,144 | -12.3% |
| EBITDA (*) | 1,289 | (572) | 1,861 | n.m. |
| EBITDA % | 4.2% | -1.7% | | |
| Amortization, depreciation and write-downs | (1,425) | (796) | (629) | 79.0% |
| Operating income | (136) | (1,368) | 1,232 | 90.1% |
| Operating income % | -0.4% | -4.1% | | |
| Net financial income (expenses) | (341) | (368) | 27 | -7.3% |
| Result before taxes | (477) | (1,736) | 1,259 | 72.5% |
| Net result of the Group | (1,039) | (2,033) | 994 | 48.9% |
| Basic Earnings (Losses) per Share | (0.01) | (0.03) | | |
| Personnel cost | (6,230) | (6,588) | 358 | -5.4% |
| Average number of employees (**) | 589 | 567 | 22 | 3.9% |

(*) EBITDA represents the operating result gross of depreciation, amortization and write downs. 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 adopted, the criteria used 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 period compared.

| Balance sheet data | June 30, 2014 | March 31, 2014 | change |
|-------------------------------|----------------|----------------|--------------|
| <i>(in thousands of Euro)</i> | | | |
| Fixed Assets | 45,670 | 47,208 | (1,538) |
| Net working capital | 67,322 | 66,418 | 904 |
| Non current Liabilities | (6,406) | (6,461) | 55 |
| Net Capital Invested | 106,586 | 107,165 | (579) |
| Shareholders' Equity | 65,144 | 66,395 | (1,251) |
| Net Financial Position (*) | 41,442 | 40,770 | 672 |
| Sources of Financing | 106,586 | 107,165 | (579) |

(*) The Net financial position is determined according to the indications of Consob (Italian SEC) communication DEM/6064293 of July 28, 2006.

Comments on the main economic and financial results of the Group

The Damiani Group's total revenues in the first three months of the financial year 2014/2015 were Euro 30,788 thousands, a decrease of 6.9% compared to those recorded in the corresponding period of the previous financial year. Gross operating profit is instead an improvement of Euro 1,861 thousands, from a negative value of Euro 572 thousands to a positive balance of Euro 1,289 thousands. The operational management benefits of the reorganization implemented both through the review of business processes (even with the disposal of non-profitable assets) and the implementation of the savings in the costs of operation.

Consequently, the net result attributable to the Group, although still negative for Euro 1,039 thousands, resulting in improvement of Euro 994 thousands compared to the result in the first quarter of the previous financial year.

The balance sheet does not show significant changes compared to March 31, 2014 and the financial position remains solid and properly balanced to support the medium term plans of the Group's industrial development.

The following table shows the income statement of the first three months of the financial year 2014/2015,

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compared to the statement of the corresponding period of the previous financial year, and then are commented the trends of the main economic items.

| Income statement | I Quarter | | | |
|--|-----------------------------|-----------------------------|---------|----------|
| | Financial Year 2014/2015 | Financial Year 2013/2014 | Change | Change % |
| <i>(in thousands of Euro)</i> | | | | |
| Revenues from sales and services | 30,778 | 33,054 | (2,276) | -6.9% |
| Other revenues | 10 | 17 | (7) | -41.2% |
| Total revenues | 30,788 | 33,071 | (2,283) | -6.9% |
| Cost of production | (29,499) | (33,643) | 4,144 | -12.3% |
| EBITDA (**) | 1,289 | (572) | 1,861 | n.m. |
| EBITDA % | 4.2% | -1.7% | | |
| Depreciation, amortization and write-downs | (1,425) | (796) | (629) | 79.0% |
| Operating income | (136) | (1,368) | 1,232 | 90.1% |
| Operating income % | -0.4% | -4.1% | | |
| Net financial incomes (expenses) | (341) | (368) | 27 | -7.3% |
| Result before taxes | (477) | (1,736) | 1,259 | 72.5% |
| Result before taxes % | -1.5% | -5.2% | | |
| Taxes | (730) | (365) | | |
| Net result | (1,207) | (2,101) | 894 | 42.6% |
| Net result % | -3.9% | -6.4% | | |
| Non controlling interests | (168) | (68) | | |
| Net result of the Group | (1,039) | (2,033) | 994 | 48.9% |
| Net result of the Group % | -3.4% | -6.1% | | |

(*) EBITDA represents the operating result gross of depreciation, amortization and write downs. 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 adopted, the criteria used 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, refers to a period of medium-low seasonality and are expressed at current exchange rates, in the first three months of the financial year 2014/2015 were equal to Euro 30,778 thousands, a decrease of 6.1% at constant exchange rates (-6.9% at current exchange rates) compared to those recorded in the same period of the previous financial year.

The following table shows the revenues breakdown by channels.

| Revenues by Sales Channel | I Quarter | | | |
|---|-----------------------------|-----------------------------|----------------|--------------|
| | Financial Year 2014/2015 | Financial Year 2013/2014 | Change | Change % |
| <i>(in thousands of Euro)</i> | | | | |
| Retail | 12,421 | 13,068 | (647) | -5.0% |
| <i>Percentage on total revenues</i> | <i>40.3%</i> | <i>39.5%</i> | | |
| Wholesale | 18,357 | 19,986 | (1,629) | -8.1% |
| <i>Percentage on total revenues</i> | <i>59.6%</i> | <i>60.4%</i> | | |
| Total revenues from sales and services | 30,778 | 33,054 | (2,276) | -6.9% |
| <i>Percentage on total revenues</i> | <i>100.0%</i> | <i>99.9%</i> | | |
| Other revenues | 10 | 17 | (7) | -41.2% |
| <i>Percentage on total revenues</i> | <i>0.0%</i> | <i>0.1%</i> | | |
| Total Revenues | 30,788 | 33,071 | (2,283) | -6.9% |

- In the retail channel revenues were equal to Euro 12,421 thousands, down by 3.8% at constant

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exchange rates (5.0% at current exchange rates), compared to the first quarter of the previous financial year. The decline is entirely attributable to lower sales of third-party brands in the multi-brands boutiques of the Rocca network, while continuing the growth of the turnover of the Group's brands, mainly Damiani both in single and multi-brands stores (overall +14.6% at constant exchange rates; +12.1% at current exchange rates). The weight of the retail revenues exceeded 40% of total revenues from the Group's sales, a further increase compared to the first quarter of the previous financial year (39.5% of total).

- In the wholesale channel revenues were equal to Euro 18,357 thousands, down by 8,1% at current exchange rates (-7.6% at constant exchange rates), compared to the first three months of the previous financial year.

Cost of production

Total net production costs in the first three months of the financial year 2014/2015 were equal to Euro 29,499 thousands, a decrease of Euro 4,144 thousands (-12.3%) compared to the corresponding period of the previous financial year (Euro 33,643 thousands).

This change is attributable to the following factors: i) lower costs for the purchase of raw materials and finished products for Euro 1,827 thousands, both due to the decrease in sales and for the benefits resulting from falling prices of gold; ii) lower costs for services and personnel as a result of the reorganization of production processes and savings realized; iii) net gain from the sale to a third party of a business unit relative to a point of sale not profitable for the Group.

EBITDA

The combined effects of revenues and net costs of production above described determined a positive EBITDA in the three months period ended June 30, 2014 equal to Euro 1,289 thousands, an increase of Euro 1,861 thousands compared to the negative gross operating result of Euro 572 thousands recorded in the same period of the previous financial year.

Amortization, depreciation and write-downs

In the three months period ended June 30, 2014 the value of amortization, depreciation and write-downs amounted to Euro 1,425 thousands, an increase of Euro 629 thousands compared to the same period of the prior financial year (Euro 796 thousands). The increase is due to a greater depreciable basis as a direct result of the industrial investments made in the prior months to support the development of the retail channel, and to the write-down of the net assets sold.

Operating Result

The operational management of the Group in the three months of the financial year 2014/2015 marked a clear improvement (Euro 1,232 thousands) compared to that recorded in the corresponding quarter of the previous financial year, and approximates to a substantial break-even point: it is negative for only Euro 136 thousands.

Net financial incomes/(expenses)

The balance of net financial incomes/(expenses) in the first three months of the financial year 2014/2015 was substantially aligned with the first quarter of the previous financial year, albeit with a different composition. The higher net interest expenses of Euro 297 thousands, generated by a different composition of the sources (more loans to medium/long term that are on average more expensive) and a higher average debt, were offset by net incomes from foreign exchange, resulting in a net increase of Euro 324 thousands compared to the same period of the previous financial year.

Current, prepaid and deferred taxes

In the three months period ended June 30, 2014 taxes (current and prepaid) had a negative impact for Euro

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730 thousands compared to a negative balance of Euro 365 thousands in the same period of the financial year 2013/2014.

Net Result

The net consolidated result of the Group in the first three months of the financial year 2014/2015 was negative for Euro 1,039 thousands compared to a loss for Euro 2,033 thousands in the same period of the financial year 2013/2014, resulting in an improvement of Euro 994 thousands as a result of the trends described.

Balance sheet and financial position

The following table shows the reclassified consolidated balance sheet of the Damiani Group at June 30, 2014, compared to that at March 31, 2014, and then discussed the main changes.

| Balance sheet data <i>(in thousands of Euro)</i> | June 30, 2014 | March 31, 2014 | change |
|--|----------------|----------------|--------------|
| Fixed Assets | 45,670 | 47,208 | (1,538) |
| Net working capital | 67,322 | 66,418 | 904 |
| Non current Liabilities | (6,406) | (6,461) | 55 |
| Net Capital Invested | 106,586 | 107,165 | (579) |
| Shareholders' Equity | 65,144 | 66,395 | (1,251) |
| Net Financial Position (*) | 41,442 | 40,770 | 672 |
| Sources of Financing | 106,586 | 107,165 | (579) |

(*) The Net financial position is determined according to the indications of Consob (Italian SEC) communication DEM/6064293 of July 28, 2006.

Net Capital Invested

At June 30, 2014 the net capital invested of the Group was Euro 106,586 thousands, stable compared to March 31, 2014 (Euro 107,165 thousands).

Shareholders' Equity

At June 30, 2014 the Shareholders' equity amounted to Euro 65,144 thousands, a decrease of Euro 1,251 thousands compared to March 31, 2014, due to: i) negative result of the quarter (loss of Euro 1,207 thousands, including minority interests); ii) increase in the stock option reserve for the provision under IFRS 2 relating to the *stock option plan 2010* to Euro 9 thousands; iii) effects from currency translation booked under other reserves for Euro 53 thousands.

In the first three months of the financial year 2014/2015 were not made any purchases of treasury shares.

Net financial position

The composition of the net financial position of the Group as of June 30, 2014 and its evolution from March 31, 2014 is given in the following table.

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| Net Financial Position (*) <i>(in thousands of Euro)</i> | June 30, 2014 | March 31, 2014 | Change |
|--|---------------|----------------|----------------|
| Current portion of loans and financing | 3,670 | 3,664 | 6 |
| Drawdown of credit lines, short term financing and others | 22,006 | 21,554 | 452 |
| Current portion of loans and financing with related parties | 1,036 | 1,038 | (2) |
| Current financial indebtedness | 26,712 | 26,256 | 456 |
| Non current portion of loans and financing | 11,386 | 12,851 | (1,465) |
| Non current portion of loans and financing with related parties | 11,829 | 12,127 | (298) |
| Non current financial indebtedness | 23,215 | 24,978 | (1,763) |
| Total gross financial indebtedness | 49,927 | 51,234 | (1,307) |
| Cash and cash equivalents | (8,485) | (10,464) | 1,979 |
| Net Financial Position (*) | 41,442 | 40,770 | 672 |

(*) The Net financial position is determined according to the indications of Consob (Italian SEC) communication DEM/6064293 of July 28, 2006.

At June 30, 2014 the Group had a net financial debt of Euro 41,442 thousands a slight decrease of Euro 672 thousands compared to March 31, 2014, as a result of cash flow absorbed by operating activities. The debt structure remains properly balanced between the different sources, with the non-current portion that exceeds 55% of the consolidated net debt.

It should be noted that at June 30, 2014 the net financial position includes Euro 12,865 thousands due to related parties of which Euro 5,000 thousands relating to a bond issued by Damiani S.p.A. at the end of September 2013 and signed by the major shareholders, the Damiani brothers, and Euro 7,865 thousands relating to real estate transactions carried out with companies always attributable to major shareholders and accounted for as a sale and lease-back.

Key data by geographical areas

The Damiani Group operates in a single operating segment in which there aren't any significant differences that could be considered as a basis for constituting separate business units. Therefore, the geographical dimension, featuring by the segments described afterwards, is subject of periodic observation and revision by the Directors as well as within the operational responsibilities of Group management.

The sectors are thus formed:

- i) the **Italy** segment includes revenues and operating costs of the parent company Damiani S.p.A., related to the domestic market, and its subsidiaries that operate in Italy;
- ii) the **Foreign** segment that includes revenues and operating costs of Damiani S.p.A. attributable to foreign markets, and commercial subsidiaries with registered offices outside the national borders and distribute the Group's products in their local markets.

The reorganization of the Damiani Group implemented during the more recent financial years resulted in the reallocation and the simplification of operational activities within the Italian and foreign companies. Therefore, the division between Italy and Foreign countries is the main dimension on which the Group proceeds to the analysis and evaluation of the business, both in term of revenues and operating profitability. To this end, to maintain comparability between periods in the information by geographic region are also used data taken from internal management systems of the Group, in order to properly allocate revenues and operating costs on the relevant areas.

In the following table are shown revenues by geographical sectors in the three months period ended June 30, 2014 and in the same period of the prior financial year.

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| Revenues by Geographical Area (in thousands of Euro) | Financial Year | | I Quarter | | change | |
|---|----------------|------------|---------------|------------|---------|----------|
| | 2014/2015 | % of total | 2013/2014 | % of total | | change % |
| Italy | 21,461 | 69.7% | 22,204 | 67.1% | (743) | -3.3% |
| - revenues from sales and services | 21,455 | | 22,191 | | | |
| - other revenues | 7 | | 13 | | | |
| Foreign countries | 9,327 | 30.3% | 10,867 | 32.9% | (1,540) | -14.2% |
| - revenues from sales and services | 9,323 | | 10,863 | | | |
| - other revenues | 3 | | 4 | | | |
| Total revenues | 30,788 | 100.0% | 33,071 | 100.0% | (2,283) | -6.9% |

The revenues by geographical areas showed the following trends:

Revenues in **Italy** showed a slight decrease compared to the same period of the financial year 2013/2014 (-3.3%) due to lower sales of third-party brands in the retail channel, only partially offset by increased sales of the brand Damiani in the same channel and the overall stability of the wholesale channel.

The **Foreign** revenues reduced by 11.8% at constant exchange rates and were negatively affected by the exchange rate effect (-14.2% at current exchange rates), particularly strong in Japan, due to the depreciation of the yen against the euro.

Overall, the weight of foreign revenues in the first three months of the financial year 2014/2015 is slightly higher than the 30% of the total. The decrease is due primarily to the revenues that were generated in the first quarter of the financial year 2013/2014 from the Group's initiatives that have not been re-proposed in the current year (destocking, events).

The following table shows the EBITDA by geographical areas in the first three months of the financial year 2014/2015 and in the corresponding period of the prior financial year.

| EBITDA by Geographical Area * | I Quarter | | change | change % |
|-------------------------------|--------------------------|--------------------------|--------|----------|
| | Financial Year 2014/2015 | Financial Year 2013/2014 | | |
| (in thousands of Euro) | | | | |
| Italy | 1,930 | (382) | 2,312 | n.m. |
| Foreign countries | (641) | (190) | (451) | n.m. |
| Consolidated EBITDA | 1,289 | (572) | 1,861 | n.m. |
| <i>% on Revenues</i> | <i>4.2%</i> | <i>-1.7%</i> | | |

(*) EBITDA represents the operating result gross of depreciation, amortization and write downs. 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 adopted, the criteria used by the Group may not be the same as criteria used by other companies and therefore cannot be used for comparative purposes.

Transactions with related parties

The operations carried out by the Damiani Group with related parties are mainly of real estate nature (property leasing for office and shops) and starting from the financial year 2013/2014 also financial (the executive directors and major shareholders, the Damiani brothers, signed a bond issued by Damiani S.p.A. with a nominal value of Euro 5,000 thousands).

Data concerning dealings of the Group with related parties in the quarter ended June 30, 2014 and in the same period of the previous financial year are displayed hereunder.

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| | I Quarter 2014/2015 | | Balance at June 30, 2014 | | | |
|--|---------------------|--------------------|--------------------------|------------------------------------|---------------------------|----------------|
| <i>(in thousands of Euro)</i> | | | | | | |
| | Net operating costs | Financial expenses | Other current assets | Financial debt (including leasing) | Other current liabilities | Trade payables |
| Total with related parties | (255) | (256) | 685 | (12,865) | (207) | (4,433) |
| Total from financial statements | (30,924) | (649) | 7,737 | (49,927) | (6,027) | (45,890) |
| %age weight | 1% | 39% | 9% | 26% | 3% | 10% |

| | I Quarter 2013/2014 | | Balance at June 30, 2013 | | |
|--|---------------------|--------------------|--------------------------|------------------------------------|----------------|
| <i>(in thousands of Euro)</i> | | | | | |
| | Net operating costs | Financial expenses | Other current assets | Financial debt (including leasing) | Trade payables |
| Total with related parties | (266) | (209) | 948 | (8,925) | (4,128) |
| Total from financial statements | (34,439) | (536) | 10,471 | (41,096) | (47,708) |
| %age weight | 1% | 39% | 9% | 22% | 9% |

Non-recurring, atypical and/or unusual operations

In the quarter there were no positions or transactions deriving from atypical and/or unusual operations as defined in the Consob ruling n.15519 as of July 27, 2006.

In the first quarter of the financial year 2014/2015 it should be noted as non-recurring operation:

- On May 26, 2014 the subsidiary Rocca S.p.A. sold to third parties the business unit (inclusive of the lease) for the multi-brand store in Rome. The price agreed between the parties was Euro 1,980 thousands. Because of the simultaneous write-off of the net book values of the assets transferred, which amounted to Euro 584 thousands, the net income of the Group amounted to Euro 1,396 thousands. The multi-brand store in Rome was not-profitable for the Group.

Significant events of the quarter

On May 28, 2014, the activities of the second flagship store in Singapore initiated. The store is located at Marina Bay Sands, the shopping center of the city where there are major international luxury brands. American actress Eva Longoria was the guest of honor at the event inauguration of the boutique, which was attended by local dignitaries and journalists.

Damiani has participated as a sponsor in the celebrations of the centenary of the Olympic Committee in Rome. At the official ceremony June 9, 2014 at the Foro Italico in the prestigious setting of the Stadio dei Marmi, in the presence of the President of the Italian Republic Giorgio Napolitano, Damiani has exposed the limited edition collection created to celebrate the 90th Anniversary of the maison. It is numbered exclusive jewelry that are inspired by each decade of history of Damiani from 1924 to today.

On June 18, 2014 was inaugurated at Palazzo Pitti in Florence the temporary exhibition "90 Years of Excellence and Passion" of Damiani. In the exhibition, which is open to the public until September 7, 2014 in the Gallery of Modern Art of the historic Florentine Renaissance palace, are exhibited 18 works that over the years have been awarded the Diamond International Award, the Oscar of the jewelry, and creation dedicated to 90 years of the *maison* and other works of award-winning goldsmith. Damiani is the first jeweler in activities to which it is dedicated the honor of an exhibit of such prestige.

Significant events after the end of the quarter

On August 5, 2014 the Board of Directors of Damiani S.p.A. approved the project of the merger by incorporation of the subsidiary Rocca S.p.A. in the parent company, which owns 100% of the share capital.

The operation is aimed at ensuring greater functionality of the Group, in economic and financial terms, and is part of the reorganization that is already largely being implemented in the previous financial years.

The merger will not result in any capital increase in Damiani S.p.A. nor, in accordance with Consob Regulation n. 17221/10, is subject to the Procedure for transactions with related parties, as made with fully owned company.

The documentation relating to the merger was made available to the public in the manner and terms prescribed by the applicable law.

Business outlook

In the first quarter of the financial year 2014/2015 continued the reorganization within the Group aimed at improving efficiency in business processes and savings in operating costs, including the disposals of non-profitable and non-strategic assets. The benefits of these actions are visible, with an operating margin improved compared to the same period of the previous year, although there was a contraction in revenues.

Even if the reference scenario retains connotations of high uncertainty and fragility (Italy into recession, crisis in the former Soviet countries that are traditional markets of the Group's products), the further implementation of the reorganization in the coming months, along with the recovery in sales expected in some foreign countries with the initiatives already planned and promoted through the network of properties that effectively pursues the development of Damiani brand abroad, lead us to believe that the economic improvement already recorded will be consolidated in the next months.

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

Valenza, August 8 2014

For the Board of Directors
Chairman & CEO
Guido Grassi Damiani

CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At June 30, 2014 and at March 31, 2014.

| <i>(in thousands of Euro)</i> | June 30, 2014 | March 31, 2014 |
|---|----------------|----------------|
| NON-CURRENT ASSETS | | |
| Goodwill | 4,737 | 4,737 |
| Other Intangible Assets | 3,716 | 4,282 |
| Property, plant and equipment | 16,868 | 17,447 |
| Investments | 167 | 167 |
| Financial receivables and other non current assets | 4,146 | 4,125 |
| Deferred tax assets | 16,036 | 16,450 |
| TOTAL NON CURRENT ASSETS | 45,670 | 47,208 |
| CURRENT ASSETS | | |
| Inventories | 90,641 | 85,745 |
| Trade receivables | 22,784 | 30,525 |
| Tax receivables | 616 | 497 |
| Other current assets | 7,737 | 7,322 |
| <i>of which towards related parties</i> | <i>685</i> | <i>691</i> |
| Cash and cash equivalents | 8,485 | 10,464 |
| TOTAL CURRENT ASSETS | 130,263 | 134,553 |
| TOTAL ASSETS | 175,933 | 181,761 |
| GROUP SHAREHOLDERS' EQUITY | | |
| Share Capital | 36,344 | 36,344 |
| Reserves | 27,533 | 36,154 |
| Group net income (loss) for the period | (1,039) | (8,557) |
| TOTAL GROUP SHAREHOLDERS' EQUITY | 62,838 | 63,941 |
| NON CONTROLLING INTEREST | | |
| Non controlling interest share capital and reserves | 2,475 | 2,465 |
| Non controlling interest net income (loss) for the period | (169) | (11) |
| TOTAL NON CONTROLLING INTEREST | 2,306 | 2,454 |
| TOTAL SHAREHOLDERS' EQUITY | 65,144 | 66,395 |
| NON CURRENT LIABILITIES | | |
| Non current portion of long term financial debts | 23,215 | 24,978 |
| <i>of which towards related parties</i> | <i>11,829</i> | <i>12,127</i> |
| Employees' Termination Indemnities | 4,901 | 5,005 |
| Deferred tax liabilities | 362 | 407 |
| Provision for risks and charges | 664 | 581 |
| Other non current liabilities | 479 | 468 |
| TOTAL NON CURRENT LIABILITIES | 29,621 | 31,439 |
| CURRENT LIABILITIES | | |
| Current portion of long term financial debts | 4,706 | 4,702 |
| <i>of which towards related parties</i> | <i>1,036</i> | <i>1,038</i> |
| Trade payables | 45,890 | 49,183 |
| <i>of which towards related parties</i> | <i>4,433</i> | <i>4,575</i> |
| Short term borrowings | 22,006 | 21,554 |
| Tax payables | 2,539 | 2,340 |
| Other current liabilities | 6,027 | 6,149 |
| <i>of which towards related parties</i> | <i>207</i> | <i>138</i> |
| TOTAL CURRENT LIABILITIES | 81,168 | 83,928 |
| TOTAL LIABILITIES | 110,789 | 115,367 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 175,933 | 181,761 |

CONSOLIDATED INCOME STATEMENT

For the three months period ended June 30, 2014 and June 30, 2013.

| <i>(in thousands of Euro)</i> | I Quarter | |
|--|-----------------------------|-----------------------------|
| | Financial Year 2014/2015 | Financial Year 2013/2014 |
| Revenues from sales and services | 30,778 | 33,054 |
| Other revenues | 10 | 17 |
| TOTAL REVENUES | 30,788 | 33,071 |
| Cost of raw materials and consumables | (15,800) | (17,413) |
| Cost of services | (9,269) | (10,280) |
| <i>of which towards related parties</i> | <i>(255)</i> | <i>(266)</i> |
| Personnel cost | (6,230) | (6,588) |
| Other net operating (charges) incomes | 1,800 | 638 |
| <i>of which not recurring incomes</i> | <i>1,894</i> | - |
| Amortization, depreciation and write downs | (1,425) | (796) |
| <i>of which not recurring write-downs</i> | <i>498</i> | - |
| TOTAL OPERATING EXPENSES | (30,924) | (34,439) |
| OPERATING INCOME (LOSS) | (136) | (1,368) |
| Financial Expenses | (649) | (536) |
| <i>of which towards related parties</i> | <i>(256)</i> | <i>(209)</i> |
| Financial Incomes | 308 | 168 |
| INCOME (LOSS) BEFORE INCOME TAXES | (477) | (1,736) |
| Income Taxes | (730) | (365) |
| NET INCOME (LOSS) FOR THE PERIOD | (1,207) | (2,101) |
| Attributable to: | | |
| Equity holders of the parent | (1,039) | (2,033) |
| Non controlling interests | (168) | (68) |
| Basic Earning (Losses) per Share(**) | (0.01) | (0.03) |
| Diluted Earning (Losses) per Share(**) | (0.01) | (0.03) |

(*) The earnings (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.

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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 2014/2015 | Financial Year 2013/2014 |
| 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 | 77,527,869 | 77,620,085 |
| Basic Earnings(Losses) per Share (in Euro) | (0.01) | (0.03) |

| Diluted Earnings (Losses) per Share | I Quarter | |
|--|-----------------------------|-----------------------------|
| | Financial Year 2014/2015 | Financial Year 2013/2014 |
| 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 diluted earnings per share | 77,527,869 | 77,620,085 |
| Weighted average number of ordinary shares for computation of diluted earnings per share | 77,527,869 | 77,620,085 |
| Diluted Earnings(Losses) per Share (in Euro) | (0.01) | (0.03) |

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

For the three months period ended June 30, 2014 and June 30, 2013.

| <i>(in thousands of Euro)</i> | I Quarter Financial year 2014/2015 | I Quarter Financial year 2013/2014 |
|---|---|---|
| Net income (Loss) for the period | (1,207) | (2,101) |
| <i>Other gains (losses) that will be reclassified to net income for the period:</i> | | |
| Gain (Losses) on cash flow hedges | 0 | 0 |
| Fiscal Effect | (0) | (0) |
| Gain (Losses) on exchange differences on translating foreign operations | 62 | (2,922) |
| Fiscal Effect | (114) | 420 |
| <i>Other gains (losses) that will not be reclassified to net income for the period:</i> | 0 | 0 |
| Total Comprehensive Income (loss) for the period | (1,259) | (4,603) |
| Equity holders of the parent | (1,112) | (4,485) |
| Non controlling interests | (148) | (118) |

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the three months period ended June 30, 2014 and June 30, 2013.

| <i>(in thousands of Euro)</i> | Share Capital | Share Premium Reserve | Legal Reserve | Shareholders payment reserve | Stock option reserve | Treasury Shares | Other reserves | IAS 19 reserve * | Net income (Loss) for the period | Group shareholders' equity | Non controlling interest | Total shareholders' equity |
|---|---------------|-----------------------|---------------|------------------------------|----------------------|-----------------|-----------------|------------------|----------------------------------|----------------------------|--------------------------|----------------------------|
| Balances at March 31, 2013 | 36,344 | 69,858 | 2,434 | 8,618 | 455 | (8,134) | (26,775) | 167 | (8,390) | 74,577 | 2,582 | 77,159 |
| Allocation of the result for the period | | (2,069) | | | | | (6,321) | | 8,390 | | | |
| Other comprehensive income(loss) | | | | | | | (2,452) | 0 | (2,033) | (4,485) | (118) | (4,603) |
| Stock option | | | | | 31 | | | | | 31 | | 31 |
| Balances at June 30, 2013 | 36,344 | 67,789 | 2,434 | 8,618 | 486 | (8,134) | (35,548) | 167 | (2,033) | 70,123 | 2,464 | 72,587 |
| <i>(in thousands of Euro)</i> | | | | | | | | | | | | |
| Balances at March 31, 2014 | 36,344 | 67,789 | 2,434 | 8,618 | 577 | (8,134) | (36,844) | (355) | (8,557) | 63,941 | 2,454 | 66,395 |
| Allocation of the result for the period | | (2,033) | | | | | (6,524) | | 8,557 | | | |
| Other comprehensive income(loss) | | | | | | | (73) | - | (1,039) | (1,112) | (148) | (1,259) |
| Stock option | | | | | 9 | | | | | 9 | | 9 |
| Balances at June 30, 2014 | 36,344 | 65,756 | 2,434 | 8,618 | 586 | (8,134) | (43,441) | (355) | (1,039) | 62,838 | 2,306 | 65,144 |

CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months period ended June 30, 2014 and June 30, 2013.

| <i>(in thousand of Euro)</i> | I Quarter Financial Year 2014/2015 | I Quarter Financial Year 2013/2014 |
|---|--|--|
| CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES | | |
| Net income (loss) for the period | (1,207) | (2,101) |
| <i>Adjustments to reconcile the income (loss) for the period to the cash flow generated (absorbed) by operations:</i> | | |
| Amortization, depreciation and write downs | 1,425 | 796 |
| Costs/(revenues) for stock option | 9 | 31 |
| (Gains)/Losses from sale of non current assets | 2 | - |
| Accrual (releases) of allowance for doubtful accounts | 170 | - |
| Accrual (releases) of provision for risks and charges | 150 | - |
| Changes in the fair value of financial instruments | (32) | 29 |
| Accrual to employees' termination indemnity | (104) | (19) |
| Changes in the deferred tax assets and liabilities | 369 | (407) |
| | 781 | (1,671) |
| <i>Changes on operating assets and liabilities</i> | | |
| Trade receivables | 7,571 | 5,011 |
| Inventories | (4,896) | (4,293) |
| Trade payables | (3,293) | 2,104 |
| Tax receivables | (119) | 32 |
| Tax payables | 199 | 641 |
| Provisions for risks and charges | (67) | (541) |
| Other current assets and current and non current liabilities | (494) | 546 |
| NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES (A) | (318) | 1,829 |
| CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES | | |
| Disposal of intangible assets and property, plant and equipment | 85 | - |
| Purchase of property, plant and equipment | (273) | (1,078) |
| Purchase of intangible assets | - | (6) |
| Damiani India incorporation | - | (5) |
| Net change in the other non current assets | (21) | 279 |
| NET CASH FLOW USED IN INVESTING ACTIVITIES (B) | (209) | (810) |
| CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES | | |
| Repayment of long term loans | (1,964) | (2,611) |
| Issuance of long-term debt | 205 | 2,904 |
| Net change in short-term financial liabilities | 452 | 152 |
| NET CASH FLOW FROM (USED IN) FINANCING ACTIVITIES © | (1,307) | 445 |
| TOTAL CASH FLOW (D=A+B+C) | (1,834) | 1,464 |
| Effect of exchange rates on cash and cash equivalents (E) | (145) | (2,363) |
| CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE YEAR (F) | 10,464 | 7,688 |
| CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD (G=D+E+F) | 8,485 | 6,789 |

Declaration under article 154bis, 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 154 bis of the Italian law "Testo Unico della Finanza" (T.U.F.) that on the basis of his knowledge the accounting information contained in the Interim Consolidated Financial Report as of June 30, 2014 corresponds to the documental results, books and accounting records.

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