

DAMIANI S.p.A.

Consolidated Interim Financial Report as of December 31, 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

February 13, 2015

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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) ⁽³⁾

Paola Mignani (Statutory Auditor) ⁽³⁾

Fabio Massimo Micaludi (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

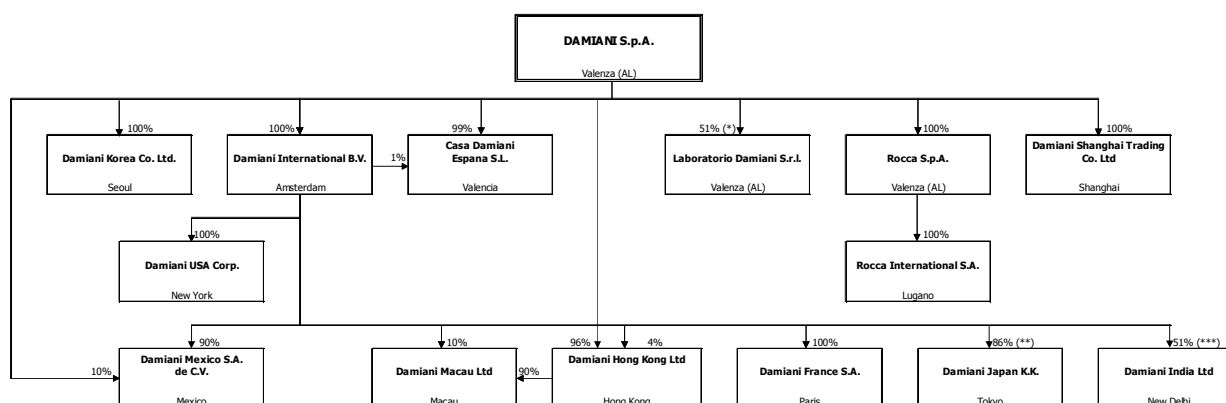
¹ Appointed by the Shareholders' Meeting of Damiani S.p.A. of July 26, 2012 and in office for the period 2012-2015, until the approval of the Financial Statements for the year ended March 31, 2015.

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.

³ Starting from January 15, 2015 Mrs. Motta Milena was replaced by Mrs. Mignani Paola, in office until the expiration of the three-year term.

REPORT ON OPERATIONS ⁽⁴⁾

Structure and business activities of Damiani Group



(*) 49% is held by Christian and Simone Rizzetto
(**) 14% is held by Itochu Corporation
(***) 49% is held by Mehta family, Indian partner of the JV

The Damiani Group (hereinafter the "Group") has been operating for 90 years in the jewelry and watch 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. In the first nine months of the financial year 2014/2015 the corporate structure of the Group, graphically represented above, has not changed since the end of the previous financial to March 31, 2014.

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 December 31, 2014 the Point of Sales ("POS") directly managed were 58, while mono-brand in franchising were 21, with the geographical breakdown shown in the table:

⁴ The Damiani Group closes its financial year at March 31, and therefore the period from April 1 to December 31, 2014 represents the first nine 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 nine months of the financial year 2013/2014.

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Boutiques and corners	Italy	Japan	Greater China (*)	Rest of the World	Total
Mono-brand Damiani	11	11	11	10	43
Multi-brand Rocca	14	-	-	1	15
Total DOS	25	11	11	11	58
Franchising	-	-	3	18	21

(*) Includes: Mainland China, Hong Kong, Taiwan and Macau

In the first nine months of the financial year 2014/2015 the directly managed network grew further four stores, compared to the end of the previous financial year.

Criteria used and accounting standards

The consolidated financial statements at December 31, 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.

The Damiani Group prepared the Consolidated interim financial report at December 31, 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.

Board of Directors of Damiani S.p.A.

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

The Board of Directors of Damiani S.p.A. met 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. is currently consists of seven members, as reported on page 3 of the Consolidated 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 renewed the authorization, subject to the revocation of the resolution adopted by the Shareholders' Meeting of July 26, 2013 to the extent not used, to the purchase and disposal of treasury shares, under co-joined articles 2357 and 2357 ter of the 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 shares at a nominal value of 0.44 euro each, corresponding to the fifth part of the share capital.
- 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 Regulation n. 11971/1999) and respecting the principle of equal treatment of shareholders and any other regulations, including Community rules.

As of December 31, 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 December 2014.

Stock option plans

At the date of approval of this consolidated interim financial report there are a total of two ongoing compensation plan based on financial instruments pursuant article 114-bis of the Legislative Decree n. 58/1998. In detail:

- Stock Option Plan 2009 initially approved by the Shareholders' Meeting on July 22, 2009 and implemented by the Board of Directors on September 24, 2009 and relates to the sale of option in one or more tranches within five years from the approval of the Meeting, to the management of the Damiani Group for the purchase of a maximum of 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 on July 21, 2010 and concerning the free allocation of options to purchase a maximum of n. 3,500,000 Damiani shares to directors, executives, managers, employees, consultants and co-workers, including agents, of the Damiani Group, in one or more tranches within five years from the approval of the Meeting. The Plan was amended by the Shareholders' Meeting of July 27, 2011 and has been so far subject to three cycles of implementation approved by: i) the first cycle by the Board of Directors on April 21, 2011 (amended on February 10, 2012) and still valid; ii) the second and the third by the Board of Directors on June 12, 2014. These last two cycles affecting respectively n. 14 beneficiaries for 345,000 options and with maturity March 31, 2015 and n. 23 beneficiaries for 630,000 options and with maturity March 31, 2016.

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, which 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.

Merger between Damiani S.p.A. and Rocca S.p.A.

On December 16, 2014 was the deed of the merger by incorporation of Rocca S.p.A. in the parent company Damiani S.p.A., which owned 100% of the share capital. Such deed implemented as approved by the respective Boards of Directors on October 2, 2014. The effective date in legal terms of the merger is January 1, 2015, while the accounting and tax effects are backdated to April 1, 2014. The merger did 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.

The operation is aimed at ensuring greater functionality of the Group, in economic and financial terms.

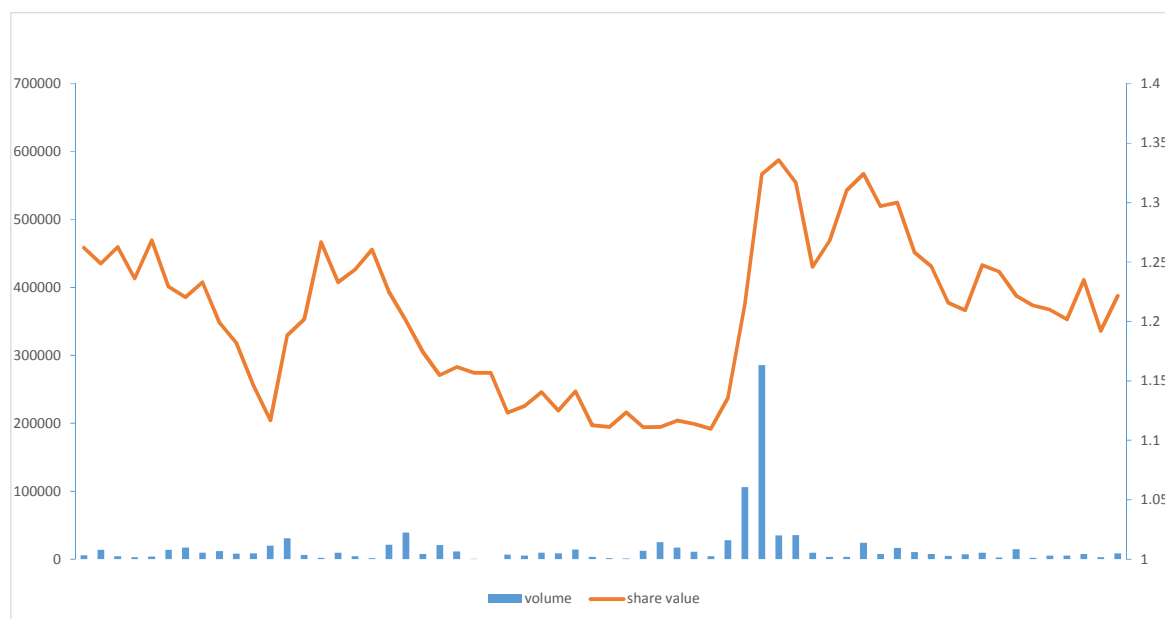
Main risks and uncertainties for the Damiani Group

The general economic environment and market reference in the April-December 2014 remained still marked by high volatility and uncertainty, with macro-economic parameters still negative in Italy, and therefore the main risks to which the Damiani Group is exposed are essentially unchanged compared to the previous financial year ended March 31, 2014 (set out in detail in the Consolidated financial statements 2013/2014 to which we refer), with regard to the estimates and forecasts about future trends in the macro-economic indicators, as well as consumer trends of luxury goods (also influenced by the flows of consumers from emerging markets towards Italy, which slowed down in 2014 especially with regard to Russian citizens), prices commodities, exchange and interest rates.

The 2015 opened with a sharp weakening of the Euro against major foreign currencies. If such a situation was to persist over time, while generating benefits in terms of export of the finished products but also an increase in the price of imported raw materials, the risks and uncertainties (but also the market opportunities) to which the Group is exposed may change over the medium term.

Quotation in the Stock Market and performance of the share

The following graph represents the price trend of Damiani share during the quarter October-December of the financial year 2014/2015.



The main share and market data for the three months period October-December 2014 are reported below.

Damiani in the Stock Market *

Official Price on October 1, 2014 (euro)	1.2622
Official price on December 30, 2014 (euro)	1.2216
Maximum price in the quarter (euro)	1.389 (26 novembre 2014)
Minimum price in the quarter (euro)	1.073 (16 ottobre 2014)
Average volumes	16,767
Maximum volumes	285,839 (26 novembre 2014)
Minimum volumes	729 (3 novembre 2014)
Share capital (n. shares)	82,600,000
Market capitalisation at December 30, 2014 (€/mln)	100.9

** Trend in the quarter October-December 2014*

Key Data

Share Capital	December 31 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 December 31, 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	Nine months			
	Financial Year 2014/2015	Financial Year 2013/2014	Change	Change %
<i>(in thousands of Euro)</i>				
Revenues from sales and services	115,443	110,292	5,151	4.7%
Total revenues	115,466	110,330	5,136	4.7%
Cost of production	(110,285)	(110,059)	(226)	0.2%
EBITDA (*)	5,181	271	4,910	n.m.
EBITDA %	4.5%	0.2%		
Amortization, depreciation and write downs	(3,327)	(2,465)	(862)	35.0%
Operating result	1,854	(2,194)	4,048	-184.5%
Operating result %	1.6%	-2.0%		
Net financial income (expenses)	(2,245)	(1,148)	(1,097)	95.6%
Result before taxes	(391)	(3,342)	2,951	-88.3%
Net result of the Group	(1,366)	(3,561)	2,195	-61.6%
Basic Earnings (Losses) per Share	(0.02)	(0.05)		
Personnel cost	(18,580)	(18,975)	395	-2.1%
Average number of employees (**)	599	581	18	3.1%

(*) 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.

(**) Average number of employees in the two periods compared.

Balance sheet data	December 31, 2014	March 31, 2014	change
<i>(in thousands of Euro)</i>			
Fixed Assets	44,564	47,208	(2,644)
Net working capital	78,192	66,418	11,774
Non current Liabilities	(7,127)	(6,461)	(666)
Net Capital Invested	115,629	107,165	8,464
Shareholders' Equity	65,447	66,395	(948)
Net Financial Position (*)	50,182	40,770	9,412
Sources of Financing	115,629	107,165	8,464

(*) 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 Group's activity, similarly with that of the other players in the sector, is marked by a significant seasonality. Sales of jewelry are mostly concentrated in the quarter October-December (and for the retail channel mainly in December), in relation to the Christmas campaign. Consequently the quarterly economic performance is deeply influenced by the seasonal trend of revenues.

Total revenues for the Damiani Group in the first nine months of the financial year 2014/2015 resulted in increase of 4.7% at current exchange rates (+5.0% at constant exchange rates) compared to those recorded in the corresponding period of the previous financial year. The operating result turned positive for Euro 1,854 thousands and an improvement of Euro 4,048 thousands compared to the previous financial year, benefiting both of the increase of revenues and of the internal reorganization actions which impacted on the net operating costs.

The net loss of the Group was in sharp decline (-61.6%) compared to the first nine months of the financial year 2013/2014 and amounted to Euro 1,366 thousands.

The following table shows the income statement of the first nine months of the financial year 2014/2015, compared to the income statement of the same period of the previous financial year, and are commented the trends of the main economic items.

Income statement	Nine Months		Change	Change %
	Financial Year 2014/2015	Financial Year 2013/2014		
<i>(in thousands of Euro)</i>				
Revenues from sales and services	115,443	110,292	5,151	4.7%
Other revenues	23	38	(15)	-39.5%
Total revenues	115,466	110,330	5,136	4.7%
Cost of production	(110,285)	(110,059)	(226)	0.2%
<i>of which incomes not recurring</i>	<i>1,891</i>	<i>-</i>		
EBITDA (*)	5,181	271	4,910	n.m.
EBITDA %	4.5%	0.2%		
Depreciation, amortization and write downs	(3,327)	(2,465)	(862)	35.0%
<i>of which write downs not recurring</i>	<i>(498)</i>	<i>-</i>		
Operating result	1,854	(2,194)	4,048	n.m.
Operating result %	1.6%	-2.0%		
Net financial incomes (expenses)	(2,245)	(1,148)	(1,097)	95.6%
Result before taxes	(391)	(3,342)	2,951	-88.3%
Result before taxes %	-0.3%	-3.0%		
Taxes	(1,143)	(511)		
Net result	(1,534)	(3,853)	2,319	-60.2%
Net result %	-1.3%	-3.5%		
Non controlling interests	(168)	(292)	0	n.m.
Net result of the Group	(1,366)	(3,561)	2,195	61.6%
<i>Net result of the Group %</i>	<i>-1.2%</i>	<i>-3.2%</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.

REVENUES

Revenues from sales and services that are not influenced by non-recurring transactions and are expressed at current exchange rates, in the first nine months of the financial year 2014/2015 were Euro 115,443 thousands, an increase of 4.7% compared to those booked in the same period of the previous financial year. Revenues at constant exchange rates instead show a growth slightly higher, equal to 5.0% compared to the same period of the previous financial year.

The following table shows the breakdown of revenues by channels.

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Revenues by Sales Channel <i>(in thousands of Euro)</i>	Nine Months		Change	Change %
	Financial Year 2014/2015	Financial Year 2013/2014		
Retail	46,721	44,135	2,586	5.9%
<i>Percentage on total revenues</i>	<i>40.5%</i>	<i>40.0%</i>		
Wholesale	68,722	66,157	2,565	3.9%
<i>Percentage on total revenues</i>	<i>59.5%</i>	<i>60.0%</i>		
Total revenues from sales and services	115,443	110,292	5,151	4.7%
<i>Percentage on total revenues</i>	<i>100.0%</i>	<i>100.0%</i>		
Other revenues	23	38	(15)	-39.5%
<i>Percentage on total revenues</i>	<i>0.0%</i>	<i>0.0%</i>		
Total Revenues	115,466	110,330	5,136	4.7%

- In the retail channel revenues were Euro 46,721 thousands, an increase by 6.3% at constant exchange rates and by 5.9% at current exchange rates, compared to the first nine months of the previous financial year. The increase is entirely due to the positive sales performance of the Damiani brand, which recorded a growth of 22.9% at constant exchange rates and of 22.0%, at current exchange rates. This overall trend confirms a positive trend that has lasted for five years. In contrast, the decline in flows of foreign customers (especially Russians) in the Italian multi-brands with the Rocca sign has penalized in the period sales of third-parties brands of watches. The weight of the retail revenues remained stable around 40% of total Group's sales.
- In the wholesale channel revenues were Euro 68,722 thousands, +4.2% at constant exchange rates and +3.9% at current exchange rates compared to the same period of the financial year 2013/2014. The third quarter recorded a recovery, mainly due to the good trend on the domestic market, after a first half that closed with a reduction of wholesale sales of 8.8%.

Cost of production

Overall, the net costs of production in the first nine months of the financial year 2014/2015 were Euro 110,285 thousands, stable compared to the same period of the previous financial year (Euro 110,059 thousands).

In details the trend of the main items in the nine months period ended December 31, 2014:

- **Cost for raw materials and other materials** (including purchases of finished goods), amounted to Euro 63,437 thousands with an increase by 5.0% compared to the same period of the financial year 2013/2014 (Euro 60,401 thousands). The change was primarily due to the trend of revenues from sales.
- **Cost of services** were Euro 30,606 thousands, -3.0% compared to the same period of the previous financial year (Euro 31,568 thousands). The contraction was in functional expenses due to the actions of saving activated on the different business processes, while the costs of advertising and promotion were maintained in line with the trend of revenues.
- **Personnel cost** was Euro 18,580 thousands with a decrease by 2.1% compared to the same period of the previous financial year (Euro 18,975 thousands). The downturn was mainly concentrated on the Parent company, in which we proceeded to streamline the staff structure.
- The **Other net operating (charges)/incomes** showed a positive balance of Euro 2,338 thousands in the first nine months of the financial year 2014/2015 compared to a positive balance of Euro 885 thousands in the same period of the financial year 2013/2014. The balance in the current financial year includes the net income, not-recurring, of Euro 1,891 thousands for sale to third parties of the business unit (inclusive of the lease) for a store not strategic for the Group.

EBITDA

The combined trend of revenues and net costs of production described above results in a positive EBITDA in the nine months ended December 31, 2014 equal to Euro 5,181 thousands, an improvement of Euro 4,910 thousands compared to the gross operating result of the same period of the previous financial year (Euro 271 thousands).

Amortization, depreciation and write downs

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In the nine months period ended December 31, 2014 amortization, depreciation and write downs of non-current assets amounted to Euro 3,327 thousands, increase compared to the same period of the last year (Euro 862 thousands). This was due both to the greater depreciable consistency generated by investments made primarily to support the development of the retail segment and to the write-off of the net book values of the assets transferred.

Operating result

The operating performance of the Group in the nine months ended December 31, 2014 was positive for Euro 1,854 thousands, an improvement of Euro 4,048 thousands compared to the loss recorded in the same period of the previous financial year, for Euro 2,194 thousands. The return to a positive operating result as a consequence of both the increase in revenues from sales and the rationalization of processes and the cost structure of the Group confirms the correctness of the strategic actions adopted.

Net financial incomes (expenses)

The balance of financial management in the first nine months of the financial year 2014/2015 was negative for Euro 2,245 thousands, worsening of Euro 1,097 thousands compared to the negative balance of Euro 1,148 thousands in the same period of the financial year 2013/2014. The change was mainly due to both increasing expenses generated by a higher average financial exposure in the period and by a negative impact of foreign exchange losses for currency transactions.

Result before taxes

The operations and financials for the period ended December 31, 2014 resulted in a pre-tax loss of Euro 391 thousands, compared to a loss of Euro 3,342 thousands in the same period of the previous financial year, resulting in an improvement of Euro 2,951 thousands.

Current, prepaid and deferred taxes

In the nine months period ended December 31, 2014 current and deferred taxes had a negative impact of Euro 1,143 thousands compared to a negative balance of Euro 511 thousands in the same period of the financial year 2013/2014. The growing impact of taxes was due to the higher taxable income for the Group's Italian companies which are under pressure a higher effective tax rate.

Net Result

The net consolidated result in the first nine months of the financial year 2014/2015 was negative for Euro 1,366 thousands but a strong improvement compared to the same period of the last financial year (+61.6%), which recorded a loss of Euro 3,561 thousands.

Balance sheet and financial situation

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

Balance sheet data <i>(in thousands of Euro)</i>	December 31, 2014	March 31, 2014	change
Fixed Assets	44,564	47,208	(2,644)
Net working capital	78,192	66,418	11,774
Non current Liabilities	(7,127)	(6,461)	(666)
Net Capital Invested	115,629	107,165	8,464
Shareholders' Equity	65,447	66,395	(948)
Net Financial Position (*)	50,182	40,770	9,412
Sources of Financing	115,629	107,165	8,464

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

Fixed Assets

At December 31, 2014 the fixed assets of the Group were Euro 44,564 thousands, a decrease by Euro 2,644 thousands compared to March 31, 2014 (Euro 47,208 thousands). The growth in the period for capex (equal to Euro 956 thousands) was completely offset by the amortization, depreciation and write-down of the period (for Euro 3,327 thousands), described above. In slight reduction during the period are the other non-current assets (financial receivables and deferred tax assets).

Net working capital

At December 31, 2014 the net working capital was Euro 78,192 thousands, an increase by Euro 11,774 thousands compared to March 31, 2014: the dynamics of its operating components (trade receivables and liabilities, inventories) are related to the normal seasonal trend of the production/distribution process, as well as the expansion of its retail business (which generates a growing for stock).

Shareholders' equity

At December 31, 2014 the Shareholders' equity amounted to Euro 65,447 thousands, a decrease by Euro 948 thousands compared to March 31, 2014, mainly due to the negative result of the nine months period (equal to Euro 1,534 thousands, including the portion attributable to non-controlling interests) and to the discounted loss detected on defined benefit plans for employees (equal to Euro 196 thousands), to which oppose positive changes for exchange differences for Euro 622 thousands and the increase in the stock option reserve for the share-based payments of Euro 160 thousands. In the nine months period have not been purchased any treasury shares.

Net financial position

The following table shows the composition of the net financial position at December 31, 2014 and its change from March 31, 2014.

Net Financial Position (*)	December 31, 2014	March 31, 2014	Change
(in thousands of Euro)			
Current portion of loans and financing	2,440	3,664	(1,224)
Drawdown of credit lines, short term financing and others	32,251	21,554	10,697
Current portion of loans and financing with related parties	1,033	1,038	(5)
Current financial indebtedness	35,724	26,256	9,468
Non current portion of loans and financing	11,482	12,851	(1,369)
Non current portion of loans and financing with related parties	11,211	12,127	(916)
Non current financial indebtedness	22,693	24,978	(2,285)
Total gross financial indebtedness	58,417	51,234	7,183
Financial current assets	-	-	-
Cash and cash equivalents	(8,235)	(10,464)	2,229
Net Financial Position (*)	50,182	40,770	9,412

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

At December 31, 2014 the Group had a net financial debt of Euro 50,182 thousands, worsening by Euro 9,412 thousands compared to March 31, 2014, as a result of cash flow absorbed by operating and investing activities of the period. The short-term credit lines, currently less costly for the Group, continue to be underutilized.

Please note that at December 31, 2014 the net financial position includes Euro 12,244 thousands for debts towards related parties both for real estate transactions accounted as sale and lease-back operations (at December 31, 2014 this debt component amounted to Euro 7,244 thousands) and for a non-convertible and reserved bond signed in September 2013 by major shareholders, Guido, Giorgio and Silvia Grassi Damiani, for an amount of Euro 5,000 thousands.

Key data by geographical areas

The Damiani Group operates in a single operating segment in which there are not 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) **Foreign countries** 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 previous financial year 2012/2013 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 maintain comparability between periods in the information by geographic region data taken from internal management systems of the Group are also considered, in order to allocate properly revenues and operating costs on the relevant areas.

In the following table are shown revenues by geographical sectors in the nine months ended December 31, 2014 and in the same period of the previous financial year.

Revenues by Geographical Area (in thousands of Euro)	Nine Months				
	Financial Year 2014/2015	% of total	Financial Year 2013/2014	% of total	change %
Italy	82,006	71.0%	77,609	70.3%	5.7%
- revenues from sales and services	81,987		77,583		
- other revenues	19		26		
Foreign countries	33,460	29.0%	32,721	29.7%	2.3%
- revenues from sales and services	33,456		32,709		
- other revenues	4		12		
Total revenues	115,466	100.0%	110,330	100.0%	4.7%

Revenues by geographic area showed the following trends:

- The trend of revenues in **Italy**, overall growth of 5.7% compared to the same period of the last financial year, mainly reflecting the strong sales of the brand Damiani.
- The **Foreign countries** sector recorded an increase by 2.3% at current exchange rates (+3.5% at constant exchange rates) due to the positive trend of sales in Asia (including Japan, despite the penalty resulting from the devaluation of the yen) which fully offset the decline in sales in North America, due to the completion of the restructuring to reduce the operating costs that led a contraction of the distribution of the Group's brands.

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

EBITDA by Geographical Area *		Nine Months			
<i>(in thousands of Euro)</i>		Financial Year 2014/2015	Financial Year 2013/2014	change	change %
Italy		6,809	3,342	3,467	103.7%
Foreign countries		(1,628)	(3,071)	1,443	47.0%
Consolidated EBITDA		5,181	271	4,910	n.m.
<i>% on Revenues</i>		<i>4.5%</i>	<i>0.2%</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.

The growth of revenues and the actions to reduce the operating costs during the period led to an improvement in terms of EBITDA on both geographic segments: in **Italy** there is a positive gross operating profitability resulting in an improvement of Euro 3,467 thousands (+103.7%) compared to the same period of the previous year. In the **Foreign countries** the result is still negative reflecting the start-up of some commercial subsidiaries recently opened with significant investments in retail, but an improvement of Euro 1,443 thousands (+47%).

Related parties transactions

The operations carried out by the Damiani Group with related parties are mainly of real estate nature (property leasing for shops and offices) and financial (bond signed by the Executive directors and shareholders, Damiani brothers).

Data concerning dealings of the Group with related parties in the nine months period ended December 31, 2014 and in the same period of the prior financial year are displayed hereunder.

First nine months 2014/2015			Balance at December 31, 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	(781)	(748)	629	(12,244)	(344)	(1,597)
Total from financial statements	(113,612)	(2,344)	6,580	(58,417)	(4,723)	(53,411)
%age weight	1%	32%	10%	21%	7%	3%

First nine months 2013/2014			Balance at December 31, 2013			
<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	(792)	(680)	712	(13,458)	(69)	(4,931)
Total from financial statements	(112,524)	(1,797)	10,712	(53,281)	(5,031)	(53,127)
%age weight	1%	38%	7%	25%	1%	9%

Non-recurring, atypical and/or unusual operations

In the nine months period there were no positions or transactions deriving from atypical and/or unusual transactions as defined by Consob Resolution n.15519 of July 27, 2006.

In the first nine months 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 a store non-strategic for the Group. The net income of the Group amounted to Euro 1,393

thousands.

Significant events of the quarter

In October Damiani, along with former Japanese footballer Nakata, has launched the new collection Metropolitan Dream by H. Nakata with the aim of raising funds to support the project "Home for all", launched in 2011 and directed by the famous architect Toyo Ito, to help victims of the earthquake that hit Japan in March 2011 in the reconstruction of the affected cities and to improve the daily life of the community. In January 2015 the collection has been presented to the press in Milan during the man fashion week.

In the months of October and November 2014 continued the celebrations of the 90th Anniversary of the Damiani Group. On October 1, a delegation of the Company went in audience by the Holy Father Pope Francesco, giving him a particular version, in silver and wood, of cross Belle Epoque. On October 8, were exposed jewelry collection created for the occasion at the Palazzo Mezzanotte (Italian Stock Exchange) in Milan. November 4 was held in Taipei, at the Regent Hotel, another event to present the collections to local customers. Guest of honor of this event was Sophia Loren, star and ambassador of Italian style in the world.

On November 28, 2014 were exhibited in London at the gallery Contini the 18 Damiani jewels winners of Diamonds International Awards, in occasion of the opening of the photographic exhibition of the famous dancer Mikhail Baryshnikov. The event was attended by actors and artists of international renown.

In December 2014 Damiani has launched its first e_boutique where it is possible to buy online all the collections of the brand. This way Damiani strengthens its digital strategy and its image that also knows how to be innovative and careful to the trends and habits of the new generations.

On December 22, 2014 was inaugurated the new Damiani boutique at the international airport of Milan Malpensa. The new store is part of the expansion strategy in the travel retail business, which began earlier with the openings at the airport in Moscow and Rome-Fiumicino.

Significant events after the end of the quarter

In early February 2015 for Valentine's Day Damiani has launched a limited edition of the Gomitolo.925 ring, whose revenues from sales will be partially donated to CAF Onlus which its founding in 1979 is dedicated to the care of children victims of abuse.

Business outlook

For the fifth consecutive quarter the Group recorded a positive EBITDA and, in the first nine months of the financial year 2014/2015 also the operating performance is back to being positive.

This result is at the same time both due to encouraging signs of growth in revenues, in Italy and abroad, in a context that globally is still characterized by uncertainty and turbulence, and the benefits arising from costs containment actions effectively implemented already from the previous two financial years.

The depth of the actions pursued affected the structure of the Group that now is more sound and able to return to achieve stable positive economic results.

Similar attention is also paid to financial and therefore the increase in net debt of the period as to be seen as the natural evolution in the context of the seasonal dynamics of the flows that does not affect the soundness of the financial structure which remains appropriately balanced and able to support the needs generated by the expansion strategy of the Group in the foreseeable future.

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.

Milan, February 13 2015

For the Board of Directors
Chairman
Guido Grassi Damiani

CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2014

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

At December 31, 2014 and at March 31, 2014.

<i>(in thousands of Euro)</i>	December 31, 2014	March 31, 2014
NON-CURRENT ASSETS		
Goodwill	4,737	4,737
Other Intangible Assets	3,740	4,282
Property, plant and equipment	15,889	17,447
Investments	167	167
Financial receivables and other non current assets	4,024	4,125
Deferred tax assets	16,007	16,450
TOTAL NON CURRENT ASSETS	44,564	47,208
CURRENT ASSETS		
Inventories	95,311	85,745
Trade receivables	37,029	30,525
Tax receivables	484	497
Other current assets	6,580	7,322
<i>of which towards related parties</i>	<i>629</i>	<i>788</i>
Cash and cash equivalents	8,235	10,464
TOTAL CURRENT ASSETS	147,639	134,553
TOTAL ASSETS	192,203	181,761
GROUP SHAREHOLDERS' EQUITY		
Share Capital	36,344	36,344
Reserves	28,163	36,154
Group net income (loss) for the period	(1,366)	(8,557)
TOTAL GROUP SHAREHOLDERS' EQUITY	63,141	63,941
NON CONTROLLING INTEREST		
Non controlling interest share capital and reserves	2,474	2,465
Non controlling interest net income (loss) for the period	(168)	(11)
TOTAL NON CONTROLLING INTEREST	2,306	2,454
TOTAL SHAREHOLDERS' EQUITY	65,447	66,395
NON CURRENT LIABILITIES		
Non current portion of long term financial liabilities	22,693	24,978
<i>of which towards related parties</i>	<i>11,211</i>	<i>12,127</i>
Employees' Termination Indemnities	5,225	5,005
Deferred tax liabilities	814	407
Provision for risks and charges	610	581
Other non current liabilities	478	468
TOTAL NON CURRENT LIABILITIES	29,820	31,439
CURRENT LIABILITIES		
Current portion of long term financial liabilities	3,473	4,702
<i>of which towards related parties</i>	<i>1,033</i>	<i>1,038</i>
Trade payables	53,411	49,183
<i>of which towards related parties</i>	<i>1,597</i>	<i>4,575</i>
Short term borrowings	32,251	21,554
Tax payables	3,078	2,340
Other current liabilities	4,723	6,149
<i>of which towards related parties</i>	<i>344</i>	<i>138</i>
TOTAL CURRENT LIABILITIES	96,936	83,928
TOTAL LIABILITIES	126,756	115,367
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	192,203	181,761

CONSOLIDATED INCOME STATEMENT

For nine months periods ended at December 31, 2014 and at December 31, 2013.

(*) The earnings (losses) per share are calculated by dividing the net result for the half-year belonging to the shareholders of the parent company by the weighted average of the number of shares in circulation during the period.

<i>(in thousands of Euro)</i>	Nine Months	
	Financial Year 2014/2015	Financial Year 2013/2014
Revenues from sales and services	115,443	110,292
Other revenues	23	38
TOTAL REVENUES	115,466	110,330
Cost of raw materials and consumables	(63,437)	(60,401)
Cost of services	(30,606)	(31,568)
<i>of which towards related parties</i>	<i>(781)</i>	<i>(792)</i>
Personnel cost	(18,580)	(18,975)
Other net operating (charges) incomes	2,338	885
<i>of which not recurring</i>	<i>1,891</i>	-
Amortization, depreciation and write downs	(3,327)	(2,465)
<i>of which not recurring</i>	<i>(498)</i>	-
TOTAL OPERATING EXPENSES	(113,612)	(112,524)
OPERATING INCOME (LOSS)	1,854	(2,194)
Financial Expenses	(2,344)	(1,797)
<i>of which towards related parties</i>	<i>(748)</i>	<i>(680)</i>
Financial Incomes	99	649
INCOME (LOSS) BEFORE INCOME TAXES	(391)	(3,342)
Income Taxes	(1,143)	(511)
NET INCOME (LOSS) FOR THE PERIOD	(1,534)	(3,853)
Attributable to:		
Equity holders of the parent	(1,366)	(3,561)
Non controlling interests	(168)	(292)
Basic Earning (Losses) per Share(*)	(0.02)	(0.05)
Diluted Earning (Losses) per Share(*)	(0.02)	(0.05)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For nine months periods ended at December 31, 2014 and at December 31, 2013.

<i>(in thousands of Euro)</i>	Nine Months Financial year 2014/2015	Nine Months Financial year 2013/2014
Net income (Loss) for the period	(1,534)	(3,853)
<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	947	(1,589)
Fiscal Effect	(325)	(952)
<i>Other gains (losses) that will not be reclassified to net income for the period:</i>		
Gain (Losses)	(277)	(710)
Fiscal Effect	81	195
Total Comprehensive Income (loss) for the period	(1,108)	(6,909)
Equity holders of the parent	(960)	(6,497)
Non controlling interests	(148)	(413)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For nine months periods ended at December 31, 2014 and at December 31, 2013.

<i>(in thousands of Euro)</i>	Share Capital	Share Premium Reserve	Legal Reserve	Cash flow hedging 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)	(26,602)	168	(8,563)	74,577	2,582	77,159
Allocation of the result for the period		(2,069)						(6,494)		8,563			
Other comprehensive income(loss)				-				(2,452)	(484)	(3,561)	(6,497)	(413)	(6,909)
Stock option						92					92		92
Balances at December 31, 2013	36,344	67,789	2,434	-	8,618	547	(8,134)	(35,548)	(316)	(3,561)	68,172	2,169	70,341
<i>(in thousands of Euro)</i>													
Balances at March 31, 20134	36,344	67,789	2,434	-	8,618	577	(8,134)	(34,775)	(355)	(8,557)	63,941	2,454	66,395
Allocation of the result for the period								(6,524)		8,557			
Other comprehensive income(loss)				-				602	(196)	(1,366)	(960)	(148)	(1,108)
Stock option						160					160		160
Balances at December 31, 2014	36,344	65,756	2,434	-	8,618	737	(8,134)	(40,697)	(551)	(1,366)	63,141	2,306	65,447

CONSOLIDATED STATEMENT OF CASH FLOWS

For nine months periods ended at December 31, 2014 and at December 31, 2013.

<i>(in thousand of Euro)</i>	Nine Months Financial Year 2014/2015	Nine Months Financial Year 2013/2014
CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES		
Net income (loss) for the period	(1,534)	(3,853)
<i>Adjustments to reconcile the income (loss) for the period to the cash flow generated (absorbed) by operations:</i>		
Amortization, depreciation and write downs	3,327	2,465
Costs/(revenues) for stock option	160	92
(Gains)/Losses from sale of non current assets	5	48
Accrual (releases) of allowance for doubtful accounts	657	(257)
Accrual (releases) of provision for risks and charges	150	108
Changes in the fair value of financial instruments	(352)	133
Accrual to employees' termination indemnity	363	278
Employees' termination indemnity payments	(143)	(122)
Changes in the deferred tax assets and liabilities	850	477
	<u>3,483</u>	<u>(632)</u>
<i>Changes on operating assets and liabilities</i>		
Trade receivables	(7,161)	(7,594)
Inventories	(9,566)	(8,487)
Trade payables	4,228	7,523
Tax receivables	13	313
Tax payables	738	446
Provisions for risks and charges	(121)	(725)
Other current assets and current and non current liabilities	(322)	(951)
NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES (A)	(8,708)	(10,107)
CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES		
Disposal of intangible assets and property, plant and equipment	104	33
Purchase of property, plant and equipment	(865)	(3,301)
Purchase of intangible assets	(91)	(73)
Damiani India incorporation	0	(5)
Net change in the other non current assets	101	458
NET CASH FLOW USED IN INVESTING ACTIVITIES (B)	(751)	(2,888)
CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		
Repayment of long term loans	(4,417)	(6,150)
Issuance of long-term debt	903	17,151
Net change in short-term financial liabilities	10,697	4,418
NET CASH FLOW FROM (USED IN) FINANCING ACTIVITIES ©	7,183	15,419
TOTAL CASH FLOW (D=A+B+C)	(2,275)	2,425
Effect of exchange rates on cash and cash equivalents (E)	46	(2,199)
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)	8,235	7,914

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 December 31, 2014 corresponds to the documental results, books and accounting records.

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