

DAMIANI

PRESS RELEASE **As per Art. 114, paragraph 5, Leg. Decree n. 58/98**

Milan, September 18, 2008 – In prompt respect for the request from Consob as per Art.114, paragraph 5, of Legislative Decree n. 58/98, and in reference to the purchase of Rocca S.p.A. made public in a press release on September 16th, Damiani S.p.A. supplies the following information, which is in the Information Document that will be made public under the laws in force as per Art. 71 bis of the Regulatory Issuers.

1) DESCRIPTION OF THE RISKS CONCERNING A POTENTIAL CONFLICT OF INTEREST BETWEEN PARTIES INVOLVED IN THE PURCHASE OPERATION.

Given that on September 15, 2008 Damiani S.p.A. purchased the entire share capital of Rocca S.p.A. from W.J.R. Participations S.A., a company indirectly owned wholly participated by the Damiani Brothers and controlled by Guido Grassi Damiani, the administrators of the Issuer, Guido, Giorgio and Silvia Grassi Damiani, have interests relevant to definitions under Art. 2391 of the civil code regarding the sale conditions and in particular the agreed upon sales price. In this regard, the administrators interested in this matter have supplied the other members of the administrative body and the board of auditors all information required by law and the procedures of *corporate governance* adopted by Damiani S.p.A. regarding, specifically, the nature of the relationship between Damiani S.p.A. and WJR Participations S.A., and the nature, level, origin and terms of their interests in the operation as per Art. 2391 of the civil code.

2) ESTIMATES REGARDING THE CONGRUITY OF THE PURCHASE PRICE AND THE OPINION OF INDEPENDENT EXPERTS TO SUSTAIN THE CONGRUITY OF THE ESTIMATES

Considering that the operation involves connected parts, and that, in accordance with the procedures of *corporate governance* adopted by the Company, the Board of Directors of Damiani S.p.A., on June 26, 2008, resolved to begin an in-depth study, first for the approval of the operation later resolved by the administrative body on September 15, 2008.

Dr. Stefano Graidi, the Company director, together with the Committee for Internal Auditing, appointed Euromobiliare SIM as the *Financial Advisor* for the operation, considering the high professionalism and prestige he hold on a national level for such operations. In this regard, it is clear that no relationship of involvement between Euromobiliare SIM and (i) the Issuer, (ii) their affiliates and (iii) the subjects who control the Issuer exist and that the directors of the company mentioned in points (i) and (ii) do not have business relationships with Euromobiliare SIM.

Euromobiliare SIM is the company made responsible by the Issuer to proceed with the purchase of own shares in conformance with the aforementioned shareholders' authorization; this relationship is not considered relevant to the question of the independence of the *Financial Advisor* and conferring this responsibility upon

The mandate conferred on the Financial Advisor foresees assistance in structuring the operation, coordinating the activity of *Due Diligence*, evaluating the financial capital of Rocca Group and communicating with the market.

In evaluating the financial capital of the Company, the financial *Advisor* based his reasoning on a set of evaluation methodologies to estimate the worth of Rocca S.p.A., in line with national and international standards and keeping in mind the objectives of the estimate, the characteristics of the company, its manner of operating and the reference market in which it works; specifically, these criteria were used: (i) the net equity pro-forma consolidated worth as at December 31, 2007 compiled by IFRS, also in the adjusted version foreseen for 2008; (ii) the realized value, under an option of company discontinuation; (iii) actualised cash flow, under the option of company

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continuation and in an inclusive version of implement able synergies by the Damien Group; (iv) evaluations recognized in the context of comparable purchases carried out in the sector between 2005 and August, 2008; (v) market evaluations concerning a sample of companies with like quotes based on the same criteria (not considering singularly, but as an indivisible part of a process of entire evaluation) Euromobiliare SIM set a range of values for the financial capital of the Company.

The Damiani Board of Directors, recognizing the work carried out by the financial *Advisor* and having shared the methodology used and the results obtained, considering also the results of legal and fiscal *due diligence* and the expertise of a Cushman & Wakefield regarding the value of the severance pay for certain stores in the Rocca Group, resolved 7 million Euro as the price to purchase the entire company capital of the Company, identifying that price in the low range of pre-synergy value determined by the *Financial Advisor*; Euromobiliare SIM issued a like opinion from a financial point of view.

3) ILLUSTRATIONS OF THE ECONOMIC RATIONALE TO COMPLETE THE OPERATION AND THE RELEVANT ECONOMIC PATRIMONIAL AND FINANCIAL EFFECTS

The operation was carried out to allow the Damiani Group to quickly purchase the entire network of Rocca stores on the Italian and Swiss market, to generate a positive effect on on the consolidated turnover of the Damiani Group in the current financial year and in the perspective to:

- a) reinforce our brand presence on the various sites that have high prestige, thereby increasing the popularity of various portfolio brands and increasing the margins and turnover of the Damiani Group also through the *boutiques managed by the Rocca Group*;
- b) exploit the brand variety of the Group, which, comprising five complementary brands, has an appropriate place inside the *multibrand* stores of the Rocca Group;
- c) acquire the *know how* developed by the Rocca Group's *management* in over 200 years of tradition in managing high end jewellery and watch making, aiming to strengthen its presence in the retail channel.
- d) activate, specifically, a selective policy aimed at the development of the retail channel, through mono-brand stores (launching new brands or strengthening the leadership of existing ones) and in a medium-long term strategy through multi-brand stores conforming to the management tradition and development of stores in the Rocca Group;
- e) evaluate synergies derived from the integration aimed at reducing existing structural costs.

Following is an estimate of the main business, patrimonial and pro-forma financial effects of the purchase of the Rocca Group on the consolidated balance of the Damiani Group for the year closed at march 31, 2008: the consolidated pro-forma revenues would have amounted to approximately Euro 205.6 million; the pro-forma consolidated operating result Euro 23.9 million; the net pro-forma consolidated profit Euro 11.8 million; the consolidated pro-forma net equity Euro 153.3 million; the net pro-forma consolidated financial position negative for Euro 2.7 million.

Damiani Group's acquisition of Rocca Group occurred between entities controlled by common subjects and therefore is defined as an operation between entities "under common control" in the sphere of company reorganization operations in which the participating companies are controlled by the same entity, whether before or after aggregation, and this control is not transitory. The accounting treatment of such operations is not currently covered by IFRS guidelines, and, therefore, in keeping with these guidelines, one must refer to "similar" accounting principles. Under these circumstances both market protocols and the IFRS 1 document Preliminary Interpretative Orientation. On the basis of such criteria, the acquisition must be accounted for by maintaining historical values. Consequently any greater or lesser amounts which may be paid or received over the course of the acquisition with respect to historical values, will be treated respectively as either a distribution of capital or as an increase of patrimonial reserves.

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4) ESTIMATES MADE IN RELATION TO THE USE OF COMPANY-OWNED SHARES, TAKING INTO ACCOUNT THE OBJECTIVES INDICATED IN THE GENERAL SHAREHOLDERS' MEETING OF AUTHORIZATION OF ACQUISITION OF SUCH SHARES

On February 22, 2008, the General Shareholders' Meeting of Damiani S.p.A. Shareholders authorized the company's administration to make available, either in whole or in part, shares which had been acquired by the company itself, also but not only in order to finalize industrial aggregation projects such as the acquisition of the Rocca Group. That said, the Board of Directors felt it best to correspond part of the price of shares through the use of part of the own shares held in the portfolio, in the sum of 1,000,000 of 3,117,614 held on September 12, 2008.

Towards this end, it was felt that the purchase, in indirect way, by Damiani Brothers referred to own shares of Damiani S.p.A. could constitute, for the market, a further sign of trust regarding the Company, even more so, among other considerations, that the operation had been valued, in the Damiani Group's interest, at an average price and more than 15% vs the current values in the Italian stock market on the day of closing of the operation.

5) BODIES OR ADMINISTRATORS WHO LED OR PARTICIPATED IN THE NEGOTIATIONS &/OR SET UP THE OPERATION

On June 26, 2008 the Board of Directors of Damiani S.p.A., with the previous favourable opinion of the Committee for Internal Auditing, resolved to begin an in depth study under the care of an internal work group coordinated by an Company manager, activity in which the President of the Committee for Internal Control, Doctor Giancarlo Malerba took part.

Updates regarding the activity carried out by the work group and by the Financial Advisor Euromobiliare SIM periodically came under the attention of the Committee for Internal Auditing (which met on June 26, 2008, July 8, 2008, July 15, 2008 July 18, 2008 and September 4, 2008).

On September 15, 2008, the Board of Directors of Damiani S.p.A., with the prior favourable opinion of the Committee for Internal Auditing, approved the operation with unanimous vote except for the abstention of the Damiani's brothers and gave Dr. Giancarlo Malerba the mandate to underwrite the purchase agreement for shares in Rocca S.p.A.

6) INFORMATION REGARDING VARIATIONS IN COMPENSATION

Changes in the amount of compensation of Damiani S.p.A. administrators and their affiliates are not foreseen under terms of this operation

The Company will make available the information document required as per Art. 71-b of the Regulatory Issuer in the timeframe and manner foreseen under the law.

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Damiani S.p.A.

Damiani S.p.A. is the flagship company of the Damiani Group, a leader in the Italian market for the production and sales of high-end jewels and design and active in the jewellery sector with prestigious brands such as Damiani, Calderoni, Salvini, Alfieri & St. John and Bliss.

Master craftsmen since 1924, the Damiani Group is proud of its long tradition in goldsmith art which it still today interprets with the same innovative style as at its beginnings. Damiani holds an unbeatable record of 22 Diamonds International Awards (18 Damiani Awards and 4 Calderoni Awards). Each Damiani jewel is hand-made out of respect for the the highest traditions of craftsmanship and elegance of Made in Italy style.

With over 500 employees, the Damiani Group is present in Italy and the main world markets with companies that allow it to lead in the European, American and Asian markets. Specifically, Damiani International BV (with headquarters in Amsterdam), Damiani USA Corp. (with headquarters in New York); Damiani Japan K.K. (with headquarters in Tokyo).

The post-purchase Group has over 700 employees and manages 39 direct points of sale in besides over 37 more in franchising located on the main Italian and international fashion streets.

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