

DAMIANI S.p.A.

**Interim Consolidated Financial Report at 31 December 2007
(Third Quarter of the financial year to 31 March 2008)**

Drawn up pursuant to the IAS/IFRS
Not audited by the External Auditing Company

Damiani S.p.A.
Valenza Po (AL), Viale Santuario, 46
Share Capital Euros 36,344,000
VAT number and Tax Code 01457570065

13 February 2008

INDEX

Company Bodies	3
Report on Operations (*)	4
Structure and business activities of the Damiani Group	4
Key Data	6
Comments on the economic and financial results	7
Key data by geographical areas	13
Transactions with related parties	16
Non-recurring and atypical and/or unusual operations	16
Significant events after the quarterly accounting close	17
Forecast for operation	17
Interim Consolidated Financial Statements at 31 December 2007	18
Declaration of the manager charged with preparing the Company's financial report	23

(*) The Damiani Group closes its financial year at 31 March 2008, hereinafter called financial year 2007/2008 and, therefore, the Profit and Loss Account for the consolidated financial statements at 31 December 2007 covers the period of nine months running from 1 April to 31 December 2007. For comparison purposes there are shown the data relative to the accounting period running from 1 April to 31 December 2006, i.e. the first nine months of the financial year closed at 31 March 2007, hereinafter called financial year 2006/2007.

COMPANY BODIES

Board of Directors

Guido Grassi Damiani (Chairman and Managing Director)

Silvia Grassi Damiani (Vice Chairman)

Giorgio Grassi Damiani (Vice Chairman)

Giulia De Luca (Director)

Stefano Graidì (Director)

Giancarlo Malerba (Director)

Lorenzo Pozza (Director)

Fabrizio Redaelli (Director)

Board of Statutory Auditors

Gianluca Bolelli (Chairman)

Fabio Massimo Micaludi (Active Auditor)

Simone Cavalli (Active Auditor)

Pietro Sportelli (Substitute Auditor)

Pietro Michele Villa (Substitute Auditor)

Independent Auditing Firm

Reconta Ernst & Young S.p.A.

Internal Controls and Corporate Governance Committee

Giancarlo Malerba (Chairman)

Lorenzo Pozza

Fabrizio Redaelli

Compensation Committee

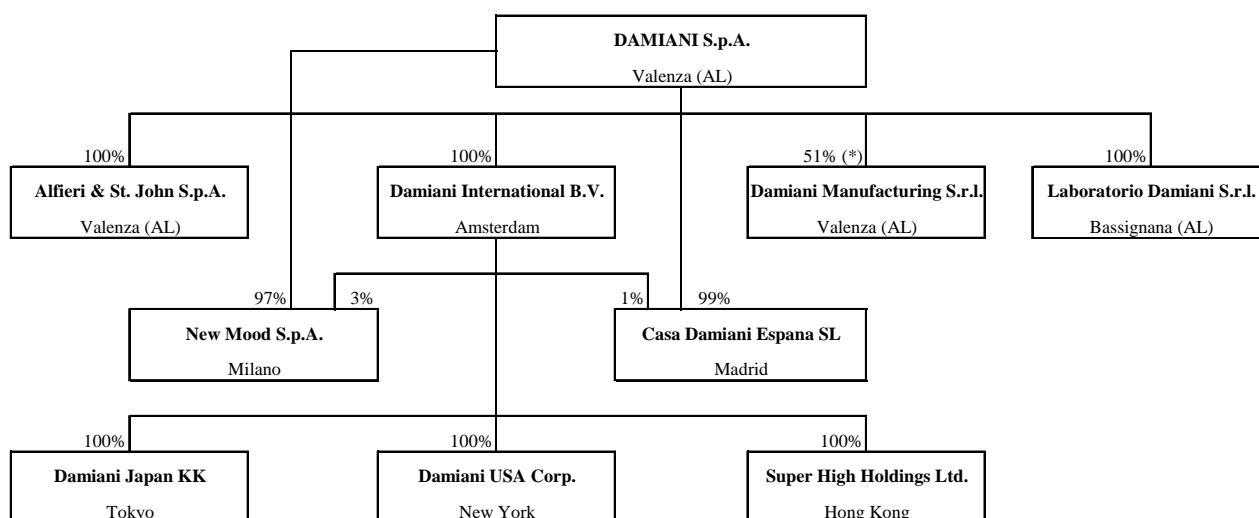
Giancarlo Malerba (Chairman)

Lorenzo Pozza

Fabrizio Redaelli

REPORT ON OPERATIONS ⁽¹⁾.

Structure and Business Activities of the Damiani Group



(*) Il 49% è detenuto da Christian e Simone Rizzetto, attualmente consiglieri della Damiani Manufacturing S.r.l., con deleghe alla produzione ed alla amministrazione e finanza.

All the companies that are shown in the above Group Organization Chart are subsidiary companies and, therefore, in the report at 31 December 2007 all the financial statements of the companies are consolidated with the total line-by-line integration method, regardless of the percentage Share Capital ownership of the Group.

The consolidation area at 31 December 2007 has undergone the following changes compared to the situation at 31 December 2006:

- The Group Parent Company Damiani S.p.A., during the month of April 2007, incorporated the company called Laboratorio Damiani S.r.l., with a Share Capital of Euros 200,000 that is 100% owned and which has, as its main business objective, the production and prototyping of jewelry on behalf of the companies of the Group. This company is currently in start-up stage.
- In the month of March 2007 the subsidiary company Damiani International BV ceded to Jewellery Investment SA, a parent company of the Group, which is now called D. Holding SA), the holdings in Damiani Suisse SA (100%), which is now called Immobiliare Pessina SA, Damiani Germany GmbH (100%) and also Jewels Manufacturing SA (100%).

The changes in the consolidation area that have been described have not brought about any significant changes in the consolidated financial statements.

⁽¹⁾ The Damiani Group closes its financial year at 31 March 2008, hereinafter called financial year 2007/2008 and, therefore, the Profit and Loss Account for the consolidated financial statements at 31 December 2007 covers the period of nine months running from 1 April to 31 December 2007. For comparison purposes there are shown the data relative to the accounting period running from 1 April to 31 December 2006, i.e. the first nine months of the financial year closed at 31 March 2007, hereinafter called financial year 2006/2007.

The Group is the Italian market leader for the production and commercializing of high range and advanced design jewelry with the brands of Damiani, Salvini, Alfieri & St. John e Bliss and the Calderoni brand that was acquired in December 2006 but not yet commercialized at 31 December 2007. The Group is present in Italy and in the main countries in the world through the subsidiary companies that are shown in the organization chart and that enable it to preside over the European, American and Asian markets.

The Group, even though it is mainly focused on high range jewelry, also offers, through its various brands, an ample coverage of the main market segments for the purpose of satisfying the different consumers by proposing to them a vast array of jewelry in the various price ranges.

The commercializing of the products of the Group takes place, both in Italy and abroad, mainly through the following two distribution channels:

- The wholesale channel is made up of independent, multi-brand jewelers, department stores, franchisees, single-brand POS managed by third parties and distributors.
- The retail channel consists of single POS directly managed by the Group. At 31 December 2007 the single-brand POS that are managed directly were 10: six in Italy and four abroad.

The sales of jewelry is highly seasonal, with the yearly sales peak being concentrated in the quarter October-December.

Damiani Group
Interim Consolidated Report at 31 December 2007

Key Data

Share Capital	31 December 2007 (1)	31 December 2006
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Number of shares	82,600,000	513,100
Nominal value per share	0.44	55
Share Capital	36,344,000	28,220,500

Ownership		
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Leading Jewels S.A. (2)	52.49%	39.70%
Guido Grassi Damiani	4.01%	19.45%
Silvia Grassi Damiani	5.49%	19.45%
Giorgio Grassi Damiani	5.49%	19.45%
Colombo Damiani Gabriella(3)	0.12%	0%
Giulia De Luca	0.49%	1.95%
Mercato	31.91%	---

(1) On 26 June 2007 the Shareholders' Meeting of the company passed a resolution to split the ordinary shares that numbered 513,100 shares of a value of Euros 55.00 each into the number of 64,137,500 shares with a value of Euros 0.44 each. On 8 November 2007, at the end of the process of admission to dealing on the Computerized Stock Market, STAR (Highly Relevant Securities Sector) segment, of the shares of Damiani S.p.A. (Total Offer of Sale and Subscription) there went ahead the increase in the Share Capital resolved upon by the Extraordinary Shareholders' Meeting of the company of 26 June 2007 with the issue of 18,462,500 ordinary shares with the value of Euros 0.44 each, subscribed by the Market jointly with 7,893,000 shares that were put up for sale by selling Shareholders.

(2) On 18 July 2007 Jewellery Investment S.A., which owns 39.70% of Damiani S.p.A. at 31 December 2006, changed its name to D. Holding SA and conferred upon the newly incorporated Leading Jewels SA the holding in Damiani S.p.A.

(3) Has the usufruct of 942,821 shares that amount to 1.47% of the Share Capital.

Profit & Loss account Data (in thousands of Euros)	III Quarter			9 Months		
	Financial Year 2007/2008	Financial Year 2006/2007	Change %	Financial Year 2007/2008	Financial Year 2006/2007	Change %
Sales revenues	67.887	79.968	-15,1%	141.780	147.256	-3,7%
Total revenues	68.100	80.131	-15,0%	149.864	147.766	1,4%
Operating expenses	(52.350)	(56.481)	-7,3%	(116.766)	(114.720)	1,8%
EBITDA	15.750	23.650	-33,4%	33.098	33.046	0,2%
Operating Income	15.248	22.454	-32,1%	31.317	30.647	2,2%
Profit before taxes	14.832	20.706	-28,4%	30.226	28.439	6,3%
Net results	10.574	15.802	-33,1%	20.534	19.527	5,2%
Earnings per share				0,30	0,31	
Personnel Costs				(16.215)	(14.981)	8,2%
Average number of employees				506	470	7,7%

Damiani Group
Interim Consolidated Report at 31 December 2007

Balance sheet Data (In thousands of Eurs)	Situation at December, 31 2007	Situation at September, 31 2007	change	Situation at March, 31 2007	change	Situation at December, 31 2006	change
Fixed Assets	36.757	33.238	3.519	37.526	(769)	45.420	(8.663)
Net Working Capital	107.931	104.080	3.850	94.418	13.513	102.842	5.089
Current and non - Current Liabilities	(7.158)	(7.073)	(85)	(7.608)	450	(6.011)	(1.147)
Net Capitale Invested	137.530	130.245	7.285	124.336	13.194	142.251	(4.721)
Net Equity	163.424	83.460	79.964	76.430	86.994	78.462	84.962
Net Indebtedness	(25.894)	46.785	(72.679)	47.906	(73.800)	63.789	(89.683)
Sources of Financing	137.530	130.245	7.285	124.336	13.194	142.251	(4.721)

(1) The net indebtedness of the company, starting from the intermediate consolidated financial statements for the quarter closed at 30 June 2007 and, therefore, also for the quarters closed at 31 December 2006 and 2007 and for the financial statements closed at 31 March 2007, was calculated based on the indications contained in the Consob (Italian SEC) communication number DEM/6064923 of 28.07.06. There are no significant differences compared to the amount of the indebtedness calculated based on the previous methodology that was used for the financial statements prior to those dates.

Comments on the economic and financial results

The progress of the total revenues and the profitability of the Damiani Group in the first nine months of the financial year 2007/2008 shows a growth, even if limited, compared to the same period of the previous financial year.

In more detail the results of the Damiani Group were the following:

- Total Consolidated Revenues increased by Euros 2,098 thousands, going from Euros 147,766 thousands in the first nine months of the financial year 2006/2007 to Euros 149,864 thousands with a percentage growth rate of 1.4% compared to the same accounting period of the previous financial year (+2.7% at constant exchange rates). Only considering core Revenues, the increase was 0.4%, while the revenues from other channels and non-recurring transactions grew by 11,9%.
- EBITDA was Euros 33,098 thousands, a percentage on revenues of 22.1%, basically in line with the gross operating margin of the same accounting period of the previous financial year both in absolute and marginal terms (22.4% in the financial year 2006/2007).
- Net Consolidated Result of the Group for the first nine months of the financial year 2007/2008 amounted to Euros 20,534 thousands with an increase of Euros 1,007 thousands (about +5.2%) compared to the same accounting period of the previous financial year and with a percentage on revenues of 13.7%, a slight increase compared to the previous financial year (13.2%).

There follows the comparison between the Consolidated Profit and Loss Account for the first nine months (April-December) of the financial year 2007/2008 and of the financial year 2006/2007 and the Profit and Loss Account data relative to the third quarter (October-December) of the financial year 2007/2008 and of the financial year 2006/2007.

Damiani Group
Interim Consolidated Report at 31 December 2007

<i>(In thousands of Euros)</i>	III Quarter				9 Months			
	Financial Year	Financial Year	Change	Change %	Financial Year	Financial Year	Change	Change %
	2007/2008	2006/2007			2007/2008	2006/2007		
Revenues from sales and services	67.887	79.968	(12.081)	-15,1%	141.780	147.256	(5.476)	-3,7%
Other recurring revenues	213	163	50	30,7%	472	510	(38)	-7,5%
Other non-recurring revenues	0	0	0		7.612		7.612	
Total revenues	68.100	80.131	(12.031)	-15,0%	149.864	147.766	2.098	1,4%
Costs of production	(52.350)	(56.481)	4.131	-7,3%	(116.766)	(114.720)	(2.046)	1,8%
EBITDA (*)	15.750	23.650	(7.900)	-33,4%	33.098	33.046	53	0,2%
EBITDA %	23,1%	29,5%			22,1%	22,4%		
Depreciation and Amortization	(502)	(1.196)	694	-58,0%	(1.781)	(2.399)	618	-25,8%
Operating Income	15.248	22.454	(7.206)	-32,1%	31.317	30.647	670	2,2%
Operating Income %	22,4%	28,0%			20,9%	20,7%		
Net Financial incomes (losses)	(416)	(1.748)	1.332	-76,2%	(1.091)	(2.208)	1.117	-50,6%
Profit before taxes	14.832	20.706	(5.874)	-28,4%	30.226	28.439	1.788	6,3%
Profit before taxes %	21,8%	25,8%			20,2%	19,2%		
Income taxes	(4.154)	(4.763)	610	-12,8%	(9.441)	(8.753)	(688)	7,9%
Net result	10.679	15.943	(5.265)	-33,0%	20.785	19.686	1.099	5,6%
Net Profit %	15,7%	19,9%			13,9%	13,3%		
Minority Interests	105	141			251	159		
Net Result of the Group	10.574	15.802			20.534	19.527		
Net Result of the Group %	15,5%	19,7%			13,7%	13,2%		

(*) EBITDA is the operating result intended as Earnings Before Income Tax, Depreciation and Amortization.. EBITDA is a measurement that is used by the management of the company to monitor operational performance and is not an accounting measurement in the context of the IFRS (International Financial Reporting Standards) and, therefore, it must not be considered as an alternative measurement for the statutory progress of the Group. Because the composition of the EBITDA is not regulated by the IAS (International Accounting Standards) the criteria used by the Group in calculating it may not be the same as those used by others to arrive at the same item and, therefore, it is not necessarily comparable.

Revenues

The total Revenues, amounting to Euros 149,864 thousands in the first nine months (April-December) of the financial year 2007/2008, increased by 1.4% compared to the same accounting period of the previous financial year (+2.7% at constant exchange rates). This growth is the result of differing performances within the various distribution channels in which the Group operates and within which different strategies are being developed, as well as due to elements of a non-recurring nature that have been recorded in the current financial year.

The following table shows the revenues split by sales channel.

Revenues by Sales Channel <i>(In thousands of Euro)</i>	III Quarter			9 Months		
	Financial Year	Financial Year	Change %	Financial Year	Financial Year	Change %
	2007/2008	2006/2007		2007/2008	2006/2007	
Wholesale	61.208	67.015	-8,7%	128.157	128.032	0,1%
<i>Percentage on total sales</i>	89,9%	83,6%		85,5%	86,645%	
Retail	3.395	3.219	5,4%	7.643	7.164	6,7%
<i>Percentage on total sales</i>	5,0%	4,0%		5,1%	4,848%	
Total Revenues wholesale and retail	64.602	70.234	-8,0%	135.800	135.196	0,4%
<i>Percentage on total sales</i>	94,9%	87,6%		90,6%	91,5%	
Other channel/other recurring revenues	3.498	9.897	-64,7%	6.452	12.570	-48,7%
Other channel/other non recurring revenues	0			7.612		
Other channels/other revenues	3.498	9.897	-64,7%	14.064	12.570	11,9%
<i>Percentage on total sales</i>	5,1%	12,4%		9,4%	8,51%	
Total revenues	68.100	80.131	-15,0%	149.864	147.766	1,4%

- The core channels of the Group are the wholesale and retail ones that generate more than 90% of total consolidated revenues. In the first nine months of the financial year 2007/2008 these core revenues were Euros 135,800 thousands growing by 0.4% compared to the same accounting period of the financial year 2006/2007. Specifically, in the wholesale channel the revenues amounted to Euros 128,157 thousands, basically unchanged compared to the previous financial year (+0.1% at current exchange rates, + 1.4% at constant exchange rates), with the growth in some foreign markets in which the Group operates that has compensated for the contract in sales in Italy. For more detail on this reference should be made to the paragraph called “Key Financial Data by Geography”. In the retail channel the revenues amounted to Euros 7,643 thousands, growing by 6.7% compared to the previous financial year (+8.4% at constant exchange rates) thanks both to the better performance of the Italian and foreign boutiques that were active in the two periods being looked at (+9.3% with the same perimeter), due to what was brought in by the new boutiques that were opened during the current financial year 2007/2008, whose revenues amounted to Euros 640 thousands (revenues which already in the first year of activity have almost wholly compensated for the negative impacts relative to the sale of two historical DOS that are not strategic any longer for the Group). The details of the openings of boutiques that took place after 31 December 2006 were the following: for the Damiani brand: Philadelphia (March 2007) and Bologna (October 2007) and for the Bliss brand: Roma (December 2007).
- Beside the core channels the Group, in the current financial year, generated revenues for Euros 6,452 thousands (down by Euros 6,118 thousands compared to the previous financial year) from sales of jewelry products through other distribution channels with counterparts, e.g. suppliers, promotions, stockists and barterers, with which the Group does not maintain ongoing trading relations and that therefore shows big fluctuations from one period to another.
- Furthermore, in the current financial year the Group has cashed in key money, posted among the non-recurring revenues, for Euros 7,612 thousands, relative to the advance sale to third parties of the rental contracts of two shops, that are not considered strategic for the Group.

EBITDA

In the first nine months (April-December) of the financial year 2007/2008 EBITDA amounted to Euros 33,098 thousands, with a small increase of Euros 53 thousands compared to the same accounting period of the previous financial year. EBITDA in the financial year 2007/2008 was 22.1% of total revenues, slightly down compared to 22.4% in the financial year 2006/2007. The basic stability of the gross consolidated operating performance as well as depending on following evolution of the main cost items:

- Costs of raw and other materials: in the first nine months of the financial year 2007/2008 they amounted to Euros 58,054 thousands down by 1.7% compared to the same accounting period of

the previous financial year (Euros 59,049 thousands). The progress of these costs follows the trend if the revenues from sales and services and their percentage of the same has basically remained the same in the two periods being looked at even with the extreme price pressure of raw materials.

- Cost of personnel: in the first nine months of the financial year 2007/2008 it amounted to Euros 16,215 thousands increasing by 8.2% compared to the same accounting period of the previous financial year (Euros 14,981 thousands). The increase of this cost is linked to the increase in the average manpower of the Group that amounted to about 8% between the two periods being looked at. The increase of employees mainly refers to the increase of retail channel and because of the start up of the controlled Laboratorio Damiani S.r.l., which was formed at April 2007.
- Other costs for services: in the first nine months of the financial year 2007/2008 they amounted to Euros 39,978 thousands, increasing by 3.6% compared to the same accounting period of the previous financial year (Euros 38,594 thousands). The increase is mainly due to the higher cost of outsourced working, the costs of which grew by about Euros 1,400 thousands, while advertising and sales costs remained stable and the functional costs decreased slightly.
- Other net operating costs: in the first nine months of the financial year 2007/2008 they amounted to Euros 2,519 thousands, increasing by Euros 423 thousands compared to the same accounting period of the previous financial year (Euros 2,096 thousands). The increase mainly depends on the costs of a non-recurring nature for Euros 560 thousands belonging to the real estate transactions that gave rise to the gross key money already referred to amounting to Euros 7,612 thousands, posted among the revenues.

Overall the production costs in the first nine months of the financial year 2007/2008 amounted to Euros 116.766 thousands, increasing by Euros 2,046 thousands (+1.8%) compared to the previous financial year (Euros 114,720 thousands).

Net Profit

The Group closed the first nine months (April-December) of the financial year 2007/2008 with a consolidated result for the period amounting to Euros 20,534 thousands, increasing by 5.2% compared to the same accounting period of the previous financial year and with a margin on the revenues of 13.7% (13.2% in the financial year 2006/2007).

There was a positive impact on the net profit of amortization, depreciation and write-downs that reduced by Euros 618 thousands (in the financial year 2006/2007 there was a total write-down of the Calderoni brand, purchased in the month of December 2006 and not yet commercially exploited, for Euros 500 thousands and an improvement in the net financial position, with a positive delta of Euros 1,117 thousands compared to the financial year 2006/2007, that benefited both from the lower charges linked to the reduction in net debt and to the higher interest receivable from the liquidity generated by

the IPO (*Initial Public Offering*) that wholly absorbed the lack of the dividends that were received in 2006 from the minority holding in Pomellato, for Euros 900 thousands, sold to a correlated party in March 2007.

The effective tax rate of the first nine months of the financial year 2007/2008 was about 31%, basically unchanged compared to what was recorded in the same accounting period of the previous financial year.

Summary of the financial results of the third quarter

The activity of the Group, as of other operators in the sector, is highly seasonal. Jewelry sales traditional take place in the year end period and, therefore, the revenues, both wholesale and retail, are concentrated in the October-December quarter, when there also takes place the biggest push of jewelry concessionaires to stock up. Consequently, also the operating profitability of the Damiani Group shows notable fluctuations between quarter and the highest profitability, both in absolute and percentage terms, is recorded in the third quarter (October-December) of the financial year, when the direct margin absorbs more of the indirect costs, which are fixed compared to the progress of the revenues.

Relative to the financial results for the third quarter October-December of the financial year 2007/2008 it is highlighted that the negative performance is strongly linked to the contraction of the core revenues (about -15% about compared to the same accounting period of the previous financial year) to which there corresponds a lower reduction in the variable costs of -11.5% and a basic stability of the other indirect cost items of -1.5%. The lower depreciation, amortization and write-downs in the third quarter of the financial year 2007/2008 compared to preceding one, and the improvement in the financial position, with net charges going down by about 76% has mitigated the gross operating income trend.

Balance Sheet and Financial situations

In the following table there is shown the breakdown of the consolidated Balance Sheet and financial situations of the Damiani Group at 31 December 2007 compared with the one at 30 September 2007, at 31 March 2007 and at 31 December 2006.

Balance sheet Data (In thousands of Eurs)	Situation at December, 31 2007	Situation at September, 31 2007	change	Situation at March, 31 2007	change	Situation at December, 31 2006	change
Fixed Assets	36.757	33.238	3.519	37.526	(769)	45.420	(8.663)
Net Working Capital	107.931	104.080	3.850	94.418	13.513	102.842	5.089
Current and non - Current Liabilities	(7.158)	(7.073)	(85)	(7.608)	450	(6.011)	(1.147)
Net Capitale Invested	137.530	130.245	7.285	124.336	13.194	142.251	(4.721)
Net Equity	163.424	83.460	79.964	76.430	86.994	78.462	84.962
Net Indebtedness	(25.894)	46.785	(72.679)	47.906	(73.800)	63.789	(89.683)
Sources of Financing	137.530	130.245	7.285	124.336	13.194	142.251	(4.721)

Damiani Group
Interim Consolidated Report at 31 December 2007

In the first nine months of the financial year 2007/2008 the **Consolidated Net Capital Invested** increased by Euros 13,194 thousands compared to the figure at 31 March 2007. This increase is linked to the increase in the Net Working Capital of Euros 13,513 thousands, which in relation to the company's production/distribution cycle that is characterized by a high level of seasonality shows significant fluctuations during the year in its operational components such as inventories, trade receivables and trade payables. Specifically, at 31 December 2007 trade receivables and trade payables are increasing as a consequence of the completion of the most intense stage of the production cycle in the October-December 2007 period and because of the increase in invoicing. As confirmation of a trend of the Net Working Capital that is impacted by seasonality there is the comparison with 31 December 2006, from which there emerges a limited variation.

The Net Capital Invested at 31 December 2007 has, in any case, decreased by Euros 4,721 compared to 31 December 2006. The reduction is mainly due to operations with related parties at March 2007 regarding the sales of minority interests, the total book value of which at 31 December 2006 amounted to Euros 11,054 thousands and to sale of the subsidiary company Damiani Suisse S.A., the owner of real estate with a book value of Euros 2,753 thousands. The most relevant investments made in the period April-December 2007 were, on the other hand, the key monies paid to third parties under the heading of "good exit" in order to obtain availability of a prestigious piece of commercial space (total amount of Euros 2,357 thousands).

In the following table there is given the breakdown of the **Net Debt** at 31 December 2007 and its evolution compared to 30 September 2007, to 31 March 2007 and to 31 December 2006.

Net Financial Indebtedness (in thousands of Euros)	Situation at December, 31 2007	Situation at September, 31 2007	change	Situation at March, 31 2007	change	Situation at December, 31 2006	change
Bonds - Current part	0	0				5.423	(5.423)
Medium / long term loans - Current part	1.845	4.519	(2.674)	8.386	(6.541)	8.638	(6.793)
Current financial Debts to banks and other financiers	8.473	19.368	(10.895)	14.824	(6.351)	13.438	(4.965)
Current financial Indebtedness	10.318	23.887	(13.569)	23.210	(12.892)	27.499	(17.181)
Medium /long term loans - non current part	32.479	32.470	9	38.793	(6.314)	38.334	(5.855)
Non-Current Financial Indebtedness	32.479	32.470	9	38.793	(6.314)	38.334	(5.855)
Total Gross Financial Indebtedness	42.797	56.357	(13.560)	62.003	(19.206)	65.833	(23.036)
Cash, Banks and equivalents	(68.691)	(9.572)	(59.119)	(14.097)	54.594	(2.044)	66.647
Net Financial Indebtedness	(25.894)	46.785	(72.679)	47.906	(73.800)	63.789	(89.683)

The Group at 31 December 2007 had net available liquidity of Euros 25,894 thousands compared to net financial indebtedness that basically remained stable between 31 March 2007 (Euros 47,906 thousands) and 30 September 2007 (Euros 46,785 thousands), with an improvement of Euros 72,679 thousands compared to 30 September 2007 and of Euros 73,800 thousands compared to 31 March 2007. The improvement is linked to the liquidity that came in as capital from the conclusion of the quotation process on 8 November 2007, with the start up of trading in the shares of the Group Parent

Company Damiani S.p.A. on the Italian Stock Exchange in the STAR (Highly Relevant Securities Sector) segment. At the placement price of Euros 4.00 per share, the subscription of the increase in the Share Capital has meant for Damiani S.p.A. cash coming in, net of the commissions paid to the Institutions that coordinated the IPO of Euros 72,373 thousands on 8 November 2007, which is reflected in the improvement of the consolidated net financial position.

Compared to 31 December 2006, the improvement of the net financial position, amounting to Euros 89,683 thousands, was even bigger because to the cash flows coming from the current financial management of the Group and to the impacts from the stock market listing there were also added the benefits of the sales of holdings to correlated parties that took place in the month of March 2007 as has been described previously.

The increase in the **Net Equity** recorded between 30 September 2007 and 31 December 2007, amounting to Euros 79,964 thousands is due, as well as to the result for the period, to the increase that has been referred to of the Share Capital that took place at the conclusion of the quotation process that took the value of the Share Capital of Damiani S.p.A. to Euros. As a result of this operation on the Share Capital the total Net Equity increased by Euros 73.850 thousands, between the Share Capital and the share Premium Reserve, gross of Euros 4,782 thousands for the costs incurred for the quotation process and posted as a reduction of the reserves in the Net Equity of the Group.

Key data by geographical areas

The geographical areas have been identified by making reference to IAS (International Accounting Standard) 14 and they are the areas “Italy”, “The Americas”, “Japan” and “Rest of World”.

The sectors consist of the following:

- i) The geographical area Italy includes the revenues and the operating costs of the Group Parent Company Damiani Group S.p.A. and its directly controlled subsidiaries that operate in Italy;
- ii) The geographical area The Americas includes the revenues and the operating costs of the subsidiary company Damiani USA that operates in the United States of America and that commercializes the products of the Group all over the continent;
- iii) The geographical area Japan includes the revenues and the operating costs of the subsidiary company Damiani Japan that operates in Japan;
- iv) The geographical area Rest of World (ROW) includes the revenues and the operating costs of the other subsidiary companies that operate and sell in all the other countries that are not included in the previous areas.

In the following table there are shown the revenues for each geographical area in the first nine months of the financial years 2007/2008 e 2006/2007.

Damiani Group
Interim Consolidated Report at 31 December 2007

Revenues (In thousands of Euros)	9 Months		9 Months		2007 vs 2006
	Financial Year 2007/2008	% on total	Financial Year 2006/2007	% on total	
Italy:	104.682	69,9%	112.471	76,11%	-6,9%
- revenues form sales and services	104.249		112.130		-7,0%
- other recurring revenues	433		341		
The Americas:	7.386	4,9%	5.954	4,03%	24,1%
- revenues form sales and services	7.386		5.906		25,1%
- other recurring revenues			48		
Japan:	9.025	6,0%	11.268	7,63%	-19,9%
- revenues form sales and services	9.011		11.257		-20,0%
- other recurring revenues	14		11		
Rest of the World:	28.771	19,2%	18.073	12,23%	59,2%
- revenues form sales and services	21.136		17.963		17,7%
- other recurring revenues	23		110		
- other non-recurring revenues	7.612				
Total revenues	149.864	100,0%	147.766	100,0%	1,4%

The analysis of the Revenues by geographical area shows a stable growth in the **Rest of World** (about +59,2% compared to the first nine months of the financial year 2006/2007), which benefited from the *key monies* received. Net of this impact, the increase in the revenues from core sales, would have been 17,7%, pulled along by the Damiani brand that constitutes about 79% of the whole revenues of the geographical area but also with increases recorded in the sales of the other brands. Within the areas in the Rest of World sector the leadership of Russia was consolidated and there also continued the growth of the ex Soviet Republics. There was set in motion the penetration of the Middle East markets like the Arab Emirates, Kuwait and Turkey which are acquiring an ever increasing weight in the world market of luxury goods.

Furthermore, the revenues also increased in the **Americas** segment, about +25% compared to the same accounting period of the financial year 2006/2007, +41% at constant exchange rates, with an increasing weight of retail channel and good results on wholesale.

Sales in the **Italy** sector were down by 7% mainly due to the impact of the reduction of the wholesale revenues of the Damiani brand, regarding which there continued the process of selection and reduction of the customers; growth of retail sales (about + 5% in the boutiques of Damiani and Bliss active in Italy). Regarding this channel the Group is concentrating large amounts of its investments to increase its direct presence in the domestic market with new openings forecasted within the next few months.

Japan revenues were down by 20% compared to the previous financial year (-10,5% at constant exchange rates), that felt the negative effect of the stagnation in Japanese consumption in the luxury goods market and of unfavourable exchange rates.

In the following table there are given the values of EBITDA for each geographical are in the first nine months of the financial year 2007/2008 and 2006/2007.

Damiani Group
Interim Consolidated Report at 31 December 2007

EBITDA (*) (In thousands of Euros)	9 Months		9 Months		2007/08 vs 2006/07
	Financial Year 2007/2008	% on total EBITDA	Financial Year 2006/2007	% on total EBITDA	
Italy	27.816	84,0%	22.214	67,2%	25,2%
The Americas	(3.693)	-11,2%	(541)	-1,6%	n.s.
Japan	(706)	-2,1%	376	1,1%	n.s.
Rest of the World	9.681	29,2%	10.997	33,3%	-12,0%
EBITDA of the Group	33.098	100,0%	33.046	100,0%	0,2%
<i>Percentage on revenues</i>	<i>22,1%</i>		<i>22,4%</i>		

(*) EBITDA is the operating result intended as Earnings Before Income Tax Depreciation and Amortization. EBITDA is a measurement that is used by the management of the company to monitor operational performance and is not an accounting measurement in the context of the IFRS (International Financial Reporting Standards) and, therefore, it must not be considered as an alternative measurement for the statutory progress of the Group. Because the composition of the EBITDA is not regulated by the IAS (International Accounting Standards) the criteria used by the Group in calculating it may not be the same as those used by others to arrive at the same item and, therefore, it is not necessarily comparable.

In terms of EBITDA, the **Italy** segment confirmed itself as being the one that makes the biggest contribution to the consolidated results of the Group, also realizing a significant increase compared to the first nine months of the previous financial year (about +25%) thanks, above all, to the restricting of the direct costs, i.e. purchases of raw materials and products, that reduced their impact on the total revenues of the geographical segment.

The reduction of the EBITDA by 12% in the **Rest of World** segment is mainly linked to the combined impact of the following two factors: a) the recognition by the Group Parent in the financial year 2006/2007 of contributions and discounts to support the promotional activity aimed at the development and growth of the Damiani brand abroad for a total of Euros 9.4 millions; b) the net amount cashed in for the key monies, already referred to, for about Euros 7 millions in the financial year 2007/2008. Net of these amounts of non-recurring nature the EBITDA of the Rest of World would have grown by Euros 1,032 thousands, going from Euros 1,597 thousands in the first nine months of the financial year 2006/2007 to Euros 2.629 thousands in the current financial year.

The **Americas** sector confirmed, in the first nine months of the financial year 2007/2008 a negative margin with a further reduction compared to the same accounting period of the previous financial year. However, the positive progress of the revenues that has been referred to, with a percentage growth, was accentuated in the third quarter of the current financial year, has limited the negative contribution of the sector at consolidated EBITDA level, with a weight that reached -11,2% in the first nine months compared to a -16% actual in the first half of the financial year 2007/2008.

The **Japan** sector recorded, in the first nine months of the financial year 2007/2008, a negative margin, decreasing by Euros 1,082 thousands compared to the first nine months of the financial year 2006/2007, largely linked to the reduction in revenues (about -20%). In absolute terms the EBITDA of

Damiani Group
Interim Consolidated Report at 31 December 2007

the first nine months of the current financial year, amounted to Euros –706 thousands, which was a positive turnaround compared to the loss recorded for the first six months amounting to Euros –1,205 thousands.

Transactions with related parties

The Damiani Group mainly has relations of a commercial nature, i.e. sales of jewelry products of the differing brands of the Group, which are linked to the core business of the Group and regarding real estate, i.e. the renting of buildings for use as shops and offices with related parties.

In the following table there are shown, for the periods of nine months April-December of the financial year 2007/2008 and of the financial year 2006/2007, the relations that the Group has had with related parties.

(in migliaia di Euro)	9 months Financial Year 2007/2008			Situation as of December, 31 2007			
	Revenues	Operating costs	Financial charges/ incms	Total receivables	Fin. Payables (incl. Leasing)	Trade payables	RE in lease back
Totali con parti correlate	6.061	(1.905)	(426)	9.094	(8.827)	(259)	8.595
Totale Gruppo	149.864	(118.547)	(1.091)	91.271	(42.797)	(74.610)	
% incidenza	4%	2%	39%	10%	21%	0%	

(in thousands of Euros)	9 months Financial Year 2006/2007			Situation as of December, 31 2006			
	Revenues	Operating costs	Financial charges/ incms	Total receivables	Fin. Payables (incl. Leasing)	Trade payables	RE in lease back
Total with related parties	8.597	(1.363)	(226)	6.228	(6.162)	(3.046)	218
Total Group	147.766	(117.119)	(2.208)	80.363	(65.833)	(68.357)	
Percentage on Group totals	6%	1%	10%	8%	9%	4%	

Non-recurring and atypical and/or unusual operations

There are not highlighted any positions or transactions deriving from any atypical and/or unusual operations as these are defined by the Consob (Italian SEC) Resolution number 15519 of 27/07/2006.

The non-recurring operations, already described in the preceding paragraph called “Comments on the key Profit and Loss Account, Balance Sheet and financial data of the Group”, could be summarized in the indemnity paid by third parties for the advance release of two shops which have generated revenues of Euros 7,612 thousands.

The net impact on the consolidated EBITDA of these two operations of a non-recurring nature, to which there are also linked costs for Euros 560 thousands, it amounted to Euros 7,052 thousands.

Significant events after the quarterly accounting close

- On 15 January 2008, the subsidiary company Damiani International B.V. formalized the purchase from third parties of 100% of the Share Capital of the company called Eurostar France, a simplified joint stock company, incorporated under French Law, from Eurostar Group for a total overall amount of Euros 2.800 thousands. The company Eurostar France managed, in franchising the single brand Damiani boutique in Paris which, following the purchasing of the company, is being managed directly by the Damiani Group.
- On 21 January 2008, the Board of Directors of Damiani S.p.A. passed a resolution to call and convene the Shareholders' Meeting of the company for the day of 22 February 2008, in order to authorize the purchasing of the company's own shares. The authorization, which shall be valid for a period of 18 months from the date of the resolution passed by the Shareholders' Meeting of the company regarding it, has as its subject the purchase of a maximum number of 8,250,000 ordinary shares of Damiani S.p.A. with the nominal value of Euros 0.44 each, but in any case for a number of shares that in total value are not higher than 10% of the value of the Share Capital of the company. At 31 December 2007 no company that was included in the consolidation perimeter of the Group held any shares of Damiani S.p.A.

Forecast for operation

In the last quarter of the calendar year 2007 the world economic context progressively deteriorated and the macroeconomic indicators reported signals of a slowdown in Italy, Americas and Japan, areas in which the Damiani Group recorded more than 80% of its nine-months revenues. Notwithstanding economic environment may show more negative signals in the next future, Directors' outlook maintains positive supported by the trend reported in some areas in which the Group is increasing its presence (Russia, former Soviet Union Republics and Middle East) and by reinforcing the domestic retail channel.

Milan, 13 February 2008

For the Board of Directors
The Chairman and CEO
Dr. Guido Grassi Damiani

Interim Consolidated financial statements at 31 December 2007

INTERIM CONSOLIDATED BALANCE SHEET

At 31 December 2007, at 30 September 2007, at 31 March 2007 and at 31 December 2006

(in thousands of Euros)	Situation at 31/12/2007	Situation at 30/09/2007	Situation at 31/03/2007	Situation at 31/12/2006
NON CURRENT ASSETS				
Goodwill	4.978	4.977	5.622	5.289
Other Intangible fixed assets	4.127	3.196	1.725	1.786
Tangible fixed assets	14.188	14.235	15.193	18.430
Shareholdings	169	169	545	11.598
Financial receivables and other non current assets	2.487	825	4.653	703
Prepaid taxes	10.808	9.836	9.788	7.614
TOTAL NON CURRENT ASSETS	36.757	33.238	37.526	45.420
CURRENT ASSETS				
Inventories	94.497	102.627	94.720	89.699
Trade receivables	91.271	60.867	60.979	80.363
Taxation receivables	3.185	3.189	1.786	1.694
Other current assets	7.815	9.528	7.999	7.796
Cash and bank equivalents	68.691	9.572	14.097	2.044
TOTAL CURRENT ASSETS	265.459	185.784	179.581	181.596
TOTAL ASSETS	302.216	219.022	217.107	227.016
NET EQUITY				
Share capital	36.344	28.221	28.221	28.221
Reserves	104.731	43.544	32.524	29.042
Net profit belonging to the Group	20.533	9.963	14.024	19.527
NET EQUITY OF THE GROUP	161.608	81.729	74.769	76.790
NET EQUITY OF MINORITIES				
Share capital and reserves of minorities	1.565	1.588	1.447	1.513
Net profit belonging to minorities	251	144	214	159
TOTAL NET EQUITY OF MINORITIES	1.816	1.731	1.661	1.672
SHAREHOLDERS EQUITY	163.424	83.460	76.430	78.462
NON CURRENT LIABILITIES				
Medium/long term loans	32.479	32.470	38.793	38.334
Employee Termination Indemnity	4.173	4.135	4.548	4.404
Deferredd Taxes Liabilities	2.660	2.629	2.784	1.347
Other payables and non - current liabilities	325	309	276	260
TOTAL NON CURRENT LIABILITIES	39.637	39.543	46.401	44.345
CURRENT LIABILITIES				
Current part of medium/long term loans	1.845	4.519	8.386	8.638
Trade payables	74.610	60.517	61.082	68.357
Current financial payables to banks and other financiers	8.473	19.368	14.824	13.438
Taxation payables	11.006	7.983	4.857	4.515
Other current liabilities	3.222	3.632	5.127	3.838
TOTAL CURRENT LIABILITIES	99.156	96.019	94.276	104.209
TOTAL LIABILITIES	138.793	135.562	140.677	148.554
TOTAL NET EQUITY AND LIABILITIES	302.216	219.022	217.107	227.016

INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the periods of nine months closed at 31 December 2007 and at 31 December 2006.

(in thousands of Euros)	9 Months	
	Financial Year 2007/2008	Financial Year 2006/2007
Revenues from sales and services	141.780	147.256
Other recurring revenues	472	510
Other non recurring revenues	7.612	
TOTAL REVENUES	149.864	147.766
Cost for raw materials and consumables	(58.054)	(59.049)
Cost for services	(39.978)	(38.594)
Personnel costs	(16.215)	(14.981)
Other net operating costs	(2.519)	(2.096)
Depreciation and amortization	(1.781)	(2.399)
TOTAL OPERATING COSTS	(118.547)	(117.119)
OPERATING RESULTS	31.317	30.647
Financial charges	(2.492)	(3.985)
Financial Incomes	1.401	1.777
PROFIT BEFORE TAXES	30.226	28.439
Income taxes	(9.441)	(8.753)
NET PROFIT FOR THE PERIOD	20.785	19.686
<i>Belonging to:</i>		
Group	20.534	19.527
Minorities	251	159
Basic earnings per share (*)	0,30	0,31
Diluted earnings per share (*)	0,25	0,24

(*) Basic and diluted earnings per share

The basic earnings per share has been calculated by dividing the net profit for the nine months that is attributable to the ordinary shareholders of the Issuer for the weighted average number of the shares that are in circulation within the relative company accounting period. Because, on 26 June 2007 the Shareholders' Meeting of the company passed a resolution to split up the ordinary shares of the company that are in circulation, replacing them with ordinary shares of the value of Euros 0.44 each and the splitting was considered retrospectively also for the purpose of calculating the basic earnings per share at 31 December 2006.

The diluted earnings per share, applying what is laid down paragraph 64 of IAS 33 was calculated for both the periods taking into account the increase in the number of shares following the increase in the Share Capital that was a consequence of listing of the shares of the Group Parent Company Damiani S.p.A. in the

Damiani Group
Interim consolidated Report at 31 December 2007

STAR segment, managed by the Italian Stock Exchange.

Below there is shown the net earnings per share and the information regarding the shares that was utilized for the purposes of calculated the basic and diluted earnings per share:

(in thousands of Euros)	9 Months	
	Financial Year 2007/2008	Financial Year 2006/2007
Net Group Profit	20.534	19.527
Basic earnings per share		
(in thousands of Euros)	9 Months	
	Financial Year 2007/2008	Financial Year 2006/2007
Number of ordinary shares at the beginning of the period	64.137.500	62.875.000
Increase related to a paid capital increase as of september 14, 2006.		1.262.500
Increase related to a paid capital increase (IPO) as of november 8, 2007.	18.462.500	
Number of ordinary shares at the end of the period	82.600.000	64.137.500
Weighted avarege number of ordinary shares for computation of basic earnings per share	67.762.864	63.375.409
Basic earnings per share (amount in Euro)	0,30	0,31
Diluted earnings per share		
(in thousands of Euros)	9 Months	
	Financial Year 2007/2008	Financial Year 2006/2007
Number of ordinary shares at the beginning and at the end of the period	82.600.000	82.600.000
Weighted avarege number of ordinary shares for computation of diluted earnings per share	82.600.000	82.600.000
Diluted earnings per share (amount in Euro)	0,25	0,24

Relative to paragraph 52 of the IAS 33 there was not found any dilution impact in relation to the Stock Option Plan that was resolved upon at the Ordinary Shareholders' Meeting of 26 September 2007, because the plan is dependent on the achievement of a series of future financial and personal performance goals some of which have not yet been defined.

TABLE OF THE CHANGES IN THE CONSOLIDATED NET EQUITY

For the periods of nine months closed at 31 December 2007 and at 31 December 2006.

(In thousands of Euros)	Share Capital	Share Premium reserves	Legal reserves	Cash flow hedging reserve	Reserve shareholders payments	Conversion reserve	Other reserves	Net equity of the Group	Total	Net Equity of Minorities	Total net Equity
Balances as of march 31, 2007	28.221	4.131	1.628	55	8.618	(29)	18.121	14.024	74.769	1.661	76.430
Increase of share capital due to IPO	8.124	65.727							73.850		73.850
Allocation of the profit of the period			361				11.816	(12.177)	0		0
Conversion differences for financial statements in foreign currencies						(129)			(129)		(129)
Adjustments to fair value of Cash Flow Hedging				93					93		93
Distribution of dividends								(1.847)	(1.847)	(49)	(1.896)
Other movements							(5.017)		(5.017)	(47)	(5.064)
New Mood's goodwill related to companies under common control							(645)		(645)		(645)
Net profit of the period								20.534	20.534	251	20.785
Balances as of december 31, 2007	36.345	69.857	1.989	148	8.618	(158)	24.275	20.534	161.608	1.816	163.424

(In thousands of Euros)	Share Capital	Share Premium reserves	Legal reserves	Cash flow hedging reserve	Reserve shareholders payments	Conversion reserve	Other reserves	Net equity of the Group	Total	Net Equity of Minorities	Total net Equity
Balances as of march 31, 2006	27.665	4.131	975	(99)	2.531	212	11.382	10.473	57.270	1.531	58.801
Increase of share capital	556								556		556
Allocation of the profit of the period			523				9.950	(10.473)	0		0
Conversion differences for financial statements in foreign currencies						(366)			(366)		(366)
Adjustments to fair value of Cash Flow Hedging				37					37		37
Distribution of dividends									0	(80)	(80)
Other movements							(234)		(234)	62	(172)
Net profit of the period								19.527	19.527	159	19.686
Balances as of december 31, 2006	28.221	4.131	1.498	(62)	2.531	(154)	21.098	19.527	76.790	1.672	78.462

CONSOLIDATED FUNDS FLOW STATEMENT

For the periods of nine months closed at 31 December 2007 and at 31 December 2006.

<i>(In thousands of Euros)</i>	9 Months	
	Financial Year 2007/2008	Financial Year 2006/2007
CASH FLOW FROM OPERATIONAL ACTIVITIES		
Net profit for the period coming from ongoing activities	20.785	19.686
<i>Adjustments to reconcile the profit (loss) for the period to the cash flow generated (absorbed) by the operational activities:</i>		
Depreciation, Amortization and Write-downs	1.781	2.399
Provision posted in the Bad debt reserve	704	236
Change in the fair value of Financial Instruments	(231)	219
Provision posted to the Employee Leaving Indemnity Fund	(128)	689
Paid out for Employee Leaving Indemnity	(247)	(313)
Changes in the deferred and prepaid taxes	(1.004)	1.428
	21.660	24.344
<i>Changes in the operational assets and liabilities:</i>		
Receivables from customers	(30.996)	(17.690)
Inventories	223	7.657
Payables to suppliers	13.528	2.370
Taxation receivables	(1.399)	(114)
Taxation payables	6.149	2.872
Other current and non-current assets and liabilities	(1.673)	(1.666)
	7.492	17.774
NET CASH FLOW GENERATED (ABSORBED) BY OPERATIONAL ACTIVITIES (A)		
CASH FLOW FROM INVESTMENT ACTIVITIES		
Proceeds from the disposals of Intangible and Tangible fixed Assets	90	56
Tangible fixed assets purchased	(799)	(993)
Intangible fixed assets purchased	(2.664)	(721)
Purchases/ (disposals) of shareholdings		(1.111)
Net change in the other non-current assets	2.166	(23)
	(1.207)	(2.792)
NET CASH FLOW GENERATED (ABSORBED) BY INVESTMENT ACTIVITIES (B)		
CASH FLOW FROM FINANCIAL ACTIVITIES		
Repayment of long term loans	(11.523)	(7.306)
Net change in the short term financial liabilities	(6.351)	(14.998)
Distributed dividends	(1.896)	(80)
Payments of leasing installments	(906)	(518)
Increases in Share Capital and payments in by shareholders	73.850	556
Other changes in Net Equity	(4.865)	(501)
	48.309	(22.848)
NET CASH FLOW GENERATED (ABSORBED) BY FINANCIAL ACTIVITIES (C)		
OVERALL CASH FLOW (D=A+B+C)	54.594	(7.866)
NET AVAILABLE LIQUIDITY AT THE BEGINNING OF THE PERIOD (E)	14.097	9.910
NET AVAILABLE LIQUIDITY AT THE END OF THE PERIOD (G=D+E+F)	68.691	2.044

DECLARATION

Ex Article 154 bis, Paragraph 2 – Part IV, Title III, Chapter II, Section V-bis, of Legislative Decree of 24 February 1998, number 58: “Consolidated Law on Finance, pursuant to articles 8 and 21 of the Law of 6 February 1996, number 52”

The undersigned Gilberto Frola,
Manager charged with preparing the Damiani S.p.A.’s financial reports, with reference to the Interim consolidated report at 31 December 2007, which is the third quarter of the company’s financial year 2007/2008, approved by the Board of Directors of the company on 13 February 2008

DECLARES

in compliance with paragraph two of Article 154bis, Part IV, Title III, Chapter II, Section V-bis, of Legislative Decree of 24 February 1998, number 58, that the Consolidated Interim Report at 31 December 2007 corresponds to the documented results, books and accounting records.

Manager charged with preparing the Company’s financial reports
Signed: Gilberto Frola