

DAMIANI S.p.A.

Consolidated First Quarter 2008/2009 Report

Drawn up pursuant to the IAS/IFRS
Not audited by the Independent Auditors

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

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COMPANY BODIES

Board of Directors

Guido Grassi Damiani (Chairman and CEO)

Giorgio Grassi Damiani (Vice President)

Silvia Grassi Damiani (Vice President)

Giulia De Luca (Director)

Stefano Graidì (Director)

Giancarlo Malerba (Director)

Lorenzo Pozza (Director)

Fabrizio Redaelli (Director)

Board of Statutory Auditors

Gianluca Bolelli (Chairman)

Simone Cavalli (Statutory Auditor)

Fabio Massimo Micaludi (Statutory Auditor)

Pietro Sportelli (Alternate Auditor)

Pietro Michele Villa (Alternate Auditor)

Independent Auditing Firm

Reconta Ernst & Young S.p.A.

Internal Controls and Corporate Governance Committee

Giancarlo Malerba (Chairman)

Lorenzo Pozza

Fabrizio Redaelli

Remuneration Committee

Giancarlo Malerba (Chairman)

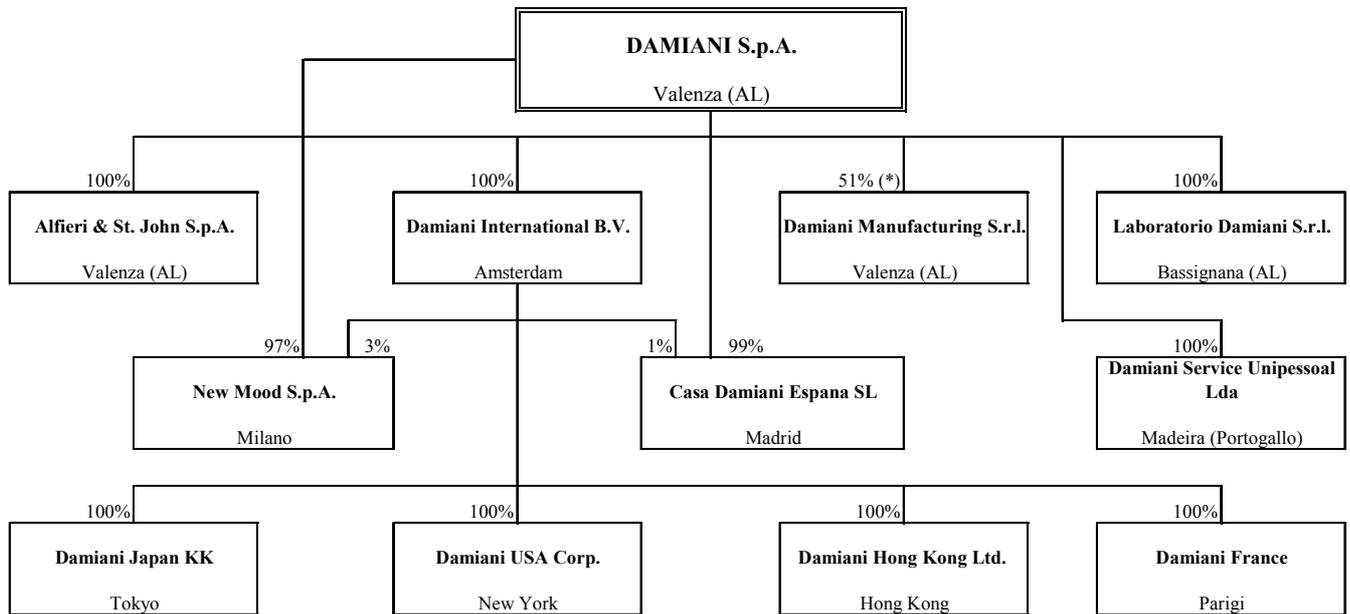
Lorenzo Pozza

Fabrizio Redaelli

REPORT ON OPERATIONS ⁽¹⁾.

⁽¹⁾ Damiani Group closes its financial year at March 31, and therefore the quarterly period from April 1, 2008 to June 30, 2008 represents the first quarter of the financial year that will ended March 31, 2009.

Structure and Business Activities of Damiani Group



(*) 49% is held by Christian and Simone Rizzetto, directors of Damiani Manufacturing S.r.l. with powers on production, finance and administration.

All the companies that are shown in the above Group Organization Chart are subsidiary companies and, therefore, in the report at June 30, 2008 all the quarterly financial statements of the companies are consolidated with the total line-by-line integration method, regardless of the percentage of Share Capital owned by the Group.

The consolidation area at June 30, 2008 did not undergo any changes if compared to the financial report ended March 31, 2008.

If compared to the quarterly financial report ended June 30, 2007, date used to make the following economic and financial comparisons, there were the subsequent changes:

- on 21 November 2007 the parent company, Damiani S.p.A, purchased 100% of the share capital of Magic Word – Servicios e marketing Lda (now renamed Damiani Service Unipessoal Lda), whose head office is in Madeira (Portugal), for a total of € 30,000. Currently the company is dormant;
- on 15 January 2008, the subsidiary Damiani International B.V. purchased from the “Eurostar” multinational Group 100% of the share capital of Eurostar France for a total of € 2,854,000 (including accessory expenses). This company, which was subsequently re-named Damiani France, held the franchise for the Damiani boutique in Paris which, following the purchase, is now directly run by Damiani Group.

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

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The Group, which concentrates on producing and distributing top quality jewellery both in Italy and abroad, offers wide coverage of the main market segments and thanks to its different brands provides customers with a large range of variously priced jewellery. The Group's portfolio is made up of five brands: Damiani, Salvini, Alfieri & St. John, Bliss and Calderoni (not yet marketed in the quarter ended June 30, 2008).

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

- the wholesale channel, consisting of independent multi-brand jewellers, department stores, franchisees, single-brand sales outlets run by third parties and distributors;
- the retail channel, consisting of individual sales outlets run directly by the Group. As of June 30, 2008, there were 14 directly run single-brand sales outlets: eight in Italy (with four trading under the Damiani brand and four under the Bliss brand) and six abroad, all trading under the Damiani brand.

The parent company, Damiani S.p.A., is responsible for coordinating Group companies and offering them economic, administrative and technical assistance of a commercial and financial nature, which are based on normal market conditions.

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Key Data

Share Capital	30 June 2008 (1)	30 June 2007
Number of shares	82,600,000	64,137,500
Nominal value per share	0.44	0.44
Share Capital	36,344,000	28,220,500

Ownership		
Leading Jewels S.A. (2)	52.49%	39.70%
Guido Grassi Damiani	5.01%	19.45%
Silvia Grassi Damiani	5.67%	19.45%
Giorgio Grassi Damiani	6.11%	19.45%
Damiani S.p.A. (own shares) (3)	3.00%	-
Colombo Damiani Gabriella (4)	0.15%	-
Giulia De Luca	0.49%	1.95%
Market	27.06%	-

Table according to article 79 Decree Legislative n.58/98

Individual	Office	Number of shares
Guido Grassi Damiani	Director	4,140,808
Giorgio Grassi Damiani	Director	5,047,371
Silvia Grassi Damiani	Director	4,687,371
Giulia De Luca	Director	407,000
Strategic managers		9,000

- (1) On June 26, 2007 the Shareholders' Meeting of the company passed a resolution to split the ordinary shares that numbered 513,100 shares of a value of €55.00 each into the number of 64,137,500 shares with a value of €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 June 26, 2007 with the issue of 18,462,500 ordinary shares with the value of €0.44 each, subscribed by the Market jointly with 7,893,000 shares that were put up for sale by selling Shareholders.
- (2) On July 18, 2007 Jewellery Investment S.A., which owned 39.70% of Damiani S.p.A. at June 30, 2007, changed its name to D. Holding SA and conferred upon the newly incorporated Leading Jewels SA the share in Damiani S.p.A.
- (3) The Shareholders' Meeting of 22 February 2008 authorised the purchase of company shares (buy back program), within a period of 18 months after the resolution, up to a maximum of 8,250,000 ordinary shares in Damiani S.p.A. At June 30, 2008, the number of shares purchased amounted to 2,479,622, equal to 3.002% of the share capital
- (4) Usufructuary of 943,125 shares corresponding to 1.14% of the Share Capital.

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Main economic data (In Thousands of Euros)	I Quarter			I Quarter	
	Financial Year 2008/2009	Financial Year 2007/2008	Change %	Financial Year 2007/2008 adjusted (*)	Change %
Revenues from sales and services	38.957	42.671	-8,7%	42.671	-8,7%
Total Revenues	39.162	50.408	-22,3%	42.796	-8,5%
Cost of production	(34.655)	(35.382)	-2,1%	(34.822)	-0,5%
EBITDA (**)	4.507	15.026	-70,0%	7.974	-43,5%
EBITDA %	11,5%	29,8%		18,6%	
Operating income	3.828	14.372	-73,4%	7.320	-47,7%
Profit before taxes	4.110	13.948	-70,5%	6.896	-40,4%
Net profit of the Group	2.101	10.109	-79,2%	3.524	-40,4%
Basic Earnings per Share	0,03	0,16	-81,0%		
Personnel Costs	(6.325)	(5.096)	24,1%		
Average numbers of employees	578	497	16,3%		

(*) The economic data do not include the non-recurring items booked in the I Quarter 2007/2008 and commented in the next notes.

(**) EBITDA represents the operating result intended as Earnings Before Interest, Taxes, Depreciation and Amortization. EBITDA is used by the company's management to monitor and evaluate the Group's operational performance and is not an IFRS accounting instrument, therefore, it must not be considered as an alternative measure for evaluating the Group's results. Since EBITDA is not regulated by the accounting principles in question, the criteria used by the Group in calculating it may not be the same used by other companies and therefore cannot be used for comparative purposes.

Balance sheet Data (In thousands of Euros)	Situation at June, 30 2008	Situation at March, 31 2008	change	Situation at June, 30 2007	change
Fixed Assets	43.470	41.817	1.653	38.199	5.271
Net working capital	92.327	94.987	(2.660)	103.423	(11.096)
Non current Liabilities	(8.589)	(9.272)	683	(7.437)	(1.152)
Net Invested Capital	127.208	127.532	(324)	134.185	(6.977)
Net Shareholders' Equity	155.314	155.959	(645)	85.021	70.293
Net Financial Position *	(28.106)	(28.427)	321	49.164	(77.270)
Sources of Financing	127.208	127.532	(324)	134.185	(6.977)

(*) The net financial position of the company, starting from the consolidated financial statements ended March 31, 2007 and, therefore, also for the all next intermediate and annual closing showed in the herein table quarters, was calculated based on the indications contained in the Consob (Italian SEC) communication DEM/6064923 of 28.07.06.

Comments on the main economic and financial results

The total revenues and the profitability of Damiani Group in the first three months of the financial year 2008/2009 showed a decrease if compared to the same period of the previous financial year mainly due to the existence in the first quarter 2007/2008 of non-recurring operations, regarding key money cashed in for the advance transfer to third parties of the rental contracts of two shops and recorded between the non-recurring revenues, that had positively affected the economic results.

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

- Total Consolidated Revenues decreased by €11,246 thousands, from €50,408 thousands in the first three

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months of the financial year 2007/2008 to €39,162 thousands in the quarter ended June 30, 2008 with a percentage drop rate of 22.3%. Total Consolidated Revenues regarding the quarter ended June 30, 2007 included key money recorded between the non recurring revenues for a overall amount of €7,612 thousands relative to the advance transfer to third parties of the rental contracts of two shops which were not strategic for the Group. Not considering these not recurring amounts Total Consolidated Revenues decreased by €3,634 thousands (-8.5%) compared to the same period of the previous financial year;

- EBITDA was €4,507 thousands, a percentage on revenues of 11.5%, a decrease with the gross operating margin of the same accounting period of the previous financial year both in absolute (€10.519 thousands) and marginal terms (EBITDA margin was 29.8% in the first quarter of financial year 2007/2008). We underline that without considering the non-recurring items, EBITDA regarding the quarter ended June 30, 2007 would have been €7,974 thousands with a percentage on revenues of 18.6% and so the more limited decrease in the EBITDA between the two quarter would have been €3,467 thousands;
- Net Result of the Group for the first three months of the financial year 2008/2009 amounted to €2,101 thousands with an decrease of €8,008 thousands (about -79.2%) compared to the same accounting period of the previous financial year and with a percentage on revenues of 5.4%. We underline that also the Net Result of the Group regarding the quarter ended June 30, 2007 was positively affected by the non-recurring items; not considering them the net result would have been €3,524 thousands with a percentage on revenues of 8.2%, and so the more limited decrease in the Net Result between the two quarter would have been €1,423 thousands.

There follows the comparison between the Consolidated Profit and Loss Account for the first three months (April-June) of the financial year 2008/2009 and of the financial year 2007/2008.

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Profit & Loss (In thousands of Euros)	I Quarter			
	Financial Year 2008/2009	Financial Year 2007/2008	Change	Change %
Revenues from sales and services	38.957	42.671	(3.714)	-8,7%
Other recurring revenues	205	125	80	64,0%
Other non-recurring revenues	-	7.612	(7.612)	
Total Revenues	39.162	50.408	(11.246)	-22,3%
Operating expenses	(34.655)	(35.382)	727	-2,1%
EBITDA (*)	4.507	15.026	(10.519)	-70,0%
EBITDA %	11,5%	29,8%		
Depreciation and amortization	(679)	(654)	(25)	3,8%
Operating income	3.828	14.372	(10.544)	-73,4%
Operating income %	9,8%	28,5%		
Net Financial incomes (losses)	282	(424)	706	-166,5%
Profit before taxes	4.110	13.948	(9.838)	-70,5%
Profit before taxes %	10,5%	27,7%		
Taxes	(1.910)	(3.603)	1.693	-47,0%
Net profit	2.200	10.345	(8.145)	-78,7%
Net profit %	5,6%	20,5%		
Minorities Interests	99	236		
Net profit of the Group	2.101	10.109	(8.008)	-79,2%
Net profit of the Group %	5,4%	20,1%		

(*) EBITDA represents the operating result intended as Earnings Before Interest, Taxes, Depreciation and Amortization. EBITDA is used by the company's management to monitor and evaluate the Group's operational performance and is not an IFRS accounting instrument, therefore, it must not be considered as an alternative measure for evaluating the Group's results. Since EBITDA is not regulated by the accounting principles in question, the criteria used by the Group in calculating it may not be the same used by other companies and therefore cannot be used for comparative purposes.

The following table shows the revenues breakdown by sales channel.

Revenues by Sales Channel (In Thousands of Euros)	I Quarter			
	Financial Year 2008/2009	Financial Year 2007/2008	Change	Change %
Wholesale	34,201	39,275	(5,074)	-12.9%
<i>Percentage on total sales</i>	<i>87.3%</i>	<i>77.9%</i>		
Retail	2,497	2,142	355	16.6%
<i>Percentage on total sales</i>	<i>6.4%</i>	<i>4.2%</i>		
Total revenues wholesale and retail	36,698	41,417	(4,719)	-11.4%
<i>Percentage on total sales</i>	<i>93.7%</i>	<i>82.2%</i>		
Other channel/ other recurring revenues	2,464	1,379	1,085	78.7%
Other channel/ other non recurring revenues		7,612		
Other channel/ other revenues	2,464	8,991	(6,527)	-72.6%
<i>Percentage on total sales</i>	<i>6.3%</i>	<i>17.8%</i>		
Total revenues	39,162	50,408	(11,246)	-22.3%

- The core channels of the Group are the wholesale and retail ones that generated almost 94% of total

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consolidated revenues. In the first three months of the financial year 2008/2009 these core revenues were €36,698 thousands decreasing by 11.4% compared to the same accounting period of the financial year 2007/2008. Specifically, in the wholesale channel the revenues amounted to €34,201 thousands, with a decrease by €5,074 thousands compared to the first quarter of the previous financial year (-12.9%), mainly due to the drop in sales of the Group brand in the domestic markets. In the retail channel the revenues amounted to €2,497 thousands, growing by €355 thousand compared to the first quarter of financial year 2007/2008 (+16.6%) thanks both to the better performance of the Italian and foreign boutiques that were active in the two periods being looked at, and to what was brought in by the new boutiques that were opened afterwards the end of June 2007. The positive performance of the retail channel confirm the appreciation from the customers for the Group products and the validity of the strategic choice to develop the retail.

- Beside the core channels, the Group in the current financial year generated revenues for €2,464 thousands (up by €1,085 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.
- The other non-recurring revenues of the first quarter 2007/2008 amounted to €7,612 thousands and were related to the already described key money.

EBITDA

In the first three months (April-June) of the financial year 2008/2009 EBITDA amounted to €4,507 thousands, with a decrease of €10,519 thousands compared to the same accounting period of the previous financial year. EBITDA in the first quarter of the financial year 2008/2009 was 11.5% of total revenues, down compared to 29.8% in the first quarter of the financial year 2007/2008. As previously underlined the decrease in EBITDA was partially due to the cash in of key money recorded in the previous quarter of €7,052 thousand, net of costs concerning them. Without considering these non-recurring items EBITDA of the quarter ended June 30, 2007 would have amounted to €7,974 thousands, 18.6% of total revenues and the decrease in the EBITDA between the two quarter would have been €3,467 thousands.

Details of the evolution of production costs were as follows:

- Costs of raw and other materials (including the cost for finished goods): in the first three months of the financial year 2008/2009 they amounted to €15,100 thousands down by 8.4% compared to the same period of the previous financial year (€16,482 thousands). The reduction of these costs followed the trend of the revenues from sales and services and their percentage of the same basically remained the same in the two periods being looked (38.8% at June 30, 2008 and 38.6% at June 30, 2007) at even with the extreme price pressure of raw materials.
- Other costs for services: in the three months of the financial year 2008/2009 they amounted to €12,915

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thousands, decreasing by 1% compared to the same accounting period of the previous financial year (€13,045 thousands). Regarding that the Group put in practice actions to achieve a bigger decrease in costs of outsourced working, in advertising and sales costs. On the contrary, the Group recorded an increase in leasing contracts linked to the development of the retail chain.

- Cost of personnel: in the first three months of the financial year 2008/2009 it amounted to €6,325 thousands increasing by 24.1% compared to the same accounting period of the previous financial year (€5,096 thousands). The increase was mainly linked to the increase in the average manpower of the Group that amounted to about 16.3% between the two periods being looked at. The increase of employees mainly referred to the increase of retail channel, to the increase in the internal production capacity (set up and start up of the subsidiary Laboratorio Damiani S.r.l.), and the hiring of new personnel to deal with the stock exchange listing process.
- Other net operating costs: in the first three months of the financial year 2008/2009 they amounted to €315 thousands, decreasing by €444 thousands compared to the same accounting period of the previous financial year (€759 thousands). The decrease mainly depended on the costs of a non-recurring nature for €560 thousands (recorded in the first quarter of the financial year 2007/2008) belonging to the real estate transactions that rised the gross key money already referred to amounting to €7,612 thousands, posted among the revenues.

Overall the production costs in the first three months of the financial year 2008/2009 amounted to €34,655 thousands, decreasing by €727 thousands (-2.1%) compared to the quarter April –June 2007 (€35,382 thousands).

Net Financial Incomes

The net financial incomes for the first quarter ended June 30, 2008 showed a surplus of € 282 thousand, an improvement of € 706 thousand compared with the quarter ended June 30, 2007 (that recorded a deficit of € 424 thousand). This significant improvement in net financial incomes was linked to the benefits on the Group's net financial position deriving from the cash flow produced by operating activities and, more significantly, from the conclusion of the listing of Damiani S.p.A. on 8 November 2007 that allowed early repayment of loans with no extra costs.

Net Profit

The Group closed the first three months of the financial year 2008/2009 with a consolidated result for the period amounting to €2,101 thousands, decreasing by € 8,808 thousands compared to the same accounting period of the previous financial year and with a margin on the revenues of 5.4% (20.1% in the financial year 2007/2008).

A positive impact on the net profit of the quarter ended June 30, 2007 stemmed from the cash in of the key money amounting to €6,585 thousands (net of operative costs and fiscal effects linked to them). Without

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considering those non-recurring amounts the difference between the net results of the two quarters would have amounted to €1,423 thousands.

The effective tax rate of the first three months of the financial year 2008/2009 was about 46.5%, increasing compared to what was recorded in the same accounting period of the previous financial year (25.8%). Without considering the effects becoming from the cash in of the key money, the tax rate of the quarter ended June 30, 2007 would have amounted to 45.5%, with a limited variance compared to the tax rate of the quarter ended June 30, 2008.

Balance Sheet and Financial situations

In the following table there is shown the breakdown of the consolidated Balance Sheet and financial situations of Damiani Group at June 30, 2008 compared with the one at March 31, 2008 and June 30, 2007.

Balance sheet Data (In thousands of Euros)	Situation at June, 30 2008	Situation at March, 31 2008	change	Situation at June, 30 2007	change
Fixed Assets	43.470	41.817	1.653	38.199	5.271
Net working capital	92.327	94.987	(2.660)	103.423	(11.096)
Non current Liabilities	(8.589)	(9.272)	683	(7.437)	(1.152)
Net Invested Capital	127.208	127.532	(324)	134.185	(6.977)
Net Shareholders' Equity	155.314	155.959	(645)	85.021	70.293
Net Financial Position *	(28.106)	(28.427)	321	49.164	(77.270)
Sources of Financing	127.208	127.532	(324)	134.185	(6.977)

(*) The net financial position of the company, starting from the consolidated financial statements ended March 31, 2007 and, therefore, also for the all next intermediate and annual closing showed in the herein table quarters, was calculated based on the indications contained in the Consob (Italian SEC) communication DEM/6064923 of 28.07.06.

In the first three months of the financial year 2008/2009 the Consolidated Net Invested Capital decreased by € 324 thousands respect to March 31, 2008. The reduction was due to the decrease in the net working capital by € 2,660 thousands partially offset by an increase in the fixed assets (for capex regarding the opening of the new DOS) and in the Non Current Liabilities.

The change of the Net Equity from March 31, 2008 to June 30, 2008, related to the decrease by € 645 thousands was due to the purchasing of the company's own shares following the Shareholders' meeting's resolution of 22 February 2008 which authorized the share buy-back plan. This effect on the Net Equity was reduced by the effect of the increase in the net profit for the period. At June 30, 2008 the company had bought a number of 2,479,622 shares of Damiani S.p.a. at a total price of € 5,225 thousands, with an increase of € 2,888 thousands compared with March 31, 2008.

In the following table there is shown the breakdown of the Net Financial Position at June 30, 2008 and its evolution compared with that at March 31, 2008 and at June 30, 2007.

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Net Financial Position * (in thousands of Euros)	30 June 2008	31 March 2008	change	30 June 2007	change
Medium-long term loans - Current share	3.815	5.162	(1.347)	8.535	(4.720)
Current financial debts to banks and other financial institutes	1.095	2.593	(1.498)	18.018	(16.923)
Current financial debt	4.910	7.755	(2.845)	26.553	(21.643)
Medium-long term loans - Non-current share	16.214	16.631	(417)	35.955	(19.741)
Non-current financial debt	16.214	16.631	(417)	35.955	(19.741)
Total gross financial debt	21.124	24.386	(3.262)	62.508	(41.384)
Cash and cash equivalent	(49.230)	(52.813)	3.583	(13.344)	(35.886)
Net Financial Position *	(28.106)	(28.427)	321	49.164	(77.270)

(*) The net financial position of the company, starting from the consolidated financial statements ended March 31, 2007 and, therefore, also for the all next intermediate and annual closing showed in the herein table quarters, was calculated based on the indications contained in the Consob (Italian SEC) communication DEM/6064923 of 28.07.06.

At June 30, 2008 the Group's net financial position amounted to € 28,106 thousands, in line with values at March 31, 2008 (€ 28,427 thousands) and with a considerable improvement compared with June 30, 2007, which showed a Net financial debt of € 49,164 thousands. The improvement of € 77,270 thousands compared with June 30, 2007 was mainly linked both to the operating cash flow generated during the following twelve months and to the liquidity that came in as capital increase from the conclusion of the stock exchange listing process on November 8, 2007, with the start up of trading of 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 € 4.00 per share, the subscription of the increase in the Share Capital resulted a cash in for Damiani S.p.a., net of the commissions paid to the Institutions that coordinated the IPO, of € 66,980 thousands, which was reflected in the improvement of the consolidated net financial position.

Key data by geographical areas

The geographical areas that have been identified by Damiani Group are the following: "Italy", "The Americas", "Japan" and "Rest of the 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 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 American 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

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previous areas.

In the following table there are shown the revenues for each geographical area in the first quarter of the financial year 2008/2009 and 2007/2008.

Revenues by Geographical Area (in thousands of Euros)	I Quarter Financial Year		I Quarter Financial Year		Change 2008/2009 vs 2007/2008
	2008/2009	% of total	2007/2008	% of total	
Italy	26.417	67,4%	31.594	62,7%	-16,4%
- Revenues from sales and services	26.218		31.478		-16,7%
- Other recurring revenues	199		116		
The Americas	2.258	5,8%	2.308	4,6%	-2,2%
- Revenues from sales and services	2.258		2.308		-2,2%
- Other recurring revenues			-		
Japan	2.220	5,7%	1.874	3,7%	18,5%
- Revenues from sales and services	2.218		1.869		18,7%
- Other recurring revenues	2		5		
- Other non-recurring revenues					
Rest of the World	8.267	21,1%	14.632	29,0%	-43,5%
- Revenues from sales and services	8.263		7.017		17,8%
- Other recurring revenues	4		3		
- Other non-recurring revenues			7.612		
Total Income	39.162	100,0%	50.408	100,0%	-22,3%

Revenues were down in the **Italy** sector (about -16,4% respect to the first three months of the financial year 2007/2008), due to the impact of the reduction of the wholesale revenues, partially offset by the growth of retail sales.

Sales in the **Americas** segment were reduced by 2,2% compared to the first three months of the financial year 2007/2008; the weight of the exchange rate variation was however high, since the Americas segment would increase by 8% considering constant exchange rate.

The growth in the **Japan** area (about +18,5% compared to the first three months of the financial year 2007/2008, about +18,8% at constant exchange rate) benefited from the general increase of the Damiani brand.

The **Rest of the World** area showed a reduction by 43,5% compared to the first quarter of the financial year 2007/2008. It was mainly due to the fact that the corresponding period of the previous year benefited from the key money received for € 7,612 thousands. Net of this impact, the revenues of the first quarter from core sales would have been increased by € 1,247 thousands (+17,8%), pulled along by the Damiani brand. Within the areas in the Rest of the World the growth continued particularly in Russia and in the former Soviet Republics.

In the following table the values of EBITDA are given for each geographical area in the first quarter of the financial year 2008/2009 and 2007/2008.

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EBITDA by Geographical Area(*) (in thousands of euros)	I Quarter Financial Year		I Quarter Financial Year		Change 2008/2009 vs 2007/2008
	2008/2009	% of total EBITDA	2007/2008	% of total EBITDA	
Italy	4,367	96.9%	7,897	52.6%	-44.7%
The Americas	(1,664)	-36.9%	(1,417)	-9.4%	17.4%
Japan	(861)	-19.1%	(727)	-4.8%	18.4%
Rest of the World	2,665	59.1%	9,273	61.7%	-71.3%
Consolidated EBITDA	4,507	100.0%	15,026	100.0%	-70.0%
<i>% of turnover</i>	<i>11.5%</i>		<i>29.8%</i>		

(*) EBITDA represents the operating result intended as Earnings Before Interest, Taxes, Depreciation and Amortization. EBITDA is used by the company's management to monitor and evaluate the Group's operational performance and is not an IFRS accounting instrument, therefore, it must not be considered as an alternative measure for evaluating the Group's results. Since EBITDA is not regulated by the accounting principles in question, the criteria used by the Group in calculating it may not be the same used by other companies and therefore cannot be used for comparative purposes.

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, although it showed a decrease by 44.7% in confront of the same period of the previous year. This reduction was mainly due to the decrease of the total revenue of this segment that was only partially mitigated by the efficiency obtained on the production costs.

The Americas sector confirmed, in the first quarter of the financial year 2008/2009, a negative margin with a further reduction tendency as a consequence of a slack market and of the slowing down of the revenues that couldn't cover all the costs related also to the development of the network retail (with the new opening of the boutique in Los Angeles), whose benefits will be shown only in the next future.

The **Japan** sector recorded, in the first quarter of the financial year 2008/2009, a negative margin, decreasing by € 134 thousands compared to the same period of the previous year, mainly due to the increase of costs related to the development of retail (the opening of a new and wider boutique in Tokyo which needs higher management costs), whose benefits will be shown only in the next future.

The decrease in EBITDA by 71.3% in the **Rest of the World** was due to the receipt booked in the first quarter of the financial year 2007/2008 related to the already said key money for the net amount of € 7,052 thousands. Net of these non-recurring items, the EBITDA margin in the Rest of the World would have increased by € 444 thousands (about 20%).

Transactions with related parties

Damiani Group mainly has relations of a commercial nature (i.e. sales of jewelry products of the different 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 three months April-June of the financial year

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2008/2009 and of the financial year 2007/2008, the relations that the Group has had with related parties.

	First Quarter Financial Year 2008/2009			Balance at 30 June 2008			
(in thousands of Euros)							
	Revenues	Operating costs	Financial charges/Incomes	Total receivables	Fin.Payables (incl.leasing)	Trade Payables	RE in lease back
Total with related parties	1.322	(695)	(157)	3.786	(8.589)	(801)	8.159
Total Group	39.162	(34.655)	(476)	65.778	(21.123)	(58.414)	
Percentage on Group totals	3%	2%	33%	6%	41%	1%	

	First Quarter Financial Year 2007/2008			Balance at 30 June 2007			
(in thousands of Euros)							
	Revenues	Operating costs	Financial charges/Incomes	Total receivables	Fin.Payables (incl.leasing)	Trade Payables	RE in lease back
Total with related parties	1.877	(1.335)	(164)	7.013	(9.176)	(257)	9.031
Total Group	50.408	(35.382)	(424)	67.611	(66.508)	(63.402)	
Percentage on Group totals	4%	4%	39%	10%	14%	0%	

Share buy back Program

The ordinary Shareholders' Meeting of Damiani S.p.A. on 22 February 2008 authorised a Group's share buy back program in an operation that was structured in the following way:

- Damiani S.p.A. was authorised to purchase a maximum of 8,250,000 ordinary shares with a par value of €0.44 each, and in any case up to a limit of 10% of the share capital, over a period of 18 months from the date of the Shareholders' Meeting.
- The purchase price of each share must not be either 20% less or 20% more than the official stock exchange price on the day before each individual purchase operation. Each operation must fully respect current regulations in order to ensure parity of treatment between the shareholders.

At June 30, 2008, the total number of ordinary shares purchased amounted to 2,479,622 equal to 3.002% of the share capital of Damiani S.p.A., for a total amount of € 5,225 thousand at an average purchase price of € 2.107 per share.

Fulfilments according to Title VI of the carrying regulation of the Legislative Decree February 24, 1998, n. 58 regarding the markets regulation ("Regolamento Mercati")

Damiani S.p.A. controls directly or indirectly companies which are set up and ruled by the laws of countries not belonging to the European Union.

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Given that the Financial Reports of the above mentioned companies prepared in order to draw up the Consolidated Financial Statement of Damiani Group will be provided according to forms and the terms established by the current law, the Company considers that the conditions provided by the article 36 of the “Regolamento Emittenti” are satisfied.

Nevertheless, in case it would be necessary, at the right moment the Company will adopt and communicate to the public a carrying out plan with the related calendar.

Significant events of the quarter

During the quarter ended June 30, 2008 Damiani Group continued with the process to develop the retail network with the opening of new directly managed brand boutiques. The openings were the followings:

- on April 22, 2008 the Group opened in Brescia a new directly managed single brand Bliss boutique in a prestigious shopping centre;
- on June 19, 2008 the Group opened a new directly managed single brand Damiani boutique in Rodeo Drive in the prestigious area of Beverly Hills in Los Angeles;
- on June 24, 2008 the Group opened a new directly managed single brand Bliss boutique in Alessandria.

On June 19, 2008, Damiani S.p.A. launched in Los Angeles the advertising campaign with the actress Sharon Stone as worldwide testimonial for Damiani brand.

On May 21, 2008, Damiani S.p.A. announced that Giulia De Luca had resigned from her positions as General Manager and CFO of the Group for personal reasons although she continues to serve as a member of the Board of Directors of Damiani S.p.A. and her handing over settled in first ten days of August 2008.

Non-recurring and atypical and/or unusual operations

In the first quarter of the financial year 2008/2009 there were no highlighted any positions or transactions deriving from any atypical and/or unusual and non-recurring operations as these are defined by the Consob (Italian SEC) Resolution number 15519 of 27/07/2006.

Significant events after the end of the quarter

- On 3 July 2008, the subsidiary company New Mood S.p.A. opened in the downtown of Turin, the fifth directly managed single-brand Bliss boutique, after those in Milan, Rome, Brescia and Alessandria.
- On 7 July 2008, the Parent Company Damiani S.p.A. published the Annual Report on Corporate

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Governance, as per Article 89 3rd paragraph of the Consob Regulation 11971/1999. The report is available at the registered office of the Company in Valenza (AL), and can be consulted in the Investor relations-Corporate Governance section of the website www.damiani.com.

Business outlook

The trend of the jewelry products demand confirms still in slowdown in the most of the markets in a general macroeconomic scenario marked by strong signs of drop in consumptions and by sudden rises in raw materials price. In this uncertainty macroeconomic scenario Damiani Group, due to the positive signs that become by the retail network that confirm the appreciation for the products offered, will go on with the development of its strategy focused on the development of new markets and strengthening in those markets in which the Group already operates, both in wholesale and in retail channel, and with the carrying out of its capex plan with the target of extending the range of products sold and of getting a more detailed and closer presence (direct and indirect) to the end consumer.

Milan, 7 August 2008

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

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INTERIM CONSOLIDATED BALANCE SHEET

At June 30, 2008, at March 31, 2008 and at June 30, 2007

(in thousands of Euros)	30 June 2008	31 March 2008	30 June 2007
NON-CURRENT ASSETS			
Goodwill	5,002	5,002	5,622
Other Intangible Fixed Assets	7,295	7,056	3,228
Tangible Fixed Assets	14,879	14,698	14,821
Investments	169	169	169
Financial receivables and other non current assets	3,313	2,663	4,621
Deferred tax assets	12,812	12,229	9,738
TOTAL NON-CURRENT ASSETS	43,470	41,817	38,199
CURRENT ASSETS			
Inventories	94,339	94,713	100,208
Trade receivables	65,778	65,794	67,611
Tax receivables	499	394	2,803
Other current assets	9,698	14,718	7,265
Cash and cash equivalents	49,230	52,813	13,344
TOTAL CURRENT ASSETS	219,544	228,432	191,231
TOTAL ASSETS	263,014	270,249	229,430
GROUP SHAREHOLDERS' EQUITY			
Share Capital	36,344	36,344	28,221
Reserves	115,018	102,742	44,794
Group net income (loss) for the period	2,101	15,127	10,109
TOTAL GROUP SHAREHOLDERS' EQUITY	153,463	154,213	83,124
MINORITY SHAREHOLDERS' EQUITY			
Minority share capital and reserves	1,752	1,571	1,661
Minority net income (loss) for the period	99	175	236
TOTAL MINORITY SHAREHOLDERS' EQUITY	1,851	1,746	1,897
TOTAL SHAREHOLDERS' EQUITY	155,314	155,959	85,021
NON CURRENT LIABILITIES			
Long term financial debt	16,214	16,631	35,955
Termination Indemnities	4,275	4,223	4,254
Deferred Tax liabilities	1,843	2,608	2,890
Other non current liabilities	2,472	2,441	293
TOTAL NON CURRENT LIABILITIES	24,804	25,903	43,392
CURRENT LIABILITIES			
Current portion of long term financial debt	3,815	5,162	8,535
Trade payables	58,414	65,305	63,402
Short term borrowings	1,095	2,593	18,018
Income tax payables	13,513	8,977	7,972
Other current liabilities	6,059	6,350	3,090
TOTAL CURRENT LIABILITIES	82,896	88,387	101,017
TOTAL LIABILITIES	107,700	114,290	144,409
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	263,014	270,249	229,430

INTERIM CONSOLIDATED INCOME STATEMENT

For the quarter ended June 30, 2008 and June 30, 2007.

(in thousands of Euros)	I Quarter	
	Financial Year 2008/2009	Financial Year 2007/2008
Revenues from sales and services	38,957	42,671
Other recurring revenues	205	125
Other non-recurring revenues	-	7,612
TOTAL REVENUES	39,162	50,408
Costs of raw materials and consumables	(15,100)	(16,482)
Costs of services	(12,915)	(13,045)
Personnel cost	(6,325)	(5,096)
Other net operating (charges) incomes	(315)	(759)
Amortization and depreciation	(679)	(654)
TOTAL OPERATING EXPENSES	(35,334)	(36,036)
OPERATING INCOME (LOSS)	3,828	14,372
Financial Expenses	(476)	(1,675)
Financial Incomes	758	1,251
INCOME (LOSS) BEFORE INCOME TAXES	4,110	13,948
Income Taxes	(1,910)	(3,603)
NET INCOME (LOSS) FOR THE PERIOD	2,200	10,345
Attributable to:		
Group	2,101	10,109
Minorities	99	236
Basic Earnings per Share(*)	0.03	0.16
Diluted Earnings per Share(*)	0.03	0.12

(*) Basic and diluted earnings per share

The basic earnings per share has been calculated by dividing the net profit for the three 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.

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 STAR segment, managed by the Italian Stock Exchange.

Furthermore the calculation of EPS for the quarter ended June 30, 2008 used the weighted mean number of ordinary shares in circulation taking into account the effects of the purchase of treasury shares in accordance with the EGM resolution of 22 February 2008. Diluted EPS calculation also took into account the diluting effect arising from the actuarial forecast (as required by the IFRS2) of exercise of entitlements under the staff stock option scheme of 5 November 2007 when it matures.

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Details of the shares taken into account for the purposes of calculating Basic and Diluted EPS are set out below:

Basic Earnings per Share

	I Quarter	
	Financial Year 2008/2009	Financial Year 2007/2008
Number of ordinary shares at the beginning of the period	82,600,000	64,137,500
Number of ordinary shares at the end of the period	82,600,000	64,137,500
Weighted average number of ordinary shares for computation of basic earnings per share	80,599,147	64,137,500
Basic Earnings per Share (amount in €)	0.03	0.16

Diluted Earnings per Share

	I Quarter	
	Financial Year 2008/2009	Financial Year 2007/2008
Number of ordinary shares at the beginning and at the end of the period	82,600,000	82,600,000
Weighted average number of ordinary shares for computation of diluted earnings per share	80,599,147	-
Diluted effect from Stock option plan	466,073	-
Weighted average number of ordinary shares for computation of basic earnings per share	81,065,220	82,600,000
Diluted Earnings per Share (amount in €)	0.03	0.12

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TABLE OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

For the quarter ended June 30, 2007 and at June 30, 2008.

(In thousands of Euros)	Share Capital	Share Premium Reserve	Legal Reserve	Cash flow hedging reserve	Shareholders payment reserve	Other reserves	Net income for the period	Group shareholder's equity	Minorities shareholder's equity	Total shareholder's equity
Balances at 31 March 2007	28,221	4,131	1,628	55	8,618	18,092	14,024	74,769	1,661	76,430
Allocation of the profit for the period			361			11,816	(12,177)	0		0
Adjustment to fair value of the cash flow hedging				150				150		150
Other movements						(57)		(57)		(57)
Distribution of Dividends							(1,847)	(1,847)		(1,847)
Net profit for the period							10,109	10,109	236	10,345
Balances at 30 June 2007	28,221	4,131	1,989	205	8,618	29,851	10,109	83,124	1,897	85,021

(In thousands of Euros)	Share Capital	Share Premium Reserve	Legal Reserve	Shareholders payment reserve	Stock option reserves	Own Shares	Other reserves	Net income for the period	Group shareholder's equity	Minorities shareholder's equity	Total shareholder's equity
Balances at 31 March 2008	36,344	69,858	1,628	8,618	58	(2,337)	24,917	15,127	154,213	1,746	155,959
Allocation of the profit for the period			549				14,578	(15,127)	-		-
Other movements									-	6	6
Stock options					37				37		37
Purchase of own shares						(2,888)			(2,888)		(2,888)
Net profit for the period								2,101	2,101	99	2,200
Balances at 30 June 2008	36,344	69,858	2,177	8,618	95	(5,225)	39,495	2,101	153,463	1,851	155,314

CONSOLIDATED FUNDS FLOW STATEMENT

For the quarter ended June 30, 2008 and June 30, 2007.

(In thousands of Euros)	I Quarter	
	FY 2008/2009	FY 2007/2008
CASH FLOW PROVIDED BY OPERATING ACTIVITIES		
Net Income (loss) for the period	2,200	10,345
<i>Adjustments to reconcile the profit (loss) for the period to the cash flow generated (absorbed) by operations:</i>		
Amortization, depreciation and write-downs	679	654
Costs for stock options	37	-
Provisions to Bad Debts Reserve	115	139
Changes in the Fair value of Financial Instruments	48	(12)
Provisions for termination Indemnity and actuarial valuation of ELI Fund	100	(62)
Termination Indemnity payments	(48)	(87)
Changes in the deferred tax assets and liabilities	(1,348)	156
	1,783	11,133
<i>Changes on operational assets and liabilities</i>		
Trade receivables	(99)	(6,771)
Inventories	374	(5,488)
Trade payables	(6,891)	2,320
Tax receivables	(105)	(1,017)
Income Tax payables	4,536	3,114
Other current and non current assets and liabilities	4,712	(720)
NET CASH FLOW PROVIDED (ABSORBED) BY OPERATING ACTIVITIES (A)	4,310	2,571
CASH FLOW FROM INVESTING ACTIVITIES		
Disposal of Intangible and tangible Fixed Assets	-	7
Tangible Fixed Assets purchased	(722)	(203)
Intangible Fixed Assets purchased	(377)	(1,773)
(Purchase)/sale of investments	-	375
Net change in the other non current assets	(650)	32
NET CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES (B)	(1,749)	(1,562)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of long-term debt	(1,764)	(2,688)
Net change in short-term financial liabilities	(1,498)	2,773
Purchase of own shares	(2,888)	-
Dividend paid	-	(1,847)
Other changes in Net Equity	6	-
NET CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES (C)	(6,144)	(1,762)
TOTAL CASH FLOW (D=A+B+C)	(3,583)	(753)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR (E)	52,813	14,097
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (G=D+E)	49,230	13,344

ATTESTATION

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 in charge of preparing the Damiani S.p.A.’s financial reports

DECLARES

in compliance with paragraph two of Article 154*bis*, Part IV, Title III, Chapter II, Section V-*bis*, of Legislative Decree of 24 February 1998, number 58, that the Consolidated First Quarter 2008/2009 Report at June 30, 2008 corresponds to the documental results, books and accounting records.

The Manager in charge of preparing the Company’s financial reports
Mr Gilberto Frola