DAMIANI S.p.A.

Consolidated Third 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

INDEX

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 Graidi (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

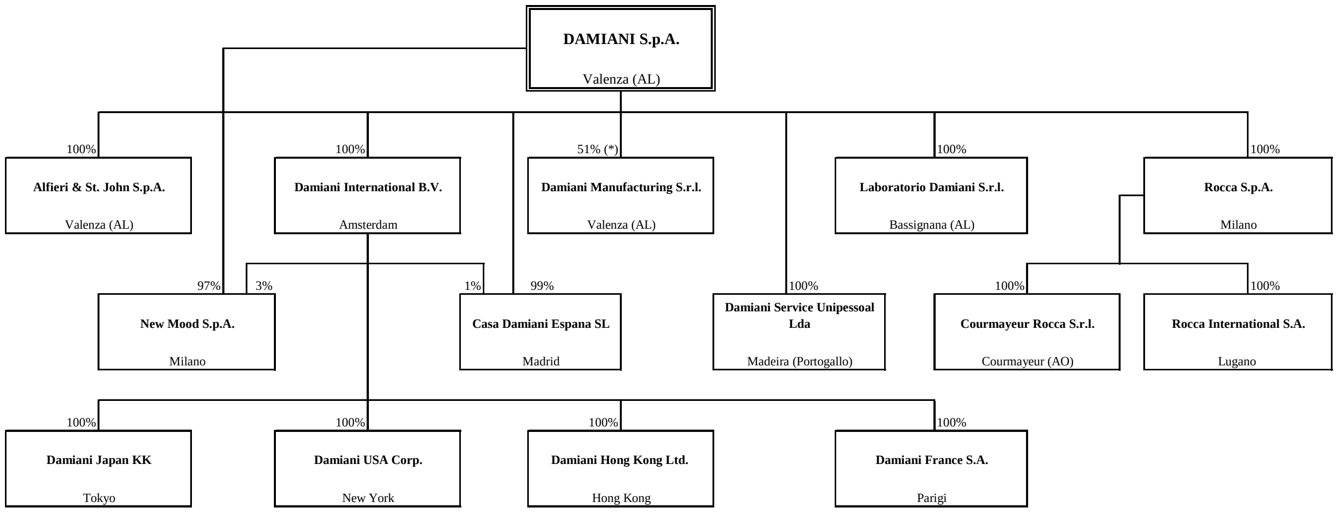
Remuneration Committee

Giancarlo Malerba (Chairman)
Lorenzo Pozza
Fabrizio Redaelli

REPORT ON OPERATIONS [(1)].

[(1)] Damiani Group closes its financial year at March 31, and therefore the period from April 1, 2008 to December 31, 2008 represents the first 9 months of the financial year that will end 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. in charged with production, administration and finance.

Damiani S.p.A. is a holding company that, apart from directly carrying out commercial activities, is responsible for carrying out strategic and coordination activities for the Group and for the production and commercial operations carried out by directly and indirectly controlled subsidiary companies.

The interim report for the six months period ended on December 31, 2008 includes the financial statements of the parent company, Damiani S.p.A., and of those companies directly or indirectly controlled, as per article 2359 of the Civil Code.

If compared to the financial report ended March 31, 2008, date used to make the following economic and financial comparisons, there were the subsequent change on the consolidation area:

- On September 15, 2008 the parent company Damiani S.p.A acquired from W.J.R. Partecipations S.A., a company indirectly held by the Grassi Damiani family and controlled by Guido Grassi Damiani, 100% of the share capital of Rocca S.p.A., a company registered in Milan, which in turn holds the entire share capital of the Swiss company Rocca International S.A. and of Courmayeur Rocca S.r.l., for a total purchase price of Euro 7,000 thousands (plus ancillary costs). The payment for this acquisition was made partly in cash for Euro 4,950 thousands, and in part by means of the transfer of no. 1,000,000 own shares held in portfolio for a value of Euro 2,050 thousands (equal to the average acquisition price of the same shares). Rocca Group has been consolidated starting from September 1, 2008 (more details on the acquisition are also reported on the Investor Relations section on www.damiani.com);

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.

Furthermore, after the purchase of Rocca S.p.A. and its subsidiaries, Damiani Group also distributes prestigious brands of third parties (above all watchmakers), with its multi brand boutiques directly managed, which are located in the main national and international (Switzerland) shopping cities

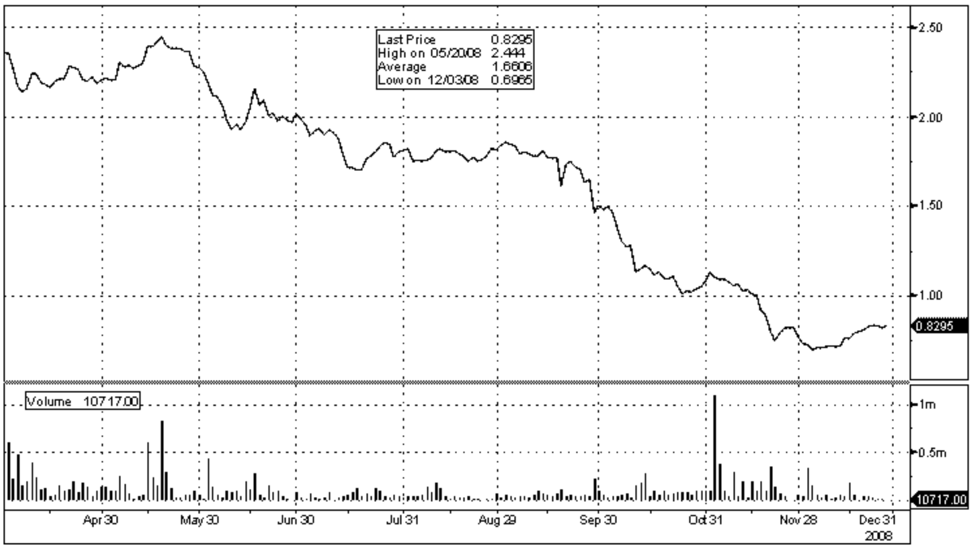
The Group's products are marketed in Italy and abroad through two main distribution channels:

- 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 December 31, 2008, there were 24 directly run single-brand sales outlets: 15 in Italy and 9 abroad of which 16 with Damiani brand, 6 with Bliss brand, 1 respectively of Calderoni and Salvini brand. Multi brand boutiques of Rocca Group were 19, of which 17 in Italy and 2 in Switzerland.

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.

In the consolidated financial statements intercompany transactions have been eliminated.

Title's Performance on Market Stock Exchange



Damiani's Performance 9 months 08/09 (April 1st, 2008-December 31, 2008)		
Initial Price - November 2007 (Euro)	4.00	
Price on April 1st, 2008 (Euro)	2.36	
Price on December 31, 2008 (Euro)	0.83	
Maximum Price (Euro)	2.44	(on 20/5/2008)
Minimum Price (Euro)	0.70	(on 3/12/2008)
Average Price (Euro)	1.66	
Average Volume	108,034	
Maximum Volume	1,089,430	(on 4/11/2008)
Minimum Volume	3,903	(on 27/6/2008)
N. shares Company capital	82,600,000	
Market capitalization on December 31, 2008 (millions/Euro)	68.50	

Key Data

Share Capital	31-Dec-08	31-Dec-07
Number of shares	82,600,000	82,600,000
Nominal value per share	0.44	0.44
Share Capital	36,344,000	36,344,000

Ownership		
Leading Jewels S.A.	53.26%	52.49%
Guido Grassi Damiani	5.03%	4.01%
Silvia Grassi Damiani	5.68%	5.49%
Giorgio Grassi Damiani	6.11%	5.49%
Damiani S.p.A. (azioni proprie) (1)	4.06%	---
W.J.R.Partecipations S.A.	1.62%	---
Colombo Damiani Gabriella (2)	0.15%	0.12%
Giulia De Luca	---	0.49%
Mercato	24.10%	31.91%

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

Name	Office held	Number of shares
Guido Grassi Damiani (indirectly n. 45.328.106) (3)	Director	4,150,808
Giorgio Grassi Damiani	Director	5,047,371
Silvia Grassi Damiani	Director	4,687,371
Executives with strategic responsabilities		7,500

(1) The shareolders' Meeting of February 22, 2008 authorised the purchase of company sharers (buy back program) within a period of 18 months after the resolution, up to maximum of 8,250,000 ordinary shares in Damiani SpA. At December 31, 2008 the company shares purchased, net of the utilization as per Rocca SpA acquisition amounted to 3.354.566, equal to 4.061% of share capital.
(2)Usufructuary of 943,125 shares corresponding to 1.14% of the Share Capital
(3)As controlling shareholder in Leading Jewels SA and WJR Participations SA, the company shares of Damiani SpA (n. 3,354,566) are also related to Mr Guido Grassi Damiani.

Economical Datas (In thousands of Euro)	9 Months 2008/2009	9 Months 2007/2008	Change %	9 Months non recurring items (*)	Change %
Revenues from sales and services	126,372	141,780	-10.9%	141,780	-10.9%
Total revenues	126,787	149,864	-15.4%	142,252	-10.9%
Operating expenses	(112,050)	(116,766)	-4.0%	(116,206)	-3.6%
EBITDA (**)	14,737	33,098	-55.5%	26,046	-43.4%
Operating income	11,657	31,317	-62.8%	24,265	-52.0%
Profit before taxes	12,609	30,226	-58.3%	23,174	-45.6%
Net result of the Group	7,721	20,534	-62.4%	13,949	-44.6%
Basic earning per share	0.10	0.31			

	2008/2009	2007/2008	Change %
Personnel costs	(21,294)	(16,215)	31.3%
Average personnel number	639	506	26.3%

(*) The economic data do not include the non- recurring items booked in the first 9 months of 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 datas (In thousands of Euro)	December 31, 2008	March 31, 2008	change	December 31, 2007	change
Fixed assets	62,007	41,817	20,190	36,757	25,250
Net working capital	129,203	94,987	34,216	107,931	21,272
Current and non current liabilities	(8,350)	(9,272)	922	(7,158)	(1,192)
Net Invested Capital	**182,860**	**127,532**	**55,328**	**137,530**	**45,330**
Net Equity	143,621	155,959	(12,338)	163,424	(19,803)
Net Financial Position (*)	39,239	(28,427)	67,666	(25,894)	65,133
Sources of financing	**182,860**	**127,532**	**55,328**	**137,530**	**45,330**

(*) The net financial position of the company, starting from the consolidated financial statements ended March 31, 2008 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 nine months of the financial year 2008/2009 showed a decrease if compared to the same period of the previous financial year.
The first nine months of 2007/2008 performance was also positively influenced by real estate transaction of non-recurring nature, regarding key money cashed in for the advance transfer to third parties of the rental contracts of two shops those impacts on revenues were Euro 7,612 thousands and Euro 6,585 thousands on Group net profit.

	9 Months			
(In thousands of Euro)	2008/2009	2007/2008	Change	Change %
Revenues from sales and services	126,372	141,780	(15,408)	-10.9%
Other recurring revenues	415	472	(57)	-12.1%
Other non recurring revenues	0	7,612	(7,612)	
Total revenues	**126,787**	**149,864**	**(23,077)**	**-15.4%**
Operating expenses	(112,050)	(116,766)	4,716	-4.0%
EBITDA (*)	**14,737**	**33,098**	**(18,361)**	**-55.5%**
EBITDA %	11.6%	22.1%		
Amortization and depreciation	(3,080)	(1,781)	(1,299)	72.9%
Operating income	**11,657**	**31,317**	**(19,660)**	**-62.8%**
Operating income %	9.2%	20.9%		
Net financial income (loss)	952	(1,091)	2,043	-187.3%
Profit before taxes	**12,609**	**30,226**	**(17,617)**	**-58.3%**
Profit before taxes %	9.9%	20.2%		
Taxes	(4,792)	(9,441)	4,649	-49.2%
Net result	**7,817**	**20,785**	**(12,968)**	**-62.4%**
Net result %	6.2%	13.9%		
Minorities interest	96	251	(155)	-61.8%
Net result of the Group	**7,721**	**20,534**	**(12,813)**	**-62.4%**
Net result of the Group %	6.1%	13.7%		

(*) 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.

Revenues

The revenues for sales and services, that are not affected by non recurring items, showed a decrease compared to the first 9 months of the previous financial year by Euro 15,408 thousands, equal to –10.9% at current exchange rate (-11% at constant exchange rates). The total consolidated revenues, impacted in the first 9 months of the financial year 2007/2008 by the above mentioned non recurring items, showed a decrease of Euro 23,077 thousands, equal to –15.4% at current exchange rate.

The following table shows the revenues breakdown by sales channel.

Breakdown of revenue by distribution channel	**9 Months**		
(In thousands of Euro)	2008/2009	2007/2008	change %
Retail	**18,836**	**7,643**	**146.4%**
as % of total revenue	*14.9%*	*5.1%*	
Wholesale	**96,545**	**128,157**	**-24.7%**
as % of total revenue	*76.1%*	*85.5%*	
Other channels and Other recurring revenues	11,406	6,452	76.8%
Other channels and Other not recurring revenues		7,612	
Total other channels and Other revenues	**11,406**	**14,064**	**-18.9%**
as % of total revenue	*5.1%*	*9.4%*	
Total Revenues	**126,787**	**149,864**	**-15.4%**

- In the retail channel the revenues amounted to Euro 18,836 thousands, growing by 146.4% compared to the first 9 months of the previous financial year (+146,0% at constant exchange rate), thanks both to the good performance of the Italian boutiques that were active in the two periods in question, and to what was brought in by the increase in the number of directly-managed sales outlets and by the acquisition of the Rocca boutiques (included in the perimeter of operations starting from September 1, 2008), which had sales equal to Euro 10,514 thousands. In the wholesale channel the revenues amounted to Euro 96,545 thousands, -24.7% at current exchange rates (-24.8% at constant exchange rates); the reduction was mainly due to the stagnation of the Italian market (more details by geographical area are reported in the paragraph “Key data by geographical area”);
- Beside the core channels, the Group in the first 9 months of 2008/2009 generated revenues for Euro 11,406 thousands (up by Euro 4,954 thousands compared to the previous financial year and with a contribution of Rocca Group of Euro 5,032 thousands) from sales of jewelry products through other distribution channels with counterparts, e.g. suppliers, promotions, stockists and barterers, whom the Group does not maintain ongoing trading relations with, and that therefore show big fluctuations from one period to another.

Production costs

Overall the production costs in the first 9 months of the financial year 2008/2009 amounted to Euro 112,050 thousands, decreasing by Euro 4,716 thousands (- 4.0%) compared to the same period in the previous financial year (Euro 116,766 thousands).

Details of the evolution of production costs were as follows:

- Costs of raw and other materials, (including the cost for finished goods) amounted to Euro 58,520 thousands, with a light increase by 0.8% compared to the first 9 months of the financial year 2007/2008 (Euro 58.054 thousands). The percentage of these costs on revenues that increased by approximately 5 percentage points was mainly due to a consequence of a lower sales margin of third parties brands in the Rocca sales outlets.

- Other costs for services amounted to Euro 41,947 thousands, increasing by 4.9% compared to the first 9 months of the previous financial year (Euro 39,978 thousands); the increase was mainly due to higher costs for the development of the retail channel (principally for rent contracts).
- Cost of personnel: in the first 9 months of 2008/2009 was equal to Euro 21,294 thousands increasing by 31.3% compared to the same accounting period of the previous financial year (Euro 16,215 thousands); the increase was mainly due to the increase in the average manpower of the Group that amounted to approximately 26.3% between the two periods under analysis. The increase in the average number of employees was an effect of the increase of the retail channel (also through the acquisition of the Rocca Group), the higher internal production capacity and the hiring of new personnel for the listing of Damiani S.p.A. in the Italian Stock Exchange.

EBITDA

The trend of revenues and production costs described above determined an EBITDA for the 9 months ended on December 31, 2008 equal to Euro 14,737 thousands, with an impact on sales equal to 11.6%, down of Euro 18,361 thousands compared to the EBITDA for the same period of the previous financial year, which was equal to Euro 33,098 thousands. Without considering the positive effects of the non recurring items already mentioned, EBITDA for the first 9 months of the previous financial year would have been equal to Euro 26,046 thousands, with a margin on sales of 18.3%; therefore the reduction on recurring revenues in the first 9 months of this financial year was equal to Euro 11,309 thousands, equivalent to about 6.7 percentage points in margin terms.

Depreciation, Amortization and Write Downs

In the 9 months ended on December 31, 2008, depreciation and amortization increased by Euro 1,299 thousands compared to the same period of the previous financial year. This difference was mainly due to the depreciation of the fixed assets of the companies of the Rocca Group, as well as for the capitalized expenses for the development of the network of directly managed boutiques (Euro 567 thousands for technical depreciation), as well as the depreciation on investments made in order to reinforce the retail channel.

Net Financial Incomes/(losses)

The net financial incomes for the 9 months ended December 31, 2008 showed a surplus of Euro 952 thousand, an improvement of Euro 2,043 thousands compared with the same period of the previous financial year (that recorded a deficit of Euro 1,091 thousands). This significant improvement in net financial incomes was linked to the average stock of cash resulting from the conclusion of the listing of Damiani S.p.A. on November 8, 2007 and from currency exchange gains made by the subsidiaries.

Group Net profit

The Group closed the first 9 months of the financial year 2008/2009 with a consolidated result for the period equal to Euro 7,721 thousands decreasing of Euro 12,813 thousands compared to the same period of the previous year and, with a margin on sales of 6.1% (13.7% in the same period of the previous year).

The tax rate of the first 9 months of 2008/2009 was 38%, increasing compared by the one registered in the same period of the previous year (31.2%).

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 December 31, 2008 compared with the one at March 31, 2008 and December 31, 2007.

Balance sheet datas (In thousands of Euro)	December 31, 2008	March 31, 2008	change	December 31, 2007	change
Fixed assets	62,007	41,817	20,190	36,757	25,250
Net working capital	129,203	94,987	34,216	107,931	21,272
Current and non current liabilities	(8,350)	(9,272)	922	(7,158)	(1,192)
Net Invested Capital	**182,860**	**127,532**	**55,328**	**137,530**	**45,330**
Net Equity	143,621	155,959	(12,338)	163,424	(19,803)
Net Financial Position (*)	39,239	(28,427)	67,666	(25,894)	65,133
Sources of financing	**182,860**	**127,532**	**55,328**	**137,530**	**45,330**

(*) The net financial position of the company, starting from the consolidated financial statements ended March 31, 2008 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 9 months of the financial year 2008/2009 the **Consolidated Net Invested Capital** increased by Euro 55,328 thousands respect to March 31, 2008. The growth was mainly due to the including of Rocca Group in the consolidation area which determined a significant growth in the fixed assets and in the net working capital (in particular in the inventory).

The **Net Equity** as at December 31, 2008 decreased by Euro 12,338 thousands in comparison with March 31, 2008 because, against the growth of the net profit of the period, there were the reductions deriving from: a) effects of the acquisition of the Rocca Group for Euro 7,270 thousands, booked directly to shareholders' equity because related to margins realized on sales made by companies of the Damiani Group before the acquisition for products still included in the inventory of Rocca at the time of the transaction; and also because of the booking directly to reserves of consolidation differences deriving from the business combination operation that took place through the purchase by related party; b) the purchase of treasury stock that took place during the period (net of the partial use of the treasury shares for the acquisition of Rocca S.p.A.) for Euro 3,363 thousands; c) change in other reserves due to exchange rates conversion for

Euro 9,476 thousands.

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

Net financial position (in thoisands of Euro) (*)	December 31, 2008	March 31, 2008	change	December 31, 2007	change
Medium-long term loans - Current share	7.183	4.474	2.709	1.173	6.010
Medium-long term loans with related parties - Current share	619	688	(69)	672	(53)
Current financial debts to banks and other financial institutes	16.110	2.593	13.517	8.473	7.637
Current financial debt	**23.912**	**7.755**	**16.157**	**10.318**	**13.594**
Medium-long term loans - Non-current share	8.407	8.562	(155)	23.652	(15.245)
Medium-long term loans with related parties - Non-current share	16.487	8.069	8.418	8.827	7.660
Non-current financial debt	**24.894**	**16.631**	**8.263**	**32.479**	**(7.585)**
Total gross financial debt	**48.806**	**24.386**	**24.420**	**42.797**	**6.009**
Bank and similar	(9.218)	(52.747)	43.529	(68.629)	(59.411)
Cash on hands	(349)	(66)	(283)	(62)	287
Net financial position (*)	**39.239**	**(28.427)**	**67.666**	**(25.894)**	**65.133**

(*) The net financial position of the company, starting from the consolidated financial statements ended March 31, 2008 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 December 31, 2008 the Group's net financial indebtedness amounted to Euro 39,239 thousands compared to a balance of net liquid assets of Euro 28,427 thousands at March 31, 2008 (due to the positive cash flow generated by the IPO in November 2007). This negative variation was due mainly to the consolidation of the Rocca Group (which had a net financial indebtedness as of December 31, 2008 of Euro 22,258 thousands), to the expenses incurred for the acquisition of Rocca S.p.A., and for the buy-back plan (all together for Euro 10,363 thousands) as well as the heaviness of the net working capital relative to the seasonality of the production/sales cycle.

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 the 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 9 months of the financial year 2008/2009 and 2007/2008.

Revenues by geographical Area (In thousands of Euros)	9 Months 2008/2009	on total %	9 Months 2007/2008	on total %	Var. 2008/2009 vs. 2007/2008
Italy:	**92,577**	73.0%	**104,682**	69.9%	-11.6%
- revenues from sales of goods and services	92,186		104,249		-11.6%
- other recurring revenues	391		433		-9.7%
The Americas:	**6,695**	5.3%	**7,386**	4.9%	-9.4%
- revenues from sales of goods and services	6,695		7,386		-9.4%
- other recurring revenues					
Japan	**7,494**	5.9%	**9,025**	6.0%	-17.0%
- revenues from sales of goods and services	7,488		9,011		-16.9%
- other recurring revenues	6		14		-57.1%
Rest of the World	**20,021**	15.8%	**28,771**	19.2%	-30.4%
- revenues from sales of goods and services	20,003		21,136		-5.4%
- other recurring revenues	18		23		-21.7%
- other non recurring revenues			7612		-100.0%
Total revenues	**126,787**	**100%**	**149,864**	**100%**	**-15.4%**

Revenues for geographical area decreased in each area. In particular:

- In the **Italy** segment (about -11.6% respect to the first 9 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 mainly due to Rocca Group boutiques.
- In the **Americas** segment there was a decrease by –9.4% compared to the first 9 months of the financial year 2007/2008 (-5.2% at constant exchange rate) mainly due to the general consumption stagnation.
- In the **Japan** segment revenues decreased by –17.0% (-22.9% at constant exchange rate) compared to the first 9 months of 2007/2008 mainly due to the decrease in wholesale channel.
- The **Rest of the World** area net of non recurring transactions showed a smaller sales decrease by –5.4% (mainly in the last Quarter) compared to the first 9 months of the financial year 2007/2008 mainly due to the decrease in wholesale channel in some geographical areas which are more suffering the effects of the consumption crisis (in particular in West Europe).

In the following table the values of EBITDA are given for each geographical area in the first 9 months of the financial year 2008/2009 and 2007/2008.

EBITDA as per Geographical Areas (*) (In thousands of Euro)	9 Months 2008/2009	% on total EBITDA	9 Months 2007/2008	% on total EBITDA	2008/09 vs 2007/08
Italy	**6,560**	44.5%	**27,816**	84.0%	-76.4%
The Americas	**1,337**	9.1%	**(3,693)**	-11.2%	n.s.
Japan	**1,992**	13.5%	**(706)**	-2.1%	n.s.
Rest of the World	**4,848**	32.9%	**9,681**	29.2%	-49.9%
(net if non recurring items)	4,848		2629		84.4%
Consolidated EBITDA (*)	**14,737**	100.0%	**33,098**	100.0%	-55.5%
% in Revenues	***11,6%***		***22.1%***		

(*) 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.

In terms of EBITDA, the **Italy** segment showed a significant reduction (-76.4%) affected by the decrease in wholesale revenues, from the minor margin on third brand sales of the Rocca Group boutiques and from its structure of indirect costs based on higher volumes that consequently, in the short term, it can not be adjusted to the reduction in revenues.

On the contrary, in the segment **Rest of the World,** EBITDA (net of the effects of non-recurring transactions) increased by about 84.4%, thanks to a careful control of the net operating costs.

The **Americas and Japan** sector both recorded, in the first 9 months of the current financial year, a positive gross operating margin, respectively of Euro 1,337 thousands and Euro 1,992 thousands. These net improvement compared to the same period of the previous financial year, which had a bad values, were mainly due to the revaluation of their own currency with positive exchange effects on liability positions in Euro.

Transactions with related parties

Damiani Group has mainly 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 real estate relationship (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 9 months April-December of the financial year 2008/2009 and of the financial year 2007/2008, the relations that the Group has had with related parties.

In this regard, it should be noted that starting on September 1, 2008 the Rocca Group was included in the consolidation perimeter and therefore the transactions of commercial nature between this Group and the other companies part of the Damiani Group are no longer included as related parties transactions.

(in Euro thousands)	First 9 Months 2008/2009			Situation as of December 31, 2008			
	Revenues	Operating expenses	Financial expenses	Trade receivables	Financial debts (including leasing)	Trade liabilities	Lease back real estate
Total with related parties	2,275	(1,850)	(649)	8,819	(17,106)	(364)	16,558
Group Total	126,787	(115,130)	(1,737)	76,713	(48,806)	(81,263)	
%	2%	2%	37%	11%	35%	0%	

(in Euro thousands)	First 9 Months 2007/2008			Situation as of December 31, 2007			
	Revenues	Operating expenses	Financial expenses	Trade receivables	Financial debts (including leasing)	Trade liabilities	Lease back real estate
Total with related parties	6,061	(1,905)	(426)	9,094	(8,827)	(259)	8,595
Group Total	149,864	(118,547)	(2,492)	91,271	(42,797)	(74,610)	
%	4%	2%	17%	10%	21%	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 Euro 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 December 31, 2008, the total number of ordinary shares purchased amounted to 3,354,566 equal to 4.061% (net of the utilization of n. 1,000,000 ordinary shares in order to purchase Rocca S.p.A.) of the share capital of Damiani S.p.A., for a total amount of Euro 5,700 thousand at an average purchase price of Euro 1.6991 per share.

Significant events of the quarter

During the quarter ended December 31, 2008 Damiani Group continued with the process to develop the retail network with the opening of new boutiques. The openings were the followings:

- In October 2008 the Group opened in Osaka, in the prestigious commercial area of Shinsaibashi and in Tokyo in Omotesando, which are prestigious location where are located the most important international brands, point of reference in the luxury world, the first two mono brand Bliss boutiques. The openings take part in a recent agreement signed with a Japanese partner;

- on November 24, 2008 the Group opened the second Damiani brand franchising boutique in Dubai in the prestigious mall called Dubai Mall;
- on December 3, 2008 has been opened in Ukraine (Odessa) the second Damiani brand franchising boutique;
- on December 15, 2008 the Group opened a new directly managed mono brand Damiani boutique in St. Moritz;
- In December 2008 has been opened in Genoa a multi brand Rocca Boutique.

Non-recurring and atypical and/or unusual operations

There aren't any positions or transactions to highlight as these are defined by the Consob (Italian SEC) Resolution number 15519 of 27/07/2006.

Significant events after the end of the quarter

After December 31, 2008, Damiani S.p.A. continued the share buy back program as authorised by resolution of the ordinary Shareholders' Meeting of February 22, 2008. As of February 5, 2009 Damiani S.p.A. held a total of 3,559,930 ordinary shares, equal to 4.309% of its own share capital.

Business outlook

The results reached by Damiani Group for the period of 9 months closed at December 31, 2008 reflected the contingent economical crisis which has affected all sectors worldwide and has determined a decrease in the consumption demand from customers.

The Group in this contest that surely will contribute to decrease the profitability in the current financial year, started a process of costs reduction and of investments selection whose aim is to improve the operating efficiency in the short and above all in the medium term; in order to pursue the strategic target which are confirmed and are aimed to reinforce the key factors of portfolio brands and the domestic leadership as well as to increase the presence in the key foreign markets.

Milan, 12 February 2009

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

INTERIM CONSOLIDATED BALANCE SHEET

At December 31, 2008, at March 31, 2008 and at December 31, 2007

(in thousands of Euros)	December 31, 2008	March 31, 2008	December, 2007
NON-CURRENT ASSETS			
Goodwill	5.378	5.002	4.978
Other Intangible Fixed Assets	8.579	7.056	4.127
Tangible Fixed Assets	27.028	14.698	14.188
Investments	169	169	169
Financial receivables and other non current assets	4.799	2.663	2.487
Deferred tax assets	16.054	12.229	10.808
TOTAL NON-CURRENT ASSETS	**62.007**	**41.817**	**36.757**
CURRENT ASSETS			
Inventories	122.043	94.713	94.497
Trade receivables	76.713	65.794	91.271
Tax receivables	3.014	394	3.185
Other current assets	22.684	14.718	7.815
Cash and cash equivalents	9.567	52.813	68.691
TOTAL CURRENT ASSETS	**234.021**	**228.432**	**265.459**
TOTAL ASSETS	**296.028**	**270.249**	**302.216**
GROUP SHAREHOLDERS' EQUITY			
Share Capital	36.344	36.344	36.344
Reserves	97.822	102.742	104.731
Group net income (loss) for the period	7.721	15.127	20.533
TOTAL GROUP SHAREHOLDERS' EQUITY	**141.887**	**154.213**	**161.608**
MINORITY SHAREHOLDERS' EQUITY			
Minority share capital and reserves	1.638	1.571	1.565
Minority net income (loss) for the period	96	175	251
TOTAL MINORITY SHAREHOLDERS' EQUITY	**1.734**	**1.746**	**1.816**
TOTAL SHAREHOLDERS' EQUITY	**143.621**	**155.959**	**163.424**
NON CURRENT LIABILITIES			
Long term financial debts	24.894	16.631	32.479
Termination Indemnities	4.974	4.223	4.173
Deferred Tax liabilities	1.484	2.608	2.660
Other non current liabilities	1.892	2.441	325
TOTAL NON CURRENT LIABILITIES	**33.244**	**25.903**	**39.637**
CURRENT LIABILITIES			
Current portion of long term financial debts	7.802	5.162	1.845
Trade payables	81.263	65.305	74.610
Short term borrowings	16.110	2.593	8.473
Income tax payables	9.821	8.977	11.006
Other current liabilities	4.167	6.350	3.222
TOTAL CURRENT LIABILITIES	**119.163**	**88.387**	**99.156**
TOTAL LIABILITIES	**152.407**	**114.290**	**138.793**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**296.028**	**270.249**	**302.216**

INTERIM CONSOLIDATED INCOME STATEMENT

For the period of 9 months closed at December 2008 and December 2007.

(in thousands of Euros)	**9 months 2008/2009**	**9 months 2007/2008**
Revenues from sales and services	126,372	141,780
Other recurring revenues	415	472
Other non-recurring revenues	0	7,612
TOTAL REVENUES	**126,787**	**149,864**
Costs of raw materials and consumables	(58,520)	(58,054)
Costs of services	(41,947)	(39,978)
Personnel cost	(21,294)	(16,215)
Other net operating (charges) incomes	9,711	(2,519)
Amortization and depreciation	(3,080)	(1,781)
TOTAL OPERATING EXPENSES	**(115,130)**	**(118,547)**
OPERATING INCOME (LOSS)	**11,657**	**31,317**
Financial Expenses	(1,737)	(2,492)
Financial Incomes	2,689	1,401
INCOME (LOSS) BEFORE TAXES	**12,609**	**30,226**
Taxes	(4,792)	(9,441)
NET INCOME (LOSS) FOR THE PERIOD	**7,817**	**20,785**
Belonging to:		
Group	7,721	20,534
Minorities	96	251
Basic Earnings per Share(*)	**0.10**	**0.30**
Diluted Earnings per Share(**)	**0.10**	**0.25**

(*) 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 (November 8, 2007).

Furthermore the calculation of EPS for the quarter ended December 31, 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.

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

Basic earning per share

	9 Months Financial Year 2008/2009	9 Months 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	82,600,000
Weighted average number of ordinary shares for computation of basic earnings per share	80,476,616	67,762,864
Basic Earnings per Share (amount in Euro)	**0.10**	**0.30**

Diluted earnings per share

	9 Months Financial Year 2008/2009	9 Months 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 diluited earnings per share	80,476,616	
Diluted effect from Stock option plan	466,073	
Weighted average number of ordinary shares for computation of basic earnings per share	80,942,689	82,600,000
Diluted Earnings per Share (amount in Euro)	**0.10**	**0.25**

TABLE OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

For the period of 9 months closed at December 2008 and December 2007.

(In thousands of Euros)	Share Capital	Share Premium Reserve	Legal Reserve	Shareholders payment reserve	Cash flow hedging Reserve	Other reserves	Income (Loss) of the period	Group Shareholder's equity	Minorities Shareholder's equity	Total shareholder's equity
Balances at March 31, 2007	**28,221**	**4,131**	**1,628**	**8,618**	**55**	**18,092**	**14,024**	**74,769**	**1,661**	**76,430**
										-
Increase in the Share Capital from the IPO	8,123	65,727						73,850		73,850
Allocation of the profit of the period			361			11,816	(12,177)	0		0
Adjustement to fair value of the cash flow hedging					93			93		93
Distribution of dividends							(1,847)	(1,847)	(49)	(1,896)
Other movements						(5,146)		(5,146)	(47)	(5,193)
New Mood Goodwill (parties subject to common control)						(645)		(645)		(645)
Net income (loss) for the period							20,534	20,534	251	20,785
Balances at December 31, 2007	**36,344**	**69,858**	**1,989**	**8,618**	**148**	**24,117**	**20,534**	**161,608**	**1,816**	**163,424**

(In thousands of Euro)	Share Capital	Share Premium Reserve	Legal Reserve	Shareholders payment reserve	Cash flow hedging Reserve	Stock Option reserve	Own Shares	Other reserves	Income (Loss) of the period	Group Shareholder's equity	Minorities Shareholder's equity	Total shareholder's equity
Balances at March 31, 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 net profit of the period			769					14,358	(15,127)	-		-
Adjustement to fair value of the cash flow hedging					(89)					(89)	-	89
Stock option						109				109		109
Own Shares purchase							(5,413)			(5,413)		(5,413)
Utilization of own share for Rocca S.p.A. purchase.							2,050			2,050		2,050
Conversion Reserve								(9,476)		(9,476)		(9,476)
Other movements								42		42	(108)	(66)
Surplus in the Rocca SpA purchase price.								(2,507)		(2,507)		(2,507)
Elimination of intercompany margins in Rocca Group inventory at the purchase date								(4,763)		(4,763)		(4,763)
Net income (loss) for the period									7,721	7,721	96	7,817
Balances at December 31, 2008	**36,344**	**69,858**	**2,397**	**8,618**	**(89)**	**167**	**(5,700)**	**22,571**	**7,721**	**141,887**	**1,734**	**143,621**

CONSOLIDATED FUNDS FLOW STATEMENT

For the period of 9 months closed at December 2008 and December 2007.

(In thousands of Euros)		**9 months as at December 31, 2008**	**9 months as at December 31, 2007**
CASH FLOW PROVIDED BY OPERATING ACTIVITIES			
Net Income (loss) for the period		7.817	20.785
Adjustments to reconcile the profit (loss) for the period to the cash flow generated (absorbed) by operations:			
Amortization, depreciation and write-downs		3.080	1.781
Provisions to Bad Debts Reserve		1.677	704
Changes in the Fair value of Financial Instruments		237	(231)
Provisions for termination Indemnity and actuarial valuation of ELI Fund		272	(128)
Termination Indemnity payments		(340)	(247)
Changes in the deferred tax assets and liabilities		(3.974)	(1.004)
		8.769	21.660
Changes on operational assets and liabilities			
Trade receivables		(11.351)	(30.996)
Inventories		(6.186)	223
Trade payables		1.891	13.528
Tax receivables		(2.573)	(1.399)
Income Tax payables		761	6.149
Other current and non current assets and liabilities		(631)	(1.673)
NET CASH FLOW PROVIDED (ABSORBED) BY OPERATING ACTIVITIES (A)		**(9.320)**	**7.492**
CASH FLOW FROM INVESTING ACTIVITIES			
Disposal of Intangible and tangible Fixed Assets		274,00	90
Tangible Fixed Assets purchased		(3.557)	(799)
Intangible Fixed Assets purchased		(933)	(2.664)
Net change in the other non current assets		(1.775)	2.166
Cash used for the acquisition of Rocca Group, net of cash acquired (1) :		(3.865)	
Intangible assets	(2.100)		
Tangible assets	(10.994)		
Trade receivables	(1.245)		
Inventories	(30.795)		
Trade payables	14.067		
Other current and non current assets and liabilities	(10.785)		
Financial indebtness	37.954		
Minorities shareholders equity	33		
NET CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES (B)		**(9.856)**	**(1.207)**
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of long-term debtS		(5.169)	(12.429)
Net change in short-term financial liabilities		(8.365)	(6.351)
Purchase of own shares		(5.410)	-
Increase in Share Capital			73.850
Cash used for the distribution of reserves to the mayorities Shareholders in relation with the acquisition of Rocca Group (1)		(457)	-
Dividends paid		-	(1.896)
Other changes in Net Equity		(4.669)	(4.865)
NET CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES (C)		**(24.070)**	**48.309**
TOTAL CASH FLOW (D=A+B+C)		**(43.246)**	**54.594**
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+F)		**9.567**	**68.691**

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 Interim Consolidated report as of December 31, 2008 corresponds to the documental results, books and accounting records.

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