DAMIANI S.p.A.

Consolidated Interim Financial Report as of December 31, 2009

(9 months period – April/December 2009)
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

February 10, 2010

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CORPORATE BODIES

Board of Directors

Guido Grassi Damiani (Chairman and CEO)
Giorgio Grassi Damiani (Vice Chairman)
Silvia Grassi Damiani (Vice Chairman)
Roberta Benaglia (Board Director)
Stefano Graidi (Board Director)
Giancarlo Malerba (Board Director)
Fabrizio Redaelli (Board 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)

External Auditors

Reconta Ernst & Young S.p.A.

Internal Control and Corporate Governance Committee

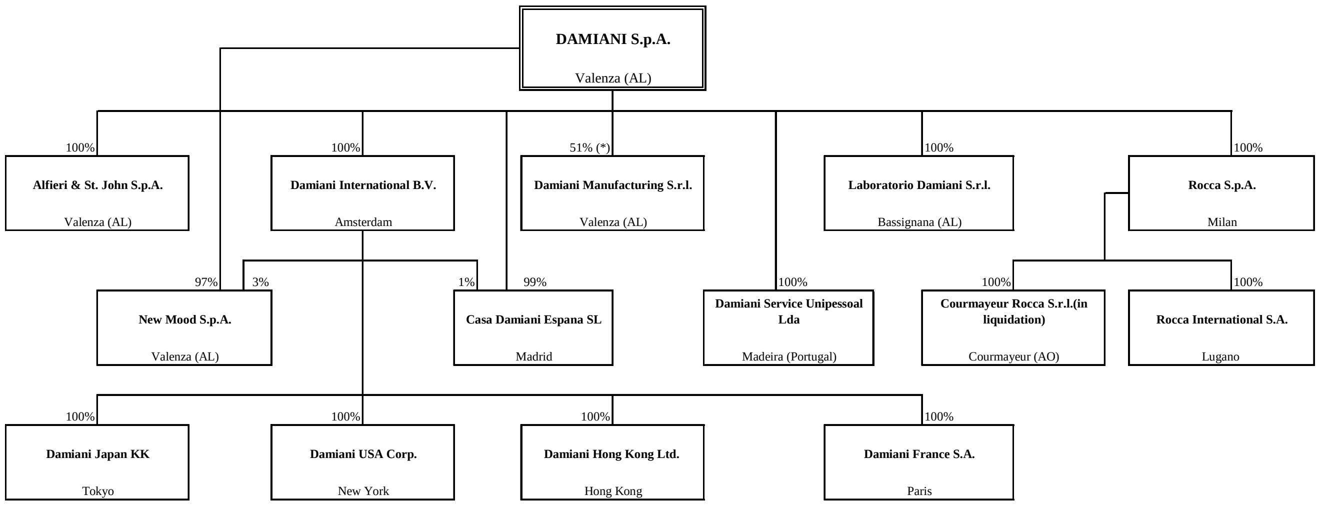
Giancarlo Malerba (Chairman)
Roberta Benaglia
Fabrizio Redaelli

Remuneration Committee

Giancarlo Malerba (Chairman)
Roberta Benaglia
Fabrizio Redaelli

REPORT ON OPERATIONS [1].

Structure and Business Activities of Damiani Group



(*) Il 49% is held by Christian and Simone Rizzetto, both currently Damiani Manufacturing S.r.l. directors, with control over 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 nine months period ended on December 31, 2009 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 annual financial report ended March 31, 2009, the consolidation area as reported in the organization chart pointed up above is unchanged.

The Group, which is concentrated on producing and distributing top quality jewellery and timepieces 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, following the acquisition of Rocca S.p.A. and its two subsidiaries (included in the consolidation area starting from September 1, 2008), Damiani Group, in addition to own brands, also distributes prestigious third party brands, particularly in the timepiece sectors, through directly managed multi- brand boutiques.

Moreover, starting from the current financial year the Group started the marketing of licensing products after the subscription of license agreement with fashion (Jil Sander, Ferrè) and automotive sector brands (Ferrari, Maserati, Ducati).

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

- the wholesale channel, consisting of independent multi-brand jewellers, department stores, franchisees and distributors;
- the retail channel, consisting of boutiques run directly by the Group. As of December 31, 2009, the single-brand POS directly managed were 23: 15 in Italy and 8 abroad, of which 15 with Damiani brand, 6 with Bliss brand and 1 respectively of Calderoni and Salvini brand. Multi brand boutiques of Rocca Group were 15, of which 14 in Italy and 1 in Switzerland.

The parent company Damiani S.p.A. is responsible for coordinating Group companies and offer economic, administrative and technical assistance of both commercial and financial nature, which are based on normal market conditions.
In the consolidated financial statements intercompany transactions have been eliminated.

Criteria used and accounting standards

Damiani Group prepared the Consolidated Interim Financial Report as of December 31, 2009 in compliance with article 154 ter "Relazioni finanziarie" of the Legislative Decree no. 195/07 that carried out European community Directive no. 109 of the 2004 (so called Trasparency Directive) regarding the information that must be included in the financial report.
The Interim Financial Report, not audited by Independent auditors, was prepared in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and related interpretations issued by International Financial Reporting Interpretations Committee (IFRIC) in force at the moment of its editing.
The accounting principles used are the same principles used to prepare the consolidated annual report of the Group for the financial year that ended on March 31, 2009, to which reference should be made for more details.
Certain valuation processes, in particular the more complex ones such as the impairment test on fixed assets, are carried out in a complete manner only at the time of the preparation of the consolidated annual report, when all the necessary information are available, except in cases when there are indicators of impairment that require an immediate impairment test.

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[1] Damiani Group closes its financial year at March 31, and therefore the period from April 1, 2009 to December 31, 2009 represents the first nine months of the financial year that will end March 31, 2010.

Title's Performance on Market Stock Exchange

Damiani in the Stock Market 9 months 09/10 (April 1st, 2009-December 30, 2009)

Price on April 1st 2009 (euro)	0.95
Price on December 30th, 2009 (euro)	1.07
Maximum price 9M (euro)	1.315 (on June 3 2009)
Minimum price 9M (euro)	0.947 (on April 1 2009)
Average volumes	73,813
Maximum volumes	1,916,418 (on May 25 2009)
Minimum volumes	667 (on December 7 2009)
N.shares Company capital	82,600,000
Market capitalization on December 30th, 2009 (euro mln)	88.4

Key Data

Share Capital	December 31, 2009	December 31, 2008
Number of shares issued	82,600,000	82,600,000
Par value of individual share	0.44	0.44
Share Capital	36,344,000	36,344,000

Ownership	% on shares issued	% on shares issued
Leading Jewels S.A.	56.37%	53.26%
Guido Grassi Damiani	5.02%	5.02%
Giorgio Grassi Damiani	6.11%	6.11%
Silvia Grassi Damiani	5.68%	5.68%
Damiani S.p.A. (own shares) (1)	6.80%	4.06%
W.J.R.Partecipations S.A.	--	1.62%
Market	20.02%	24.25%

Shares held by the subjects indicated by art.79 Issuers'Regulations (implementing the Legislative Decree n. 58/98)

First and last name	Office held	Number of shares
Guido Grassi Damiani (indirectly n. 46,563,791) (2)	Director	4,150,808
Giorgio Grassi Damiani	Director	5,047,371
Silvia Grassi Damiani	Director	4,687,371
Managers with strategic responsabilities		4,500

(1) The ordinary Shareholders' Meeting of July 22, 2009 approved the authorization, for the part not executed, of the resolution of the Shareholders' meeting of February 22, 2008, for the purchase of own shares up to a maximum of 8,260,000 ordinary shares of Damiani S.p.A. within a period of 18 months from the date of the Shareholders' resolution. As of December 31, 2009 the own shares in portfolio were no. 5,619,609, equal to 6.80% of the share capital.

(2) As controlling shareholder of Leading Jewels S.A., the own shares of Damiani S.p.A. (no. 5,619,609) are traceable to Mr. Guido Grassi Damiani.

Main economic data	Nine months				
(in thousands of Euro)	Financial Year 2009/2010	Of which Rocca Group contribution	Financial Year 2008/2009	Of which Rocca Group contribution	Change %
Revenues from sales and services	**118.224**	**30.844**	**126.372**	**15.547**	**-6,4%**
Total revenues	118.447	30.928	126.787	15.581	-6,6%
Cost of production	(119.052)	(29.846)	(112.050)	(15.228)	6,2%
EBITDA *	**(605)**	**1.082**	**14.737**	**353**	**n.m.**
EBITDA %	*-0,5%*	*3,5%*	*11,6%*	*2,3%*	
Amortization and depreciation	(3.615)	(948)	(3.080)	(567)	17,4%
Operating income	**(4.220)**	**134**	**11.657**	**(214)**	**n.m.**
Operating income %	*-3,6%*	*0,4%*	*9,2%*	*-1,4%*	
Net financial income (expenses)	(1.931)		952		n.m.
Result before taxes	(6.151)		12.609		n.m.
Net result of the Group	(7.407)		7.721		n.m.
Basic Earnings (Losses) per Share	(0,09)		0,10		
Personnel cost	(20.103)		(21.294)		-5,6%
Average number of employees (**)	617		705		-12,5%
Gross Margin%(***)	47,6%		51,2%		

(*) EBITDA represents the operating result gross of depreciation and amortization. EBITDA thus defined is used by the Group's management to monitor and evaluate the Group's operational performance and is not an IFRS accounting measure, therefore it must not be considered as an alternative measure for evaluating Group's results. Since EBITDA is not regulated by the accounting standards of reference, the criteria employed by the Group may not be the same as criteria used by other companies and therefore cannot be used for comparative purposes.
(**) Average number of employees for December 2009 and December 2008
(***) Gross Margin: the difference between revenues from sales and the cost of good sold meant as the sum of costs for raw materials and other materials (including finished goods) and the cost of operations performed outside the company. Gross margin is a measure used by management of the Group to monitor and evaluate the company's operational performance and is not considered an IFRS accounting measure. Therefore it cannot be considered an alternative measure for the evaluation of the Group's results. Since the composition of Gross Margin is not regulated by the accounting standards of reference, the criteria of determination applied by the Group could not be homogeneous with that adopted by others and thus not comparable.

Balance sheet Data (In thousands of Euro)	Situation at December 31 2009	Situation at March 31 2009	change
Fixed Assets	61,704	64,208	(2,504)
Net working capital	122,170	115,168	7,002
Non current Liabilities	(9,574)	(11,141)	1,567
Net Capital Invested	174,300	168,235	6,065
Net Equity	119,684	129,838	(10,154)
Net Financial debt (*)	54,616	38,397	16,219
Sources of Financing	174,300	168,235	6,065

(*) The net financial debt was determined on the basis of the indications of Consob (Italian SEC) communication DEM/6064923 of 28.07.06.

Comments on the main economic and financial results of the Group

The total revenues and the profitability of Damiani Group in the first nine months of the financial year 2009/2010 (April-December 2009) showed a decrease if compared to the same period of the previous financial year.

Profit & Loss	Nine Months				
(in thousands of Euro)	Financial Year 2009/2010	Of which Rocca Group contribution	Financial Year 2008/2009	Of which Rocca Group contribution	Change Consolidated Income Statement
Revenues from sales and services	118.224	30.844	126.372	15.547	(8.148)
Other recurring revenues	223	84	415	34	(192)
Total revenues	**118.447**	**30.928**	**126.787**	**15.581**	**(8.340)**
Cost of production	(119.052)	(29.846)	(112.050)	(15.228)	(7.002)
EBITDA *	**(605)**	**1.082**	**14.737**	**353**	**(15.342)**
EBITDA %	*-0,5%*	*3,5%*	*11,6%*	*2,3%*	
Depreciation and amortization	(3.615)	(948)	(3.080)	(567)	(535)
Operating income	**(4.220)**	**134**	**11.657**	**(214)**	**(15.877)**
Operating income %	*-3,6%*	*0,4%*	*9,2%*	*-1,4%*	
Net financial incomes (losses)	(1.931)		952		(2.883)
Result before taxes	**(6.151)**		**12.609**		**(18.760)**
Result before taxes %	*-5,2%*		*9,9%*		
Taxes	(1.255)		(4.792)		3.537
Net result	**(7.406)**		**7.817**		**(15.223)**
Net result %	*-6,3%*		*6,2%*		
Minorities Interests	1		96		(95)
Net result of the Group	(7.407)		7.721		(15.128)
Net result of the Group %	*-6,3%*		*6,1%*		

(*) EBITDA represents the operating result gross of depreciation and amortization. EBITDA thus defined is used by the Group's management to monitor and evaluate the Group's operational performance and is not an IFRS accounting measure, therefore it must not be considered as an alternative measure for evaluating Group's results. Since EBITDA is not regulated by the accounting standards of reference, the criteria employed by the Group may not be the same as criteria used by other companies and therefore cannot be used for comparative purposes.

REVENUES

Revenues from sales and services, which were not influenced by non-recurring transactions, declined compared to the first nine-month period of the previous financial year by Euro 8,148 thousands, a reduction of -6.4% at current exchange rates (-7.3% at constant exchange rates). Consolidated revenues decreased by Euro 8,340 thousands, equal to -6.6% at current exchange rates.

The following table shows the revenues breakdown by sales channel.

Revenues by Sales Channel	Nine Months		
(in thousands of Euro)	Financial Year 2009/2010	Financial Year 2008/2009	Change %
Retail	**27.976**	**18.836**	**48,5%**
Percentage on total revenues	*23,6%*	*14,9%*	
Wholesale	**89.985**	**107.536**	**-16,3%**
Percentage on total revenues	*76,0%*	*84,8%*	
Licences	**263**	-	n.s.
Percentage on total revenues	*0,2%*	*0,0%*	
Total revenues from sales and services	**118.224**	**126.372**	**-6,4%**
Percentage on total revenues	*99,8%*	*99,7%*	
Other revenues	223	415	-46,3%
Percentage on total revenues	*0,2%*	*0,3%*	
Total Revenues	118.447	126.787	**-6,6%**

- In the retail channel the revenues amounted to Euro 27,976 thousands, an increase of 48.5% compared to the first nine months of the previous financial year (+47.6% at constant exchange rates). This trend was positively affected by the change of the scope of activities as consequence of the acquisition of Rocca's boutiques that in the previous financial year were consolidated starting from September 1, 2008, therefore contributing to the total revenues for four months in 2008/2009 instead of nine months in 2009/2010. Overall the revenues attributable to Rocca's boutiques amounted to Euro 19,816 thousands in the first nine months of financial year 2009/2010, and to Euro 10,514 thousands in the same period of the previous financial year. As regard this, it has to be underlined that in the quarter from October to December 2009, in which there is the seasonal peak of the sales of the channel, at equal perimeter the retail sales were Euro 13,260 thousands compared with Euro 12,096 thousands in the same quarter of the previous year, with an increase of 9.6%, that is a evidence of the interest of the end consumers for the products offered.
- In the wholesale channel the revenues amounted to Euro 89,985 thousands, -16.3% at current exchange rates (-17.1% at constant exchange rates) compared to the first nine months of 2008/2009 financial year, with the largest reductions recorded in some foreign served markets (more details by geographical area are reported in the paragraph "Key data by geographical area").
- In the first nine months of 2009/2010 financial year the contribution to the total revenues from sales resulting from the marketing of licensed products was still marginal (Euro 263 thousands). This activity was still at startup after the agreement signed in the previous months with prestigious Italian and foreign brands operating in the fashion and automotive sectors.

In the third quarter only (October December 2009), that is the highest seasonality period of sales in the jewellry and timepieces sector, revenues of Damiani Group amounted to Euro 62,065 thousands compared with Euro 60,680 thousands recorded in the same quarter of the previous year, with an overall increase of 2.3%, that was a turnabout after the negative trend of the sales of the previous quarters when the crisis that hit the sector showed its effects.

Cost of production

Overall the production cost in the first nine months of 2009/2010 financial year amounted to Euro 119,052 thousands, increasing by Euro 7,002 thousands (+6.2%) compared to the same period of the previous financial year (Euro 112,050 thousands).

In details the trend of costs was the following:

- Costs of raw materials and other materials (including purchase of finished goods): amounted to Euro 59,250 thousands, with a slight increase by 1.2% compared to the same period of the previous financial year (Euro 58,520 thousands).
- Costs for services: amounted to Euro 37,334 thousands, decreasing by 11.0% compared to the first nine months of the previous financial year (Euro 41,947 thousands). The decrease, even if with a higher contribution of Rocca Group, was due to the savings taken by the Group and to the reduction of the advertising expenses.
- Cost of personnel: amounted to Euro 20,103 thousands decreasing by 5.6% compared to the same accounting period of the previous financial year (Euro 21,294 thousands); the decrease was mainly driven by the reduction of the average number of employees of the Group that amounted to approximately -12.5% between the two months of December. The decrease would have been higher without the effects of the different weight of Rocca group in both periods previously mentioned.
- Other net operating (charges)/incomes: in the first nine months of the 2009/2010 financial year showed a negative balance of Euro 2,365 thousands against a positive balance of Euro 9,711 thousands in the same period of the 2008/2009 financial year, which benefited from foreign exchange gains for a total amount of Euro 10.491 thousands due to the strong appreciation of foreign currencies (USD and Yen) against the euro that took place in the second half of 2008. The balance sheet items in foreign currencies that originated those gains were cleaned to zero in the 2008/2009 financial year and so they are not repeatable in the current financial year, moreover marked by a greater stability in exchange rates.

Gross Margin

In the first nine months of 2009/2010 financial year, Gross Margin was equal to Euro 56,295 thousands compared to Euro 64,725 thousands for the same period of the previous financial year. The impact on revenues in percentage was 47.6% compared with 51.2% in the previous financial year. This reduction was mainly due to a lower margin of third party brands sold in the multi-brand Rocca boutiques, that had a higher weight on the total revenues (12.8% versus 6.5% of the previous financial year).

EBITDA

The trend of revenues and costs of production described above determined a negative EBITDA for the nine months period closed on December 31, 2009 equal to Euro 605 thousands, lower by Euro 15,342 thousands compared to the positive EBITDA equal to Euro 14,737 thousands recorded in the same period of the previous financial year. Net of the exchange gains already mentioned that were booked in the first nine of the previous financial year, the decrease in EBITDA would have been lower and equal to Euro 4,851 thousands.

In the third quarter only (October-December 2009) EBITDA was equal to Euro 6,252 thousands compared with Euro 2,420 thousands in the third quarter 2008/2009 (net of the exchange differences), with a growth of Euro 3,832 thousands, that confirm the effectiveness of the actions of cost cutting carried out to face up the market crisis.

Amortization and Depreciation

The increase of Euro 535 thousands in the amount of this item in the first nine months of 2009/2010 financial year compared with the same period of the previous financial year was due to both the consolidation of Rocca Group (Euro 381 thousands) and to the effects related to the capital expenditure made to support the development of retail channel.

Net Financial Incomes/(losses)

The net financial losses for the first nine months of 2009/2010 financial year were Euro 1,931 thousands, in worsening by Euro 2,883 thousands compared with the incomes of the corresponding period of 2008/2009 financial year. The variation was due to the net financial position that was negative in the first nine months of 2009/2010 financial year while it was positive in the first months of the same period of the previous year.

Net Result

The Group closed the first nine months of 2009/2010 financial year with a consolidated result for the period equal to Euro 7,407 thousands in worsening by Euro 15,128 thousands compared to the same period of the previous year. The third quarter of 2009/2010 financial year pointed out a positive result equal to Euro 2,143 thousands while the result of the same period of the previous year net of the exchange differences had a loss equal to Euro 2,187 thousands.

The Net Result included taxes of Euro 1,255 thousands, calculated on the basis of tax rate in force in the different countries in which the companies of the Group are based (in continuity with the past the deferred tax assets on the losses of the foreign companies were not calculated). It should be noted that the calculation was performed on the pre tax profit of the period; therefore the actual fiscal impact on the net results as of March 2010 may differ from the current one.

Capital and Financial situation

In the following table is shown the reclassified consolidated capital and financial situation of Damiani Group at December 31, 2009 compared with the one at March 31, 2009.

Balance sheet Data (In thousands of Euro)	Situation at December 31 2009	Situation at March 31 2009	change
Fixed Assets	61,704	64,208	(2,504)
Net working capital	122,170	115,168	7,002
Non current Liabilities	(9,574)	(11,141)	1,567
Net Capital Invested	**174,300**	**168,235**	**6,065**
Net Equity	119,684	129,838	(10,154)
Net Financial debt (*)	54,616	38,397	16,219
Sources of Financing	**174,300**	**168,235**	**6,065**

(*) The net financial debt was determined on the basis of the indications of Consob (Italian SEC) communication DEM/6064923 of 28.07.06.

In the first nine months of 2009/2010 financial year the consolidated **Net Capital Invested** increased by Euro 6,065 thousands towards to March 31, 2009. The growth was mainly due to the increase of the net working capital which trend is correlated to the seasonality of the business.

The decrease in **Net Equity** compared with March 31, 2009 was mainly due to the negative net result of the period (Euro 7,406 thousands) and to the purchase of own ordinary shares from April to September 2009 for a total amount of Euro 2,181 thousands.

The composition of the **Net financial debt** on December 31, 2009 and its evolution compared with that at March 31, 2009 is given in the following table.

Net Financial Debt (*) (in thousands of Euro)	Situation at December 31 2009	Situation at March 31 2009	change
Medium-long term loans and financing - Current portion	9.359	8.902	457
Usage of credit lines, short term financing and others	12.390	16.229	(3.839)
Medium-long term loans and financing with related parties - Current portion	1.103	779	324
Current financial indebtness	**22.852**	**25.910**	**(3.058)**
Medium-long term loans and financing - Non current portion	23.727	5.757	17.970
Medium-long term loans and financing with related parties - Non current portion	15.431	16.272	(841)
Non current financial indebtness	**39.158**	**22.029**	**17.129**
Total financial indebtness	**62.010**	**47.939**	**14.071**
(Cash and cash equivalents)	(7.394)	(9.542)	2.148
Net Financial Debt (*)	54.616	38.397	16.219

(*) The net financial debt was determined on the basis of the indications of Consob (Italian SEC) communication DEM/6064923 of 28.07.06.

On December 31, 2009 the net financial debt of the Group amounted to Euro 54,616 thousands in worsening by Euro 16,219 thousands compared to the situation as of March 31, 2009. The change was due to the cash flow absorbed by the operating activities, equal to Euro 11,895 thousands, to the purchase of own shares amounting to Euro 2,181 thousands and to the industrial investments equal to Euro 1,514 thousands. This worsening was mainly recorded in the first quarter (April – June 2009) of the present financial year. At June 30, 2009 the net financial debt of the Group already amounted to Euro 51,462 thousands while in the following six months the careful monitoring of working capital caused a smaller negative variation of Euro 3,154 thousands.

It is noted that the net financial position on December 31, 2009 included also Euro 16,534 thousands of debts towards related parties for no. 7 real estate operations booked as sale and lease back (on March 31, 2009 this debt component amounted to Euro 17,051 thousands); net of this component the net financial debt as of December 31, 2009 would have been equal to Euro 38,082 thousands .

In the current financial year the parent company Damiani S.p.A. subscribed, with two different financial institutions, new loans for a total amount of Euro 25.000 thousands and this changed the financial debt structure compared to March 31, 2009 with a greater weight of the medium long term debt (at December 2009 the medium long term debt is about the 73% of the total debt instead of 47% as of March 2009). These loans, with fixed interest rates, are without guarantees and covenants and have maturities between 5 and 6 years. These long-term loans did not determine changes in the existing short-term lines of credit with the financial institutions; such lines of credit remain capacious and only partially used.

Key data by geographical areas

The Damiani Group operates in a single business segment without any significant differences of products which could constitute separate business units. Therefore, the geographical dimension is the object of periodical observations and revision by the directors, as well as of the involvement of the management team. Coherently with this model, the segment information was provided in the annual and interim financial statements. These information are also in line with the requirements of the new accounting principle IFRS 8.

The areas are identified as such:

i) Italy area includes the revenues and the operating costs of the parent company Damiani S.p.A. and its subsidiaries that operate in Italy;

ii) The Americas area includes the revenues and the operating costs of the subsidiary Damiani USA that operates in the United States of America and markets the Group’s products throughout the continent;

iii) the Japanese area includes the revenues and the operating costs of the subsidiary Damiani Japan K.K. that operates in Japan;

iv) the Rest of the World (ROW) area includes the revenues and the operating costs of the other subsidiaries that operate and sell in all the other countries not included in the above defined areas.

In the following table are shown the revenues for each geographical area in the first nine months of the 2009/2010 and 2008/2009 financial years.

Revenues by Geographical Area (In thousands of Euro)	Nine Months Financial Year 2009/2010	% of total	Financial Year 2008/2009	% of total	change %
Italy:	92,591	78.2%	92,577	73.0%	0.0%
- revenues from sales of goods and services	92,507		92,186		
- other revenues	84		391		
Americas:	6,743	5.7%	6,695	5.3%	0.7%
- revenues from sales of goods and services	6,743		6,695		
- other revenues	-		-		
Japan	5,963	5.0%	7,494	5.9%	-20.4%
- revenues from sales of goods and services	5,961		7,488		
- other revenues	2		6		
Rest of the World	13,150	11.1%	20,021	15.8%	-34.3%
- revenues from sales of goods and services	13,014		20,003		
- other revenues	136		18		
Total revenues	118,447	100%	126,787	100.0%	-6.6%

In detail:

- In **Italy** the revenues were in line with the previous year as a consequence of the increase in retail sales for the input of Rocca boutiques consolidated for nine months compared with the four months of the previous financial year (from the acquisition happened on September 1, 2008);
- In the **Americas** there was a increase by 0.7% compared to the first nine months of 2008/2009 financial year (-3.5% at constant exchange rates) mainly due to the important commercial agreement signed with Birks & Mayor Inc. a North-American retailer of high-end jewellery and watches listed in the NYSE Amex and with a network of 67 boutiques of jewellery and watches in Canada and in the South East of the United States;
- In **Japan** the revenues decreased by –20.4% compared to the first nine months of 2008/2009 (-30.0% at constant exchange rates) as a result of the stagnation in consumption;
- In the **Rest of the World** the revenues decreased by –34.3% compared to the first nine months of 2008/2009 financial year (-35.2% at constant exchange rates) as a consequence of decrease in sales in some areas that have a relevant weight on the revenues of this area (Russia, Ukraine,

  Middle East, South Korea and Spain).

In the following table are given for each geographical area the values of EBITDA in the first nine months of 2009/2010 and 2008/2009 financial years.

EBITDA by Geographical Area(*)	Nine Months		
(in thousands of Euro)	Financial Year 2009/2010	Financial Year 2008/2009	change %
Italy	4.056	6.560	-38,2%
Americas	(3.912)	1.337	n.s
Japan	(2.268)	1.992	n.s
Rest of the World	1.519	4.848	-68,7%
Consolidated EBITDA	(605)	14.737	n.s.
% on Revenues	*-0,5%*	*11,6%*	

(*) EBITDA represents the operating result gross of depreciation and amortization. EBITDA thus defined is used by the Group's management to monitor and evaluate the Group's operational performance and is not an IFRS accounting measure, therefore it must not be considered as an alternative measure for evaluating Group's results. Since EBITDA is not regulated by the accounting standards of reference, the criteria employed by the Group may not be the same as criteria used by other companies and therefore cannot be used for comparative purposes.

In terms of EBITDA, the Italy area showed a reduction by –38.2% due to the lower marginality of the third parties brands marketed in the multi-brand Rocca boutiques, only partially offset by the reduction of the operating costs (services and personnel).

In the Rest of the World area EBITDA decreased by 68.7% as a consequence of the decrease in sales.

In the first nine months of the current financial year both the Americas and Japan areas showed a negative EBITDA respectively of Euro –3,912 thousands and Euro – 2,268 thousands, in worsening over the same period of the previous financial year that took advantage of the revaluation of Dollar and Yen with positive exchange effects on their payables in Euro, meanwhile cleared.

Transactions with related parties

Damiani Group has mainly real estate relationship with related parties (i.e. the renting of buildings for offices and shops). In the 2008/2009 financial year, before the acquisition of Rocca S.p.A. and of its two subsidiaries (of which the accounting effects take place starting from September 1, 2008), the Damiani Group also had relationships of commercial nature for the sale of the different brands to the Rocca Group, which was considered a related party because of the same ownership.

Data concerning dealings of the Group with related parties in the period ended December 31, 2009 and in the previous financial year are displayed here under.

(in thousands of Euro)	Nine months of Financial Year 2009/2010		Situation as of December 31, 2009		
	Operating costs	Financial expenses	Financial payables (including leasing)	Trade payables	Lease back property
Total with related parties	(1,874)	(1,015)	(16,477)	(1,585)	15,154
Total from Financial Statements	(122,667)	(2,418)	(62,010)	(64,597)	
% age weight	2%	42%	27%	2%	

(in thousands of Euro)	Nine months of Financial Year 2008/2009			Situation as of December 31, 2008			
	Revenues	Operating costs	Financial expenses	Other current assets	Financial payables (including leasing)	Trade payables	Lease back property
Total with related parties	2,253	(1,668)	(649)	8,570	(17,106)	(353)	16,558
Total from Financial Statements	126,787	(115,130)	(1,737)	22,684	(48,806)	(81,263)	
% age weight	2%	1%	37%	38%	35%	0%	

Share buy back Program

The ordinary Shareholders' Meeting of Damiani S.p.A. of July 22, 2009 has approved the authorization, upon revocation for the part not executed of the resolution of the Shareholders' meeting of February 22, 2008, to the purchase and the placement of own shares pursuant to articles 2357 and 2357ter of the Civil Code and of article132 of the Legislative Decree 58/1998. The reasons underlying the authorization consist in making possible the execution of plans based on financial instruments pursuant to article 114 bis of the Legislative Decree 58/1998 and to increase the so-called "securities store" for the purpose of using the company's own shares in the context of transactions of interest for Damiani S.p.A., as well as the possibility to intervene, for the interest of all the shareholders and in relation to market situations, to support the share, fully respecting all the applicable legislation.

The transaction is structured as follows:

- Damiani S.p.A. can buy back up to a maximum of 8,260,000 ordinary shares with nominal value of Euro 0.44 each, and at any rate not more than 10% of the share capital over a period of 18 months from the date of the Shareholders' resolution, therefore until 22 January 2011.
- The purchase price of each share, including the necessary expenses for the purchase, 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 among the shareholders.

The Shareholders' meeting also authorized, without time limits, the placement of own shares purchased for a minimum amount due that will have to be such to not allow negative financial effects for Damiani S.p.A. ,and however not inferior to 90% of the average of the official prices recorded on the "Mercato telematico" share in the five days before the sale.

As of December 31, 2009 there were no. 5,619,609 own shares in portfolio (equal to 6.80% of the share capital) for a value of Euro 8,227 thousands and an average purchase price of Euro 1.464 per share. No own share has been purchased during the period October-December 2009.

Stock option plan and stock grant plan

On July 22, 2009 the Shareholders' Meeting approved two stock option plans based on financial instruments pursuant to art. 114bis of the Legislative Decree 58/1998, denominated *Stock option plan 2009* and *Stock grant plan 2009* giving mandate to the Board of Directors to implement these plans.

On September 24, 2009 the Board of Directors of Damiani S.p.A. has proceeded, together with the Remuneration Committee, to the implementation of the *Stock option 2009* plan reserved to part of the management. No.16 beneficiaries were identified who have purchased, against payment of 0.126 Euro for each option, a total of no. 685,000 options, each granting the right to purchase one share of Damiani S.p.A. at the price of Euro 1.60. The price of the options, corresponding to their market value, was determined from Damiani S.p.A. with the assistance of Equita Sim S.p.A.. The right to buy will mature on September 12, 2012 and can be exercised starting from the successive day and until September 30, 2012 provided that to such date the employment relationship with the Damiani Group will be still existing. The beneficiaries paid their rights during the month of November 2009.

On September 10, 2009 the Board of Directors of Damiani S.p.A. has proceeded with the implementation of the Stock grant 2009 plan, dedicated to the majority of the employees, with the exception of the employees residing or living in the USA. The plan foresees free assignment of the shares to all its beneficiaries as follows :

- no. 50 shares from the Issuer, which will be distributed as of September 12, 2011;
- no. 100 shares from the Issuer, which will be distributed as of September 12, 2011, only if there will be positive financial results reached at the end of this current fiscal year.

A required condition for both lots is that the beneficiaries must be Damiani Group employees at the date of the transfer of the shares.

Non-recurring, atypical and/or unusual operations

In the first nine months of 2009/2010 financial year there weren't any positions or transactions deriving from atypical, unusual and non-recurring operations as defined by the Consob (Italian SEC) Resolution number 15519 of July 27, 2006.

Significant events of the third quarter

In October 2009, Damiani announced the licensing agreement with the prestigious car maker Maserati of Modena for their first jewellery collection. On the basis of a partnership valid until the end of 2012, Damiani will design, produce and sell for Maserati a special line of jewellery inspired to the world and elegance of Maserati. The marketing of this collection will be carried out through the sales network of the Damiani Group, Maserati dealers and selected multi-brand jewellery boutiques. The license agreement Maserati is in addition to the one signed with Ferrari in September 2009.
During the month of October 2009 a mono-brand Damiani corner, under a franchising agreement, was opened in the Ataturk airport of Istanbul, crossroads of several international flights.

Damiani has been chosen by Victoria's Secret to create the diamond Fantasy Bra for its annual collection. The $3 Million Harlequin Fantasy Bra made its debut in the Victoria's Secret Christmas Dream & Fantasy Catalogue on October 21, 2009. The Harlequin Fantasy Bra designed by Damiani for Vicotoria's Secret is a masterpiece that exemplifies perfectly the exquisite design and craftsmanship for which Damiani is known.
A team of fifteen highly skilled and experienced artisans worked for over 800hours in Damiani workshop in Valenza. The Harlequin Fantasy Bra was dressed during the Victoria's Secret Fashion Show that was aired on the CBS television on December 1, 2009.

During the month of November 2009 Damiani announced an agreement for the commercial distribution with the retail chain Birks & Mayors Inc, a North-American retailer of high-end jewellery and watches listed in the NYSE Amex and with a network of 67 boutiques of jewellery and watches in Canada and in the South East of the United States. The agreement is for five years and is for all of the brands of the Damiani Group. Thanks to the synergies with the structure of the Damiani Group already present in the United States, the operation will not bring increases at the operating costs level.

During the month of November 2009 was officially presented in Tokyo the international Clean water project in favour of African people that sees a cooperation between Damiani and the star Sharon Stone.

The project revolves around the will of the american actress and Damiani family to give a concrete help to these people both from an economic point of view and involvement of media and public opinion. To achieve this important target, Damiani worked with Sharon Stone to design "Sharon Stone for Damiani" jewellery line, that includes several collections; the first of these collections was presented in Tokyo and offered for sale at Christmas. Part of the profits will be donated to non government and no-profit humanitarian associations that work to bring water in the most remote African villages, thus contributing to reduce the very high rate of infantile mortality.

Business outlook

The results achieved by Damiani Group in the first nine months of 2009/2010 financial year reflected the existing situation with an ongoing economic crisis which has affected all sectors on a worldwide level and which determined a drop in consumer confidence.

In this environment, that remains very uncertain for the near future, the positive performance of sales in the directly operated stores was however an important sign of the strength of brands in portfolio and of the appreciation of the end consumer, as well as of the validity of the strategic choices made.

Against these positive signals in the retail, the wholesale channel remains still weak both in Italy and in many foreign countries where the Group is present and on which we are promoting new initiatives to strengthen our market penetration even with trade agreements like the one signed in November in the USA, which benefits will be fully visible in the medium term. In the same way only in the next year will be fully realized returns of the licensing activities now in start-up.

Probably all these factors will lead to a negative return in the current financial year, in which continues the process of rigorous cost control and of selective control on investments that have already shown their significant positive effects on the operating costs and that have the goal to improve the operating efficiency especially in the medium term.

Milan, February 10, 2010

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

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009

BALANCE SHEET STATEMENT

At December 31, 2009 and at March 31, 2009

(in thousands of Euro)	December 31, 2009	March 31, 2009
NON-CURRENT ASSETS		
Goodwill	4,984	5,002
Other Intangible Fixed Assets	8,684	9,204
Tangible Fixed Assets	24,955	26,626
of which towards related parties	*15,154*	*16,250*
Investments	167	169
Financial receivables and other non current assets	4,751	4,655
Deferred tax assets	18,163	18,552
TOTAL NON CURRENT ASSETS	61,704	64,208
CURRENT ASSETS		
Inventories	117,925	121,192
Trade receivables	59,605	54,551
Tax receivables	4,057	5,571
Other current assets	13,867	12,619
Cash and cash equivalents	7,394	9,542
TOTAL CURRENT ASSETS	202,848	203,475
TOTAL ASSETS	264,552	267,683
GROUP SHAREHOLDERS' EQUITY		
Share Capital	36,344	36,344
Reserves	89,234	96,691
Group net income (loss) for the period	(7,407)	(4,709)
TOTAL GROUP SHAREHOLDERS' EQUITY	118,171	128,326
MINORITY SHAREHOLDERS' EQUITY		
Minority share capital and reserves	1,512	1,668
Minority net income (loss) for the period	1	(156)
TOTAL MINORITY SHAREHOLDERS' EQUITY	1,513	1,512
TOTAL SHAREHOLDERS' EQUITY	119,684	129,838
NON CURRENT LIABILITIES		
Long term financial debts	39,158	22,029
of which towards related parties	*15,431*	*16,272*
Termination Indemnities	4,457	4,868
Deferred Tax liabilities	4,075	4,227
Other non current liabilities	1,042	2,046
TOTAL NON CURRENT LIABILITIES	48,732	33,170
CURRENT LIABILITIES		
Current portion of long term financial debts	10,462	9,681
of which towards related parties	*1,046*	*779*
Trade payables	64,597	70,923
of which towards related parties	*1,585*	*865*
Short term borrowings	12,390	16,229
Income tax payables	4,397	2,752
Other current liabilities	4,290	5,090
TOTAL CURRENT LIABILITIES	96,136	104,675
TOTAL LIABILITIES	144,868	137,845
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	264,552	267,683

INCOME STATEMENT

For the nine months period closed at December 31, 2009 and December 31, 2008.

	Nine Months	
(In thousands of Euro)	Financial Year 2009/2010	Financial Year 2008/2009
Revenues from sales and services	118,224	126,372
of which towards related parties	-	*2,253*
Other recurring revenues	223	415
TOTAL REVENUES	118,447	126,787
Cost of raw materials and consumables	(59,250)	(58,520)
Cost of services	(37,334)	(41,947)
of which towards related parties	*(778)*	*(760)*
Personnel cost	(20,103)	(21,294)
Other net operating (charges) incomes	(2,365)	9,711
Amortization and depreciation	(3,615)	(3,080)
of which towards related parties	(1,096)	*(908)*
TOTAL OPERATING EXPENSES	(122,667)	(115,130)
OPERATING INCOME (LOSS)	(4,220)	11,657
Financial Expenses	(2,418)	(1,737)
of which towards related parties	*(1,015)*	*(649)*
Financial Incomes	487	2,689
INCOME (LOSS) BEFORE INCOME TAXES	(6,151)	12,609
Income Taxes	(1,255)	(4,792)
NET INCOME (LOSS) FOR THE PERIOD	(7,406)	7,817
Attributable to:		
Group	(7,407)	7,721
Minorities	1	96
Basic Net Result per Share(*)	(0.09)	0.10
Diluted Net Result per Share(*)	(0.09)	0.10

(*) Basic and diluted net result per share

The basic net result per share has been calculated by dividing the net result for the nine months that was attributable to the ordinary shareholders of the Issuer for the weighted average number of the shares that were in circulation within the relative accounting period.

The diluted net result per share was calculated with the weighted mean number of ordinary shares in circulation taking into account the effects of the purchase of own shares started from March 2008. The calculation of diluted net result per share as of December 31, 2008 took into account also the diluted effects deriving from the option rights relative to the stock option plan granted to employees on November 5, 2007 and that can be exercised at maturity on the basis of the actuarial valuations as required by IFRS2. The changed market conditions that make unrealistic the achievement of the vesting conditions has led Damiani to clear the diluted effects.

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

Basic Earnings (Losses) per Share

	Nine Months Financial Year 2009/2010	Nine Months Financial Year 2008/2009
Number of ordinary shares at the beginning of the period	82.600.000	82.600.000
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 net result per share	79.110.174	80.476.616
Basic Net result per Share (amount in Euro)	(0,09)	0,10

Diluted Earnings (Losses) per Share

	Nine Months Financial Year 2009/2010	Nine Months Financial Year 2008/2009
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 net result per share	79.110.174	80.476.616
Diluted effect from Stock option plan	-	466.073
Weighted average number of ordinary shares for computation of basic net result per share	79.110.174	80.942.689
Diluted Net result per Share (amount in Euro)	(0,09)	0,10

COMPREHENSIVE INCOME STATEMENT

For the period of nine months closed at December 31, 2009 and December 31, 2008.

(in thousands of Euro)	Nine Months FinancialYear 2009/2010	Nine Months FinancialYear 2008/2009
Net income (Loss) for the period	(7.406)	7.817
Gain (Losses) from fair value of cash flow hedging	32	(89)
Gain (Losses) on exchange differences from translating	(701)	(9.542)
Effects on Shareholders equity due to the Rocca S.p.A. acquisition	-	(7.270)
Total Comprehensive Income (loss) for the period	(8.075)	(9.084)

STATEMENT OF CHANGES IN EQUITY

For the period of nine months closed at December 31, 2009 and December 31, 2008.

(In thousands of Euro)	Share Capital	Share Premium Reserve	Legal Reserve	Cash flow hedging reserve	Shareholders payment reserve	Stock option reserve	Own Shares	Other reserves	Net income (Loss) for 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 result of the period			769					14,358	(15,127)	-		-
Other comprehensive Income/ (loss)				(89)				(16,704)		(16,793)	(108)	(16,901)
Stock option						109				109		109
Purchase of own shares							(5,413)			(5,413)		(5,413)
Utilization of own shares for Rocca S.p.A. purchase							2,050			2,050		2,050
Net income (loss) for the period									7,721	7,721	96	7,817
Balances at December 31, 2008	**36,344**	**69,858**	**2,397**	**(89)**	**8,618**	**167**	**(5,700)**	**22,571**	**7,721**	**141,887**	**1,734**	**143,621**

	Share Capital	Share Premium Reserve	Legal Reserve	Cash flow hedging reserve	Shareholders payment reserve	Stock option reserve	Own Shares	Other reserves	Net income (Loss) for the period	Group shareholder's equity	Minorities shareholder's equity	Total shareholder's equity
Balances at March 31, 2009	**36,344**	**69,858**	**2,397**	**(91)**	**8,618**		**(6,046)**	**21,955**	**(4,709)**	**128,326**	**1,512**	**129,838**
Allocation of the result of the period			37					(4,746)	4,709	-		-
Other comprehensive Income/ (loss)				32				(701)		(669)		(669)
Stock option						102				102		102
Purchase of own shares							(2,181)			(2,181)		(2,181)
Net income (loss) for the period									(7,407)	(7,407)	1	(7,406)
Balances at December 31, 2009	**36,344**	**69,858**	**2,434**	**(59)**	**8,618**	**102**	**(8,227)**	**16,508**	**(7,407)**	**118,171**	**1,513**	**119,684**

CASH FLOW STATEMENT

For the period of none months closed at December 31, 2009 and December 31, 2008.

	9 Months	
(In thousands of Euro)	Financial Year 2009/2010	Financial Year 2008/2009
CASH FLOW PROVIDED BY OPERATING ACTIVITIES		
Net income (loss) for the period	(7,407)	7,817
Adjustments to reconcile the profit (loss) for the period to the cash flow generated (absorbed) by operations:		
Amortization, depreciation and write-downs	3,615	3,080
(Gains)/Losses from sale of intangible and tangible assets	77	-
Provisions to Bad Debts Reserve	1,674	1,677
Provisions to risks fund	253	-
Changes in the Fair value of Financial Instruments	(62)	237
Provisions for termination Indemnity and actuarial valuation of ELI Fund	284	272
Termination indemnity payments	(695)	(340)
Changes in the deferred tax assets and liabilities	237	(3,974)
	(2,024)	8,769
Changes on operational assets and liabilities		
Trade receivables	(6,728)	(11,351)
Inventories	3,267	(6,186)
Trade payables	(6,326)	1,891
Tax receivables	1,514	(2,573)
Income Tax payables	1,645	761
Other current and non current assets and liabilities	(3,243)	(631)
NET CASH FLOW PROVIDED (ABSORBED) BY OPERATING ACTIVITIES (A)	(11,895)	(9,320)
CASH FLOW FROM INVESTING ACTIVITIES		
Cash in from disposal of Intangible and tangible Fixed Assets	31	274
Tangible Fixed Assets purchased	(1,174)	(3,557)
Intangible Fixed Assets purchased	(340)	(933)
Net change in the other non current assets	(94)	(1,775)
Cash used for the acquisition of Rocca Group, net of cash acquired (1) :	-	(3,865)
NET CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES (B)	(1,577)	(9,856)
CASH FLOW FROM INVESTING ACTIVITIES		
New Long term loans	25,000	
Payment of long-term debt	(7,090)	(5,169)
Net change in short-term financial liabilities	(3,839)	(8,365)
Purchase of own shares	(2,181)	(5,410)
Cash used for the distribution of reserves to the mayorities Shareholders in relation with the acquisition of Rocca Group (1)	-	(457)
Other changes in Net Equity	(566)	(4,669)
NET CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES (C)	11,324	(24,070)
TOTAL CASH FLOW (D=A+B+C)	(2,148)	(43,246)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR (E)	9,542	52,813
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (F=D+E)	7,394	9,567

(1) The acquisition price paid was equal to Euro 7,406 thousands, of which Euro 2,050 thousands paid by transfer of own shares. The financial outlay was equal to Euro 5,356 thousands of which Euro 4,899 thousands relative to the book value of the net assets acquired (which include Euro 1,034 thousands in cash and cash equivalents, determining a net cash outlay of Euro 3,865 thousands) and Euro 457 thousands as cash used for the distribution of reserves of Euro 2,507 thousands to the controlling shareholders.

DECLARATION

The Manager in charge of preparing the Company's financial reports declares, in compliance with paragraph two of Article 154*bis of the "Testo Unico della Finanza"*, that, on the basis of his knowledge, the accounting information contained in the Interim Consolidated report as of December 31, 2009 corresponds to the documental results, books and accounting records.

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