

BULGARI S.P.A. AND SUBSIDIARIES

**CONSOLIDATED QUARTERLY REPORT
OF THE DIRECTORS**

AS AT 31 MARCH 2004

BULGARI S.P.A. AND SUBSIDIARIES

Quarterly Report of the Bulgari Group as at 31 March 2004

Introduction

The quarterly report as at 31 March 2004 was prepared in accordance with the principles set forth in Article 82 of CONSOB Regulation 11971 of 14 May 1999 and subsequent revisions. Income statement figures are provided for the period 1 January 2004 to 31 March 2004 and for the corresponding period in 2003. Balance sheet figures are provided for the periods ending 31 March 2004, 31 December 2003 and 31 March 2003.

Figures reported as at 31 March 2004 and 31 March 2003 were not audited. Figures reported as at 31 December 2003 were audited by KPMG S.p.A.

Macroeconomic situation and operating and financial results

The first three months of 2004 were characterised by an unstable international situation with continued tensions in Iraq and the Middle East.

Several markets, including the US and Asian markets, are now showing signs of a stable recovery. However, the terrorist attacks, or the constant threat of them, continue to have major repercussions on the propensity to travel and on tourism, which are particularly important for the luxury goods industry, and the countries suffering the most from this are those in Europe where the economy is still having a hard time getting a start.

Thus, there are rather conflicting situations in the market with geographic areas in obvious recovery contrasted with a clearly negative European and Italian economic situation.

In the environment just described, total sales reported by Bulgari in the first quarter demonstrated a positive growth trend, while good operating results further confirm the Group's excellent profit-making capability, which was already seen in 2003.

In fact, the Group's consolidated net revenues were 160.3 million euros at constant exchange rates, and were up by 6% over the same period in 2003. At current exchange rates, sales were nearly unchanged from the 160.6 million euros for the first quarter of 2003. The stronger euro against other currencies, and especially the dollar, yen and Swiss franc, was particularly detrimental. As a reflection of this, the change in the average euro-dollar exchange rate between the first quarter of 2003 and the same period of 2004 was over 14%.

The Group's consolidated operating profit rose by 16.7% from 16.2 million euros for the first quarter of 2003 to 18.9 million euros for the first quarter of 2004, or from 10.1% to 11.8% as a percentage of revenues. This result was particularly significant considering the higher advertising and promotional costs that rose by about 14% from 13.9 to 15.9 million euros.

Consolidated net income rose by 18.3% from 11.4 million euros for the first quarter of 2003 to 13.5 million euros, or 8.4% of revenues. This result was due to strong operating profit as well as lower financial expenses due to the significant reduction in the Group's average debt, which offset the estimated applicable taxes for the period, which were higher than those for the first three months of 2003.

The quarterly results achieved by the Group provide a bright outlook for the rest of the year. Since the latter part of the year is traditionally the most important season for sales, it will still be necessary to monitor changes in the market environment.

In this regard, it is useful to bear in mind certain summary figures regarding the current macroeconomic situation, and in particular, the monetary policies followed by authorities in the

main geographic areas, which are often essential for understanding the current and projected economic situation.

In the US, the 4.2% annual growth rate and the further increase in defence spending could lead to an increase in rates, which are still extremely low. However, the Federal Reserve seems to be leaning towards a gradual intervention next summer, although the previous experience in 1994 witnessed a sharp rise in rates to 6% to combat inflation. In the meantime, long-term rates rose significantly and rates on ten-year treasury bonds jumped from 3.65% to 4.5%.

The European Central Bank also maintained a steady approach to monetary policy, although the economic environment appears quite different from that of the United States. The old continent's problems are surfacing, uncertainty over economic prospects is still high, and the strong euro is having a negative effect on exporters. Nonetheless, the possibility of a rate reduction, which many had projected, or at least hoped for, seems to be fading.

In recent months, US monetary policy has led the main central banks of Asia to sell their currencies to avoid their revaluation against the US currency. Once again, the euro suffered with an increase in value but with no underlying justification in the European economic situation.

On average, the European currency rose by 5% against the yen, 12% against the Singapore dollar, 14% against the Hong Kong dollar, 14% against the US dollar and 7% against the Swiss franc from the first quarter of 2003 to the first quarter of 2004.

With regard to raw materials, gold prices remained at about USD400/ounce for all of the first quarter of 2004 with fluctuations tied primarily to the performance of the dollar. In fact, in terms of euros/ounce, the price of gold was significantly more stable, as was the case throughout 2003, at an average value of around 320-330 euros/ounce.

A summary of results is given in Table 1.

TABLE 1
BULGARI GROUP
SUMMARY INCOME STATEMENT

(million euros)	31/03/2004	31/03/2003
Consolidated net revenues	160.3	160.6
Operating profit	18.9	16.2
Profit before taxes and minority interests	17.4	13.0
Net income	13.5	11.4

Revenue analysis

For the first quarter of 2004, sales of the Bulgari Group grew in America, Japan and other Far Eastern countries. However, the economic crisis and drop in tourist traffic negatively affected sales throughout Europe and in particular in Italy.

Below we provide greater detail on changes in net revenues at constant exchange rates and indicate the changes from the first quarter of 2003 to the same period of 2004 for each geographical area.

In Japan, which had the highest revenues for the Group, sales at comparable exchange rates increased by 23.1% (+16.7% at current exchange rates) after registering a 28% increase at comparable exchange rates in the first quarter of 2003.

In America, Group revenues grew by 21.6% at comparable exchange rates (+5.9% at current exchange rates) confirming the clear market recovery, which was already seen in the final quarters of 2003.

In other Far Eastern countries (excluding Japan), sales at comparable exchange rates were up by 4.8% (-5% at current exchange rates), which was an impressive result considering that sales volume in this area grew by 34% in the first quarter of 2003.

However, as already noted, the situation was clearly more difficult in Italy and the rest of Europe where Group sales dropped by 22.7% and 5% respectively. The decline, which was particularly pronounced in Italy, was actually due in part to an especially busy period for comparison (the first quarter of 2003) and a sharp drop in sales to tourists. Strong sales posted by Group-owned stores, especially in March, led to a certain amount of optimism for future months including for these markets.

Table 2 below shows the value of revenues by geographical area according to market outlet, their percentage contribution towards total revenues and quarter-on-quarter growth.

TABLE 2
BULGARI GROUP
REVENUES BY GEOGRAPHICAL AREA (current exchange rates)

Geographical area	1 st Qtr. 2004			1 st Qtr. 2003			1 st Qtr. 2002		
<i>(million euros)</i>									
Italy	17.8	11%	-23%	23.1	14%	+15%	20.0	13%	-16%
Europe (excl. Italy)	38.2	24%	-5%	40.2	25%	-12%	45.5	29%	+18%
America	23.4	15%	+6%	22.1	14%	-12%	25.2	16%	-13%
Japan	39.9	25%	+17%	34.1	21%	+17%	29.2	19%	+1%
Far East	29.8	18%	-5%	31.4	20%	+25%	25.2	16%	-25%
Middle East	6.6	4%	+51%	4.4	3%	-23%	5.7	4%	-34%
Other	4.6	3%	-14%	5.3	3%	-3%	5.4	3%	+99%
TOTAL	160.3	100%	0%	160.6	100%	+3%	156.2	100%	-5%
REVENUES									

In terms of product type, for the first quarter of 2004 jewellery sales rose by 13.8% at comparable exchange rates (+7.6% at current exchange rates) over the same period of the previous year, and at 66.2 million euros represented over 40% of total sales.

Watch sales at comparable exchange rates remained largely unchanged (+0.5%, -6.1% at current exchange rates). This was a positive result considering that deliveries to retailers during the quarter were probably slower in expectation of the presentation of significant new product releases in April.

Sales of accessories continued the impressive growth trend that occurred in the first quarter of 2003 (+82%). However, at comparable exchange rates, there was a slight decline of 2.1% from the previous year with sales reaching nearly 14 million euros for the quarter.

Perfume sales also suffered from exchange rates, but rose by over 10% in volume terms, although in this case, the period used for comparison purposes was not as busy since the positive impact from the launch of the new *Omnia* line began only in June 2003.

Table 3 below shows the amount of revenues, the percentage of the total revenues according to product type and the quarter-on-quarter increase.

TABLE 3
BULGARI GROUP
REVENUES BY TYPE OF PRODUCT (current exchange rates)

Type of product	1 st Qtr. 2004			1 st Qtr. 2003			1 st Qtr. 2002		
<i>(Million euros)</i>									
Jewellery	66.2	41%	+8%	61.5	38%	-1%	61.9	40%	+17%
Watches	49.4	31%	-6%	52.6	33%	+1%	52.1	34%	-29%
Perfumes	28.4	18%	+3%	27.6	17%	-9%	30.3	19%	+13%
Accessories	13.7	8%	-7%	14.8	9%	+82%	8.1	5%	-5%
Royalties and other	2.6	2%	-36%	4.1	3%	+10%	3.8	2%	+28%
TOTAL	160.3	100%	0%	160.6	100%	+3%	156.2	100%	-5%

The Group's financial situation

At the end of March 2004, net indebtedness was 72.9 million euros compared with 44.9 million euros as at 31 December 2003 and 159.4 million euros as at 31 March 2003.

The increase in indebtedness for the three months compared with the end of 2003 was entirely due to the normal build-up of inventory, and especially new products, for the second half of the year when sales reach historically high levels.

At the end of the quarter, the Group's shareholders' equity totalled 588.1 million euros (593.8 million euros including minority interests) compared with 578.3 million euros as at 31 December 2003 and 543.5 million euros as at 31 March 2003.

At the end of the quarter, gearing (net indebtedness/total shareholders' equity including minority interests) was 12.3%.

The Group's financial situation as at 31 March 2004 is provided in Table 4.

TABLE 4
BULGARI GROUP
FINANCIAL SITUATION

<i>(Million euros)</i> assets (liabilities)	31/03/2004	31/12/2003	31/03/2003
Bank overdraft and borrowing due within one year	(24.4)	(13.5)	(28.5)
Bank overdraft and borrowing due after one year	(76.9)	(73.6)	(69.7)
Bonds falling due within one year	-	-	(100.0)
Bonds falling due after one year	-	-	-
Payables to other lenders due within one year	(2.0)	(6.3)	(1.5)
Payables to other lenders due after one year	-	-	(5.2)
Cash and bank balances	26.1	45.1	42.9

Financial receivables due within one year	3.6	2.7	2.2
Financial receivables due after one year	0.7	0.7	0.4
TOTAL NET CASH (BORROWINGS)	(72.9)	(44.9)	(159.4)
Of which, due within one year	3.3	28.0	(84.9)
Of which, due after one year	(76.2)	(72.9)	(74.5)

Significant events in the first quarter of 2004 and outlook for the year

- On 21 January, Bulgari (Deutschland) GmbH acquired from third parties 100% of Bulgari Parfums Deutschland GmbH, with headquarters in Wiesbaden, Germany, which will allow the group to directly distribute perfumes in one of the industry's most strategic markets.
- On 23 January Opera Participations 2 S.c.a. was established as a limited share partnership under Luxembourg law, with capital of 31,000 euros, 99.7% of which is held by Opera Management S.A. This new closed fund will also assess the possibility of gathering subscription commitments for investments in companies that operate in areas involving goods and services that are typical of the Italian lifestyle, and where being "made in Italy" may serve as a competitive advantage.
- On 24 February 2004, Bulgari International Corporation (BIC) N.V. brought its investment in Bulgari (Hong Kong) Ltd. and Bulgari (Taiwan) Ltd. to 100% by purchasing 49% of the shares previously held by third parties. This transaction strengthens the Group's presence in strategic markets with further growth potential.
- Based on resolutions of 23 March 2004 made by Bulgari International Corporation (BIC) N.V. and Bulgari Netherlands B.V., in the near future the latter company will be merged into the former company effective 1 January 2004. This transaction will make it possible to reduce operating expenses and provide a better and more streamlined management of investments within the Group.

The international environment continues to be uncertain and is negatively affected by constant threats of terrorist attacks that have a significant impact on sales in major tourist cities, especially in Europe, and on the retail travel sector.

However, the Group continues to focus on major launches of new products in all merchandise categories for which initial market returns are particularly favourable. Thus, we are able to confirm our forecast of increased sales growth for upcoming quarters, and this, together with a continuing watchful eye over costs, should also lead to a further improvement in profits.

Events subsequent to 31 March 2004

- Effective 4 May 2004, Bulgari Retail USA S.r.l., which was established on 22 December 2003 and is wholly owned by Bulgari S.p.A., took over the management of the local retail operations through its US branch. Management was previously carried out by Bulgari Corporation of America Inc. The latter is now only responsible for distribution in that market and in Latin America.
- On 12 May 2004, a joint venture agreement was initialled between the Bulgari Group and Leviev Group, the largest producer of cut diamonds. The agreement calls for the establishment of a company headquartered in Switzerland that will be 50% owned by Bulgari International Corporation (BIC) N.V. (which is wholly owned by Bulgari

S.p.A.), and 50% owned by LLD Diamonds Ltd. (which is wholly owned by the Leviev Group). The purpose of this transaction is to further expand the Bulgari Group's business in the area of making jewellery with diamonds.

There are no other significant events subsequent to 31 March 2004.

BULGARI S.P.A. AND SUBSIDIARIES

**CONSOLIDATED
FINANCIAL STATEMENTS**

Bulgari S.p.A. e Controllate
Stato patrimoniale consolidato
al 31 marzo 2004 e al 31 dicembre 2003
(Dati in migliaia di Euro)

ATTIVO	31/03/2004	31/12/2003
Immobilizzazioni immateriali	60.165	58.994
Immobilizzazioni materiali	82.999	83.467
Immobilizzazioni finanziarie	35.074	31.380
Totale immobilizzazioni	178.238	173.841
Rimanenze	463.770	429.964
Crediti verso clienti	112.453	131.999
Altri crediti e attività finanz. che non costituiscono immobilizzazioni	81.863	81.031
Disponibilità liquide	26.108	45.121
Totale attivo	862.432	861.956
PASSIVO	31/03/2004	31/12/2003
Patrimonio netto di Gruppo	588.051	578.313
Patrimonio netto azionisti di minoranza	5.730	8.545
Totale patrimonio netto	593.781	586.858
Fondi per rischi e oneri	11.129	11.254
Trattamento di fine rapporto di lavoro subordinato	11.006	10.559
Debiti verso banche e altri finanziatori	103.247	93.410
Altri debiti	143.269	159.875
Totale passivo	862.432	861.956

Bulgari S.p.A. e Controllate
Conto economico consolidato
per i periodi chiusi al 31 marzo 2004 e al 31 marzo 2003
(Dati in migliaia di Euro)

	31/03/2004	31/03/2003
A. Valore della produzione		
Ricavi delle vendite e delle prestazioni	160.322	160.627
Variazione delle rimanenze di prodotto in corso di lavorazione, semilavorati e finiti	22.513	16.814
Incrementi di immobilizzazioni per lavori interni	11	-
Altri ricavi e proventi	1.574	945
Totale valore della produzione (A)	184.420	178.386
Totale costi della produzione (B)		
	165.505	162.175
Valore della produzione - costi della produzione (A-B)	18.915	16.211
C. Proventi e oneri finanziari		
Proventi e (oneri finanziari)	(1.198)	(2.054)
Utile (perdita) su differenza cambio	653	(259)
C. Totale proventi e (oneri) finanziari	(545)	(2.313)
D. Rettifiche di valore di attività finanziarie		
Svalutazione di partecipazioni	304	-
Svalutazione di titoli iscritti nell'attivo circ. che non costituiscono partecipazioni	-	418
D. Totale rettifiche di valore di attività finanziarie	(304)	(418)
E. Totale proventi e (oneri) straordinari		
	(709)	(450)
Risultato prima delle imposte e del risultato di pertinenza degli azionisti di minoranza		
	17.357	13.030
Imposte sul reddito del periodo	3.680	1.533
Risultato di periodo di pertinenza degli azionisti di minoranza	(164)	(78)
Risultato del periodo		
	13.513	11.419

BULGARI S.P.A. AND SUBSIDIARIES

**NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS**

BULGARI S.P.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements as at 31 March 2004

GENERAL PRINCIPLES

In addition to the comments made in the Performance Report, it should be noted that the balance sheet figures in the consolidated financial statements are provided as at 31 March 2004 and 31 December 2003, and income statement figures are provided for the first quarters of 2004 and 2003.

In order to clearly report the Group's balance sheet, financial situation and income statement, unless otherwise indicated, all amounts are expressed in thousands of euros given their size, and all zero balance entries have been eliminated.

SCOPE OF CONSOLIDATION

Consolidated companies are detailed in Table 1, "List of companies included in the scope of consolidation using the full and proportional consolidation methods." To be specific, as at 31 March 2004, Bulgari Parfum Deutschland GmbH was included in the scope of consolidation as a fully consolidated company, but was not included as at 31 December 2003.

On the other hand, Bulgari Latina America N.V. and Bulgari Latin America Service N.V., which are currently in liquidation, and whose business activities were bought by Bulgari Corporation of America Inc., were removed from the scope of consolidation.

Table 3 shows the change in the scope of consolidation as at 31 March 2004 as compared with the periods ending 31 December 2003 and 31 March 2003.

FOREIGN EXCHANGE RATES

The exchange rates of the euro against other currencies are provided below:

Currency	31/03/2004		31/12/2003		31/03/2003	
	Income Statement	Balance Sheet	Income Statement	Balance Sheet	Income Statement	Balance Sheet
US \$	1,2507	1,2224	1,1308	1,2630	1,0732	1,0895
YEN	134,0256	126,9700	130,9533	135,0500	127,6002	129,1800
SwFr	1,5686	1,5594	1,5208	1,5579	1,4662	1,4764
Lgs	0,6803	0,6659	0,6918	0,7048	0,6697	0,6896
Sing \$	2,1193	2,0459	1,9698	2,1450	1,8726	1,9211
HK \$	9,7272	9,5228	8,8054	9,8049	8,3699	8,4975
AUD	1,6341	1,6052	1,7385	1,6802	1,8098	1,8076
MYR	4,7492	4,6532	4,2999	4,7684	4,0785	4,1504
DKK	7,4495	7,4448	7,4307	7,4450	7,4304	7,4264
TWD	41,7081	40,3780	38,8916	42,7450	37,1947	37,8830
KRW	1.465,6702	1.401,4200	1.347,0760	1.506,3200	1.289,3481	1.366,7800

NOTES TO THE BALANCE SHEET

BALANCE SHEET - ASSETS (thousands of euros)

Intangible assets

Net balance as at 31 March 2004: 60,165,000 euros

Net balance as at 31 December 2003: 58,994,000 euros

The largest investments were for the following items:

- "Industrial patents and intellectual property rights": due primarily to the purchase of application software licenses for the management of various corporate activities largely carried out by Bulgari S.p.A. (370,000 euros) and Daniel Roth et Gérald Genta Haute Horlogerie S.A. (146,000 euros);
- "Goodwill": reflects the amount paid (1,141,000 euros) by Daniel Roth et Gérald Genta Haute Horlogerie S.A. to the previous distributor for direct market management in certain major Far Eastern countries;
- "Assets under development and advance payments": these primarily include expenses incurred by Bulgari S.p.A. (244,000 euros) related to additional costs for the development of application software for procedures which, as at 31 March 2004, were still being implemented;
- "Other intangible assets" largely concern consideration paid by Bulgari Japan Ltd. (788,000 euros) for the purchase of the operations of several brand-dedicated BVLGARI stores that were previously operated by third parties;
- "Consolidation difference": 657,000 euros of this amount was for the acquisition of 100% of Bulgari Parfums GmbH and 260,000 euros was for the purchase of an additional 49% interest in Bulgari (Taiwan) Ltd.

Tangible assets

Net balance as at 31 March 2004: 82,999,000 euros

Net balance as at 31 December 2003: 83,467,000 euros

The largest increases occurred in the following items:

- "Industrial and commercial equipment" which includes investments by Bulgari Parfums S.A. (400,000 euros);

- “Furniture, office equipment and furnishings” and “leasehold improvements”: these are primarily (476,000 euros) for the following new or renovated stores: Hiroshima Tenmaya, Peninsula (Hong Kong) and Milan. The item also includes investments made by Bulgari Global Operations S.A. in preparing for the Basel Fair and in purchasing show cases to be used in the third party distribution network for exhibiting BVLGARI products as well as improvements made to the Parent Company’s General Management and Administrative offices (338,000 euros). Also included are hardware investments of 247,000 euros primarily for the Parent Company, and investments (384,000 euros) made by Bulgari Japan Ltd. for remodelling premises designated for logistics and “after sales”;
- “Construction in progress and advance payments”: these include the costs for projects of Bulgari Corporation of America (198,000 euros) primarily for remodelling the Chicago store.

Financial investments

Net balance as at 31 March 2004: 35,074,000 euros

Net balance as at 31 December 2003: 31,380,000 euros

This item primarily includes:

- “Investments in subsidiaries” of 1,644,000 euros, including the value of the following investments valued according to the cost method: Bulgari Reinsurance Company Ltd. (985,000 euros), since it is irrelevant in terms of a true representation of the Group, and Bulgari Retail USA S.r.l. (50,000 euros), since it is not yet operational.

This item also includes the value of investments valued according to the equity method: Bulgari Hotels and Resorts B.V. (599,000 euros) and Bulgari Milan Hotels Leasing Company S.r.l. (10,000 euros).

- “Investments in other companies” of 19,554,000 euros, including the value of the investment, valued according to the cost method, in Opera Participations S.c.a. The increase of 3,418,000 euros over 31 December 2003 is due to the financing of the recapitalisation of one of the companies owned by the Fund. This item also includes the stake in Opera Participations 2 S.c.a., a company established during the first quarter of 2004.
- “Other receivables due within one year” (970,000 euros), primarily related to a security deposit of 700,000 euros corresponding to Bulgari Italia S.p.A., paid by way of a customs security.
- “Other receivables due after one year” (12,902,000 euros, and 12,747,000 euros as at 31 December 2003) are primarily for security deposits of 7,389,000 euros (6,950,000 euros as at 31 December 2003) and insurance funds for the benefit of employees of Bulgari Japan Ltd. totalling 4,811,000 euros (5,109,000 euros as at 31 December 2003).

Current assets

Inventory

Net balance as at 31 March 2004: 463,770,000 euros

Net balance as at 31 December 2003: 429,964,000 euros

The increase in inventory from 31 December 2003 was due to the supply of stocks of raw materials and the build-up of stocks of finished goods in preparation for the launch of new product lines scheduled for future months, when, in addition, seasonal market effects are more pronounced.

Other receivables and assets not included in long-term assets

Balance as at 31 March 2004: 81,863,000 euros

Balance as at 31 December 2003: 81,031,000 euros

This item primarily includes:

- “Other receivables due within one year” of 32,035,000 euros, primarily for VAT credits and taxes on sales, and are primarily related to: the Swiss companies (11,346,000 euros), Bulgari Italia S.p.A. (4,242,000 euros), Bulgari Gioielli S.p.A. (566,000 euros), Bulgari S.p.A. (2,322,000 euros for the cumulative receivable from tax authorities for the settlement of Group VAT pursuant to the last

paragraph of Article 73 of Presidential Decree 633/72 and Article 3 of Ministerial Decree 31/12/1979).

This item also includes 4,242,000 euros in Parent Company IRPEG [corporate income taxes] credits and receivables for taxes paid abroad. This entry also comprises advance payments to suppliers of 2,982,000 euros.

- "Other receivables due after one year" (39,564,000 euros) includes deferred tax assets of 21,182,000 euros. These taxes largely relate to the writing-off of intra-company profits recorded between Group companies to be realised with respect to third-party customers. This item also includes receivables for a VAT refund and the respective interest accrued which is due to Bulgari S.p.A. in the amount of 9,967,000 euros and Bulgari Gioielli S.p.A. in the amount of 4,980,000 euros.
- "Treasury stock" of 3,569,000 euros relating to 550,313 shares. At the end of the first quarter of 2003, the stock was valued at the average price of 6.49 euros.

BALANCE SHEET – LIABILITIES AND SHAREHOLDERS' EQUITY (Thousands of euros)

Reserve for risks and charges

Balance as at 31 March 2004: 11,129,000 euros

Balance as at 31 December 2003: 11,254,000 euros

As at 31 March 2004, this item had not changed significantly from the position as at 31 December 2003, and was made up as follows:

Description	Balance as at 31/03/2004	Balance as at 31/12/2003
Reserves for taxes:	8,971	9,055
- Reserve for taxes	1,633	1,644
- Reserve for deferred taxes	7,338	7,411
Other reserves, of which:	2,158	2,199
- Other reserves	2,158	2,199
Total	11,129	11,254

INFORMATION ON THE INCOME STATEMENT (thousands of euros)

Revenues

Revenues from sales and services

Amount for 1st quarter of 2004: 160,322,000 euros

Amount for 1st quarter of 2003: 160,627,000 euros

Revenues from sales and services for the first quarter of 2004 were as follows:

Description	31/03/2004	31/03/2003
Sales of goods	157,666	156,493
Royalties and other services	2,656	4,134
Total	160,322	160,627

The item "Royalties and other services" (2,656,000 euros) primarily includes royalties for granting the use of the BVLGARI trademark, and service revenues from Opera Management S.A. Comments on the breakdown of revenues by type of product and geographical areas were already provided in the Performance Report.

Production costs

Amount for 1st quarter of 2004: 165,505,000 euros

Amount for 1st quarter of 2003: 162,175,000 euros

This item is broken down as follows:

Description	31/03/2004	31/03/2003
Raw materials, consumables and goods	70,175	67,489
Change in the inventory of raw materials and goods	(9,734)	(7,925)
Personnel costs	31,835	32,266
Production and administrative expenses	48,920	47,780
Advertising and promotion costs	15,906	13,945
Amortisation, depreciation and write-downs	8,403	8,620
Total	165,505	162,175

Financial income and expenses

Amount for 1st quarter of 2004: 545,000 euros

Amount for 1st quarter of 2003: 2,313,000 euros

- As at 31 March 2004 this item was made up of financial expenses of 1,198,000 euros (2,054,000 euros as at 31 March 2003) broken down as follows:

Description	31/03/2004	31/03/2003
Interest income and other	497	1,714
Interest and financial expenses	(1,695)	(3,768)
Total	(1,198)	(2,054)

- Gains on foreign exchange of 653,000 euros, compared with losses on foreign exchange of 259,000 euros as at 2003, were made up as follows:

Description	31/03/2004	31/03/2003
Gains on foreign exchange	13,916	8,419
Losses on foreign exchange	(13,263)	(8,678)
Total	653	(259)

Adjustments in the value of financial assets

Write-down of investments

Amount for 1st quarter of 2004: 304,000 euros

Amount for 1st quarter of 2003: zero

This item, which totals 304,000 euros, includes the write-down of investments in Bulgari Hotels and Resorts B.V. and in Bulgari Milan Hotels Leasing Company S.r.l., which were valued according to the equity method as from the end of 2003.

Extraordinary income and expenses

Extraordinary income

Amount for 1st quarter of 2004: 531,000 euros

Amount for 1st quarter of 2003: zero

Of this item (which totals 531,000 euros) 371,000 euros was for extraordinary income of Bulgari Japan Ltd. following a change in the calculation of the depreciation schedule for certain categories of assets, and 160,000 euros for the refund of costs allocated by Daniel Roth et Gérald Genta Haute Horlogerie S.A. in December 2003.

Extraordinary expenses

Amount for 1st quarter of 2004: 1,240,000 euros

Amount for 1st quarter of 2003: 450,000 euros

This item, which totals 1,240,000 euros, is primarily for the final balance of non-deductible and non-recoverable taxes paid abroad (833,000 euros) by Bulgari S.p.A. It also includes 218,000 euros for costs for the management of certain brand-dedicated BVLGARI stores (which were previously managed by third parties) incurred by Bulgari Japan Ltd., and 160,000 euros by Roth et Gérald Genta Haute Horlogerie S.A.

Minority interests

Amount for 1st quarter of 2004: 164,000 euros

Amount for 1st quarter of 2003: 78,000 euros

This item reflects the proportion of third party income corresponding to Bulgari Japan Ltd., which is 80% owned by the Group, and to Bulgari Korea Ltd., 51% of which is owned by the Group. The above companies were consolidated using the full consolidation method.

Since the first quarter of 2003, the remaining 49% of Bulgari (Hong Kong) Ltd. and Bulgari (Taiwan) Ltd. were purchased in 2004 bringing the Group's stake to 100%.

Bulgari S.p.A. e Controllate

Tabella 1

Elenco delle società incluse nel consolidamento
con il metodo integrale

Società	% partecipazione 31/03/2004	% partecipazione 31/12/2003	Divisa	Capitale sociale	Sede	Attività esercitata
Bulgari Gioielli S.p.A.	100,00	100,00	Euro	2.580.000	Roma	Produzione gioielleria
Bulgari Italia S.p.A.	100,00	100,00	Euro	12.000.000	Roma	Vendita al dettaglio
Bulgari International Corporation (BIC) N.V.	100,00	100,00	Euro	18.301.200	Amsterdam	Sub-holding
Bulgari Corporation of America Inc.	100,00	100,00	Us\$	24.350.000	New York	Vendita al dettaglio
Bulgari S.A.	100,00	100,00	Swfr	600.000	Ginevra	Vendita al dettaglio
Bulgari Time (Switzerland) S.A.	100,00	100,00	Swfr	1.000.000	Neuchatel	Produzione orologeria e accessori
Bulgari Jewels S.A.	100,00	100,00	Swfr	5.000.000	Neuchatel	Produzione gioielleria
Bulgari France S.A.	100,00	100,00	Euro	225.000	Parigi	Vendita al dettaglio
Bulgari Montecarlo S.A.M.	100,00	100,00	Euro	800.000	Montecarlo	Vendita al dettaglio
Bulgari (Deutschland) GmbH	100,00	100,00	Euro	2.556.459	Monaco	Vendita al dettaglio
Bulgari Japan Ltd.	80,00	80,00	Yen	400.000.000	Tokyo	Vendita al dettaglio
Bulgari Espana S.A. Unipersonal	100,00	100,00	Euro	4.918.344	Madrid	Vendita al dettaglio
Bulgari Parfums S.A.	100,00	100,00	Swfr	1.000.000	Neuchatel	Produzione profumo
Bulgari Parfums Italia S.p.A.	100,00	100,00	Euro	1.020.000	Roma	Distribuzione profumo
Bulgari Parfums USA Inc.	100,00	100,00	Us\$	100.000	New York	Distribuzione profumo
Bulgari Netherlands B.V.	100,00	100,00	Euro	9.914.811	Amsterdam	Sub-holding
Bulgari Portugal Acessorios de Luxo Lda.	100,00	100,00	Euro	52.873	Madeira	Sub-holding
Bulgari Asia Ltd.	100,00	100,00	HK\$	12.126.809	Hong Kong	Sub-holding
Bulgari South Asian Operations Pte Ltd.	100,00	100,00	Sg\$	1.000.000	Singapore	Vendita al dettaglio
Bulgari (UK) Ltd.	100,00	100,00	Lgs	11.100.000	Londra	Vendita al dettaglio
Bulgari Belgium S.A.	100,00	100,00	Euro	2.478.935	Bruxelles	Vendita al dettaglio
Bulgari Australia Pty. Ltd.	100,00	100,00	Aud	1.200.000	Sydney	Vendita al dettaglio
Bulgari (Malaysia) Sdn Bhd	100,00	100,00	Rm	3.334.000	Kuala Lumpur	Vendita al dettaglio
Bulgari Global Operations S.A.	100,00	100,00	SwFr	1.000.000	Neuchatel	Supporto Logistico
Bulgari Operational Services ApS	100,00	100,00	DKK	500.000	Copenhagen	Servizi
Daniel Roth et Gérald Genta Haute Horlogerie S.A.	100,00	100,00	SwFr	7.100.000	Ginevra	Produzione orologeria
Bulgari (Hong Kong) Ltd.	100,00	51,00	HK\$	1.000.000	Hong Kong	Vendita al dettaglio
Bulgari (Taiwan) Ltd.	100,00	51,00	Twd	59.792.310	Taiwan	Vendita al dettaglio
Bulgari Korea Ltd.	51,00	51,00	Kwon	4.500.000.000	Seoul	Vendita al dettaglio
Bulgari Collection Internationale S.A.	100,00	100,00	Swfr	3.000.000	Neuchatel	Produzione alta gioielleria
Bulgari (Luxembourg) S.A.	100,00	100,00	Euro	100.000	Lussemburgo	Holding relativa al progetto <i>Bulgari Hotels and Resorts</i>
Bulgari Saint Barth S.a.S.	100,00	100,00	Euro	40.000	Saint Barthelemy	Vendita al dettaglio
Bulgari Parfums Deutschland GmbH	100,00	-	Euro	25.000	Wiesbaden	Distribuzione profumo

Elenco delle società incluse nel consolidamento
con il metodo proporzionale

Società	% partecipazione 31/03/2004	% partecipazione 31/12/2003	Divisa	Capitale sociale	Sede	Attività esercitata
Opera Management S.A.	50,00	50,00	Euro	100.000	Lussemburgo	Gestione di partecipazioni azionarie
Crova S.p.A.	50,00	50,00	Euro	2.700.000	Valenza (Alessandria)	Produzione gioielleria

Bulgari S.p.A. e Controllate

Tabella 2

Elenco delle società valutate
con il metodo del costo

Società	% partecipazione 31/03/2004	% partecipazione 31/12/2003	Divisa	Capitale Sociale	Sede	Attività esercitata
Opera Participations S.c.a. (1)	11,81	11,72	Euro	1.933.210	Lussemburgo	Acquisizione di partecipazioni azionarie
Opera Participations 2 S.c.a. (2)	50,00	-	Euro	31.000	Lussemburgo	Acquisizione di partecipazioni azionarie
Bulgari Reinsurance Company Ltd.	100,00	100,00	Euro	635.000	Dublino	Società assicuratrice
Bulgari Retail USA S.r.l.	100,00	100,00	Euro	50.000	Roma	Vendita al dettaglio e all'ingrosso

Elenco delle società valutate
con il metodo del patrimonio netto

Società	% partecipazione 31/03/2004	% partecipazione 31/12/2003	Divisa	Capitale Sociale	Sede	Attività esercitata
Bulgari Hotels & Resorts B.V. (3)	65,00	65,00	Euro	90.000	Amsterdam	Società in joint-venture con il Gruppo Marriot
Bulgari Milan Hotels Leasing Company S.r.l. (4)	65,00	65,00	Euro	10.000	Roma	Società relativa al progetto Bvlgari Hotels and Resorts
Luxlook Ltd. (5)	2,00	2,00	Us\$	39.900.000	New York	Distribuzione su internet di prodotti

(1) Società posseduta da Bulgari International Corporation (BIC) N.V. direttamente per il 11,81% del totale azioni di classe A.1. Inoltre Opera Management S.A., detenuta al 50% da Bulgari International Corporation (BIC) N.V. possiede il 100% delle azioni di classe B.1 (le azioni di classe A.1. sono privilegiate nella distribuzione di dividendi, mentre le azioni B.1. non godono di alcun privilegio in fase di distribuzione di dividendi, ma consentono, a chi le detiene, di esercitare il diritto di voto in occasione di delibere di particolare importanza).

(2) Società posseduta indirettamente tramite Opera Management S.A. al 50% (50%*100%, partecipazione di Opera Management S.A. in Opera Participation 2 S.c.a.).

(3) Società posseduta tramite Bulgari (Luxembourg) S.A.

(4) Società posseduta indirettamente tramite Bulgari Hotels & Resorts B.V. al 61,75% (95% * 65%, partecipazione di Bulgari Hotels & Resorts B.V. in Bulgari Milan Hotels Leasing Company S.r.l.) e direttamente tramite Bulgari SpA al 3,25%

(5) Società in fase di liquidazione. Il valore della partecipazione è stato azzerato nel corso dell'esercizio 2001.

Bulgari S.p.A. e Controllate

Tabella 3

Prospetto della variazione del campo di consolidamento verificatasi nel periodo chiuso al 31 marzo 2004 rispetto all'esercizio chiuso al 31 dicembre 2003 e al periodo chiuso al 31 marzo 2003

Società entrate nel campo di consolidamento	Sede	Attività esercitata
Bulgari Parfums Deutschland GmbH	Wiesbaden	Distribuzione profumi

Società uscite dal campo di consolidamento	Sede	Attività esercitata
Bulgari Latin America N.V. (1)	Aruba	Vendita al dettaglio
Bulgari Latin America Service N.V. (1)	Aruba	Supporto Logistico

(1) Società in fase di liquidazione.