Longarone, September 12th 2005

Press Release

Marcolin approves first-half report as at June 30th 2005. Sales and margins tangibly down due to non-renewal of the Dolce & Gabbana contract. Investments started for launch of the new licenses (Just Cavalli, Tom Ford, and Ferrari), the positive effects of which are expected as from 2006.

Consolidated highlights of 1st half of 2005 (1H05)
Sales: € 88.4 million (€ 97.6 mn in 1H04, -9.4%)
EBITDA: € 5.9 million (€ 12.9 million in 1H04)
EBIT: € 1.1 million (€ 87.5 mn in 1H04)
Pre-tax profit: € 0.4 million (€ 6.2 million in 1H04)
Net financial position: € -37.7 million (€ -34.2 million in 1H04).

The Board of Directors of Marcolin SpA, which met today under the chairmanship of Giovanni Marcolin Coffen, has approved the Marcolin Group's consolidated report for the 1st half of 2005 (1H05). The full version of the report will be available on the company's Web site (www.marcolin.com) as from the date of filing.

Main Consolidated Figures

SALES

Compared with the same period in the previous year (1H04), Group sales underwent a reduction of € 9.2 million (mn), which, expressed in percent terms, meant a YoY decrease of –9.4% (-8.5% based on comparable exchange rates).

The reduction in sales was mainly due to the decrease in sales of the lines *"Dolce & Gabbana Eyewear"* (sales -7% vs. 1H04) and "D&G *Dolce & Gabbana Eyewear"* (-18%), and to the reduction of the Cébé line (-27%) – set against the positive trend of the *"Roberto Cavalli Eyewear"* line (+17%) and, in the US market, of the *"Kenneth Cole"* line, whose sales grew thanks to extension of the distribution license for prescription eyewear in the optician channel, which started as from 2005.

As far as the Dolce & Gabbana lines are concerned, we point out that the decrease in sales was mainly due to the uncertainty generated in the market by transfer of the license to the Luxottica Group, which will take place, for the main international markets, as from October 1st 2005 (even though Marcolin SpA will continue to be holder of the contract until December 31st 2005 for some geographical areas).

This situation of uncertainty caused, already in 1H05, a reduction in orders from customers – and also had an adverse effect on the sales force's activity.

Analysis of sales breakdown by geographical area confirms the trend already reported in the previous quarter. It shows a major reduction in sales achieved in Europe (-21%) and in Italy (-9.8%) – geographical areas where sales of the Dolce & Gabbana and Cébé lines are most concentrated – set against good performance in the Rest of the World, where sales increased by +27.4%.

Table 1

AREA	30.06.2005		30.06.2004		Difference	
(EUR/thousand)	Turnover	% on total	Turnover	% on total	Value	Difference %
Geographical area						
- Italy	20.378	23,06	22.589	23,15	-2.211	-9,8
- Europe	35.686	40,38	45.166	46,28	-9.480	-21,0
- U.S.A.	20.570	23,27	20.614	21,12	-45	-0,2
- Rest of the world	11.751	13,30	9.226	9,45	2.525	27,4
Totale	**88.385**	**100**	**97.595**	**100,00**	**-9.211**	**-9,44**

As regards sales performance by product line, we note that, as regards sport ranges – relating to Cébé – the sales decrease of 24% (i.e. € -2.2 mn) was primarily due to a less positive reception of new product lines, found above all in France, which is Cébé's market of reference.
In view of the negative results achieved, the French subsidiary has presented and approved a reorganisation plan that will lead to closure of some production departments and consequent use of outside sources of supply with posting of related extraordinary costs. As instead regards the figure concerning the sunglass and prescription eyewear segment, the sales decrease was substantially due to the *"Dolce & Gabbana Eyewear"* and "D&G *Dolce & Gabbana Eyewear"* lines.

EBITDA/EBIT

EBITDA totalled € 5.9 mn (with a 6.7% margin on sales) vs. € 12.9 mn (13.2% margin on sales) achieved in 1H04.

The decrease in EBITDA was mainly due to the lower margins made on sales of the Dolce & Gabbana lines as well as to stringent write-down of product inventory relating to the same lines. EBITDA was also impacted the increase of costs for creation of the collections, including those relating to the launch of the new Tom Ford and Just Cavalli lines, which will be presented in the last few months of 2005.

EBIT margin on sales was 1.2% (vs. 8.7% as at June 30th 2004), corresponding to € 1.1 mn in outright terms (vs. € 8.5 million as at June 30th 2004).

PRE-TAX PROFIT

The period ending on June 30th 2005 featured pre-tax profit of € 0.4 mn (vs. € 6.2 mn as at June 30th 2004).

NET FINANCIAL POSITION

The net financial position improved considerably, i.e. by € 6.9 mn, over December 31st 2004. This positive trend was ascribable to seasonality factors.
It is appropriate to point out that the net financial position as at June 30th 2004 benefited from a no-recourse sale of trade receivables, relating to third-party debtors, for € 6.9 mn. Consequently, based on like-for-like conditions, the net financial position as at June 30th 2004 would have featured debt of € -41.1 mn.

MAIN EVENTS OCCURRING AFTER END OF 1ST HALF AND EXPECTED BUSINESS PROGRESS

As from July this year, following signature of the transition agreement with Luxottica concerning the Dolce & Gabbana license, Marcolin has received from Luxottica a series of orders for production of products under the Dolce & Gabbana brand that will continue to be distributed by Luxottica. Thus far, achievement of this production volume has enabled us to avoid using the official temporary lay-off system, as had been decided on March 4th 2005 and that should have involved 180 employees. In view of the fact that (i) new licence agreements are gradually taking over as regards the company's production workload and (ii) the transition agreement does not envisage previously defined product volume, today it is not possible to determine whether use of the temporary lay-off system will in any case be necessary during the latter months of 2005 or during 2006.

In the second half it is reasonable to expect a major reduction of the sales and margin made with the Dolce & Gabbana lines, compared with the same period in 2004, due to the effects connected with termination of the relationship.

It will be possible to offset this reduction only in part with the new lines acquired for our portfolio during 2005 (Tom Ford and Just Cavalli).

On the cost front, a series of initiatives have been started to reduce and limit operating costs, although maintaining an adequate organisational and managerial structure for the launch and management of the new licenses. In addition, major product development and marketing costs will be borne for the new collections' launch.

As regards Cébé, it is expected that the difficulties experienced in the first part of the year in terms of sales and margin will also continue in the second half. To these must be added the effects of the restructuring plan approved, the costs of which are only partly reflected in the 1H05 result.

As regards the US affiliate, besides the effect of reduction of sales and margin relating to the Dolce & Gabbana lines, development is expected of the Kenneth Cole line limited by the licensor's decision to reposition the collections in a higher price range.

As a consequence of all the above, management believes that the year could end with a significant loss, since the positive effects of launch of the new lines (Just Cavalli, Tom Ford, and Ferrari) will start to show through only as from 2006.

IAS/IFRS

As regards the project for transition to the international accounting and financial reporting standards (IAS/IFRS) initiated during 2004, we advise that the Group has prepared the First-Half Interim Report as at June 30th 2005 on the basis of Italian GAAP. We confirm that definitive application of IAS/IFRS will take place with the Quarterly Report as at September 30th 2005, in accordance with relevant legal requirements and consistently with the progress status of the transition project currently under way.

The General Manager, Antonio Bortuzzo, made the following comment:
"2005 is a year of transition for the company, since non-renewal of the contract with Dolce & Gabbana and the time and costs necessary to start production of the new licensed lines will weigh down the year's results significantly, until introduction of the new brands makes its positive effects felt as from 2006".

Marcolin, listed on the Milan Bourse, is one of the leading eyewear companies, and stands out, in the luxury sector, for the premium quality of its products, its attention to detail, and for its premier distribution. In 2004 the company produced and distributed over 7 million eyeglass frames and sunglasses in some 400 models.
Its licensed product portfolio includes: Costume National Eyewear, Cover Girl Eyewear, Dolce & Gabbana Eyewear, D&G Dolce & Gabbana Eyewear, Ferrari, Just Cavalli Eyewear, Kenneth Cole Eyewear, Miss Sixty Glasses, Montblanc Eyewear, Replay Eyes, Roberto Cavalli Eyewear, The North Face Eyequipment, Timberland, and Tom Ford Eyewear. The Group's proprietary brands include Marcolin and Cébé.

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This press release is available on the Web site www.marcolin.com (section in English)

Attachments: summary financial statements of the Marcolin Group (the figures have not yet been certified by the independent auditor and verified by the Board of Statutory Auditors).

Consolidated Balance Sheet of the Marcolin Group

BALANCE SHEET - ASSETS *(euro\ thousand)*	**30/06/05**	**30/06/04**	**Difference**	**31/12/04**
Intangible fixed assets	13.139	14.073	-6,63%	13.042
Tangible fixed assets	11.772	13.784	-14,59%	12.639
Financial assets	1.771	2.016	-12,17%	1.735
Total fixed assets	**26.683**	**29.873**	**-10,68%**	**27.417**
Total current assets	131.007	137.950	-5,03%	126.482
Prepayments and accrued income	2.148	2.158	-0,49%	2.259
Total assets	**159.837**	**169.981**	**-5,97%**	**156.157**

SHAREHOLDRES' EQUITY AND LIABILITIES	**30/06/05**	**30/06/04**	**Difference**	**31/12/04**
Shareholders' equity	55.711	60.351	-7,69%	53.584
Share capital & reserve attributable to minority interest	0	0	0	0
Total shareholders' equity	**55.711**	**60.351**	**-7,69%**	**53.584**
Total provisions	9.018	8.353	7,96%	7.272
Total payables	93.532	99.284	-5,79%	93.690
Accrued liabilities and differed charges	1.576	1.994	-20,93%	1.611
Total liabilities and deferred charges	**159.837**	**169.981**	**-5,97%**	**156.157**

Consolidated Profit and Loss account of the Marcolin Group

Profit & Loss statement	**30/06/05**			**30/06/04**			**Difference**	
(EUR/thousand)		**% on revenues**			**% on revenues**			
Revenues from sales and services	88.385	100,0	%	97.595	100,0	%	(9,4)	%
Other income	1.037	1,2	%	1.421	1,5	%	(27,0)	%
Total revenues	**89.421**	**101,2**	**%**	**99.016**	**101,5**	**%**	**(9,7)**	**%**
Cost of sales	(63.574)	(71,9)	%	(64.765)	(66,4)	%	(1,8)	%
Value added	**25.848**	**29,2**	**%**	**34.251**	**35,1**	**%**	**(24,5)**	**%**
Personnel costs	(19.903)	(22,5)	%	(21.365)	(21,9)	%	(6,8)	%
Gross operating margin	**5.945**	**6,7**	**%**	**12.886**	**13,2**	**%**	**(53,9)**	**%**
Provisions and depreciations	(1.828)	(2,1)	%	(1.695)	(1,7)	%	7,9	%
Amortizations	(3.017)	(3,4)	%	(2.714)	(2,8)	%	11,2	%
Operating profit (EBIT)	**1.100**	**1,2**	**%**	**8.478**	**8,7**	**%**	**(87,0)**	**%**
Financial income and charges	(622)	(0,7)	%	(2.219)	(2,3)	%	(72,0)	%
Extraordinary income and expenses	(61)	(0,1)	%	(30)	(0,0)	%	99,5	%
Profit (loss) before taxes	**417**	**0,5**	**%**	**6.228**	**6,4**	**%**	**(93,3)**	**%**

Consolidated Cash Flow Statement of the Marcolin Group

30 June 2005
Consolidated Statement of Cash Flows

(thousand euro)	30.06.2005	31.12.2004
Financial standing at the beginning of the period	***(44.526)***	***(43.908)***
Total cash flow generated from operations	**5.473**	**7.717**
Total cash flow generated from working capital	**1.956**	**(4.012)**
Total cash flow from (for) investment activities	**(2.283)**	**(3.406)**
Total cash flow generated from equity movements	**1.710**	**(917)**
Financial standind at the end of the period	***(37.671)***	***(44.526)***