Longarone, November 10th 2006

Press release

Marcolin BoD approves results at September 30th 2006:
continued growth in sales of licences in portfolio and improvement of margin

Sales: € 113,042 thousand (€ 118,041 thousand at September 30th 2005, -4.2%; +34.6% based on like-for-like consolidation)
EBITDA: € 4,818 thousand (€ 1,434 thousand at September 30th 2005)
EBIT: € 207 thousand (€ -4,264 thousand at September 30th 2005)
Net result: € -4,687 thousand (€ -7,902 thousand at September 30th 2005)
Net financial position: € -51,732 thousand (€ -45,884 thousand at September 30th 2005)

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 at September 30th 2006. The full version of the report will be available on the company's website (www.marcolin.com) as from the date of filing.

Sales

Compared with the same period in the previous year, the Group reported a reduction in sales of € 4,999 thousand, which, expressed in percent terms, meant a YoY decrease of 4.2% (-4.9% based on constant exchange rates).
Net of sales achieved with the Dolce & Gabbana lines, we highlight considerable growth in revenues (+92.9%); based on like-for-like consolidation, excluding the contribution of new licenses, growth amounted to 34.6%.
The considerable recovery in sales was achieved thanks to the excellent results of the new fashion lines, Tom Ford Eyewear and Just Cavalli Eyewear (launched at the end of FY2005) and Ferrari and Web Eyewear (launched in 2Q06), combined with the very positive performance of the Roberto Cavalli Eyewear, Montblanc Eyewear, Miss Sixty Glasses, Replay Eyes and Timberland lines.

The geographical breakdown of sales was as follows:

Net sales detail *(Euro thousands)*	30.09.2006		30.09.2005		Increase (decrease)	
- Italy	26.958	23,8%	26.233	22,2%	725	2,8%
- Europe	35.863	31,7%	40.961	34,7%	(5.098)	(12,4)%
- U.S.A.	27.939	24,7%	27.170	23,0%	769	2,8%
- Rest of the world	22.281	19,7%	23.677	20,1%	(1.396)	(5,9)%
Total by geographical area	**113.042**	**100,0%**	**118.041**	**100,0%**	**(4.999)**	**(4,2)%**

With regard to sales deriving from subsidiaries, it should be noted that, compared with the same period in 2005, Marcolin USA reported a 3.2% increase in sales (expressed in USD). This was mainly due to the increased sales of the Kenneth Cole and Timberland lines. Cébé achieved revenues substantially in line with those for the same period in 2005 (+2%).

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EBITDA/EBIT

EBITDA gradually increased, reaching € 4,818 thousand (4.3% of sales), vs. € 1,434 thousand (1.2% of sales) recorded at September 30th 2005.

EBIT represented 0.2% of sales (-3.6% at September 30th 2005) and amounted to € 207 thousand (€ -4.264 thousand at September 30th 2005).

The improved margin is principally due to both the increased profitability in sales of product lines and to the positive effect of the product and commercial reorganisation carried out at the parent company and subsidiaries, the result being a reduction in costs.

Marcolin USA achieved substantial improvements in all the key operating indicators as a consequence of the positive change in the sales mix. At the end of the period there was a positive EBITDA of € 910 thousand, compared with € -2,000 thousand at September 30th 2005.
Cébé recorded negative EBITDA of € 3,086 thousand (€ -3,377 at September 30th 2005), influenced by the seasonality of sales. The result also reflects the costs of inventory write-down, undertaken to allow for renewal of models, and the process of strategic, organisational, and commercial reorganisation still underway.

Net result

The net result for the period was negative by € 4,687 thousand, which is nonetheless a distinct improvement on the previous year (negative by € 7,902 thousand at September 30th 2005).

Third quarter results

Operating figures for the third quarter of 2006 (3Q06) show a steady and continual improvement in the company's key performance indicators. More specifically:
• revenues from sales totalled € 30,349 thousand, vs. € 29,839 thousand in the third quarter of 2005 (3Q05), i.e. an increase of 1.7% (+92.8% net of revenues from the Dolce & Gabbana line);
• EBITDA was € 1,219 thousand (€ -4,437 thousand in 3Q05), with a 4.0% margin on sales (-14.9% in 3Q05);
• EBIT totalled € 76 thousand (€ -5,535 thousand in 3Q05), an increase of € 5,611 thousand and with a 0.3% margin on sales (-18.5% in 3Q05);
• the net result was negative by € 1,010 thousand (an improvement of € 4,803 thousand vs. 3Q05).

For the second quarter in a row, the figures highlight a positive operating profit and confirm the soundness of actions initiated in previous months and still underway. Taking the seasonality of the quarter into account, this result is even more significant since it makes up, on average, approximately 18% of annual sales.

Net financial position

The variation by € 5,554 thousand in the net financial position vs. that at December 31st 2005 is explained partly by seasonality factors, by increased stock, due to the production of new models which were recently presented, and by investments, totalling € 2,649 thousand, in production machinery in particular.

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SIGNIFICANT EVENTS AFTER END OF THIRD QUARTER AND EXPECTED BUSINESS PROGRESS

The parent company Marcolin S.p.A. has received authorisation from the CONSOB (Italian securities & exchange commission) to publish a prospectus concerning the capital increase, the terms and conditions of which were approved by the Board of Directors on October 30th 2006.
The capital increase consists of the issue of a maximum of 16,761,375 new ordinary shares, to be offered on a rights basis to shareholders, with 3 new shares offered for every 8 already held. The unit price is € 1.78, of which the share premium comes to € 1.26. The maximum total of the increase will therefore amount to € 29,835,247.50.
The offer will begin on November 13th 2006 and will end on December 1st 2006.
The aim of the capital increase is to improve the debt/equity ratio and to rebalance sources of funds, as well as providing new financial resources for the Group's overall development and, more specifically: the development of the licences already in our portfolio, the acquisition of new licences and the expansion of internal production capacities in order to meet increased demand for Italian-made products.

Analysis of the sales figures achieved by the Group in October confirms the positive trend of growth in sales recorded at September 30th 2006 and the significant impact made by the new lines in our portfolio.

As far as expected business progress is concerned, we confirm that FY2006 will feature significant sales and margin recovery. We estimate that the Group's net result, although negative, will show clear improvement over the FY2005 result.
The final quarter will not suffer the adverse effects that the end of the business relationship with Dolce & Gabbana generated in the 4Q05.

The General Manager, Antonio Bortuzzo, made the following comments: *"The significant growth in sales of brands already in our portfolio and of recently-acquired licences enabled the Group to achieve a tangible margin recovery, even more quickly than had been anticipated.*
In addition, the capital increase will give us new financial resources to use for the Group's growth."

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Attachments: summary financial statements of the Marcolin Group.

Marcolin Group Consolidated Balance Sheet (IAS/IFRS)

Consolidated Balance Sheet	**Marcolin Group**		
(In Euro thousands)	**30.09.2006**	**30.09.2005**	**31.12.2005**
ASSETS			
NON CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT	16.066	15.941	16.046
INTANGIBLE ASSETS	4.416	6.457	5.096
GOODWILL	2.553	2.886	2.740
INVESTMENTS	1.147	538	1.123
DEFERRED TAX ASSETS	5.036	5.196	5.328
OTHER NON CURRENT ASSETS	1.415	2.076	1.527
TOTAL NON CURRENT ASSETS	**30.633**	**33.094**	**31.860**
CURRENT ASSETS			
INVENTORIES	52.136	43.525	41.496
TRADE AND OTHER RECEIVABLES	49.465	54.637	57.352
OTHER CURRENT ASSETS	558	779	722
CASH AND CASH EQUIVALENTS	2.991	7.817	10.071
TOTAL CURRENT ASSETS	**105.149**	**106.756**	**109.641**
TOTAL ASSETS	**135.782**	**139.850**	**141.500**
SHAREHOLDERS' EQUITY			
SHARE CAPITAL	23.242	23.242	23.242
ADDITIONAL PAID IN CAPITAL	16.440	21.950	21.950
OTHER RESERVES	(488)	299	94
RETAINED EARNINGS (LOSSES)	(3.100)	8.086	8.097
PROFIT (LOSS) FOR THE PERIOD	(4.687)	(7.902)	(16.690)
MINORITY INTERESTS	0	0	0
TOTAL SHAREHOLDERS' EQUITY	**31.407**	**45.676**	**36.693**
LIABILITIES			
NON CURRENT LIABILITIES			
LONG TERM BORROWINGS	16.142	26.348	2.607
LONG TERM PROVISIONS	4.304	4.336	4.414
DEFERRED TAX LIABILITIES	2.571	2.195	2.664
OTHER NON CURRENT LIABILITIES	32	147	20
TOTAL NON CURRENT LIABILITIES	**23.050**	**33.025**	**9.705**
CURRENT LIABILITIES			
TRADE PAYABLES	34.556	22.441	30.683
SHORT TERM BORROWINGS	38.580	27.353	53.642
SHORT TERM PROVISIONS	1.619	2.789	2.975
INCOME TAXES	63	2.173	1.237
OTHER CURRENT LIABILITIES	6.506	6.391	6.565
TOTAL CURRENT LIABILITIES	**81.326**	**61.148**	**95.102**
TOTAL LIABILITIES	**104.375**	**94.174**	**104.807**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**135.782**	**139.850**	**141.500**

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Marcolin Group Consolidated Income Statement (IAS/IFRS)

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Consolidated Income Statement	Marcolin Group	
(in Euro thousands)		
	30.09.2006	**30.09.2005**
NET SALES	**113.042**	**118.041**
COST OF SALES	**(51.321)**	**(54.469)**
GROSS PROFIT	**61.721**	**63.572**
SELLING AND MARKETING COSTS	(54.096)	(57.080)
GENERAL AND ADMINISTRATIVE EXPENSES	(10.112)	(12.395)
OTHER INCOME AND EXPENSES	2.694	1.639
OPERATING PROFIT	**207**	**(4.264)**
FINANCIAL INCOME AND EXPENSES	(2.922)	(1.450)
NET RESULT BEFORE TAXES	**(2.715)**	**(5.714)**
INCOME TAXES	(1.972)	(2.188)
MINORITY INTERESTS	0	0
NET RESULT	**(4.687)**	**(7.902)**
EBITDA	**4.818**	**1.434**
EARNINGS (LOSSES) PER SHARE	**(0,105)**	**(0,177)**

Consolidated Cash Flow statement

(In euro thousands)	**30.09.2006**	**30.09.2005**
Operating activities :		
Operating profit before working capital changes	*6.996*	*7.119*
Cash flows provided (used) by working capital changes	*(8.368)*	*(7.546)*
Cash flows provided by operating activities	**(1.372)**	**(426)**
Cash flows used in investing activities	**(3.084)**	**(2.034)**
Cash flows provided (used) in financing activities	**(2.473)**	**695**
Cash and cash equivalents increase (decrease)	**(6.929)**	**(1.766)**
Effect of exchange rates on cash	(152)	303
Cash and cash equivalents at beginning of year	**10.071**	**9.280**
Cash and cash equivalents at year end	**2.991**	**7.817**

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