



Longarone, 30 March 2007  
Press Release

The Marcolin S.p.A. board of directors has approved the draft of its annual report and consolidated financial statements as at 31 December 2006. Revenue growth for all lines of its portfolio and improvement in profitability.

**Summary of 2006 consolidated figures**

**Revenue: €157.4 million (+2.3% over 2006 and +25.5% like-for-like in consolidated companies)**

**EBITDA: €4.9 million (vs. 2005 loss at this level of 2.6 million)**

**EBIT: loss of €6.7 million (loss of 12.6 million in 2005)**

**Net loss: €13.3 million, €10.8 million of which related to Céb  (net loss for 2005 of €16.7 million)**

**Net financial position: net debt of €32.1 million (vs. net debt of 46.2 million at the end of 2005)**

The Marcolin S.p.A. board of directors, chaired by Giovanni Marcolin Coffen, met today to approve the draft of its separate and consolidated financial statements as at 31 December 2006.

In particular, during 2006 the Marcolin Group:

- fully achieved – and more quickly than expected – the important goal of wholly replacing sales previously realized on brands licensed to the group by Dolce & Gabbana, the contract for which came to an end at the end of 2005. This was achieved by signing new licensing agreements and by significantly increasing the sales of all of its other existing brands;
- following extensive analysis, decided to sell off or, alternatively, to radically reorganize the C b  shareholding. Given this decision, the financial statements show costs related to assets held for sale in the amount of €5,695 thousand.

**PRIMARY CONSOLIDATED FIGURES**

**Revenues**

The group posted revenues as of 31 December 2006 of €157,428 thousand for an increase of 2.3% (or 2.2% at constant exchange rates) over 31 December 2005 (€153,963 thousand).

Excluding sales on the Dolce & Gabbana lines, sales for the Marcolin Group increased by 77.7% (+25.5% like-for-like in terms of consolidation, i.e. excluding the addition of new brands launched in 2006). The group has essentially managed to recover all sales lost with the conclusion of the D&G licensing agreement and can now focus on a more balanced, more diversified brand portfolio with the leading licenses expiring in 2010 and beyond. This considerable success was achieved thanks to significant growth in all brands in its portfolio.

Sales by geographic area break down as follows:

<b>Net sales by geografic area</b> <i>(euro thousands)</i>	<b>2006</b>		<b>2005</b>		<b>Increase (decrease)</b>	
- Italy	37.042	23,5%	35.916	23,3%	1.126	3,1%
- Europe	61.052	38,8%	62.653	40,7%	(1.601)	(2,6)%
- U.S.A.	35.177	22,3%	31.582	20,5%	3.595	11,4%
- Rest of the world	24.157	15,3%	23.812	15,5%	345	1,4%
<b>Total by geographical area</b>	<b>157.428</b>	<b>100,0%</b>	<b>153.963</b>	<b>100,0%</b>	<b>3.465</b>	<b>2,3%</b>



There was an 11.4% increase in sales in the U.S. (+11.5% at constant exchange rates) and an increase of 3.1% domestically. Significant increases were also posted by the subsidiaries Marcolin Portugal (+23.4%) and Marcolin France (+8.9%), figures which are even more significant when considering the difficulties resulting from the lack of sales previously generated by the Dolce & Gabbana brands, which accounted for a large part of total sales for the foreign subsidiaries.

### **EBITDA/EBIT**

Fiscal 2006 closed with EBITDA of €4,896 thousand (3.1% margin on sales) for a clear improvement of the loss at this level of €2,619 thousand as at 31 December 2005 (-1.7% margin). This improvement in EBITDA over fiscal 2005 was due primarily to the following:

- a lower level of costs for royalties paid to licensors in order to reach the guaranteed minimums and other fixed costs as a result of the increase in revenues posted by the group (+2.3%);
- an improvement in profitability for the sales of Marcolin USA;
- the containment of general and administrative costs.

Analyzing the performance of the fashion and luxury business separately from the area of sports products, we see that:

- the former posted an improvement of €9,147 thousand in EBITDA, going from the negative €169 thousand of 31 December 2005 to a positive €8,978 thousand, which testifies to the success of the actions taken by management to recover profitability in a short period of time;
- conversely, sports declined by €1,634 thousand in EBITDA, going from a negative €2,450 thousand to a negative €4,084 thousand.

### **Net earnings**

Consolidated net earnings were primarily affected by the loss recorded by Céb , which, given the operating loss (of €5,082 thousand) and the write-down to fair value less the expected costs for the sale of the unit's assets and liabilities (€5,695 thousand) resulting from their reclassification to held for sale, accounted for some 80% of the consolidated net loss of €13,284 thousand (compared with the loss of €16,690 thousand at 31 December 2005).

Following a detailed analysis of the activities performed by the subsidiary C b  in order to identify potential actions to take in order to improve the group's operating performance, the board of directors confirmed what had previously been discussed in 2006 and, having acknowledged the extent of the losses that have penalized the group over the years, has decided to seriously consider a third-party offer to buy C b  and to begin related negotiations. At the same time, given the importance of the C b  brand, the board is also preparing a plan to redevelop the unit in order to achieve profitability.

### **Net financial position**

At the end of the year, the transaction to increase share capital in the parent company Marcolin S.p.A. was successfully completed with the option for Marcolin shareholders to purchase new ordinary shares. The transaction was completed with all 16,761,375 ordinary shares offered to shareholders being purchased, with such shares having a par value of €0.52 each and a total value (including the share premium of €1.26 per share) of €29.8 million.

Net financial position for the Marcolin Group improved by €14.1 million over the previous year as a result of the aforementioned increase in share capital. As of 31 December 2006, the group had a net debt position of €32.1 million, as compared with net debt of €46.2 million at 31 December 2005.

Financial position was negatively affected by the absorption of cash by operations (€10 million) related both to an increase in net working capital and to the group's investing activities (€4.5 million).



## **PRIMARY FIGURES FOR THE GROUP PARENT MARCOLIN SPA**

### **Revenues**

Fiscal 2006 posted revenues of €87.8 million, as compared with the €85.2 million of 31 December 2005, for an increase of 3.1%.

### **EBITDA/EBIT**

Fiscal 2006 closed with EBITDA of €8.8 million (10.1% of sales), as compared with the €6.1 million (7.2% of sales) achieved in 2005.

The difference between the value and cost of production (i.e. EBIT) came to a loss at this level of €6.2 million (-7% of sales), as compared with the loss of €10.6 million for the previous year (-12.4% of sales as at 31 December 2005).

The improvement in these financials is attributable to the same factors indicated above in relation to the consolidated figures.

### **Net earnings**

The net loss of €11 million (compared with the net loss of €12 million at 31 December 2005) was heavily influenced, to the extent of €9,630 thousand, by the write-down to fair value of Céb  assets less the expected cost for the sale of such assets.

### **Proposed allocation of earnings**

The board of directors will recommend not distributing a dividend and covering the loss of €11 million with the partial use of the share-premium reserve.

## **MAIN EVENTS SUBSEQUENT TO YEAR-END AND OUTLOOK ON OPERATIONS**

Of particular note among the significant events occurring since year-end is that efforts continue to assess the buy-out offer of C b  that has been received, while at the same time work continues on the redevelopment plan defined so as to achieve profitability for C b  by redeveloping the brand.

In February 2007, the license for the manufacture and distribution within the American market of the Cover Girl Eyewear line was renewed through 31 December 2008. The conditions of the new agreement are essentially unchanged from those of the previous license.

In terms of the outlook on operations, of note is the fact that the first part of 2007 has, within the luxury & fashion and casual & trend markets, confirmed the success in sales of the collections, resulting in higher revenues, as well as consolidating the recently acquired brands.

In order to drive further growth, management is actively working to ensure new licenses that can complement the other brands currently in the company's portfolio. These efforts are focusing on internationally recognized brands in the luxury market, where the "Made in Italy" label is a mark of distinction.

In conclusion, for the sun and vision segment, fiscal 2007 will be characterized by a further increase in sales and additional gains in profitability.



As for the sports segment, on the other hand, despite the above with regard to the planned sale of assets, the difficulties encountered within this segment in 2006 are expected to continue into the first part of 2007.

### **General meeting of shareholders**

A general meeting of shareholders to approve the financial statements for 2006 has been scheduled for 26 April (first call) and 27 April 2007 (second call). The shareholders will also be asked to pass resolutions concerning the exit of a director from the board in 2006.

Extraordinary items on the agenda will include the approval of proposals to modify the articles of association in order to take account of the provisions of the Italian law designed to safeguard savings and investment (the *Legge sulla tutela del Risparmio* in Italian) and of the code of corporate governance (2006 edition). At the same time, additional changes to the articles of association and the rules for shareholder meetings adopted in 2004 will be proposed.

After the meeting of the board, General Manager Antonio Bortuzzo offered the following comments: *"In 2006, the company demonstrated that it is one of the leading players in the luxury eyewear market. The launch of new licenses has been well received by the marketplace. Fiscal 2007 will be characterized by further growth in sales and profitability thanks to the positive contribution of all the collections currently in the group's portfolio, as well as to the fact that the non-recurring items related to Céb , which characterized 2006, will not be repeated in 2007."*

Listed on the Italian stock exchange, Marcolin is a leader in eyewear and stands out within the luxury market for the high quality of its products, its attention to detail, and its prestigious distribution. In 2005, the company manufactured and sold 6.3 million pieces of eyewear in some 400 models.

Its licensed brand portfolio includes: Cover Girl 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 own brands include Marcolin and C b .

All documents are available on the company's web site ([www.marcolin.com](http://www.marcolin.com)).

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This press release is available on the web at [www.marcolin.com](http://www.marcolin.com) (English section)

Enclosures: summary financial statements for the Marcolin Group and for Marcolin S.p.A. (figures have not been certified by the independent auditors or verified by the board of statutory auditors)

Marcolin Group Consolidated Balance Sheet (IAS/IFRS)

<b>Consolidated balance sheet</b>	<b>Marcolin Group</b>	
<i>(In euro thousands)</i>	<b>31.12.2006</b>	<b>31.12.2005</b>
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
PROPERTY, PLANT AND EQUIPMENT	14.929	16.046
INTANGIBLE ASSETS	4.181	5.096
GOODWILL	2.454	2.740
INVESTMENTS	1.269	1.123
DEFERRED TAX ASSETS	3.735	5.328
OTHER NON CURRENT ASSETS	1.173	1.527
<b>TOTAL NON CURRENT ASSETS</b>	<b>27.742</b>	<b>31.860</b>
<b>CURRENT ASSETS</b>		
INVENTORIES	44.334	41.496
TRADE AND OTHER RECEIVABLES	51.986	57.352
OTHER CURRENT ASSETS	362	722
CASH AND CASH EQUIVALENTS	22.329	10.071
<b>TOTAL CURRENT ASSETS</b>	<b>119.012</b>	<b>109.641</b>
<b>ASSETS HELD FOR SALE</b>	<b>17.502</b>	<b>0</b>
<b>TOTALE ATTIVO</b>	<b>164.255</b>	<b>141.500</b>
<b>SHAREHOLDERS' EQUITY</b>		
SHARE CAPITAL	31.958	23.242
ADDITIONAL PAID IN CAPITAL	37.320	21.950
OTHER RESERVES	(782)	94
RETAINED EARNINGS (LOSSES)	(3.093)	8.097
PROFIT (LOSS) FOR THE PERIOD	(13.284)	(16.690)
MINORITY INTERESTS	0	0
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>52.119</b>	<b>36.693</b>
<b>LIABILITIES</b>		
<b>NON CURRENT LIABILITIES</b>		
LONG TERM BORROWINGS	30.309	2.607
LONG TERM PROVISIONS	4.808	4.414
DEFERRED TAX LIABILITIES	2.006	2.664
OTHER NON CURRENT LIABILITIES	25	20
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>37.148</b>	<b>9.705</b>
<b>CURRENT LIABILITIES</b>		
TRADE PAYABLES	34.543	30.683
SHORT TERM BORROWINGS	21.078	53.642
SHORT TERM PROVISIONS	1.459	2.975
INCOME TAXES	1.583	1.237
OTHER CURRENT LIABILITIES	4.927	6.565
<b>TOTAL CURRENT LIABILITIES</b>	<b>63.590</b>	<b>95.102</b>
<b>LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE</b>	<b>11.399</b>	<b>0</b>
<b>TOTAL LIABILITIES</b>	<b>112.136</b>	<b>104.807</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>164.255</b>	<b>141.500</b>

Marcolin Group Consolidated Income Statement (IAS/IFRS)

Consolidated income statement <i>(In euro thousands)</i>	Marcolin Group			
	2006	%	2005	%
NET SALES	157.428	100,0%	153.963	100,0%
COST OF SALES	(73.671)	(46,8)%	(78.121)	(50,7)%
<b>GROSS PROFIT</b>	<b>83.757</b>	<b>53,2%</b>	<b>75.842</b>	<b>49,3%</b>
SELLING AND MARKETING COSTS	(74.516)	(47,3)%	(73.840)	(48,0)%
GENERAL AND ADMINISTRATIVE EXPENSES	(13.851)	(8,8)%	(17.309)	(11,2)%
OTHER INCOME AND EXPENSES	(2.093)	(1,3)%	2.733	1,8%
<b>OPERATING PROFIT</b>	<b>(6.703)</b>	<b>(4,3)%</b>	<b>(12.575)</b>	<b>(8,2)%</b>
FINANCIAL INCOME AND EXPENSES	(4.007)	(2,5)%	(2.120)	(1,4)%
<b>NET RESULT BEFORE TAXES</b>	<b>(10.710)</b>	<b>(6,8)%</b>	<b>(14.694)</b>	<b>(9,5)%</b>
INCOME TAXES	(2.575)	(1,6)%	(1.996)	(1,3)%
MINORITY INTERESTS	0	0,0%	0	0,0%
<b>NET RESULT</b>	<b>(13.284)</b>	<b>(8,4)%</b>	<b>(16.690)</b>	<b>(10,8)%</b>
<b>EARNINGS (LOSSES) PER SHARE</b>	<b>(0,291)</b>		<b>(0,373)</b>	

Consolidated Cash Flow Statement (IAS/IFRS)

<i>In euro thousands</i>	31.12.2006	31.12.2005
Operating profit before working capital changes	5.240	1.056
Cash flows provided (used) by working capital changes	(15.195)	1.089
<b>Cash flows provided (used) by operating activities</b>	<b>(9.955)</b>	<b>2.145</b>
Cash flows (used) in investing activities	(4.523)	(3.806)
Cash flows provided by financing activities	28.056	2.142
<b>Cash and cash equivalents increase</b>	<b>13.579</b>	<b>482</b>
Effect of exchange rates on cash	(239)	310
<b>Cash and cash equivalents at beginning of year</b>	<b>10.071</b>	<b>9.280</b>
<b>Cash and cash equivalents at year end</b>	<b>23.411</b>	<b>10.071</b>

Marcolin S.p.A. Balance Sheet (IAS/IFRS)

<b>Balance Sheet</b>	<b>Marcolin S.p.A.</b>	
<i>(In euro thousands)</i>	<b>31.12.2006</b>	<b>31.12.2005</b>
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
PROPERTY, PLANT AND EQUIPMENT	11.498	11.110
INTANGIBLE ASSETS	2.559	2.849
GOODWILL	0	0
INVESTMENTS	22.665	29.568
DEFERRED TAX ASSETS	3.689	5.211
OTHER NON CURRENT ASSETS	9.031	11.633
<b>TOTAL NON CURRENT ASSETS</b>	<b>49.442</b>	<b>60.371</b>
<b>CURRENT ASSETS</b>		
INVENTORIES	37.256	24.825
TRADE AND OTHER RECEIVABLES	51.229	45.384
OTHER CURRENT ASSETS	213	346
CASH AND CASH EQUIVALENTS	16.206	1.578
<b>TOTAL CURRENT ASSETS</b>	<b>104.904</b>	<b>72.133</b>
<b>ASSETS HELD FOR SALE</b>	<b>5.784</b>	<b>0</b>
<b>TOTALE ATTIVO</b>	<b>160.129</b>	<b>132.504</b>
<b>SHAREHOLDERS' EQUITY</b>		
SHARE CAPITAL	31.958	23.242
ADDITIONAL PAID IN CAPITAL	37.320	21.950
OTHER RESERVES	8.376	8.376
RETAINED EARNINGS (LOSSES)	(3.573)	2.938
PROFIT (LOSS) FOR THE PERIOD	(11.005)	(12.026)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>63.077</b>	<b>44.481</b>
<b>LIABILITIES</b>		
<b>NON CURRENT LIABILITIES</b>		
LONG TERM BORROWINGS	30.263	2.550
LONG TERM PROVISIONS	4.808	4.175
DEFERRED TAX LIABILITIES	2.571	3.161
OTHER NON CURRENT LIABILITIES	0	0
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>37.642</b>	<b>9.885</b>
<b>CURRENT LIABILITIES</b>		
TRADE PAYABLES	33.748	25.570
SHORT TERM BORROWINGS	20.318	46.795
SHORT TERM PROVISIONS	1.944	2.830
INCOME TAXES	668	0
OTHER CURRENT LIABILITIES	2.731	2.942
<b>TOTAL CURRENT LIABILITIES</b>	<b>59.410</b>	<b>78.138</b>
<b>TOTAL LIABILITIES</b>	<b>97.052</b>	<b>88.023</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>160.129</b>	<b>132.504</b>

Marcolin S.p.A. Income Statement (IAS/IFRS)

Income Statement	Marcolin S.p.A.			
<i>(In euro thousands)</i>				
	2006	%	2005	%
<b>NET SALES</b>	<b>87.833</b>	<b>100,0%</b>	<b>85.202</b>	<b>100,0%</b>
<b>COST OF SALES</b>	<b>(52.842)</b>	<b>(60,2)%</b>	<b>(51.182)</b>	<b>(60,1)%</b>
<b>GROSS PROFIT</b>	<b>34.991</b>	<b>39,8%</b>	<b>34.020</b>	<b>39,9%</b>
<b>SELLING AND MARKETING COSTS</b>	(29.254)	(33,3)%	(28.827)	(33,8)%
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	(13.587)	(15,5)%	(8.547)	(10,0)%
<b>OTHER INCOME AND EXPENSES</b>	1.688	1,9%	(7.210)	(8,5)%
<b>OPERATING PROFIT</b>	<b>(6.162)</b>	<b>(7,0)%</b>	<b>(10.564)</b>	<b>(12,4)%</b>
<b>FINANCIAL INCOME AND EXPENSES</b>	(2.581)	(2,9)%	(1.008)	(1,2)%
<b>NET RESULT BEFORE TAXES</b>	<b>(8.743)</b>	<b>(10,0)%</b>	<b>(11.572)</b>	<b>(13,6)%</b>
INCOME TAXES	(2.262)	(2,6)%	(454)	(0,5)%
MINORITY INTERESTS	0	0,0%	0	0,0%
<b>NET RESULT</b>	<b>(11.005)</b>	<b>(12,5)%</b>	<b>(12.026)</b>	<b>(14,1)%</b>
<b>EARNINGS (LOSSES) PER SHARE</b>	<b>(0,241)</b>		<b>(0,269)</b>	

Marcolin S.p.A. Cash Flow Statement (IAS/IFRS)

In euro thousands	31.12.2006	31.12.2005
Operating profit before working capital changes	6.795	6.112
Cash flows provided (used) by working capital changes	(19.583)	(5.664)
<b>Cash flows provided (used) by operating activities</b>	<b>(12.789)</b>	<b>448</b>
Cash flows (used) in investing activities	(3.549)	(6.717)
Cash flows provided by financing activities	30.965	4.622
<b>Cash and cash equivalents increase</b>	<b>14.627</b>	<b>(1.647)</b>
Effect of exchange rates on cash		
<b>Cash and cash equivalents at beginning of year</b>	<b>1.578</b>	<b>3.226</b>
<b>Cash and cash equivalents at year end</b>	<b>16.206</b>	<b>1.578</b>