First-Half Report
Marcolin Group
As of June 30th 2005

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Share capital Euro 23,596,560.00 fully paid up.
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TABLE OF CONTENTS

CORPORATE BODIES AND OFFICERS

BOARD OF DIRECTORS (1)

Chairman and Executive Director	Giovanni Marcolin Coffen
Vice-Chairman	Diego Della Valle
Executive Director	Maurizio Coffen Marcolin
Executive Director	Cirillo Coffen Marcolin
Executive Director and General Manager	Antonio Bortuzzo
Director	Luigi Abete
Director	Emanuele Alemagna
Director	Maurizio Boscarato
Director	Maurizio Dallocchio
Director	Emilio Macellari
Director	Carlo Montagna
Director	Matteo Tamburini

REMUNERATION COMMITTEE

Maurizio Dallocchio	President
Emanuele Alemagna	
Emilio Macellari	

INTERNAL AUDITING COMMITTEE

Emanuele Alemagna	President
Maurizio Boscarato	

Carlo Montagna

BOARD OF STATUTORY AUDITORS (1)

President	Diego Rivetti
Auditor	Mario Cognigni
Auditor	Graziano Visentin
Standing Statutory Auditor	Rino Funes
Standing Statutory Auditor	Osvaldo Galeazzo D'Ambrosi

INDEPENDENT AUDITORS

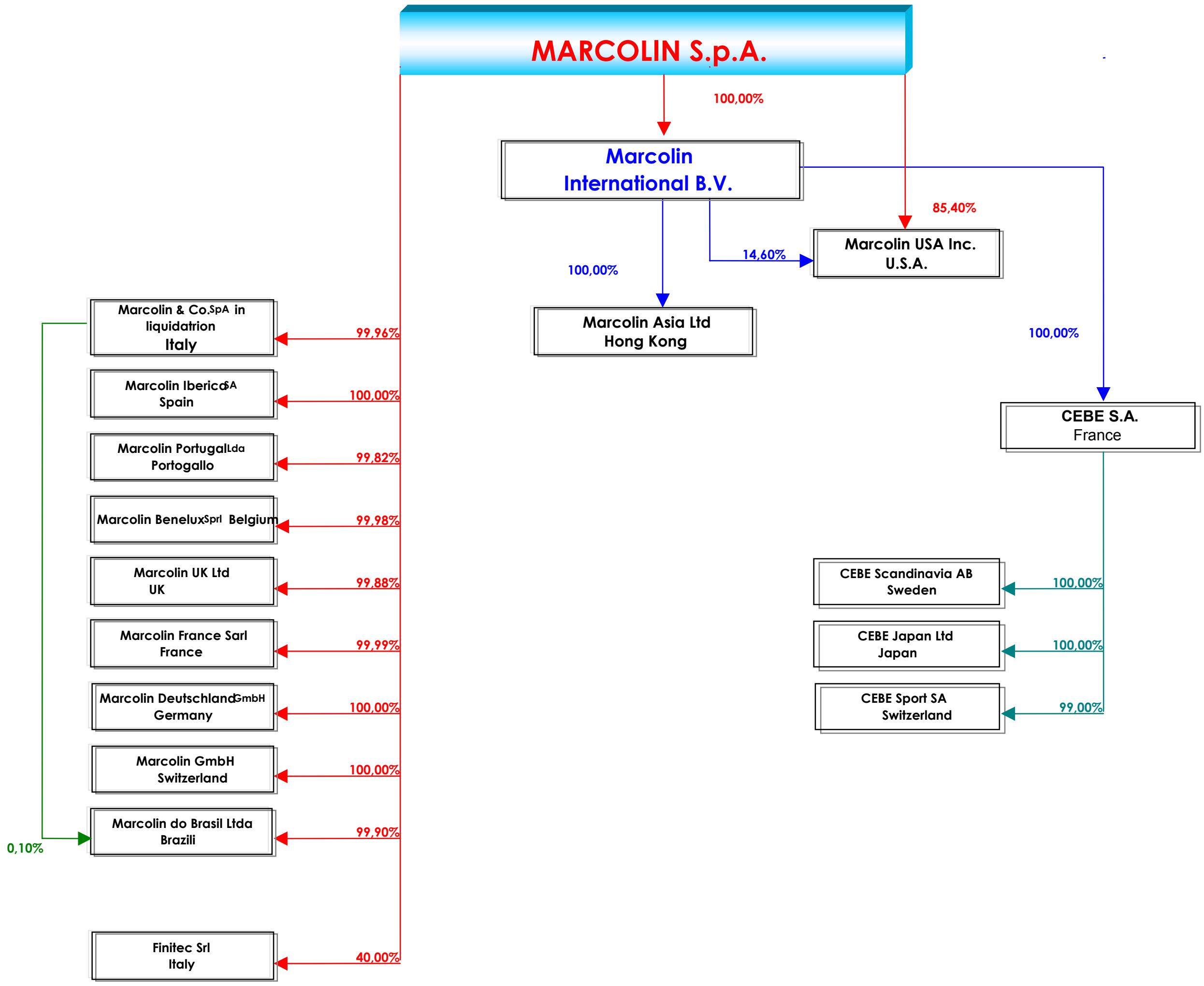
PricewaterhouseCoopers S.p.A. (2)

(1) Term of Office until the date of the meeting called to approve the financial statements as of December 31st 2007 (as decided by the Ordinary Shareholders' Meeting on April 28th 2005);
(2) Term of Office financial years 2005-2007 (as decided by the Ordinary Shareholders' Meeting on April 28th 2005).

NATURE OF POWERS GRANTED TO INDIVIDUAL DIRECTORS:

The Executive Director Maurizio Coffen Marcolin and Cirillo Coffen Marcolin have been vested, within certain limits, of the widest powers of management and representation. The Chairman and Managing Director, Antonio Bortuzzo, has been vested, to a more limited extent, with powers of ordinary administration in the sphere of recurrent operations.

STRUCTURE OF THE MARCOLIN GROUP



Report on Operations of the Marcolin Group in the half-year ended June 30th 2005

Shareholders

Before starting our report, we wish to state that the Company has taken advantage of the possibility given by the CONSOB Regulation 11971/1999 and its subsequent amendments, exonerating it from its obligation to prepare and present a quarterly report related to the second quarter 2005. As a result, Marcolin is publishing this half-year report earlier than required, pursuant to the aforementioned Regulations.

Furthermore, also note that:

- in accordance with the provisions under Art. 81-bis, paragraph 3 letter b) of the Consob Regulation 11971/1999 and its subsequent amendments, the remarks and analyses contained in this Report refer, unless otherwise indicated, to the consolidated Group financial statements;
- in accordance with the matters allowed under Art. 81-bis, paragraph 7 letter b) of the Consob Regulation 11971/1999 and its subsequent amendments, the results of the period are expressed before taxes.

IAS/IFRS

Based on the prevailing legislation, note that during the financial year 2005 (the first year of application of the international accounting standards) the Marcolin Group made the following decisions:

- the Group prepared the consolidated first quarter report as of March 31st 2005 according to the Italian accounting policies and communication of the activities underway for transition to IAS/IFRS international accounting standards;
- the Group prepared the consolidated Half-Year Report as of June 30th, 2005 according to the Italian accounting policies and prepared the reconciliation statements of the results and shareholders' equity as of June 30th, 2005 with the values calculated in compliance with the IAS/IFRS. Furthermore, attached to the First-Half Report, in compliance with the CONSOB resolution no. 14990 of April 14, 2005, is the reconciliation statement (required under IFRS 1) between Shareholders' equity as of January 1st 2004, December 31st, 2004 and January 1st 2005, as well as the income statement 2004 resulting from application of the Italian accounting policies and respective values measured in compliance with the IAS/IFRS;
- the Group will apply the international accounting standards as of the consolidated quarterly report as of September 30th 2005.

Based on the matters explained in the Consob circular no. DEM/5025723 of April 15, 2005, which established the methods and the extension of the auditing activity to perform in the transition phase to the international accounting standards, Marcolin S.p.A. assigned PricewaterhouseCoopers S.p.A. to perform the comprehensive audit of the IFRS reconciliation statements relating to the Balance sheet as of January 1st, 2004, the Income statement 2004, the balance sheet as of December 31st, 2004 and January 1st, 2005. These reconciliation statements are attached to this Half-Year Report.

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Operating performance

Sales in the sector in which Marcolin Group companies operate are affected by seasonal swells. Specifically, the first half of the year reports the best sales performance for the companies that sell sunglasses and vision glasses, while sales are highest in the first and fourth quarter for the Group companies that sell goggles and masks generally used in winter sports.

Before beginning with our analysis of the key figures of the first half, note that in the first half of 2005, the Marcolin Group achieved positive economic results, albeit slightly down compared with the same period last year.
Performance was negatively affected by the earliest effects arising from Dolce&Gabbana's decision not to renew the license to Marcolin which expires on October 1st, 2005 (explained further in the section regarding sales by collection) and the overall context of the European market, characterised by a crisis in consumption generated by a generally weak economic situation despite there being some signs of recovery.

The first half of 2005 ended with consolidated pre-tax profits of Euro 417 thousand, down with respect to June 30th, 2004 (Euro 6,228 thousand). Consolidated sales amounted to Euro 88,385 thousand, down 9.4% compared with the first half 2004 (Euro 97,595 thousand).

Sales breakdown by geographical area

Sales are divided as follows by geographical area:

AREA	30.06.2005		30.06.2004		Difference	
(EUR/thousand)	Turnover	% on total	Turnover	% on total	Difference	Difference %
Geographical area						
- Italy	20.378	23,1	22.589	23,1	-2.211	-9,8
- Europe	35.686	40,4	45.166	46,3	-9.480	-21,0
- U.S.A.	20.570	23,3	20.614	21,1	-45	-0,2
- Rest of the world	11.751	13,3	9.226	9,5	2.525	27,4
Total	**88.385**	**100,0**	**97.595**	**100,0**	**-9.211**	**-9,4**

Group sales posted a loss of Euro 9,211 thousand compared with the same period in 2004; expressed in percentage terms, the loss meant a year on year decrease of 9.4% (-8.5% based on comparable exchange rates).

The contraction in sales was mainly due to the drop in sales of the lines "*Dolce&Gabbana Eyewear*" (-7% of sales in the first half 2004) and "D&G *Dolce&Gabbana Eyewear*" (-18%), and the reduction of the Cébé line (-27%), countered by the positive trend of the "*Roberto Cavalli Eyewear*" line *(+17%)* and, in the US market, the *"Kenneth Cole"* line, whose sales grew thanks to extension of the distribution license for prescription eyewear in the optician channel, which began in 2005.

As far as the Dolce&Gabbana lines are concerned, note 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 as of October 1st 2005 for the main international markets (although Marcolin SpA will continue to be holder of the contract until December 31st 2005 for some geographical areas).

In relation to the relationships with Dolce&Gabbana, note that:

- In the month of October 2004, Dolce&Gabbana notified Marcolin of its desire not to renew the contract for production and sale of the Dolce&Gabbana Eyewear and D&G Dolce&Gabbana Eyewear lines, expiring as of December 31st, 2005;
- Concurrently, Dolce&Gabbana notified Marcolin that it had reached an agreement with Luxottica Group for production and sale of the same lines, starting on January 1st, 2006;
- In the month of by December 2004, Marcolin reached an agreement with Luxottica Group to (i) alleviate the negative impact on sales in 2005 arising from transition of the licenses and (ii) produce for Luxottica several models already produced and sold by Marcolin.

The negative impact was alleviated on most of the outlet markets by anticipating the changeover of the license to October 1st 2005 which made it possible for Marcolin to develop new collections close to the deadline of the license to divide with Luxottica part of the charge related to payment of the guaranteed minimums.

Despite the undeniable positive effects arising from reaching the transition agreement with Luxottica, Dolce&Gabbana's decision not to renew the license with a great deal more advance notice than normal industry practices caused a situation of uncertainty on the market. Operators were hesitant to act until they learned the product proposal of the new license-holder. As early as the first half of 2005, this situation of uncertainty led to a reduction in orders from customers and also had an adverse effect on the sales force's activity, concerned with the negative impact arising from the failure to renew the license.

An analysis of the sales breakdown by geographical area confirms the trend already reported in the previous quarter. It shows a major reduction in sales in Europe (-21%) and in Italy (-9.8%) – geographical areas where sales of the Dolce&Gabbana and Cébé lines are most concentrated – countered by good performance in the rest of the world, where sales increased by 27.4%.

Business sector.

The Marcolin Group is structured in two operating areas, namely:

- Manufacture and marketing of vision eyewear and sunglasses (Marcolin and its affiliates);

- Manufacture and marketing of ski masks, goggles and sports accessories of the Cébé and The North Face (Cébé) lines.

The companies operating in these sectors are controlled by Marcolin S.p.A.

The schedules that follow highlight the income and asset and liability data of the two business sectors.

Balance Sheet (EUR/thousand)	Cébé		Marcolin & Subsidiaries	
	30.06.2005	30.06.2004	30.06.2005	30.06.2004
Assets				
Fixed assets	1.615	1.787	25.067	28.086
Current assets	16.314	18.629	114.693	119.321
Prepayments and accrued income	197	245	1.950	1.913
Total	**18.127**	**20.661**	**141.710**	**149.320**
Shareholders' equity and liabilities				
Shareholders' equity	671	3.538	55.040	56.812
Share capital and reserves attributable to minority interests	0	0	0	0
Provisions for contingencies and staff leaving indemnity	771	422	8.247	7.931
Payables	16.675	16.701	76.857	82.583
Accrued liabilities and deferred charges	10	0	1.566	1.994
Total	**18.127**	**20.661**	**141.710**	**149.320**

Profit & loss statement	**Cébé**		**Marcolin & Subsidiaries**	
(EUR/1000)	30/06/2005	30/06/2004	30/06/2005	30/06/2004
Revenues from sales and services	6.949	9.143	81.435	88.452
Other income	89	169	948	1.252
Total revenues	**7.038**	**9.312**	**82.383**	**89.704**
Cost of sales	5.259	6.176	58.315	58.589
Value added	**1.779**	**3.136**	**24.068**	**31.115**
Personnel costs	3.669	3.612	16.233	17.753
Gross operating margin (EBITDA)	**(1.890)**	**(476)**	**7.835**	**13.362**
Provision and depreciation	135	68	1.694	1.627
Amortizations	435	434	2.582	2.280
Operating profit (EBIT)	**(2.460)**	**(978)**	**3.559**	**9.455**
Financial income and charges	(286)	(312)	(336)	(1.907)
Extraordinary income and expenses	(377)	(63)	316	32
Profit (loss) before taxes	**(3.123)**	**(1.353)**	**3.540**	**7.581**

As regards the figures relating to Cébé, the 24% decrease in sales reference. (Euro -2,194 thousand in real terms) was primarily due to a less than positive reception of the new product lines, felt above all in France, which is Cébé's market of
In view of the negative results reported by Cébé, management at the parent company began an in-depth analysis and verification of the product design and business development as well as the entire production process, with a view to recovering sales volumes and profit margins in the affiliate. In consideration of the results of this analysis, the French subsidiary presented and approved a

reorganisation plan that will lead to closure of some production departments and consequent use of outside sources of supply; in the first half year, implementation of the plan led to posting extraordinary charges for Euro 311 thousand as a provision for impending costs related to terminating part of the personnel of the Frasne production plant (France). In addition, a plan is being studied to reorganise the product design and development activities.

As regards sales in the sunglasses and vision eyewear segment, the decrease was substantially due to the *"Dolce&Gabbana Eyewear"* and *"D&G Dolce&Gabbana Eyewear" lines*.

Highlights of the consolidated income statement.

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)**	**%**

EBIT margin on sales was 1.2% (against 8.7% as at June 30th, 2004), corresponding to Euro 1,100 thousand (against Euro 8,478 thousand as at June 30th, 2004).
EBITDA totalled Euro 5,945 thousand (with a 6.7% margin on sales) against Euro 12,886 thousand (13.2% margin on sales) achieved in the first half of 2004.

To make it easier to understand the Group results and to provide continuity of information with the financial statements of previous periods, the main economic indicators posted by Marcolin USA and the companies present around the world are shown in the table given below.

	USA				RDM			
(Euro '000)	30.06.05	%	30.06.04	%	30.06.05	%	30.06.04	%
REVENUES	20.835	100,0	21.815	100,0	67.549	100,0	75.780	100,0
EBITDA	-849	-4,1	-150	-0,7	6.793	10,1	13.036	17,2
EBIT	-1.634	-7,8	-988	-4,5	2.734	4,0	9.465	12,5
PRE TAX	-1.610	-7,7	-1.206	-5,5	2.026	3,0	7.434	9,8

The reduction in EBITDA was mainly due to the lower margins made on sales of the Dolce&Gabbana lines as well as to a 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.

In relation to the performance on the American market, note that the loss of Euro 980 thousand in sales compared with the first half 2004 owes exclusively to the effect of the exchange rate. The value of sales expressed in US dollars has not changed, at parity periods, while the sales mix changed pursuant to (*i*) the decision to reduce the *key accounts* in the distribution channel and (*ii*) termination of the Mossimo line, which led to sales losses of around Euro 4,500 thousand, offset by introduction of the Kenneth Cole line in the opticians sector and the increase in sales of Timberland.

The main consolidated costs related to operations and financial management are as follows:

Costs (EUR/thousand)	**30.06.05**	**30.06.04**
Raw materials, consumables, finished products costs	(23916)	(23968)
Service costs	(27147)	(26367)
Leasing and rental	(9458)	(9514)
Personnel costs	(19903)	(21365)
Depreciations and devaluations	(3667)	(3484)
Interests and other financial charges	(1647)	(2136)
Profit (loss) on exchange rate	902	(419)
TOTAL	**(84836)**	**(87254)**

As regards the above data, we note:

- Costs for raw & ancillary materials and finished products: the item remains essentially unchanged with respect to June 30th 2004, despite the contraction in sales, due to the higher purchases made to cope with the introduction of the new Kenneth Cole Optical and Just Cavalli lines;

- Service rendered: this item rose Euro 779 thousand with respect to the first half 2004 and is due to the parent company's use of external services for operating phases not present in the normal production cycle, as well as higher costs due to the change in the contracts of some representatives of Marcolin USA, explained further in the comment, "Payroll";

- Leases, rentals and royalty expenses: the value of this item, which is due in large measure to the royalties due to license-holders, remained essentially unchanged with respect to June 30th, 2004 despite the reduction in sales, to consider the effect of the minimum amounts guaranteed by contract to license-holders;

- Payroll: this item decreased by Euro 1,462 thousand with respect to last year, mainly attributable to the decrease in costs in all the Group companies and in particular, Marcolin USA, which posted a decrease of Euro 528 thousand due to conversion of several employment contracts into agency contracts;

- Interest and other financial charges: as a whole, this item reported a decrease of Euro 489 thousand with respect to the same period last year, due to the improved financial position of the Group;

- Exchange gains and losses: the change on the same half-year period in 2004 is Euro 1,321 thousand, attributable mainly to the increase in gains on exchange rates for Euro 988 thousand connected with the improved exchange rate between the Euro and US Dollar.
  Adding to the improvements in the gains on exchange rates were the losses which decreased by Euro 333 thousand.

Main financial highlights relating only to the second quarter 2005

Profit & loss statement (Euro '000)	2° quarter 2005		2° quarter 2004	
Revenues from sales and services	45647	100%	48.624	100,0%
Other income	557	1,2%	845	1,7%
Total revenues	**46204**	**101,2%**	**49.469**	**101,7%**
Cost of sales	34069	74,6%	31.907	65,6%
Value added	**12135**	**26,6%**	**17.562**	**36,1%**
Personnel costs	10071	22,1%	11.028	22,7%
Gross operating margin (EBITDA)	**2064**	**4,5%**	**6.533**	**13,4%**
Provision and depreciation	1466	3,2%	1.159	2,4%
Amortizations	1553	3,4%	1.318	2,7%
Operating profit (EBIT)	**(955)**	**-2,1%**	**4.056**	**8,3%**
Financial income and charges	(281)	-0,6%	(1.057)	-2,2%
Extraordinary income and expenses	(287)	-0,6%	28	0,1%
Profit (loss) before taxes	**(1524)**	**-3,3%**	**3.027**	**6,2%**

With reference to the economic data relating only the second quarter 2005, note the following values compared with the values of the second quarter 2004:

- Revenues from sales came to Euro 45,647 thousand with respect to Euro 48,624 thousand in the second quarter 2004 with a decrease of 6.1%;
- EBITDA reported a balance of Euro 2,064 thousand (Euro 6,533 thousand in the second quarter 2004), with a decrease of 68.4% and affecting sales for 4.5% (13.4% in the second quarter 2004);
- EBIT posted a loss of Euro 955 thousand (Euro 4,056 thousand in the second quarter 2004), marking a decrease of Euro 5,011 thousand and affecting sales for - 2.1% (8.3% in the second quarter 2004);
- pre-tax results amounted to a loss of Euro 1,524 thousand (the second quarter 2004 posted profits of Euro 3,027 thousand).

Balance sheet and net financial position

Financial Position (EUR/thousand)	300.602.005	30.06.2004	31.12.2004
Treasury Stock	947	778	947
Cash on hand	12.885	21.706	9.280
Total financial liquidity	**13.832**	**22.484**	**10.227**
Current payables due to banks	-21.953	-22.081	-23.656
Medium/long-term payables due to banks	-28.500	-33.645	-29.973
Other financing payables	-1.050	-966	-1.123
Total borrowings	**-51.503**	**-56.692**	**-54.753**
Net Financial Position	**-37.671**	**-34.208**	**-44.526**

The net financial position posted a considerable increase of Euro 6,855 thousand with respect to December 31st, 2004, mainly due to cash flow from operations. Note that the good performance of the net financial position is also linked to seasonality, as shown in the introduction to the report.

The net financial position as at June 30th, 2004 improved after the Company factored receivables from third-party debtors for Euro 6,900 thousand without recourse. Consequently, based on like-for-like conditions, the net financial position as at June 30th, 2004 would have reported debt of Euro 41,108 thousand.
During the half year period, the parent company Marcolin S.p.A. repaid the principal on loans for Euro 4,183 thousand.

Completing the analysis of the Group's financial situation, note that the ratio between the net debt and shareholders' equity is 0.68, reporting an improvement compared with the 0.83 as of December 31st, 2004.
See the cash flow statement for further information.

Financial highlights of the balance sheet are as follows:

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**

The Euro 4,525 thousand rise in current assets compared to December 31st 2004 is due to the combined effect of the increase in receivables of Euro 2,311 thousand (owing partly to the effects of seasonality) and the increase in liquidities for Euro 3,604 thousand.
The increase of Euro 1,588 thousand with respect to December 31st 2004 "Reserves and payables" was attributable for Euro 906 thousand to a prudent allocation made against failure to reach the minimum volumes on some licenses during the financial year 2005.

Disclosure pursuant to Art. 40 of Legislative Decree. no. 127/91

Pursuant to Art. 40 of Leg. Decree 127/91, we are providing the following information:

a) Research and develop is performed through two divisions; the first is a centralised organisation (based in Treviso) which is responsible for working closely with licensors to create new collections, handle styling, research into new materials, and develop collections for sunglasses, prescription eyewear, and sports goggles and masks. The second division works closely with the other division and handles product development and industrialisation;
b) As at June 30th, 2005 Marcolin S.p.A. held 681,000 of treasury stock for a total nominal value of Euro 354,120.00. The figure reported in the financial statements, valued at the lower of purchase and current market price, is Euro 947 thousand. Treasury stock held by the company accounts for approximately 1.50% of Marcolin S.p.A.'s total share capital;
c) No Group company holds shares in the parent company.

Significant subsequent events and outlook for operations

As mentioned, pursuant to signing the transition agreement, Marcolin will produce products with the Dolce&Gabbana brand on behalf of Luxottica. These products will be distributed by Luxottica. Thus far, achievement of these production volumes has enabled Marcolin to avoid making recourse to the official temporary lay-off system, as decided on March 4th 2005, which potentially involved 180 employees. In view of the fact that (i) new licence agreements involving Marcolin are gradually taking over the company's production workload and (ii) the transition agreement does not require attaining previously-defined product volumes, it is difficult to determine at this time whether use of the temporary lay-off system may still be necessary in late 2005 or early 2006.

However, despite the transition agreement and the volumes of orders already received from Luxottica, the Group still expects to post a substantial loss in sales and profit margins with the Dolce&Gabbana lines in the second half of 2005 with respect a year earlier, due to:

- the need to apply a higher than average discount on the products in the collection;
- sales of products outside of the collection at break-up prices;
- product supply to the Luxottica Group, which comes with a lower profit margin than usually attainable with regular customers.

The difficulty in estimating the performance which the three aforementioned variables will assume in the remaining months of 2005 makes it difficult to measure the expected loss in sales and profits relating to the Dolce&Gabbana lines. Management believes that this reduction can also lead to a very substantial loss for the year.

It will be possible to offset the reduction only in part with the new lines acquired for our portfolio during 2005 (Tom Ford and Just Cavalli) which will become material only as of 2006. Furthermore, sales of the Ferrari brand collection will commence in 2006.

On the cost front, the Company has launched a series of initiatives to reduce and limit operating costs, while maintaining an organisational and managerial structure appropriate to the start-up and management of the new licenses; in addition, major product development and marketing costs (estimated at Euro 4 million) will be incurred for launch of the new collections.

As regards Cébé, the difficulties experienced in the first part of the year in terms of sales and profit margins are expected to continue in the second half. Added to this are the effects of the approved restructuring plan, the costs of which are only partly reflected in the first half 2005 results.
Also note that if the negative results of Cébé continue through to the end of the year, it may become necessary to write-back the receivables for deferred taxation booked as of December 31st, 2004. Also, the Company may not be able to recognise the credit on losses for the year. This adjustment was not recognised in the course of this half year, since the Company took advantage of the ability to report the pre-tax results of the year.

As regards the US affiliate, in addition to the losses in sales and profit relating to the Dolce&Gabbana lines, the company also expects development in the Kenneth Cole line to be limited by the licensor's decision to reposition the collections in a higher price range.

As a consequence of these factors, management believes that the year could end at a significant loss, since the positive effects of launch of the new lines (Just Cavalli, Tom Ford, and Ferrari) will begin to be felt in 2006.

Supplementary information

Information on irregular, unusual transactions and related-party transactions

With reference to the recommendation made in CONSOB notification DAC/98015375 dated February 27th, 1998, the information irregular, unusual transactions and related-party transactions is given below.

Irregular and unusual transactions

Marcolin S.p.A. and the subsidiaries belonging to the Marcolin Group did not carry out any transactions during the first half of 2005 which were outside their normal course of business, or which would have made a significant impact on the results, balance sheet and financial position of Marcolin S.p.A. and the Group.

Related-party transactions

Transactions with subsidiary or affiliated companies are chiefly commercial and financial in nature, carried out at arm's length conditions, and refer to services rendered and regulated according to the cost criteria. Aside from the infragroup transactions, there were no transactions with related parties to report.

Other events and disclosures

There are no other events of importance to report that might significantly influence Marcolin's performance or modify its balance sheet, financial position and results.

Longarone, September 12th, 2005
Chairman of the Board of Directors
GIOVANNI MARCOLIN COFFEN

MARCOLIN GROUP

CONSOLIDATED BALANCE SHEET at June 30th 2005

Assets				30.06.05	30.06.04	31.12.04
A)	**Share capital issued and not yet paid**			0	0	0
B)	**Fixed assets**					
	I Intangible fixed assets					
	1 Installation and expansion cost			0	20.413	0
	2 Research, development and advertising c			118.612	94.723	92.004
	3 Industrial and other patent rights			1.908.097	116.100	66.066
	4 Concessions, licenses, trademarks and similar rights			3.482.882	4.199.741	3.606.582
	5 Goodwill			0	0	0
	6 Assets under construction and advances			0	1.443.493	2.008.938
	7 Other			1.100.226	1.123.199	1.083.017
	8 Difference of currency conversion			6.529.507	7.075.184	6.185.525
	Total intangible assets			13.139.324	14.072.853	13.042.133
	II Tangible fixed assets					
	1 Land and buildings			6.264.311	6.648.306	6.441.638
	2 Plant and machinery			1.309.444	1.886.939	1.514.733
	3 Industrial and commercial equipment			1.916.581	1.991.635	2.113.272
	4 Other goods			2.252.003	3.181.285	2.533.552
	5 Construction in progress and advances			29.818	75.521	36.218
	Total tangible assets			11.772.158	13.783.686	12.639.413
	III Financial assets					
	1 Investments					
	a)	subsidiaries		0	0	0
	b)	associated companies		553.593	541.513	559.775
	c)	parent companies		0	0	0
	d)	other companies		0	0	0
	Total investments			553.593	541.513	559.775
	2 Receivables					
	a)	from subsidiaries	- within 12 months	0	0	0
			- after 12 months	0	0	0
	b)	from associated companies	- within 12 months	0	0	0
			- after 12 months	0	0	0
	c)	from parent companies	- within 12 months	0	0	0
			- after 12 months	0	0	0
	d)	other	- within 12 months	0	0	0
			- after 12 months	1.096.912	1.333.481	1.045.534
	Total receivables			1.096.912	1.333.481	1.045.453
	3 Other securities			120.659	141.490	129.690
	4 Own shares			0	0	0
	Total financial assets			1.771.164	2.016.484	1.734.999
	Total fixed assets			**26.682.646**	**29.873.023**	**27.416.545**
C)	**Current assets**					
	I Inventory					
	1 Raw materials, auxiliary materials and spare parts			9.191.775	8.618.225	8.961.971
	2 Work in progress			6.371.317	4.893.901	6.010.149
	3 Contract work in progress			0	0	0
	4 Finished goods			30.572.550	35.628.036	32.554.367
	5 Advances			0	0	0
	Total inventory			46.135.641	49.140.162	47.526.487
	II Receivables					
	1 Trade receivables		- within 12 months	64.954.659	58.538.001	62.098.318
			- after 12 months	0	0	0
	2 Receivables from subsidiaries		- within 12 months	0	0	0
			- after 12 months	0	0	0
	3 Receivables from associated companies		- within 12 months	0	0	0
			- after 12 months	0	0	0
	4 Receivables from parent companies		- within 12 months	0	0	0
			- after 12 months	0	0	0
	4- *bis* Receivables from tax authorities		- within 12 months	770.415	1.561.991	1.278.612
			- after 12 months	0	0	0
	4-*ter* Accrued taxes		- within 12 months	2.462.963	2.227.043	2.461.682
			- after 12 months	2.314.981	3.309.820	2.314.981
	5 Other receivables		- within 12 months	535.740	639.995	574.498
			- after 12 months	645	49.009	648
	Total receivables			71.039.403	66.325.859	68.728.739
	III Short term investments					
	1 Investments In subsidiaries			0	0	0
	2 Investments In associated companies			0	0	0
	3 Investments In parent companies			0	0	0
	4 Other Investments			0	0	0
	5 Own shares (for a nominal value at 31.12.2004 of Euro 354.120,08)			946.589	778.382	946.589
	6 Other securities			0	0	0
	Total short term investments			946.589	778.382	946.589
	IV Cash and banks					
	1 Bank and postal deposits			12.842.961	21.654.183	9.145.289
	2 Checks			10.689	39.565	117.142
	3 Cash on hand			31.548	11.915	17.628
	Total cash and banks			12.885.198	21.705.662	9.280.060
	Total current assets			**131.006.831**	**137.950.065**	**126.481.875**
D)	**Prepayments and accrued income**			2.147.591	2.158.195	2.258.534
TOTAL ASSETS				**159.837.068**	**169.981.284**	**156.156.954**

MARCOLIN GROUP

CONSOLIDATED BALANCE SHEET at June 30th 2005

Liabilities and shareholder's equity			30.06.05	30.06.04	31.12.04
A)	**Shareholders' equity**				
I	*Share capital*		23.596.560	23.596.560	23.596.560
II	*Share premium reserve*		21.950.034	21.950.034	21.950.034
III	*Revaluation reserve*		0	0	0
IV	*Legal reserve*		1.702.893	1.620.170	1.620.170
V	*Reserve for treasury stock*		0	0	0
VI	*Statutory reserves*		946.589	778.382	946.589
VII	*Other reserves*				
	- Currency conversion reserve		-7732403	-7744929	-9441972
VIII	*Profits (losses) carried forward*		14.830.194	13.922.192	13.754.057
IX	*Profit (loss) for the year*		416.707	6.228.162	1.158.826
	Total shareholders' equity of the Group		**55.710.574**	**60.350.572**	**53.584.265**
X	*Third parties equity and reserves*		0	0	0
XI	*Profits (losses) of competence of third parties*		0	0	0
	Net Equity of competence of third parties		**0**	**0**	**0**
Total shareholders' equity			**55.710.574**	**60.350.572**	**53.584.265**
B)	**Provisions for contingencies and commitments**				
	1 Provision for severance indemnities and similar commitments		820.423	648.708	746.219
	2 Provision for deferred taxes		279.549	183.360	221.954
	3 Other provisions		2.863.406	2.695.731	1.397.993
	Total provisions for contingencies and commitments		**3.963.378**	**3.563.799**	**2.366.166**
C)	**Staff leaving indemnity**		**5.054.915**	**4.789.497**	**4.905.774**
D)	**Payables**				
	1 Bonds and debentures	- within 12 months	0	0	0
		- after 12 months	0	0	0
	2 Convertible bonds	- within 12 months	0	0	0
		- after 12 months	0	0	0
	3 Payable to Shareholders for financing	- within 12 months	0	0	0
		- after 12 months	0	0	0
	4 Banks loans and overdrafts	- within 12 months	21.952.855	22.081.111	23.656.400
		- after 12 months	28.499.545	33.645.019	29.972.954
	5 Other financing payables	- within 12 months	151.440	288.681	148.037
		- after 12 months	898.745	677.203	975.325
	6 Advances	- within 12 months	0	0	0
		- after 12 months	0	0	0
	7 Trade payables	- within 12 months	32.511.519	33.031.244	28.474.726
		- after 12 months	0	0	0
	8 Notes payables	- within 12 months	0	0	0
		- after 12 months	50.936	111.431	53.716
	9 Payables to subsidiaries	- within 12 months	0	0	0
		- after 12 months	0	0	0
	10 Payables to associated companies	- within 12 months	897.782	1.083.511	1.117.161
		- after 12 months	0	0	0
	11 Payables to parent companies	- within 12 months	0	0	0
		- after 12 months	0	0	0
	12 Taxes payable	- within 12 months	2.444.087	1.483.222	4.216.635
		- after 12 months	0	0	0
	13 Social security payables	- within 12 months	1.339.362	1.336.497	1.726.745
		- after 12 months	0	0	0
	14 Other payables	- within 12 months	4.683.745	5.445.470	3.260.889
		- after 12 months	101.814	100.302	87.565
	Total payable		**93.531.830**	**99.283.691**	**93.690.155**
E)	**Accrued liabilities and deferred charges**		**1.576.371**	**1.993.724**	**1.610.594**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			**159.837.068**	**169.981.284**	**156.156.954**

Memorandum accounts		30.06.05	30.06.04	31.12.04
Risks assumed				
a)	Guarantees lent to third parties	2.780.665	2.274.221	2.032.914
b)	Guarantees lent to subsidiaries	2.976.000	6.315.271	2.976.000
c)	Other guarantees lent to subsidiaries	2.580.137	0	2.301.639
Goods on third parties hands		0	0	0
Group committments		0	923.699	0
	Total memorandum accounts	8.336.802	9.513.191	7.310.553

MARCOLIN GROUP

Consolidated income statement at June 30th 2005

	30.06.05	30.06.04	31.12.04
A) Value of production			
1 Revenues from sales and services	88.384.509	97.595.020	173.202.328
2 Changes in work in progress and finisched goods	-2.317.651	-2.961.611	-3.402.289
3 Variations in contracted work in progress	0	0	0
4 Increase in internal construction capitalized	267.553	414.392	748.026
5 Other income			
a) grants and subsidies	0	0	0
b) other	769.310	1.006.802	1.868.689
Total other income	**769.310**	**1.006.802**	**1.868.689**
Total value of production	**87.103.721**	**96.054.602**	**172.416.754**
B) Cost of production			
6 Cost of raw materials, auxiliary materials, spare parts and goods	23.916.201	23.968.132	48.101.412
7 Costs for services	27.146.770	26.367.479	48.504.317
8 Cost for utilization of third parties' assets (leasing)	9.458.356	9.513.940	16.218.869
9 Personnel costs			
a) salaries and wages	15.492.577	16.875.067	31.438.568
b) social contributions	3.814.429	3.865.818	7.738.177
c) staff leaving indemnity	441.843	463.138	887.959
d) other social contributions	76.179	82.277	163.434
e) other costs	77.782	78.463	156.945
Total personnel costs	**19.902.810**	**21.364.762**	**40.385.083**
10 Depreciation and write-down			
a) amortization of intangible assets	1.259.706	908.684	1.872.091
b) depreciation of tangible fixed assets	1.757.074	1.805.120	3.700.936
c) other writes-down of assets	0	43.133	43.133
d) write-down of receivables recorded among current assets	649.924	770.600	1.527.550
Total depreciation and write-down	**3.666.703**	**3.484.404**	**7.100.577**
11 Change in inventory of raw materials, auxiliary materials, spare parts and gooc	264.925	1.288.435	880.523
12 Accruals for contingencies	1.178.410	924.121	866.038
13 Other accruals	0	0	0
14 Other operating charges	469.912	665.681	1.133.247
Total cost of production	**86.004.088**	**87.576.955**	**163.190.066**
Difference between value and cost of production (A-B)	**1.099.633**	**8.477.647**	**9.226.688**
C) Financial income and charges			
15 Income from investments			
a) dividends from subsidiaries	0	0	0
b) dividends from associated companies	0	0	0
c) dividends from other investments	0	0	0
d) other income from investments	0	0	0
Total Income from Investments	**0**	**0**	**0**
16 Other financial income			
a) from receivables recorded as fixed assets:			
- subsidiaries	0	0	0
- associated companies	0	0	0
- parent companies	0	0	0
- other	55.669	100.507	145.487
Subtotal 16 a)	**55.669**	**100.507**	**145.487**
b) from securities recorded as fixed assets	0	0	0
c) from securities recorded as current assets	0	864	864
d) other financial income			
- from subsidiaries	0	0	0
- from associated companies	0	0	0
- from parent companies	0	0	0
- Other	75.032	211.372	604.091
Subtotal 16 d)	**75.032**	**211.372**	**604.091**
Total other financial income	**130.702**	**312.743**	**750.442**
17 Interest and other financial charges			
a) - from subsidiaries	10.204	0	0
b) - from associated companies	0	0	0
c) - from parent companies	0	0	0
e) interest payable	1.095.328	1.385.440	2.708.392
f) other	541.424	750.844	1.325.136
Total interest and other financial charges	**1.646.956**	**2.136.284**	**4.033.527**
17- *bis* Gains and Losses on Exchange rate			
a) gains	1.811.106	823.435	1.801.293
b) losses	-909.571	-1.242.483	-1.800.320
Total Gains and Losses on Exchange rate	**901.535**	**-419.047**	**972**
Total (15+16-17+-17 bis)	**-614.719**	**-2.242.589**	**-3.282.113**

MARCOLIN GROUP

Consolidated income statement at June 30th 2005

		30.06.05	30.06.04	31.12.04
D)	**Adjustments to the value of financial operations**			
	18 Revaluation			
	a) investments in share capital	0	5.170	23.432
	b) other investments	0	0	0
	c) securities recorded as current assets	0	18.386	187.650
	Total Revaluation	**0**	**23.556**	**211.081**
	19 Write down of			
	a) investments in share capital	7.462	0	0
	b) other than equity investments	0	0	0
	c) securities recorded as current assets	0	0	0
	Total Write down	**7.462**	**0**	**0**
	Total Adjustments (18-19)	**-7.462**	**23.556**	**211.081**
E)	**Extraordinary income and expenses**			
	20 Income			
	a) capital gains on disposal of assets	70.948	21.224	42.663
	b) other extraordinary income	304.418	180.529	491.445
	Total extraordinary income	**375.366**	**201.754**	**534.108**
	21 Expenses			
	a) losses on disposal of assets	24.904	20.495	40.086
	b) taxes relating to previous periods	0	66.152	98.729
- Currency	c) other extraordinary charges	411.208	145.559	526.927
	Total extraordinary expenses	**436.111**	**232.206**	**665.742**
	Total extraordinary items (20-21)	**-60.746**	**-30.453**	**-131.634**
Profit (loss) before taxes (A-B±C±D±E)		**416.707**	**6.228.162**	**6.024.022**
	22 Income taxes for the period			
	a) Current Taxes			4.346.479
	b) Deferred Taxes			272.850
	c) Accrued Taxes			245.867
	Total Income taxes for the period	**0**	**0**	**4.865.196**
	23 Profit (loss) for the PERIOD	**416.707**	**6.228.162**	**1.158.826**

MARCOLIN SpA

CONSOLIDATED BALANCE SHEET at June 30th 2005

Assets		30.06.05	30.06.04	31.12.04
A) Share capital issued and not yet paid		0	0	0
B) Fixed assets				
I Intangible fixed assets				
1 Installation and expansion cost		0	0	0
2 Research, development and advertising c		0	0	0
3 Industrial and other patent rights		1.908.097	116.100	66.066
4 Concessions, licenses, trademarks and similar rights		227.360	335.268	274.980
5 Goodwill		13.682	16.170	14.926
6 Assets under construction and advances		0	1.443.493	2.008.938
7 Other		984.804	1.091.795	1.057.743
Total intangible assets		3.133.944	3.002.825	3.422.653
II Tangible fixed assets				
1 Land and buildings		1.949.597	1.974.155	1.995.332
2 Plant and machinery		1.174.675	735.544	1.373.003
3 Industrial and commercial equipment		1.108.602	691.113	1.157.116
4 Other goods		1.236.165	880.969	1.370.717
5 Construction in progress and advances		3.500	4.667	0
Total tangible assets		5.472.539	4.286.448	5.896.168
III Financial assets				
1 Investments				
a) subsidiaries		23.285.019	28.682.373	23.285.019
b) associated companies		258.228	258.228	258.228
c) parent companies		0	0	0
d) other companies		0	0	0
Total investments		23.543.248	28.940.602	23.543.248
2 Receivables				
a) from subsidiaries	- within 12 months	16.633.562	8.344.351	12.627.807
	- after 12 months	0	0	0
b) from associated companies	- within 12 months	0	0	0
	- after 12 months	0	0	0
c) from parent companies	- within 12 months	0	0	0
	- after 12 months	0	0	0
d) other	- within 12 months	0	0	0
	- after 12 months	10.380	73.292	35.866
Total receivables		16.643.942	8.417.643	12.663.673
3 Other securities		0	0	0
4 Own shares		0	0	0
Total financial assets		40.187.189	37.358.245	36.206.921
Total fixed assets		**48.793.672**	**44.647.518**	**45.525.742**
C) Current assets				
I Inventory				
1 Raw materials, auxiliary materials and spare parts		6.304.045	6.023.749	6.353.997
2 Work in progress		4.582.412	3.219.369	4.501.241
3 Contract work in progress		0	0	0
4 Finished goods		12.176.235	14.800.091	14.977.189
5 Advances		0	0	0
Total inventory		23.062.692	24.043.209	25.832.427
II Receivables				
1 Trade receivables	- within 12 months	36.782.378	28.766.150	33.527.155
	- after 12 months	0	0	0
2 Receivables from subsidiaries	- within 12 months	25.653.330	28.513.616	20.467.696
	- after 12 months	0	0	0
3 Receivables from associated companies	- within 12 months	0	0	0
	- after 12 months	0	0	0
4 Receivables from parent companies	- within 12 months	0	0	0
	- after 12 months	0	0	0
4- *bis* Receivables from tax authorities	- within 12 months	0	710.339	0
	- after 12 months	0	0	0
4-*ter* Accrued taxes	- within 12 months	2.435.474	2.227.043	2.435.474
	- after 12 months	2.314.981	3.309.820	2.314.981
5 Other receivables	- within 12 months	324.997	278.397	362.178
	- after 12 months	0	0	0
Total receivables		67.511.159	63.805.365	59.107.484
III Short term investments				
1 Investments In subsidiaries		0	0	0
2 Investments In associated companies		0	0	0
3 Investments In parent companies		0	0	0
4 Other Investments		0	0	0
5 Own shares (for a nominal value at 31.12.2004 of Euro 354.120,08)		946.589	778.382	946.589
6 Other securities		0	0	0
Total short term investments		946.589	778.382	946.589
IV Cash and banks				
1 Bank and postal deposits		4.071.399	13.437.293	3.218.237
2 Checks		0	15.727	613
3 Cash on hand		20.060	9.898	6.890
Total cash and banks		4.091.459	13.462.918	3.225.740
Total current assets		**95.611.899**	**102.089.874**	**89.112.240**
D) Prepayments and accrued income		601.195	877.951	579.510
TOTAL ASSETS		**145.006.766**	**147.615.344**	**135.217.492**

MARCOLIN SpA

CONSOLIDATED BALANCE SHEET at June 30th 2005

Liabilities and shareholder's equity			30.06.05	30.06.04	31.12.04
A)	**Shareholders' equity**				
I	*Share capital*		23.596.560	23.596.560	23.596.560
II	*Share premium reserve*		21.950.034	21.950.034	21.950.034
III	*Revaluation reserve*		0	0	0
IV	*Legal reserve*		1.702.893	1.620.170	1.620.170
V	*Reserve for treasury stock*		0	0	0
VI	*Statutory reserves*		946.589	778.382	946.589
VII	*Other reserves*				
	- Currency conversion reserve		0	0	0
VIII	*Profits (losses) carried forward*		5.569.710	4.166.187	3.997.980
IX	*Profit (loss) for the year*		2.752.186	6.794.796	1.654.453
	Total shareholders' equity of the Group		**56.517.972**	**58.906.129**	**53.765.786**
X	*Third parties equity and reserves*		0	0	0
XI	*Profits (losses) of competence of third parties*		0	0	0
	Net Equity of competence of third parties		**0**	**0**	**0**
Total shareholders' equity			**56.517.972**	**58.906.129**	**53.765.786**
B)	**Provisions for contingencies and commitments**				
	1 Provision for severance indemnities and similar commitments		805.942	670.012	731.522
	2 Provision for deferred taxes		910.711	68.801	910.711
	3 Other provisions		2.415.800	2.385.730	1.289.584
	Total provisions for contingencies and commitments		**4.132.452**	**3.124.543**	**2.931.817**
C)	**Staff leaving indemnity**		**4.711.915**	**4.507.497**	**4.580.774**
D)	**Payables**				
	1 Bonds and debentures	- within 12 months	0	0	0
		- after 12 months	0	0	0
	2 Convertible bonds	- within 12 months	0	0	0
		- after 12 months	0	0	0
	3 Payable to Shareholders for financing	- within 12 months	0	0	0
		- after 12 months	0	0	0
	4 Banks loans and overdrafts	- within 12 months	18.880.990	1.502.352	13.982.096
		- after 12 months	28.499.545	31.000.281	29.772.865
	5 Other financing payables	- within 12 months	0	143.970	0
		- after 12 months	793.171	396.586	793.171
	6 Advances	- within 12 months	0	0	0
		- after 12 months	0	0	0
	7 Trade payables	- within 12 months	23.791.547	24.696.450	20.551.879
		- after 12 months	0	0	0
	8 Notes payables	- within 12 months	0	0	0
		- after 12 months	0	0	0
	9 Payables to subsidiaries	- within 12 months	1.393.455	3.891.272	1.888.408
		- after 12 months	0	0	0
	10 Payables to associated companies	- within 12 months	897.782	1.083.511	1.117.161
		- after 12 months	0	0	0
	11 Payables to parent companies	- within 12 months	0	0	0
		- after 12 months	0	0	0
	12 Taxes payable	- within 12 months	1.812.043	0	2.604.120
		- after 12 months	0	0	0
	13 Social security payables	- within 12 months	470.405	506.094	806.739
		- after 12 months	0	0	0
	14 Other payables	- within 12 months	2.619.757	3.394.955	1.806.258
		- after 12 months	0	0	0
	Total payable		**79.158.695**	**80.136.170**	**73.322.697**
E)	**Accrued liabilities and deferred charges**		**485.732**	**941.005**	**616.417**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			**145.006.766**	**147.615.344**	**135.217.492**

Memorandum accounts		30.06.05	30.06.04	31.12.04
Risks assumed				
a)	Guarantees lent to third parties	2.780.665	2.274.221	2.032.914
b)	Guarantees lent to subsidiaries	2.976.000	6.315.271	2.976.000
c)	Other guarantees lent to subsidiaries	2.580.137	0	2.301.639
Goods on third parties hands		0	0	0
Group committments		253.144	1.336.723	333.084
	Total memorandum accounts	8.589.946	9.926.215	7.643.637

MARCOLIN SpA

Consolidated income statement at June 30th 2005

	30.06.05	30.06.04	31.12.04
A) Value of production			
1 Revenues from sales and services	50.725.639	55.501.204	98.371.342
2 Changes in work in progress and finisched goods	-2.220.264	-2.190.720	-731.733
3 Variations in contracted work in progress	0	0	0
4 Increase in internal construction capitalized	267.553	414.392	734.039
5 Other income			
a) grants and subsidies	0	0	0
b) other	463.668	736.720	1.321.523
Total other income	**463.668**	**736.720**	**1.321.523**
Total value of production	**49.236.595**	**54.461.614**	**99.695.172**
B) Cost of production			
6 Cost of raw materials, auxiliary materials, spare parts and goods	14.767.955	16.344.745	33.948.191
7 Costs for services	14.581.692	13.605.644	26.300.580
8 Cost for utilization of third parties' assets (leasing)	4.667.587	4.398.134	7.666.655
9 Personnel costs			
a) salaries and wages	6.280.145	6.454.362	11.655.980
b) social contributions	1.842.860	1.812.177	3.713.156
c) staff leaving indemnity	441.843	451.034	873.245
d) other social contributions	0	0	0
e) other costs	17.108	91.111	16.476
Total personnel costs	**8.581.957**	**8.726.684**	**16.258.857**
10 Depreciation and write-down			
a) amortization of intangible assets	609.330	234.768	523.365
b) depreciation of tangible fixed assets	971.258	931.325	1.962.249
c) other writes-down of assets	0	0	0
d) write-down of receivables recorded among current assets	350.000	350.000	700.000
Total depreciation and write-down	**1.930.588**	**1.516.093**	**3.185.614**
11 Change in inventory of raw materials, auxiliary materials, spare parts and gooc	549.472	677.714	347.466
12 Accruals for contingencies	1.111.744	904.145	790.095
13 Other accruals	0	0	0
14 Other operating charges	97.152	174.234	235.841
Total cost of production	**46.288.147**	**46.347.393**	**88.733.300**
Difference between value and cost of production (A-B)	**2.948.449**	**8.114.221**	**10.961.872**
C) Financial income and charges			
15 Income from investments			
a) dividends from subsidiaries	0	0	930.629
b) dividends from associated companies	0	0	0
c) dividends from other investments	0	0	0
d) other income from investments	0	0	0
Total Income from Investments	**0**	**0**	**930.629**
16 Other financial income			
a) from receivables recorded as fixed assets:			
- subsidiaries	0	129.098	0
- associated companies	0	0	0
- parent companies	0	0	0
- other	190.764	0	292.062
Subtotal 16 a)	**190.764**	**129.098**	**292.062**
b) from securities recorded as fixed assets	0	0	0
c) from securities recorded as current assets	0	864	864
d) other financial income			
- from subsidiaries	0	0	0
- from associated companies	0	0	0
- from parent companies	0	0	0
- Other	52.841	190.900	561.176
Subtotal 16 d)	**52.841**	**190.900**	**561.176**
Total other financial income	**243.605**	**319.997**	**853.238**
17 Interest and other financial charges			
a) - from subsidiaries	10.204	11.400	22.623
b) - from associated companies	0	0	0
c) - from parent companies	0	0	0
e) interest payable	933.632	1.120.433	2.231.498
f) other	100.241	131.110	248.577
Total interest and other financial charges	**1.044.076**	**1.262.943**	**2.502.698**
17- *bis* Gains and Losses on Exchange rate			
a) gains	1.385.491	623.093	1.465.321
b) losses	-952.782	-1.050.652	-1.575.357
Total Gains and Losses on Exchange rate	**432.709**	**-427.559**	**-110.037**
Total (15+16-17+-17 bis)	**-367.762**	**-1.370.505**	**-828.868**

MARCOLIN SpA

Consolidated income statement at June 30th 2005

	30.06.05	30.06.04	31.12.04
D) Adjustments to the value of financial operations			
18 Revaluation			
a) investments in share capital	0	0	1.302.646
b) other investments	0	0	0
c) securities recorded as current assets	0	18.386	186.593
Total Revaluation	**0**	**18.386**	**1.489.239**
19 Write down of			
a) investments in share capital	0	0	6.700.000
b) other than equity investments	0	0	0
c) securities recorded as current assets	0	0	0
Total Write down	**0**	**0**	**6.700.000**
Total Adjustments (18-19)	**0**	**18.386**	**-5.210.761**
E) Extraordinary income and expenses			
20 Income			
a) capital gains on disposal of assets	0	0	0
b) other extraordinary income	199.780	148.145	2.295.032
Total extraordinary income	**199.780**	**148.145**	**2.295.032**
21 Expenses			
a) losses on disposal of assets	0	0	0
b) taxes relating to previous periods	0	50.313	803.900
- Currency c) other extraordinary charges	28.281	65.138	98.056
Total extraordinary expenses	**28.281**	**115.451**	**901.956**
Total extraordinary items (20-21)	**171.499**	**32.693**	**1.393.077**
Profit (loss) before taxes (A-B±C±D±E)	**2.752.186**	**6.794.796**	**6.315.319**
22 Income taxes for the period			
a) Current Taxes			3.753.628
b) Deferred Taxes			120.830
c) Accrued Taxes			786.408
Total Income taxes for the period	**0**	**0**	**4.660.866**
23 Profit (loss) for the PERIOD	**2.752.186**	**6.794.796**	**1.654.453**

Explanatory notes to the consolidated half-year accounting schedules as of June 30th, 2005

1 INTRODUCTION

1.1 Group business

The Group parent company, Marcolin S.p.A., operates in the area of manufacture and marketing of vision fashion eyewear and sunglasses, while the companies pertaining to the subholding company Cébé operate in the manufacture and marketing of ski goggles and sports eyewear and accessories. The other invested companies market, in their respective countries, products of both the parent company and the Cébé Group.

1.2 Legal regulations and accounting standards

The Consolidated report and accounts for the period ending on June 30th, 2005 have been prepared in compliance with Italian Legislative Decree no. 127/1991 and its subsequent amendments, integrated by the accounting principles laid down by Italian Joint Commission of Chartered & Registered accountants. The Consolidated report and accounts for the period ending on June 30th, 2005 was prepared while also considering the matters under Legislative Decree no. 58 of 24 February 1998 and the Consob regulation 11971/1999 (art. 81-*bis* and appendix 3C-*bis* I) and subsequent modifications and integrations.
These notes explain, analyse and, in some cases, supplement the data reported on the face of the consolidated financial statements and contain the information required by article 38 and other sections of Leg. Decree 127/1991. We have provided complementary information deemed necessary for truthful and proper representation, even if not specifically required by law.
The Company has taken advantage of its right as per Article 81-*bis* section 7 of CONSOB resolution no. 11971 of May 1999 and subsequent modifications, to report income for the period before tax and therefore, the value does not include current or deferred taxation. Similarly, the income and shareholders' equity of the companies in the consolidation area are calculated based on the respective results and equity amounts, before taxation.
In cases where legal regulations require specific information on items and events that are not present or that are non-existent, instead of indicating their non-applicability to the present Interim report & accounts we have preferred not to mention them at all, so as not to further burden exposition in these Explanatory Notes.

These accounts reflect the line-by-line consolidation of the financial statements of Marcolin S.p.A. and its subsidiaries.

Information relating to the effects of IAS/IFRS as of June 30th 2005

The modifications made to the Issuers' Regulation no. 11971/1999 of the Consob resolution no. 14990 of April 17th, 2005, have introduced a transitory regime for the mandatory interim reports relating to the financial year as of January 1st, 2005 and

approved by September 30th, 2005.
As allowed by Art. 81-bis of the new regulations, the half year report has been prepared in compliance with the regulations that regulate consolidated financial statements and is completed by the reconciliation of shareholders' equity as of June 30th, 2005 and as of December 31st, 2004 and the results as of June 30th, 2005, determined with the criteria used for the financial statements of the previous period, with respect to the value assumed during application of the International Accounting Standards.

2 GENERAL POLICIES FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATION

2.1 Consolidation area

The Marcolin Group Consolidated Half-Year Report as of June 30th, 2005 reflects the consolidation at that date of Marcolin S.p.A. (parent company) and its Italian and foreign subsidiaries in which the parent company directly or indirectly exercises a dominant influence.

The financial statements used for consolidation are those prepared by the individual companies' directors and approved by the respective shareholder meetings or boards of directors in accordance with regulations applicable in the various countries, adjusted and restated, when necessary, to align them with the accounting policies envisaged by Italian Legislative Decree 127/1991 and with Italian and international accounting standards. The main adjustments basically concern accounting for leasing transactions using the financial method and valuation at equity of equity interests not included in the consolidation area.

Below we list equity investments consolidated on a line-by-line basis and, for the sake of completeness of information, those accounted for at equity:

List of companies valued a line-by-line basis

Company	Headquarters	Currency	Capital Stock	% ownership	
				Direct	Indirect
Marcolin & Co. S.p.A.	Longarone	EUR	593.130,00	99,96%	-
Marcolin France Sarl	Morez	EUR	577.744,58	99,99%	-
Marcolin (Deutschland) GmbH	Ludwigsburg	EUR	300.000,00	100,00%	-
Marcolin (UK) Ltd	Newbury	GBP	850.000,00	99,88%	-
Marcolin Iberica S.A.	Barcelona	EUR	487.480,92	100,00%	-
Marcolin GmbH	Fullinsdorf (CH)	CHF	200.000,00	100,00%	-
Marcolin Portugal Lda	S. Joao do Estoril	EUR	420.000,00	99,82%	-
Marcolin Benelux S.p.r.l.	Faimes	EUR	240.000,00	99,98%	-
Marcolin Usa Inc.	New York	USD	536.500,00	85,40%	14,60%
Marcolin Intern. B.V.	Amsterdam	EUR	18.151,21	100,00%	-
Marcolin Asia Ltd.	Hong Kong	USD	198.863,00	-	100,00%
Marcolin do Brasil Ltda	Jundiai	BRL	2.509.030,00	99,90%	0,10%
Cébé S.A.	Morez	EUR	3.004.918,00	-	100,00%
Cébé Sport S.A.	Nyon	CHF	300.000,00	-	99,00%
Cébé Scandinavia AB	Avesta	SEK	100.000,00	-	100,00%
Cébé Japan Ltd	Tokyo	JPY	3.000.000,00	-	100,00%

List of companies booked at equity

Company	Headquarters	Currency	Capital Stock	% ownership	
				Direct	Indirect
Finitec S.r.l.	Longarone	EUR	54.080,00	40,00%	-

There have been no changes in the consolidation area compared with the previous financial year

2.2 Consolidation and conversion policies

The accounting policies and standards used to draw up consolidated year-end financial statements are in line with those used for the parent company's statutory year-end financial statements 2004. No significant change has occurred compared with standards applied in the previous financial year.

The consolidation method followed is as follows:

a) Incorporation of the financial statements of companies consolidated on a line-by-line basis, aggregating the entire amount of individual companies' income statement and balance sheet items, regardless of percent equity interests owned;

b) The book value of consolidated equity interests owned by the parent company and other consolidated companies is eliminated against invested companies' related shareholders' equity

Any difference emerging is treated as follows:

i) Difference measured at first-time consolidation;

If it is the first time that the company has been included in consolidation, the difference is allocated, as much as possible, to asset and liability items. Any remainder, if positive, is posted under another asset heading called "Consolidation difference", or if negative, it is posted under a shareholders' equity heading called "Consolidation reserve".

ii) differences stemming from changes in invested companies' net equity occurring after first-time consolidation;

negative or positive differences are respectively debited or credited to the shareholders' equity heading called "Retained earnings/losses carried forward".

c) Any portions of net equity and net results pertaining to minority interests are shown in a specific item of consolidated net equity called "*Share capital & reserves pertaining to minority interests*" and of the consolidated income statement called "*Net profit/(loss) pertaining to minority interests*";

d) Profits or losses not yet realised stemming from group intercompany transactions are eliminated, as are payables and receivables and all transactions that have taken place between companies included in consolidation.

e) Dividends distributed by companies consolidated on a line-by-line basis are eliminated from the income statement, which instead incorporates the results achieved in the financial year.

2.3 Departures from rules

We specify that no exceptional cases making it necessary to depart from rules under Article 29, paragraphs 4 and 5, of Italian Legislative Decree 127/1991 occurred.

2.4. Translation of foreign-currency financial statements

Foreign-currency financial statements are translated into euro according to the following method:

- Assets and liabilities are converted at the exchange rates at the financial statement date;
- Revenues and costs, plus income and charges, are converted at the average annual exchange rate;
- Individual net equity items are expressed at their historical exchange rates.

Differences arising from conversion of final shareholders' equity at historical exchange rates and the exchange rate at the end of the period are allocated directly to shareholders' equity, together with differences between the net bottom-line result expressed at average exchange rates and the result expressed in euro at exchange rates in force at period-end, in the item "Reserve for translation differences," included under the heading "Other reserves".
The following tables report the exchange rates used for conversion

Value	Symbol	Final Exchange				
		jun-05	jun-04	Delta	dec-04	Difference
British Pound	GBP	0,6742	0,6708	0,51%	0,7051	-4,38%
Swiss Franc	CHF	1,5499	1,5242	1,69%	1,5429	0,45%
U.S. Dollar	USD	1,2092	1,2155	-0,52%	1,3621	-11,23%
Brasilian Real	BRL	2,8476	3,7838	-24,74%	3,6728	-22,47%
Hong Kong Dollar	HKD	9,3990	9,4803	-0,86%	10,5881	-11,23%

Value	Symbol	Average Exchange				
		jun-05	jun-04	Delta	dec-04	Difference
British Pound	GBP	0,6859	0,6735	1,84%	0,6787	1,06%
Swiss Franc	CHF	1,5462	1,5531	-0,44%	1,5438	0,16%
U.S. Dollar	USD	1,2847	1,2273	4,68%	1,2439	3,28%
Brasilian Real	BRL	3,3084	3,6428	-9,18%	3,6341	-8,96%
Hong Kong Dollar	HKD	10,0124	9,5576	4,76%	9,6881	3,35%

3 ACCONTING POLICIES

3.1 Group accounting policies

The accounting policies used to draw up Group consolidated financial statements for the period ended on June 30th, 2005 are the same ones used for the financial statements as of December 31st, 2004.
Individual items in the financial statements have been stated in accordance with the general principles of prudence and on an accrual basis, with the prospect of continuing the business.
Continuity of accounting policy application is essential to ensure comparability of the company's financial statements in the various financial years.
The most significant accounting policies applied in preparing the consolidated financial statements are the following.

3.2 Assets and liabilities

a) Intangible assets

Intangible fixed assets are reported at the purchase price, including accessory costs, and amortised on a direct straight-line basis according to their residual useful life.

Start-up and expansion costs, research and development, and advertising costs expected to benefit future periods are posted in assets are amortised in five years - a period considered to be representative of their useful business life.

License and trademark costs are posted at the purchase cost, together with accessory costs, and are amortised according to their residual useful life.
The "Cébé" trademark was valued pursuant to an appraisal performed at the time of acquisition by a specialised firm, Societex S.A., and was updated during preparation of the financial statements as of December 31st, 2004. The trademark is being amortised in 20 years.
Own trademarks and third-party licenses held by the former Creative Optics Inc. (now Marcolin U.S.A. Inc.) were booked based on a specific evaluation carried out by Standard & Poor’s during acquisition of Creative Optics Inc. (later merged into Marcolin U.S.A. Inc.) and are amortised respectively in 15 and 3 years; the evaluation was updated during preparation of the financial statements as of December 31st, 2004.

If asset impairment (permanent loss of value) occurs, the net fixed asset is written down accordingly, regardless of amortisation already posted, if the reasons for impairment cease to exist in future years, the asset is written back to its original value.

The consolidation difference consisting of the goodwill generated by the acquisition of the shareholding in the Cébé Group was amortised in 10 years based on the company's expected earnings, while the consolidation difference consisting of the goodwill generated by the acquisition of Creative Optics Inc. is being amortised in 20 years based on the company's expected earnings.

b) Tangible fixed assets and depreciation

Tangible fixed assets are reported net of their respective accrued depreciation and are posted according to the costs effectively borne for their purchase or construction. The exceptions are those assets that have been revalued according to provisions made by law.

Costs include accessory costs and costs directly attributable to the asset concerned.

The costs of enhancement, upgrading and conversion that translate into an increase in production capacity, safety, or useful operational life of any tangible fixed asset are posted as an increase of the book value of the assets to which they refer.

Routine maintenance and repair costs are fully expensed in the income statement. Maintenance costs increasing asset value are attributed to the assets to which they refer and are subject to depreciation according to the latter's residual useful life.

Tangible fixed assets are systematically depreciated each year on a straight-line basis according to the residual economic and operational useful life.

Depreciation of assets becoming operational during the year is valued by applying rates reduced by 50% to consider the reduced use. If asset impairment (permanent loss of value) occurs, the net fixed asset is written down accordingly regardless of amortisation already posted; if the reasons for write-down cease to exist in future years, the asset is written back to its original value.

The main depreciation rates applied by consolidated companies are as follows:

Category	Rate
Buildings	3%
non-operating machines	10%
Depreciable equipments	40%
Operating machines	15,5%
Furniture & fittings	12%
Booths furniture	27%
Electronic machines	20%
Vehicles	25%
Trucks	20%

Assets acquired under financial lease contracts are recognised in the Consolidated Financial Statements according to the International Accounting Standards (IAS 17) which envisage posting the current value of the payments with tangible assets, net of the amounts of amortisation, and posting the outstanding principal with liabilities. Interest expenses and depreciation relating to the year are posted in the income statement. Depreciation of such assets is calculated according to the useful life, in the same way as for tangible fixed assets in the same category.

Assets under construction and advance payments to suppliers are posted with assets according to cost incurred, including direct expenses.

c) Fixed financial assets

Equity investments in associated companies in which the Group owns a share of more than 20% but less than 50% and where there is no de-facto control, are accounted for using the net equity method, eliminating any significant Group portion of intercompany profits not yet realised in the market.

The calculation was made using the net equity method based on the most recent year-end financial statements approved, adjusted - if necessary and substantial - to reverse tax-related items and to adapt statements to the accounting standards applied by group companies.

Long-term receivables classified with Fixed Financial Assets are measured according to their presumable realisation value.

Securities are posted at the purchase cost. If the value as indicated by market trends is lower than the posted value, it is aligned by writing it down to net trading value.

d) Inventory

Inventories are valued at the lower of the average purchase or production cost and corresponding presumable disposal value, based on market trends.

"Presumable disposal value" denotes the market value at June 30th 2005. It is calculated taking into account production costs still to be incurred and direct selling costs. More specifically, price trends and all other conditions having an influence in the interval between year-end date and the date of preparation of year-end accounts are considered.

The purchase cost has been used for products purchased for subsequent resale and for directly or indirectly used materials purchased and utilised in the production cycle, whereas the production cost has been used for finished products or work in process.

The purchase cost includes the price actually paid, including direct expenses such as freight costs and customs costs, net of trade discounts.

The production cost includes the cost of materials used, as defined above, as well as direct and indirect manufacturing costs.

Obsolete or slow-moving inventory items have been written down according to their residual use or disposal.

e) Receivables

Receivables are posted in accounts at presumable realisation value resulting from the difference between face value and a Doubtful Debt Reserve, applying the criteria of prudence.

f) Liquid funds

Cash & banks as at year-end are shown at their face value.

g) Accruals and deferrals

Accrued income and deferred charges and accrued expenses and deferred income are accounted for to match costs and revenues in the accounting periods to which they relate.

h) Accruals for risks and contingencies

Accruals for risks and contingencies are made to cover losses or debts, of a known type and materialisation of which is certain or likely - but whose entity and date of occurrence cannot be accurately determined.

Provisioning reflects the best possible estimate based on information to hand.
Accruals also include provisions made against retirement benefits for European affiliates' staff.

Valuation of accruals complies with the general criteria of prudence and applicability and no generic risk accruals without any business justification have been made.

i) Accruals for employee severance indemnities

For Italian companies, Accruals for employee severance indemnities - posted according to the provisions of the sector's national collective labour contract and in compliance with current regulations - represents the Group's effective liability vis-à-vis individual employees at the end of the period, after deducting any advances paid our and tax payments on account required by law. This liability is subject to revaluation using officially-established indices.
For non-Italian companies, retirement accruals are made in accordance with regulations in force.

l) Payables

Payables are shown at their face value.

m) Foreign-currency transactions

Monetary assets and liabilities denominated in foreign currencies are posted at the spot exchange rate in force on the date of the transaction originating them and adjusted to the spot exchange rate as at year-end date, taking into account derivative hedging contracts. Unrealised positive or negative differences stemming from adjustment of these items to the period-end spot exchange rate are posted in the profit & loss account.

"Foreign-exchange gains/(losses)" is a new item included in the income statement, as per the provisions of Article 2425, point 17-*bis* of the Italian Civil Code.

In order to permit proper comparison between figures of the first half 2005 and those of the previous period, amounts relating to positive and negative exchange-rate differences - respectively included in the items "Other financial income" and "Interest and other financial expenses of the first half 2004 have been reclassified in the item "Foreign-exchange gains/(losses)"

3.3 Shareholders' Equity

Shareholders' equity is made up of the share capital actually subscribed, accumulated income and other sources of capital.

Other reserves also include the provisions originating from consolidation: "Provision for exchange rate differences" and "Retained earnings/accumulated losses".

3.4 Revenue

Revenues for the sale of products are recognised when ownership is transferred, which normally takes place upon delivery or shipment of goods. In the case of services, revenues are recognised when supply of such services has been completed.
Financial revenues are recognised on an accruals basis.

3.5 Commitments, guarantees, and risks

Commitments and guarantees are indicated in the memorandum accounts at their contractual value.

Risks for which materialisation of a liability is certain or probable are provisioned in risk accruals based on consistency criteria.

Risks, for which materialisation of a liability is merely possible, are described in the explanatory notes to account without making provision.

3.6 Other information

Marcolin USA Inc.'s inventories are valued using the FIFO method, whereas Group inventories are valued based on the weighted average annual cost method. We have decided not to change the method used for valuation of the US subsidiary's inventories to align it with that of the parent company, since application of the two different methods does not lead to significant differences.

There have been no departures from regulatory requirements under the fourth paragraph of Article 2423 of the Italian Civil Code.

For further information not contained in these Explanatory Notes, refer to the Report on Operations.

ILLUSTRATION OF THE MAIN ITEMS OF STATUTORY FINANCIAL STATEMENTS.

Assets

A) Share capital issued and not paid

No figures are booked for this item.

B) Fixed assets

I. *Intangible assets*

The balance as at June 30th, 2004 amounted to Euro 13,139 thousand against Euro 13,042 thousand as at December 31st, 2004.

The value of the item remained substantially unvaried compared with December 31st, 2004. Changes during the year mainly related to "Industrial parents and intellectual property rights" for Euro 2,249 thousand, referring to Marcolin S.p.A. These costs refer to purchase of the new ERP company information system (SAP) which was reclassified to the item "Intangible assets in progress and advances" (which then decreased by Euro 2,009 thousand) pursuant to the system beginning operations. This cost includes the expense incurred for acquisition of the software license and for consulting services strictly related to the system's implementation, as well as capitalisation of the cost of staff involved in the project.

For a review of the changes in intangible fixed assets during the financial statements, refer to the schedule attached.

The decreases refer chiefly to provisions made for amortisation and the conversion difference arising during consolidation.

The item "Concessions, licenses, trademarks and similar rights" includes the value of trademarks and licenses held by Marcolin Usa Inc. (net value as of June 30th, 2005 Euro 1,216 thousand) and the value of the Cébé brand (net value as of June 30th, 2005, Euro 1,629 thousand) posted pursuant to the respective assessments, after related amortisation.
The item "Consolidation difference" includes the value of start up arising from the acquisitions of the Cébé Group and Creative Optics Inc., now known as Marcolin

U.S.A. Inc. (Net value as of June 30th, 2005, respectively Euro 702 thousand and Euro 5,828 thousand).

In the six-month period, no write-backs and write-downs were made on the intangible assets.

II. *Tangible fixed assets*

These assets reported a balance as of June 30th, 2005 of Euro 11,772 thousand with respect to Euro 12,693 thousand as of December 31st 2004,
As regards changes occurring during the financial year, refer to the schedule attached.

The changes that took place during the six-month period in 2005 are due to ordinary investments to replace operating assets and depreciation in the period. Increases mainly relate to the parent company, Marcolin S.p.A., and amount to Euro 424 thousand, in large part due to investments in industrial and commercial equipment and other assets.

III. *Financial fixed assets*

This item reports a balance at June 30th, 2005 of Euro 1,771 thousand. This value did not sustain major changes with respect to December 31st 2004.

This item is made up of shareholdings in related companies for Euro 554 thousand and receivables from others for Euro 1,097 thousand.

Below is the schedule containing an analysis by due date of the financial receivables.

Financial assets - Maturity analysis (Euro thousand)

	within one year	after one year and within 5 years	after 5 years	30.062005	30.06.2004	31.12.2004
B.III Financial assets						
Receivables:						
a) due from subsidiaries						
b) due from associated companies						
c) due from parent companies						
d) due from others	0	1.097	0	1.097	1.333	1.046
Total	**0**	**1.097**	**0**	**1.097**	**1.333**	**1.046**

The item "Other accounts receivable" is represented by credits from the transaction between Marcolin USA Inc. and the American, Active Media Service, which purchased the eyeglass inventories from Marcolin.

C) Current assets

I. *Inventories*

Inventories have remained essentially unchanged compared with December 31st, 2004, decreasing by just Euro 1,391 thousand.
The decrease was the combined effect of an increase in the inventory of Cébé in relation to the lower revenues (for Euro 1,548 thousand) and a decrease in the parent company's inventory (for Euro 2,770 thousand), essentially due to a prudent assessment of the stocks of the Dolce&Gabbana line in view of termination of the marketing contract.

II. *Receivables*

The balance is divided by due date as shown below.

Receivables - Maturity analysis (Euro thousand)	within one year	after one year and within 5 years	after 5 years	30.06.2005	30.06.2004	31.12.2004
C.II Receivables:						
Trade receivables	64.955	0	0	64.955	58.538	62.098
due from subsidiaries	0	0	0	0	0	0
due from associated companies	0	0	0	0	0	0
due from parent companies	0	0	0	0	0	0
due from tax authorities	770	0	0	770	1.562	1.279
Accrued taxes	2.463	2.315	0	4.778	5.537	4.777
due from others	536	1	0	536	689	575
Total	**68.724**	**2.316**	**0**	**71.039**	**66.326**	**68.729**

The total value of receivables as of June 30th, 2005 is Euro 71,039 thousand with respect to Euro 68,729 thousand as of December 31st 2004.
The Euro 2,311 thousand difference owes to the combined effect of the increase in trade receivables of the parent company, countered by a decrease in trade receivables of Cébé, due to lower revenues.
Note that as of June 30th, 2004, Marcolin factored the trade receivables it held with third parties (for Euro 6,911 thousand) without recourse and therefore, at parity conditions, the balance at that date would have been Euro 73,237 thousand.

Trade receivables are posted at the presumable realisation value and are adjusted with a doubtful-debt provision of Euro 3,992 thousand. The provision is considered commensurate with the correct representation of the presumed risks on the receivables.

Deferred tax assets amount to Euro 4,778 thousand and refer primarily to the parent company.
Taxes receivable for Euro 770 thousand refer mainly to the German affiliate (Euro 646 thousand) and are consist of import tax receivables.

The breakdown by geographical area as of June 30th, 2005 is as follows

RECEIVALBLES BY GEOGRAPHICAL AREA

(Euro thousand)	ITALY	REST OF EUROPE	NORTH AMERICA	REST of the WORLD	TOTAL
CURRENT ASSETS					
- trade receivables	28.099	19.915	7.666	9.240	**64.921**
- other receivables	404	89	21	22	**536**

III. Financial assets not classified as fixed assets

Financial assets come to Euro 947 thousand and refer to the cost incurred for purchase of 681,000 own shares held by the parent company; the face value is Euro 354,120.

D) Accrued income and deferred charges

Accrued income and deferred charges include income relating to the period collectable in subsequent financial years and costs incurred by period-end but relating to subsequent financial years.
As of June 30th, 2005, the balance was Euro 2,148 thousand compared with Euro 2,259 thousand as of December 31st, 2004.
Accrued income and deferred charges includes royalties and advertising expenses paid in advance for Euro 151 thousand; the percentage relating to the second half of 2005 refers to an extraordinary one-off payment paid in previous financial years to the licensor Dolce&Gabbana by the parent company for Euro 103 thousand, as well as insurance premiums and leasing instalments.

Liabilities

A) Shareholders' Equity

Shareholders' equity as of June 30th, 2005 reported a balance of Euro 55,711 thousand, compared to Euro 53,584 thousand as of December 31st 2004
For more information about changes in the six-month period, see the schedule attached.
The main changes in the shareholders' equity items refer to the conversion difference for Euro 1,710 thousand and the results of the period.

Reference should be made to the Appendix for the reconciliation between parent company's and Group net equity and net results.

B) Accrued provisions for risks and contingencies

- Retirement benefits and similar obligations

Provisions for retirement benefits, amounting to Euro 820 thousand as of June 30th 2005, refer to the provision accruing for agent indemnities.

- Other accruals for risks and contingencies

The value of this item as of June 30th 2005 is Euro 2,863 thousand, of which Euro 2,416 pertain to the parent company: Euro 906 thousand as a prudent allocation made against failure to reach the minimum volumes on licenses; Euro 765 thousand for the "Marked to market" adjustment of several hedging transactions to cover interest rate risks on the dollar; and Euro 516 thousand as allocation to a risk fund for returns and product warranties, prudently constituted in relation to merchandise returns required under by commercial agreements several customers and as product warranty.

C) Accruals for employee severance indemnities

The provision of Euro 5,055 thousand represents the Group's actual debt to employees on the payroll as of June 30th 2005, net of advances paid out.

D) Payables

Payables as of June 30th 2005 amounted to Euro 93,532 thousand with respect to Euro 93,690 thousand as of December 31st 2004. Details and changes in the item are shown on the following schedule along with the remarks related to the most significant transactions.

PAYABLES - MATURITY ANALYSIS (Euro migliaia)	within one year	after one year and within 5 years	after 5 years	30.06.200	30.06.2004	31.12.2004
D) PAYABLES						
1 Bonds	0	0	0	0	0	0
2 Convertible Bonds	0	0	0	0	0	0
3 Payable to Shareholders for financing	0	0	0	0	0	0
4 due to banks	21.953	28.500	0	50.452	55.726	53.629
5 due to others financiers	151	899	0	1.050	966	1.123
6 Advances	0	0	0	0	0	0
7 Trade payables	32.512	0	0	32.512	33.031	28.475
8 Notes payables	0	51	0	51	111	54
9 due to subsidiaries	0	0	0	0	0	0
10 due to associated companies	898	0	0	898	1.084	1.117
11 due to parent companies	0	0	0	0	0	0
12 Taxes payable	2.444	0	0	2.444	1.483	4.217
13 Social security payables	1.339	0	0	1.339	1.336	1.727
14 other payables	4.684	102	0	4.786	5.546	3.348
Total payables	**63.981**	**29.551**	**0**	**93.532**	**99.284**	**93.690**

Payables are stated at their face value.

Payables to banks
Bank borrowings decreased by Euro 3,177 thousand compared with December 31st 2004, mainly due to the improvements in the net financial position; note that this improvement is partly connected to seasonal swells in sales.
The Group's medium- to long-term loans to banks as of June 30th 2005 refer to the parent company. Details are given in the attached schedule.

Payables to other lenders
Payables to other lenders consist of Euro 793 thousand as debts of the parent company for a low-interest loan obtained against a project for study and development of new technologies applicable to masks and ski goggles and Euro 254 thousand relating to the value of lease payments falling due, posted pursuant to the accounting methods required under the international accounting standards (IAS 17).

Trade payables
Trade payables, booked net of commercial discounts, returned goods or credits, posted a balance of Euro 32,512 thousand compared with Euro 28,475 thousand as of December 31st 2004, marking an increase of Euro 4,037 thousand.

Payables to associated companies
Amounts payable to associated companies related exclusively to services rendered (galvanic treatments) performed by Finitec S.r.l. for the Parent company, at arm's length conditions.

Payables to associated companies	30.06.2005	30.06.2004	31.12.2004
(euro thousand)			
Charges from associated companies	747	853	1.688
Due to associated companies	898	1.084	1.117

Other liabilities

Other debts come to Euro 4,786 thousand, increasing by Euro 1,437 thousand compared to the end of the previous year and mainly refer to debt positions of Marcolin S.p.A. for Euro 2,620 thousand and Marcolin USA Inc. for Euro 1,271 thousand, both for wages & salaries, holidays not taken, and bonuses.

The breakdown by geographical area as of June 30th 2005 was as follows:

PAYABLES BY GEOGRAPHICAL AREA

(Euro thousand)	ITALY	REST OF EUROPE	NORTH AMERICA	REST of the WORLD	TOTAL
PAYABLES					
- trade payables	21.219	3.832	424	7.037	**32.511**
- other payables	2.639	844	1.271	33	**4.786**

E) accrued expenses and deferred income

These represent adjustment accounts posted to comply with the accruals principle.

The book value of Euro 1,576 thousand refers to the parent company for Euro 486 thousand, (consistently mainly in the amount accrued for interest owed to banks) and Marcolin USA for Euro 488 thousand (mainly for royalties).

Memorandum accounts

Guarantees issued refer to sureties and other guarantees issued by the parent company in favour of subsidiaries for Euro 5,556 thousand and in favour of third parties for Euro 2,781 thousand.

Other information

Sureties and guarantees issued to subsidiaries amount to Euro 5,556 thousand and refer to Cébé and Marcolin USA Inc.; sureties given to third parties amount to Euro 1,537 thousand and refer to the surety given to the bank issuing a low-rate loan under Italian Law 394.

Note that as of June 30th 2005, in addition to the transactions already shown in the financial statements through the Marked to Market appraisal, Marcolin S.p.A. also effected the following transactions:

- a contract for a total of 1.5 million US dollars to cover outstanding payments of the loan in US dollars granted by Mediocredito del Friuli Venezia Giulia S.p.A.; the fair value of this contract as of June 30th 2005 is Euro 320 thousand.
- an IRS (interest-rate swap) contract with liabilities underlying the loan with San Paolo I.M.I. S.p.A. signed in May 2003 of a nominal amount of Euro 7 million for conversion of the floating rate to a fixed rate upon materialisation of given conditions, with pre-defined cap and floor limits (the market value as of June 30th 2005 was negative for Marcolin by Euro 29 thousand).

The contracts were stipulated as part of a hedging policy adopted by the Group to manage the risk of changes to the interest and exchange rate on the loans obtained.

Income statement

A) Production value

Revenues from sales and services posted a balance of Euro 88,385 thousand as of June 30th 2005 against Euro 97,595 thousand as of June 30th 2004 with a decrease in percentage terms of 9.4%. The revenues are broken down as follows:

Sales of goods and services	(valori in migliaia di euro)		
	30.06.2005	30.06.2004	31.12.2004
Category:			
- Frames	85.476	94.629	160.751
- Ski goggles	2.070	2.176	8.401
- Accessories	839	790	4.051
Total for category	**88.385**	**97.595**	**173.202**
Geographical area:			
- Italy	20.378	22.589	40.451
- *European subsidiaries*	*30.239*	*37.197*	*64.647*
- *Other European Countries*	*5.447*	*7.969*	*13.998*
- Total Europe	35.686	45.166	78.644
- U.S.A.	20.570	20.614	35.074
- Rest of the word	11.751	9.226	19.033
Total for geographical area	**88.385**	**97.595**	**173.202**

Other revenues and income, equal to Euro 769 thousand, include recharged transport costs mainly incurred by the parent company and Marcolin U.S.A.

B) Costs for raw & ancillary materials and finished products

Costs for raw & ancillary materials and finished products

As of June 30th 2005, the item valued Euro 23,916 thousand with respect to Euro 23,968 thousand a year earlier; as specified in the report, the item remained essentially unvaried with respect to June 30th 2004 despite the decrease in sales, due to the additional purchases made necessary to cope with the launch of the new lines Kenneth Cole Optical and Just Cavalli.

Service costs

The balance as of June 30th 2005 amounted to Euro 27,147 thousand with respect to Euro 26,367 thousand posted in the same period a year earlier. The increase in the item (Euro 779 thousand) was mainly due to the parent company's use of outsourcing for operating phases not present in the normal production cycle and higher costs arising from the contract changes of several Marcolin USA agents.

Rental, leasing, and royalty costs

The value of rental, leasing, and royalty costs amounted to Euro 9,458 thousand, unchanged with respect to June 30th 2004, despite the reduction in sales to consider the effect of the contract minimums guaranteed to licensors.

Payroll costs

The item covers the entire expense for employees, including staff canteen, training, health service, holidays not taken, bonuses and provisioning required by law, as well as by the obligations established in national collective and supplementary company collective labour contracts.
The balance as of June 30th 2005 was Euro 19,903 thousand with respect to Euro 21,365 thousand on the same date in 2004; the decrease of Euro 1,462 thousand is due mainly to the conversion of several employment contracts into agency contracts in Marcolin U.S.A. for Euro 528 thousand and for the remainder, due to the lower costs posted in all Group companies.

Average company employee headcount by category posted the following changes during the year.

Employees			
CATEGORY	Average 30.06.2005	Average 30.06.2004	Average 31.12.2004
Managers	24	25	25
First line managers	61	62	61
White Collars	488	480	457
Blue Collars	456	512	519
Total	**1029**	**1079**	**1062**

Amortisation, depreciation and write downs:

Amortisation, depreciation and write downs post a balance of Euro 3,667 thousand with respect to the Euro 3,484 thousand as of June 30th 2004; the increase on the previous year is due mainly to the parent company and refers to amortisation of the ERP (SAP) system, which became operational as of January 1, 2005.

Accruals for risks and contingencies

The amount indicated refers mainly to the parent company to consider the effect of the contract minimums guaranteed to licensors and for the provision related to the risk of returns and legalities.

Other operating charges

Other operating charges amount to Euro 470 thousand with respect to the Euro 666 thousand as of June 30th 2004; this item consists largely in other administrative charges, gifts and local taxes.

C) Financial income and charges

The net balance of financial income and charges as of June 30th 2005 amounted to a negative balance of Euro 615 thousand with respect to Euro 2,243 thousand as of June 30th 2004; the improvement is due mainly to the differences on exchange rates which have a positive balance of Euro 902 thousand (the balance was negative for Euro 419 thousand at June 30th 2004). The balance of the differences on the exchange rate includes charges for Euro 159 thousand booked to consider the marked to market value on the dollar and on interest made by the parent company.

Interest charges amounted to a total of Euro 1,095 thousand (Euro 1,385 thousand as of June 30th, 2005) and refer mainly to interest to banks for loans granted to the parent company and Cébé. Other charges amount to Euro 541 thousand and refer for Euro 342 thousand to financial discounts granted to customers while the remainder referred to bank charges.

D) Adjustments to value of financial assets

No substantial amounts were posted

E) Extraordinary income and expenses

Extraordinary income of Euro 375 thousand referred largely to Marcolin S.p.A. and concerned charges allocated for in past financial years that never materialised.

Extraordinary charges amount to Euro 436 thousand and are largely due to Cébé for the allocation relating to the company restructuring plan.

This First-Half Report gives a true and correct representation of the financial situation, operations and the economic results of the period and corresponds to the items in the accounting ledgers.

Reconciliation required under Issuers' Regulation No. 11971/1999, Art. 81-bis

Below is the reconciliation statement of shareholders' equity as of December 31st, 2004, January 1st, 2005 and June 30th, 2005 and the income of the first half-year, complete with the comments related to adjustments made to balances prepared according to the Italian accounting policies.

Reconciliation statement between shareholders' equity according to Italian principles and shareholders'quity according to IAS/IFRS principles as of June 30th, 2005.

(euro/thousand)	Shareholder's equity 31/12/04	Shareholder's equity 01/01/05	Income ** Statements 1° half year 2005	Shareholder's ** equity 30/06/05
Italian Accounting Pricniples	**53.584**	**53.584**	**417**	**55.711**
Adjustments:				
Research, developments and advertising costs	(60)	(60)	(57)	(117)
Other intangible fixed assets	-	-	-	-
Consolidation difference	(3.610)	(3.610)	278	(3.654)
Lands and buildings	2.809	2.809	(98)	2.711
Pensions and similar benefits (FISC)	51	51	-	51
Accruals for employee severance indemnities (TFF	406	406	131	537
Prepaid advertising cost USA	-	-	(82)	(82)
Risk funds	-	-	(29)	(34)
Treasury stock	-	(947)	-	(947)
Amortized cost	-	-	-	-
Fair value derivative financial instruments	-	(4)	-	(4)
Total adjustments net of fiscal effect	**(405)**	**(1.355)**	**144**	**(1.538)**
IAS/IFRS Accounting principles	**53.179**	**52.229**	**561**	**54.172**

** *Values gross of fiscal effects*

Research, development and advertising costs.

These types of costs, capitalised based on Italian accounting policies, do not present the pre-requisites for posting with intangible assets, according to the IAS 38.

Other intangible fixed assets

Application of the amortised cost in evaluation of financial assets and liabilities includes posting accessory charges on loans to the income statement.
As of January 1st, 2005, this operation led to a write-back of multiyear expenses ("Other intangible assets") and the respective calculation of the amortised cost.

Consolidation difference

The national accounting polices required amortisation of this item. According to the IAS/IFRS principles, however, the consolidation difference is considered an intangible asset with an indefinite useful life and as result, is not amortised, but subject to periodic verification of decreases in value ("Impairment Test", IAS 36).

Land and buildings

As regards this item, the national accounting practices allowed accounting for land and buildings without distinction with the resulting amortisation of the land. According to the IAS/IFRS standards, land is always accounted for separately from buildings, without deducting depreciation. Land and buildings owned by the parent company are object to evaluation based on their "fair value" at the transition date.

Pensions and similar benefits

The value of the Additional Customer Indemnity provision (FISC) for agency contracts differs if calculated according to the methods envisaged by accounting principle 19 of the CNDDCC or according to the IAS 37. The IAS 37 requires developing an evaluation of the payable based on actuarial techniques that make it possible to express the current value of the benefit accrued at the financial statement date.

Accruals for employee severance indemnities

The benefits guaranteed to the employees distributed at the time of or subsequent to termination of the employment relations through defined benefit programmes are subject to actuarial evaluation to express the current value of the benefit accrued at the balance-sheet date, considering the future compensation increases and personnel turnover estimated at that date.

Treasury stock

During transition to IAS/IFRS, the value of treasury stock was eliminated to decrease Shareholders' equity by Euro 947 thousand.

Furthermore, in compliance with the CONSOB resolution no. 14990 of April 14th, 2005, attached to the First-Half Report is the reconciliation between Shareholders' equity as of January 1st, 2004, December 31st, 2004 and January 1st, 2005 required under the IFRS 1, as well as the income statement 2004 resulting from application of the Italian accounting standards and the respective values measured in compliance with the IAS/IFRS.
This First-Half Report gives a true and correct representation of the equity, financial position and consolidated profit for the first half year of 2005.

Longarone, September 12th 2005
The Chairman of the Board of Directors
COFFEN GIOVANNI MARCOLIN

Appendices

30.06.2005
Consolidated Statement of Cash Flows

Euro thousand	30.06.2005	30.06.2004	31.12.204
Net Financial Position - Beginning balance	(44.526)	(43.908)	(43.908)
	-	-	-
ASSETS	-	-	-
Profit (losses) during the year	417	6.228	1.159
Intangible assets amortization	1.260	909	1.872
Tangible assets depreciation	1.757	1.805	3.701
Provision for Staff Leaving Indemnities	442	463	888
Provision for Contingencies and Commitments	1.255	1.006	1.029
Other funds utilization	343	288	(932)
(Gains) losses on disposals of fixed assets	-	(2)	-
Total cash flow generated from operations	**5.473**	**10.698**	**7.717**
(Increase) decrease in accounts receivable	(2.856)	(5.392)	(8.952)
(Increase) decrease in other receivables	546	228	1.386
(Increase) decrease in inventories	1.391	3.453	5.067
(Increase) decrease in prepayments and accrued income	111	261	161
(Decrease) increase in accrued liabilities and deferred income	(34)	764	381
(Decrease) increase in accounts payables	5.252	520	(4.325)
(Decrease) increase in other short-term debts and taxes	(2.160)	1.437	2.627
Employees' Leaving Indemnity paid	(293)	(48)	(356)
Cash flow generated from working capital	**1.956**	**1.224**	**(4.012)**
ACTIVITY FROM INVESTMENTS			
Investments/disposals intangible fixed assets	(1.258)	(1.725)	(1.658)
Investments/ disposals tangible fixed assets	(989)	(1.376)	(2.129)
(Purchase) disposal of other investments and securities - revaluations	(36)	99	380
Cash flow from (for) investment activities	**(2.283)**	**(3.002)**	**(3.406)**
Equity increase	-	-	-
Payment of dividends	-	-	-
Change in reserves	1.710	781	(917)
Change in third parties equity	-	-	-
Total cash flow generated from equity movements	**1.710**	**781**	**(917)**
Net Financial Position - Closing balance	**(37.671)**	**(34.208)**	**(44.526)**

Detail of Cash and Cash equivalents - Closing balance	30.06.2005	30.06.2004	31.12.2004
Treasury Stock	947	778	947
Cash on hand	12.885	21.706	9.280
Current payables due to banks	(21.953)	(22.081)	(23.656)
Medium/long-term payables due to banks	(28.500)	(33.645)	(29.973)
Other financing payables	(1.050)	(966)	(1.123)
Total Net Financial Position	**(37.671)**	**(34.208)**	**(44.525)**

Statement of changes in Shareholders' Equity

MOVEMENT IN NET SHAREHOLDERS' EQUITY

(euro migliaia)	Opening Balance 31.12.2004	Disposition prioryear income	Payment of dividends	Translation difference	Result for the period	Year-end Balance 30.06.2005
Capital Stock	23.597					23.597
Share premium reserve	21.950					21.950
Revalution reserve	0					0
Legal Reserve	1.620	83				1.703
Treasury Stock reserve	946	1				947
Statutory reserve						
- Cumulative translation adjustment	(9.442)			1.710		(7.732)
- Other	0					
Total other reserves	(9.442)			1.710		(7.732)
Profit (losses) carried forward	13.755	1.075	0			14.830
Profit (losses) on fiscal year	1.159	(1.159)			417	417
Total Shareholders'Equity	**53.584**	**(0)**	**0**	**1.710**	**417**	**55.711**
Third Party net equity	0					0
Minority interest	0					0
Total Shareholders' equity	**53.584**	**(0)**	**0**	**1.710**	**417**	**55.711**

Reconciliation statement between Consolidated Shareholders' Equity and Income

Changes in shareholders' equity attributable to the group

(euro thousand)	Equity	Net result
Balance per Marcolin S.p.A. Financial statements	**56.518**	**2.752**
Difference from application of International accounting principle	678	42
Elimination of intercompany transactions	(2.094)	396
Difference between book value and net equity value of investm	(55)	(2.773)
Deferred taxes	664	0
Total shareholders' equity	**55.711**	**417**

Statement of changes in Intangible Fixed assets

Intangible fixed assets	Startup and expansion costs	Research, development & advertising costs	Patents	Concessions, licenses, trademarks	Assets under construction and advances	Other	Consolidation differences	Total at 30.06.2005
Beginning balance, net	-	92	66	3.607	2.009	1.083	6.186	13.042
Increases	39	48	2.243	33	-	91	-	2.453
Disposals	-	-	-	-	(2.009)	-	-	(2009)
Amortization	(39)	(21)	(401)	(349)	-	(172)	(278)	(1260)
Variation consolidation area	-	-	-	-	-	-	-	0
Translation difference	-	(0)	(0)	193	-	2	622	816
Other movements	-	(0)	-	-	-	96	-	96
Total other variations	-	-	-	-	-	-	-	
Ending balance, net		119	1.908	3.483	0	1.100	6.530	13.139

Statement of changes in Tangible Fixed Assets

Tangible assets (Euro thousand)	Land and Buildings	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Construction in progress and advances	Total at 30.06.2005
Opening balance						
Historical cost	10.371	10.724	14.616	9.382	36	45.129
Depreciation on prior years	(3.929)	(9.209)	(12.503)	(6.849)	-	(32490)
Total Opening Balance	**6.442**	**1.515**	**2.113**	**2.534**	**36**	**12.639**
Change during the fiscal year						
Acquisitions	3	66	532	376	4	981
Disposal of assets	(28)	(318)	(2.011)	(142)	(10)	(2508)
Fund utilization	25	318	1.987	123	-	2453
Fiscal year amortization	(163)	(544)	(433)	(618)	-	(1757)
Other movements	-	273	(273)	(96)	-	(96)
Translation differences	(14)	-	1	74	-	61
Total changes during the year	**(177)**	**(205)**	**(197)**	**(282)**	**(6)**	**(868)**
Year-end balance						
Historical cost	10.326	10.255	13.142	9.739	30	43492
Depreciation on prior years	(4.062)	(8.946)	(11.226)	(7.487)	-	(31720)
Total Year-end balance	**6.264**	**1.309**	**1.917**	**2.252**	**30**	**11772**

Detail of the Loans
(figures in Euro)

BANK	CURRENCY	Starting Amount	Residual Amount	Expiration	Interest Rate	NOTES
Mediocredito del FVG Spa	USD	5.000.000	1.500.000	27/06/06	LIBOR 6 months + 0,8%	10 deferred instalments (Capital Share 500,000 usd), falling due on January 10 and July 10. Loan instalments and rate subject to coverage operations
Efibanca Spa *	EUR	7.230.000	2.847.897	15/09/06	5,05%	Refund with half-year instalments, from March 15, 2003, financing on BEI funds
Interbanca Spa	EUR	7.000.000	2.800.000	05/01/07	Euribor 6 months + 1,10%	10 half-year instalments (capital share 700,000 euro) from July 5,2002.
Unicredit Banca Spa	EUR	8.000.000	2.766.046	31/01/07	5,31%	60 deferred monthly instalments (capital share 152,108.7 euro).
Unicredit Banca Spa	EUR	2.000.000	850.180	31/03/07	Euribor 3 months + 0,8%	10 deferred half-year instalments (capital share 223,819.59 euro) from September 30, 2002.
San Paolo IMI Spa *	EUR	7.000.000	4.666.666	29/05/08	Euribor 6 months + 0,8%	Expedited on May 29, 2003. Refundable in 9 half-year instalments (capital share 777,778 euro) from May 20, 2004.
Ministero Attività Prodittive	EUR	2.000.000 granted 1.939.081	1.357.356	17/12/08	1,71%	Subsidized loan in accordance with the Law no. 394 of July 29, 1981, refundable in 10 half-year instalments from 06.17.2004 with a pre-amortization instalments
Efibanca Spa Unicredit Banca Spa *	EUR	(Credit Line) 20.000.000	20.000.000	11/12/06	Euribor 3 months + 1,5%	"stand by" Credit Line "revolving" type, dated December 11, 2003. Pool-loan. Term out option which allows the respite of refund to December 11, 2008
Ministero delle attività produttive (Innovazione Tecnologica)	EUR	1.652.000 granted 396.585	793.000		1,012%	Subsidized loan in accordance with the Law no. 46, 1982, refundable in 10 year instalments.

* These loans envisage contractual covenants calculated on the main business and financial indicators of consolidated year-end financial statements