Marcolin Group

Interim Financial Report
September 30, 2011

Registered office, Executive Management and Business Offices in
Longarone (BL) – Villanova 4
Share capital 32,312,475.00 Euros fully paid in
R.E.A. 64334
Tax code and Companies Register n. BL 01774690273
VAT n. 00298010257

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CORPORATE BOARDS AND AUDITORS

BOARD OF DIRECTORS (1)

Chairman	Giovanni Marcolin Coffen (2)
C.E.O. and Vice Chairman	Vito Varvaro (2)
Director	Antonio Abete
Director	Emanuele Alemagna (3)
Director	Maurizio Boscarato (3)
Director and Vice Chairman	Cirillo Coffen Marcolin (2)
Director	Maurizio Coffen Marcolin (2)
Director	Andrea Della Valle
Director	Diego Della Valle
Director	Emilio Macellari
Director	Carlo Montagna
Director	Stefano Salvatori (3)
Director	Massimo Saracchi

INTERNAL AUDIT COMMITTEE

Stefano Salvatori	Chairman
Emanuele Alemagna	
Maurizio Boscarato	

REMUNERATION COMMITTEE

Stefano Salvatori	Chairman
Emanuele Alemagna	
Emilio Macellari	

BOARD OF STATUTORY AUDITORS [1]

Chairman	Diego Rivetti
Acting Auditor	Mario Cognigni
Acting Auditor	Rossella Porfido
Alternate Auditor	Rino Funes
Alternate Auditor	Ornella Piovesana

INDEPENDENT AUDITORS

Deloitte & Touche S.p.A. [4]

FINANCIAL REPORTING MANAGER

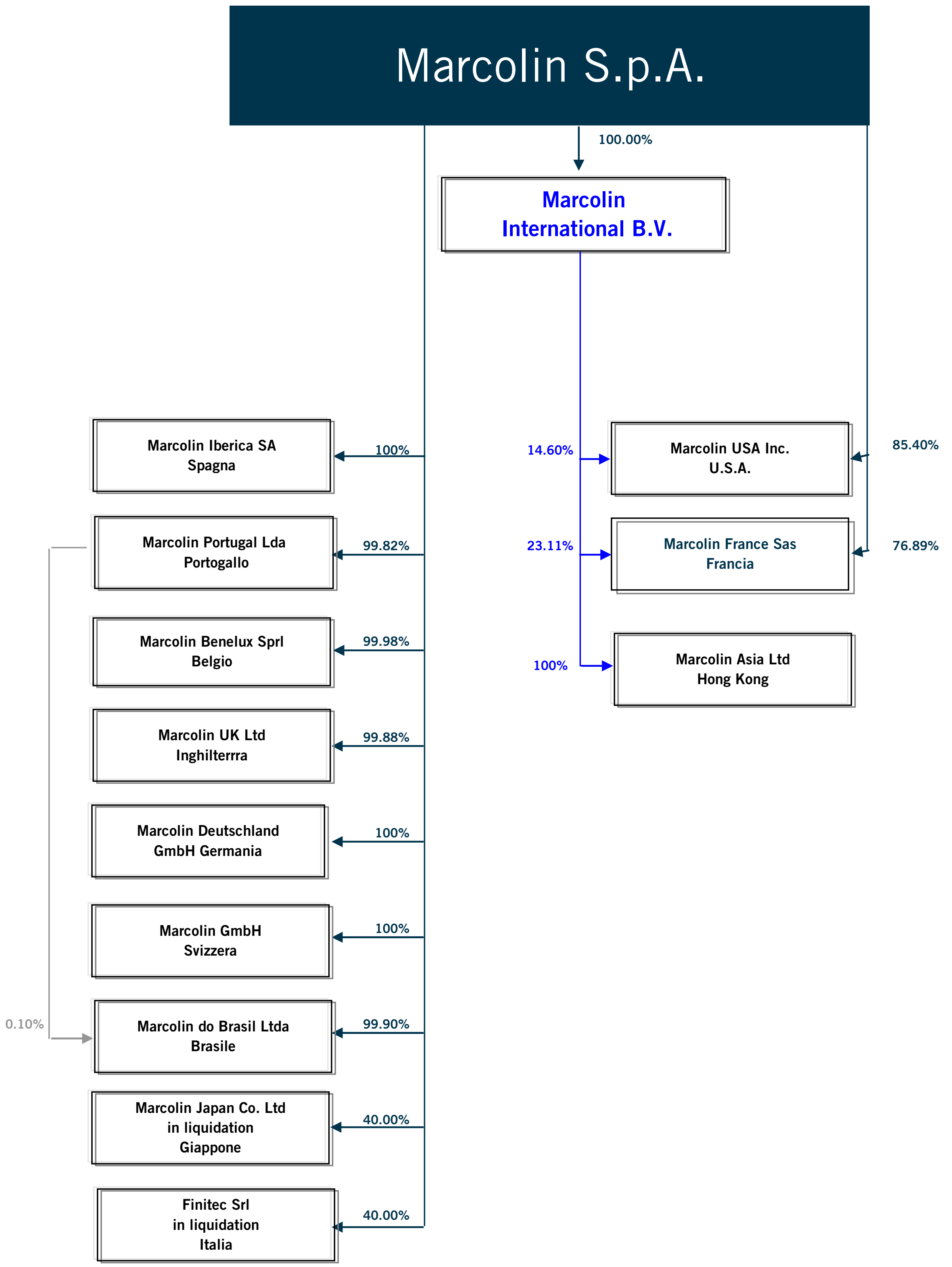
Sandro Bartoletti [5]

(1) Term of office ends on the date of the Shareholders' Meeting called to approve the annual financial statements for the year ended December 31, 2013 (pursuant to Shareholders' Resolution of April 28, 2011);
(2) Executive Directors;
(3) Non-executive Directors;
(4) Term of office fiscal years 2008 – 2016 (pursuant to Shareholders' Resolution of April 29, 2008);
(5) Appointed by Board of Directors' Resolution of April 28, 2011. Term of office ends on the date of the Shareholders' Meeting called to approve the annual financial statements for the year ended December 31, 2013.

POWERS ASSIGNED TO MEMBERS OF THE BOARD OF DIRECTORS:

Extensive powers of Company management and representation have been assigned, within specific limits, to the Chief Executive Officer (C.E.O.), Vito Varvaro, whereas more circumscribed powers have been assigned to the Executive Directors.

MARCOLIN GROUP STRUCTURE



INTERIM REPORT ON THE OPERATIONS OF THE MARCOLIN GROUP AS AT SEPTEMBER 30, 2011

The Interim Financial Report as at September 30, 2011, as required by Article 154-ter of Legislative Decree 58/1998 (Consolidated Finance Act), was prepared in compliance with the International Accounting Standards/ International Financial Reporting Standards (IAS/IFRS) adopted by the European Commission with European Parliament and Council Regulation (EC) n. 1606/2002, Article 6 of July 19, 2002 with respect to the adoption of international accounting standards, and with the enactment provisions of Italian Legislative Decree 38/2005.

The accounting and measurement policies adopted to prepare this unaudited Interim Financial Report as at September 30, 2011 are consistent with those used to prepare the annual consolidated financial statements as at December 31, 2010.

The observations and analyses set forth in this report refer to the interim consolidated financial statements of the Group, unless stated otherwise.

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MANAGEMENT COMMENTARY

In the first nine months of 2011 the macroeconomic scenario was characterized by general uncertainty, with the outlook deteriorating in the last few months of the period. Economic activity slowed down considerably in advanced countries and growth in emerging countries fell back slightly, although it remained high.

In this scenario, the Marcolin Group achieved excellent results, maintaining the growth trend of the previous year.
Compared to the first nine months of 2010, sales revenues rose by 9%, Ebitda by 20% and net profit by 24%. The net financial indebtedness was reduced by an additional 4.5 million euros, despite dividends being paid for the first time in years for a total 6.1 million euros.

These results are even more remarkable considering that the period was affected by an unfavorable exchange rate between the Euro and the U.S. dollar and by the cash outlays on stock options that matured in the past three years, as shown below. Excluding the latter non-recurring event, Ebitda grew by 28% and net profit by 33%.

The highlights of the first nine months of 2011 for the Marcolin Group include the following events:

- sales grew considerably from the same period of the prior year, particularly in emerging markets;
- the key performance indicators of Ebitda, Ebit and net income grew considerably, reflecting the benefits resulting from initiatives implemented in previous periods to enhance efficiency;
- net financial indebtedness was reduced from the first nine months of 2010 thanks to ever scrupulous management of working capital, and notwithstanding the 6.1 million euro dividend payment;
- an agreement was signed under which Tom Ford extended the licensing agreement with the Marcolin Group to December 2022 for the design, manufacturing and worldwide distribution of Tom Ford brand eyeglass frames and sunglasses. This agreement is very important for the

Marcolin Group because the long-term license of this brand assures stability and certainty for the Group;

- the newly licensed Swarovski products, presented in January, were launched with excellent results;
- the new Diesel sunglass collections were received favorably by the top customers to which they were recently presented;
- the new prestigious Marcolin Showroom was inaugurated in Corso Venezia, Milan, and the Public Relations structure was expanded;
- Vito Varvaro, Director and Vice Chairman of Marcolin S.p.A., was appointed C.E.O. of the Marcolin Group, effective September 30, 2011;
- cash payouts were disbursed under the stock option plan which matured on April 29, 2011, resulting in a gross cost of 1.7 million euros; this is considered a non-recurring event as no stock incentive plans are currently in place;
- the Swiss subsidiary, Marcolin Gmbh, sold property for 3.8 million Swiss francs in the context of a sale and leaseback transaction.

SALES REVENUES

The Group's net sales for the first nine months of 2011 amount to 168.977 million euros (155.313 million euros for the first nine months of 2010), an increase of 8.8% (10.7% at constant exchange rates), demonstrating the strength of the portfolio brands even in the currently uncertain markets.

The following table sets forth the sales by geographical segment:

Net sales by geografic area	SEP 2011		SEP 2011		Increase	
(euro/000)	Turnover	% on total	Turnover	% on total	Turnover	Change
- Europe	89,643	53.1%	86,406	55.6%	3,237	3.7%
- U.S.A.	36,183	21.4%	35,339	22.8%	844	2.4%
- Asia	16,855	10.0%	12,218	7.9%	4,638	38.0%
- Rest of the World	26,296	15.6%	21,350	13.7%	4,945	23.2%
TOTAL	**168,977**	**100.0%**	**155,313**	**100.0%**	**13,665**	**8.8%**

The table above reports very satisfactory performance in Asia (+38.0%), which represents a strategic market for the Group and in which the sales structure and distribution network continue to be expanded. The highest increases are reported for China and Korea. The Rest-of-World segment also achieved significant growth (23.2%).

Sales in the U.S.A. rose by 2.4%. This result reflects the unfavorable exchange rate against the Euro; in fact, applying a constant exchange rate, sales grew by 9.5%.

In Europe sales grew by 3.7%, with certain markets performing particularly well, particularly France, Germany, Turkey and Russia. Other markets in the Mediterranean area were slack due to the persistent economic difficulties.
The sales performance benefited from the progress made by brands in the fashion and luxury segment, some of which recorded double-digit growth, including the new Swarovski line launched at the beginning of the year.

INCOME STATEMENT HIGHLIGHTS

The consolidated income statement highlights are set forth below:

CONSOLIDATED INCOME STATEMENT	Marcolin Group			
(euro/000)	9M 2011	%	9M 2010	%
NET SALES	168,977	100.0%	155,313	100.0%
GROSS MARGIN	107,780	63.8%	95,377	61.4%
EBITDA	27,150	16.1%	22,582	14.5%
EBIT	23,354	13.8%	17,345	11.2%
FINANCIAL INCOME AND EXPENSES	(1,200)	(0.7)%	(1,011)	(0.7)%
NET RESULT BEFORE TAXES	22,154	13.1%	16,334	10.5%
NET RESULT	17,259	10.2%	13,938	9.0%

EBITDA is calculated as operating income (EBIT) before amortization, depreciation, provisions and writedowns of receivables.

An analysis of the key performance indicators reveals that:

- Gross operating income is 63.8% of sales (61.4% as at September 2010), an increase of 13.0% from the same period of the previous year;
- Ebitda is 27.150 million euros (22.582 million euros as at September 30, 2010) and 16.1% of sales (14.5% for the first nine months of 2010), an increase of 20.2%;
- Ebit is 23.354 million euros, against the 17.345 million euros obtained as at September 30, 2010, and is 13.8% of sales (11.2% as at September 30, 2010), an increase of 34.6%;
- The net profit is 17.259 million euros, compared to the 13.938 million euros for the first nine months of 2010, and is 10.2% of sales revenues (9% of sales as at September 30, 2010), an increase of 23.8%. Taking into account the higher taxes for the period with respect to September 30, 2010, the increase is even more significant. The pre-tax result for the nine months ended September 30, 2011 is 22.154 million euros (corresponding to 13.1% of sales), compared to 16.334 million euros (10.5% of sales) as at September 30, 2010.

To enable a better understanding of the performance, the following table presents Ebitda, Ebit and net profit excluding the cost of the stock option payouts, which totaled 1.7 million euros before taxes and constitute non-recurring expenditure.

CONSOLIDATED INCOME STATEMENT					
(euro/000)	9M 2011	%	9M 2010	%	Δ%
EBITDA	28,850	17.1%	22,582	14.5%	27.8%
EBIT	25,055	14.8%	17,345	11.2%	44.4%
NET RESULT	18,491	10.9%	13,938	9.0%	32.7%

These brilliant results were achieved mainly as the result of:

- activities undertaken in previous periods to improve margins, which are still delivering benefits even after the positive effects of 2010. The initiatives focused on product costs, internal production and quality, which led to efficiency enhancement;
- higher sales of products with the new brands, which are sold with higher margins.

The balance of financial income and costs is a negative 1.2 million euros, compared to the negative 1.011 million euros as at September 30, 2010. The costs rose due essentially to the net result of currency exchange, which for the first nine months of 2010 was a profit of 689 thousand euros but was practically even for the corresponding period of 2011.

The net balance is affected by the recognition of deferred tax assets arising on the accumulated tax losses of Marcolin USA and Marcolin France, which are added to the amounts accounted for in prior periods; recognition was possible due to the subsequent improvements in the results of the two subsidiaries.

THIRD QUARTER 2011 INCOME STATEMENT HIGHLIGHTS

CONSOLIDATED INCOME STATEMENT	Marcolin Group			
(euro/000)	Q3 2011	%	Q3 2010	%
NET SALES	43,808	100.0%	39,710	100.0%
GROSS MARGIN	25,873	59.1%	23,143	58.3%
EBITDA	2,589	5.9%	1,462	3.7%
EBIT	1,973	4.5%	(146)	(0.4)%
FINANCIAL INCOME AND EXPENSES	(123)	(0.3)%	(431)	(1.1)%
NET RESULT BEFORE TAXES	1,850	4.2%	(577)	(1.5)%
NET RESULT	1,388	3.2%	(367)	(0.9)%

The third-quarter 2011 results are affected by the typical seasonality for such period of the year, with slower sales and consequently lower margins due to less absorption of overheads.

That being said, the Marcolin Group achieved very good results compared to the third quarter of 2010. Specifically:

- sales revenues were 43.808 million euros, compared to 39.710 million euros for the third quarter of 2010, an increase of 10.3% (+14.2% at constant exchange rates);
- the gross industrial margin is 25.873 million euros (23.143 million euros for the third quarter of 2010), representing 59.1% of sales revenues (58.3% for the third quarter of 2010);
- Ebitda is 2.589 million euros (1.462 million euros for the third quarter of 2010), and represents 5.9% of sales revenues (3.7% for third quarter 2010);
- Ebit is 1.973 million euros (a negative 146 thousand for the third quarter of 2010), corresponding to 4.5% of sales revenues (- 0.4% for the third quarter of 2010);
- net profit is 1.388 million euros (against a loss of 367 thousand euros for the third quarter of 2010), representing 3.2% of net revenues (- 0.9% for the third quarter of 2010).

FINANCIAL CONDITION AND PERFORMANCE

The net financial position on September 30, 2011 is shown below in comparison with the same data as at December 31, 2010 and at September 30, 2010.

Net financial position *(euro/000)*	**30.09.2011**	**31.12.2010**	**30.09.2010**
Cash	79	71	93
Cash equivalents	25,748	35,400	36,822
Short term borrowings	(8,865)	(2,905)	(5,767)
Current portion of long term borrowings	(5,256)	(13,747)	(12,953)
Long term borrowings	(21,056)	(27,450)	(32,028)
Total	**(9,350)**	**(8,631)**	**(13,832)**

The net financial indebtedness as at September 30, 2011 fell by 4.481 million euros from September 30, 2010 due among other reasons to the constant monitoring of net working capital.
Compared to December 31, 2010, the indebtedness rose slightly by 720 thousand euros. The cash flow statement provides details on this subject.
In comparing the net financial position with that of previous periods, it should be noted that the indebtedness of September 30, 2011 was impacted by:

- payments of 6 million euros for license renewals, 6.1 million euros for dividends pursuant to shareholders' resolutions and 1.9 million euros for stock options, including deductions;
- proceeds of 3.8 million Swiss francs from the sale of non-strategic property by the Swiss subsidiary, Marcolin Gmbh.

In the first nine months of 2011, the parent Marcolin S.p.A. repaid loan principal of 8.060 million euros and used 2 million euros of the credit lines granted. The notes to the financial statements provide details of the medium and long term loans.

The Group's debt-to-equity ratio at September 30, 2011 was 0.11, the same as at December 31, 2010.

A portion of the cash and cash equivalents of September 30, 2011 will be used by the end of the year to make payments on amortizing loans.

Net working capital is summarized below:

Net working capital *(euro/000)*	**30.09.2011**	**31.12.2010**	**30.09.2010**
Inventory	43,110	41,073	38,445
Trade and other receivables	60,496	62,306	55,462
Trade payables	(32,645)	(36,756)	(30,924)
Other current assets and liabilities	(22,414)	(19,696)	(17,126)
Net working capital	**48,545**	**46,927**	**45,857**

With respect to the December 31, 2010 data, the following may be observed:

- the value of finished products in stock rose by 2.037 million euros due to procurement of products of the new collections, which will begin to be sold in the fourth quarter of the year; the average days in inventory also rose;
- trade and other receivables fell by 1.811 million euros due in particular to the 2.453 million euro decrease in trade receivables, despite the higher sales, with a considerable reduction in the average collection period;
- trade payables fell by 4.111 million euros.

The working capital-to-sales ratio for the period was 22% on September 30, 2011, the same as on September 30, 2010.

DISCLOSURES REQUIRED BY LEGISLATIVE DECREE 127/91, ARTICLE 40

Pursuant to Legislative Decree 127/91, Article 40, the following information is reported:
a) the Group constantly pursues research and development through two divisions: the first division, which is centralized, works closely with licensors to come up with new collections, hone style, research new materials and develop collections related to sunglasses/eyeglasses; the second, which works closely with the former, handles product development and manufacturing;
b) Marcolin S.p.A. owned 681,000 treasury shares at September 30, 2011, for a par value of 354,120 euros. The carrying amount, valued at purchase cost, is 947 thousand euros, the same as at December 31, 2010. The treasury shares owned by the Company account for 1.1% of Marcolin SpA's share capital;
c) no Group company owns shares of the parent company.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE AND BUSINESS OUTLOOK

Among the subsequent events is the renewal of the licensing agreement for the design, manufacturing and worldwide distribution of Montblanc brand eyeglass frames and sunglasses, signed on October 4, 2011.
The license renewal, which will remain in effect until December 31, 2016, allows Marcolin to strengthen its excellent relationship with the Richemont Group brand launched in 2001, and confirms Marcolin's position as a leading company in the luxury eyewear business.

The new sunglass collections under the Diesel license began to be sold, encountering success on the market. Diesel eyeglass frame collections will be launched at the beginning of 2012.
For the Marcolin Group, this represents an important license in the "diffusion" segment. The collections will be distributed to the finest optical stores and department stores in the world, in addition to the Diesel stores.

Concerning the business outlook, on the basis of the positive results achieved in the first nine months of the year, improvement on the excellent results obtained in 2010 is likely. This is possible even if fourth quarter sales decline from those of the first three quarters due to the uncertainty present, particularly in certain European markets.

In the meantime, all necessary actions are being taken to boost sales and profits in the near future, including:

- developing the markets considered to be most strategic to the Group's growth, particularly those in the Far East and America;
- developing the license portfolio: continuing to promote long-held brands while developing recently launched brands and brands of licenses that have just been acquired.

INTERCOMPANY AND RELATED PARTY TRANSACTIONS

Related party transactions, including infra-group transactions, cannot be qualified as either atypical or unusual, as they are part of the normal activities of the Group's companies. Such transactions take place on an arm's length basis, taking into account the nature of the goods and services supplied.

Information on transactions with related parties, including the disclosures required by the CONSOB Communication of July 28, 2006, is provided in the Notes to the Interim Consolidated Financial Statements as at September 30, 2011.

ADDITIONAL EVENTS AND DISCLOSURES

There are no additional events that could impact the business performance or alter the Company's financial position, financial performance or cash flows.

Milan; November 10, 2011
Chairman of the Board of Directors
GIOVANNI MARCOLIN COFFEN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION — Marcolin Group

(euro/000)	Notes	30.09.2011	Of which related parties	31.12.2010	Of which related parties	30.09.2010	Of which related parties
ASSETS							
NON CURRENT ASSETS							
PROPERTY, PLANT AND EQUIPMENT		20.258		20.180		22.720	
INTANGIBLE ASSETS		13.659		3.732		3.208	
GOODWILL		2.393		2.419		2.368	
INVESTMENTS		87		334		387	
DEFERRED TAX ASSETS		12.041		9.500		10.941	
OTHER NON CURRENT ASSETS		5.182		5.404		5.456	
TOTAL NON CURRENT ASSETS	3.1	**53.620**		**41.569**		**45.080**	
CURRENT ASSETS							
INVENTORIES		43.110		41.073		38.445	
TRADE AND OTHER RECEIVABLES		60.496	1.747	62.306	1.109	55.462	743
OTHER CURRENT ASSETS		609		383		541	
CASH AND CASH EQUIVALENTS		25.827		35.471		36.916	
TOTAL CURRENT ASSETS	3.2	**130.041**	**1.747**	**139.233**	**1.109**	**131.363**	**743**
ASSETS HELD FOR SALE		**0**		**2.969**		**0**	
TOTAL ASSETS		**183.661**	**1.747**	**183.771**	**1.109**	**176.443**	**743**
SHAREHOLDERS' EQUITY							
SHARE CAPITAL		31.958		31.958		31.958	
ADDITIONAL PAID IN CAPITAL		24.517		24.517		24.517	
LEGAL RISERVE		2.403		1.833		1.833	
OTHER RESERVES		(87)		820		(253)	
RETAINED EARNINGS (LOSSES)		12.801		885		932	
PROFIT (LOSS) FOR THE PERIOD		17.259		18.606		13.938	
MINORITY INTERESTS		0		0		0	
TOTAL SHAREHOLDERS' EQUITY		**88.851**		**78.620**		**72.926**	
LIABILITIES							
NON CURRENT LIABILITIES							
LONG TERM BORROWINGS		21.056		27.450		32.028	
LONG TERM PROVISIONS		3.108		3.240		3.294	
DEFERRED TAX LIABILITIES		856		974		886	
OTHER NON CURRENT LIABILITIES		0		0		0	
TOTAL NON CURRENT LIABILITIES	3.3	**25.020**		**31.663**		**36.207**	
CURRENT LIABILITIES							
TRADE PAYABLES		32.645	90	36.756	852	30.924	575
SHORT TERM BORROWINGS		14.121		16.652		18.720	
SHORT TERM PROVISIONS		6.127		6.191		6.041	
INCOME TAXES		5.312		4.614		3.620	
OTHER CURRENT LIABILITIES		11.584		9.274		8.006	
TOTAL CURRENT LIABILITIES	3.4	**69.790**	**90**	**73.487**	**852**	**67.310**	**575**
TOTAL LIABILITIES		**94.810**	**90**	**105.150**	**852**	**103.517**	**575**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**183.661**	**90**	**183.771**	**852**	**176.443**	**575**

CONSOLIDATED INCOME STATEMENT

MARCOLIN GROUP

(euro/000)	Notes	3Q 2011	Of which related parties	%	3Q 2010	Of which related parties	%
NET SALES	4.1	**168,977**	**915**	**100.0%**	**155,313**	**1,282**	**100.0%**
COST OF SALES	4.2	**(61,197)**	**(161)**	**(36.2)%**	**(59,935)**	**(630)**	**(38.6)%**
GROSS PROFIT		**107,780**	**0**	**63.8%**	**95,377**	**0**	**61.4%**
SELLING AND MARKETING COSTS	4.3	(72,624)	(3,813)	(43.0)%	(67,683)	(2,893)	(43.6)%
GENERAL AND ADMINISTRATIVE EXPENSES	4.4	(13,640)		(8.1)%	(12,478)		(8.0)%
OTHER INCOME AND EXPENSES	4.5	1,487	63	0.9%	2,088		1.3%
OTHER NON RECURRENT OPERATING INCOME AND EXPENSES	4.6	351		0.2%	40		0.0%
OPERATING PROFIT - EBIT		**23,354**		**13.8%**	**17,345**		**11.2%**
FINANCIAL INCOME AND EXPENSES	4.7	(1,200)		(0.7)%	(1,011)		(0.7)%
NET RESULT BEFORE TAXES		**22,154**		**13.1%**	**16,334**		**10.5%**
INCOME TAXES		(4,896)		(2.9)%	(2,397)		(1.5)%
MINORITY INTERESTS		0		0.0%	0		0.0%
NET RESULT		**17,259**		**10.2%**	**13,938**		**9.0%**
EPS (euro)	4.8	**0.281**			**0.227**		
EPS diluted (euro)	4.8	**0.281**			**0.225**		

STATEMENT OF COMPREHENSIVE INCOME

NET RESULT	**17,259**	**13,938**
CURRENCY TRANSLATION	(760)	1,409
NET GAIN (LOSS) OF CASH FLOW HEDGE	82	73
NET COMPREHENSIVE INCOME	**16,580**	**15,419**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(euro/000)	Share capital	Additional paid in capital	Legal Reserve	Other reserves	Retained earnings (losses)	Income (loss) for the period	Minorities interest	Total
Jan 2010	**31,958**	**24,517**	**1,776**	**(1,770)**	**(6,117)**	**7,080**	**0**	**57,445**
Earnings (losses) Stock Option reserve	0	0	0	73	0	0	0	73
Allocation of 2009 profit	0	0	0	0	0	0	0	0
Dividends distributed	0	0	57	0	7,023	(7,080)	0	0
Comprehensive result	0	0	0	1,445	37	13,938	0	15,419
Sep 2010	**31,958**	**24,517**	**1,833**	**(252)**	**942**	**13,938**	**0**	**72,936**
Jan 2011	**31,958**	**24,517**	**1,833**	**820**	**885**	**18,606**	**0**	**78,620**
Earnings (losses) Stock Option reserve	0	0	0	(230)	0	0	0	**(230)**
Dividends distributed	0	0	0	0	(6,146)	0	0	**(6,146)**
Allocation of 2010 profit	0	0	570	0	18,036	(18,606)	0	**0**
Comprehensive result	0	0	0	(678)	0	17,259	0	**16,580**
Sep 2011	**31,958**	**24,517**	**2,403**	**(87)**	**12,801**	**17,259**	**0**	**88,851**

Consolidated cash flow statement	**9M 2011**	**9M 2010**
(euro/000)		
Operating activities :		
Income (loss) for the period	*17,259*	*13,938*
Depreciation and Amortisation	3,016	2,694
Provisions	4,136	3,895
Income taxes	4,896	2,397
Interest expenses	1,471	1,332
Other non-cash items	674	(451)
Operating profit before working capital changes	*31,452*	*23,803*
(Increase) decrease trade receivables	1,022	6,719
(Increase) decrease other receivables	(362)	229
(Increase) decrease inventory	(3,350)	(452)
(Decrease) increase trade payables	(8,111)	(1,831)
(Decrease) increase other payables	2,310	938
(Utilisation) of provisions	(3,054)	(1,859)
(Decrease) increase tax payables	4,036	117
Other non-cash items	(5,161)	(4,578)
Income taxes paid	(5,362)	(945)
Interest paid	(865)	(832)
Cash flows provided (used) by working capital changes	*(18,897)*	*(2,495)*
Cash flows provided by operating activities	**12,555**	**21,308**
INVESTING ACTIVITIES		
(Purchase) of property, plant and equipment	(2,404)	(7,028)
Proceeds from the sale of property, plant and equipment	2,956	(179)
(Purchase) of intangible assets	(6,559)	(483)
Cash flows (used) in investing activities	**(6,006)**	**(7,691)**
FINANCING ACTIVITES		
Loan		
- Increase	-	(5,000)
Net increase (decrease) bank borrowings	(202)	(430)
Borrowings		
- Increase	2,000	11,000
- Decrease	(10,859)	(8,520)
Changes in reserves	(761)	1,409
Dividend paid	(6,146)	-
Cash flows (used) in financing activities	**(15,968)**	**(1,541)**
Cash and cash equivalents increase (decrease)	**(9,419)**	**12,076**
Effect of exchange rates on cash	(224)	488
Cash and cash equivalents at beginning of year	**35,471**	**24,351**
Cash and cash equivalents at year end	**25,827**	**36,916**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1 INTRODUCTION

1.1 The Group's business

Marcolin S.p.A. (the "Parent Company") is incorporated under Italian law, listed in the Belluno Companies Register with no. 01774690273 and has shares traded in Italy on the electronic stock exchange (Mercato Telematico Azionario) organized and managed by Borsa Italiana S.p.A.
Marcolin S.p.A. is the parent company of the Marcolin Group, which operates in Italy and abroad in the manufacturing and distribution of eyeglass frames and sunglasses.

The addresses of the Company's registered office and of the locations where its main activities take place are as follows:

- registered office: Longarone (BL), zona industriale Villanova n. 4;
- logistics center and warehouse: Longarone (BL), zona industriale Villanova n. 20 H;
- show room and representative office: Milan, corso Venezia, n. 36.

2 ACCOUNTING POLICIES AND BASIS OF CONSOLIDATION

2.1 Accounting policies

The consolidation policies adopted for the preparation of the Interim Financial Report as at September 30, 2011 are consistent with those used to prepare the annual financial statements as at December 31, 2010, which may be referred to in this respect.

The Group elected to use the following types of financial statements, which are envisaged by International Accounting Standard (IAS) 1:

- The income statement that classifies costs by their nature.
- The statement of financial position that presents separately current assets, non-current assets, current liabilities, non-current liabilities, assets held for sale and liabilities associated with assets held for sale.
- The statement of changes in equity that uses columns, with reconciliation of the opening and closing balances for each item of equity.
- The cash flow statement prepared with the indirect method, which presents the cash flows by operating, investing and financing activities for the period.

The same types of financial statements were used to prepare the annual consolidated financial statements as at December 31, 2010.
Since the figures are reported in thousands of euros, slight differences may emerge due to rounding off.

Accounting policies, amendments and interpretations adopted from January 1, 2011 and not significant for the Group

The following amendments, improvements and interpretations effective from January 1, 2011 regulate issues that were not applicable to the Group at the reporting date, but may have accounting effects for future transactions or arrangements:

- Amendment to IAS 32 – Financial Instruments: Presentation, Classification of Rights Issues;
- Amendment to IFRIC 14 – Prepayments of a Minimum Funding Requirement;

- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments:
- Annual improvements to IAS/IFRS (2010).

Accounting principles and amendments not applicable yet and not adopted early by the Group

On November 12, 2009, the IASB published a new standard, IFRS 9 – *Financial Instruments*, which was then amended on October 28, 2010. The standard, which will be required to be applied retrospectively on January 1, 2013, represents the first phase of a project plan to replace IAS 39 and introduces new requirements for the classification and measurement of financial assets and financial liabilities and for the derecognition of financial assets.
The new standard uses a single approach to determine how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets in order to determine measurement criteria, replacing the many different rules in IAS 39. The most significant change for financial liabilities concerns accounting for changes in the fair value attributable to changes in the credit risk of financial liabilities measured at fair value through profit or loss. Under the new standard, the change in fair value shall be presented in other comprehensive income (loss) and shall not be subsequently transferred to profit or loss.

On October 7, 2010, the IASB issued amendments to IFRS 7 – *Financial Instruments: Disclosures*, applicable for reporting periods beginning on or after July 1, 2011. The amendments were issued to allow users of financial statements to improve their understanding of transfer transaction (derecognition) criteria for financial assets, including the possible effects of any residual risks that the transferring entity may retain. The amendments also require additional disclosures if a disproportionate amount of transfer transactions is undertaken around the end of a reporting period.

On December 20, 2010 the IASB issued a narrow amendment to IFRS 1 - *First-time Adoption of International Financial Reporting Standards (IFRSs)* to eliminate the transition date reference to January 1, 2004 contained therein and to provide guidance on how an entity should resume presenting IFRS-compliant financial statements after a period of hyperinflation. Prospective application of the amendments is effective from July 1, 2011.

On December 20, 2010, the IASB issued a narrow amendment to IAS 12 – *Income Taxes* that requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or through sale.
As a result of the amendments, SIC-21 - *Income Taxes—Recovery of Revalued Non-Depreciable Assets*, will no longer apply. The amendment is effective retrospectively from January 1, 2012.

On May 12, 2011, the IASB published IFRS 10 – *Consolidated Financial Statements* superseding SIC-12 – *Consolidation – Special Purpose Entities* and parts of IAS 27 – *Consolidated and Separate Financial Statements*, which is now *Separate Financial Statements* and addresses the accounting treatment of investments in separate financial statements. The new standard builds on existing principles to identify the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where it is difficult to assess. The standard is applicable retrospectively from January 1, 2013.

On May 12, 2011, the IASB issued IFRS 11 – *Joint Arrangements* superseding IAS 31 – *Interests in Joint Ventures* andSIC-13 – *Jointly Controlled Entities - Non-Monetary Contributions* *by Venturers*. The new standard provides the criteria for identifying joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form and requires using only the equity method to account for interests in jointly controlled entities in consolidated financial statements. The standard is applicable retrospectively from January 1, 2013. Following the publication of the standard, IAS 28 – *Investments in Associates* was amended to include accounting for interests in jointly controlled entities within its scope of application, from the effective date of the standard.

On May 12, 2011, the IASB published IFRS 12 – *Disclosure of Interests in Other Entities*, a new and comprehensive standard on additional disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, special purpose entities and other unconsolidated structured entities. The standard is applicable retrospectively from January 1, 2013.

On May 12, 2011, the IASB published IFRS 13 – *Fair Value Measurement*, clarifying the measurement of *fair value* for reporting purposes, applicative to all IFRSs permitting or requiring fair value measurement or presentation of information based on fair value. The standard is effective prospectively from January 1, 2013.

On June 16, 2011, the IASB issued an amendment to IAS 1 – *Presentation of Financial Statements* requiring entities to group together items of other comprehensive income (loss) that may be reclassified as profit or loss in the income statement. The amendment comes into effect for reporting periods beginning on or after July 1, 2012.

On June 16, 2011, the IASB issued an amendment to IAS 19 – *Employee Benefits* that eliminates an option to defer the recognition of gains and losses, known as the 'corridor method', requiring the deficit or surplus of the provision to be presented in the statement of financial position, the components of cost relating to service and net financial costs to be recognized as profit or loss, and actuarial gains and losses arising from remeasurement of assets and liabilities to be recognized as other comprehensive income (loss). Moreover, the return on assets included in net financial costs has to be calculated using the discount rate applicable to liabilities instead of the expected return on assets. The amendment also requires additional disclosures in the notes to financial statements. The amendment is applicable retrospectively for financial years beginning on or after 1 January 2013.
As at the reporting date of this interim financial report, the European Union had not completed its endorsement process for the adoption of the foregoing new standards and amendments.

Use of estimates

In preparing the Interim Financial Report, the Company's management made measurements, estimates and assumptions that affect the reported amounts of revenues, costs, assets and liabilities and disclosure regarding contingent assets and liabilities at the reporting date. Actual results could differ from those estimates.

The valuation process, especially in the more complex areas, such as in determining whether fixed assets and equity interests have suffered impairment losses, can be completed only when the annual consolidated financial statements are prepared, when all necessary information is available, unless indications of impairment are present that require immediately assessing any losses in value.

2.2. Scope of consolidation

The Marcolin Group's Interim Financial Report as at September 30, 2011 reflects the consolidation on such date of Marcolin S.p.A. (Parent company) and its Italian and foreign subsidiaries and the companies over which it exerts a direct or indirect dominant influence.

The companies consolidated on a line-by-line basis and those accounted for using the equity method are set forth below:

Company	Headquarters	Currency	Share capital	Consolidation method	% ownership Direct	Indirect
Marcolin Asia Ltd.	Hong Kong	USD	198,863	Line-by-line	-	100.00%
Marcolin Benelux Sprl	Faimes	EUR	280,000	Line-by-line	100.00%	-
Marcolin do Brasil Ltda	Jundiai	BRL	9,575,240	Line-by-line	99.90%	0.10%
Marcolin (Deutschland) GmbH	Ludwigsburg	EUR	300,000	Line-by-line	100.00%	-
Marcolin GmbH	Fullinsdorf (CH)	CHF	200,000	Line-by-line	100.00%	-
Marcolin (UK) Ltd	Newbury	GBP	850,000	Line-by-line	100.00%	-
Marcolin Iberica SA	Barcellona	EUR	487,481	Line-by-line	100.00%	-
Marcolin International BV	Amsterdam	EUR	18,151	Line-by-line	100.00%	-
Marcolin Portugal Lda	S. Joao do Estoril	EUR	420,000	Line-by-line	99.82%	-
Marcolin Usa Inc	New York	USD	536,500	Line-by-line	85.40%	14.60%
Marcolin France Sas	Parigi	EUR	1,054,452	Line-by-line	76.89%	23.11%
Marcolin Japan Co Ltd in liquidation	Tokyo	JPY	99,000,000	Equity	40.00%	-
Finitec Srl in liquidation	Longarone	EUR	54,080	Equity	40.00%	-

The scope of consolidation had the following changes with respect to December 31, 2010:

- the associate Finitec S.r.l, which supplied galvanic and dye treatments for eyewear, went into liquidation in May 2011;
- the associate Marcolin Japan Co. Ltd, which marketed eyeglass and sunglass frames on the Japanese market, went into liquidation in September 2011.

The currency exchanges used are shown below :

Currency		Final exchange rate 30.09.2011	30.09.2010	*Change*	Average exchange rate 9M 2011	9M2010	*Change*
Sterlina inglese	GBP	0.867	0.860	0.8%	0.871	0.857	1.6%
Franco svizzero	CHF	1.217	1.329	(8.4)%	1.234	1.400	(11.9)%
Dollaro Usa	USD	1.350	1.365	(1.1)%	1.406	1.315	7.0%
Real brasiliano	BRL	2.507	2.320	8.0%	2.294	2.341	(2.0)%
Dollaro Hong Kong	HKD	10.521	10.592	(0.7)%	10.952	10.215	7.2%
Yen Giapponese	JPY	103.790	113.680	(8.7)%	113.192	117.661	(3.8)%

3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

3.1. Non-current assets

The composition of non-current assets is shown below:

NON CURRENT ASSETS *(euro/000)*	30.09.2011	31.12.2010	30.09.2010
PROPERTY, PLANT AND EQUIPMENT	20,258	20,180	22,720
INTANGIBLE ASSETS	13,659	3,732	3,208
GOODWILL	2,393	2,419	2,368
INVESTMENTS	87	334	387
DEFERRED TAX ASSETS	12,041	9,500	10,941
OTHER NON CURRENT ASSETS	5,182	5,404	5,456
TOTAL	**53,620**	**41,569**	**45,080**

The total value rose by 12.051 million euros from December 31, 2010.
The most significant changes refer to:

- intangible assets, which rose by 9.926 million euros due primarily to the capitalization of costs incurred for license renewals. Such costs were capitalized as intangible assets under IAS 38 on the basis of their future economic life;
- deferred tax assets, which rose by 2.540 million euros. The amount refers primarily to the Parent company's temporary differences between the value of the assets and liabilities accounted for in the financial statements and the value attributed to those assets and liabilities for tax purposes, and to subsidiaries Marcolin USA and Marcolin France, which accounted for deferred tax assets in connection with tax benefits arising on accumulated tax losses. Considering the positive results reported by the subsidiaries recently, it is likely that taxable income will be made against which the tax benefits shall be recovered.

The other non-current assets refer to:

- property, plant and equipment, which rose by 79 thousand euros from December 31, 2010;
- goodwill, referring to a previous acquisition by Marcolin USA; the decrease of 25 thousand euros is attributable entirely to exchange rate fluctuations;
- equity investments, referring to interests held in related companies, which declined by 247 thousand euros due to losses reported by such companies in the period;
- other non-current assets, which decreased by 222 thousand euros. This item refers almost entirely to financing granted by subsidiary Marcolin USA to a third party, which bears interest at market rates. The financing shall be repaid in semi-annual installments from 2013 to 2015.

- As mentioned previously, Finitec, which supplied galvanic and dye treatments for eyewear, went into liquidation in May. The losses reported by Finitec are reflected in the consolidated accounts, and include the effects of closing the business and incurring substantial personnel costs; the value of the interest at the end of September 2011 is 87 thousand euros;
- the associate Marcolin Japan Co. Ltd, which marketed eyeglass and sunglass frames on the Japanese market, went into liquidation in September. Due to the company's loss, the interest was reduced to zero and the residual negative amount was allocated to a risk provision for the coverage of losses on equity investments among current liabilities.

3.2. Current assets

The composition of current assets is shown below:

CURRENT ASSETS *(euro/000)*	**30.09.2011**	**31.12.2010**	**30.09.2010**
INVENTORIES	43,110	41,073	38,445
TRADE AND OTHER RECEIVABLES	60,496	62,306	55,462
OTHER CURRENT ASSETS	609	383	541
CASH AND CASH EQUIVALENTS	25,827	35,471	36,916
TOTAL	**130,041**	**139,233**	**131,363**

The overall value of current assets fell by 9.192 million euros from December 31, 2010. This is the result of the following:

- inventory rose by 2.037 million euros, reflecting the increase in finished products in stock due to the procurement of products of the new collections, which will begin to be sold in the fourth quarter of the year;
- trade and other receivables fell by 1.811 million euros. Trade receivables alone fell by 2.453 million euros despite the higher sales, with a considerable reduction in the average collection period;
- cash and cash equivalents fell by 9.644 million euros due to payments of dividends and costs incurred for license renewals, offset by cash flows generated by the sale of property by Marcolin Gmbh, as described in the report on operations.

As at September 30, 2011, the trade receivables are reported net of their 4.634 million euro provision for doubtful accounts (4.657 million euros on December 31, 2010), and inventory is reported net of its impairment provision of 18.239 million euros (16.921 million euros on December 31, 2010).

3.3. Non-current liabilities

The composition of non-current liabilities is shown below:

NON CURRENT LIABILITIES *(euro/000)*	**30.09.2011**	**31.12.2010**	**30.09.2010**
LONG TERM BORROWINGS	21,056	27,450	32,028
LONG TERM PROVISIONS	3,108	3,240	3,294
DEFERRED TAX LIABILITIES	856	974	886
OTHER NON CURRENT LIABILITIES	0	0	0
TOTAL	**25,020**	**31,663**	**36,207**

The value of non-current liabilities fell by 6.643 million euros from December 31, 2010, mainly as a result of the scheduled repayments on medium/long-term loans. In the reporting period, since a portion of a previously granted loan was not used, some terms of the related loan agreement were renegotiated to defer principal repayments totaling 500 thousand euros originally due in the reporting period.

The long-term provisions consist essentially of the provision for post-employment benefits ("TFR"), which is submitted to actuarial valuation using parameters that are substantially consistent with those used for the annual financial statements as at December 31, 2010.

All bank loans were taken out by the Parent company. The main loans are described in detail below:

BANK	CURRENCY	STARTING AMOUNT (euro)	RESIDUAL AMOUNT (euro)	EXPIRATION DATE	INTEREST RATE	NOTES
*EFIBANCA **	euro	(CREDIT LINE) 30,000,000	8,785,714	27 June 2012	Euribor 6 mesi + 0,8%	A "Term Loan Facility" of 15.000.000, dated JUN 27, 2007, refundable in 10 half-year instalments from DEC 27, 2007 and a "Stand by Facility" loan of 15.000.000, refundable in 7 half-year instalments from JUN 27, 2009.
Ministero delle attività produttive (Innovazione Tecnologica)	euro	793,171	406,567	26 June 2016	1.012%	Subsidized loan in accordance with the Law no. 46, 1982, refundable in 10 year instalments from JUN 26, 2007.
*Cassa di Risparmio del Veneto * (ex Banca Intesa)*	euro	(CREDIT LINE) 15,000,000	10,500,000	31 March 2015	Euribor 6 mesi + 0,95%	Loan dated OCT 26, 2010, refundable in 10 half-year instalments from SEP 30, 2010.
Mediocredito Italiano	euro	10,000,000	9,411,764	30 September 2019	Euribor 3 mesi + 1,70%	Real-estate loan dated DEC 22, 2009, refundable in 34 quarterly instalments from JUN 30, 2011.
*Banca Nazionale del Lavoro **	euro	4,000,000	6,000,000	31 December 2014	Euribor 6 mesi + 1,70%	Loan of 10.000.000, dated JAN 21, 2010, refundable in 8 half-year instalments from JUN 30, 2011.

** These loans envisage contractual covenants as detailed in the explanatory notes to the accounts of Marcolin Group.*

Marcolin S.p.A.'s loan agreements with Cassa di Risparmio del Veneto (formerly Banca Intesa S.p.A.), Efibanca S.p.A. and Banca Nazionale del Lavoro (BNP Paribas Group) include covenants requiring certain financial ratios calculated from the consolidated accounts of each annual reporting date to be met.
The loan covenants are based on the main performance and financial indicators (Ebitda, net financial position and equity).
If the loan covenants are not complied with, the loans may have to be repaid early, unless the terms of the loans are renegotiated with the banks or the loan covenants are amended by mutual consent.
The data reported in the consolidated financial statements as at September 30, 2011 complies with the loan covenants.

In compliance with CONSOB Communication 6064293 of July 28, 2006 requiring disclosures pursuant to Legislative Decree 58/98, Article 114, paragraph 5, the net financial position as at September 30, 2011 is set forth below in comparison with the previous periods:

Net financial position (euro/000)	**SEP 2011**	**DEC 2010**	**SEP 2010**
A Cash	79	71	93
B Cash equivalents (detail)	25,748	35,400	36,822
C Securities held for trading	0	0	0
D Liquidity (A+B+C)	**25,827**	**35,471**	**36,916**
E Current financial receivables	**0**	**0**	**0**
F Current bank payable	8,865	2,905	5,767
G Non current debt - current portion	5,256	13,747	12,953
I Current financial debt (F+G)	**14,121**	**16,652**	**18,720**
J Net current financial debt (I-E-D)	**(11,706)**	**(18,819)**	**(18,196)**
K Non current bank loans	21,056	27,450	32,028
L Issued bonds	0	0	0
M Other non current debt	0	0	0
N Non current financial debt (K+L+M)	**21,056**	**27,450**	**32,028**
O Net financial debt (J+N)	**9,350**	**8,631**	**13,832**

3.4. Current liabilities

Current liabilities are set forth below:

CURRENT LIABILITIES *(euro/000)*	**30.09.2011**	**31.12.2010**	**30.09.2010**
TRADE PAYABLES	32,645	36,756	30,924
SHORT TERM BORROWINGS	14,121	16,652	18,720
SHORT TERM PROVISIONS	6,127	6,191	6,041
INCOME TAXES	5,312	4,614	3,620
OTHER CURRENT LIABILITIES	11,584	9,274	8,006
TOTAL	**69,790**	**73,487**	**67,310**

Current liabilities as at September 30, 2011 show a decrease of 3.697 million euros from December 31, 2010. This is the result of the following:

- trade payables fell by 4.111 million euros;
- short-term borrowings fell by 2.531 million euros;
- short-term provisions were substantially consistent with the amount of December 31, 2010;
- the current tax liability rose by 698 thousand euros; the increase is mainly attributable to the parent, Marcolin S.p.A.;
- other current liabilities rose by 2.310 million euros mainly on account of payables due to employees.

The movements in the current provisions for the first nine months of the year are shown in the following table:

Short term provisions	**Provision for severance indemnities**	**Provision for taxes**	**Other provisions**	**TOTAL**
(euro/000)				
JAN 2011	**656**	**0**	**5,535**	**6,191**
Allowance	109	84	1,653	1,846
Actuarial loss (gain)	(8)	na	na	(8)
Utilisation	(45)	0	(1,883)	(1,928)
Other movements	0	0	0	0
Translation difference	0	3	23	26
SEP 2011	**712**	**87**	**5,328**	**6,127**

The agency termination provision consists of benefits that could be due in the event of agency termination; the amount is discounted to present value on the basis of the estimated time of payment at a rate consistent with the rate used for the actuarial valuation of the provision for post-employment benefits.

The other provisions of 5.328 million euros consist of provisions for customer returns and product warranties totaling 4.502 million euros reported primarily by subsidiary Marcolin U.S.A., parent Marcolin S.p.A. and subsidiary Marcolin France.
The other provisions refer to Marcolin S.p.A.; they include the provision of 242 thousand euros for losses on equity investments, which includes the negative value of the interest in Marcolin Japan Co. Ltd.

4 INCOME STATEMENT

4.1 Net sales

Net sales are broken down by geographical segment below:

Net sales by geografic area	SEP 2011		SEP 2011		Increase	
(euro/000)	Turnover	% on total	Turnover	% on total	Turnover	Change
- Europe	89,643	53.1%	86,406	55.6%	3,237	3.7%
- U.S.A.	36,183	21.4%	35,339	22.8%	844	2.4%
- Asia	16,855	10.0%	12,218	7.9%	4,638	38.0%
- Rest of the World	26,296	15.6%	21,350	13.7%	4,945	23.2%
TOTAL	**168,977**	**100.0%**	**155,313**	**100.0%**	**13,665**	**8.8%**

The report on operations provides additional information on this item.

4.2 Cost of sales

The cost of sales is set forth below:

COST OF SALES *(euro/000)*	**9M 2011**	**9M 2010**	Incremento (Decremento)	**%**
Purchase of material and finished goods	40,051	37,868	2,184	5.8%
Changes in inventory	(2,940)	587	(3,527)	(600.8)%
Personnel expenses	12,442	11,590	852	7.4%
Outworks	6,224	4,756	1,468	30.9%
Amortisation and depreciation	1,634	1,578	56	3.6%
Other expenses	3,786	3,557	229	6.4%
Total	**61,197**	**59,935**	**1,262**	**2.1%**

The cost of sales is 36.2% of sales, an improvement of more than 2% from the first nine months of 2010 (the cost of sales was 38.6% of sales as at September 30, 2010).
The cost of sales rose from the corresponding period of 2010 primarily as a result of the following increases:

- purchases of materials and finished products rose by 2.184 million euros;
- outsourced manufacturing increased by 1.468 million euros.

The other costs refer principally to purchasing charges (freight and customs duties) and industrial consulting services.

4.3 Distribution and marketing costs

The composition of distribution and marketing costs is shown below:

SELLING AND MARKETING COSTS *(euro/000)*	**9M 2011**	**9M 2010**	Incremento (Decremento)	**%**
Personnel expenses	19,517	18,304	1,213	6.6%
Commissions	6,770	6,794	(24)	(0.4)%
Amortisation and depreciation	796	737	59	8.0%
Royalties	23,021	20,343	2,678	13.2%
Advertising ad PR	11,783	11,553	230	2.0%
Other costs	10,737	9,952	785	7.9%
Total	**72,624**	**67,683**	**4,941**	**7.3%**

Distribution and marketing costs rose by 4.941 million euros, less than proportionally to the increase in sales.
The largest difference is for royalties due primarily to the higher sales.

The other costs consist mainly of selling costs, including freight, rental and entertainment expenses.

4.4 General and administrative costs

The general and administrative costs are set forth below:

GENERAL AND ADMINISTRATIVE EXPENSES *(euro/000)*	**9M 2011**	**9M 2010**	Incremento (Decremento)	**%**
Personnel expenses	4,531	4,046	485	12.0%
Bad debt provsion	460	817	(356)	(43.6)%
Amortisation and depreciation	605	379	225	59.4%
Other costs	8,044	7,236	808	11.2%
Total	**13,640**	**12,478**	**1,162**	**9.3%**

General and administrative costs rose by 1.162 million euros compared to the first nine months of 2010.
As at September 30, 2010 personnel costs of 71 thousand euros for the implementation of Marcolin USA's new EAP SAP system had been capitalized. Without capitalizing such costs, the increase in personnel costs would be 10%.
The other costs include 1.7 million euros in cash outlays for stock options under the incentive plan that matured on April 29, 2011. This amount is the difference between the amount allotted for such item in a specific reserve during the vesting period, in compliance with IFRS 2, and the amount effectively paid by the company.

The remaining other costs include Director and Statutory Auditor fees, IT consulting fees and service fees.

4.5 Other income and costs

The other income and costs are set forth below:

OTHER INCOME AND EXPENSES	9M 2011	9M 2010
(euro/000)		
Transport refund	1,077	1,032
Release of provision	50	213
Other income	859	846
Total other income	1,986	2,092
Loss on investments	(499)	(3)
Total other (expenses)	(499)	(3)
TOTAL	**1,487**	**2,088**

The balance shows a decrease of 601 thousand euros against the amount for the first nine months of 2010.
The other income consists principally of costs for advertising materials and other costs charged by the parent company.
The writedowns of equity investments consist of the effects of accounting for associates with the equity method, resulting in 146 thousand euros for Finitec Srl and 348 thousand euros for Marcolin Japan Co Ltd.

4.6 Non-recurring income and costs

NON-RECURRING OPERATING INCOME AND EXPENSES	9M 2011	9M 2010
(euro/000)		
Non-recurring income	437	445
Non-recurring expenses	(86)	(405)
TOTAL	**351**	**40**

The item has a positive balance of 351 thousand euros for the first nine months of 2011.
The non-recurring income consists primarily of unrealized costs relating to previous periods referring to Marcolin S.p.A., and is the result of certain costs being less than originally anticipated.

4.7 Financial income and costs

Financial income and costs are set forth below:

FINANCIAL INCOME AND EXPENSES *(euro/000)*	9M 2011	9M 2010
Financial income	2,197	2,427
Financial expenses	(3,397)	(3,438)
TOTAL	**(1,200)**	**(1,011)**

The net financial costs have increased by 189 thousand euros.

FINANCIAL INCOME *(euro/000)*	9M 2011	9M 2010
Other income	367	313
Gains on exchage rate differences	1,829	2,115
TOTAL	**2,197**	**2,427**

FINANCIAL EXPENSES (euro/000)	9M 2011	9M 2010
Interest expenses	(1,003)	(1,340)
Cash discounts	(705)	(673)
Losses on exchage rate differences	(1,689)	(1,425)
TOTAL	**(3,397)**	**(3,438)**

The tables above show that:

- interest expense fell by 337 thousand euros against the amount to date at September 30, 2010, mainly as a result of the reduced borrowings;
- currency exchanges resulted in a fairly even balance, with a 140 thousand euro net profit, against the 690 thousand euro net profit as at September 30, 2010.

4.8 Earnings per share

The composition of earnings per share is shown below:

EARNING PER SHARE	9M 2011	9M 2010
Income (Loss) for the period (euro)	17,258,547	13,937,736
Number of shares	62,139,375	62,139,375
Treasury shares	681,000	681,000
Net number of shares	61,458,375	61,458,375
Stock option	0	500,000
Earning per share	**0.281**	**0.227**
Diluted earning per shares	**0.281**	**0.225**

5. OTHER INFORMATION

Disclosure of atypical, unusual and related-party transactions

In compliance with CONSOB Communication nos. DAC/98015375 of February 27, 1998 and DEM/6064293 of July 28, 2006, the information with respect to atypical and unusual transactions and transactions with related parties is provided below.

Atypical and unusual transactions

In the first nine months of 2011 there were no abnormal and/or unusual transactions, including with other Group companies, nor were there any transactions outside the scope of the ordinary business activity that could significantly impact the financial position, financial performance or cash flows of Marcolin S.p.A. and the Group.

Transactions with related parties

Intercompany and related-party transactions are mainly of a commercial nature and are conducted on an arm's length basis.

The following table sets forth the transactions and balances with subsidiaries, associates accounted for with the equity method and other related parties:

COMPANY	9M 2011		30 SEP 2011		
(euro/000)	Expenses	Revenues	Receivables	Payables	Relation
Finitec S.r.l.	161	2	0	1	Collegata
Marcolin Japan Co Ltd	1	264	90	903	Collegata
Tod's S.p.A.	3,813	712	0	843	Correlata

The resulting balances are not considered to have a significant impact on the Group's financial position, financial performance or cash flows.

Significant non-recurring events and transactions

There were no significant non-recurring events or transactions that impacted the Group's financial position or results of operations in the first nine months of 2011.

Milan; November 10, 2011
Chairman of the Board of Directors
GIOVANNI MARCOLIN COFFEN

Financial Reporting Manager's Statement pursuant to Legislative Decree 58/1998, Article 154-bis

In compliance with Consolidated Finance Act Article 154-bis, paragraph 2, the Manager responsible for preparing the accounting and corporate documentation, Sandro Bartoletti, hereby states that the accounting information contained in the Interim Financial Report as at September 30, 2011 corresponds to the underlying accounting documents, ledgers and records.

Milan; November 10, 2011
Sandro Bartoletti
Financial Reporting Manager