Nine-month Financial Report

for the period ended 30th September 2014

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This interim report is available on the Company's website:

www.safilo.com

SAFILO GROUP S.p.A.

Settima Strada, 15

35129 Padua - Italy

Contents

Board of Directors, committees and auditors

Board of Directors

Chairman	Robert Polet
Chief Executive Officer	Luisa Deplazes de Andrade Delgado
Independent Director	Giovanni Ciserani
Independent Director	Jeffrey A. Cole
Director	Melchert Frans Groot
Independent Director	Marco Jesi
Independent Director	Eugenio Razelli
Director	Massimiliano Tabacchi

Board of Statutory Auditors

Chairman	Paolo Nicolai
Regular Auditor	Franco Corgnati
Regular Auditor	Bettina Solimando
Alternate Auditor	Marzia Reginato
Alternate Auditor	Gianfranco Gaudioso

Corporate Governance Committee

	Franco Corgnati
	Eugenio Razelli
	Massimiliano Pascale (*)

Control and Risk Committee

Chairman	Eugenio Razelli
	Marco Jesi
	Melchert Frans Groot (**)

Remuneration and Nomination Committee

Chairman	Jeffrey A. Cole
	Massimiliano Tabacchi (**)
	Marco Jesi

Related Parties Transactions Committee

	Eugenio Razelli
	Marco Jesi
	Giovanni Ciserani

Independent Auditors

Deloitte & Touche S.p.A. (***)

(*) In charge from 1st September 2014.

(**) In charge from 29th April 2014

(***) Appointed, as proposed by the Board of Statutory Auditors, by the Shareholders' Meeting of April 15th 2014, for the financial years from 2014 to 2022.

REPORT ON OPERATIONS

General information and activities of the Group

Safilo Group S.p.A., the holding company, is a limited liability company registered in Italy. The registered office is located in Pieve di Cadore (BL), whilst the administrative headquarters are located in Padua at offices of the subsidiary Safilo S.p.A..

Companies included in the consolidation area are reported in paragraph 1.3 "Consolidation method and consolidation area".

Safilo Group has been in the eyewear market for 80 years and is the second worldwide producer of sunglasses and prescription frames. Safilo is active in the design, manufacture and wholesale and retail distribution of eyewear products. Safilo is the global leader in the high-end eyewear segment of the market and also one of the top three sports eyewear producers and distributors worldwide.

Safilo designs, produces and distributes high quality optical eyewear, sunglasses, sports goggles and accessories. Distribution is through specialised outlets and retail distribution chains.

The entire production-distribution chain is directly supervised and is divided into the following phases: research and technological innovation, design and product development, planning, programming and purchasing, production, quality control, marketing and communication, sales, distribution and logistics. Safilo is strongly oriented towards the development and design of the product, carried out by a team of designers who ensure continued technical and stylistic innovation, which has always been one of the company's key strengths.

The Group manages a brand portfolio of both licensed and proprietary brands, selected according to competitive positioning and international prestige criteria and in order to implement a clear segmentation strategy of customers. Safilo has extensively integrated its proprietary brand portfolio with numerous brands from the luxury and fashion industry, building long-term relationships with the licensors through license agreements, most of which are repeatedly renewed.

The Group's brands include Carrera, Oxydo, Polaroid, Safilo, Smith Optics – and the licensed brands Alexander McQueen, Banana Republic, Bobbi Brown, BOSS, BOSS Orange, Bottega Veneta, Céline, Dior, Fendi, Fossil, Gucci, HUGO, J.Lo by Jennifer Lopez, Jack Spade, Jimmy Choo, Juicy Couture, Kate Spade, Liz Claiborne, Marc Jacobs, Marc by Marc Jacobs, Max Mara, Max&Co., Pierre Cardin, Saint Laurent, Saks Fifth Avenue e Tommy Hilfiger.

Key consolidated performance indicators

Economic data (Euro in millions)	First nine months 2014	%	First nine months 2013	%
Net sales	867.5	100.0	841.8	100.0
Cost of sales	(326.9)	(37.7)	(324.9)	(38.6)
Gross profit	540.6	62.3	516.9	61.4
Ebitda	83.3	9.6	81.3	9.7
Ebitda pre non-recurring items	86.3	9.9	88.7	10.5
Operating profit	57.2	6.6	54.1	6.4
Operating profit pre non-recurring items	60.2	6.9	61.5	7.3
Group profit before taxes	50.0	5.8	36.0	4.3
Profit attributable to the Group	31.7	3.7	21.8	2.6
Profit attributable to the Group pre non-recurring items	33.9	3.9	27.3	3.2

Economic data (Euro in millions)	Third quarter 2014	%	Third quarter 2013	%
Net sales	261.2	100.0	243.4	100.0
Cost of sales	(104.2)	(39.9)	(98.6)	(40.5)
Gross profit	157.1	60.1	144.8	59.5
Ebitda	14.6	5.6	16.3	6.7
Ebitda pre non-recurring items	14.6	5.6	16.3	6.7
Operating profit	5.7	2.2	6.8	2.8
Operating profit pre non-recurring items	5.7	2.2	6.8	2.8
Group profit before taxes	3.9	1.5	3.7	1.5
Profit attributable to the Group	2.4	0.9	1.7	0.7
Profit attributable to the Group pre non-recurring items	2.4	0.9	1.7	0.7

Balance sheet data (Euro in millions)	September 30, 2014	%	December 31, 2013	%
Total assets	1,578.8	100.0	1,465.6	100.0
Total non-current assets	923.2	58.5	871.5	59.5
Capital expenditure	27.3	1.7	36.7	2.5
Net invested capital	1,103.6	69.9	1,028.6	70.2
Net working capital	300.1	19.0	246.9	16.8
Net financial position	(158.9)	10.1	(182.5)	12.5
Group Shareholders' equity	942.3	59.7	843.1	57.5

Financial data (Euro in millions)	First nine months 2014	First nine months 2013
Cash flow operating activity	17.5	55.8
Cash flow investing activity	(27.8)	(21.9)
Cash flow financing activity	(14.0)	(18.6)
Closing net financial indebtedness (short-term)	54.1	61.4

Earnings per share (in Euro)	First nine months 2014	First nine months 2013
Earnings per share - basic	0.508	0.353
Earnings per share - diluted	0.505	0.350
No. shares in share capital as at September 30	62,534,965	61,769,965

Group personnel	September 30, 2014	September 30, 2013
Punctual	7,579	7,803

It should be noted that:

- certain figures in the Report on operations have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be algebraic sums of the figures which precede them;
- the percentage variations and incidences in the table have been calculated on the basis of data expressed in thousands and not those which are shown, rounded to the nearest million.

Certain "alternative performance indicators", which are not foreseen in the IFRS accounting principles have been used in this interim Report. Their meaning and content is given below:

- "EBITDA" stands for Earnings Before Interest, Taxes, Depreciation and Amortisation and is also stated before impairment losses to intangible assets such as goodwill;
- "EBITDA LTM adjusted" stands for EBITDA calculated for the prior 12 consecutive months ending on the date of measurement before non-recurring items amounting in the first nine months of 2014 to Euro 3.0 million (Euro 7.4 million in the first nine months of 2013);
- "Capital expenditure" refers to purchases of tangible and intangible fixed assets;
- "Net invested capital" refers to the algebraic sum of shareholders' equity of the Group and minority interests and the "Net financial position" (see below);
- "Free Cash Flow" means the algebraic sum of cash flow from/(for) operating activities and the cash flow from/(for) investing activities;
- "Net working capital" means the algebraic sum of inventories, trade receivables and trade payables.
- "Net financial position" means the sum of bank borrowings, short, medium and long-term borrowings, net of cash held in hand and at bank. Such indicator does not include the valuation at the reporting date of derivative financial instruments.
- "Non-recurring items" refers to charges not related to the ordinary operations. The table below summarizes the reconciliation between the economic indicators and their adjusted value per non-recurring items:

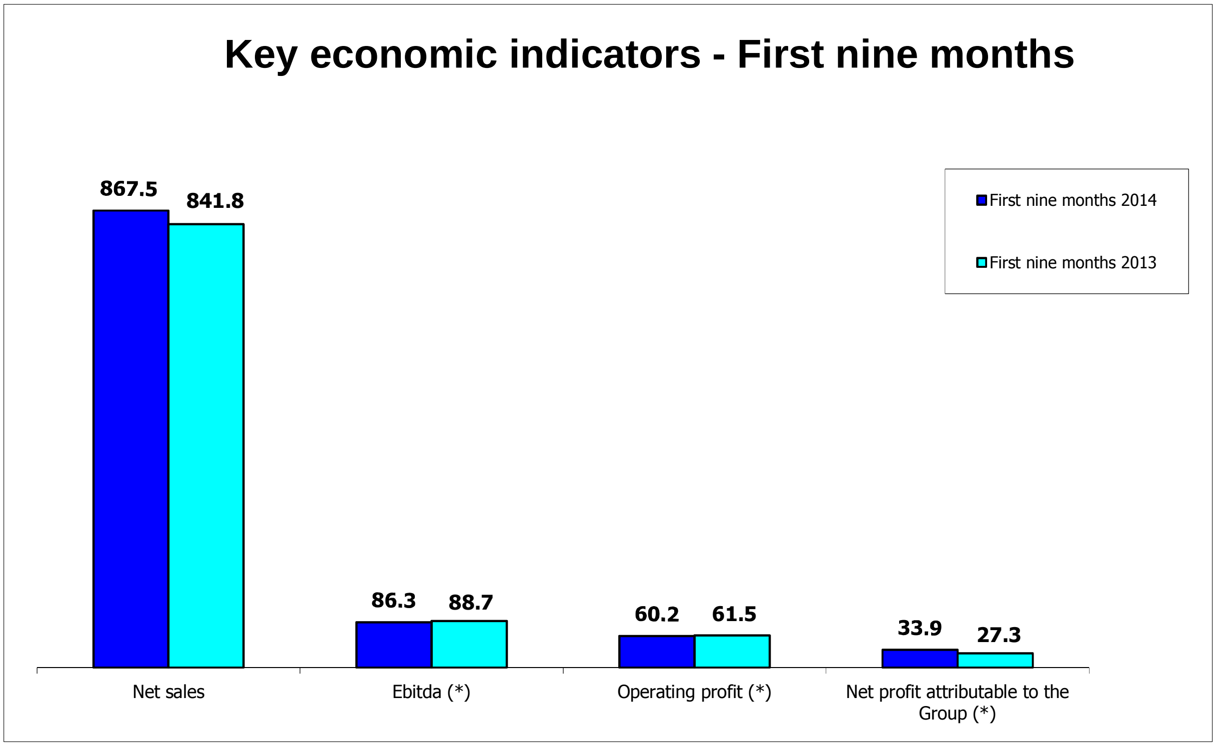
	First nine months 2014			First nine months 2013		
(Euro in million)	Ebitda	Operating profit	Profit attributable to the Group	Ebitda	Operating profit	Profit attributable to the Group
Economic indicators	**83.3**	**57.2**	**31.7**	**81.3**	**54.1**	**21.8**
CEO succession plan	-	-	-	6.0	6.0	6.0
Commercial restructuring costs EMEA region	-	-	-	1.4	1.4	1.4
Other non-recurring costs	3.0	3.0	3.0	-	-	-
Tax effect on non-recurring items	-	-	(0.8)	-	-	(1.9)
Economic indicators pre non-recurring items	**86.3**	**60.2**	**33.9**	**88.7**	**61.5**	**27.3**

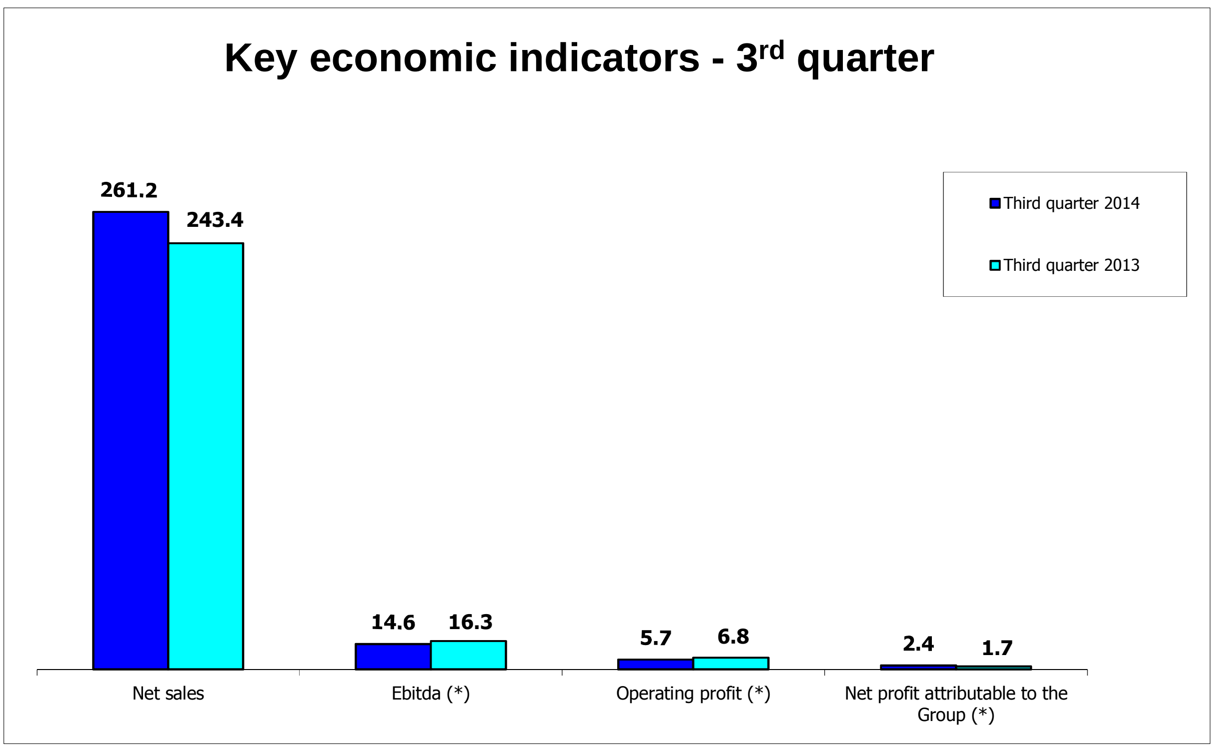
	Third quarter 2014			Third quarter 2013		
(Euro in million)	Ebitda	Operating profit	Profit attributable to the Group	Ebitda	Operating profit	Profit attributable to the Group
Economic indicators	**14.6**	**5.7**	**2.4**	**16.3**	**6.8**	**1.7**
CEO succession plan	-	-	-	-	-	-
Commercial restructuring costs EMEA region	-	-	-	-	-	-
Other non-recurring costs	-	-	-	-	-	-
Tax effect on non-recurring items	-	-	-	-	-	-
Economic indicators pre non-recurring items	**14.6**	**5.7**	**2.4**	**16.3**	**6.8**	**1.7**

During the first nine months of 2014 the Group has incurred non-recurring items related to employees due to both reorganization costs and the voluntary exit agreements for some employees of the Italian plants. The operating profit for the same period of 2013 was affected by non-recurring items related to the CEO succession plan for Euro 6.0 million and to other restructuring costs in the European market for Euro 1.4 million.

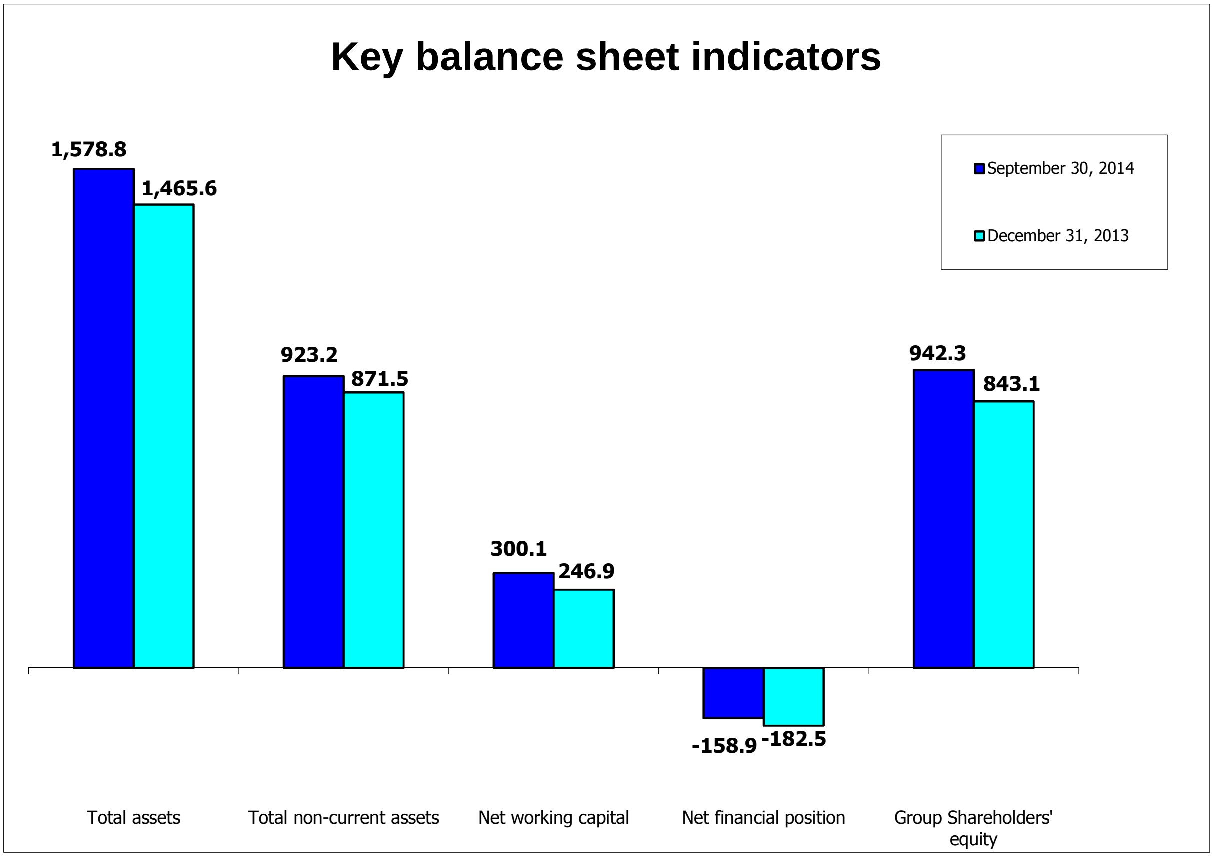
Disclaimer

This interim report and, in particular, the section entitled "Subsequent events and Outlook" contains forward looking statements based on current expectations and projects of the Group in relation to future events. Due to their specific nature, these statements are subject to inherent risks and uncertainties, as they depend on certain circumstances and facts, most of which being beyond the control of the Group. Therefore actual results could differ, even to a significant extent, with respect to those reported in the statements.





(*) pre non-recurring items


Key balance sheet indicators
September 30, 2014
December 31, 2013
1,578.8
1,465.6
923.2
871.5
300.1
246.9
-158.9
-182.5
942.3
843.1
Total assets
Total non-current assets
Net working capital
Net financial position
Group Shareholders' equity

Information on Group economic results

The Group's net sales for the first nine months of 2014 total Euro 867.5 million, up 3.1% at current exchange rates on the same period of the previous year (up 5.5% at constant exchange rates), when net sales amounted to Euro 841.8 million. Without considering non-recurring expenses EBITDA amounts to Euro 86.3 million from Euro 88.7 million for the first nine months of 2013, resulting in an EBITDA margin of 9.9% compared with 10.5%. Including non-recurring expenses, EBITDA for the first nine months is Euro 83.3 million, compared with Euro 81.3 million for the same period of the previous year.

Net financial expenses amount to Euro 7.2 million for the first nine months of 2014, compared with the Euro 18.1 million of the same period of the previous year. This performance is influenced not only by currency dynamics but also by the different mix of funding resulting from the redemption of the High Yield bonds in May 2013 and the issuance, in May 2014, of an "equity-linked" Bond with a par value of Euro 150 million, maturing on 22 May 2019.

Group net profit for the nine months ended 30 September 2014 amounts to Euro 31.7 million, significantly up on the same period of the previous year (Euro 21.8 million). In addition to the effects of the above factors, the result has benefitted from the reduced impact of non-recurring expenses net of taxes, amounting to Euro 2.2 million in the first nine months of 2014, compared with Euro 5.5 million in the same period of the previous year.

In terms of financial position, the Group has ended the third quarter of 2014 with net debt of Euro 158.9 million, compared with Euro 182.5 million at the end of the previous financial year. The above dynamics have resulted in a ratio of net debt to adjusted LTM EBITDA of 1.3 times (1.5 times at 30 September 2013).

Group economic results

Consolidated statement of operations (Euro in millions)	**First nine months 2014**	**%**	**First nine months 2013**	**%**	**Change %**
Net sales	867.5	100.0	841.8	100.0	3.1%
Cost of sales	(326.9)	(37.7)	(324.9)	(38.6)	0.6%
Gross profit	**540.6**	**62.3**	**516.9**	**61.4**	**4.6%**
Selling and marketing expenses	(362.6)	(41.8)	(344.1)	(40.9)	5.4%
General and administrative expenses	(117.4)	(13.5)	(111.0)	(13.2)	5.8%
Other operating income/(expenses)	(3.4)	(0.4)	(7.7)	(0.9)	-55.7%
Operating profit	**57.2**	**6.6**	**54.1**	**6.4**	**5.7%**
Financial charges, net	(7.2)	(0.8)	(18.1)	(2.1)	-60.3%
Profit before taxation	**50.0**	**5.8**	**36.0**	**4.3**	**38.9%**
Income taxes	(18.1)	(2.1)	(13.9)	(1.6)	30.6%
Net profit	**31.9**	**3.7**	**22.1**	**2.6**	**44.1%**
Net profit attributable to minority interests	0.2	0.0	0.3	0.0	-39.9%
Net profit attributable to the Group	**31.7**	**3.7**	**21.8**	**2.6**	**45.3%**
EBITDA	**83.3**	**9.6**	**81.3**	**9.7**	**2.4%**

Economic indicators pre non-recurring items	**First nine months 2014**	**%**	**First nine months 2013**	**%**	**Change %**
EBIT pre non-recurring items	**60.2**	**6.9**	**61.5**	**7.3**	**-2.1%**
EBITDA pre non-recurring items	**86.3**	**9.9**	**88.7**	**10.5**	**-2.7%**
Net profit attributable to the Group pre non-recurring items	**33.9**	**3.9**	**27.3**	**3.2**	**24.0%**

Percentage impacts and changes have been calculated on figures in thousand.

Consolidated statement of operations (Euro in millions)	**Third quarter 2014**	**%**	**Third quarter 2013**	**%**	**Change %**
Net sales	261.2	100.0	243.4	100.0	7.3%
Cost of sales	(104.2)	(39.9)	(98.6)	(40.5)	5.7%
Gross profit	**157.1**	**60.1**	**144.8**	**59.5**	**8.5%**
Selling and marketing expenses	(111.8)	(42.8)	(102.0)	(41.9)	9.7%
General and administrative expenses	(38.9)	(14.9)	(36.0)	(14.8)	8.2%
Other operating income/(expenses)	(0.6)	(0.2)	0.0	0.0	n.s.
Operating profit	**5.7**	**2.2**	**6.8**	**2.8**	**-17.0%**
Financial charges, net	(1.8)	(0.7)	(3.1)	(1.3)	-41.0%
Profit before taxation	**3.9**	**1.5**	**3.7**	**1.5**	**2.7%**
Income taxes	(1.4)	(0.6)	(2.0)	(0.8)	-26.6%
Net profit	**2.4**	**0.9**	**1.7**	**0.7**	**34.7%**
Net profit attributable to minority interests	0.0	0.0	0.0	0.0	-44.9%
Net profit attributable to the Group	**2.4**	**0.9**	**1.7**	**0.7**	**37.9%**
EBITDA	**14.6**	**5.6**	**16.3**	**6.7**	**-10.5%**

Economic indicators pre non-recurring items	**Third quarter 2014**	**%**	**Third quarter 2013**	**%**	**Change %**
EBIT pre non-recurring items	**5.7**	**2.2**	**6.8**	**2.8**	**-17.0%**
EBITDA pre non-recurring items	**14.6**	**5.6**	**16.3**	**6.7**	**-10.5%**
Net profit attributable to the Group pre non-recurring items	**2.4**	**0.9**	**1.7**	**0.7**	**37.9%**

Percentage impacts and changes have been calculated on figures in thousand.

An analysis of sales in the first nine months of 2014 in terms of geographical area confirms revenue growth in Europe, with sales of Euro 368.2 million compared with the Euro 351.7 million of the same period of 2013. This marks an increase of 4.7% (up 5.0% at constant exchange rates). The improvement on the previous year can be seen above all in France, Germany and in the Iberian peninsula.
In the third quarter of 2014 sales increased 1.9% (up 1.7% at constant exchange rates) compared with the same period of the previous year, driven by the performances in France and Germany.

The American market saw strong growth in the first nine months of 2014 with sales of Euro 361.1 million compared with Euro 349.5 million in the same period of 2013. This marks an increase of 3.3% at current exchange rates (up 7.3% at constant exchange rates), especially in countries such as the U.S.A., Brazil and Canada. More significant was the progress in the third quarter, during which sales increased from Euro 109.7 million in 2013 to Euro 125.2 million for the current period, an increase of 14.1% at current exchange rates (up

14.6% at constant exchange rates).

Asian sales for the first nine months of 2014 amount to Euro 125.2 million, compared with Euro 130.4 million for the same period of 2013, marking a reduction of 4.0% (down 0.9% at constant exchange rates). This performance continued in the third quarter of 2014, with sales of Euro 32.8 million compared with the Euro 34.1 million of the same period of 2013. The Chinese business saw particularly strong growth during the period.

Net sales by geographical area	**First nine month**					
(Euro in millions)	**2014**	**%**	**2013**	**%**	**Change %**	**Change % (*)**
Europe	368.2	42.4	351.7	41.8	+4.7	+5.0
Americas	361.1	41.6	349.5	41.5	+3.3	+7.3
Asia	125.2	14.4	130.4	15.5	-4.0	-0.9
Rest of the world	13.0	1.5	10.2	1.2	+27.7	+38.3
Total	**867.5**	**100.0**	**841.8**	**100.0**	**+3.1**	**+5.5**

Net sales by geographical area	**Third quarter**					
(Euro in millions)	**2014**	**%**	**2013**	**%**	**Change %**	**Change % (*)**
Europe	98.6	37.7	96.8	39.8	+1.9	+1.7
Americas	125.2	47.9	109.7	45.1	+14.1	+14.6
Asia	32.8	12.6	34.1	14.0	-3.7	-4.6
Rest of the world	4.6	1.8	2.8	1.2	+66.0	+67.6
Total	**261.2**	**100.0**	**243.4**	**100.0**	**+7.3**	**+7.4**

(*) at constant exchange rates

In terms of product category, sales of prescription frames in the first nine months of 2014 amount to Euro 317.4 million (Euro 312.3 million in the same period of 2013), marking an increase of 1.6% at current exchange rates (up 4.2% at constant exchange rates). The third quarter confirmed this trend, with sales rising from the Euro 97.4 million of 2013 to Euro 100.1 million in the same period of the current year, an increase of 2.7% at current exchange rates (up 3.1% at constant exchange rates).

Sales of sunglasses in the first nine months of 2014 amount to Euro 490.0 million (Euro 474.3 million in the same period of 2013), up 3.3% at current exchange rates (up 5.5% at constant exchange rates).
The third quarter of 2014 saw strong growth compared with the same period of 2013, recording an increase of 10.0% at current exchange rates (up 9.5% at constant exchange rates), up from Euro 121.9 million to Euro 134.1 million.

Net sales by product	First nine month					
(Euro in millions)	**2014**	**%**	**2013**	**%**	**Change %**	**Change % (*)**
Prescription frames	317.4	36.6	312.3	37.1	+1.6	+4.2
Sunglasses	490.0	56.5	474.3	56.3	+3.3	+5.5
Sport products	54.4	6.3	48.9	5.8	+11.5	+14.4
Other	5.7	0.7	6.3	0.7	-8.6	-8.2
Total	**867.5**	**100.0**	**841.8**	**100.0**	**+3.1**	**+5.5**

Net sales by product	Third quarter					
(Euro in millions)	**2014**	**%**	**2013**	**%**	**Change %**	**Change % (*)**
Prescription frames	100.1	38.3	97.4	40.0	+2.7	+3.1
Sunglasses	134.1	51.3	121.9	50.1	+10.0	+9.5
Sport products	25.6	9.8	22.2	9.1	+15.6	+16.8
Other	1.4	0.5	1.9	0.8	-20.6	-22.6
Total	**261.2**	**100.0**	**243.4**	**100.0**	**+7.3**	**+7.4**

(*) at constant exchange rates

Continuing with our analysis of the income statement for the first nine months of 2014, **gross profit** of Euro 540.6 million is up from the Euro 516.9 million of the same period of 2013, with an improvement in the gross profit margin to 62.3% (61.4% in the same period of 2013). This result reflects an improved sales mix, together with an increase in production volumes. The third quarter confirmed this performance, with a gross profit margin of 60.1% (59.5% in the third quarter of 2013).

In the first nine months of 2014 **selling and marketing expenses** have risen as a proportion of sales compared with the same period of 2013, increasing from 40.9% to 41.8% as a result of investment in growth initiatives and expansion of the brands in portfolio. This trend was confirmed in the third quarter of 2014 with selling and marketing expenses accounting for 42.8% of sales, compared with the 41.9% of the same period of the previous year.

Without considering non-recurring expenses, **EBITDA** for the first nine months of 2014 amounts to Euro 86.3 million, down on the same period of the previous year when the figure was Euro 88.7 million. This represents an adjusted EBITDA margin of 9.9% compared with the 10.5% of the same period of the previous year. Including non-recurring expenses, EBITDA for the nine months of 2014 is Euro 83.3 million, resulting in an EBITDA margin of 9.6%, compared with the figure of Euro 81.3 million and a margin of 9.7% for the same period of 2013. EBITDA for the third quarter of 2014 amounts to Euro 14.6 million, resulting in a margin of 5.6% (Euro 16.3 million with a margin of 6.7% in the same period of 2013).

Net financial expenses for the first nine months of 2014 improved compared with the same period of the previous year, after benefitting from lower average debt over the period and the redemption, in May 2013, of

High-Yield Bonds, replaced by lower cost sources of funding. In the third quarter of 2014 the figure is positively influenced by the fair value measurement of the option component embedded in the "equity-linked" Bonds issued in May 2014, resulting in a gain of Euro 8.7 million. This is partly offset by currency dynamics that have had a negative impact of Euro 5.1 million on the result for the period.

The tax rate for the first nine months of 2014 is equal to 36.2% (37.3% in the third quarter) of pre-tax profit, substantially in line with the 38.5% of the same period of the previous year (52.2% in the third quarter of 2013).

The Group thus reports net profit of Euro 31.7 million for the first nine months of 2014, marking a significant improvement on the Euro 21.8 million of the same period of 2013 and an increase in the net profit margin from 2.6% to 3.7%. Without considering non-recurring expenses, net profit for the first three quarters of 2014 is Euro 33.9 million compared with Euro 27.3 million for the same period of the previous year. The Group's net profit for the third quarter of 2014 is Euro 2.4 million, compared with the Euro 1.7 million of the same period of 2013.

Analysis by distribution channel – Wholesale/Retail

The following table shows key performance indicators for each operating segment:

(Euro in millions)	WHOLESALE First nine months 2014	WHOLESALE First nine months 2013	WHOLESALE Change	WHOLESALE Change %	RETAIL First nine months 2014	RETAIL First nine months 2013	RETAIL Change	RETAIL Change %
Net sales to 3rd parties	805.7	780.0	25.7	3.3%	61.8	61.8	0.0	0.0%
EBITDA (*)	78.0	79.8	(1.8)	-2.4%	8.3	8.8	(0.5)	-5.7%
%	*9.7%*	*10.2%*			*13.5%*	*14.3%*		

(Euro in millions)	WHOLESALE Third quarter 2014	WHOLESALE Third quarter 2013	WHOLESALE Change	WHOLESALE Change %	RETAIL Third quarter 2014	RETAIL Third quarter 2013	RETAIL Change	RETAIL Change %
Net sales to 3rd parties	239.2	222.5	16.7	7.5%	22.0	20.9	1.1	5.4%
EBITDA (*)	11.5	13.6	(2.1)	-15.2%	3.1	2.7	0.4	12.6%
%	*4.8%*	*6.1%*			*13.8%*	*13.0%*		

(*) pre non-recurring items in the first nine months of 2013 in wholesale segment for 7.4 million Euro and in the first nine months of 2014 in wholesale segment for 3 million Euro.

Turnover for the Wholesale segment in the first nine months of 2014 amounts to Euro 805.7 million compared with Euro 780.0 million for the same period of 2013.
Without considering non-recurring expenses, the EBITDA margin for the nine months ended 30 September 2014 is 9.7%, a slight decrease compared with the 10.2% of the same period of 2013.
A similar trend was recorded in the third quarter of 2014 compared with the same period of 2013 with sales rising from Euro 222.5 million to Euro 239.2 million.

The Solstice retail chain, which currently numbers 130 stores, recorded sales of Euro 61.8 million in the first nine months of 2014, equal to the figure for the same period of the previous year. The third quarter of 2014 recorded an improved performance, with sales of Euro 22.0 million compared with the Euro 20.9 million of the same period of the previous year.

Balance sheet reclassified

Balance sheet (Euro in millions)	September 30, 2014	December 31, 2013	Change
Trade receivables	244.5	239.0	5.5
Inventory, net	256.3	212.8	43.5
Trade payables	(200.7)	(204.9)	4.2
Net working capital	**300.1**	**246.9**	**53.2**
Tangible assets	200.8	198.2	2.6
Intangible assets and goodwill	623.3	584.8	38.5
Financial assets	8.3	8.4	(0.1)
Net fixed assets	**832.4**	**791.4**	**41.0**
Employee benefit liability	(30.3)	(34.9)	4.6
Other assets / (liabilities), net	1.4	25.2	(23.8)
NET INVESTED CAPITAL	**1,103.6**	**1,028.6**	**75.0**
Cash in hand and at bank	99.5	82.6	16.9
Short term borrowings	(73.1)	(73.9)	0.8
Long term borrowings	(185.3)	(191.2)	5.9
NET FINANCIAL POSITION	**(158.9)**	**(182.5)**	**23.6**
Group Shareholders' equity	(942.3)	(843.1)	(99.2)
Non-controlling interests	(2.4)	(3.0)	0.6
TOTAL SHAREHOLDERS' EQUITY	**(944.7)**	**(846.1)**	**(98.6)**

Cash flow

The summary statement of cash flows for the nine months ended 30 September 2014, with comparatives for the same period of the previous year, is provided below:

Free cash flow (Euro in millions)	**First nine months 2014**	**First nine months 2013**	**Change**
Cash flow operating activities	17.5	55.8	(38.3)
Cash flow investing activities	(27.8)	(21.9)	(5.9)
Free cash flow	**(10.3)**	**33.9**	**(44.2)**

The cash flow recorded in the first nine months of 2014 was negative for Euro 10.3 million (a cash inflow of Euro 33.9 million in the same period of 2013). This reflects the different dynamics of working capital and the increased resources dedicated to investing activities.

Net working capital

Net working capital (Euro in millions)	**September 30, 2014**	**September 30, 2013**	**Change Sep 14 /Sep 13**	**December 31, 2013**
Trade receivables, net	244.5	226.7	17.8	239.0
Inventories	256.3	204.1	52.2	212.8
Trade payables	(200.7)	(171.8)	(28.9)	(204.9)
Net working capital	**300.1**	**259.0**	**41.1**	**246.9**
% on net sales rolling LTM	*26.2%*	*22.4%*		*22.0%*

Net working capital at 30 September 2014 amount to Euro 300.1 million compared with Euro 259.0 million of the same period of 2013 and it is influenced by the movements in inventories reflecting the increase of volumes and sales mix.

The ratio of working capital to sales rolling LTM at 30 September 2014 is equal to 26.2% compared with 22.4% at 30 September 2013.

Investments in tangible and intangible fixed assets

The Group's capital expenditure breaks down as follows:

(Euro in millions)	First nine months 2014	First nine months 2013	Change
Padua headquarters	9.8	2.1	7.7
Production factories	12.7	10.9	1.8
Europe	0.6	0.3	0.3
Americas	3.7	4.8	(1.1)
Far East	0.5	0.7	(0.2)
Total	**27.3**	**18.8**	**8.5**

In the first nine months of 2014 capital expenditures amounted to Euro 27.3 million compared with the Euro 18.8 million of the same period of the previous year. The increase in expenditure of the Group's headquarters includes the cost of transformation of the Group's information systems.

Net financial position

Net financial position (Euro in millions)	September 30, 2014	June 30, 2014	Change Sep/Jun	December 31, 2013	Change Sep/Dec
Current portion of long-term borrowings	-	(59.6)	59.6	(25.0)	25.0
Bank overdrafts and short term bank borrowings	(45.4)	(43.3)	(2.1)	(12.9)	(32.5)
Other short-term borrowings	(27.7)	(27.0)	(0.7)	(36.0)	8.3
Cash and cash equivalent	99.5	90.7	8.8	82.6	16.9
Short-term net financial position	**26.4**	**(39.2)**	**65.6**	**8.7**	**17.7**
Ordinary bonds	(126.8)	(125.6)	(1.2)	-	(126.8)
Long-term borrowings	(58.5)	(1.3)	(57.2)	(191.2)	132.7
Long-term net financial position	**(185.3)**	**(126.9)**	**(58.4)**	**(191.2)**	**5.9**
NET FINANCIAL POSITION	**(158.9)**	**(166.1)**	**7.2**	**(182.5)**	**23.6**

The Group's net debt at 30 September 2014 is negative for Euro 158.9 million compared with a negative amount of Euro 166.1 million at 30 June 2014. Such item, which is subject to ordinary operational dynamics, does not include the option component embedded in the "equity-linked" Bonds estimated to approximately Euro 13.7 million (Euro 22.5 million at 30 June 2014), recognized under "derivative financial instruments" and the fair value of the other derivatives financial instruments, equal to a net asset of approximately Euro 2.0 million (a negative amount of Euro 1.5 million at 31 December 2013).

The ratio of net debt to EBITDA LTM adjusted is 1.3 times, an improvement on the 30 September 2013 (1.5 times).

Personnel

The Group's total workforce at 30 September 2014, 31 December 2013 and 30 September 2013 is summarized below:

	September 30, 2014	December 31, 2013	September 30, 2013
Padua headquarters	1,024	991	987
Production factories	4,311	4,753	4,600
Trading companies	1,434	1,402	1,409
Retail	810	907	807
Total	**7,579**	**8,053**	**7,803**

The change in the workforce at the Group's manufacturing facilities reflects the union agreement signed in February 2014, covering over 500 workers employed at the Group's plants in the Friuli Venezia Giulia region. The agreement marks the end of a process that has witnessed the use of various forms of income support for the workers involved in the restructuring that began in 2009.

Subsequent events and Outlook

No other events have taken place after 30 September 2014 that could have a material impact on the results published in this report.

Financial Statements

and Notes

at September 30th, 2014

Consolidated balance sheet

(Euro/000)	Notes	September 30, 2014	of which related parties	December 31, 2013	of which related parties
ASSETS					
Current assets					
Cash and cash equivalents	*2.1*	99,524		82,608	
Trade receivables	*2.2*	244,464	14,614	238,979	8,367
Inventory	*2.3*	256,267		212,780	
Derivative financial instruments	*2.4*	2,296		54	
Other current assets	*2.5*	53,049		59,760	
Total current assets		**655,600**		**594,181**	
Non-current assets					
Tangible assets	*2.6*	200,827		198,176	
Intangible assets	*2.7*	52,731		48,703	
Goodwill	*2.8*	570,547		536,075	
Investments in associates	*2.9*	8,317		8,432	
Available-for-sale financial assets	*2.10*	216		237	
Deferred tax assets	*2.11*	87,650		77,168	
Derivative financial instruments	*2.4*	-		34	
Other non-current assets	*2.12*	2,912		2,631	
Total non-current assets		**923,200**		**871,456**	
TOTAL ASSETS		**1,578,800**		**1,465,637**	

(Euro/000)	*Notes*	September 30, 2014	of which related parties	December 31, 2013	of which related parties
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Short-term borrowings	*2.13*	73,131		73,874	
Trade payables	*2.14*	200,706	2,168	204,934	6,733
Tax payables	*2.15*	34,459		18,210	
Derivative financial instruments	*2.4*	345		1,673	
Other current liabilities	*2.16*	58,234		43,518	
Provisions for risks and charges	*2.17*	3,017		3,325	
Total current liabilities		**369,892**		**345,534**	
Non-current liabilities					
Long-term borrowings	*2.13*	185,274		191,230	
Employees benefits liabilities	*2.18*	30,267		34,879	
Provisions for risks and charges	*2.17*	13,898		34,593	
Deferred tax liabilities	*2.11*	9,155		8,061	
Derivative financial instruments	*2.4*	13,745		24	
Other non-current liabilities	*2.19*	11,861		5,254	
Total non-current liabilities		**264,200**		**274,041**	
TOTAL LIABILITIES		**634,092**		**619,575**	
Shareholders' equity					
Share capital	*2.20*	312,675		311,000	
Share premium reserve	*2.21*	484,689		482,565	
Retained earnings and other reserves	*2.22*	113,302		34,526	
Cash flow reserve	*2.23*	(89)		(490)	
Income attributable to the Group		31,704		15,521	
Total shareholders' equity attributable to the Group		**942,281**		**843,122**	
Non-controlling interests		**2,427**		**2,940**	
TOTAL SHAREHOLDERS' EQUITY		**944,708**		**846,062**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,578,800**		**1,465,637**	

Consolidated income statement

(Euro/000)	Notes	First nine months 2014	of which related parties	First nine months 2013	of which related parties	Third quarter 2014	of which related parties	Third quarter 2013	of which related parties
Net sales	3.1	867,546	56,489	841,769	47,313	261,260	14,120	243,408	13,197
Cost of sales	3.2	(326,949)	(6,821)	(324,929)	(7,681)	(104,202)	(2,323)	(98,596)	(2,952)
Gross profit		**540,597**		**516,840**		**157,058**		**144,812**	
Selling and marketing expenses	3.3	(362,625)	(2,083)	(344,124)	(694)	(111,857)	(767)	(101,989)	(363)
General and administrative expenses	3.4	(117,402)		(110,986)		(38,927)		(35,993)	
Other operating income/(expenses)	3.5	(3,377)		(7,627)		(587)		23	
Operating profit		**57,192**		**54,103**		**5,686**		**6,853**	
Share of income/(loss) of associates	3.6	(848)		(1,440)		(9)		(238)	
Financial charges, net	3.7	(6,338)	-	(16,657)	(2,447)	(1,819)	-	(2,859)	-
Profit before taxation		**50,006**		**36,006**		**3,858**		**3,756**	
Income taxes	3.8	(18,106)		(13,863)		(1,438)		(1,959)	
Profit of the period		**31,900**		**22,143**		**2,420**		**1,797**	
Profit attributable to:									
Owners of the parent		31,704		21,817		2,382		1,728	
Non-controlling interests		196		326		38		69	
Earnings per share - basic (Euro)	3.9	0.508		0.353		0.037		0.028	
Earnings per share - diluted (Euro)	3.9	0.505		0.350		0.037		0.027	

Consolidated statement of comprehensive income

(Euro/000)	*Notes*	First nine months 2014	First nine months 2013	Third quarter 2014	Third quarter 2013
Net profit for the period (A)		**31,900**	**22,143**	**2,420**	**1,797**
Gains/(Losses) that will not be reclassified subsequently to profit or loss:					
- Remeasurements of post-employment benefit obligations		-	-	-	-
- Other gains/(losses)		-	(206)	-	(206)
Total gains/(Losses) that will not be reclassified subsequently to profit or loss:		**-**	**(206)**	**-**	**(206)**
Gains/(Losses) that will be reclassified subsequently to profit or loss:					
- Gains/(Losses) on cash flow hedges	*2.23*	401	829	117	39
- Gains/(Losses) on exchange differences on translating foreign operations	*2.22*	63,800	(20,349)	57,878	(21,358)
Total gains/(losses) that will be reclassified subsequently to profit or loss:		**64,201**	**(19,520)**	**57,995**	**(21,319)**
Other comprehensive income/(loss), net of tax (B)		**64,201**	**(19,726)**	**57,995**	**(21,525)**
TOTAL COMPREHENSIVE INCOME/(LOSS) (A)+(B)		**96,101**	**2,417**	**60,415**	**(19,728)**
Attributable to:					
Owners of the parent		95,767	2,156	60,237	(19,714)
Non-controlling interests		334	261	178	(14)
TOTAL COMPREHENSIVE INCOME/(LOSS)		**96,101**	**2,417**	**60,415**	**(19,728)**

Consolidated statement of cash flows

(Euro/000)	*Notes*	First nine months 2014	First nine months 2013
A - Opening net cash and cash equivalents (net financial indebtedness - short term)	*2.1*	**69,669**	**45,623**
B - Cash flow from (for) operating activities			
Net profit for the period (including minority interests)		31,900	22,143
Depreciation and amortization	*2.6-2.7*	26,058	27,161
Other non-monetary P&L items		(12,529)	465
Interest expenses, net	*3.7*	7,285	9,508
Income tax expenses	*3.8*	18,105	13,862
Income from operating activities prior to movements in working capital		**70,818**	**73,139**
(Increase) Decrease in trade receivables		4,148	47,517
(Increase) Decrease in inventory, net		(35,516)	2,037
Increase (Decrease) in trade payables		(10,333)	(36,713)
(Increase) Decrease in other current receivables		(591)	(13,626)
Increase (Decrease) in other current payables		7,902	9,985
Interest expenses paid		(4,006)	(10,391)
Income taxes paid		(14,953)	(16,148)
Total (B)		**17,469**	**55,801**
C - Cash flow from (for) investing activities			
Investments in property, plant and equipment		(19,827)	(17,285)
Net disposals of property, plant and equipment		979	575
Acquisition of minorities (in subsidiaries)		(1,553)	(3,750)
(Acquisition) Disposal of investments and bonds		-	-
Purchase of intangible assets		(7,399)	(1,455)
Total (C)		**(27,800)**	**(21,914)**
D - Cash flow from (for) financing activities			
Proceeds from borrowings		210,000	115,000
Repayment of borrowings		(227,767)	(133,843)
Share capital increase		3,799	241
Dividends paid		-	-
Total (D)		**(13,967)**	**(18,602)**
E - Cash flow for the period (B+C+D)		**(24,298)**	**15,285**
Translation exchange differences		8,732	452
Total (F)		**8,732**	**452**
G - Closing net cash and cash equivalents (net financial indebtedness - short term) (A+E+F)	*2.1*	**54,102**	**61,360**

Statement of changes in shareholders' equity

(Euro/000)	Share capital	Share premium reserve	Translation diff. reserve	Cash flow reserve	Retained earnings and other reserves	Total	Non-controlling interests	Total equity
Consolidated net equity at January 1, 2014	**311,000**	**482,565**	**(35,172)**	**(490)**	**85,219**	**843,122**	**2,940**	**846,062**
Profit for the period	-	-	-	-	31,704	31,704	196	**31,900**
Other comprehensive income (loss) for the period	-	-	63,662	401	-	64,063	138	**64,201**
Total comprehensive income (loss) for the period	**-**	**-**	**63,662**	**401**	**31,704**	**95,767**	**334**	**96,101**
Increase in share capital due to the exercising of stock option	1,675	2,124	-	-	-	3,799	-	**3,799**
Dividends distribution	-	-	-	-	-	-	-	**-**
Purchase of shares in subsidiaries from non-controlling interests	-	-	-	-	(706)	(706)	(847)	**(1,553)**
Net increase in the Reserve for share-based payments	-	-	-	-	299	299	-	**299**
Changes in other reserves	-	-	-	-	-	-	-	**-**
Consolidated net equity at September 30, 2014	**312,675**	**484,689**	**28,490**	**(89)**	**116,516**	**942,281**	**2,427**	**944,708**

(Euro/000)	Share capital	Share premium reserve	Translation diff. reserve	Cash flow reserve	Retained earnings and other reserves	Total	Non-controlling interests	Total equity
Consolidated net equity at January 1, 2013	**308,700**	**481,163**	**494**	**(1,555)**	**68,934**	**857,736**	**5,110**	**862,846**
Profit for the period	-	-	-	-	21,817	21,817	326	**22,143**
Other comprehensive income (loss) for the period	-	-	(20,285)	830	(206)	(19,661)	(65)	**(19,726)**
Total comprehensive income (loss) for the period	**-**	**-**	**(20,285)**	**830**	**21,611**	**2,156**	**261**	**2,417**
Increase in share capital due to the exercising of stock option	150	92	-	-	-	242	-	**242**
Dividends distribution	-	-	-	-	-	-	-	**-**
Purchase of shares in subsidiaries from non-controlling interests	-	-	-	-	(1,391)	(1,391)	(2,359)	**(3,750)**
Net increase in the Reserve for share-based payments	-	-	-	-	567	567	-	**567**
Changes in other reserves	-	-	-	-	-	-	-	**-**
Consolidated net equity at September 30, 2013	**308,850**	**481,255**	**(19,791)**	**(725)**	**89,721**	**859,310**	**3,012**	**862,322**

NOTES

1. Basis of preparation

1.1 General information

These nine-month condensed consolidated financial statements refer to the financial period from January 1st 2014 to September 30th 2014. Economic and financial information are provided with reference to the first nine months of 2014 and 2013 whilst balance sheet information are provided with reference to September 30th 2014 and December 31st 2013.

Nine-month consolidated financial report of Safilo Group at September 30th 2014, including condensed consolidated financial statements and interim management report is prepared in accordance with provisions of art. 154 ter of Legislative Decree No. 58/98 - T.U.F. - and subsequent amendments and additions. This interim financial report is prepared in accordance with IAS 34 "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB). The notes, in accordance with IAS 34, are presented in summary form and do not include all information requested in the annual budget, they refer only to those components that, in amount, composition or variations, are essential for understanding the economic situation and financial position of the Group. Therefore, this interim financial report must be read in conjunction with the consolidated financial statements for the financial year ended 31st December 2013.

All values are shown in thousands of Euro unless otherwise indicated.

These financial statements were approved by the Board of Directors on 6th November 2014.

1.2 Accounting standards, amendments and interpretations applied from 1st January 2014

In preparing these nine-month consolidated financial reports the same accounting principles and criteria of the consolidated balance sheet as at 31st December 2013 have been applied.

Here follow we report the new standards or amendments, effective from 1 January 2014, that are applicable to the Group.

On 12 May 2011, the IASB issued IFRS 10 – Consolidated Financial Statements replacing SIC-12 – Consolidation - Special Purpose Entities and parts of IAS 27 – Consolidated and Separate Financial Statements (subsequently reissued as IAS 27 - Separate Financial Statements which addresses the accounting treatment of investments in separate financial statements). The new standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included in the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. On 28 June 2012, the IASB published the document Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12). The document clarifies the transition rules of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. The standard is applicable retrospectively from 1 January 2014. The adoption of this new standard had no impact on the group consolidation area.

On 12 May 2011, the IASB issued IFRS 11 – Joint Arrangements superseding IAS 31 – Interests in Joint Ventures and SIC-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 a single method to account for interests in jointly controlled entities, the equity method. Following the issue of the new standard, IAS 28 – Investments in Associates has been amended to include accounting for investments in jointly-controlled entities in its scope of application (from the effective date of the standard). The application of this standard had no effect on the disclosures presented in this report.

On 12 May 2011, the IASB issued IFRS 12 – Disclosure of Interests in Other Entities, a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, special purpose vehicles and other unconsolidated vehicles.

On 16 December 2011, the IASB issued certain amendments to IAS 32 – Financial Instruments: Presentation to clarify the application of certain offsetting criteria for financial assets and financial liabilities in IAS 32. The amendments are effective for annual periods beginning on or after 1 January 2014 and are required to be applied retrospectively. No significant effect has occurred from the first time adoption of the standard.

On 29 May 2013, the IASB issued an amendment to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets addressing the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014. Earlier application is permitted for periods when the entity has already applied IFRS 13. No significant effect has occurred from the first time adoption of this amendment.

On 27 June 2013, the IASB issued narrow scope amendments to IAS 39 – Financial Instruments: Recognition and Measurement entitled "Novation of Derivatives and Continuation of Hedge Accounting". The amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. Similar relief will be included in IFRS 9 - Financial Instruments. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014. No significant effect has occurred from the first time adoption of these amendments.

Accounting standards, amendments and interpretations not yet applicable starting from 1st January, 2014

In addition, the European Union had not yet completed its endorsement process for these standards and amendments at the date of this interim report.

On 12 November 2009, the IASB issued IFRS 9 – Financial Instruments. The new standard was reissued in

October 2010 and subsequently amended in November 2013. The standard addresses the classification, measurement and recognition of financial assets and financial liabilities and hedge accounting. It replaces the relevant parts of IAS 39 – Financial Instruments: recognition and measurement. As part of the November 2013 amendments, among other, the IASB removed the standard's mandatory effective date, previously set on 1 January 2015. This date will be added to the standard when all phases of the IFRS 9 project are completed and a final complete version of the standard is issued.

On 20 May 2013, the IASB issued the IFRIC Interpretation 21 - Levies, an interpretation of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets. The interpretation sets out the accounting for an obligation to pay a levy that is not income tax.

On 21 November 2013, the IASB published narrow scope amendments to IAS 19 – Employee benefits entitled "Defined Benefit Plans: Employee Contributions". These amendments apply to contributions from employees or third parties to defined benefit plans in order to simplify their accounting in specific cases. The amendments are effective, retrospectively, for annual periods beginning on or after 1 July 2014 with earlier application permitted.

On 12 December 2013 the IASB issued the Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle. The most important topics addressed in these amendments are, among others, the definition of vesting conditions in IFRS 2 – Share based payment, the aggregation of operating segments in IFRS 8 – Operating Segments, the definition of key management personnel in IAS 24 – Related Party disclosures, the extension of the exclusion from the scope of IFRS 3 – Business Combinations to all types of joint arrangements (as defined in IFRS 11 – Joint arrangements) and to clarify the application of certain exceptions in IFRS 13 – Fair value Measurement.

The Group will comply with these new standards and amendments based on their relevant effective dates when endorsed by the European Union and it will evaluate their potential impacts on the Consolidated financial statements.

1.3 Consolidation method and consolidation area

During the first nine months of 2014, the Group's consolidation area changed as follows:

- On 8th June 2014 has been incorporated the trading company Safilo Middle East FZE in Dubai;
- On 16th June 2014 the subsidiary, Safilo Far East Ltd., acquired a further 10% interest in the company Safilo Hong Kong Ltd., a trading company registered in Hong Kong, and already 80% owned. As a result of the acquisition, the Group has increased its interest to 90%.

Starting from 1st April 2014 the Italian trading company Polaroid Eyewear S.r.l. has been merged into Safilo S.p.A..

During the third quarter has started the process of liquidation of the company Safilo Capital International S.A., whose finalization was completed on October 3, 2014.

The direct and indirect holdings, included in the consolidation scope under the line-by-line method, and other than the holding company Safilo Group S.p.A., are the following:

	Currency	Share capital	% interest held
ITALIAN COMPANIES			
Safilo S.p.A. – Pieve di Cadore (BL)	EUR	66,176,000	100.0
Lenti S.r.l. – Bergamo	EUR	500,000	75.6
FOREIGN COMPANIES			
Safilo International B.V. - Rotterdam (NL)	EUR	24,165,700	100.0
Safint B.V. - Rotterdam (NL)	EUR	18,200	100.0
Safilo Capital Int. S.A. (in liquidation) - Luxembourg (L)	EUR	31,000	100.0
Luxury Trade S.A - Luxembourg (L)	EUR	1,650,000	100.0
Safilo Benelux S.A. - Zaventem (B)	EUR	560,000	100.0
Safilo Espana S.L. - Madrid (E)	EUR	3,896,370	100.0
Safilo France S.a.r.l. - Paris (F)	EUR	960,000	100.0
Safilo Gmbh - Cologne (D)	EUR	511,300	100.0
Safilo Nordic AB - Taby (S)	SEK	500,000	100.0
Safilo CIS - LLC - Moscow (Russia)	RUB	10,000,000	100.0
Safilo Far East Ltd. - Hong Kong (RC)	HKD	49,700,000	100.0
Safint Optical Investment Ltd - Hong Kong (RC)	HKD	10,000	97.0
Safilo Hong-Kong Ltd – Hong Kong (RC)	HKD	100,000	90.0
Safilo Singapore Pte Ltd - Singapore (SGP)	SGD	400,000	100.0
Safilo Optical Sdn Bhd – Kuala Lumpur (MAL)	MYR	100,000	100.0
Safilo Trading Shenzen Limited- Shenzen (RC)	CNY	2,481,000	97.0
Safilo Eyewear (Shenzen) Company Limited - (RC)	USD	6,700,000	97.0
Safilo Eyewear (Suzhou) Industries Limited - (RC)	USD	18,300,000	100.0
Safilo Korea Ltd – Seoul (K)	KRW	300,000,000	100.0
Safilo Hellas Ottica S.a. – Athens (GR)	EUR	489,990	100.0
Safilo Nederland B.V. - Bilthoven (NL)	EUR	18,200	100.0
Safilo South Africa (Pty) Ltd. – Bryanston (ZA)	ZAR	3,583	100.0
Safilo Austria Gmbh -Traun (A)	EUR	217,582	100.0
Carrera Optyl D.o.o. - Ormoz (SLO)	EUR	563,767	100.0
Safilo Japan Co Ltd - Tokyo (J)	JPY	100,000,000	100.0
Safilo Do Brasil Ltda – Sao Paulo (BR)	BRL	8,077,500	100.0
Safilo Portugal Lda – Lisbon (P)	EUR	500,000	100.0
Safilo Switzerland AG – Zurich (CH)	CHF	1,000,000	100.0
Safilo India Pvt. Ltd - Bombay (IND)	INR	42,000,000	88.5
Safilo Australia Pty Ltd.- Sydney (AUS)	AUD	3,000,000	100.0
Optifashion Hong Kong Ltd (in liquidation) - Hong Kong (RC)	HKD	300,000	100.0
Safint Optical UK Ltd. - London (GB)	GBP	21,139,001	100.0
Safilo UK Ltd. - London (GB)	GBP	250	100.0
Safilo America Inc. - Delaware (USA)	USD	8,430	100.0
Safilo USA Inc. - New Jersey (USA)	USD	23,289	100.0
Safilo Realty Corp. - Delaware (USA)	USD	10,000	100.0
Safilo Services LLC - New Jersey (USA)	USD	-	100.0
Smith Sport Optics Inc. - Idaho (USA)	USD	12,087	100.0
Solstice Marketing Corp. – Delaware (USA)	USD	1,000	100.0
Solstice Marketing Concepts LLC – Delaware (USA)	USD	-	100.0
Safilo de Mexico S.A. de C.V. - Distrito Federal (MEX)	MXP	10,035,575	100.0
2844-2580 Quebec Inc. – Montreal (CAN)	CAD	100,000	100.0
Safilo Canada Inc. - Montreal (CAN)	CAD	2,470,425	100.0
Canam Sport Eyewear Inc. - Montreal (CAN)	CAD	300,011	100.0
Polaroid Eyewear Holding BV - Amsterdam (NL)	EUR	18,000	100.0
Polaroid Eyewear BV - Amsterdam (NL)	EUR	5,961,418	100.0
Polaroid Eyewear Ltd - Dumbarton (UK)	GBP	1	100.0
Polaroid Eyewear AB - Stockholm-Globen (S)	SEK	100,000	100.0
Polaroid Eyewear GMBH - Zurig (CH)	CHF	20,000	100.0
Safilo Middle East FZE - Dubai (UAE)	AED	3,570,000	100.0

1.4 Translation of financial statement in currencies other than Euro

The exchange rates applied in the conversion of subsidiaries' financial statements prepared in currencies other than the Euro are given in the following table; appreciation (figures with a minus sign in the table below) indicates as increase in the value of the currency against the Euro.

		As of		(Appreciation)/ Depreciation	Average for nine months		(Appreciation)/ Depreciation
Currency	**Code**	**September 30, 2014**	**December 31, 2013**	**%**	**2014**	**2013**	**%**
US Dollar	USD	1.2583	1.3791	-8.8%	1.3549	1.3171	2.9%
Hong-Kong Dollar	HKD	9.7740	10.6933	-8.6%	10.5067	10.2176	2.8%
Swiss Franc	CHF	1.2063	1.2276	-1.7%	1.2180	1.2316	-1.1%
Canadian Dollar	CAD	1.4058	1.4671	-4.2%	1.4819	1.3486	9.9%
Japanese Yen	YEN	138.1100	144.7200	-4.6%	139.4859	127.3796	9.5%
British Pound	GBP	0.7773	0.8337	-6.8%	0.8118	0.8521	-4.7%
Swedish Krown	SEK	9.1465	8.8591	3.2%	9.0405	8.5825	5.3%
Australian Dollar	AUD	1.4442	1.5423	-6.4%	1.4760	1.3480	9.5%
South-African Rand	ZAR	14.2606	14.5660	-2.1%	14.5356	12.5015	16.3%
Russian Ruble	RUB	49.7653	45.3246	9.8%	48.0152	41.6819	15.2%
Brazilian Real	BRL	3.0821	3.2576	-5.4%	3.1028	2.7934	11.1%
Indian Rupee	INR	77.8564	85.3660	-8.8%	82.2624	75.7604	8.6%
Singapore Dollar	SGD	1.6063	1.7414	-7.8%	1.7039	1.6489	3.3%
Malaysian Ringgit	MYR	4.1314	4.5221	-8.6%	4.3925	4.1259	6.5%
Chinese Renminbi	CNY	7.7262	8.3491	-7.5%	8.3544	8.1225	2.9%
Korean Won	KRW	1,330.3400	1,450.9300	-8.3%	1,411.6170	1,456.7199	-3.1%
Mexican Peso	MXN	16.9977	18.0731	-6.0%	17.7720	16.7064	6.4%
Dirham United Emirates	AED	4.6216	n.a.	n.a.	4.8923	n.a.	n.a.

Foreign currency transactions are converted into the currency using the exchange rate at the transaction date. The foreign exchange gains and losses resulting from the settlement of transactions and from the translation at the balance sheet date of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

1.5 Use of estimates

The preparation of the interim consolidated financial statements requires the Directors to apply accounting principles and methods that, in some circumstances, are based on difficult and subjective valuations and estimates based on historical experience and assumptions which are from time to time considered reasonable and realistic according to the prevailing circumstances. The application of these estimates and assumptions impact upon the amounts reported in the financial statements such as the balance sheet, the income statement and the cash flow statement and on the disclosures in the notes to the accounts. The final outcome of the various accounts in the financial statements, which uses the above-mentioned estimates and assumptions, may differ from those reported in the financial statements due to the uncertainty which characterises the assumptions and the conditions upon which the estimates are based.

Some valuation processes, in particular the most complex such as the calculation of permanent impairments in values for fixed assets, are only made in full for the preparation of the Annual financial statements when all the necessary information is available, unless "impairment" indicators exist that require an immediate valuation of a potential loss in value.

2. Notes on the consolidated balance sheet

2.1 Cash and cash equivalents

This account totals Euro 99,524 thousand, compared to Euro 82,608 thousand at 31st December 2013 and represents the momentary availability of cash invested at market rates. The book value of the available liquidity is aligned with its fair value at the reporting date. The related credit risk is very limited as the counterparties are leading banks.

The following table shows the reconciliation of the entry "Cash and cash equivalents" with the cash balance presented on the cash flow statement:

(Euro/000)	September 30, 2014	December 31, 2013	September 30, 2013
Cash and cash equivalents	99,524	82,608	77,115
Bank overdrafts	(7,988)	(1,380)	(6,185)
Current bank borrowings	(37,434)	(11,559)	(9,570)
Net cash and cash equivalents	**54,102**	**69,669**	**61,360**

2.2 Trade receivables, net

This item breaks down as follows:

(Euro/000)	September 30, 2014	December 31, 2013
Gross value receivables	284,111	271,336
Allowance for doubtful accounts and sales returns	(39,647)	(32,357)
Net value	**244,464**	**238,979**

The Group's credit risk is not significantly concentrated since credit exposure is spread over a large number of customers.

The movements of the credit risk and sales return provisions over the first nine months are shown below:

(Euro/000)	Balance at January 1, 2014	Posted to income statement	Use (-)	Transl. Diff.	Balance at September 30, 2014
Allowance for bad debts	26,300	1,957	(1,877)	498	26,878
Allowance for sales returns	6,057	8,013	(1,779)	477	12,769
Total	**32,357**	**9,971**	**(3,656)**	**975**	**39,647**

The allowance for bad and doubtful debts includes the provision for insolvency posted on the income statement under the item "general and administrative expenses" (note 3.4).

The allowance for sales returns includes the provision for products which, in accordance with specific contractual clauses, may not be sold to final consumers and therefore may be returned in the future. This provision is accounted for in the income statement as a direct reduction of sales.

2.3 Inventory, net

This item breaks down as follows:

(Euro/000)	September 30, 2014	December 31, 2013
Raw materials	101,707	91,701
Work in progress	9,328	8,492
Finished products	262,600	200,354
Gross	**373,635**	**300,547**
Obsolescence provision (-)	(117,368)	(87,767)
Total	**256,267**	**212,780**

In order to deal with obsolete or slow-moving stock, a specific provision has been allocated, calculated on the basis of the possibility for future sale or use. The change to the income statement is posted under the item "cost of sales" (note 3.2).

The movements in the period are shown below:

(Euro/000)	Balance at January 1, 2014	Posted to income statement	Transl. Diff.	Balance at September 30, 2014
Inventory gross value	300,547	62,127	10,961	373,635
Obsolescence provision	(87,767)	(26,613)	(2,988)	(117,368)
Total net	**212,780**	**35,514**	**7,973**	**256,267**

2.4 Derivative financial instruments

The following table summarises the total amount of derivative financial instruments on the balance sheet:

(Euro/000)	**September 30, 2014**	**December 31, 2013**
Current assets:		
- Foreign currency contracts - Fair value through P&L	2,296	43
- Foreign currency contracts - cash flow hedge	-	11
Total	**2,296**	**54**
Non-current assets:		
- Interest rate swaps - cash flow hedge	-	34
Total	**-**	**34**

(Euro/000)	**September 30, 2014**	**December 31, 2013**
Current liabilities:		
- Foreign currency contracts - Fair value through P&L	203	1,163
- Foreign currency contracts - cash flow hedge	32	-
- Interest rate swaps - Fair value through P&L	19	
- Interest rate swaps - cash flow hedge	91	510
Total	**345**	**1,673**
Non-current liabilities:		
- Fair value cash settlement option equity-linked Bonds	13,745	-
- Interest rate swaps - cash flow hedge	-	24
Total	**13,745**	**24**

The increase for the portion relating to non-current liabilities is mainly due to the recognition of the component relating to the conversion option embedded in the "equity-linked" Bond issued on 22 May 2014 which, given the presence of a "cash settlement option", represents a derivative financial instrument booked at fair value under non-current liabilities. The fair value changes of this instrument are immediately charged to income statement, at the balance sheet date, the fair value of the option amounts to Euro 13,745 thousand.

The market value of the interest rate swap contracts appearing in the financial statements at 30th September 2014 was negative for Euro 110 thousand and was estimated based on normal market conditions. The Group interest rate risk policy usually provides for the hedging of future financial flows that will appear in the accounts in subsequent years, and the related hedging effect must be suspended in the cash flow reserve and posted to the income statement in subsequent years as the expected flows appear.

The market value of the forward hedge contracts is calculated using the present value of the differences between the contractual forward exchange rate and the market forward exchange rate. At the reporting date, the Group had outstanding contracts for the hedging against exchange rate fluctuations for a positive net market value of Euro 2,061 thousand.

The following table shows the characteristics and the fair value of the interest rate swap (IRS) contracts in force at 30th September 2014 and at 31st December 2013:

	September 30, 2014			December 31, 2013		
(Euro/000)	Contractual value		*Fair value*	Contractual value		*Fair value*
	(USD/000)	*(Euro/000)*	*(Euro/000)*	*(USD/000)*	*(Euro/000)*	*(Euro/000)*
Expiry year 2014	-	-	-	-	55,000	(510)
Expiry year 2015	-	70,000	(110)	-	70,000	10
Total	**-**	**70,000**	**(110)**	**-**	**125,000**	**(500)**

2.5 Other current assets

This item breaks down as follows:

(Euro/000)	September 30, 2014	December 31, 2013
VAT receivable	12,943	16,898
Tax credits and payments on account	11,692	11,696
Prepayments and accrued income	20,699	21,611
Receivables from agents	256	381
Other current receivables	7,459	9,174
Total	**53,049**	**59,760**

"Tax credits and payments on account" mainly refer to tax prepayments and credits for higher taxes paid which will be offset against the relative tax payable.

Prepayments and accrued income at 30th September 2014 include:

- prepaid royalty costs of Euro 13,400 thousand;
- prepaid rent and operating leases of Euro 2,949 thousand;
- prepaid advertising costs of Euro 1,032 thousand;
- prepaid insurance costs of Euro 454 thousand;
- other prepaid costs, mainly of commercial nature, for the remainder.

The receivables from agents mainly refer to receivables deriving from the sale of samples.

Other short-term receivables amount to Euro 7,459 thousand and mainly refer to:

- receivables reported in the balance sheet of the subsidiary Safilo S.p.A. for Euro 1,975 thousand, referring to receivables due from bankrupt customers for the amount of credit relating to VAT which, pursuant to Italian tax legislation, can only be recovered when the distribution plan of the bankruptcy procedure is executed;
- amounts receivable for insurance refunds totalling Euro 941 thousand;
- deposit payments for Euro 1,172 thousand;
- receivables from social security institutions for Euro 892 thousand for benefits resulting from the application of social welfare measures in the subsidiary Safilo S.p.A.;
- other receivables of Euro 2,479 thousand.

2.6 Property, plant and equipment, net

Changes in tangible assets in the first nine months of 2014 are shown below:

(Euro/000)	Balance at January 1, 2014	Increase	Decrease	Reclass.	Transl. diff.	Balance at September 30, 2014
Gross value						
Land and buildings	142,220	485	(3)	307	3,255	146,263
Plant and machinery	190,925	1,313	(2,729)	3,091	2,034	194,634
Equipment and other assets	224,344	6,751	(5,100)	5,676	8,660	240,331
Assets under constructions	6,185	11,279	(520)	(9,074)	128	7,998
Total	**563,674**	**19,827**	**(8,352)**	**-**	**14,076**	**589,225**
Accumulated depreciation						
Land and buildings	44,534	2,850	(1)	-	758	48,141
Plant and machinery	137,836	6,330	(2,331)	-	810	142,645
Equipment and other assets	183,128	13,111	(5,041)	-	6,414	197,612
Total	**365,498**	**22,291**	**(7,373)**	**-**	**7,981**	**388,398**
Net value	**198,176**	**(2,464)**	**(979)**	**-**	**6,094**	**200,827**

Investments in tangible assets in the first nine months of 2014 totalled Euro 19,827 thousand and mainly comprised:

- Euro 12,680 thousand in production facilities, mainly to renovate plants and to acquire and produce equipment for new models;
- Euro 3,001 thousand in the US retail company;
- for the remaining amount in other Group’s companies.

2.7 Intangible assets

Changes in intangible assets in the first nine months of 2014 are shown below:

(Euro/000)	Balance at January 1, 2014	Increase	Decrease	Reclass.	Transl. diff.	Balance at September 30, 2014
Gross value						
Software	29,453	941	(17)	334	1,176	31,887
Trademarks and licenses	54,030	202	-	-	50	54,282
Other intangible assets	8,168	-	(12)	(84)	270	8,342
Intangible assets in progress	5,484	6,294	(38)	(250)	2	11,492
Total	**97,136**	**7,437**	**(68)**	**-**	**1,499**	**106,004**
Accumulated depreciation						
Software	23,272	2,082	(17)	58	869	26,263
Trademarks and licenses	18,083	1,638	-	-	43	19,765
Other intangible assets	7,078	47	(12)	(58)	191	7,245
Total	**48,433**	**3,767**	**(30)**	**-**	**1,103**	**53,273**
Net value	**48,703**	**3,670**	**(38)**	**-**	**396**	**52,731**

The increase in investments reported under the construction in progress is mainly due to the start of the project to implement the new integrated information system (ERP) of the Group.

The table below shows depreciation and amortisation expenses related to tangible and intangible assets, recorded under the following items on the income statement:

(Euro/000)	*Notes*	First nine months 2014	First nine months 2013
Cost of sales	*3.2*	14,245	13,779
Selling and marketing expenses	*3.3*	3,465	3,086
General and administrative expenses	*3.4*	8,348	9,850
Other operating income/(expenses)	*3.5*	-	446
Total		**26,058**	**27,161**

2.8 Goodwill

The change in goodwill in the first nine months of 2014 is shown in the table below:

(Euro/000)	Balance at January 1, 2014	Increase	Decrease	Transl. diff.	Balance at September 30, 2014
Goodwill	536,075	-	-	34,472	570,547
Net value	**536,075**	**-**	**-**	**34,472**	**570,547**

The value of goodwill broken down by the geographical regions of the CGUs to which it is allocated is as follows:

(Euro/000)	Italy and Europe	Americas	Asia	Total
September 30, 2014	160,091	208,512	201,945	570,547
December 31, 2013	159,816	191,440	184,819	536,075

The impairment test of goodwill was carried out during the preparation of the annual financial statements 2013, during the first nine months of 2014 there were no indicators that require an immediate valuation of a potential loss in value.

2.9 Investments in associates

Investments in associates refer to the following companies:

Company	Registered office or headquarters	% of share capital	Type of investment	Main activity
Elegance Optical Int. Holdings Ltd	Hong Kong	23.05%	Associated company	Trading
Optifashion A.s. (in liquidation)	Turkey	50.0%	Non-consolidated subsidiary	Trading

The movements of shareholdings in associated companies in the first nine months 2014 are shown below:

				Movements of the period			
(Euro/000)	Gross value	Revaluation / (write-down)	Value at January 1, 2014	Share of period results and write-down of dividends	Impairment	Transl. diff.	Value at September 30, 2014
Elegance Optical Int. Holdings Ltd	5,298	3,134	8,432	(848)	-	733	8,317
Optifashion A.s. (in liquidation)	353	(353)	-	-	-	-	-
Total	**5,651**	**2,781**	**8,432**	**(848)**	**-**	**733**	**8,317**

The valuation with the equity method of the investment in the associate Elegance Optical International Holding

Ltd has led to the recognition of a loss of Euro 848 thousand relating to the portion of the loss of the period made by the company. The portion of the value of this investment, expressed by the closing market price at 30th September 2014, amounted to approximately 5.0 million Euro, compared to 3.2 million Euro at 31st December 2013. The amount reported on the audited financial statements of the associate is deemed to be the most appropriate accounting value of the investment.

Optifashion A.s. with registered office in Istanbul (Turkey), a 50% held subsidiary of the Group, is not included in the consolidation perimeter, since the amounts are considered not significant for the purpose of representing a true and fair view of the Group's financial position and result. Following his liquidation its carrying value has been fully impaired as it was no longer considered recoverable.

2.10 Financial assets available for sale

This item includes financial assets that may be sold. The value of the stakes in Gruppo Banco Popolare and Unicredit S.p.A. was determined with reference to the prices quoted on the official markets at the balance sheet date.

Changes in the item in the first nine months of 2014 are shown in the table below:

				Movements for the year		
(Euro/000)	**Gross value**	**Revaluation/ (write-down)**	**Value at January 1, 2014**	**Increase/ (Decrease)**	**Revaluation/ (write-down)**	**Value at September 30, 2014**
Gruppo Banco Popolare	228	(49)	179	-	(31)	148
Unicredit S.p.A.	61	(6)	55		10	65
Other	46	(43)	3	-	-	3
Total	**335**	**(98)**	**237**	**-**	**(21)**	**216**

2.11 Deferred tax assets and deferred tax liabilities

Deferred tax assets

These assets refer to the taxes calculated on tax losses that may be recovered in future financial years and temporary differences between the carrying value of assets and liabilities and their tax value. Deferred taxes on tax losses accumulated by the Group are only booked on the companies' balance sheets if it is considered probable that they may be recovered through future taxable income.

Deferred tax liabilities

This provision refers to taxes calculated on temporary differences between the carrying value of assets and liabilities and their tax value. The most significant items for which deferred tax liabilities have been calculated concern tangible assets and goodwill amortisation, calculated for tax purposes only.

Allowance for deferred tax assets

Deferred tax assets, net (where applicable) of deferred tax liabilities, in the financial statements of some companies of the Group, have been written down through a provision, in order to take into account the expectations of future recoverability.

The table below shows the values of deferred tax assets and of deferred tax liabilities, net of the allowance made:

(Euro/000)	**September 30, 2014**	**December 31, 2013**
Deferred tax assets	87,650	77,168
Deferred tax liabilities	(9,155)	(8,061)
Total	**78,495**	**69,107**

2.12 Other non-current assets

This item totals 2,912 thousand Euro, compared to 2,631 thousand Euro as at 31st December 2013, of this sum, Euro 2,703 thousand refers to security deposits for leasing contracts related to buildings used by some of the Group's companies. It is considered that the book value of the "other non-current assets" approximates their fair value.

2.13 Bank loans and borrowings

Borrowings break down as follows:

(Euro/000)	**September 30, 2014**	**December 31, 2013**
Bank overdrafts	7,988	1,380
Short-term bank loans	37,434	11,559
Short-term portion of long-term bank loans	-	24,959
Short-term portion of financial leasing	2,220	1,181
Debt to the factoring company	25,134	34,320
Other short-term loans	-	118
Other debts for purchase of minority interests	355	357
Short-term borrowings	**73,131**	**73,874**
Medium long-term loans	58,485	189,333
Convertible Bonds	126,763	-
Medium long-term portion of financial leasing	26	1,897
Other medium long-term loans	-	-
Long-term borrowings	**185,274**	**191,230**
TOTAL	**258,405**	**265,104**

In the context of the refinancing of the Group's outstanding financial liabilities, for a total amount of Euro 300 million, which took place in the second and third quarter, the item "Bank loans and borrowings" recorded the following main changes.

On 22 May 2014, Safilo Group S.p.A. has issued an unsecured and unsubordinated equity-linked Bond, guaranteed by Safilo S.p.A., maturing on 22 may 2019 with an aggregate principal amount of Euro 150 million.

The Bonds have been issued at par in the nominal amount of EUR 100,000 per Bond and will pay a coupon of 1.25% per annum, payable semi-annually in arrears on 22 November and 22 May of each year.

The Bonds became convertible into ordinary shares of Safilo Group S.p.A. following the approval on 10 July 2014 of the extraordinary general meeting of the Company of a capital increase to be solely reserved for the purposes of the conversion of such Bonds. The initial conversion price has been set at EUR 21.8623, representing a premium of 40.0% above the volume weighted average price of the ordinary shares of the Company on Borsa Italiana between launch and pricing. The Company will have the right to elect to settle any exercise of conversion rights in shares, cash or combinations of shares and cash.

The Issuer will have the option to redeem any outstanding Bonds at their principal amount (plus accrued but unpaid interest to (but excluding) the redemption date) on or after 6 June 2017 if the volume weighted average price of a share for a specified period is at least 130% of the conversion price in effect on each relevant dealing day. The Issuer may also redeem the Bonds at any time at their principal amount (plus accrued but unpaid interest to (but excluding) the redemption date) if less than 15% of the Bonds originally issued remain outstanding.

At final maturity, on 22 May 2019, the Bonds will be redeemed at their principal amount unless previously redeemed, converted, or purchased and cancelled.

The offer is made solely to qualified investors, the Bonds, starting from July 23, 2014, has been admitted to be traded on the "Third Market" (MTF), non-regulated market of Vienna Stock Exchange.

Such bond is carried at amortised cost, through the use of an effective interest rate deemed to be appropriate for the risk profile of an equivalent financial instrument without the conversion component. Given the presence of a "cash settlement option", the conversion option component represents an embedded derivative financial instrument booked in the corresponding balance sheet item under liabilities. The fair value changes of this instrument are immediately charged to income statement. At the balance sheet date, the fair value of the option amounts to Euro 13,745 thousand (see note 2.4).

The Senior Loan contract, subscribed in 2006, has seen the full redemption of the Facility A1 – Tranche 2, amounting to Euro 25 million and the reimbursement with the anticipated cancellation of the two revolving lines, for a total amount of Euro 260 million, expiring on 30 June 2015, used for Euro 60 million at June 30, 2014. At the same time, it was also cancelled the revolving credit facility amounting to Euro 40 million issued in 2013 by the main shareholder Multibrands Italy BV, with final maturity in June 2015.

Such cancellations followed the underwriting by Safilo S.p.A. and Safilo U.S.A. Inc. in July 2014 of a new committed, unsubordinated and unsecured "Revolving Credit Facility" amounting to Euro 150 million expiring in July 2018, used for Euro 60 million at September 30, 2014. Such loan is subject to the respect of operating and financial commitments, standard for similar transactions.

The payables for financial leasing refer mainly to tangible assets owned under lease contracts by some Group's companies. The lease contracts will expire in less than 2 years. All the lease contracts in force involve repayments at constant instalments and no restructuring of the original plans is envisaged.

The following table illustrates the short term and medium/long term portions relating to lease contracts at 30th September 2014:

(Euro/000)	**September 30, 2014**	**December 31, 2013**
Short-term portion of financial leasing	2,220	1,181
Long-term portion of financial leasing	26	1,897
Total debt	**2,246**	**3,078**

The short-term payables towards factoring companies are for contracts stipulated with leading factoring companies by the subsidiary Safilo S.p.A. for Euro 25,134 thousand.

The expiry dates of medium and long-term loans are the following:

(Euro/000)	September 30, 2014	December 31, 2013
From 1 to 2 years	26	191,230
From 2 to 3 years	-	-
From 3 to 4 years	58,485	-
From 4 to 5 years	126,763	-
Beyond 5 years	-	-
Total	**185,274**	**191,230**

The following table shows borrowings divided by currency:

(Euro/000)	September 30, 2014	December 31, 2013
Short-term		
Euro	60,628	62,242
Chinese Renminbi	10,225	9,462
Brazilian Real	35	2,097
Japanese Yen	2,172	-
Swedish Kronor	71	73
Total	**73,131**	**73,874**
Medium long-term		
Euro	185,248	191,204
Swedish Kronor	26	26
Total	**185,274**	**191,230**
Total borrowings	**258,405**	**265,104**

The following table details the credit lines granted to the Group, the uses and the lines available at September 30th 2014:

(Euro/000)	Credit lines granted	Uses	Credit lines available
Credit lines on bank accounts and short-term bank loans	103,040	45,350	57,690
Credit lines on long-term loans	150,000	60,000	90,000
Total	**253,040**	**105,350**	**147,690**

As a consequence of the above mentioned modification the credit lines available on long-term loans are related to a committed revolving financing called "Revolving Credit Facility", underwritten by Intesa San Paolo, Unicredit and BNP Paribas, totalling a maximum of Euro 150 million, expiring on July 2018, at 30th September 2014 used for Euro 60 million.

The net financial position of the Group at September 30th 2014 compared to the same as of December 31st, 2013 is as follows:

	Net financial position *(Euro/000)*	**September 30, 2014**	**December 31, 2013**	**Change**
A	Cash and cash equivalents	99,524	82,608	16,916
B	Cash and cash equivalents included as Assets held for sale	-	-	-
C	Current securities (securities held for trading)	-	-	-
D	**Liquidity (A+B+C)**	**99,524**	**82,608**	**16,916**
E	**Receivables from financing activities**	**-**	**-**	**-**
F	Bank overdrafts and short-t. bank borrowings	(45,422)	(12,939)	(32,483)
G	Current portion of long-term borrowings	-	(24,959)	24,959
H	Other short-term borrowings	(27,709)	(35,976)	8,267
I	**Debts and other current financial liabilities (F+G+H)**	**(73,131)**	**(73,874)**	**743**
J	**Current financial position, net (D)+(E)+(I)**	**26,393**	**8,734**	**17,659**
K	Long-term bank borrowings	(58,485)	(189,333)	130,848
L	Bonds	(126,763)	-	(126,763)
M	Other long-term borrowings	(26)	(1,897)	1,871
N	**Debts and other non-current financial liabilities (K+L+M)**	**(185,274)**	**(191,230)**	**5,956**
I	**Net financial position (J)+(N)**	**(158,881)**	**(182,496)**	**23,615**

The above table does not include the valuation of derivative financial instruments described in note 2.4 of this report.

2.14 Trade payables

This item breaks down as follows:

(Euro/000)	September 30, 2014	December 31, 2013
Trade payables for:		
Purchase of raw materials	36,946	43,544
Purchase of finished goods	61,155	59,033
Suppliers from subcontractors	4,122	5,058
Tangible and intangible assets	2,841	10,786
Commissions	2,573	2,708
Royalties	20,151	24,711
Advertising and marketing costs	40,259	28,739
Services	32,659	30,355
Total	**200,706**	**204,934**

2.15 Tax payables

At 30th September 2014, tax payables total Euro 34,459 thousand, compared to Euro 18,210 thousand at 31st December 2013. Euro 23,905 thousand related to income tax payables, Euro 5,417 thousand to VAT payables and the remainder to withholding and local taxes different from those on income.

The increase in the income tax payables is related, besides current taxes, to the reclassification of the current portion of the provision related to the tax disputes accrued at 31st December 2013 under "Other provisions for risk and charges" defined on February 27, 2014. The definition has determined the settlement of the liability for a total of Euro 21 million to be paid in 12 quarterly instalments starting in February 2014.

2.16 Other current liabilities

This item breaks down as follows:

(Euro/000)	September 30, 2014	December 31, 2013
Payables to personnel and social security institutions	47,271	33,567
Agent fee payables	1,664	1,523
Payables to pension funds	552	1,131
Accrued advertising and sponsorship costs	2,068	497
Accrued interests on long-term loans	842	411
Other accruals and deferred income	3,620	3,815
Other current liabilities	2,217	2,574
Total	**58,234**	**43,518**

Payables to personnel and social security institutions mainly refer to salaries and wages for September, which are paid during the following month, accrued thirteenth month's pay and holidays accrued but not taken.

It is considered that the book value of the "other current liabilities" approximates their fair value.

2.17 Provision for risks and charges

This item breaks down as follows:

(Euro/000)	Balance at January 1, 2014	Increase	Decrease	Transl. diff.	Balance at September 30, 2014
Product warranty provision	5,375	500	(306)	28	5,597
Agents' severance indemnity	3,557	410	(303)	1	3,665
Provision for corporate restructuring	1,018	1,394	(1,927)	-	485
Other provisions for risks and charges	24,643	1,125	(21,617)	-	4,151
Provisions for risks - long term	**34,593**	**3,429**	**(24,153)**	**29**	**13,898**
Provisions for risks - short term	**3,325**	**331**	**(691)**	**52**	**3,017**
Total	**37,918**	**3,760**	**(24,844)**	**81**	**16,915**

The product warranty provision was recorded against the costs to be incurred for the replacement of products sold.

The agents' severance indemnity was created against the risk deriving from the payment of indemnities in case of termination of the agency agreement. This provision has been calculated based on the in force laws.

Provision for corporate restructuring includes the estimated liabilities arising from agreements being finalized with the employees of the Italian plants of the Group.

The decrease in item "Other risks and charges" is related to the reclassification under "tax payables" of the provision accrued at 31st December 2013 to cover tax disputes defined on February 27, 2014.

Provisions for other risks and charges refer to the best estimate made by the management of the liabilities to be recognized in relation to proceedings arisen against suppliers, tax authorities and other counterparts.

Their estimate takes into account, where applicable, the opinion of legal consultants and other experts, past company's experience and others' in similar situations, as well as the intention of the company to take further actions in each case. The provision in the consolidated financial statements is the sum of the individual accruals made by each company of the Group.

It is considered that the above-mentioned allowances are sufficient to cover the existing risks.

2.18 Employees benefits liability

The table below shows the movement in this item during the period:

(Euro/000)	Balance at January 1, 2014	Posted to income statement	Uses	Transl. diff.	Balance at September 30, 2014
Defined contribution plan	373	5,152	(2,983)	22	2,564
Defined benefit plan	34,506	441	(7,312)	68	27,703
Total	**34,879**	**5,593**	**(10,295)**	**90**	**30,267**

This item refers to different forms of defined benefit and defined contribution pension plans, in line with the local conditions and practices in the countries in which the Group carries out its business.

2.19 Other non-current liabilities

At 30th September 2014 other non-current liabilities totalled Euro 11,861 thousand, compared to Euro 5,254 thousand at 31st December 2013, and comprised Euro 6,697 thousand mainly related to the reclassification of the non-current portion of the provision related to the tax disputes accrued at 31st December 2013 under "Other provisions for risk and charges" defined on February 27, 2014, Euro 5,164 thousand for long-term debt under leases of stores of the U.S. subsidiary Solstice and the remaining portion for non-current liabilities recorded by some Group's companies.

SHAREHOLDERS' EQUITY

Shareholders' equity is the value contributed by the shareholders of Safilo Group S.p.A. (the share capital and the share premium reserve), plus the value generated by the Group in terms of profit gained from its operations (profit carried forward and other reserves). At 30th September 2014, shareholders' equity amounted to Euro 944,708 thousand (of which Euro 2,427 thousand represent minority interests), against Euro 846,062 thousand at 31st December 2013 (of which 2,940 thousand represent minority interests).

In managing its capital, the Group's aim is to create value for its shareholders, developing its business and thus guarantee the company's continuity.

The Group constantly monitors the ratio between indebtedness and shareholders' equity, for the purpose of maintaining a balance, also in respect of the long-term loans currently outstanding.

2.20 Share capital

During the first nine months, it should be noted that some beneficiaries of the Stock Option Plan 2010-2013, exercised options for the first and second tranches for a total amount of 335,000 options exercised at an average exercise price equal to Euro 11.34 per share. This exercise resulted in the issuance of 335.000 shares with a nominal value of 5.00 euros, an increase of the share capital of Euro 1,675,000 and increase in the share premium reserve of 2,123,980.

Following the above-mentioned capital increase, at 30th September 2014 the share capital of the Parent Company, Safilo Group S.p.A., amounts to Euro 312,674,825 consisting of no. 62,534,965 ordinary shares with a par value of Euro 5.00 each.

2.21 Share premium reserves

The share premium reserve represents:

- the higher value attributed on the conferment of shares by the subsidiary Safilo S.p.A. compared to the par value of the corresponding increase in share capital;
- the higher price paid compared to the par value of the shares, at the time the shares were placed on the Electronic Stock Market (MTA), net of listing costs;
- the premium resulting from conversion of convertible bonds;
- the premium received from the exercise of stock options by their holders and following the capital increases.

The share premium reserve of the parent company totalled Euro 484,688,914 at 30th September 2014.

2.22 Retained earnings and other reserves

This item includes both the reserves of the subsidiary companies generated after their inclusion in the consolidation area and the translation differences deriving from the translation into Euro of the financial statements of consolidated companies denominated in other currencies.

2.23 Cash flow reserve

The cash flow reserve mainly refers to the current value of interest rate swaps and currency forwards contracts.

2.24 Stock options plans

The extraordinary general meeting held on 15 April 2014, as proposed by the Board of Directors held on 5 March 2014, have approved the capital increase up to a nominal value of Euro 7,500,000.00 by means of the issuance of up to a maximum of 1,500,000 ordinary shares, with the par value equal to 5.00 Euro, for the purpose of the 2014-2016 Stock Option Plan in favour of directors and/or employees of Safilo Group S.p.A. and of its subsidiaries.

Such Plan, aimed at the retention and motivation of directors and/or employees, by means of granting in tranches and free of charge a maximum of 1,500,000 options which give the beneficiaries the right to subscribe newly issued ordinary shares of the Company, par value of Euro 5.00 each, arising from the paid and separable capital increase, with exclusion of the option rights according to article 2441, paragraph 4 second part of the Civil Code, at the rate of no. 1 share for each Option.

The Plan has a total duration of approximately 10 years (from 2014 to 2024). The options granted to beneficiaries are exercisable after a minimum of two years from the last possible granting date of each tranche.

In particular, there are three different granting dates:

- the first tranche can be granted starting from the Board of Directors held on 29 April 2014 until 31 December 2014;
- the second tranche will be granted starting from the Board of Directors which approves the financial statements of the Company for the year ended 31.12.2014 until 31 December 2015;
- the third tranche will be granted starting from the Board of Directors which approves the financial statements of the Company for the year ended 31.12.2015 until 31 December 2016.

The options granted shall vest upon the occurrence of the following performance conditions (vesting conditions) represented by the permanence of the relationship at the vesting date of the options and by the achievement of performance target differentiated by three-year period of each tranche commensurate with the consolidated operating result (EBIT).

For more detailed information about the Plan, reference should be made to the disclosure prepared pursuant to article 84-bis of the Regulation on Issuers, as subsequently supplemented, as well as to all the documents related to the above Plan, prepared in accordance with the applicable laws, which are available on the Company's web site in the Investors Relations – Corporate Governance section.

The table below shows the changes in the stock option plans occurred during the relevant period:

	No. of options	Average exercise price in Euro
Outstanding at the beginning of the period	**1,105,000**	**8.884**
Granted	325,000	15.050
Forfeited	(50,000)	5.604
Exercised	(335,000)	11.340
Expired	(20,000)	12.550
Outstanding at period-end	**1,025,000**	**10.381**

During the first nine months 335,000 options have been exercised of which 90.000 options belonging to the first tranche of the Plan and 245.000 options to the second tranche at an average exercise price of 11.34 Euro equal to a total value of 3,798,980 Euro.

In the same period 325,000 options have been granted related to the first tranche of the new Plan 2014-2016.

The adoption of these plans has affected the income statement for the period for Euro 300 thousand (Euro 567 thousand at 30 September 2013).

3. Notes on the consolidated income statement

3.1 Net sales

For details concerning the sales performance in the first nine months of 2014 compared to the same period of the previous year, please refer to the section "Report on Operations".

3.2 Cost of sales

This item breaks down as follows:

	First nine months 2014	First nine months 2013	Third quarter 2014	Third quarter 2013
Purchase of raw materials and finished goods	255,281	234,488	86,228	80,633
Capitalisation of costs for increase in tangible assets (-)	(6,540)	(5,699)	(2,418)	(1,926)
Change in inventories	(35,514)	2,037	(18,388)	(12,581)
Wages and social security contributions	73,364	61,893	24,486	21,439
Subcontracting costs	15,164	8,366	5,318	3,084
Depreciation	14,245	13,779	4,878	4,503
Rental and operating leases	613	549	204	193
Other industrial costs	10,336	9,516	3,894	3,251
Total	**326,949**	**324,929**	**104,202**	**98,596**

The change in inventories can be broken down as follows:

(Euro/000)	First nine months 2014	First nine months 2013	Third quarter 2014	Third quarter 2013
Finished products	(30,192)	4,294	(17,858)	(4,416)
Work-in-progress	(540)	(1,449)	(146)	(1,076)
Raw materials	(4,782)	(808)	(384)	(7,089)
Total	**(35,514)**	**2,037**	**(18,388)**	**(12,581)**

The average number of Group employees in the first nine months of 2014 and 2013 can be summarised as follows:

	First nine months 2014	First nine months 2013
Padua Headquarters	1,014	967
Production facilities	4,374	4,469
Trading companies	1,434	1,510
Retail companies	828	809
Total	**7,650**	**7,755**

3.3 Selling and marketing expenses

This item breaks down as follows:

(Euro/000)	First nine months 2014	First nine months 2013	Third quarter 2014	Third quarter 2013
Payroll and social security contributions	88,845	89,219	29,526	28,068
Sales commissions	49,842	46,002	15,350	13,764
Royalty expenses	73,108	68,561	21,498	18,928
Advertising and promotional costs	103,195	93,468	30,208	26,888
Amortization and depreciation	3,465	3,086	1,165	954
Logistic costs	13,906	13,878	4,186	4,332
Consultants fees	886	483	167	131
Rental and operating leases	11,142	10,963	3,845	3,664
Utilities	685	683	267	246
Provision for risks	403	262	(40)	(382)
Other sales and marketing expenses	17,148	17,519	5,685	5,396
Total	**362,625**	**344,124**	**111,857**	**101,989**

3.4 General and administrative expenses

This item breaks down as follows:

(Euro/000)	First nine months 2014	First nine months 2013	Third quarter 2014	Third quarter 2013
Payroll and social security contributions	60,581	54,819	20,091	17,791
Allowance and write off of doubtful accounts	2,160	4,787	547	1,517
Amortization and depreciation	8,348	9,850	2,803	3,490
Consultants fees	11,648	8,986	4,126	2,266
Rental and operating leases	6,528	6,354	2,226	2,146
EDP costs	6,295	4,361	2,162	1,604
Insurance costs	1,790	2,061	538	688
Utilities, security and cleaning	4,807	5,141	1,157	1,879
Taxes (other than on income)	3,818	3,516	1,288	1,064
Other general and administrative expenses	11,427	11,111	3,989	3,548
Total	**117,402**	**110,986**	**38,927**	**35,993**

3.5 Other income (expenses)

This item breaks down as follows:

(Euro/000)	First nine months 2014	First nine months 2013	Third quarter 2014	Third quarter 2013
Losses on disposal of assets	(104)	(355)	(69)	(120)
Other operating expenses	(3,883)	(7,939)	(559)	(205)
Write downs of tangible assets	-	(446)	-	(446)
Gains on disposal of assets	63	75	2	31
Other operating incomes	547	1,038	39	763
Total	**(3,377)**	**(7,627)**	**(587)**	**23**

Other operating expenses and income comprise cost and revenue components either not related to the Group's ordinary operations or that are of non-recurring nature.

During the first nine months of 2014 non-recurring costs of Euro 3,009 thousand were accounted for relating to reorganization costs. In the same period of the last year non-recurring costs of Euro 7,385 thousand were accounted for, of which Euro 6,000 thousand relating to the CEO succession plan and Euro 1,385 thousand for other restructuring costs.

3.6 Share of income (loss) of associates

This item shows gains/losses deriving from the valuation at equity of shareholdings in associates.

3.7 Interest expenses and other financial charges, net

This item breaks down as follows:

	First nine months 2014	First nine months 2013	Third quarter 2014	Third quarter 2013
Interest expenses on loans	5,356	4,992	1,854	1,848
Interest expenses and charges on Bond	2,249	4,902	1,580	-
Bank commissions	4,530	4,061	1,680	1,386
Negative exchange rate differences	10,333	10,834	8,301	3,086
Financial discounts	981	630	296	178
Other financial charges	386	518	169	108
Total financial charges	**23,835**	**25,937**	**13,880**	**6,606**
Interest income	320	386	116	83
Positive exchange rate differences	8,650	8,869	3,218	3,739
Fair value gains on the Equity-linked Bond incorporated derivative	8,425	-	8,710	-
Other financial income	102	25	17	(75)
Total financial income	**17,497**	**9,280**	**12,061**	**3,747**
Total financial charges, net	**6,338**	**16,657**	**1,819**	**2,859**

Fair value gains and charges are related to the valuation at mark-to-market of the derivative embedded in the "equity-linked" bond.

3.8 Income tax expenses

This item breaks down as follows:

(Euro/000)	First nine months 2014	First nine months 2013	Third quarter 2014	Third quarter 2013
Current taxes	(24,401)	(19,569)	(6,230)	(4,213)
Deferred taxes	6,295	5,706	4,792	2,254
Total	**(18,106)**	**(13,863)**	**(1,438)**	**(1,959)**

3.9 Earnings (Loss) per Share

The calculation of basic and diluted earnings (losses) per share is shown in the tables below:

Basic

	First nine months 2014	First nine months 2013
Profit for ordinary shares (in Euro/000)	31,704	21,817
Average number of ordinary shares (in thousands)	62,390	61,746
Earnings per share - basic (in Euro)	**0.508**	**0.353**

Diluted

	First nine months 2014	First nine months 2013
Profit for ordinary shares (in Euro/000)	31,704	21,817
Profit for preferred shares	-	-
Profit in income statement	**31,704**	**21,817**
Average number of ordinary shares (in thousands)	62,390	61,746
Dilution effects:		
- stock option (in thousands)	354	525
Total	**62,744**	**62,271**
Earnings per share - diluted (in Euro)	**0.505**	**0.350**

As for the bond "Safilo Group S.p.A. Euro 150 million, 1.25 per cent Guaranteed Equity-Linked Bond due 2019", based on current market and conversion conditions, it was not considered any dilutive effect.

3.10 Seasonality

Group revenues are partially affected by seasonal factors, as demand is higher in the first half of the year as a result of sunglasses sales ahead of the summer. Revenues are historically at their lowest in the third quarter of the year, since the sales campaign for the second half is launched in autumn.

3.11 Significant non-recurring transactions and atypical and/or unusual operations

In the first nine months of 2014, the Group did not engage in significant non-recurring transactions or atypical and/or unusual operations pursuant to the CONSOB communication of 28th July 2006.

3.12 Dividends

In the first nine months of 2014, the parent company Safilo Group S.p.A. did not pay any dividends to its shareholders.

3.13 Segment reporting

The operating segments (Wholesale and Retail) were identified by the management in line with the management and control model used for the Group. In particular, the criteria applied for the identification of these segments was based on the ways in which the management manages the Group and attributes operational responsibilities.

Information by segment relating to the period ending 30th September 2014 and 30th September 2013 as well as third quarter 2014 and third quarter 2013 is shown in the tables below:

September 30, 2014 *(Euro/000)*	**WHOLESALE**	**RETAIL**	**Eliminat.**	**Total**
Net sales				
- to other segment	10,175	-	(10,175)	-
- to third parties	805,754	61,792	-	867,546
Total net sales	**815,929**	**61,792**	**(10,175)**	**867,546**
Gross profit	**501,512**	**39,085**	**-**	**540,597**
Operating profit	**51,391**	**5,801**	**-**	**57,192**
Share of income of associates	(848)	-		(848)
Financial charges, net				(6,338)
Income taxes				(18,106)
Net profit				**31,900**
Other information				
Capital expenditure	26,265	999		27,264
Depreciation & amortization	23,288	2,770		26,058

September 30, 2013 *(Euro/000)*	**WHOLESALE**	**RETAIL**	**Eliminat.**	**Total**
Net sales				
- to other segment	10,591	-	(10,591)	-
- to third parties	779,994	61,775	-	841,769
Total net sales	**790,585**	**61,775**	**(10,591)**	**841,769**
Gross profit	**476,622**	**40,218**	**-**	**516,840**
Operating profit	**48,172**	**5,931**	**-**	**54,103**
Share of income of associates	(1,440)	-		(1,440)
Financial charges, net				(16,657)
Income taxes				(13,863)
Net profit				**22,143**
Other information				
Capital expenditure	17,303	1,457		18,760
Depreciation & amortization	24,245	2,916		27,161

Third quarter 2014 *(Euro/000)*	**WHOLESALE**	**RETAIL**	**Eliminat.**	**Total**
Net sales				
- to other segment	3,650	-	(3,650)	-
- to third parties	239,183	22,077	-	261,260
Total net sales	**242,833**	**22,077**	**(3,650)**	**261,260**
Gross profit	**143,437**	**13,621**	**-**	**157,058**
Operating profit	**3,306**	**2,380**	**-**	**5,686**
Share of income of associates	(9)	-		(9)
Financial charges, net				(1,819)
Income taxes				(1,438)
Net profit				**2,421**
Other information				
Capital expenditure	9,490	588		10,078
Depreciation & amortization	7,942	904		8,846

Third quarter 2013 *(Euro/000)*	**WHOLESALE**	**RETAIL**	**Eliminat.**	**Total**
Net sales				
- to other segment	2,384	-	(2,384)	-
- to third parties	222,460	20,948	-	243,408
Total net sales	**224,844**	**20,948**	**(2,384)**	**243,408**
Gross profit	**131,662**	**13,150**	**-**	**144,812**
Operating profit	**5,109**	**1,744**	**-**	**6,853**
Share of income of associates	(238)	-		(238)
Financial charges, net				(2,859)
Income taxes				(1,959)
Net profit				**1,797**
Other information				
Capital expenditure	6,958	639		7,597
Depreciation & amortization	8,423	970		9,393

RELATED PARTIES TRANSACTIONS

The nature of transactions with related parties is set out in the following table:

Related parties transactions *(Euro/000)*	**Relationship**	**September 30 2014**	**December 31 2013**
Receivables			
Companies controlled by HAL Holding N.V.	(b)	14,614	8,367
Total		**14,614**	**8,367**
Payables			
Elegance Optical International Holdings Ltd	(a)	519	2,726
Companies controlled by HAL Holding N.V.	(b)	1,649	4,007
Total		**2,168**	**6,733**

Related parties transactions *(Euro/000)*	**Relationship**	**September 30 2014**	**September 30 2013**
Revenues			
Elegance International Holdings Ltd	(b)	24	-
Companies controlled by HAL Holding N.V.	(b)	56,465	47,313
Total		**56,489**	**47,313**
Operating expenses			
Elegance Optical International Holdings Ltd	(a)	6,821	7,681
Companies controlled by HAL Holding N.V.	(b)	2,083	694
Financial expenses			
HAL International Investments N.V.	(b)	-	2,447
Total		**8,904**	**10,822**

(a) Associated company

(b) Companies controlled by Group's reference Shareholder

Transactions with related parties, including intercompany transactions, involve the purchase and sale of products and provision of services on an arm's length basis, similarly to what is done in transactions with third parties.

In regard to the table illustrated above, note that:

- Elegance Optical International Holdings Limited ("Elegance"), a company listed on the Hong Kong stock exchange, is 23.05% owned by Safilo Far East Limited (an indirect subsidiary) and produces optical products for the Group in Asia. The price and other conditions of the production agreement between Safilo Far East Limited and Elegance are in line with those applied by Elegance to its other customers;
- The companies of HAL Holding N.V., primary shareholder of Safilo Group, mainly refer to the retail companies belonging to the GrandVision B.V. Group, with which Safilo carries out commercial transactions in line with market conditions;
- HAL International Investments N.V. during the restructuring process of the Group acquired from third parties 50,99% of Safilo Capital International Senior Notes (High Yield), expired and fully reimbursed during the second quarter of 2013.

CONTINGENT LIABILITIES

The Group does not have any significant contingent liabilities not covered by appropriate provisions. Nevertheless, as of the balance sheet date, various legal actions involving the parent company and certain Group companies were pending. These proceedings remained broadly unchanged as of 31st December 2013, and, although these actions are considered to be groundless, a negative outcome beyond estimates could have adverse effects on the financial results of the Group.

COMMITMENTS

At the balance sheet date, the Group had no significant purchase commitments. At the balance sheet date, however, the Group had contracts in force with licensor for the production and sale of sunglasses and frames bearing their signatures. The contracts not only establish minimum guarantees, but also a commitment for advertising investments.

For the Board of Directors
The Chief Executive Officer
Luisa Deplazes de Andrade Delgado

Statement by the manager responsible for the preparation of the company's financial documents

The manager responsible for the preparation of the company's financial documents, Mr. Vincenzo Giannelli, hereby declares, in accordance with paragraph 2, article 154 bis of the Consolidated Financial Act (TUF), that the accounting information contained in these quarterly financial statements at 30th September 2014 corresponds to the accounting results, registers and records.

Padua, 6th November 2014

Vincenzo Giannelli
Manager responsible for the preparation of
the company's financial documents