Interim Report

for the period ended 31st March 2012

Date of issue: May 4th, 2012

This interim report is available on the website:

www.safilo.com

SAFILO GROUP S.p.A.

Settima Strada, 15

35129 Padua - Italy

Contents

Corporate officers as of March 31st, 2012

Board of Directors	
Chairman	Robert Polet
Chief Executive Officer	Roberto Vedovotto
Director	Giovanni Ciserani
Director	Jeffrey A. Cole
Director	Melchert Frans Groot
Director	Marco Jesi
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

Internal Control Committee	
Chairman	Eugenio Razelli
	Giovanni Ciserani
	Marco Jesi

Remuneration Committee	
Chairman	Jeffrey A. Cole
	Melchert Frans Groot
	Marco Jesi

Independent Auditors	
PricewaterhouseCoopers S.p.A.	

DIRECTORS OPERATIONS REPORT

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) – Piazza Tiziano n. 8, whilst the administrative headquarters are located in Padua – Settima Strada no. 15.

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 over 75 years and is one of the major operators, in terms of revenues, design, manufacture and distribution of glasses and other eyewear products. Safilo is the global leader in the high-end eyewear segment of the market and also one of the top 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 house 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 house 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 Sàfilo, Oxydo, Carrera, Smith and Blue Bay while the licensed brands include Alexander McQueen, A/X Armani Exchange, Balenciaga, Banana Republic, BOSS - Hugo Boss, BOSS Orange, Bottega Veneta, Céline, Dior, Emporio Armani, Fossil, Giorgio Armani, Gucci, HUGO - Hugo Boss, Jimmy Choo, JLo by Jennifer Lopez, Juicy Couture, Kate Spade, Liz Claiborne, Marc Jacobs, Marc by Marc Jacobs, Max Mara, Max&Co., Pierre Cardin, Saks Fifth Avenue, Tommy Hilfiger and Yves Saint Laurent.

Key consolidated performance indicators

Economic data (Euro in millions)	First quarter 2012	%	First quarter 2011	%
Net sales	288.7	100.0	300.7	100.0
Cost of sales	(114.5)	(39.7)	(117.6)	(39.1)
Gross profit	174.2	60.3	183.0	60.9
Ebitda	32.3	11.2	40.7	13.5
Operating profit	23.1	8.0	31.4	10.4
Group profit before taxes	18.6	6.4	28.0	9.3
Profit attributable to the Group	12.0	4.1	18.4	6.1

Balance sheet data (Euro in millions)	March 31, 2012	%	December 31, 2011	%
Total assets	1,473.0	100.0	1,501.0	100.0
Total non-current assets	845.0	57.4	860.0	57.3
Capital expenditure	5.9	0.4	25.7	1.7
Net invested capital	1,049.5	71.2	1,054.0	70.2
Net working capital	310.9	21.1	291.9	19.4
Net financial position	(243.2)	16.5	(238.3)	15.9
Group Shareholders' equity	797.3	54.1	804.2	53.6

Financial data (Euro in millions)	First quarter 2012	First quarter 2011
Cash flow operating activity	6.5	4.3
Cash flow investing activity	(12.4)	(11.1)
Cash flow financing activity	3.6	(7.0)
Closing net financial indebtedness (short-term)	69.6	53.2

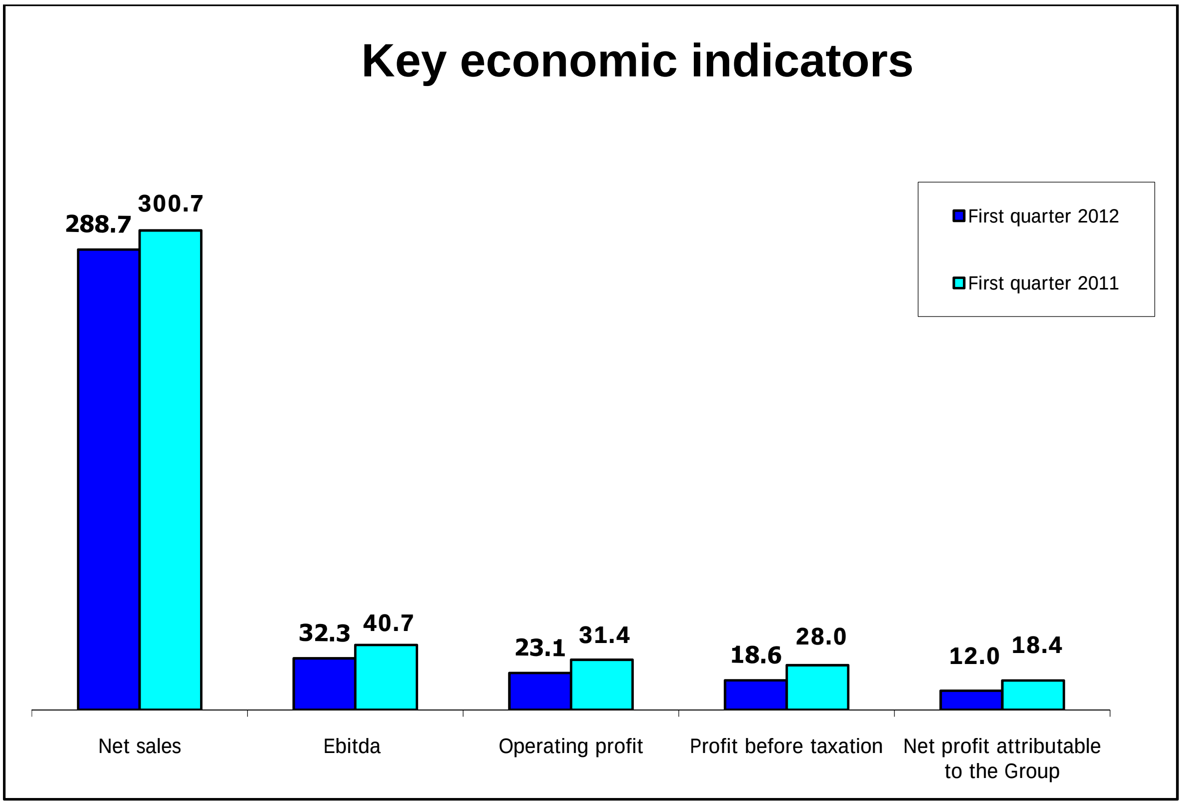
Earning per share (in Euro)	First quarter 2012	First quarter 2011
Earnings per share - basic	0.210	0.323
Earnings per share - diluted	0.210	0.322
No. shares in share capital at March 31	56,821,965	56,821,965

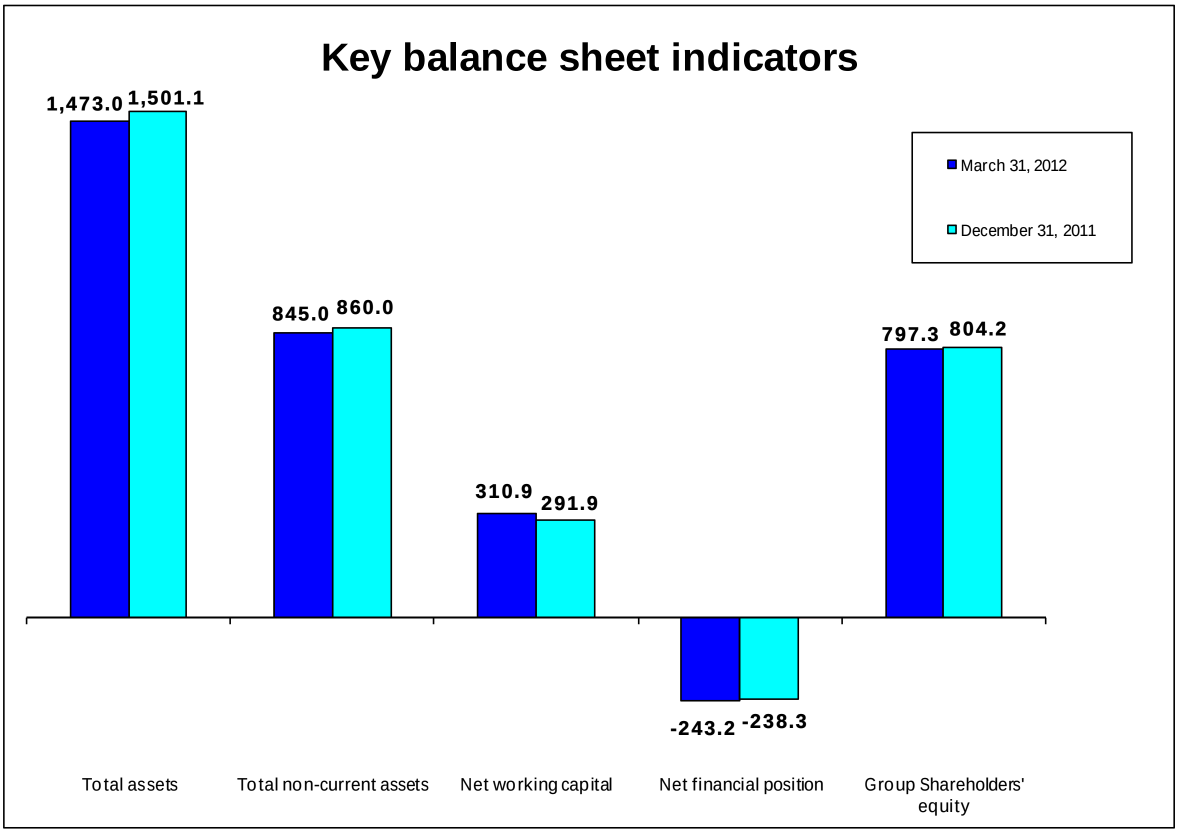
Group personnel	March 31, 2012	December 31, 2011
Punctual	7,908	7,817

It should be noted that:

- *certain figures in the Directors Operations Report 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.*
- *"EBITDA" stands for Earnings Before Interest, Taxes, Depreciation and Amortisation; "EBITDA LTM" stands for EBITDA calculated for the prior 12 consecutive months ending on the date of measurement;*
- *"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.*

Disclaimer
This 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.


Key economic indicators
First quarter 2012
First quarter 2011
288.7
300.7
32.3
40.7
23.1
31.4
18.6
28.0
12.0
18.4
Net sales
Ebitda
Operating profit
Profit before taxation
Net profit attributable to the Group


Key balance sheet indicators
March 31, 2012
December 31, 2011
1,473.0
1,501.1
845.0
860.0
310.9
291.9
-243.2
-238.3
797.3
804.2
Total assets
Total non-current assets
Net working capital
Net financial position
Group Shareholders' equity

Information on Group economic results

The Group's turnover for the first quarter of 2012 amounts to Euro 288.7 million, with the operating performance resulting in an EBITDA margin of 11.2% and profit of Euro 12 million for the period.
In terms of financial position, the Group's net debt has remained substantially stable compared with 31 December 2011 and marks a significant improvement with respect to the same period of the previous year, with a net debt to EBITDA ratio at a similar level to the end of 2011.

However, the non-renewal of the licensing agreement with the Armani group, which expires in December 2012, and the global slowdown in consumer spending growth have resulted in a downturn in the Group's operating performance, albeit within previous expectations. After achieving ongoing improvements over recent quarters compared with the previous year, sales are down 4% in the first quarter of 2012 versus the previous year (down 6.3% at constant exchange rates) and EBITDA has declined by approximately 20%. Commercial development initiatives focusing on all the other brands in the Group's portfolio, alongside cost controls and management of working capital were effective, as planned, in at least partly offset the negative impact of both the reduction in sales and the costs associated with the phase-out of the Armani brand.

From a commercial viewpoint, Europe is the area causing most concern. Sales in the geographical segment are down approximately 9% against 2011, above all due to weak markets in southern Europe (including Italy), which have been hard hit by the deterioration in the macro-economic environment. Independent opticians and the sunglass segment have suffered the most, whilst chains and the prescription eyewear segment have been less affected by the crisis.

Sales in America have remained fairly stable, mainly thanks to the performance of the independent optician channel in the USA, confirming Safilo's market leadership in this segment.

In Asia the first quarter saw sales growth of 3.5% compared with the previous year, despite the decline registered by the Armani brand.

In terms of brands, the market responded well to the launch of the first Céline collections, which are an important new addition to the Group's portfolio and have significant growth potential in both mature markets and, above all, in Asian markets where the brand is enjoying very strong growth in terms of both the core business and other fashion accessory categories.
A further key development is the fact that Carrera is well on the way to becoming a global brand, thanks to its recent commercial launch in the principal Asian markets, where distribution of the house brand was very limited.

In spite of the decline in turnover and the phase-out of the Armani brand, the impact of the leverage on the Group's operating margin has been partly offset by cost controls, which enabled to maintain a positive operating result.

Financial charges benefitted from the reduction in debt compared with the same period of 2011 and from an improved mix of sources of financing.

Against this backdrop, the Group still recorded a profit of Euro 12 million for the period.

Cash management was also highly positive, despite the slight increase in net debt compared with the end of 2011, reflecting ordinarily seasonal nature of working capital.
Net debt has, in any event, improved with respect to the same period of the previous year, with a net debt to EBITDA ratio of 2.1x (1.9x at 31 December 2011).

Group economic results

Consolidated statement of operations (Euro in millions)	**First quarter 2012**	**%**	**First quarter 2011**	**%**	**Change %**
Net sales	288.7	100.0	300.7	100.0	-4.0%
Cost of sales	(114.5)	(39.7)	(117.6)	(39.1)	-2.6%
Gross profit	**174.2**	**60.3**	**183.0**	**60.9**	**-4.8%**
Selling and marketing expenses	(116.3)	(40.3)	(119.3)	(39.7)	-2.5%
General and administrative expenses	(35.1)	(12.2)	(32.4)	(10.8)	8.4%
Other operating income/(expenses), net	0.3	0.1	(0.0)	0.0	n.s.
Operating profit	**23.1**	**8.0**	**31.4**	**10.4**	**-26.4%**
Interests expenses and other financial charges, net	(4.5)	(1.6)	(3.4)	(1.1)	32.5%
Profit before taxation	**18.6**	**6.4**	**28.0**	**9.3**	**-33.6%**
Income taxes	(6.1)	(2.1)	(8.5)	(2.8)	-28.6%
Net profit	**12.5**	**4.3**	**19.5**	**6.5**	**-35.8%**
Net profit attributable to minority interests	0.5	0.2	1.1	0.4	-50.7%
Net profit attributable to the Group	**12.0**	**4.1**	**18.4**	**6.1**	**-34.9%**
EBITDA	**32.3**	**11.2**	**40.7**	**13.5**	**-20.7%**

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

The Group's net sales in the first quarter amount to Euro 288.7 million, down 4% on the first three months of 2011.

Net sales by geographical area	**First quarter**					
(Euro in millions)	**2012**	**%**	**2011**	**%**	**Change %**	**Change % (*)**
Europe	118.4	41.0	130.1	43.3	-9.0	-9.2
Americas	117.4	40.7	118.7	39.5	-1.1	-4.8
Asia	48.9	16.9	47.3	15.7	+3.5	-1.3
Rest of the world	4.0	1.4	4.6	1.5	-12.7	-15.6
Total	**288.7**	**100.0**	**300.7**	**100.0**	**-4.0**	**-6.3**

(*) at constant exchange rates

Net sales by product	**First quarter**					
(Euro in millions)	**2012**	**%**	**2011**	**%**	**Change %**	**Change % (*)**
Prescription frames	109.4	37.9	113.2	37.6	-3.4	-5.6
Sunglasses	165.5	57.3	168.7	56.1	-1.9	-4.4
Sport products	11.7	4.1	15.2	5.1	-23.3	-26.1
Other	2.1	0.7	3.6	1.2	-39.6	-40.0
Total	**288.7**	**100.0**	**300.7**	**100.0**	**-4.0**	**-6.3**

(*) at constant exchange rates

The reduction in sales was almost entirely due to the performance of Europe, and above all of Mediterranean countries, whilst markets in central and northern Europe held up better, in some cases registering significant rates of growth despite the phase-out of the Armani brand. The sports channel and above all winter sports products (ski goggles and helmets) were hit by the crisis in the area, in addition to unfavourable weather conditions.

The American market once again proved to be more resilient. The positive results achieved in the first quarter primarily reflect the performance of the independent optician channel, which confirmed the Safilo Group's market leadership by increasing sales as a result of the success of the Group's product offering, above all prescription eyewear. The department store segment and sunglasses recorded a weaker performance in the USA, in keeping with general signs of a slowdown affecting retail chains. Growth in orders for the Latin American market was again into double digits compared with the previous year, strengthening expectations of further sales growth throughout 2012.

Asia continued to see sales growth. Aside from certain specific instances such as Japan which, prior to the natural disaster in mid-March, had registered a significant improvement in early 2011 after the crisis of the previous years (and where both orders and turnover are down), in the first quarter of 2012 the other markets have confirmed the trend of last year. The performances of the Chinese market, the travel retail channel and many countries in the area in general confirm the strength of the Safilo Group brands, collections and distribution in Asia.

Turning to brands, the Gucci brand is continuing to expand globally, above all in emerging markets, the Group continued with its selective distribution policy for the Dior brand, as well as the tail-off in sales of the Armani Group brands in view of the approaching expiry of the related licensing agreement. Following its launch in major Asian markets, the house brand Carrera is on the way to becoming a global brand with a widespread presence in all the major eyewear markets. This brand, together with the Safilo and Smith Optics brands, and above all the Polaroid Eyewear brand that has just been added to the Group's portfolio, will be one of the principal drivers of future growth.

Finally, despite the slowdown in the US retail sector, the Solstice chain recorded around 5% growth in net sales compared with the first quarter of 2011. This was achieved, in spite of a reduction in outlets from 151 to 143, thanks to a store format that has proved particularly popular with American consumers.

Gross profit for the first quarter is slightly down on the previous year, primarily due to the reduction in sales.

The impact of **selling and marketing expenses** is slightly up, above all with regard to the fixed cost component and the cost of the sales force.

The strengthening of the management team in 2011 has resulted in an increase in **general and administrative expenses** which are however in line with expectations. Other general expenses have been kept under control and are in line with the goal of keeping increases below inflation. Despite the difficult market environment, credit management has improved with respect to the past.

The operating performance during the three months of the year has resulted in a reduction in **operating profit** to Euro 23.1 million, representing an operating profit margin of 8.0%, compared with the 10.4% of the same period of 2011.

Net financial expenses benefitted from the ongoing reduction in interest expenses, reflecting the decline in the Group's net debt and the improved mix of financing sources. However, net financial expenses reflect the impact of movements in exchange rates, which though positive made a reduced contribution with respect to the first quarter of 2011.

Group's net profit amounts to Euro 12 million for the first quarter of the year, representing a profit margin of 4.1%.

Analysis by distribution channel

The table below shows the key data by operating segment:

(Euro in millions)	WHOLESALE First quarter 2012	First quarter 2011	Change	Change %	RETAIL First quarter 2012	First quarter 2011	Change	Change %
Net sales to 3rd parties	271.5	284.5	(13.0)	-4.6%	17.2	16.2	1.0	6.6%
EBITDA*	31.3	39.6	(8.3)	-21.0%	1.0	1.1	(0.1)	-15.1%
%	*11.5%*	*13.9%*			*5.6%*	*7.1%*		

(*) in the first quarter 2011 pre non-recurring items referring to a gain on the revaluation of a real estate investment for 2.9 million Euro (wholesale) and to restructuring costs of stores for 3.0 million Euro (retail).

Turnover for the wholesale segment amounts to Euro 271.5 million, down 4.6% on the first three months of 2011 as a result of the above factors.
The EBITDA margin for the wholesale segment is 11.5%, compared with 13.9% for the same period of 2011. The quarter was marked by a reduction in both operating profit and overhead absorption, reflecting the start of the phase-out period for the Armani Group brands.

The retail chain, Solstice, which currently consists of 143 stores, performed well during the quarter. Total sales in local currency are up 4.6% despite a lower number of outlets compared with the same period of 2011. On a like-for-like basis, turnover is up 3.7%.
The performance of Solstice primarily reflects the success of the format that entails location of the outlets within luxury goods stores.
Solstice reports EBITDA of Euro 1 million for the first quarter, a figure substantially in line with the same period of the previous year.

Balance sheet reclassified

Balance sheet (Euro in millions)	March 31, 2012	December 31, 2011	Change
Trade receivables	275.2	272.2	3.0
Inventory, net	217.0	219.7	(2.7)
Trade payables	(181.3)	(200.0)	18.7
Net working capital	**310.9**	**291.9**	**19.0**
Tangible assets	203.7	208.3	(4.6)
Intangible assets and goodwill	564.1	576.3	(12.2)
Financial assets	11.5	11.9	(0.4)
Net fixed assets	**779.3**	**796.4**	**(17.1)**
Employees benefits liability	(33.2)	(32.6)	(0.6)
Other assets / (liabilities), net	(7.4)	(1.7)	(5.7)
Net invested capital	**1,049.5**	**1,054.0**	**(4.5)**
Cash in hand and at bank	82.0	90.4	(8.4)
Short term borrowings	(119.4)	(132.9)	13.5
Long term borrowings	(205.8)	(195.7)	(10.1)
Net financial position	**(243.2)**	**(238.3)**	**(4.9)**
Group Shareholders' equity	(797.3)	(804.2)	6.9
Minority interests	(9.0)	(11.5)	2.5
Total shareholders' equity	**(806.3)**	**(815.7)**	**9.4**

Cash flow

The following table shows the main items of the cash flow statement as at 31st March 2012 compared to the figures for the same period in the previous financial year:

Free cash flow (Euro in millions)	**First quarter 2012**	**First quarter 2011**	**Change**
Cash flow operating activities	6.5	4.3	2.2
Cash flow investing activities	(12.4)	(11.1)	(1.3)
Free cash flow	**(5.9)**	**(6.8)**	**0.9**

The Group effectively managed its financial resources during the first three months of 2012, despite operating in a business in which seasonal factors put pressure on cash flow during the first quarter of the year.
Despite the reduction in net profit compared with the previous year, free cash flow has slightly improved with respect to the same period of 2011, thanks to prudent management of working capital and ongoing attention to capital expenditure.

Net working capital

Net working capital (Euro in millions)	**March 31, 2012**	**March 31, 2011**	**Change Mar.12 / Mar.11**	**December 31, 2011**
Trade receivables, net	275.2	288.3	(13.1)	272.2
Inventories	217.0	205.1	11.9	219.7
Trade payables	(181.3)	(178.3)	(3.0)	(200.0)
Net working capital	**310.9**	**315.1**	**(4.2)**	**291.9**
% net sales rolling last 12 months	*28.5%*	*28.8%*		*26.5%*

Net working capital is substantially unchanged with respect to the same period of 2011, reflecting no changes in payment or collection terms applicable to suppliers and customers.
The reduction in trade receivables reflects the sales performance and the market mix which, with sales down in southern Europe, has resulted in an improvement in average collection terms.
The increase in inventories primarily derives from the effect of currency exchange rates, whilst stocks have remained stable.
There has been an improvement, albeit slight, in the working capital to sales ratio compared with the first quarter of 2011.

Investments in tangible and intangible fixed assets

The Group's capital expenditure amounts to Euro 5.9 million, in line with the same period of the previous year. Expenditure breaks down as follows:

(Euro in millions)	First quarter 2012	First quarter 2011	Change
Padua headquarters	0.8	0.9	(0.1)
Production factories	3.5	3.9	(0.4)
Europe	0.3	0.0	0.3
America	1.1	1.1	0.0
Far-East	0.2	0.1	0.1
Total	**5.9**	**6.0**	**(0.1)**

There are no material changes in investment policies, which remain under control and are, in any event, in line with amounts for the previous year.

Net financial position

Net financial position (Euro in millions)	March 31, 2012	December 31, 2011	Change
Current portion of long-term borrowings	(76.8)	(79.1)	2.3
Bank overdrafts and short term bank borrowings	(12.4)	(13.8)	1.4
Other short-term borrowings	(30.2)	(39.9)	9.8
Cash and cash equivalent	82.0	90.4	(8.4)
Short-term net financial position	**(37.4)**	**(42.5)**	**5.1**
Long-term borrowings	(205.8)	(195.7)	(10.1)
Long-term net financial position	**(205.8)**	**(195.7)**	**(10.1)**
Net financial position	**(243.2)**	**(238.3)**	**(4.9)**

The Group's net debt is stable and has significantly improved with respect to the first quarter of 2011, when it totalled Euro 268.2 million.

The composition of debt is also substantially unchanged with respect to the end of the previous year as there have been no repayments of existing borrowings. The net debt to EBITDA (LTM) ratio is in line with the end of 2011, taking into account the business seasonality, and has improved with respect to the end of the first quarter of the previous year.

Personnel

The Group's total workforce as at 31st March 2012, 31st December 2011 and 31st March 2011 is summarized in the following table:

	March 31, 2012	December 31, 2011	March 31, 2011
Padua headquarters	946	944	918
Production factories	4,787	5,099	4,732
Commercial companies	1,409	1,244	1,345
Retail	766	821	822
Total	**7,908**	**8,108**	**7,817**

The workforce employed at the Group's production facilities is substantially in line with the same period of the previous year.
The increase in the workforce employed by the commercial companies is primarily linked to seasonal recruitment for the Asian sales force to support retail customers in department stores.
The reduction in retail staff reflects the seasonal nature of Solstice's business and the planned closure of underperforming stores.

Subsequent events and Outlook

Polaroid Eyewear acquisition

On 3rd April 2012 the Group completed the acquisition of the Polaroid Eyewear business, a world leader in optics and polarized lens technology as well as a global eyewear manufacturer and distributor, with a strong and recognizable market positioning.
The consideration paid equal to USD 79.4 million, has been partially funded by the Group's main shareholder, Multibrands Italy B.V., controlled by HAL Holding N.V., which on 4th April 2012 has entirely underwritten and paid the total amount of the reserved capital increase equal to Euro 44,262,000.00 (inclusive of share premium), as unanimously resolved by the Extraordinary Shareholders' Meeting held on 21st December, 2011.
The reserved capital increase has been carried out through the issue of 4,918,000 ordinary shares, at a subscription price of Euro 9.00 per share, of which Euro 5.00 is the nominal value and Euro 4.00 is the share premium.
Accordingly, the share capital of Safilo Group S.p.A. is divided into no. 61,739,965 ordinary shares with a par value of Euro 5.00 each, equal to Euro 308,699,825.00. Multibrands Italy B.V.'s stake in the share capital of the Company increased from 37.2% to 42.2%.

The calculation of the fair value of the assets acquired and liabilities assumed and the purchase price allocation were not completed at the date this interim report was authorised for issue.
The effects of the acquisition and the contribution to the Group income statement will be recorded starting from the second quarter of 2012.

Financial statements

and Notes

at March 31st, 2012

Consolidated balance sheet

(Euro/000)	*Notes*	March 31, 2012	of which related parties	December 31, 2011	of which related parties
ASSETS					
Current assets					
Cash in hand and at bank	*2.1*	81,966		90,368	
Trade receivables, net	*2.2*	275,176	14,239	272,153	7,139
Inventory, net	*2.3*	217,021		219,735	
Derivative financial instruments	*2.4*	27		2	
Other current assets	*2.5*	53,805		58,736	
Total current assets		**627,995**		**640,994**	
Non-current assets					
Tangible assets	*2.6*	203,650		208,274	
Intangible assets	*2.7*	10,643		11,713	
Goodwill	*2.8*	553,456		564,560	
Investments in associates	*2.9*	11,513		11,871	
Financial assets available-for-sale	*2.10*	267		194	
Deferred tax assets	*2.11*	62,366		61,143	
Derivative financial instruments	*2.4*	-		-	
Other non-current assets	*2.12*	3,126		2,272	
Total non-current assets		**845,021**		**860,027**	
Total assets		**1,473,016**		**1,501,021**	

(Euro/000)	*Notes*	March 31, 2012	of which related parties	December 31, 2011	of which related parties
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Short-term borrowings	*2.13*	119,354		132,895	
Trade payables	*2.14*	181,338	2,930	200,024	3,375
Tax payables	*2.15*	23,619		17,043	
Derivative financial instruments	*2.4*	523		127	
Other current liabilities	*2.16*	66,600	2,457	70,993	814
Provisions for risks and charges	*2.17*	6,891		6,599	
Total current liabilities		**398,325**		**427,681**	
Non-current liabilities					
Long-term borrowings	*2.13*	205,797	68,301	195,741	68,301
Employees benefits liability	*2.18*	33,243		32,584	
Provisions for risks and charges	*2.17*	18,844		18,693	
Deferred tax liabilities	*2.11*	4,577		4,551	
Derivative financial instruments	*2.4*	1,472		1,245	
Other non-current liabilities	*2.19*	4,454		4,784	
Total non-current liabilities		**268,387**		**257,598**	
Total liabilities		**666,712**		**685,279**	
Shareholders' equity					
Share capital	*2.20*	284,110		284,110	
Share premium reserve	*2.21*	461,491		461,491	
Retained earnings (losses) and other reserves	*2.22*	41,342		32,080	
Fair value and cash flow reserves	*2.23*	(1,581)		(1,341)	
Income attributable to owners of the parent		11,947		27,862	
Total shareholders' equity attributable to owners of the parent		**797,309**		**804,202**	
Non-controlling interests		**8,995**		**11,540**	
Total shareholders' equity		**806,304**		**815,742**	
Total liabilities and shareholders' equity		**1,473,016**		**1,501,021**	

Consolidated income statement

(Euro/000)	Notes	First quarter 2012	of which related parties	First quarter 2011	of which related parties
Net sales	*3.1*	288,722	15,630	300,664	11,417
Cost of sales	*3.2*	(114,533)	(2,035)	(117,634)	(2,641)
Gross profit		**174,189**		**183,030**	
Selling and marketing expenses	*3.3*	(116,332)	(18)	(119,259)	(275)
General and administrative expenses	*3.4*	(35,085)		(32,376)	
Other oper. income (expenses), net	*3.5*	323		(12)	64
Operating profit		**23,095**		**31,383**	
Share of income/(loss) of associates	*3.6*	-		(384)	
Interests exp. and other fin. charges, net	*3.7*	(4,533)	(1,643)	(3,036)	(2,374)
Profit before taxation		**18,562**		**27,963**	
Income taxes	*3.8*	(6,072)		(8,500)	
Net profit		**12,490**		**19,463**	
Net profit attributable to:					
Owners of the parent		11,947		18,359	
Non-controlling interests		543		1,104	
Earnings per share - basic (Euro)	*3.9*	0.210		0.323	
Earnings per share - diluted (Euro)	*3.9*	0.210		0.322	

Consolidated statement of comprehensive income

(Euro/000)	Notes	First quarter 2012	First quarter 2011
Net profit for the period		**12,490**	**19,463**
Gains/(Losses) on cash flow hedges	2.23	(241)	528
Gains/(Losses) on fair value of available-for-sale financial assets	2.23	-	(3)
Gains/(Losses) on exchange differences on translating foreign operations	2.22	(19,181)	(39,059)
Other gains/(losses)	2.22	-	-
Other comprehensive income / (loss), net of tax		**(19,422)**	**(38,534)**
Total comprehensive income / (loss)		**(6,932)**	**(19,071)**
Attributable to:			
Owners of the parent		(7,215)	(19,579)
Non-controlling interests		284	508
Total comprehensive income / (loss)		**(6,931)**	**(19,071)**

Consolidated statement of cash flows

(Euro/000)	*Notes*	First quarter 2012	First quarter 2011
A - Opening net cash and cash equivalents (net financial indebtedness - short term)		**76,528**	**72,495**
B - Cash flow from (for) operating activities			
Net profit (loss) for the period (including minority interests)		12,490	19,463
Depreciation and amortization	*2.6 - 2.7*	9,160	9,307
Other non-monetary P&L items	*2.9-2.17-2.18*	1,529	1,459
Interests expenses, net	*3.7*	4,928	5,817
Income tax expenses	*3.8 - 3.9*	6,072	8,500
Income from operating activities prior to movements in working capital		**34,179**	**44,546**
(Increase) Decrease in trade receivables		(5,830)	(23,767)
(Increase) Decrease in inventory, net		494	7,467
Increase (Decrease) in trade payables		(16,377)	(22,292)
(Increase) Decrease in other current receivables		1,497	(136)
Increase (Decrease) in other current payables		(3,107)	6,237
Interests expenses paid		(1,867)	(1,439)
Income taxes paid		(2,516)	(6,353)
Total (B)		**6,473**	**4,263**
C - Cash flow from (for) investing activities			
Purchase of property, plant and equipment (net of disposals)		(5,431)	(4,279)
Acquisition of subsidiary (net of cash acquired)		-	(6,749)
Acquisition of minority interests		(6,490)	-
(Acquisition) Disposal of investments and bonds		(13)	212
Purchase of intangible assets		(453)	(246)
Total (C)		**(12,387)**	**(11,062)**
D - Cash flow from (for) financing activities			
Proceeds from borrowings		10,115	-
Repayment of borrowings		(6,393)	(6,735)
Dividends paid		(78)	(285)
Total (D)		**3,644**	**(7,020)**
E - Cash flow for the period (B+C+D)		**(2,270)**	**(13,819)**
Translation exchange differences		(4,654)	(5,473)
Total (F)		**(4,654)**	**(5,473)**
G - Closing net cash and cash equivalents (net financial indebtedness - short term) (A+E+F)		**69,604**	**53,203**

Statement of changes in shareholders' equity

(Euro/000)	Share capital	Share premium reserve	Translation diff. reserve	Fair value and cash flow reserves	Retained earnings and other reserves	Net profit (loss)	Total equity
Group shareholders' equity at January 1, 2012	**284,110**	**461,491**	**14,004**	**(1,341)**	**18,076**	**27,862**	**804,202**
Previous year's profit allocation	-	-	-	-	27,862	(27,862)	-
Changes in other reserves and retained earnings	-	-	-	-	322	-	322
Dividends distribution	-	-	-	-	-	-	-
Total comprehensive income (loss) for the period	-	-	(18,921)	(240)	(1)	11,947	(7,215)
Group shareholders' equity at March 31, 2012	**284,110**	**461,491**	**(4,917)**	**(1,581)**	**46,259**	**11,947**	**797,309**
Non-controlling interests at January 1, 2012	**-**	**-**	**1,601**	**-**	**6,735**	**3,204**	**11,540**
Previous year's profit allocation	-	-		-	3,204	(3,204)	-
Changes in other reserves and retained earnings	-	-		-	(2,751)	-	(2,751)
Dividends distribution	-	-		-	(78)	-	(78)
Total comprehensive income (loss) for the period	-	-	(259)	-	-	543	284
Non-controlling interests at March 31, 2012	**-**	**-**	**1,342**	**-**	**7,110**	**543**	**8,995**
Consolidated net equity at March 31, 2012	**284,110**	**461,491**	**(3,575)**	**(1,581)**	**53,369**	**12,490**	**806,304**

(Euro/000)	Share capital	Share premium reserve	Translation diff. reserve	Fair value and cash flow reserves	Retained earnings and other reserves	Net profit (loss)	Total equity
Group shareholders' equity at January 1, 2011	**284,110**	**461,491**	**(7,878)**	**(21)**	**17,567**	**731**	**756,000**
Previous year's profit allocation	-	-	-	-	731	(731)	-
Changes in other reserves and retained earnings	-	-	-	-	300	-	300
Dividends distribution	-	-	-	-	-	-	-
Total comprehensive income (loss) for the period	-	-	(38,463)	525	-	18,359	(19,579)
Group shareholders' equity at March 31, 2011	**284,110**	**461,491**	**(46,341)**	**504**	**18,598**	**18,359**	**736,721**
Non-controlling interests at January 1, 2011	**-**	**-**	**905**	**-**	**6,297**	**3,833**	**11,035**
Previous year's profit allocation	-	-		-	3,833	(3,833)	-
Changes in other reserves and retained earnings	-	-	(1)	-		-	(1)
Dividends distribution	-	-		-	(285)	-	(285)
Total comprehensive income (loss) for the period	-	-	(596)	-	-	1,104	508
Non-controlling interests at March 31, 2011	**-**	**-**	**308**	**-**	**9,845**	**1,104**	**11,257**
Consolidated net equity at March 31, 2011	**284,110**	**461,491**	**(46,033)**	**504**	**28,443**	**19,463**	**747,978**

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

1.1 General information

These interim consolidated financial statements, expressed in thousands of Euro, refer to the financial period from January 1st 2012 to March 31st 2012. Economic and financial information are provided with reference to the first quarter of 2012 and 2011 whilst balance sheet information are provided with reference to March 31st 2012 and December 31st 2011.

Consolidated quarterly financial report of Safilo Group at March 31st 2012, including condensed consolidated financial statements and interim management report is prepared in accordance with provisions of art. 154 ter of Legislative Decree No. c.2 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 2011.
All values are shown in thousands of Euro unless otherwise indicated.
These financial statements were approved by the Board of Directors on 4th May 2012.

1.2 Accounting standards, amendments and interpretations applied from 1st January 2012

As previously indicated, in preparing the consolidated quarterly financial reports the same accounting principles and criteria of the consolidated balance sheet as at 31st December 2011 have been applied.

Accounting standards, amendments and interpretations applied from 1st January 2012 but not applicable to the Group

There are no amendments, improvements or interpretations effective from 1st January 2012 applicable to the Group at the date of these interim consolidated financial statements or which may affect the accounting for future transactions or arrangements.

1.3 Consolidation method and consolidation area

In the first quarter 2012 the Group's consolidation area changed as follows:

- on 8th March 2012, the subsidiary Safilo Far East Ltd purchased a further shareholding of 10% in Safint Optical Investment Ltd, a holding company located in Hong Kong, in which it already held 65.5%. Following this operation, the Group increased its shareholding to 75.5% also in the Chinese trading companies fully owned by the above mentioned holding.

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
Smith Sport Optics S.r.l. (in liquidation) – Padova	EUR	102,775	100.0
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. - 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	1,000,000	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	75.5
Safilo Hong-Kong Ltd – Hong Kong (RC)	HKD	100,000	51.0
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	75.5
Safilo Eyewear (Shenzen) Company Limited - (RC)	USD	6,700,000	75.5
Safilo Eyewear (Suzhou) Industries Limited - (RC)	USD	18,300,000	100.0
Safilo Retail Shangai Co. Ltd (in liquidation) - (RC)	USD	5,100,000	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 – Saint Paul (BR)	BRL	8,077,500	100.0
Safilo Portugal Lda – Lisbon (P)	EUR	500,000	100.0
Safilo Switzerland AG – Liestal (CH)	CHF	1,000,000	100.0
Safilo India Pvt. Ltd - Bombay (IND)	INR	42,000,000	88.5
Safint Australia Pty Ltd.- Sydney (AUS)	AUD	3,000,000	100.0
Safilo Australia Partnership – Sydney (AUS)	AUD	204,081	61.0
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. - North Yorkshire (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
Safint Eyewear de Mexico S.A. de C.V. - Cancun (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

1.4 Translation of financial statement in currencies other than Euro

The exchange rates applied in the conversion of subsidiaries' financial statements prepared in a currency other than the Euro were as follows:

Currency	Code	As of March 31, 2012	As of December 31, 2011	(Appreciation) / Depreciation %	Avg. for the first quarter 2012	Avg. for the first quarter 2011	(Appreciation) / Depreciation %
US Dollar	USD	1.3356	1.2939	3.2%	1.3108	1.3680	-4.2%
HK Dollar	HKD	10.3705	10.0510	3.2%	10.1725	10.6535	-4.5%
Swiss Franc	CHF	1.2045	1.2156	-0.9%	1.2080	1.2871	-6.1%
Canadian Dollar	CAD	1.3311	1.3215	0.7%	1.3128	1.3484	-2.6%
Japanese Yen	YEN	109.5600	100.2000	9.3%	103.9932	112.5703	-7.6%
British Pound	GBP	0.8339	0.8353	-0.2%	0.8345	0.8539	-2.3%
Swedish Krown	SEK	8.8455	8.9120	-0.7%	8.8529	8.8642	-0.1%
Australian Dollar	AUD	1.2836	1.2723	0.9%	1.2425	1.3614	-8.7%
South-African Rand	ZAR	10.2322	10.4830	-2.4%	10.1730	9.5875	6.1%
Russian Ruble	RUB	39.2950	41.7650	-5.9%	39.5496	39.9976	-1.1%
Brasilian Real	BRL	2.4323	2.4159	0.7%	2.3169	2.2799	1.6%
Indian Rupee	INR	68.0420	68.7130	-1.0%	65.8991	61.9255	6.4%
Singapore Dollar	SGD	1.6775	1.6819	-0.3%	1.6573	1.7467	-5.1%
Malaysian Ringgit	MYR	4.0916	4.1055	-0.3%	4.0121	4.1668	-3.7%
Chinese Reminbi	CNY	8.4089	8.1588	3.1%	8.2692	9.0028	-8.1%
Korean Won	KRW	1,512.9800	1,498.6900	1.0%	1,482.7492	1,530.7909	-3.1%
Mexican Peso	MXN	17.0222	18.0512	-5.7%	17.0195	16.5007	3.1%

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 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 in hand and at bank

This account totals Euro 81,966 thousand, compared to Euro 90,368 thousand at 31st December 2011 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 in hand and at bank" with the cash balance presented on the cash flow statement:

(Euro/000)	**March 31, 2012**	**March 31, 2011**
Cash in hand and at bank	81,966	69,369
Bank overdrafts	(2,849)	(5,437)
Current bank borrowings	(9,513)	(10,729)
Total	**69,604**	**53,203**

2.2 Trade receivables, net

This item breaks down as follows:

(Euro/000)	**March 31, 2012**	**December 31, 2011**
Gross value	304,384	299,769
Allowance for doubtful accounts and sales returns	(29,208)	(27,616)
Net value	**275,176**	**272,153**

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 provision over the first quarter are shown below:

(Euro/000)	Balance at January 1, 2012	Posted to income statement	Use(-)	Transl. Diff.	Balance at March 31, 2012
Allowance for bad debts	20,217	944	(305)	(44)	20,812
Allowance for sales returns	7,399	1,289	(42)	(250)	8,396
Total	**27,616**	**2,233**	**(347)**	**(294)**	**29,208**

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 bad and doubtful debts 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:

	March 31, 2012	December 31, 2011
Raw materials	56,015	61,712
Work-in-progress	6,621	5,894
Finished products	223,432	211,108
Gross	**286,068**	**278,714**
Obsolescence provision (-)	(69,047)	(58,979)
Total	**217,021**	**219,735**

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 aforementioned provision are shown below:

(Euro/000)	Balance at January 1, 2012	Posted to income statement	Transl. Diff.	Balance at March 31, 2012
Obsolescence provision	58,979	10,829	(761)	69,047
Total	**58,979**	**10,829**	**(761)**	**69,047**

2.4 Derivative financial instruments

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

(Euro/000)	March 31, 2012	December 31, 2011
Current assets:		
- Currency Forwards - *cash flow hedge*	27	-
- Interest rate swaps - *cash flow hedge*	-	2
Total	**27**	**2**

(Euro/000)	March 31, 2012	December 31, 2011
Current liabilities:		
- Currency Forwards - *fair value hedge*	359	-
- Currency Forwards - *cash flow hedge*	83	-
- Interest rate swaps - *cash flow hedge*	81	127
Total	**523**	**127**
Non-current liabilities:		
- Interest rate swaps - *cash flow hedge*	1,472	1,245
Total	**1,472**	**1,245**

The net market value of the forward hedge contracts appearing in the financial statements at 31st March 2012 was negative for 415 thousand of Euro, calculated using the present value of the differences between the contractual forward exchange rate and the market forward exchange rate at balance sheet date.

The market value of the interest rate swap contracts appearing in the financial statements at 31st March 2012 was negative for 1,553 thousand of Euro (1,370 thousand of Euro at 31st December 2011) and was estimated by specialist financial institutions 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 following table shows the characteristics and the fair value of the interest rate swap (IRS) contracts in force at 31st March 2012 and at 31st December 2011:

Interest rate swaps	**March 31, 2012**			**December 31, 2011**		
(Euro/000)	**Contractual value**		***Fair value***	**Contractual value**		***Fair value***
	(USD/000)	*(Euro/000)*	*(Euro/000)*	*(USD/000)*	*(Euro/000)*	*(Euro/000)*
Expiry year 2012	-	-	(1)	-	2,170	2
Expiry year 2012	98,100	-	(80)	98,100	-	(127)
Expiry year 2014	-	55,000	(1,472)	-	55,000	(1,245)
Total	**98,100**	**55,000**	**(1,553)**	**98,100**	**57,170**	**(1,370)**

2.5 Other current assets

This item breaks down as follows:

(Euro/000)	**March 31, 2012**	**December 31, 2011**
VAT receivable	7,632	8,861
Tax credits and payments on account	12,643	12,536
Prepayments and accrued income	21,350	19,838
Receivables from agents	239	440
Other current receivables	11,941	17,061
Total	**53,805**	**58,736**

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.

Accrued income and deferred charges at 31st March 2012 include:

- prepaid royalty costs of Euro 13,502 thousand;
- prepaid rent and operating leases of Euro 2,286 thousand;
- prepaid advertising costs of Euro 1,629 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 11,941 thousand and mainly refer to:

- advance payments of minimum annual guarantees relating to 2012 royalties for a total amount of Euro 6,946 thousand;

- receivables reported in the balance sheet of the subsidiary Safilo S.p.A. for Euro 2,139 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;
- receivables for insurance repayments of Euro 260 thousand;
- deposit payments due within 12 months for Euro 197 thousand.

2.6 Property, plant and equipment, net

Changes in tangible assets in the first quarter of 2012 are shown below:

(Euro/000)	Balance at January 1, 2012	Increase	Decrease	Reclass.	Transl. diff.	Balance at March 31, 2012
Gross value						
Land and buildings	144,564	232	-	-	(1,098)	143,698
Plant and machinery	188,270	1,438	(194)	-	(540)	188,974
Equipment and other assets	215,708	3,763	(492)	11	(2,559)	216,431
Assets under constructions	45	25	-	(11)	-	59
Total	**548,587**	**5,458**	**(686)**	**-**	**(4,197)**	**549,162**
Accumulated depreciation						
Land and buildings	39,861	942	-	-	(131)	40,672
Plant and machinery	130,956	2,287	(193)	-	(108)	132,942
Equipment and other assets	169,496	4,597	(465)	-	(1,730)	171,898
Total	**340,313**	**7,826**	**(658)**	**-**	**(1,969)**	**345,512**
Net value	**208,274**	**(2,368)**	**(28)**	**-**	**(2,228)**	**203,650**

Investments in tangible assets in the first quarter of 2012 totalled Euro 5,458 thousand and mainly comprised:

- Euro 3,487 thousand in production facilities, mainly to renovate plants and to acquire and produce equipment for new models;
- Euro 1,023 thousand in the US companies, mainly in the retail chain in America;
- for the remaining amount in other Group's companies.

2.7 Intangible assets

Changes in intangible assets in the first quarter of 2012 are shown below:

(Euro/000)	Balance at January 1, 2012	Increase	Decrease	Reclass.	Transl. diff.	Balance at March 31, 2012
Gross value						
Software	26,090	413	-	-	(436)	26,067
Trademarks and licenses	43,776	24	-	-	(14)	43,786
Other intangible assets	8,319	16	-	-	(93)	8,242
Total	**78,185**	**453**	**-**	**-**	**(543)**	**78,095**
Accumulated depreciation						
Software	19,629	421	-	-	(291)	19,759
Trademarks and licenses	40,081	809	-	-	(11)	40,879
Other intangible assets	6,762	104	-	-	(52)	6,814
Total	**66,472**	**1,334**	**-**	**-**	**(354)**	**67,452**
Net value	**11,713**	**(881)**	**-**	**-**	**(189)**	**10,643**

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 quarter 2012	First quarter 2011
Cost of sales	*3.2*	4,831	4,741
Selling and marketing expenses	*3.3*	1,297	1,419
General and administrative costs	*3.4*	3,032	3,147
Net value		**9,160**	**9,307**

2.8 Goodwill

The change in goodwill in the first quarter of 2012 is shown in the table below:

(Euro/000)	Balance at January 1, 2012	Increase	Decrease	Transl. diff.	Balance at March 31, 2012
Goodwill	564,560	-	-	(11,104)	553,456
Total	**564,560**	**-**	**-**	**(11,104)**	**553,456**

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

Goodwill (Euro/000)	EMEA	Americas	Asia	Total
March 31, 2012	159,098	202,736	191,623	553,456
December 31, 2011	158,902	208,406	197,252	564,560

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 Intern. Holdings Ltd	Hong Kong	23.05%	Associated company	Commercial
Optifashion As	Turkey	50.0%	Non-consolidated subsidiary	Commercial

The movements of shareholdings in associated companies in the quarter of 2012 are shown below:

				Movements of the period			
(Euro/000)	Gross value	Revaluation/ (write-down)	Value at January 1, 2012	Share of results and write-down of divid. of assoc. comp.	Changes in the scope of consolid.	Transl. diff.	Value at March 31, 2012
Elegance Int. Holdings Ltd	5,695	5,935	11,630	-	-	(358)	11,272
Optifashion As	353	(112)	241	-	-	-	241
Total	**6,048**	**5,823**	**11,871**	**-**	**-**	**(358)**	**11,513**

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 insignificant for the purpose of representing a true and fair view of the Group's financial position and result.

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 quarter of 2012 are shown in the table below:

				Movements for the year		
(Euro/000)	Gross value	Revaluation/ (write-down)	Value at January 1, 2012	Increase/ (Decrease)	Revaluation/ (write-down)	Value at March 31, 2012
Gruppo Banco Popolare	228	(102)	126	-	57	183
Unicredit S.p.A.	48	(26)	22	13	3	38
Other	46	-	46	-	-	46
Total	**322**	**(128)**	**194**	**13**	**60**	**267**

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 there is a reasonable likelihood 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 changed expectations of future recoverability. This prudential provision totals Euro 73,613 thousand.

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

(Euro/000)	**March 31, 2012**	**December 31, 2011**
Deferred tax assets	137,738	134,756
Depreciation Fund (-)	(75,372)	(73,613)
Total net deferred tax assets	62,366	61,143
Deferred tax liabilities	(4,577)	(4,551)
Net total	**57,789**	**56,592**

2.12 Other non-current assets

This item totals Euro 3,126 thousand, compared to Euro 2,272 thousand as at 31 December 2011; of this sum, Euro 2,916 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)	March 31, 2012	December 31, 2011
Bank overdrafts	2,849	3,544
Short-term bank loans	9,514	10,296
Short-term portion of long-term bank loans	76,841	79,131
Short-term portion of financial leasing	1,310	1,330
Debt to the factoring companies	28,728	34,745
Other short-term loans	112	112
Other debts for purchase of minority interests	-	3,737
Short-term borrowings	**119,354**	**132,895**
Medium long-term loans	74,644	64,594
Ordinary Bonds	126,853	126,644
Medium-long term portion of financial leasing	4,066	4,269
Other medium-long term loans	234	234
Long-term borrowings	**205,797**	**195,741**
Total	**325,151**	**328,636**

At 31st March 2012, the Senior Loan was booked under “Medium/long-term bank loans”, and breaks down as follows:

- “Facility A1 –Tranche 1”, totalling Euro 2.2 million, expiring 30th June 2012;
- “Facility A1 –Tranche 2”, totalling Euro 24.8 million, expiring 30th June 2014;
- “Facility A2”, in USD, totalling Euro 34.2 million, expiring 30th June 2012;
- “Facility A3”, in USD, totalling Euro 39.1 million, expiring 30th June 2012;
- a revolving line called “Facility B”, totalling a maximum of Euro 200 million, expiring 30th June 2015, comprising two tranches, also payable in USD. In 2011 it was used for the partial early redemption of the High Yield bonds. At 31st March 2012 this credit line was used for Euro 50 million.

The short term portion of the long-term bank loans corresponds for Euro 75,527 thousand to the facilities of the Senior loan expiring on 30th June 2012 and for Euro 1,314 thousand to the current portion of other bank loans.

The long term portion of the Senior loan, equal to Euro 73,391 thousand, is included in the medium-long term loans, the residual amount equal to Euro 1,254 thousand refers to the non-current portion of other bank loans.

The Senior Loan contract includes a series of obligations and restrictions that concern operational and financial aspects relating to the subsidiaries Safilo S.p.A. and Safilo USA, to protect the integrity of the guarantees provided to the financing banks, and which mainly translate into prohibiting, beyond certain limits set out in the contract, the provision of real guarantees in favour of third parties (“negative pledge”), the incurring of financial debt beyond that resulting from the Senior Loan and HY bonds, the carrying out extraordinary company transactions, and the obligation to fulfil periodic disclosure requirements relating to financial data.

As regards financial commitments, from 30th June 2012, the company must comply with defined levels of the covenants calculated on the basis of financial statement data at the end of each half-year. If these parameters are not respected, the conditions to continue the loan agreement would need to be renegotiated with financiers, in relation to the appropriate waivers or changes to the aforementioned parameters. If this were not the case an event of default could arise, which would involve the compulsory advance payment of the loan.

The main covenants in the current contractual agreement are calculated as a ratio between net financial position and EBITDA and EBITDA and interest expenses.

The collateral for the above loans, which are evaluated according to the amortised cost method, is composed mainly of pledges on Safilo S.p.A. shares and personal guarantees supplied by the companies directly financed.

The "Bonds issued" item relates to the High Yield bond issued on 15th May 2003 by the Luxembourg subsidiary Safilo Capital International S.A. at a fixed rate of 9.625%, for an original nominal value of Euro 300 million, expiring 15th May 2013.

As at 31st March 2012 the amount of bonds outstanding, calculated using the amortised cost method, totalled Euro 126,853 thousand.

The payables for financial leasing refer to tangible assets owned under lease contracts by some Group's companies. The lease contracts will expire in about three years and a half. All the lease contracts in force involve at increasing principal repayments 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 31st March 2012:

(Euro/000)	**March 31, 2012**	**December 31, 2011**
Short-term portion of financial leasing	1,310	1,330
Long-term portion of financial leasing	4,066	4,269
Total debt	**5,376**	**5,599**

The "other medium and long-term loans" mainly refer to a loan granted to the subsidiary Safilo S.p.A. valid under law 46/82 at fixed rate.

The short-term payables towards factoring companies are for contracts stipulated with leading factoring companies by the subsidiary Safilo S.p.A. for Euro 28,507 thousand and by the subsidiary Safilo do Brasil for Euro 222 thousand.

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

(Euro/000)	March 31, 2012	December 31, 2011
Within 2 years	129,582	129,371
From 2 to 3 years	26,076	26,059
From 3 to 4 years	50,140	40,311
Beyond 4 years	-	-
Total	**205,797**	**195,741**

The following table shows borrowings divided by currency:

(Euro/000)	March 31, 2012	December 31, 2011
Short-term		
Euro	34,939	41,402
US Dollar	73,353	75,609
Chinese Reminbi	10,703	11,521
Brasilian Real	246	486
Japanese Yen	49	48
Swedish Kronor	63	91
HK Dollar	-	3,737
Total	**119,354**	**132,895**
Medium long-term		
Euro	204,335	194,303
US Dollar	-	-
Chinese Reminbi	1,189	1,226
Brasilian Real	20	13
Japanese Yen	-	9
Swedish Kronor	253	191
Total	**205,797**	**195,741**
Total borrowings	**325,151**	**328,636**

The following table details the credit lines granted to the Group, the uses and the lines available at 31st March 2012:

(Euro/000)	Credit lines granted	Uses	Credit lines available
Credit lines on bank accounts and short-term bank loans	72,945	12,838	60,107
Credit lines on long-term bank loans	303,541	153,541	150,000
Total	**376,486**	**166,379**	**210,107**

The net financial position of the Group at March 31st 2012 compared to the same as of December 31st, 2011 is as follows:

	Net financial position *(Euro/000)*	March 31, 2012	December 31, 2011	Change
A	Cash and cash equivalents	81,966	90,368	(7,416)
B	Cash and cash equivalents included as Assets held for sale	-	-	-
C	Current securities (securities held for trading)	-	-	-
D	**Liquidity (A+B+C)**	**81,966**	**90,368**	**(7,416)**
E	**Receivables from financing activities**	**-**	**-**	**-**
F	Bank overdrafts and short-term bank borrowings	(12,363)	(13,840)	492
G	Current portion of medium long-term borrowings	(76,841)	(79,131)	2,290
H	Other short-term borrowings	(30,150)	(39,924)	9,774
I	**Debts and other current financial liabilities (F+G+H)**	**(119,354)**	**(132,895)**	**12,556**
J	**Current financial position, net (D)+(E)+(I)**	**(37,388)**	**(42,527)**	**5,140**
K	Long-term bank borrowings	(74,644)	(64,594)	(10,050)
L	Ordinary bonds	(126,853)	(126,644)	(209)
M	Other long-term borrowings	(4,300)	(4,503)	203
N	**Debts and other non current financial liabilities (K+L+M)**	**(205,797)**	**(195,741)**	**(10,056)**
I	**Net financial position (J)+(N)**	**(243,184)**	**(238,268)**	**(4,916)**

2.14 Trade payables

This item breaks down as follows:

(Euro/000)	March 31, 2012	December 31, 2011
Trade payables for:		
Purchase of raw materials	30,927	40,514
Purchase of finished goods	57,422	60,550
Suppliers from subcontractors	2,992	2,919
Purchase of tangible and intangible assets	2,982	4,766
Commissions	5,408	5,053
Royalties	25,919	20,437
Advertising and marketing costs	27,089	31,247
Services	28,599	34,538
Total	**181,338**	**200,024**

2.15 Tax payables

At 31st March 2012, tax payables totalled Euro 23,619 thousand, versus Euro 17,043 thousand at 31st December 2011. Euro 13,214 thousand related to income tax payables, Euro 5,408 thousand to VAT payables and the remainder to withholding and local taxes different from those on income.

2.16 Other current liabilities

This item breaks down as follows:

(Euro/000)	March 31, 2012	December 31, 2011
Payables to personnel and social security institutions	35,485	32,723
Customers' incentive bonuses	16,442	25,167
Agents fees payables	2,228	2,278
Payables to pension funds	919	1,393
Accrued advertising and sponsorship costs	713	887
Accrued interests on long-term loans	5,262	2,264
Other accruals and deferred income	2,530	2,462
Payables for dividends	2,651	2,592
Other current liabilities	370	1,227
Total	**66,600**	**70,993**

Payables to personnel and social security institutions principally refer to salaries and wages for March, which are paid during April, accrued thirteenth month's pay and holidays accrued but not taken.

Payables to minority shareholders refer to dividends that have already been approved by the shareholders' meetings but had not yet been paid at the balance sheet date.
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, 2012	Increase	Decrease	Transl. diff.	Balance at March 31, 2012
Product warranty provision	5,827	117	(126)	(6)	5,812
Agents' severance indemnity	5,324	723	(314)	-	5,733
Provision for corporate restructuring	3,697	-	(333)	-	3,364
Other provisions for risks and charges	3,845	90	-	-	3,935
Provisions for risks - long term	**18,693**	**930**	**(773)**	**(6)**	**18,844**
Provisions for risks - short term	**6,599**	**329**	**(45)**	**8**	**6,891**
Total	**25,292**	**1,259**	**(818)**	**2**	**25,735**

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 the case of termination of the agency agreement. This provision has been calculated based on existing laws.

The restructuring fund includes provisions made in the first half of 2009 for restructuring costs relating to the downsizing of Italian production sites. The decrease relates to the costs sustained for staff that left the company in the first quarter of 2012.

The long- and short-term provision for other risks and charges includes an allowance for pending disputes at the balance sheet date and the restructuring costs of the stores of the American chain Solstice, to improve the profitability in the short term.

It is considered that these 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, 2012	Posted to income statement	Actuarial gains/(losses)	Uses/ Payments	Transl. diff.	Balance at March 31, 2012
Defined contribution plan	51	2,268	-	-	-	2,319
Defined benefit plan	32,533	83	-	(1,548)	(144)	30,924
Total	**32,584**	**2,351**	**-**	**(1,548)**	**(144)**	**33,243**

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 31st March 2012 other non-current liabilities totalled Euro 4,454 thousand, compared to Euro 4,784 thousand at 31st December 2011, and comprised:

- Euro 4,099 thousand for long-term debt under leases of stores of the U.S. subsidiary Solstice;
- the remaining portion, relating to 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 31st March 2012, shareholders' equity amounted to Euro 806,304 thousand (of which Euro 8,995 thousand represent minority interests), against Euro 815,742 thousand at 31st December 2011 (of which 11,540 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

The share capital of parent company Safilo Group S.p.A. at 31st March 2012 amounted to Euro 284,109,825, consisting of 56,821,965 ordinary shares with a nominal 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;
- the premium booked following the capital increase of 2010.

The share premium reserve of the parent company totalled Euro 461,491,313.69 at 31st March 2012 unchanged from 31st December 2011.

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 Fair value and cash flow reserve

This item breaks down as follows:

(Euro/000)	Balance at January 1, 2012	Consoldated statement of comprehensive income: Profit (loss) of the period	Profit (loss) reclass to Inc. Stat.	Total Profit (loss) of the period	Balance at March 31, 2012
Cash flow reserve	(1,341)	(240)	-	(240)	(1,581)
Fair value reserve	-	-	-	-	-
Total	**(1,341)**	**(240)**	**-**	**(240)**	**(1,581)**

The cash flow reserve refers to the present value of interest rate swap contracts.

2.24 Stock options plans

The Board of Directors, at its meeting held on 8th March 2012 to approve the results for the financial year ended 31st December 2011, assigned the third tranche of the 2010-2013 Stock Options Plan approved by the Extraordinary General Meeting of 5th November 2010.

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 options plans occurred during the first quarter and relating to this new grant:

	Options attributable to Executive members of the Board of Directors		Options attributable to managers		Grand total	
	No. of options	Average exercise price in Euro	No. of options	Average exercise price in Euro	No. of options	Average exercise price in Euro
Outstanding at the beginning of the year	**285,000**	**9.548**	**785,000**	**9.624**	**1,070,000**	**9.604**
Granted during the period	95,000	5.54	290,000	5.54	385,000	5.54
Not vested	-	-	-	-	-	-
Exercised	-	-	-	-	-	-
Lapsed	-	-	-	-	-	-
Outstanding at period end	**380,000**	**8.546**	**1,075,000**	**8.523**	**1,455,000**	**8.529**

3. Notes on the consolidated income statement

3.1 Net sales

For details concerning the sales performance in the first quarter 2012 versus the same period of the previous year, please refer to the Report on Operations.

3.2 Cost of sales

This item breaks down as follows:

(Euro/000)	First quarter 2012	First quarter 2011
Purchase of raw materials and finished goods	77,457	72,699
Capitalisation of costs for increase in tangible assets (-)	(1,956)	(2,230)
Change in inventories	493	7,468
Payroll and social security contributions	25,588	26,771
Subcontracting costs	4,619	5,275
Depreciation	4,831	4,741
Rental and operating leases	190	198
Other industrial costs	3,311	2,712
Total	**114,533**	**117,634**

The change in inventories can be broken down as follows:

(Euro/000)	First quarter 2012	First quarter 2011
Finished products	(4,269)	866
Work-in-progress	(781)	(401)
Raw materials	5,543	7,003
Total	**493**	**7,468**

The average number of Group employees in the first quarter of 2012 and 2011 can be summarised as follows:

	First quarter 2012	First quarter 2011
Padua Headquarters	946	914
Production facilities	4,856	4,897
Commercial companies	1,310	1,261
Retail companies	785	838
Total	**7,897**	**7,910**

3.3 Selling and marketing expenses

This item breaks down as follows:

(Euro/000)	First quarter 2012	First quarter 2011
Payroll and social security contributions	28,047	26,507
Commissions to sales agents	17,556	18,402
Royalty expenses	25,257	25,433
Advertising and promotional costs	29,399	32,599
Amortization and depreciation	1,297	1,419
Logistic costs	3,888	4,395
Consultants fees	1,024	1,117
Rental and operating leases	3,570	3,411
Utilities	198	279
Provision for risks	762	181
Other sales and marketing expenses	5,334	5,516
Total	**116,332**	**119,259**

3.4 General and administrative expenses

This item breaks down as follows:

(Euro/000)	First quarter 2012	First quarter 2011
Payroll and social security contributions	17,339	15,082
Allowance for doubtful accounts and loss on trade receivables	944	1,498
Amortization and depreciation	3,032	3,147
Consultants fees	3,247	2,688
Rental and operating leases	2,107	2,245
EDP costs	1,148	1,172
Insurance costs	698	662
Utilities, security and cleaning	1,685	1,813
Taxes (other than on income)	1,251	1,064
Other general and administrative expenses	3,634	3,005
Total	**35,085**	**32,376**

3.5 Other income (expenses), net

This item breaks down as follows:

(Euro/000)	**First quarter 2012**	**First quarter 2011**
Losses on disposal of assets	(5)	(155)
Other operating expenses	(160)	(3,130)
Gains on disposal of assets	2	22
Other operating incomes	486	3,251
Total	**323**	**(12)**

3.6 Share of income (loss) of associates

This item during the quarter showed no gain/loss, compared to a loss of Euro 384 thousand in the same period of 2011, and includes the profit and 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:

(Euro/000)	**First quarter 2012**	**First quarter 2011**
Interests expenses on loans	1,834	1,231
Interests expenses and charges on High Yield	3,285	4,679
Bank commissions	1,237	1,288
Negative exchange rate differences	2,053	1,854
Financial discounts	260	259
Other financial charges	319	641
Total financial charges	**8,988**	**9,952**
Interests income	191	93
Positive exchange rate differences	4,189	6,689
Other financial income	75	134
Total financial income	**4,455**	**6,916**
Total financial charges, net	**4,533**	**3,036**

3.8 Income tax expenses

(Euro/000)	First quarter 2012	First quarter 2011
Current taxes	(8,238)	(13,438)
Deferred taxes	2,166	4,938
Total	**(6,072)**	**(8,500)**

3.9 Earning (Loss) per Share

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

Basic	First quarter 2012	First quarter 2011
Profit for ordinary shares (in Euro/000)	11,947	18,359
Average number of ordinary shares (in thousands)	56,822	56,822
Earnings per share – basic (in Euro)	**0.210**	**0.323**

Diluted	First quarter 2012	First quarter 2011
Profit for ordinary shares (in Euro/000)	11,947	18,359
Profit for preferred shares	-	-
Profit to income statement	**11,947**	**18,359**
Average number of ordinary shares (in thousands)	56,822	56,822
Dilution effects:		
- stock option (in thousands)	-	251
Total	**56,822**	**57,073**
Earnings per share – diluted (in Euro)	**0.210**	**0.322**

The issuance of stock options plan has not resulted in any dilutive effect in the first quarter of 2012.

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 normally at their lowest in the third quarter of the year, since the sales campaign for the second half is launched in the autumn.

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

In the first quarter of 2012, 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 quarter of 2012, the parent company Safilo Group S.p.A. did not pay any dividends to its shareholders. The parent company closed 2011 with a loss.

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 31st March 2012 and 31st March 2011 is shown in the tables below:

March 31, 2012 *(Euro/000)*	**WHOLESALE**	**RETAIL**	**Eliminat.**	**Total**
Net sales				
- to other segment	2,715	-	(2,715)	-
- to third parties	271,510	17,212	-	288,722
Total net sales	**274,225**	**17,212**	**(2,715)**	**288,722**
Gross profit	**162,496**	**11,693**	**-**	**174,189**
Operating profit	**23,329**	**(234)**	**-**	**23,095**
Share of income of associates		-		-
Financial charges, net				(4,533)
Income taxes				(6,072)
Net profit				**12,490**
Other information				
Capital expenditure	5,791	119		5,911
Depreciation & amortization	7,956	1,205		9,161

March 31, 2011 *(Euro/000)*	**WHOLESALE**	**RETAIL**	**Eliminat.**	**Total**
Net sales				
- to other segment	2,568	-	(2,568)	-
- to third parties	284,523	16,141	-	300,664
Total net sales	**287,091**	**16,141**	**(2,568)**	**300,664**
Gross profit	**171,679**	**11,351**	**-**	**183,030**
Operating profit	**34,538**	**(3,155)**	**-**	**31,383**
Share of income of associates	(384)	-		(384)
Financial charges, net				(3,036)
Income taxes				(8,500)
Net profit				**19,463**
Other information				
Capital expenditure	5,675	320		5,995
Depreciation & amortization	8,007	1,300		9,307

RELATED PARTIES TRANSACTIONS

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

Related parties transactions *(Euro/000)*	**Relationship**	**March 31 2012**	**December 31 2011**
Receivables			
Companies controlled by HAL Holding N.V.	(c)	14,239	7,139
Total		**14,239**	**7,139**
Trade Payables			
Elegance International Holdings Ltd	(b)	2,927	3,358
Companies controlled by HAL Holding N.V.	(c)	3	18
Long term borrowings (High Yield) and accrued interests			
HAL International Investments N.V.	(c)	70,758	69,115
Total		**73,688**	**72,490**

Related parties transactions *(Euro/000)*	**Relationship**	**March 31 2012**	**March 31 2011**
Revenues			
Optifashion As	(a)	-	52
Elegance International Holdings Ltd	(b)	-	1
Companies controlled by HAL Holding N.V.	(c)	15,630	11,429
Total		**15,630**	**11,481**
Operating expenses			
Elegance International Holdings Ltd	(b)	2,035	2,641
Companies controlled by HAL Holding N.V.	(c)	18	275
Financial expenses			
HAL International Investments N.V.	(c)	1,643	2,374
Total		**3,697**	**5,289**

(a) Unconsolidated subsidiary
(b) Associated company
(c) 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:

- Optifashion As is a production and commercial company based in Istanbul, Turkey, of which the Safilo Group owns 50%;
- Elegance 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).

In addition, during the quarter the shareholders of Only 3T S.r.l. which at March 31st, 2012 holds a stake of 10.018% in Safilo Group S.p.A. have accrued remunerations by various way.

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 2011, 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.

For the Board of Directors
The Chief Executive Officer
Roberto Vedovotto

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. Francesco Tagliapietra, hereby declares, in accordance with paragraph 2, article 154 bis of the Consolidated Finance Act (TUF), that the accounting information contained in these quarterly financial statements at 31st March 2012 corresponds to the accounting results, registers and records.

Padua, 4th May 2012

Francesco Tagliapietra
Manager responsible for the preparation of
the company's financial documents