Interim Report

for the period ended 31st March 2013

Date of issue: April 22nd, 2013

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, 2013

Board of Directors	
Chairman	Robert Polet
Chief Executive Officer	Roberto Vedovotto
Director	Giovanni Ciserani
Director	Jeffrey A. Cole
Director	Luisa Deplazes de Andrade Delgado
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

Control and Risk Committee	
Chairman	Eugenio Razelli
	Marco Jesi
	Massimiliano Tabacchi

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

Independent Auditors

PricewaterhouseCoopers S.p.A.

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) – 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 Carrera, Polaroid, Safilo, Smith Optics, Oxydo while the licensed brands include Alexander McQueen, Banana Republic, Bobbi Brown, BOSS, BOSS Orange, Bottega Veneta, Céline, Dior, Fossil, Gucci, HUGO, J.Lo by Jennifer Lopez, 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 and Tommy Hilfiger.

Key consolidated performance indicators

Economic data (Euro in millions)	First quarter 2013	%	First quarter 2012	%
Net sales	297.0	100.0	288.7	100.0
Cost of sales	(117.3)	(39.5)	(114.5)	(39.7)
Gross profit	179.7	60.5	174.2	60.3
Ebitda	34.7	11.7	32.3	11.2
Operating profit	25.7	8.7	23.1	8.0
Group profit before taxes	20.2	6.8	18.6	6.4
Profit attributable to the Group	13.4	4.5	12.0	4.1

Balance sheet data (Euro in millions)	March 31, 2013	%	December 31, 2012	%
Total assets	1,524.1	100.0	1,491.3	100.0
Total non-current assets	914.9	60.0	901.4	60.4
Capital expenditure	4.9	0.3	29.3	2.0
Net invested capital	1,117.5	73.3	1,078.1	72.3
Net working capital	308.4	20.2	277.4	18.6
Net financial position	(220.4)	14.5	(215.3)	14.4
Group Shareholders' equity	891.7	58.5	857.7	57.7

Financial data (Euro in millions)	First quarter 2013	First quarter 2012
Cash flow operating activity	(0.8)	6.5
Cash flow investing activity	(4.7)	(12.4)
Cash flow financing activity	18.7	3.6
Closing net financial indebtedness (short-term)	59.7	69.6

Earning per share (in Euro)	First quarter 2013	First quarter 2012
Earnings per share - basic	0.217	0.210
Earnings per share - diluted	0.216	0.210
No. shares in share capital at March 31	61,739,965	56,821,965

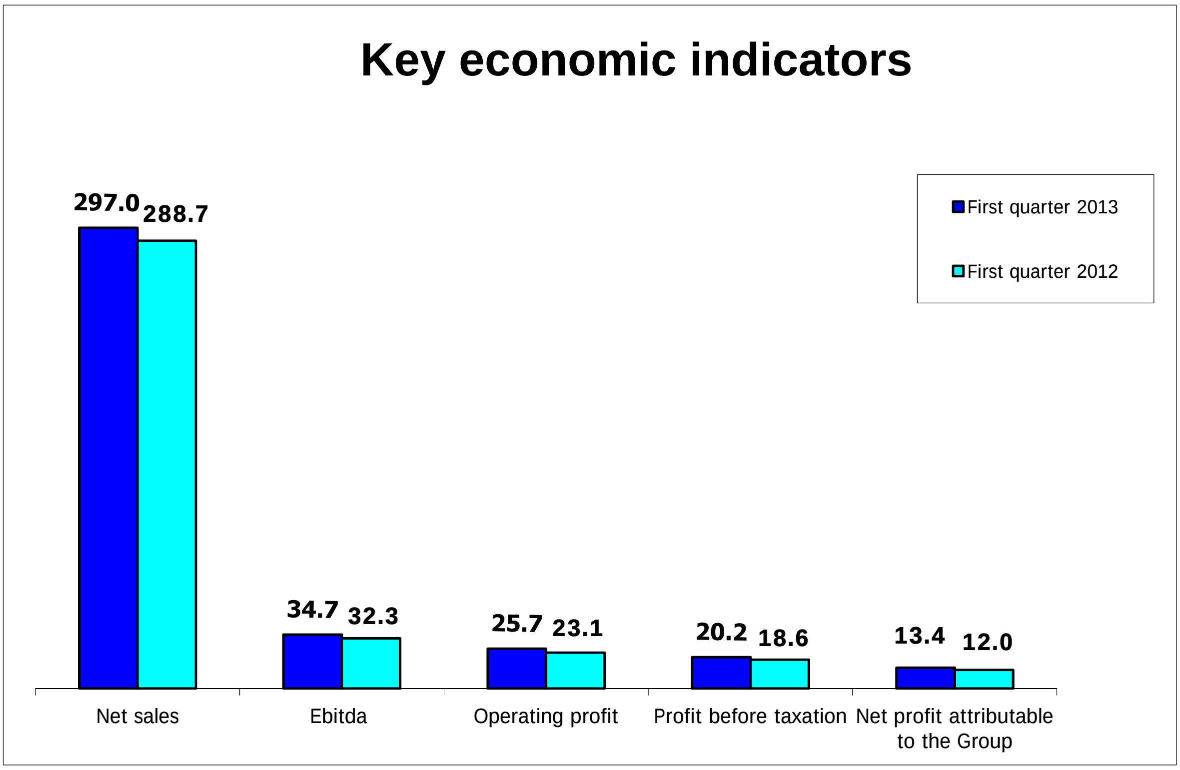
Group personnel	March 31, 2013	March 31, 2012
Punctual	7,809	7,908

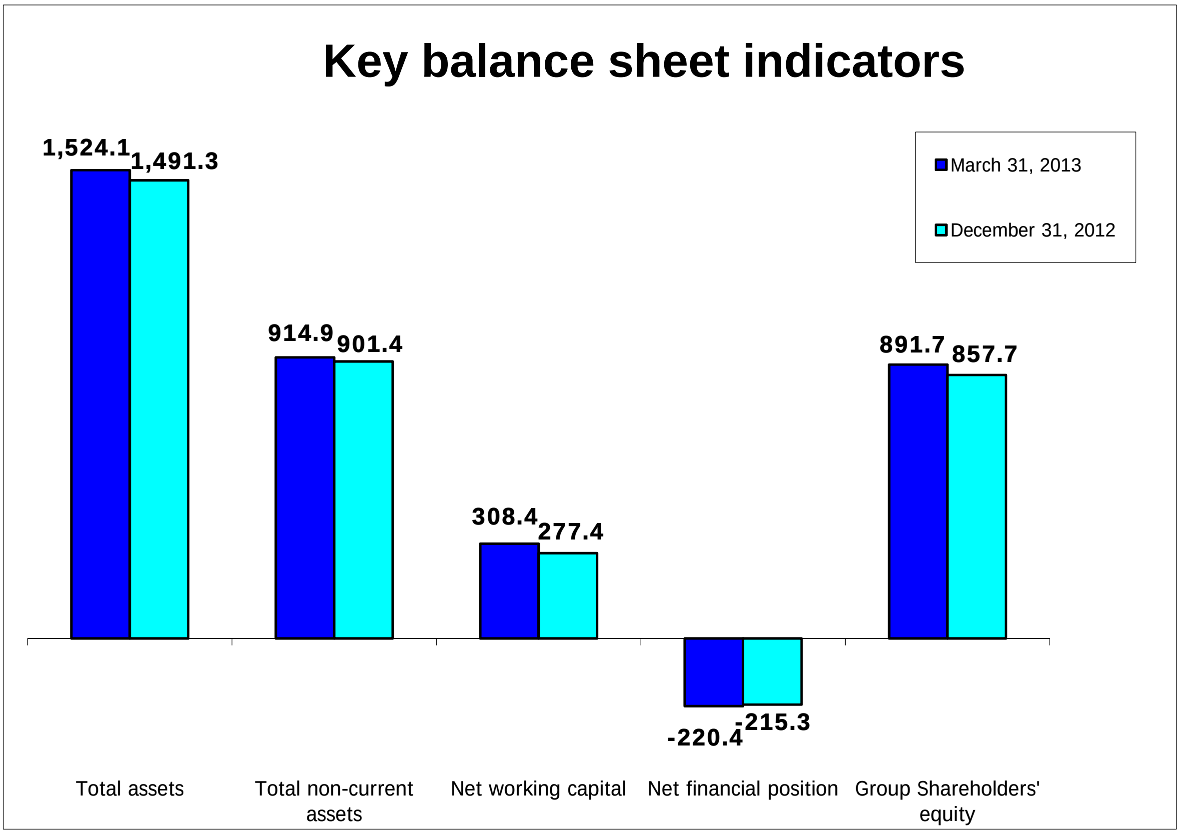
It should be noted that:

- the item "Trade receivables" of the Net working Capital for the comparative period 2012 has been restated following the reclassification of the "debts for customers' bonuses" as performed starting from the interim report at September 2012 and described in Notes;
- 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.
- "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 2013
First quarter 2012
297.0
288.7
34.7
32.3
25.7
23.1
20.2
18.6
13.4
12.0
Net sales
Ebitda
Operating profit
Profit before taxation
Net profit attributable to the Group


Key balance sheet indicators
March 31, 2013
December 31, 2012
1,524.1
1,491.3
914.9
901.4
308.4
277.4
-220.4
-215.3
891.7
857.7
Total assets
Total non-current assets
Net working capital
Net financial position
Group Shareholders' equity

Information on Group economic results

In the first three months of 2013 the Safilo Group reported increased sales and an improved operating and financial performance.

It is important to emphasize that the improvement of the economic and financial performance, compared to the same period of 2012, was achieved in particular thanks to the growth of the organic business of the on-going brands (up 11% at constant exchange rates) and to the contribution of Polaroid (included in Safilo's consolidation area since April 2012), which more than offset the negative effect of the phase-out of Armani licenses, expired at the end of 2012.

The Group's net sales were up 2.9% to Euro 297.0 million (up 3.7% at constant exchange rates) as well as EBITDA was up 7.5% to Euro 34.7 million, resulting in an increase in the EBITDA margin from 11.2% to 11.7%.

The quarter ended with an even bigger increase in Group net profit, which was up 12.1% to Euro 13.4 million from the Euro 12.0 million of the first quarter of 2012.

In terms of financial performance, Safilo ended the quarter with a net debt of Euro 220.4 million. This was up on the end of the previous year due to seasonal factors, but significantly down on the end of March 2012 when net debt was Euro 243.2 million. This result has enabled the Group to stabilise its ratio of net debt to EBITDA LTM at 1.9x.

The start to the year has seen a strengthening of many of the trends and business dynamics noted during the second half of 2012, with a significant recovery in European sales, despite the ongoing weakness in Mediterranean markets, the solidity of the North American market and the strong growth in the Latin American countries.

During the period Safilo met its goal of boosting organic growth, with all the main brands in the portfolio making significant progress. The Gucci brand continued to hold its leadership of the high-end segment, as well as the Hugo Boss, Marc Jacobs and Tommy Hilfiger brands saw ongoing growth not only in the men's and women's segments but also in the children's segment, thanks to a product offering and brand segmentation strategy capable of reaching an increasingly wide range of consumers.

The Group thus remained focused on its principal brand and product development projects, which has seen it put the accent on introducing many new shapes and colours, but above all on research and innovation. This process has resulted in the reinterpretation, for example, of the Dior Homme collection in an innovative and exclusive version produced by hand in special Japanese workshops. This limited edition, "Made in Japan", has been on sale in shops since January 2013 and has helped to drive Dior brand sales growth during the quarter.

Significant events during the quarter included the renewal of the licences for the American Liz Claiborne and Banana Republic brands, in addition to the new licensing agreement signed by the Group with Bobbi Brown, an iconic, upmarket American make-up brand, providing proof of Safilo's focus on developing an increasingly extensive and innovative product offering.

Group economic results

Consolidated statement of operations (Euro in millions)	**First quarter 2013**	**%**	**First quarter 2012**	**%**	**Change %**
Net sales	297.0	100.0	288.7	100.0	2.9%
Cost of sales	(117.3)	(39.5)	(114.5)	(39.7)	2.4%
Gross profit	**179.7**	**60.5**	**174.2**	**60.3**	**3.2%**
Selling and marketing expenses	(118.4)	(39.9)	(116.3)	(40.3)	1.8%
General and administrative expenses	(35.4)	(11.9)	(35.1)	(12.2)	0.9%
Other operating income/(expenses)	(0.2)	(0.1)	0.3	0.1	n.s.
Operating profit	**25.7**	**8.7**	**23.1**	**8.0**	**11.4%**
Interests expenses and other financial charges, net	(5.5)	(1.9)	(4.5)	(1.6)	22.8%
Profit before taxation	**20.2**	**6.8**	**18.6**	**6.4**	**8.6%**
Income taxes	(6.6)	(2.2)	(6.1)	(2.1)	8.1%
Net profit	**13.6**	**4.6**	**12.5**	**4.3**	**8.8%**
Net profit attributable to minority interests	0.2	0.1	0.5	0.2	-63.5%
Net profit attributable to the Group	**13.4**	**4.5**	**12.0**	**4.1**	**12.1%**
EBITDA	**34.7**	**11.7**	**32.3**	**11.2**	**7.5%**

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

An analysis in terms of geographical area shows a significant progression in Europe, with sales for the period up to Euro 128.2 million from the Euro 118.4 million of the same period of 2012. This marked an 8.3% rise in turnover thanks to sales of Polaroid branded products, positive organic revenue trends in Northern Europe and in the continent's emerging markets, and growth in the travel retail and key account channels.

In the American market, total sales reached to Euro 118.6 million from Euro 117.4 million in the first quarter of 2012, up 1% at current exchange rates and 2.4% at constant exchange rates. The performance in this region benefitted from trends in the wholesale business in the North American market, where the independent opticians continued to be the principal distribution channel for both upmarket brands and those in the fashion and diffusion segments. It is this area of business that has been the main driver of the strong growth achieved by the Group in Latin American countries, where Safilo is progressively intensifying its strategic focus.

Asian sales amounted to Euro 46.0 million, compared to Euro 48.9 million in the first quarter of 2012, marking a decline of 5.9% at current exchange rates and 4.3% at constant exchange rates. Also in this case, the business saw a net improvement in organic sales, with the principal countries in this area and the travel retail channel, as well as markets in which the Group has to date had a smaller presence, such as Singapore and Malaysia, making the most progress in terms of both sales and orders received during the period.

Net sales by geographical area	First quarter					
(Euro in millions)	2013	%	2012	%	Change %	Change % (*)
Europe	128.2	43.2	118.4	41.0	+8.3	+8.3
Americas	118.6	39.9	117.4	40.7	+1.0	+2.4
Asia	46.0	15.5	48.9	16.9	-5.9	-4.3
Rest of the world	4.2	1.4	4.0	1.4	+5.0	+7.2
Total	**297.0**	**100.0**	**288.7**	**100.0**	**+2.9**	**+3.7**

(*) at constant exchange rates

In terms of product category, both principal categories, sunglasses and prescription frames, achieved good organic growth during the quarter.
In the first case, sales of Euro 170.2 million were up 2.8% thanks to the positive impact of the consolidation of Polaroid sales in the brand's main market, Europe, whilst the Gucci, Dior and Tommy Hilfiger brands were the top performers in this category.

Sales of prescription frames, on the other hand, total Euro 109.2 million, substantially in line with the Euro 109.4 million of the first quarter of 2012. In the period, the category recorded a significant organic sales growth, to which all the main geographical segments contributed, while at brand level the most positive performance was achieved with Gucci, Boss, Tommy Hilfiger and above all Carrera and Safilo, where the Group is intensifying its focus through the use of the latest technologies.

Net sales by product	First quarter					
(Euro in millions)	2013	%	2012	%	Change %	Change % (*)
Prescription frames	109.2	36.8	109.4	37.9	-0.2	+0.9
Sunglasses	170.2	57.3	165.5	57.3	+2.8	+3.5
Sport products	15.9	5.4	11.7	4.1	+35.9	+37.0
Other	1.7	0.5	2.1	0.7	-19.0	-18.4
Total	**297.0**	**100.0**	**288.7**	**100.0**	**+2.9**	**+3.7**

(*) at constant exchange rates

Turning to the economic performance, **gross profit** of Euro 179.7 million was up 3.2% compared to Euro 174.2 million of the first quarter of 2012, the gross profit margin improved to 60.5% (60.3% in the first quarter of 2012).

The strong sales growth due to the business organic performance and the Polaroid brand's contribution to sales enabled the Group to offset a slight increase in **sales and marketing expenses** during the first quarter compared to the same period of 2012, reflecting initiatives aimed at growing and expanding key brands in the licensed and owned brand portfolios.

EBITDA for the first quarter of 2013 amounted to Euro 34.7 million, compared to Euro 32.3 million for the same period of 2012, resulting in a 50 basis point improvement in the margin to 11.7%.

EBIT amounted to Euro 25.7 million, compared to Euro 23.1 million for the first quarter of 2012, marking an increase of 11.4%, whilst the EBIT margin was up 70 basis points to 8.7% (8.0% in the first quarter of 2012).

Below the EBIT line, on the one hand net interest expenses for the period were down 7.3%, whilst on the other there was a reduction in the positive impact of exchange rate differences.

The tax rate of 32.6% was substantially stable compared with the same period of the previous year.

The Group thus reported a 12,1% increase in **net profit** for the first quarter of 2013, to Euro 13.4 million up from the Euro 12.0 million of the same period of 2012.

Analysis by distribution channel

The table below shows the key data by operating segment:

(Euro in millions)	WHOLESALE First quarter 2013	First quarter 2012	Change	Change %	RETAIL First quarter 2013	First quarter 2012	Change	Change %
Net sales to 3rd parties	279.6	271.5	8.1	3.0%	17.4	17.2	0.2	0.9%
EBITDA	32.9	31.3	1.6	5.1%	1.8	1.0	0.8	82.6%
%	*11.8%*	*11.5%*			*10.2%*	*5.6%*		

Turnover for the wholesale segment amounted to Euro 279.6 million, up 3% on the first three months of 2012 as a result of the previously described factors.
The EBITDA margin for the wholesale segment was 11.8%, slightly improved in comparison to the 11.5% for the same period of the previous year.

The retail chain, Solstice, which currently consists of 132 stores, performed well during the quarter. Total sales in local currency are up 1.7% despite a lower number of stores compared with the same period of 2012. On a like-for-like basis, turnover was up 1.4%.
Solstice reported EBITDA up to Euro 1.8 million for the first quarter, with an EBITDA margin at 10.2% (5.6% for the same period of the previous year).

Balance sheet reclassified

Balance sheet (Euro in millions)	March 31, 2013	December 31, 2012	Change
Trade receivables	301.4	280.4	21.0
Inventory, net	194.0	207.6	(13.6)
Trade payables	(187.0)	(210.6)	23.6
Net working capital	**308.4**	**277.4**	**31.0**
Tangible assets	203.6	204.7	(1.1)
Intangible assets and goodwill	614.4	603.6	10.8
Financial assets	11.2	10.9	0.3
Net fixed assets	**829.2**	**819.2**	**10.0**
Employees benefits liability	(37.1)	(36.8)	(0.3)
Other assets / (liabilities), net	17.0	18.3	(1.3)
Net invested capital	**1,117.5**	**1,078.1**	**39.4**
Cash in hand and at bank	71.9	59.4	12.5
Short term borrowings	(175.4)	(182.7)	7.3
Long term borrowings	(116.9)	(92.0)	(24.9)
Net financial position	**(220.4)**	**(215.3)**	**(5.1)**
Group Shareholders' equity	(891.7)	(857.7)	(34.0)
Minority interests	(5.5)	(5.1)	(0.4)
Total shareholders' equity	**(897.2)**	**(862.8)**	**(34.4)**

Cash flow

The following table shows the main items of the cash flow statement as at 31st March 2013 compared to the figures for the same period in the previous financial year:

Free cash flow (Euro in millions)	**First quarter 2013**	**First quarter 2012**	**Change**
Cash flow operating activities	(0.8)	6.5	(7.3)
Cash flow investing activities	(4.7)	(12.4)	7.7
Free cash flow	**(5.5)**	**(5.9)**	**0.4**

The Free Cash Flow was negative for Euro 5.5 million compared to Euro 5.9 million in the first quarter of 2012. The cash flows from operating activities in the first quarter of 2013 were positively impacted by the improved net result for the period while the absorption of resources from working capital, typical of the first three months of the year, was characterized by a more marked decrease in trade payables due to the significant increase in turnover registered in the last quarter of 2012.

The monetary flow for investment activities reached Euro 4.7 million in the period and was primarily related to the regular industrial maintenance and renewal activities.

Net working capital

Net working capital (Euro in millions)	**March 31, 2013**	**March 31, 2012**	**Change Mar.13 / Mar.12**	**December 31, 2012**
Trade receivables, net	301.4	258.8	42.6	280.4
Inventories	194.0	217.0	(23.0)	207.6
Trade payables	(187.0)	(181.3)	(5.7)	(210.6)
Net working capital	**308.4**	**294.5**	**13.9**	**277.4**
% net sales rolling last 12 months	*26.1%*	*27.0%*		*23.6%*

Net working capital was up with respect to the same period of 2012, mainly due to the increase in turnover of the quarter, resulting in higher trade receivables.

The reduction in inventories derives from the effect of the stock management relating to the manufacturing area.

There has been an improvement in the working capital to sales ratio compared with the first quarter of 2012.

Investments in tangible and intangible fixed assets

The Group's capital expenditure amounts to Euro 4.9 million, in line with the same period of the previous year. Expenditure breaks down as follows:

(Euro in millions)	First quarter 2013	First quarter 2012	Change
Padua headquarters	0.3	0.8	(0.5)
Production factories	3.0	3.5	(0.5)
Europe	0.1	0.3	(0.2)
America	1.3	1.1	0.2
Far-East	0.2	0.2	0.0
Total	**4.9**	**5.9**	**(1.0)**

Net financial position

Net financial position (Euro in millions)	March 31, 2013	December 31, 2012	Change
Current portion of long-term borrowings	(1.3)	(1.3)	-
Bank overdrafts and short term bank borrowings	(12.2)	(13.8)	1.6
Other short-term borrowings	(34.1)	(40.0)	5.9
Ordinary Bonds	(127.8)	(127.6)	(0.2)
Cash and cash equivalent	71.9	59.4	12.5
Short-term net financial position	**(103.5)**	**(123.3)**	**19.8**
Long-term borrowings	(116.9)	(92.0)	(24.9)
Long-term net financial position	**(116.9)**	**(92.0)**	**(24.9)**
Net financial position	**(220.4)**	**(215.3)**	**(5.1)**

The Group's net debt was substantially stable compared to the beginning of the period and has improved with respect to the first quarter of 2012, when it totalled Euro 243.2 million.

Also the breakdown of debt was in line with the end of the previous year since there have been no repayments of existing borrowings. The net debt to EBITDA (LTM) ratio equal to 1.9x was in line with the end of 2012, and has improved with respect to the end of the first quarter of the previous year (equal to 2.1x).

Personnel

The Group's total workforce as at 31st March 2013, 31st December 2012 and 31st March 2012 is summarized in the following table:

	March 31, 2013	December 31, 2012	March 31, 2012
Padua headquarters	966	948	946
Production factories	4,481	4,571	4,787
Commercial companies	1,571	1,393	1,409
Retail	791	855	766
Total	**7,809**	**7,767**	**7,908**

The workforce employed at the Group's production facilities was slightly down compared with the same period of the previous year.

The increase in the workforce employed by the commercial companies was primarily linked to seasonal recruitment for the Asian sales force to support retail customers in department stores.

Subsequent events and Outlook

There are no significant events to mention after 31st March 2013 that can be considered to have significantly affected the data contained in this report.

From a financial viewpoint the Group, according to the resolution of the Board of Directors held on 6th March 2013, is currently engaged to proceed with the formalization of a financing operation, for a total amount equivalent to Euro 100 million, which aims to guarantee the adequate financial flexibility next to the expected expiring of the High Yield bond due on 15th May 2013.

Financial statements

and Notes

at March 31st, 2013

Consolidated balance sheet

(Euro/000)	*Notes*	March 31, 2013	of which related parties	December 31, 2012	of which related parties
ASSETS					
Current assets					
Cash in hand and at bank	*2.1*	71,880		59,388	
Trade receivables, net	*2.2*	301,391	22,854	280,442	21,122
Inventory, net	*2.3*	193,971		207,639	
Derivative financial instruments	*2.4*	1,309		126	
Other current assets	*2.5*	40,606		42,344	
Total current assets		**609,157**		**589,939**	
Non-current assets					
Tangible assets	*2.6*	203,644		204,713	
Intangible assets	*2.7*	44,709		45,646	
Goodwill	*2.8*	569,714		558,046	
Investments in associates	*2.9*	11,221		10,916	
Available-for-sale financial assets	*2.10*	207		245	
Deferred tax assets	*2.11*	80,526		76,987	
Derivative financial instruments	*2.4*	-		-	
Other non-current assets	*2.12*	4,939		4,825	
Total non-current assets		**914,960**		**901,378**	
Total assets		**1,524,117**		**1,491,317**	

(Euro/000)	***Notes***	**March 31, 2013**	**of which related parties**	**December 31, 2012**	**of which related parties**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Short-term borrowings	*2.13*	175,399	68,301	182,643	68,301
Trade payables	*2.14*	186,974	8,514	210,573	13,672
Tax payables	*2.15*	19,179		16,193	
Derivative financial instruments	*2.4*	213		1,000	
Other current liabilities	*2.16*	50,055	3,047	47,739	959
Provisions for risks and charges	*2.17*	2,828		2,851	
Total current liabilities		**434,648**		**460,999**	
Non-current liabilities					
Long-term borrowings	*2.13*	116,895		92,034	
Employees benefits liability	*2.18*	37,141		36,819	
Provisions for risks and charges	*2.17*	23,180		24,004	
Deferred tax liabilities	*2.11*	8,544		7,745	
Derivative financial instruments	*2.4*	1,199		1,555	
Other non-current liabilities	*2.19*	5,360		5,315	
Total non-current liabilities		**192,319**		**167,472**	
Total liabilities		**626,967**		**628,471**	
Shareholders' equity					
Share capital	*2.20*	308,700		308,700	
Share premium reserve	*2.21*	481,163		481,163	
Retained earnings (losses) and other reserves	*2.22*	89,727		43,563	
Fair value and cash flow reserves	*2.23*	(1,294)		(1,555)	
Income attributable to the Group		13,394		25,865	
Total shareholders' equity attributable to the Group		**891,690**		**857,736**	
Non-controlling interests		**5,460**		**5,110**	
Total shareholders' equity		**897,150**		**862,846**	
Total liabilities and shareholders' equity		**1,524,117**		**1,491,317**	

Consolidated income statement

(Euro/000)	*Notes*	First quarter 2013	of which related parties	First quarter 2012	of which related parties
Net sales	*3.1*	297,018	17,140	288,722	15,630
Cost of sales	*3.2*	(117,323)	(2,778)	(114,533)	(2,035)
Gross profit		**179,695**		**174,189**	
Selling and marketing expenses	*3.3*	(118,375)	(70)	(116,332)	(18)
General and administrative expenses	*3.4*	(35,401)		(35,085)	
Other oper. income/(expenses)	*3.5*	(196)		323	
Operating profit		**25,723**		**23,095**	
Share of income/(loss) of associates	*3.6*	-		-	
Financial charges, net	*3.7*	(5,567)	(1,643)	(4,533)	(1,643)
Profit before taxation		**20,156**		**18,562**	
Income taxes	*3.8*	(6,564)		(6,072)	
Profit of the period		**13,592**		**12,490**	
Profit attributable to:					
Owners of the parent		13,394		11,947	
Non-controlling interests		198		543	
Earnings per share - basic (Euro)	*3.9*	0.217		0.210	
Earnings per share - diluted (Euro)	*3.9*	0.216		0.210	

Consolidated statement of comprehensive income

(Euro/000)	***Notes***	**First quarter 2013**	**First quarter 2012**
Net profit for the period		**13,592**	**12,490**
Gains/(Losses) on cash flow hedges	*2.23*	261	(241)
Gains/(Losses) on fair value of available-for-sale financial assets	*2.23*	-	-
Gains/(Losses) on exchange differences on translating foreign operations	*2.22*	20,145	(19,181)
Other Gains/(Losses)	*2.22*	-	-
Other comprehensive income / (loss), net of tax		**20,406**	**(19,422)**
Total comprehensive income / (loss)		**33,998**	**(6,932)**
Attributable to:			
Owners of the parent		33,648	(7,215)
Non-controlling interests		350	283
Total comprehensive income / (loss)		**33,998**	**(6,932)**

Consolidated statement of cash flows

(Euro/000)	*Notes*	First quarter 2013	First quarter 2012
A - Opening net cash and cash equivalents (net financial indebtedness - short term)	*2.1*	**45,623**	**76,528**
B - Cash flow from (for) operating activities			
Net profit for the period (including minority interests)		13,592	12,490
Depreciation and amortization	*2.6-2.7*	8,938	9,160
Other non-monetary P&L items	*2.9-2.17-2.18*	(110)	1,529
Interest expenses, net	*3.7*	4,569	4,928
Income tax expenses	*3.8*	6,564	6,072
Income (loss) from operating activities prior to movements in working capital		**33,553**	**34,179**
(Increase) Decrease in trade receivables		(17,141)	(14,555)
(Increase) Decrease in inventory, net		15,235	494
Increase (Decrease) in trade payables		(24,588)	(16,377)
(Increase) Decrease in other current receivables		(1,350)	1,497
Increase (Decrease) in other current payables		(22)	5,618
Interest expenses paid		(1,195)	(1,867)
Income taxes paid		(5,315)	(2,516)
Total (B)		**(823)**	**6,473**
C - Cash flow from (for) investing activities			
Purchase of property, plant and equipment (net of disposals)		(4,600)	(5,431)
Acquisition of minorities (in subsidiaries)		-	(6,490)
(Acquisition) Disposal of investments and bonds		-	(13)
Purchase of intangible assets		(126)	(453)
Total (C)		**(4,726)**	**(12,387)**
D - Cash flow from (for) financing activities			
Proceeds from borrowings		25,000	10,115
Repayment of borrowings		(6,329)	(6,393)
Dividends paid		-	(78)
Total (D)		**18,671**	**3,644**
E - Cash flow for the period (B+C+D)		**13,122**	**(2,270)**
Translation exchange differences		905	(4,654)
Total (F)		**905**	**(4,654)**
G - Closing net cash and cash equivalents (net financial indebtedness - short term) (A+E+F)	*2.1*	**59,650**	**69,604**

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, 2013	**308,700**	**481,163**	**494**	**(1,555)**	**43,069**	**25,865**	**857,736**
Previous year's profit allocation	-	-	-	-	25,865	(25,865)	-
Share capital increase	-	-	-	-	-	-	-
Changes in other reserves	-	-	-	-	306	-	306
Dividends distribution	-	-	-	-	-	-	-
Total comprehensive income (loss) for the period	-	-	19,993	261	-	13,394	33,648
Group shareholders' equity at March 31, 2013	**308,700**	**481,163**	**20,487**	**(1,294)**	**69,240**	**13,394**	**891,690**
Non-controlling interests at January 1, 2013	**-**	**-**	**1,531**	**-**	**2,843**	**736**	**5,110**
Previous year's profit allocation	-	-	-	-	736	(736)	-
Changes in other reserves	-	-	-	-	-	-	-
Dividends distribution	-	-	-	-	-	-	-
Total comprehensive income (loss) for the period	-	-	152	-	-	198	350
Non-controlling interests at March 31, 2013	**-**	**-**	**1,683**	**-**	**3,579**	**198**	**5,460**
Consolidated net equity at March 31, 2013	**308,700**	**481,163**	**22,170**	**(1,294)**	**72,819**	**13,592**	**897,150**

(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	-	-	-	-	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	-	-	-	-	(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**

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

1.1 General information

These interim consolidated financial statements refer to the financial period from January 1st 2013 to March 31st 2013. Economic and financial information are provided with reference to the first quarter of 2013 and 2012 whilst balance sheet information are provided with reference to March 31st 2013 and December 31st 2012.

The consolidated quarterly financial report of Safilo Group at March 31st 2013 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 2012.

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

These financial statements were approved by the Board of Directors on 22nd April 2013.

1.2 Accounting standards, amendments and interpretations applied from 1st January 2013

In preparing these consolidated quarterly financial reports the same accounting principles and criteria of the consolidated balance sheet as at 31st December 2012 have been applied.

Starting from the 2012 nine-month quarterly report, premiums payable to customers have been accounted for as direct reduction of "trade receivables". Before that, the above-mentioned liabilities were included in the item "Other current liabilities". This reclassification was made to improve the representation of the Group's financial situation given that the bonuses are primarily settled by offsetting them against amounts receivable from customers.

Due to this reclassification, for this interim financial report in the statements of cash flows it has been necessary to restate the comparative balances relating to the items "(Increase) Decrease in trade receivables" and "(Increase) Decrease in other current payables".

There are no amendments, improvements or interpretations effective from 1st January 2013 applicable to the Group at the date of these interim consolidated financial statements or which may affect the relevant reporting period.

1.3 Consolidation method and consolidation area

During the first quarter, the scope of consolidation did not change.

The only change in the corporate Group structure saw the merger with effect from 1st January 2013 of the American trading company Polaroid Eyewear U.S. LLC. into Safilo USA Inc..

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
Polaroid Eyewear S.r.l. - Varese	EUR	104,000	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	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	90.0
Safilo Hong-Kong Ltd – Hong Kong (RC)	HKD	100,000	70.0
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	90.0
Safilo Eyewear (Shenzen) Company Limited - (RC)	USD	6,700,000	90.0
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 – Saint Paul (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. - 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
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

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, 2013	As of December 31, 2012	(Apprec.) / Deprec. %	Avg. for the first quarter 2013	Avg. for the first quarter 2012	(Apprec.) / Deprec. %
US Dollar	USD	1.2805	1.3194	-2.9%	1.3206	1.3108	0.7%
Hong-Kong Dollar	HKD	9.9420	10.2260	-2.8%	10.2428	10.1725	0.7%
Swiss Franc	CHF	1.2195	1.2072	1.0%	1.2284	1.2080	1.7%
Canadian Dollar	CAD	1.3021	1.3137	-0.9%	1.3313	1.3128	1.4%
Japanese Yen	YEN	120.8700	113.6100	6.4%	121.7950	103.9932	17.1%
British Pound	GBP	0.8456	0.8161	3.6%	0.8511	0.8345	2.0%
Swedish Krown	SEK	8.3553	8.5820	-2.6%	8.4965	8.8529	-4.0%
Australian Dollar	AUD	1.2308	1.2712	-3.2%	1.2714	1.2425	2.3%
South-African Rand	ZAR	11.8200	11.1727	5.8%	11.8264	10.1730	16.3%
Russian Ruble	RUB	39.7617	40.3295	-1.4%	40.1518	39.5496	1.5%
Brasilian Real	BRL	2.5703	2.7036	-4.9%	2.6368	2.3169	13.8%
Indian Rupee	INR	69.5660	72.5600	-4.1%	71.5390	65.8991	8.6%
Singapore Dollar	SGD	1.5900	1.6111	-1.3%	1.6345	1.6573	-1.4%
Malaysian Ringgit	MYR	3.9650	4.0347	-1.7%	4.0699	4.0121	1.4%
Chinese Reminbi	CNY	7.9600	8.2207	-3.2%	8.2209	8.2692	-0.6%
Korean Won	KRW	1,425.0300	1,406.2300	1.3%	1,433.0926	1,482.7492	-3.3%
Mexican Peso	MXN	15.8146	17.1845	-8.0%	16.7042	17.0195	-1.9%

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 71,880 thousand, compared to Euro 59,388 thousand at 31st December 2012 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, 2013	March 31, 2012
Cash in hand and at bank	71,880	81,966
Bank overdrafts	(1,120)	(2,849)
Current bank borrowings	(11,110)	(9,513)
Net cash and cash equivalents	**59,650**	**69,604**

2.2 Trade receivables, net

This item breaks down as follows:

(Euro/000)	March 31, 2013	December 31, 2012
Gross value	336,189	312,996
Allowance for doubtful accounts and sales returns	(34,798)	(32,554)
Net value	**301,391**	**280,442**

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, 2013	Posted to income statement	Use(-)	Transl. Diff.	Balance at March 31, 2013
Allowance for bad debts	23,899	1,415	(504)	95	24,905
Allowance for sales returns	8,655	1,017	-	221	9,893
Total	**32,554**	**2,432**	**(504)**	**316**	**34,798**

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)	March 31, 2013	December 31, 2012
Raw materials	57,575	64,655
Work-in-progress	5,970	5,827
Finished products	204,818	209,063
Gross	**268,363**	**279,545**
Obsolescence provision (-)	(74,392)	(71,906)
Total	**193,971**	**207,639**

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, 2013	Posted to income statement	Transl. Diff.	Balance at March 31, 2013
Obsolescence provision	71,906	1,741	745	74,392
Total	**71,906**	**1,741**	**745**	**74,392**

2.4 Derivative financial instruments

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

(Euro/000)	**March 31, 2013**	**December 31, 2012**
Current assets:		
- Interest rate swaps - cash flow hedge	-	-
- Foreign currency contracts - Fair value through P&L	1,309	126
Total	**1,309**	**126**

(Euro/000)	**March 31, 2013**	**December 31, 2012**
Current liabilities:		
- Foreign currency contracts - Fair value through P&L	118	1,000
- Foreign currency contracts - cash flow hedge	95	-
Total	**213**	**1,000**
Non-current liabilities:		
- Interest rate swaps - cash flow hedge	1,199	1,555
Total	**1,199**	**1,555**

The market value of the interest rate swap contracts appearing in the financial statements at 31st March 2013 was negative for 1,199 thousand of Euro 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 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 1,096 thousand posted to income statement.

The following table shows the characteristics and the fair value of the interest rate swap (IRS) contracts in force at 31st March 2013 and at 31st December 2012:

Interest rate swaps	**March 31, 2013**			**December 31, 2012**		
(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	(1,189)		55,000	(1,498)
Expiry year 2015	-	20,000	(10)	-	20,000	(57)
Total	**-**	**75,000**	**(1,199)**	**-**	**75,000**	**(1,555)**

2.5 Other current assets

This item breaks down as follows:

(Euro/000)	**March 31, 2013**	**December 31, 2012**
VAT receivable	5,237	3,691
Tax credits and payments on account	10,967	14,246
Prepayments and accrued income	19,110	18,522
Receivables from agents	196	417
Other current receivables	5,096	5,468
Total	**40,606**	**42,344**

"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 2013 include:

- prepaid royalty costs of Euro 11,552 thousand;
- prepaid rent and operating leases of Euro 2,254 thousand;
- prepaid advertising costs of Euro 1,649 thousand;
- prepaid insurance costs of Euro 1,081 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 5,096 thousand and mainly refer to:

- receivables reported in the balance sheet of the subsidiary Safilo S.p.A. for Euro 2,080 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 309 thousand;
- deposit payments due within 12 months for Euro 609 thousand.

2.6 Property, plant and equipment, net

Changes in tangible assets in the first quarter of 2013 are shown below:

(Euro/000)	Balance at January 1, 2013	Increase	Decrease	Reclass.	Transl. diff.	Balance at March 31, 2013
Gross value						
Land and buildings	144,581	184	(354)	672	1,097	146,180
Plant and machinery	197,064	764	(2,216)	-	416	196,029
Equipment and other assets	223,785	3,827	(444)	(694)	2,458	228,933
Assets under constructions	42	24	(42)	-	-	25
Total	**565,472**	**4,799**	**(3,055)**	**(22)**	**3,972**	**571,166**
Accumulated depreciation						
Land and buildings	42,031	1,304	(354)	475	169	43,625
Plant and machinery	139,058	2,232	(2,106)	-	80	139,264
Equipment and other assets	179,670	4,182	(374)	(519)	1,674	184,633
Total	**360,759**	**7,718**	**(2,834)**	**(44)**	**1,923**	**367,522**
Net value	**204,713**	**(2,919)**	**(221)**	**22**	**2,049**	**203,644**

Investments in tangible assets in the first quarter of 2013 totalled Euro 4,799 thousand and mainly comprised:

- Euro 2,966 thousand in production facilities, mainly to renovate plants and to acquire and produce equipment for new models;
- Euro 1,254 thousand in the US companies;
- for the remaining amount in other Group's companies.

2.7 Intangible assets

Changes in intangible assets in the first quarter of 2013 are shown below:

(Euro/000)	Balance at January 1, 2013	Increase	Decrease	Reclass.	Transl. diff.	Balance at March 31, 2013
Gross value						
Software	27,718	110	223	-	339	28,389
Trademarks and licenses	82,594	37	-	-	16	82,647
Other intangible assets	8,382	-	(37)	(41)	98	8,402
Intangible assets in progress	-	-	-	-	-	-
Total	**118,694**	**147**	**186**	**(41)**	**453**	**119,438**
Accumulated depreciation						
Software	21,139	646	223	-	220	22,228
Trademarks and licenses	44,754	547	-	-	12	45,313
Other intangible assets	7,155	27	(37)	(19)	64	7,188
Total	**73,048**	**1,220**	**186**	**(19)**	**296**	**74,730**
Net value	**45,646**	**(1,073)**	**-**	**(22)**	**157**	**44,709**

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 2013	First quarter 2012
Cost of sales	*5.2*	4,526	4,831
Selling and marketing expenses	*5.3*	1,118	1,297
General and administrative expenses	*5.4*	3,294	3,032
Total		**8,938**	**9,160**

2.8 Goodwill

The change in goodwill in the first quarter of 2013 is shown in the table below:

(Euro/000)	Balance at January 1, 2013	Increase	Decrease	Transl. diff.	Balance at March 31, 2013
Goodwill	558,046	-	-	11,668	569,714
Total	**558,046**	**-**	**-**	**11,668**	**569,714**

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
March 31, 2013	160,438	209,422	199,854	569,714
December 31, 2012	160,462	203,274	194,310	558,046

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 2013 are shown below:

				Movements of the period		
(Euro/000)	Gross value	Revaluation / (write-down)	Value at January 1, 2013	Share of results and write-down of dividends	Transl. diff.	Value at March 31, 2013
Elegance I. Holdings Ltd	5,298	5,377	10,675	-	305	10,980
Optifashion As	353	(112)	241	-	-	241
Total	**5,651**	**5,265**	**10,916**	**-**	**305**	**11,221**

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.

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 2013 are shown in the table below:

				Movements for the year		
(Euro/000)	Gross value	Revaluation / (write-down)	Value at January 1, 2013	Increase / (Decrease)	Revaluation / (write-down)	Balance at March 31, 2013
Gruppo Banco Popolare	228	(67)	161	-	(34)	127
Unicredit S.p.A.	61	(23)	38	-	(4)	34
Other	46	-	46	-	-	46
Total	**335**	**(90)**	**245**	**-**	**(38)**	**207**

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 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 changed expectations of future recoverability. This prudential provision totals Euro 63,654 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, 2013	December 31, 2012
Deferred tax assets	144,180	140,642
Depreciation Fund (-)	(63,654)	(63,654)
Total net deferred tax assets	80,526	76,987
Deferred tax liabilities	(8,544)	(7,745)
Total	**71,982**	**69,242**

2.12 Other non-current assets

This item totals Euro 4,939 thousand, compared to Euro 4,825 thousand as at 31 December 2012; of this sum, Euro 2,783 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, 2013	December 31, 2012
Bank overdrafts	1,120	2,998
Short-term bank loans	11,110	10,767
Ordinary bonds	127,792	127,578
Short-term portion of long-term bank loans	1,321	1,312
Short-term portion of financial leasing	1,188	1,250
Debt to the factoring company	32,754	38,623
Other short-term loans	114	115
Short-term borrowings	**175,399**	**182,643**
Medium long-term loans	113,896	88,765
Ordinary bonds	-	-
Medium-long term portion of financial leasing	2,881	3,150
Other medium long-term loans	118	119
Long-term borrowings	**116,895**	**92,034**
Total	**292,294**	**274,677**

At 31st March 2013, the Senior Loan was booked under "Medium/long-term bank loans" for Euro 113,896 and breaks down as follows:

- "Facility A1 –Tranche 2", totalling Euro 24.9 million, expiring 30th June 2014;
- a revolving line called "Facility B", totalling a maximum of Euro 200 million, expiring 30th June 2015, comprising two tranches, also payable in USD. At 31st March 2013 this credit line was used for Euro 90 million.

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 Inc., 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 a residual nominal amount of Euro 135 million, of which 7,1 million Euro hold by the subsidiary Safilo S.p.A., and due to mature on 15th May 2013.

As at 31st March 2013 the amount of bonds outstanding, calculated using the amortised cost method, is dislosed in the section "Short-term borrowings" for a total amount of Euro 127,792 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 2 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 2013:

(Euro/000)	March 31, 2013	December 31, 2012
Short-term portion of financial leasing	1,188	1,250
Long-term portion of financial leasing	2,881	3,150
Total debt	**4,069**	**4,400**

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 30,928 thousand and by the subsidiary Safilo do Brasil for Euro 1,826 thousand.

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

(Euro/000)	March 31, 2013	December 31, 2012
From 1 to 2 years	26,310	26,276
From 2 to 3 years	90,585	65,758
From 3 to 4 years	-	-
Beyond 5 years	-	-
Total	**116,895**	**92,034**

The following table shows borrowings divided by currency:

(Euro/000)	March 31, 2013	December 31, 2012
Short-term		
Euro	161,100	168,826
Chinese Reminbi	11,181	10,826
Brasilian Real	3,011	2,837
Swedish Kronor	107	154
Total	**175,399**	**182,643**
Medium long-term		
Euro	116,720	91,863
Swedish Kronor	175	171
Total	**116,895**	**92,034**
Total borrowings	**292,294**	**274,677**

The following table details the credit lines granted to the Group, the uses and the lines available at 31st March 2013:

(Euro/000)	Credit lines granted	Uses	Credit lines available
Credit lines on bank accounts and short-term bank loans	77,249	14,055	63,194
Credit lines on long-term bank loans	226,555	116,555	110,000
Total	**303,804**	**130,610**	**173,194**

The net financial position of the Group at March 31st 2013 compared to the same as of December 31st, 2012 is as follows:

	Net financial position *(Euro/000)*	March 31, 2013	December 31, 2012	Change
A	Cash and cash equivalents	71,880	59,388	12,492
B	Cash and cash equivalents included as Assets held for sale	-	-	-
C	Current securities (securities held for trading)	-	-	-
D	**Liquidity (A+B+C)**	**71,880**	**59,388**	**12,492**
E	**Receivables from financing activities**	**-**	**-**	**-**
F	Bank overdrafts and short-t. bank borrowings	(12,230)	(13,765)	1,535
	Ordinary bonds	(127,792)	(127,578)	(214)
G	Current portion of long-term borrowings	(1,321)	(1,312)	(9)
H	Other short-term borrowings	(34,056)	(39,988)	5,932
I	**Debts and other current financial liabilities (F+G+H)**	**(175,399)**	**(182,643)**	**7,244**
J	**Current financial position, net (D)+(E)+(I)**	**(103,519)**	**(123,255)**	**19,736**
K	Long-term bank borrowings	(113,896)	(88,765)	(25,131)
L	Ordinary bonds	-	-	-
M	Other long-term borrowings	(2,999)	(3,269)	270
N	**Debts and other non current financial liabilities (K+L+M)**	**(116,895)**	**(92,034)**	**(24,861)**
I	**Net financial position (J)+(N)**	**(220,414)**	**(215,289)**	**(5,125)**

2.14 Trade payables

This item breaks down as follows:

(Euro/000)	March 31, 2013	December 31, 2012
Trade payables for:		
Purchase of raw materials	27,261	32,012
Purchase of finished goods	52,763	71,334
Suppliers from subcontractors	2,664	3,158
Tangible and intangible assets	1,418	3,356
Commissions	4,547	4,092
Royalties	29,314	24,479
Advertising and marketing costs	31,884	36,930
Services	37,123	35,212
Total	**186,974**	**210,573**

2.15 Tax payables

At 31st March 2013, tax payables totalled Euro 19,179 thousand, versus Euro 16,193 thousand at 31st December 2012. Euro 9,650 thousand related to income tax payables, Euro 5,065 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, 2013	December 31, 2012
Payables to personnel and social security institutions	35,697	36,405
Agent fee payables	2,240	1,758
Payables to pension funds	630	1,124
Accrued advertising and sponsorship costs	2,266	1,421
Accrued interests on long-term loans	5,024	1,963
Other accruals and deferred income	3,875	3,371
Other current liabilities	323	1,697
Total	**50,055**	**47,739**

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.

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, 2013	Increase	Decrease	Transl. diff.	Balance at March 31, 2013
Product warranty provision	5,734	134	(96)	5	5,777
Agents' severance indemnity	5,352	152	(70)	-	5,434
Provision for corporate restructuring	2,548	-	(591)	-	1,957
Other provisions for risks and charges	10,370	23	(381)	-	10,012
Provisions for risks - long term	**24,004**	**309**	**(1,138)**	**5**	**23,180**
Provisions for risks - short term	**2,851**	**90**	**(122)**	**9**	**2,828**
Total	**26,855**	**399**	**(1,260)**	**14**	**26,008**

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.

The restructuring fund includes provisions made in the first half of 2009 for restructuring costs relating to the downsizing of the Italian production sites. The decrease relates to the costs sustained for staff that left the company in the first quarter of 2013.

Provisions for other risks and charges during the year 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.

With reference to the above, we point out that the item "Other risks and charges" includes also the provision accrued at 31st December 2012 to cover the risk relating to two notices of assessment and a notice of penalties referring to the tax year 2007 and concerning transfer pricing and withholding tax requirements, received by the italian company Safilo S.p.A. on 28th December 2012.

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, 2013	Posted to income statement	Actuarial gains/(losses)	Reclass.	Uses	Transl. diff.	Balance at March 31, 2013
Defined contribution plan	623	648	-	(467)	(132)	(10)	662
Defined benefit plan	36,196	104	4	467	(215)	(77)	36,479
Totale	**36,819**	**752**	**4**	**-**	**(347)**	**(87)**	**37,141**

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 2013 other non-current liabilities totalled Euro 5,360 thousand, compared to Euro 5,315 thousand at 31st December 2012, and comprised Euro 3,813 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 31st March 2013, shareholders' equity amounted to Euro 897,150 thousand (of which Euro 5,460 thousand represent minority interests), against Euro 862,846 thousand at 31st December 2012 (of which 5,110 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 2013 amounted to Euro 308,699,825, consisting of 61,739,965 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 481,163,313.69 at 31st March 2013 unchanged from 31st December 2012.

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

The cash flow reserve refers to the current value of interest rate swaps while the fair value reserve relates to the current value of investments recognised as available-for-sale financial assets.

2.24 Stock options plans

The Board of Directors, at its meeting held on 6th March 2013 to approve the results for the financial year ended 31st December 2012, assigned the fourth 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 option plans occurred during the first quarter and relating to the new above-mentioned 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 period	**380,000**	**8.546**	**1,000,000**	**8.445**	**1,380,000**	**8.473**
Granted	80,000	8.47	240,000	8.47	320,000	8.47
Forfeited	-		-		-	
Excercised	-		-		-	
Expired	-		-		-	
Outstanding at period-end	**460,000**	**8.533**	**1,240,000**	**8.450**	**1,700,000**	**8.473**

3. Notes on the consolidated income statement

3.1 Net sales

For details concerning the sales performance in the first quarter 2013 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 2013	First quarter 2012
Purchase of raw materials and finished goods	73,017	77,457
Capitalisation of costs for increase in tangible assets (-)	(1,733)	(1,956)
Change in inventories	15,235	493
Wages and social security contributions	20,573	25,588
Subcontracting costs	2,735	4,619
Depreciation	4,526	4,831
Rental and operating leases	203	190
Other industrial costs	2,767	3,311
Total	**117,323**	**114,533**

The change in inventories can be broken down as follows:

(Euro/000)	First quarter 2013	First quarter 2012
Finished products	5,209	(4,269)
Work-in-progress	(58)	(781)
Raw materials	10,084	5,543
Total	**15,235**	**493**

The average number of Group employees in the first quarter of 2013 and 2012 can be summarised as follows:

	First quarter 2013	First quarter 2012
Padua Headquarters	965	946
Production facilities	4,488	4,856
Commercial companies	1,475	1,310
Retail companies	807	785
Total	**7,735**	**7,897**

3.3 Selling and marketing expenses

This item breaks down as follows:

(Euro/000)	First quarter 2013	First quarter 2012
Payroll and social security contributions	30,791	28,047
Sales commissions	15,792	17,556
Royalty expenses	24,444	25,257
Advertising and promotional costs	31,798	29,399
Amortization and depreciation	1,118	1,297
Logistic costs	4,505	3,888
Consultants fees	71	1,024
Rental and operating leases	3,584	3,570
Utilities	197	198
Provision for risks	210	762
Other sales and marketing expenses	5,865	5,334
Total	**118,375**	**116,332**

3.4 General and administrative expenses

This item breaks down as follows:

(Euro/000)	First quarter 2013	First quarter 2012
Payroll and social security contributions	17,391	17,339
Allowance and write off of doubtful accounts	1,062	944
Amortization and depreciation	3,294	3,032
Consultants fees	3,545	3,247
Rental and operating leases	2,177	2,107
EDP costs	996	1,148
Insurance costs	684	698
Utilities, security and cleaning	1,773	1,685
Taxes (other than on income)	1,030	1,251
Other general and administrative expenses	3,449	3,634
Total	**35,401**	**35,085**

3.5 Other income (expenses)

This item breaks down as follows:

(Euro/000)	First quarter 2013	First quarter 2012
Losses on disposal of assets	(80)	(5)
Other operating expenses	(474)	(160)
Gains on disposal of assets	15	2
Other operating incomes	343	486
Total	**(196)**	**323**

3.6 Share of income (loss) of associates

This item during the quarter showed no gain/loss 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 2013	First quarter 2012
Interest expenses on loans	1,394	1,834
Interest expenses and charges on High Yield	3,292	3,285
Bank commissions	1,216	1,237
Negative exchange rate differences	4,246	2,053
Financial discounts	209	260
Other financial charges	219	319
Total financial charges	**10,576**	**8,988**
Interest income	117	191
Positive exchange rate differences	4,826	4,189
Other financial income	66	75
Total financial income	**5,009**	**4,455**
Total financial charges, net	**5,567**	**4,533**

3.8 Income tax expenses

This item breaks down as follows:

(Euro/000)	First quarter 2013	First quarter 2012
Current taxes	(8,295)	(8,238)
Deferred taxes	1,731	2,166
Total	**(6,564)**	**(6,072)**

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 2013	First quarter 2012
Profit for ordinary shares (in Euro/000)	13,394	11,947
Average number of ordinary shares (in thousands)	61,740	56,822
Earnings per share - basic (in Euro)	**0.217**	**0.210**

Diluted

	First quarter 2013	First quarter 2012
Profit for ordinary shares (in Euro/000)	13,394	11,947
Profit for preferred shares	-	-
Profit in income statement	**13,394**	**11,947**
Average number of ordinary shares (in thousands)	61,740	56,822
Dilution effects:		
- stock option (in thousands)	194	-
Total	**61,934**	**56,822**
Earnings per share - diluted (in Euro)	**0.216**	**0.210**

The issuance of stock options plan has resulted in a not significant dilutive effect in the first quarter of 2013.

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 the autumn.

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

In the first quarter of 2013, 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 2013, 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 31st March 2013 and 31st March 2012 is shown in the tables below:

March 31, 2013 *(Euro/000)*	**WHOLESALE**	**RETAIL**	**Eliminat.**	**Total**
Net sales				
- to other segment	4,213	-	(4,213)	-
- to third parties	279,643	17,375	-	297,018
Total net sales	**283,856**	**17,375**	**(4,213)**	**297,018**
Gross profit	**167,931**	**11,764**	**-**	**179,695**
Operating profit	**24,919**	**804**	**-**	**25,723**
Share of income of associates	-	-		-
Financial charges, net				(5,567)
Income taxes				(6,564)
Net profit				**13,592**
Other information				
Capital expenditure	4,624	322		4,946
Depreciation & amortization	7,969	969		8,938

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	7,955	1,205		9,160

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 2013**	**December 31 2012**
Receivables			
Companies controlled by HAL Holding N.V.	(c)	22,854	21,122
Total		**22,854**	**21,122**
Payables			
Elegance International Holdings Ltd	(b)	3,096	3,326
Companies controlled by HAL Holding N.V.	(c)	5,981	10,465
Long term borrowings (High Yield) and accrued interests			
HAL International Investments N.V.	(c)	70,785	69,141
Total		**79,862**	**82,932**

Related parties transactions *(Euro/000)*	**Relationship**	**March 31 2013**	**March 31 2012**
Revenues			
Companies controlled by HAL Holding N.V.	(c)	17,140	15,630
Total		**17,140**	**15,630**
Operating expenses			
Elegance International Holdings Ltd	(b)	2,167	2,035
Companies controlled by HAL Holding N.V.	(c)	681	18
Financial expenses			
HAL International Investments N.V.	(c)	1,643	1,643
Total		**4,491**	**3,697**

(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).

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 2012, 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. Vincenzo Giannelli, 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 2013 corresponds to the accounting results, registers and records.

Padua, 22nd April 2013

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