Interim Report

for the period ended 31st March 2015

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

www.safilo.com

SAFILO GROUP S.p.A.

Settima Strada, 15

35129 Padua - Italy

Contents

Board of Directors, committees and auditors

Board of Directors

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

Board of Statutory Auditors

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

Corporate Governance Committee

	Franco Corgnati
	Eugenio Razelli
	Massimiliano Pascale

Control and Risk Committee

Chairman	Eugenio Razelli
	Marco Jesi
	Melchert Frans Groot

Remuneration and Nomination Committee

Chairman	Jeffrey A. Cole
	Massimiliano Tabacchi
	Marco Jesi

Related Parties Transactions Committee

	Eugenio Razelli
	Marco Jesi
	Giovanni Ciserani

Independent Auditors

Deloitte & Touche S.p.A.

REPORT ON OPERATIONS

General information and activities of the Group

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

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

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

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

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

The Group manages a brand portfolio of both licensed and proprietary brands, selected according to their competitive positioning in the segmentation of the eyewear market. Safilo has extensively complemented its proprietary brand portfolio with numerous brands from the luxury and fashion industry, rooted in long-term relationships with licensors through license agreements, many of which are repeatedly renewed.

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

Key consolidated performance indicators

Economic data (Euro in millions)	First quarter 2015	%	First quarter 2014	%
Net sales	324.3	100.0	293.2	100.0
Cost of sales	(127.7)	(39.4)	(109.2)	(37.2)
Gross profit	196.6	60.6	184.0	62.8
Ebitda	31.4	9.7	35.4	12.1
Ebitda pre non-recurring items	32.6	10.0	35.4	12.1
Operating profit	22.1	6.8	26.8	9.1
Operating profit pre non-recurring items	23.3	7.2	26.8	9.1
Group profit before taxes	3.3	1.0	24.5	8.3
Profit attributable to the Group	1.4	0.4	16.5	5.6
Profit attributable to the Group pre non-recurring items	2.3	0.7	16.5	5.6

Balance sheet data (Euro in millions)	March 31, 2015	%	December 31, 2014	%
Total assets	1,700.7	100.0	1,597.9	100.0
Total non-current assets	1,018.3	59.9	944.2	59.1
Capital expenditure	5.9	0.3	39.0	2.4
Net invested capital	1,203.3	70.8	1,137.5	71.2
Net working capital	334.9	19.7	303.1	19.0
Net financial position	(128.3)	7.5	(163.3)	10.2
Group Shareholders' equity	1,072.0	63.0	971.5	60.8

Financial data (Euro in millions)	First quarter 2015	First quarter 2014
Cash flow operating activity	37.1	(17.0)
Cash flow investing activity	(5.0)	(7.6)
Cash flow financing activity	(48.5)	8.7
Closing net financial indebtedness (short-term)	28.5	52.7

Earnings per share (in Euro)	First quarter 2015	First quarter 2014
Earnings per share - basic	0.023	0.264
Earnings per share - diluted	0.023	0.262
No. shares in share capital as at March 31	62,534,965	62,289,965

Group personnel	March 31, 2015	March 31, 2014
Punctual	7,392	7,435

It should be noted that:

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

With reference to the disclosure by geographical area it should be noted that starting from this interim financial report, the Group has redefined the disclosure relative to sales by geographical area in line with the reporting used internally by the management, the comparative figures have been restated accordingly.

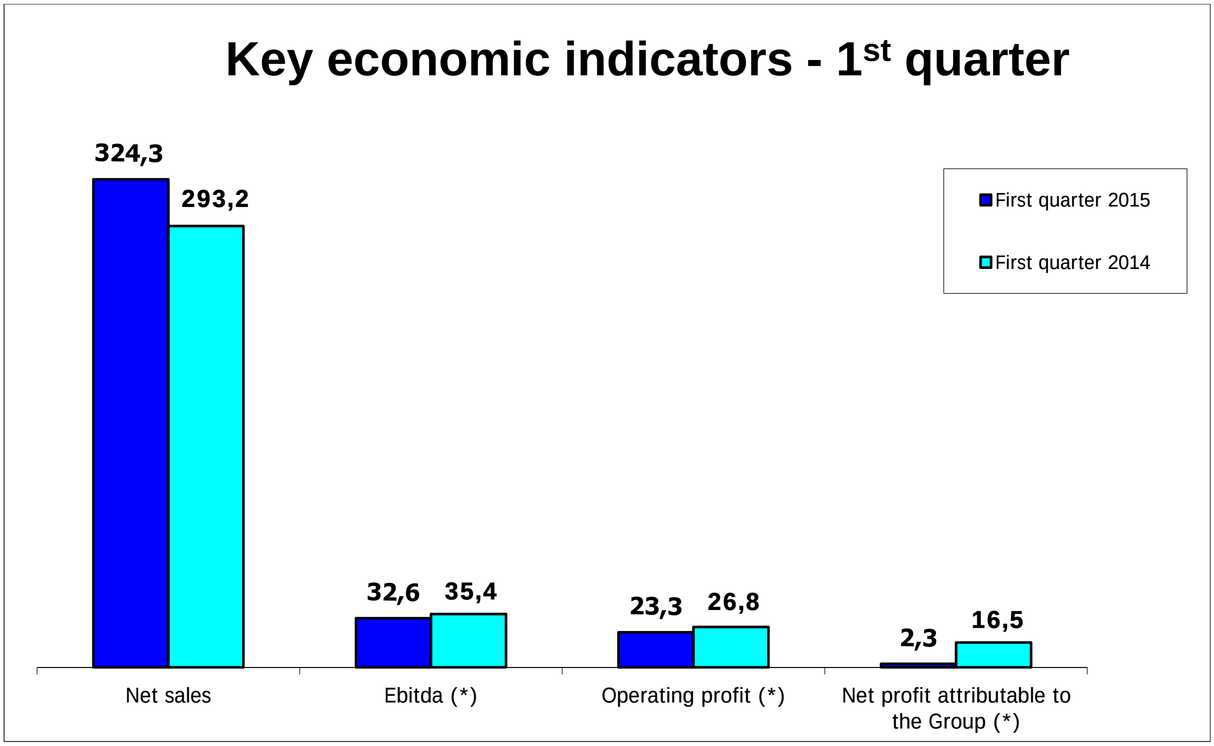
Certain "alternative performance indicators", which are not foreseen in the IFRS accounting principles have been used in this interim Report. Their meaning and content is given below:

- "EBITDA" stands for Earnings Before Interest, Taxes, Depreciation and Amortisation and is also stated before impairment losses to intangible assets such as goodwill;
- "EBITDA LTM adjusted" stands for EBITDA calculated for the prior 12 consecutive months ending on the date of measurement before non-recurring items amounting in the first three months of 2015 to Euro 1.2 million (there were not non-recurring items in the first three months of 2014);
- "Capital expenditure" refers to purchases of tangible and intangible fixed assets;
- "Net invested capital" refers to the algebraic sum of shareholders' equity of the Group and minority interests and the "Net financial position" (see below);
- "Free Cash Flow" means the algebraic sum of cash flow from/(for) operating activities and the cash flow from/(for) investing activities;
- "Net working capital" means the algebraic sum of inventories, trade receivables and trade payables.
- "Net financial position" means the sum of bank borrowings, short, medium and long-term borrowings, net of cash held in hand and at bank. Such indicator does not include the valuation at the reporting date of derivative financial instruments.
- "Non-recurring items" refers to charges not related to the ordinary operations. The table below summarizes the reconciliation between the economic indicators and their adjusted value per non-recurring items:

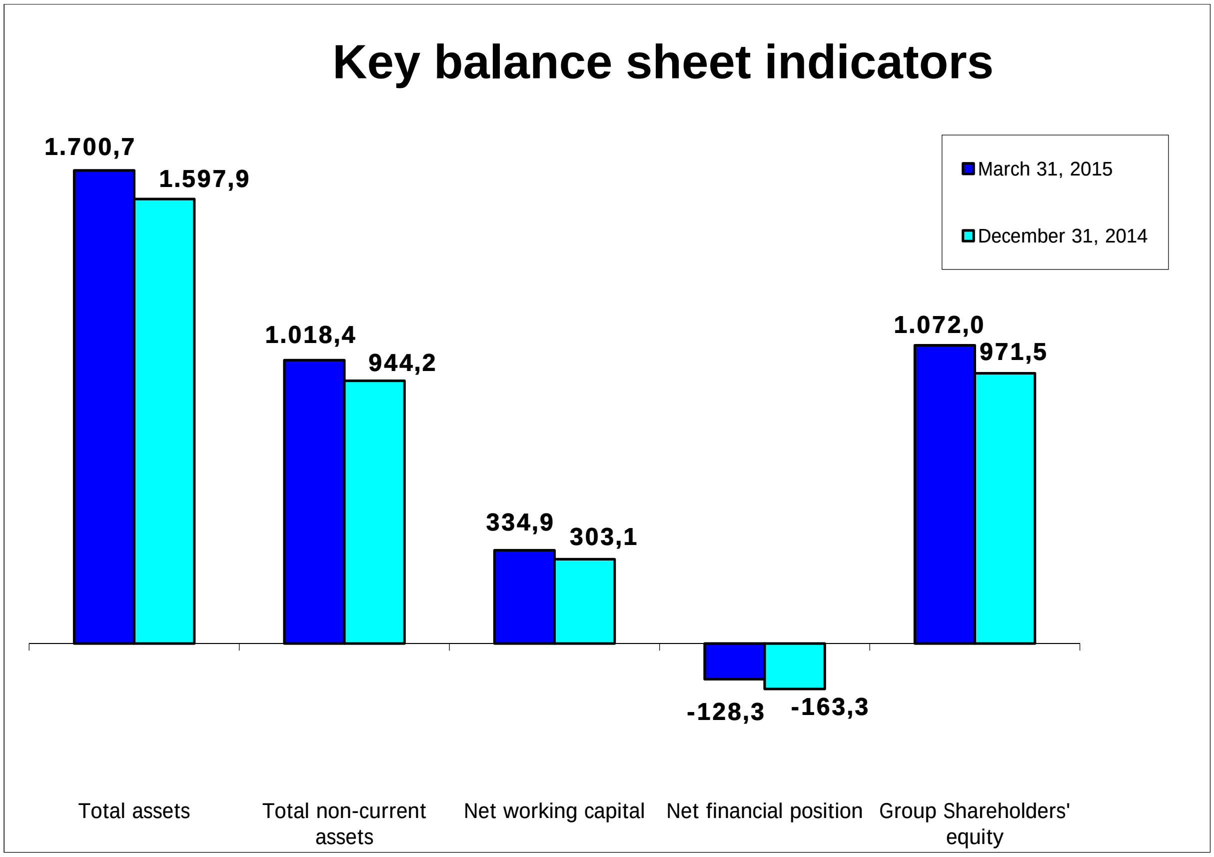
	First quarter 2015			First quarter 2014		
(Euro in million)	Ebitda	Operating profit	Profit attributable to the Group	Ebitda	Operating profit	Profit attributable to the Group
Economic indicators	**31.4**	**22.1**	**1.4**	**35.4**	**26.8**	**16.5**
Commercial restructuring costs EMEA region	1.2	1.2	1.2	-	-	-
Tax effect on non recurring items			(0.3)	-	-	-
Economic indicators pre non recurring items	**32.6**	**23.3**	**2.3**	**35.4**	**26.8**	**16.5**

During the first three months of 2015 the Group has incurred non-recurring items related to commercial restructuring costs in the EMEA region for Euro 1.2 million.

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



(*) pre non-recurring items


Key balance sheet indicators
March 31, 2015
December 31, 2014
1.700,7
1.597,9
1.018,4
944,2
334,9
303,1
-128,3
-163,3
1.072,0
971,5
Total assets
Total non-current assets
Net working capital
Net financial position
Group Shareholders' equity

Information on Group economic results

Safilo's operating results in the first three months of 2015 were broadly consistent with the Group's expectations. The Group's net sales for the first three months of 2015 total Euro 324.3 million, up 10.6% at current exchange rates on the same period of the previous year (up 0.8% at constant exchange rates), when net sales amounted to Euro 293.2 million. Without considering non-recurring expenses EBITDA amounts to Euro 32.6 million (Euro 35.4 million for the first three months of 2014), resulting in an EBITDA margin of 10.0% compared with 12.1%.

Without considering non-recurring expenses, Group net profit for the three months ended 31 March 2015 amounts to Euro 2.3 million, down on the same period of the previous year (Euro 16.5 million) driven mainly by net financial charges amounting to Euro 18.8 million for the first three months of 2015, compared with Euro 2.3 million of the same period of the previous year. Net of non-recurring expenses, Group net profit of the first quarter of 2015 equals to Euro 1.4 million compared with Euro 16.5 million in the same period of the previous year.

In terms of financial position, the Group has ended the first quarter of 2015 with net debt of Euro 128.3 million, compared with Euro 163.3 million at the end of the previous financial year.

Group economic results

Consolidated statement of operations (Euro in millions)	First quarter 2015	%	First quarter 2014	%	Change %
Net sales	324.3	100.0	293.2	100.0	10.6%
Cost of sales	(127.7)	(39.4)	(109.2)	(37.2)	17.0%
Gross profit	**196.6**	**60.6**	**184.0**	**62.8**	**6.8%**
Selling and marketing expenses	(133.4)	(41.1)	(119.5)	(40.8)	11.6%
General and administrative expenses	(40.4)	(12.5)	(37.7)	(12.9)	7.0%
Other operating income/(expenses)	(0.7)	(0.2)	0.0	0.0	n.s.
Operating profit	**22.1**	**6.8**	**26.8**	**9.1**	**-17.5%**
Financial charges, net	(18.8)	(5.8)	(2.3)	(0.8)	n.s.
Profit before taxation	**3.3**	**1.0**	**24.5**	**8.3**	**-86.3%**
Income taxes	(1.9)	(0.6)	(7.9)	(2.7)	-76.4%
Net profit	**1.4**	**0.5**	**16.6**	**5.6**	**-91.0%**
Net profit attributable to minority interests	0.0	0.0	0.1	0.0	-58.8%
Net profit attributable to the Group	**1.4**	**0.4**	**16.5**	**5.6**	**-91.2%**
EBITDA	**31.4**	**9.7**	**35.4**	**12.1**	**-11.5%**

Economic indicators pre non-recurring items	First quarter 2015	%	First quarter 2014	%	Change %
EBIT pre non-recurring items	**23.3**	**7.2**	**26.8**	**9.1**	**-13.1%**
EBITDA pre non-recurring items	**32.6**	**10.0**	**35.4**	**12.1**	**-8.2%**
Net profit attributable to the Group pre non-recurring items	**2.3**	**0.7**	**16.5**	**5.6**	**-86.3%**

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

An analysis of sales in the first three months of 2015 in terms of geographical area shows revenue growth in Europe, with sales of Euro 132.9 million compared with the Euro 129.6 million of the same period of 2014. This marks an increase of 2.6% (up 2.8% at constant exchange rates). The improvement on the previous year can be seen above all in Germany, the Nordics and in the Iberian Peninsula partially offset by the drop of sales caused by the economic crisis in Russia.

In the first quarter of 2015 the North American market saw strong growth with sales of Euro 132.9 million compared with Euro 104.7 million in the same period of 2014. This marks an increase of 26.9% at current exchange rates (up 5.3% at constant exchange rates), this growth was achieved both in the United States and in Canada.

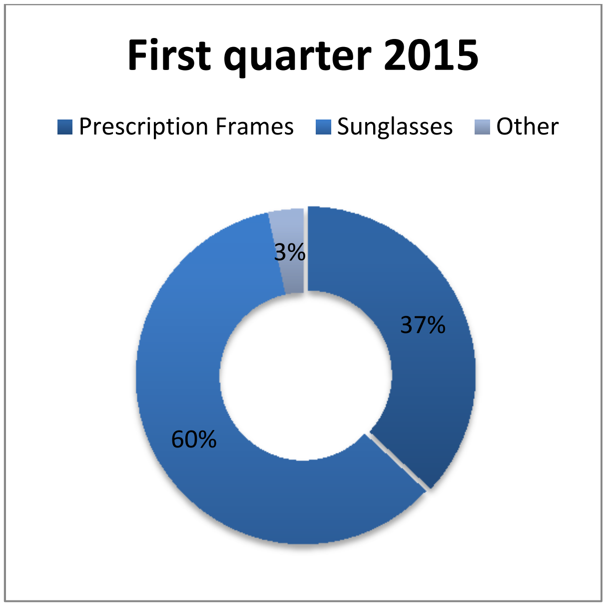
In the first three months of 2015 the business growth in Latin America was very strong and net sales totalled Euro 12.5 million compared with Euro 9.6 million of the same period of 2014. This marks an increase of 30.1% (up 23.4% at constant exchange rates) with a significant growth in countries like Mexico and Brazil.

In the Asian Pacific area net sales for the first three months of 2015 amount to Euro 39.2 million, compared with Euro 43.5 million for the same period of 2014, marking a reduction of 9.8% (down 22.9% at constant exchange rates) driven primarily by South Korea and China. In Asia, we continue the work commenced mid last year to improve performance following a clear roadmap for each of our markets.

Net sales by geographical area	**First quarter**					
(Euro in millions)	**2015**	**%**	**2014**	**%**	**Change %**	**Change % (*)**
Europe	132.9	41.0	129.6	44.2	2.6%	2.8%
North America	132.9	41.0	104.7	35.7	26.9%	5.3%
Latin America	12.5	3.9	9.6	3.3	30.1%	23.4%
Asia Pacific	39.2	12.1	43.5	14.8	-9.8%	-22.9%
Rest of the world	6.8	2.1	5.8	2.0	17.9%	16.0%
Total	**324.3**	**100**	**293.2**	**100**	**10.6%**	**0.8%**

(*) at constant exchange rates

The chart below summarize the breakdown of net sales as at March 31, 2015 by product category:



Gross profit of Euro 196.6 million is up from the Euro 184.0 million of the same period of 2014, with a decrease in the gross profit margin to 60.6% (62.8% in the same period of 2014). This was on the one hand driven by a higher inventory obsolescence provision. On the other hand we were expecting a more subdued start into the year as our COGS savings and inventory interventions are more skewed to the second half of the year.

In the first quarter of 2015 **selling and marketing expenses** have risen as a proportion of sales compared with the same period of 2014, increasing from 40.8% to 41.1% as a result of investment in growth initiatives and expansion of the brands in portfolio.

In the period under review, **general and administrative expenses** totalled Euro 40.4 million (Euro 37.7 million in the first quarter of 2014) as a consequence of the investment in human resources and information technology consistently with the strategic development plans. The proportion of such costs on sales decreased from 12.9% of the first three months of 2014 to 12.5% correspondent period of 2015.

Without considering non-recurring expenses, **EBITDA** for the first three months of 2015 amounts to Euro 32.6 million, down on the same period of the previous year when the figure was Euro 35.4 million. This represents an adjusted EBITDA margin of 10.0% compared with the 12.1% of the same period of the previous year. Including non-recurring expenses, EBITDA for the first quarter of 2015 is Euro 31.4 million, resulting in an EBITDA margin of 9.7%, compared with the figure of Euro 35.4 million and a margin of 12.1% for the same period of 2014.

Net financial expenses for the first three months of 2015 increased compared with the same period of the previous year, impacted by currency dynamics that have had a negative impact of Euro 10.6 million (a gain of Euro 1.0 million in the same period of 2014). Moreover the period was influenced by the fair value measurement of the option component embedded in the “equity-linked” Bonds issued in May 2014, resulting in a loss of Euro 4.2 million.

The tax rate for the first quarter 2015 was influenced by currency dynamics which affected the result of some legal entities for which increased future taxable income was not deemed probable enough to provide for additional deferred tax assets.

Without considering non-recurring expenses, net profit for the first three months of 2015 is Euro 2.3 million compared with Euro 16.5 million for the same period of the previous year. Net of the non-recurring expenses the Group thus reports net profit of Euro 1.4 million compared with Euro 16.5 million of the same period of 2014.

Analysis by distribution channel – Wholesale / Retail

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

(Euro in millions)	WHOLESALE				RETAIL			
	First quarter 2015	First quarter 2014	Change	Change %	First quarter 2015	First quarter 2014	Change	Change %
Net sales to 3rd parties	304.6	276.7	27.9	10.1%	19.7	16.5	3.2	19.8%
EBITDA (*)	32.6	34.5	(1.9)	-5.7%	0.0	0.9	(0.9)	-99.6%
%	*10.7%*	*12.5%*			*0.0%*	*5.8%*		

(*) pre non-recurring items in the first three months of 2015 in wholesale segment for 1.2 million Euro.

Turnover for the Wholesale segment in the first three months of 2015 amounts to Euro 304.6 million compared with Euro 276.7 million for the same period of 2014.
Without considering non-recurring expenses, the EBITDA margin for the first quarter 2015 is 10.7%, a decrease compared with the 12.5% of the same period of 2014.

The Solstice retail chain, which currently numbers 132 stores, recorded sales of Euro 19.7 million in the first three months of 2015, compared with Euro 16.5 for the same period of the previous year marking an increase of 19.8% at current exchange rates (-1.5% at constant exchange rates). Without considering non-recurring expenses, the EBITDA margin for the quarter 2015 is nil (Euro 0.9 million as at March 31, 2014).

Balance sheet reclassified

Balance sheet (Euro in millions)	March 31, 2015	December 31, 2014	Change
Trade receivables	289.6	266.3	23.3
Inventory, net	259.1	247.6	11.5
Trade payables	(213.8)	(210.8)	(3.0)
Net working capital	**334.9**	**303.1**	**31.8**
Tangible assets	208.8	203.3	5.5
Intangible assets and goodwill	690.1	637.9	52.2
Financial assets	8.6	7.6	1.0
Net fixed assets	**907.5**	**848.8**	**58.7**
Employee benefit liability	(32.8)	(32.7)	(0.1)
Other assets / (liabilities), net	(6.3)	18.3	(24.6)
NET INVESTED CAPITAL	**1,203.3**	**1,137.5**	**65.8**
Cash in hand and at bank	77.0	88.6	(11.6)
Short term borrowings	(76.3)	(75.3)	(1.0)
Long term borrowings	(129.0)	(176.5)	47.5
NET FINANCIAL POSITION	**(128.3)**	**(163.3)**	**35.0**
Group Shareholders' equity	(1,072.0)	(971.5)	(100.5)
Non-controlling interests	(3.0)	(2.7)	(0.3)
TOTAL SHAREHOLDERS' EQUITY	**(1,075.0)**	**(974.2)**	**(100.8)**

Cash flow

The summary statement of cash flows for the three months ended 31 March 2015, with comparatives for the same period of the previous year, is provided below:

Free cash flow (Euro in millions)	**First quarter 2015**	**First quarter 2014**	**Change**
Cash flow operating activities	37.1	(17.0)	54.1
Cash flow investing activities	(5.0)	(7.6)	2.6
Free cash flow	**32.1**	**(24.6)**	**56.7**

Free cash flow recorded in the first three months of 2015 was positive for Euro 32.1 million (negative of Euro 24.6 million in the same period of 2014). This result included the first of three compensation payments of Euro 30 million received in January from Kering, net of which Free Cash Flow remained positive. Seasonal absorption from net working capital further improved in the period, down to Euro 17.5 million from Euro 48.9 million in the same quarter of last year. The inventory flow remained broadly in line with the dynamic recorded in the same period of last year. As far as trade receivables are concerned, the ratio of days of sales outstanding continued its improving trend, recording a DSO below the first quarter of last year and driving a substantially lower cash absorption.

Net working capital

Net working capital (Euro in millions)	**March 31, 2015**	**March 31, 2014**	**Change March 15 / March 14**	**December 31, 2014**
Trade receivables, net	289.6	272.7	16.9	266.3
Inventories	259.1	213.8	45.3	247.6
Trade payables	(213.8)	(191.0)	(22.8)	(210.8)
Net working capital	**334.9**	**295.5**	**39.4**	**303.1**
% on net sales rolling LTM	*27.7%*	*26.4%*		*25.7%*

Net working capital at 31 March 2015 amounted to Euro 334.9 million compared with Euro 295.5 million in the same period of 2014 and it is influenced by the increase in sales and movements in inventories. The increase in net working capital was substantially driven by foreign exchange rates, explaining a large part of the variations versus the comparative periods.

The ratio of working capital to sales rolling LTM at 31 March 2015 is equal to 27.7% compared with 26.4% at 31 March 2014.

Investments in tangible and intangible fixed assets

The Group's capital expenditure breaks down as follows:

(Euro in millions)	First quarter 2015	First quarter 2014	Change
Headquarter	1.2	1.4	(0.2)
Production factories	3.6	3.3	0.3
Europe	0.0	0.3	(0.3)
Americas	0.9	1.0	(0.1)
Far East	0.2	0.2	0.0
Total	**5.9**	**6.2**	**(0.3)**

In the first three months of 2015 capital expenditures amounted to Euro 5.9 million compared with the Euro 6.2 million of the same period of the previous year.

Net financial position

Net financial position (Euro in millions)	March 31, 2015	December 31, 2014	Change
Current portion of long-term borrowings	-	-	-
Bank overdrafts and short term bank borrowings	(48.5)	(49.1)	0.6
Other short-term borrowings	(27.8)	(26.3)	(1.5)
Cash and cash equivalent	77.0	88.6	(11.6)
Short-term net financial position	**0.7**	**13.2**	**(12.5)**
Ordinary bonds	(129.0)	(127.9)	(1.1)
Long-term borrowings	-	(48.6)	48.6
Long-term net financial position	**(129.0)**	**(176.5)**	**47.5**
NET FINANCIAL POSITION	**(128.3)**	**(163.3)**	**35.0**

The Group's net financial position at 31 March 2015 is negative for Euro 128.3 million compared with a negative amount of Euro 163.3 million at 31 December 2014. This item was influenced by the payment of the first of three equal instalment of Euro 30 million received by Kering on January 12, 2015 for the early termination of Gucci contract. The net financial position does not include the option component embedded in the "equity-linked" Bonds estimated to approximately Euro 8.6 million (Euro 4.4 million at 31 December 2014), recognized under "derivative financial instruments" and the fair value of the other derivatives financial instruments, equal to a net asset of approximately Euro 1.5 million (a positive amount of Euro 1.5 million at 31 December 2014).

The ratio of net debt to EBITDA LTM adjusted is 1.1 times, an improvement on the 31 December 2014 (1.4

times).

Personnel

The Group’s total workforce at 31 March 2015, 31 December 2014 and 31 March 2014 is summarized below:

	March 31, 2015	December 31, 2014	March 31, 2014
Headquarter	1,047	1,021	1,002
Production factories	3,990	4,158	4,202
Trading companies	1,559	1,423	1,437
Retail	796	912	794
Total	**7,392**	**7,514**	**7,435**

Subsequent events and Outlook

No other events have taken place after 31 March 2015 that could have a material impact on the results published in this report.

Financial Statements

and Notes

at March 31st, 2015

Consolidated balance sheet

(Euro/000)	*Notes*	March 31, 2015	of which related parties	December 31, 2014	of which related parties
ASSETS					
Current assets					
Cash and cash equivalents	*2.1*	77,046		88,552	
Trade receivables	*2.2*	289,634	22,079	266,308	15,096
Inventory	*2.3*	259,084		247,617	
Derivative financial instruments	*2.4*	2,461		1,594	
Other current assets	*2.5*	54,134		49,619	
Total current assets		**682,359**		**653,690**	
Non-current assets					
Tangible assets	*2.6*	208,783		203,279	
Intangible assets	*2.7*	55,328		54,806	
Goodwill	*2.8*	634,845		583,130	
Investments in associates	*2.9*	8,585		7,605	
Available-for-sale financial assets	*2.10*	-		-	
Deferred tax assets	*2.11*	107,423		92,498	
Derivative financial instruments	*2.4*	-		-	
Other non-current assets	*2.12*	3,328		2,897	
Total non-current assets		**1,018,292**		**944,215**	
TOTAL ASSETS		**1,700,651**		**1,597,905**	

(Euro/000)	*Notes*	March 31, 2015	of which related parties	December 31, 2014	of which related parties
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Short-term borrowings	*2.13*	76,296		75,319	
Trade payables	*2.14*	213,827	2,586	210,775	3,457
Tax payables	*2.15*	40,948		33,041	
Derivative financial instruments	*2.4*	961		68	
Other current liabilities	*2.16*	51,205		52,149	
Provisions for risks and charges	*2.17*	6,367		5,658	
Total current liabilities		**389,604**		**377,010**	
Non-current liabilities					
Long-term borrowings	*2.13*	129,026		176,493	
Employees benefits liability	*2.18*	32,817		32,724	
Provisions for risks and charges	*2.17*	15,345		13,707	
Deferred tax liabilities	*2.11*	10,467		8,772	
Derivative financial instruments	*2.4*	8,600		4,426	
Other non-current liabilities	*2.19*	39,747		10,517	
Total non-current liabilities		**236,002**		**246,639**	
TOTAL LIABILITIES		**625,606**		**623,649**	
Shareholders' equity					
Share capital	*2.20*	312,675		312,675	
Share premium reserve	*2.21*	484,689		484,689	
Retained earnings and other reserves	*2.22*	273,355		135,142	
Cash flow reserve	*2.23*	(121)		-	
Income attributable to the Group		1,449		39,030	
Total shareholders' equity attributable to the Group		**1,072,047**		**971,536**	
Non-controlling interests		**2,998**		**2,720**	
TOTAL SHAREHOLDERS' EQUITY		**1,075,045**		**974,256**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,700,651**		**1,597,905**	

Consolidated income statement

(Euro/000)	*Notes*	First three months 2015	of which related parties	First three months 2014	of which related parties
Net sales	*3.1*	324,303	24,890	293,203	19,759
Cost of sales	*3.2*	(127,744)	(1,138)	(109,154)	(1,844)
Gross profit		**196,559**		**184,049**	
Selling and marketing expenses	*3.3*	(133,381)	(58)	(119,530)	(231)
General and administrative expenses	*3.4*	(40,382)		(37,734)	
Other operating income/(expenses)	*3.5*	(666)		33	
Operating profit		**22,130**		**26,818**	
Share of income/(loss) of associates	*3.6*	-		-	
Financial charges, net	*3.7*	(18,777)		(2,340)	
Profit before taxation		**3,353**		**24,478**	
Income taxes	*3.8*	(1,869)		(7,931)	
Profit of the period		**1,484**		**16,547**	
Profit attributable to:					
Owners of the parent		1,449		16,462	
Non-controlling interests		35		85	
Earnings per share - basic (Euro)	*3.9*	0.023		0.264	
Earnings per share - diluted (Euro)	*3.9*	0.023		0.262	

Consolidated statement of comprehensive income

(Euro/000)	***Notes***	**First quarter 2015**	**First quarter 2014**
Net profit for the period (A)		**1,484**	**16,547**
Gains/(Losses) that will not be reclassified subsequently to profit or loss:			
- Remeasurements of post-employment benefit obligations		-	-
- Other gains/(losses)		-	-
Total gains/(Losses) that will not be reclassified subsequently to profit or loss:		**-**	**-**
Gains/(Losses) that will be reclassified subsequently to profit or loss:			
- Gains/(Losses) on cash flow hedges	*2.23*	(121)	219
- Gains/(Losses) on exchange differences on translating foreign operations	*2.22*	99,322	(2,010)
Total gains/(losses) that will be reclassified subsequently to profit or loss:		**99,201**	**(1,791)**
Other comprehensive income/(loss), net of tax (B)		**99,201**	**(1,791)**
TOTAL COMPREHENSIVE INCOME/(LOSS) (A)+(B)		**100,685**	**14,756**
Attributable to:			
Owners of the parent		100,407	14,691
Non-controlling interests		278	65
TOTAL COMPREHENSIVE INCOME/(LOSS)		**100,685**	**14,756**

Consolidated statement of cash flows

(Euro/000)	*Notes*	First quarter 2015	First quarter 2014
A - Opening net cash and cash equivalents (net financial indebtedness - short term)	*2.1*	**39,494**	**69,669**
B - Cash flow from (for) operating activities			
Net profit for the period (including minority interests)		1,484	16,547
Depreciation and amortization	*2.6-2.7*	9,233	8,626
Other non-monetary P&L items		19,225	(401)
Interest expenses, net	*3.7*	2,297	1,758
Income tax expenses	*3.8*	1,869	7,931
Income from operating activities prior to movements in working capital		**34,108**	**34,460**
(Increase) Decrease in trade receivables		(8,813)	(33,986)
(Increase) Decrease in inventory, net		(2,369)	(1,178)
Increase (Decrease) in trade payables		(6,347)	(13,775)
(Increase) Decrease in other receivables		(9,346)	893
Increase (Decrease) in other payables		36,916	2,872
Interest expenses paid		(737)	(1,528)
Income taxes paid		(6,310)	(4,796)
Total (B)		**37,102**	**(17,036)**
C - Cash flow from (for) investing activities			
Investments in property, plant and equipment		(4,814)	(5,074)
Net disposals of property, plant and equipment		884	241
Acquisition of minorities (in subsidiaries)		-	(1,551)
(Acquisition) Disposal of investments and bonds		-	(69)
Purchase of intangible assets		(1,089)	(1,121)
Total (C)		**(5,018)**	**(7,575)**
D - Cash flow from (for) financing activities			
Proceeds from borrowings		1,794	11,559
Repayment of borrowings		(50,283)	(3,616)
Share capital increase		-	724
Dividends paid		-	-
Total (D)		**(48,489)**	**8,667**
E - Cash flow for the period (B+C+D)		**(16,405)**	**(15,944)**
Translation exchange differences		5,433	(1,046)
Total (F)		**5,433**	**(1,046)**
G - Closing net cash and cash equivalents (net financial indebtedness - short term) (A+E+F)	*2.1*	**28,522**	**52,679**

Statement of changes in shareholders' equity

(Euro/000)	Share capital	Share premium reserve	Translation diff. reserve	Cash flow reserve	Retained earnings and other reserves	Total	Non-controlling interests	Total equity
Consolidated net equity at January 1, 2015	**312,675**	**484,689**	**53,166**	**-**	**121,006**	**971,536**	**2,720**	**974,256**
Profit for the period	-	-	-	-	1,449	1,449	35	**1,484**
Other comprehensive income (loss) for the period	-	-	99,079	(121)	-	98,958	243	**99,201**
Total comprehensive income (loss) for the period	**-**	**-**	**99,079**	**(121)**	**1,449**	**100,407**	**278**	**100,685**
Increase in share capital due to the exercising of stock option	-	-	-	-	-	-	-	**-**
Dividends distribution	-	-	-	-	-	-	-	**-**
Purchase of shares in subsidiaries from non-controlling interests	-	-	-	-	-	-	-	**-**
Net increase in the Reserve for share-based payments	-	-	-	-	104	104	-	**104**
Changes in other reserves	-	-	-	-	-	-	-	**-**
Consolidated net equity at March 31, 2015	**312,675**	**484,689**	**152,245**	**(121)**	**122,559**	**1,072,047**	**2,998**	**1,075,045**
Consolidated net equity at January 1, 2014	**311,000**	**482,565**	**(35,172)**	**(490)**	**85,219**	**843,122**	**2,940**	**846,062**
Profit for the period	-	-	-	-	16,462	16,462	85	**16,547**
Other comprehensive income (loss) for the period	-	-	(1,990)	219	-	(1,771)	(20)	**(1,791)**
Total comprehensive income (loss) for the period	**-**	**-**	**(1,990)**	**219**	**16,462**	**14,691**	**65**	**14,756**
Increase in share capital due to the exercising of stock option	450	274	-	-	-	724	-	**724**
Dividends distribution	-	-	-	-	-	-	-	**-**
Purchase of shares in subsidiaries from non-controlling interests	-	-	-	-	(704)	(704)	(847)	**(1,551)**
Net increase in the Reserve for share-based payments	-	-	-	-	52	52	-	**52**
Changes in other reserves	-	-	-	-	-	-	-	**-**
Consolidated net equity at March 31, 2014	**311,450**	**482,839**	**(37,162)**	**(271)**	**101,029**	**857,885**	**2,158**	**860,043**

NOTES

1. Basis of preparation

1.1 General information

These interim condensed consolidated financial statements refer to the financial period from January 1st 2015 to March 31st 2015. Economic and financial information are provided with reference to the first three months of 2015 and 2014 whilst balance sheet information are provided with reference to March 31st 2015 and December 31st 2014.

The interim consolidated financial report of Safilo Group at March 31st 2015, including the condensed consolidated financial statements and the interim management report is prepared in accordance with provisions of art. 154 ter of Legislative Decree No. 58/98 - T.U.F. - and subsequent amendments and additions. This interim financial report is prepared in accordance with IAS 34 "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB). The notes, in accordance with IAS 34, are presented in summary form and do not include all information requested in the annual budget, they refer only to those components that, in amount, composition or variations, are essential for understanding the economic situation and financial position of the Group. Therefore, this interim financial report must be read in conjunction with the consolidated financial statements for the financial year ended 31st December 2014.

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

These financial statements were approved by the Board of Directors on 27th April 2015.

1.2 Accounting standards, amendments and interpretations applied from 1st January 2015

In preparing these three month consolidated financial reports the same accounting principles and criteria of the consolidated balance sheet as at 31st December 2014 have been applied.

Here below we report the new standards or amendments, effective from 1 January 2015, that are applicable to the Group.

On 21 November 2013, the IASB published narrow scope amendments to IAS 19 – Employee benefits entitled “Defined Benefit Plans: Employee Contributions”. These amendments apply to contributions from employees or third parties to defined benefit plans in order to simplify their accounting in specific cases. The amendments are effective, retrospectively, for annual periods beginning on or after 1 July 2014 with earlier application permitted. The adoption of this standard did not have any effect on the Group.

On 12 December 2013 the IASB issued the Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle. The most important topics addressed in these amendments are, among others, the definition of vesting conditions in IFRS 2 – Share based payment, the aggregation of operating segments in IFRS 8 – Operating Segments, the definition of key management personnel in IAS 24 – Related Party disclosures, the extension of the exclusion from the scope of IFRS 3 – Business Combinations to all types of joint arrangements (as defined in IFRS 11 – Joint arrangements) and to clarify the application of certain exceptions in IFRS 13 – Fair value Measurement. The adoption of this standard did not have any effect on the Group.

1.3 Consolidation method and consolidation area

During the first three months of 2015, the Group's consolidation area has not changed.

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

	Currency	Share capital	% interest held
ITALIAN COMPANIES			
Safilo S.p.A. – Pieve di Cadore (BL)	EUR	66,176,000	100.0
Lenti S.r.l. – Bergamo	EUR	500,000	75.6
FOREIGN COMPANIES			
Safilo International B.V. - Rotterdam (NL)	EUR	24,165,700	100.0
Safint B.V. - Rotterdam (NL)	EUR	18,200	100.0
Safilo Benelux S.A. - Zaventem (B)	EUR	560,000	100.0
Safilo Espana S.L. - Madrid (E)	EUR	3,896,370	100.0
Safilo France S.a.r.l. - Paris (F)	EUR	960,000	100.0
Safilo Gmbh - Cologne (D)	EUR	511,300	100.0
Safilo Nordic AB - Taby (S)	SEK	500,000	100.0
Safilo CIS - LLC - Moscow (Russia)	RUB	10,000,000	100.0
Safilo Far East Ltd. - Hong Kong (RC)	HKD	49,700,000	100.0
Safint Optical Investment Ltd - Hong Kong (RC)	HKD	10,000	97.0
Safilo Hong-Kong Ltd – Hong Kong (RC)	HKD	100,000	90.0
Safilo Singapore Pte Ltd - Singapore (SGP)	SGD	400,000	100.0
Safilo Optical Sdn Bhd – Kuala Lumpur (MAL)	MYR	100,000	100.0
Safilo Trading Shenzen Limited- Shenzen (RC)	CNY	2,481,000	97.0
Safilo Eyewear (Shenzen) Company Limited - (RC)	CNY	46,546,505	97.0
Safilo Eyewear (Suzhou) Industries Limited - (RC)	CNY	129,704,740	100.0
Safilo Korea Ltd – Seoul (K)	KRW	300,000,000	100.0
Safilo Hellas Ottica S.a. – Athens (GR)	EUR	489,990	100.0
Safilo Nederland B.V. - Bilthoven (NL)	EUR	18,200	100.0
Safilo South Africa (Pty) Ltd. – Bryanston (ZA)	ZAR	3,583	100.0
Safilo Austria Gmbh -Traun (A)	EUR	217,582	100.0
Carrera Optyl D.o.o. - Ormoz (SLO)	EUR	563,767	100.0
Safilo Japan Co Ltd - Tokyo (J)	JPY	100,000,000	100.0
Safilo Do Brasil Ltda – Sao Paulo (BR)	BRL	8,077,500	100.0
Safilo Portugal Lda – Lisbon (P)	EUR	500,000	100.0
Safilo Switzerland AG – Zurich (CH)	CHF	1,000,000	100.0
Safilo India Pvt. Ltd - Bombay (IND)	INR	42,000,000	100.0
Safilo Australia Pty Ltd.- Sydney (AUS)	AUD	3,000,000	100.0
Optifashion Hong Kong Ltd (in liquidation) - Hong Kong (RC)	HKD	300,000	100.0
Safint Optical UK Ltd. - London (GB)	GBP	21,139,001	100.0
Safilo UK Ltd. - London (GB)	GBP	250	100.0
Safilo America Inc. - Delaware (USA)	USD	8,430	100.0
Safilo USA Inc. - New Jersey (USA)	USD	23,289	100.0
Safilo Realty Corp. - Delaware (USA)	USD	10,000	100.0
Safilo Services LLC - New Jersey (USA)	USD	-	100.0
Smith Sport Optics Inc. - Idaho (USA)	USD	12,087	100.0
Solstice Marketing Corp. – Delaware (USA)	USD	1,000	100.0
Solstice Marketing Concepts LLC – Delaware (USA)	USD	-	100.0
Safilo de Mexico S.A. de C.V. - Distrito Federal (MEX)	MXP	10,035,575	100.0
2844-2580 Quebec Inc. – Montreal (CAN)	CAD	100,000	100.0
Safilo Canada Inc. - Montreal (CAN)	CAD	2,470,425	100.0
Canam Sport Eyewear Inc. - Montreal (CAN)	CAD	300,011	100.0
Polaroid Eyewear Holding BV - Amsterdam (NL)	EUR	18,000	100.0
Polaroid Eyewear BV - Amsterdam (NL)	EUR	45,378	100.0
Polaroid Eyewear Ltd - Dumbarton (UK)	GBP	1	100.0
Polaroid Eyewear AB - Stockholm-Globen (S)	SEK	100,000	100.0
Polaroid Eyewear GMBH - Zurig (CH)	CHF	20,000	100.0
Safilo Middle East FZE - Dubai (UAE)	AED	3,570,000	100.0

1.4 Translation of financial statement in currencies other than Euro

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

		As of		(Appreciation) / Depreciation	Average for		(Appreciation) / Depreciation
Currency	**Code**	**March 31, 2015**	**December 31, 2014**	**%**	**2015**	**2014**	**%**
US Dollar	USD	1.0759	1.2141	-11.4%	1.1261	1.3696	-17.8%
Hong-Kong Dollar	HKD	8.3422	9.4170	-11.4%	8.7339	10.6287	-17.8%
Swiss Franc	CHF	1.0463	1.2024	-13.0%	1.0722	1.2237	-12.4%
Canadian Dollar	CAD	1.3738	1.4063	-2.3%	1.3957	1.5107	-7.6%
Japanese Yen	YEN	128.9500	145.2300	-11.2%	134.1206	140.7978	-4.7%
British Pound	GBP	0.7273	0.7789	-6.6%	0.7434	0.8279	-10.2%
Swedish Krown	SEK	9.2901	9.3930	-1.1%	9.3800	8.8569	5.9%
Australian Dollar	AUD	1.4154	1.4829	-4.6%	1.4313	1.5275	-6.3%
South-African Rand	ZAR	13.1324	14.0353	-6.4%	13.2283	14.8866	-11.1%
Russian Ruble	RUB	62.4400	72.3370	-13.7%	70.9608	48.0425	47.7%
Brasilian Real	BRL	3.4958	3.2207	8.5%	3.2236	3.2400	-0.5%
Indian Rupee	INR	67.2738	76.7190	-12.3%	70.0867	84.5794	-17.1%
Singapore Dollar	SGD	1.4774	1.6058	-8.0%	1.5273	1.7379	-12.1%
Malaysian Ringgit	MYR	3.9873	4.2473	-6.1%	4.0772	4.5184	-9.8%
Chinese Renminbi	CNY	6.6710	7.5358	-11.5%	7.0231	8.3576	-16.0%
Korean Won	KRW	1,192.5800	1,324.8000	-10.0%	1,240.1602	1,465.3425	-15.4%
Mexican Peso	MXN	16.5124	17.8679	-7.6%	16.8275	18.1299	-7.2%
Dirham United Emirates	AED	3.9496	4.4594	-11.4%	4.1354	n.a.	n.a.

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

1.5 Use of estimates

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

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

2. Notes on the consolidated balance sheet

2.1 Cash and cash equivalents

This account totals Euro 77,046 thousand, compared to Euro 88,552 thousand at 31st December 2014 and represents the momentary availability of cash invested at market rates. The book value of the available liquidity is aligned with its fair value at the reporting date. The related credit risk is very limited as the counterparties are leading banks.

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

(Euro/000)	March 31, 2015	December 31, 2014	March 31, 2014
Cash and cash equivalents	77,046	88,552	79,833
Bank overdrafts	(6,855)	(7,510)	(2,931)
Current bank borrowings	(41,669)	(41,548)	(24,223)
Net cash and cash equivalents	**28,522**	**39,494**	**52,679**

2.2 Trade receivables, net

This item breaks down as follows:

(Euro/000)	March 31, 2015	December 31, 2014
Gross value receivables	327,759	298,832
Allowance for doubtful accounts and sales returns	(38,125)	(32,524)
Net value	**289,634**	**266,308**

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

The movements of the credit risk and sales return provisions over the first three months of 2015 are shown below:

(Euro/000)	Balance at January 1, 2015	Posted to income statement	Use (-)	Transl. Diff.	Balance at March 31, 2015
Allowance for bad debts	24,172	1,178	(1,571)	949	24,729
Allowance for sales returns	8,352	4,489	(229)	783	13,396
Total	**32,524**	**5,667**	**(1,799)**	**1,732**	**38,125**

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, 2015**	**December 31, 2014**
Raw materials	101,646	104,203
Work in progress	7,801	8,584
Finished products	277,942	244,476
Gross	**387,389**	**357,263**
Obsolescence provision (-)	(128,305)	(109,646)
Total	**259,084**	**247,617**

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

The movements in the period are shown below:

(Euro/000)	**Balance at January 1, 2015**	**Posted to income statement**	**Transl. Diff.**	**Balance at March 31, 2015**
Inventory gross value	357,263	15,688	14,438	387,389
Obsolescence provision	(109,646)	(13,319)	(5,340)	(128,305)
Total net	**247,617**	**2.369**	**9,098**	**259,084**

2.4 Derivative financial instruments

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

(Euro/000)	**March 31, 2015**	**December 31, 2014**
Current assets:		
- Foreign currency contracts - Fair value through P&L	2,461	1,594
- Foreign currency contracts - cash flow hedge	-	-
Total	**2,461**	**1,594**
Non-current assets:		
- Interest rate swaps - cash flow hedge	-	-
Total	**-**	**-**

(Euro/000)	**March 31, 2015**	**December 31, 2014**
Current liabilities:		
- Foreign currency contracts - Fair value through P&L	799	-
- Foreign currency contracts - cash flow hedge	121	-
- Interest rate swaps - Fair value through P&L	41	68
Total	**961**	**68**
Non-current liabilities:		
- Fair value cash settlement option convertible Bond	8,600	4,426
Total	**8,600**	**4,426**

The increase for the portion relating to non-current liabilities is mainly due to the recognition of the component relating to the conversion option embedded in the “equity-linked” Bond issued on 22 May 2014 which, given the presence of a “cash settlement option”, represents a derivative financial instrument booked at fair value under non-current liabilities. The fair value changes of this instrument are immediately charged to income statement, at the balance sheet date, the fair value of the option amounts to Euro 8,600 thousand.

The market value of the interest rate swap contracts appearing in the financial statements at 31st March 2015 was negative for Euro 41 thousand and was estimated based on normal market conditions. The Group interest rate risk policy usually provides for the hedging of future financial flows that will appear in the accounts in subsequent years, and the related hedging effect must be suspended in the cash flow reserve and posted to the income statement in subsequent years as the expected flows appear.

The market value of the forward hedge contracts is calculated using the present value of the differences between the contractual forward exchange rate and the market forward exchange rate. At the reporting date, the Group had outstanding contracts for the hedging against exchange rate fluctuations for a positive net market value of Euro 1,541 thousand.

The following table shows the characteristics and the fair value of the interest rate swap (IRS) contracts in force:

	March 31, 2015			December 31, 2014		
(Euro/000)	Contractual value		*Fair value*	Contractual value		*Fair value*
	(USD/000)	*(Euro/000)*	*(Euro/000)*	*(USD/000)*	*(Euro/000)*	*(Euro/000)*
Expiry year 2015	-	70,000	(42)	-	70,000	(68)
Total	**-**	**70,000**	**(42)**	**-**	**70,000**	**(68)**

2.5 Other current assets

This item breaks down as follows:

(Euro/000)	March 31, 2015	December 31, 2014
VAT receivable	11,391	13,129
Tax credits and payments on account	10,249	7,753
Prepayments and accrued income	24,290	20,842
Receivables from agents	189	307
Other current receivables	8,015	7,588
Total	**54,134**	**49,619**

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

Prepayments and accrued income include:

- prepaid royalty costs of Euro 11,953 thousand;
- prepaid rent and operating leases of Euro 3,756 thousand;
- prepaid advertising costs of Euro 1,920 thousand;
- prepaid insurance costs of Euro 1,345 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 8,015 thousand and mainly refer to:

- receivables reported in the balance sheet of the subsidiary Safilo S.p.A. for Euro 2,085 thousand, referring to receivables due from bankrupt customers for the amount of credit relating to VAT which, pursuant to Italian tax legislation, can only be recovered when the distribution plan of the bankruptcy procedure is executed;
- amounts receivable for insurance refunds totalling Euro 561 thousand;
- deposit payments for Euro 760 thousand;
- receivables from social security institutions for Euro 813 thousand for benefits resulting from the application of social welfare measures in the subsidiary Safilo S.p.A.;
- other receivables , mainly of commercial nature, for the remainder.

2.6 Property, plant and equipment, net

Changes in tangible assets in the first three months of 2015 are shown below:

(Euro/000)	Balance at January 1, 2015	Increase	Decrease	Reclass.	Transl. diff.	Balance at March 31, 2015
Gross value						
Land and buildings	147,969	41	(30)	3,250	5,247	156,477
Plant and machinery	197,414	138	(2,139)	1,797	3,406	200,616
Equipment and other assets	242,799	1,331	(1,095)	2,225	13,824	259,085
Assets under constructions	8,407	3,303	(82)	(7,272)	109	4,464
Total	**596,589**	**4,814**	**(3,347)**	**-**	**22,586**	**620,642**
Accumulated depreciation						
Land and buildings	49,348	1,034	(24)	-	1,209	51,567
Plant and machinery	144,837	2,260	(1,381)	-	1,360	147,076
Equipment and other assets	199,126	4,763	(1,059)	-	10,386	213,216
Total	**393,311**	**8,057**	**(2,464)**	**-**	**12,955**	**411,859**
Net value	**203,279**	**(3,243)**	**(884)**	**-**	**9,631**	**208,783**

Investments in tangible assets in the first three months of 2015 totalled Euro 4,814 thousand and mainly comprised:

- Euro 3,807 thousand in production facilities, mainly to renovate plants and to acquire and produce equipment for new models;
- Euro 843 thousand in the US retail company;
- for the remaining amount in other Group's companies.

2.7 Intangible assets

Changes in intangible assets in the first three months of 2015 are shown below:

(Euro/000)	Balance at January 1, 2015	Increase	Decrease	Reclass.	Transl. diff.	Balance at March 31, 2015
Gross value						
Software	32,596	36	(11)	10	1,867	34,498
Trademarks and licenses	54,447	85	(2)	-	65	54,595
Other intangible assets	8,264	-	-	-	433	8,698
Intangible assets in progress	14,184	971	-	(10)	16	15,161
Total	**109,491**	**1,092**	**(12)**	**-**	**2,381**	**112,951**
Accumulated depreciation						
Software	27,204	615	(9)	-	1,426	29,236
Trademarks and licenses	20,328	550	(0)	-	57	20,935
Other intangible assets	7,153	10	-	-	290	7,452
Total	**54,685**	**1,176**	**(9)**	**-**	**1,772**	**57,623**
Net value	**54,806**	**(84)**	**(3)**	**-**	**609**	**55,328**

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

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

(Euro/000)	*Notes*	First quarter 2015	First quarter 2014
Cost of sales	*3.2*	5,222	4,624
Selling and marketing expenses	*3.3*	1,237	1,208
General and administrative expenses	*3.4*	2,774	2,794
Other operating income/(expenses)	*3.5*	-	-
Total		**9,233**	**8,626**

2.8 Goodwill

The change in goodwill in the first three months of 2015 is shown in the table below:

(Euro/000)	Balance at January 1, 2015	Increase	Decrease	Changes in the scope of consolid.	Transl. diff.	Balance at March 31, 2015
Goodwill	583,130	-	-	-	51,715	634,845
Net value	**583,130**	**-**	**-**	**-**	**51,715**	**634,845**

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, 2015	162,166	237,569	235,111	634,845
December 31, 2014	159,856	214,423	208,850	583,130

The impairment test of goodwill was carried out during the preparation of the annual financial statements 2014, during the first three months of 2015 there were no indicators that require an immediate valuation of a potential loss in value.

2.9 Investments in associates

Investments in associates refer to the following companies:

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

The movements of shareholdings in associated companies in the first three months 2015 are shown below:

(Euro/000)	Gross value	Revaluation / (write-down)	Movements of the period				
			Value at January 1, 2015	Share of period results and write-down of dividends	Impairment	Transl. diff.	Value at March 31, 2015
Elegance Optical Int. Holdings Ltd	6,078	1,527	7,605	-	-	980	8,585
Optifashion A.s. (in liquidation)	353	(353)	-	-	-	-	-
Total	**6,431**	**1,174**	**7,605**	**-**	**-**	**980**	**8,585**

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

2.11 Deferred tax assets and deferred tax liabilities

Deferred tax assets

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

Deferred tax liabilities

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

Allowance for deferred tax assets

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

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

(Euro/000)	**March 31, 2015**	**December 31, 2014**
Deferred tax assets	107,423	92,498
Deferred tax liabilities	(10,467)	(8,772)
Total	**96,956**	**83,726**

The increase of the item is affected by a translation difference equal to 6,669 thousand Euro.

2.12 Other non-current assets

This item totals 3,328 thousand Euro, compared to 2,897 thousand Euro as at 31st December 2014, of this sum, Euro 3,143 thousand refers to security deposits for leasing contracts related to buildings used by some of the Group's companies. It is considered that the book value of the "other non-current assets" approximates their fair value.

2.13 Bank loans and borrowings

Borrowings break down as follows:

(Euro/000)	**March 31, 2015**	**December 31, 2014**
Bank overdrafts	6,855	7,510
Short-term bank loans	41,669	41,548
Short-term portion of long-term bank loans	-	-
Short-term portion of financial leasing	1,637	1,919
Debt to the factoring company	26,135	24,342
Short-term borrowings	**76,296**	**75,319**
Medium long-term loans	-	48,585
Convertible Bonds	129,023	127,905
Medium long-term portion of financial leasing	3	3
Other medium long-term loans	-	-
Long-term borrowings	**129,026**	**176,493**
TOTAL	**205,322**	**251,812**

The item “Long-term bank loans and borrowings” mainly relates to the following items:

- an unsecured and unsubordinated equity-linked Bond issued on 22 May 2014 by the parent company Safilo Group S.p.A., guaranteed by Safilo S.p.A., maturing on 22 may 2019 with an aggregate principal amount of Euro 150 million;
- an unsubordinated and unsecured “Revolving Credit Facility”, amounting to Euro 150 million expiring in July 2018, not drawn at March 31, 2015.

The Bond is carried at amortised cost, through the use of an effective interest rate deemed to be appropriate for the risk profile of an equivalent financial instrument without the conversion component. Given the presence of a “cash settlement option”, the conversion option component represents an embedded derivative financial instrument booked in the corresponding balance sheet item under liabilities. The fair value changes of this instrument are immediately charged to income statement. At the balance sheet date, the fair value of the option amounts to Euro 8,600 thousand (see note 2.4).

The new committed, unsubordinated and unsecured “Revolving Credit Facility” amounting to Euro 150 million expiring in July 2018, was underwritten by Safilo S.p.A. and Safilo U.S.A. Inc. in July 2014. This loan is subject to operating and financial commitments, standard for similar transactions.

The payables for financial leasing refer mainly to tangible assets owned under lease contracts by some of the Group’s companies. The lease contracts will expire in less than 1 year. All the lease contracts in force involve repayments at constant instalments and no restructuring of the original plans is envisaged.

The following table illustrates the short term and medium/long term portions relating to lease contracts at 31st March 2015:

(Euro/000)	**March 31, 2015**	**December 31, 2014**
Short-term portion of financial leasing	1,637	1,919
Long-term portion of financial leasing	3	3
Total debt	**1,640**	**1,922**

The short-term payables towards factoring companies are for contracts stipulated with leading factoring companies by the subsidiary Safilo S.p.A. for Euro 26,135 thousand.

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

(Euro/000)	**March 31, 2015**	**December 31, 2014**
From 1 to 2 years	3	3
From 2 to 3 years	-	-
From 3 to 4 years	-	48,585
From 4 to 5 years	129,023	127,905
Beyond 5 years	-	-
Total	**129,026**	**176,493**

The following table shows borrowings divided by currency:

(Euro/000)	**March 31, 2015**	**December 31, 2014**
Short-term		
Euro	63,578	62,722
Chinese Renminbi	10,342	10,482
Japanese Yen	2,326	2,066
Swedish Kronor	49	49
Total	**76,296**	**75,319**
Medium long-term		
Euro	129,023	176,490
Swedish Kronor	3	3
Total	**129,026**	**176,493**
Total borrowings	**205,322**	**251,812**

The following table details the credit lines granted to the Group, the uses and the lines available at March 31st 2015:

(Euro/000)	Credit lines granted	Uses	Credit lines available
Credit lines on bank accounts and short-term bank loans	107,934	48,044	59,890
Credit lines on long-term loans	150,000	-	150,000
Total	**257,934**	**48,044**	**209,890**

As a consequence of the above mentioned modification the credit lines available on long-term loans are related to a committed revolving financing called “Revolving Credit Facility”, underwritten by Intesa San Paolo, Unicredit and BNP Paribas, totalling a maximum of Euro 150 million, expiring on July 2018, not drawn at 31st March 2015 .

The net financial position of the Group at March 31st 2015 compared to the same as of December 31st, 2014 is as follows:

	Net financial position *(Euro/000)*	March 31, 2015	December 31, 2014	Change
A	Cash and cash equivalents	77,046	88,552	(11,506)
B	Cash and cash equivalents included as Assets held for sale	-	-	-
C	Current securities (securities held for trading)	-	-	-
D	**Liquidity (A+B+C)**	**77,046**	**88,552**	**(11,506)**
E	**Receivables from financing activities**	**-**	**-**	**-**
F	Bank overdrafts and short-t. bank borrowings	(48,524)	(49,058)	534
G	Current portion of long-term borrowings	-	-	-
H	Other short-term borrowings	(27,772)	(26,261)	(1,511)
I	**Debts and other current financial liabilities (F+G+H)**	**(76,296)**	**(75,319)**	**(977)**
J	**Current financial position, net (D)+(E)+(I)**	**750**	**13,233**	**(12,483)**
K	Long-term bank borrowings	-	(48,585)	48,585
L	Bonds	(129,023)	(127,905)	(1,118)
M	Other long-term borrowings	(3)	(3)	-
N	**Debts and other non current financial liabilities (K+L+M)**	**(129,026)**	**(176,493)**	**47,467**
O	**Net financial position (J)+(N)**	**(128,276)**	**(163,260)**	**34,984**

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

2.14 Trade payables

This item breaks down as follows:

(Euro/000)	March 31, 2015	December 31, 2014
Trade payables for:		
Purchase of raw materials	38,327	42,729
Purchase of finished goods	64,809	58,564
Suppliers from subcontractors	5,107	5,360
Tangible and intangible assets	1,545	3,191
Commissions	4,016	2,685
Royalties	30,160	27,885
Advertising and marketing costs	38,685	35,973
Services	31,178	34,388
Total	**213,827**	**210,775**

2.15 Tax payables

At 31st March 2015, tax payables total Euro 40,948 thousand, compared to Euro 33,041 thousand at 31st December 2014. Euro 27,219 thousand related to income tax payables, Euro 5,947 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, 2015	December 31, 2014
Payables to personnel and social security institutions	41,920	41,629
Agent fee payables	1,581	1,590
Payables to pension funds	860	1,087
Accrued advertising and sponsorship costs	809	1,096
Accrued interests on long-term loans	713	363
Other accruals and deferred income	3,818	3,755
Other current liabilities	1,504	2,629
Total	**51,205**	**52,149**

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

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

2.17 Provision for risks and charges

This item breaks down as follows:

(Euro/000)	Balance at January 1, 2015	Increase	Decrease	Transl. diff.	Balance at March 31, 2015
Product warranty provision	4,988	49	-	-	5,037
Agents' severance indemnity	3,776	77	(114)	8	3,747
Provision for corporate restructuring	426	-	-	55	481
Other provisions for risks and charges	4,517	1,642	(78)	(1)	6,080
Provisions for risks - long term	**13,707**	**1,768**	**(192)**	**62**	**15,345**
Product warranty provision	2,013	167	(151)	91	2,120
Provision for corporate restructuring	1,838	-	(9)	236	2,065
Other provisions for risks and charges	1,807	330	-	45	2,182
Provisions for risks - short term	**5,658**	**497**	**(160)**	**372**	**6,367**
Total	**19,365**	**2,265**	**(352)**	**434**	**21,712**

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

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

Provision for corporate restructuring includes the estimated liability arising from the reorganization and relocation of the Smith business, as part of its integration into Safilo and planned transformation into a global eyewear brand.

Provisions for other risks and charges refer to the best estimate made by the management of the liabilities to be recognized in relation to proceedings arisen against suppliers, tax authorities and other counterparts. The increase of the other provision for risks is mainly related to the estimated liability equal to 1,175 thousand Euro related to a commercial restructuring in the EMEA Region.

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 is the sum of the individual accruals made by each company of the Group.

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

2.18 Employees benefits liability

This item breaks down as follows:

(Euro/000)	March 31, 2015	December 31, 2014
Defined contribution plan	255	374
Defined benefit plan	32,562	32,350
Total	**32,817**	**32,724**

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.

The table below shows the movement in the item “defined benefit plan” during the period:

(Euro/000)	Balance at January 1, 2015	Posted to income statement	Actuarial gains/(losses)	Uses	Transl. diff.	Balance at March 31, 2015
Defined benefit plan	32,350	227	-	(261)	246	32,562

2.19 Other non-current liabilities

At 31st March 2015 other non-current liabilities totalled Euro 39,747 thousand, compared to Euro 10,517 thousand at 31st December 2014.

The increase is mainly related to the accounting of the first tranche equal to 30 million Euro, received on 12 January 2015, of the compensation amounting to Euro 90 million, agreed with the contract executed on January 12, 2015 with Kering Group that confirms the conclusion of the Gucci license agreement at the end of December 2016. After this first payment, the second will be paid in December 2016, the third in September 2018. This first tranche of the compensation will not have an accounting impact on the profit and loss of the Group in 2015 and 2016, until the second instalment will be collected and the license agreement will be concluded.

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 2015, shareholders' equity amounted to Euro 1,074,045 thousand (of which Euro 2,998 thousand represent minority interests), against Euro 974,256 thousand at 31st December 2014 (of which 2,720 thousand represent minority interests).

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

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

2.20 Share capital

During the first three months, there were no changes in the share capital.

At 31st March 2015 the share capital of the Parent Company, Safilo Group S.p.A., amounts to Euro 312,674,825 consisting of no. 62,534,965 ordinary shares with a par value of Euro 5.00 each.

2.21 Share premium reserves

The share premium reserve represents:

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

The share premium reserve of the parent company totalled Euro 484,688,914 at 31st March 2015.

2.22 Retained earnings and other reserves

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

2.23 Cash flow reserve

The cash flow reserve mainly refers to the current value of currency forwards contracts.

2.24 Stock options plans

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

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

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

In particular, there are three different granting dates:

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

This Plan is in addition to the one already in place deliberated by the Extraordinary Meeting held on 5th November 2010, in which the Shareholders approved the issue of up to 1,700,000 new ordinary shares with a nominal value of 5.00 Euro each, for a total of 8,500,000.00, to be offered to directors and/or employees of the Company and its subsidiaries in connection with the "2010-2013 Stock Option Plan".

This Plan, designed to incentivise and retain directors and/or employees/managers, is carried out through the grant, in different tranches, of up to 1,700,000 options, each such option entitling the beneficiary to subscribe to 1 of the foregoing ordinary Company share with a nominal value of 5.00 Euro each, issued for cash and without any all-or-none clause, excluding all pre-emptive rights pursuant to article 2441, paragraph four, second sentence of the Italian Civil Code.

The Plan will last for 9 years (from 2010 to 2019). The options granted to the beneficiaries may be exercised after three years from the grant date (except the first tranche, which will benefit from a shorter vesting period).

On 13 November 2013, the Board of Directors has amended the rules of the "Stock Options Plan 2010-2013" in order to reassign certain options returned in the availability of the Company as a result of resignations by some beneficiaries. In application of the amendment on that date was then proceeded to reassign a tranche of 65,000 options ("Fourth Tranche - bis") that may be exercised under the same operating conditions and in the same exercise period for the options set out in the fourth tranche.

The options attributed by both plans will mature when both the following vesting conditions are met: the continuation of the relationship on the options' vesting date, and the achievement of differentiated performance objectives for the period of each tranche commensurate with consolidated EBIT.

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

	No. of options	Average exercise price in Euro
Stock Option Plan 2010-2013		
Outstanding at the beginning of the period	**710,000**	**8.098**
Granted	-	-
Forfeited	-	-
Exercised	-	-
Expired	-	-
Outstanding at period-end	**710,000**	**8.098**
Stock Option Plan 2014-2016		
Outstanding at the beginning of the period	**295,000**	**15.050**
Granted	575,000	13.290
Forfeited	-	-
Exercised	-	-
Expired	-	-
Outstanding at period-end	**870,000**	**13.887**

During the first three months 575,000 options have been granted related to the second tranche of the new Plan 2014-2016.

The adoption of these plans has affected the income statement for the period for Euro 104 thousand (Euro 52 thousand at 31 March 2014).

3. Notes on the consolidated income statement

3.1 Net sales

For details concerning the sales performance in the first three months of 2015 compared to the same period of the previous year, please refer to the section "Report on Operations".

3.2 Cost of sales

This item breaks down as follows:

	First three months 2015	First three months 2014
Purchase of raw materials and finished goods	92,795	77,299
Capitalisation of costs for increase in tangible assets (-)	(1,945)	(2,064)
Change in inventories	(2,368)	(1,178)
Wages and social security contributions	25,849	22,994
Subcontracting costs	4,576	4,110
Depreciation	5,222	4,624
Rental and operating leases	214	177
Other industrial costs	3,401	3,192
Total	**127,744**	**109,154**

The change in inventories can be broken down as follows:

(Euro/000)	First three months 2015	First three months 2014
Finished products	(12,589)	(2,565)
Work-in-progress	1,233	218
Raw materials	8,988	1,169
Total	**(2,368)**	**(1,178)**

The average number of Group employees in the first three months of 2015 and 2014 can be summarised as follows:

	First three months 2015	First three months 2014
Executives	127	134
Clerks and middle management	3,270	3,244
Factory workers	3,985	4,364
Total	**7,382**	**7,742**

3.3 Selling and marketing expenses

This item breaks down as follows:

(Euro/000)	First three months 2015	First three months 2014
Payroll and social security contributions	32,849	29,415
Sales commissions	19,618	16,925
Royalty expenses	29,274	24,736
Advertising and promotional costs	35,163	33,183
Amortization and depreciation	1,237	1,208
Logistic costs	3,602	4,243
Consultants fees	126	179
Rental and operating leases	4,498	3,678
Utilities	269	219
Provision for risks	326	211
Other sales and marketing expenses	6,419	5,533
Total	**133,381**	**119,530**

3.4 General and administrative expenses

This item breaks down as follows:

(Euro/000)	First three months 2015	First three months 2014
Payroll and social security contributions	20,431	18,963
Allowance and write off of doubtful accounts	1,192	754
Amortization and depreciation	2,774	2,794
Consultants fees	3,305	3,791
Rental and operating leases	2,606	2,143
EDP costs	2,203	1,764
Insurance costs	760	631
Utilities, security and cleaning	1,724	1,772
Taxes (other than on income)	1,336	1,103
Other general and administrative expenses	4,051	4,019
Total	**40,382**	**37,734**

3.5 Other income (expenses)

This item breaks down as follows:

(Euro/000)	First three months 2015	First three months 2014
Losses on disposal of assets	(28)	(9)
Other operating expenses	(1,377)	(117)
Gains on disposal of assets	22	8
Other operating incomes	717	151
Total	**(666)**	**33**

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

During the first three months of 2015 non-recurring costs of Euro 1,175 thousand were accounted for relating to commercial restructuring costs in the EMEA Region.

3.6 Share of income (loss) of associates

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

3.7 Interest expenses and other financial charges, net

This item breaks down as follows:

	First three months 2015	First three months 2014
Interest expenses on loans	757	1,859
Interest expenses and charges on Bond	1,584	-
Bank commissions	1,748	1,249
Negative exchange rate differences	25,262	2,469
Fair value charges on the Equity-linked Bond incorporated derivative	4,174	-
Other financial charges	11	370
Total financial charges	**33,536**	**5,947**
Interest income	45	101
Positive exchange rate differences	14,654	3,428
Other financial income	60	78
Total financial income	**14,759**	**3,607**
Total financial charges, net	**18,777**	**2,340**

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

3.8 Income tax expenses

This item breaks down as follows:

(Euro/000)	First three months 2015	First three months 2014
Current taxes	(8,483)	(8,747)
Deferred taxes	6,614	816
Total	**(1,869)**	**(7,931)**

3.9 Earnings (Loss) per Share

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

Basic

	First three months 2015	First three months 2014
Profit for ordinary shares (in Euro/000)	1,449	16,462
Average number of ordinary shares (in thousands)	62,535	62,283
Earnings per share - basic (in Euro)	**0.023**	**0.264**

Diluted

	First three months 2015	First three months 2014
Profit for ordinary shares (in Euro/000)	1,449	16,462
Profit for preferred shares	-	-
Profit in income statement	**1,449**	**16,462**
Average number of ordinary shares (in thousands)	62,535	62,283
Dilution effects:		
- stock option (in thousands)	270	456
Total	**62,805**	**62,739**
Earnings per share - diluted (in Euro)	**0.023**	**0.262**

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

3.10 Seasonality

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

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

In the first three months of 2015, 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 three months of 2015, 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 2015 and 31st March 2014 is shown in the tables below.

March 31, 2015 *(Euro/000)*	**WHOLESALE**	**RETAIL**	**Eliminat.**	**Total**
Net sales				
- to other segment	5,639	-	(5,639)	-
- to third parties	304,558	19,745	-	324,303
Total net sales	**310,197**	**19,745**	**(5,639)**	**324,303**
Gross profit	**184,356**	**12,203**	**-**	**196,559**
Operating profit (loss)	**23,066**	**(936)**	**-**	**22,130**
Share of income of associates	-	-		-
Financial charges, net				(18,777)
Income taxes				(1,869)
Net profit				**1,484**
Other information				
Capital expenditure	5,443	470		5,913
Depreciation & amortization	8,294	939		9,233

March 31, 2014 *(Euro/000)*	**WHOLESALE**	**RETAIL**	**Eliminat.**	**Total**
Net sales				
- to other segment	3,001	-	(3,001)	-
- to third parties	276,725	16,478	-	293,203
Total net sales	**279,726**	**16,478**	**(3,001)**	**293,203**
Gross profit	**173,118**	**10,931**	**-**	**184,049**
Operating profit (loss)	**26,850**	**(32)**	**-**	**26,818**
Share of income of associates	-	-	-	-
Financial charges, net				(2,340)
Income taxes				(7,931)
Net profit				**16,547**
Other information				
Capital expenditure	5,930	263		6,193
Depreciation & amortization	7,632	994		8,626

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 2015**	**December 31 2014**
Receivables			
Companies controlled by HAL Holding N.V.	(b)	22,079	15,096
Total		**22,079**	**15,096**
Payables			
Elegance Optical International Holdings Ltd	(a)	1,684	1,351
Companies controlled by HAL Holding N.V.	(b)	902	2,106
Total		**2,586**	**3,457**

Related parties transactions *(Euro/000)*	**Relationship**	**First quarter 2015**	**First quarter 2014**
Revenues			
Elegance International Holdings Ltd	(b)	-	4
Companies controlled by HAL Holding N.V.	(b)	24,890	19,755
Total		**24,890**	**19,759**
Operating expenses			
Elegance Optical International Holdings Ltd	(a)	1,138	1,844
Companies controlled by HAL Holding N.V.	(b)	58	231
Total		**1,196**	**2,075**

(a) Associated company

(b) Companies controlled by Group's reference Shareholder

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

In regard to the table illustrated above, note that:

- Elegance Optical International Holdings Limited ("Elegance"), a company listed on the Hong Kong stock exchange, is 23.05% owned by Safilo Far East Limited (an indirect subsidiary) and produces optical products for the Group in Asia. The price and other conditions of the production agreement between Safilo Far East Limited and Elegance are in line with those applied by Elegance to its other customers;
- The companies of HAL Holding N.V., primary shareholder of Safilo Group, mainly refer to the retail companies belonging to the GrandVision Group, with which Safilo carries out commercial transactions in line with market conditions;

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 2014, and, although these actions are considered to be groundless, a negative outcome beyond estimates could have adverse effects on the financial results of the Group.

COMMITMENTS

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

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

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

The manager responsible for the preparation of the company's financial documents, Mr. Gerd Graehsler, hereby declares, in accordance with paragraph 2, article 154 bis of the Consolidated Financial Act (TUF), that the accounting information contained in these quarterly financial statements at 31st March 2015 corresponds to the accounting results, registers and records.

Padua, 27th April 2015

Gerd Graehsler
Manager responsible for the preparation of
the company's financial documents