Half-year Financial Report

for the period ended 30th June 2015

Date of publication: August 4th, 2015

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	Jeffrey A. Cole
Director	Melchert Frans Groot
Independent Director	Guido Guzzetti
Independent Director	Marco Jesi
Independent Director	Ines Mazzilli
Independent Director	Eugenio Razelli

Board of Statutory Auditors

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

Supervisory Committee (**)

	Franco Corgnati
	Eugenio Razelli
	Massimiliano Pascale

Control and Risk Committee (**)

Chairman	Eugenio Razelli
	Ines Mazzilli
	Melchert Frans Groot

Remuneration and Nomination Committee (**)

Chairman	Jeffrey A. Cole
	Robert Polet
	Marco Jesi

Related Parties Transactions Committee (**)

	Eugenio Razelli
	Guido Guzzetti
	Ines Mazzilli

Independent Auditors

Deloitte & Touche S.p.A.

(*) Appointed by the Shareholders' Meeting held on April 27th, 2015
(**) Appointed by the Board of Directors' Meeting held on April 27th, 2015

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 Banana Republic, Bobbi Brown, BOSS, BOSS Orange, 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, Saks Fifth Avenue and Tommy Hilfiger.

Key consolidated performance indicators

Economic data (Euro in millions)	First semester 2015	%	First semester 2014	%
Net sales	674.9	100.0	606.3	100.0
Cost of sales	(265.0)	(39.3)	(222.8)	(36.7)
Gross profit	409.9	60.7	383.5	63.3
Ebitda	60.3	8.9	68.7	11.3
Ebitda pre non-recurring items	62.7	9.3	71.7	11.8
Operating profit	40.7	6.0	51.5	8.5
Operating profit pre non-recurring items	43.1	6.4	54.5	9.0
Group profit before taxes	16.9	2.5	46.1	7.6
Profit attributable to the Group	8.4	1.2	29.3	4.8
Profit attributable to the Group pre non-recurring items	9.9	1.5	31.5	5.2

Economic data (Euro in millions)	Second quarter 2015	%	Second quarter 2014	%
Net sales	350.6	100.0	313.1	100.0
Cost of sales	(137.2)	(39.1)	(113.6)	(36.3)
Gross profit	213.4	60.9	199.5	63.7
Ebitda	29.0	8.3	33.3	10.6
Ebitda pre non-recurring items	30.2	8.6	36.3	11.6
Operating profit	18.6	5.3	24.7	7.9
Operating profit pre non-recurring items	19.8	5.6	27.7	8.8
Group profit before taxes	13.5	3.9	21.7	6.9
Profit attributable to the Group	6.9	2.0	12.9	4.1
Profit attributable to the Group pre non-recurring items	7.7	2.2	15.0	4.8

Balance sheet data (Euro in millions)	June 30, 2015	%	December 31, 2014	%
Total assets	1,655.4	100.0	1,597.9	100.0
Total non-current assets	990.8	59.9	944.2	59.1
Capital expenditure	15.3	0.9	39.0	2.4
Net invested capital	1,161.2	70.1	1,137.5	71.2
Net working capital	307.9	18.6	303.1	19.0
Net financial position	(110.1)	6.7	(163.3)	10.2
Group Shareholders' equity	1,048.8	63.4	971.5	60.8

Financial data (Euro in millions)	First semester 2015	First semester 2014
Cash flow operating activity	67.0	11.7
Cash flow investing activity	(15.4)	(18.1)
Cash flow financing activity	(47.2)	(13.4)
Closing net financial indebtedness (short-term)	48.5	47.4

Earnings per share (in Euro)	First semester 2015	First semester 2014
Earnings per share - basic	0.134	0.471
Earnings per share - diluted	0.133	0.468
No. shares in share capital	62,579,965	62,394,965

Group personnel	June 30, 2015	June 30, 2014
Punctual	7,123	7,626

It should be noted that:

- the condensed consolidated interim financial statements are presented in euro (EUR) and all values are rounded to the nearest million unless otherwise stated. The consequence is that the rounded amounts may not add up to the rounded total in all cases;
- 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;
- the figures related to the second quarter are unaudited.

With reference to the disclosure by geographical area it should be noted that starting from this fiscal year, 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. This redefinition has not had a significant impact.

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 six months of 2015 to Euro 2.4 million (Euro 3.0 million in the first six 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:

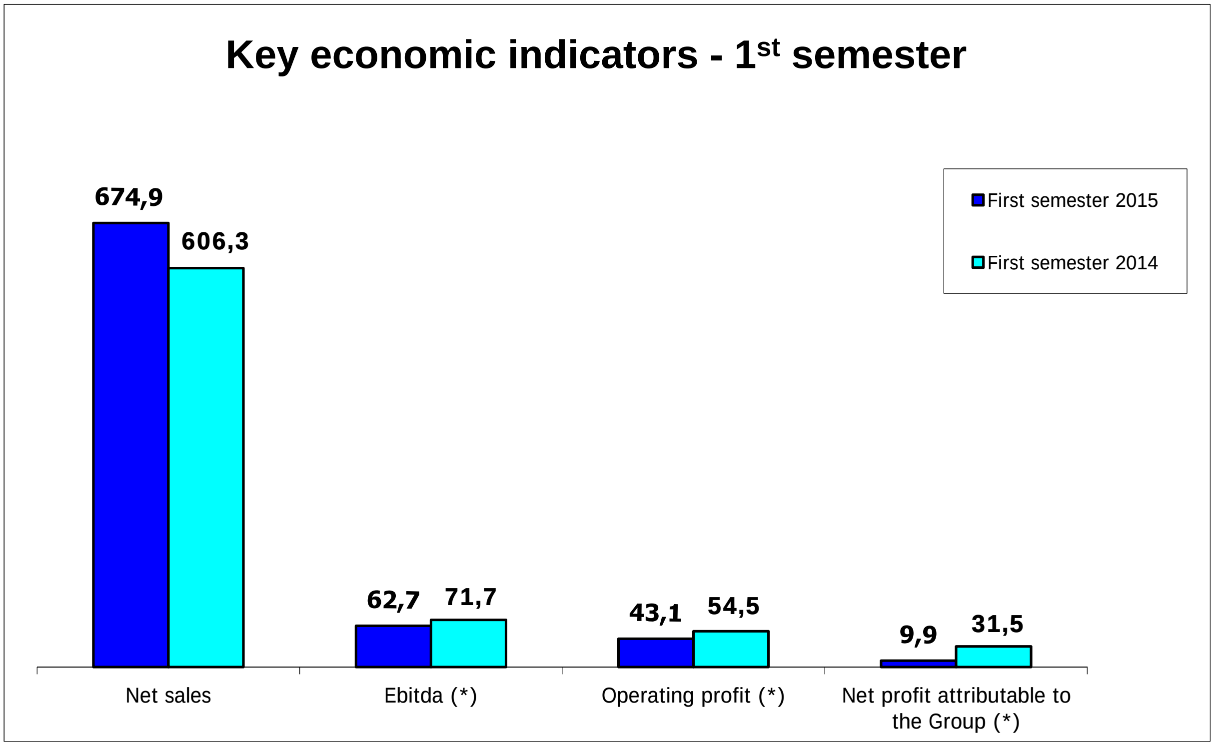
	First semester 2015			First semester 2014		
(Euro in million)	Ebitda	Operating profit	Profit attributable to the Group	Ebitda	Operating profit	Profit attributable to the Group
Economic indicators	**60.3**	**40.7**	**8.4**	**68.7**	**51.5**	**29.3**
Commercial restructuring costs	1.2	1.2	1.2	-	-	-
Other non recurring costs	1.2	1.2	1.2	3.0	3.0	3.0
Tax effect on non recurring items	-	-	(0.9)	-	-	(0.8)
Economic indicators pre non recurring items	**62.7**	**43.1**	**9.9**	**71.7**	**54.5**	**31.5**

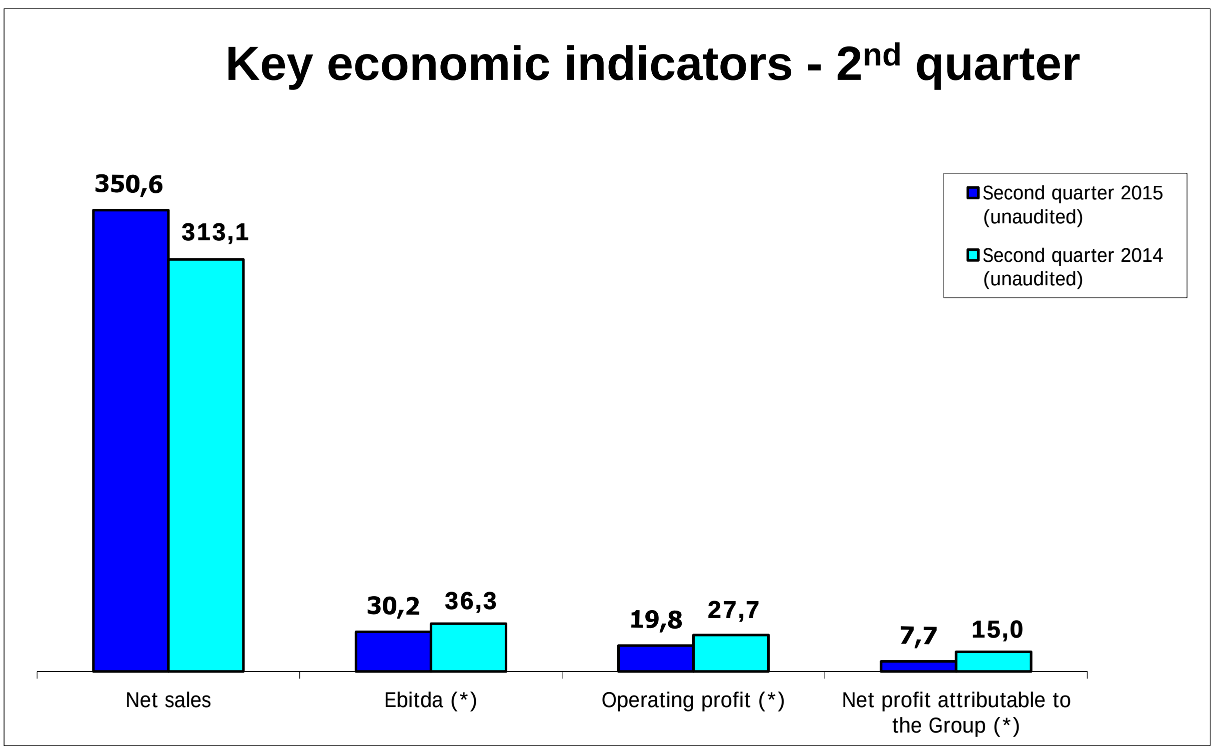
	Second quarter 2015			Second quarter 2014		
(Euro in million)	Ebitda	Operating profit	Profit attributable to the Group	Ebitda	Operating profit	Profit attributable to the Group
Economic indicators	**29.0**	**18.6**	**6.9**	**33.3**	**24.7**	**12.9**
Commercial restructuring costs	-	-	-	-	-	-
Other non recurring costs	1.2	1.2	1.2	3.0	3.0	3.0
Tax effect on non recurring items	-	-	(0.4)	-	-	(0.8)
Economic indicators pre non recurring items	**30.2**	**19.8**	**7.7**	**36.3**	**27.7**	**15.0**

- During the first six months of 2015 the Group has incurred non-recurring items related to commercial restructuring costs in the EMEA region for Euro 1.2 million and other non recurring costs for Euro 1.2 million mainly related to the consolidation of the Group's North American distribution network into its Denver facility.

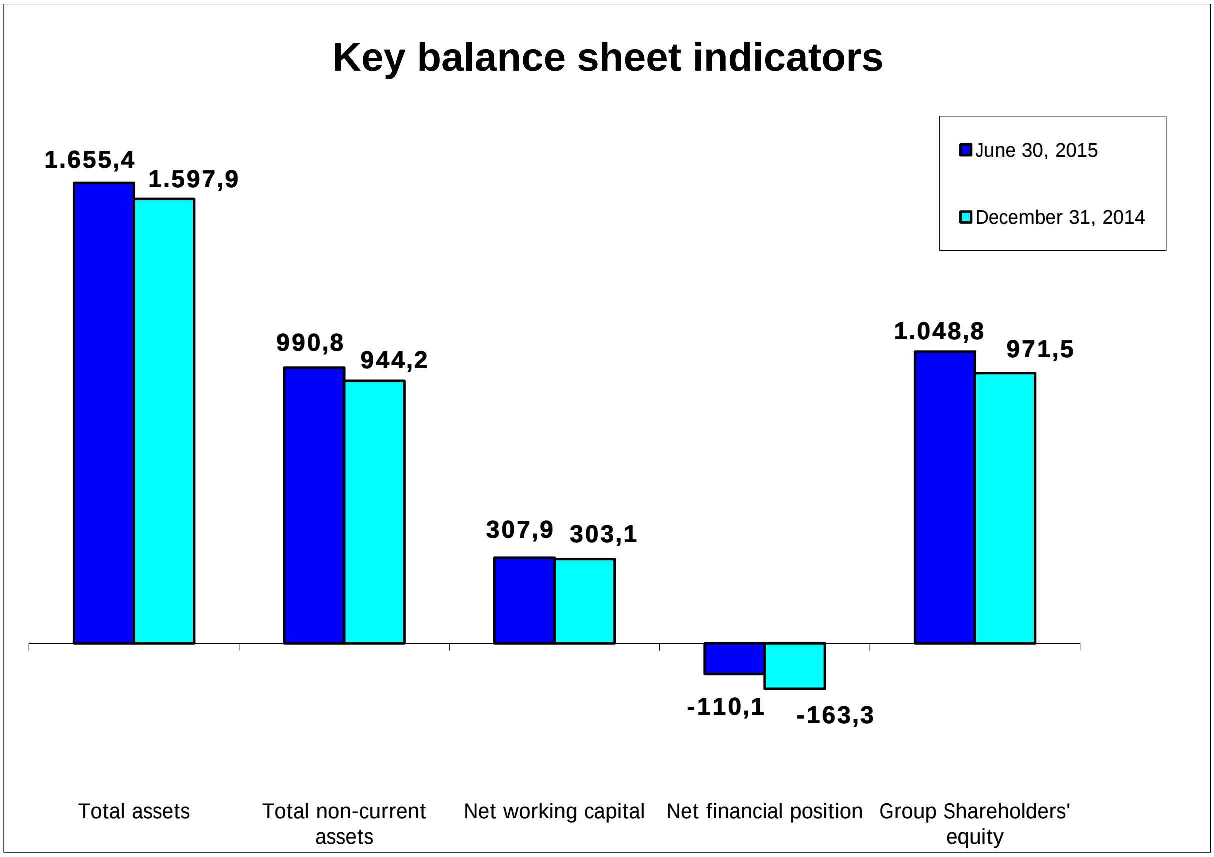
Disclaimer

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





(*) pre non-recurring items


Key balance sheet indicators
June 30, 2015
December 31, 2014
1.655,4
1.597,9
990,8
944,2
307,9
303,1
-110,1
-163,3
1.048,8
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 six months of 2015 confirm the business improvement, with particular reference to the main markets in which the Group operates, where it has been implemented the process of strategic redesign and commercial reorganization.
The Group's net sales for the first six months of 2015 total Euro 674.9 million, up 11.3% at current exchange rates on the same period of the previous year when net sales amounted to Euro 606.3 million (up 1.0% at constant exchange rates).

Gross profit of the first six months amounts to Euro 409.9 million, up 6.9% on the same period of the previous year. EBITDA equals to 60.3 million compared with Euro 68.7 million in the same period of the previous year. Without considering non-recurring expenses EBITDA amounts to Euro 62.7 million compared with Euro 71.7 million for the first six months of 2014.

Without considering non-recurring expenses, Group net profit for the six months ended 30 June 2015 amounts to Euro 9.9 million, down on the same period of the previous year (Euro 31.5 million) driven mainly by net financial charges amounting to Euro 23.8 million for the first six months of 2015, compared with Euro 5.4 million of the same period of the previous year. Net of non-recurring expenses, Group net profit of the first six months of 2015 equals to Euro 8.4 million compared with Euro 29.3 million in the same period of the previous year.

In terms of financial position, the Group has ended the first semester of 2015 with net debt of Euro 110.1 million, recording a significant reduction vs. the Euro 163.3 million at the end of the previous financial year.

Group economic results

Consolidated statement of operations (Euro in millions)	**First semester 2015**	**%**	**First semester 2014**	**%**	**Change %**
Net sales	674.9	100.0	606.3	100.0	11.3%
Cost of sales	(265.0)	(39.3)	(222.8)	(36.7)	19.0%
Gross profit	**409.9**	**60.7**	**383.5**	**63.3**	**6.9%**
Selling and marketing expenses	(283.3)	(42.0)	(250.8)	(41.4)	13.0%
General and administrative expenses	(84.1)	(12.5)	(78.5)	(12.9)	7.2%
Other operating income/(expenses)	(1.8)	(0.3)	(2.8)	(0.5)	-36.8%
Operating profit	**40.7**	**6.0**	**51.5**	**8.5**	**-20.9%**
Financial charges, net	(23.8)	(3.5)	(5.4)	(0.9)	n.s.
Profit before taxation	**16.9**	**2.5**	**46.1**	**7.6**	**-63.4%**
Income taxes	(8.4)	(1.2)	(16.7)	(2.7)	-49.6%
Net profit	**8.5**	**1.3**	**29.5**	**4.9**	**-71.2%**
Net profit attributable to minority interests	0.1	0.0	0.2	0.0	-29.1%
Net profit attributable to the Group	**8.4**	**1.2**	**29.3**	**4.8**	**-71.5%**
EBITDA	**60.3**	**8.9**	**68.7**	**11.3**	**-12.2%**

Economic indicators pre non-recurring items	**First semester 2015**	**%**	**First semester 2014**	**%**	**Change %**
EBIT pre non-recurring items	**43.1**	**6.4**	**54.5**	**9.0**	**-21.0%**
EBITDA pre non-recurring items	**62.7**	**9.3**	**71.7**	**11.8**	**-12.6%**
Net profit attributable to the Group pre non-recurring items	**9.9**	**1.5**	**31.5**	**5.2**	**-68.5%**

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

Consolidated statement of operations (Euro in millions)	**Second quarter 2015**	**%**	**Second quarter 2014**	**%**	**Change %**
Net sales	350.6	100.0	313.1	100.0	12.0%
Cost of sales	(137.2)	(39.1)	(113.6)	(36.3)	20.8%
Gross profit	**213.4**	**60.9**	**199.5**	**63.7**	**7.0%**
Selling and marketing expenses	(149.9)	(42.8)	(131.2)	(41.9)	14.3%
General and administrative expenses	(43.8)	(12.5)	(40.8)	(13.0)	7.4%
Other operating income/(expenses)	(1.1)	(0.3)	(2.8)	(0.9)	-61.1%
Operating profit	**18.6**	**5.3**	**24.7**	**7.9**	**-24.7%**
Financial charges, net	(5.1)	(1.4)	(3.0)	(1.0)	67.7%
Profit before taxation	**13.5**	**3.9**	**21.7**	**6.9**	**-37.6%**
Income taxes	(6.5)	(1.9)	(8.7)	(2.8)	-25.3%
Net profit	**7.0**	**2.0**	**12.9**	**4.1**	**-45.9%**
Net profit attributable to minority interests	0.1	0.0	0.1	0.0	5.5%
Net profit attributable to the Group	**6.9**	**2.0**	**12.9**	**4.1**	**-46.2%**
EBITDA	**29.0**	**8.3**	**33.3**	**10.6**	**-12.9%**

Economic indicators pre non-recurring items	**Second quarter 2015**	**%**	**Second quarter 2014**	**%**	**Change %**
EBIT pre non-recurring items	**19.8**	**5.6**	**27.7**	**8.8**	**-28.7%**
EBITDA pre non-recurring items	**30.2**	**8.6**	**36.3**	**11.6**	**-16.9%**
Net profit attributable to the Group pre non-recurring items	**7.7**	**2.2**	**15.0**	**4.8**	**-49.0%**

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

An analysis of sales in the first six months of 2015 in terms of geographical area shows significant revenue growth in Europe, with sales of Euro 276.7 million compared with the Euro 265.0 million of the same period of 2014. This marks an increase of 4.4% (+4.1% at constant exchange rates). The improvement on the previous year can be seen above all in Spain, France and Italy.
The increase in sales was even more significant in the second quarter of 2015 when growth compared to the same period of 2014 was 6.1% (+5.4% at constant exchange rates), driven primarily by the performances of Italy, France, and the Iberian Peninsula.

In the first semester of 2015 the North American market saw a significant growth with sales of Euro 270.5 million compared with Euro 216.1 million in the same period of 2014, this marks an increase of 25.1% at current exchange rates (up 2.9% at constant exchange rates). This growth achieved both in the United States and in

Canada, is confirmed in the second quarter of 2015 when sales amounted to Euro 137.6 million from Euro 111.4 million of the same period of the previous year, marking an increase of 23.5% (up 0.8% constant exchange rates, driven by a solid wholesale performance of +2.4%).

In the first six months of 2015 the business growth in Latin America with net sales totalled Euro 25.6 million compared with Euro 23.7 million of the same period of 2014. This marks an increase of 8.2% at current exchange rates (up 5.9% at constant exchange rates) with a significant growth in countries like Mexico and Brazil. This growth is weakened in the second quarter of 2015 when sales amounted to Euro 13.1 million from Euro 14.1 million of the same period of the previous year, mainly driven by the phasing of deliveries between the quarters.

In the Asian Pacific area net sales for the first six months of 2015 amount to Euro 86.7 million, compared with Euro 89.6 million for the same period of 2014, marking a reduction of 3.2% (down 18.0% at constant exchange rates) driven primarily by South Korea and China. In the second quarter of 2015 sales amounted to Euro 47.5 million from Euro 46.1 million of the same period of the previous year, up 3.0% at current exchange rates (-13.4% at constant exchange rates).

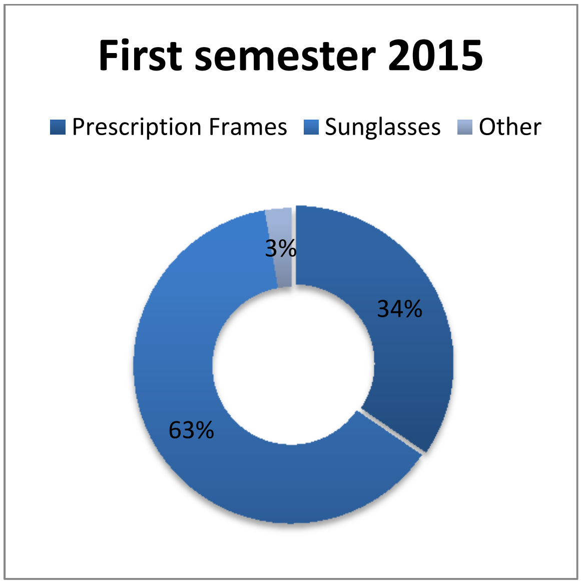
In Asia, we continue the work commenced mid last year to structurally and sustainably improve the performance following a clear roadmap for each of our markets in the region.

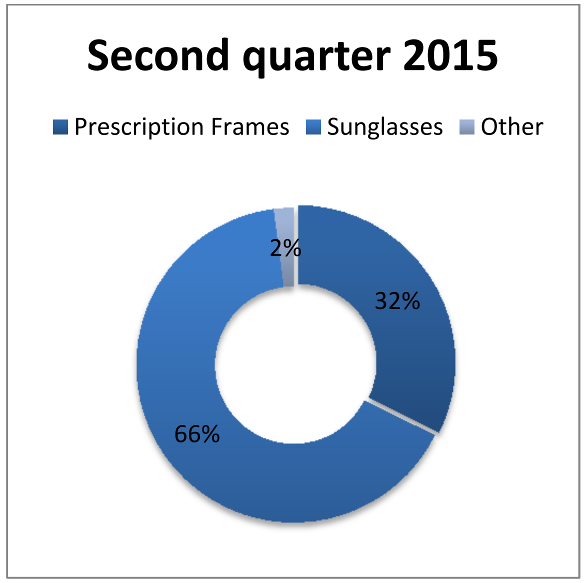
Net sales by geographical area	**First semester**					
(Euro in millions)	**2015**	**%**	**2014**	**%**	**Change %**	**Change % (*)**
Europe	276.7	41.0	265.0	43.7	4.4%	4.1%
North America	270.5	40.1	216.1	35.6	25.1%	2.9%
Latin America	25.6	3.8	23.7	3.9	8.2%	5.9%
Asia Pacific	86.7	12.8	89.6	14.8	-3.2%	-18.0%
Rest of the world	15.4	2.3	11.8	2.0	30.5%	28.9%
Total	**674.9**	**100**	**606.3**	**100**	**11.3%**	**1.0%**

Net sales by geographical area	**Second quarter**					
(Euro in millions)	**2015**	**%**	**2014**	**%**	**Change %**	**Change % (*)**
Europe	143.8	41.0	135.4	43.3	6.1%	5.4%
North America	137.6	39.3	111.4	35.6	23.5%	0.8%
Latin America	13.1	3.7	14.1	4.5	-6.9%	-6.0%
Asia Pacific	47.5	13.5	46.1	14.7	3.0%	-13.4%
Rest of the world	8.6	2.5	6.1	1.9	42.5%	41.3%
Total	**350.6**	**100**	**313.1**	**100**	**12.0%**	**1.2%**

(*) at constant exchange rates

The charts below summarize the breakdown of net sales as at June 30, 2015 by product category (for the first semester and the second quarter 2015):





Gross profit of Euro 409.9 million is up from Euro 383.5 million of the same period of 2014, with a decrease in the gross profit margin to 60.7% (63.3% in the same period of 2014). The contraction was mainly driven by cost inflation increases not yet recovered through industrial efficiencies as the Group continues to ramp up its cost savings initiatives and the broad based interventions initiated in the course of last year, in particular around improving inventory and obsolescence levels. In the second quarter of 2015 gross profit of Euro 213.4 million is up from the Euro 199.5 of the same period of 2014, resulting in a margin of 60.9% (63.7% in the same period of 2014).

In the first semester of 2015 **selling and marketing expenses** have risen as a proportion of sales compared with the same period of 2014, increasing from 41.4% to 42.0% as a result of investment in growth initiatives and expansion of the brands in our portfolio. This trend was confirmed in the second quarter of 2015 when the incidence of selling and marketing expenses on sales was 42.8% compared to 41.9% of the same period of 2014.

In the period under review, **general and administrative expenses** totalled Euro 84.1 million (Euro 78.5 million in the first semester of 2014) as a consequence of the investment in human resources and information technology consistently with the strategic development plans. The incidence of such costs on sales decreased from 12.9% of the first six months of 2014 to 12.5% in the correspondent period of 2015. This trend was confirmed in the second quarter of 2015 when the general and administrative expenses were equal to 43.8 million (40.8 million in the same period of 2014) with an incidence on sales equal to 12.5% compared to 13.0% of the same period of 2014.

Without considering non-recurring expenses, **EBITDA** for the first six months of 2015 amounts to Euro 62.7

million, down on the same period of the previous year when the figure was Euro 71.7 million. This represents an adjusted EBITDA margin of 9.3% compared with the 11.8% of the same period of the previous year. Including non-recurring expenses, EBITDA for the first semester of 2015 is Euro 60.3 million, resulting in an EBITDA margin of 8.9%, compared with the figure of Euro 68.7 million and a margin of 11.3% for the same period of 2014.

In the second quarter of 2015 adjusted EBITDA pre non-recurring expenses amounts to Euro 30.2 million (36.3 million in the same period of the previous year). This represents an adjusted EBITDA margin of 8.6% (11.6% in the second quarter of the previous year). Including non-recurring expenses, EBITDA for the second quarter of 2015 is Euro 29.0 million, resulting in an EBITDA margin of 8.3%, compared with the figure of Euro 33.3 million and a margin of 10.6% for the same period of 2014.

Net financial expenses for the first six months of 2015 was affected by currency dynamics that have had a negative impact of Euro 9.9 million (a gain of Euro 3.4 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 negative by Euro 4.9 million. The currency dynamics in the second quarter of 2015 were positive for Euro 0.7 million (positive for Euro 2.4 million in the second quarter of 2014) and hence more stable versus year ago.

The tax rate for the first semester 2015 was influenced by geography mix and 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, Group net profit for the first six months of 2015 is Euro 9.9 million compared with Euro 31.5 million for the same period of the previous year. Net of the non-recurring expenses the Group thus reports net profit of Euro 8.4 million compared with Euro 29.3 million of the same period of 2014.

Analysis by distribution channel – Wholesale / Retail

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

	WHOLESALE				RETAIL			
(Euro in millions)	First semester 2015	First semester 2014	Change	Change %	First semester 2015	First semester 2014	Change	Change %
Net sales to 3rd parties	627.9	566.6	61.3	10.8%	47.0	39.7	7.3	18.2%
EBITDA (*)	58.6	66.4	(7.8)	-11.8%	4.1	5.3	(1.2)	-22.3%
%	*9.3%*	*11.7%*			*8.8%*	*13.3%*		

	WHOLESALE				RETAIL			
(Euro in millions)	Second quarter 2015	Second quarter 2014	Change	Change %	Second quarter 2015	Second quarter 2014	Change	Change %
Net sales to 3rd parties	323.4	289.9	33.5	11.6%	27.2	23.2	4.0	17.1%
EBITDA (*)	26.1	32.0	(5.9)	-18.5%	4.1	4.3	(0.2)	-5.1%
%	*8.1%*	*11.0%*			*15.1%*	*18.6%*		

(*) pre non recurring items in the first semester 2015 in wholesale segment for 2.4 million Euro (3 million Euro in the first semester 2014) and in the second quarter 2015 for 1.2 million Euro (3 million Euro in the second quarter 2014)

Turnover for the Wholesale segment in the first six months of 2015 amounts to Euro 627.9 million compared with Euro 566.6 million for the same period of 2014, marking an increase of 10.8% at current exchange rates (+1.3% at constant exchange rates). Without considering non-recurring expenses, the EBITDA margin for the first semester 2015 is 9.3%, a decrease compared with the 11.7% of the same period of 2014.

The same trend has been recorded in the second quarter of 2015 when sales were equal to 323.4 million (289.9 million in the same period of 2014) with an increase of 11.6% at current exchange rates (+1.7% at constant exchange rates) and a pre non-recurring EBITDA margin decreased to 8.1% from 11.0% of the same period of 2014.

The Solstice retail chain, which currently numbers 129 stores, recorded sales of Euro 47.0 million in the first six months of 2015, compared with Euro 39.7 for the same period of the previous year marking an increase of 18.2% at current exchange rates (-3.7% at constant exchange rates).

The second quarter of 2015 recorded the same trend with sales moving to Euro 27.2 million (23.2 million in the same period of previous year) with an increase of 17.1% at current exchange rates (-5.3% at constant exchange rates).

Balance sheet reclassified

Balance sheet (Euro in millions)	June 30, 2015	December 31, 2014	Change
Trade receivables	279.8	266.3	13.5
Inventory, net	247.5	247.6	(0.1)
Trade payables	(219.4)	(210.8)	(8.6)
Net working capital	**307.9**	**303.1**	**4.8**
Tangible assets	202.8	203.3	(0.5)
Intangible assets and goodwill	673.5	637.9	35.6
Financial assets	7.1	7.6	(0.5)
Non-current assets held for sale	1.6	-	1.6
Net fixed assets	**885.0**	**848.8**	**36.2**
Employee benefit liability	(32.5)	(32.7)	0.2
Other assets / (liabilities), net	0.8	18.3	(17.5)
NET INVESTED CAPITAL	**1,161.2**	**1,137.5**	**23.7**
Cash in hand and at bank	80.1	88.6	(8.5)
Short term borrowings	(60.0)	(75.3)	15.3
Long term borrowings	(130.2)	(176.5)	46.3
NET FINANCIAL POSITION	**(110.1)**	**(163.3)**	**53.2**
Group Shareholders' equity	(1,048.8)	(971.5)	(77.3)
Non-controlling interests	(2.3)	(2.7)	0.4
TOTAL SHAREHOLDERS' EQUITY	**(1,051.1)**	**(974.2)**	**(76.9)**

Cash flow

The summary statement of cash flows for the six months ended 30 June 2015, with comparatives for the same period of the previous year, is provided below:

Free cash flow (Euro in millions)	**First semester 2015**	**First semester 2014**	**Change**
Cash flow operating activities	67.0	11.7	55.3
Cash flow investing activities	(15.4)	(18.1)	2.7
Free cash flow	**51.6**	**(6.4)**	**58.0**

Free cash flow recorded in the first six months of 2015 was positive for Euro 51.6 million (negative of Euro 6.4 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 largely positive thanks to an effective working capital management, particularly in the second quarter.

Net working capital

Net working capital (Euro in millions)	**June 30, 2015**	**June 30, 2014**	**Change June 15 / June 14**	**December 31, 2014**
Trade receivables, net	279.8	280.5	(0.7)	266.3
Inventories	247.5	230.6	16.9	247.6
Trade payables	(219.4)	(216.2)	(3.2)	(210.8)
Net working capital	**307.9**	**294.9**	**13.0**	**303.1**
% on net sales rolling LTM	*24.7%*	*26.1%*		*25.7%*

Net working capital at 30 June 2015 amounted to Euro 307.9 million compared with Euro 294.9 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 30 June 2015 is equal to 24.7% compared with 26.1% at 30 June 2014.

Investments in tangible and intangible fixed assets

The Group's capital expenditure breaks down as follows:

(Euro in millions)	First semester 2015	First semester 2014	Change
Padua headquarters	3.4	6.2	(2.8)
Production factories	8.4	7.8	0.6
Europe	0.4	0.5	(0.1)
Americas	2.7	2.4	0.3
Far East	0.4	0.3	0.1
Total	**15.3**	**17.2**	**(1.9)**

In the first six months of 2015 capital expenditures amounted to Euro 15.3 million compared with the Euro 17.2 million of the same period of the previous year.

Net financial position

Net financial position (Euro in millions)	June 30, 2015	March 31, 2015	Change Jun/Mar	December 31, 2014	Change Jun/Dec
Current portion of long-term borrowings	-	-	-	-	-
Bank overdrafts and short term bank borrowings	(31.6)	(48.5)	16.9	(49.1)	17.5
Other short-term borrowings	(28.4)	(27.8)	(0.6)	(26.3)	(2.1)
Cash and cash equivalent	80.1	77.0	3.1	88.6	(8.5)
Short-term net financial position	**20.1**	**0.7**	**19.4**	**13.2**	**6.9**
Bonds	(130.2)	(129.0)	(1.2)	(127.9)	(2.3)
Long-term borrowings	-	-	-	(48.6)	48.6
Long-term net financial position	**(130.2)**	**(129.0)**	**(1.2)**	**(176.5)**	**46.3**
NET FINANCIAL POSITION	**(110.1)**	**(128.3)**	**18.2**	**(163.3)**	**53.2**

The Group's net financial position at 30 June 2015 is negative for Euro 110.1 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 9.3 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 0.9 million (a positive amount of Euro 1.5 million at 31 December 2014).

The ratio of net debt to EBITDA LTM adjusted is 1.0 times, an improvement on the 31 December 2014 (1.4 times).

Personnel

The Group's total workforce at 30 June 2015, 31 December 2014 and 30 June 2014 is summarized below:

	June 30, 2015	December 31, 2014	June 30, 2014
Padua headquarters	1,019	1,021	1,021
Production factories	3,891	4,158	4,310
Trading companies	1,385	1,423	1,438
Retail	828	912	857
Total	**7,123**	**7,514**	**7,626**

Subsequent events and Outlook

On July 29, 2015 the Group, through its subsidiary Safilo Far East Ltd, executed a Share Purchase Agreement for the purpose of selling all shares hold in its associate Elegance Optical International Holdings Limited. The completion of the Agreement is scheduled to be on August 31, 2015.

Safilo continues its commitment to strengthen its main areas of business, to guarantee the Group's lasting and profitable growth, according to the guidelines of the *Safilo 2020 Strategic Plan*.

Half-year Condensed Financial Statements

and Notes

at June 30th, 2015

Consolidated balance sheet

(Euro/000)	*Notes*	June 30, 2015	of which related parties	December 31, 2014	of which related parties
ASSETS					
Current assets					
Cash and cash equivalents	*2.1*	80,055		88,552	
Trade receivables	*2.2*	279,759	21,078	266,308	15,096
Inventory	*2.3*	247,520		247,617	
Derivative financial instruments	*2.4*	1,311		1,594	
Other current assets	*2.5*	54,315		49,619	
Total current assets		**662,960**		**653,690**	
Non-current assets					
Tangible assets	*2.6*	202,788		203,279	
Intangible assets	*2.7*	55,349		54,806	
Goodwill	*2.8*	618,157		583,130	
Investments in associates	*2.9*	7,141		7,605	
Available-for-sale financial assets	*2.10*	-		-	
Deferred tax assets	*2.11*	104,308		92,498	
Derivative financial instruments	*2.4*	-		-	
Other non-current assets	*2.12*	3,074		2,897	
Total non-current assets		**990,817**		**944,215**	
Non-current assets held for sale	*2.6*	**1,628**		**-**	
TOTAL ASSETS		**1,655,405**		**1,597,905**	

(Euro/000)	*Notes*	June 30, 2015	of which related parties	December 31, 2014	of which related parties
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Short-term borrowings	*2.13*	59,996		75,319	
Trade payables	*2.14*	219,392	2,137	210,775	3,457
Tax payables	*2.15*	30,926		33,041	
Derivative financial instruments	*2.4*	425		68	
Other current liabilities	*2.16*	51,303		52,149	
Provisions for risks and charges	*2.17*	6,593		5,658	
Total current liabilities		**368,635**		**377,010**	
Non-current liabilities					
Long-term borrowings	*2.13*	130,168		176,493	
Employees benefits liability	*2.18*	32,470		32,724	
Provisions for risks and charges	*2.17*	14,734		13,707	
Deferred tax liabilities	*2.11*	9,652		8,772	
Derivative financial instruments	*2.4*	9,291		4,426	
Other non-current liabilities	*2.19*	39,321		10,517	
Total non-current liabilities		**235,636**		**246,639**	
TOTAL LIABILITIES		**604,271**		**623,649**	
Shareholders' equity					
Share capital	*2.20*	312,900		312,675	
Share premium reserve	*2.21*	484,818		484,689	
Retained earnings and other reserves	*2.22*	242,921		135,142	
Cash flow reserve	*2.23*	(203)		-	
Income attributable to the Group		8,371		39,030	
Total shareholders' equity attributable to the Group		**1,048,807**		**971,536**	
Non-controlling interests		**2,327**		**2,720**	
TOTAL SHAREHOLDERS' EQUITY		**1,051,134**		**974,256**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,655,405**		**1,597,905**	

Consolidated income statement

(Euro/000)	***Notes***	**First semester 2015**	**of which related parties**	**First semester 2014**	**of which related parties**	**Second quarter 2015**	**of which related parties**	**Second quarter 2014**	**of which related parties**
Net sales	*3.1*	674,925	45,826	606,286	42,369	350,622	20,936	313,083	22,610
Cost of sales	*3.2*	(264,985)	(2,223)	(222,747)	(4,498)	(137,241)	(1,085)	(113,593)	(2,654)
Gross profit		**409,940**		**383,539**		**213,381**		**199,490**	
Selling and marketing expenses	*3.3*	(283,323)	(744)	(250,768)	(1,316)	(149,942)	(687)	(131,238)	(1,085)
General and administrative expenses	*3.4*	(84,136)		(78,475)		(43,754)		(40,741)	
Other operating income/(expenses)	*3.5*	(1,765)		(2,790)		(1,099)		(2,823)	
Operating profit		**40,716**		**51,506**		**18,586**		**24,688**	
Share of income/(loss) of associates	*3.6*	(1,131)		(839)		(1,131)		(839)	
Financial charges, net	*3.7*	(22,707)	-	(4,519)	-	(3,930)	-	(2,179)	-
Profit before taxation		**16,878**		**46,148**		**13,525**		**21,670**	
Income taxes	*3.8*	(8,395)		(16,668)		(6,526)		(8,737)	
Profit of the period		**8,483**		**29,480**		**6,999**		**12,933**	
Profit attributable to:									
Owners of the parent		8,371		29,322		6,922		12,860	
Non-controlling interests		112		158		77		73	
Earnings per share - basic (Euro)	*3.9*	0.134		0.471		0.111		0.207	
Earnings per share - diluted (Euro)	*3.9*	0.133		0.468		0.110		0.206	

Consolidated statement of comprehensive income

(Euro/000)	***Notes***	**First semester 2015**	**First semester 2014**	**Second quarter 2015**	**Second quarter 2014**
Net profit for the period (A)		**8,483**	**29,480**	**6,999**	**12,933**
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*	(203)	284	(82)	65
- Gains/(Losses) on exchange differences on translating foreign operations	*2.22*	68,883	5,922	(30,439)	7,932
Total gains/(losses) that will be reclassified subsequently to profit or loss:		**68,680**	**6,206**	**(30,521)**	**7,997**
Other comprehensive income/(loss), net of tax (B)		**68,680**	**6,206**	**(30,521)**	**7,997**
TOTAL COMPREHENSIVE INCOME/(LOSS) (A)+(B)		**77,163**	**35,686**	**(23,522)**	**20,930**
Attributable to:					
Owners of the parent		76,936	35,530	(23,471)	20,839
Non-controlling interests		227	156	(51)	91
TOTAL COMPREHENSIVE INCOME/(LOSS)		**77,163**	**35,686**	**(23,522)**	**20,930**

Consolidated statement of cash flows

(Euro/000)	*Notes*	First semester 2015	First semester 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)		8,483	29,480
Depreciation and amortization	*2.6-2.7*	19,633	17,212
Other non-monetary P&L items		17,244	(3,487)
Interest expenses, net	*3.7*	4,221	3,967
Income tax expenses	*3.8*	8,395	16,668
Income from operating activities prior to movements in working capital		**57,975**	**63,840**
(Increase) Decrease in trade receivables		(3,528)	(38,800)
(Increase) Decrease in inventory, net		7,157	(17,129)
Increase (Decrease) in trade payables		1,762	10,567
(Increase) Decrease in other receivables		(8,980)	2,986
Increase (Decrease) in other payables		36,121	4,550
Interest expenses paid		(1,777)	(2,991)
Income taxes paid		(21,709)	(11,314)
Total (B)		**67,021**	**11,709**
C - Cash flow from (for) investing activities			
Investments in property, plant and equipment		(12,743)	(12,217)
Net disposals of property, plant and equipment		1,084	637
Acquisition of minorities (in subsidiaries)		(1,132)	(1,554)
(Acquisition) Disposal of investments and bonds		-	-
Purchase of intangible assets		(2,563)	(4,970)
Total (C)		**(15,354)**	**(18,104)**
D - Cash flow from (for) financing activities			
Proceeds from borrowings		2,711	150,000
Repayment of borrowings		(50,568)	(167,230)
Share capital increase		631	3,799
Dividends paid		-	-
Total (D)		**(47,226)**	**(13,431)**
E - Cash flow for the period (B+C+D)		**4,441**	**(19,826)**
Translation exchange differences		4,528	(2,420)
Total (F)		**4,528**	**(2,420)**
G - Closing net cash and cash equivalents (net financial indebtedness - short term) (A+E+F)	*2.1*	**48,463**	**47,423**

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	-	-	-	-	8,371	8,371	112	**8,483**
Other comprehensive income (loss) for the period	-	-	68,768	(203)	-	68,565	115	**68,680**
Total comprehensive income (loss) for the period	**-**	**-**	**68,768**	**(203)**	**8,371**	**76,936**	**227**	**77,163**
Increase in share capital due to the exercising of stock option	225	129	-	-	277	631	-	**631**
Dividends distribution	-	-	-	-	-	-	-	**-**
Purchase of shares in subsidiaries from non-controlling interests	-	-	-	-	(567)	(567)	(566)	**(1,133)**
Net increase in the reserve for share-based payments	-	-	-	-	263	263	-	**263**
Changes in other reserves	-	-	-	-	8	8	(54)	**(46)**
Consolidated net equity at June 30, 2015	**312,900**	**484,818**	**121,934**	**(203)**	**129,358**	**1,048,807**	**2,327**	**1,051,134**

(Euro/000)	Share capital	Share premium reserve	Translation diff. reserve	Cash flow reserve	Retained earnings and other reserves	Total	Non-controlling interests	Total equity
Consolidated net equity at January 1, 2014	**311,000**	**482,565**	**(35,172)**	**(490)**	**85,219**	**843,122**	**2,940**	**846,062**
Profit for the period	-	-	-	-	29,322	29,322	158	**29,480**
Other comprehensive income (loss) for the period	-	-	5,924	284	-	6,208	(2)	**6,206**
Total comprehensive income (loss) for the period	**-**	**-**	**5,924**	**284**	**29,322**	**35,530**	**156**	**35,686**
Increase in share capital due to the exercising of stock option	975	1,067	-	-	1,757	3,799	-	**3,799**
Dividends distribution	-	-	-	-	-	-	-	**-**
Purchase of shares in subsidiaries from non-controlling interests	-	-	-	-	(707)	(707)	(847)	**(1,554)**
Net increase in the reserve for share-based payments	-	-	-	-	201	201	-	**201**
Changes in other reserves	-	-	-	-	-	-	-	**-**
Consolidated net equity at June 30, 2014	**311,975**	**483,632**	**(29,248)**	**(206)**	**115,792**	**881,945**	**2,249**	**884,194**

NOTES

1. Basis of preparation

1.1 General information

These half-year condensed consolidated financial statements refer to the financial period from January 1st 2015 to June 30th 2015. Economic and financial information are provided with reference to the first semester of 2015 and 2014 whilst balance sheet information are provided with reference to June 30th 2015 and December 31st 2014.

Half-year consolidated financial report of Safilo Group at June 30th 2015, including condensed consolidated financial statements and interim management report is prepared in accordance with provisions of art. 154 ter of Legislative Decree No. c.2 58/98 - T.U.F. - and subsequent amendments and additions. This interim financial report is prepared in accordance with IAS 34 "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB). The notes, in accordance with IAS 34, are presented in summary form and do not include all information requested in the annual budget, they refer only to those components that, in amount, composition or variations, are essential for understanding the economic situation and financial position of the Group. Therefore, this interim financial report must be read in conjunction with the consolidated financial statements for the financial year ended 31st December 2014.

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

These financial statements were approved by the Board of Directors on 4th August 2015.

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

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

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

On 20 May 2013, the IASB issued the IFRIC Interpretation 21 - Levies, an interpretation of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets. The interpretation sets out the accounting for an obligation to pay a levy that is not income tax. The adoption of this standard did not have any effect on 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 2011–2013 Cycle. The most important topics addressed in these amendments are, among others, 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, and IAS 40 relating the acquisition of real estate investment. The adoption of this standard did not have any effect on the Group.

Accounting standards, amendments and interpretations not yet applicable and not early adopted by the Group

Amendments to IAS 19—Defined Benefit Plans: Employee Contributions. The amendment reduces current services costs for the period by contributions paid by employees or by third parties during the period that are not related to the number of years of service, instead of allocating these contributions over the period when the services are rendered.

On 12 December 2013 the IASB issued the Annual Improvements to IFRSs 2010–2012 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), to clarify the application of certain exceptions in IFRS 13 – Fair value Measurement, and IAS 16, clarifying the procedures for determining the gross carrying amount of assets when a revaluation is determined as a result of the revaluation model.

These new provisions are applicable to periods beginning on or after February 1, 2015. The amendments are not expected to have a significant impact on the consolidated financial statements of the Group.

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

IFRS 15—Revenue from contracts with customers. This standard was issued on May 28, 2014. The new standard will be effective for the first interim period within the annual reporting periods beginning on or after January 1, 2017. This standard replaces IAS 18—Revenues, IAS 11—Construction Contracts, IFRIC 13—Customers Loyalty Programs, IFRIC 15—Agreements for Constructions of Real Estate, IFRIC 18—Transfers of Assets from Customers and SIC 31—Revenue—Barter Transactions Involving Advertising Services.

The standard establishes a new model for revenue recognition, which will apply to all contracts with customers except those that fall within the scope of other IAS / IFRS as leases, insurance contracts and financial instruments. The basic steps for the recognition of revenue under the new model are:

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract;

- Recognise revenue when (or as) the entity satisfies a performance obligation.

The standard is applicable to periods beginning on or after January 1, 2017, subject to any subsequent deferrals established during its approval by the European Union.

On July 24, 2014 the IASB issued the final version of IFRS 9 “Financial Instruments”. The standard brings together the classification and measurement, impairment and hedge accounting phases of the IASB’s project to replace IAS 39. The standard is applicable to periods beginning on or after January 1, 2018.

The standard introduces new requirements for the classification and measurement of financial assets and liabilities. In particular, for financial assets the new standard uses a single approach based on management of financial instruments and the contractual cash flow characteristics of the financial assets in order to determine the method of valuation, replacing the many different rules in IAS 39. For financial liabilities, instead, the main change concerns the accounting treatment of changes in fair value of a financial liability designated as financial liability at fair value through profit or loss, if these variations are due to changes in the creditworthiness of the issuer of the liability. Under the new standard, these changes must be recognized in "Other comprehensive income" and not in the income statement.

With reference to the impairment model, the new standard requires that the estimate of loan losses is made based on the model of expected losses (and not on the model of incurred losses) using information supportable, available at no cost or unreasonable efforts that include historical, current and future data. The standard requires that the impairment model applies to all financial instruments, namely financial assets carried at amortized cost, to those measured at fair value through other comprehensive income, receivables arising from leases and trade receivables.

Finally, the standard introduces a new model of hedge accounting in order to adjust the requirements of the current IAS 39 that were sometimes considered too stringent and unsuitable to reflect the risk management policies of the company. The main news of the document are:

- increase the types of transactions eligible for hedge accounting, including the risks of non-financial assets and liabilities to be eligible to hedge accounting;
- change in method of accounting for forward contracts and options when eligible to hedge accounting in order to reduce the volatility in the income statement;
- changes to effectiveness tests by replacing the current mode based on the parameter of 80-125% with the principle of "economic relationship" between the hedged item and the hedging instrument; Furthermore, it will no longer request a retrospective evaluation of the effectiveness of the hedging relationship.

On 12 May 2014, the IASB issued amendments to IAS 16 Property, plant and Equipment and IAS 38 Intangibles Assets - "Clarification of acceptable methods of depreciation and amortization". The amendments to IAS 16 require that the criteria of depreciation determined on the basis of revenues are not appropriate, since, according to the amendment, the revenues generated by an activity that includes the use of amortized assets generally reflect different factors and not only the consumption of the economic benefits of the asset. The amendments to IAS 38 introduce a presumption, that a depreciation method based on revenues is considered generally inappropriate for the same reasons set out by the amendments made to IAS 16. In the case of intangible assets, however, this presumption may be overcome, but only in limited and specific circumstances. The changes will apply from 1 January 2016 but early adoption is allowed.

On 25 September 2014, the IASB issued a set of amendments to IFRSs (Annual Improvements to IFRSs - Cycle 2012- 2014). The changes introduced by the document must be applied for annual periods beginning on 1 January 2016 or after. They cover the following principles: the criteria for classification and evaluation of assets classified as "held for sale" or "held for distribution" in accordance with IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations, further guidance relating to the disclosures required by IFRS 7 for interim financial statements, certain clarifications to the determination of the discount rate in accordance with IAS 19 and the new requirements for disclosure under IAS 34 "Interim financial reporting".

Amendments to IAS 1 — Disclosure Initiative. The amendments concern materiality, the aggregation of items, structure of the notes, information about accounting policies and the presentation of other comprehensive income arising from the measurement of equity method investments. The amendments are applicable to periods beginning on or after January 1, 2016.

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

1.3 Consolidation method and consolidation area

During the first semester 2015, the Group's consolidation area changed as follows:

- On 26th May 2015 the subsidiary, Safilo Far East Ltd., acquired a further 5% interest in the company Safilo Hong Kong Ltd., a trading company registered in Hong Kong, and already 90% owned. As a result of the acquisition, the Group has increased its interest to 95%.

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	95.0
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	117,435,000	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	June 30, 2015	December 31, 2014	%	2015	2014	%
US Dollar	USD	1.1189	1.2141	-7.8%	1.1158	1.3703	-18.6%
Hong-Kong Dollar	HKD	8.6740	9.4170	-7.9%	8.6517	10.6292	-18.6%
Swiss Franc	CHF	1.0413	1.2024	-13.4%	1.0567	1.2215	-13.5%
Canadian Dollar	CAD	1.3839	1.4063	-1.6%	1.3774	1.5029	-8.4%
Japanese Yen	YEN	137.0100	145.2300	-5.7%	134.2042	140.4028	-4.4%
British Pound	GBP	0.7114	0.7789	-8.7%	0.7323	0.8213	-10.8%
Swedish Krown	SEK	9.2150	9.3930	-1.9%	9.3401	8.9535	4.3%
Australian Dollar	AUD	1.4550	1.4829	-1.9%	1.4261	1.4989	-4.9%
South-African Rand	ZAR	13.6416	14.0353	-2.8%	13.3048	14.6758	-9.3%
Russian Ruble	RUB	62.3550	72.3370	-13.8%	64.6407	47.9924	34.7%
Brasilian Real	BRL	3.4699	3.2207	7.7%	3.3101	3.1499	5.1%
Indian Rupee	INR	71.1873	76.7190	-7.2%	70.1244	83.2889	-15.8%
Singapore Dollar	SGD	1.5068	1.6058	-6.2%	1.5061	1.7279	-12.8%
Malaysian Ringgit	MYR	4.2185	4.2473	-0.7%	4.0621	4.4771	-9.3%
Chinese Renminbi	CNY	6.9366	7.5358	-8.0%	6.9408	8.4500	-17.9%
Korean Won	KRW	1,251.2700	1,324.8000	-5.6%	1,227.3118	1,438.2898	-14.7%
Mexican Peso	MXN	17.5332	17.8679	-1.9%	16.8887	17.9747	-6.0%
Dirham United Emirates	AED	4.1075	4.4594	-7.9%	4.0967	4.9894	-17.9%

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 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 80,055 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)	June 30, 2015	December 31, 2014	June 30, 2014
Cash and cash equivalents	80,055	88,552	90,729
Bank overdrafts	(4,228)	(7,510)	(7,079)
Current bank borrowings	(27,364)	(41,548)	(36,227)
Net cash and cash equivalents	**48,463**	**39,494**	**47,423**

2.2 Trade receivables, net

This item breaks down as follows:

(Euro/000)	June 30, 2015	December 31, 2014
Gross value receivables	318,122	298,832
Allowance for doubtful accounts and sales returns	(38,363)	(32,524)
Net value	**279,759**	**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 semester 2015 are shown below:

(Euro/000)	Balance at January 1, 2015	Posted to income statement	Use (-)	Transl. Diff.	Balance at June 30, 2015
Allowance for bad debts	24,172	1,637	(2,888)	651	23,572
Allowance for sales returns	8,352	8,072	(2,130)	497	14,791
Total	**32,524**	**9,709**	**(5,018)**	**1,148**	**38,363**

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)	**June 30, 2015**	**December 31, 2014**
Raw materials	105,546	104,203
Work in progress	7,315	8,584
Finished products	265,720	244,476
Gross	**378,581**	**357,263**
Obsolescence provision (-)	(131,061)	(109,646)
Total	**247,520**	**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 June 30, 2015**
Inventory gross value	357,263	10,960	10,358	378,581
Obsolescence provision	(109,646)	(18,117)	(3,298)	(131,061)
Total net	**247,617**	**(7,157)**	**7,060**	**247,520**

2.4 Derivative financial instruments

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

(Euro/000)	June 30, 2015	December 31, 2014
Current assets:		
- Foreign currency contracts - Fair value through P&L	1,311	1,594
- Foreign currency contracts - cash flow hedge	-	-
Total	**1,311**	**1,594**
Non-current assets:		
- Interest rate swaps - cash flow hedge	-	-
Total	**-**	**-**

(Euro/000)	June 30, 2015	December 31, 2014
Current liabilities:		
- Foreign currency contracts - Fair value through P&L	222	-
- Foreign currency contracts - cash flow hedge	203	-
- Interest rate swaps - Fair value through P&L	-	68
Total	**425**	**68**
Non-current liabilities:		
- Fair value cash settlement option convertible Bond	9,291	4,426
Total	**9,291**	**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 9,291 thousand.

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 886 thousand.

2.5 Other current assets

This item breaks down as follows:

(Euro/000)	June 30, 2015	December 31, 2014
VAT receivable	11,959	13,129
Tax credits and payments on account	10,562	7,753
Prepayments and accrued income	23,984	20,842
Receivables from agents	370	307
Other current receivables	7,440	7,588
Total	**54,315**	**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 13,326 thousand;
- prepaid rent and operating leases of Euro 4,122 thousand;
- prepaid advertising costs of Euro 1,352 thousand;
- prepaid insurance costs of Euro 729 thousand;
- other prepaid costs, mainly of commercial nature, for the remainder.

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

Other short-term receivables amount to Euro 7,440 thousand and mainly refer to:

- receivables reported in the balance sheet of the subsidiary Safilo S.p.A. for Euro 2,075 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 868 thousand;
- deposit payments for Euro 643 thousand;
- other receivables, mainly of commercial nature, for the remainder.

2.6 Property, plant and equipment, net

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

(Euro/000)	Balance at January 1, 2015	Increase	Decrease	Reclass.	Reclass. non-current assets held for sale	Transl. diff.	Balance at June 30, 2015
Gross value							
Land and buildings	147,969	192	(45)	3,385	(3,504)	3,550	151,547
Plant and machinery	197,414	1,487	(2,758)	3,261	-	2,602	202,006
Equipment and other assets	242,799	4,283	(1,689)	4,688	-	9,093	259,174
Assets under constructions	8,407	6,781	(83)	(11,334)	-	83	3,854
Total	**596,589**	**12,743**	**(4,575)**	**-**	**(3,504)**	**15,328**	**616,581**
Accumulated depreciation							
Land and buildings	49,348	2,079	(30)	-	(1,876)	803	50,324
Plant and machinery	144,837	4,877	(1,866)	-	-	1,070	148,918
Equipment and other assets	199,126	10,249	(1,599)	-	-	6,775	214,551
Total	**393,311**	**17,205**	**(3,495)**	**-**	**(1,876)**	**8,648**	**413,793**
Net value	**203,279**	**(4,462)**	**(1,080)**	**-**	**(1,628)**	**6,680**	**202,788**

Investments in tangible assets in the first semester of 2015 totalled Euro 12,743 thousand and mainly comprised:

- Euro 9,428 thousand in production facilities, mainly to renovate plants and to acquire and produce equipment for new models;
- Euro 2,629 thousand in the US companies;
- for the remaining amount in other Group's companies.

The reclassification to "Non-current assets held for sale" refers to the headquarters of the American company Smith Sport Optics Inc. that according to the restructuring process started in late 2014 is subject to a plan of disposal in course of negotiation.

2.7 Intangible assets

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

(Euro/000)	Balance at January 1, 2015	Increase	Decrease	Reclass.	Transl. diff.	Balance at June 30, 2015
Gross value						
Software	32,596	460	(11)	13	1,221	34,279
Trademarks and licenses	54,447	424	(4)	-	43	54,910
Other intangible assets	8,264	-	(1)	-	288	8,551
Intangible assets in progress	14,184	1,679	-	(13)	11	15,861
Total	**109,491**	**2,563**	**(16)**	**-**	**1,563**	**113,601**
Accumulated depreciation						
Software	27,204	1,280	(9)	-	921	29,396
Trademarks and licenses	20,328	1,127	(0)	-	37	21,492
Other intangible assets	7,153	20	(1)	-	192	7,364
Total	**54,685**	**2,427**	**(10)**	**-**	**1,150**	**58,252**
Net value	**54,806**	**136**	**(6)**	**-**	**413**	**55,349**

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 semester 2015	First semester 2014
Cost of sales	*3.2*	11,401	9,367
Selling and marketing expenses	*3.3*	2,518	2,300
General and administrative expenses	*3.4*	5,714	5,545
Total		**19,633**	**17,212**

2.8 Goodwill

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

(Euro/000)	Balance at January 1, 2015	Increase	Decrease	Transl. diff.	Balance at June 30, 2015
Goodwill	583,130	-	-	35,027	618,157
Net value	**583,130**	**-**	**-**	**35,027**	**618,157**

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
June 30, 2015	162,450	229,503	226,205	618,157
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 semester 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 semester of 2015 are shown below:

			Movements of the period				
(Euro/000)	Gross value	Revaluation / (write-down)	Value at January 1, 2015	Share of period results and write-down of dividends	Impairment	Transl. diff.	Value at June 30, 2015
Elegance Optical Int. Holdings Ltd	6,599	1,006	7,605	-	(1,131)	667	7,141
Optifashion A.s. (in liquidation)	353	(353)	-	-	-	-	-
Total	**6,952**	**653**	**7,605**	**-**	**(1,131)**	**667**	**7,141**

The valuation with the equity method of the investment in the associate Elegance Optical International Holding Ltd has led to the recognition of a loss of Euro 1.131 thousand relating to the portion of the loss of the period made by the company. The portion of the value of this investment, expressed by the closing market price at 30th June 2015, amounted to approximately 19.7 million Euro, compared to 6.7 million Euro at 31 December 2014. The amount reported on the audited financial statements of the associate is deemed to be the most appropriate accounting value of the investment.

Optifashion A.s. with registered office in Istanbul (Turkey), a 50% held subsidiary of the Group, is not included in the consolidation perimeter, since the amounts are considered not significant for the purpose of representing a true and fair view of the Group's financial position and result. Following 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)	**June 30, 2015**	**December 31, 2014**
Deferred tax assets	104,308	92,498
Deferred tax liabilities	(9,652)	(8,772)
Total	**94,656**	**83,726**

The increase of the item is affected by a translation difference equal to 3,971 thousand Euro.

2.12 Other non-current assets

This item totals 3,074 thousand Euro, compared to 2,897 thousand Euro as at 31st December 2014, of this sum, Euro 2,899 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)	**June 30, 2015**	**December 31, 2014**
Bank overdrafts	4,228	7,510
Short-term bank loans	27,364	41,548
Short-term portion of long-term bank loans	-	-
Short-term portion of financial leasing	1,352	1,919
Debt to the factoring company	27,052	24,342
Other short-term loans	-	-
Short-term borrowings	**59,996**	**75,319**
Medium long-term loans	-	48,585
Convertible Bonds	130,165	127,905
Medium long-term portion of financial leasing	3	3
Other medium long-term loans	-	-
Long-term borrowings	**130,168**	**176,493**
TOTAL	**190,164**	**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 30th June 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 9,291 thousand (see note 2.4).

The 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 30th June 2015:

(Euro/000)	**June 30, 2015**	**December 31, 2014**
Short-term portion of financial leasing	1,352	1,919
Long-term portion of financial leasing	3	3
Total debt	**1,355**	**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 27,052 thousand.

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

(Euro/000)	**June 30, 2015**	**December 31, 2014**
From 1 to 2 years	3	3
From 2 to 3 years	-	-
From 3 to 4 years	130,165	48,585
From 4 to 5 years	-	127,905
Beyond 5 years	-	-
Total	**130,168**	**176,493**

The following table shows borrowings divided by currency:

(Euro/000)	**June 30, 2015**	**December 31, 2014**
Short-term		
Euro	46,582	62,722
Chinese Renminbi	9,277	10,482
Japanese Yen	4,087	2,066
Swedish Kronor	50	49
Total	**59,996**	**75,319**
Medium long-term		
Euro	130,165	176,490
Swedish Kronor	3	3
Total	**130,168**	**176,493**
Total borrowings	**190,164**	**251,812**

The following table details the credit lines granted to the Group, the uses and the lines available at June 30th 2015:

June 30, 2015 *(Euro/000)*	**Credit lines granted**	**Uses**	**Credit lines available**
Credit lines on bank accounts and short-term bank loans	116,987	31,554	85,433
Credit lines on long-term loans	150,000	-	150,000
Total	**266,987**	**31,554**	**235,433**

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 30th June 2015.

The net financial position of the Group at June 30th, 2015 compared to the same as of December 31st, 2014 is as follows:

	Net financial position *(Euro/000)*	**June 30, 2015**	**December 31, 2014**	**Change**
A	Cash and cash equivalents	80,055	88,552	(8,497)
B	Cash and cash equivalents included as Assets held for sale	-	-	-
C	Current securities (securities held for trading)	-	-	-
D	**Liquidity (A+B+C)**	**80,055**	**88,552**	**(8,497)**
E	**Receivables from financing activities**	**-**	**-**	**-**
F	Bank overdrafts and short-t. bank borrowings	(31,592)	(49,058)	17,466
G	Current portion of long-term borrowings	-	-	-
H	Other short-term borrowings	(28,404)	(26,261)	(2,143)
I	**Debts and other current financial liabilities (F+G+H)**	**(59,996)**	**(75,319)**	**15,323**
J	**Current financial position, net (D)+(E)+(I)**	**20,059**	**13,233**	**6,826**
K	Long-term bank borrowings	-	(48,585)	48,585
L	Bonds	(130,165)	(127,905)	(2,260)
M	Other long-term borrowings	(3)	(3)	-
N	**Debts and other non current financial liabilities (K+L+M)**	**(130,168)**	**(176,493)**	**46,325**
I	**Net financial position (J)+(N)**	**(110,109)**	**(163,260)**	**53,151**

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)	June 30, 2015	December 31, 2014
Trade payables for:		
Purchase of raw materials	40,937	42,729
Purchase of finished goods	56,071	58,564
Suppliers from subcontractors	4,325	5,360
Tangible and intangible assets	3,337	3,191
Commissions	4,203	2,685
Royalties	34,535	27,885
Advertising and marketing costs	44,344	35,973
Services	31,640	34,388
Total	**219,392**	**210,775**

2.15 Tax payables

At 30th June 2015, tax payables total Euro 30,926 thousand, compared to Euro 33,041 thousand at 31st December 2014. Euro 19,033 thousand related to income tax payables, Euro 5,626 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)	June 30, 2015	December 31, 2014
Payables to personnel and social security institutions	42,629	41,629
Agent fee payables	1,523	1,590
Payables to pension funds	868	1,087
Accrued advertising and sponsorship costs	973	1,096
Accrued interests on long-term loans	207	363
Other accruals and deferred income	3,975	3,755
Other current liabilities	1,128	2,629
Total	**51,303**	**52,149**

Payables to personnel and social security institutions mainly refer to salaries and wages for June, 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 June 30, 2015**
Product warranty provision	4,988	190	(55)	-	5,123
Agents' severance indemnity	3,776	136	(142)	10	3,780
Provision for corporate restructuring	426	-	-	36	462
Other provisions for risks and charges	4,517	1,848	(996)	-	5,369
Provisions for risks - long term	**13,707**	**2,174**	**(1,193)**	**46**	**14,734**
Product warranty provision	2,013	307	(243)	65	2,142
Provision for corporate restructuring	1,838	735	(877)	157	1,853
Other provisions for risks and charges	1,807	801	(35)	25	2,598
Provisions for risks - short term	**5,658**	**1,843**	**(1,155)**	**247**	**6,593**
Total	**19,365**	**4,017**	**(2,348)**	**293**	**21,327**

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. The increase of the provision in the first semester of 2015 for Euro 735 thousand is related to costs associated with the consolidation of the Group's North American distribution network into its Denver facility.

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)	**June 30, 2015**	**December 31, 2014**
Defined contribution plan	187	374
Defined benefit plan	32,283	32,350
Totale	**32,470**	**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 June 30, 2015**
Defined benefit plan	32,350	287	-	(508)	154	32,283
Totale	**32,350**	**287**	**-**	**(508)**	**154**	**32,283**

2.19 Other non-current liabilities

At 30th June 2015 other non-current liabilities totalled Euro 39,321 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 30th June 2015, shareholders' equity amounted to Euro 1,051,134 thousand (of which Euro 2,327 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.

2.20 Share capital

During the semester, it should be noted that some beneficiaries of the Stock Option Plan 2010-2013, exercised options for the second and third tranches for a total amount of 95,000 options exercised at an average exercise price equal to Euro 6.647 per share. This exercise resulted in the issuance of 45.000 shares with a nominal value of 5.00 euros, an increase of the share capital of Euro 225,000 and increase in the share premium reserve of 129,450. The remaining 50,000 options exercised close to 30 June 2015, pending the issue of the relevant shares, have been recognized as a reserve for future capital increase for a total amount of Euro 277,000 and shown under the item "Other reserves".

Following the above-mentioned capital increase, at 30th June 2015 the share capital of the Parent Company, Safilo Group S.p.A., amounts to Euro 312,899,825 consisting of no. 62.579.965 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 484,818,364 at 30th June 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	(15,000)	8.470
Exercised	(95,000)	6.647
Expired	-	-
Outstanding at period-end	**600,000**	**8.319**
Stock Option Plan 2014-2016		
Outstanding at the beginning of the period	**295,000**	**15.050**
Granted	575,000	13.290
Forfeited	(15,000)	14.463
Exercised	-	-
Expired	-	-
Outstanding at period-end	**855,000**	**13.877**

During the first semester 95,000 options have been exercised, of which 15,000 options belonging to the first tranche of the plan and 80,000 options to the second tranche at an average exercised price of Euro 6.647 for a total of Euro 641,450. During the period 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 263 thousand (Euro 201 thousand at 30th June 2014).

3. Notes on the consolidated income statement

3.1 Net sales

For details concerning the sales performance in the first semester 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:

(Euro/000)	First semester 2015	First semester 2014	Second quarter 2015	Second quarter 2014
Purchase of raw materials and finished goods	183,538	169,053	90,743	91,754
Capitalisation of costs for increase in tangible assets (-)	(4,289)	(4,122)	(2,344)	(2,058)
Change in inventories	7,131	(17,126)	9,499	(15,948)
Wages and social security contributions	50,425	48,878	24,576	25,884
Subcontracting costs	9,465	9,846	4,889	5,736
Depreciation	11,401	9,367	6,179	4,743
Rental and operating leases	434	409	220	232
Other industrial costs	6,880	6,442	3,479	3,250
Total	**264,985**	**222,747**	**137,241**	**113,593**

The change in inventories can be broken down as follows:

(Euro/000)	First semester 2015	First semester 2014	Second quarter 2015	Second quarter 2014
Finished products	(1,014)	(12,334)	11,575	(9,769)
Work-in-progress	1,561	(394)	328	(612)
Raw materials	6,584	(4,398)	(2,404)	(5,567)
Total	**7,131**	**(17,126)**	**9,499**	**(15,948)**

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

	First semester 2015	First semester 2014
Executives	130	137
Clerks and middle management	3,207	3,247
Factory workers	3,863	4,272
Total	**7,200**	**7,656**

3.3 Selling and marketing expenses

This item breaks down as follows:

(Euro/000)	First semester 2015	First semester 2014	Second quarter 2015	Second quarter 2014
Payroll and social security contributions	66,018	59,319	33,169	29,904
Sales commissions	40,096	34,492	20,478	17,567
Royalty expenses	61,863	51,610	32,589	26,874
Advertising and promotional costs	81,257	72,987	46,094	39,804
Amortization and depreciation	2,517	2,300	1,280	1,092
Logistic costs	8,337	9,720	4,735	5,477
Consultants fees	350	719	224	540
Rental and operating leases	8,981	7,297	4,483	3,619
Utilities	509	418	240	199
Provision for risks	645	443	319	232
Other sales and marketing expenses	12,750	11,463	6,331	5,930
Total	**283,323**	**250,768**	**149,942**	**131,238**

3.4 General and administrative expenses

This item breaks down as follows:

(Euro/000)	First semester 2015	First semester 2014	Second quarter 2015	Second quarter 2014
Payroll and social security contributions	42,945	40,490	22,514	21,527
Allowance and write off of doubtful accounts	1,597	1,613	405	859
Amortization and depreciation	5,714	5,545	2,940	2,751
Consultants fees	7,721	7,522	4,416	3,731
Rental and operating leases	5,313	4,302	2,707	2,159
EDP costs	4,605	4,133	2,402	2,369
Insurance costs	1,651	1,252	891	621
Utilities, security and cleaning	3,597	3,650	1,873	1,878
Taxes (other than on income)	2,858	2,530	1,522	1,427
Other general and administrative expenses	8,135	7,438	4,084	3,419
Total	**84,136**	**78,475**	**43,754**	**40,741**

3.5 Other income (expenses)

This item breaks down as follows:

(Euro/000)	First semester 2015	First semester 2014	Second quarter 2015	Second quarter 2014
Losses on disposal of assets	(62)	(35)	(34)	(26)
Other operating expenses	(3,439)	(3,324)	(2,062)	(3,207)
Gains on disposal of assets	50	61	28	53
Other operating incomes	1,686	508	969	357
Total	**(1,765)**	**(2,790)**	**(1,099)**	**(2,823)**

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 semester of 2015 were accounted for non-recurring costs of Euro 1,175 thousand relating to commercial restructuring costs in the EMEA Region, and other non-recurring costs for Euro 1,167 thousand costs mainly related to the consolidation of the Group's North American distribution network into its Denver facility. In the same period of the last year non-recurring costs of Euro 3,009 thousand were accounted for relating to reorganization costs.

3.6 Share of income (loss) of associates

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

3.7 Interest expenses and other financial charges, net

This item breaks down as follows:

(Euro/000)	First semester 2015	First semester 2014	Second quarter 2015	Second quarter 2014
Interest expenses on loans	1,130	3,502	373	1,643
Interest expenses and charges on Bond	3,195	669	1,611	669
Bank commissions	3,772	2,850	2,024	1,601
Negative exchange rate differences	32,737	2,032	7,475	(437)
Fair value charges on the Equity-linked Bond incorporated derivative	4,865	285	691	285
Other financial charges	46	902	35	532
Total financial charges	**45,745**	**10,240**	**12,209**	**4,293**
Interest income	104	204	59	103
Positive exchange rate differences	22,837	5,432	8,183	2,004
Other financial income	97	85	37	7
Total financial income	**23,038**	**5,721**	**8,279**	**2,114**
Total financial charges, net	**22,707**	**4,519**	**3,930**	**2,179**

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

The item exchange rate differences includes gains and losses on valuation of financial instruments related to forward contracts at fair value through profit or loss amounted to a loss of Euro 505 thousand (a gain of Euro 348 thousand in the first semester 2014).

3.8 Income tax expenses

This item breaks down as follows:

(Euro/000)	First semester 2015	First semester 2014	Second quarter 2015	Second quarter 2014
Current taxes	(15,343)	(18,171)	(6,860)	(9,424)
Deferred taxes	6,948	1,503	334	687
Total	**(8,395)**	**(16,668)**	**(6,526)**	**(8,737)**

3.9 Earnings (Loss) per Share

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

Basic

	First semester 2015	First semester 2014
Profit for ordinary shares (in Euro/000)	8,371	29,322
Average number of ordinary shares (in thousands)	62,545	62,318
Earnings per share - basic (in Euro)	**0.134**	**0.471**

Diluted

	First semester 2015	First semester 2014
Profit for ordinary shares (in Euro/000)	8,371	29,322
Profit for preferred shares	-	-
Profit in income statement	**8,371**	**29,322**
Average number of ordinary shares (in thousands)	62,545	62,318
Dilution effects:		
- stock option (in thousands)	226	384
Total	**62,771**	**62,702**
Earnings per share - diluted (in Euro)	**0.133**	**0.468**

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, no dilutive effect was considered.

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 semester 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 semester 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 30th June 2015 and 30th June 2014 as well as second quarter 2015 and second quarter 2014 is shown in the tables below.

June 30, 2015 *(Euro/000)*	**WHOLESALE**	**RETAIL**	**Eliminat.**	**Total**
Net sales				
- to other segment	9,124	-	(9,124)	-
- to third parties	627,965	46,960	-	674,925
Total net sales	**637,089**	**46,960**	**(9,124)**	**674,925**
Gross profit	**380,726**	**29,214**	**-**	**409,940**
Operating profit	**38,514**	**2,202**	**-**	**40,716**
Share of income of associates	(1,131)	-		(1,131)
Financial charges, net				(22,707)
Income taxes				(8,395)
Net profit				**8,483**
Other information				
Capital expenditure	14,455	851		15,306
Depreciation & amortization	17,725	1,908		19,633

June 30, 2014 *(Euro/000)*	**WHOLESALE**	**RETAIL**	**Eliminat.**	**Total**
Net sales				
- to other segment	6,525	-	(6,525)	-
- to third parties	566,571	39,715	-	606,286
Total net sales	**573,096**	**39,715**	**(6,525)**	**606,286**
Gross profit	**358,075**	**25,464**	**-**	**383,539**
Operating profit	**48,085**	**3,421**	**-**	**51,506**
Share of income of associates	(839)	-		(839)
Financial charges, net				(4,519)
Income taxes				(16,668)
Net profit				**29,480**
Other information				
Capital expenditure	16,775	411		17,187
Depreciation & amortization	15,346	1,866		17,212

Second quarter 2015 *(Euro/000)*	**WHOLESALE**	**RETAIL**	**Eliminat.**	**Total**
Net sales				
- to other segment	3,485	-	(3,485)	-
- to third parties	323,407	27,215	-	350,622
Total net sales	**326,892**	**27,215**	**(3,485)**	**350,622**
Gross profit	**196,370**	**17,011**	**-**	**213,381**
Operating profit	**15,448**	**3,138**	**-**	**18,586**
Share of income of associates	(1,131)	-		(1,131)
Financial charges, net				(3,930)
Income taxes				(6,526)
Net profit				**6,999**
Other information				
Capital expenditure	9,012	381		9,393
Depreciation & amortization	9,431	969		10,400

Second quarter 2014 *(Euro/000)*	**WHOLESALE**	**RETAIL**	**Eliminat.**	**Total**
Net sales				
- to other segment	3,524	-	(3,524)	-
- to third parties	289,846	23,237	-	313,083
Total net sales	**293,370**	**23,237**	**(3,524)**	**313,083**
Gross profit	**184,957**	**14,533**	**-**	**199,490**
Operating profit	**21,235**	**3,453**	**-**	**24,688**
Share of income of associates	(839)	-		(839)
Financial charges, net				(2,179)
Income taxes				(8,737)
Net profit				**12,933**
Other information				
Capital expenditure	10,845	148		10,994
Depreciation & amortization	7,714	872		8,586

RELATED PARTIES TRANSACTIONS

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

Related parties transactions *(Euro/000)*	**Relationship**	**June 30 2015**	**December 31 2014**
Receivables			
Companies controlled by HAL Holding N.V.	(b)	21,078	15,096
Total		**21,078**	**15,096**
Payables			
Elegance Optical International Holdings Ltd	(a)	1,266	1,351
Companies controlled by HAL Holding N.V.	(b)	871	2,106
Total		**2,137**	**3,457**

Related parties transactions *(Euro/000)*	**Relationship**	**June 30 2015**	**June 30 2014**
Revenues			
Elegance International Holdings Ltd	(b)	-	24
Companies controlled by HAL Holding N.V.	(b)	45,826	42,345
Total		**45,826**	**42,369**
Operating expenses			
Elegance Optical International Holdings Ltd	(a)	2,223	4,498
Companies controlled by HAL Holding N.V.	(b)	744	1,316
Total		**2,967**	**5,814**

(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

With reference to the French antitrust authority investigation launched in June 2009 in the eyewear sector, the French Competition Authority ("FCA") on May 22, 2015, addressed a statement of objections to Safilo France S.A.R.L. ("Safilo France") and Safilo S.p.A. in its capacity of parent-company of Safilo France, as well as to other companies active in the eyewear sector, relating to certain practices that are alleged not to be compliant with French competition rules. The authorities are expected to issue a final investigation report at the end of 2015 or in the first quarter of 2016, it being specified that a longer duration of the proceedings cannot be excluded. Safilo France and Safilo S.p.A. will then have two months to respond to this report. The FCA's final decision would then be expected to be issued several months later. The Group is still considering the appropriate action to be taken in its protection and, in this report, no provision has been booked as this matter is at an early stage which together with the complexity of proceedings, makes it not possible to assess the probability and range of a potential liability.

If responsibility is definitively ascertained and assuming a fine is upheld by the French court, this could have a material effect on the Group's economic and financial results.

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

Attestation in respect of the Half-year condensed financial statements under Article 154-bis of Legislative Decree 58/98

The undersigned Luisa Deplazes de Andrade Delgado, as the Chief Executive Officer, and Gerd Graehsler, as the officer responsible for the preparation of Safilo Group S.p.A. financial statements, hereby attest, pursuant to the provisions of Article 154-bis, clauses 3 and 4, of Legislative Decree February 24th 1998, no. 58, the adequacy of the administrative and accounting procedures with respect to the Company structure and their effective application in the preparation of the 2015 half-year condensed financial statements.

Administrative and accounting procedures used for the preparation of the condensed financial statements as of June 30th, 2015 were based and the evaluation of their adequacy has been made on a process defined by Safilo Group S.p.A. in accordance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Trade way Commission an internationally-accepted reference framework.

Furthermore, the undersigned attest that the half-year condensed financial statements have been prepared in accordance with the international financial standards as endorsed by the European Union through Regulation (EC) no. 1606/2002 of the European Parliament and Counsel, dated 19th July 2002 and in particular IAS 34 – Interim Financial Reporting. This half-year report corresponds to the amounts shown in the Company's books and records and provides a fair and correct representation of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries.

Finally, the interim management report contains references to the important events occurred in the first six months of the financial year and their impact on the half-year condensed financial statements and a description of the principal risks and uncertainties for the remaining six months of the year, along with a description of the transactions with related parties.

Padua, 4th August 2015

Luisa Deplazes de Andrade Delgado
Chief Executive Officer

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

REPORT OF INDEPENDENT AUDITORS ON
HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS