THREE-MONTH REPORT

as of March 31st, 2008

Date of issue: May 6th, 2008

This three-month report is available on the website:

www.safilo.com

SAFILO GROUP S.P.A.

Settima Strada, 15

35129 Padua – Italy

This report has been translated into English from the original version in Italian. In case of doubt, the Italian version shall prevail.

Contents

CORPORATE OFFICERS

Board of Directors (*)

Chairman	Vittorio Tabacchi
Directors	Giannino Lorenzon Claudio Gottardi Massimiliano Tabacchi Ennio Doris Antonio Favrin Carlo Gilardi

Board of Statutory Auditors (*)

Chairman	Carlo Domenico Vanoni
Regular Auditor	Franco Corgnati
Regular Auditor	Paolo Mazzi
Alternate member	Nicola Gianese
Alternate member	Giampietro Sala

Internal Control Committee (**)

Chairman	Carlo Gilardi Ennio Doris Riccardo Ruggiero

Remuneration Committee (**)

Chairman	Carlo Gilardi Giannino Lorenzon Riccardo Ruggiero

Independent Auditors

PricewaterhouseCoopers S.p.a.

(*) appointed by the shareholders' meeting held on April 30th, 2008
(**) in charge until April 30th, 2008

The Board of Directors summoned on May 6th, 2008 will attribute special offices and delegations to the Directors and will appoint the members of the Internal Control and Remuneration Committees.

DIRECTORS' REPORT ON OPERATIONS

General information and activities of the Group

Safilo Group S.p.A., the holding company, is a limited liability company registered in Italy. The registered office is located in Pieve di Cadore (BL) – Piazza Tiziano n. 8, whilst the administrative headquarters are located in Padua – Settima Strada n. 15, at the Safilo S.p.A. headquarters.

Companies included in the consolidation area are reported in paragraph 1.2 "Consolidation method and consolidation area".

Safilo has been in the eyewear market for over 70 years and is one of the major operators, in terms of revenues, in the design, manufacture and distribution of glasses and other eyewear products. Safilo is the global leader in the high-end eyewear segment of the market and also one of the top 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 Group manages a brand portfolio of both licensed and house brands, selected according to competitive positioning and international prestige criteria and in order to implement a clear segmentation strategy of customers. Safilo has extensively integrated its house brand portfolio with numerous brands from the luxury and fashion industry, building long-term relationships with the licensors through license agreements of 5 to 8 years, most of which are repeatedly renewed.

The Group's brands include *Safilo, Oxydo, Carrera, Smith* and *Blue Bay* while the licensed brands include *Alexander McQueen, A/X Armani Exchange, Balenciaga, Banana Republic, BOSS - Hugo Boss, Bottega Veneta, Boucheron, Diesel, 55DSL, Dior, Emporio Armani, Fossil, Giorgio Armani, Gucci, HUGO - Hugo Boss, Jimmy Choo, J. Lo by Jennifer Lopez, Juicy Couture, Kate Spade, Liz Claiborne, Marc Jacobs, Marc by Marc Jacobs, Max Mara, Max & Co., Nine West, Pierre Cardin, Saks Fifth Avenue, Stella McCartney, Valentino* and *Yves Saint Laurent*.

Key consolidated performance indicators

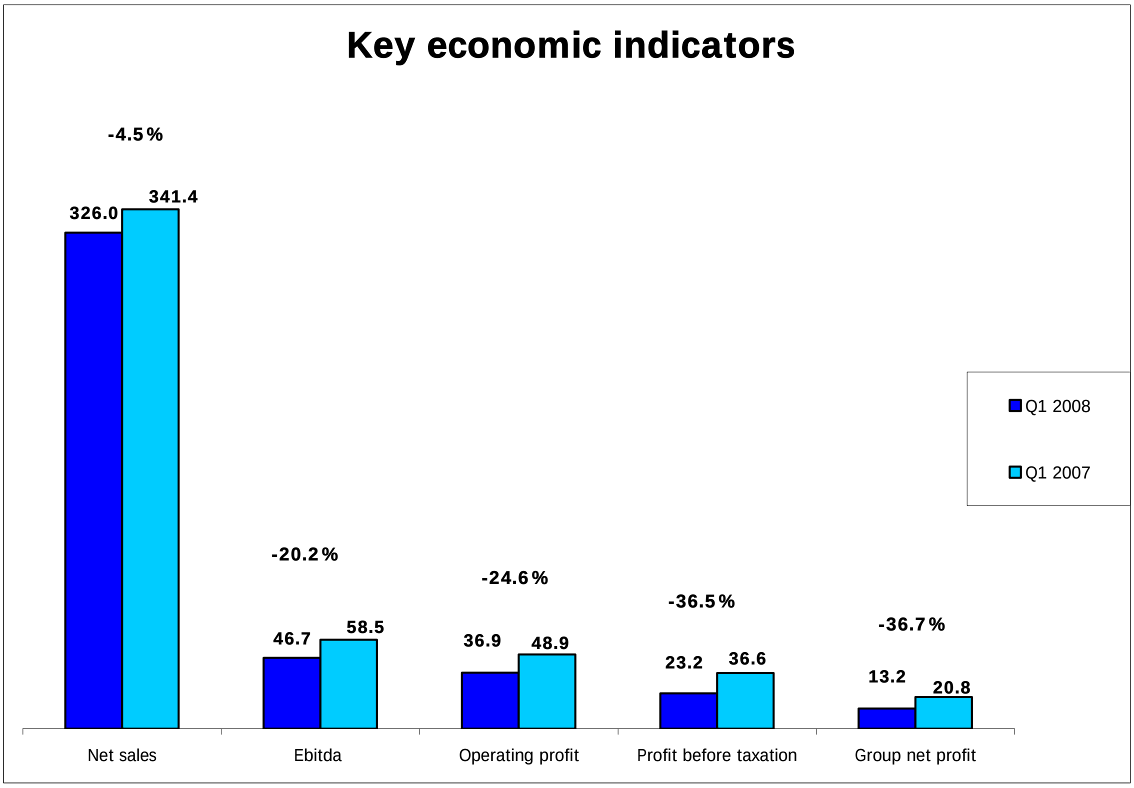
Economic data	Three months ended March 31,			
(Euro in millions)	**2008**	%	**2007**	%
Net sales	326.0	100.0	341.4	100.0
Cost of sales	(133.1)	40.8	(136.8)	40.1
Gross profit	192.9	59.2	204.6	59.9
Ebitda	46.7	14.3	58.5	17.1
Operating profit	36.9	11.3	48.9	14.3
Profit before taxation	23.2	7.1	36.6	10.7
Group net profit	13.2	4.1	20.8	6.1

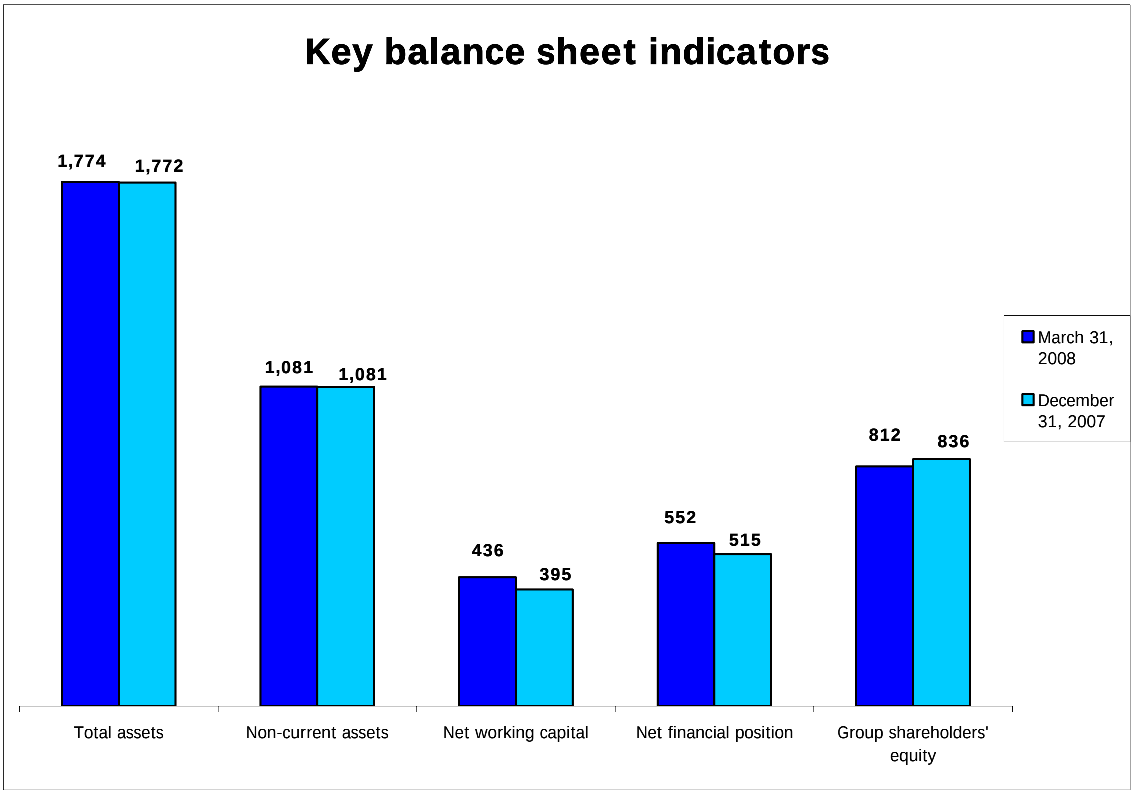
Earnings per share	Three months ended March 31,			
(in Euro)	**2008**	%	**2007**	%
EPS - Base	0.05		0.07	
EPS - Diluted	0.05		0.07	
No. of shares in share capital as of March 31*	285,394,128		283,372,852	

Balance sheet data	March 31,		December 31,	
(Euro in millions)	**2008**	%	**2007**	%
Total assets	1,774.2	100.0	1,772.0	100.0
Non-current assets	1,081.4	61.0	1,080.8	61.0
Net working capital	436.4	24.6	395.4	22.3
Net financial position	(552.2)	31.1	(514.6)	29.0
Group shareholders' equity	811.6	45.7	836.0	47.2

Financial data	Three months ended March 31,			
(Euro in millions)	**2008**	%	**2007**	%
Cash flows operating activities	(7.6)		(15.0)	
Cash flows investing activities	(37.1)		(10.5)	
Cash flows financing activities	20.9		17.9	
Closing net cash and cash equivalents	(49.4)		(0.4)	

We underline that:
- certain figures in the Directors' Report on Operations, including percentage amounts, have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them;
- "Ebitda" means operating profit before amortization and depreciation;
- "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.


Key economic indicators
-4.5%
326.0
341.4
-20.2%
46.7
58.5
-24.6%
36.9
48.9
-36.5%
23.2
36.6
-36.7%
13.2
20.8
Net sales
Ebitda
Operating profit
Profit before taxation
Group net profit
Q1 2008
Q1 2007


Key balance sheet indicators
1,774
1,772
1,081
1,081
436
395
552
515
812
836
Total assets
Non-current assets
Net working capital
Net financial position
Group shareholders' equity
March 31, 2008
December 31, 2007

Introduction

In the first quarter of 2008 the Group consolidated its presence in the wholesale sector by accelerating the development of the retail channel, thanks to two acquisitions concluded during the first few weeks of the year. Generally speaking, the Group's activity has advanced despite the difficult market situation, characterised by a reduced inclination towards the purchase of consumer products and by a strong devaluation of the US dollar (it has weakened by more than 14% against the Euro in the comparison with the average value of the first quarter of 2007) which have penalised results both in terms of revenues and profitability.

The project to expand industrial capacity through the construction of a new plant in the Far East continues. During the course of the second quarter of the year the temporary rented site will become operational and the training activities will begin for the personnel who will then be transferred to the Safilo plant as soon as construction has been concluded.

With regards to the retail channel, as previously mentioned, two retail chains were purchased, in Australia and Mexico, which include 77 stores and which can be added to the 11 new Solstice stores opened in the United States, bringing the total number of shops owned by the Group to 268.

The Group's consolidated revenues grew, at constant exchange rates, by 0.9% (-4.5% at current exchange rates) but saw the wholesale segment penalised by the challenging comparison with the strong growth of the first quarter of 2007. In the analysis by product type, the first quarter highlights, against a fall in the sale of sunglasses which is more dependant on the end consumers' inclination to buy, a persistent growth in the sale of prescription frames as confirmation of the appropriateness of the Group's sales proposal.

On the basis of the expected sales scenarios, the Group has adapted its production decisions in order to avoid building up excessive levels of inventory compared to the expected market demand. This has lead to a more moderate use of the existing industrial structures, with the consequent lower absorption of fixed production costs.

The operating margin, which went from 14.3% in the first quarter of 2007 to 11.3% in 2008, was affected furthermore by a sales mix which favoured the geographical areas with lower profitability (such as the United States, penalised by the weak dollar) and by the greater burden of the costs of administrative and sales structures in a quarter of limited sales growth.

The Group's net financial position, although greater compared to the end of 2007 due to the normal seasonal nature of the working capital and above all to the acquisitions made at the beginning of the year, benefited from a clear improvement in the generation of operating cash flows.

Finally, with regards to the relations with the licensors, the licence agreement with the brand Stella McCartney, which contributed around 0.1% to the Group's turnover, will not be renewed, while the Group is focused instead on the possible advance renewal of licence agreements due to expire in the next three years.

Group economic results

Consolidated statement of operations	Three months ended March 31,				
(Euro in millions)	2008	% (*)	2007	%	Ch. % (*)
Net sales	326.0	100.0	341.4	100.0	-4.5%
Cost of sales	(133.1)	(40.8)	(136.8)	(40.1)	-2.7%
Gross profit	**192.9**	**59.2**	**204.6**	**59.9**	**-5.7%**
Selling and marketing expenses	(122.0)	(37.4)	(123.6)	(36.2)	-1.3%
General and administrative expenses	(34.0)	(10.4)	(32.3)	(9.5)	5.3%
Other operating income/(expenses), net	(0.0)	(0.0)	0.3	0.1	-112.9%
Operating profit	**36.9**	**11.3**	**48.9**	**14.3**	**-24.6%**
Interest expense and other financial charges, net	(13.6)	(4.2)	(12.3)	(3.6)	11.1%
Profit before taxation	**23.2**	**7.1**	**36.6**	**10.7**	**-36.5%**
Income taxes	(8.7)	(2.7)	(14.1)	(4.1)	-38.3%
Net profit	**14.5**	**4.5**	**22.5**	**6.6**	**-35.5%**
Net profit attributable to minority interests	1.3	0.4	1.7	0.5	-20.3%
Net profit attributable to the Group	**13.2**	**4.1**	**20.8**	**6.1**	**-36.7%**
EBITDA	**46.7**	**14.3**	**58.5**	**17.1**	**-20.2%**
Earnings per share - base (Euro)	0.05		0.07		
Earnings per share - diluted (Euro)	0.05		0.07		

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

The Group's **net sales** for the first quarter of the year reached 326 million Euro, showing an increase of 0.9% at constant exchange rates but a decrease of 4.5% due to the devaluation of foreign currencies (in particular the American dollar). The negative trend in sales affected exclusively the wholesale sector, and in particular was concentrated in Europe where some countries felt the widespread uncertainty of our clients regarding the economic prospects in the respective markets. This is the case for Spain for example (showing around a 20% decrease as compared with a growth of about the same percentage for the same period of the previous year) and to a more contained extent Italy, the UK (penalised exclusively by the exchange rate) and in general the North European countries. Slightly positive growth was registered for the Central European countries with particularly good results in France.

Sales in local currency in the American continent continue to show strong growth although there is a reduction of the average price due to the tendency of the consumer to choose styles with a lower unit price. In the retail sector, since the shops exclusively sell sunglasses, the comparable sales remain substantially in line with 2007 with different tendencies in the two countries of the area in which the Group is present (negative in the USA and positive in Mexico).

In the Far East the growth in turnover in local currency of the first quarter was lower than the trend established over the last few years. The explanation for this resides in the weakness of the Japanese market (up till now still the most significant area) which has compensated for the usual strong growth in the emerging markets of the area, such as Korea and China, the latter which also in the first quarter of 2008 showed a growth of more than 55% as compared with the same period of the previous year.

Net sales by geographical region	Q1				
(Euro in milions)	2008	%	2007	%	Change %
Europe	167.0	51.2	172.5	50.6	-3.2
The Americas	113.2	34.7	110.6	32.4	+2.4
Asia Pacific	38.2	11.7	39.4	11.5	-3.0
Other	7.6	2.4	18.8	5.5	-59.4
Total	**326.0**	**100.0**	**341.4**	**100.0**	**-4.5**

Net sales by product	Q1				
(Euro in milions)	2008	%	2007	%	Variaz.%
Prescription frames	118.4	36.3	118.5	34.8	-0.1
Sunglasses	187.1	57.4	204.2	59.8	-8.4
Sport products	14.6	4.5	13.5	3.9	+7.8
Other	5.9	1.8	5.2	1.5	+13.8
Total	**326.0**	**100.0**	**341.4**	**100.0**	**-4.5**

As regards the typology of products, the first quarter was marked by greater difficulty in the sales of sunglasses which suffer, both in terms of volume and average selling price, from the greater caution in the approach to buying during periods of economic uncertainty.
The sales of prescription frames, at equal exchange rates, continue to show growth confirming the fact that customers' and end consumers' appreciation of the brands and collections distributed by the Group has remained unchanged.

The **gross profit** reached 192.9 million Euro, equal to 59.2% of sales, a slight decline in percentage compared to the same period of the previous year (in the first quarter of 2007 the 204.6 million Euro of gross profit corresponded to 59.9% of the turnover). The reasons for such a contraction in marginality reside in the strong impact of the exchange rate and in a minor absorption of production costs. In view of a possible prolongation of the market conditions with moderate growth it was considered opportune to maintain the inventory at lower levels than the previous quarters in order to minimise the risk of future obsolescence, even though this has led to the installed production capacity not being put to full use.
Furthermore, the first quarter of the year saw the continuation of the policy of focusing on the slower moving styles in order to bring forward the sales of production surplus with a below average profitability.

The **EBITDA** in the first quarter of the year was equal to 46.7 million Euro (equal to 14.3% of sales) compared to 58.5 million Euro registered in the first quarter of 2007 (equal to 17.1% of sales). The reduction of the operating profit is due mainly to the devaluation of the American dollar and to the lack of turnover growth at constant exchange rates. In addition to the already underlined effects regarding the gross profit, the following phenomena have been noted:

- lower profitability in the retail segment due to the lack of growth in comparable turnover in the Loop and Solstice chains.
- lower absorption of general costs in the wholesale segment despite the containment of the absolute value of these expenses regarding the first quarter of 2007.
- greater impact of advertising and marketing costs that had already been planned to support own brands and new licensed brands.

The **net profit**, equal to 13.2 million Euro, is therefore showing a strong downturn compared to the first quarter of last year (when it reached 20.8 million Euro) due to the lower operative profitability and to the greater weight of financial costs further to the strong fluctuation of foreign currencies which has led to a greater impact on the negative exchange differences.
As expected the tax rate continues however to show a gradual improvement.

Analysis by distribution channel – Wholesale / Retail

The main data per activity sector is shown in the table below:

(Euro/000)	WHOLESALE				RETAIL			
	March 31, 2008	March 31, 2007	Ch.	Ch. %	March 31, 2008	March 31, 2007	Ch.	Ch. %
Net sales	301.4	325.7	-24.3	-7.5%	24.6	15.7	8.9	56.9%
Ebitda	46.6	58.0	-11.4	-19.7%	0.1	0.5	-0.4	-90.1%
%	*15.5%*	*17.8%*			*0.2%*	*3.7%*		

The Group's revenues in the wholesale segment resulted in a reduction of 7.5% as compared to last year mostly due to the exchange rate effect (net of the devaluation of foreign currencies, the decline would be reduced to 2.5% when compared to the first quarter of 2007). As already noted, this tendency can be explained by a geographic dynamic that is experiencing difficulty with sales in some European countries where a strong growth of revenues was registered in the same quarter in 2007.

The retail sector, however, is in strong growth mostly due to the acquisitions and to the new openings carried out in the year. At the end of March 2008 the total number of shops owned by the Group was 268 points of sale compared with 180 at the end of 2007 and 152 at the end of March 2007. In terms of comparable sales (with an equal number of shops) the retail segment has shown a slight downturn in the quarter.

In terms of profitability, the wholesale segment has been conditioned by the trend of sales and exchange rates, as better explained in previous paragraphs. The retail segment, which is showing a considerable decline in profitability, has strongly felt the impact of lower sales, not sufficient to compensate for the ordinary expenses in some points of sale, in particular the recently opened ones, which have a greater need for "traffic" within the shop in order to be able to compensate for the typical difficulties encountered in the start up of a new point of sale.

Balance sheet and financial situation

Condensed balance sheet *(Euro in millions)*	**March 31, 2008**	**December 31, 2007**	**Change**
Cash in hand and at bank	51.1	56.9	(5.8)
Trade receivables, net	345.7	315.8	29.9
Inventories, net	258.7	274.3	(15.6)
Other current assets	37.3	44.3	(6.9)
Total current assets	**692.8**	**691.2**	**1.6**
Property, plant and equipment, net	204.3	201.9	2.5
Intangible assets	22.3	23.5	(1.2)
Goodwill	750.5	754.9	(4.4)
Other non-current assets	104.2	100.5	3.8
Total non current assets	**1,081.4**	**1,080.8**	**0.6**
Total assets	**1,774.2**	**1,772.0**	**2.2**
Short-term borrowings	169.6	161.7	7.8
Trade payables	168.0	194.7	(26.8)
Other current liabilities	109.0	95.1	13.9
Total current liabilities	**446.5**	**451.5**	**(5.0)**
Long-term borrowings	433.7	409.8	23.9
Employee benefit liability	39.4	37.8	1.6
Other non-current liabilities	37.0	31.9	5.1
Total non current liabilities	**510.1**	**479.5**	**30.6**
Group shareholders' equity	**811.6**	**836.0**	**(24.5)**
Minority interests	**6.0**	**4.9**	**1.1**
Total liabilities and shareholders' eq.	**1,774.2**	**1,772.0**	**2.2**

Financial situation

The main items of the statement of cash flow and net financial position as at 31st, March 2008 compared with the relative values of the previous year.

Free cash flow *(Euro in millions)*	**Three months ended March 31,**		**Change**
	2008	**2007**	
Cash flow operating activities	(7.6)	(15.0)	7.4
Cash flow investing activities	(37.1)	(10.5)	(26.6)
Free cash flow	**(44.7)**	**(25.5)**	**(19.2)**

The management of the free cash flow in the first quarter of 2008 has led to the Group running into further debt due to the acquisition of the retail chains in Mexico and Australia over the course of the first weeks of the year leading to a net outlay of 26.7 million Euro.

As regards the management of the operating cash, there has been an improvement compared to 2007, despite the strong reduction of the net profit, thanks to a more efficient management of the working capital.

The capital expenditure is mostly stable.

Net working capital

The value of the net working capital related to the commercial activity has increased by 2.3 million Euro with respect to March 31st, 2007, slightly improving its impact on the year's turnover. The greater impact with respect to the end of the previous year is derived exclusively from the seasonality of sales.

Net working capital *(Euro in millions)*	**Mar. 31, 2008**	**Mar. 31, 2007**	**Ch. Mar 08 - Mar 07**	**Dec. 31, 2007**
Trade receivables, net	345.7	370.0	(24.3)	315.8
Inventory, net	258.7	273.4	(14.7)	274.3
Trade payables	(168.0)	(209.3)	41.3	(194.7)
Net working capital	**436.4**	**434.1**	**2.3**	**395.4**
% on net sales	*37.1%*	*37.4%*		*33.2%*

The net working capital has been influenced by the following dynamics:

- smaller amount of trade receivables against a drop in the turnover of the quarter compared to the same period of the previous year;

- large reduction of the inventory as a result of the policies made to improve the sales forecasts and minimise the potentially slow moving stock;

- large reduction of trade payables, which actually happened over the course of 2007, further to the payment of suppliers that had contributed to increasing the inventory at the end of 2006.

Investments in tangible and intangible fixed assets

The investments in tangible and intangible fixed assets carried out by the Group amount to 9.9 million Euro against 10.1 million for the same period of the previous year and are divided as follows:

(Euro in milions)	Q1 2008	Q1 2007	Change
Padua headquarters	1.0	1.0	-
Production facilities	4.4	3.8	0.6
Europe	0.8	0.8	-
The Americas	3.6	4.1	(0.5)
Asia Pacific	0.1	0.4	(0.3)
Total	**9.9**	**10.1**	**(0.2)**

The investments relating to the Group's production plants were carried out in the new Chinese industrial site for 1.5 million Euro and for the remaining part were destined to the normal renovation and improvement of the plants, machinery and equipment of the factories situated in Italy and Slovenia.
The investments in America and Europe are mainly relative to the retail area and are destined to the opening of new shops and to the restructuring of already existing ones.

Net financial position

Net financial position *(Euro in millions)*	**March 31, 2008**	**December 31, 2007**	**Change**
Current portion of long-term borrowings	(30.1)	(34.5)	4.4
Bank overdrafts and short-term bank borrowings	(100.6)	(85.4)	(15.2)
Other short-term borrowings	(38.9)	(41.8)	3.0
Cash and cash equivalents	51.1	56.9	(5.8)
Short-term net financial position	**(118.5)**	**(104.8)**	**(13.6)**
Long-term borrowings	(433.7)	(409.8)	(23.9)
Long-term net financial position	**(433.7)**	**(409.8)**	**(23.9)**
Net financial position	**(552.2)**	**(514.6)**	**(37.5)**

The Group's net financial position has increased when compared to the end of 2007 due to the impact of the acquisitions concluded at the beginning of the year and the normal seasonality of the working capital, going from

514.6 million Euro in December 2007 to 552.2 million Euro at the end of the first quarter of this year. It is nevertheless important to observe that the total debt, despite the aforementioned acquisitions, remains lower than the total net debt at the end of the first quarter of 2007, which was equal to 556.1 million Euro. There are no substantial changes to the timeframe of the total debt.

Reconciliation of the parent company's shareholders' equity and net profit with the consolidated balances

(Euro in millions)	Equity as of March 31, 2008	Net profit 3 months 2008	Equity as of December 31, 2007
Balances per Safilo Group S.p.A. statutory financial statements	846.6	(0.3)	846.8
Shareholders' equity of consolidated companies	1,443.7	17.4	1,420.3
Write-off of the book value of consolidated subsidiaries	(2,169.6)	-	(2,131.5)
Goodwill	708.9	-	716.2
Fair value attributable to tangible assets	10.9	(0.1)	11.0
Elimination of dividends paid within the Group	-	(3.0)	-
Elimination of intercompany gains within the Group	(12.5)	0.4	(12.9)
Elimination of intercompany profit included in inventory	(14.7)	0.7	(16.6)
Investments in associates - equity method	6.2	-	6.6
Other consolidation entries	(1.9)	(0.6)	0.8
Total shareholders' equity	**817.6**	**14.5**	**840.9**
Shareholders' equity attributable to minority interests	6.0	1.3	4.9
Total shareholders' equity attributable to the Group	**811.6**	**13.2**	**836.0**

Personnel

Group personnel as at March 31st, 2008, December 31st, 2007 and March 31st, 2007 is shown in the following table:

	March 31, 2008	December 31, 2007	March 31, 2007
Padua headquarters	874	852	866
Production facilities	4,658	4,722	4,872
Commercial companies	1,412	1,170	1,146
Retail	1,742	1,258	854
Total	**8,686**	**8,002**	**7,738**

Compared with December 31st, 2007 the workforce has increased by 684 units, mostly due to the new acquisitions in the retail sector.

Significant events after March 31st, 2008

In the period subsequent to March 31st, 2008 there were no events that can be considered to have significantly affected the data contained in this report.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

(Euro/000)	Note	March 31, 2008	of which, related parties	December 31, 2007	of which, related parties
ASSETS					
Current assets					
Cash in hand and at bank	2.1	51,121		56,882	
Trade receivables, net	2.2	345,664	51	315,792	
Inventory, net	2.3	258,717		274,283	
Derivative financial instruments	2.4	816		271	
Other current assets	2.5	36,523	575	44,009	603
Total current assets		**692,841**		**691,237**	
Non-current assets					
Tangible assets	2.6	204,310		201,858	
Intangible assets	2.7	22,345		23,526	
Goodwill	2.8	750,504		754,920	
Investments in associates	2.9	11,507		12,279	
Financial assets available-for-sale	2.10	1,820		2,443	
Deferred tax assets	2.11	79,369		75,495	
Derivative financial instruments	2.4	1,041		1,608	
Other non-current assets	2.12	10,506		8,628	
Total non-current assets		**1,081,402**		**1,080,757**	
Total assets		**1,774,243**		**1,771,994**	

(Euro/000)	*Note*	March 31, 2008	of which, related parties	December 31, 2007	of which, related parties
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Short-term borrowings	*2.13*	169,552		161,709	
Trade payables	*2.14*	167,962	5,759	194,714	8,259
Tax payables	*2.15*	26,157		20,568	
Other current liabilities	*2.16*	82,090	580	73,725	622
Provisions for risks and charges	*2.17*	788		803	
Total current liabilities		**446,549**		**451,519**	
Non-current liabilities					
Long-term borrowings	*2.13*	433,737		409,827	
Employee benefit liability	*2.18*	39,432		37,840	
Provisions for risks and charges	*2.17*	13,016		12,789	
Deferred tax liabilities	*2.11*	14,226		11,080	
Derivative financial instruments	*2.4*	1,311		359	
Other non-current liabilities	*2.19*	8,415		7,642	
Total non-current liabilities		**510,137**		**479,537**	
Total liabilities		**956,686**		**931,056**	
Shareholders' equity					
Share capital	*2.20*	71,349		71,349	
Share premium reserve	*2.21*	747,471		747,471	
Retained earnings and other reserves	*2.22*	(18,854)		(33,540)	
Fair value and cash flow reserves	*2.23*	(1,615)		(280)	
Income attributable to the Group		13,206		51,018	
Total shareholders' equity attributable to the Group		**811,557**		**836,018**	
Minority interests		**6,000**		**4,920**	
Total shareholders' equity		**817,557**		**840,938**	
Total liabilities and shareholders' equity		**1,774,243**		**1,771,994**	

Consolidated statement of operations

(Euro/000)	*Note*	Q1 2008	of which, related parties	Q1 2007	of which, related parties
Net sales	*3.1*	326,020	46	341,395	38
Cost of sales	*3.2*	(133,080)	(4,137)	(136,833)	(7,489)
Gross profit		**192,940**		**204,562**	
Selling & marketing expenses	*3.3*	(122,021)		(123,627)	
General & administrative expenses	*3.4*	(34,003)	(291)	(32,304)	(290)
Other op. income/(expenses), net	*3.5*	(36)		279	
Operating profit		**36,880**		**48,910**	
Share of income/(loss) of associates	*3.6*	38		39	
Interest expenses and other financial charges, net	*3.7*	(13,671)		(12,315)	
Profit before taxation		**23,247**		**36,634**	
Income taxes	*3.8*	(8,723)		(14,132)	
Net profit		**14,524**		**22,502**	
Net profit attributable to minority interests		1,318		1,654	
Net profit attributable to the Group		**13,206**		**20,848**	
Earnings per share - *base (Euro)*	*3.9*	0.05		0.07	
Earnings - *diluted (Euro)*	*3.9*	0.05		0.07	

Consolidated statement of cash flow

(Euro/000)	Q1 2008	Q1 2007
A - Opening net cash and cash equivalents (net financial indebtedness - short term)	**(28,469)**	**6,989**
B - Cash flow from (for) operating activities		
Net profit for the period (including minority interests)	14,524	22,502
Depreciation and amortization	9,818	9,632
Stock option	139	139
Share income/(loss) on equity investments	(38)	(39)
Net movements in the employee benefit liability	1,576	822
Net movements in other provisions	244	79
Interest expenses, net	10,068	9,576
Income tax expenses	8,723	14,132
Income from operating activities prior to movements in working capital	**45,054**	**56,843**
(Increase) Decrease in trade receivables and other current receivables	(33,349)	(38,718)
(Increase) Decrease in inventory, net	11,518	(3,007)
Increase (Decrease) in trade payables and other current payables	(18,486)	(22,049)
Interest expenses paid	(4,463)	(3,382)
Income tax paid	(7,865)	(4,705)
Total (B)	**(7,591)**	**(15,018)**
C - Cash flow from (for) investing activities		
Purchase of tangible fixed assets (net of disposals)	(9,801)	(9,091)
Acquisition of subsidiaries (net of cash acquired)	(26,671)	-
Disposal of investments and bonds	(21)	-
Purchase of intangible assets	(576)	(1,417)
Total (C)	**(37,069)**	**(10,508)**
D - Cash flow from (for) financing activities		
Proceeds from borrowings	28,179	18,325
Repayment of borrowings	(6,882)	(300)
Dividends paid	(447)	(103)
Total (D)	**20,850**	**17,922**
E - Cash flow for the period (B+C+D)	**(23,810)**	**(7,604)**
Translation exchange difference	2,834	254
Total (F)	**2,834**	**254**
G - Closing net cash and cash equivalents (net financial indebtedness - short term) (A+E+F)	**(49,445)**	**(361)**

Statement of changes in shareholders' equity

First quarter 2007

(valori in Euro migliaia)	Share capital	Share premium reserve	Translation diff.	Fair value and cash flow reserves	Retained earnings	Net profit	Total equity
Group shareholders' equity at January 1, 2007	**70,843**	**751,276**	**(22,726)**	**1,859**	**42**	**37,467**	**838,761**
Prevoius year's profit allocation	-	-	-	-	37,467	(37,467)	-
Changes in other reserves	-	-	(6,715)	217	126	-	(6,372)
Net profit for the period	-	-	-	-	-	20,848	20,848
Group shareholders' equity at March 31, 2007	**70,843**	**751,276**	**(29,441)**	**2,076**	**37,635**	**20,848**	**853,237**
Minority interests at January 1, 2007	**-**	**-**	**(2)**	**-**	**2,045**	**3,346**	**5,389**
Prevoius year's profit allocation	-	-	-	-	3,346	(3,346)	-
Retained earnings	-	-	(30)	-	91	-	61
Dividends distribution	-	-	-	-	(103)	-	(103)
Net profit for the period	-	-	-	-	-	1,654	1,654
Minority interests at March 31, 2007	**-**	**-**	**(32)**	**-**	**5,379**	**1,654**	**7,001**
Consolidated net equity at March 31, 2007	**70,843**	**751,276**	**(29,473)**	**2,076**	**43,014**	**22,502**	**860,238**

First quarter 2008

(valori in Euro migliaia)	Share capital	Share premium reserve	Translation diff.	Fair value and cash flow reserves	Retained earnings	Net profit	Total equity
Group shareholders' equity at January 1, 2008	**71,349**	**747,471**	**(75,805)**	**(280)**	**42,265**	**51,018**	**836,018**
Prevoius year's profit allocation	-	-	-	-	51,018	(51,018)	-
Changes in other reserves			(36,264)	(1,335)	(68)	-	(37,667)
Dividends distribution	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	13,206	13,206
Group shareholders' equity at March 31, 2008	**71,349**	**747,471**	**(112,069)**	**(1,615)**	**93,215**	**13,206**	**811,557**
Minority interests at January 1, 2008	**-**	**-**	**(147)**	**-**	**1,542**	**3,525**	**4,920**
Prevoius year's profit allocation	-	-	-	-	3,525	(3,525)	-
Retained earnings	-	-	(222)	-	431	-	209
Dividends distribution	-	-	-	-	(447)	-	(447)
Net profit for the period	-	-	-	-	-	1,318	1,318
Minority interests at March 31, 2008	**-**	**-**	**(369)**	**-**	**5,051**	**1,318**	**6,000**
Consolidated net equity at March 31, 2008	**71,349**	**747,471**	**(112,438)**	**(1,615)**	**98,266**	**14,524**	**817,557**

Consolidated statement of recognized profit and loss

		Q1	
(Euro/000)	***Note***	**2008**	**2007**
Profit (loss) attributable to the cash flow reserve	*2.23*	(692)	912
Profit (loss) attributable to the fair value reserve	*2.23*	(643)	284
Profit (loss) attributable to the conversion fund	*2.22*	(36,486)	(6,745)
Profit (loss) attributable to shareholders' equity	*2.22*	(229)	217
Total profit / (loss) attributable to shareholders' equity		**(38,050)**	**(5,332)**
Net profit for the period		14,524	22,502
Total recognized profit for the period		**(23,526)**	**17,170**
Attributable to:			
Group		(24,601)	15,456
Minority interests		1,075	1,714
Total recognized profit for the period		**(23,526)**	**17,170**

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

1.1 General information

These consolidated financial statements, expressed in thousands of Euro, refer to the financial period from January 1st, 2008 to March 31st, 2008. Economic and financial information is provided with reference to the first three months of 2008 and 2007, whilst balance sheet information is provided with reference to March 31st, 2008 and December 31st, 2007.

This three-month report has been prepared in accordance with the art. 157 ter of the Legislative Decree n. 58/1998 and subsequent changes, of the Consob Regulations and legislative measures issued in accordance with art. 9 of Legislative Decree n. 38/2005.

The consolidated financial information reported for the period ended March 31st, 2008 has been prepared in accordance with the IFRS issued by the *International Accounting Standards Board* and approved by the European Commission as of March 31st, 2008. In particular, this interim financial report has been prepared in accordance with IAS 34 – *Interim Financial Reporting*.

Accounting policies adopted for the preparation of this interim consolidated financial report have been applied in a comparative manner for the financial periods presented. They are also consistent with those applied for the Group IFRS annual consolidated financial statements as of December 31st, 2007.

The date of approval of these consolidated financial statements by the Board of Directors is May 6th, 2008.

1.2 Consolidation method and consolidation area

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:

	Value	Share capital	Quota held %
ITALIAN COMPANIES			
Safilo S.p.A. – Pieve di Cadore (BL)	EUR	35,000,000	100.0
Oxsol S.p.A. - Pieve di Cadore (BL)	EUR	121,000	100.0
Lenti S.r.l. – Bergamo	EUR	500,000	75.6
Smith Sport Optics S.r.l. (in liquidation) – Padua	EUR	102,775	100.0
FOREIGN COMPANIES			
Safilo International B.V. - Rotterdam (NL)	EUR	24,165,700	100.0
Safint B.V. - Rotterdam (NL)	EUR	18,200	100.0
Safilo Capital Int. S.A. - Lussemburgo (L)	EUR	31,000	100.0
Luxury Trade S.A - Lussemburgo (L)	EUR	1,650,000	100.0
Safilo Benelux S.A. - Zaventem (B)	EUR	560,000	100.0
Safilo Espana S.L. - Madrid (E)	EUR	3,343,960	100.0
Navoptik S.L. - Madrid (E)	EUR	664,118	100.0
Safilo France S.a.r.l. - Parigi (F)	EUR	960,000	100.0
Safilo Gmbh - Colonia (D)	EUR	511,300	100.0
Safilo Nordic AB - Taby (S)	SEK	500,000	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	51.0
Safilo Hong-Kong Ltd – Hong Kong (RC)	HKD	100,000	51.0
Safilo Singapore Pte Ltd - Singapore (SGP)	SGD	400,000	100.0
Safilo Optical Sdn Bhd – Kuala Lumpur (MAL)	MYR	100,000	100.0
Safilo Trading Company Limited- Shenzen (RC)	CNY	2,481,000	51.0
Safilo Eyewear (Shenzen) Company Limited - (RC)	USD	700,000	51.0
Safilo Eyewear (Suzhou) Industries Limited - (RC)	USD	3,000,000	100.0
Safilo Korea Ltd – Seoul (K)	KRW	300.000.000	100.0
Safilo Hellas Ottica S.a. – Atene (GR)	EUR	489,990	70.0
Safilo Nederland B.V. - Bilthoven (NL)	EUR	18,200	100.0
Safilo South Africa (Pty) Ltd. – Bryanston (ZA)	ZAR	3,383	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 – San Paolo (BR)	BRL	8,077,500	100.0
Safilo Portugal Lda – Lisbona (P)	EUR	500,000	100.0
Safilo Switzerland AG – Liestal (CH)	CHF	1,000,000	100.0
Safilo India Pvt. Ltd - Bombay (IND)	INR	42,000,000	88.5
Safint Australia Pty Ltd.- Sydney (AUS)	AUD	3,000,000	100.0
Safilo Australia Partnership – Sydney (AUS)	AUD	204,081	61.0
Optifashion Australia Pty Ltd. - Sydney (AUS)	AUD	900,000	100.0
Just Spectacles Pty Ltd - Perth (AUS)	AUD	2,000	100.0
Just Spectacles (Franchisor) Pty Ltd - Perth - (AUS)	AUD	200	100.0
Just Spectacles Direct Pty Ltd - Perth (AUS)	AUD	400	100.0
Just Protection Eyewear Pty Ltd - Perth (AUS)	AUD	2	100.0
Optifashion Hong Kong Ltd - Hong Kong (RC)	HKD	300,000	100.0
Safint Optical UK Ltd. - Londra (GB)	GBP	21,139,001	100.0
Safilo UK Ltd. - North Yorkshire (GB)	GBP	250	100.0
Safilo America Inc. - Delaware (USA)	USD	8,430	100.0
Safilo USA Inc. - New Jersey (USA)	USD	23,289	100.0
Safilo Realty Corp. - Delaware (USA)	USD	10,000	100.0
Safilo Services LLC - New Jersey (USA)	USD	-	100.0
Smith Sport Optics Inc. - Idaho (USA)	USD	12,162	100.0
Solstice Marketing Corp. – Delaware (USA)	USD	1,000	100.0
Solstice Marketing Concepts LLC – Delaware (USA)	USD	-	100.0
Tide Ti S.A. de CV - Cancun (MEX)	MXP	52,010,000	60.0
2844-2580 Quebec Inc. – Montreal (CAN)	CAD	100,000	100.0
Safilo Canada Inc. - Montreal (CAN)	CAD	2,470,425	100.0
Canam Sport Eyewear Inc. - Montreal (CAN)	CAD	300,011	100.0

1.3 Translation of financial statements in currencies other than the Euro

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

	As of	As of	Average for the 3 months ended	
	March 31, 2008	March 31, 2007	Q1 2008	Q1 2007
USD	1.5812	1.3318	1.4976	1.3106
HKD	12.3075	10.4070	11.6737	10.2334
CHF	1.5738	1.6247	1.6014	1.6162
CAD	1.6226	1.5366	1.5022	1.5357
JPY	157.3700	157.3200	157.7987	156.4322
GBP	0.7958	0.6798	0.7570	0.6706
SEK	9.3970	9.3462	9.3996	9.1894
AUD	1.7334	1.6484	1.6533	1.6671
ZAR	12.8118	9.7005	11.2736	9.4919
SIT[1]	-	-	-	-
BRL	2.7554	2.7158	2.5851	2.7633
IND	63.3037	58.0066	59.6098	57.8585
SGD	2.1819	2.0204	2.1107	2.0073
MYR	5.0575	4.6047	4.8325	4.5842
CNY	11.0874	10.2951	10.7268	10.1688
KRW	1,566.9700	1,253.0200	1,430.8415	1,230.7847
MXP	16.8983	n/a	16.1862	1,214.6900

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.

1.4 Use of estimates

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

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

2. Notes on the consolidated balance sheet

2.1 Cash in hand and at bank

The account represents the temporary liquidity held, invested at market rates.

(Euro/000)	March 31, 2008	December 31, 2007
Cash in hand and at bank	51,121	56,882
Totale	**51,121**	**56,882**

The following table shows the reconciliation with the closing net cash reported in the cash flow statement:

(Euro/000)	March 31, 2008	March 31, 2007
Cash in hand and at bank	51,121	53,596
Bank overdrafts	(100,566)	(53,957)
Total	**(49,445)**	**(361)**

2.2 Trade receivables, net

This account is comprised as follows:

(Euro/000)	March 31, 2008	December 31, 2007
Gross value	365,969	335,329
Allowance for doubtful accounts	(20,305)	(19,537)
Net value	**345,664**	**315,792**

Net trade receivables increased mainly as a result of the seasonality of the business; it should be noted that the Group does not have a significant concentration of its credit risk as its trade receivables are related to a large number of customers.

Allowance for doubtful accounts includes the accrual for insolvency accounted for in the income statement under “general and administrative expenses” (note 3.4).

The allowance for doubtful accounts also includes the accrual for products supplied to clients which, in accordance with specific contractual clauses, are expected to be returned when not sold to the final customer. This accrual is accounted for as a reduction of sales in the income statement.

2.3 Inventory, net

This account is comprised as follows:

(Euro/000)	March 31, 2008	December 31, 2007
Raw materials	39,550	49,176
Work-in-progress	6,894	7,313
Finished products	236,897	243,737
Gross	**283,341**	**300,226**
Obsolescence provision (-)	(24,624)	(25,943)
Total	**258,717**	**274,283**

Raw materials inventory decreased when compared to December 31st 2007 in expectation of lower production levels compared to the previous financial year. Finished product inventory levels decreased compared to the end of 2007, despite the first quarter of this year usually requires higher stocks. This inventory reduction is mainly related to expected turnover and the group's strategy aimed at reducing the risk of future obsolescence.

For obsolete and slow moving items, a specific provision has been accounted for, based on their possible future sale or use. The above provision impacted upon the income statement at the line "cost of sales" (note 3.2).

The following table shows the movements in the obsolescence provision:

(Euro/000)	Balance at January 1, 2008	Posted to income statement	Transl. diff.	Balance at March 31, 2008
Obsolescence provision	25,943	(603)	(716)	24,624
Total	**25,943**	**(603)**	**(716)**	**24,624**

2.4 Derivative financial instruments

The following table represents the amounts related to the derivative financial instruments contained in the balance sheet:

(Euro/000)	**March 31, 2008**	**December 31, 2007**
Current assets:		
- Foreign currency contracts - at fair value through P&L	251	271
- Foreign currency contracts - at fair value through shareholders' equity	565	-
- Interest rate swaps - cash flow hedge	-	-
Total	**816**	**271**
Non-current assets:		
- Interest rate swaps - cash flow hedge	359	926
- Options	682	682
Total	**1,041**	**1,608**
Non-current liabilities:		
- Interest rate swaps - cash flow hedge	1,311	359
- Interest rate swaps - at fair value through P&L	-	-
Total	**1,311**	**359**

A summary of the characteristics and the fair value of the derivative contracts in force at March 31st, 2008 and December 31st, 2007 is shown below:

	March 31, 2008		**December 31, 2007**		
Foreign currency contracts	**Contractual value**	***Fair value***	**Contractual value**		***Fair value***
	(USD/000)	*(Euro/000)*	*(USD/000)*	*(Euro/000)*	*(Euro/000)*
Expiry year 2008	-	-	-	1,150	49
Expiry year 2008	14,000	816	18,000	-	222
Total	**14,000**	**816**	**18,000**	**1,150**	**271**

The gains and losses directly recorded under the fair value reserve in the period are recognised in the income statement on the closing of the hedge contract.

The characteristics and the fair value of interest rate swap contracts in force at March 31st, 2008 and December 31st, 2007 are summarized in the following table:

	March 31, 2008		**December 31, 2007**	
Interest rate swaps *(Euro/000)*	**Contractual value**	***Fair value***	**Contractual value**	***Fair value***
Expiry year 2010	25,000	(319)	25,000	(96)
Expiry year 2011	134,784	(633)	100,000	663
Total	**159,784**	**(952)**	**125,000**	**567**

The market valuation of interest rate swap contracts was calculated by specialised financial institutions on the basis of normal market conditions.

The fair value of the advanced repayment option included in the notes issued by the subsidiary Safilo Capital International S.A. is reported among non-current assets for a total amount of Euro 682 thousand.

2.5 Other current assets

This account is comprised as follows:

(Euro/000)	March 31, 2008	December 31, 2007
VAT receivable	7,873	4,980
Tax credits and payments on account	7,102	10,175
Prepayments and accrued income	14,325	6,658
Receivables from agents	259	1,018
Other current receivables	6,964	21,178
Total	**36,523**	**44,009**

The tax credits and payments on account principally relate to the income tax payments on account and will be compensated against the related tax payables.

Pre-payments and accrued income at March 31st, 2008 include:

- prepaid advertising costs of Euro 5,795 thousand;
- prepaid insurance premiums of Euro 717 thousand;
- preapaid costs for royalties of Euro 2,174 thousand;
- prepaid rent and operating leases of Euro 1,359 thousand;
- prepaid costs incurred for the "Revolving Facility" loan of Euro 1,128 thousand;
- other prepaid costs, mainly commercial, for the remaining part.

The receivables from sales agents principally refer to receivables deriving from the sale of product samples.

The decrease in the account "other current receivables" as of March 31st, 2008 mainly derives from the offsetting of the advance payment made in the previous year on 2008 royalties with the trade payables for royalties matured during the first quarter of 2008.

2.6 Property, plant and equipment, net

(Euro/000)	Balance at January 1, 2008	Increase	Decrease	Reclass.	New acquisition	Transl. diff.	Balance at March 31, 2008
Gross value							
Land and buildings	116,050	1,589	(111)	-	1,039	(353)	118,214
Plant and machinery	165,889	1,119	(8)	-	-	(262)	166,738
Equipment and other assets	161,006	6,067	(51)	-	4,950	(3,623)	168,349
Assets under constructions	6,288	1,855	-	(1,248)	-	(53)	6,842
Total	**449,233**	**10,630**	**(170)**	**(1,248)**	**5,989**	**(4,291)**	**460,143**
Accumulated depreciation							
Land and buildings	30,558	892	-	-	259	(107)	31,602
Plant and machinery	107,009	2,897	(8)	-	-	(122)	109,776
Equipment and other assets	109,808	4,569	(42)	-	1,754	(1,634)	114,455
Total	**247,375**	**8,358**	**(50)**	**-**	**2,013**	**(1,863)**	**255,833**
Net book value	**201,858**	**2,272**	**(120)**	**(1,248)**	**3,976**	**(2,428)**	**204,310**

The investments in property, plant and equipment during the first three months of 2008 amount to Euro 9,382 thousand (in line with the first three months of the previous year) and relate:

- for Euro 1,476 thousand related to the new facility in china and for Euro 2,964 thousand mainly to the substitution of obsolete machinery and the acquisition or internal production of machinery and equipment relating to new models in the other production sites of the Group;
- for Euro 3,074 thousand to the new openings of the retail chain;
- for Euro 800 thousand to the headquarter in Padua;
- to capital expenditures in various Group subsidiaries for the difference.

2.7 Intangible assets

(Euro/000)	Balance at January 1, 2008	Increase	Decrease/write-down	New acquisitions	Transl. diff.	Balance at March 31, 2008
Gross value						
Software	14,695	317	-	93	(313)	14,792
Trademarks and licenses	42,313	54	-	12	(42)	42,337
Other intangible assets	9,039	130	-	-	(190)	8,979
Intangible assets in progress	83	75	-	-	-	158
Total	**66,130**	**576**	**-**	**105**	**(545)**	**66,266**
Accumulated depreciation						
Software	9,853	492	-	84	(131)	10,298
Trademarks and licenses	26,477	840	-	-	(17)	27,300
Other intangible assets	6,274	128	-	-	(79)	6,323
Total	**42,604**	**1,460**	**-**	**84**	**(227)**	**43,921**
Net book value	**23,526**	**(884)**	**-**	**21**	**(318)**	**22,345**

Amortization and depreciation expenses related to intangible assets and property, plant and equipment for the three months ended March 31st, 2008 and 2007 are divided into the following income statement as follows:

(Euro/000)	note	Q1 2008	Q1 2007
Cost of sales	3.2	5,334	5,240
Selling and marketing expenses	3.3	1,059	1,026
General and administrative costs	3.4	3,425	3,366
Total		**9,818**	**9,632**

2.8 Goodwill

(Euro/000)	Balance at January 1, 2008	Increase	Decrease	Transl. diff.	Balance at December 31, 2008
Goodwill	754,920	24,293	-	(28,709)	750,504
Net book value	**754,920**	**24,293**	**-**	**(28,709)**	**750,504**

The change compared to the end of 2007 relates to the translation differences occurred in the period and the acquisition of the retail chains Sunglass Island in Mexico and Just Spectacles in Australia.

In January 2008 Safilo Group acquired 60% of the company Ti.De.Ti located in Cancun (Mexico) for a total amount of about 15 million Euro.

The following table reports the total fair value of assets and liabilities acquired by the Group and the portion of them used for the computation of the goodwill arising from the acquisition:

Assets and liabilities acquired *(Euro/000)*	**Total fair value of assets and liabilities acquired**	**60% fair value of assets and liabilities acquired**
Trade receivables, net	336	202
Inventories	4,614	2,768
Other current assets	830	498
Property, plant and equipment, net	1,466	880
Other non-current assets	647	388
Trade payables	(3,600)	(2,160)
Tax payables	(109)	(65)
Other current liabilities	(98)	(59)
Bank borrowings	(1,182)	(709)
Total net assets	**2,904**	**1,743**
Goodwill		13,242
Price paid		**14,985**

On January 31st, 2008 Safilo Group acquired 100% of the shares of the Australian companies Just Spectacles PTY Ltd, Just Spectacles Franchisor PTY Ltd, Just Spectacles Direct PTY and Just Protection Eyewear PTY Ltd located in Perth (Australia) for a total amount of approximately 12 million Euro.

Assets and liabilities acquired *(Euro/000)*	**Totale fair value of assets and liabilities acquired**
Cash in hand and at banks	1,136
Trade receivables, net	524
Inventories	1,067
Other current assets	529
Property, plant and equipment and intangible fixed assets, net	2,531
Trade payables	(2,747)
Other current liabilities	(538)
Bank borrowings	(1,457)
Total net assets	**1,046**
Goodwill	11,051
Price paid	**12,097**

The above transactions were accounted for according to the “acquisition method” and the difference between the purchase price and the fair value of the purchased net assets was entirely allocated to goodwill. In accordance with the provisions of IFRS n. 3, paragraph 62, the initial value for the acquired entities was determined temporarily, therefore determining the fair value to assign to the assets, liabilities and potential liabilities in the acquired companies only on temporary basis. Should any need of rectifying these values arise, in accordance with paragraph 62 above, adjustments will be determined within twelve months from the date of acquisition.

Goodwill recorded by Safilo Group is entirely attributable to the excess income that is expected from distributing Group products through the retail chains and from the synergies that will result from the grouping.

Since the acquisition date the new Group subsidiaries reported a net turnover of Euro 9,112 thousand and a net aggregate profit of Euro 761 thousand.

2.9 Investments in associates

Investments in associates refer to the following:

Company	Registered office or headquarters	% of share capital	Type of investment	Main activity
Elegance I. Holdings Ltd	Hong Kong	23.05%	Associated company	Commercial
Optifashion As	Turchia	50.0%	Non consolidated subsidiary	Commercial
TBR Inc.	USA	33.3%	Associated company	Real estate

The movements in investments in associates during the first three months of 2008 were as follows:

	31.12.2007			Movements for the period		
(Euro/000)	Gross value	Revaluation / (write-down)	Value at December 31, 2007	Share of results and write-down of divid. of assoc. comp.	Transl. diff.	Value at March 31, 2008
TBR Inc.	452	527	979	38	(70)	947
Elegance Ltd	5,589	5,470	11,059	-	(740)	10,319
Optifashion As	353	(112)	241	-	-	241
Total	**6,394**	**5,885**	**12,279**	**38**	**(810)**	**11,507**

The changes compared to December 31st, 2007 are mainly due to the net profits realized in the period and to translation differences.

The company Optifashion A.s., a 50% held subsidiary of the Group with registered office in Istanbul (Turkey), is not included in the consolidation scope as the amounts are considered insignificant in relation to the true and fair view of the consolidated assets and liabilities, financial position and results of operations of the Group.

2.10 Financial assets available-for-sale

This account represents the financial assets which may be sold. They are measured at current value, calculated with reference to official listed market prices at the reporting date, with a corresponding entry in the fair value reserve.

(Euro/000)	Relationship	Value at March 31, 2008	Value at December 31, 2007
Gruppo Banco Popolare	Other equity investment	1,352	1,954
Unicredit S.p.A.	Other equity investment	122	164
Others	Other equity investment	346	325
Total		**1,820**	**2,443**

The movements of the account in the period are shown below:

	31.12.2007			Movements for the year		
(Euro/000)	Gross value	Revaluation/(write-down)	Net value	Increase/(Decrease)	Revaluation/(write-down)	Value at March 31, 2008
Gruppo Banco Popolare	10,198	(8,244)	1,954	-	(602)	1,352
Unicredit S.p.A.	48	116	164	-	(42)	122
Others	43	282.00	325	21	-	346
Total	**10,289**	**(7,846)**	**2,443**	**21**	**(644)**	**1,820**

2.11 Deferred tax assets and deferred tax liabilities

(Euro/000)	March 31, 2008	December 31, 2007
Deferred tax assets	79,369	75,495
Deferred tax liabilities	(14,226)	(11,080)
Total, net	**65,143**	**64,415**

Deferred tax assets

Deferred tax assets refer to income taxes calculated on fiscal losses recoverable in future years and temporary differences between the tax basis of assets and liabilities and their book carrying amount. Deferred tax assets calculated on tax losses carried forward have been accounted for by the Group as there is a reasonable expectation of their recovery through future assessable income.

Deferred tax liabilities

Deferred tax liabilities refer to taxes calculated on the temporary differences between the book value of the assets and liabilities and the related tax value.

The most important items included in deferred tax liabilities mainly relate to the property, plant and equipment and the goodwill amortization, calculated only for fiscal purposes.

2.12 Other non-current assets

At March 31st, 2008 the "other non-current assets" amount to Euro 10,506 thousand and mainly refer:

- for Euro 3,592 thousand to the receivable relating to the quotas of employment benefit liability that the holding company Safilo S.p.A. has transferred to the Treasury Fund founded by the Italian Social Security Institution (INPS) further to the modifications introduced by the Finance Bill no. 296 of 2006;

- for Euro 3,090 thousand to receivables for guarantee deposits;

- for the remaining part to other long-term receivables due to various Group companies.

2.13 Bank loans and borrowings

This account is comprised as follows:

(Euro/000)	**March 31, 2008**	**December 31, 2007**
Short-term borrowings		
Bank overdrafts	5,302	2,395
Short-term bank loans	95,264	82,956
Short-term portion of long-term bank loans	30,125	34,516
Short-term portion of financial leasing	1,211	1,197
Debt to the factoring company	36,389	39,300
Other short-term loans	1,261	1,345
Total	**169,552**	**161,709**
Long-term borrowings		
Medium long-term loans	423,704	400,567
Payables for financial leasing	9,368	8,595
Other medium long-term loans	665	665
Total	**433,737**	**409,827**
Total borrowings	**603,289**	**571,536**

The short-term portion of long-term bank loans includes for Euro 29,859 thousand the portion of the senior loan, stipulated at the end of June 2006, which is expiring by the end of this year, while the remaining part, for a total amount of Euro 266 thousand, refers to the short-term portion of other bank loans granted to some companies of the Group.

The long-term portion of the senior loan, equal to Euro 230,016 thousand, is included in the “Medium long-term loans”. The loan above is structured as follows:

- Euro 200 million, relating to the “Facility A”, with half yearly repayments starting from December 2006 until December 2011. The Facility A is in turn subdivided into three tranches, of which one in Euro (Tranche A1, Euro 80 million) at an interest rate of Euribor plus an initial margin of 0.60%, and two in US Dollars (Tranche A2 and Tranche A3, USD 70.4 million and USD 80.5 million respectively) at an interest rate of Libor plus an initial margin of 0.60%, expiring on December 31st, 2011. The margin currently applied equals 0,55%.

- Euro 200 million, relating to the “Revolving Facility” composed of two tranches also provided in US Dollars (Tranche B1 Euro 170 million, Tranche B2 Euro 30 million) utilised at March 31st, 2008 for Euro 100 million and USD 20 million. Effective from July 1st 2007, the lenders have conceded a one-year extension of the Revolving Facility, the expiry date of which was originally dated December 31st, 2011.

The account “Medium long-term loans” also include the High Yield bond, equal to a nominal value of Euro 195 million.

The above loans, valued under the amortised cost method, are principally guaranteed by pledges on the shares of Safilo S.p.A. and by guarantees provided by the directly financed companies.

The payables for financial leases refer to property, plant and equipment acquired under leasing contracts by companies belonging to the Group. The average residual life of leasing contracts is 7 years. All leasing contracts at the interim balance sheet date are repayable through equal instalments and the contracts do not include any option for reviewing the original contract.

Some Group companies have entered into operating lease contracts. Costs related to operating lease contracts are recorded in the income statement in the accounts “cost of sales” (note 3.2), “selling and marketing expenses” (note 3.3) and “general and administrative expenses” (note 3.4).

Other short-term loans include, for Euro 36,389 thousand, a payable to a primary factoring company deriving from the contract signed by Safilo S.p.A..

The repayment dates of medium long-term loans are as follows:

(Euro/000)	**March 31, 2008**	**December 31, 2007**
Within 2 years	36,151	37,265
Within 3 years	36,807	37,423
Within 4 years	50,125	50,728
Within 5 years	115,555	91,237
Beyond 5 years	195,099	193,175
Total	**433,737**	**409,827**

Borrowings by currency are as follows:

(Euro/000)	March 31, 2008	December 31, 2007
Short-term		
Euro	150,034	141,380
US Dollars	14,725	15,129
Brasilian Real	2,043	2,744
Yen	1,589	1,213
Hong Kong Dollars	1,161	1,245
Total	**169,552**	**161,709**
Medium long-term		
Euro	359,369	343,588
US Dollars	74,368	66,239
Total	**433,737**	**409,827**
Total borrowings	**603,289**	**571,536**

The following table shows credit lines granted to the Group, their utilization and the credit lines available at the interim balance sheet date:

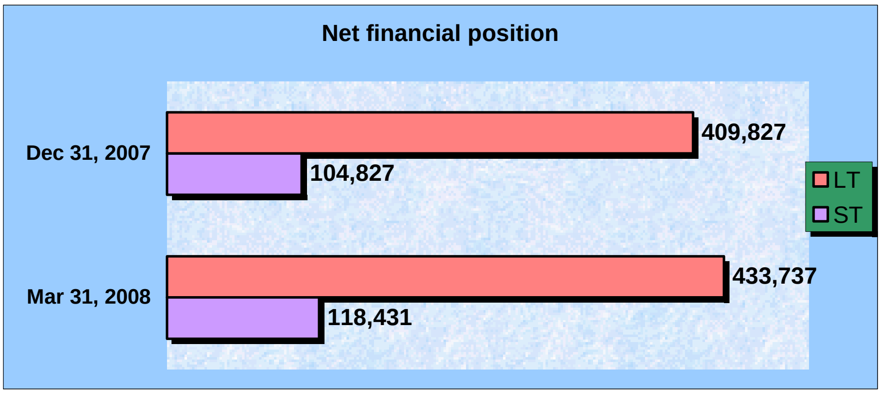
(Euro/000)	Credit lines granted	Uses	Credit lines available
Credit lines on bank accounts and short-term bank loans	234,911	98,374	136,537
Credit lines on long-term bank loans	353,359	266,008	87,351
Total	**588,270**	**364,382**	**223,888**

The contractual agreements relating to the loans granted include a series of obligations which concern the operating and financial aspects of said loans. In particular, it is requested that pre-determined levels related to certain parametric indices (covenants), calculated based on the data of the final statements at the end of every six month period, are respected. At this moment, all parameters have been met; should they not be complied with in the future, the conditions with which the loan relationship is to be continued must be negotiated with the financers, that is appropriate waivers or modifications to adapt the above-mentioned parameters. If this does not happen, an "Event of Default", that may involve obligatory early repayment of the loans granted, could take place.

Covenants in the current contractual agreement are calculated as a ratio between net financial position and EBITDA and EBITDA and financial income and expenses.

The Group net financial position as of March 31st, 2008 compared with the same as of December 31st, 2007 is the following:

Net financial position *(Euro/000)*	**March 31, 2008**	**December 31, 2007**	**Change**
Current portion of long-term borrowings	(30,125)	(34,516)	4,391
Bank overdrafts and short-t. bank borrowings	(100,566)	(85,351)	(15,215)
Other short-term borrowings	(38,861)	(41,842)	2,981
Cash and cash equivalents	51,121	56,882	(5,761)
Short-term net financial position	**(118,431)**	**(104,827)**	**(13,604)**
Long-term borrowings	(433,737)	(409,827)	(23,910)
Long-term net financial position	**(433,737)**	**(409,827)**	**(23,910)**
Net financial position	**(552,168)**	**(514,654)**	**(37,514)**



Legend:

- LT= long-term.
- ST= short-term.

2.14 Trade payables

(Euro/000)	**March 31, 2008**	**December 31, 2007**
Trade payables for:		
Purchase of raw materials	40,195	43,242
Purchase of finished goods	51,931	60,525
Suppliers from subcontractors	7,139	8,280
Purchase of tangible and intangible fixed assets	2,832	3,683
Commissions	7,241	5,933
Royalties	10,119	20,318
Advertising and marketing costs	22,774	24,349
Services	25,731	28,384
Total	**167,962**	**194,714**

2.15 Tax payables

Tax payables as of March 31st, 2008 amount to Euro 26,157 thousand compared to Euro 20,568 thousand as at December 31st, 2007 and relate for Euro 13,990 thousand to income taxes, for Euro 9,233 thousand to VAT payables and for the remainder to advanced and various tax liabilities and local taxes.

The accrual for current income tax expenses is disclosed in the note related to income taxes (3.8).

2.16 Other current liabilities

(Euro/000)	March 31, 2008	December 31, 2007
Payables to personnel and social security institutions	35,511	30,158
Premiums to clients	25,219	27,231
Agent fee payables	1,724	1,792
Payables to pension funds	279	881
Accrued advertising and sponsorship costs	633	484
Accrued interests on long-term loans	8,318	3,283
Other accruals and deferred income	2,131	3,519
Payables for dividends	3,498	3,726
Other current liabilities	4,777	2,651
Total	**82,090**	**73,725**

The account "payables to personnel and social security institutions" mainly refers to wages and salaries for March, the accrual for Christmas bonuses and for vacation days matured and not taken.

The account "payables for dividends" relates to the dividends approved at the shareholders' Meetings and not yet paid at the interim balance sheet date.

2.17 Provisions for risks and charges

This account is comprised as follows:

(Euro/000)	Balance at January 1, 2008	Increase	Decrease	Transl. diff.	Balance at March 31, 2008
Product warranty provision	4,463	315	(263)	-	4,515
Agents' severance indemnity	3,799	162	-	-	3,961
Other provisions for risks and charges	4,527	45	-	(32)	4,540
Provisions for risks - long term	**12,789**	**522**	**(263)**	**(32)**	**13,016**
Provisions for risks - short term	**803**	**30**	**(45)**	**-**	**788**
Total	**13,592**	**552**	**(308)**	**(32)**	**13,804**

The product warranty provision was created against the costs to be incurred for the replacement of products sold before the interim balance sheet date.

The agents' severance provision was created against the risk deriving from the payment in the event of termination of the agency agreement. This provision has been calculated based on existing laws at the interim balance sheet date, considering all the future expected financial cash flows.

The accrual for the period has been recorded in the income statement in the line "selling and marketing expenses" (note 3.3).

2.18 Employee benefit liability

This account shows the following movements:

(Euro/000)	Balance at January 1, 2008	Posted to income statement	Actuarial differences	Use / Payments	Transl. diff.	Balance at March 31, 2008
Defined contribution plan	3,097	1,686	-	(143)	-	4,640
Defined benefit plan	34,743	157	-	(124)	16	34,792
Total	**37,840**	**1,843**	**-**	**(267)**	**16**	**39,432**

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

2.19 Other non-current liabilities

The other non-current liabilities as of March 31st, 2008 amount to Euro 8,415 thousand and include liabilities deriving from existing contracts with licensors for the production and distribution of licensed products and the liability deriving from the settlement agreement reached by an American subsidiary in relation to an action pending for the use of a patent.

2.20 Share capital

The share capital of the holding company, Safilo Group S.p.A., as of March 31st, 2008 amounted to Euro 71,348,532 and consisted of 285,394,128 ordinary shares having a nominal value of Euro 0.25 per share.

2.21 Share premium reserve

The share premium reserve amounts to Euro 747,471 and refers to:

- the higher value attributed on the conferment of shares by the subsidiary Safilo S.p.A. compared to the nominal value of the corresponding increase in share capital;

- the higher price paid compared to the nominal value of the shares, at the moment of placing the shares on the Italian Stock Market, less the quotation charges incurred;

- the higher amount deriving from the conversion of the convertible bonds;

- the higher value coming from stock options exercised.

2.22 Retained earnings and other reserves

The retained earnings and other reserves include both the reserves of the subsidiary companies generated after their inclusion in the consolidation scope and the currency differences deriving from the conversion into Euro of the financial statements of the consolidated companies.

2.23 Fair value and cash flow reserves

This account is comprised as follows:

(Euro/000)	Balance at January 1, 2008	Impact on equity	Impact on income statement	Balance at March 31, 2008
Cash flow reserve	393	(691)	-	(298)
Fair value reserve	(673)	(644)	-	(1,317)
Total	**(280)**	**(1,335)**	**-**	**(1,615)**

The cash flow reserve, created in accordance with IAS 39, includes the fair value of the interest rate swap contracts to hedge interest rate variations and the fair value of forward exchange contracts designated to hedge against the exchange risk.

The fair value reserve refers to the current value of the investments classified under financial assets available-for-sale.

2.24 Stock option plans

On March 25th, 2003, the Extraordinary shareholders' Meeting of Safilo Holding S.p.A. (now Safilo Group S.p.A.) approved the "Stock Option Plans of Safilo Holding S.p.A. and Safilo S.p.A. for 2003-2007" (in short, "2003 Plan"), which provides for the free vesting of rights for the subscription of new shares issued at the current value of the company, to some employees and consultants of the companies of the Group.

On November 24th, 2004, the Extraordinary shareholders' Meeting of Safilo Group S.p.A. approved a new plan, the "Stock Option Plan of Safilo Group S.p.A. and Safilo S.p.A. 2004-2008" (in short, "2004 Plan"), which provides for the free vesting of rights for the subscription of new shares issued at the current value of the company, to some employees and consultants of the companies of the Group.

Further to the mandate granted by the Extraordinary shareholders' Meeting on October 24th, 2005, the Board of Directors of Safilo Group S.p.A. resolved to increase the share capital on May 31st, 2006 to a maximum nominal figure of Euro 2,125,296.25 by issuing up to a maximum of 8,501,185 ordinary shares of a value of Euro 0.25 each, with a share premium of Euro 4.16. These shares had been and will be available for subscription by the beneficiaries listed in the new "Stock Option Plan of Safilo Group S.p.A. 2006-2010" that was approved by the above Board (in short "2006 Plan"). This plan is valid for 4 financial periods (2006 - 2010) and, like the previous ones, is addressed to certain directors, executives and consultants of Safilo Group and provides accruing option rights equal to ¼ for each financial period in the Plan. The accrual criteria for the options is based on reaching certain conventional EBITDA consolidated levels in the balance sheet of Safilo Group S.p.A., that have been fixed by the Board of Directors.

It should be noted that the options relating to the Stock Option Plan 2003-2007 and 2004-2008 give the beneficiary the right to subscribe 4 shares at the average price of the financial period.

While, the Stock Option Plan 2006-2010 states that each option gives the right to subscribe a share at the average price of the financial period.

The fair value of the options, in accordance with the requirements of IFRS, is recorded under personnel costs with a corresponding increase in a specific equity reserve over the duration of the maturity period, as the stock option plans are of an "equity-settled" type. In compliance with the requirements of IFRS 2, irrespective of which company issues the new shares, the stock option costs are recorded in the company in which the employees carry out their employment. The amount received, net of the costs directly attributable to the transaction, will be credited to the share capital (nominal value) and the share premium reserve for the remaining part, when the options are exercised.

With reference to the first stock option plan ("2003 Plan"), the Group has decided to apply the exemption for share-based payments. In substance, IFRS 2 is applied from January 1st, 2004 for all the options issued after November 7th, 2002 but not matured ("vested") before January 1st, 2005. The application of this exemption results in the recording of only the third tranche of the 2003-2007 Stock Option Plan as a cost in the income statement of the Group.

In December 2005 the holders of the options relative to the "2003 Plan" and "2004 Plan", in consideration of the listing of Safilo Group S.p.A. on the Italian Stock Market, exercised 50% of the rights in their possession.

In June 2007 the beneficiaries of the "2003 Plan" and several beneficiaries of the "2004 Plan" exercised 227,350 and 277,969 rights in their possession respectively. This led to the issue of 909,400 and 1,111,876 shares respectively on June 26th, 2007 for a total income for the holding company Safilo Group S.p.A. of a nominal value of 505,319 Euro and a share premium of 5,738,003 Euro.

As a result of the above exercise, the "2003 Plan" reached full completion and extinction whilst beneficiaries of the "2004 Plan" may exercise the remaining rights in their possession until September 20th, 2008.

The total of the costs allocated to the income statement in the first three months of 2008 and 2007 can be summarised as follows:

(Euro/000)	**Q1 2008**	**Q1 2007**
2006 Plan	139	139
Total	**139**	**139**

3. Notes on the consolidated statement of operations

3.1 Net sales

Reference should be made to the “Directors’ report on operations” for further details regarding the sales trend of the first three months of 2008 compared to the same period of the previous year.

3.2 Cost of sales

This account is comprised as follows:

	Q1	
(Euro/000)	**2008**	**2007**
Purchase of raw materials and finished goods	80,703	97,862
Capitalisation of costs for increase in property, plant and equipment (-)	(2,301)	(2,510)
Change in inventories	13,376	(3,007)
Payroll and social security contributions	28,033	27,962
Subcontracting costs	5,297	8,583
Depreciation	5,334	5,240
Rental and operating leases	248	201
Other industrial costs	2,390	2,502
Total	**133,080**	**136,833**

The decrease in the cost of materials and finished goods is partly due to the effect of the exchange rate, as most of finished products are bought in US dollars, and partly due to the Group strategy aimed at reducing the levels of inventory.

The change in inventories is broken down as follows:

	Q1	
(Euro/000)	**2008**	**2007**
Finished products	3,389	(8,806)
Work-in-progress	357	(226)
Raw materials	9,630	6,025
Total	**13,376**	**(3,007)**

The total average workforce of the Group for the first three months of 2008 and 2007 is broken down as follows:

	Q1 2008	Q1 2007
Padua headquarters	862	861
Production facilities	4,659	4,897
Commercial companies	1,318	1,133
Retail	1,627	846
Total	**8,466**	**7,737**

The other industrial costs include energy, industrial services, maintenance and consultancy services relating to the production area.

3.3 Selling and marketing expenses

This account is comprised as follows:

(Euro/000)	Q1 2008	Q1 2007
Payroll and social security contributions	27,240	25,910
Commissions to sales agents	19,821	22,496
Royalty expenses	26,863	28,629
Advertising and promotional costs	29,881	29,629
Amortization and depreciation	1,059	1,026
Logistic costs	4,979	4,943
Consultants fees	1,262	1,433
Rental and operating leases	3,969	2,857
Utilities	449	379
Provision for risks	214	316
Other sales and marketing expenses	6,284	6,009
Total	**122,021**	**123,627**

The increase in payroll costs mainly derives from the development of the retail channel.

3.4 General and administrative expenses

This account is comprised as follows:

(Euro/000)	Q1 2008	Q1 2007
Payroll and social security contributions	16,596	15,604
Allowance for doubtful accounts	598	597
Amortization and depreciation	3,426	3,366
Consultants fees	2,862	3,093
Rental and operating leases	2,200	1,719
EDP costs	934	981
Insurance costs	812	657
Utilities, security and cleaning	1,861	1,624
Taxes (other than on income)	736	625
Other general and administrative expenses	3,978	4,038
Total	**34,003**	**32,304**

3.5 Other income/(expenses), net

This account is comprised as follows:

(Euro/000)	Q1 2008	Q1 2007
Losses on disposal of assets	(3)	(9)
Other operating expenses	(287)	(129)
Gains on disposal of assets	5	7
Other operating incomes	249	410
Total	**(36)**	**279**

3.6 Share of income/(loss) of associates

This account amounts to Euro 38 thousand (Euro 39 thousand for the same period of previous year) and consists of the income deriving from the equity valuation of the holdings in associated companies.

3.7 Interest expense and other financial charges, net

This account is comprised as follows:

(Euro/000)	Q1 2008	Q1 2007
Interest expense on loans	5,474	4,940
Interest expense and charges on High Yield	4,899	4,850
Bank commissions	1,056	843
Negative exchange rate differences	9,350	1,787
Financial discounts	784	1,105
Other financial charges	18	1,011
Total financial charges	**21,581**	**14,536**
Interest income	305	214
Positive exchange rate differences	7,559	1,979
Other financial income	46	28
Total financial income	**7,910**	**2,221**
Total financial charges, net	**13,671**	**12,315**

Financial charges slightly increased when compared to the first three months of 2007 mainly as a consequence of the increased interest rates on the market and of the strong fluctuations in the foreign currencies, which led to a higher impact of the negative exchange differences.

3.8 Income tax expenses

	Q1	
(Euro/000)	2008	2007
Current taxes	(10,558)	(12,113)
Deferred taxes	1,835	(2,019)
Total	**(8,723)**	**(14,132)**

Group tax rate for the first three months of 2008 equals 36.7% as a percentage on the income before taxation, in slight reduction when compared to the same period of the previous year (38.6% for the first three months of 2007). This is mainly due to a lower incidence of the Italian regional tax ("IRAP") as a result of the changes made by the Italian government.

3.9 Earnings per share

(Euro)	Q1 2008	Q1 2007
Basic EPS	0.05	0.07
Diluted EPS	0.05	0.07

The calculation of basic and diluted earnings per share is presented in the tables below:

	Q1 2008	Q1 2007
Profit for ordinary shares (in Euro/000)	13,206	20,848
Average number of ordinary shares (in thousand)	285,394	283,373
Basic EPS	**0.05**	**0.07**

(Euro/000)	Q1 2008	Q1 2007
Profit for ordinary shares (in Euro/000)	13,206	20,848
Profit for preferred shares (in Euro/000)	-	-
Profit at income statement	**13,206**	**20,848**
Average number of ordinary shares (in thousand)	285,394	283,373
Dilutive effects:		
- stock option (in thousand)	-	901
Total	**285,394**	**284,274**
Diluted EPS	**0.05**	**0.07**

3.10 Seasonality

Revenues are partially influenced by seasonality, as Safilo Group experiences the highest level of demand during the first half-year due to the sales of sunglasses leading up to the summer months and the lower level of sales demand in the third quarter because, traditionally, the second half-year sales campaign is launched during Autumn.

During the first three months of 2008, there were no unusual or extraordinary items affecting assets, liabilities, equity, net income or cash flows.

3.11 Significant non-recurring operations and unusual items

During the first quarter of the financial year 2008, the Group did not perform any significant non-recurring operations and/or no unusual items, as defined in Consob Communication dated July 28th, 2006, occurred.

3.12 Dividends

During the first three months of 2008 the holding company Safilo Group S.p.A. has not paid dividends to its shareholders. The Board of Directors, in preparing the financial statements as of December 31st, 2007, has proposed to the shareholders' meeting a dividend distribution for an overall amount of Euro 24,258,501 equal to Euro 0.085 per share.

3.13 Segment information

Information by business (retail/wholesale) and geographical area is disclosed according to *IAS 14 – Segment information* and is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Group.

Starting from financial year 2008, the primary reporting format is by business segment while geographical segments represent the secondary reporting format. This decision is based on the way in which management runs the Group and the manner in which it attributes managerial responsibilities.

It should be noted that the grouping of geographical areas is based on the location of the registered office of each Group company. Segment information is therefore determined by the invoices issued at country of origin and not by the country of destination.

Presented below are information according to the distribution channel:

Q1, 2008 *(Euro/000)*	**WHOLESALE**	**RETAIL**	**Elimin.**	**Total**
Net sales				
-to other segments	4,163	-	(4,163)	-
-to third parties	301,400	24,620	-	326,020
Total net sales	**305,563**	**24,620**	**(4,163)**	**326,020**
Operating profit	**38,016**	**(1,136)**	**-**	**36,880**
Share of income of associates	38			38
Financial charges, net				(13,671)
Income taxes				(8,723)
Net profit				**14,524**
Margine operativo lordo	58%	63%		59%
Operating profit margin	*12%*	*-5%*		*11%*
Other information				
Depreciation & amortization	8,625	1,193		9,818

Q1, 2007 *(Euro/000)*	**WHOLESALE**	**RETAIL**	**Elimin.**	**Total**
Net sales				
-to other segments	2,830	13	(2,843)	-
-to third parties	325,702	15,693	-	341,395
Total net sales	**328,532**	**15,706**	**(2,843)**	**341,395**
Operating profit	**49,253**	**(343)**	**-**	**48,910**
Share of income of associates	39			39
Financial charges, net				(12,315)
Income taxes				(14,132)
Net profit				**22,502**
Margine operativo lordo	59%	68%		60%
Operating profit margin	*15%*	*-2%*		*14%*
Other information				
Depreciation & amortization	8,705	927		9,632

Presented below are information according to the geographical area.

Q1 2008 *(Euro/000)*	**Italy (1)**	**Europe (2)**	**America (3)**	**Asia (4)**	***Corporate* (5)**	**Eliminat.**	**Total**
Net sales							
-to other segments	88,432	16,601	323	335	-	(105,691)	-
-to third parties	75,570	107,062	105,606	37,782	-	-	326,020
Total net sales	**164,002**	**123,663**	**105,929**	**38,117**	**-**	**(105,691)**	**326,020**
Gross profit	**57,785**	**54,047**	**57,713**	**22,038**	**-**	**1,359**	**192,940**
Operating profit	**6,704**	**13,004**	**10,434**	**6,985**	**(22)**	**(224)**	**36,880**
Interest expense							(21,581)
Interest income							7,910
Share of income of associates	-	-	38	-	-		38
Income taxes							(8,723)
Net profit							**14,524**
Gross profit margin	*35%*	*44%*	*54%*	*58%*			*59%*
Operating profit margin	*4%*	*11%*	*10%*	*18%*			*11%*
Other information							
Depreciation & amortization	6,242	1,617	1,643	308	6		9,818

Q1 2007 *(Euro/000)*	**Italy (1)**	**Europe (2)**	**America (3)**	**Asia (4)**	***Corporate* (5)**	**Eliminat.**	**Total**
Net sales							
-to other segments	100,155	13,645	317	8	105	(114,230)	-
-to third parties	83,650	109,414	108,901	39,430	-	-	341,395
Total net sales	**183,805**	**123,059**	**109,218**	**39,438**	**105**	**(114,230)**	**341,395**
Gross profit	**73,045**	**56,651**	**54,731**	**20,629**	**-**	**(493)**	**204,562**
Operating profit	**17,600**	**17,168**	**7,280**	**7,360**	**(69)**	**(428)**	**48,910**
Interest expense							(14,536)
Interest income							2,221
Share of income of associates	-	-	39	-	-		39
Income taxes							(14,132)
Net profit							**22,502**
Gross profit margin	*40%*	*46%*	*50%*	*52%*			*60%*
Operating profit margin	*10%*	*14%*	*7%*	*19%*			*14%*
Other information							
Depreciation & amortization	6,387	1,623	1,323	299	-		9,632

(1) Includes operating companies with registered office in Italy.
(2) Includes operating companies based in European countries other than Italy, in India and South Africa.
(3) Includes operating companies based in USA, Canada and Brazil.
(4) Includes operating companies based in Asia, including subsidiaries located in Australia.
(5) Holding companies.

RELATED PARTY TRANSACTIONS

The nature of the related party transactions is disclosed in the table below:

Related parties transactions *(Euro/000)*	Relationship	March 31, 2008	December 31, 2007
Receivables			
Optifashion As	(a)	28	-
Elegance International Holdings Ltd	(b)	598	603
Total		**626**	**603**
Payables			
Elegance International Holdings Ltd	(b)	6,339	8,881
Total		**6,339**	**8,881**

Related parties transactions *(Euro/000)*	Relationship	2008	2007
Revenues			
Elegance International Holdings Ltd	(b)	9	-
Optifashion As	(a)	37	38
Total		**46**	**38**
Costs			
Elegance International Holdings Ltd	(b)	4,137	7,489
TBR Inc.	(b)	291	290
Total		**4,428**	**7,779**

(a) Unconsolidated subsidiary;

(b) Associated company.

These transactions relate to commercial relationships and are based on prices defined at normal market conditions for similar transactions with third parties.

Safilo USA rents its headquarters and distribution centre in the USA (New Jersey), based on a rental contract with TBR Inc., a company one-third owned by Vittorio Tabacchi, Chairman of the Board of Directors and shareholder of Safilo Group S.p.A., one third by a subsidiary company of the Safilo Group S.p.A. and one third by a third party. Safilo Group S.p.A. indirectly acquired the holding in TBR Inc. in 2002 for Euro 629 thousand. In the first three months of 2008, the Group paid rent of Euro 291 thousand to TBR Inc. The terms and conditions of the rental contract are in line with market conditions for similar contracts.

Safilo Far East Limited, a subsidiary of Safilo S.p.A, holds 23.05% of Elegance International Holdings Limited ("Elegance"), a company listed on the Hong Kong Stock Exchange. Elegance is a producer of eyewear products in Asia, and to which the Group assigns part of its production. The price and the other conditions of the production contract between Safilo Far East Limited and Elegance are in line with those applied by Elegance to its other clients.

Massimiliano Tabacchi, Co-Chief Executive Officer of Safilo Group S.p.A., and Mario Pietribiasi, executive of the Group, are non-executive directors of Elegance. In addition, Mario Pietribiasi is also a shareholder of the company with a holding lower than 0.50%.

CONTINGENT LIABILITIES

The Group does not have any significant contingent liabilities that have not been discussed in the previous notes or not covered by appropriate provisions.

Nevertheless, at March 31st, 2008, we are currently party to various claims and legal actions that arise in the ordinary course of business. We believe such claims and legal actions, individually and in the aggregate, are groundless. However, a negative outcome of them beyond that estimated, could have a material adverse effect on our business, financial condition or on results of operations.

Among the most important claims in monetary terms, we highlight: (*i*) a June 2005 claim against Safilo S.p.A. in legal fees allegedly owed to an Italian law firm for legal services provided to the defendants from 1999 to 2001 related to the IPO; (*ii*) a claim alleging unfair business practices against Safilo S.p.A. by one of our clients who later filed bankruptcy. The claim has been taken over by the plaintiff's receiver, who seeks damages; (*iii*) two companies (having the same owner and both subsequently filed bankruptcy), clients of the Group, filed two claims against Safilo S.p.A. seeking damages for breach of contract. We filed a claim against the same two companies, seeking payment owed to us for products sold.

COMMITMENTS

At the interim balance date, the Group has not significant purchase commitments.

SAFILO GROUP S.P.A. – FINANCIAL STATEMENTS AS OF MARCH 31ST, 2008

Balance sheet

(Euro/000)	31/03/2008	31/12/2007
ASSETS		
Current assets		
Cash in hand and at banks	7,852,743	8,168,963
Trade receivables, net	1,493,500	1,236,000
Other current assets	23,857,979	38,481,627
Total current assets	**33,204,222**	**47,886,590**
Non current assets		
Intangible fixed assets	90,000	96,000
Investments in equity	806,842,172	806,842,172
Deferred tax assets	24,743,852	24,701,569
Total non-current assets	**831,676,024**	**831,639,741**
Total assets	**864,880,246**	**879,526,331**
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	-	14,000,000
Trade payables	331,548	468,127
Tax payables	46,805	33,186
Other current liabilities	865,901	1,343,995
Total current liabilities	**1,244,254**	**15,845,308**
Non current liabilities		
Employee benefit liability	82,339	72,339
Other non-current liabilities	16,959,043	16,759,344
Total non-current liabilities	**17,041,382**	**16,831,683**
Total liabilities	**18,285,636**	**32,676,991**
Equity		
Share capital	71,348,532	71,348,532
Share premium reserve	747,470,698	747,470,698
Retained earnings	28,030,110	13,278,758
Profit/(loss) for the period	(254,730)	14,751,352
Total equity	**846,594,610**	**846,849,340**
Total liabilities and equity	**864,880,246**	**879,526,331**

Statement of operations

	Q1	
(Euro)	2008	2007
Net sales	257,500	105,000
Cost of sales	-	-
Gross profit	**257,500**	**105,000**
Selling & marketing expenses	-	-
General & administrative expenses	(337,451)	(233,778)
Other operating income/(charges), net	(130)	-
Operating profit	**(80,081)**	**(128,778)**
Financial charges, net	(36,173)	(66,102)
Profit before taxation	**(116,254)**	**(194,880)**
Income taxes	(138,476)	(24,667)
Loss for the period	**(254,730)**	**(219,547)**

Cash flow statement

(in Euro)	Q1 2008	2007
A - Opening net cash and cash equivalents (net financial indebtedness - short term)	**8,168,963**	**7,790,241**
B - Cash flow from (for) operating activities		
Net loss for the period	(254,730)	(219,547)
Amortization	6,000	-
Net movements in the employee benefit liability	10,000	1,041
Interest expenses	115,372	133,822
Income tax expenses	138,476	24,667
Income (loss) from (for) operating activities prior to movements in working capital	**15,118**	**(60,017)**
(Increase) Decrease in trade receivables and other current receivables	14,185,389	(694,268)
Increase (Decrease) in trade payables and other current payables	(439,812)	179,408
Interest income received (Interest expenses paid)	(76,915)	259,587
Income tax paid	-	-
Total (B)	**13,683,780**	**(315,290)**
C - Cash flow from (for) investing activities		
Investments in equity	-	-
Total (C)	**-**	**-**
C - Cash flow from (for) financing activities		
Proceeds from borrowings	-	-
Repayment of borrowings	(14,000,000)	(200,000)
Share capital increase	-	-
Dividends paid	-	-
Total (D)	**(14,000,000)**	**(200,000)**
E - Cash flow for the period (B+C+D)	**(316,220)**	**(515,290)**
F - Closing net cash and cash equivalents (net financial indebtedness - short term) (A+E)	**7,852,743**	**7,274,951**

Statement of changes in shareholders' equity

(in Euro)	Share capital	Share premium reserve	Retained earnings	Net profit (loss)	Total equity
Group shareholders' equity as at 01.01.2007	**70,843,213**	**751,276,368**	**(8,247,983)**	**15,825,101**	**829,696,699**
Previous year's profit allocation	-	-	15,825,101	(15,825,101)	-
Net profit for the period	-	-	-	(219,547)	(219,547)
Group shareholders' equity as at 31.03.2007	**70,843,213**	**751,276,368**	**7,577,118**	**(219,547)**	**829,477,152**

(in Euro)	Share capital	Share premium reserve	Retained earnings	Net profit (loss)	Total equity
Group shareholders' equity as at 01.01.2008	**71,348,532**	**747,470,698**	**13,278,758**	**14,751,352**	**846,849,340**
Previous year's profit allocation	-	-	14,751,352	(14,751,352)	-
Net profit for the period	-	-	-	(254,730)	(254,730)
Group shareholders' equity as at 31.03.2008	**71,348,532**	**747,470,698**	**28,030,110**	**(254,730)**	**846,594,610**

For the Board of Directors
The Chairman
Vittorio Tabacchi

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

The manager responsible for the preparation of the company's financial documents, Mr. Francesco Tagliapietra, hereby declares, in accordance with paragraph 2 article 154 bis of the Testo Unico della Finanza, that the accounting information contained in the consolidated quarterly report at March 31st, 2008 corresponds to the results documented in the books, accounting and other records of the company.