



Nine-month Financial Report
for the period ended 30th September 2015

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www.safilogroup.com

SAFILO GROUP S.p.A.

Registered Office

Piazza Tiziano, 8

32044 Pieve di Cadore - Italy

Secondary Office

Settima Strada, 15

35129 Padua - Italy

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Board of Directors, committees and auditors

Board of Directors (*)

<i>Chairman</i>	Robert Polet
<i>Chief Executive Officer</i>	Luisa Deplazes de Andrade Delgado
<i>Independent Director</i>	Jeffrey A. Cole
<i>Director</i>	Melchert Frans Groot
<i>Independent Director</i>	Guido Guzzetti
<i>Independent Director</i>	Marco Jesi
<i>Independent Director</i>	Ines Mazzilli
<i>Independent Director</i>	Eugenio Razelli

Board of Statutory Auditors

<i>Chairman</i>	Paolo Nicolai
<i>Regular Auditor</i>	Franco Corgnati
<i>Regular Auditor</i>	Bettina Solimando
<i>Alternate Auditor</i>	Marzia Reginato
<i>Alternate Auditor</i>	Gianfranco Gaudioso

Supervisory Committee (**)

Franco Corgnati
Eugenio Razelli
Massimiliano Pascale

Control and Risk Committee (**)

<i>Chairman</i>	Eugenio Razelli (***) Ines Mazzilli Melchert Frans Groot
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Remuneration and Nomination Committee (**)

<i>Chairman</i>	Jeffrey A. Cole Robert Polet Marco Jesi
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Related Parties Transactions Committee (**)

<i>Chairman</i>	Eugenio Razelli (***) Ines Mazzilli Guido Guzzetti
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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

(***) Appointed by the Committee held on August 4th, 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 the 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 a 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 production-distribution chain is fully integrated 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 strongly emphasizes 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 – and the licensed brands Banana Republic, Bobbi Brown, BOSS, BOSS Orange, Céline, Dior, Dior Homme, 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 nine months 2015	%	First nine months 2014	%
Net sales	959.7	100.0	867.5	100.0
Cost of sales	(382.3)	(39.8)	(326.9)	(37.7)
Gross profit	577.4	60.2	540.6	62.3
Ebitda	75.1	7.8	83.3	9.6
Ebitda pre non-recurring items	77.4	8.1	86.3	9.9
Operating profit	45.2	4.7	57.2	6.6
Operating profit pre non-recurring items	47.6	5.0	60.2	6.9
Group profit before taxes	21.4	2.2	50.0	5.8
Profit attributable to the Group	10.8	1.1	31.7	3.7
Profit attributable to the Group pre non-recurring items	12.4	1.3	33.9	3.9

Economic data (Euro in millions)	Third quarter 2015	%	Third quarter 2014	%
Net sales	284.8	100.0	261.2	100.0
Cost of sales	(117.3)	(41.2)	(104.2)	(39.9)
Gross profit	167.5	58.8	157.1	60.1
Ebitda	14.7	5.2	14.6	5.6
Ebitda pre non-recurring items	14.7	5.2	14.6	5.6
Operating profit	4.5	1.6	5.7	2.2
Operating profit pre non-recurring items	4.5	1.6	5.7	2.2
Group profit before taxes	4.5	1.6	3.9	1.5
Profit attributable to the Group	2.4	0.9	2.4	0.9
Profit attributable to the Group pre non-recurring items	2.4	0.9	2.4	0.9

Balance sheet data (Euro in millions)	September 30, 2015	%	December 31, 2014	%
Total assets	1,599.8	100.0	1,597.9	100.0
Total non-current assets	979.5	61.2	944.2	59.1
Capital expenditure	28.3	1.8	39.0	2.4
Net invested capital	1,136.4	71.0	1,137.5	71.2
Net working capital	288.9	18.1	303.1	19.0
Net financial position	(97.1)	6.1	(163.3)	10.2
Group Shareholders' equity	1,036.9	64.8	971.5	60.8

Financial data (Euro in millions)	First nine months 2015	First nine months 2014
Cash flow operating activity	86.6	17.5
Cash flow investing activity	(19.8)	(27.8)
Cash flow financing activity	(69.4)	(14.0)
Closing net financial indebtedness (short-term)	40.4	54.1

Earnings per share (in Euro)	First nine months 2015	First nine months 2014
Earnings per share - basic	0.173	0.508
Earnings per share - diluted	0.172	0.505
No. shares in share capital	62,629,965	62,534,965

Group personnel	September 30, 2015	September 30, 2014
Punctual	7,178	7,579

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 first nine months and the third 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 nine months of 2015 to Euro 2.4 million (Euro 3.0 million in the first nine 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:

(Euro in million)	First nine months 2015			First nine months 2014		
	Ebitda	Operating profit	Profit attributable to the Group	Ebitda	Operating profit	Profit attributable to the Group
Economic indicators	75.1	45.2	10.8	83.3	57.2	31.7
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	77.4	47.6	12.4	86.3	60.2	33.9

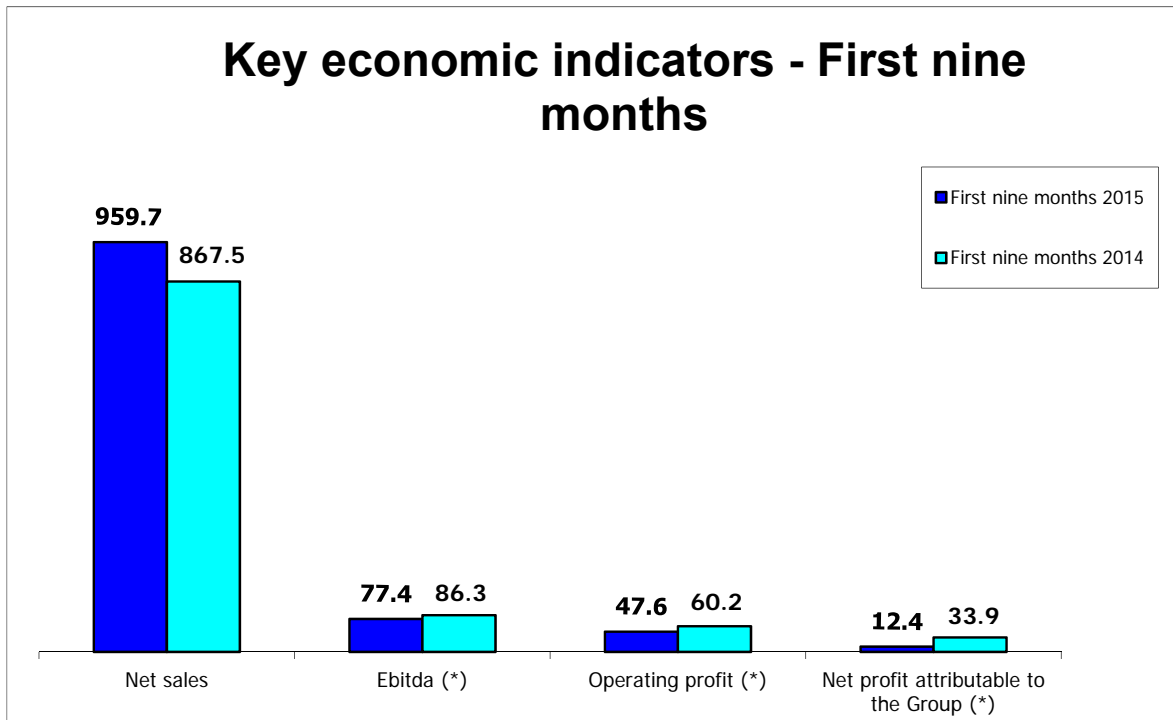
(Euro in million)	Third quarter 2015			Third quarter 2014		
	Ebitda	Operating profit	Profit attributable to the Group	Ebitda	Operating profit	Profit attributable to the Group
Economic indicators	14.7	4.5	2.4	14.6	5.7	2.4
Commercial restructuring costs	-	-	-	-	-	-
Other non recurring costs	-	-	-	-	-	-
Tax effect on non recurring items	-	-	-	-	-	-
Economic indicators pre non recurring items	14.7	4.5	2.4	14.6	5.7	2.4

- During the first nine 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.

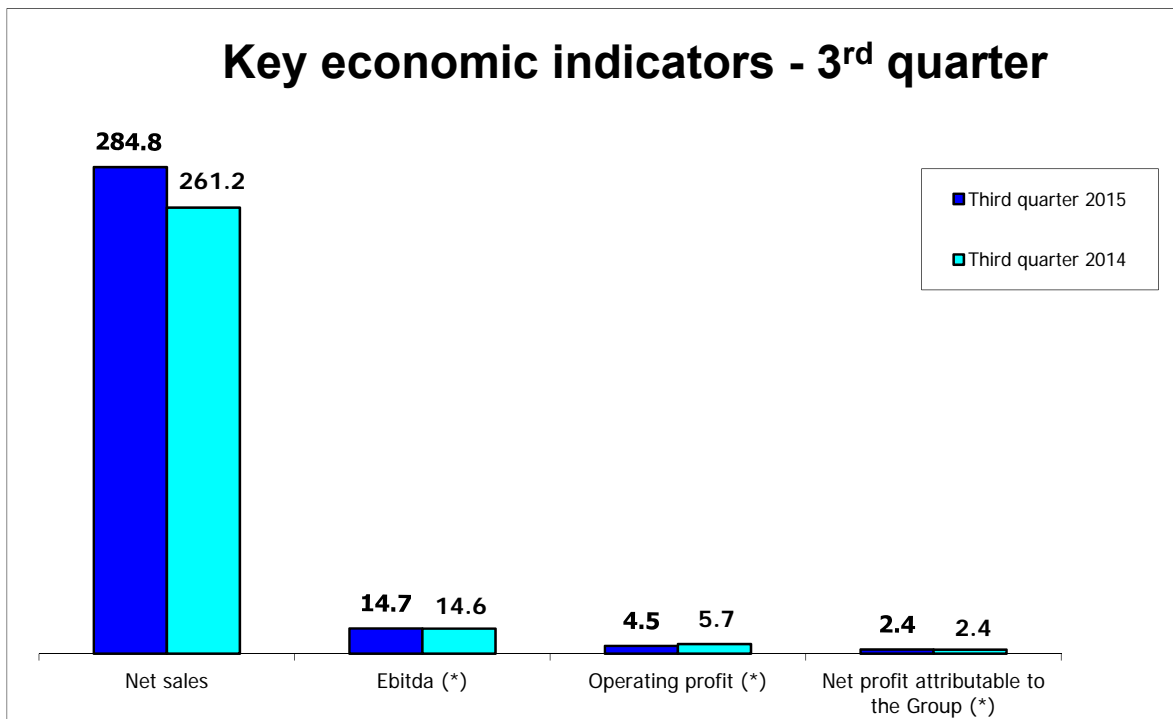
Disclaimer

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.

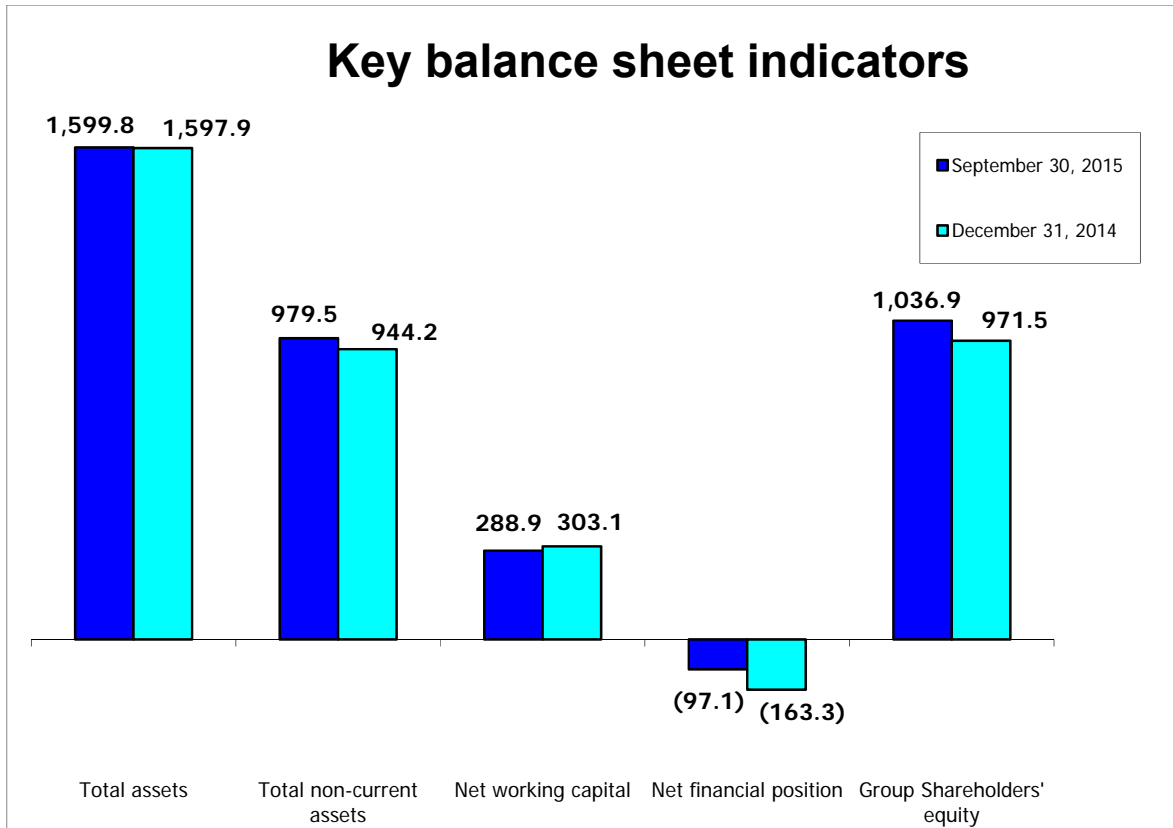
Key economic indicators - First nine months



Key economic indicators - 3rd quarter



(*) pre non-recurring items



Information on Group economic results

The business performance in the first nine months of 2015 confirms the trend already denoted in the first half-year, with positive momentum in the main markets in which the Group operates especially in North America and Western Europe.

Net sales for the first nine months of 2015 total Euro 959.7 million, up 10.6% at current exchange rates on the same period of the previous year when net sales amounted to Euro 867.5 million (up 1.0% at constant exchange rates).

Gross profit of the first nine months amounts to Euro 577.4 million, an increase from Euro 540.6 million in the first nine months of 2014, up 6.8% on the same period of the previous year. EBITDA equals to 75.1 million compared with Euro 83.3 million in the same period of the previous year. Without considering non-recurring expenses EBITDA amounts to Euro 77.4 million compared with Euro 86.3 million for the first nine months of 2014.

Group net profit of the first nine months of 2015 equals to Euro 10.8 million compared with Euro 31.7 million in the same period of the previous year. Without considering non-recurring expenses, Group net profit for the nine months amounted to Euro 12.4 million, down on the same period of the previous year (Euro 33.9 million) driven mainly by net financial charges amounting to Euro 23.9 million, compared with Euro 7.2 million of the same period of the previous year.

In terms of financial position, the Group has ended the first nine months of 2015 with net debt of Euro 97.1 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 nine months 2015		First nine months 2014		Change
		%		%	%
Net sales	959.7	100.0	867.5	100.0	10.6%
Cost of sales	(382.3)	(39.8)	(326.9)	(37.7)	16.9%
Gross profit	577.4	60.2	540.6	62.3	6.8%
Selling and marketing expenses	(402.6)	(41.9)	(362.6)	(41.8)	11.0%
General and administrative expenses	(128.2)	(13.4)	(117.4)	(13.5)	9.2%
Other operating income/(expenses)	(1.4)	(0.1)	(3.4)	(0.4)	-58.7%
Operating profit	45.2	4.7	57.2	6.6	-20.9%
Financial charges, net	(23.9)	(2.5)	(7.2)	(0.8)	n.s.
Profit before taxation	21.4	2.2	50.0	5.8	-57.3%
Income taxes	(10.4)	(1.1)	(18.1)	(2.1)	-42.4%
Net profit	10.9	1.1	31.9	3.7	-65.7%
Net profit attributable to minority interests	0.1	0.0	0.2	0.0	-35.7%
Net profit attributable to the Group	10.8	1.1	31.7	3.7	-65.9%
EBITDA	75.1	7.8	83.3	9.6	-9.8%

Economic indicators pre non-recurring items	First nine months 2015		First nine months 2014		Change %
		%		%	%
EBIT pre non-recurring items	47.6	5.0	60.2	6.9	-20.9%
EBITDA pre non-recurring items	77.4	8.1	86.3	9.9	-10.3%
Net profit attributable to the Group pre non-recurring items	12.4	1.3	33.9	3.9	-63.5%

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

Consolidated statement of operations (Euro in millions)	Third quarter 2015		Third quarter 2014		Change
		%		%	%
Net sales	284.8	100.0	261.2	100.0	9.0%
Cost of sales	(117.3)	(41.2)	(104.2)	(39.9)	12.6%
Gross profit	167.5	58.8	157.1	60.1	6.6%
Selling and marketing expenses	(119.2)	(41.9)	(111.8)	(42.8)	6.6%
General and administrative expenses	(44.1)	(15.5)	(38.9)	(14.9)	13.3%
Other operating income/(expenses)	0.4	0.1	(0.6)	(0.2)	n.s.
Operating profit	4.5	1.6	5.7	2.2	-20.3%
Financial charges, net	(0.0)	(0.0)	(1.8)	(0.7)	-97.5%
Profit before taxation	4.5	1.6	3.9	1.5	16.3%
Income taxes	(2.0)	(0.7)	(1.4)	(0.6)	42.0%
Net profit	2.4	0.9	2.4	0.9	1.0%
Net profit attributable to minority interests	0.0	0.0	0.0	0.0	-63.2%
Net profit attributable to the Group	2.4	0.9	2.4	0.9	2.2%
EBITDA	14.7	5.2	14.6	5.6	1.2%

Economic indicators pre non-recurring items	Third quarter 2015		Third quarter 2014		Change %
		%		%	
EBIT pre non-recurring items	4.5	1.6	5.7	2.2	-20.3%
EBITDA pre non-recurring items	14.7	5.2	14.6	5.6	1.2%
Net profit attributable to the Group pre non-recurring items	2.4	0.9	2.4	0.9	2.2%

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

An analysis of sales by geography in the first nine months of 2015 shows a significant revenue growth in Europe, with sales of Euro 378.3 million compared with the Euro 361.3 million of the same period in 2014, which marks an increase of 4.7% (+4.5% at constant exchange rates), thanks to the good performance in particular of Spain, France, Germany and Italy.

The increase in sales was even more significant in the third quarter of 2015 when growth compared to the same period of 2014 was 5.6% (+5.4% at constant exchange rates), driven primarily by the performance of Italy, France, Germany and the Iberian Peninsula.

The North American saw a significant growth in the first three quarters of 2015 where sales amounted to Euro 403.6 million compared with Euro 327.8 million in the same period of 2014, this marks an increase of 23.1% at current exchange rates (up 2.4% at constant exchange rates). This trend is also reflected in the third quarter of

2015 when sales amounted to Euro 133.1 million compared to Euro 111.7 million of the same period of the previous year, marking an increase of 19.2% (up 1.5% at constant exchange rates), driven by a solid wholesale performance.

In the Latin American market the performance of sales was stable in the first nine months of 2015, at current exchange rates, showing a slight decline compared to the same period of last year, from Euro 37.5 million in 2014 to Euro 36.4 million in the corresponding period of 2015, corresponding to a growth of 0.8% at constant exchange rates. This performance was negatively impacted by third quarter 2015 sales amounting to Euro 10.8 million compared to Euro 13.8 million in the third quarter 2014, mainly driven by a challenging market environment in Brazil. On the other hand, sales in the Mexican market grew strongly in the third quarter and in the first nine months of 2015 compared to the corresponding periods of the previous year.

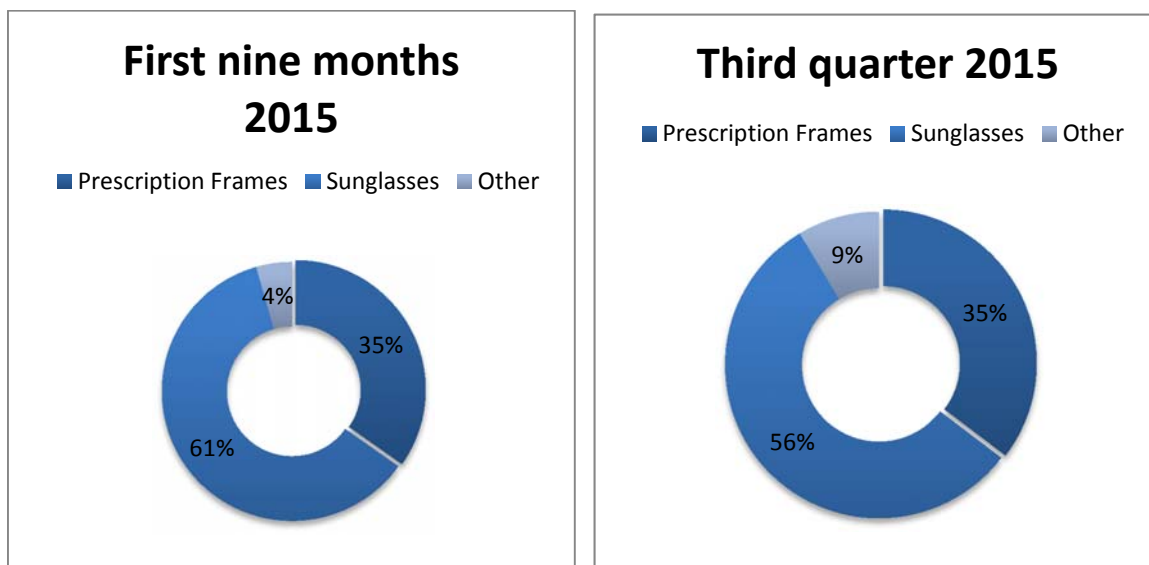
In the Asia Pacific area net sales for the first nine months of 2015 amounted to Euro 118.2 million, compared with Euro 123.2 million for the same period of 2014, with a decrease of 4.1% (down 17.3% at constant exchange rates), reflecting, in particular, a contraction of sales in South Korea and China. In the third quarter of 2015 sales amounted to Euro 31.4 million compared to Euro 33.6 million of the same period of the previous year, down 6.5% at current exchange rates (down 15.5% at constant exchange rates). In Asia, we continue the work to structurally and sustainably improve the performance following a clear roadmap for each of our markets in the region.

Net sales by geographical area (Euro in millions)	First nine months					
	2015	%	2014	%	Change %	Change % (*)
Europe	378.3	39.4	361.3	41.6	4.7%	4.5%
North America	403.6	42.1	327.8	37.8	23.1%	2.4%
Latin America	36.4	3.8	37.5	4.3	-2.8%	0.8%
Asia Pacific	118.2	12.3	123.2	14.2	-4.1%	-17.3%
Rest of the world	23.2	2.4	17.7	2.0	31.1%	30.0%
Total	959.7	100	867.5	100	10.6%	1.0%

Net sales by geographical area (Euro in millions)	Third quarter					
	2015	%	2014	%	Change %	Change % (*)
Europe	101.7	35.7	96.2	36.8	5.6%	5.4%
North America	133.1	46.7	111.7	42.8	19.2%	1.5%
Latin America	10.8	3.8	13.8	5.3	-21.6%	-8.1%
Asia Pacific	31.4	11.0	33.6	12.9	-6.5%	-15.5%
Rest of the world	7.8	2.7	5.9	2.3	32.1%	32.3%
Total	284.8	100	261.2	100	9.0%	0.9%

(*) at constant exchange rates

The charts below summarize the breakdown of net sales as at September 30, 2015 by product category (for the first nine months and the third quarter 2015):



In the first nine months of 2015, **gross profit** amounted to Euro 577.4 million, up from Euro 540.6 million in the same period of 2014, while there has been a decrease in the incidence on sales from 62.3% in the first nine months of 2014 to 60.2% in the corresponding period of 2015. The contraction was mainly driven by higher cost inflation 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 third quarter of 2015 gross profit increased from Euro 157.1 million in 2014 to Euro 167.5 million with a margin on sales of 58.8% (60.1% in the third quarter of 2014).

The incidence of **selling and marketing expenses** on sales increased from 41.8% of the first nine months of 2014 to 41.9% in the corresponding period of 2015, due to investment in growth initiatives and expansion of the brands in our portfolio. In the third quarter of 2015 the incidence of selling and marketing expenses on sales was 41.9% compared to 42.8% of the corresponding period of the previous year.

In the first nine months of 2015, **general and administrative expenses** totalled Euro 128.2 million (Euro 117.4 million in the corresponding period of 2014) as a consequence of the investment in human resources and information technology consistently with the strategic development plan. The incidence of such costs on sales decreased from 13.5% in 2014 to 13.4% in 2015. This trend was confirmed in the third quarter of 2015 when the general and administrative expenses were equal to 44.1 million (38.9 million in the same period of 2014) with an incidence on sales equal to 15.5% compared to 14.9% in the same period of 2014.

In the first nine months of 2015, without considering non-recurring expenses, **EBITDA** amounted to Euro 77.4 million, down compared to the same period of the previous year when the figure was Euro 86.3 million. This

represents an adjusted EBITDA margin of 8.1% compared with the 9.9% of the same period of the previous year. Including non-recurring expenses, EBITDA for the first nine months of 2015 is Euro 75.1 million, resulting in an EBITDA margin of 7.8%, compared with the figure of Euro 83.3 million and a margin of 9.6% for the same period of 2014.

In the third quarter of 2015 EBITDA amounted to Euro 14.7 million (14.6 million in the same period of the previous year). This represents an EBITDA margin of 5.2% (5.6% in the third quarter of 2014) and was driven primarily by the decline in the retail channel while the Group's wholesale EBITDA margin improved slightly.

Net financial expenses for the first nine months of 2015 were affected by currency dynamics that have had a negative impact of Euro 13.3 million (a loss of Euro 1.7 million in the same period of the previous year). Moreover the period was influenced by the fair value measurement of the option component embedded in the "equity-linked" Bonds issued in May 2014 with a positive effect in the third quarter 2015 of Euro 4.8 million (positive for Euro 8.7 million in the third quarter of 2014), while it had no significant impact during the first nine months of 2015 (positive for Euro 8.7 million in the first nine months of 2014).

The tax rate for the first three quarters 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 nine months of 2015 is Euro 12.4 million compared with Euro 33.9 million for the same period of the previous year. Net of the non-recurring expenses the Group thus reports net profit of Euro 10.8 million compared with Euro 31.7 million of the same period of 2014.

Analysis by distribution channel – Wholesale/Retail

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

(Euro in millions)	WHOLESALE				RETAIL			
	First nine months 2015	First nine months 2014	Change	Change %	First nine months 2015	First nine months 2014	Change	Change %
Net sales to 3rd parties	890.7	805.7	85.0	10.5%	69.0	61.8	7.2	11.7%
EBITDA (*)	72.2	78.0	(5.8)	-7.4%	5.2	8.3	(3.1)	-37.3%
%	8.1%	9.7%			7.6%	13.5%		

(Euro in millions)	WHOLESALE				RETAIL			
	Third quarter 2015	Third quarter 2014	Change	Change %	Third quarter 2015	Third quarter 2014	Change	Change %
Net sales to 3rd parties	262.7	239.2	23.5	9.9%	22.1	22.1	0.0	-0.1%
EBITDA (*)	13.6	11.5	2.1	18.4%	1.1	3.1	(1.9)	-63.4%
%	5.2%	4.8%			5.1%	13.8%		

(*) pre non recurring items in the first nine months of 2015 in wholesale segment for Euro 2.4 million (Euro 3 million in the first nine months of 2014)

In the first nine months of 2015 turnover for the wholesale segment amounted to Euro 890.7 million compared with Euro 805.7 million for the same period of the previous year, marking an increase of 10.5% at current exchange rates (+1.7% at constant exchange rates). Without considering non-recurring expenses, the EBITDA margin for the first nine months of 2015 is 8.1%, a decrease compared with the 9.7% of the same period of 2014.

In the third quarter of 2015 net sales amounted to Euro 262.7 million (Euro 239.2 million in the same period of 2014) with an increase of 9.9% at current exchange rates (up 2.5% at constant exchange rates) and the pre non-recurring EBITDA margin increased to 5.2% on net sales, from 4.8% of the same period of 2014.

The Solstice retail chain, which currently numbers 126 stores, recorded sales of Euro 69.0 million in the first nine months of 2015, compared with Euro 61.8 for the same period of the previous year marking an increase of 11.7% at current exchange rates (down 8.1% at constant exchange rates).

The same trend has been confirmed in the third quarter of 2015 when net sales amounted to Euro 22.1 million (Euro 22.1 million in the third quarter of the previous year) with a decrease of 0.1% at current exchange rates (down 16.0% at constant exchange rates).

Balance sheet reclassified

Balance sheet (Euro in millions)	September 30, 2015	December 31, 2014	Change
Trade receivables	228.3	266.3	(38.0)
Inventory, net	255.1	247.6	7.5
Trade payables	(194.5)	(210.8)	16.3
Net working capital	288.9	303.1	(14.3)
Tangible assets	202.0	203.3	(1.3)
Intangible assets and goodwill	668.9	637.9	30.9
Financial assets	0.0	7.6	(7.6)
Non-current assets held for sale	1.6	0.0	1.6
Net fixed assets	872.5	848.8	23.7
Employee benefit liability	(32.0)	(32.7)	0.7
Other assets / (liabilities), net	7.0	18.3	(11.3)
NET INVESTED CAPITAL	1,136.4	1,137.5	(1.2)
Cash in hand and at bank	81.8	88.6	(6.8)
Short term borrowings	(47.6)	(75.3)	27.7
Long term borrowings	(131.3)	(176.5)	45.2
NET FINANCIAL POSITION	(97.1)	(163.3)	66.1
Group Shareholders' equity	(1,036.9)	(971.5)	(65.4)
Non-controlling interests	(2.3)	(2.7)	0.4
TOTAL SHAREHOLDERS' EQUITY	(1,039.2)	(974.2)	(65.0)

Cash flow

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

Free cash flow (Euro in millions)	First nine months 2015	First nine months 2014	Change
Cash flow operating activities	86.6	17.5	69.1
Cash flow investing activities	(19.8)	(27.8)	8.0
Free cash flow	66.8	(10.3)	77.1

Free cash flow recorded in the first nine months of 2015 was positive for Euro 66.8 million (negative of Euro 10.3 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 and the receipts from the sale of the shares in an associate company amounting to Euro 8.6 million, net of which Free Cash Flow remained largely positive thanks to an effective working capital management, particularly in the second and third quarters of 2015.

Net working capital

Net working capital (Euro in millions)	September 30, 2015	September 30, 2014	Change September 15 / September 14	December 31, 2014
Trade receivables, net	228.3	244.5	(16.2)	266.3
Inventories	255.1	256.3	(1.2)	247.6
Trade payables	(194.5)	(200.7)	6.2	(210.8)
Net working capital	288.9	300.1	(11.1)	303.1
<i>% on net sales rolling LTM</i>	<i>22.7%</i>	<i>26.2%</i>		<i>25.7%</i>

Net working capital at 30 September 2015 amounted to Euro 288.9 million compared with Euro 300.1 million in the same period of 2014 positively influenced by the reduction of trade receivables.

The ratio of working capital to sales rolling LTM at 30 September 2015 is equal to 22.7% compared with 26.2% at 30 September 2014.

Investments in tangible and intangible fixed assets

The Group's capital expenditure breaks down as follows:

(Euro in millions)	First nine months 2015	First nine months 2014	Change
Padua headquarters	8.0	9.8	(1.8)
Production factories	13.8	12.7	1.1
Europe	1.0	0.6	0.4
Americas	5.0	3.7	1.3
Far East	0.5	0.5	0.0
Total	28.3	27.3	1.0

In the first nine months of 2015 capital expenditures amounted to Euro 28.3 million compared with the Euro 27.3 million of the same period of the previous year.

Net financial position

Net financial position (Euro in millions)	September 30, 2015	June 30, 2015	Change Sep/Jun	December 31, 2014	Change Sep/Dec
Current portion of long-term borrowings	-	-	-	-	-
Bank overdrafts and short term bank borrowings	(41.3)	(31.6)	(9.8)	(49.1)	7.7
Other short-term borrowings	(6.3)	(28.4)	22.1	(26.3)	20.0
Cash and cash equivalent	81.8	80.1	1.7	88.6	(6.8)
Short-term net financial position	34.2	20.1	14.1	13.2	21.0
Bonds	(131.3)	(130.2)	(1.2)	(127.9)	(3.4)
Long-term borrowings	-	-	-	(48.6)	48.6
Long-term net financial position	(131.3)	(130.2)	(1.2)	(176.5)	45.2
NET FINANCIAL POSITION	(97.1)	(110.1)	13.0	(163.3)	66.1

The Group's net financial position at 30 September 2015 is negative for Euro 97.1 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, and the proceeds from the disposal of the investment in an associate amounting to Euro 8.6 million. The net financial position does not include the option component embedded in the "equity-linked" Bonds equal to Euro 4.5 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 2.0 million (a positive amount of Euro 1.5 million at 31 December 2014).

The ratio of net debt to EBITDA LTM adjusted is 0.9 times, an improvement on the 31 December 2014 (1.4 times).

Personnel

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

	September 30, 2015	December 31, 2014	September 30, 2014
Padua headquarters	1,044	1,021	1,024
Production factories	3,977	4,158	4,311
Trading companies	1,369	1,423	1,434
Retail	788	912	810
Total	7,178	7,514	7,579

Subsequent events and Outlook

No events have taken place after 30 September 2015 that could have a material impact on the results published in this report.

Safilo continues with its commitment to strengthen its main areas of business, to enable the Group's lasting and profitable growth, in accordance with the key strategies of the Safilo 2020 Plan.

Financial Statements
and Notes
at September 30th, 2015

Consolidated balance sheet

<i>(Euro/000)</i>	<i>Notes</i>	September 30, 2015	of which related parties	December 31, 2014	of which related parties
ASSETS					
Current assets					
Cash and cash equivalents	<i>2.1</i>	81,794		88,552	
Trade receivables	<i>2.2</i>	228,259	18,569	266,308	15,096
Inventory	<i>2.3</i>	255,102		247,617	
Derivative financial instruments	<i>2.4</i>	1,985		1,594	
Other current assets	<i>2.5</i>	51,472		49,619	
Total current assets		618,612		653,690	
Non-current assets					
Tangible assets	<i>2.6</i>	201,989		203,279	
Intangible assets	<i>2.7</i>	57,494		54,806	
Goodwill	<i>2.8</i>	611,362		583,130	
Investments in associates	<i>2.9</i>	-		7,605	
Available-for-sale financial assets	<i>2.10</i>	-		-	
Deferred tax assets	<i>2.11</i>	105,691		92,498	
Derivative financial instruments	<i>2.4</i>	-		-	
Other non-current assets	<i>2.12</i>	3,000		2,897	
Total non-current assets		979,536		944,215	
Non-current assets held for sale	<i>2.6</i>	1,627		-	
TOTAL ASSETS		1,599,775		1,597,905	

<i>(Euro/000)</i>	<i>Notes</i>	September 30, 2015	of which related parties	December 31, 2014	of which related parties
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Short-term borrowings	<i>2.13</i>	47,600		75,319	
Trade payables	<i>2.14</i>	194,467	2,179	210,775	3,457
Tax payables	<i>2.15</i>	27,494		33,041	
Derivative financial instruments	<i>2.4</i>	1,159		68	
Other current liabilities	<i>2.16</i>	53,153		52,149	
Provisions for risks and charges	<i>2.17</i>	6,126		5,658	
Total current liabilities		329,999		377,010	
Non-current liabilities					
Long-term borrowings	<i>2.13</i>	131,342		176,493	
Employees benefits liability	<i>2.18</i>	32,025		32,724	
Provisions for risks and charges	<i>2.17</i>	15,236		13,707	
Deferred tax liabilities	<i>2.11</i>	9,700		8,772	
Derivative financial instruments	<i>2.4</i>	4,474		4,426	
Other non-current liabilities	<i>2.19</i>	37,790		10,517	
Total non-current liabilities		230,567		246,639	
TOTAL LIABILITIES		560,566		623,649	
Shareholders' equity					
Share capital	<i>2.20</i>	313,150		312,675	
Share premium reserve	<i>2.21</i>	484,845		484,689	
Retained earnings and other reserves	<i>2.22</i>	227,878		135,142	
Cash flow reserve	<i>2.23</i>	211		-	
Income attributable to the Group		10,804		39,030	
Total shareholders' equity attributable to the Group		1,036,888		971,536	
Non-controlling interests		2,321		2,720	
TOTAL SHAREHOLDERS' EQUITY		1,039,209		974,256	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,599,775		1,597,905	

Consolidated income statement

<i>(Euro/000)</i>	<i>Notes</i>	First nine months 2015	of which related parties	First nine months 2014	of which related parties	Third quarter 2015	of which related parties	Third quarter 2014	of which related parties
Net sales	3.1	959,735	63,214	867,546	56,489	284,810	17,388	261,260	14,120
Cost of sales	3.2	(382,304)	(3,324)	(326,949)	(6,821)	(117,319)	(1,102)	(104,202)	(2,323)
Gross profit		577,431		540,597		167,491		157,058	
Selling and marketing expenses	3.3	(402,564)	(2,484)	(362,625)	(2,083)	(119,241)	(1,740)	(111,857)	(767)
General and administrative expenses	3.4	(128,222)		(117,402)		(44,085)		(38,927)	
Other operating income/(expenses)	3.5	(1,396)		(3,377)		369		(587)	
Operating profit		45,250		57,192		4,533		5,686	
Share of income/(loss) of associates	3.6	974		(848)		2,105		(9)	
Financial charges, net	3.7	(24,857)	-	(6,338)	-	(2,150)	-	(1,819)	-
Profit before taxation		21,367		50,006		4,488		3,858	
Income taxes	3.8	(10,437)		(18,106)		(2,042)		(1,438)	
Profit of the period		10,930		31,900		2,447		2,420	
Profit attributable to:									
Owners of the parent		10,804		31,704		2,433		2,382	
Non-controlling interests		126		196		14		38	
Earnings per share - basic (Euro)	3.9	0.173		0.508		0.039		0.037	
Earnings per share - diluted (Euro)	3.9	0.172		0.505		0.039		0.037	

Consolidated statement of comprehensive income

<i>(Euro/000)</i>	<i>Notes</i>	First nine months 2015	First nine months 2014	Third quarter	
				2015	2014
Net profit for the period (A)		10,930	31,900	2,447	2,420
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	211	401	414	117
- Gains/(Losses) on exchange differences on translating foreign operations	2.22	53,922	63,800	(14,961)	57,878
Total gains/(losses) that will be reclassified subsequently to profit or loss:		54,133	64,201	(14,547)	57,995
Other comprehensive income/(loss), net of tax (B)		54,133	64,201	(14,547)	57,995
TOTAL COMPREHENSIVE INCOME/(LOSS) (A)+(B)		65,063	96,101	(12,100)	60,415
Attributable to:					
Owners of the parent		64,842	95,767	(12,094)	60,237
Non-controlling interests		221	334	(6)	178
TOTAL COMPREHENSIVE INCOME/(LOSS)		65,063	96,101	(12,100)	60,415

Consolidated statement of cash flows

<i>(Euro/000)</i>	<i>Notes</i>	First nine months 2015	First nine months 2014
A - Opening net cash and cash equivalents (net financial indebtedness - short term)			
	<i>2.1</i>	39,494	69,669
B - Cash flow from (for) operating activities			
Net profit for the period (including minority interests)		10,930	31,900
Depreciation and amortization	<i>2.6-2.7</i>	29,807	26,058
Other non-monetary P&L items		14,022	(12,529)
Interest expenses, net	<i>3.7</i>	6,092	7,285
Income tax expenses	<i>3.8</i>	10,437	18,105
Income from operating activities prior to movements in working capital		71,288	70,818
(Increase) Decrease in trade receivables		41,225	4,148
(Increase) Decrease in inventory, net		(1,244)	(35,516)
Increase (Decrease) in trade payables		(22,320)	(10,333)
(Increase) Decrease in other receivables		(1,329)	(591)
Increase (Decrease) in other payables		30,037	7,902
Interest expenses paid		(2,139)	(4,006)
Income taxes paid		(28,924)	(14,953)
Total (B)		86,596	17,469
C - Cash flow from (for) investing activities			
Investments in property, plant and equipment		(21,613)	(19,827)
Net disposals of property, plant and equipment		1,022	979
Acquisition of minorities (in subsidiaries)		(1,132)	(1,553)
(Acquisition) Disposal of investments and bonds		8,592	-
Purchase of intangible assets		(6,698)	(7,399)
Total (C)		(19,830)	(27,800)
D - Cash flow from (for) financing activities			
Proceeds from borrowings		-	210,000
Repayment of borrowings		(70,005)	(227,767)
Share capital increase		631	3,799
Dividends paid		-	-
Total (D)		(69,374)	(13,967)
E - Cash flow for the period (B+C+D)		(2,608)	(24,298)
Translation exchange differences		3,563	8,732
Total (F)		3,563	8,732
G - Closing net cash and cash equivalents (net financial indebtedness - short term) (A+E+F)			
	<i>2.1</i>	40,449	54,102

Statement of changes in shareholders' equity

	Share capital	Share premium reserve	Translation diff. reserve	Cash flow reserve	Retained earnings and other reserves	Total	Non-controlling interests	Total equity
<i>(Euro/000)</i>								
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	-	-	-	-	10,804	10,804	126	10,930
Other comprehensive income (loss) for the period	-	-	53,828	211	-	54,039	95	54,134
Total comprehensive income (loss) for the period	-	-	53,828	211	10,804	64,843	221	65,064
Increase in share capital due to the exercising of stock option	475	156	-	-	-	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	-	-	-	-	437	437	-	437
Changes in other reserves	-	-	-	-	8	8	(54)	(46)
Consolidated net equity at September 30, 2015	313,150	484,845	106,994	211	131,688	1,036,888	2,321	1,039,209
<i>(Euro/000)</i>								
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	-	-	-	-	31,704	31,704	196	31,900
Other comprehensive income (loss) for the period	-	-	63,662	401	-	64,063	138	64,201
Total comprehensive income (loss) for the period	-	-	63,662	401	31,704	95,767	334	96,101
Increase in share capital due to the exercising of stock option	1,675	2,124	-	-	-	3,799	-	3,799
Dividends distribution	-	-	-	-	-	-	-	-
Purchase of shares in subsidiaries from non-controlling interests	-	-	-	-	(706)	(706)	(847)	(1,553)
Net increase in the Reserve for share-based payments	-	-	-	-	299	299	-	299
Changes in other reserves	-	-	-	-	-	-	-	-
Consolidated net equity at September 30, 2014	312,675	484,689	28,490	(89)	116,516	942,281	2,427	944,708

NOTES

1. Basis of preparation

1.1 General information

These nine-month condensed consolidated financial statements refer to the financial period from January 1st 2015 to September 30th 2015. Economic and financial information is provided with reference to the first nine months of 2015 and 2014 whilst balance sheet information is provided with reference to September 30th 2015 and December 31st 2014.

The nine-month consolidated financial report of Safilo Group at September 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 5th November 2015.

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

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

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

On 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 to 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, 2018. 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, 2018, 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 Intangible 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 nine months 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 Shenzhen Limited- Shenzhen (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
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.

Currency	Code	As of		(Appreciation)/ Depreciation	Average for		(Appreciation) /Depreciation
		September 30, 2015	December 31, 2014	%	2015	2014	%
US Dollar	USD	1.1203	1.2141	-7.7%	1.1144	1.3549	-17.8%
Hong-Kong Dollar	HKD	8.6824	9.4170	-7.8%	8.6397	10.5067	-17.8%
Swiss Franc	CHF	1.0915	1.2024	-9.2%	1.0621	1.2180	-12.8%
Canadian Dollar	CAD	1.5034	1.4063	6.9%	1.4038	1.4819	-5.3%
Japanese Yen	YEN	134.6900	145.2300	-7.3%	134.7776	139.4859	-3.4%
British Pound	GBP	0.7385	0.7789	-5.2%	0.7271	0.8118	-10.4%
Swedish Krown	SEK	9.4083	9.3930	0.2%	9.3709	9.0405	3.7%
Australian Dollar	AUD	1.5939	1.4829	7.5%	1.4631	1.4760	-0.9%
South-African Rand	ZAR	15.4984	14.0353	10.4%	13.7010	14.5356	-5.7%
Russian Ruble	RUB	73.2416	72.3370	1.3%	66.5974	48.0152	38.7%
Brasilian Real	BRL	4.4808	3.2207	39.1%	3.5257	3.1028	13.6%
Indian Rupee	INR	73.4805	76.7190	-4.2%	70.8549	82.2624	-13.9%
Singapore Dollar	SGD	1.5921	1.6058	-0.9%	1.5201	1.7039	-10.8%
Malaysian Ringgit	MYR	4.9237	4.2473	15.9%	4.2163	4.3925	-4.0%
Chinese Renminbi	CNY	7.1206	7.5358	-5.5%	6.9641	8.3544	-16.6%
Korean Won	KRW	1,328.2700	1,324.8000	0.3%	1,252.6329	1,411.6170	-11.3%
Mexican Peso	MXN	18.9768	17.8679	6.2%	17.3653	17.7720	-2.3%
Dirham United Emirates	AED	4.1126	4.4594	-7.8%	4.0912	4.8923	-16.4%

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 81,794 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:

<i>(Euro/000)</i>	September 30, 2015	December 31, 2014	September 30, 2014
Cash and cash equivalents	81,794	88,552	99,524
Bank overdrafts	(7,187)	(7,510)	(7,988)
Current bank borrowings	(34,158)	(41,548)	(37,434)
Net cash and cash equivalents	40,449	39,494	54,102

2.2 Trade receivables, net

This item breaks down as follows:

<i>(Euro/000)</i>	September 30, 2015	December 31, 2014
Gross value receivables	269,025	298,832
Allowance for doubtful accounts and sales returns	(40,766)	(32,524)
Net value	228,259	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 nine months 2015 are shown below:

<i>(Euro/000)</i>	Balance at January 1, 2015	Posted to income statement	Use (-)	Transl. Diff.	Balance at September 30, 2015
Allowance for bad debts	24,172	2,650	(3,207)	36	23,650
Allowance for sales returns	8,352	9,977	(1,581)	368	17,116
Total	32,524	12,627	(4,789)	404	40,766

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:

<i>(Euro/000)</i>	September 30, 2015	December 31, 2014
Raw materials	108,639	104,203
Work in progress	7,459	8,584
Finished products	271,006	244,476
Gross	387,104	357,263
Obsolescence provision (-)	(132,002)	(109,646)
Total	255,102	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:

<i>(Euro/000)</i>	Balance at January 1, 2015	Posted to income statement	Transl. Diff.	Balance at September 30, 2015
Inventory gross value	357,263	22,059	7,782	387,104
Obsolescence provision	(109,646)	(20,815)	(1,541)	(132,002)
Total net	247,617	1,244	6,241	255,102

2.4 Derivative financial instruments

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

<i>(Euro/000)</i>	September 30, 2015	December 31, 2014
Current assets:		
- Foreign currency contracts - Fair value through P&L	1,774	1,594
- Foreign currency contracts - cash flow hedge	211	-
Total	1,985	1,594
Non-current assets:		
- Interest rate swaps - cash flow hedge	-	-
Total	-	-
<i>(Euro/000)</i>	September 30, 2015	December 31, 2014
Current liabilities:		
- Foreign currency contracts - Fair value through P&L	1,159	-
- Foreign currency contracts - cash flow hedge	-	-
- Interest rate swaps - Fair value through P&L	-	68
- Interest rate swaps - cash flow hedge	-	-
Total	1,159	68
Non-current liabilities:		
- Fair value cash settlement option convertible Bond	4,474	4,426
Total	4,474	4,426

The non-current liability 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”, and 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, and at the balance sheet date the fair value of the option amounts to Euro 4,474 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 826 thousand.

2.5 Other current assets

This item breaks down as follows:

<i>(Euro/000)</i>	September 30, 2015	December 31, 2014
VAT receivable	13,814	13,129
Tax credits and payments on account	9,404	7,753
Prepayments and accrued income	21,556	20,842
Receivables from agents	276	307
Other current receivables	6,422	7,588
Total	51,472	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 12,820 thousand;
- prepaid rent and operating leases of Euro 3,335 thousand;
- prepaid advertising costs of Euro 974 thousand;
- prepaid insurance costs of Euro 484 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 6,422 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 825 thousand;
- deposit payments for Euro 622 thousand;
- other receivables, mainly of commercial nature, for the remainder.

2.6 Property, plant and equipment, net

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

<i>(Euro/000)</i>	Balance at January 1, 2015	Increase	Decrease	Reclass.	Reclass. non-current assets held for sale	Transl. diff.	Balance at September 30, 2015
Gross value							
Land and buildings	147,969	278	(64)	3,529	(3,501)	2,581	150,792
Plant and machinery	197,414	2,454	(5,723)	4,360	-	1,778	200,283
Equipment and other assets	242,799	7,977	(11,288)	6,087	-	7,883	253,457
Assets under constructions	8,407	10,904	(83)	(13,976)	-	71	5,324
Total	596,589	21,613	(17,158)	-	(3,501)	12,313	609,857
Accumulated depreciation							
Land and buildings	49,348	3,137	(48)	-	(1,874)	484	51,048
Plant and machinery	144,837	7,437	(4,400)	-	-	676	148,549
Equipment and other assets	199,126	14,887	(11,689)	-	-	5,947	208,271
Total	393,311	25,461	(16,137)	-	(1,874)	7,107	407,868
Net value	203,279	(3,848)	(1,021)	-	(1,627)	5,206	201,989

Investments in tangible assets in the first nine months of 2015 totalled Euro 21,613 thousand and mainly comprised:

- Euro 13,800 thousand in production facilities, mainly to renovate plants and to acquire and produce equipment for new models;
- Euro 4,771 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 nine months of 2015 are shown below:

<i>(Euro/000)</i>	Balance at January 1, 2015	Increase	Decrease	Reclass.	Transl. diff.	Balance at September 30, 2015
Gross value						
Software	32,596	697	(11)	17,892	976	52,149
Trademarks and licenses	54,447	456	(4)	-	18	54,917
Other intangible assets	8,264	14	(1)	-	228	8,506
Intangible assets in progress	14,184	5,536	-	(17,892)	10	1,839
Total	109,491	6,703	(15)	-	1,232	117,411
Accumulated depreciation						
Software	27,204	2,621	(9)	-	721	30,537
Trademarks and licenses	20,328	1,693	(0)	-	14	22,035
Other intangible assets	7,153	31	(1)	-	163	7,346
Total	54,685	4,345	(10)	-	898	59,917
Net value	54,806	2,358	(5)	-	334	57,494

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

The reclassification of intangible assets in progress to software refers to the amount of investment on the new information system modules that became operational during the quarter.

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

<i>(Euro/000)</i>	<i>Notes</i>	First nine months 2015	First nine months 2014
Cost of sales	3.2	16,832	14,245
Selling and marketing expenses	3.3	3,712	3,465
General and administrative expenses	3.4	9,263	8,348
Total		29,807	26,058

2.8 Goodwill

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

<i>(Euro/000)</i>	Balance at January 1, 2015	Increase	Decrease	Changes in the scope of consolid.	Transl. diff.	Balance at September 30, 2015
Goodwill	583,130	-	-	-	28,231	611,362
Net value	583,130	-	-	-	28,231	611,362

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

<i>(Euro/000)</i>	Italy and Europe	Americas	Asia	Total
September 30, 2015	161,377	225,206	224,778	611,362
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 nine months of 2015 there were no indicators that require an immediate valuation of a potential loss in value.

2.9 Investments in associates

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

<i>(Euro/000)</i>	Gross value	Revaluation / (write-down)	Movements of the period				Value at September 30, 2015
			Value at January 1, 2015	Share of period results and write-down of dividends	Impairment /Disposal	Transl. diff.	
Elegance Optical Int. Holdings Ltd	6,599	1,006	7,605	-	(8,152)	547	-
Optifashion A.s. (in liquidation)	353	(353)	-	-	-	-	-
Total	6,952	653	7,605	-	(8,152)	547	-

On September 18th, the Group through its subsidiary Safilo Far East Ltd. has finalized the disposal contract for the sale of the shares held in the associate Elegance Optical International Holding Ltd.. This disposal has determined the realization of a gain of Euro 974 thousand.

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:

<i>(Euro/000)</i>	September 30, 2015	December 31, 2014
Deferred tax assets	105,691	92,498
Deferred tax liabilities	(9,700)	(8,772)
Total	95,991	83,726

The increase of the item is affected by a translation difference equal to 2,279 thousand Euro.

2.12 Other non-current assets

This item totals 3,000 thousand Euro, compared to 2,897 thousand Euro as at 31st December 2014, of this sum, Euro 2,823 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)	September 30, 2015	December 31, 2014
Bank overdrafts	7,187	7,510
Short-term bank loans	34,158	41,548
Short-term portion of long-term bank loans	-	-
Short-term portion of financial leasing	1,255	1,919
Debt to the factoring company	5,000	24,342
Other short-term loans	-	-
Short-term borrowings	47,600	75,319
Medium long-term loans	-	48,585
Convertible Bonds	131,339	127,905
Medium long-term portion of financial leasing	3	3
Other medium long-term loans	-	-
Long-term borrowings	131,342	176,493
TOTAL	178,942	251,812

The item “Long-term bank 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 September 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 4,474 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 September 2015:

<i>(Euro/000)</i>	September 30, 2015	December 31, 2014
Short-term portion of financial leasing	1,255	1,919
Long-term portion of financial leasing	3	3
Total debt	1,258	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 5,000 thousand.

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

<i>(Euro/000)</i>	September 30, 2015	December 31, 2014
From 1 to 2 years	3	3
From 2 to 3 years	-	-
From 3 to 4 years	131,339	48,585
From 4 to 5 years	-	127,905
Beyond 5 years	-	-
Total	131,342	176,493

The following table shows borrowings divided by currency:

<i>(Euro/000)</i>	September 30, 2015	December 31, 2014
Short-term		
Euro	43,394	62,722
Chinese Renminbi	-	10,482
Japanese Yen	4,158	2,066
Swedish Kronor	49	49
Total	47,600	75,319
Medium long-term		
Euro	131,339	176,490
Swedish Kronor	3	3
Total	131,342	176,493
Total borrowings	178,942	251,812

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

September 30, 2015 (Euro/000)	Credit lines granted	Uses	Credit lines available
Credit lines on bank accounts and short-term bank loans	110,455	41,342	69,113
Credit lines on long-term loans	150,000	0	150,000
Total	260,455	41,342	219,113

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 September 2015.

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

Net financial position (Euro/000)	September 30, 2015	December 31, 2014	Change
A Cash and cash equivalents	81,794	88,552	(6,758)
B Cash and cash equivalents included as Assets held for sale	-	-	-
C Current securities (securities held for trading)	-	-	-
D Liquidity (A+B+C)	81,794	88,552	(6,758)
E Receivables from financing activities	-	-	-
F Bank overdrafts and short-t. bank borrowings	(41,345)	(49,058)	7,713
G Current portion of long-term borrowings	-	-	-
H Other short-term borrowings	(6,255)	(26,261)	20,006
I Debts and other current financial liabilities (F+G+H)	(47,600)	(75,319)	27,719
J Current financial position, net (D)+(E)+(I)	34,194	13,233	20,961
K Long-term bank borrowings	-	(48,585)	48,585
L Bonds	(131,339)	(127,905)	(3,434)
M Other long-term borrowings	(3)	(3)	-
N Debts and other non current financial liabilities (K+L+M)	(131,342)	(176,493)	45,151
I Net financial position (J)+(N)	(97,148)	(163,260)	66,112

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:

<i>(Euro/000)</i>	September 30, 2015	December 31, 2014
Trade payables for:		
Purchase of raw materials	41,095	42,729
Purchase of finished goods	58,934	58,564
Suppliers from subcontractors	5,282	5,360
Tangible and intangible assets	3,147	3,191
Commissions	3,052	2,685
Royalties	19,455	27,885
Advertising and marketing costs	36,197	35,973
Services	27,305	34,388
Total	194,467	210,775

2.15 Tax payables

At 30th September 2015, tax payables total Euro 27,494 thousand, compared to Euro 33,041 thousand at 31st December 2014. Euro 16,201 thousand related to income tax payables, Euro 5,416 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:

<i>(Euro/000)</i>	September 30, 2015	December 31, 2014
Payables to personnel and social security institutions	42,999	41,629
Agent fee payables	2,035	1,590
Payables to pension funds	861	1,087
Accrued advertising and sponsorship costs	842	1,096
Accrued interests on long-term loans	669	363
Other accruals and deferred income	4,687	3,755
Other current liabilities	1,060	2,629
Total	53,153	52,149

Payables to personnel and social security institutions mainly refer to salaries and wages for September, 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:

<i>(Euro/000)</i>	Balance at January 1, 2015	Increase	Decrease	Transl. diff.	Balance at September 30, 2015
Product warranty provision	4,988	248	(104)	-	5,132
Agents' severance indemnity	3,776	242	(175)	2	3,845
Provision for corporate restructuring	426	-	-	36	462
Other provisions for risks and charges	4,517	2,156	(875)	(1)	5,797
Provisions for risks - long term	13,707	2,646	(1,154)	37	15,236
Product warranty provision	2,013	369	(364)	9	2,027
Provision for corporate restructuring	1,838	736	(1,275)	157	1,456
Other provisions for risks and charges	1,807	1,160	(341)	17	2,643
Provisions for risks - short term	5,658	2,265	(1,980)	183	6,126
Total	19,365	4,911	(3,134)	220	21,362

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 applicable laws.

The 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 nine months of 2015 for Euro 736 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 management of the liabilities to be recognized in relation to proceedings 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, the company's past experience and others' experience 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:

<i>(Euro/000)</i>	September 30, 2015	December 31, 2014
Defined contribution plan	176	374
Defined benefit plan	31,849	32,350
Totale	32,025	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:

<i>(Euro/000)</i>	Balance at January 1, 2015	Posted to income statement	Actuarial gains/(losses)	Uses	Changes in the scope of consolid. Transl. diff.	Balance at September 30, 2015
Defined benefit plan	32,350	272	-	(910)	137	31,849

2.19 Other non-current liabilities

At 30th September 2015 other non-current liabilities totalled Euro 37,790 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 September 2015, shareholders' equity amounted to Euro 1,039,209 thousand (of which Euro 2,321 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 first nine months, 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 95,000 shares with a nominal value of 5.00 euros, an increase of the share capital of Euro 475,000 and an increase in the share premium reserve of Euro 156,450.

Following the above-mentioned capital increase, at 30th September 2015 the share capital of the Parent Company, Safilo Group S.p.A., amounts to Euro 313,149,825 consisting of no. 62.629.965 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 484,845,364 at 30th September 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, has 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;
- 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 nine months of 2015 a total amount of 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 631,450. 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 437 thousand (Euro 300 thousand at 30th September 2014).

3. Notes on the consolidated income statement

3.1 Net sales

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

3.2 Cost of sales

This item breaks down as follows:

	First nine months 2015	First nine months 2014	Third quarter 2015	Third quarter 2014
Purchase of raw materials and finished goods	274,273	255,281	90,735	86,228
Capitalisation of costs for increase in tangible assets (-)	(6,936)	(6,540)	(2,647)	(2,418)
Change in inventories	(1,175)	(35,514)	(8,306)	(18,388)
Wages and social security contributions	73,498	73,364	23,073	24,486
Subcontracting costs	14,479	15,164	5,014	5,318
Depreciation	16,832	14,245	5,431	4,878
Rental and operating leases	645	613	211	204
Other industrial costs	10,688	10,336	3,808	3,894
Total	382,304	326,949	117,319	104,202

The change in inventories can be broken down as follows:

(Euro/000)	First nine months 2015	First nine months 2014	Third quarter 2015	Third quarter 2014
Finished products	(7,654)	(30,192)	(6,640)	(17,858)
Work-in-progress	1,359	(540)	(202)	(146)
Raw materials	5,120	(4,782)	(1,464)	(384)
Total	(1,175)	(35,514)	(8,306)	(18,388)

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

	First nine months 2015	First nine months 2014
Executives	133	138
Clerks and middle management	3,207	3,255
Factory workers	3,848	4,257
Total	7,188	7,650

3.3 Selling and marketing expenses

This item breaks down as follows:

<i>(Euro/000)</i>	First nine months 2015	First nine months 2014	Third quarter 2015	Third quarter 2014
Payroll and social security contributions	98,027	88,845	32,009	29,526
Sales commissions	56,644	49,842	16,548	15,350
Royalty expenses	84,832	73,108	22,969	21,498
Advertising and promotional costs	111,927	103,195	30,670	30,208
Amortization and depreciation	3,712	3,465	1,195	1,165
Logistic costs	12,635	13,906	4,298	4,186
Consultants fees	745	886	395	167
Rental and operating leases	13,332	11,142	4,351	3,845
Utilities	765	685	256	267
Provision for risks	790	403	145	(40)
Other sales and marketing expenses	19,155	17,148	6,405	5,685
Total	402,564	362,625	119,241	111,857

3.4 General and administrative expenses

This item breaks down as follows:

<i>(Euro/000)</i>	First nine months 2015	First nine months 2014	Third quarter 2015	Third quarter 2014
Payroll and social security contributions	64,984	60,581	22,039	20,091
Allowance and write off of doubtful accounts	2,639	2,160	1,042	547
Amortization and depreciation	9,263	8,348	3,549	2,803
Consultants fees	11,681	11,648	3,960	4,126
Rental and operating leases	7,976	6,528	2,663	2,226
EDP costs	6,988	6,295	2,383	2,162
Insurance costs	2,486	1,790	835	538
Utilities, security and cleaning	5,456	4,807	1,859	1,157
Taxes (other than on income)	4,137	3,818	1,279	1,288
Other general and administrative expenses	12,612	11,427	4,476	3,989
Total	128,222	117,402	44,085	38,927

3.5 Other income (expenses)

This item breaks down as follows:

<i>(Euro/000)</i>	First nine months 2015	First nine months 2014	Third quarter 2015	Third quarter 2014
Losses on disposal of assets	(123)	(104)	(61)	(69)
Other operating expenses	(3,724)	(3,883)	(285)	(559)
Gains on disposal of assets	56	63	6	2
Other operating incomes	2,395	547	709	39
Total	(1,396)	(3,377)	369	(587)

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 nine months 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, detailed in the note 2.9 "Investments in associates".

3.7 Interest expenses and other financial charges, net

This item breaks down as follows:

	First nine months 2015	First nine months 2014	Third quarter 2015	Third quarter 2014
Interest expenses on loans	1,403	5,356	273	1,854
Interest expenses and charges on Bond	4,837	2,249	1,642	1,580
Bank commissions	5,550	4,530	1,778	1,680
Negative exchange rate differences	34,670	10,333	1,933	8,301
Fair value charges on the Equity-linked Bond incorporated derivative	48	-	(4,817)	-
Other financial charges	58	1,367	12	465
Total financial charges	46,566	23,835	821	13,880
Interest income	149	320	45	116
Positive exchange rate differences	21,412	8,650	(1,425)	3,218
Fair value gains on the Equity-linked Bond incorporated derivative	-	8,425	-	8,710
Other financial income	148	102	51	17
Total financial income	21,709	17,497	(1,329)	12,061
Total financial charges, net	24,857	6,338	2,150	1,819

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 980 thousand (a gain of Euro 3,213 thousand in the first nine months of 2014).

3.8 Income tax expenses

This item breaks down as follows:

(Euro/000)	First nine months 2015	First nine months 2014	Third quarter 2015	Third quarter 2014
Current taxes	(20,894)	(24,401)	(5,551)	(6,230)
Deferred taxes	10,457	6,295	3,509	4,792
Total	(10,437)	(18,106)	(2,042)	(1,438)

3.9 Earnings (Loss) per Share

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

Basic

	First nine months 2015	First nine months 2014
Profit for ordinary shares (in Euro/000)	10,804	31,704
Average number of ordinary shares (in thousands)	62,571	62,390
Earnings per share - basic (in Euro)	0.173	0.508

Diluted

	First nine months 2015	First nine months 2014
Profit for ordinary shares (in Euro/000)	10,804	31,704
Profit for preferred shares	-	-
Profit in income statement	10,804	31,704
Average number of ordinary shares (in thousands)	62,571	62,390
<i>Dilution effects:</i>		
- stock option (in thousands)	211	354
Total	62,782	62,744
Earnings per share - diluted (in Euro)	0.172	0.505

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 nine months of 2015, the Group did not engage in significant non-recurring transactions or atypical and/or unusual operations pursuant to the CONSOB communication of 28th July 2006.

3.12 Dividends

In the first nine months of 2015, the parent company Safilo Group S.p.A. did not pay any dividends to its shareholders.

3.13 Segment reporting

The operating segments (Wholesale and Retail) were identified by the management in line with the management and control model used for the Group. In particular, the criteria applied for the identification of these segments was based on the ways in which the management manages the Group and attributes operational responsibilities.

Information by segment relating to the period ending 30th September 2015 and 30th September 2014 as well as third quarter 2015 and third quarter 2014 is shown in the tables below.

September 30, 2015				
<i>(Euro/000)</i>	WHOLESALE	RETAIL	Eliminat.	Total
Net sales				
- to other segment	10,396	-	(10,396)	-
- to third parties	890,711	69,024	-	959,735
Total net sales	901,107	69,024	(10,396)	959,735
Gross profit	534,731	42,700	-	577,431
Operating profit	42,789	2,461	-	45,250
Share of income of associates	974	-		974
Financial charges, net				(24,857)
Income taxes				(10,437)
Net profit				10,930
Other information				
Capital expenditure	27,157	1,159		28,316
Depreciation & amortization	27,040	2,767		29,807

September 30, 2014				
<i>(Euro/000)</i>	WHOLESALE	RETAIL	Eliminat.	Total
Net sales				
- to other segment	10,175	-	(10,175)	-
- to third parties	805,754	61,792	-	867,546
Total net sales	815,929	61,792	(10,175)	867,546
Gross profit	501,512	39,085	-	540,597
Operating profit	51,391	5,801	-	57,192
Share of income of associates	(848)	-		(848)
Financial charges, net				(6,338)
Income taxes				(18,106)
Net profit				31,900
Other information				
Capital expenditure	26,265	999		27,264
Depreciation & amortization	23,288	2,770		26,058

Third quarter 2015				
<i>(Euro/000)</i>	WHOLESALE	RETAIL	Eliminat.	Total
Net sales				
- to other segment	1,272	-	(1,272)	-
- to third parties	262,746	22,064	-	284,810
Total net sales	264,018	22,064	(1,272)	284,810
Gross profit	154,005	13,486	-	167,491
Operating profit	4,274	259	-	4,533
Share of income of associates	2,105	-		2,105
Financial charges, net				(2,150)
Income taxes				(2,042)
Net profit				2,447
Other information				
Capital expenditure	12,702	308		13,010
Depreciation & amortization	9,316	859		10,175

Third quarter 2014				
<i>(Euro/000)</i>	WHOLESALE	RETAIL	Eliminat.	Total
Net sales				
- to other segment	3,650	-	(3,650)	-
- to third parties	239,183	22,077	-	261,260
Total net sales	242,833	22,077	(3,650)	261,260
Gross profit	143,437	13,621	-	157,058
Operating profit	3,306	2,380	-	5,686
Share of income of associates	(9)	-		(9)
Financial charges, net				(1,819)
Income taxes				(1,438)
Net profit				2,420
Other information				
Capital expenditure	9,490	588		10,078
Depreciation & amortization	7,942	904		8,846

RELATED PARTIES TRANSACTIONS

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

Related parties transactions (Euro/000)	Relationship	September 30 2015	December 31 2014
<i>Receivables</i>			
Companies controlled by HAL Holding N.V.	(b)	18,569	15,096
Total		18,569	15,096
<i>Payables</i>			
Elegance Optical International Holdings Ltd	(a)	-	1,351
Companies controlled by HAL Holding N.V.	(b)	2,179	2,106
Total		2,179	3,457

Related parties transactions (Euro/000)	Relationship	September 30 2015	September 30 2014
<i>Revenues</i>			
Elegance International Holdings Ltd	(b)	-	24
Companies controlled by HAL Holding N.V.	(b)	63,214	56,465
Total		63,214	56,489
<i>Operating expenses</i>			
Elegance Optical International Holdings Ltd	(a)	3,324	6,821
Companies controlled by HAL Holding N.V.	(b)	2,484	2,083
<i>Financial expenses</i>			
HAL International Investments N.V.	(b)	-	-
Total		5,808	8,904

(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, was 23.05% owned by Safilo Far East Limited (an indirect subsidiary) until the third quarter 2015, 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. In the third quarter 2015 the Group has disposed its investment in the Company.
- 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

Our French subsidiary Safilo France S.A.R.L., together with other major competitors in the French eyewear industry, has been the subject of an investigation conducted by the French Competition Authority (“FCA”) relating to pricing and sales practices in such industry. The investigation is ongoing. In May 2015, Safilo France S.A.R.L. and Safilo S.p.A. in its capacity of parent-company received a Statement of Objections from the FCA. This document contains the FCA’s preliminary position on alleged anti-competitive practices and it does not prejudice its final decision.

Safilo has examined the FCA’s preliminary findings reported in the Statement of Objections and will vigorously defend itself against the allegations. No provision has been booked by the Group as this matter is at an early stage which makes it not possible to assess the probability and range of potential liability. If the FCA concludes that there was a violation, it will impose a fine, which may be contested in court. Such fine, assuming it was upheld by the court, could have a material effect on the Group’s results of operations and financial condition.

COMMITMENTS

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

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

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

The manager responsible for the preparation of the company's financial documents, Mr. Gerd Graehsler, hereby declares, in accordance with paragraph 2, article 154 bis of the Consolidated Financial Act (TUF), that the accounting information contained in these quarterly financial statements at 30th September 2015 corresponds to the accounting results, registers and records.

Padua, 5th November 2015

Luisa Deplazes de Andrade Delgado
Chief Executive Officer

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