HALF-YEARLY FINANCIAL REPORT
as of JUNE 30th, 2009

Date of issue: August 4th, 2009

This half year report is available on the website:

www.safilo.com

SAFILO S.p.A.

Settima Strada, 15

35129 Padua - Italy

Contents

CORPORATE OFFICERS AS OF JUNE 30th, 2009

Board of Directors

Chairman	Vittorio Tabacchi
Executive Vice Chairman	Massimiliano Tabacchi
Chief Executive Officer	Roberto Vedovotto
Director	Ennio Doris
Director	Antonio Favrin
Director	Carlo Gilardi
Director	Giannino Lorenzon

Board of Statutory Auditors

Chairman	Franco Corgnati
Regular Auditor	Lorenzo Lago
Regular Auditor	Giampietro Sala

Corporate Governance Committee

	Franco Corgnati
	Carlo Gilardi
	Simone Valentini

Internal Control Committee

Chairman	Carlo Gilardi
	Antonio Favrin
	Giannino Lorenzon

Remuneration Committee

Chairman	Antonio Favrin
	Carlo Gilardi
	Giannino Lorenzon

Independent Auditors

PricewaterhouseCoopers S.p.A.

DIRECTORS' REPORT ON OPERATIONS

General information and activities of the Group

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

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

Safilo Group has been in the eyewear market for over 75 years and is one of the major operators, in terms of revenues, in the design, manufacture and distribution of glasses and other eyewear products. Safilo is the global leader in the high-end eyewear segment of the market and also one of the top three sports eyewear producers and distributors worldwide.

Safilo, in recent years, has also developed the retail business with the opening and acquisition of over 300 stores located in prestigious locations in Europe, America and Far East.

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

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

The Group manages a brand portfolio of both licensed and house brands, selected according to competitive positioning and international prestige criteria and in order to implement a clear segmentation strategy of customers. Safilo has extensively integrated its house brand portfolio with numerous brands from the luxury and fashion industry, building long-term relationships with the licensors through license agreements, most of which are repeatedly renewed.

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

Key consolidated performance indicators

Economic data *(Euro in millions)*	Six months ended June 30, 2009	%	2008	%
Net sales	562.1	100.0	637.0	100.0
Cost of sales	(231.0)	(41.1)	(264.0)	(41.4)
Gross profit	331.2	58.9	373.0	58.6
Ebitda	44.1	7.8	85.2	13.4
Ebitda pre non recurring	51.5	9.2	85.2	13.4
Operating profit (loss)	(98.8)	(17.6)	65.1	10.2
Profit (loss) before taxation	(121.8)	(21.7)	38.6	6.1
Group net profit (loss)	(136.0)	(24.2)	21.1	3.3

Economic data *(Euro in millions)*	Second quarter 2009	%	2008	%
Net sales	274.2	100.0	311.0	100.0
Cost of sales	(117.7)	(42.9)	(130.9)	42.1
Gross profit	156.6	57.1	180.1	57.9
Ebitda	13.9	5.1	38.5	12.4
Ebitda pre non recurring	21.3	7.8	38.5	12.4
Operating profit (loss)	(118.0)	(43.0)	28.2	9.1
Profit (loss) before taxation	(126.5)	(46.1)	15.4	4.9
Group net profit (loss)	(137.7)	(50.2)	7.9	2.5

Earnings per share *(in Euro)*	Six months ended June 30, 2009	2008
EPS - Base	(0.48)	0.07
EPS - Diluted	(0.48)	0.07
No. of shares in share capital	285,394,128	285,394,128

Balance sheet data *(Euro in millions)*	June 30, 2009	%	December 31, 2008	%
Total assets	1,650.3	100.0	1,817.4	100.0
Net working capital	382.5	23.2	368.3	20.3
Net invested capital	1,259.3	76.3	1,374.3	75.6
Net financial position	(592.1)	35.9	(570.0)	31.4
Group shareholders' equity	658.3	39.9	795.9	43.8

Financial data *(Euro in millions)*	Six months ended June 30, 2009	%	2008	%
Cash flows operating activities	0.9		55.0	
Cash flows investing activities	(19.5)		(57.4)	
Cash flows financing activities	32.2		17.6	
Closing net cash and cash equivalents (net financial indebtedness - short term)	(10.3)		(14.8)	

Group personnel (number)	June 30, 2009	June 30, 2008
Punctual at June 30	8,378	8,758

We underline that:

- certain figures in the Directors' Report on Operations, including percentage amounts, have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them;

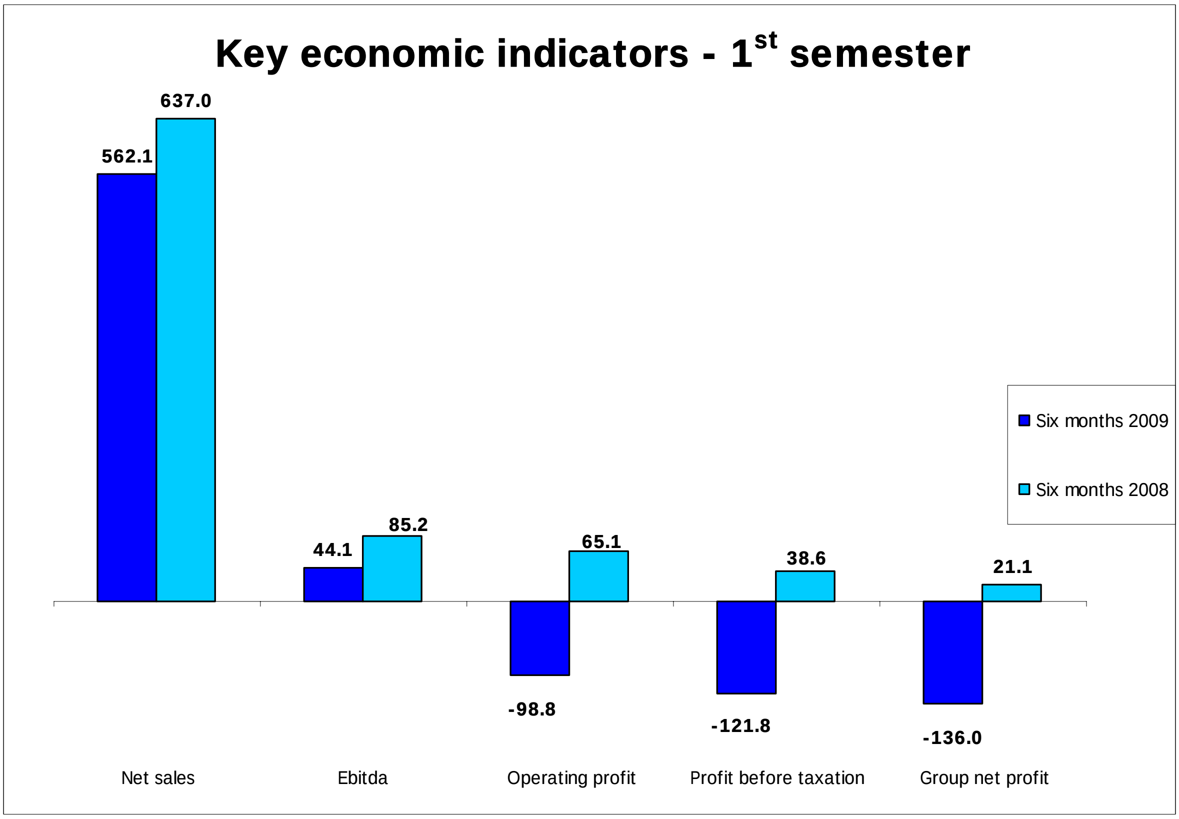
- "Ebitda" means operating profit before amortization and depreciation;

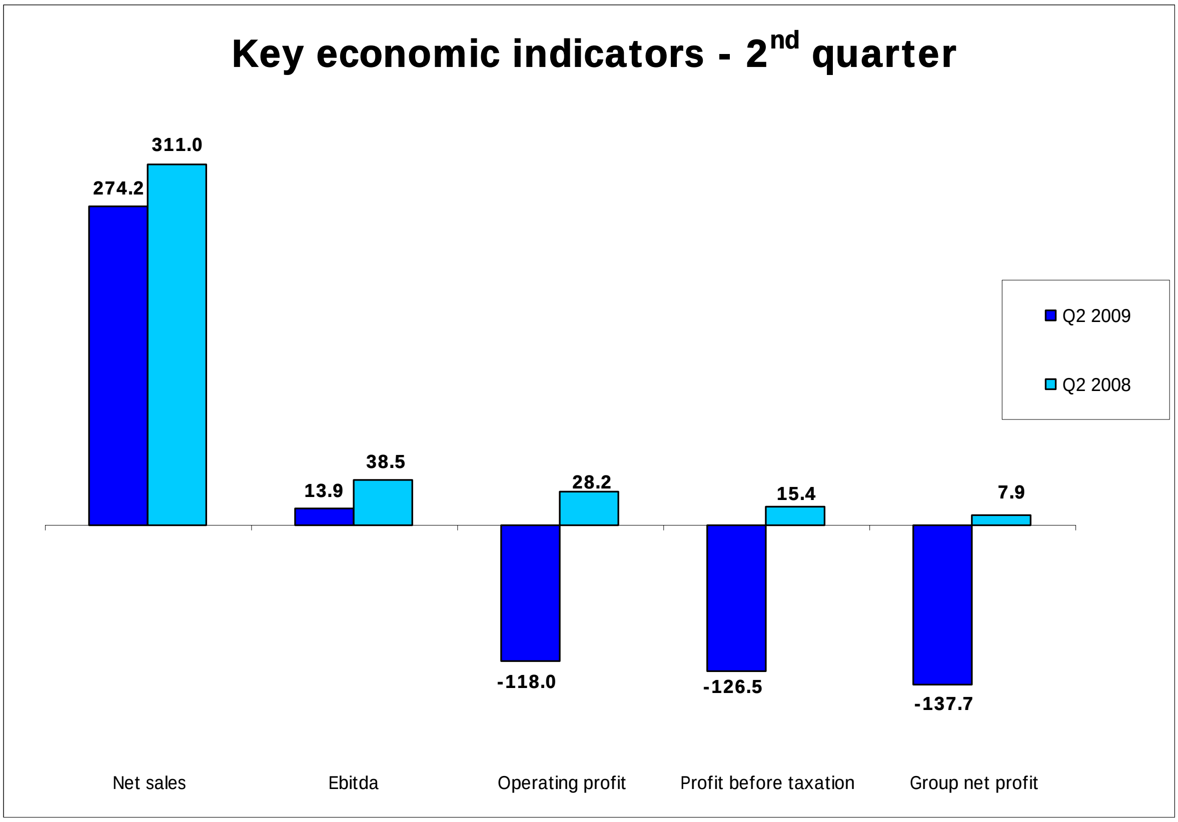
- "Net working capital" means the algebraic sum of inventories, trade receivables and trade payables;

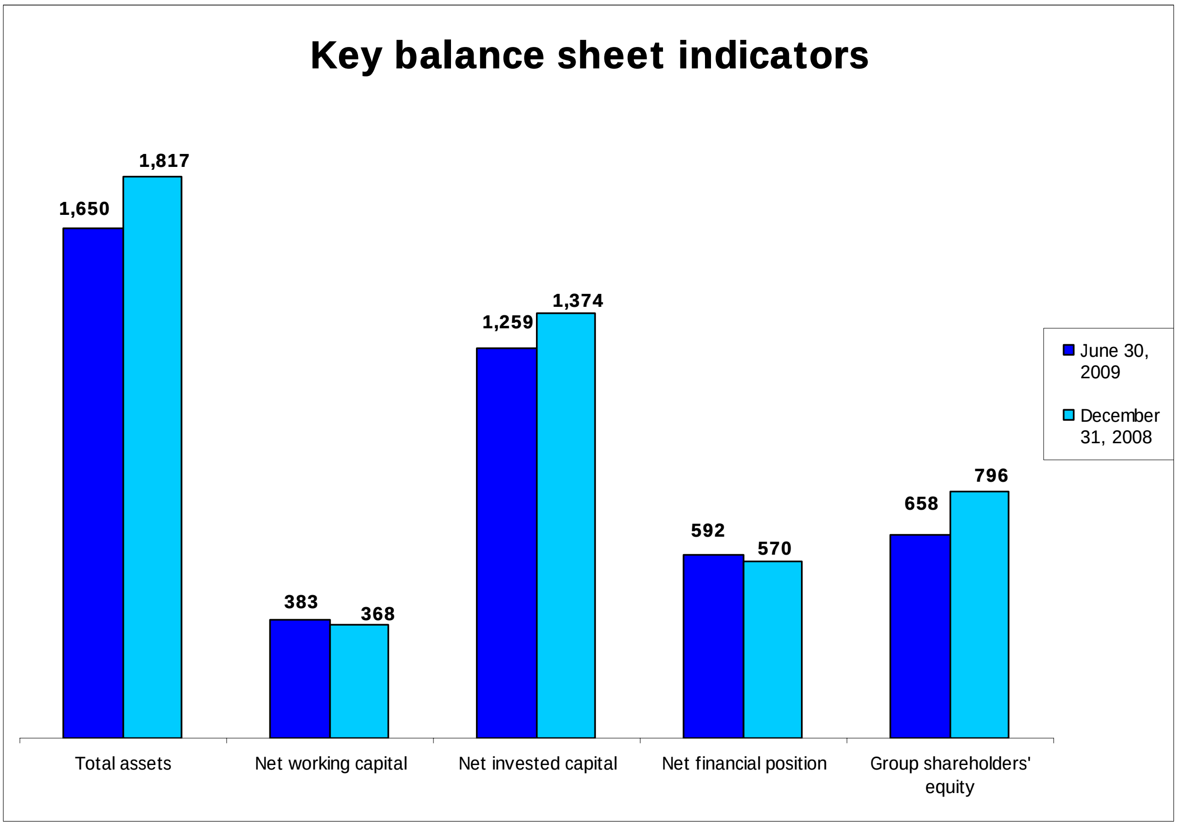
- "Net financial position" means the sum of bank borrowings, short, medium and long-term borrowings, net of cash held in hand and at bank.

Disclaimer

This report, and in particular the section entitled "Significant events after June 30th, 2009 and outlook", contains forward-looking statements, based on Group's current expectations and projections about the future events. These statements, by their nature, are subject to inherent risks and uncertainties, as they depend on the occurrence of circumstances and factors, most of which are outside of Group's control. Actual results may differ, even materially, compared to those contained in there statements.


Key economic indicators - 1st semester
637.0
562.1
44.1
85.2
65.1
38.6
21.1
-98.8
-121.8
-136.0
Net sales
Ebitda
Operating profit
Profit before taxation
Group net profit
Six months 2009
Six months 2008


Key economic indicators - 2nd quarter
311.0
274.2
13.9
38.5
28.2
15.4
7.9
-118.0
-126.5
-137.7
Net sales
Ebitda
Operating profit
Profit before taxation
Group net profit
Q2 2009
Q2 2008


Key balance sheet indicators
1,650
1,817
383
368
1,259
1,374
592
570
658
796
Total assets
Net working capital
Net invested capital
Net financial position
Group shareholders' equity
June 30, 2009
December 31, 2008

Information on the operations

The weakness of the international markets, a crisis which is also heavily affecting the eyewear sector, was apparent again in the second quarter of the year, with significant effects on the sale of products positioned in the medium-high price range. This market trend is impacting above all the orders of sunwear products of the licensed brands, which represent the main part of the Group's turnover. The retail channel continues to be penalised by the limited footfall in stores and, in the second quarter in particular, sales of the retail chain in Mexico, the country in which the swine flu epidemic first became apparent, have been especially penalised as the epidemic has drastically reduced the tourist presence in the country, an essential resource for the Group's stores present in the area.
From a sales point of view, Safilo is addressing this market situation by widening and re-positioning its product mix in order to intercept the new consumer tendencies, both in terms of design and purchase power. At the same time, the Group is continuing with an extensive industrial reorganization plan which involves the entire production structure in order to adapt its production capacity to the new demands.

The consolidated turnover in the semester reached Euro 562.1 million, a fall of 11.7% compared to the first semester of 2008 (-15.4% at constant exchange rates), while in the second quarter of the year the slowdown in revenue was equal to 11.8% (-15.7% at constant exchange rates) compared to the same period of the previous year. The weak performance of sales was more evident in Europe due to the fact that the end consumers of this market have always favoured the purchase of the class of product, sunglasses in the medium-high range, which today is more greatly affected by the worldwide economic crisis.
The Group is reacting to this European commercial problem by efficiently and effectively re-launching its housebrands through a series of related design and marketing activities which have allowed, especially the Carrera brand, to achieve results which go beyond even the most optimistic expectations. At a global level sales of the Carrera brand have grown by more than 40% compared to the same period of the previous year, with a further acceleration in the second quarter of the year. At the same time, the sales offer for the main licensed brands continues to be widened in the market band that has greater potential, even though these actions normally have a gradual effect over time.

In the industrial area, an agreement has been reached with the trade unions in order to proceed with a drastic reorganisation of the Italian production structure. The agreement, which involves around 750 people, will allow the Group to realign its workforce with the marketplace's demand for products, and to maintain a flexible production structure as far as possible. The resizing of production capacity in Italy and Slovenia will involve, over the next two years, the payment of unemployment benefits and leaving indemnity for a total amount of Euro 7.4 million, totally accrued at the end of the first half of 2009.

The situation regarding selling and general costs remains under control. If the costs relating to the greater number of stores compared to 2008 are set aside, the situation is generally stable, although these costs have, of course, increased the incidence on turnover.

The Group's financial position improved compared to the previous quarter thanks to the generation of cash flow resulting from the seasonal nature of the working capital. The Group obtained from the financing banks the waiver of the verification of the financial covenant levels at June 30th 2009 and the deferment of the payment of the instalment for the senior loan from June 30th 2009 to December 31st 2009.

In consideration of the unusual evolution of market conditions, the results achieved in the first half, and the generalized increase of risk rates, the Group decided to carry out a complete impairment test on the goodwill value, to coincide also with the half year results. This new impairment test highlighted the need to write down the goodwill value related to the single Cash Generating Units, for a total sum of Euro 120.7 million. This transaction has no effect on cash flow.

The write down of the goodwill and, to a lesser degree, the difficulties deriving from the international crisis the extraordinary costs related to the industrial reorganization, have resulted in the Group closing the first half of the year with a negative profit of Euro 136 million.

Group economic results

Consolidated statement of operations	Six months ended June 30,									
(Euro in millions)	2009	%	2008	%	Ch. %	Q2 2009	%	Q2 2008	%	Ch. %
Net sales	562.1	100.0	637.0	100.0	-11.7%	274.2	100.0	311.0	100.0	-11.8%
Cost of sales	(231.0)	(41.1)	(264.0)	(41.4)	-12.5%	(117.7)	(42.9)	(130.9)	(42.1)	-10.1%
Gross profit	**331.2**	**58.9**	**373.0**	**58.6**	**-11.2%**	**156.6**	**57.1**	**180.1**	**57.9**	**-13.0%**
Selling and marketing expenses	(234.9)	(41.8)	(243.0)	(38.1)	-3.3%	(112.3)	(40.9)	(120.9)	(38.9)	-7.2%
General and administrative expenses	(67.5)	(12.0)	(64.7)	(10.2)	4.4%	(34.8)	(12.7)	(30.7)	(9.9)	13.5%
Other operating income/(expenses), net	0.6	0.1	(0.3)	(0.0)	n.s.	0.7	0.2	(0.2)	(0.1)	n.s.
Restructuring cost non recurring	(7.4)	(1.3)	-	-	n.s.	(7.4)	(2.7)	-	-	n.s.
Impairment loss on goodwill	(120.7)	(21.5)	-	-	n.s.	(120.7)	(44.0)	-	-	n.s.
Operating profit	**(98.8)**	**(17.6)**	**65.1**	**10.2**	**n.s.**	**(118.0)**	**(43.0)**	**28.2**	**9.1**	**n.s.**
Interest expense and other financial charges, net	(22.9)	(4.1)	(26.5)	(4.2)	-13.3%	(8.5)	(3.1)	(12.8)	(4.1)	-33.5%
Profit before taxation	**(121.8)**	**(21.7)**	**38.6**	**6.1**	**n.s.**	**(126.5)**	**(46.1)**	**15.4**	**4.9**	**n.s.**
Income taxes	(13.4)	(2.4)	(15.7)	(2.5)	-14.5%	(10.8)	(3.9)	(6.9)	(2.2)	56.2%
Net profit	**(135.2)**	**(24.0)**	**23.0**	**3.6**	**n.s.**	**(137.3)**	**(50.0)**	**8.5**	**2.7**	**n.s.**
Net profit attributable to minority interests	0.8	0.1	1.9	0.3	-55.9%	0.4	0.2	0.6	0.2	-28.5%
Net profit attributable to the Group	**(136.0)**	**(24.2)**	**21.1**	**3.3**	**n.s.**	**(137.7)**	**(50.2)**	**7.9**	**2.5**	**n.s.**
EBITDA	**44.1**	**7.8**	**85.2**	**13.4**	**-49.3%**	**13.9**	**5.1**	**38.5**	**12.4**	**-63.9%**
EBITDA PRE NON RECURRING	**51.5**	**9.2**	**85.2**	**13.4**	**-39.5%**	**21.3**	**7.8**	**38.5**	**12.4**	**-44.6%**
Earnings (losses) per share - base (Euro)	(0.48)		0.07			(0.48)		0.03		
Earnings (losses) per share - diluted (Euro)	(0.48)		0.07			(0.48)		0.03		

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

At the end of the first semester, **net sales** reached Euro 562.1 million, a decrease of 11.7% compared to the first half of 2008 (-15.4% at constant exchange rages). The second quarter substantially confirmed the performance of the first part of the year with a slowdown in sales of 11.8% compared to the second quarter of the previous year (-15.7% at constant exchange rates).

There were no particular differences with respect to what was already registered during the first quarter of the year:

sales of the brands positioned in the highest price range remained difficult in general, and sunglasses were also more heavily penalised by the lesser inclination of the end consumers to purchase.

A geographical breakdown highlights that the slowdown in sales in the European market stabilised, yet showed strong fluctuations on a country level or during various months of the quarter, making it particularly difficult to identify the consolidated trends for the entire area. Amongst the larger countries the strong decrease in sales in the Iberian peninsula continued whilst there were comforting signs from France which, although continuing to suffer a lower turnover in the semester compared to the previous year, showed signs of improvement in the last few weeks. Also in the UK the second quarter registered a minor slowdown compared to the first part of the year, whilst in central Europe the total turnover level was not far off that registered in the first semester 2008. It should be noted, however, that in this area the commercial success of the brand Carrera is continuing and is becoming ever more looked upon as one of the brands of reference for the young consumer.

The North American market continues to be the area showing least contraction compared to the previous year, both at constant exchange rates (-1.5% in the semester, -0.2% in the quarter) and in local currency (-11.2% in the semester, -10% in the quarter). The reason for this lies in the lesser penetration in this area of sunglass products, as well as Safilo's product offer which is more oriented towards a more accessible price range.

The second quarter of the year registered a strong slowdown in sales in the Asian area further to the persistent weakness in the Japanese market, the lack of growth of sales in China and, above all, the difficulties that the duty free business is encountering and which is is particularly important for this area. Performance of sales in South Korea, which in the quarter registered a double-digit increase compared to the previous year, was the only exception to a general slowdown in sales in the area.

Net sales by geographical region	Six months ended June 30,					Second Quarter				
(Euro in millions)	2009	%	2008	%	Change%	2009	%	2008	%	Change%
Europe	256.9	45.7	319.3	50.1	-19.5	125.2	45.7	152.3	49.0	-17.8
The Americas	216.2	38.5	219.6	34.5	-1.5	106.2	38.7	106.4	34.2	-0.2
Asia	73.7	13.1	82.2	12.9	-10.3	36.6	13.3	44.0	14.1	-16.8
Other	15.3	2.7	15.9	2.5	-3.8	6.2	2.3	8.3	2.7	-25.3
Total	**562.1**	**100.0**	**637.0**	**100.0**	**-11.7**	**274.2**	**100.0**	**311.0**	**100.0**	**-11.8**

Net sales by product	Six months ended June 30,					Second Quarter				
(Euro in millions)	2009	%	2008	%	Change%	2009	%	2008	%	Change%
Prescription frames	214.5	38.1	231.9	36.4	-7.5	105.3	38.4	113.5	36.5	-7.2
Sunglasses	320.9	57.1	370.3	58.1	-13.3	158.4	57.8	183.2	58.9	-13.5
Sport products	17.3	3.1	22.5	3.5	-23.1	5.8	2.1	7.9	2.5	-26.6
Other	9.4	1.7	12.3	2.0	-23.6	4.7	1.7	6.4	2.1	-26.6
Total	**562.1**	**100.0**	**637.0**	**100.0**	**-11.7**	**274.2**	**100.0**	**311.0**	**100.0**	**-11.8**

The industrial reorganisation activities penalised profitability in the second quarter, not only due to the necessity to provide for a non recurring accrual to cover future costs due to the reduction of personnel, but also because these processes lead to less production efficiency during the transitional phase. Furthermore, the willingness to keep

under complete control the product inventories brought about a use of production capacity that is lower than the second quarter 2008, thereby reducing the possibility of recovering fixed production costs. Despite this, the **gross profit** before non-recurring costs remained in improvement compared to the first semester 2008, confirming the efficiency of the actions undertaken to optimise product cost.
Selling costs, although decreased in absolute value, substantially increased their incidence on the turnover compared to the first semester 2008. The reason for this must be attributed to the fixed component of in the remuneration of the workforce of some countries, but above with to the greater incidence of marketing costs for the licensed brands, for which the marketing investments for 2009 are already for the main part defined. Nevertheless, the Group is putting into action cost cutting activities in the sales area in order to adjust the spending to the changed market conditions.
There were, in general, no increases in general and administration costs if the opening of some stores during, mostly, the second semester 2008, are excluded. Actions aimed at reducing personnel are in action and this has allowed the cost of this item to be contained. Leaving aside the opening of new stores, the allocation of precautionary funds has caused the unusual increase in general costs compared to the first semester 2008.

The result of the above led to an EBITDA before non-recurring costs of Euro 51.5 million, equivalent to 9.2% of the turnover, in decrease compared to the first semester 2008.

It is important to remember that the company, in consideration of the unusual evolution of market conditions, considered it appropriate to carry out a complete impairment test on its goodwill value, to coincide also with the half year results. This test takes into consideration both the evolution of the market in which the company is operating and, in the light of results already illustrated, the increase of the risk rates and growth rates "g", consistent with the persistent world crisis. All these factors put together, applied to the single Cash Generating Units, suggest writing down the value of goodwill to about Euro 120.7 million, of which about a third is the direct result of the trend of the above rates.
The financial management registered a clear improvement compared to the first semester 2008, further to the lesser incidence of the passive differences on exchange rates.

The value of taxes did not substantially vary compared to the first semester 2008, despite the lower profit during the period. The extraordinary costs of the industrial reorganisation and most of the failed profits consequent to the difficult market situation fall upon Safilo S.p.A. which, at a fiscal loss, has considered appropriate to write off the active deferred taxes accrued in the first semester equal to Euro 12 million.

The non-recurring costs, and in particular the writing down of goodwill led the net profit to be heavily negative with a loss in the first semester 2009 equal to Euro 136 million.

Analysis by distribution channel – Wholesale/Retail

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

(Euro/000)	WHOLESALE June 30, 2009	WHOLESALE June 30, 2008	WHOLESALE Change	WHOLESALE Ch. %	RETAIL June 30, 2009	RETAIL June 30, 2008	RETAIL Change	RETAIL Ch. %
Net sales	507.7	584.0	-76.3	-13.1%	54.4	53.0	1.4	2.6%
Ebitda	46.6	83.4	-36.8	-44.1%	(2.6)	1.8	-4.4	n.s.
%	*9.1%*	*14.3%*			*-4.7%*	*3.4%*		
Ebitda pre non recurring	54.0	83.4	-29.4	-35.2%	-2.6	1.8	-4.4	n.s.
%	*10.6%*	*14.3%*			*-4.8%*	*3.4%*		

(Euro/000)	WHOLESALE Q2, 2009	WHOLESALE Q2, 2008	WHOLESALE Change	WHOLESALE Ch. %	RETAIL Q2, 2009	RETAIL Q2, 2008	RETAIL Change	RETAIL Ch. %
Net sales	245.2	282.6	-37.4	-13.2%	29.0	28.4	0.6	2.1%
Ebitda	13.6	36.8	-23.2	-62.9%	0.2	1.7	-1.5	-86.4%
%	*5.6%*	*13.0%*			*0.8%*	*6.1%*		
Ebitda pre non recurring	21.0	36.8	-15.8	-42.8%	0.2	1.7	-1.5	-86.4%
%	*8.6%*	*13.0%*			*0.8%*	*6.1%*		

The analysis per sector reveals how the performance of the wholesale sectors was strongly penalised by the slowdown in revenues (-16.8% at constant exchange rates) to which the Group reacted with activities of cost containment and industrial reorganisation, which has already been discussed above. Without considering non-recurring costs, the contraction in operating profitability of this segment was due exclusively to the impossibility to recover selling and general costs, of which a part is fixed and a part related to the activities already planned or foreseen by licensing agreements.

The retail segment accounts for 327 stores compared to 283 at the end of the first semester 2008. This increase in points of sale explains the increase in turnover, which in comparable terms fell by 18%. Nevertheless, in the second quarter a positive EBITDA was reached thanks to the seasonality of sales and cost containment actions for personnel in the chains with less profitability.

It should be noted that most stores are located in Countries which are going through a particularly intense period of economic crisis, such as the USA and Spain, or which are penalised by passing phenomena (such as swine flu in Mexico) which, however, have a strong impact on the results during the short term.

Compared to the first semester 2008, the deterioration in operating profitability is the result of the greater impact on costs relative to the new stores, the additional revenues of which were compensated for by the slowdown in sales in the existing stores. The impact on profits deriving from promotional campaigns registered very limited results.

Balance sheet and financial situation

Condensed reclassified balance sheet *(Euro in millions)*	June 30, 2009	December 31, 2008	Change
Trade receivables, net	307.4	301.6	5.8
Inventories	233.0	272.1	(39.1)
Trade payables	(157.9)	(205.4)	47.5
Net working capital	**382.5**	**368.3**	**14.2**
Property, plant and equipment	226.7	228.8	(2.1)
Intangible fixed assets and goodwill	709.6	829.9	(120.3)
Financial fixed assets	12.6	13.2	(0.6)
Net fixed assets	**948.9**	**1,071.9**	**(123.0)**
Employee benefit liability	(43.8)	(42.1)	(1.7)
Other assets/(liabilities) net	(28.3)	(23.8)	(4.5)
Net invested capital	**1,259.3**	**1,374.3**	**(115.0)**
Cash in hand and at bank	47.9	53.7	(5.8)
Short-term borrowings	(167.6)	(162.6)	(5.0)
Long-term borrowings	(472.4)	(461.1)	(11.3)
Net financial position	**(592.1)**	**(570.0)**	**(22.1)**
Group shareholders' equity	(658.3)	(795.9)	137.6
Minority interests	(8.9)	(8.4)	(0.5)
Total shareholders' equity	**(667.2)**	**(804.3)**	**137.1**

Financial situation

In the following paragraphs the main items of the cash flow statement as at June 30th 2009, compared with the corresponding values of the previous year, are shown:

Free cash flow *(Euro in millions)*	**Six months ended June 30,** **2009**	**2008**	**Change**
Cash flow operating activities	0.9	55.0	(54.1)
Cash flow investing activities	(19.5)	(57.4)	37.9
Free cash flow	**(18.6)**	**(2.4)**	**(16.2)**

The management of cash flows deteriorated compared to the first semester of 2008 further to less generation deriving from the operating activity, not sufficiently compensated for by the reduction in investments.

In the operating management, the contraction in the generation of cash derives mainly from the net result and from a working capital management that saw the use of resources to pay off commitments with suppliers during the first quarter of the year. There were no substantial variations in terms of payments conceded in the supplying of materials or finished product.

Investments were in decline compared to last year since the use of resources destined for the opening of new points of sale decreased. It should be remembered, furthermore, that in the comparison with the previous year, in the first semester of 2008 there was an extraordinary cash absorption deriving from the acquisition of the chains of stores in Australia and Mexico.

Net working capital

Net working capital *(Euro in millions)*	**June 30, 2009**	**June 30, 2008**	**Change Jun. 09 - Jun. 08**	**Dec. 31, 2008**
Trade receivables, net	307.4	342.3	(34.9)	301.6
Inventory, net	233.0	241.9	(8.9)	272.1
Trade payables	(157.9)	(197.7)	39.8	(205.4)
Net working capital	**382.5**	**386.5**	**(4.0)**	**368.3**
% on net sales	*35.6%*	*33.3%*		*32.1%*

The Net Working Capital remained substantially unchanged compared to the end of the first semester of 2008, increasing its percentage incidence on the turnover further to the fall in sales. This slowdown allowed for a substantial reduction in the total amount of commercial credit towards clients, also thanks to payment terms which registered only a slight increase compared to the previous year.

The total inventory fell slightly compared to the same period of the previous year and in quite a significant measure at the beginning of the year due to the seasonal trend of the stock levels.

The containment of investments and minor purchases of finished product and semi-finished parts from suppliers due to the economic situation brought about a substantial reduction in debt towards suppliers.

Investments in property, plant and equipment and intangible fixed assets

The investments in tangible and non-tangible assets carried out by the Group amount to a total of Euro 19.4 million compared to Euro 31 million during the same period of the previous year, thus summarised:

	Six months ended June 30,		Change
(Euro in millions)	2009	2008	
Padua headquarters	2.5	2.8	(0.3)
Production facilities	12.9	13.8	(0.9)
Europe	0.4	1.8	(1.4)
America	3.0	11.0	(8.0)
Far East	0.6	1.6	(1.0)
Total	**19.4**	**31.0**	**(11.6)**

The difficult forecast of the recovery time of the international markets has suggested slowing down the plan for opening new points of sale compared to the last few years. Furthermore the production plant in China is in the completion phase and therefore requires less financial resources. The total investments were therefore in a sharp decrease as compared to the first six months of 2008 and in line with the normal performance before the strong retail development projects of the new industrial site in Suzhou began.

Net financial position

Net financial position *(Euro in millions)*	**June 30, 2009**	**March 31, 2009**	**Change**	**December 31, 2008**	**Change Jun - Dec**
Current portion of long-term borrowings	(58.1)	(38.8)	(19.3)	(37.6)	(20.5)
Bank overdrafts and short-term bank borrowings	(58.2)	(71.6)	13.4	(74.1)	15.9
Other short-term borrowings	(51.3)	(46.9)	(4.4)	(50.9)	(0.4)
Cash and cash equivalents	47.9	36.9	11.0	53.7	(5.8)
Short-term net financial position	**(119.7)**	**(120.4)**	**0.7**	**(108.9)**	**(10.8)**
Long-term borrowings	(472.4)	(497.3)	24.9	(461.1)	(11.3)
Long-term net financial position	**(472.4)**	**(497.3)**	**24.9**	**(461.1)**	**(11.3)**
Net financial position	**(592.1)**	**(617.7)**	**25.6**	**(570.0)**	**(22.1)**

The Group's net financial position increased compared to the end of 2008 mainly due to the normal seasonality of the working capital, passing from Euro 570 million in December 2008 to the current Euro 592.1 million. There were no substantial variations to the timeframes of the credit lines.

Personnel

The Group's total workforce at June 30th 2009, at December 31st 2008 and June 30th 2008 is summarised in the following table

	June 30, 2009	**December 31, 2008**	**June 30, 2008**
Padua headquarters	874	872	890
Production facilities	4,603	4,909	4,674
Commercial companies	1,401	1,235	1,415
Retail	1,500	1,788	1,779
Total	**8,378**	**8,804**	**8,758**

The evolution of the Group's workforce highlights a substantial contraction, both at the end of the first semester of 2008 and at the beginning of the year, the largest variations were registered in the production and retail areas.

As regards the industrial sites, despite the start-up of the plant in China, there was a more than proportional reduction in the workforce in the European plants further to the industrial reorganisation. The decrease in the retail organisation was due to specific actions aimed at reducing the fixed costs of the retail structures which registered less consumer footfall as a result of the consumer crisis.

Transactions with related parties

Information on transactions with related parties is provided in the "Related parties transactions" paragraph, to which reference should be made for any details.

Significant events after June 30th, 2009 and the outlook for the year

There are no significant events to mention after 30th June 2009 that can be considered to have significantly affected the data contained in this report.

On July 3rd 2009 the rating agency S&P reduced the rating of the long-term corporate debt from "CC" to "SD". On July 7 th the rating agency Moody's reduced the rating from "Caa2" to "Caa3". Both agencies clarified that, on the basis of the methodology criteria used, the downgrade was the direct result of the agreement with the lending banks relative to the waiver until December 31st 2009 of the loan payment due on June 30 th 2009. S&P's rating on the High Yield bond, however, was maintained at "C", whilst Moody's lowered their rating from "Ca" to "C".

Half-year condensed financial statements

at June 30th, 2009

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

(Euro/000)	*Note*	June 30, 2009	of which, related parties	December 31, 2008	of which, related parties
ASSETS					
Current assets					
Cash in hand and at bank	*2.1*	47,891		53,653	
Trade receivables, net	*2.2*	307,370	1,968	301,562	172
Inventory, net	*2.3*	233,041		272,102	
Derivative financial instruments	*2.4*	-		772	
Other current assets	*2.5*	48,565	506	50,703	434
Total current assets		**636,867**		**678,792**	
Non-current assets					
Tangible assets	*2.6*	226,666		228,758	
Intangible assets	*2.7*	21,519		22,725	
Goodwill	*2.8*	688,057		807,209	
Investments in associates	*2.9*	11,773		12,298	
Financial assets available-for-sale	*2.10*	810		861	
Deferred tax assets	*2.11*	53,248		53,434	
Derivative financial instruments	*2.4*	341		455	
Other non-current assets	*2.12*	11,062	151	12,838	
Total non-current assets		**1,013,476**		**1,138,578**	
Total assets		**1,650,343**		**1,817,370**	

(Euro/000)	Note	June 30, 2009	of which, related parties	December 31, 2008	of which, related parties
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Short-term borrowings	2.13	167,620	399	162,645	429
Trade payables	2.14	157,866	3,708	205,363	7,310
Tax payables	2.15	22,214		22,587	
Derivative financial instruments	2.4	281		-	
Other current liabilities	2.16	68,521		76,437	
Provisions for risks and charges	2.17	1,296		1,053	
Total current liabilities		**417,798**		**468,085**	
Non-current liabilities					
Long-term borrowings	2.13	472,415	1,305	461,084	1,720
Employee benefit liability	2.18	43,771		42,075	
Provisions for risks and charges	2.17	20,230		13,263	
Deferred tax liabilities	2.11	5,089		5,184	
Derivative financial instruments	2.4	6,716		5,740	
Other non-current liabilities	2.19	17,129		17,662	143
Total non-current liabilities		**565,350**		**545,008**	
Total liabilities		**983,148**		**1,013,093**	
Shareholders' equity					
Share capital	2.20	71,349		71,349	
Share premium reserve	2.21	747,471		747,471	
Retained earnings (losses) and other reserves	2.22	(16,200)		7,980	
Fair value and cash flow reserves	2.23	(8,297)		(7,620)	
Income attributable to the Group		(136,015)		(23,315)	
Total shareholders' equity attributable to the Group		**658,308**		**795,865**	
Minority interests		**8,887**		**8,412**	
Total shareholders' equity		**667,195**		**804,277**	
Total liabilities and shareholders' equity		**1,650,343**		**1,817,370**	

Consolidated statement of operations

(Euro/000)	Note	First semester 2009	of which related parties	First semester 2008	of which related parties	Q2 2009	of which related parties	Q2 2008	of which related parties
Net sales	3.1	562,141	3,077	636,960	59	274,232	3,034	310,940	13
Cost of sales	3.2	(230,990)	(3,808)	(263,962)	(8,883)	(117,659)	(582)	(130,882)	(4,746)
Gross profit (loss)		**331,151**		**372,998**		**156,573**		**180,058**	
Selling & marketing expenses	3.3	(234,898)	(104)	(242,952)		(112,251)	(25)	(120,931)	
General & administrative expenses	3.4	(67,545)	(774)	(64,692)	(521)	(34,832)	(392)	(30,689)	(230)
Other op. income/(expenses), net	3.5	560	19	(262)		667	3	(226)	
Restructuring cost non recurring	3.6	(7,422)		-		(7,422)		-	
Impairment loss on goodwill	2.8	(120,695)		-		(120,695)		-	
Operating profit (loss)		**(98,849)**		**65,092**		**(117,960)**		**28,212**	
Share of income/(loss) of associates	3.7	(361)		75		(396)		37	
Interest expenses and other financial charges, net	3.8	(22,581)	(109)	(26,547)		(8,136)	(54)	(12,876)	
Profit (loss) before taxation		**(121,791)**		**38,620**		**(126,492)**		**15,373**	
Income taxes	3.9	(13,384)		(15,650)		(10,818)		(6,927)	
Net profit (loss)		**(135,175)**		**22,970**		**(137,310)**		**8,446**	
Net profit attributable to minority interests		840		1,904		419		586	
Net profit (loss) attributable to the Group		**(136,015)**		**21,066**		**(137,729)**		**7,860**	
Earnings per share - *base (Euro)*	3.10	(0.48)		0.07		(0.48)		0.03	
Earnings - *diluted (Euro)*	3.10	(0.48)		0.07		(0.48)		0.03	

Consolidated statement of cash flow

(Euro/000)	First Semester 2009	First Semester 2008
A - Opening net cash and cash equivalents (net financial indebtedness - short term)	**(20,442)**	**(28,469)**
B - Cash flow from (for) operating activities		
Net profit (loss) for the period (including minority interests)	(135,175)	22,970
Depreciation and amortization	22,219	20,061
Impairment loss on goodwill	120,695	-
Stock option	-	279
Share income/(loss) on equity investments	361	(75)
Net movements in the employee benefit liability	1,773	1,672
Net movements in other provisions	7,212	148
Interest expenses, net	21,375	20,889
Income tax expenses	13,384	15,650
Income from operating activities prior to movements in working capital	**51,844**	**81,594**
(Increase) Decrease in trade receivables and other current receivables	979	(28,051)
(Increase) Decrease in inventory, net	39,617	34,861
Increase (Decrease) in trade payables and other current payables	(53,784)	6,180
Interest expenses paid	(24,378)	(18,643)
Income tax paid	(13,336)	(20,961)
Total (B)	**942**	**54,980**
C - Cash flow from (for) investing activities		
Purchase of property, plant and equipment (net of disposals)	(17,321)	(28,706)
Acquisition of subsidiaries (net of cash acquired)	-	(26,344)
(Acquisition) Disposal of investments and bonds	100	78
Purchase of intangible assets	(2,257)	(2,475)
Total (C)	**(19,478)**	**(57,447)**
D - Cash flow from (for) financing activities		
Proceeds from borrowings	34,941	61,261
Repayment of borrowings	(1,266)	(17,819)
Dividends paid	(1,445)	(25,852)
Total (D)	**32,230**	**17,590**
E - Cash flow for the period (B+C+D)	**13,694**	**15,123**
Translation exchange difference	(3,520)	(1,412)
Total (F)	**(3,520)**	**(1,412)**
G - Closing net cash and cash equivalents (net financial indebtedness - short term) (A+E+F)	**(10,268)**	**(14,758)**

Statement of changes in shareholders' equity

First semester 2008

(Euro/000)	Share capital	Share premium reserve	Translation diff.	Fair value and cash flow reserves	Retained earnings	Net profit (loss)	Total equity
Group shareholders' equity at January 1, 2008	**71,349**	**747,471**	**(75,805)**	**(280)**	**42,265**	**51,018**	**836,018**
Previous year's profit allocation	-	-	-	-	51,018	(51,018)	-
Changes in other reserves	-	-	(34,195)	1,220	190	-	(32,785)
Dividends distribution	-	-	-	-	(25,389)	-	(25,389)
Net profit for the period	-	-	-	-	-	21,066	21,066
Group shareholders' equity at June 30, 2008	**71,349**	**747,471**	**(110,000)**	**940**	**68,084**	**21,066**	**798,910**
Minority interests at January 1, 2008	**-**	**-**	**(147)**	**-**	**1,542**	**3,525**	**4,920**
Previous year's profit allocation	-	-	-	-	3,525	(3,525)	-
Retained earnings	-	-	(81)	-	(1,312)	-	(1,393)
Dividends distribution	-	-	-	-	(463)	-	(463)
Net profit for the period	-	-	-	-	-	1,904	1,904
Minority interests at June 30, 2008	**-**	**-**	**(228)**	**-**	**3,292**	**1,904**	**4,968**
Consolidated Total profit (loss)						**22,970**	**22,970**
Consolidated net equity at June 30, 2008	**71,349**	**747,471**	**(110,228)**	**940**	**71,376**	**22,970**	**803,878**

First semester 2009

(Euro/000)	Share capital	Share premium reserve	Translation diff.	Fair value and cash flow reserves	Retained earnings	Net profit (loss)	Total equity
Group shareholders' equity at January 1, 2009	**71,349**	**747,471**	**(55,889)**	**(7,620)**	**63,869**	**(23,315)**	**795,865**
Previous year's profit allocation	-	-	-	-	(23,315)	23,315	-
Changes in other reserves	-	-	723	(677)	(1,588)	-	(1,542)
Dividends distribution	-	-	-	-	-	-	-
Net profit (loss) for the period	-	-	-	-	-	(136,015) -	136,015
Group shareholders' equity at June 30, 2009	**71,349**	**747,471**	**(55,166)**	**(8,297)**	**38,966**	**(136,015)**	**658,308**
Minority interests at January 1, 2009	**-**	**-**	**529**	**-**	**5,108**	**2,775**	**8,412**
Previous year's profit allocation	-	-	-	-	2,775	(2,775)	-
Retained earnings	-	-	(170)	-	14	-	(156)
Dividends distribution	-	-	-	-	(209)	-	(209)
Net profit for the period	-	-	-	-	-	840	840
Minority interests at June 30, 2009	**-**	**-**	**359**	**-**	**7,688**	**840**	**8,887**
Consolidated Total profit (loss)						**(135,175)**	**(135,175)**
Consolidated net equity at June 30, 2009	**71,349**	**747,471**	**(54,807)**	**(8,297)**	**46,654**	**(135,175)**	**667,195**

Consolidated statement of recognised profit and loss

(Euro/000)	*Note*	First semester 2009	First semester 2008	Q2 2009	Q2 2008
Profit (loss) attributable to the cash flow reserve	*2.23*	(725)	1,772	592	2,464
Profit (loss) attributable to the fair value reserve	*2.23*	48	(552)	252	91
Profit (loss) attributable to the conversion fund	*2.22*	553	(34,276)	(26,314)	2,210
Profit (loss) attributable to shareholders' equity	*2.22*	351	(89)	26	140
Total profit (loss) attributable to shareholders' equity		**227**	**(33,145)**	**(25,444)**	**4,905**
Net profit (loss) for the period		(135,175)	22,970	(137,309)	8,446
Total recognized profit for the period		**(134,948)**	**(10,175)**	**(162,753)**	**13,351**
Attributable to:					
Group		(135,632)	(11,998)	(162,653)	12,603
Minority interests		684	1,823	(100)	748
Total recognized profit (loss) for the period		**(134,948)**	**(10,175)**	**(162,753)**	**13,351**

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

1.1 General information

These consolidated financial statements, expressed in thousands of Euro, refer to the financial period from January 1st 2009 to June 30th 2009. Economic and financial information are provided with reference to the first six months of 2009 and 2008, whilst balance sheet information are provided with reference to June 30th 2009 and December 31st 2008.

The consolidated financial information reported for the period ended June 30th 2009 has been prepared in accordance with the IFRS issued by the International Accounting Standards Board and approved by the European Commission. The term "IFRS" refers to the International Accounting Standards (IAS) still in force, and all interpretative documents issued by International Financial Reporting Interpretations Committee ("IFRIC") named former Standing Interpretations Committee ("SIC"). In particular, this interim financial report has been prepared in accordance with IAS 34 – Interim Financial Reporting.

Assessment of going concern:

The accounting policies applied in preparing the consolidated financial statements are summarized below, and have been consistently applied with regard to December 31st 2008, and to the principle of going concern based on the following considerations.

During the previous financial year and in part also in the first half of 2009, the Group recorded a decrease in turnover and a gradual deterioration of economic performance. The continuing difficult situation of the world economy, which is also reflected in a significant contraction in consumption in particular of luxury goods and the possibility that the Group should continue to work in this context creates an expectation of significant uncertainty about the possibility of reversing the negative trend in the short term.

The decline in turnover and profitability has also reflected on the already difficult financial situation of the Group. Despite the actions put in place by the management, the Group has not been able to substantially reduce the absorption of financial resources for the financing of working capital. In this situation the Group has increasingly had to rely on banks borrowing with the widespread use of withdraw lines. In a circumstance like the present one, with a sharp contraction of credit by the banking system, it is possible to believe that this solution is no longer practicable.

Therefore, the Board of Directors of Safilo Group S.p.A. notes that, based on expected cash flows over the next twelve months and commitments of capital repayment of senior loan, there are significant uncertainties regarding the Group's ability to continue to operate on the assumption of going concern.

In order to face this situation, the management has put into place, and will continue to do so, the following initiatives:

- Reorganization of the industrial structure: the management has, above all, given start to a profound reorganization of the industrial structure with the aim of improving the industrial economic efficiency. In particular, certain measures have affected the production of Safilo S.p.A. where, in the period under review, there was extensive use of redundancy fund "Cassa Integrazione Guadagni Ordinaria", which involved over 2,500 employees in rotation during the period and that still affects about 1,100 employees. Measures of wider scope and finality have focused on the two production sites located in Friuli, involving a total of about 750 people that starting from July 1st will be part of the extraordinary redundancy fund "Cassa Integrazione Guadagni Straordinaria". Even in the factory located in Slovenia, ownership of the subsidiary Carrera Optyl DOO, it has been necessary to take steps to reduce the workforce as a result of the sharp fall in its production. At the end of the previous year 145 expiring term contracts have not been extended and during 2009 union agreements were signed that led to the dismissal of 168 people. The restructuring costs have been fully provisioned in the semester, however they will not be balanced by the related financial benefits within twelve months.

- Restructuring of the senior loan: in order to obtain a better financial equilibrium in a short time the company has started discussions aimed at an agreement with the lending banks for a re-definition and a new payment plan for the current debt with the banks in the medium-term. The banks involved have shown the maximum willingness to consider these new payment dates. Analysis of the available possibilities is still being developed and will be presented to the banks in question during September (when confirming the support supplied by the financial institutions it is important to note that the lending banks have conceded a postponement of a loan repayment of the senior loan and of the findings of the levels related to the financial covenants from June 30th to December 31st. The positive outcome of the repayment schedule would resolve the abovementioned significant uncertainty about the company's future prospects.

- Search for a financial or industrial partner: the Board of Directors has awarded the Chief Executive Officer, Roberto Vedovotto, the mandate to continue to explore viable solutions to strengthen the capital and financial structure of the Group in the medium-long term, through the entry of a third party investor, consistent with the Group's industrial strategy.
  The Chief Executive Officer, in addition to manage the ordinary business, is continuing its research work of a financial or industrial partner that can guarantee an improvement in capital structure in preparation of development projects in the coming years.

- Developing a plan of disposal of non-strategic asset: as an additional security to be activated in the event that the described above actions does not have the expected effect, the management is preparing a detailed plan for the disposal of non-strategic assets or, alternatively, a plan to make them a guarantee against further funding. Nowadays we have already identified the assets involved by the plan, the further steps for their alienation will be completed by defining the appropriate timing. The analysis so far conducted by management shows that the expected market value of the asset exceeds abundantly the financial needs of the next twelve months, and therefore the Group easily find sufficient resources to remedy the financial situation of tension described above. The sale of these assets would not substantially affect the normal operations of the Group.

The Directors of Safilo Group S.p.A. have analyzed the situation very closely and, on the basis of the actions described above, and the anticipated evolution of management and budgeted cash flows, have completed the reasonable expectation that the Group will presumably have sufficient resources to continue operations in the foreseeable future.

In particular, the Directors consider that in view of the action taken for the reorganization of the Group, the process of renegotiation of the Senior Loan in which the banks have been available, together with the potential entry of a partner in strengthening the capital structure of company or, in case of failure of these solutions, the sale of certain assets already identified, there are the conditions for preparing the half-yearly report on the assumption of going concern.

This half year report has approved by the Board of Directors on 4th August 2009.

1.2 Accounting standards, amendments and interpretations applied from 1st January 2009

IAS 1 Reviewed – Presentation of the financial statements

The new version of the IAS 1 prohibits the presentation of the profit and loss components income and expenses (defined as "variations generated from transactions with no-shareholders") in the statement of variations of equity, and requests that they are separately indicated compared to the variations generated by the transactions with shareholders.

According, in fact, to the revised version of the IAS 1, all the variations deriving from transactions with the no-shareholder must be highlighted in a single, separate statement which illustrates the performance of the period (statement of the total profits and losses recorded). Such variations must be highlighted separately also in the Statement of variations of the equity.

The Group has applied the reviewed version of the IAS 1 retrospectively from 1st January 2009, choosing to highlight all the variations deriving from transactions with non-partners in two separate statements respectively entitled "Consolidated Income Statement" and "Statement of the total profits and losses recorded in the period", and has consequently modified the presentation of the Statement of changes in shareholders' equity.

Furthermore, within the scope of the 2008 annual Improvement process conducted by the IASB, an amendment to the Revised IAS 1 was published in which it is set down that the assets and the liabilities deriving from derivative financial instruments, which are not retained for the purposes of the negotiation, are classified in the Balance Sheet, with the distinction between current and non-current assets and liabilities. In this regard it is noted that the adoption of this amendment did not result in any change in the presentation of the items relating to the assets and the liabilities deriving from derivative financial instruments, given that the Group presents the Balance Sheet with the indication of the distinction of the current and non-current items.

1.3 Consolidation method and consolidation area

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

	Value	Share capital	Quota held %
ITALIAN COMPANIES			
Safilo S.p.A. – Pieve di Cadore (BL)	EUR	35.000.000	100,0
Oxsol S.p.A. - Pieve di Cadore (BL)	EUR	121.000	100,0
Lenti S.r.l. – Bergamo	EUR	500.000	75,6
Smith Sport Optics S.r.l. (in liquidazione) – Padova	EUR	102.775	100,0
FOREIGN COMPANIES			
Safilo International B.V. - Rotterdam (NL)	EUR	24.165.700	100,0
Safint B.V. - Rotterdam (NL)	EUR	18.200	100,0
Safilo Capital Int. S.A. - Lussemburgo (L)	EUR	31.000	100,0
Luxury Trade S.A - Lussemburgo (L)	EUR	1.650.000	100,0
Safilo Benelux S.A. - Zaventem (B)	EUR	560.000	100,0
Safilo Espana S.L. - Madrid (E)	EUR	3.343.960	100,0
Navoptik S.L. - Madrid (E)	EUR	664.118	100,0
Safilo France S.a.r.l. - Parigi (F)	EUR	960.000	100,0
Safilo Gmbh - Colonia (D)	EUR	511.300	100,0
Safilo Nordic AB - Taby (S)	SEK	500.000	100,0
Safilo CIS - LLC - Mosca (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	51,0
Safilo Hong-Kong Ltd – Hong Kong (RC)	HKD	100.000	51,0
Safilo Singapore Pte Ltd - Singapore (SGP)	SGD	400.000	100,0
Safilo Optical Sdn Bhd – Kuala Lumpur (MAL)	MYR	100.000	100,0
Safilo Trading Shenzen Limited- Shenzen (RC)	CNY	2.481.000	51,0
Safilo Eyewear (Shenzen) Company Limited - (RC)	USD	700.000	51,0
Safilo Eyewear (Suzhou) Industries Limited - (RC)	USD	3.000.000	100,0
Safilo Retail Shangai Co. Ltd - (RC)	USD	2.100.000	100,0
Safilo Korea Ltd – Seoul (K)	KRW	300.000.000	100,0
Safilo Hellas Ottica S.a. – Atene (GR)	EUR	489.990	70,0
Safilo Nederland B.V. - Bilthoven (NL)	EUR	18.200	100,0
Safilo South Africa (Pty) Ltd. – Bryanston (ZA)	ZAR	3.383	100,0
Safilo Austria Gmbh -Traun (A)	EUR	217.582	100,0
Carrera Optyl D.o.o. - Ormoz (SLO)	EUR	563.767	100,0
Safilo Japan Co Ltd - Tokyo (J)	JPY	100.000.000	100,0
Safilo Do Brasil Ltda – San Paolo (BR)	BRL	8.077.500	100,0
Safilo Portugal Lda – Lisbona (P)	EUR	500.000	100,0
Safilo Switzerland AG – Liestal (CH)	CHF	1.000.000	100,0
Safilo India Pvt. Ltd - Bombay (IND)	INR	42.000.000	88,5
Safint Australia Pty Ltd.- Sydney (AUS)	AUD	3.000.000	100,0
Safilo Australia Partnership – Sydney (AUS)	AUD	204.081	61,0
Optifashion Australia Pty Ltd. - Sydney (AUS)	AUD	23.000.000	100,0
Just Spectacles Pty Ltd - Perth (AUS)	AUD	2.000	100,0
Just Spectacles (Franchisor) Pty Ltd - Perth - (AUS)	AUD	200	100,0
Just Specs Direct Pty Ltd - Perth (AUS)	AUD	400	100,0
Just Protection Eyewear Pty Ltd - Perth (AUS)	AUD	2	100,0
Optifashion Hong Kong Ltd - Hong Kong (RC)	HKD	300.000	100,0
Safint Optical UK Ltd. - Londra (GB)	GBP	21.139.001	100,0
Safilo UK Ltd. - North Yorkshire (GB)	GBP	250	100,0
Safilo America Inc. - Delaware (USA)	USD	8.430	100,0
Safilo USA Inc. - New Jersey (USA)	USD	23.289	100,0
Safilo Realty Corp. - Delaware (USA)	USD	10.000	100,0
Safilo Services LLC - New Jersey (USA)	USD	-	100,0
Smith Sport Optics Inc. - Idaho (USA)	USD	12.162	100,0
Solstice Marketing Corp. – Delaware (USA)	USD	1.000	100,0
Solstice Marketing Concepts LLC – Delaware (USA)	USD	-	100,0
Safint Eyewear de Mexico - Cancun (MEX)	MXP	100.000	100,0
Tide Ti S.A. de C.V. - Cancun (MEX)	MXP	52.010.000	60,0
2844-2580 Quebec Inc. – Montreal (CAN)	CAD	100.000	100,0
Safilo Canada Inc. - Montreal (CAN)	CAD	2.470.425	100,0
Canam Sport Eyewear Inc. - Montreal (CAN)	CAD	300.011	100,0

1.4 Translation of financial statements in currencies other than the Euro

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

Currency	Code	As of June 30, 2009	As of December 31, 2008	(Appreciation)/ Depreciation %	Avg. for the 6 months ended June 30, 2009	Avg. for the 6 months ended June 30, 2008	(Appreciation)/ Depreciation %
US Dollar	USD	1.4134	1.3917	1.6%	1.3328	1.5304	-12.9%
Hong-Kong Dollar	HKD	10.9540	10.7858	1.6%	10.3318	11.9332	-13.4%
Swiss Franc	CHF	1.5265	1.4850	2.8%	1.5057	1.6065	-6.3%
Canadian Dollar	CAD	1.6275	1.6998	-4.3%	1.6046	1.5401	4.2%
Japanese Yen	YEN	135.5100	126.1400	7.4%	127.2498	160.6186	-20.8%
British Pound	GBP	0.8521	0.9525	-10.5%	0.8939	0.7752	15.3%
Swedish Krown	SEK	10.8125	10.8700	-0.5%	10.8614	9.3753	15.9%
Australian Dollar	AUD	1.7359	2.0274	-14.4%	1.8794	1.6515	13.8%
South-African Rand	ZAR	10.8853	13.0667	-16.7%	12.2558	11.7263	4.5%
Russian Ruble	RUB	43.8810	41.2830	6.3%	44.0967	n/a	n/a
Brasilian Real	BRL	2.7469	3.2436	-15.3%	2.9214	2.5866	12.9%
Indian Rupee	INR	67.5180	67.6360	-0.2%	65.5901	62.3900	5.1%
Singapore Dollar	SGD	2.0441	2.0040	2.0%	1.9878	2.1228	-6.4%
Malaysian Ringgit	MYR	4.9681	4.8048	3.4%	4.7795	4.9269	-3.0%
Chinese Reminbi	CNY	9.6545	9.4956	1.7%	9.1070	10.7989	-15.7%
Korean Won	KRW	1,802.4300	1,839.1300	-2.0%	1,797.7433	1512.0983	18.9%
Mexican Peso	MXN	18.5537	19.2333	-3.5%	18.4480	16.2394	13.6%

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

1.5 Use of estimates

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

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

2. Notes on the consolidated balance sheet

2.1 Cash in hand and at bank

The account above amounts to Euro 47,891 thousand, compared to Euro 53,653 thousand as of December 31st, 2008 and represents the temporary liquidity held, invested at market rates. The book value of cash in hand and at bank is in line with its fair value at the balance sheet date and the credit risk is very limited, being the counterparts primary financial institutions.

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

(Euro/000)	**June 30, 2009**	**June 30, 2008**
Cash in hand and at bank	47,891	57,950
Bank overdrafts	(58,159)	(72,708)
Total	**(10,268)**	**(14,758)**

2.2 Trade receivables, net

This account is composed as follows:

(Euro/000)	**June 30, 2009**	**December 31, 2008**
Gross value	332,478	324,809
Allowance for doubtful accounts	(25,108)	(23,247)
Net value	**307,370**	**301,562**

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

Allowance for doubtful accounts includes the accrual for insolvency accounted for in the income statement under “general and administrative expenses” (note 3.4). The allowance for doubtful accounts also includes the accrual for products supplied to clients which, in accordance with specific contractual clauses, are expected to be returned when not sold to the final customer. This accrual is accounted for as a reduction of sales in the income statement.

2.3 Inventory, net

This account is composed as follows:

(Euro/000)	June 30, 2009	December 31, 2008
Raw materials	45,180	50,754
Work-in-progress	4,997	6,315
Finished products	219,766	251,621
Gross	**269,943**	**308,690**
Obsolescence provision (-)	(36,902)	(36,588)
Total	**233,041**	**272,102**

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

The following table shows the movements in the obsolescence provision:

(Euro/000)	Balance at January 1, 2009	Posted to income statement	Transl. diff.	Balance at June 30, 2009
Obsolescence provision	36,588	320	(6)	36,902
Total	**36,588**	**320**	**(6)**	**36,902**

2.4 Derivative financial instruments

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

(Euro/000)	**June 30, 2009**	**December 31, 2008**
Current assets:		
- Foreign currency contracts - at fair value through P&L	-	772
- Foreign currency contracts - at fair value through shareholders' equity	-	-
- Interest rate swaps - at fair value through P&L	-	-
Total	**-**	**772**
Non-current assets:		
- Interest rate swaps - cash flow hedge	-	-
- Options	341	455
Total	**341**	**455**
Current liabilities:		
- Foreign currency contracts - at fair value through P&L	281	-
- Interest rate swaps - at fair value through P&L	-	-
Total	**281**	**-**
Non-current liabilities:		
- Interest rate swaps - cash flow hedge	6,716	5,740
Total	**6,716**	**5,740**

The fair value of the foreign currency contracts is determined on the basis of the present value of the differences between the contracted forward exchange rate and the forward market rate at the balance sheet date.

The market value of interest rate swaps is determined by specialist financial institutes on the basis of normal market conditions. The Group's interest rate risk management policies involve the hedging of the future cash flows that will be accounted for also in successive years; it is therefore reasonable to maintain that the relative suspended hedging effect of the cash flow reserve should be entered in the income statement of the successive periods when such expected cash flows actually take place. At the balance sheet date, there was no over-hedging for covering future cash flows.

The following table shows the characteristics and the fair value of the interest rate contracts in force at June 30th, 2009 and at 31st December 2008:

Interest rate swaps	**June 30, 2009**			**December 31, 2008**		
(Euro/000)	**Contractual value**		***Fair value***	**Contractual value**		***Fair value***
	(USD/000)	*(Euro/000)*	*(Euro/000)*	*(USD/000)*	*(Euro/000)*	*(Euro/000)*
Expiry year 2010	-	55,000	(2,069)	-	55,000	1,612
Expiry year 2011	-	73,000	(3,454)	-	81,000	(2,544)
Expiry year 2011	59,263	-	(1,192)	70,038	-	(1,584)
Total	**59,263**	**128,000**	**(6,716)**	**70,038**	**136,000**	**(5,740)**

Profits and losses accounted into the *fair value reserve* are accounted through the Profit & Loss as soon as the hedging contracts expire.

The fair value of the advanced repayment option included in the notes issued by the subsidiary Safilo Capital International S.A., equal to Euro 341 thousand, is reported among non-current assets.

2.5 Other current assets

This account is composed as follows:

(Euro/000)	**June 30, 2009**	**December 31, 2008**
VAT receivable	9,339	8,715
Tax credits and payments on account	10,339	8,523
Prepayments and accrued income	19,774	10,857
Receivables from agents	897	633
Other current receivables	8,216	21,975
Total	**48,565**	**50,703**

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

Pre-payments and accrued income at June 30th, 2009 include:

- prepaid advertising costs of Euro 4,781 thousand;
- preapaid costs for royalties of Euro 8,350 thousand;
- prepaid costs incurred for the “Revolving Facility” loan of Euro 833 thousand;
- prepaid rent and operating leases of Euro 1,746 thousand;
- prepaid insurance premiums of Euro 571 thousand;
- other prepaid costs, mainly commercial, for the remaining part.

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

The decrease of “other receivables” is due mainly to the compensation of prepayment on royalties of the prior year with the royalty due for the first 2009 semester.

2.6 Property, plant and equipment, net

The movements in the tangible fixed assets for the first six months of 2009 are presented below:

(Euro/000)	Balance at January 1, 2009	Increase	Decrease	Reclass.	New acquisition	Transl. diff.	Balance at June 30, 2009
Gross value							
Land and buildings	129,048	4,895	(539)	7,097	-	(24)	140,477
Plant and machinery	177,913	3,272	(526)	-	-	(250)	180,409
Equipment and other assets	192,555	7,206	(1,986)	(3,068)	-	(412)	194,295
Assets under constructions	6,439	3,332	(178)	(5,541)	-	(11)	4,041
Total	**505,955**	**18,705**	**(3,229)**	**(1,512)**	**-**	**(697)**	**519,222**
Accumulated depreciation							
Land and buildings	33,708	2,745	(516)	647	-	68	36,652
Plant and machinery	116,305	5,414	(164)	-	-	(84)	121,471
Equipment and other assets	127,184	10,932	(1,871)	(1,454)	-	(358)	134,433
Total	**277,197**	**19,091**	**(2,551)**	**(807)**	**-**	**(374)**	**292,556**
Net book value	**228,758**	**(386)**	**(678)**	**(705)**	**-**	**(323)**	**226,666**

2.7 Intangible assets

The movements in the intangible fixed assets for the first six months of 2009 are presented below:

(Euro/000)	Balance at January 1, 2009	Increase	Decrease/write-down	Reclass.	Transl. diff.	Balance at June 30, 2009
Gross value						
Software	17,754	1,507	(2)	4	(98)	19,164
Trademarks and licenses	42,930	109	(3)	-	3	43,040
Other intangible assets	9,573	443	(258)	-	25	9,782
Intangible assets in progress	431	-	-	(170)	(1)	260
Total	**70,688**	**2,059**	**(263)**	**(166)**	**(71)**	**72,247**
Accumulated depreciation						
Software	12,140	1,193	(2)	(7)	(59)	13,265
Trademarks and licenses	29,869	1,718	-	-	-	31,587
Other intangible assets	5,954	216	(254)	-	(39)	5,876
Total	**47,963**	**3,127**	**(256)**	**(7)**	**(98)**	**50,728**
Net book value	**22,725**	**(1,067)**	**(7)**	**(159)**	**27**	**21,519**

Amortization and depreciation expenses related to intangible assets and property, plant and equipment for the first six months of 2009 and 2008 can be divided as follows:

(Euro/000)	*note*	First semester 2009	First semester 2008
Cost of sales	*3.2*	10,187	10,629
Selling and marketing expenses	*3.3*	5,360	2,845
General and administrative costs	*3.4*	6,672	6,587
Total		**22,219**	**20,061**

2.8 Goodwill

(Euro/000)	Balance at January 1, 2009	Increase	Decrease	Transl. diff.	Balance at June 30, 2009
Goodwill	807,209	363	(120,695)	1,180	688,057
Net book value	**807,209**	**363**	**(120,695)**	**1,180**	**688,057**

Impairment test

For impairment test purposes, the Group has identified its cash-generating units (CGUs), which substantially correspond with the entities operating in each country.

The goodwill broken down according to CGUs group is illustrated below:

Goodwill *(Euro/000)*	Italy and Europe	Americas	Asia Pacific	Total
30-Jun-09	232,124	221,570	234,363	688,057
31-Dec-08	285,362	234,472	287,375	807,209

The recoverable amount of the CGUs is based on their value in use determined by the estimated future cash flow projections. This calculation is based on five-year financial plans, in consideration of the forecasts of development of the market and Group.

As a consequence of the persistent downturn in the markets, in the presence of a detailed Revised Budget for CGUs and the actual results of the first half of the year, the Group considered it appropriate to re-evaluate the value of goodwill at June 30th, 2009.

Overall, compared with the impairment test performed on the occasion of preparing the 2008 financial statement the main differences arise from the following aspects:

- the management has more updated information regarding the 2009 results and forecast, based on the Business Plan updated in view of the continually difficult market situation;
- the growth rate (market premium risk) used to calculate the WACC (weighted average cost of capital) has increased;
- the growth rates for the periods beyond the plan (rate “g”) for some countries and in particular the Far East region, have decreased in the last six months;

The cash flows taken into consideration for the purpose of the impairment tests have been constructed starting from the 2009 three year Plan approved by the Board of Directors on May 11, 2009 and developed for the following years, on the basis of the best knowledge available within the company and confirmed by external analysis carried out by leading specialist institutes.

To determine the terminal value, the cash flow projections thereby obtained were carried out at a discount rate (WACC) at the reference date of the test, which considers the specific nature and risks of each area in which the Group operates.

Cash flows beyond the five-year period were extrapolated using the estimated perpetual growth rate (“g rate”) which does not exceed the long-term average growth rates forecast by analysts for the sector in which the Group operates.

At June 30th, 2009 was processed an update of the parameters determining the Enterprise Value, using the same methodology as the previous tests. Comparing the WACC and the “g” growth rates at June 30th 2009 with those used for the tests at December 31st 2008 it can be noted:

- ✓ An increase of WACC due to:
  - ▪ Increase of free risk and Swap rates;
  - ▪ Increase of market risk premium from 4,5% to 5%. In light of the economic crisis, the management has considered it appropiate to increase this rate, reflecting an higher uncertainty of the investment yield;
- ✓ The growth rates for the periods beyond the plan (rate “g”) for some countries and in particular the Far East region, have decreased in the last six months.

The following table summarises the "WACC" and "g rates" used by the Group:

Key assumptions	"WACC" discount rate		Growth rate "g"	
	June 30,2009	December 31, 2008	June 30,2009	December 31, 2008
Euro zone	6.8%	6.3%	1.0%	1.0%
USA zone	6.8%	5.4%	1.0%	1.0%
Far East zone	9.0%	7.5%	1.6%	2.4%
Australia	8.8%	7.2%	1.0%	1.0%
Japan	4.8%	4.4%	1.0%	1.0%
South Africa	11.8%	10.3%	5.7%	6.0%
Mexico	9.7%	8.3%	3.6%	3.6%
India	12.4%	11.1%	4.3%	4.8%
Brasil	11.0%	9.7%	3.8%	3.7%

The transposition of the new estimates and taking into account the figures of the first semester at each CGU level, has suggested a more cautious assessment of the performance of some countries compared to the previous year end test, in particular with the Asian region, thus resulting in the need to proceed with the write-down of goodwill for a total amount of Euro 120.7 million.

The CGUs which mostly determinate to the write down of the goodwill were: Safilo Japan Co. Ltd for Euro 32.7 million, Safilo Australia Partnership for Euro 14.5 million, Safilo Espana S.L. for Euro 14 million, Safilo France S.a.r.l. for Euro 9.6 million, the retail companies for a total of Euro 29.7 million.

The circumstances and events that caused loss of value will be the subject of constant attention from the Group but the discretion inherent to the use of estimates by the management can not in any way guarantee that there will not be losses of goodwill recorded in the balance sheet of future periods.

The management also maintains that the current prices of the shares, reduced by the negative world economic situation and by the generalised and exceptional fall in the lists of all the main world stock exchanges, do not reflect the Group's real economic value and potential.

2.9 Investments in associates

Investments in associates refer to the following companies:

Company	Registered office or headquarters	% of share capital	Type of investment	Main activity
Elegance I. Holdings Ltd	Hong Kong	23.05%	Associated company	Commercial
Optifashion As	Turkey	50.00%	Non consolidated subsidiary	Commercial
TBR Inc.	USA	33.33%	Associated company	Real estate

The movements in investments in associates during the first six months of 2009 are the following:

	January 1, 2009			Movements for the period		
(Euro/000)	Gross value	Revaluation/(write-down)	Value at December 31, 2008	Share of results and write-down of divid. of assoc. comp.	Transl. diff.	Value at June 30, 2009
TBR Inc.	427	(244)	183	75	(7)	251
Elegance Ltd	5,307	6,567	11,874	(436)	(157)	11,281
Optifashion As	353	(112)	241	-	-	241
Total	**6,087**	**6,211**	**12,298**	**(361)**	**(164)**	**11,773**

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

2.10 Financial assets available for sale

This account represents the financial assets which may be sold. They are measured at fair value, calculated with reference to official listed market prices at the reporting date, with counterbalance in the shareholders' equity.

(Euro/000)	Relationship	Value at June 30, 2009	Value at December 31, 2008
Gruppo Banco Popolare	Other equity investment	684	638
Unicredit S.p.A.	Other equity investment	52	50
Others	Other equity investment	74	173
Total		**810**	**861**

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

(Euro/000)	31.12.2008 Gross value	Revaluation/(write-down)	Net value	Movements for the period Increase/ (Decrease)	Revaluation/(write-down)	Value at June 30, 2009
Gruppo Banco Popolare	4,096	(3,458)	638	46	-	684
Unicredit S.p.A.	48	2	50	2	-	52
Others	173	-	173	(99)	-	74
Total	**4,317**	**(3,456)**	**861**	**(51)**	**-**	**810**

2.11 Deferred tax assets and deferred tax liabilities

(Euro/000)	June 30, 2009	December 31, 2008
Deferred tax assets	93,252	102,343
Deferred tax liabilities	(5,089)	(14,089)
Total	88,163	88,254
Depreciation Fund (-)	(40,004)	(40,004)
Total, net	**48,159**	**48,250**

Deferred tax assets

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

Deferred tax liabilities

Deferred tax liabilities refer to taxes calculated on the temporary differences between the book value of the assets and liabilities and the related tax value. The most important account included in deferred tax liabilities mainly relates the property, plant and equipment and the goodwill amortization, calculated only for fiscal purposes.

Provision for deferred tax assets

On December 31th, 2008 deferred tax assets net 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 recent market trend and the changed expectations of future levels of profitability. The provision amount to Euro 52,004 thousand, of which about Euro 12,000 thousand mature in the first semester of 2009.

2.12 Other non-current assets

This account is composed as follows:

(Euro/000)	June 30, 2009	December 31, 2008
Receivables from Social Security Institution	7,301	5,665
Long-term guarantee deposit	3,470	3,358
Other long-term receivables	291	3,815
Totale netto	**11,062**	**12,838**

The Treasury Fund receivables founded by the Italian Social Security Institution (INPS) refers to the receivable in the Safilo S.p.A. balance sheet related to the quotas of employment benefit liability (TFR) further to the modifications introduced by the Finance Bill no. 296 of 2006.

The guarantee deposits are manly related to rental contracts for the shops of the Spanish subsidiary Navoptik S.L., the Mexican subsidiary Tide Ti S.A. de C.V and the american subsidiary Solstice Marketing Corp..

2.13 Bank loans and borrowings

This account is composed as follows:

(Euro/000)	June 30, 2009	December 31, 2008
Short-term borrowings		
Bank overdrafts	108	4,238
Short-term bank loans	58,051	69,857
Short-term portion of long-term bank loans	58,091	37,646
Short-term portion of financial leasing	1,568	1,522
Debt to the factoring company	49,696	49,279
Other short-term loans	106	103
Total	**167,620**	**162,645**
Long-term borrowings		
Medium long-term loans	462,930	450,660
Payables for financial leasing	9,030	9,863
Other medium long-term loans	455	561
Total	**472,415**	**461,084**
Total borrowings and bank loans	**640,035**	**623,729**

The short-term portion of long-term bank loans, equal to Euro 55,205 thousand, represents the portion of the senior loan, stipulated at the end of June 2006. The long-term portion of the above loan, denominated "senior", equal to Euro 263,798 thousand, is included in the medium long-term loans. The loan above is structured as follows:

Euro 200 millions, related to "Facility A", with half yearly repayments starting from December 2006 until December 2011, which is in turn subdivided into three tranches, of which one in Euro (Tranche A1, for an original notional equal to Euro 80 million), and two in US Dollars (Tranche A2 and Tranche A3, for an original notional of USD 70.4 million and USD 80.5 million respectively), due in December 31st 2011. As of June 30th, 2009, the long term portion of this loan amounts to 68,798 thousand Euro and the spread applied is currently equal to 1.80%;

Euro 200 million, related to "Revolving Facility" expiring on December 31st, 2012, composed of two tranches also provided in US Dollars (Tranche B1: Euro 170 million, Tranche B2: Euro 30 million) utilised at June 30th, 2009 for Euro 195 million. The revolving facility expires on December 31 th, 2012.

The contractual agreements relating to the Senior Loan granted to some Group companies from a pool of banks coordinated by Bayerische Hypo und Vereinsbank AG, include a series of obligations which concern the operating and financial aspects. In particular, it is requested that predetermined levels related to certain parametric indices (covenants), calculated based on the data of the final statements at the end of every six month period, are respected. Should they not be complied with in the future, the conditions with which the loan relationship is to be continued must be negotiated with the financers, that is appropriate waivers or modifications to adapt the abovementioned parameters. If this does not happen, an "Event of Default", that may involve obligatory early repayment of the loans granted, could take place. Covenants in the current contractual agreement are calculated as a ratio between net financial position and EBITDA and EBITDA and financial income and expenses.

The Group has obtained from the banks a derogation of the verification of the financial covenant's levels at June 30th, 2009 and the prorogation of the installment of June 30, 2009 to December 31 th, 2009.

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

The account "Medium long-term loans" also include the High Yield bond, equal to a nominal value of Euro 195 million and the long-term portion of the borrowings present in the balance sheet of other Group companies, amounting to 8,989 thousand Euro.

The payables for financial leases refer to property, plant and equipment acquired under leasing contracts by companies belonging to the Group. The average residual life of leasing contracts is 6.5 years. All leasing contracts at the interim balance sheet date are repayable through equal instalments and the contracts do not include any option for reviewing the original contract.

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

(Euro/000)	**June 30, 2009**	**December 31, 2008**
Up to 2 years	47,338	41,950
2 to 3 years	29,419	53,695
3 to 4 years	389,660	168,047
4 to 5 years	3,352	193,323
Beyond 5 years	2,646	4,069
Total	**472,415**	**461,084**

The following table displays borrowings divided by currency:

(Euro/000)	June 30, 2009	December 31, 2008
Short-term		
Euro	118,934	128,240
US Dollars	31,565	21,478
Chinese Reminbi	13,051	9,057
Japanese Yen	2,214	793
Swedish SEK	83	-
Mexican Pesos	399	472
Brasilian Real	1,374	2,597
South African Rand	-	8
Total	**167,620**	**162,645**
Medium long-term		
Euro	429,088	407,691
US Dollars	37,058	48,589
Chinese Reminbi	4,143	-
Japanese Yen	-	2,378
Swedish SEK	140	-
Mexican Pesos	1,305	1,670
Brasilian Real	30	-
Australian Dollars	651	756
Total	**472,415**	**461,084**
Total borrowings	**640,035**	**623,729**

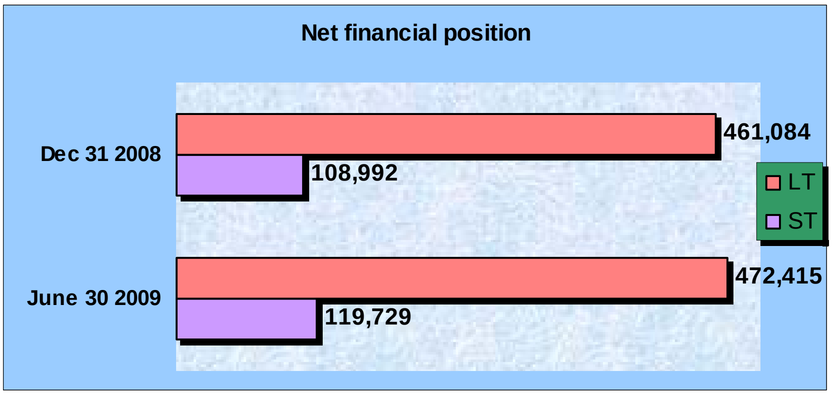
The following table shows credit lines granted to the Group, their utilization and the credit lines available at June 30th 2009:

(Euro/000)	Credit lines granted	Uses	Credit lines available
Credit lines on bank accounts and short-term bank loans	134,887	58,158	76,728
Credit lines on long-term bank loans	337,844	332,844	5,000
Total	**472,730**	**391,002**	**81,728**

On June 30th, 2009 the amount of short term credit lines yet formally available, until revocation and however subject to the ability to use advances under reserve, amounts to Euro 77 million.

The Group net financial position as of June 30th, 2009 compared with the same as of March 31st, 2009 and December 31st, 2008 is the following:

Net financial position *(Euro/000)*	**June 30, 2009**	**March 31 2009**	**Change Jun - Mar**	**December 31, 2008**	**Change Jun - Dec**
Current portion of long-term borrowings	(58,091)	(38,817)	(19,274)	(37,646)	(20,445)
Bank overdrafts and short-t. bank borrowings	(58,158)	(71,638)	13,480	(74,095)	15,937
Other short-term borrowings	(51,371)	(46,837)	(4,534)	(50,904)	(467)
Cash and cash equivalents	47,891	36,942	10,949	53,653	(5,762)
Short-term net financial position	**(119,729)**	**(120,350)**	**621**	**(108,992)**	**(10,737)**
Long-term borrowings	(472,415)	(497,261)	24,846	(461,084)	(11,331)
Long-term net financial position	**(472,415)**	**(497,261)**	**24,846**	**(461,084)**	**(11,331)**
Net financial position	**(592,144)**	**(617,611)**	**25,467**	**(570,076)**	**(22,068)**



Legend:

- LT= long-term.

- ST= short-term.

2.14 Trade payables

This item is composed as follows:

(Euro/000)	June 30, 2009	December 31, 2008
Trade payables for:		
Purchase of raw materials	25,753	42,371
Purchase of finished goods	50,258	76,108
Suppliers from subcontractors	1,430	4,842
Purchase of tangible and intangible fixed assets	2,581	5,129
Commissions	8,467	5,677
Royalties	10,409	14,703
Advertising and marketing costs	32,473	25,820
Services	26,495	30,713
Total	**157,866**	**205,363**

2.15 Tax payables

Tax payables as of June 30th, 2009 amount to Euro 22,214 thousand compared to Euro 22,587 thousand as at December 31st, 2008 and relate for Euro 12,525 thousand to income taxes, for Euro 6,230 thousand to VAT payables and for the remainder to With Holding Tax and local taxes. The accrual for current income tax expenses is disclosed in the note related to income taxes (3.9).

2.16 Other current liabilities

This item is composed as follows:

(Euro/000)	June 30, 2009	December 31, 2008
Payables to personnel and social security institutions	33,836	30,497
Premiums to clients	20,486	25,476
Agent fee payables	1,874	2,082
Payables to pension funds	715	1,106
Accrued advertising and sponsorship costs	1,139	775
Accrued interests on long-term loans	4,158	7,811
Other accruals and deferred income	2,112	2,830
Payables to minority shareholders for dividends	2,927	2,630
Other current liabilities	1,274	3,230
Total	**68,521**	**76,437**

Payables to personnel and social security institutions mainly refers to wages and salaries for June 2009, the accrual for Christmas bonuses and for vacation days matured and not taken.

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

2.17 Provisions for risks and charges

This item is composed as follows:

(Euro/000)	Balance at January 1, 2009	Increase	Decrease	Transl. diff.	Balance at June 30, 2009
Product warranty provision	4,602	350	(482)	(2)	4,468
Agents' severance indemnity	4,888	336	(247)	-	4,977
Other provisions for risks and charges	3,773	7,353	(341)	-	10,785
Provisions for risks - long term	**13,263**	**8,039**	**(1,070)**	**(2)**	**20,230**
Provisions for risks - short term	**1,053**	**440**	**(197)**	**-**	**1,296**
Total	**14,316**	**8,479**	**(1,267)**	**(2)**	**21,526**

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

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

The provision for other risks and charges refer to the provision for restructuring costs accrued in the second quarter, related to downsizing the structure of production plants in Italy, described in more detail in the Directors' report on operations and to provisions made in previous financial years for litigation still pending at the balance scheet date. It is believed that these provisions are adequate to cover the risks existing at the interim balance sheet date.

2.18 Employee benefit liability

This account shows the following movements:

(Euro/000)	Balance at January 1, 2009	Posted to income statement	Use / Payments	Transl. diff.	Balance at June 30, 2009
Defined contribution plan	6,099	3,412	(899)	-	8,612
Defined benefit plan	35,976	229	(968)	(78)	35,159
Total	**42,075**	**3,641**	**(1,867)**	**(78)**	**43,771**

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 activities.
The employee severance fund of Italian companies ("TFR"), which constitutes the main part of such benefits, has always been considered to be a defined benefit plan. However, following the changes in legislation governing the employment severance fund introduced by Italian law no. 296 of 27th December 2006 ("Financial Law 2007") and subsequent Decrees and Regulations issued in the first months of 2007, Safilo Group, on the basis of the generally agreed interpretations, has decided that:

the portion of the employee benefit liability matured from 1st January 2007, whether transferred to selected pension funds or transferred to the treasury account established with INPS, must be classified as a "defined contribution plan";

the portion of the employee benefit liability matured as of 31st December 2006, must be classified as a "defined benefit plan" requiring actuarial valuations that exclude future increases in salaries.

2.19 Other non-current liabilities

The other non-current liabilities as of June 30th, 2009 amount to Euro 17,129 thousand compared to Euro 17,662 thousand as at December 31st, 2008 and mainly include:

the value of the put options held by minority shareholders in some Group companies;

the liability deriving from the settlement agreement reached by an American subsidiary in relation to an action pending for the use of a patent.

SHAREHOLDERS' EQUITY

Shareholders' equity is made of 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). As of June 30th, 2009 the shareholders' equity amounted to 667.195 thousand Euro (of which 8,887 thousand Euro represent the minority interests), compared to 804,277 thousand Euro (of which 8,412 thousand Euro are the minority interests) as of December 31st, 2008.

Managing its capital, the Group's aim is to create value for the shareholders, developing its business and thus guaranteeing the continuity of the company.

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

2.20 Share capital

Safilo's capital stock as of June 30th, 2009 amounted to Euro 71,348,532 thousand and consisted of 285,394,128 ordinary shares having a nominal value of Euro 0.25 per share.

2.21 Share premium reserve

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

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

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

the higher amount deriving from the conversion of the convertible bond;

the higher value coming from stock options exercised.

2.22 Retained earnings and other reserves

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

2.23 Fair value and cash flow reserves

This account is composed as follows:

(Euro/000)	Balance at January 1, 2009	Impact on equity	Impact on income statement	Balance at June 30, 2009
Cash flow reserve	(5,518)	(725)	-	(6,243)
Fair value reserve	(2,102)	48	-	(2,054)
Total	**(7,620)**	**(677)**	**-**	**(8,297)**

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

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

2.24 Stock option plans

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

Each option gives the right to subscribe a share at the average price of the financial period.

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

3. Notes on the consolidated statement of operations

3.1 Net sales

Reference should be made to the Directors' report on operations for further details regarding the sales trend of the first six months of 2009 compared to the same period of the previous year.

3.2 Cost of sales

This account is composed as follows:

(Euro/000)	First semester 2009	First semester 2008	Q2 2009	Q2 2008
Purchase of raw materials and finished goods	131,795	160,192	62,340	79,489
Capitalisation of costs for increase in tangible fixed assets	(4,089)	(5,762)	(2,545)	(3,461)
Change in inventories	39,634	29,843	27,618	16,467
Payroll and social security contributions	44,723	55,513	21,086	27,480
Subcontracting costs	3,352	8,499	1,463	3,202
Depreciation	10,186	10,629	5,099	5,295
Rental and operating leases	595	691	261	443
Other industrial costs	4,794	4,357	2,337	1,967
Total	**230,990**	**263,962**	**117,659**	**130,882**

The decrease in the cost of materials and finished goods is mainly due to the Group strategy aimed at reducing the levels of inventory.

The reduction in Payroll and social security contributions is mainly due to a lower production request in the Italian facilities, whose the Group reacted with a work force reduction in the European's production facilities and the utilize of social security plan.

The change in inventories is broken down as follows:

(Euro/000)	First semester 2009	First semester 2008	Q2 2009	Q2 2008
Finished products	32,571	16,870	29,000	13,481
Work-in-progress	740	1,656	111	1,299
Raw materials	6,323	11,317	(1,493)	1,687
Total	**39,634**	**29,843**	**27,618**	**16,467**

The average number of employees per category is summarised as follows:

	First semester 2009	First semester 2008
Padua headquarters	871	873
Production facilities	4,646	4,665
Commercial companies	1,342	1,361
Retail	1,650	1,730
Total	**8,509**	**8,629**

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

3.3 Selling and marketing expenses

This account is composed as follows:

	First semester 2009	First semester 2008	Q2 2009	Q2 2008
Payroll and social security contributions	55,103	55,410	26,348	28,170
Commissions to sales agents	37,373	39,788	19,054	19,967
Royalty expenses	44,906	51,688	21,280	24,825
Advertising and promotional costs	58,067	58,844	25,888	28,963
Amortization and depreciation	5,360	2,845	2,840	1,786
Logistic costs	8,035	10,083	3,903	5,104
Consultants fees	2,111	2,358	1,053	1,096
Rental and operating leases	11,677	8,846	5,903	4,877
Utilities	1,199	748	643	299
Provision for risks	537	379	387	165
Other sales and marketing expenses	10,530	11,963	4,952	5,679
Total	**234,898**	**242,952**	**112,251**	**120,931**

3.4 General and administrative expenses

This account is composed as follows:

(Euro/000)	First semester 2009	First semester 2008	Q2 2009	Q2 2008
Payroll and social security contributions	31,801	30,209	16,240	13,613
Allowance for doubtful accounts	3,244	1,402	2,493	804
Amortization and depreciation	6,672	6,587	3,206	3,161
Consultants fees	5,117	6,142	2,684	3,280
Rental and operating leases	4,402	3,910	2,064	1,710
EDP costs	2,116	1,925	1,074	991
Insurance costs	1,626	1,475	798	663
Utilities, security and cleaning	3,833	3,614	1,866	1,753
Taxes (other than on income)	1,849	1,394	980	658
Other general and administrative expenses	6,885	8,034	3,427	4,056
Total	**67,545**	**64,692**	**34,832**	**30,689**

3.5 Other income/(expenses), net

This account is composed as follows:

(Euro/000)	First semester 2009	First semester 2008	Q2 2009	Q2 2008
Losses on disposal of assets	(53)	(74)	(38)	(71)
Other operating expenses	(490)	(881)	(150)	(594)
Gains on disposal of assets	33	5	32	-
Other operating incomes	1,070	688	823	439
Total	**560**	**(262)**	**667**	**(226)**

3.6 Restructuring costs non recurring

The restructuring of production facilities in Italy and Slovenia have involved a thousand people. In particular the agreement reached with the counterparties of the Italian trade union provides for the recognition of incentives for employees who willi voluntarily leave their jobs.

To meet this commitment the Group will support in the next three years a maximum amount of Euro 7,422 thousand.

3.7 Share of income/(loss) of associates

This account amounts to a loss of Euro 361 thousand (income of Euro 75 thousand for the same period of previous year) and consists of the income deriving from the equity valuation of the holdings in associated companies.

3.8 Interest expense and other financial charges, net

This account is composed as follows:

(Euro/000)	First semester 2009	First semester 2008	Q2 2009	Q2 2008
Interest expense on loans	12,172	11,686	6,039	6,212
Interest expense and charges on High Yield	9,384	9,831	4,488	4,932
Bank commissions	2,398	2,403	1,239	1,347
Negative exchange rate differences	6,456	9,768	984	418
Financial discounts	1,194	1,639	557	855
Other financial charges	1,249	436	781	418
Total financial charges	**32,853**	**35,763**	**14,088**	**14,182**
Interest income	181	628	83	323
Positive exchange rate differences	10,007	8,412	5,967	853
Dividends	-	85	-	85
Other financial income	84	91	(98)	45
Total financial income	**10,272**	**9,216**	**5,952**	**1,306**
Total financial charges, net	**22,581**	**26,547**	**8,136**	**12,876**

3.9 Income tax expenses

(Euro/000)	First semester 2009	First semester 2008	Q2 2009	Q2 2008
Current taxes	(14,347)	(20,100)	(6,476)	(9,542)
Deferred taxes	963	4,450	(4,342)	2,615
Total	**(13,384)**	**(15,650)**	**(10,818)**	**(6,927)**

3.10 Earning per Share

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

(Euro)	First semester 2009	First semester 2008
Profit for ordinary shares (in Euro/000)	(136,015)	21,066
Average number of ordinary shares (in thousand)	285,394	285,394
Basic EPS	**(0.48)**	**0.07**

(Euro)	First semester 2009	First semester 2008
Profit for ordinary shares (in Euro/000)	(136,015)	21,066
Profit for preferred shares (in Euro/000)	-	-
Profit at income statement	**(136,015)**	**21,066**
Average number of ordinary shares (in thousand)	285,394	285,394
Dilutive effects:		
- stock option (in thousand)	-	
Total	**285,394**	**285,394**
Diluted EPS	**(0.48)**	**0.07**

3.11 Seasonality

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

3.12 Significant non-recurring operations and unusual items

Apart from what was said in paragraph 3.6, during the first semester of 2009, the Group did not perform any significant non-recurring operations and/or no unusual items, as defined in Consob Communication dated July 28th, 2006, occurred.

3.13 Dividends

During the first six months of 2009 the holding company Safilo Group S.p.A. has paid no dividends to its shareholder.

The shareholders' meeting which approved the balance sheet at December 31th, 2008 resolved to carry forward the profit generated in 2008.

3.14 Segment information

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

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

Presented below are information according to the distribution channel:

June 30, 2009 *(Euro/000)*	**WHOLESALE**	**RETAIL**	**Elimin.**	**Total**
Net sales				
-to other segments	6,031	-	(6,031)	-
-to third parties	507,693	54,449	-	562,141
Total net sales	**513,723**	**54,449**	**(6,031)**	**562,141**
Gross profit	**296,623**	**34,528**	**-**	**331,151**
Operating profit	**(61,589)**	**(37,260)**	**-**	**(98,849)**
Share of income of associates				(361)
Financial charges, net				(22,581)
Income taxes				(13,384)
Net profit				**(135,175)**
Gross profit margin	*58%*	*63%*		*59%*
Operating profit margin	*-12%*	*-68%*		*-18%*
Other information				
Depreciation & amortization	17,226	4,994		22,219

June 30, 2008 *(Euro/000)*	**WHOLESALE**	**RETAIL**	**Elimin.**	**Total**
Net sales				
-to other segments	6,290	-	(6,290)	-
-to third parties	583,989	52,971	-	636,960
Total net sales	**590,279**	**52,971**	**(6,290)**	**636,960**
Gross profit	**338,739**	**34,259**	**-**	**372,998**
Operating profit	**66,066**	**(974)**	**-**	**65,092**
Share of income of associates				75
Financial charges, net				(26,547)
Income taxes				(15,650)
Net profit				**22,970**
Gross profit margin	*57%*	*65%*		*59%*
Operating profit margin	*11%*	*-2%*		*10%*
Other information				
Depreciation & amortization	17,308	2,753		20,061

Q2 2009 *(Euro/000)*	**WHOLESALE**	**RETAIL**	**Elimin.**	**Total**
Net sales				
-to other segments	3,639	-	(3,639)	-
-to third parties	245,222	29,011	-	274,232
Total net sales	**248,860**	**29,011**	**(3,639)**	**274,232**
Gross profit	**138,511**	**18,062**	**-**	**156,573**
Operating profit	**(85,820)**	**(32,140)**	**-**	**(117,960)**
Share of income of associates	0			(396)
Financial charges, net				(8,136)
Income taxes				(10,818)
Net profit				**(137,310)**
Gross profit margin	56%	62%		57%
Operating profit margin	-34%	-111%		-43%
Other information				
Depreciation & amortization	8,457	2,690		11,146

Q2 2008 *(Euro/000)*	**WHOLESALE**	**RETAIL**	**Elimin.**	**Total**
Net sales				
-to other segments	2,127	-	(2,127)	-
-to third parties	282,589	28,351	-	310,940
Total net sales	**284,716**	**28,351**	**(2,127)**	**310,940**
Gross profit	**161,410**	**18,648**	**-**	**180,058**
Operating profit	**28,050**	**162**	**-**	**28,212**
Share of income of associates				37
Financial charges, net				(12,876)
Income taxes				(6,927)
Net profit				**8,446**
Gross profit margin	57%	66%		58%
Operating profit margin	10%	1%		9%
Other information				
Depreciation & amortization	8,683	1,560		10,243

Below, information according to the geographical area:

June 30, 2009 *(Euro/000)*	**Italy (1)**	**Europe (2)**	**America (3)**	**Asia (4)**	**Corporate (5)**	**Eliminat.**	**Total**
Net sales							
-to other segments	118,384	25,113	2,348	9,617	-	(155,462)	-
-to third parties	120,297	151,006	214,552	76,286	-	-	562,141
Total net sales	**238,681**	**176,119**	**216,900**	**85,903**	**-**	**(155,462)**	**562,141**
Gross profit	**73,726**	**82,910**	**124,079**	**44,887**	**0**	**5,549**	**331,151**
Operating profit	**(32,723)**	**(30,244)**	**3,893**	**(41,951)**	**3,143**	**(967)**	**(98,849)**
Financial expences net							(22,581)
Share of income of associates							(361)
Income taxes							(13,384)
Net (loss)							**(135,175)**
Gross profit margin	*31%*	*47%*	*57%*	*52%*			*59%*
Operating profit margin	*-14%*	*-17%*	*2%*	*-49%*			*-18%*
Other information							
Depreciation & amortization	11,350	3,656	5,570	1,626	17		22,219

June 30, 2008 *(Euro/000)*	**Italy (1)**	**Europe (2)**	**America (3)**	**Asia (4)**	**Corporate (5)**	**Eliminat.**	**Total**
Net sales							
-to other segments	157,514	34,182	1,218	1,116	-	(194,030)	-
-to third parties	150,622	199,160	206,746	80,432	-	-	636,960
Total net sales	**308,136**	**233,342**	**207,964**	**81,548**	**-**	**(194,030)**	**636,960**
Gross profit	**110,003**	**102,071**	**115,182**	**43,454**	**-**	**2,288**	**372,998**
Operating profit	**9,901**	**21,180**	**23,988**	**11,492**	**(210)**	**(1,260)**	**65,092**
Share of income of associates							75
Financial expences net							(26,547)
Income taxes							(15,650)
Net profit							**22,970**
Gross profit margin	*36%*	*44%*	*55%*	*53%*			*59%*
Operating profit margin	*3%*	*9%*	*12%*	*14%*			*10%*
Other information							
Depreciation & amortization	12,387	3,516	3,407	738	13		20,061

Q2, 2009 *(Euro/000)*	**Italy (1)**	**Europe (2)**	**America (3)**	**Asia (4)**	**Corporate (5)**	**Eliminat.**	**Total**
Net sales							
-to other segments	57,661	12,586	1,663	5,120	-	(77,030)	-
-to third parties	61,100	69,137	105,702	38,293	-	-	274,232
Total net sales	**118,761**	**81,723**	**107,365**	**43,413**	**-**	**(77,030)**	**274,232**
Gross profit	**32,332**	**36,979**	**61,144**	**23,526**	**-**	**2,593**	**156,573**
Operating profit	**(27,514)**	**(41,325)**	**(4,923)**	**(44,938)**	**1,602**	**(862)**	**(117,960)**
Financial expences net							(8,136)
Share of income of associates							(396)
Income taxes							(10,818)
Net (loss)							**(137,310)**
Gross profit margin	*27%*	*45%*	*57%*	*54%*			*57%*
Operating profit margin	*-23%*	*-51%*	*-5%*	*-104%*			*-43%*
Other information							
Depreciation & amortization	5,648	1,779	2,952	757	8		11,146

Q2, 2008 *(Euro/000)*	**Italy (1)**	**Europe (2)**	**America (3)**	**Asia (4)**	**Corporate (5)**	**Eliminat.**	**Total**
Net sales							
-to other segments	69,082	17,581	895	781	-	(88,339)	-
-to third parties	75,052	92,098	101,140	42,650	-	-	310,940
Total net sales	**144,134**	**109,679**	**102,035**	**43,431**	**-**	**(88,339)**	**310,940**
Gross profit	**52,220**	**48,024**	**57,469**	**21,416**	**-**	**929**	**180,058**
Operating profit	**3,198**	**8,177**	**13,554**	**4,507**	**(188)**	**(1,036)**	**28,212**
Share of income of associates							37
Financial expences net							(12,876
Income taxes							(6,927)
Net profit							**8,446**
Gross profit margin	*36%*	*44%*	*56%*	*49%*			*58%*
Operating profit margin	*2%*	*7%*	*13%*	*10%*			*9%*
Other information							
Depreciation & amortization	6,145	1,899	1,764	429	6		10,243

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

RELATED PARTIES TRANSACTIONS

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

Related parties transactions *(Euro/000)*	**Relationship**	**June 30, 2009**	**December 31, 2008**
Receivables			
Optifashion As	(a)	-	146
Elegance International Holdings Ltd	(b)	2,379	443
Minority shareholders	(c)	71	-
Island Cabo S.A. de C.V.	(c)	15	16
Leasing Cancun S.A. de C.V.	(c)	141	-
Grupo Disenadores Muebleros	(c)	8	-
Servicios Optico del Caribe, S.C.	(c)	11	-
Total		**2,625**	**605**
Payables			
Elegance International Holdings Ltd	(b)	3,681	7,292
Minority shareholders	(c)	8	5
Leasing Cancun S.A. de C.V.	(c)	1,704	2,292
Servicios Optico del Caribe, S.C.	(c)	19	14
Total		**5,412**	**9,603**

Related parties transactions *(Euro/000)*	**Relationship**	**First semester 2009**	**2008**
Revenues			
Elegance International Holdings Ltd	(b)	3,032	9
Optifashion As	(a)	45	50
Minority shareholders	(c)	1	-
Island Cabo S.A. de C.V.	(c)	18	-
Total		**3,096**	**59**
Costs			
Elegance International Holdings Ltd	(b)	3,808	8,883
TBR Inc.	(b)	628	521
Minority shareholders	(c)	51	-
Leasing Cancun S.A. de C.V.	(c)	207	-
Servicios Optico del Caribe, S.C.	(c)	101	-
Total		**4,795**	**9,404**

(a) Unconsolidated subsidiary.
(b) Associated company.
(c) Company with minority shareholders of the Mexican company Tide Ti S.A. de C.V.

These transactions relate to commercial relationships and are based on prices defined at normal market conditions for similar transactions with third parties. Optifashion A.s. is a production and commercial company based in Istanbul, Turkey, of which the Safilo Group owns 50%.

Safilo Far East Limited, a subsidiary of Safilo S.p.A, holds 23.05% of Elegance International Holdings Limited ("Elegance"), a company listed on the Hong Kong Stock Exchange. Elegance is a producer of eyewear products in

Asia, and to which the Group assigns part of its production. The price and the other conditions of the production contract between Safilo Far East Limited and Elegance are in line with those applied by Elegance to its other clients. Massimiliano Tabacchi, Chief Executive Officer of Safilo Group S.p.A., and Mario Pietribiasi, executive of the Group, are non-executive directors of Elegance. In addition, Mario Pietribiasi is also a shareholder of the company with a holding lower than 0.50%. Safilo U.S.A. Inc. rents its headquarters and distribution centre in the U.S.A. (New Jersey), based on a rental contract with TBR Inc., a company two-third owned by Vittorio Tabacchi, Chairman of the Board of Directors and shareholder of Safilo Group S.p.A., one-third by a subsidiary company of the Safilo Group S.p.A.. Safilo Group S.p.A. indirectly acquired the holding in TBR Inc. in 2002 for Euro 629 thousand. In 2008 the Group paid rent of Euro 321 thousand to TBR Inc. The terms and conditions of the rental contract are in line with market conditions for similar contracts. The economic and financial relationships with the parties grouped under letter c) of the above table refer to transactions between the Mexican subsidiary Tide Ti and companies owned by the minority shareholders of the said subsidiary.

CONTINGENT LIABILITIES

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

Nevertheless, at June 30th, 2009, we are currently party to various claims and legal actions that arise in the ordinary course of business. We believe such claims and legal actions, individually and in the aggregate, are groundless. However, a negative outcome of them beyond that estimated, could have a material adverse effect on our business, financial condition or on results of operations.

Among the most important claims in monetary terms, we highlight a June 2005 claim against Safilo S.p.A. in legal fees allegedly owed to an Italian law firm for legal services provided to the defendants from 1999 to 2001 related to the IPO.

COMMITMENTS

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

For the Board of Directors

The Chairman

Vittorio Tabacchi

Statement by the officer responsible for the preparation of the Company's financial statements

The officer responsible for the preparation of the Company's financial statements, Mr. Francesco Tagliapietra, hereby declares, in accordance with paragraph 2 article 154 bis of the Testo Unico della Finanza, that the accounting information contained in the consolidated half year report at June 30th, 2009 corresponds to the results documented in the books, accounting and other records of the company.

Padua, August 4th, 2009

Mr. Francesco Tagliapietra

Officer responsible for the Preparation of the Company's

financial statements