Company Registration No. 00970750253
Business Registration No. 86442

Luxottica STARS S.r.l.
Sole stockholder company

Registered office in Loc. Valcozzena 10 - 32021 Agordo (Belluno), Italy
Capital stock Euro 2,000,000 authorized and issued

Company under direction and coordination of Luxottica Group S.p.A. - Tax Code 00891030272

Financial Statements as of December 31, 2011

Balance sheet - assets	12/31/2011	12/31/2010
A) Receivables from stockholders for unpaid capital		
(of which already called)		
B) Non-current assets		
I. Intangible assets		
1) Start-up and expansion costs		
2) Research, development and advertising costs		
3) Industrial patents and intellectual property rights		
4) Concessions, licenses, trademarks and similar rights		
5) Goodwill		
6) Assets under development and advances		
7) Other		
Total intangible assets		
II. Property, plant and equipment		
1) Land and buildings		
2) Plant and machinery		
3) Industrial and commercial equipment		
4) Other assets		
5) Assets under construction and advances		
Total property, plant and equipment		
III. Financial assets		
1) Investments in:		
a) subsidiaries		
b) associates		
c) parents		
d) other companies		
Total investments		
2) Receivables		
a) from subsidiaries		
- due within 12 months		
- due beyond 12 months		
Total receivables from subsidiaries		

b) from associates		
- due within 12 months		
- due beyond 12 months		
Total receivables from associates		
c) from parents		
- due within 12 months		
- due beyond 12 months		
Total receivables from parents		
d) from others		
- due within 12 months		
- due beyond 12 months	4,500	
Total other receivables	**4,500**	
3) Other securities		
4) Treasury shares (*total nominal value*)		
Total financial assets	**4,500**	
Total non-current assets	**4,500**	
C) Current assets		
I. Inventories		
1) Raw, ancillary and consumable materials		
2) Work in process and semi-finished goods		
3) Contract work in process		
4) Finished goods		
5) Advances		
Total inventories		
II. Receivables		
1) From customers		
- due within 12 months	23,534,672	28,596,073
- due beyond 12 months		
Total receivables from customers	**23,534,672**	**28,596,073**
2) From subsidiaries		
- due within 12 months		
- due beyond 12 months		
Total receivables from subsidiaries		
3) From associates		
- due within 12 months		
- due beyond 12 months		
Total receivables from associates		
4) From parents		

- due within 12 months	32,400	92,338
- due beyond 12 months		
Total receivables from parents	**32,400**	**92,338**
4-bis) Taxes receivable		
- within 12 months	55,743	
- beyond 12 months		
Total taxes receivable	**55,743**	
4-ter) Deferred tax assets		
- due within 12 months	1,375,379	1,272,555
- due beyond 12 months		
Total deferred tax assets	**1,375,379**	**1,272,555**
5) From others		
a) Other Group companies		
- due within 12 months	3,348,661	55,352
- due beyond 12 months		
b) Other debtors		
- due within 12 months	78,014	15,962
- due beyond 12 months		
Total other receivables	**3,426,675**	**71,314**
Total receivables	**28,424,869**	**30,032,280**
III. Current financial assets		
1) Investments in subsidiaries		
2) Investments in associates		
3) Investments in parents		
4) Other investments		
5) Treasury shares (*total nominal value*)		
6) Other securities		
Total current financial assets		
IV. Cash and cash equivalents		
1) Cash at banks and post offices	2,202,741	2,213,725
2) Checks		
3) Cash and equivalents on hand		
Total cash and cash equivalents	**2,202,741**	**2,213,725**
Total current assets	**30,627,610**	**32,246,005**
D) Accrued income and prepaid expenses		
- other	12,474	3,591
Total accrued income and prepaid expenses	**12,474**	**3,591**
Total assets	**30,644,584**	**32,249,596**

Balance sheet - liabilities	12/31/2011	12/31/2010
A) Stockholders' equity		
I. Capital stock	2,000,000	2,000,000
II. Additional paid-in capital		
III. Revaluation reserve		
IV. Legal reserve	400,000	400,000
V. Statutory reserves		
VI. Treasury shares reserve		
VII. Other reserves		
Extraordinary reserve	2,470,813	532,163
Undistributable reserve under Section 2426:8-bis (Italian Civil Code)		16,298
Total other reserves	**2,470,813**	**548,461**
VIII. Retained earnings (accumulated losses)		
IX. Net income for the year	4,757,302	7,922,351
IX. Net loss for the year		
Total stockholders' equity	**9,628,115**	**10,870,812**
B) Provisions for risks		
1) Post-employment benefit obligations		
2) Current and deferred taxes		
3) Other	3,619,603	3,162,986
Total provisions for risks	**3,619,603**	**3,162,986**
C) Liability for termination indemnity	**155,822**	**153,148**
D) Payables		
1) Bonds		
- due within 12 months		
- due beyond 12 months		
Total bonds		
2) Convertible bonds		
- due within 12 months		
- due beyond 12 months		
Total convertible bonds		
3) Stockholder loans		
- due within 12 months		

- due beyond 12 months		
Total stockholder loans		
4) Bank loans and overdrafts		
- due within 12 months		5
- due beyond 12 months		
Total bank loans and overdrafts		**5**
5) Other financial liabilities		
- due within 12 months		
- due beyond 12 months		
Total other financial liabilities		
6) Advances		
- due within 12 months		
- due beyond 12 months		
Total advances		
7) Accounts payable		
- due within 12 months	677,556	1,285,600
- due beyond 12 months		
Total accounts payable	**677,556**	**1,285,600**
8) Notes payable		
- due within 12 months		
- due beyond 12 months		
Total notes payable		
9) Payables to subsidiaries		
- due within 12 months		
- due beyond 12 months		
Payables to subsidiaries		
10) Payables to associates		
- due within 12 months		
- due beyond 12 months		
Payables to associates		
11) Payables to parents		
- due within 12 months	2,025,686	2,543,508
- due beyond 12 months		
Total payables to parents	**2,025,686**	**2,543,508**
12) Taxes payable		
- due within 12 months	72,302	89,789
- due beyond 12 months		
Total taxes payable	**72,302**	**89,789**
13) Social security payable		
- due within 12 months	78,209	66,707

- due beyond 12 months		
Total social security payable	**78,209**	**66,707**
14) Other payables		
a) Other Group companies		
- due within 12 months	8,913,788	8,764,973
- due beyond 12 months		
b) Other creditors		
- due within 12 months	5,471,879	5,310,291
- due beyond 12 months		
Total other payables	**14,385,667**	**14,075,264**
Total payables	**17,239,420**	**18,060,873**
E) Accrued expenses and deferred income		
- other	1,624	1,777
Total accrued expenses and deferred income	**1,624**	**1,777**
Total liabilities	**30,644,584**	**32,249,596**

Memorandum accounts	**12/31/2011**	**12/31/2010**
Net sales commitments	2,490,303	3,521,009
Total memorandum accounts	**2,490,303**	**3,521,009**

Statement of income	12/31/2011	12/31/2010
A) Value of production		
1) Revenue from sales and services	57,659,656	55,855,540
2) Change in inventories of work in process, semi-finished and finished goods		
3) Change in contract work in process		
4) Own work capitalized		
5) Other revenue and income:		
- other	918,006	3,640,252
- operating grants		
- capital grants (release for year)		
Total other revenue and income	**918,006**	**3,640,252**
Total value of production	**58,577,662**	**59,495,792**
B) Costs of production		
6) Raw, ancillary and consumable materials and goods	46,015,310	43,174,558
7) Services	2,938,940	2,770,951
8) Use of third-party assets	187,696	120,764
9) Payroll costs		
a) Wages and salaries	1,237,104	1,081,401
b) Social security contributions	382,572	299,115
c) Termination indemnity	85,966	69,883
d) Other post-employment benefits		
e) Other costs	118,810	7,799
Total payroll costs	**1,824,452**	**1,458,198**
10) Amortization, depreciation and writedowns		
a) Amortization of intangible assets		
b) Depreciation of property, plant and equipment		
c) Other writedowns of non-current assets		
d) Writedowns of current receivables and cash and cash equivalents		450,000
Total amortization, depreciation and writedowns		**450,000**
11) Change in inventories of raw, ancillary and consumable materials and goods		
12) Provisions for risks	424,532	
13) Other provisions		
14) Other operating costs	21,354	22,117
Total costs of production	**51,412,284**	**47,996,588**
Difference between value and costs of production (A-B)	**7,165,378**	**11,499,204**

C) Finance income and expense		
15) Income from investments:		
- subsidiaries		
- associates		
- other		
Total income from investments		
16) Other finance income:		
a) from receivables classified as non-current assets		
- from subsidiaries		
- from associates		
- from parents		
- other		
b) from securities classified as non-current assets		
c) from securities classified as current assets		
d) income other than above:		
- from subsidiaries		
- from associates		
- from parents		
- other	33,732	6,098
Total other finance income	**33,732**	**6,098**
17) Interest and other finance expense:		
- from subsidiaries		
- from associates		
- from parents		
- other	131,224	103,168
Total interest and other finance expense	**131,224**	**103,168**
17-bis) Exchange rate gains/(losses)	(148,861)	(14,971)
Total finance income and expense	**(246,353)**	**(112,041)**
D) Adjustments to value of financial assets		
18) Revaluations:		
a) investments		
b) non-current financial assets		
c) current securities		
Total revaluations		
19) Writedowns:		
a) investments		
b) non-current financial assets		
c) current securities		
Total writedowns		
Total adjustments to value of financial assets		
E) Extraordinary income and expense		
20) Income:		
- taxes relating to prior years	6	83

- other	396,848	638,012
Total income	**396,854**	**638,095**
21) Expense:		
- taxes relating to prior years		
- other	319,658	397,520
Total expense	**319,658**	**397,520**
Total extraordinary items	**77,196**	**240,575**
Income before provision for income taxes (A-B±C±D±E)	**6,996,221**	**11,627,738**
22) Current and deferred income taxes for the year		
a) Current income taxes	2,389,059	2,953,337
b) Changes in deferred tax liabilities (assets)	(150,140)	752,050
Total provision for income taxes for the year	**2,238,919**	**3,705,387**
23) Net income/(loss) for the year	**4,757,302**	**7,922,351**

Agordo, February 28, 2012

By order of the Board of Directors

Antonio Miyakawa

Chairman

Company Registration No. 00970750253
Business Registration No. 86442

Luxottica STARS S.r.l
Sole stockholder company

Registered office in Loc. Valcozzena 10 - 32021 Agordo (Belluno), Italy
Capital stock Euro 2,000,000 authorized and issued

Company under direction and coordination of Luxottica Group S.p.A. - Tax Code 00891030272

Notes to the financial statements as of December 31, 2011

General information

The Company, formed in 2002, is in the business of distributing, marketing and selling optical goods of every kind, eyewear frames and accessories, sunglasses, prescription glasses, lenses, masks and accessories.
This business is carried out entirely with purchases from Luxottica Group companies.
During 2011 the Company oversaw distribution to customers around the world with affiliation or franchise agreements.

Business activities

During the year, the Company continued in the commercial distribution of prescription frames and sunglasses; this activity has been consolidated by increasing the market presence of Luxottica products, particularly in the Middle East, South America and Europe.
Reference should be made to the Management Report for fuller and more detailed information about the events involving the Company during the year.

Membership of the Luxottica Group

The Company belongs to the Luxottica Group and is under the direction and coordination of Luxottica Group S.p.A., based in Milan, which owns 100% of its capital stock. With regard to disclosure of this fact, on March 5, 2004 the Company fulfilled the publication formalities with the specific section of the competent Company Registrar, as prescribed by prevailing provisions of company law.
As required by Section 2497 par. 4 of the Italian Civil Code, key figures from the most recently approved financial statements of the company exercising direction and coordination are presented herewith.
Attention is also drawn to the fact that Luxottica Group S.p.A. draws up the group's consolidated financial statements.

Luxottica Group S.p.A.

Registered office in Via Cantù 2 - 20123 Milan (Italy)
Capital stock Euro 27,964,632.60 authorized and issued

Separate financial statements as of December 31, 2010

Assets	12/31/2010	of which related parties	12/31/2009	of which related parties
ASSETS				
Non-current assets				
Property, plant and equipment	89,767		82,095	
Intangible assets	277,583,410		301,126,235	
Investments in subsidiaries	2,783,608,983		2,668,732,414	
Deferred tax assets	78,566,830		80,616,872	
Other assets	3,076,541		212,495	
Derivative financial instruments	40,529,740	*40,529,740*	12,752,677	*12,752,677*
Total non-current assets	**3,183,455,271**		**3,063,522,788**	
Current assets				
Accounts receivable	118,778,125	*118,772,716*	81,137,684	*81,137,594*
Other assets	130,542,688	*124,685,291*	165,085,350	*161,151,151*
Cash and cash equivalents	203,242,229		42,830,036	
Taxes receivable	11,235,221		14,920,658	
Derivative financial instruments	2,548,779	*1,241,721*	375,560	*106,449*
Total current assets	**466,347,042**		**304,349,288**	
Total assets	**3,649,802,313**		**3,367,872,076**	

Stockholders' equity	12/31/2010	of which related parties	12/31/2009	of which related parties
Capital stock	27,964,633		27,863,183	
Other reserves	1,481,101,579	*2,251,229*	1,334,640,060	*322,540*
Net income for the year	294,252,234		320,218,387	
Total stockholders' equity	**1,803,318,446**		**1,682,721,630**	

Liabilities	12/31/2010	of which related parties	12/31/2009	of which related parties
Non-current liabilities				
Long-term debt	1,572,082,983	*116,710,930*	1,550,910,546	*136,427,990*
Provisions for risks			40,000	
Liability for termination indemnities	1,104,756		1,270,520	
Deferred tax liabilities	34,707,966		34,150,258	
Derivative financial instruments	26,878,354		24,327,246	
Total non-current liabilities	**1,634,774,059**		**1,610,698,570**	
Current liabilities				
Current portion of long-term debt	116,143,523	*56,129,321*	1,379,943	*1,200,000*
Accounts payable	33,743,776	*21,480,720*	26,753,099	*18,306,436*
Other liabilities	31,218,413	*11,309,788*	43,876,342	*8,472,062*
Income taxes payable	29,619,732		1,648,831	
Derivative financial instruments	984,364	*2,786*	793,661	*27,972*
Total current liabilities	**211,709,808**		**74,451,876**	
Total liabilities and stockholders' equity	**3,649,802,313**		**3,367,872,076**	

STATEMENT OF INCOME

Statement of income	12/31/2010	of which related parties	12/31/2009	of which related parties
Dividend income	346,978,111	*346,978,111*	404,060,307	*404,060,307*
Other revenue and income	137,658,156	*137,655,595*	115,484,978	*115,426,993*
General and administrative expenses	(135,994,032)	*(8,506,149)*	(114,212,692)	*(4,824,950)*
Income from operations	**348,642,235**		**405,332,593**	
Finance income	5,593,595	*2,536,436*	5,555,605	*4,047,355*
Finance expense	(55,570,617)	*(7,278,654)*	(97,961,125)	*(58,311,420)*
Currency hedge and exchange difference gains	42,061,823	*27,605,387*	7,254,697	*(11,247,496)*
Currency hedge and exchange difference losses	(42,639,468)	*(437,439)*	(4,680,980)	*(805,743)*
Total other income and expense	**(50,554,667)**		**(89,831,803)**	
Income before provision for income taxes	**298,087,568**		**315,500,790**	
Provision for income taxes	(3,835,334)		4,717,597	
Net income	**294,252,234**		**320,218,387**	

Basis of preparation

These financial statements comply with the requirements of Sections 2423 *et seq* of the Italian Civil Code, as reflected in the present notes, which have been prepared in accordance with Section 2427 of the Italian Civil Code, and constitute, under Section 2423, an integral part of the annual financial statements.

Principles of financial statement preparation

The principles used for preparing the financial statements for the year ended December 31, 2011 do not differ from those used to prepare the prior year financial statements.

The principles contained in Section 2423-bis of the Italian Civil Code have been observed when preparing the financial statements, in particular:

- the components of the financial statements have been accounted for on the basis of the general principles of prudence and going concern; application of the prudence principle has involved individually accounting for the elements that make up an individual asset or liability, so as to prevent losses that should be recognized from being offset against profits that should not be recognized because unrealized;
- elements of income and expense are recognized on an accrual basis, as well as taking account of the economic function of the asset or liability concerned;
- risks and losses relating to the year are recognized even if known after the end of the reporting period;
- profits are recognized only if realized at the year-end date and in accordance with the prudence principle.

The continuity of application of the accounting policies over time is fundamental for ensuring comparability of the Company's financial statements between different years.
The present financial statements are presented on a comparative basis with the prior year, some of whose amounts have been reclassified, and duly disclosed, in order to improve the comparability of the financial statements, without, however, having any impact on net income or stockholders' equity for the period.

The accounting treatment that takes account of the economic function of an asset or liability reflects the principle of substance over form and allows transactions to be presented in accordance with the economic reality underlying the formalities.

Accounting policies

The accounting policies comply with the recommendations of Section 2426 of the Italian Civil Code, as referred to and integrated by the Accounting Standards issued by the Italian Accounting Board and, in their absence, with international practice.
In detail, the accounting policies adopted to prepare the financial statements, the same as those adopted in the prior year, are as follows:

Receivables

These are stated at estimated realizable value. The nominal value of receivables is adjusted to estimated realizable value through a specific allowance for doubtful accounts, that takes account of specific risks and general economic and industry conditions as well as country risk.

Payables

These are recognized at nominal value which, after modifying for any returns or invoicing adjustments, represents their estimated settlement amount.

Cash and cash equivalents

Cash at banks and cash in hand are stated at nominal value, inclusive of any interest and charges accruing at year end.

Accruals and deferrals

These are determined according to the matching principle.

Provisions for risks

These constitute provisions made to cover losses or to recognize liabilities of certain or probable existence but whose amount or timing could not be determined at year end.

These provisions have been accounted for in compliance with the general principles of prudence and accruals and no general provisions have been recognized without due economic reason.

Liability for termination indemnity

This represents the effective liability to employees under law and prevailing labor agreements and is calculated with reference to every type of remuneration of a continuing nature. Further to the pensions reform under the 2007 Italian Finance Bill, making it compulsory to transfer all termination indemnity accruing after January 1, 2007 to the Italian social security agency INPS or to other supplementary pension funds, this liability now corresponds to the inflation-adjusted balance of individual indemnities accrued by employees at the transfer date, net of amounts paid to leavers up until December 31, 2011, or any advances paid.

Revenue recognition

Revenue from the sale of products is recognized upon transfer of ownership, which is normally upon goods delivery or shipment.

Revenue of a financial nature and revenue from services are recognized on an accrual basis.

Foreign currency translation and transactions

Receivables and payables originally expressed in foreign currency, recorded at the exchange rates in effect on the date they arose, are adjusted to current exchange rates at the reporting date.

Gains and losses from translating receivables and payables are credited or debited to the statement of income in line C.17-bis *"Exchange rate gains and losses"*.

When the stockholders approve the apportionment of net income for the year, any net gains arising from adjustment of items of income and expense to year-end rates are recorded, to the extent not absorbed by any loss for the year, in a reserve

that cannot be distributed until such gains are realized.
Revenue and income, costs and expense relating to transactions in foreign currencies are recorded at the exchange rate in effect at the transaction date.

The Company takes out with the subsidiary Luxottica Trading & Finance Ltd forward contracts with the purpose of hedging commercial currency exposure but, since these do not qualify for all hedge accounting, they are treated like speculative instruments in the financial statements.
Consequently, the value of forward contracts is determined with reference to the differential between the forward rate applying to the various types of contract at the reporting date and the contractual forward rate. The result of this comparison is reflected in the statement of income.

Income taxes

Provisions for taxes are made on the basis of current tax rates and rules and therefore represent:

- provisions for taxes paid or payable for the year, determined using current rates and rules;
- the amount of deferred tax liabilities or deferred tax assets relating to temporary differences arising or reversing in the year.

Since financial year 2004 the Company has made a group tax election with Luxottica Group S.p.A., which is at the head of the tax group, under which IRES (Italian corporate income tax) can be determined on a single taxable base corresponding to the sum of the positive and negative taxable amounts of the tax group participants.
The economic relationships, as well as reciprocal responsibilities and obligations, between the head of the tax group and its participants are defined in a set of Regulations for the Luxottica Group.

The receivable for any losses transferred to the tax group head is recognized in *"Receivables from parents"*.

The liability for tax is recognized in *"Payables to parents"* net of advances paid, withholding taxes incurred and tax credits in general.

Employment information

The average number of employees is analyzed by category as follows:

	2011	2010	Change
Senior managers	1		1
Middle managers	2	4	(2)
Staff	25	18	7
Total	**28**	**22**	**6**

The collective labor agreement applied by the Company is that for textile companies - eyewear sector.

Assets

B) Non-current assets

I. *Intangible assets*

The Company has no intangible assets at December 31, 2011.

II. *Property, plant and equipment*

The Company has no property, plant and equipment at December 31, 2011.

III. *Non-current financial assets*

Balance at 12/31/2011	Balance at 12/31/2010	Change
4,500		4,500

Receivables

Description	12/31/2010	Increases	Decreases	12/31/2011
Other receivables		4,500		4,500
Total		**4,500**		**4,500**

The increase in this balance is due to the payment of a security deposit.

C) Current assets

II. *Receivables*

Balance at 12/31/2011	Balance at 12/31/2010	Change
28,424,869	30,032,280	(1,607,411)

The balance is analyzed by due date as follows:

Description	Within 12 months	Beyond 12 months	Beyond 5 years	Total
Customers	23,534,672			23,534,672
Parents	32,400			32,400
Taxes receivable	55,743			55,743
Deferred tax assets	1,375,379			1,375,379
Other	3,426,675			3,426,675
Total	**28,424,869**			**28,424,869**

"Receivables from customers", gross of the allowance for doubtful accounts, comprise:

- Receivables from foreign customers, for Euro 24,508,512;
- Receivables from Italian customers, for Euro 20,156;
- Credit notes due for issue, for Euro 104,903;
- Invoices due for issue, for Euro 417,981.

The nominal value of receivables is adjusted to estimated realizable value through a specific allowance for doubtful accounts, which underwent the following movements over the year:

Description	Total
Balance at 12/31/2010	**1,328,903**
Utilization in year	(21,829)
Provision in year	
Balance at 12/31/2011	**1,307,074**

"Receivables from parents" refer to Euro 27,936 in sales tax credits transferred to the parent and to invoices due for issue to the parent for the remainder.

"Taxes receivable" entirely refer to payments on account of IRAP (Italian regional business tax).

"Deferred tax assets" of Euro 1,375,379 relate to deductible temporary differences, of which Euro 1,238,421 for IRES (Italian corporate income tax) and Euro 136,958 for IRAP (Italian regional business tax).
Please refer to the related paragraph at the end of these notes for a detailed description of the differences in question.

"Other receivables", totaling Euro 3,426,675, comprise:

- Euro 962,500 in receivables from other Group companies, net of an allowance for doubtful accounts of Euro 388,316;
- Euro 2,383,765 for the balance on the cash pooling account with Luxottica Trading & Finance Ltd., the pooler company;
- Euro 19,860 in advances to other parties;
- Euro 2,396 in receivables for exchange rate differences on derivatives

taken out with Luxottica Trading & Finance Ltd., a fellow Group company;
- Euro 58,154 in other receivables.

Receivables by geographical area

The geographical breakdown of receivables, gross of the allowance for doubtful accounts, is as follows at December 31, 2011:

Description	Asia-Pacific and Middle East	Europe	Italy	North America	Rest of world	Total
Customers	10,145,471	11,822,390	20,156	628,557	2,225,172	24,841,746
Parents			32,400			32,400
Taxes receivable			55,743			55,743
Deferred tax assets			1,375,379			1,375,379
Other		2,451,155	50,288		1,313,548	3,814,991
Total	**10,145,471**	**14,273,545**	**1,533,966**	**628,557**	**3,538,720**	**30,120,259**

Foreign currency receivables have been adjusted to year-end exchange rates and any consequent gains and losses recognized in the statement of income in line item C.17-bis, as required by Section 2426: 8-bis of the Italian Civil Code.

IV. *Cash and cash equivalents*

Balance at 12/31/2011	Balance at 12/31/2010	Change
2,202,741	2,213,725	(10,984)

Description	12/31/2011	12/31/2010
Cash at banks and post offices	2,202,741	2,213,725
Cash and equivalents on hand		
Total	**2,202,741**	**2,213,725**

This balance represents the cash and cash equivalents held at the year-end date.

D) Accrued income and prepaid expenses

Balance at 12/31/2011	Balance at 12/31/2010	Change
12,474	3,591	8,883

These represent income and expenses spanning two or more years, recognized in accordance with the matching principle. They refer to income and expenses, whose impact on profit or loss comes before or after their actual cash payment and/or documentary support.
The principles adopted to account for and translate any such balances in foreign currency are described in the earlier part of these notes.

The balance at December 31, 2011 includes Euro 3,898 in prepaid insurance costs, while the remainder refers to other prepaid expenses, mostly in connection with social security contributions.

Liabilities

A) Stockholders' equity

Balance at 12/31/2011	Balance at 12/31/2010	Change
9,628,115	10,870,812	(1,242,697)

The following table reports details of movements in stockholders' equity:

	Capital stock	Legal reserve	Extraordinary reserve	Undistributable reserve under Section art. 2426:8-bis), Italian Civil Code	Net income (loss) for year	Total
At start of previous year	**2,000,000**	**350,705**	**577,772**		**5,369,984**	**8,298,461**
Apportionment of net income for year						
- dividends distributed			(55,666)		(5,294,334)	(5,350,000)
- other apportionments of net income		49,295		26,355	(75,650)	
Other changes			10,057	(10,057)		
Net income (loss) for year					7,922,351	7,922,351
At end of previous year	**2,000,000**	**400,000**	**532,163**	**16,298**	**7,922,351**	**10,870,812**
Apportionment of net income for year						
- dividends distributed					(6,000,000)	(6,000,000)
- other apportionments of net income			1,922,351		(1,922,351)	
Other changes			16,298	(16,298)		
Roundings			1			1
Net income (loss) for year					4,757,302	4,757,302
At end of current year	**2,000,000**	**400,000**	**2,470,813**		**4,757,302**	**9,628,115**

As per the minutes of the Stockholders' Meeting held on April 5, 2011, it was resolved to allocate net income as follows:
- Euro 1,922,351 to the extraordinary reserve;
- Euro 6,000,000 as a distribution of dividends.

The undistributable reserve under Section 2426: 8-bis of the Italian Civil Code was zeroed-out at the time of closing the 2011 financial statements to make it coincide with the accounting exchange rate gains present at December 31, 2011.

The components of stockholders' equity are analyzed below by origin, permitted use, amount available for distribution and uses in the previous three years:

Description	Amount	Permitted use	Amount available for distribution	Uses in previous three years	
				to cover losses	other purposes
Capital stock	2,000,000				
Earnings reserves:					
Extraordinary reserve	2,470,813	A, B, C	2,470,813		455,666
Legal reserve	400,000	B			
Undistributable reserve under Section 2426:8-bis Italian Civil Code		B			
Total reserves	**2,870,813**		**2,470,813**		
Undistributable amount					
Distributable amount			**2,470,813**		
Key:	**A: to increase capital**	**B: to cover losses**	**C: distribution to stockholders**		

B) Provisions for risks

Balance at 12/31/2011	Balance at 12/31/2010	Change
3,619,603	3,162,986	456,617

Almost all of the balance at December 31, 2011 and the movements in the year refer to the provision prudently set aside to cover possible returns by franchise customers and affiliates.

The balance also includes Euro 56,676 for derivative contracts on currency liabilities taken out with Luxottica Trading & Finance Ltd, a fellow Group company, and Euro 50,000 in provisions relating to a tax audit.

Please refer to the specific section at the end of these notes for a full analysis of outstanding derivative financial instruments as of December 31, 2011.

C) Liability for termination indemnity

Balance at 12/31/2011	Balance at 12/31/2010	Change
155,822	153,148	2,674

The change is analyzed as follows:

Opening balance	**153,148**
Change for staff transfer	(2,629)
Provision for year	5,303
Utilizations in year	
Closing balance	**155,822**

The amount recognized represents the Company's effective liability at December 31, 2011 to staff employed at that date.

The increase reflects the annual revaluation adjustment to this liability.
The decrease is due to the transfer of staff to other Group companies.
The difference between the provision for termination indemnity, reported in line B.9 c) of the statement of income, and that shown above reflects the portion of termination indemnity directly paid into supplementary pension funds, as required by recent reforms in this regard.
More information about the accounting treatment of this liability further to the recent changes in the law can be found in the earlier section on *"Accounting policies"*.

D) Payables

Balance at 12/31/2011	Balance at 12/31/2010	Change
17,239,420	18,060,873	(821,453)

Payables are accounted for at their nominal value; they are analyzed by due date as follows:

Description	Within 12 months	Beyond 12 months	Beyond 5 years	Total
Accounts payable	677,556			677,556
Payables to parents	2,025,686			2,025,686
Taxes payable	72,302			72,302
Social security payable	78,209			78,209
Other payables	14,385,667			14,385,667
Total	**17,239,420**			**17,239,420**

"Accounts payable" are analyzed as follows:

- Italian suppliers, for Euro 265,470;
- Foreign suppliers, for Euro 72,164;
- Supplier invoices receivable, for Euro 351,498;
- Credit notes receivable, for Euro 11,576.

"Payables to parents" include Euro 1,963,732 in IRES (Italian corporate income tax) due to Luxottica Group S.p.A., recognized as a result of the participation of Luxottica STARS S.r.l. in the group tax filing. The above amount reflects the IRES charge for the year, stated net of Euro 27,867 in withholding taxes. The rest of the balance reflects Euro 18,710 in trade payables due to the parent, Euro 42,526 in invoices receivable from the parent, and Euro 718 in other amounts owed to the parent.

"Taxes payable" report only specific, known liabilities for tax; any liabilities for tax, whose amount or timing are probable or uncertain, or for deferred tax are recognized in liability line B.2 (Provision for tax).
"Taxes payable" mainly reflect Euro 4,240 in tax withheld from consultants and Euro 68,036 in tax withheld from employees.

"Social security payable" mainly reflects Euro 54,309 in amounts due to INPS (Italian social security agency).

"Other payables" comprise Euro 8,913,788 in trade payables to other Group companies, Euro 5,068,842 in customer rebates payable and Euro 403,037 in amounts due to employees.

E) Accrued expenses and deferred income

Balance at 12/31/2011	Balance at 12/31/2010	Change
1,624	1,777	(153)

These represent costs and income spanning two or more years, recognized in accordance with the matching principle.

At December 31, 2011 there are no accrued expenses or deferred income that mature beyond five years.

The geographical breakdown of payables at December 31, 2011 is as follows:

Description	Asia-Pacific and Middle East	Europe	Italy	Rest of world	North America	Total
Accounts payable		226,252	446,313		4,991	677,556
Payables to parents			2,025,686			2,025,686
Taxes payable			72,302			72,302
Social security payable			78,209			78,209
Other payables	3,025,105	1,770,918	8,997,030	498,411	94,203	14,385,667
Total	**3,025,105**	**1,997,170**	**11,619,540**	**498,411**	**99,194**	**17,239,420**

Foreign currency payables have been adjusted to year-end exchange rates and any consequent gains and losses recognized in the statement of income in line C.17-bis, as required by Section 2426: 8-bis of the Italian Civil Code.

Memorandum accounts

Description	12/31/2011	12/31/2010	Change
Net sales commitments	2,490,303	3,521,009	(1,030,706)
Total memorandum accounts	**2,490,303**	**3,521,009**	**(1,030,706)**

Net sales commitments

For more information related to the amount, see the section *"Disclosures relating to the fair value of derivative financial instruments"* of this Note.

Statement of Income

A) Value of production

Balance at 12/31/2011	Balance at 12/31/2010	Change
58,577,662	59,495,792	(918,130)

The decrease in this amount is due to the recognition at December 31, 2011 of an increase in the provision for risks prudently set aside to cover possible returns from franchise customers and affiliates. In 2010 the release of this provision, for Euro 2,665,420, was reported in line item A.5 *"Other revenue and income – Other"*, while in 2011 the increase in the provision has been reported in line item B.12 *"Provisions for risks"*.

Revenue by type of activity

Description	12/31/2011	12/31/2010	Change
Revenue from sales and services	57,659,656	55,855,540	1,804,116
Other revenue and income	918,006	3,640,252	(2,722,246)
Total	**58,577,662**	**59,495,792**	**(918,130)**

"Other revenue and income" mostly comprises Euro 824,673 in royalty income.

Revenue by geographical area

Description	Asia-Pacific and Middle East	Europe	Italy	North America	Rest of world	Total
Revenue from sales and services	18,714,562	25,603,588	1,508,523	829,469	11,003,514	57,659,656
Other revenue and income	777,573	34,091	56,957	25	49,360	918,006
Total	**19,492,135**	**25,637,679**	**1,565,480**	**829,494**	**11,052,874**	**58,577,662**

B) Costs of production

Balance at 12/31/2011	Balance at 12/31/2010	Change
51,412,284	47,996,588	3,415,696

Description	12/31/2011	12/31/2010	Change
Raw, ancillary and consumable materials and goods	46,015,310	43,174,558	2,840,752
Services	2,938,940	2,770,951	167,989
Use of third-party assets	187,696	120,764	66,932
Payroll costs	1,824,452	1,458,198	366,254
Writedowns of current receivables		450,000	(450,000)
Provisions for risks	424,532		424,532
Other operating costs	21,354	22,117	(763)
Total	**51,412,284**	**47,996,588**	**3,415,696**

Raw, ancillary and consumable materials and goods

The most important component of *"Costs of production"* is the purchase of goods for Euro 46,004,430, of which Euro 45,881,748 to purchase eyewear and accessories and Euro 122,682 to purchase advertising materials.

Services

Expenditure on services is mainly due to:

- administrative and IT services, provided by Luxottica S.r.l., for Euro 469,000;
- transport, for Euro 1,038,881;
- legal, audit, administrative consulting and commercial consulting costs, for Euro 924,930;
- statutory auditors' fees, for Euro 19,448;
- employee travel, for Euro 62,972;
- advertising, for Euro 65,201;
- insurance, for Euro 13,438.

Use of third-party assets

The cost for the *"Use of third-party assets"* includes Euro 94,929 for the SunglassHut royalty agreement between Luxottica STARS S.r.l. and the licensor Luxottica U.S. Holding Corp. up until September 30, 2011.
As from October 1, 2011 this agreement has been executed between Luxottica STARS S.r.l. and Luxottica Group S.p.A. as licensor; the amount of royalties at December 31, 2011 referring to the new agreement is Euro 42,527.
This agreement requires Luxottica STARS S.r.l. to pay the licensor royalties on use of the trademark by the franchise stores.
The remaining cost for the use of third-party assets mainly refers to vehicle hire and rent for the building in Milan.

Payroll costs

"Payroll costs" report the entire expense for employees, including salary increases for merit and promotion as well as inflation-related adjustments under collective labor contracts, the cost of unused holiday entitlement and accruals required by law and collective labor contracts.

Provisions for risks

These entirely refer to the increase in the provision for risks prudently set aside to cover possible returns from franchise customers and affiliates, recognized after adjusting the estimate at December 31, 2011.

C) Finance income and expense

Balance at 12/31/2011	Balance at 12/31/2010	Change
(246,353)	(112,041)	(134,312)

Description	12/31/2011	12/31/2010	Change
Cash pooling income	3,968	25	3,943
Income other than above	29,764	6,073	23,691
(Cash pooling expense)	(50,196)	(58,368)	8,172
(Interest and other finance expense)	(81,028)	(44,800)	(36,228)
Realized exchange rate gains/(losses)	(137,851)	100,476	(238,327)
Year-end accounting exchange rate gains/(losses)	(39,121)	16,298	(55,419)
Exchange rate gains/(losses) on derivatives	28,111	(131,745)	159,856
Total	**(246,353)**	**(112,041)**	**(134,312)**

Other finance income

Description	Parents	Subsidiaries	Other Group companies	Other	Total
Bank and post office interest				4,118	4,118
Cash pooling income			3,968		3,968
Other income			25,635	11	25,646
Total			**29,603**	**4,129**	**33,732**

Interest and other finance expense

Description	Parents	Subsidiaries	Other Group companies	Other	Total
Cash pooling expense			50,196		50,196
Bank and post office interest					
Supplier interest expense				147	147
Derivatives interest expense			72,351		72,351
Cash discounts				8,530	8,530
Total			**122,547**	**8,677**	**131,224**

Exchange rate gains/(losses)

"Exchange rate gains/(losses)" mainly reflect the adjustment of GBP receivables outstanding at December 31, 2011.

Any exchange rate gain arising from the year-end accounting process is recorded in an undistributable reserve until realized.

D) Adjustments to value of financial assets

The Company has not made any adjustments to the value of financial assets at December 31, 2011.

E) Extraordinary income and expense

Balance at 12/31/2011	Balance at 12/31/2010	Change
77,196	240,575	(163,379)

Description	12/31/2011	12/31/2010
Prior year taxes	6	83
Prior year accrued rebates	311,052	411,982
Losses for theft on purchases	17,232	9,525
Out-of-period income	68,564	216,505
Total income	**396,854**	**638,095**
Prior year accrued rebates	(215,861)	(43,567)
Losses for theft on sales	(28,768)	(25,886)
Fines and penalties	(260)	(341)
Out-of-period expense	(74,769)	(327,726)
Total expense	**(319,658)**	**(397,520)**
Total	**77,196**	**240,575**

Provision for income taxes for the year

Balance at 12/31/2011	Balance at 12/31/2010	Change
2,238,919	3,705,387	(1,466,468)

Taxes	Balance at 12/31/2011	Balance at 12/31/2010	Change
Current taxes:	**2,389,059**	**2,953,337**	**(564,278)**
IRES	2,038,866	2,547,387	(508,521)
IRAP	350,193	405,950	(55,757)
Deferred tax liabilities (assets):	**(150,140)**	**752,050**	**(902,190)**
IRES	(133,583)	648,098	(781,681)
IRAP	(16,557)	103,952	(120,509)
Total	**2,238,919**	**3,705,387**	**(1,466,468)**

The provision for income taxes reflects the taxes for the year.

The charge for current IRES (Italian corporate income tax) is Euro 2,038,866, of which Euro 1,991,599 for tax on current year taxable income and Euro 47,267 for the release of temporary differences from prior years. The liability for tax on taxable income is reported, net of Euro 27,867 in withholding taxes, in *"Payables to parents"*.

The charge recognized for IRAP (Italian regional business tax) is Euro 350,193, of which Euro 350,145 in tax on current year taxable income, as offset against payments on account made during the year, and Euro 48 for the release of temporary differences from prior years.

The following table reconciles the theoretical tax charge with the effective tax charge reported in the financial statements.

Reconciliation between reported tax charge and theoretical tax charge (IRES)

Description	Amount	Tax
Income before provision for income taxes	**6,996,221**	
Theoretical tax charge (%)	27,50	**1,923,961**
Temporary differences taxable in subsequent years:	**(204,749)**	**(56,306)**
Year-end accounting exchange rate gains	(204,749)	(56,306)
Temporary differences deductible in subsequent years:	**690.506**	**189,888**
Year-end accounting exchange rate losses	241,122	66,308
Expenses deductible in future years	24,851	6,834
Returns risk provision	424,533	116,746
Differences that will not reverse in subsequent years:	**(67,919)**	**(18,677)**
Non-taxable revenue	(67,919)	(18,677)
Current taxes reported in the financial statements	**7,414,059**	**2,038,866**
Reversal of temporary differences from prior years:	**(171,882)**	**(47,267)**
Audit fees 2010	(26,647)	(7,328)
Entertaining costs 2007	(1,227)	(337)
Utilization of taxed risk provision	(144,008)	(39,602)
Taxable income	**7,242,177**	
Current income taxes for the year		**1,991,599**

The following disclosures relate to deferred tax assets and liabilities, as required by point 14) of Section 2427 of the Italian Civil Code:

Deferred tax assets and liabilities

As required by the Italian Civil Code, taxes are accounted for on an accruals basis if, even though relating to future years, they are payable in the current year (Deferred tax assets) or, even though relating to the current year, they will become payable only in future years (deferred tax liabilities).
Deferred tax assets are recognized only when they are reasonably certain to be recovered in future years, while no deferred tax liabilities are recognized if the liability is unlikely to arise.
Deferred tax assets and/or liabilities have been calculated using tax rates expected to apply to 2011 and taking account of the different criteria for taxability and/or deductibility set out in the current rules applying to IRAP and IRES.

Deferred taxes have been calculated using the global allocation method, taking account of the cumulative amount of all temporary differences, on the basis of the effective tax rate in the last year.
Deferred tax assets have been recognized when it is reasonably certain that taxable income in the years that the related deductible temporary differences reverse will be higher than the temporary differences that reverse.

The principal temporary differences giving rise to the recognition of deferred tax assets and liabilities are reported in the following table along with the related effects.

Recognition of deferred tax assets and liabilities and consequent effects

	Year ended 12/31/2011		Year ended 12/31/2010	
Deferred tax assets:	Amount of temporary differences	Tax effect (27.5-31.4%)	Amount of temporary differences	Tax effect (27.5-31.4%)
Allowance for doubtful accounts	971,850	267,259	1,115,858	306,861
Provisions for risks	3,512,927	1,103,013	3,088,395	969,756
Expenses deductible in future years	343,293	94,405	105,194	28,930
Total deferred tax assets	**4,828,070**	**1,464,677**	**4,309,446**	**1,305,547**
Deferred tax liabilities:				
Year-end accounting exchange rate differences	(324,721)	(89,298)	(119,972)	(32,992)
Total deferred tax liabilities	**(324,721)**	**(89,298)**	**(119,972)**	**(32,992)**
Deferred tax liabilities (assets), net	**4,503,349**	**(1,375,379)**	**(4,189,475)**	**(1,272,555)**

A total of Euro 1,375,379 in net deferred tax assets have been recognized, mainly reflecting Euro 1,103,013 for increases in the provision for risks.

Statement of cash flows

	2011	2010
Net income for the year	4,757,302	7,922,351
+ increase in provision for risks	456,617	
- utilization of provision for risks		(2,685,816)
+ increase in allowance for doubtful accounts		450,000
+ increase in liability for termination indemnity	5,303	7,700
+ transfer from liability for termination indemnity	(2,629)	(16,160)
- utilization of liability for termination indemnity		(6,699)
- increase in receivables/ + decrease in receivables	1,761,479	(5,838,928)
- increase in accrued income & prepaid expenses/ + decrease in accrued income & prepaid expenses	(8,883)	(1,844)
+ increase in payables / - decrease in payables	(803,966)	2,896,917
+ increase in accrued expenses & deferred income/ - decrease in accrued expenses & deferred income	(153)	1,197
+ increase in provision for tax / - decrease in provision for tax	(17,487)	
- increase in deferred tax assets / + decrease in deferred tax assets	(158,567)	758,780
CASH GENERATED FROM OPERATIONS	**5,989,016**	**3,519,818**
TOTAL SOURCES	**5,989,016**	**3,519,818**
APPLICATIONS		
+ dividends distributed	6,000,000	5,350,000
TOTAL APPLICATIONS	6,000,000	5,350,000
INCREASE/(DECREASE) IN CASH	**(10,984)**	**(1,830,182)**
+ CASH AT BEGINNING OF YEAR	**2,213,725**	**4,043,907**
Cash at bank and post offices and cash and equivalents on hand	**2,202,741**	**2,213,725**
= CASH AT END OF YEAR	**2,202,741**	**2,213,725**

Disclosures required by Section 2427-bis of the Italian Civil Code

Disclosures relating to the fair value of derivative financial instruments

The following disclosures report the fair value and information about the size and nature of each category of derivative financial instrument outstanding at the balance sheet date, analyzed according to the characteristics and purpose of such instruments.

2 foreign exchange forward sale/purchase contracts

- type of derivative contract: forward
- notional amount: CHF (420,000)
- underlying financial risk: currency risk
- fair value of derivative contract: Euro (3,753)
- the derivative instrument's purpose is to hedge commercial currency exposure but, since it does not qualify for hedge accounting, it is treated like a speculative instrument in the financial statements.

4 foreign exchange forward sale/purchase contracts

- type of derivative contract: forward
- notional amount: MXN (16,700,000)
- underlying financial risk: currency risk
- fair value of derivative contract: Euro (20,553)
- the derivative instrument's purpose is to hedge commercial currency exposure but, since it does not qualify for hedge accounting, it is treated like a speculative instrument in the financial statements.

3 foreign exchange forward sale/purchase contracts

- type of derivative contract: forward
- notional amount: USD (1,650,000)
- underlying financial risk: currency risk
- fair value of derivative contract: Euro (29,973)
- the derivative instrument's purpose is to hedge commercial currency exposure

but, since it does not qualify for hedge accounting, it is treated like a speculative instrument in the financial statements.

Other information

As required by law, the total fees due to members of the Board of Statutory Auditors are reported below:

Office held	Fees
Board of Statutory Auditors	18,700

Pursuant to point 16-bis of Section 2427 of the Italian Civil Code, it is reported that the fees for audit services relating to 2011 amount to Euro 31,427. The same public accounting firm has not provided any services other than auditing ones nor have entities within its network.

The disclosures required by points 3, 3-bis, 5, 6, 6-bis, 6-ter, 7, 8, 9, 11, 12, 13, 15, 17, 18, 19, 19-bis, 20, 21, 22, 22-bis and 22-ter of Section 2427 of the Italian Civil Code are not applicable to the Company and so have not been made in these notes.
The Company's financial statements as presented do not require the disclosure of additional information such as that set out in Sections:

- 2423-ter par. 2	combination of line items;
- 2424 par. 2	balance sheet amounts attributable to several line items.

The present financial statements, comprising the balance sheet, statement of income and notes, provide a true and fair representation of the Company's assets and liabilities, financial position and results for the year, and correspond to its underlying accounting records.

There have been no exceptional circumstances making it necessary to apply the waivers permitted by Section 2423, par. 4, and Section 2423-bis, par. 2 of the Italian Civil Code.

Agordo, February 28, 2012

By order of the Board of Directors

Antonio Miyakawa

Chairman

Company Registration No. 00970750253
Business Registration No. 86442

Luxottica STARS S.r.l
Sole stockholder company

Registered office in Loc. Valcozzena 10 - 32021 Agordo (Belluno) - Italy
Capital stock Euro 2,000,000 authorized and issued

Company under direction and coordination of Luxottica Group S.p.A. – Tax code 00891030272

Management report on the financial results as of December 31, 2011

To our stockholders,

We are submitting for your examination and approval the financial statements for the year ended December 31, 2011, which report net income of Euro 4,757,302 as compared to net income of Euro 7,922,351 in 2010.

Operating conditions and performance

The Company, formed in 2002, is in the business of purchasing, distributing, marketing and selling optical goods of every kind, eyewear frames and accessories, sunglasses, prescription glasses, lenses, masks and accessories.

The active stores served numbered 1,066 at December 31, 2011 compared with 1,293 at December 31, 2010, analyzed as follows: 582 affiliates located in Europe and 484 affiliates located in the rest of the world (principally the Middle East, Mexico and South America).

Every store's IT system is integrated with the Company's; this allows it to monitor on a daily basis the sell-out of every customer store and to ensure replenishment of the quantities sold by the store on a weekly basis, by shipping the goods from the Sedico warehouse.

The Company has pursued the goal of expanding primarily in areas already served by the STARS model, principally Europe, the Middle East, Mexico and South America: growth has been achieved both by focusing on additional development of existing customers, and by opening up the service to customers with significant growth potential. Of note during the year was the growth, according to the plan for 2011, by the customers Devlyn (Mexico 243 stores), Magrabi (Middle East 133 stores), and Visionlab (Spain 45 stores), and the opening of the first two stores in Malaysia.

The Company has endeavored to streamline the number of stores with affiliation and franchise agreements, by seeking to maximize the performance of existing ones and terminating relationships with low return ones.

Among the major activities in 2011, we draw attention to continued strengthening of our organizational structure both on the product and store planning fronts so as to ensure the best possible customer service.

Results of operations

Reclassified statement of income

The Company's reclassified statement of income, with prior year comparatives, is presented below (in Euro):

	12/31/2011	%	12/31/2010	%	Change
Net sales	57,659,656	100.00%	55,855,540	100.00%	1,804,116
External costs	49,163,300	85.26%	46,088,390	82.51%	3,074,910
Value added	**8,496,356**	**14.74%**	**9,767,150**	**17.49%**	**(1,270,794)**
Payroll costs	1,824,452	3.16%	1,458,198	2.61%	366,254
Gross income from operations	**6,671,904**	**11.57%**	**8,308,952**	**14.88%**	**(1,637,048)**
Amortization, depreciation, writedowns, allowances and provisions	424,532	0.74%	450,000	0.81%	(25,468)
Income from operations	**6,247,372**	**10.83%**	**7,858,952**	**14.07%**	**(1,611,580)**
Other income	918,006	1.59%	3,640,252	6.52%	(2,722,246)
Finance income and expense	(246,353)	-0.43%	(112,041)	-0.20%	(134,312)
Income from ordinary activities	**6,919,025**	**12.00%**	**11,387,163**	**20.39%**	**(4,468,138)**
Extraordinary items - net	77,196	0.13%	240,575	0.43%	(163,379)
Income before provision for income taxes	**6,996,221**	**12.13%**	**11,627,738**	**20.82%**	**(4,631,517)**
Provision for income taxes	2,238,919	3.88%	3,705,387	6.63%	(1,466,468)
Net income	**4,757,302**	**8.25%**	**7,922,351**	**14.18%**	**(3,165,049)**

The following table analyzes sales by type of goods:

	12/31/2011	12/31/2010	Change
Eyewear sales	72,580,521	70,590,962	2.82%
Accessories sales	18,156	22,499	(19.30%)
Sales returns / Discounts / Rebates	(14,939,021)	(14,757,921)	1.23%
Total	**57,659,656**	**55,855,540**	**3.23%**

The Return on Sales (ROS) for both years is presented below:

	12/31/2011	12/31/2010
ROS	10.83%	14.07%

ROS, which expresses the Company's profitability in relation to the ability of its sales to generate a return, reports a 3.24% decline.

Reclassified balance sheet

The Company's reclassified balance sheet, with prior year comparatives, is presented below (in Euro):

	12/31/2011	12/31/2010	Change
Intangible assets - net			
Property, plant and equipment - net			
Investments and other assets			
Non-current financial assets	4,500		4,500
Fixed capital	**4,500**		**4,500**
Inventories			
Receivables from customers	23,534,672	28,596,073	(5,061,401)
Other receivables	2,506,432	1,424,940	1,081,492
Accrued income and prepaid expenses	12,474	3,591	8,883
Current operating assets	**26,053,578**	**30,024,604**	**(3,971,026)**
Accounts payable	677,556	1,285,600	(608,044)
Taxes and social security payable	150,511	156,496	(5,985)
Other payables	16,411,353	9,571,888	6,839,465
Accrued expenses and deferred income	1,624	1,777	(153)
Current operating liabilities	**17,241,044**	**11,015,761**	**6,225,283**
Net operating capital	**8,812,534**	**19,008,843**	**(10,196,30)**
Liability for termination indemnity	155,822	153,148	2,674
Other non-current liabilities	3,619,603	3,162,986	456,617
Non-current liabilities	**3,775,425**	**3,316,134**	**459,291**
Capital employed	**5,041,609**	**15,692,709**	**(10,651,100)**
Stockholders' equity	(9,628,115)	(10,870,812)	1,242,697
Long-term net cash (debt)			
Short-term net cash (debt)	4,586,506	(4,821,897)	9,408,403
Stockholders' equity and net debt	**(5,041,609)**	**(15,692,709)**	**10,651,100**

The Return on Equity (ROE) for both years is presented below:

	12/31/2011	12/31/2010
ROE	46.42 %	82.66 %

ROE is a ratio of overall profitability and reflects the remuneration of risk capital invested by stockholders. The strength of this ratio is measured by comparing it with the return on alternative investments.

Please refer to the notes to the financial statements for more detailed information.

Net financial position - key data

The net financial position as of December 31, 2011 was as follows (in Euro):

	12/31/2011	12/31/2010	Change
Cash at banks	2,202,741	2,213,725	(10,984)
Cash pooling receivables from Group companies	2,383,765	11,267	2,372,498
Cash and equivalents on hand			
Treasury shares			
Cash and cash equivalents and treasury shares	**4,586,506**	**2,224,992**	**2,361,514**
Current bank loans and overdrafts		5	(5)
Cash pooling payables to Group companies		7,046,884	(7,046,884)
Current financial liabilities		**7,046,889**	**(7,046,889)**
Short-term net cash (debt)	4,586,506	(4,821,897)	9,408,403
Long-term net debt			
Total net cash (debt)	**4,586,506**	**(4,821,897)**	**9,408,403**

Capital expenditure

The Company made no investments during the year in property, plant and equipment or intangible assets.

Research and development

As required by Section 2428, par. 2 (1) of the Italian Civil Code, we report that as far as research and development is concerned, the Company uses the work performed by Luxottica S.r.l., a fellow Group company.

Transactions and balances with subsidiaries, associates, parents and other Group companies

Transactions during the year and balances at year end with subsidiaries, associates, parents and other Group companies are as follows:

Trade and other transactions and balances

Company	December 31, 2011				Year 2011					
					Costs			Revenue		
	Receivables	Payables	Guarantees	Commitments	Goods	Services	Other	Goods	Services	Other
Luxottica S.r.l.	30,429	8,593,993			45,819,598	487,815	10,500		601	17,232
Luxottica Group S.p.A.	32,400	2,025,686			152	6,919	2,049,018		4,465	
Luxottica South Africa PTY Ltd.	388,316									
Luxottica South Eastern Europe Ltd.	6,341									
Luxottica Central Europe KFT		114,040			21,883	113,286				
Luxottica Trading & Finance Ltd.	499									
Luxottica U.S. Holdings Corp.		63,877				94,929				
GMO Chile Sa	727,083							1,227,874		
GMO Colombia Sas	91,172						1,036	48,023		
GMO Perù Sac	106,980							188,878		
Luxottica ExTra Ltd.		37,205				37,206				
OPSM		104,673								
Total	**1,383,220**	**10,939,474**			**45,841,633**	**740,155**	**2,060,554**	**1,464,775**	**5,066**	**17,232**

Financial transactions and balances

Company	December 31, 2011				Year 2011	
	Receivables	Payables	Guarantees	Commitments	Expense	Income
Luxottica Trading & Finance Ltd.	2,386,161	56,676			122,547	29,603
Total	**2,386,161**	**56,676**			**122,547**	**29,603**

Such relationships, which do not include atypical and/or unusual transactions, are conducted on an arm's length basis.

The Company’s direction and coordination by Luxottica Group S.p.A. has not been detrimental to its profitability or to the amount of its net assets; instead, the Company has benefited from membership of the Group as a result of the considerable associated synergies.

In accordance with Section 2497-ter of the Italian Civil Code, it is reported that the Board of Directors adopted a resolution on October 29, 2004 to make a group tax election, under Section 117 et seq. of Presidential Decree 917/1986, together with its parent Luxottica Group S.p.A.. The "terms of consolidation" were agreed on December 1, 2004 and after being extended for a further three years on June 20, 2007, they were further extended in a formal notice sent to the Italian tax authorities on May 21, 2010.

This election basically involves calculating a single taxable base for the participating group of companies and makes the consolidating company at the head of the group responsible for determining and settling the tax; adoption of this election gives rise to a series of economic and cash flows for the participating companies. The group tax election only applies to IRES (Italian corporate income tax), while IRAP (Italian regional business tax) continues to be paid separately by each individual company.

The fact that the parent pays IRES for the entire Group means that participating companies record a *"Provision for income taxes"* in their statements of income, with the matching liability recorded as *"Payables to parents"*; this liability is subsequently extinguished when the participant pays the parent the amounts required to settle the tax. Similarly, any payments on account made during the tax period must be recorded in *"Receivables from parents"*.

Disclosures required by Section 2428 of the Italian Civil Code

The following disclosures are made in accordance with Section 2428, par. 2 (6-bis) of the Italian Civil Code concerning the use of financial instruments, to the extent they are relevant for assessing the Company's balance sheet and financial position.

Management constantly and continuously monitors financial risks to identify those assets and liabilities that might generate currency or interest rate risks, and hedges such risks according to the different market conditions and in compliance with the Group Financial Risk Management Policy approved by the Board of Directors of Luxottica Group S.p.A..

Credit risk

The credit quality of the Company's assets is good, due to the fact that most of the receivables reported at year end are owed by franchise customers and affiliates, that are managed and constantly monitored by the Company.

The following actions have been taken to manage credit risk:

- guarantees have been requested in the form of letters of credit against initial orders by the most important customers in the Middle East at the time of opening every new store;
- the STARS Credit Office has been restructured and developed, with the division of receivables by geographical area, in order to focus and optimize credit control activities;
- actions have been taken to bring credit management into line with Italian standards;
- the customer master file has been cleaned up to optimize management of the customer portfolio;
- a credit-hold system has been implemented for cases of insolvency.

Liquidity risk

The Company is not considered exposed to liquidity risk because all its financial resources are managed by Luxottica Trading & Finance Ltd., the Group's pooler company, under a cash pooling agreement.

Market risk

The balance sheet exposure to exchange rate risk mainly refers to the various foreign currency receivables and payables.

This risk is hedged using forward currency contracts in accordance with the guidelines dictated by the Group's Policy.

Treasury shares and parent company shares

The Company does not own, either directly or indirectly, any shares in parent companies.

Subsequent events

No significant events occurred after year end.

2012 outlook

The Company will carry on its business of managing franchise customers and affiliates in 2012.

List of the Company's secondary sites

As required by Section 2428, par. 4 of the Italian Civil Code, the following is a list of the Company's secondary sites:

- *OFFICE*
Via Villa 2/A, 32036 SEDICO (Belluno), Italy;
Activity: administrative office;

- *STORAGE FACILITY*
Via Villa 2/A, 32036 SEDICO (Belluno), Italy;
Activity: warehouse;

- *ADMINISTRATIVE-COMMERCIAL OFFICE*
Via Cesare Cantù 2, 20100 MILAN (Milan), Italy;
Activity: administrative office.

The Company does not have direct or indirect control over any companies.

Allocation of net income for the year

To our Stockholders,

We propose that you adopt the following resolution:

"The Stockholders' Meeting,

having acknowledged the Management Report by the Board of Directors,

having acknowledged the reports by the Board of Statutory Auditors and by the independent registered public accounting firm,

having examined the financial statements as of December 31, 2011, which close with net income of Euro 4,757,302

resolves:

- *to approve the financial statements for the year ended December 31, 2011, comprising the balance sheet, statement of income and notes, and which report net income of Euro 4,757,302;*
- *to approve the Management Report by the Board of Directors;*
- *to allocate net income for the year of Euro 4,757,302 to the extraordinary reserve.*

Agordo, February 28, 2012

By order of the Board of Directors

Antonio Miyakawa

Chairman

Deloitte.

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Fax: +39 0422 587812
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AUDITORS' REPORT
PURSUANT TO ART. 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ART. 165 OF LEGISLATIVE DECREE No. 58 OF FEBRUARY 24, 1998

To the Sole Stockholder of
LUXOTTICA STARS S.r.l.

1. We have audited the financial statements of Luxottica STARS S.r.l. as of December 31, 2011. These financial statements, prepared in accordance with the Italian law governing financial statements, are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the prior year's financial statements, the balances of which are presented for comparative purposes as required by law, reference should be made to our auditors' report issued on March 18, 2011.

3. In our opinion, the financial statements give a true and fair view of the financial position of Luxottica STARS S.r.l. as of December 31, 2011, and of the results of its operations for the year then ended in accordance with the Italian law governing financial statements.

4. The Directors of Luxottica STARS S.r.l. are responsible for the preparation of the management report on the financial results in accordance with applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the management report on the financial results with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the management report on the financial results is consistent with the financial statements of Luxottica STARS S.r.l. as of December 31, 2011.

DELOITTE & TOUCHE S.p.A.

Signed by
Carlo Pergolari
Partner

Treviso, Italy
March 14, 2012

This report has been translated into the English language solely for the convenience of international readers.

LUXOTTICA STARS S.r.l.

Single-member Company

Registered office in Via Valcozzena no. 10 – 32021 Agordo (BL)

Fully paid-up Share Capital of 2,000,000.00 euros

Fiscal Code and Trade Register no. 00970750253

"Company under the management and coordination of Luxottica Group S.p.A – Fiscal Code 00891030272"

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BOARD OF AUDITORS REPORT

AT THE GENERAL SHAREHOLDERS' MEETING

(pursuant to article 2429 Italian Civil Code)

Dear Stockholders,

During the 2011 financial period we performed our supervisory activities as required by the law and in accordance with the Rules of Conduct of the Board of Statutory Auditors, recommended by the Italian National Board of Chartered Accountants (*Consigli Nazionali dei Dottori Commercialisti e degli Esperti contabili*).

In particular, we hereby report the following:

- We verified that the deed of incorporation of the Company comply with the law.
- We obtained information on the business activities and the main transactions with significant impact on the Company's financial position or results of operation approved and carried out by the company. The directors provided us with this information during quarterly controls and in meetings with the Board of Directors. We can state with reasonable assurance that the actions decided upon and carried out comply with the law and the Company statute and are not manifestly imprudent, risk-related, contrary to the resolutions of the general stockholders' meeting or such as to compromise the integrity of the company assets;
- Through the information collected from the managers of the departments within the Company and based on the meetings with the Auditing Company for the reciprocal exchange of significant data and information, we become aware and ensured, within the limits of our responsibility, that the organizational structure of the Company was adequate and that the

principles of correct administration were respected. No particular observations were identified;

- We assessed and verified the adequacy of the internal control system and the administration and accounting system as well as the reliability of the latter to correctly represent operating events. This was achieved by gathering information from the managers of the respective departments, inspecting company documents and analysing the results of the work carried out by the auditing company, and in this respect we have no particular observations to make;
- We held meetings with the representatives of the auditing company, in accordance with article 150, paragraph 3 of Italian Legislative Decree 58/98; in this respect we can report we found no significant data and information that ought to be highlighted in this report.

The activities performed by the company is the purchase, storage and distribution of glasses, frames and accessories stores and chains linked by affiliation agreements or franchise.
Most of the products sold are purchased by the subsidiary Luxottica S.r.l..

Transactions with related parties are considered normal operational nature, responding to market trends and to interests of the Company. Moreover, please note that:

- The company has complied with regulations governing the protection of personal data under the provisions of the Legislative Decree 196/2003;
- The report of auditor Company have not been highlighted findings and / or information recalls, as we compete we can attest that the Financial Statements at 31 December 2011 is prepared in accordance with law and the Notes and the Management report on the financial results to the annual report provide a timely and adequate information, it also incorporates the provisions of the Legislative Decree 32, dated February 2, 2007;
- We have not received any complaints pursuant to art. 2408 C.C., or exposed by a third party. The supervisory activities described above, during the year 2011 were carried out in number of 7 meetings of the Board and by attending 2 meetings of the Board of Directors and a General Stockholders' Meeting.

Based on the information gathered from the auditing company and during the audit, no censurable events, omissions, irregularities or significant events that would require attention or mention in this report were found.

Having also taken the results of the activities carried out by the Auditing Body and the opinion of this body into consideration, as expressed in the relevant report, we hereby propose to the stockholders’ meeting that the balance sheet closing on 31 December 2011, as it has been drafted by the Directors, is approved and that their favourable opinion is given on the proposal for the appropriation of the profits and the distribution of the dividend.

Belluno-Agordo, 15 March 2012

THE BOARD OF AUDITORS:

Mr. Giuseppe Luigi Tacca

Mr. Mario Bampo

Mr. Walter Pison