

# **FINANCIAL STATEMENTS AS OF JUNE 30, 2011**

**ex artt. 2501 quater e 2506 ter cod.civ.**

**Luxottica S.r.l.**  
**Sole stockholder company**

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

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

**Financial statements ex art. 2501 – quater C.C. as of June 30, 2011**

<b>Balance sheet - assets</b>	<b>06/30/2011</b>	<b>12/31/2010</b>
<b>A) Receivables from stockholders for unpaid capital</b> (of which already called)		
<b>B) Non-current assets</b>		
<i>I. Intangible assets</i>		
1) Start-up and expansion costs	6.051	12.250
2) Research, development and advertising costs		
3) Industrial patents and intellectual property rights	43.063.211	37.450.856
4) Concessions, licenses, trademarks and similar rights		
5) Goodwill	2.544.481	2.948.659
6) Assets under development and advances	8.156.190	12.093.943
7) Other	183.648	251.868
<b>Total intangible assets</b>	<b>53.953.581</b>	<b>52.757.576</b>
<i>II. Property, plant and equipment</i>		
1) Land and buildings	118.093.367	119.896.345
2) Plant and machinery	117.044.878	121.365.835
3) Industrial and commercial equipment	10.755.917	10.520.518
4) Other assets	7.415.796	7.741.447
5) Assets under construction and advances	6.507.562	4.783.749
<b>Total property, plant and equipment</b>	<b>259.817.520</b>	<b>264.307.894</b>
<i>III. Financial assets</i>		
1) Investments in:		
a) subsidiaries	14.343.438	14.343.438
b) associates	2.151.846	2.151.846
c) parents		
d) other companies	22.961	22.961
<b>Total investments</b>	<b>16.518.245</b>	<b>16.518.245</b>
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

**Total other receivables**

158.926 155.926

**158.926 155.926**

**Total receivables**

**158.926 155.926**

- 3) Other securities
- 4) Treasury shares  
(total nominal value)

**Total financial assets**

**16.677.171 16.674.171**

**Total non-current assets**

**330.448.272 333.739.641**

**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

39.883.783 35.995.514  
43.734.336 42.365.472  
75.050.594 93.832.089  
582.667 93.811

**Total inventories**

**159.251.380 172.286.886**

*II. Receivables*

- 1) From customers
  - due within 12 months
  - due beyond 12 months

4.690.845 3.574.982

**Total receivables from customers**

**4.690.845 3.574.982**

- 2) From subsidiaries
  - due within 12 months
  - due beyond 12 months

32.574.071 15.072.935

**Total receivables from subsidiaries**

**32.574.071 15.072.935**

- 3) From associates

- due within 12 months	6.600	11.100
- due beyond 12 months		
<b>Total receivables from associates</b>	<b>6.600</b>	<b>11.100</b>
4) From parents		
- due within 12 months	4.384.360	3.750.724
- due beyond 12 months		
<b>Total receivables from parents</b>	<b>4.384.360</b>	<b>3.750.724</b>
4-bis) Taxes receivable		
- within 12 months	85.867	85.867
- beyond 12 months		
<b>Total taxes receivable</b>	<b>85.867</b>	<b>85.867</b>
4-ter) Deferred tax assets		
- due within 12 months	14.060.219	8.948.959
- due beyond 12 months		
<b>Total deferred tax assets</b>	<b>14.060.219</b>	<b>8.948.959</b>
5) From others		
a) Other Group companies		
- due within 12 months	314.501.499	258.918.773
- due beyond 12 months		
b) Other debtors		
- due within 12 months	31.467.305	18.018.614
- due beyond 12 months	103.185.668	106.058.769
<b>Total other receivables</b>	<b>449.154.472</b>	<b>382.996.156</b>
<b>Total receivables</b>	<b>504.956.434</b>	<b>414.440.723</b>
<i>III. Current financial assets</i>		
1) Investments in subsidiaries		
2) Investments in associates		
3) Investments in parents		
4) Other investments		
5) Treasury shares (total nominal value)		
6) Other securities		
<b>Total current financial assets</b>		
<i>IV. Cash and cash equivalents</i>		
1) Cash at banks and post offices	2.530.393	654.168
2) Checks		
3) Cash and equivalents on hand	10.169	12.175
<b>Total cash and cash equivalents</b>	<b>2.540.562</b>	<b>666.343</b>
<b>Total current assets</b>	<b>666.748.376</b>	<b>587.393.952</b>

#### D) Accrued income and prepaid expenses

- bond discount		
- other	6.269.805	1.311.642
<b>Total accrued income and prepaid expenses</b>	<b>6.269.805</b>	<b>1.311.642</b>
<b>Total assets</b>	<b>1.003.466.453</b>	<b>922.445.235</b>

#### Balance sheet - liabilities

06/30/2011 12/31/2010

#### A) Stockholders' equity

I. Capital stock	10.000.000	10.000.000
II. Additional paid-in capital		
III. Revaluation reserve		
IV. Legal reserve	2.000.000	2.000.000
V. Statutory reserves		
VI. Treasury shares reserve		
VII. Other reserves		
Extraordinary reserve	25.091.480	11.569.156
Reserve under Section 2426:8-bis (Italian Civil Code)	5.671.051	1.669.053
Capital payments	7.926.507	7.926.507
Reserve under Italian Law 488/92	1.048.408	1.048.408
Merger surplus	1.455.506	1.455.506
Other reserves		
<b>Total other reserves</b>	<b>41.192.952</b>	<b>23.668.630</b>
VIII. Retained earnings (accumulated losses)		
IX. Net income for the period	159.961.816	217.524.322
<b>Total stockholders' equity</b>	<b>213.154.768</b>	<b>253.192.952</b>

#### B) Provisions for risks

1) Post-employment benefit obligations		
2) Current and deferred taxes		
3) Other	20.699.410	17.107.459
<b>Total provisions for risks</b>	<b>20.699.410</b>	<b>17.107.459</b>

#### C) Liability for termination indemnity

42.166.582 42.538.801

#### D) Payables

1) Bonds	
- due within 12 months	
- due beyond 12 months	
<b>Total bonds</b>	
2) Convertible bonds	
- due within 12 months	
- due beyond 12 months	
<b>Total convertible bonds</b>	
3) Stockholder loans	

- due within 12 months		
- due beyond 12 months		
<b>Total stockholder loans</b>		
4) Bank loans and overdrafts		
- due within 12 months	312.968	873.208
- due beyond 12 months	512.041	1.018.995
<b>Total bank loans and overdrafts</b>	<b>825.009</b>	<b>1.892.203</b>
5) Other financial liabilities		
- due within 12 months		
- due beyond 12 months		
<b>Total other financial liabilities</b>		
6) Advances		
- due within 12 months		46
- due beyond 12 months		
<b>Total advances</b>		<b>46</b>
7) Accounts payable		
- due within 12 months	202.681.393	199.392.459
- due beyond 12 months		
<b>Total accounts payable</b>	<b>202.681.393</b>	<b>199.392.459</b>
8) Notes payable		
- due within 12 months		
- due beyond 12 months		
<b>Total notes payable</b>		
9) Payables to subsidiaries		
- due within 12 months	69.412	432.358
- due beyond 12 months		
<b>Payables to subsidiaries</b>	<b>69.412</b>	<b>432.358</b>
10) Payables to associates		
- due within 12 months	51.380	19.594
- due beyond 12 months		
<b>Payables to associates</b>	<b>51.380</b>	<b>19.594</b>
11) Payables to parents		
- due within 12 months	401.828.963	171.896.426
- due beyond 12 months		
<b>Total payables to parents</b>	<b>401.828.963</b>	<b>171.896.426</b>
12) Taxes payable		
- due within 12 months	12.560.496	12.585.759
- due beyond 12 months		
<b>Total taxes payable</b>	<b>12.560.496</b>	<b>12.585.759</b>

13) Social security payable		
- due within 12 months	11.567.592	14.317.389
- due beyond 12 months		
<b>Total social security payable</b>	<b>11.567.592</b>	<b>14.317.389</b>
14) Other payables		
a) Other Group companies		
- due within 12 months	38.423.181	160.591.279
- due beyond 12 months		
b) Other creditors		
- due within 12 months	59.139.886	47.882.898
- due beyond 12 months	33.611	50.932
<b>Total other payables</b>	<b>97.596.678</b>	<b>208.525.109</b>
<b>Total payables</b>	<b>727.180.923</b>	<b>609.061.343</b>
<b>E) Accrued expenses and deferred income</b>		
- bond premium		
- other	264.770	544.680
<b>Total accrued expenses and deferred income</b>	<b>264.770</b>	<b>544.680</b>
<b>Total liabilities</b>	<b>1.003.466.453</b>	<b>922.445.235</b>
<b>Memorandum accounts</b>	<b>06/30/2011</b>	<b>12/31/2010</b>
1) Sureties and guarantees to Group companies	2.175.271.570	2.378.072.145
2) Minimum royalties and advertising contributions	219.482.911	320.118.724
<b>Total memorandum accounts</b>	<b>2.394.754.481</b>	<b>2.698.190.869</b>

<b>Statement of income</b>	<b>06/30/2011</b>	<b>06/30/2010</b>
<b>A) Value of production</b>		
1) Revenue from sales and services	902.940.206	785.983.951
2) Change in inventories of work in process, semi-finished and finished goods	(16.867.052)	(19.572.872)
3) Change in contract work in process		
4) Own work capitalized	1.772.278	818.841
5) Other revenue and income:		
- other	32.348.156	29.706.901
- operating grants		
- capital grants (release for year)		
<b>Total other revenue and income</b>	<b>32.348.156</b>	<b>29.706.901</b>
<b>Total value of production</b>	<b>920.193.588</b>	<b>796.936.821</b>
<b>B) Costs of production</b>		
6) Raw, ancillary and consumable materials and goods	305.366.830	267.306.811
7) Services	73.491.132	67.546.655
8) Use of third-party assets	116.673.684	106.490.283
9) Payroll costs		
a) Wages and salaries	120.403.041	113.829.486
b) Social security contributions	32.278.553	32.037.511
c) Termination indemnity	7.750.342	7.259.941
d) Other post-employment benefits		
e) Other costs	956.223	1.357.575
<b>Total payroll costs</b>	<b>161.388.159</b>	<b>154.484.513</b>
10) Amortization, depreciation and writedowns		
a) Amortization of intangible assets	5.055.023	4.089.751
b) Depreciation of property, plant and equipment	16.700.280	17.325.336
c) Other writedowns of non-current assets		
d) Writedowns of current receivables and cash and cash equivalents		
<b>Total amortization, depreciation and writedowns</b>	<b>21.755.303</b>	<b>21.415.087</b>
11) Change in inventories of raw, ancillary and consumable materials and goods	(3.342.630)	3.064.403
12) Provisions for risks	550.000	171.567
13) Other provisions	12.046.219	11.145.198
14) Other operating costs	2.610.600	2.697.610
<b>Total costs of production</b>	<b>690.539.297</b>	<b>634.322.127</b>
<b>Difference between value and costs of production (A-B)</b>	<b>229.654.291</b>	<b>162.614.694</b>
<b>C) Finance income and expense</b>		
15) Income from investments:		
- subsidiaries	8,000,000	10,000,000



- associates		
- other	133.623	244.000
<b>Total income from investments</b>	<b>8.133.623</b>	<b>10.244.000</b>
16) <i>Other finance income:</i>		
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	1.613.569	891.891
- other	1.373.544	1.078.307
<b>Total other finance income</b>	<b>2.987.113</b>	<b>1.970.198</b>
17) <i>Interest and other finance expense:</i>		
- from subsidiaries		
- from associates		
- from parents		364.563
- other	3.275.685	2.366.076
<b>Total interest and other finance expense</b>	<b>3.275.685</b>	<b>2.730.639</b>
17-bis) <i>Exchange rate gains/(losses)</i>	(88.435)	(167.336)
<b>Total finance income and expense</b>	<b>7.756.616</b>	<b>9.316.223</b>
<b>D) Adjustments to value of financial assets</b>		
18) <i>Revaluation:</i>		
a) investments		1.483.707
b) non-current financial assets		
c) current securities		
<b>Total revaluations</b>		
19) <i>Writedowns:</i>		
a) investments		
b) non-current financial assets		
c) current securities		
<b>Total writedowns</b>		
<b>Total adjustments to value of financial assets</b>		<b>1.483.707</b>
<b>E) Extraordinary income and expense</b>		
20) <i>Income:</i>		
- gains on disposal		
- taxes relating to prior years		
- other	2.102.836	1.032.676

<b>Total income</b>	<b>2.102.836</b>	<b>1.032.676</b>
<i>21) Expense:</i>		
- losses on disposal		
- taxes relating to prior years		
- other	2.512.644	885.660
<b>Total expense</b>	<b>2.512.644</b>	<b>885.660</b>
<b>Total extraordinary items</b>	<b>(409.808)</b>	<b>147.016</b>
<b>Income before provision for income taxes (A-B±C±D±E)</b>	<b>237.001.099</b>	<b>173.561.640</b>
<i>22) Current and deferred income taxes for the half year</i>		
a) Current income taxes	86.230.616	59.837.299
b) Changes in deferred tax liabilities (assets)	(9.191.333)	(4.130.939)
<b>Total provision for income taxes for the half year</b>	<b>77.039.283</b>	<b>55.706.360</b>
<b>23) Net income/(loss) for the half year</b>	<b>159.961.816</b>	<b>117.855.280</b>

Agordo, September 19, 2011

For the Board of Directors

**Enrico Cavatorta**

**Luxottica S.r.l.**  
**Sole stockholder company**

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

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

**Notes to the Financial Statements ex art. 2501 – quater C.C.**  
**as of June 30, 2011**

### **General information**

This financial statements as of June 30, 2011 has been prepared in accordance with art. 2501 – quarter C.C. in order to carve out all the functions and activities not related to the manufacturing and design of frames and sunglasses.

### **Business activities**

During the half year ended June 30, 2011 the Company carried on its activities involving the production and distribution of prescription frames and sunglasses.

### **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 4, 2004 the Company fulfilled the publication formalities with the specific section of the competent Company Registrar, as prescribed by prevailing provisions of company law.

# 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	Notes
<b>Non-current assets</b>					
Property, plant and equipment	89.767		82.095		4
Intangible assets	277.583.410		301.126.235		5
Investments in subsidiaries	2.783.608.983		2.668.732.414		6
Deferred tax assets	78.566.830		80.616.872		7
Other assets	3.076.541		212.495		8
Derivative financial instruments	40.529.740	40.529.740	12.752.677	12.752.677	9
<b>Total non-current assets</b>	<b>3.183.455.271</b>		<b>3.063.522.788</b>		
<b>Current assets</b>					
Accounts receivable	118.778.125	118.772.716	81.137.684	81.137.594	10
Other assets	130.542.688	124.685.291	165.085.350	161.151.151	11
Cash and cash equivalents	203.242.229		42.830.036		12
Taxes receivable	11.235.221		14.920.658		13
Derivative financial instruments	2.548.779	1.241.721	375.560	106.449	14
<b>Total current assets</b>	<b>466.347.042</b>		<b>304.349.288</b>		
<b>Total assets</b>	<b>3.649.802.313</b>		<b>3.367.872.076</b>		

Stockholders' equity	12/31/2010	of which related parties	12/31/2009	of which related parties	Notes
Capital stock	27.964.633		27.863.183		15
Other reserves	1.481.101.579	2.251.229	1.334.640.060	322.540	16
Net income for the year	294.252.234		320.218.387		
<b>Total stockholders' equity</b>	<b>1.803.318.446</b>		<b>1.682.721.630</b>		

Liabilities	12/31/2010	of which related parties	12/31/2009	of which related parties	Notes
<b>Non-current liabilities</b>					
Long-term debt	1.572.082.983	116.710.930	1.550.910.546	136.427.990	17
Provisions for risks			40.000		18
Liability for termination indemnities	1.104.756		1.270.520		19
Deferred tax liabilities	34.707.966		34.150.258		20
Derivative financial instruments	26.878.354		24.327.246		21
<b>Total non-current liabilities</b>	<b>1.634.774.059</b>		<b>1.610.698.570</b>		
<b>Current liabilities</b>					
Current portion of long-term debt	116.143.523	56.129.321	1.379.943	1.200.000	22
Accounts payable	33.743.776	21.480.720	26.753.099	18.306.436	23
Other liabilities	31.218.413	11.309.788	43.876.342	8.472.062	24
Income taxes payable	29.619.732		1.648.831		25
Derivative financial instruments	984.364	2.786	793.661	27.972	26
<b>Total current liabilities</b>	<b>211.709.808</b>		<b>74.451.876</b>		
<b>Total liabilities and stockholders' equity</b>	<b>3.649.802.313</b>		<b>3.367.872.076</b>		

Statement of income	12/31/2010	of which related parties	12/31/2009	of which related parties	Notes
Dividend income	346,978,111	346,978,111	404,060,307	404,060,307	27
Other revenue and income	137,658,156	137,655,595	115,484,978	115,426,993	28
General and administrative expenses	(135,994,032)	(8,506,149)	(114,212,692)	(4,824,950)	29
<b>Income from operations</b>	<b>348,642,235</b>		<b>405,332,593</b>		
Finance income	5,593,595	2,536,436	5,555,605	4,047,355	30
Finance expense	(55,570,617)	(7,278,654)	(97,961,125)	(58,311,420)	31
Currency hedge and exchange difference gains	42,061,823	27,605,387	7,254,697	(11,247,496)	32
Currency hedge and exchange difference losses	(42,639,468)	(437,439)	(4,680,980)	(805,743)	32
<b>Total other income and expense</b>	<b>(50,554,667)</b>		<b>(89,831,803)</b>		
<b>Income before provision for income taxes</b>	<b>298,087,568</b>		<b>315,500,790</b>		
Provision for income taxes	(3,835,334)		4,717,597		33
<b>Net income</b>	<b>294,252,234</b>		<b>320,218,387</b>		

## **Basis of preparation**

These financial statements as of June 30, 2011 (hereinafter the “Financial Statements”) have been prepared in compliance with the accounting treatment required by 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, under Section 2423, constitute an integral part of these Financial Statements.

## **Principles of financial statement preparation**

The principles used for preparing the Financial Statements do not differ from those used to prepare the prior year financial statements, which already complied with Italian Legislative Decree 6/2003, concerning the reform of company law, and Italian Legislative Decree 310/2004.

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 resulted in elements that make up an individual asset or liability being measured separately, in order 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 period are recognized even if known after the end of the reporting period;
- profits are recognized only if realized at the period-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 periods.

The present Financial Statements are presented on a comparative basis with December 31, 2010 with regard to the balance sheet and with June 30, 2010 with regard to the statement of income.

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 form.

## 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 particular, the accounting policies adopted to prepare the Financial Statements conform to those used to prepare the financial statements as of December 31, 2010, to which the reader of these Financial Statements should refer for further details.

## Employment information

The average number of employees, analyzed by category, has experienced the following changes since December 31, 2010:

Employees	06/30/2011	12/31/2010	Change
Senior managers	44	41	3
Staff	1.011	978	33
Workers	6.039	6.093	(54)
<b>Total</b>	<b>7.094</b>	<b>7.112</b>	<b>(18)</b>

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

The decrease in employee numbers over the period is due to a reduction in plant personnel at the facilities in Agordo (Belluno), Sedico (Belluno, Cencenighe (Belluno), Rovereto (Trento), Lauriano (Turin) and Pederobba (Treviso).



## Assets

### A) Receivables from stockholders for unpaid capital

The Company does not have any receivables from stockholders for unpaid capital.

### B) Non-current assets

#### I. Intangible assets

	Balance at 06/30/2011	Balance at 12/31/2010	Change
	53.953.581	52.757.576	1.196.005

#### Total movements in intangible assets

Description	12/31/2010	Increases in half year	Decreases in half year	Transfers from/(to) other categories	Amortization expense for half year	06/30/2011
Start-up and expansion costs	12.250				6.199	6.051
Industrial patents	37.450.856	2.592.926		7.595.836	4.576.407	43.063.211
Goodwill	2.948.659				404.177	2.544.482
Assets under development and advances	12.093.943	3.658.082		(7.595.836)		8.156.189
Other	251.868	20			68.240	183.648
<b>Total</b>	<b>52.757.576</b>	<b>6.251.028</b>		<b>0</b>	<b>5.055.023</b>	<b>53.953.581</b>

"Industrial patents" comprise:

- Euro 11.322 in patents amortized over 5 years;
- Euro 3.906.034 in software amortized over 3 years and consisting of:
  - Euro 1.639.616 for general software;
  - Euro 536.693 for PLM software (Product Life Cycle Management);
  - Euro 947.025 for Datawarehouse software;
  - Euro 120.852 for websites;
  - Euro 30.083 for agents software;
  - Euro 631.765 for CRM software (Customer Relationship Management);
- Euro 39.145.855 in SAP software amortized over 7 years.

Most of the increase is related to development and implementation of the new SAP management software, of which Euro 7.098.090 has been reclassified from "Assets under development and advances" reported at December 31, 2010, and

Euro 1.910.175 refers to increases during the first half of 2011.

"Goodwill" comprises goodwill relating to the merger of Killer Loop S.p.A. and goodwill arising from the merger of Bottega Giampietro S.r.l.

The Killer Loop goodwill, being amortized over 20 years, has a residual value of Euro 2.162.476 at period end, while the Bottega Giampietro goodwill, being amortized over 5 years, has a residual value of Euro 382.006.

"Assets under development and advances" comprise Euro 6.012.290 in advances for developing the new management software and Euro 2.143.899 in advances for other software implementation.

"Other" comprises Euro 180.075 in leasehold improvements and Euro 3.573 for raising the power wattage supplied.

## Previous revaluation, amortization and writedowns

Historical cost at the beginning of the year is comprised as follows:

Description	Historical cost	Revaluation	Acc. amortization	Acc. amortization revalued amounts	Net carrying amount
Start-up and expansion costs	75.000		62.750		12.250
Industrial patents	62.792.293		25.341.437		37.450.856
Goodwill	20.688.327		17.739.668		2.948.659
Other	1.172.921		921.053		251.868
<b>Total</b>	<b>84.728.541</b>		<b>44.064.908</b>		<b>40.663.633</b>

## II. Property, plant and equipment

Balance at 06/30/2011	Balance at 12/31/2010	Change
259.817.520	264.307.894	(4.490.374)

## Land and buildings

Description	Amount
Historical cost	164.688.496
Accumulated depreciation	(44.792.151)
<b>Balance at 12/31/2010</b>	<b>119.896.345</b>
Additions in period	333.237
Disposals in period	
Transfers from other categories	253.777
Depreciation expense	(2.389.992)
<b>Balance at 06/30/2011</b>	<b>118.093.367</b>

The increases are mainly due to:

- alterations and improvements to industrial buildings at:
  - Agordo, for Euro 98.839;

- Sedico, for Euro 158.503;
- Cencenighe, for Euro 14.779;
- alterations to the building in Via Cantù, Milan, for Euro 57.903.

"Transfers from other categories" relate to the reversal of "Assets under construction" reported at the end of the previous year following completion of work on buildings.

## Plant and machinery

Description	Amount
Historical cost	304.110.499
Accumulated depreciation	(182.744.664)
<b>Balance at 12/31/2010</b>	<b>121.365.835</b>
Additions in period	3.340.671
Disposals in period	(174.083)
Transfers from other categories	2.385.295
Depreciation expense	(9.872.840)
<b>Balance at 06/30/2011</b>	<b>117.044.878</b>

The increases in "*Plant and machinery*" are due to expenditure on new plant and machinery and alterations/improvements to existing machinery, allowing the Company to maintain high qualitative and technological standards. These increases comprise:

- Euro 284.073 for installing new general plant and Euro 35.904 for improving existing plant;
- Euro 121.560 for improving existing specific plant;
- Euro 2.615.797 for acquiring new machinery and Euro 253.378 for improving existing machinery;
- Euro 29.959 for installing new telephone systems.

## Industrial and commercial equipment

Description	Amount
Historical cost	59.791.793
Accumulated depreciation	(49.271.275)
<b>Balance at 12/31/2010</b>	<b>10.520.518</b>
Additions in period	3.037.217
Disposals in period	(31.314)
Transfers from other categories	245.554
Depreciation expense	(3.016.058)
<b>Balance at 06/30/2011</b>	<b>10.755.917</b>

The increases in "*Industrial equipment*" mostly refer to purchases of molds for Euro 2.471.146.

## Other assets

Description	Amount
Historical cost	39.170.388
Accumulated depreciation	(31.428.941)
<b>Balance at 12/31/2010</b>	<b>7.741.447</b>
Additions in period	921.475
Disposals in period	(13.674)
Transfers from other categories	187.938
Depreciation expense	(1.421.390)
<b>Balance at 06/30/2011</b>	<b>7.415.796</b>

The increase comprises Euro 769.993 for purchasing new hardware and Euro 151.482 for furniture and fittings.

## Assets under construction and advances

Description	Amount
<b>Balance at 12/31/2010</b>	<b>4,783,749</b>
Additions in period	4.796.377
Transfers to other categories	(3.072.564)
<b>Balance at 06/30/2011</b>	<b>6.507.562</b>

"Assets under construction and advances" are made up as follows at June 30, 2011:

- Advances paid against investments in production structure (general plant, specific plant and machinery) at:
  - Agordo, for Euro 2.083.728;
  - Sedico, for Euro 808.482;
  - Rovereto, for Euro 216.566;
  - Pederobba, for Euro 421.116;
  - Lauriano, for Euro 1.703.230;
  - Cencenighe, for Euro 251.079;
- Advances paid against investments relating to the Milan premises, for Euro 1.023.361.

"Transfers to other categories" relate to the reversal of advances for completed assets now in use, most of which relate to:

- machinery at Lauriano, for which Euro 243.072 in advances had been paid in the prior year;
- machinery at Agordo, for Euro 996.771;
- general plant at the Agordo facility, for Euro 341.088;
- industrial buildings at Agordo, for Euro 144.018;
- specific plant at Agordo, for Euro 131.520;
- machinery at Sedico, for Euro 48.149;
- general plant at the Sedico facility, for Euro 88.740;
- industrial buildings at Sedico, for Euro 18.579;
- specific plant at the Pederobba facility, for Euro 78.000;
- machinery at Pederobba, for Euro 268.500;

- general plant at the Rovereto facility, for Euro 73.526;
- industrial buildings at Rovereto, for Euro 33.358;
- building in Milan, for Euro 60.200.

### III. Non-current financial assets

	Balance at 06/30/2011	Balance at 12/31/2010	Change
	16.677.171	16.674.171	3.000

### Investments

Description	12/31/2010	Increase in half year	Decrease in half year	06/30/2011
Subsidiaries	14.343.438			14.343.438
Associates	2.151.846			2.151.846
Other companies	22.961			22.961
<b>Total</b>	<b>16.518.245</b>			<b>16.518.245</b>

Investments classified as non-current assets represent long-term investments, which are recognized at purchase or subscription cost.

The following information refers to direct and indirect investments in subsidiaries and associates.

### Subsidiaries

Company name	City or foreign state	Currency	Capital stock	Stockholders' equity	Net income/(loss)	%	Value of investment
Luxottica Italia S.r.l.	Agordo	EUR	5.000.000	26.656.080	6.920.290	100	14.343.438
<b>Total</b>							<b>14.343.438</b>

### Associates

Company name	City or foreign state	Currency	Capital stock	Stockholders' equity	Net income/(loss)	%	Value of investment
Rayban Air	Italy	EUR	4.303.692	4.338.965	35.273	50	2.151.846
<b>Total</b>							<b>2.151.846</b>

## Other companies

Company name	City or foreign state	Currency	Capital stock	Stockholders' equity	Net income/(loss)	%	Value of investment
Luxottica Portugal Comercio de Optica S.A.	Lisbon	EUR	700.000	2.875.691	1.932.697	0.21	1.298
Luxottica do Brasil Produtos Otricos e Esportivos LTDA	San Paolo	BRL	93.457.587	182.210.597	46.930.189	Less than 0.10	118
Luxottica Mexico SA de C.V.	Mexico City	MXN	2.000.000	69.521.668	38.609.264	4.00	13.353
Luxottica Argentina Srl	Buenos Aires	ARS	700.000	2.616.344	1.806.982	0.43	0
Luxottica Belgium N.V.	Berchem	EUR	62.000	1.100.477	654.964	1.00	6.348
Luxottica Gozluk Endustri Ve Ticaret Anonim Sirketi	Cigli-Izmir	LTL	10.390.460	57.141.316	25.371.437	1 share	2
C.A.A.F.							26
Asso Energia							516
Consorzio risp. Energia (Turin)							1.300
<b>Total</b>							<b>22.961</b>

The figures presented refer to amounts reported in financial statements at December 31, 2010 and are stated in the investee company's functional currency.

## Receivables

Description	12/31/2010	Increases	Decreases	06/30/2011
Other receivables	155.926	3.000		158.926
<b>Total</b>	<b>155.926</b>	<b>3.000</b>		<b>158.926</b>

These entirely refer to security deposits.

## C) Current assets

### I. Inventories

Balance at 06/30/2011	Balance at 12/31/2010	Change
159.251.380	172.286.886	(13.035.506)

The changes in the individual categories are reported in the statement of income.

Inventories are stated net of an obsolescence allowance for Euro 22.415.231, comprised as follows:

- Euro 6.025.300 against raw materials;
- Euro 1.310.416 against advertising material;

- Euro 1.054.830 against spare parts;
- Euro 14.024.685 against finished goods.

The inventory obsolescence allowance has undergone the following movements over the half year:

Description	Amount
Inventory obsolescence allowance at 12/31/2010	22.629.460
Utilization of inventory obsolescence allowance in half year	(11.516.882)
Provision to inventory obsolescence allowance in half year	11.302.653
<b>Inventory obsolescence allowance at 06/30/2011</b>	<b>22.415.231</b>

## I. Receivables

Balance at 06/30/2011	Balance at 12/31/2010	Change
504.956.434	414.440.723	90.515.711

The balance is analyzed by due date as follows:

Description	Within 12 months	Beyond 12 months	Beyond 5 years	Total
Customers	4.690.845			4.690.845
Subsidiaries	32.574.071			32.574.071
Associates	6.600			6.600
Parents	4.384.360			4.384.360
Taxes receivable	85.867			85.867
Deferred tax assets	14.060.219			14.060.219
Other	345.968.804	103.185.668		449.154.472
<b>Total</b>	<b>401.770.766</b>	<b>103.185.668</b>		<b>504.956.434</b>

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

- receivables from Italian customers, for Euro 3.524.598;
- receivables from foreign customers, for Euro 1.111.202;
- disputed receivables from customers, for Euro 435.843.

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 period:

Description	Total
<b>Balance at 12/31/2010</b>	<b>378.363</b>
Utilization in period	(1.812)
Adjustment	4.247
Provision in period	
<b>Balance at 06/30/2011</b>	<b>380.798</b>

"Receivables from subsidiaries" entirely refer to amounts owed by Luxottica Italia S.r.l..

"Receivables from associates" entirely refer to receivables owed by the Rayban Air consortium.

"Receivables from parents" comprise Euro 2.277.182 in trade receivables and Euro 2.107.178 in sales tax credits transferred to the parent.

"Taxes receivable" entirely refer to sales tax credits.

"Deferred tax assets" comprise Euro 694.260 for IRAP (Italian regional business tax) and Euro 13.365.959 for IRES (Italian corporate income tax).

"Other receivables" of Euro 449.154.472 at June 30, 2011 comprise:

Description	Total
Advances against royalties	132.466.694
Other Group companies for exchange differences on derivatives	1.434.717
Other Group companies	277.675.777
Other companies	35.391.005
Insurance companies	796.256
Advances to employees	158.774
Advances to other parties	262.132
FVTPL derivatives	143.986
Social security institutions	824.652
Other receivables	479
<b>Total</b>	<b>449.154.472</b>

Medium/long-term receivables that include an implicit interest component are discounted to present value using an appropriate market interest rate.

Receivables, gross of the allowance for doubtful accounts, are analyzed by geographical area as follows at June 30, 2011:

Description	Europe	Italy	North America	Rest of world	Asia, Pacific and Middle East	Total
Customers		3.691.418		218.733	1.161.492	5.071.643
Subsidiaries		32.574.071				32.574.071
Associates		6.600				6.600
Parents		4.384.360				4.384.360
Taxes receivable		85.867				85.867
Deferred tax assets		14.060.219				14.060.219
Other	131.114.486	47.125.439	146.693.889	30.647.074	93.573.584	449.154.472
<b>Total</b>	<b>131.114.486</b>	<b>101.927.974</b>	<b>146.693.889</b>	<b>30.865.807</b>	<b>94.735.076</b>	<b>505.337.232</b>

Foreign currency receivables have been adjusted to period-end exchange rates at June 30, 2011 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.

#### IV. Cash and cash equivalents

Balance at 06/30/2011	Balance at 12/31/2010	Change
2.540.562	666.343	1.874.219

Description	06/30/2011	12/31/2010
Cash at banks and post offices	2.530.393	654.168
Cash and equivalents on hand	10.169	12.175
<b>Total</b>	<b>2.540.562</b>	<b>666.343</b>

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

#### D) Accrued income and prepaid expenses

Balance at 06/30/2011	Balance at 12/31/2010	Change
6.269.805	1.311.642	4.958.163

These represent costs and income 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.

At June 30, 2011 there are no amounts of accrued income or prepaid expenses that will be recovered after more than five years

Details of this balance are as follows:

Description	Amount
Prepaid insurance	299.895
Prepaid licensing costs	5.527.071
Other individually immaterial accrued income	242.391
Other individually immaterial prepaid expenses	200.448
<b>Total</b>	<b>6.269.805</b>

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**Liabilities**

**A) Stockholders' equity**

<b>Balance at 06/30/2011</b>	<b>Balance at 12/31/2010</b>	<b>Change</b>
213.154.768	253.192.952	(40.038.184)

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

	Capital stock	Legal reserve	Extraordinary reserve	Capital payments	Reserve for grants under Italian Law 488/92	Undistributable reserve under Section 2426:8-bis	Merger surplus	Net income/(loss) for period	Total
<b>At January 1, 2010</b>	<b>10.000.000</b>	<b>2.000.000</b>	<b>85.420.183</b>	<b>7.926.507</b>	<b>1.048.408</b>		<b>1.455.506</b>	<b>147.818.026</b>	<b>255.668.630</b>
Apportionment of net income for prior year									
- dividends distributed			(73.851.027)					(146.148.973)	(220.000.000)
- other apportionments of net income						1.669.053		(1.669.053)	
Net income/(loss) for the period								117.855.280	117.855.280
<b>At June 30, 2010</b>	<b>10.000.000</b>	<b>2.000.000</b>	<b>11.569.156</b>	<b>7.926.507</b>	<b>1.048.408</b>	<b>1.669.053</b>	<b>1.455.506</b>	<b>117.855.280</b>	<b>153.523.910</b>
<b>At January 1, 2011</b>	<b>10.000.000</b>	<b>2.000.000</b>	<b>11.569.156</b>	<b>7.926.507</b>	<b>1.048.408</b>	<b>1.669.053</b>	<b>1.455.506</b>	<b>217.524.322</b>	<b>253.192.952</b>
Apportionment of net income for prior year									
- dividends distributed								(200.000.000)	(200.000.000)
- other apportionments of net income			13.522.324			4.001.998		(17.524.322)	
Net income/(loss) for the period								159.961.816	159.961.816
<b>At June 30, 2011</b>	<b>10.000.000</b>	<b>2.000.000</b>	<b>25.091.480</b>	<b>7.926.507</b>	<b>1.048.408</b>	<b>5.671.051</b>	<b>1.455.506</b>	<b>159.961.816</b>	<b>213.154.768</b>

On April 5, 2011 the stockholders declared a dividend of Euro 200.000.000 from part of the net income for 2010. The remainder of net income was allocated as follows: Euro 13.522.324 to the extraordinary reserve and Euro 4.001.998 to the *Undistributable reserve under Section 2426: 8-bis of the Italian Civil Code* due to the presence of accounting exchange gains at 31 December 2010.

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
<b>Capital stock</b>	10.000.000				
<b>Capital reserves:</b>					
Killer Loop S.p.A. merger surplus	1.455.506	A,B,C	1.455.506		
Capital payments	7.926.507	A, B, C	7.926.507		
<b>Earnings reserves:</b>					
Undistributable reserve under Section 2426:8-bis	5.671.051	B			
Extraordinary reserve	25.091.480	A, B, C	25.091.480		188.495.098
Legal reserve	2.000.000	B			
Reserve for grants under Italian Law 488/92	1.048.408	A,B	1.048.408		
<b>Total reserves</b>	<b>43.192.952</b>		<b>35.521.901</b>		
<b>Undistributable amount</b>			<b>1.054.459</b>		
<b>Distributable amount</b>			<b>34.467.442</b>		
<b>Key:</b>	<b>A: to increase capital</b>	<b>B: to cover losses</b>	<b>C: distribution to stockholders</b>		

## B) Provisions for risks

Balance at 06/30/2011	Balance at 12/31/2010	Change
20.699.410	17.107.459	3.591.951

"Other provisions" of Euro 20.699.410 at June 30, 2011 comprise:

Description	12/31/2010	Increases	Decreases	06/30/2011
Derivatives risk provision	3.467.370		2.413.799	1.053.571
Customer returns provision	3.253.266	1.166.812		4.420.078
Litigation provision	330.507	150.000	300.000	180.507
Advertising expenses provision for licensed brands	6.720.813	12.046.220	6.720.813	12.046.220
Other provisions	3.335.503	400.000	736.469	2.999.034
<b>Total</b>	<b>17.107.459</b>	<b>13.763.032</b>	<b>10.171.081</b>	<b>20.699.410</b>

The "*Derivatives risk provision*" entirely relates to liabilities for currency derivatives.

Please refer to the specific section at the end of these notes for a full analysis of outstanding derivative financial instruments as of June 30, 2011.

The "*Customer returns provision*" entirely refers to amounts prudently set aside against possible returns by franchisee and affiliated customers.

The "*Litigation provision*" refers to the risk relating to outstanding lawsuits.

The "*Advertising expenses provision for licensed brands*" comprises advertising expenses recognized in the six months ended June 30, 2011 that, under existing contractual arrangements, the Company will incur in future years.

## C) Liability for termination indemnity

Balance at 06/30/2011	Balance at 12/31/2010	Change
42.166.582	42.538.801	(372.219)

The change is analyzed as follows:

<b>Opening balance</b>	<b>42.538.801</b>
Change for staff transfer	4.177
Increase	991.062
Utilizations in period	(1.367.458)
<b>Closing balance</b>	<b>42.166.582</b>

The amount recognized represents the Company's effective liability at June 30, 2011 to staff employed at that date, net of any advances paid.

The increase reflects the annual revaluation adjustment to this liability and the transfer of staff from other Group companies.

The decrease reflects payments to staff who left the Company's employment during the first half-period 2011.

The difference between the provision for termination indemnity, reported in line B.9 c) of the statement of income, and that shown "increase" line above is the portion of termination indemnity directly paid into supplementary pension funds, as required by recent reforms in this regard.

## D) Payables

Balance at 06/30/2011	Balance at 12/31/2010	Change
727.180.923	609.061.343	118.119.580

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
Bank loans and overdrafts	312.968	512.041		825.009
Advances				
Accounts payable	202.681.393			202.681.393
Payables to subsidiaries	69.412			69.412
Payables to associates	51.380			51.380
Payables to parents	401.828.963			401.828.963
Taxes payable	12.560.496			12.560.496
Social security payable	11.567.592			11.567.592
Other payables	97.563.067	33.611		97.596.678
<b>Total</b>	<b>726.635.271</b>	<b>545.652</b>		<b>727.180.923</b>

"Bank loans and overdrafts" have decreased during the period from Euro 1.9 million at the end of 2010 to Euro 825.009 at June 30, 2011, mainly as a result of extinguishing a short-term loan outstanding at December 31, 2010. The portion due beyond 12 months refers to long-term loans.

"Accounts payable" are presented net of trade discounts and comprise trade and other payables due to Italian and foreign suppliers.

"Payables to subsidiaries" all refer to trade payables due to Luxottica Italia S.r.l..

"Payables to associates" comprise amounts owed to RayBan Air.

"Payables to parents" comprise Euro 200 million in payables for dividends, Euro 57.6 million in trade payables to the group parent, and Euro 144,2 million for the

Company's participation in the group tax election and consisting of the transfer of payables for IRES (Italian corporate income tax) 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*" report Euro 6.359.696 in tax withheld from employees, Euro 12.022 in other withholdings, Euro 21.289 in income tax withheld from employees and Euro 6.167.489 in liabilities for IRAP (Italian regional business tax).

"*Social security payable*" comprises Euro 8.909.395 in amounts due to INPS (Italian social security agency), Euro 164.767 in amounts due to INAIL (Italian accident insurance agency) and the payables to supplementary pension funds.

"*Other payables*" of Euro 97.596.678 at June 30, 2011 comprise:

Description	Total
Employee wages and salaries	17.211.558
Employee bonuses	10.333.439
Deferred employee emoluments (holidays, permits, flexi-time, time off in lieu, 13 <sup>th</sup> month salary)	30.944.050
Other immaterial amounts	684.450
Payables to other companies	499
Trade payables to other Group companies	36.488.070
Cash pooling payables to other Group companies	1.934.612
<b>Total</b>	<b>97.596.678</b>

Foreign currency payables have been adjusted to period-end exchange rates at June 30, 2011 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.

Payables are analyzed by geographical area as follows at June 30, 2011:

Description	Europe	Italy	North America	Rest of world	Asia, Pacific and Middle East	Total
Bank loans and overdrafts		825.009				825.009
Advances						
Accounts payable	22.861.714	171.114.608	2.333.155		6.371.916	202.681.393
Payables to subsidiaries		69.412				69.412
Payables to associates		51.380				51.380
Payables to parents		401.828.963				401.828.963
Taxes payable		12.560.496				12.560.496
Social security payable		11.567.592				11.567.592
Other payables	35.564.367	59.197.140	458.341		2.376.830	97.596.678
<b>Total</b>	<b>58.426.081</b>	<b>657.214.600</b>	<b>2.791.496</b>		<b>8.748.746</b>	<b>727.180.923</b>

## E) Accrued expenses and deferred income

Balance at 06/30/2011	Balance at 12/31/2010	Change
264.770	544.680	(279.910)

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

At June 30, 2011 there are no accrued expenses or deferred income that mature beyond five years.

Details of this balance are as follows:

Description	Amount
Accrued insurance expense	55.762
Other accrued expenses	209.008
<b>Total</b>	<b>264.770</b>

## Memorandum accounts

Description	06/30/2011	12/31/2010	Change
Sureties and guarantees to Group companies	2.175.271.570	2.378.072.145	(202.800.575)
Minimum royalties and advertising contributions	219.482.911	320.118.724	(100.635.813)
<b>Total</b>	<b>2.394.754.481</b>	<b>2.698.190.869</b>	<b>(303.436.388)</b>

### **Sureties and guarantees to Group companies**

The amounts reported comprise guarantees against credit facilities granted by banks to Luxottica U.S. Holdings Corp. for Euro 311.354.044 and to Euro Luxottica Group S.p.A. for Euro 900.000.000 and other guarantees given to a syndicate of banks for credit facilities granted to Luxottica Group S.p.A. and Luxottica U.S. Holdings Corp. for Euro 963.917.526.

### **Minimum royalties and advertising contributions**

The amounts reported reflect the minimum amounts that Luxottica S.r.l. will pay in royalties to licensors through until the end of the related licensing agreements.



## Statement of Income

### A) Value of production

	Balance at 06/30/2011	Balance at 06/30/2010	Change
	920.193.588	796.936.821	123.256.767

  

Description	06/30/2011	06/30/2010	Change
Revenue from sales and services	902.940.206	785.983.951	116.956.255
Change in inventories of work in process, semi-finished and finished goods	(16.867.052)	(19.572.872)	2.705.820
Own work capitalized	1.772.278	818.841	953.437
Other revenue and income	32.348.156	29.706.901	2.641.255
<b>Total</b>	<b>920.193.588</b>	<b>796.936.821</b>	<b>123.256.767</b>

### Revenue by type of activity

Type of activity	06/30/2011	06/30/2010	Change
Sales of finished goods	873.758.496	762.348.720	111.409.776
Sales of semi-finished goods	29.044.578	23.527.489	5.517.089
Sales of accessories	137.132	107.742	29.390
Services	5.390.357	5.422.687	(32.330)
Property income	1.408.208	1.451.181	(42.973)
Reinvoiced advertising materials	10.910.395	9.120.138	1.790.257
Gains on fixed asset disposal	31.690	50.939	(19.249)
Reinvoiced seconded staff costs	866.285	838.039	28.246
Other revenue	13.741.221	12.823.917	917.304
<b>Total</b>	<b>935.288.362</b>	<b>815.690.852</b>	<b>119.597.510</b>

"Sales of finished goods" are presented net of returns.

Revenue from services comprises Euro 69.147 in sundry sales to other Group companies and third parties, Euro 1.455.210 in revenue from logistics and administrative services and Euro 3.866.000 in revenue from re invoicing information support services to other Group companies.

Revenue from advertising materials comprises:

- the re invoicing to Luxottica Group companies of worldwide advertising campaign expenses incurred by Luxottica S.r.l. and recharged accordingly to the various companies concerned;
- the re invoicing of advertising material sent out directly by Luxottica S.r.l. to end customers but recharged to the company concerned.

"Other revenue" contains travel costs recharged to Group companies and other revenue from third parties.

## Revenue by geographical area

Description	Europe	Italy	North America	Asia, Pacific and Middle East	Rest of world	Total
Revenue from sales and services	414.878.737	134.294.432	237.375.632	79.502.698	36.888.707	902.940.206
Other revenue and income	17.308.687	7.458.000	3.792.730	2.581.071	1.207.668	32.348.156
<b>Total</b>	<b>432.187.424</b>	<b>141.752.432</b>	<b>241.168.362</b>	<b>82.083.769</b>	<b>38.096.375</b>	<b>935.288.362</b>

## B) Costs of production

Balance at 06/30/2011	Balance at 06/30/2010	Change
690.539.297	634.322.127	56.217.170

Description	06/30/2011	% value of production	06/30/2010	% value of production	Change
Raw, ancillary and consumable materials and goods	305.366.829	33,19%	267.306.811	33,54%	38.060.018
Services	73.491.132	7,99%	67.546.655	8,48%	5.944.477
Use of third-party assets	116.673.684	12,68%	106.490.283	13,36%	10.183.401
Wages and salaries	120.403.041	13,08%	113.829.486	14,28%	6.573.555
Social security contributions	32.278.553	3,51%	32.037.511	4,02%	241.042
Termination indemnity	7.750.342	0,84%	7.259.941	0,91%	490.401
Other payroll costs	956.223	0,10%	1.357.575	0,17%	(401.352)
Amortization of intangible assets	5.055.023	0,55%	4.089.751	0,51%	965.272
Depreciation of property, plant and equipment	16.700.280	1,81%	17.325.336	2,17%	(625.056)
Writedowns of current receivables		0,00%		0,00%	0
Change in inventories of raw materials	(3.342.630)	(0,36)%	3.064.403	0,38%	(6.407.033)
Provisions for risks	550.000	0,06%	171.567	0,02%	378.433
Other provisions	12.046.220	1,31%	11.145.198	1,40%	901.022
Other operating costs	2.610.600	0,28%	2.697.610	0,34%	(87.010)
<b>Total</b>	<b>690.539.297</b>	<b>75,05%</b>	<b>634.322.127</b>	<b>79,60%</b>	<b>56.217.170</b>

## Services

The following table presents the principal types of cost classified in "Services" for both half years under comparison:

Description	06/30/2011	06/30/2010	Change
Transport	19.095.483	18.478.381	617.102
Waste disposal	1.290.157	1.238.435	51.722
Outsourced work and processing	4.524.439	6.892.983	(2.368.544)
Electricity	4.512.220	4.282.947	229.273
Gas and water	1.214.802	1.202.691	12.111
Building maintenance	196.877	235.008	(38.131)
Industrial machinery maintenance	2.282.756	2.422.717	(139.961)
Technical-stylistic consulting	3.651.635	2.503.864	1.147.771
Directors' fees	328.530	524.765	(196.235)
Statutory auditors' fees	60.000	60.150	(150)
Personnel search and training	3.194.773	2.078.727	1.116.046
Cleaning	1.325.438	1.255.745	69.693
Commercial services	84.802	67.126	17.676
Advertising	13.834.068	13.367.218	466.850
Exhibitions and trade shows	2.192.725	1.326.714	866.011
Vehicle costs	348.191	280.832	67.359
Canteen	2.832.549	2.787.497	45.052
Software-hardware maintenance	4.857.287	2.891.841	1.965.446
Legal and consulting costs	465.940	491.000	(25.060)
Telephone	1.229.245	1.211.478	17.767
Postage	69.448	98.408	(28.960)
Insurance	447.668	402.125	45.543
Security	315.163	314.034	1.129
Travel	2.910.449	1.703.530	1.206.919
Other costs	2.226.487	1.428.439	798.048
<b>Total</b>	<b>73.491.132</b>	<b>67.546.655</b>	<b>5.944.477</b>

## Use of third-party assets

This mainly refers to royalties for the use of commercial licenses and, to a lesser extent, building rental costs.

The Ray-Ban, Arnette, Persol, Vogue, Killer Loop, Sferoflex and Luxottica brands are all covered by a license agreement with the parent Luxottica Group S.p.A., which has owned them since June 2007.

## Payroll costs

These 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, provisions required by law and collective labor contracts.

The increase in these costs compared with 2010 is mainly due to growth in the number of temporary staff during the first half of 2011.

## Amortization of intangible assets

This reports the amortization expense relating to intangible assets. More

information in this regard can be found in the earlier note on intangible assets accompanying the balance sheet.

### Depreciation of property, plant and equipment

Depreciation has been calculated on the basis of an asset's estimated useful life and use in the production process. More information in this regard can be found in the earlier note on property, plant and equipment accompanying the balance sheet.

### Change in inventories of raw and consumable materials and spare parts

This reports a decrease of Euro 6.407.033 between June 30, 2010 and June 30, 2011.

### Other Provisions

These refer for Euro 12.046.220 to the accrual for Advertising expenses provision for licensed brands and for the remaining balance to the accrual for various risks.

### Other operating costs

These mainly refer to expenses not deductible for tax, deductible gifts and donations, losses on asset disposals, sundry taxes and association dues.

## C) Finance income and expense

	Balance at 06/30/2011	Balance at 06/30/2010	Change
	7.756.616	9.316.223	(1.559.607)

  

Description	06/30/2011	06/30/2010	Change
From investments	8.133.623	10.244.000	(2.110.377)
From receivables classified as non-current assets			
Income other than above	2.987.113	1.970.198	1.016.915
(Interest and other finance expense)	(3.275.685)	(2.730.639)	(545.046)
Exchange rate gains/(losses)	(88.435)	(167.336)	78.901
<b>Total</b>	<b>7.756.616</b>	<b>9.316.223</b>	<b>(1.559.607)</b>

### Finance income

Description	Parents	Subsidiaries	Associates	Other Group companies	Other	Total
From investments		8.000.000			133.623	8.133.623
Income other than above	1.613.569			811.689	561.855	2.987.113
<b>Total</b>	<b>1.613.569</b>	<b>8.000.000</b>		<b>811.689</b>	<b>695.478</b>	<b>11.120.736</b>

Income from investments mainly refers to Euro 8 million in uncollected dividends from the subsidiary Luxottica Italia S.r.l..

"Income other than above" mainly refers to:

- fee income from Luxottica U.S. Holdings Corp. (Euro 811.689) and the parent Luxottica Group S.p.A. (Euro 1.613.569) for guarantees given against bank loans;
- Euro 162.184 in interest income from derivatives;
- Euro 215.385 in income from commodities futures;
- Euro 173.299 in interest income on bank deposits.

### Interest and other finance expense

Description	Parents	Other Group companies	Other	Total
Bank interest			8.721	8.721
Interest from other parties			420	420
Derivatives interest expense			1.216.661	1.216.661
Soft loan interest			5.161	5.161
Cash pooling account expense		1.960.998		1.960.998
Other loan interest				
Commodity derivatives expense			83.724	83.724
<b>Total</b>		<b>1.960.998</b>	<b>1.314.687</b>	<b>3.275.685</b>

### Exchange rate gains/(losses)

"Exchange rate gains/(losses)" are analyzed as follows:

Description	06/30/2011	06/30/2010	Change
Realized exchange rate gains/(losses)	(1.530.922)	9.285.177	(10.816.099)
Period-end accounting exchange rate gains/(losses)	(5.978.701)	5.525.683	(11.504.384)
Exchange rate gains/(losses) on derivatives	7.421.188	(14.978.196)	22.399.384
<b>Total</b>	<b>(88.435)</b>	<b>(167.336)</b>	<b>(78.901)</b>

### D) Adjustments to value of financial assets

Balance at 06/30/2011	Balance at 06/30/2010	Change
0	1.483.707	(1.483.707)

## E) Extraordinary income and expense

Balance at 06/30/2011	Balance at 06/30/2010	Change
(409.808)	147.016	556.824

Description	06/30/2011	06/30/2010
Taxes relating to prior years		
Other	2.102.836	1.032.676
<b>Total income</b>	<b>2.102.836</b>	<b>1.032.676</b>
Losses on disposal		
Taxes relating to prior years		
Other	(2.512.644)	(885.660)
<b>Total expense</b>	<b>(2.512.644)</b>	<b>(885.660)</b>
<b>Total</b>	<b>(409.808)</b>	<b>147.016</b>

Extraordinary income relates to Euro 497.479 in insurance refunds plus a series of individually immaterial amounts of out-of-period income.

Extraordinary expense mostly refers to invoices paid in the year, but relating to and not accrued in the prior year, and to losses for theft.

## Provision for income taxes for the period

Balance at 06/30/2011	Balance at 06/30/2010	Change
77.039.283	55.706.360	21.332.923

Taxes	Balance at 06/30/2011	Balance at 06/30/2010	Change
<b>Current taxes:</b>	<b>86.230.616</b>	<b>59.837.299</b>	<b>26.393.317</b>
IRES	72.232.508	48.757.331	23.475.177
Taxes paid abroad	832	0	832
IRAP	13.997.276	11.079.968	2.917.308
<b>Deferred tax liabilities (assets):</b>	<b>(9.191.333)</b>	<b>(4.130.939)</b>	<b>(5.060.394)</b>
IRES	(8.666.630)	(3.699.898)	(4.966.732)
IRAP	(524.703)	(431.041)	(93.662)
<b>Total</b>	<b>77.039.283</b>	<b>55.706.360</b>	<b>21.332.923</b>

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

Provision has been made for current income taxes of Euro 86.230.616, of which Euro 68.428.617 for IRES (Italian corporate income tax) on taxable income for the period, Euro 3.803.891 for the release of IRES deferred tax assets, Euro 832 for withholding taxes paid abroad on dividends received, Euro 13.721.095 for IRAP (Italian regional business tax) on taxable income for the period and Euro

276.181 for the release of IRAP deferred tax assets from prior years.

The payable for IRES of Euro 68.329.844 is reported in "Payables to parents" net of Euro 98.773 in withholding taxes on interest income and tax credits.

## 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 amount 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.

#### **8 foreign exchange forward sale contracts**

- type of derivative contract: forward
- notional amount: GBP (17.600.000)
- underlying financial risk: currency risk
- fair value of derivative contract: Euro 448.211
- 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.

#### **22 foreign exchange forward sale contracts**

- type of derivative contract: forward
- notional amount: AUD (47.500.000)
- underlying financial risk: currency risk
- fair value of derivative contract: Euro (812.442)
- 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.

#### **16 foreign exchange forward sale contracts**

- type of derivative contract: forward

- 
- notional amount: ZAR (63.300.000)
  - underlying financial risk: currency risk
  - fair value of derivative contract: Euro 9.464
  - 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.

#### **5 foreign exchange forward sale contracts**

- type of derivative contract: forward
- notional amount: SGD (5.300.000)
- underlying financial risk: currency risk
- fair value of derivative contract: Euro 16.430
- 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.

#### **14 foreign exchange forward sale contracts**

- type of derivative contract: forward
- notional amount: USD (82.000.000)
- underlying financial risk: currency risk
- fair value of derivative contract: Euro 566.838
- 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.

#### **18 foreign exchange forward sale contracts**

- type of derivative contract: forward
- notional amount: MXN (235.100.000)
- underlying financial risk: currency risk
- fair value of derivative contract: Euro 70.872
- 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.



**5 foreign exchange forward sale/purchase contracts**

- type of derivative contract: forward
- notional amount: JPY (230.000.000)
- underlying financial risk: currency risk
- fair value of derivative contract: Euro (63.079)
- 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.

**5 foreign exchange forward sale/purchase contracts**

- type of derivative contract: forward
- notional amount: CHF (1.800.000)
- underlying financial risk: currency risk
- fair value of derivative contract: Euro (24.938)
- 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.

**17 foreign exchange forward sale/purchase contracts**

- type of derivative contract: forward
- notional amount: SEK (45.600.000)
- underlying financial risk: currency risk
- fair value of derivative contract: Euro 176.073
- 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: HKD 8.700.000
- underlying financial risk: currency risk
- fair value of derivative contract: Euro (2.530)

- 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.

### **13 foreign exchange forward sale contracts**

- type of derivative contract: forward
- notional amount: ILS (22.100.000)
- underlying financial risk: currency risk
- fair value of derivative contract: Euro (2.294)
- 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.

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

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

### Trade and other transactions and balances

	1st half 2011				1st half 2011					
					Costs			Revenue		
	Receivables	Payables	Guarantees	Commitments	Goods	Services	Other	Goods	Services	Other
Avant Garde Optics Inc	1.053.653						725	40.700.518	771.462	21.072
Collezione Rathschuler S.r.l.	3.000					150.000			5.000	58.845
David Clulow Crouch End Ltd.	248.857							315.393		
Lens Crafters Inc.	4.820.830	8.696					21.665	52.672.872	93.059	
Lux. North America Distr. LLC	26.783.760	49.970			1.095	4.222	45.227	121.320.702		
Lux. North America Distribution	14.912.011	27.441				996	26.225	15.993.678		
Luxottica Argentina Srl	2.997.981							2.251.426	80.589	
Luxottica Australia Pty Ltd	24.378.874							19.004.985	-	10.574
Luxottica Austria	975.338							5.621.707	153.345	10.200
Luxottica Belgium NV.	3.155.324							10.142.139	337.711	15.000
Luxottica Brasil Prod. Oticos e Espor. Ltda	7.214.764							15.276.922	19.872	30.045
Luxottica Canada Inc.	155.597							513.576		
Luxottica Central Europe KFT	421.237							494.703	21.669	1.200
Luxottica ExTra Ltd	1.335.218						2.529	68.669.972	1.348.654	12.514
Luxottica Fashion Brillen Vertriebs Gmbh	4.129.631							36.865.827	715.083	34.600

Luxottica France Sas	16.261.702						6.128	99.822.698	2.804.022	96.720
Luxottica GozluK Endustri Ve Ticaret Anonim Sirketi	288.935							16.446.083	10.062	4.800
Luxottica Group S.p.A.	4.384.360	201.828.963	1.863.917.526		776	55.526	57.321.070		1.131.563	1.281.162
Luxottica Hellas AE	5.900.808							10.557.083	91.149	13.680
Luxottica Iberica S.A.	44.713.313	17.460					1.593	56.960.604	1.864.561	71.400
Luxottica India Eyewear Private Ltd	5.287.832	10.908					10.908	4.478.514	14.667	26.600
Luxottica Italia S.r.l.	24.574.071	69.412						104.323.282	3.014.028	122.389
Luxottica Korea Ltd	2.517								2.519	
Luxottica Leasing S.r.l.	7.950						11.499		13.250	
Luxottica Mexico S.A. de C.V.	13.907.561							13.852.926	488.902	
Luxottica Middle East Fze	171.651							314	245.670	
Luxottica Nederland BV	2.120.847						23	18.195.902	403.610	19.200
Luxottica Nordic AB	4.525.977							12.213.577	901.813	20.000
Luxottica Optics Ltd. (Israel)	4.360.613							5.659.219	81.823	5.400
Luxottica Poland Sp Zoo	1.595.690							3.628.328	53.787	4.200
Luxottica Portugal - Comercio de Optica S.A.	7.709.110							10.194.776	390.092	16.680
Luxottica Retail HK Ltd	13.168.108							4.798.259	43.132	
Luxottica S.T.A.R.S. S.r.l.	5.561.514	23.144					5.742	28.359.609	326.871	
Luxottica (Shanghai) Trading Co. Ltd	3.981.523							2.174.582	27.964	2.080
Luxottica South Africa Pty Ltd	3.311.610							3.140.327	83.696	8.800
Luxottica South Eastern Europe Ltd	3.040.766							3.160.967	66.311	7.800
Luxottica Sun Corp.	103.104								52.693	
Luxottica (Switzerland) Ag	1.894.408							7.033.268	190.590	7.200

Luxottica Trading & Finance Ltd	8.144.334	33.612.296			120.672.570	693.467	16.628.419	20.673.308	1.008.940	
Luxottica Tristar Optical Co.	32.796.297	2.275.019			3.057.956		196.069	14.399.911	631.500	5.284
Luxottica U.K. Ltd.	17.977.370						31.015	20.555.211	1.167.468	27.400
Luxottica U.S. Holding Corp.	2.214.969	234.041	311.356.044				174.886		646.752	
Mirari Japan Co Ltd.	5.060.764					870	41.183	23.361.875	432.604	7.680
Mirarian Marketing Pte Ltd	3.221.668	355					389	4.025.233	40.363	
Oakley Wholesale	3.804.150	87.417			245.344	7.122	90.549	3.922.167	873.721	2.000
Oliver People Wholesale	778.168	40.626			74.128			4.059.625		
OPSM Group Pty Ltd	64.883	8.953						9.436	274.960	
Optika Clulow	961.298							6.967.025	16.875	
Conorzio Rayban Air	6.600	51.474				76.396	236.708		11.000	10.122
RayBan SunOptics India Ltd	256.339	58.008			120.652		2.408	446.294		1.940
SGH International South Africa	2.753.552							2.393.890		
SPV ZETA Optical Trading (Beijing) Co Ltd		23.587								
Sunglass Hut Airports South Africa (Pty) Ltd.	414.483							456.423		
Sunglass Hut		8.669				8.624				
Sunglass Hut Ireland Ltd	433.357							1.305.949	3.750	
Sunglass Hut Netherlands BV	241.113							272.673	13.640	
Sunglass Hut Portugal Comercio de Oculos e Relogios Lda	133.330							270.993	13.856	
Sunglass Hut U.K. Ltd	3.261.202							9.782.394	16.875	
<b>Total</b>	<b>341.983.922</b>	<b>238.436.439</b>	<b>2.175.273.570</b>	<b>-</b>	<b>124.172.521</b>	<b>997.223</b>	<b>74.854.960</b>	<b>907.747.145</b>	<b>21.001.523</b>	<b>1.956.587</b>

### Financial transactions and balances

	1st half 2011				1st half 2011	
	Receivables	Payables	Guarantees(*)	Commitments	Expense	Income
Luxottica Group S.p.A.		200.000.000	1.863.917.526			1.613.569
Luxottica Portugal – Comercio de Optica S.A.						4.071
Luxottica Belgium NV						8.000
Luxottica Mexico S.A. de C.V.	47.124					121.552
Luxottica Italia S.r.l.	8.000.000					8.000.000
Luxottica U.S. Holding Corp.			311.354.044			811.689
Luxottica Trading & Finance Ltd	1.433.669	2.986.723			3.176.769	161.750
Luxottica Brasil Prod. Oticos e Espor. Ltda						
<b>Total</b>	<b>9.480.793</b>	<b>202.986.723</b>	<b>2.175.271.570</b>		<b>3.176.769</b>	<b>10.720.631</b>

(\*) Joint and several guarantees given to a syndicate of banks for credit facilities granted to Luxottica Group S.p.A. and Luxottica U.S. Holdings Corp.

## Statement of cash flows

	06.30.2011	06.30.2010
Net income for the period	159.961.816	117.855.280
+ amortization/depreciation	21.755.303	21.415.087
- increase in receivables/ + decrease in receivables	(85.407.451)	64.103.795
- increase in inventories/ + decrease in inventories	13.035.506	22.584.081
- increase in accrued income & prepaid expenses/ + decrease in accrued income & prepaid expenses	(4.958.163)	(5.890.684)
+ increase in payables / - decrease in payables	119.186.774	40.530.309
+ increase in accrued expenses & deferred income/ - decrease in accrued expenses & deferred income	(279.910)	(82.714)
- increase in deferred tax assets / + decrease in deferred tax assets	(5.111.260)	1.471.420
- increase in investments	0	(1)
+ increase in liability for termination indemnity	995.239	810.401
- utilization of liability for termination indemnity	(1.367.458)	(1.709.961)
+ increase in provision for risks	13.763.032	11.340.651
- utilization of provision for risks	(10.171.081)	(8.362.986)
+ increase in bank overdrafts / - decrease in bank overdrafts	(483.586)	(1.535.334)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>220.918.761</b>	<b>262.529.344</b>
<b>SOURCES</b>		
+ sale of intangible assets	0	14.960
+ net value disposal of property, plant and equipment	219.071	841.833
<b>TOTAL SOURCES</b>	<b>221.137.832</b>	<b>263.386.137</b>
<b>APPLICATIONS</b>		
+ purchase of property, plant and equipment	12.428.977	21.469.782
+ purchase of intangible assets	6.251.028	
+ repayment soft loans / other loans	583.608	20.568.680
+ dividends distributed	200.000.000	220.000.000
<i>of which:</i>		
<i>utilization of extraordinary reserve</i>		72.181.974
<i>prior year net income</i>	200.000.000	147.818.026
+ extraordinary reserve – net income roundings in prior years		4
<b>TOTAL APPLICATIONS</b>	<b>219.263.613</b>	<b>262.038.466</b>
<b>INCREASE/(DECREASE) IN CASH</b>	<b>1.874.219</b>	<b>1.347.671</b>
+ CASH AT BEGINNING OF PERIOD	666.343	1.192.023
<b>= CASH AT END OF PERIOD</b>	<b>2.540.562</b>	<b>2.539.694</b>

The disclosures required by points 3-bis, 6-bis, 6-ter, 8, 11, 17, 18, 19, 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 period, and correspond to its underlying accounting records.

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

Milano, September 19, 2011

For the Board of Directors

**Enrico Cavatorta**