



PRESS RELEASE

Data relating to the first six months of 2006 is announced

**SAFILO GROUP: STRONG INCREASE IN PROFITS FOLLOWING GROWTH IN
TURNOVER AND IMPROVED FINANCIAL MANAGEMENT**

**NEW CHIEF EXECUTIVE OFFICER AND CO-CHIEF EXECUTIVE OFFICER
ARE APPOINTED**

- *Group's consolidated turnover: € 605.4 million (+7.8% compared to 2005)*
- *EBITDA: € 94.7 million (-3.1% compared to 2005)*
- *Net Profit: € 21.8 million (+ 41.6% compared to 2005)*
- *Net Debt: € 490 million (€ 479 million at the end of 2005)*
- *Claudio Gottardi, appointed for co-option to the Board of Directors, is the new Chief Executive Officer*
- *Massimiliano Tabacchi is appointed co- Chief Executive Officer*

Padova, 3rd August 2006– The Board of Directors of Safilo Group S.p.A. today examined and approved the consolidated results relating to the first six months of 2006 which highlight positive results both in terms of turnover and net profitability. Furthermore the Board, upon the proposal of the Chairman Vittorio Tabacchi, nominated Claudio Gottardi for co-option to the position of member of the Board of Directors until the next Shareholders Meeting, in place of Roberto Vedovotto who resigned on July 31st. The Board of Directors in addition assigned Claudio Gottardi the position of Chief Executive Officer and appointed Massimiliano Tabacchi, already a member of the Board of Directors, as co-Chief Executive Officer

Principal consolidated results

Consolidated sales in the first semester, as previously announced during a recent meeting with investors, reached 605.4 million Euro (compared to the first six months of 2005 +7.8% at current exchange rates, +5.5% at constant exchange rates) thanks to the excellent results achieved above all in America (+16.4%) and Italy (+9.2%). The second quarter (+8% compared to the same period of 2005) once again saw a significant increase in income in America and a recovery in the European market which has, until now, performed less impressively compared to other areas.

Operating profitability is slightly lower with an EBITDA which reached 94.7 million Euro compared to the 97.7 million Euro of the first six months of 2005. The causes of this slowdown are exceptional costs related to the conclusion of the re-financing transaction, and considerable investments in marketing which aim at supporting the expected growth of house brands. These expenses are the primary explanation for the reduction of the quarter's performance which also shows a slight reduction compared to the second quarter of the previous year (41.8 million Euro compared to 49.2 million Euro in 2005).

The net profit achieved in the semester is extremely positive (+41.6% equal to 21.8 million Euro compared to 15.4 million Euro in 2005) and is largely due also to the lesser impact of financial costs following the significant reduction of the company's debt.

The Group's financial position, which has increased slightly compared to the end of 2005 due to the seasonal nature of working capital, however highlights a management of the operating cash flow which is in line with the first half of the previous year.

The detailed data relating to the first six months of 2006 can be found in Annex 1 of this press release.

Meeting with analysts

A conference call will be held this afternoon at 17.00 (CET) with analysts and investors during which the Group's economic and financial results will be illustrated.

The dial-in number to connect to the conference call is as follows: +39 02 802 09 11.

New structure of the Board of Directors

The Board of Directors, upon the proposal of the Chairman Vittorio Tabacchi, has appointed:

- The new Board of Directors Member Claudio Gottardi, presently the President of Safilo USA, Inc., as Chief Executive Officer;
- The Board of Directors Member and current Chief Operating Officer, Massimiliano Tabacchi, as co- Chief Executive Officer.

An summary of the curricula of the new Chief Executive Officer and the new co-Chief Executive Officer are available in Annex 2 of this press release and on the web site www.safilo.com/ir.

Statement by the Chairman Vittorio Tabacchi

Vittorio Tabacchi, Chairman of Safilo Group, in commenting the results and new appointments to the Group's top management, stated: "Safilo Group is experiencing a particularly positive phase which is confirmed by the encouraging six-monthly data. Our effective business strategy and ability to successfully address the challenges presented to us by the market are confirmed by our increasing sales and profits which continue to grow substantially. Thanks to the results achieved we are in a position to strengthen our worldwide leadership position in the luxury eyewear sector.

"I am pleased that the Board of Directors has accepted my proposals: Claudio Gottardi and Massimiliano Tabacchi will know how to best propel our company forwards while, at the same time, guaranteeing its continuity and the respect for our corporate values. Safilo Group will benefit from a strong top management with considerable experience in the luxury eyewear, supported at all times by a family which will ensure a stable entrepreneurial base. "

"They are managers capable of managing our core business, in other words our product, with the expertise to develop relations with our licensors and our clients, and manage production, commercial development and cost control. Claudio Gottardi has carried out with success his role as President and Chief Executive Officer of our subsidiary in the USA and will continue to do so. Massimiliano Tabacchi has been active within Safilo for several years and manages product development."

"Now that the extraordinary phase of the past five years has been completed - concluded Vittorio Tabacchi - Safilo will dedicate all its energies to its core business. It is for this reason that I am

confident that the impressive results announced today will be confirmed and improved in the future”.

The Safilo Group is leader in premium eyewear and in a leadership position in the sector of prescription, sunglasses, fashion and sports eyewear.

Present on the international market through exclusive distributors and 28 subsidiaries in the principal countries (in U.S.A., Europe and Far East), Safilo distributes its own brand collections Safilo, Carrera, Smith, Oxydo, Blue Bay, as well as licensed branded collections, Alexander McQueen, Bottega Veneta, Boss (from October 2006) Boucheron, Christian Dior, Diesel, 55DSL, Emporio Armani, Giorgio Armani, Gucci, Imatra, Marc Jacobs, Marc by Marc Jacobs (from October 2006), Max Mara, Max&Co. (from 2007), Oliver, Pierre Cardin, Ralph Lauren, Stella McCartney, Valentino, Yves Saint Laurent. In addition the following are exclusively for the American market: Fossil, Juicy Couture, Nine West, Kate Spade, Saks Fifth Avenue, Liz Claiborne and J.Lo by Jennifer Lopez.

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This press release is also available on the web site www.safilo.com.

ANNEX 1 - data relating to the first six months of 2006 in details*

Consolidated Statements of Operations

| (Euro/000) | Six months ended June 30, | | Second Quarter | |
|---|---------------------------|----------------|----------------|----------------|
| | 2006 | 2005 | 2006 | 2005 |
| Net sales | 605,405 | 561,841 | 303,280 | 280,880 |
| Cost of sales | (240,446) | (223,124) | (123,438) | (110,557) |
| Gross profit | 364,959 | 338,717 | 179,842 | 170,323 |
| Selling and marketing expenses | (223,598) | (204,409) | (112,778) | (102,135) |
| General and administrative expenses | (66,369) | (54,466) | (35,688) | (28,105) |
| Other income/(expenses), net | 1,477 | 365 | 1,230 | 281 |
| Operating income | 76,469 | 80,207 | 32,606 | 40,364 |
| Share of income/(loss) of associates | (24) | 214 | (62) | 223 |
| Interest expense and other financial charges, net | (26,830) | (44,144) | (13,586) | (24,200) |
| Non recurring financial charges | (9,282) | (8,666) | (9,282) | (8,666) |
| Income before taxation | 40,333 | 27,611 | 9,676 | 7,721 |
| Income tax expenses | (16,676) | (10,230) | (4,087) | 2,020 |
| Net income | 23,657 | 17,381 | 5,589 | 9,741 |
| Net income attributable to minority interests | 1,828 | 2,014 | 718 | 832 |
| Net income attributable to the Group | 21,829 | 15,367 | 4,871 | 8,909 |
| Earnings per share - Basic (Euro) | 0.08 | 0.08 | 0.02 | 0.05 |
| Earnings per share - Diluted (Euro) | 0.08 | 0.08 | 0.02 | 0.05 |

* With regards to the data relating to the first semester of 2006 it should be noted that at today's date the activity carried out by the auditing firm has yet to be completed.

Consolidated Balance Sheets

| (Euro/000) | 30/06/2006 | 31/12/2005 |
|---|------------------|------------------|
| ASSETS | | |
| Current assets | | |
| Cash in hand and at banks | 45,012 | 173,232 |
| Trade receivables, net | 347,401 | 307,558 |
| Inventory, net | 217,044 | 208,802 |
| Assets held for sale | - | 2,984 |
| Derivative financial instruments | 1,669 | - |
| Other current receivables | 31,458 | 31,679 |
| Total current assets | 642,584 | 724,255 |
| Non-current assets | | |
| Property, plant and equipment, net | 192,116 | 193,603 |
| Intangible assets | 23,390 | 25,580 |
| Goodwill | 796,683 | 797,734 |
| Investments in associates | 12,497 | 13,492 |
| Financial assets available-for-sale | 5,722 | 6,009 |
| Deferred tax assets | 81,842 | 81,263 |
| Derivative financial instruments | 2,106 | 2,506 |
| Other non-current assets | 1,344 | 1,303 |
| Total non-current assets | 1,115,700 | 1,121,490 |
| Total assets | 1,758,284 | 1,845,745 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities | | |
| Short-term borrowings | 61,584 | 184,006 |
| Trade payables | 209,383 | 192,286 |
| Tax payables | 24,122 | 20,872 |
| Derivative financial instruments | 86 | 878 |
| Other current liabilities | 73,015 | 82,010 |
| Provision for risks and charges | 503 | 128 |
| Total current liabilities | 368,693 | 480,180 |
| Non-current liabilities | | |
| Long-term borrowings | 473,927 | 468,242 |
| Employee benefits liability | 41,336 | 39,424 |
| Provision for risks and charges | 8,807 | 8,644 |
| Deferred tax liabilities | 10,880 | 10,969 |
| Derivative financial instruments | 1,568 | 4,509 |
| Other non-current liabilities | 6,530 | 6,565 |
| Total non-current liabilities | 543,048 | 538,353 |
| Total liabilities | 911,741 | 1,018,533 |
| Shareholders' equity | | |
| Share capital | 70,843 | 70,843 |
| Share premium reserve | 751,276 | 751,276 |
| Retained earnings and other reserves | (3,028) | 358 |
| Fair value and cash flow reserves | (160) | (3,899) |
| Income attributable to the Group | 21,829 | 3,097 |
| Total shareholders' equity attributable to the Group | 840,760 | 821,675 |
| Shareholders' equity attributable to minority shareholders | 5,783 | 5,537 |
| Total shareholders' equity | 846,543 | 827,212 |
| Total liabilities and shareholders' equity | 1,758,284 | 1,845,745 |

Consolidated Statements of Cash Flows

| (Euro/000) | Six months ended June 30, | |
|---|---------------------------|-----------------|
| | 2006 | 2005 |
| Cash flows from operating activities | | |
| Net income | 23,657 | 17,381 |
| Depreciation and Amortization | 18,231 | 17,464 |
| Share (income) on equity investments | 102 | (77) |
| Net movements in the employee benefits liability | 1,947 | 2,076 |
| Net movements in other provisions | 571 | 918 |
| Interest expenses | 31,712 | 43,179 |
| Income tax expense | 16,676 | 10,230 |
| Income from operating activities prior to movements in working capital | 92,896 | 91,171 |
| Changes in operating Assets and Liabilities | | |
| (Increase) Decrease in trade receivables and other current receivables | (50,416) | (66,938) |
| (Increase) Decrease in inventory, net | (14,095) | 18,952 |
| Increase (Decrease) in trade payables and other current payables | 14,081 | 10,458 |
| Interest expenses paid | (20,503) | (30,122) |
| Income taxes paid | (15,414) | (17,264) |
| Net Cash (used in) operating activities | 6,549 | 6,257 |
| Cash Flows from investing activities | | |
| Purchase of property, plant and equipment (net of disposals) | (12,307) | (11,224) |
| Disposal of investments in associates and financial assets | 209 | - |
| Purchase of intangible assets | (1,119) | (873) |
| Net Cash (used in) investing activities | (13,217) | (12,097) |
| Cash Flows from Financing activities | | |
| Proceeds from borrowings | 304,447 | 53,160 |
| Repayment of borrowings | (304,209) | (9,945) |
| Dividends paid | (1,478) | (1,647) |
| Net Cash provided by financing activities | (1,240) | 41,568 |
| Effect of exchange rates | 2,071 | 1,372 |
| Other movements in shareholders' equity | 3,271 | (3,190) |
| Net increase (decrease) in cash and cash equivalents | (2,566) | 33,910 |
| Cash and cash equivalents at the beginning of the period | 44,546 | 18,191 |
| Cash and cash equivalents at the end of the period | 41,980 | 52,101 |

Safilo Group S.p.A. - Statements of Operations

| <i>(Euro/000)</i> | Six months ended June 30, | | Second Quarter | |
|---|---------------------------|----------------|----------------|----------------|
| | 2006 | 2005 | 2006 | 2005 |
| Net sales | - | - | - | - |
| Cost of sales | - | - | - | - |
| Gross profit | - | - | - | - |
| Selling and marketing expenses | - | - | - | - |
| General and administrative expenses | (305) | (36) | (188) | - |
| Other income/(expenses), net | 308 | 3 | 308 | 3 |
| Operating income | 3 | (33) | 120 | 3 |
| Share of income/(loss) of associates | - | - | - | - |
| Interest expense and other financial charges, net | 180 | (2,047) | 72 | (1,022) |
| Income before taxation | 183 | (2,080) | 192 | (1,019) |
| Income tax expenses | (127) | 393 | (127) | 196 |
| Net income/(loss) | 56 | (1,687) | 65 | (823) |

Safilo Group S.p.A. - Balance Sheets

| (Euro/000) | 30/06/2006 | 31/12/2005 |
|---|----------------|----------------|
| ASSETS | | |
| Current assets | | |
| Cash in hand and at banks | 10,146 | 22,214 |
| Other current receivables | 2,714 | 1,712 |
| Total current assets | 12,860 | 23,926 |
| Non-current assets | | |
| Investments in subsidiaries | 805,025 | 805,026 |
| Deferred tax assets | 33,272 | 31,984 |
| Total non-current assets | 838,297 | 837,010 |
| Total assets | 851,157 | 860,936 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities | | |
| Short-term borrowings | - | 700 |
| Trade payables | 2,259 | 9,653 |
| Tax payables | - | 2 |
| Other current liabilities | 34,911 | 36,654 |
| Total current liabilities | 37,170 | 47,009 |
| Non-current liabilities | | |
| Employee benefits liability | 63 | 59 |
| Totale passività non correnti | 63 | 59 |
| Total non-current liabilities | 37,233 | 47,068 |
| Shareholders' equity | | |
| Share capital | 70,843 | 70,843 |
| Share premium reserve | 751,276 | 751,276 |
| Retained earnings and other reserves | (8,251) | (906) |
| Net Income/(loss) | 56 | (7,345) |
| Total shareholders' equity | 813,924 | 813,868 |
| Total liabilities and shareholders' equity | 851,157 | 860,936 |

Safilo Group S.p.A. - Statements of Cash Flows

| (Euro/000) | Six months ended June 30, | |
|---|---------------------------|----------------|
| | 2006 | 2005 |
| Cash flows from operating activities | | |
| Net income | 56 | (1,687) |
| Net movements in the employee benefits liability | 4 | - |
| Income from operating activities prior to movements in working capital | 60 | (1,687) |
| Changes in operating Assets and Liabilities | | |
| (Increase) Decrease in trade receivables and other current receivables | (2,283) | 1 |
| Increase (Decrease) in trade payables and other current payables | (9,145) | 1,613 |
| Net Cash (used in) operating activities | (11,368) | (73) |
| Cash Flows from investing activities | | |
| Acquisition of investments in associates and financial assets | - | - |
| Net Cash (used in) investing activities | - | - |
| Cash Flows from Financing activities | | |
| Proceeds from borrowings | - | 100 |
| Repayment of borrowings | (700) | - |
| Net Cash provided by financing activities | (700) | 100 |
| Net increase (decrease) in cash and cash equivalents | (12,068) | 27 |
| Cash and cash equivalents at the beginning of the period | 22,214 | 40 |
| Cash and cash equivalents at the end of the period | 10,146 | 67 |

ANNEX 2 – Curricula of Claudio Gottardi and Massimiliano Tabacchi

CLAUDIO GOTTARDI

Chief Executive Officer

Born in Bolzano on June 24th 1956.

After having gained his high school diploma in science, he went on to graduate from the University of Padova with a major in Electronic Engineering and minor in Economics.

From 1982 to 1984 he was head of Marketing at the Italian branch of W.L. Gore, based in Monaco di Baviera (Germany).

In 1985 Gottardi began his career in Safilo as Area Manager for Central Europe. In 1989 he moved to the United States as Vice President of New Business Development, where he concentrated on M&A activities for several American companies. In 1993 he returned to Italy as Marketing Director for the Group. In 1996 he was appointed Managing Director, responsible for Safilo USA. From 1996 onwards he was named Chief Executive Officer of the following companies Safilo USA, Inc., Smith Sport Optics, Inc, Solstice Marketing Corp., as well as Safilo Canada, Inc. and Canam Sport Optics, Inc. (Canada).

Gottardi was appointed Chief Executive Officer of Safilo Group Spa in August 2006.

He speaks 4 languages.

Hobbies: painting, mountain biking.

MASSIMILIANO TABACCHI

Co-Chief Executive Officer

Born in Padua, 10th October 1970.

After having gained his high school diploma in science, Massimiliano went on to achieve a degree in Mechanical Engineering from the Engineering Faculty of Padua University. During his studies he was able to acquire considerable formative and professional experience abroad.

Massimiliano began his career in Safilo Usa and Safilo Santa Maria di Sala (Padova). He then continued his professional training with Otis, a leading company in the sector of elevators and lifts, first as Contract Project Manager and then in the Special Projects section, concentrating on the development of “Lean Manufacturing” and “Total Quality” programmes.

In January 2001 he joined the family company and, prior to his recent appointment as Chief Executive Officer, he held the position of Chief Operating Officer where he was responsible for the following company areas: Research & Development, Product Development, Planning, Operations, Information Technology and the Sport Division.

He speaks 3 languages.

He has been member of the Safilo Group S.p.A. Board of Directors since 2002.

Hobbies: scuba diving, golf, skiing, parachuting, he holds a airplane pilot’s licence.