LUXOTTICA GROUP SPA
Form 6-K
May 14, 2010

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended March 31, 2010
COMMISSION FILE NO. 1 - 10421

LUXOTTICA GROUP S.p.A.

VIA C. CANTÙ 2, MILAN, 20123 ITALY
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F. Form 20-F ý Form 40-F o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): o

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes o No ý

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-____________

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for the quarter ended March 31 of Fiscal Year 2010

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Luxottica Group S.p.A.

Headquarters and registered office via Cantù, 2, 20123 Milan, Italy

Capital Stock € 27,887,476.98

authorized and issued

ITEM 1. MANAGEMENT REPORT ON THE INTERIM FINANCIAL RESULTS
AS OF MARCH 31, 2010
(UNAUDITED)

The following discussion should be read in conjunction with the disclosure contained in our Annual Report on Form 20-F for the year ended December 31, 2009, which contains, among other things, a discussion of the risks and uncertainties that could affect our future operating results or financial condition.

1. OPERATING PERFORMANCE FOR THE FIRST QUARTER OF 2010

During the first quarter of the year, the global economy achieved selective growth and even showed hopeful signs of stability, with certain countries performing solidly while others still face challenges. Against this backdrop, we have reaped the fruits of our intense work over the past year, primarily due to the effectiveness of our integrated business model, thus bolstering the four key pillars of our business for 2010: Oakley, emerging markets, the North American market and efficiency.

In particular, during the first three months of 2010, we achieved positive performance in all of the key geographic regions in which we operate, confirming the success of our investments and actions over the past year. The results achieved in North America, a key region for the Group, are worthy of note: Luxottica's first quarter net sales in US dollars grew by 6.1 percent, mainly due to the solid performance of LensCrafters and Sunglass Hut, where comparable store sales[1] for the quarter rose by 6.6 percent and 10.8 percent, respectively. Significant results were also achieved in our emerging markets, with net sales up year-over-year by over 30 percent.

[1] Comparable store sales reflect the change in sales from one period to another that, for comparison purposes, includes in the calculation only stores open in the more recent period that also were open during the comparable prior period in the same geographic area, and applies to both periods the average exchange rate for the prior period.

Both our segments posted solid results, thereby confirming the success of our business model and the proactive and decisive steps taken. Net sales for the quarter in our manufacturing and wholesale distribution segment grew by over 10 percent, while operating margin increased in both our manufacturing and wholesale distribution and our retail distribution segments.

In the first quarter of 2010, net sales increased by 6.0 percent at current exchange rates and, by 7.0 percent at constant exchange rates[2] to Euro 1,391.7 million from Euro 1,312.3 million in the first quarter of 2009.

[2] We calculate constant exchange rates by applying to the current period the average exchange rates between the Euro and the relevant currencies of the various markets in which we operated during the three-month period ended March 31, 2009. Please refer to Attachment 1 for further details on exchange rates.

EBITDA[3] increased over the previous year by 6.9 percent to Euro 242.6 million, from Euro 227.0 million in the first quarter of 2009. Operating income was Euro 171.2 million for the first quarter of 2010, compared with Euro 154.2 million for the same period of the previous year (+11.1 percent), while operating margin increased to 12.3 percent, from 11.7 percent in the first quarter of 2009.

[3] For a further discussion of EBITDA, see page 11 "Non-IAS/IFRS Measures".

Net income attributable to Luxottica Group stockholders for the first three months of 2010 grew to Euro 95.1 million (a 20.8 percent increase from Euro 78.8 million for the first three months of 2009),

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resulting in earnings per share (EPS) of Euro 0.21 (at an average US Dollar/Euro exchange rate of 1.3829). Net income attributable to Luxottica Group stockholders expressed in US dollars grew by 28.2 percent to U.S. $131.5 million (U.S. $102.6 million in the first quarter of 2009), resulting in EPS of U.S. $0.29.

By carefully controlling working capital, the Group generated a positive free cash flow[4] (over Euro 40 million) in a quarter that traditionally sees a negative trend. However, because of the exchange rate effect, consolidated net debt at March 31, 2010 was Euro 2,421 million (Euro 2,337 million at the end of 2009), and the ratio of net debt to EBITDA was 2.8X, compared with 2.7X at December 31, 2009). Net of the exchange rate effect[5], the ratio would have been 2.7X compared with 2.8X at December 31, 2009.

[4] For a further discussion of free cash flow, see page 11 "Non-IAS/IFRS Measures".

[5] We calculate results net of the exchange rate effect by applying to the current period the average exchange rates between the Euro and the relevant currencies of the various markets in which we operated during the three-month period ended March 31, 2009. Please refer to Attachment 1 for further details on exchange rates.

2. SIGNIFICANT EVENTS DURING THE THREE MONTHS ENDED MARCH 31, 2010

January

On January 5, 2010, the minority stockholders of Luxottica Gözlük Endüstri ve Ticaret Anonim Sirketi, our Turkey-based subsidiary notified us of their intention to exercise their put option to sell us a 35.16 percent interest in this subsidiary. The purchase price will be approximately Euro 61.5 million. The sale is subject to the prior approval of the Turkish antitrust authority and it is expected to close in May 2010.

On January 29, 2010, our subsidiary Luxottica U.S. Holdings Corp. ("U.S. Holdings") completed a private placement of U.S. $175 million of senior unsecured guaranteed notes, issued in three series (Series D, Series E and Series F). The aggregate principal amount is U.S. $50 million for each of Series D and Series E Notes and U.S. $75 million for Series F Notes. The Series D Notes mature on January 29, 2017; the Series E Notes mature on January 29, 2020 and the Series F Notes mature on January 29, 2019. Interest on the Series D Notes accrues at 5.19 percent per annum, interest on the Series E Notes accrues at 5.75 percent per annum and interest on the Series F Notes accrues at 5.39 percent per annum. The proceeds from the Notes were used for general corporate purposes.

February

On February 8, 2010 we announced that we formed a long-term joint venture for the Australian and New Zealand markets with Essilor International. The joint venture will manage Eyebiz Pty Limited, Luxottica's Sydney-based optical lens finishing laboratory, which, as a result of this alliance, will be majority-controlled by Essilor. Eyebiz will continue to supply all of our retail optical outlets in Australia and New Zealand: OPSM, Budget Eyewear and Laubman & Pank.

March

On March 31, 2010 we announced a three-year renewal of our exclusive license agreement with Jones Apparel Group for the design, production and global distribution of prescription frames and sunglasses under the Anne Klein New York brand. The new agreement, which is substantially unchanged from the previous agreement, extends the license through December 2012, with a provision for a further renewal.

On March 31, 2010, we announced a five-year extension of the license agreement with Retail Brand Alliance, Inc. for the design, production and worldwide distribution of prescription frames and sunglasses under the Brooks Brothers brand. The Brooks Brothers trade name is owned by Retail Brand

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Alliance, Inc., which is controlled by Claudio Del Vecchio, one of our directors. The term of the new agreement is through December 2014, with an option for a further five-year extension under the same terms. The terms were substantially unchanged from those of the previous agreement.

During the first three months of 2010, we purchased on the "Mercato Telematico Azionario" ("MTA") 546,712 of our ordinary shares at an average price of Euro 18.80 for a total amount of Euro 10,280,809 pursuant to the share purchase program approved at the Stockholders' Meeting on October 29, 2009 and launched on November 16, 2009.

In parallel our subsidiary, Arnette Optic Illusions, Inc., sold during the same period on the MTA 705,000 of our ordinary shares at an average price of Euro 18.87 for a total amount of Euro 13,303,645.

3. FINANCIAL RESULTS

We are a global leader in the design, manufacture and distribution of fashion, luxury and sport eyewear, with net sales reaching Euro 5.1 billion in 2009, approximately 60,000 employees and a strong global presence. We operate in two industry segments: (i) manufacturing and wholesale distribution; and (ii) retail distribution. See Note 4 to the Management Report on the Interim Financial Results as of March 31, 2010, for additional disclosures about our operating segments. Through our manufacturing and wholesale distribution segment, we are engaged in the design, manufacture, wholesale distribution and marketing of house and designer lines of mid- to premium-priced prescription frames and sunglasses and, through Oakley, of performance optics products. We operate our retail segment principally through our retail brands, which include, among others, LensCrafters, Sunglass Hut, Pearle Vision, ILORI, The Optical Shop of Aspen, OPSM, Laubman & Pank, Budget Eyewear, Bright Eyes, Oakley "O" Stores and Vaults, David Clulow and our Licensed Brands (Sears Optical and Target Optical).

As a result of our numerous acquisitions and the subsequent expansion of our business activities in the United States through these acquisitions, our results of operations, which are reported in Euro, are susceptible to currency rate fluctuations between the Euro and the U.S. dollar. The Euro/U.S. dollar exchange rate has fluctuated from an average exchange rate of Euro 1.00 = U.S. $1.3029 in the first three months of 2009 to Euro 1.00 = U.S. $1.3829 in the same period of 2010. Additionally, with the acquisition of OPSM and Bright Eyes (acquired through Oakley), our results of operations are susceptible to currency fluctuations between the Euro and the Australian dollar. Although we engage in certain foreign currency hedging activities to mitigate the impact of these fluctuations, they have impacted our reported revenues and expenses during the periods discussed herein.

On April 16, 2010, we announced that starting with the first quarter of fiscal year 2010 and for all future reporting periods we will report our financial results in accordance with the International Financial and Reporting Standards as issued by the International Accounting Standards Board ("IAS/IFRS") in all financial communications including reports to the United States Securities and Exchange Commission ("SEC"). Up to and including the 2009 fiscal year, we had been reporting our financial results in accordance with generally accepted accounting principles in the United States ("U.S. GAAP").

Since 2005, we have also been preparing consolidated financial statements in Italy in accordance with IFRS as required by Italian law and we have provided the financial community with a reconciliation of our U.S. GAAP and IFRS results on a quarterly basis.

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RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009

	Three months ended March 31,			
Values in thousands of Euro	2010	% of net sales	2009	% of net sales
Net sales	**1,391,687**	**100.0%**	**1,312,334**	**100.0%**
Cost of sales	499,789	35.9%	450,988	34.4%
Gross profit	**891,898**	**64.1%**	**861,346**	**65.6%**
Selling	452,766	32.5%	440,888	33.6%
Royalties	24,868	1.8%	25,812	2.0%
Advertising	81,143	5.8%	79,277	6.0%
General and administrative	141,765	10.2%	140,181	10.7%
Intangibles amortization	20,110	1.4%	21,017	1.6%
Total operating expenses	**720,652**	**51.8%**	**707,174**	**53.9%**
Income from operations	**171,246**	**12.3%**	**154,173**	**11.7%**
Other income/(expense)				
Interest income	2,037	0.1%	2,004	0.2%
Interest expense	(24,638)	1.8%	(29,820)	2.3%
Other net	(818)	0.1%	(1,605)	0.1%
Income before provision for income taxes	**147,827**	**10.6%**	**124,751**	**9.5%**
Provision for income taxes	(50,161)	3.6%	(43,415)	3.3%
Net income	**97,666**	**7.0%**	**81,336**	**6.2%**
Attributable to				
Luxottica Group stockholders	**95,091**	**6.8%**	**78,750**	**6.0%**
noncontrolling interests	2,575	0.2%	2,587	0.2%
NET INCOME	**97,666**	**7.0%**	**81,336**	**6.2%**

Net Sales. Net sales increased by Euro 79.4 million, or 6.0 percent, to Euro 1,391.7 million in the first three months of 2010 from Euro 1,312.3 million in the same period of 2009. Euro 51.9 million of such increase is attributable to the increased sales in the manufacturing and wholesale distribution segment in the first three months of 2010 as compared to the same period in 2009 and to the increase in the retail distribution segment of Euro 27.4 million. The increase in net sales to third parties in the manufacturing and wholesale distribution segment was mainly attributable to increased sales of most of our housebrands and some of our licensed brands such as Bvlgari, Ralph Lauren and Chanel.

Net sales for the retail distribution segment increased by Euro 27.4 million, or 3.4 percent, to Euro 838.2 million in the first three months of 2010 from Euro 810.8 million in the same period in 2009. The increase in net sales for the period is almost solely attributable to an improvement in comparable store sales[6] which accounted for 3.4 percent. In particular we saw a 5.5 percent increase in comparable store sales for the North American retail operations, which was partially offset by an 11.9 decrease in comparable store sales for the Australian/New Zealand retail operations. The negative effects from currency fluctuations between the Euro, which is our reporting currency, and other currencies in which

[6] Comparable store sales reflects the change in sales from one period to another that, for comparison purposes, includes in the calculation only stores open in the more recent period that also were open during the comparable prior period in the same geographic area, and applies to both periods the average exchange rate for the prior period.

we conduct business, in particular due to the weakening of the U.S. dollar compared to the Euro, decreased net sales in the retail distribution segment by Euro 18.2 million.

Net sales to third parties in the manufacturing and wholesale distribution segment increased by Euro 51.9 million, or 10.4 percent, to Euro 553.5 million in the first three months of 2010 from Euro 501.6 million in the same period in 2009. This increase is mainly attributable to increased sales of most of our housebrands and in some designer brands such as Bvlgari, Ralph Lauren and Chanel. These sales volume increases occurred in some key markets, such as France, Italy, Spain and Brazil. These positive effects were further increased by positive currency fluctuations, in particular due to a strengthening of the Brazilian Real and Australian Dollar compared to the Euro, which caused an increase in net sales to third parties in the manufacturing and wholesale distribution segment of Euro 6.2 million.

In the first three months of 2010, net sales in the retail distribution segment accounted for approximately 60.2 percent of total net sales, as compared to approximately 61.8 percent of total net sales for the same period in 2009. This decrease in sales as a percentage of total net sales for the retail distribution segment is primarily attributable to: (i) a 10.4 percent increase in net sales to third parties in our manufacturing and wholesale distribution segment compared to the same period of 2009; and (ii) negative currency exchange rate effects, which more heavily impacted net sales for the retail distribution segment because of the heavy concentration of our retail business in North America, where the Euro is not the functional currency.

In the first three months of 2010, net sales in our retail distribution segment in the United States and Canada comprised 82.6 percent of our total net sales in this segment as compared to 84.5 percent of our total net sales in the same period of 2009. In U.S. dollars, retail net sales in the United States and Canada increased by 7.2 percent to U.S. $957.1 million in the first three months of 2010 from U.S. $892.9 million for the same period in 2009. During the first three months of 2010, net sales in the retail segment in the rest of the world (excluding the United States and Canada) comprised 17.4 percent of our total net sales in the retail distribution segment and increased 16.5 percent to Euro 146.1 million in the first three months of 2010 from Euro 125.4 million for the same period in 2009.

In the first three months of 2010, net sales to third parties in our manufacturing and wholesale distribution segment in Europe were Euro 295.3 million, comprising 53.4 percent of our total net sales in this segment, compared to Euro 269.2 million in the same period in 2009, or 53.7 percent of total net sales in the segment. The increase of Euro 26.1 million in the first three months of 2010 compared to the same period of 2009 constituted a 9.7 percent increase in net sales to third parties in Europe, due to a general improvement in market conditions. Net sales to third parties in our manufacturing and wholesale distribution segment in the United States and Canada were U.S. $158.9 million and comprised 21.2 percent of our total net sales in this segment in the first three months of 2010, compared to U.S. $158.3 million in the same period of 2009, or 24.2 percent of total net sales in the segment. The increase of U.S. $0.6 million in the first three months of 2010 compared to the same period of 2009 constituted an increase, in U.S. dollars, of 0.4 percent in net sales in this segment in the United States and Canada, due to a general improvement in market conditions. In the first three months of 2010, net sales to third parties in our manufacturing and wholesale distribution segment in the rest of the world were Euro 140.6 million, comprising 25.4 percent of our total net sales in this segment, compared to Euro 110.9 million in the same period of 2009, or 22.1 percent of our net sales in this segment. The increase of Euro 29.7 million in the first three months of 2010 compared to the same period of 2009 constituted a 26.8 percent increase in this segment in the rest of the world due to a general improvement in market conditions.

Cost of Sales. Cost of sales increased by Euro 48.8 million, or 10.8 percent, to Euro 499.8 million in the first three months of 2010 from Euro 451.0 million in the same period of 2009. As a percentage of net sales, cost of sales increased to 35.9 percent in the first three months of 2010, as compared to 34.4 percent in the same period of 2009. In the first three months of 2010, the average number of frames produced daily in our facilities increased to approximately 228,200, as compared to 188,100 in the same period of 2009, which was attributable to increased production in all manufacturing facilities in response to an overall increase in demand.

Gross Profit. Our gross profit increased by Euro 30.6 million, or 3.5 percent, to Euro 891.9 million in the first three months of 2010 from Euro 861.3 million in the same period of 2009. As a percentage of net sales, gross profit decreased to 64.1 percent in the first three months of 2010 from 65.6 percent in the same period of 2009, due to the factors noted above for cost of sales.

Operating Expenses. Total operating expenses increased by Euro 13.5 million, or 1.9 percent, to Euro 720.7 million in the first three months of 2010 from Euro 707.2 million in the same period of 2009. As a percentage of net sales, operating expenses decreased to 51.8 percent in the first three months of 2010 from 53.9 percent in the same period of 2009 primarily due to an increase in sales while keeping strong cost controls over selling and advertising expenses.

Selling and advertising expenses (including royalty expenses) increased by Euro 12.8 million, or 2.3 percent, to Euro 558.8 million in the first three months of 2010 from Euro 546.0 million in the same period of 2009. Selling expenses increased by Euro 11.9 million or 2.7 percent. Advertising expenses increased by Euro 1.9 million or 2.4 percent. Royalties decreased by Euro 0.9 million or 3.7 percent. As a percentage of net sales, selling and advertising expenses decreased to 40.2 percent in the first three months of 2010 compared to 41.6 percent for the same period 2009, primarily due to certain fixed costs in selling, as well as the restructuring made in 2009 in our selling force, which brought about more efficient costs.

General and administrative expenses, including intangible asset amortization remained flat at Euro 161.9 million in the first three months of 2010 compared to Euro 161.2 million in the same period of 2009.

Income from Operations. For the reasons described above, income from operations increased by Euro 17.1 million, or 11.1 percent, to Euro 171.2 million in the first three months of 2010 from Euro 154.2 million in the same period of 2009. As a percentage of net sales, income from operations increased to 12.3 percent in the first three months of 2010 from 11.7 percent in the same period of 2009.

Other Income (Expense) Net. Other income (expense) net was Euro (23.4) million in the first three months of 2010 compared to Euro (29.4) million in the same period of 2009. Net interest expense decreased to Euro 22.6 million in the first three months of 2010 compared to Euro 27.8 million in the same period of 2009, mainly attributable to a reduction of our indebtedness and the weakening of the U.S. dollar against the Euro.

Net Income. Income before taxes increased by Euro 23.1 million, or 18.5 percent, to Euro 147.8 million in the first three months of 2010 from Euro 124.8 million in the same period of 2009 for the reasons described above. As a percentage of net sales, income before taxes increased to 10.6 percent in the first three months of 2010 from 9.5 percent in the same period of 2009. Net income attributable to noncontrolling interests remained flat at Euro 2.6 million in the first three months of 2010 and the same period of 2009. Our effective tax rate was 33.9 percent in the first three months of 2010, compared to 34.8 percent in the same period of 2009.

Net income attributable to Luxottica Group stockholders increased by Euro 16.3 million, or 20.8 percent, to Euro 95.1 million in the first three months of 2010 from Euro 78.8 million in the same period of 2009. Net income attributable to Luxottica group stockholders as a percentage of net sales increased to 6.8 percent in the first three months of 2010 from 6.0 percent in the same period of 2009.

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Basic earnings per share were Euro 0.21 in the first three months of 2010 as compared to Euro 0.17 in the same period of 2009. Diluted earnings per share were Euro 0.21 in the first three months of 2010 compared to Euro 0.17 in the same period of 2009.

OUR CASH FLOWS

The following table sets forth for the periods indicated, certain items included in our statements of consolidated cash flows included in Item 1 of this report.

		As of March 31, 2010	As of March 31, 2009
A)	Cash and cash equivalents at the beginning of the period	380,081	288,450
B)	Cash provided by operating activities	42,525	140,292
C)	Cash used in investing activities	(52,353)	(47,112)
D)	Cash used in financing activities	(39,245)	(129,370)
	Change in bank overdrafts	(12,742)	(30,346)
	Effect of exchange rate changes on cash and cash equivalents	17,894	5,094
E)	Net change in cash and cash equivalents	(43,921)	(61,442)
F)	**Cash and cash equivalents at the end of the period**	**336,160**	**227,008**

Operating activities. Our cash provided by operating activities was Euro 42.5 million and Euro 140.3 million for the first three months of 2010 and 2009, respectively. The Euro 97.8 million decrease for the first three months of 2010 as compared to the same period in 2009 was primarily attributable to:

Cash used in accounts receivable were Euro (80.8) million in the first three months of 2010 compared to Euro (45.3) million in the same period of 2009. This change is primarily due to an increase in sales volume in the first three months of 2010 compared to the same period of 2009.

Cash used in accounts payable were Euro (37.2) million in the first three months of 2010 compared to Euro (15.3) million in the same period of 2009. This change is mainly due to an increase in production in the first three months of 2010 as compared to the same period of 2009.

Cash generated by other assets/liabilities were Euro 1.2 million in the first three months of 2010 compared to Euro 29.7 million in the same period of 2009. This change is primarily due to the higher utilization in 2009 of some tax receivables of certain U.S. subsidiaries to offset the tax liabilities for the period.

Investing activities. Our cash used in investing activities was Euro (52.4) million for the first three months of 2010 compared to Euro (47.1) million for the same period in 2009. The cash used in investing activities primarily consists of (i) Euro (31.7) million in capital expenditures in the first three months of 2010 compared to Euro (44.6) million in the same period of 2009, which mostly relate to our reduction in investment in the opening, remodeling and relocation of stores in the retail distribution segment as we wind down our remodeling initiative, and (ii) the payment of the second instalment related to the acquisition of a 40 percent investment in Multiopticas Internacional S.L. by Euro 20.7 million which occurred in the first three months of 2010.

Financing activities. Our cash generated/(used in) financing activities for the first three months of 2010 and 2009 was Euro (39.2) million and Euro (129.4) million, respectively. Cash provided by/(used in) financing activities for the first three months of 2010 consisted primarily of the proceeds of Euro 126.5 million from long-term debt borrowings and Euro (162.0) million used to repay long-term debt expiring during the first three months of 2010. Cash provided by/(used in) financing activities for the first three months of 2009 consisted primarily of the proceeds of Euro 536.4 million from long-term debt borrowings Euro (58.3) million and Euro (608.2) million in cash used to repay bank overdrafts and long-term debt expiring during the first three months of 2009.

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OUR CONSOLIDATED BALANCE SHEET

	March 31, 2010 (unaudited)	December 31, 2009 (audited)
	(thousands of Euro)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	336,160	380,081
Accounts receivable net	718,434	618,884
Inventories net	540,467	524,663
Other assets	214,870	198,365
Total current assets	**1,809,931**	**1,721,993**
NON CURRENT ASSETS:		
Property, plant and equipment net	1,171,543	1,149,972
Goodwill	2,837,688	2,688,835
Intangible assets net	1,193,394	1,149,880
Investments	49,480	46,317
Other assets	147,485	147,591
Deferred tax assets	343,486	356,706
Total non-current assets	**5,743,078**	**5,539,301**
TOTAL ASSETS	**7,553,009**	**7,261,294**

LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Bank overdrafts	134,978	148,951
Current portion of long-term debt	199,580	166,279
Accounts payable	403,352	434,604
Income taxes payable	7,942	11,204
Other liabilities	571,889	554,136
Total current liabilities	**1,317,742**	**1,315,174**
NON-CURRENT LIABILITIES:		
Long-term debt	2,422,941	2,401,796
Liability for termination indemnity	43,367	44,633
Deferred tax liabilities	382,095	396,048
Other liabilities	379,534	350,028
Total non-current liabilities	**3,227,936**	**3,192,505**
STOCKHOLDERS' EQUITY:		
Luxottica Group stockholders' equity	2,994,886	2,737,239
Noncontrolling interests	12,445	16,376
Total stockholders' equity	**3,007,331**	**2,753,615**
TOTAL LIABILITIES AND STOCKHOLDERS'EQUITY	**7,553,009**	**7,261,294**

As of March 31, 2010 total assets were Euro 7,553.0 million and increased by Euro 291.7 million compared to Euro 7,261.3 million as of December 31, 2009.

In the first three months of 2010 non-current assets increased by Euro 203.8 million. This increase was primarily due to increases in net intangible assets (Euro 192.4 million increase), property, plant and

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equipment net (Euro 21.6 million increase) and investments (Euro 3.2 million increase) which were partially offset by decreases in deferred tax assets (Euro 13.2 million decrease) and other assets (Euro 0.1 million decrease).

The increase in net intangible assets is primarily due to the positive effects of foreign currency fluctuation effects of Euro 202.1 million.

The increase in property, plant and equipment is primarily due to additions during the period of Euro 31.7 million, partially offset by Euro 8.0 million of disposals.

As of March 31, 2010 as compared to December 31, 2009:

Accounts receivable increased by Euro 99.6 million due to the seasonality of our business, which results in most of our net sales occurring in the first part of the calendar year and a corresponding increase in accounts receivable;

Other current assets increased by Euro 16.5 million mainly due to (i) an increase of Euro 25.8 million in marketable securities which as of December 31, 2009, such amounts were not invested and were held as cash and cash equivalents; (ii) an increase of Euro 11.5 million of prepaid expenses mainly due to other assets of our retail North America division, and (iii) a decrease of Euro 23.6 million in income taxes receivable.

Other non-current liabilities increased by Euro 29.5 million due to increasing liabilities for interest rate derivatives related to an increase in interest rates compared to December 31, 2009.

Our net financial position as of March 31, 2010 and December 31, 2009 is as follows:

(thousands of Euro)	**March 31, 2010**	**December 31, 2009**
Cash and cash equivalents	336,160	380,081
Bank overdrafts	(134,978)	(148,951)
Current portion of long-term debt	(199,580)	(166,279)
Long-term debt	(2,422,941)	(2,401,796)
Total	**(2,421,340)**	**(2,336,945)**

Bank overdrafts represent negative cash balances held in banks and amounts borrowed under various unsecured short-term lines of credit that the Company has obtained through local financial institutions. These facilities are usually short-term in nature. The remaining part consists of short-term revolving lines of credit borrowed by various subsidiaries of the Group. The applicable interest rate is usually floating and varies based on the currency of the line of credit.

As of March 31, 2010 the Company and its wholly-owned Italian subsidiary Luxottica S.r.l had credit lines aggregating Euro 391.8 million. The interest rate is a floating rate and is EURIBOR plus a margin on average of approximately 0.50 percent. As of March 31, 2010 these credit lines were utilized for Euro 0.4 million.

As of March 31, 2010, Luxottica US Holdings maintained unsecured lines of credit for an aggregate maximum availability of Euro 98.5 million (U. S. $133.2 million). The interest rate is a floating rate and is approximately USD LIBOR plus 0.80 percent. At March 31, 2010, these lines were not used.

As of March 31, 2010 the current portion of long-term debt has increased due to the reclassification of the portion of the debt maturing in the first three months of 2011 as short-term debt

4. RELATED PARTY TRANSACTIONS

Our related party transactions are neither atypical nor unusual and occur within the ordinary course of our business. Management believe that these transactions are fair to the Company. For further details on the related party transactions please refer to Note 27 in the Notes to the Interim Consolidated Financial Statements as of March 31, 2010.

5. SUBSEQUENT EVENTS

There are no significant events that have occurred between the end of the quarter and the authorization by the Board of Directors to the issuance of our financial statements related thereto.

6. 2010 OUTLOOK

Based on current market conditions, management believes that the remainder of 2010 will be more normal for our business than in the prior year.

Management believes that the benefits expected from the investments and initiatives carried out during the past two years will be fully realized in 2010, due in part to a much more flexible and efficient cost structure and organization than in the past. In addition, in 2010, we will continue to invest in our infrastructure, with the goal of creating a truly common platform shared by our operations throughout the world, which is essential to support our future growth.

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NON-IAS/IFRS MEASURES

We use in this Management Report certain performance measures that are not in accordance with IAS/IFRS. Such non-IAS/IFRS measures are not meant to be considered in isolation or as a substitute for items appearing on our financial statements prepared in accordance with IAS/IFRS. Rather, these non-IAS/IFRS measure should be used as a supplement to IAS/IFRS results to assist the reader in better understanding our operational performance.

We caution that such measures are not defined terms under IAS/IFRS and their definitions should be carefully reviewed and understood by investors. Such non-IAS/IFRS measures are explained in detail and reconciled to their most comparable IAS/IFRS measures below.

EBITDA

EBITDA represents net income attributable to Luxottica Group Stockholders, before noncontrolling interest, provision for income taxes, other income/expense, depreciation and amortization. We believe that EBITDA is useful to both management and investors in evaluating our operating performance compared with that of other companies in our industry. Our calculation of EBITDA allows us to compare our operating results with those of other companies without giving effect to financing, income taxes and the accounting effects of capital spending, which items may vary for different companies for reasons unrelated to the overall operating performance of a company's business.

EBITDA is not a measure of performance under IAS/IFRS. We include it in this Management Report in order to:

- improve transparency for investors;
- assist investors in their assessment of the Company's operating performance and its ability to refinance its debt as it matures and incur additional indebtedness to invest in new business opportunities;
- assist investors in their assessment of the Company's cost of debt;
- ensure that these measures are fully understood in light of how the Company evaluates its operating results and leverage;
- properly define the metrics used and confirm their calculation; and
- share these measures with all investors at the same time.

Investors should be aware that our method of calculating EBITDA may differ from methods used by other companies. We recognize that the usefulness of EBITDA has certain limitations, including:

- EBITDA does not include interest expense. Because we have borrowed money in order to finance our operations, interest expense is a necessary element of our costs and ability to generate profits and cash flows. Therefore, any measure that excludes interest expense may have material limitations;
- EBITDA does not include depreciation and amortization expense. Because we use capital assets, depreciation and amortization expense is a necessary element of our costs and ability to generate profits. Therefore, any measure that excludes depreciation and expense may have material limitations;
- EBITDA does not include provision for income taxes. Because the payment of income taxes is a necessary element of our costs, any measure that excludes tax expense may have material limitations;

EBITDA does not reflect cash expenditures or future requirements for capital expenditures or contractual commitments;

EBITDA does not reflect changes in, or cash requirements for, working capital needs;

EBITDA does not allow us to analyze the effect of certain recurring and non-recurring items that materially affect our net income or loss.

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We compensate for the foregoing limitations by using EBITDA as a comparative tool, together with IAS/IFRS measurements, to assist in the evaluation of our operating performance and leverage.

The following table provides a reconciliation of EBITDA to net income, which is the most directly comparable IAS/IFRS financial measure:

Non-IAS/IFRS Measure: EBITDA and EBITDA margin

	March 31, 2010	March 31, 2009
	(Millions of Euro)	
Net income attributable to Luxottica Group Stockholders (+)	95.1	78.8
Net income attributable to noncontrolling interest (+)	2.6	2.6
Provision for income taxes (+)	50.2	43.4
Other (income)/expense (+)	23.4	29.4
Depreciation & amortization (+) (+)	71.4	72.8
EBITDA (=)	242.6	227.0
Net sales (/)	1,391.7	1,312.3
EBITDA margin (=)	17.4%	17.3%

Free Cash Flow

Free cash flow represents net income before noncontrolling interests, taxes, other income/expense, depreciation and amortization (i.e. EBITDA) plus or minus the decrease/(increase) in working capital over the prior period, less capital expenditures, plus or minus interest income/(expense) and extraordinary items, minus taxes paid. We believe that free cash flow is useful to both management and investors in evaluating our operating performance compared with other companies in our industry. In particular, our calculation of free cash flow provides a clearer picture of our ability to generate net cash from operations, which is used for mandatory debt service requirements, to fund discretionary investments, pay dividends or pursue other strategic opportunities.

Free cash flow is not a measure of performance under IAS/IFRS. We include it in this presentation in order to:

Improve transparency for investors;

Assist investors in their assessment of our operating performance and its ability to generate cash from operations in excess of its cash expenses;

Ensure that this measure is fully understood in light of how we evaluate our operating results;

Properly define the metrics used and confirm their calculation; and

Share this measure with all investors at the same time.

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Investors should be aware that our method of calculation of free cash flow may differ from methods used by other companies. We recognize that the usefulness of free cash flow as an evaluative tool may have certain limitations, including:

The manner in which we calculates free cash flow may differ from that of other companies, which limits its usefulness as a comparative measure;

Free cash flow does not represent the total increase or decrease in the net debt balance for the period since it excludes, among other things, cash used for funding discretionary investments and to pursue strategic opportunities during the period and any impact of the exchange rate changes; and

Free cash flow can be subject to adjustment at our discretion if we take steps or adopts policies that increase or diminish its current liabilities and/or changes to working capital.

We compensate for the foregoing limitations by using free cash flow as one of several comparative tools, together with IAS/IFRS measurements, to assist in the evaluation of our operating performance.

The following table provides a reconciliation of free cash flow to EBITDA and the table above provides a reconciliation of EBITDA to net income, which is the most directly comparable IAS/IFRS financial measure:

Non-IAS/IFRS Measure: Free cash flow

	March 31, 2010 (Millions of Euro)
EBITDA	**242.6**
Δ Working capital	(116.0)
Capital expenditures	(31.7)
Operating cash flow	**94.9**
Net interest expense	(22.6)
Income taxes paid	(28.3)
Other net	(0.9)
Free cash flow	**43.1**

FORWARD-LOOKING INFORMATION

Throughout this report, management has made certain "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995 which are considered prospective. These statements are made based on management's current expectations and beliefs and are identified by the use of forward-looking words and phrases such as "plans," "estimates," "believes" or "belief," "expects" or other similar words or phrases.

Such statements involve risks, uncertainties and other factors that could cause actual results to differ materially from those which are anticipated. Such risks and uncertainties include, but are not limited to, our ability to manage the effect of the poor current global economic conditions on our business, our ability to successfully acquire new businesses and integrate their operations, our ability to predict future economic conditions and changes in consumer preferences, our ability to successfully introduce and market new products, our ability to maintain an efficient distribution network, our ability to achieve and manage growth, our ability to negotiate and maintain favorable license arrangements, the availability of correction alternatives to prescription eyeglasses, fluctuations in exchange rates, changes in local conditions, our ability to protect our proprietary rights, our ability to maintain our relationships with host stores, any failure of our information technology, inventory and other asset risk, credit risk on our accounts, insurance risks, changes in tax laws, as well as other political, economic, legal and technological factors and other risks and uncertainties described in our filings with the U.S. Securities and Exchange Commission. These forward-looking statements are made as of the date hereof, and we do not assume any obligation to update them.

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ITEM 2. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS IAS/IFRS

	Footnote reference	March 31, 2010 (unaudited)	December 31, 2009 (audited)
		(Thousands of Euro)	
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	5	336,160	380,081
Accounts receivable net	6	718,434	618,884
Inventories net	7	540,467	524,663
Other assets	8	214,870	198,365
Total current assets		**1,809,931**	**1,721,993**
NON-CURRENT ASSETS:			
Property, plant and equipment net	9	1,171,543	1,149,972
Goodwill	10	2,837,688	2,688,835
Intangible assets net	10	1,193,394	1,149,880
Investments	11	49,480	46,317
Other assets	12	147,485	147,591
Deferred tax assets	13	343,486	356,706
Total non-current assets		**5,743,078**	**5,539,301**
TOTAL ASSETS		**7,553,009**	**7,261,294**

LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABIILTIES:			
Bank overdrafts	14	134,978	148,951
Current portion of long-term debt	15	199,580	166,279
Accounts payable	16	403,352	434,604
Income taxes payable	17	7,942	11,204
Other liabilities	18	571,889	554,136
Total current liabilities		**1,317,742**	**1,315,174**
NON-CURRENT LIABILITIES:			
Long-term debt	19	**2,422,941**	**2,401,796**
Liability for termination indemnities	20	**43,367**	**44,633**
Deferred tax liabilities	21	**382,095**	**396,048**
Other liabilities	22	**379,534**	**350,028**
Total non-current liabilities		**3,227,936**	**3,192,505**
STOCKHOLDERS' EQUITY			
Luxottica Group stockholders' equity	23	2,994,886	2,737,239
Noncontrolling interests	24	12,445	16,376
Total stockholders' equity		**3,007,331**	**2,753,615**

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**7,553,009**	**7,261,294**

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STATEMENT OF CONSOLIDATED INCOME IAS/IFRS

FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009 IAS/IFRS (UNAUDITED)

	Footnote reference	2010	2009
		(Thousands of Euro)[1]	
Net sales	25	1,391,687	1,312,334
Cost of sales	25	499,789	450,988
Gross profit		**891,898**	**861,346**
Selling	25	452,766	440,888
Royalties	25	24,868	25,812
Advertising	25	81,143	79,277
General and administrative	25	141,765	140,180
Intangibles amortization	25	20,110	21,017
Total operating expenses		**720,652**	**707,174**
Income from operations		**171,245**	**154,173**
Other income/(expense)			
Interest income	25	2,037	2,004
Interest expense	25	(24,638)	(29,820)
Other net	25	(818)	(1,605)
Income before provision for income taxes		**147,827**	**124,751**
Provision for income taxes	25	(50,161)	(43,415)
Net income		**97,666**	**81,336**
Of which attributable to:			
Luxottica Group stockholders	25	95,091	78,750
Noncontrolling interests	25	2,575	2,587
NET INCOME		**97,666**	**81,336**
Weighted average number of shares outstanding:			
Basic		458,404,423	457,031,838
Diluted		459,966,975	457,079,017
EPS			
Basic		0.21	0.17
Diluted		0.21	0.17

(1) Amounts in thousands except per share data.

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STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009 IAS/IFRS (UNAUDITED)

	March 31, 2010 (unaudited)	March 31, 2009 (unaudited)
	(Thousands of Euro)	
Net income	97,666	81,336
Other comprehensive income:		
Cash flow hedge net of tax	(7,433)	(424)
Currency translation differences	155,930	58,722
Actuarial gain/(loss) on postemployment benefit obligations	(14)	
Total other comprehensive income net of tax	148,485	58,298
Total comprehensive income for the period	246,151	139,634
Attributable to:		
Luxottica Group stockholders' equity	243,198	137,013
Noncontrolling interests	2,953	2,621
Total comprehensive income for the period	246,151	139,634

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STATEMENT OF CONSOLIDATED STOCKHOLDERS' EQUITY IFRS/IAS

FOR THE THREE MONTHS ENDED MARCH 31, 2010 (UNAUDITED)

	Capital stock Number of shares	Amount	Legal reserve	Additional paid-in capital	Retained earnings	Stock-Options reserve	Translation of foreign operations and other	Treasury shares	Stockholders' equity	Non controlling interests
					(Thousands of Euro)					
Balances, January 1, 2009	463,368,233	27,802	5,554	138,424	2,676,551	97,958	(430,547)	(69,987)	2,445,755	13,729
Net income					78,750				78,750	2,587
Other comprehensive income:										
Currency translation differences and other							58,688		58,688	34
Cash flow hedge net of tax					(424)				(424)	
Total comprehensive income as of March 31, 2009					**78,325**		**58,688**		**137,013**	**2,621**
Exercise of stock options	129,900	45		1,192					1,237	
Non-cash stock-based compensation						3,967			3,967	
Change in controlling interest in subsidiary										(748)
Dividends										(565)
Balances, March 31, 2009	**463,498,133**	**27,847**	**5,554**	**139,616**	**2,754,876**	**101,925**	**(371,859)**	**(69,987)**	**2,587,972**	**15,037**
Balances, January 1, 2010	464,386,383	27,863	5,561	166,912	2,900,213	124,563	(405,160)	(82,713)	2,737,239	16,376
Net income					95,091				95,091	2,575
Other comprehensive income:										
Currency translation differences and other							155,552		155,552	378
Cash flow hedge net of tax					(7,433)				(7,433)	
Actuarial gain/(loss) on postemployment benefit obligations					(14)				(14)	
Total comprehensive income as of March 31, 2010					**87,646**		**155,552**		**243,198**	**2,953**
Exercise of stock options	404,900	24		5,031					5,055	
Non-cash stock-based compensation						6,372			6,372	
Investment in treasury shares including tax effect of Euro 3.0 million				4,962				(1,940)	3,022	
Dividends										(6,884)
Balances, March 31, 2010	**464,791,283**	**27,887**	**5,561**	**176,905**	**2,987,859**	**130,935**	**(249,608)**	**(84,653)**	**2,994,886**	**12,445**

STATEMENT OF CONSOLIDATED CASH FLOWS FOR THE THREE

MONTHS ENDED MARCH 31, 2010 AND 2009 IAS/IFRS (UNAUDITED)

	2010	2009
	(Thousands of Euro)	
Net income	**97,666**	**81,336**
Stock-based compensation	6,372	3,967
Depreciation and amortization	71,383	72,802
Net loss on disposals of fixed assets and other	1,378	3,812
Other non-cash items	(11,384)	8,226
Changes in accounts receivable	(80,766)	(45,260)
Changes in inventories	320	1,910
Changes in accounts payable	(37,220)	(15,295)
Changes in other assets/liabilities	1,174	29,696
Changes in income taxes payable	(6,398)	(902)
Total adjustments	**(55,141)**	**58,956**
Cash provided by operating activities	**42,525**	**140,292**
Property, plant and equipment		
Additions	(31,708)	(44,644)
Disposals		
Purchases of businesses net of cash acquired	(6,875)	(2,468)
Sales of businesses net of cash disposed	6,913	
Investments in equity investees	(20,684)	
Changes in intangible assets		
Cash used in investing activities	**(52,354)**	**(47,112)**

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STATEMENT OF CONSOLIDATED CASH FLOWS FOR THE THREE MONTHS

ENDED MARCH 31, 2010 AND 2009 IAS/IFRS (UNAUDITED)

	2010	2009
	(Thousands of Euro)	
Long-term debt:		
Proceeds	126,545	536,386
Repayments	(161,976)	(608,169)
Decrease in overdraft balances	(8,036)	(58,262)
Exercise of stock options	5,056	1,240
Sale of treasury shares	6,050	
Dividends	(6,884)	(565)
Cash used in financing activities	**(39,245)**	**(129,370)**
Decrease in cash and cash equivalents	(49,074)	(36,190)
Cash and cash equivalents, beginning of the period	**346,624**	**28,426**
Effect of exchange rate changes on cash and cash equivalents	17,894	5,094
Cash and cash equivalents, end of the period	315,444	(2,670)

Supplemental disclosure of cash flows information:

	2010	2009
Cash paid during the period for interest	33,160	38,865
Cash paid during the period for income taxes	28,276	23,919

Following the reconciliation between the balance of cash and cash equivalents according to the consolidated cash flows and the balance of cash and cash equivalents according to the balance sheets:

	2010	2009
Cash and cash equivalents according to the consolidated statement of cash flows (net of bank overdrafts)	315,444	(2,670)

Bank overdrafts	20,716	229,678
Cash and cash equivalents according to the consolidated balance sheets	**336,160**	**227,008**

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Luxottica Group S.p.A.

Headquarters and registered office via Cantù, 2 20123 Milan, Italy
Capital Stock: € 27,887,476.98
authorized and issued

Notes to the
CONDENSED CONSOLIDATED QUARTERLY REPORT
As of MARCH 31, 2010
(UNAUDITED)

1. BACKGROUND

Luxottica Group S.p.A. (hereinafter the "Company"or together with its consolidated subsidiaries, the "Group") is a company listed on Borsa Italiana and the New York Stock Exchange with its registered office located at via Cantù 2, Milan (Italy).

The Company is controlled by Delfin S.à.r.l., based in Luxembourg. The chairman of the Board of Directors of the Company, Leonardo del Vecchio, controls Delfin S.à.r.l.

The Company's Board of Directors approved this condensed consolidated Quarterly Report (hereinafter referred to as the "Quarterly Report") for publication at its meeting on April 29, 2010.

This Quarterly Report is unaudited.

2. BASIS OF PREPARATION

This Quarterly Report has been prepared in accordance with article 154-ter of the Legislative Decree No. 58 of February 24, 1998.

The financial statements included in the Quarterly Report (the "Quarterly Financials") have been prepared in compliance with the International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union ("IAS/IFRS"), and in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*.

The preparation of an interim report requires management to use estimates and assumptions that affect the reported amounts of revenue, costs, assets and liabilities, as well as disclosures relating to contingent assets and liabilities at the reporting date. Results published on the basis of such estimates and assumptions could vary from actual results that may be calculated in the future.

These measurement processes and, in particular, those that are more complex, such as the calculation of impairment losses on non-current assets, are generally carried out only when the audited consolidated financial statements for the fiscal year are prepared, when all the necessary information is available, unless there are indications of impairment requiring immediate impairment testing. Similarly, the actuarial calculations necessary to calculate certain employee benefit liabilities, the changes to most deferred tax assets and liabilities and the impact of share-based payments are normally carried out when the audited consolidated financial statements for the fiscal year are prepared.

Lastly, with reference to Consob resolution no. 15519 of July 27, 2006, which addresses the format of the financial statements, the Company has not included any specific supplements to the income statement, statement of financial position or statement of cash flows showing related party transactions, as these are immaterial. Please see Note 27 "Related Party Transactions" for additional details regarding transactions with related parties.

Certain prior year financial statements items have been reclassified in order to be comparable with those of the current year.

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Notes to the
CONDENSED CONSOLIDATED QUARTERLY REPORT (Continued)
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3. NEW ACCOUNTING STANDARDS

Beginning in 2010 the Group applied the following new accounting standards, amendments and interpretations, as revised by the IASB.

On April 16, 2009, the IASB issued a series of amendments to IAS/IFRS, which the relevant European Union ("EU") bodies endorsed on March 23, 2010. Such amendments apply from and after January 1, 2010 and include the following:

IFRS 2 *Share-based Payment*: this amendment clarifies that IFRS 2 does not apply to transactions in which a company acquires assets as part of (i) a business combination, as defined by IFRS 3 (revised), (ii) the contribution of a business unit to form a joint venture or (iii) the combination of businesses or business units in jointly-controlled entities.

IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations:* this amendment clarifies that IFRS 5 and the other IAS/IFRS standards that make specific reference to non-current assets (or disposal groups) classified as held for sale or discontinued operations set forth all required disclosures for these types of assets or operations.

IFRS 8 *Operating Segments*: this amendment, requires that an entity disclose the total amount of assets for each reporting segment only if such amount is regularly reported to the highest authority in its decision-making operation. This disclosure was previously required even if such condition was not met.

IAS 1 *Presentation of Financial Statements*: this amendment updates the previous definition of current liabilities under IAS 1. The previous definition required the classification of liabilities as current if they could be settled at any time through the issuance of equity instruments. Following the change, the option of converting a liability into an equity instrument is irrelevant for the purposes of its classification as current/non-current.

IAS 7 *Statement of Cash Flows*: this amendment clarifies that only those cash flows that lead to the creation of an asset can be classified as arising from investing activities in the statement of cash flows.

IAS 17 *Leasing*: with this change, the general conditions of IAS 17, which allow for the classification of a lease as *finance* or *operating* regardless of whether ownership is acquired at the end of the lease, are extended to land under lease as well. Previously, under IAS 17, land leases in which ownership was not acquired at the end of the lease were classified as operating leases. At the adoption date, all land under current leases that have not yet expired should be measured separately, with the retroactive recognition of a new lease accounted for as a finance lease, where applicable.

IAS 18 *Revenue:* this revision specifies the criteria to consider when determining whether, within a transaction that generates revenue, an entity is principal or agent. The identification of an entity as principal or agent determines how revenue is recognized; if it acts as agent, revenue may be recognized solely from commissions.

IAS 36 *Impairment of Assets:* this amendment requires that each unit or group of units to which goodwill is allocated for impairment testing purposes should not be larger than an

Notes to the
CONDENSED CONSOLIDATED QUARTERLY REPORT (Continued)
As of MARCH 31, 2010
(UNAUDITED)

3. NEW ACCOUNTING STANDARDS (Continued)

operating segment determined in accordance with paragraph 5 of IFRS 8, before any combination permitted by the same standard.

IAS 38 *Intangible Assets:* IFRS 3 was revised in 2008, establishing that there is enough information to calculate the fair value of an intangible asset acquired as part of a business combination if it is separable or if it arose from contractual or legal rights. IAS 38 was therefore amended to reflect this revision to IFRS 3. The amendment also clarified the measurement method to be used for the fair value of intangible assets for which there is no active market. The amendment applies as of January 1, 2010.

IAS 39 *Financial Instruments: Recognition and Measurement*: this amendment restricts the scope exemption in paragraph 2(g) of IAS 39 to forward contracts between an acquiror and a vendor in a business combination to buy or sell an acquiree at a future date. The term of the forward contract should not exceed the period of time necessary to complete the transaction. The amendment clarifies that the exemption in paragraph 2(g) of IAS 39 does not apply to options which, if exercised, would result in the acquisition of control of an entity. The amendment also clarifies that loan repayment penalties, which offset the lender's loss of additional interest, should be treated in close relation to the loan contract and, accordingly, should not be recognized separately. Lastly, the amendment clarifies that gains or losses on hedging instruments should be reclassified from equity to profit or loss in the period in which the hedged cash flows affect profit or loss.

IFRIC 9 *Reassessment of Embedded Derivatives*: this amendment excludes derivatives from the scope of application of IFRIC 9 if they are embedded in contracts acquired through business combinations when jointly-controlled entities or joint ventures are formed.

On June 18, 2009, IASB issued another amendment to IFRS 2 *Share-based payment: group cash-settled share-based payment transactions*. The amendment clarifies that the company receiving goods or services as part of share-based payment plans should recognize such goods or services regardless of which group or company settles the transaction and regardless of whether the transaction is settled in cash or shares. The amendment also specifies that a company should measure goods or services received as part of a transaction settled in cash or shares from its perspective, which might not coincide with that of the group or with the relevant amount recognized in the consolidated financial statements. This amendment applies as of January 1, 2010 and was endorsed by the relevant EU bodies on March 23, 2010.

4. SEGMENT REPORTING

In accordance with IFRS 8 "Operating Segments" the segment reporting schedules are provided below, using the primary reporting format, which includes two market segments: the first relates to Wholesale and Manufacturing Distribution ("Wholesale"), while the second relates to Retail Distribution ("Retail").

The following schedule provides information by business segment, which Group management considers necessary to assess the Group's performance and to support future decisions relating to the allocation of resources.

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Notes to the
CONDENSED CONSOLIDATED QUARTERLY REPORT (Continued)
As of MARCH 31, 2010
(UNAUDITED)

4. SEGMENT REPORTING (Continued)

In accordance with the amendment to IFRS 8, issued on April 16, 2009 and applicable as of January 1, 2010, the total amount of assets is no longer provided for each reporting segment, as this amount is not regularly reported to the highest authority in the Group's decision-making operation.

(thousands of Euro) Three months ended March 31,	Manufacturing and Wholesale Distribution	Retail Distribution	Inter-Segment Transactions and Corporate Adjustments	Consolidated
2010				
Net sales	553,523	838,164		1,391,687
Income from Operations	120,113	88,008	(36,875)	171,246
Capital Expenditures	13,788	17,920		31,708
Depreciation and Amortization	18,153	33,119	20,110	71,382
2009				
Net sales	501,569	810,765		1,312,334
Income from Operations	105,023	82,386	(33,236)	154,173
Capital Expenditures	19,341	25,303		44,644
Depreciation and Amortization	18,684	33,102	21,017	72,802

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CURRENT ASSETS

5. CASH AND BANKS

(thousands of Euro)	As of March 31, 2010	As of December 31, 2009
Cash at bank and post office	325,978	371,572
Checks	4,117	5,689
Cash and cash equivalent on hand	5,351	2,143
Restricted cash	714	677
Total	**336,160**	**380,081**

6. RECEIVABLES FROM CUSTOMERS

(thousands of Euro)	As of March 31, 2010	As of December 31, 2009

Accounts receivable	750,185	649,821
Bad debt fund	(31,751)	(30,937)
Total	**718,434**	**618,884**

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Notes to the
CONDENSED CONSOLIDATED QUARTERLY REPORT (Continued)
As of MARCH 31, 2010
(UNAUDITED)

6. RECEIVABLES FROM CUSTOMERS (Continued)

The above are exclusively trade receivables and are recognized net of allowances to adjust their carrying amount to estimated realizable value. They are all due within 12 months.

7. INVENTORIES

(thousands of Euro)	As of March 31, 2010	As of December 31, 2009
Raw materials	112,772	112,760
Work in process	51,210	52,368
Finished goods	469,106	440,927
Less: inventory obsolescence reserves	(92,621)	(81,392)
Total	**540,467**	**524,663**

8. OTHER CURRENT ASSETS

(thousands of Euro)	As of March 31, 2010	As of December 31, 2009
Sales taxes receivables	6,974	26,104
Short-term borrowing	822	806
Accrued income	1,466	1,272
Receivables for royalties	2,894	2,229
Other financial assets	81,287	43,545
Total financial assets	**93,443**	**73,956**
Income taxes receivables	9,807	33,413
Advances to suppliers	3,136	1,545
Prepaid expenses	83,259	61,424
Other assets	25,225	28,027
Total other assets	**121,427**	**124,409**
Total other current assets	**214,870**	**198,365**

Other financial assets is comprised of Euro 25.8 million of marketable securities (as of December 31, 2009 such amounts were not invested and were held as cash and cash equivalents), Euro 1.0 million of receivables from foreign currency derivatives and other financial assets mainly recorded by Retail North America in the amount of Euro 22.2 million as of March 31, 2010 (Euro 17.2 million as of December 31, 2009).

The decrease in income tax assets is primarily due to the offset of Euro 19.8 million of tax receivables by tax payables in the North American operations.

Prepaid expenses mainly relate to the prepaid rental expenses of companies in the North American and Asia-Pacific Retail Division.

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8. OTHER CURRENT ASSETS (Continued)

Other current assets include the current portion of minimum payments for royalties advanced to some licensed designer brands of Euro 25.2 million as of March 31, 2010 (Euro 28.0 million as of December 31, 2009).

The net book value of financial assets is approximately equal to their fair value and corresponds to the maximum exposure of the credit risk. The Group has no guarantees or other instruments aimed at diminishing credit risk.

NON CURRENT ASSETS

9. NET PROPERTY, PLANT AND EQUIPMENT

Changes in items of property, plant and equipment during the first quarter of 2010 are illustrated below:

	Land and buildings, including leasehold improvements	Machinery and equipment	Aircraft	Other equipment	Total
Balance as of January 1, 2010					
Historical cost	766,625	880,851	39,814	554,479	2,241,769
Accumulated depreciation	(295,106)	(515,057)	(7,457)	(274,177)	(1,091,797)
Balance as of January 1, 2010	**471,519**	**365,794**	**32,357**	**280,302**	**1,149,972**
Increases	1,444	5,337		24,927	31,708
Decreases	(190)	(166)		(911)	(1,267)
Translation differences and other	13,805	17,794		9,989	41,588
Depreciation expense	(13,185)	(20,899)	(393)	(15,981)	(50,458)
Balance as of March 31, 2010	**473,393**	**367,859**	**31,964**	**298,326**	**1,171,543**
Historical cost	795,168	918,865	39,814	591,121	2,344,968
Accumulated depreciation	(321,774)	(551,005)	(7,850)	(292,794)	(1,173,425)
Balance as of March 31, 2010	**473,393**	**367,859**	**31,964**	**298,326**	**1,171,543**

Depreciation of Euro 50.5 million (Euro 51.2 million in the same period in 2009) is included in the cost of sales (Euro 14.5 million, compared to Euro 13.6 million in the same period in 2009), selling expenses (Euro 24.3 million, compared to Euro 25.3 million in the same period in 2009), advertising expenses (Euro 1.2 million, compared to Euro 1.2 million in the same period in 2009) and general and administrative expenses (Euro 10.5 million, compared to Euro 11.1 million in the same period in 2009).

Other items of property, plant and equipment include assets under construction of Euro 52.1 million at March 31, 2010 (Euro 49.2 million at December 31, 2009), mainly relating to the opening and renovation of North American retail stores.

Leasehold improvements totaled Euro 235.6 million and Euro 238.5 million at March 31, 2010 and December 31, 2009, respectively.

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10. GOODWILL AND INTANGIBLE ASSETS

Changes in intangible assets in the first quarter of 2010 are illustrated below:

	Goodwill	Trade names and Trademarks	Distributor network	Customer relation, contracts and lists	Franchise agreements	Other	Total
Balance as of January 1, 2010							
Historical cost	2,727,445	1,330,308	78,279	210,509	20,025	41,675	4,408,242
Accumulated amotization	(38,610)	(457,603)	(18,003)	(34,390)	(4,760)	(16,160)	(569,527)
Balance as of January 1, 2010	**2,688,835**	**872,705**	**60,276**	**176,119**	**15,265**	**25,515**	**3,838,715**
Increases		53	2,390			292	2,735
Intangible assets from business acquisitions	7,048						7,048
Translation differences and other	141,806	43,866	3,619	10,255	903	3,060	203,509
Amortization expense		(14,937)	(904)	(3,675)	(259)	(1,150)	(20,925)
Balance as of March 31, 2010	**2,837,689**	**901,687**	**65,381**	**182,699**	**15,909**	**27,717**	**4,031,082**
Of which							
Historical cost	2,877,582	1,391,254	85,370	222,835	21,218	45,442	4,643,701
Accumulated amotization	(39,893)	(489,567)	(19,989)	(40,136)	(5,309)	(17,725)	(612,619)
Balance as of March 31, 2010	**2,837,689**	**901,687**	**65,381**	**182,699**	**15,909**	**27,717**	**4,031,082**

11. INVESTMENTS

This item amounts to Euro 49.5 million (Euro 46.3 million at December 31, 2009) and it primarily includes the investment in Multiopticas Internacional S.L., accounted for under the equity method.

12. OTHER NON-CURRENT ASSETS

Other non-current assets amount to Euro 147.5 million (Euro 147.6 million at December 31, 2009) and mainly include security deposits of Euro 12.8 million (Euro 10.5 million at December 31, 2009) and advances the Group has paid to certain licensees for future contractual minimum royalties, amounting to Euro 118.7 million (Euro 122.9 million at December 31, 2009).

13. DEFERRED TAX ASSETS

Deferred tax assets show a balance of Euro 343.5 million (Euro 356.7 million at December 31, 2009). Deferred tax assets primarily consist of temporary differences between the tax values and carrying amounts of inventories, intangible assets, pension funds and tax losses carried forward.

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LIABILITIES AND EQUITY

14. PAYABLES TO BANKS

Payables to banks at March 31, 2010 reflect current account overdrafts with various banks. The interest rates on these credit lines are floating, and the credit lines may be used to obtain, if necessary, letters of credit.

15. CURRENT PORTION OF NON-CURRENT FINANCIAL LIABILITIES

This item consists of the current portion of loans granted to the Group, described below in Note 19 "Non-current financial liabilities."

16. PAYABLES TO SUPPLIERS

Payables to suppliers consist of invoices received and not yet paid at the reporting date, in addition to invoices to be received, accounted for on an accrual basis.

The balance, which is due in its entirety within 12 months, is detailed below:

(thousands of Euro)	As of March 31, 2010	As of December 31, 2009
Accounts payable	261,194	308,499
Invoices to be received	142,158	126,105
Total	**403,352**	**434,604**

17. CURRENT TAX LIABILITIES

"Tax liabilities" include liabilities for current taxes which are certain and determined.

(thousands of Euro)	As of March 31, 2010	As of December 31, 2009
Current year income taxes payable fund	20,740	27,901
Income taxes advance payment	(12,798)	(16,697)
Total	**7,942**	**11,204**

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18. CURRENT LIABILITIES

(thousands of Euro)	As of March 31, 2010	As of December 31, 2009
Premiums and discounts to suppliers	22,856	24,179
Sales commissions	2,443	1,775
Leasing rental	18,906	16,051
Accrued expenses wages & salaries	65,088	63,565
Insurance	9,135	