

LUXOTTICA GROUP SPA
Form 6-K
September 29, 2005

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FORM 6 K
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

REPORT OF FOREIGN PRIVATE ISSUER

**PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE SIX MONTHS ENDED JUNE 30, 2005

COMMISSION FILE NO. 1 - 10421

LUXOTTICA GROUP S.p.A.

VIA CANTÙ 2, MILAN 20123 ITALY

(Address of principal executive offices)

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 Form 40-F

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):

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):

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 No

F O R M 6 K

**for the six months
ended June 30 of
Fiscal Year 2005**

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LUXOTTICA GROUP S.p.A.

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CONSOLIDATED BALANCE SHEETS US GAAP

DECEMBER 31, 2004 AND JUNE 30, 2005

	December 31, 2004		June 30, 2005 (Unaudited)		June 30, 2005 (Unaudited)	
	(Thousands of Euro)		(Thousands of Euro)		(Thousands of US dollars)(1)	
ASSETS						
<i>CURRENT ASSETS</i>						
Cash	EURO	257,349	EURO	381,362	\$	461,372
Accounts receivable net		406,437		554,591		670,944
Sales and income taxes receivable		33,120		32,446		39,253
Inventories		433,158		399,833		483,718
Prepaid expenses and other		69,151		78,188		94,592
Asset held for sale Pearle Europe		143,617				
Net deferred tax assets current		104,508		87,362		105,691
Total current assets		1,447,340		1,533,782		1,855,570
PROPERTY, PLANT AND EQUIPMENT net		599,245		685,379		829,172
<i>OTHER ASSETS</i>						
Goodwill		1,500,962		1,678,741		2,030,941
Intangible assets net		972,091		1,019,842		1,233,804
Investments		13,371		14,520		17,566
Other assets		23,049		55,989		67,735
Total other assets		2,509,473		2,769,092		3,350,046
TOTAL	EURO	4,556,058	EURO	4,988,253	\$	6,034,788
LIABILITIES AND SHAREHOLDERS' EQUITY						
<i>CURRENT LIABILITIES</i>						
Bank overdrafts	EURO	290,531	EURO	410,148	\$	496,197
Current portion of long-term debt		405,369		245,388		296,870
Accounts payable		222,550		282,808		342,141
Accrued expenses and other		376,779		423,240		512,036
Accrual for customers' right of return		8,802		12,368		14,963
Income taxes payable		12,722		35,565		43,027
Total current liabilities		1,316,753		1,409,517		1,705,234
<i>LONG-TERM LIABILITIES</i>						
Notes payable		221,598		247,975		300,000
Long-term debt		1,055,897		1,151,001		1,392,481
Liability for termination indemnities		52,656		54,602		66,057
Net deferred tax liabilities non current		215,891		205,904		249,103
Other		173,896		203,996		246,793
Total long-term liabilities		1,719,937		1,863,478		2,254,434
		23,760		14,052		17,000

**MINORITY INTERESTS IN CONSOLIDATED
SUBSIDIARIES**

SHAREHOLDERS' EQUITY

Capital stock par value Euro 0.06 455,205,473 and 456,367,573 ordinary shares authorized and issued at December 31, 2004 and June 30, 2005, respectively; 448,770,687 and 449,932,787 shares outstanding at December 31, 2004 and June 30, 2005, respectively.	27,312	27,382	33,127
Additional paid-in capital	47,167	57,819	69,949
Retained earnings	1,812,073	1,875,995	2,269,579
Accumulated other comprehensive loss	(320,958)	(190,003)	(229,865)
Total	1,565,594	1,771,193	2,142,789
Less Treasury shares at cost; 6,434,786 shares at December 31, 2004 and June 30, 2005	69,987	69,987	84,670
Shareholders' equity	1,495,607	1,701,206	2,058,121
TOTAL	EURO 4,556,058	EURO 4,988,253	\$ 6,034,788

(1) Translated at the Noon Buying Rate of Euro 1.00 = U.S. \$1.2098 on June 30, 2005 (see Note 7).

See Condensed Notes to Consolidated Financial Statements

STATEMENTS OF CONSOLIDATED INCOME US GAAP

FOR THE SIX MONTHS ENDED JUNE 30, 2004 AND 2005 (UNAUDITED)

	2004		2005		2005
	(Thousands of Euro)(2)		(Thousands of US dollars)(1)(2)		
NET SALES	EURO	1,580,830	EURO	2,182,567	\$ 2,640,470
COST OF SALES		498,888		698,478	845,018
GROSS PROFIT		1,081,942		1,484,089	1,795,451
OPERATING EXPENSES:					
Selling and advertising		660,614		950,424	1,149,823
General and administrative		162,091		231,494	280,061
Total		822,705		1,181,917	1,429,885
INCOME FROM OPERATIONS		259,237		302,172	365,567
OTHER INCOME (EXPENSE):					
Interest income		2,169		3,215	3,890
Interest expense		(24,380)		(31,753)	(38,415)
Other net		1,583		7,576	9,165
Other income (expense) net		(20,628)		(20,962)	(25,360)
INCOME BEFORE PROVISION FOR INCOME TAXES		238,609		281,210	340,208
PROVISION FOR INCOME TAXES		83,523		106,860	129,279
INCOME BEFORE MINORITY INTERESTS IN INCOME OF CONSOLIDATED SUBSIDIARIES		155,086		174,350	210,928
MINORITY INTERESTS IN INCOME OF CONSOLIDATED SUBSIDIARIES		4,943		6,945	8,402
NET INCOME	EURO	150,143	EURO	167,405	\$ 202,526
EARNINGS PER SHARE:					
Basic	EURO	0.34	EURO	0.37	\$ 0.45
Diluted	EURO	0.33	EURO	0.37	\$ 0.45
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING (thousands):					
Basic		448,112.9		449,524.0	
Diluted		450,033.8		452,216.6	

(1) Translated at the Noon Buying Rate of Euro 1.00 = U.S. \$1.2098 on June 30, 2005 (see Note 7).

(2) Amounts in thousands except per share data.

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See Condensed Notes to Consolidated Financial Statements

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**STATEMENT OF CONSOLIDATED SHAREHOLDERS' EQUITY US GAAP
FOR THE SIX MONTHS ENDED JUNE 30, 2005 (UNAUDITED)**

	Common Stock		Additional Paid-in Capital	Retained Earnings	Comprehensive Income	Accumulated Other Comprehensive Loss	Treasury Shares	Consolidated Shareholders' Equity
	Number of Shares	Amount						
(Thousands of Euro)								
BALANCES, January 1, 2005	455,205,473	27,312	47,167	1,812,073		(320,958)	(69,987)	1,495,607
Exercise of stock options	1,162,100	70	10,652					10,722
Translation adjustment					132,327	132,327		132,327
Change in fair value of derivative instruments, net of taxes					(1,371)	(1,371)		(1,371)
Dividends declared				(103,484)				(103,484)
Net income				167,405	167,405			167,405
Comprehensive income					298,361			
BALANCES, June 30, 2005	456,367,573	27,382	57,819	1,875,994		(190,002)	(69,987)	1,701,206
Comprehensive income (Thousands of US dollars)(1)					\$ 360,958			
BALANCES, June 30, 2005 (Thousands of US dollars)(1)	456,367,573	\$ 33,127	\$ 69,949	\$ 2,269,579		\$ (229,865)	\$ (84,670)	\$ 2,058,120

(1)

Translated at the Noon Buying Rate of Euro 1.00 = U.S. \$1.2098 on June 30, 2005 (see Note 7).

**STATEMENTS OF CONSOLIDATED CASH FLOWS US GAAP
FOR THE SIX MONTHS ENDED JUNE 30, 2004 AND 2005 (UNAUDITED)**

	2004		2005		2005
	(Thousands of Euro)		(Thousands of Euro)		(Thousands of US dollars)(1)
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income	EURO	150,143	EURO	167,405	\$ 202,526
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:					
Minority interests in income of consolidated subsidiaries		4,943		6,945	8,402
Depreciation and amortization		71,565		95,080	115,028
Provision (benefit) for deferred income taxes		1,898		2,596	3,141
Termination indemnities matured during the period net		2,593		1,648	1,994
Changes in operating assets and liabilities, net of acquisition of business:					
Accounts receivable		(97,941)		(129,403)	(156,552)
Prepaid expenses and other		7,586		(41,230)	(49,880)
Inventories		19,039		57,791	69,915
Accounts payable		22,130		46,717	56,518
Accrued expenses and other		21,458		17,313	20,946
Accrual for customers' right of return		617		2,442	2,954
Income taxes payable		7,044		21,780	26,349
Total adjustments		60,932		81,679	98,815
Cash provided by operating activities	EURO	211,075	EURO	249,083	\$ 301,341

(1) Translated at the Noon Buying Rate of Euro 1.00 = U.S. \$1.2098 on June 30, 2005 (see Note 7).

See Condensed Notes to Consolidated Financial Statements

**STATEMENTS OF CONSOLIDATED CASH FLOWS US GAAP
FOR THE SIX MONTHS ENDED JUNE 30, 2004 AND 2005 (UNAUDITED)**

	2004		2005		2005
	(Thousands of Euro)		(Thousands of Euro)		(Thousands of US dollars)(1)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Property, plant and equipment:					
Additions	EURO	(38,972)	EURO	(101,703)	\$ (123,040)
Disposals		0		459	555
Purchase of business		0		(73,092)	(88,427)
Decrease in investments		0		144,000	174,211
Increase in intangible assets		(1,526)		(3,605)	(4,361)
		<u>(40,497)</u>		<u>(33,941)</u>	<u>(41,062)</u>
Cash used in investing activities		(40,497)		(33,941)	(41,062)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Long-term debt:					
Proceeds		370,000		220,434	266,681
Repayments		(312,166)		(349,565)	(422,904)
Increase (decrease) in overdraft balances		(177,604)		113,509	137,323
Exercise of stock options		912		10,722	12,971
Dividends		(95,464)		(103,484)	(125,195)
		<u>(214,322)</u>		<u>(108,384)</u>	<u>(131,123)</u>
Cash used in financing activities		(214,322)		(108,384)	(131,123)
CHANGE IN CASH AND CASH EQUIVALENTS		(43,744)		106,758	129,155
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD		299,937		257,349	311,341
Effect of exchange rate changes on cash and cash equivalents		3,798		17,255	20,875
		<u>259,991</u>		<u>381,362</u>	<u>461,372</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	EURO	259,991	EURO	381,362	\$ 461,372
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:					
Cash paid during the period for interest	EURO	21,173	EURO	30,931	\$ 37,420
Cash paid during the period for income taxes	EURO	47,073	EURO	68,465	\$ 82,829

(1)

Translated at the Noon Buying Rate of Euro 1.00 = U.S. \$1.2098 on June 30, 2005 (see Note 7).

See Condensed Notes to Consolidated Financial Statements

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The accompanying consolidated balance sheet as of June 30, 2005 and the related statements of consolidated income and cash flows for the six months ended June 30, 2004 and 2005 and the statement of consolidated shareholders' equity for the six months ended June 30, 2005 of Luxottica Group S.p.A. and subsidiaries (the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information. The consolidated balance sheet as of June 30, 2005, the statements of consolidated income and cash flows for the six months ended June 30, 2004 and 2005 and the statement of consolidated shareholders' equity for the six months ended June 30, 2005 are derived from unaudited financial statements. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to fairly present the financial position, results of operations and cash flows as of June 30, 2004 and 2005 and for the six months ended June 30, 2004 and 2005 have been made.

The interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements as of and for the year ended December 31, 2004. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. The accounting policies have been consistently applied by the Company and are consistent with those applied in the Company's annual report on Form 20-F for its fiscal year ended December 31, 2004. The results of operations for the six months ended June 30, 2005 are not necessarily indicative of the operating results for the full year.

The December 31, 2004 balance sheet was derived from audited financial statements but does not include all disclosures required by U.S. GAAP. However, the Company believes that the disclosures are adequate to make the information presented not misleading.

2. ACQUISITION OF OPSM

On June 16, 2003, the Company's wholly owned subsidiary, Luxottica South Pacific Pty Limited, commenced a cash offer to acquire all of the outstanding shares, performance rights and options of OPSM Group Ltd ("OPSM"), the largest eyewear retailer in Australia. On September 2, 2003, the cash offer was successfully completed and closed. At the close of the offer, Luxottica South Pacific Pty Limited acquired 82.57 percent of OPSM's ordinary shares, and more than 90 percent of OPSM's options and performance rights, which entitled the Company to require the cancellation of all the options and performance rights still outstanding. As a result of Luxottica South Pacific Pty Limited acquiring the majority of OPSM's shares on August 8, 2003, OPSM's financial position and results of operations have been reported in the Company's consolidated financial results since August 1, 2003.

On November 26, 2004, the Company through its wholly owned subsidiary, Luxottica South Pacific Pty, Ltd., made an offer for all the unowned remaining outstanding shares of OPSM Group.

At the close of the offer on February 7, 2005, the Company held 98.5 percent of OPSM Group's shares, which is in excess of the compulsory acquisition threshold. On February 8, 2005, the Company announced the start of the compulsory acquisition process for all remaining shares in OPSM Group not already owned by the Company.

On February 15, 2005, the Australian Stock Exchange suspended trading in OPSM Group shares and on February 21, 2005 it delisted OPSM Group shares from the Australian Stock Exchange. The compulsory acquisition process was completed on March 23, 2005 and as of that date the Company

held 100.0 percent of OPSM Group's shares. The difference between the purchase price and the value of the minority interest in OPSM has been preliminarily allocated entirely to goodwill.

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