



**CONSOLIDATED
FINANCIAL STATEMENTS
June 30, 2006**

CONSOLIDATED INCOME STATEMENT

€ thousands, except per share data	First-half 2006 (6 months)	First-half 2005 (6 months)	2005 (12 months)
Revenue	1,362,394	1,182,852	2,424,323
Cost of sales	(569,905)	(504,060)	(1,034,529)
GROSS MARGIN	792,489	678,792	1,389,794
Other operating expenses	(549,653)	(468,574)	(969,377)
CONTRIBUTION FROM OPERATIONS	242,836	210,218	420,417
Other income and expenses from operations, net	(11,566)	(14,275)	(24,911)
Gains and losses on asset disposals, net	(1,988)	468	(1,871)
OPERATING PROFIT	229,282	196,411	393,635
Finance costs	(15,734)	(13,602)	(28,021)
Income from cash and marketable securities	8,734	9,230	18,993
Other financial income and expenses, net	(6,517)	112	(9,708)
PROFIT BEFORE TAX	215,765	192,151	374,899
Income tax expense	(66,316)	(57,209)	(108,292)
NET PROFIT OF CONSOLIDATES COMPANIES	149,449	134,942	266,607
Share of profits of associates	16,059	11,564	22,457
NET PROFIT	165,508	146,506	289,064
attributable to minority interests	1,438	799	1,930
attributable to equity holders of Essilor International	164,070	145,707	287,134
Basic earnings per common share (€)	1.61	1.43	2.82
Weighted number of common shares (thousands)	101,931	101,855	101,883
Diluted earnings per common share (€)	1.55	1.38	2.72
Diluted weighted number of common shares (thousands)	108,019	108,326	108,455

CONSOLIDATED BALANCE SHEET

ASSETS		
€ thousands	June 30, 2006	Dec. 31, 2005
Goodwill	466,435	451,037
Other intangible assets	119,656	124,195
Property, plant and equipment	641,165	637,342
PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS, NET	1,227,256	1,212,574
Investments in associates	146,670	133,313
Other long-term financial investments	34,922	41,408
Deferred tax assets	44,790	36,612
Non current receivables	11,479	9,188
OTHER NON-CURRENT ASSETS, NET	237,861	220,521
TOTAL NON-CURRENT ASSETS, NET	1,465,117	1,433,095
Inventories	368,467	364,559
Prepayments to suppliers	11,007	9,614
Current trade receivables	543,606	515,460
Current income tax assets	13,693	16,054
Other receivables	5,034	7,851
Derivative financial instruments	13,205	2,650
Prepaid expenses	21,716	14,139
Marketable securities	426,500	548,424
Cash and cash equivalents	118,662	110,289
CURRENT ASSETS, NET	1,521,890	1,589,040
Non-current assets held for sale	3,725	4,015
TOTAL ASSETS	2,990,732	3,026,150

CONSOLIDATED BALANCE SHEET

€ thousands	June 30, 2006	Dec. 31, 2005
EQUITY AND LIABILITIES		
Share capital	36,226	36,122
Additional paid-in capital	219,852	203,771
Retained earnings	1,324,411	1,133,089
Treasury stock	(87,441)	(81,979)
Convertible bond (OCEANE) call option	35,490	40,752
Revaluation and hedging reserves	684	(1,289)
Translation reserve	13,512	63,266
Net profit attributable to equity holders of Essilor International	164,070	287,134
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF ESSILOR INTERNATIONAL	1,706,804	1,680,866
Minority interests	10,779	7,000
TOTAL EQUITY	1,717,583	1,687,866
Provisions for pensions and other post-employment benefits	92,730	90,848
Long-term borrowings	416,394	448,848
Deferred tax liabilities	3,527	2,163
Long-term payables	1,079	631
NON-CURRENT LIABILITIES	513,730	542,490
Provisions	23,507	26,321
Short-term borrowings	156,308	156,222
Customer prepayments	4,398	6,943
Short-term payables	490,444	522,505
Current income tax liability	27,801	26,665
Other liabilities	45,468	38,897
Derivative financial instruments	2,014	9,267
Deferred income	9,479	8,974
CURRENT LIABILITIES	759,419	795,794
TOTAL EQUITY AND LIABILITIES	2,990,732	3,026,150

CONSOLIDATED CASH FLOW STATEMENT

€ thousands	First-half 2006 (6 months)	First-half 2005 (6 months)	2005 (12 months)
NET PROFIT	165,508	146,506	289,064
Share of profits of associates, net of dividends received	(6,640)	(8,624)	4,567
Depreciation, amortization and other non-cash items	70,702	58,818	124,656
Profit before non-cash items and share of profits of associates, net of dividends received	231,870	196,700	418,287
Provision charges (reversals)	964	(2,089)	(2,249)
(Gains) and losses on asset disposals, net	1,991	(199)	1,871
Cash flow after income tax expense and finance costs, net	232,525	194,412	417,909
Finance costs, net	6,870	4,372	9,028
Income tax expense (current and deferred taxes)	66,316	57,209	108,293
Cash flow before income tax expense and finance costs, net	305,711	255,993	535,230
Income taxes paid	(71,574)	(69 030)	(132,067)
Interest (paid) and received, net	(1,583)	1,319	(1,272)
Change in working capital	(83, 213)	(59,336)	(3,561)
NET CASH FROM OPERATING ACTIVITIES	149,341	128,946	398,330
Purchases of property, plant and equipment	(97,197)	(86,833)	(181,341)
Acquisitions of subsidiaries, net of the cash acquired	(17,179)	(7,742)	(106,737)
Purchases of available-for-sale financial assets	(6,732)	(5,456)	(10,658)
Purchases of other long-term financial investments	(3,059)	(6,380)	(697)
Proceeds from the sale of subsidiaries, net of the cash sold		0	0
Proceeds from the sale of other non-current assets	3,416	3,477	12,165
NET CASH USED IN INVESTING ACTIVITIES	(120,751)	(102,934)	(287,268)
Proceeds from issue of share capital	16,185	15,697	31,883
(Purchases) and sales of treasury stock, net	(6,127)	(18,312)	(60,158)
Dividends paid to:			
- Equity holders of Essilor International	(95,840)	(77,260)	(77,300)
- Minority shareholders of subsidiaries	(84)	(3)	(173)
Repayments of borrowings other than finance lease liabilities	(48,848)	(13,661)	(19,019)
Purchases of marketable securities*	(62,941)		
Repayments of finance lease liabilities	(1,108)	(1,505)	(8,067)
Effect of changes in scope of consolidation			
Other movements	(1,183)	(423)	(1,713)
NET CASH USED IN FINANCING ACTIVITIES	(199,946)	(95,467)	(134,547)
NET(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(171,356)	(69,455)	(23,485)
Cash and cash equivalents at beginning of the period	631,100	651,573	651,573
IAS 39 adjustments to opening cash and cash equivalents		255	253
Effect of changes in exchange rates	(2,603)	4,065	2,759
CASH AND CASH EQUIVALENTS AT PERIOD-END	457,141	586,438	631,100
Cash equivalents	363,559	532,838	548,424
Cash	118,662	88,264	110,289
Short-term bank loans and overdrafts	(25,080)	(34,663)	(27,613)

* Money market funds not qualified as cash equivalents under IAS 17.