



CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2006

CONSOLIDATED INCOME STATEMENT

€ thousands, except per share data	2006	2005	2004 (a)
Revenue	2,689,958	2,424,323	2,202,528
Cost of sales	(1,123,078)	(1,034,529)	(960,457)
GROSS MARGIN	1,566,880	1,389,794	1,242,071
Research and development costs	(127,629)	(113,490)	(106,095)
Selling and distribution costs	(604,548)	(538,711)	(495,458)
Other operating expenses	(352,789)	(317,176)	(283,977)
CONTRIBUTION FROM OPERATIONS	481,914	420,417	356,541
Restructuring costs, net	(2,662)	(3,353)	(6,203)
Impairment losses	(2,929)	(11,256)	(2,539)
Compensation costs on share-based payments	(16,101)	(12,269)	(8,544)
Other income and expenses from operations, net	(68)	1,967	1,832
Gains and losses on asset disposals, net	(304)	(1,871)	(2,192)
OPERATING PROFIT	459,850	393,635	338,895
Finance costs	(30,510)	(28,021)	(26,288)
Income from cash and marketable securities	20,090	18,993	18,095
Other financial income and expenses, net	(9,442)	(9,708)	(5,402)
PROFIT BEFORE TAX	439,988	374,899	325,300
Income tax expense	(137,331)	(108,292)	(90,044)
NET PROFIT OF CONSOLIDATES COMPANIES	302,657	266,607	235,256
Share of profits of associates	28,499	22,457	9,837
NET PROFIT	331,156	289,064	245,093
Attributable to equity holders of Essilor International	328,284	287,134	244,427
Attributable to minority interests	2,872	1,930	666
Basic earnings per common share (€)	3.21	2.82	2.41
Weighted average number of common shares (thousands)	102,123	101,883	101,483
Diluted earnings per common share (€)	3.11	2.72	2.32
Diluted weighted average number of common shares (thousands)	108,169	108,455	107,854

(a) Excluding IAS 32 and IAS 39, applied as of January 1, 2005.

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2006

ASSETS

€ thousands	December 31, 2006	December 31, 2005	December 31, 2004 (a)
Goodwill	474,771	451,037	350,357
Other intangible assets	118,166	124,195	88,155
Property, plant and equipment	671,257	637,342	520,256
PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS, NET	1,264,194	1,212,574	958,768
Investments in associates	155,596	133,313	101,090
Other long-term financial investments	34,657	41,408	42,830
Deferred tax assets	34,655	36,612	40,099
Non current receivables	9,338	9,189	4,087
Autres actifs non courants	1,370	0	0
OTHER NON-CURRENT ASSETS, NET	235,616	220,522	188,106
TOTAL NON-CURRENT ASSETS, NET	1,499,810	1,433,096	1,146,874
Inventories	371,133	364,559	306,440
Prepayments to suppliers	7,698	9,614	7,634
Current trade receivables	551,013	515,460	447,420
Current income tax assets	7,929	16,054	4,015
Other receivables	6,558	7,851	5,872
Derivative financial instruments	3,174	2,650	0
Prepaid expenses	16,174	14,139	14,218
Treasury stock	0	0	449
Short-term investments	75,147		
Cash and cash equivalents	584,889	658,713	670,339
CURRENT ASSETS, NET	1,623,715	1,589,039	1,456,387
Non-current assets held for sale	0	4,015	0
TOTAL ASSETS	3,123,525	3,026,150	2,603,261

(a) Excluding IAS 32 and IAS 39, applied as of January 1, 2005.

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2006

EQUITY AND LIABILITIES

€ thousands	December 31, 2006	December 31, 2005	December 31, 2004 (a)
Share capital	36,347	36,122	36,159
Additional paid-in capital	236,858	203,771	212,449
Retained earnings	1,331,761	1,133,089	949,031
Treasury stock	(71,502)	(81,979)	(63,695)
Convertible bond (OCEANE) call option	35,489	40,752	
Revaluation and hedging reserves	1,935	(1,289)	
Translation reserve	(4,399)	63,266	(37,451)
Net profit attributable to equity holders of Essilor International	328,284	287,134	244,427
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF ESSILOR INTERNATIONAL	1,894,773	1,680,866	1,340,920
Minority interests	11,032	7,000	4,515
TOTAL EQUITY	1,905,805	1,687,866	1,345,435
Provisions for pensions and other post- employment benefits	95,793	90,848	81,430
Long-term borrowings	262,997	448,848	607,383
Deferred tax liabilities	1,267	2,163	1,878
Long-term payables	198	631	551
NON-CURRENT LIABILITIES	360,255	542,490	691,242
Provisions	23,350	26,321	32,010
Short-term borrowings	187,011	156,222	25,613
Customer prepayments	3,183	6,943	7,257
Short-term payables	554,693	522,505	439,114
Current income tax liability	29,086	26,665	30,883
Other liabilities	50,591	38,897	23,551
Derivative financial instruments	2,221	9,267	
Deferred income	7,330	8,974	8,156
CURRENT LIABILITIES	857,465	795,794	566,584
TOTAL EQUITY AND LIABILITIES	3,123,525	3,026,150	2,603,261

(a) Excluding IAS 32 and IAS 39, applied as of January 1, 2005.

CONSOLIDATED CASH FLOW STATEMENT

€ thousands	2006	2005	2004 (a)
NET PROFIT	331,156	289,064	245,093
Share of profits of associates, net of dividends received	(6,416)	4,567	37,368
Depreciation, amortization and other non-cash items	133,161	124,656	109,693
Profit before non-cash items and share of profits of associates, net of dividends received	457,901	418,287	392,154
Provision charges (reversals)	4,328	(2,249)	6,510
(Gains) and losses on asset disposals, net	312	1,871	2,192
Cash flow after income tax expense and finance costs, net	462,541	417,909	400,856
Finance costs, net	10,134	9,028	8,193
Income tax expense (current and deferred taxes)	137,331	108,293	80,968
Cash flow before income tax expense and finance costs, net	610,006	535,230	490,017
Income taxes paid	(127,553)	(132,067)	(82,976)
Interest (paid) and received, net	(4,543)	(1,272)	(9,274)
Change in working capital	(26,849)	(3,561)	(5,437)
NET CASH FROM OPERATING ACTIVITIES	451,061	398,330	392,330
Purchases of property, plant and equipment	(204,745)	(181,341)	(149,861)
Acquisitions of subsidiaries, net of the cash acquired	(44,024)	(106,737)	(54,916)
Purchases of available-for-sale financial assets	(2,135)	(10,658)	(7,978)
Purchases of other long-term financial investments	(4,829)	(697)	(2,328)
Proceeds from the sale of subsidiaries, net of cash sold	(116)	0	0
Proceeds from the sale of other non-current assets	14,080	12,165	5,884
NET CASH USED IN INVESTING ACTIVITIES	(241,769)	(287,268)	(209,199)
Proceeds from issue of share capital	33,312	31,883	47,982
(Purchases) and sales of treasury stock, net	9,192	(60,158)	(45,619)
Dividends paid to:			
- Equity holders of Essilor International	(95,840)	(77,300)	(61,841)
- Minority shareholders of subsidiaries	(381)	(173)	(129)
Repayments of borrowings other than finance lease liabilities	(138,426)	(19,019)	(42,054)
Purchases of marketable securities (b)	(75,147)		
Repayments of finance lease liabilities	(2,175)	(8,067)	(2,828)
Other movements	2,464	(1,713)	743
NET CASH USED IN FINANCING ACTIVITIES	(267,001)	(134,547)	(103,746)
NET(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(57,709)	(23,485)	79,385
Cash and cash equivalents at January 1	631,100	651,573	575,441
IAS 39 adjustments to opening cash and cash equivalents		253	
Effect of changes in exchange rates	(3,518)	2,759	(3,253)
CASH AND CASH EQUIVALENTS AT DECEMBER 31	569,873	631,100	651,573
Cash and cash equivalents	584,889	548,424	572,515
Short-term bank loans and overdrafts	(15,016)	(27,613)	(18,767)

(a) Excluding IAS 32 and IAS 39, applied as of January 1, 2005.

(b) Money market funds not qualified as cash equivalents under IAS 7.