2009 INTERIM FINANCIAL REPORT

ESSILOR INTERNATIONAL

Contents

This is a free translation into English of the 2009 Interim Financial Report issued in French.

MANAGEMENT REPORT

First-Half 2009

€ millions	**First-half 2009**	First-half 2008	% Change
Revenue	**1,663.4**	1,520.2	+9.4%
Contribution from operations(1) *% of revenue*	**302.6** ***18.2%***	276.3 *18.2%*	+9.5%
Operating profit	**281.9**	261.7	+7.7%
Profit attributable to equity holders of Essilor International *% of revenue*	**202.4** ***12.2%***	198.3 *13.0%*	+2.1%
Basic earnings per share (in €)	**0.98**	0.96	+2.4%

(1) *Operating profit before compensation costs of share-based payments, restructuring costs, other income and expense, and goodwill impairment.*

Revenue up 9.4% to €1,663.4 million

Essilor's consolidated revenue for the six months ended June 30, 2009 rose by 5.3%, excluding the currency effect, and eased by 0.7% like-for-like. Changes in the scope of consolidation increased revenue by 6.0%, reflecting the contributions of the businesses acquired in 2008 and in the first half of 2009. The currency effect was a positive 4.1%, lifting growth to 9.4%.

The like-for-like decrease in first-half revenue included a decline of 1.0% in the first quarter and of 0.4% in the second, reflecting the following factors:

- The successful launch of value-added products around the world, including the new Crizal Forte® anti-reflective lens, the Essilor Transitions® VI variable-tint lens in Europe, the Xperio™ polarized lens in the United States and the new MrBlue™ edger.
- Firm growth in entry-level products, where Essilor holds strong positions.
- A disappointing first-quarter performance in Instruments.

Revenue by region

€ millions	**H1 2009**	**H1 2008**	**% Change (reported*)**	**% Change (like-for-like)**	**Change in scope of consolidation**
Europe	**665.1**	693.5	-4.1%	-4.4%	+2.0%
North America	**718.1**	617.9	+16.2%	-0.9%	+4.3%
Asia-Pacific	**170.1**	146.8	+15.9%	+13.5%	+1.3%
Latin America	**60.3**	60.6	-0.5%	+9.4%	+0.7%
Laboratory equipment [1]	**49.8****	1.4***	n.a.	n.a.	n.a.

(*) Currency effect: +4.1%. (**) The figure excludes Satisloh sales to Essilor, which totaled €14.8 million. (***) Satisloh was not part of the Group in first-half 2008.

Eleven external growth transactions in the first half

During the first half, Essilor acquired or increased its holding in eleven companies. Together, they represent additional full-year revenue of €47 million for a total investment of €36.9 million.

- In the United States, Essilor of America added three laboratories to its network: **Barnett & Ramel** ($10.8 million in revenue), **McLeod** ($10 million) and **Abba Optical** $2.2 million).
- In Poland, Essilor raised its stake in **JZO**, the ophthalmic optics market leader, to 51% from 10% previously.
- In Australia, Essilor completed four acquisitions representing an aggregate €3.6 million in full-year revenue. Equity interests were acquired in three prescription laboratories—**Prescription Glass Pty Ltd, Precision Optics Pty Ltd** and **Wallace Everett Lens Technology Pty Ltd**—and a 50% stake was acquired in **Sunix Computer Consultants**, a leading developer of optometric practice management systems.
- In India, Essilor raised its interest in **GKB Rx Lens Private Ltd** to 60% from 50%.
- In Brazil, Essilor acquired a majority stake in **Technopark**, a joint venture with a local partner that combines the business operations of two prescription laboratories (€10 million in revenue).
- In Canada, Nikon Optical Canada, a Nikon-Essilor subsidiary, increased its stake in the **TechCite** prescription laboratory from 50 to 100%.

[(1)] Application of IFRS 8 – Operating Segments has resulted in the creation of the “Laboratory Equipment” business segment, which includes the machines, consumables and replacement parts sold by Satisloh and Delamare to prescription laboratories. The change has not has a material impact on revenue from the operating regions, which consolidate all of the other sales (primarily of ophthalmic lenses and optical instruments).

Gross margin up 7.3% to €930.7 million

Gross margin (revenue less cost of sales, expressed as a percentage of revenue) stood at 56.0%, compared with 57.0% in first-half 2008. The decrease results mainly from the dilutive impact of acquisitions, in particular Satisloh.

Operating expenses up 6.3% to €628.1 million

Operating expenses in the first half accounted for 37.8% of consolidated revenue, versus 38.9% in the prior-year period, when they amounted to €590.7 million. Operating expenses comprised:

- R&D and engineering costs of €74.9 million (net of a €4.9 million tax credit), representing 4.5% of consolidated revenue, down very slightly from 4.7% in the first six months of 2008.
- Selling and distribution costs of €353.4 million (21.2% of revenue compared with 21.7% in the previous-year period).
- Other operating expenses of €199.8 million (12.0% of revenue versus 12.5% in first-half 2008).

Contribution from operations up 9.5% to €302.6 million

The contribution margin stood at 18.2% of revenue, on a par with first-half 2008's record high and up from 17.9% for full-year 2008. This performance reflects the Company's ability to integrate acquisitions, to drive further productivity gains and to diligently manage its operating expenses in a slowing market.

Operating profit up 7.7% to €281.9 million

"Other income and expenses from operations" and "Gains and losses on asset disposals" together represented a net expense of €20.7 million (compared with €14.6 million in first-half 2008). Compensation costs on stock options, performance share grants and employee stock ownership plans declined to €9.7 million from €12.3 million in first-half 2008, while restructuring costs related to the closing of several production facilities rose to €6.5 million from €0.2 million for the prior-year period.

Operating profit represented 17.0% of consolidated revenue.

Finance costs and other financial income and expenses: net expense of €5.3 million

Finance costs and other financial income and expenses represented a net expense of €5.3 million compared with net income of €2.9 million in first-half 2008, reflecting the increase in finance costs, which mainly concerned the financing of the Satisloh acquisition and the share buyback program.

Profit attributable to equity holders of Essilor International up 2.1% to €202.4 million

Net profit totaled €207.1 million, an increase of 2.8%. It comprised:

- Income tax expense of €80.1 million. The 29.0% effective tax rate compared with a 29.4% rate for first-half 2008. The decline was mainly due to Satisloh's tax rate, which is lower than the Company average.
- The share of profit from associates—VisionWeb, Sperian Protection and Transitions—which amounted to €10.7 million, versus €14.7 million in first-half 2008. Transitions' earnings were up slightly at €9.8 million (from €9.6 million in first-half 2008) while Sperian Protection's earnings were sharply lower at €0.9 million (compared with €5.1 million).

Profit attributable to equity holders of the parent was 2.1% higher, at €202.4 million. Earnings per share rose by 2.4% to €0.98.

Inventories

Inventories amounted to €493 million at June 30, 2009, compared with €475 million at year-end 2008, an increase of 3.8%. Like-for-like, the increase was 2.1%.

Investments

Capital expenditure net of divestments totaled €72 million or 4.3% of consolidated revenue. Financial investments net of disposals amounted to €60.9 million. Of this amount, acquisitions accounted for €36.9 million, while buybacks of shares accounted for €19.5 million.

Cash Flow Statement

€ millions			
Net cash from operations	**273**	Capital expenditure net of the proceeds from asset sales	**72**
Proceeds from employee share issue	**16**	Change in WCR and provisions	**102**
Change in net debt	**99**	Dividends	**138**
		Financial investments net of disposals	**61**
		Effect of changes in exchange rates and in the scope of consolidation	**15**

Net debt increased by €99 million to €211 million, from €112 million at year-end 2008 as the Company' high profitability and robust performance enabled it to pursue an ambitious financial investment program involving acquisitions and share buybacks and to increase dividends. Net debt was also affected by the seasonal impact of annual discount payments to customers, which are generally concentrated in the first half. Net cash flow (cash flow less capital expenditure) rose by 12.5% to €99 million.

Related party transactions / Risks and contingencies

In first-half 2009, the nature of transactions with companies consolidated by the proportionate or equity method was not significantly different from the description in the 2008 Registration Document. Similarly, risks and contingencies to which the Company is exposed in the months ahead are generally in line with the analysis presented in Chapter 4 of the Registration Document.

Outlook

In the second half of the year, Essilor will continue to grow the business, leveraging the quality of its products and its services to opticians, backed by an acquisitions strategy that extends across all regions. The Company will also pursue its efforts to maintain a high operating margin. Over the full year, Essilor expects to strengthen its presence in all markets.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS SIX MONTHS ENDED JUNE 30, 2009

CONSOLIDATED STATEMENT OF INCOME

€ thousands, except for per share data	Notes	First half 2009	First half 2008	2008
Revenue	**3**	1,663,413	1,520,194	3,074,419
Cost of sales		(732,684)	(653,165)	(1,325,106)
GROSS MARGIN		**930,729**	**867,029**	**1,749,313**
Research and development costs		(74,909)	(71,258)	(144,518)
Selling and distribution costs		(353,431)	(329,169)	(672,268)
Other operating expenses		(199,775)	(190,284)	(381,368)
CONTRIBUTION FROM OPERATIONS		**302,614**	**276,318**	**551,159**
Other income and expenses from operations, net	**4**	(20,433)	(14,723)	(35,999)
Gains ans losses on asset disposales, net		(313)	117	(629)
OPERATING PROFIT	**3**	**281,868**	**261,712**	**514,531**
Finance costs		(16,518)	(12,382)	(28,181)
Income from cash and cash equivalents		9,051	14,370	29,042
Other financial income and expenses, net	**5**	2,130	958	(3,368)
Share of profits of associates	**3**	10,698	14,671	26,053
PROFIT BEFORE TAX		**287,229**	**279,329**	**538,077**
Income tax expense		(80,132)	(77,907)	(149,266)
PROFIT FOR THE PERIOD		**207,097**	**201,422**	**388,811**
Attributable to equity holders of Essilor International		**202,435**	**198,313**	**382,356**
Attributable to minority interests		4,662	3,109	6,455

Earnings per share				
Basic earnings per share (€)		0.98	0.96	1.85
Weighted average number of shares (thousands)	**6**	206,623	207,225	206,875
Diluted earnings per share (€)		0.96	0.94	1.81
Diluted weighted average number of shares (thousands)		213,185	214,537	213,615

CONSOLIDATED STATEMENT OF TOTAL RECOGNIZED INCOME AND EXPENSES

(€ thousands)	First-half 2009 (6 months)			First-half 2008 (6 months)			2008 (12 months)		
	Attributable to equity holders of Essilor International	Attributable to minority interests	Total	Attributable to equity holders of Essilor International	Attributable to minority interests	Total	Attributable to equity holders of Essilor International	Attributable to minority interests	Total
Profit for the period (a)	**202,435**	**4,662**	**207,097**	**198,313**	**3,109**	**201,422**	**382,356**	**6,455**	**388,811**
Valuation gains and losses on derivative financial instruments, net of tax									
Cash flow hedges, effective portion	(1,500)		(1,500)	3,880		3,880	11,418		11,418
Tax	552		552	(1,046)		(1,046)	(3,401)		(3,401)
	(948)		*(948)*	*2,834*		*2,834*	*8,017*		*8,017*
Hedges of net investments in foreign operations, effective portion	1,088		1,088	1,379		1,379	230		230
Tax	(375)		(375)	(475)		(475)	(80)		(80)
	713		*713*	*904*		*904*	*150*		*150*
Transfers to profit for the period, net of tax:									
Cash flow hedges, effective portion	(3,321)		(3,321)	(3,285)		(3,285)	(4,367)		(4,367)
Tax	873		873	593		593	1,323		1,323
	(2,448)		*(2,448)*	*(2,692)*		*(2,692)*	*(3,044)*		*(3,044)*
Hedges of net investments in foreign operations, effective portion	25		25	(2,757)		(2,757)	(2,836)		(2,836)
Tax	(12)		(12)	949		949	976		976
	13		*13*	*(1,808)*		*(1,808)*	*(1,860)*		*(1,860)*
Valuation gains and losses on non-current financial assets, net of tax	369		369	(285)		(285)	(1,699)		(1,699)
Tax	(135)		(135)	101		101	499		499
	234		*234*	*(184)*		*(184)*	*(1,200)*		*(1,200)*
Actuarial gains and losses on defined benefit obligations, net of tax	(906)		(906)	3,037		3,037	(9,084)		(9,084)
Tax	*263*		263	(923)		(923)	3,223		3,223
	(643)		*(643)*	*2,114*		*2,114*	*(5,861)*		*(5,861)*
Translation adjustments to hedging and revaluation reserves	84		84	191		191	(594)		(594)
Translation adjustments to other reserves and profit for the period	7,033	(370)	6,663	(59,295)	(924)	(60,219)	(6,983)	(360)	(7,343)
Income (expense) recognized directly in equity, net of tax (b)	**4,038**	**(370)**	**3,669**	**(57,936)**	**(924)**	**(58,860)**	**(11,375)**	**(360)**	**(11,735)**
Total recognized income and expense, net of tax (a) + (b)	**206,473**	**4,292**	**210,765**	**140,377**	**2,185**	**142,562**	**370,981**	**6,095**	**377,076**

CONSOLIDATED BALANCE SHEET

ASSETS

€ thousands	Notes	June 30, 2009	December 31, 2008
Goodwill	**7**	994,929	957,605
Other intangible assets		204,136	205,249
Property, plant and equipment		811,236	811,484
INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT, NET	**3**	**2,010,301**	**1,974,338**
Investments in associates		189,945	164,690
Other long-term financial investments		47,504	44,214
Deferred tax assets		55,451	51,955
Long-term receivables		9,117	8,093
Other non-current assets		928	693
OTHER NON-CURRENT ASSETS, NET		**302,945**	**269,645**
TOTAL NON-CURRENT ASSETS, NET		**2,313,246**	**2,243,983**
Inventories		493,237	475,299
Prepayments to suppliers		10,322	9,521
Short-term receivables		732,812	684,797
Current income tax assets		15,059	5,859
Other receivables		39,585	37,294
Derivative financial instruments		48,064	50,996
Prepaid expenses		24,507	21,242
Marketable securities		33,123	32,538
Cash and cash equivalents	**8**	454,251	505,571
CURRENT ASSETS		**1,850,960**	**1,823,117**
Non-current assets held for sale			
TOTAL ASSETS		**4,164,206**	**4,067,100**

CONSOLIDATED BALANCE SHEET

EQUITY AND LIABILITIES

En milliers d'euros	Notes	30 juin 2009	31 décembre 2008
Share capital		38,099	37,984
Additional paid-in capital		327,595	311,765
Retained earnings		2,085,471	1,829,870
Treasury stock		(172,889)	(153,407)
Oceane conversion option		22,206	22,206
Hedging and revaluation reserves		(12,104)	(9,109)
Translation reserve		(63,122)	(70,235)
Profit attributable to equity holders of Essilor International		202,435	382,356
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF ESSILOR INTERNATIONAL		**2,427,691**	**2,351,430**
Minority interests		24,041	14,544
TOTAL EQUITY		**2,451,732**	**2,365,974**
Provisions for pensions and other post-employment benefit obligations		131,574	132,401
Long-term borrowings	**8**	460,472	437,617
Deferred tax liabilities		19,759	22,406
Long-term payables		2,375	2,359
NON-CURRENT LIABILITIES		**614,180**	**594,783**
Provisions		42,839	36,720
Short-term borrowings	**8**	238,073	212,835
Customer prepayments		6,802	8,611
Short-term payables		585,056	631,945
Taxes payable		45,253	35,626
Other liabilities		159,104	143,159
Derivative financial instruments		13,170	28,480
Deferred income		7,997	8,967
CURRENT LIABILITIES		**1,098,294**	**1,106,343**
TOTAL EQUITY AND LIABILITIES		**4,164,206**	**4,067,100**

CONSOLIDATED CASH FLOW STATEMENT

€ thousands	First-half 2009 (6 months)	First-half 2008 (6 months)	2008 (12 months)
PROFIT FOR THE PERIOD	**207,097**	**201,422**	**388,811**
Share of profits of associates, net of dividends received	(9,292)	6,695	20,637
Depreciation, amortization and other non-cash items	74,822	68,780	148,886
Profit before non-cash items and share of profits of associates, net of dividends received	**272,627**	**276,897**	**558,334**
Provision charges (reversals)	3,638	357	9,810
Gains and losses on asset disposals, net	347	(88)	629
Cash flow after income tax expense and finance costs, net	**276,612**	**277,166**	**568,773**
Finance costs, net	7,754	(1,801)	(692)
Income tax expense (current and deferred taxes)	80,132	77,908	149,266
Cash flow before income tax expense and finance costs, net	**364,498**	**353,273**	**717,347**
Income taxes paid	(85,444)	(66,362)	(144,650)
Interest (paid) and received, net	(3,394)	7,205	8,607
Change in working capital	(102,825)	(106,748)	(84,503)
NET CASH FROM OPERATING ACTIVITIES	**172,835**	**187,368**	**496,801**
Purchases of property, plant and equipment and intangible assets	(73,554)	(96,304)	(184,298)
Acquisitions of subsidiaries, net of the cash acquired	(32,220)	(55,271)	(452,879)
Purchases of available-for-sale financial assets	(2,852)	(5,763)	(4,673)
Purchases of other long-term financial investments	(4,231)	(12,333)	(11,978)
Proceeds from the sale of subsidiaries, net of the cash sold			0
Proceeds from the sale of other non-current assets	2,510	1,735	3,799
NET CASH USED IN INVESTING ACTIVITIES	**(110,347)**	**(167,936)**	**(650,029)**
Issue of share capital	15,945	21,675	31,385
(Purchases) and sales of treasury stock, net	(19,576)	(64,534)	(112,613)
Dividends paid to:			
- Equity holders of Essilor International	(136,189)	(128,393)	(128,393)
- Minority shareholders of subsidiaries	(1,755)	(120)	(188)
Repayments of borrowings other than finance lease liabilities	37,739	635	177,782
Purchases of marketable securities *	(585)	(676)	(1,359)
Repayments of finance lease liabilities	(1,242)	(1,389)	(2,644)
Other movements	1,527	(81)	473
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(104,136)**	**(172,883)**	**(35,557)**
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(41,648)**	**(153,451)**	**(188,785)**
Cash and cash equivalents at January 1	486,765	677,164	677,164
Effect of changes in exchange rates	(1,436)	(1,182)	(1,614)
CASH AND CASH EQUIVALENTS AT PERIOD-END	**443,681**	**522,531**	**486,765**
Cash and cash equivalents reported in the balance sheet	454,251	536,066	505,571
Bank overdrafts	(10,570)	(13,535)	(18,806)

* Units in money market funds not qualified as cash equivalents under IAS 37.

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

♦ **First-half 2009**

(€ thousands)	Share capital	Additional paid-in capital	Revalu-ation reserves	Oceane conversion option	Retained earnings	Translation reserve	Treasury stock	Profit attributable to equity holders of Essilor International	**Equity attributable to equity holders of Essilor International**	Minority interests	**Total equity**
Equity at January 1, 2009	**37,984**	**311,765**	**(9,109)**	**22,206**	**1,829,870**	**(70,235)**	**(153,407)**	**382,356**	**2,351,430**	**14,544**	**2,365,974**
Issue of share capital											
- To the corporate mutual funds	76	10,992							11,068		11,068
- On exercise of stock options	39	4,835							4,874		4,874
- On conversion of Oceane bonds		3							3		3
- Paid up by capitalizing reserves											
Cancellation of treasury stock											
Shares transferred out of treasury stock in exchange for Oceane bonds											
Share-based payments					9,608				9,608		9,608
Purchases and sales of treasury stock, net					(94)		(19,482)		(19,576)		(19,576)
Appropriation of profit					382,356			(382,356)			
Effect of changes in scope of consolidation on minority interests										6,960	6,960
Dividends					(136,189)				(136,189)	(1,755)	(137,944)
Transactions with shareholders	**115**	**15,830**	**0**	**0**	**255,681**	**0**	**(19,482)**	**(382,356)**	**(130,212)**	**5,205**	**(125,007)**
Total income and expense for the period recognized directly in equity			(3,079)						(3,079)		(3,079)
Profit for the period								202,435	202,435	4,662	207,097
Exchange differences on translating foreign operations			84		(80)	7,113			7,117	(370)	6,747
Total recognized income and expenses	**0**	**0**	**(2,995)**	**0**	**(80)**	**7,113**	**0**	**202,435**	**206,473**	**4,292**	**210,765**
Equity at June 30, 2009	**38,099**	**327,595**	**(12,104)**	**22,206**	**2,085,471**	**(63,122)**	**(172,889)**	**202,435**	**2,427,691**	**24,041**	**2,451,732**

- **First-half 2008**

(€ thousands)	Share capital	Additional paid-in capital	Revalu-ation reserves	Oceane conversion option	Retained earnings	Translation reserve	Treasury stock	Profit attributable to equity holders of Essilor International	**Equity attributable to equity holders of Essilor International**	Minority interests	**Total equity**
Equity at January 1, 2008	**38,030**	**329,880**	**(4,717)**	**23,408**	**1,565,991**	**(61,247)**	**(101,910)**	**366,740**	**2,156,175**	**12,090**	**2,168,265**
Issue of share capital											
- To the corporate mutual funds	78	13,545							13,623		13,623
- On exercise of stock options	30	3,562							3,592		3,592
- On conversion of Oceane bonds	30	4,430		(565)	276				4,171		4,171
Cancellation of treasury stock							(64,052)		(64,052)		(64,052)
Oceane buybacks											
Share-based payments					12,175				12,175		12,175
Purchases and sales of treasury stock, net					(482)				(482)		(482)
Appropriation of profit					366,740			(366,740)			
Effect of changes in scope of consolidation on minority interests										(1,527)	(1,527)
Dividends					(128,393)				(128,393)	(120)	(128,513)
Transactions with shareholders	**138**	**21,537**	**0**	**(565)**	**250,316**	**0**	**(64,052)**	**(366,740)**	**(159,366)**	**(1,647)**	**(161,013)**
Total income and expense for the period recognized directly in equity			1,168						1168		1,168
Profit for the period								198,313	198,313	3,109	201,422
Exchange differences on translating foreign operations			191		(577)	(58,718)			(59,104)	(924)	(60,028)
Total recognized income and expenses	**0**	**0**	**1,359**	**0**	**(577)**	**(58,718)**	**0**	**198,313**	**140,377**	**2,185**	**142,562**
Equity at June 30, 2008	**38,168**	**351,417**	**(3,358)**	**22,843**	**1,815,730**	**(119,965)**	**(165,962)**	**198,313**	**2,137,186**	**12,628**	**2,149,814**

♦ **Fiscal 2008**

(€ thousands)	Share capital	Additional paid-in capital	Revalu-ation reserves	Oceane conversion option	Retained earnings	Translation reserve	Treasury stock	Profit attributable to equity holders of Essilor International	**Equity attributable to equity holders of Essilor International**	Minority interests	**Total equity**
Equity at January 1, 2008	**38,030**	**329,880**	**(4,717)**	**23,408**	**1,565,991**	**(61,247)**	**(101,910)**	**366,740**	**2,156,175**	**12,090**	**2,168,265**
Issue of share capital											
- To the corporate mutual funds	130	21,102							21,232		21,232
- On exercise of stock options	82	10,071							10,153		10,153
- On conversion of Oceane bonds	30	4,432		(565)	275				4,172		4,172
- Paid up by capitalizing reserves											
Cancellation of treasury stock	(288)	(53,720)					54,008				
Shares transferred out of treasury stock in exchange for Oceane bonds				(637)	459		6,123		5,945		5,945
Oceane buybacks					23,778				23,778		23,778
Share-based payments					(985)		(111,628)		(112,613)		(112,613)
Purchases and sales of treasury stock, net					366,740			(366,740)			
Appropriation of profit										(3,453)	(3,453)
Effect of changes in scope of consolidation on minority interests					(128,393)				(128,393)	(188)	(128,581)
Transactions with shareholders	**(46)**	**(18,115)**	**0**	**(1,202)**	**261,874**	**0**	**(51,497)**	**(366,740)**	**(175,726)**	**(3,641)**	**(179,367)**
Total income and expense for the period recognized directly in equity			(3,798)						(3,798)		(3,798)
Profit for the period								382,356	382,356	6,455	388,811
Exchange differences on translating foreign operations and other			(594)		2,005	(8,988)			(7,577)	(360)	(7,937)
Total recognized income and expenses	**0**	**0**	**(4,392)**	**0**	**2,005**	**(8,988)**	**0**	**382,356**	**370,981**	**6,095**	**377,076**
Equity at December 31, 2008	**37,984**	**311,765**	**(9,109)**	**22,206**	**1,829,870**	**(70,235)**	**(153,407)**	**382,356**	**2,351,430**	**14,544**	**2,365,974**

Notes to the interim consolidated financial statements

NOTE 1. ACCOUNTING POLICIES

In accordance with European Council regulation 1606/2002/EC of July 19, 2002, the Company has adopted as its primary basis of accounting the International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs) and related interpretations adopted by the European Union as of the balance sheet date, and which are posted on the European Commission website[2].

The consolidated financial statements for the six months ended June 30, 2009 have been prepared in accordance with IAS 34 – Interim Financial Reporting. They were approved by the Board of Directors on August 26, 2009.

The accounting policies used to prepare the interim consolidated financial statements are unchanged compared with those applied in the 2008 consolidated financial statements.

The Company's functional and presentation currency is the euro. All amounts are presented in thousands of euros, unless otherwise specified.

♦ **IFRSs, amendments to IFRSs and interpretations applicable from January 1, 2009**

- **IFRS 8 – Operating Segments**
  Under IFRS 8, which is applicable from January 1, 2009, segment information must be reported based on the operating segments used by the Company for internal management purposes.

  Details of the Company's operating segments are presented in Note 1.2 below.
  In accordance with the IFRS transition rules, comparative information has been restated.

- **IFRIC 13 – Customer Loyalty Programs**
  This interpretation, which is applicable for annual periods beginning on or after July 1, 2008, describes the accounting treatment of customer loyalty programs. The Company has applied this interpretation in its interim financial statements for the period ended June 30, 2009 but has not adjusted prior periods to reflect the interpretation as its impact on revenue is not material.

  The impact of the interpretation on the financial statements for first-half 2009 is a reduction in revenue of around €600,000 and a reduction in other income and expenses from operations of the same amount.

- **Amendment to IAS 23 (revised) – Borrowing Costs**
  Under the amended version of IAS 23, which is applicable from January 1, 2009, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset must be capitalized as part of the cost of that asset. Previously, the benchmark treatment consisted of recognizing these costs as an expense. The Company has no borrowing costs that are directly attributable to the acquisition, construction or production of an asset.

- **Amendment to IFRS 2 – Vesting Conditions and Cancellations**
  The amendments to IFRS 2 – Share-Based Payment, applicable from January 1, 2009, clarify the accounting treatment of the cost of share-based payments when the vesting conditions are not met or the shares are cancelled. The Company has no share-based payment plans for which the vesting conditions have not been met or the shares cancelled.

[2] http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

- **Amendment to IAS 32 – Puttable Financial Instruments and Obligations Arising on Liquidation**
The amendment to IAS 32 allows certain puttable financial instruments that are similar to ordinary shares to be classified as equity. It is applicable from January 1, 2009.
Essilor is not concerned by this amendment.

- **IAS 1 (revised) – Presentation of Financial Statements (applicable for annual periods beginning on or after January 1, 2009).**
The revised standard requires separate presentation of (i) transactions with owners, in the statement of changes in equity, and (ii) other transactions, in either a single statement of comprehensive income or in two statements, an income statement and a statement of comprehensive income (called the consolidated statement of total recognized income and expenses in these financial statements).

  The share of profits of associates is now presented above profit before tax, rather than after profit of fully-consolidated companies, which is no longer used.

- **IFRIC 14 – IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (applicable for annual periods beginning on or after December 31, 2008)**
This interpretation describes the limits on the recognition of a defined benefit asset for plans with a minimum funding requirement. The Company early adopted this interpretation in the 2008 consolidated financial statements.
It has no impact on the Group's consolidated financial statements.

♦ **IFRSs, amendments to IFRSs and interpretations applicable in future periods**

The Company did not early adopt the following standards, amendments to standards or interpretations:

- **IFRS 3 (revised) – Business Combinations**
IFRS 3 (revised), which is applicable for annual periods beginning on or after July 1, 2009, describes the accounting treatment of business combinations based on the purchase method. In particular, goodwill may now be calculated on the basis of either the fair value of the acquiree or the acquirer's proportionate share of the acquiree's net assets. The choice between these two methods may be made separately for each acquisition.
For step acquisitions, the difference between the carrying amount of the investment held before the acquisition and its fair value at the acquisition date is recognized in profit or loss, along with the recyclable components of other comprehensive income. Acquisition-related costs must be recognized as expenses and not included in goodwill. Contingent consideration must be recognized at its acquisition-date fair value as part of the consideration transferred in exchange for the acquiree, whether or not its payment is considered probable. The obligation to pay contingent consideration must be recognized as a liability or as equity. Any subsequent adjustments should be recognized in profit or loss or in equity depending on the initial classification of the contingent consideration.

  The revised standard will be applicable prospectively from the date of transition and will therefore have no impact on the financial statements of earlier periods.
The impact of this revised standard on the consolidated financial statements is currently being assessed.

- **IAS 27 (revised) – Consolidated and Separate Financial Statements**
IAS 27 (revised), which is applicable for annual periods beginning on or after July 1, 2009, sets standards for the preparation and presentation of individual and consolidated financial statements. In particular, it deals with consolidation procedures and the partial disposal of an investment in a subsidiary that results in loss of control. Under the revised standard, changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In the case of a partial disposal that results in a loss of control, any investment retained in the former subsidiary is measured at fair value and the disposal gain or loss includes the fair value adjustment and the gain or loss on the sold interest, including all

amounts recognized in other comprehensive income in relation to the subsidiaries that are reclassified to profit or loss on disposal.

The impact of this revised standard on the consolidated financial statements is currently being assessed.

- **Amendment to IAS 39 – Eligible Hedged Items**
  This amendment, which is applicable from July 1, 2009 and has not yet been adopted by the European Union, defines the items that are eligible for hedge accounting.
  Its impact on the consolidated financial statements is currently being assessed.

- **IFRIC 12 – Service Concession Arrangements (applicable for annual periods beginning on or after January 1, 2008).**
  This interpretation dealing with public service concessions is applicable from March 29, 2009.
  The Company is not concerned by this interpretation.

- **IFRIC 15 – Agreements for the Construction of Real Estate**
  This interpretation, which is applicable for annual periods beginning on or after January 1, 2009, concerns the recognition of revenue from agreements for the construction of real estate.
  The Company is not concerned by this interpretation.

- **IFRIC 16 – Hedges of a Net Investment in a Foreign Operation**
  This interpretation, which is applicable for annual periods beginning on or after June 30, 2009, deals with the recognition and measurement of hedges of net investments in foreign operations.
  Its impact on the consolidated financial statements is currently being assessed.

- **IFRIC 17 – Distribution of Non-Cash Assets to Owners (non-cash dividends)**
  This interpretation, which is applicable for annual periods beginning on or after July 1, 2009 and has not yet been adopted by the European Union, determines how non-cash dividends should be measured and requires that the entity recognize any difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable in profit or loss.
  Its impact on the consolidated financial statements is currently being assessed.

- **IFRIC 18 – Transfers of Assets from Customers**
  This interpretation, which is applicable for annual periods beginning on or after July 1, 2009 and has not yet been adopted by the European Union, clarifies the rules governing the recognition and measurement of transfers of assets from customers.
  The Company is not concerned by this interpretation.

1.1. USE OF ESTIMATES

The preparation of financial statements involves the use of estimates and assumptions that may affect the reported amounts of assets, liabilities, income and expenses in the financial statements as well as the disclosures in the notes concerning contingent assets and liabilities at the balance sheet date. These estimates and assumptions, which were determined based on the information available when the financial statements were drawn up, mainly concern provisions for returned goods and trade receivables, product life cycles, pension and other post-employment benefit obligations, restructuring provisions, provisions for tax and environmental liabilities, claims and litigation, the measurement of goodwill, the measurement of purchased intangible assets and their estimated useful life, the fair value of derivative financial instruments, deferred tax assets and share-based payments. The final amounts may be different from these estimates.

The Company is subject to income tax in many jurisdictions with different tax rules and the determination of global income tax expense is based to a significant extent on estimates and assumptions that reflect the information available when the financial statements are drawn up.
First-half income tax expense recognized in the consolidated income statement is determined based on an estimate of the effective tax rate that will be paid by the Company on annual profit, in accordance with IAS 34 – Interim Financial Reporting.

1.2. SEGMENT INFORMATION

Since the adoption of IFRS 8 with effect from January 1, 2009, the Company’s segment information is presented in accordance with the information provided internally to management for the purpose of managing operations, making decisions and analyzing operational performance.
The information provided to management for internal management purposes is prepared in accordance with the IFRSs used by the Company in its consolidation financial statements.

The Company is organized into two business segments – Lenses & Optical Instruments and Equipment.

The Lenses & Optical Instruments business segment comprises the Company’s lens business (production, finishing, distribution and trading) and the instruments business (small equipment used by opticians and related to the sale of lenses). The end customers for this business are eyecare professionals (opticians and optometrists).
The business is managed by region. The regions are as follows:

- Europe
- North America
- Rest of world

The Equipment business segment encompasses the production, distribution and sale of large equipment, such as digital surfacing machines and lens polishing machines, used in manufacturing plants and prescription laboratories for finishing operations on semi-finished lenses. The end customers for this business segment are optical lens manufacturers.

The indicators presented are the following:

- External revenue (defined in Note 1.11 Revenue in the 2008 consolidated financial statements)
- Elimination of intragroup revenue
- Consolidated revenue
- Operating profit
- Non-cash income and expenses, which includes share-based payments, goodwill impairment losses and Oceane expenses
- Interest income and expense, corresponding to finance costs, net in the consolidated cash flow statement
- Income tax expense (defined in Note 1.18 Income Tax Expense in the 2008 consolidated financial statements)
- Share of profits of associates
- Impairment, depreciation and amortization of property, plant and equipment and intangible assets
- Acquisitions of property, plant and equipment and intangible assets
- Non-current assets
- Total assets
- Provisions for contingencies and charges (defined in Note 1.31 Pension and Other Post-Employment Benefit Obligations and Note 1.32 Provisions in the 2008 consolidated financial statements)
- Short-term borrowings and operating liabilities

1.3. CONSOLIDATED CASH FLOW STATEMENT

The cash flow statement has been prepared by the indirect method, whereby profit is adjusted for the effects of non-cash transactions, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

In the consolidated cash flow statement:

- Changes in current assets and liabilities are stated before the effect of changes in scope of consolidation and exchange rates.
- Cash flows of foreign subsidiaries are translated at the average exchange rate for the period.
- Profit before non-cash items and share of profits of associates, net of dividends received, is defined as profit of fully-consolidated companies before depreciation, amortization and provisions (other than provisions for impairment of current assets) and other non-cash items (mainly the costs of stock option plans and employee stock ownership plans), plus dividends received from associates.
- The effect of changes in exchange rates on cash and cash equivalents corresponds to the effect of (i) changes in exchange rates between the beginning and end of the period and (ii) differences between the closing exchange rate and the average rate for the period on movements for the period.
- The amounts reported for acquisitions (sales) of subsidiaries correspond to the purchase price (sale proceeds) less the cash and cash equivalents of the acquired (sold) subsidiary at the transaction date.
- Cash and cash equivalents in the cash flow statement correspond to cash and marketable securities qualifying as cash equivalents less bank overdrafts. Marketable securities, consisting mainly of units in money market funds, make up the bulk of the Group’s cash investments and are qualified as cash equivalents when the fund’s management objectives fulfill the criteria specified in IAS 7.

  Marketable securities that do not fulfill these criteria are not classified as cash equivalents. Purchases and sales of these securities are treated as cash flows from financing activities.

1.4. OTHER INCOME AND EXPENSES FROM OPERATIONS

Other income and expenses from operations mainly comprise:

- Restructuring costs
- Costs of claims and litigation
- Impairment losses on goodwill, intangible assets and property, plant and equipment
- Compensation costs on share-based payments

1.5. BORROWINGS

Borrowings are initially recognized at an amount corresponding to the issue proceeds net of directly attributable transaction costs.

Any difference between this amount and the redemption price is recognized in profit over the life of the debt by the effective interest method.

In accordance with IAS 32, the conversion option embedded in convertible bonds is separated from the host contract and recognized in equity, net of deferred taxes.
The conversion option is initially recognized at an amount corresponding to the difference between the convertible bond issue proceeds net of directly attributable transaction costs and the present value of vanilla bonds with the same characteristics.
Any difference between the carrying amount of convertible bonds, excluding the conversion option, and the redemption price is recognized in profit over the life of the debt using the effective interest method.

The purchase cost of any Oceane convertible bonds bought back by the Company is allocated between the debt instrument and the equity instrument based on market interest rates at the buyback date for bonds with a maturity corresponding to the remaining life of the Oceanes, using the same method as that applied at the issue date.

- The difference between the carrying amount of the debt at the buyback date (amortized cost) and the portion of the purchase price corresponding to the debt instrument is recognized in profit.
- The portion of the purchase price corresponding to the equity instrument is recognized directly in equity, net of deferred taxes.

NOTE 2. EXCHANGE RATES AND SCOPE OF CONSOLIDATION

2.1. EXCHANGE RATES OF THE MAIN FUNCTIONAL CURRENCIES

For €1	Closing rate			Average rate		
	June 30, 2009	Dec. 31, 2008	June 30, 2008	First-half 2009	Fiscal 2008	First-half 2008
Canadian dollar	1.63	1.70	1.43	1.60	1.57	1.55
Pound sterling	0.85	0.95	0.67	0.89	0.80	0.78
Yen	135.51	126.14	165.61	128.41	151.53	161.02
U.S. dollar	1.41	1.39	1.35	1.34	1.47	1.54
Swiss franc	1.53	1.49	1.61	1.51	1.58	1.60

2.2. CHANGES IN THE SCOPE OF CONSOLIDATION

- **Newly-consolidated companies**

The following companies were consolidated for the first time in first-half 2009:

Name	Country	Consolidated from	Consolidation method	% interest	% consolidated
J.Z.O	Poland	March 25, 2009	Full	51.00	100.00
Abba Optical	United States	May 1, 2009	Business acquisition		
Barnett & Ramel co.	United States	June 1, 2009	Full	80.00	100.00
Mc Leodd Opticals	United States	June 1, 2009	Full	80.00	100.00
Technopark	Brazil	April 30, 2009	Full	51.00	100.00
Unique Ophtalmic*	Singapore	January 1, 2009	Full	100.00	100.00
NERC	Japan	February 5, 2009	Proportionate	50.00	50.00

* Companies acquired or set up in prior years, consolidated for the first time in 2009.

The first-half 2009 income statement also includes the contribution over the full six months of the following companies that were consolidated for the first time in 2008:

Name	Country	Consolidated from	Consolidation method	% interest	% consolidated
Satisloh Zhongshan	China	October 1, 2008	Full	100.00	100.00
Satisloh Shenzen	China	October 1, 2008	Full	100.00	100.00
Omega	Czech Republic	September 1, 2008	Full	80.00	100.00
Satisloh SAS	France	October 1, 2008	Full	100.00	100.00
Nika	Germany	July 1, 2008	Full	74.90	100.00
Satisloh Gmbh	Germany	October 1, 2008	Full	100.00	100.00
Satisloh Asia and Trading Ltd	Hong Kong	October 1, 2008	Full	100.00	100.00
20-20 Optics	India	March 1, 2008	Full	70.00	100.00
Sankar	India	July 1, 2008	Full	70.00	100.00
Satisloh India	India	October 1, 2008	Full	100.00	100.00
Oftalmika Galileo Spa	Italy	April 1, 2008	Full	100.00	100.00
Satisloh Spa	Italy	October 1, 2008	Full	100.00	100.00
Frames and Lenses	Malaysia	July 1, 2008	Full	80.00	100.00
O'Max	Netherlands	March 1, 2008	Full	51.00	100.00
Epodi	Philippines	March 1, 2008	Full	51.00	100.00
Rainbow Optical	Puerto Rico	February 1, 2008	Full	100.00	100.00
Omega Slovakia	Slovakia	September 1, 2008	Full	80.00	100.00

Satisloh Iberica	Spain	October 1, 2008	Full	100.00	100.00
Satisloh Holding AG	Switzerland	October 1, 2008	Full	100.00	100.00
Satisloh AG	Switzerland	October 1, 2008	Full	100.00	100.00
Satisloh Photonics AG	Switzerland	October 1, 2008	Full	100.00	100.00
Satisloh Ltd	United Kingdom	October 1, 2008	Full	100.00	100.00
Advance Optical	United States	March 1, 2008	Full	90.00	100.00
Empire	United States	April 1, 2008	Full	85.00	100.00
Future Optics	United States	April 1, 2008	Full	80.00	100.00
Deschutes	United States	May 1, 2008	Full	80.00	100.00
Optimatrix	United States	July 1, 2008	Full	80.00	100.00
Collard Rose	United States	August 1, 2008	Full	80.00	100.00
Satisloh Inc	United States	October 1,2008	Full	100.00	100.00
Dependable	United States	October 1, 2008	Full	80.00	100.00
Next Generation	United States	November 1, 2008	Full	100.00	100.00
High Tech Optical	United States	December 1, 2008	Business acquisition		
Southwest Lens	United States	December 1, 2008	Full	65.00	65.00
North Eastern Eye Institute	United States	December 1, 2008	Business acquisition		
Pech Optical	United States	December 1, 2008	Full	80.00	100.00

- **Other movements**

Following the acquisition on January 1, 2009 of an additional 10% interest in Indian company GKB Rx Lens, that was previously 50%-owned, the company is now fully consolidated, whereas previously it was consolidated by the proportionate method on a 50% basis.

Following the acquisition by Nikon Canada on June 1, 2009 of 50% of Canadian company Tech Cite, Essilor's stake in Tech Cite has increased to 50% from 25%. The company is still consolidated using the proportional method.

The Company's interest in ILT Singapore increased to 100% from 51% on March 31, 2009.

2.3. IMPACT OF CHANGES IN EXCHANGE RATES AND SCOPE OF CONSOLIDATION

♦ **Balance Sheet**

The impact of changes in the scope of consolidation on the consolidated balance sheet is analyzed below:

€ thousands	Companies consolidated for the first time in first-half 2009
Intangible assets	173
Property, plant and equipment	3,790
Non-current financial assets	74
Other non-current assets	186
Current assets	9,205
Cash and cash equivalents	1,884
Total assets acquired	**15,312**
Minority interests in equity	954
Long-term borrowings	
Other non-current liabilities	1,108
Short-term borrowings	368
Other current liabilities	9,250
Total liabilities assumed	**11,680**
NET ASSETS ACQUIRED	**3,631**

Acquisition cost	26,788
. - Acquisitions for the period (paid in cash)	*23,631*
. - Prior period acquisitions	*3,157*
- Fair value of net assets acquired	3,632
- Put options granted to minority shareholders	(14,337)
+ Post-acquisition retained earnings	(172)
Recognized goodwill	**37,321**

The amount recognized as goodwill is supported by projected synergistic benefits and the growth outlook of the acquired companies within Essilor.

The fair values of the acquired assets and assumed liabilities are based on the provisional accounting for the business combination and may be adjusted once the valuation process has been completed or additional analyses have been performed. Any such adjustments will be treated as a retrospective adjustment of goodwill if they are made within twelve months of the acquisition date. Any adjustments made more than twelve months after the acquisition date will be recognized directly in profit, unless they correspond to corrections of errors.

- **Income Statement**

The overall effect of changes in scope of consolidation and exchange rates on first-half 2009 revenue, contribution from operations and operating profit was as follows:

In %	First-half 2009 vs. first-half 2008			
	Reported growth	Impact of changes in exchange rates	Impact of changes in consolidation scope	**Like-for-like growth**
Revenue	**9.4%**	4.1%	6.0%	**-0.7%**
Contribution from operations	**9.5%**	4.9%	1.3%	**3.3%**
Operating profit	**7.7%**	4.9%	1.3%	**1.5%**

NOTE 3. SEGMENT INFORMATION

Revenue is attributed by origin (invoicing country).

Sign convention: income (expense)

FIRST-HALF 2009	**Lenses Europe**	**Lenses North America**	**Lenses Rest of World**	**Equipment**	**Elimination of intersegment revenue**	**Group total**
External revenue	665	718	230	50		**1,663**
Inter-region revenue	36	24	89	16	(165)	**0**
Total revenue	701	742	319	66	(165)	**1,663**
Contribution to operating profit	79	130	72	1		**282**
Non-cash income and expsenes	(10)	(1)				**(11)**
Interest income	7	1	1	0		**9**
Interest expense	(10)	(6)	(1)	(0)		**(17)**
Income tax expense	(20)	(41)	(18)	(1)		**(80)**
Share of profits of associates	3	4	3			**11**
Impairment, depreciation and amortization of property, plant and equipment and intangible asets	(32)	(28)	(21)	(3)		**(84)**
Acquisitions of property, plant and equipment and intangible assets	22	30	22	2		**76**
Non-current assets	577	835	280	318		**2,010**
Total assets	1,733	1,285	763	383		**4,164**
Provisions	121	27	9	17		**174**
Short-term borrowings and operating liabilities	867	491	155	25		**1,538**

FIRST-HALF 2008	**Lenses Europe**	**Lenses North America**	**Lenses Rest of World**	**Equipment**	**Elimination of intersegment revenue**	**Group total**
External revenue	693	618	208	1		**1,520**
Inter-region revenue	37	23	68	4	(132)	**0**
Total revenue	730	641	276	5	(132)	**1,520**
Operating profit	85	120	56	1		**262**
Non-cash income and expsenes	(12)					**(12)**
Interest income	12	1	1			**14**
Interest expense	(5)	(6)	(1)			**(12)**
Income tax expense	(29)	(35)	(13)			**(77)**
Share of profits of associates	8	5	2			**15**
Impairment, depreciation and amortization of property, plant and equipment and intangible asets	(30)	(19)	(16)			**(65)**
Acquisitions of property, plant and equipment and intangible assets	43	29	24	0		**96**
Non-current assets	544	693	250	3		**1,490**
Total assets	1,764	1,061	646	5		**3,476**
Provisions	104	19	5	0		**128**
Borrowings and operating liabilities	617	439	141	2		**1,199**

FISCAL 2008	**Lenses Europe**	**Lenses North America**	**Lenses Rest of World**	**Equipment**	**Elimination of intersegment revenue**	**Group total**
External revenue	1,356	1,253	429	36		**3,074**
Inter-region revenue	72	49	141	13	(275)	**0**
Total revenue	1,428	1,302	570	49	(275)	**3,074**
Operating profit	159	235	122	(1)		**515**
Non-cash income and expsenes	(25)					**(25)**
Interest income	24	2	3			**29**
Interest expense	(14)	(13)	(1)			**(28)**
Income tax expense	(51)	(69)	(30)	1		**(149)**
Share of profits of associates	12	10	4			**26**
Impairment, depreciation and amortization of property, plant and equipment and intangible asets	(68)	(42)	(34)	(2)		**(146)**
Acquisitions of property, plant and equipment and intangible assets	76	68	41	1		**186**
Non-current assets	562	834	260	318		**1,974**
Total assets	1,750	1,224	675	418		**4,067**
Provisions	118	25	8	18		**169**
Borrowings and operating liabilities	879	476	140	37		**1,532**

The Company's top 20 customers accounted for 22.3% of revenue in first-half 2009 (2008: 23.4%).

No single customer accounts for more than 10% of the Company’s revenue.

NOTE 4. OTHER INCOME AND EXPENSES FROM OPERATIONS, NET

€ thousands	First-half 2009 (6 months)	First-half 2008 (6 months)	Fiscal 2008 (12 months)
By nature			
Impairment losses	0	0	0
Compensation costs of stock options	(4,038)	(4,703)	(9,792)
Compensation costs of employee share issues	(632)	(1,368)	(1,582)
Compensation costs of performance share grants	(5,016)	(6,104)	(13,532)
Restructuring costs, net	(6,524)	(247)	(3,736)
Other income and expenses from operations	(4,223)	(2,301)	(7,357)
Total	**(20,433)**	**(14,723)**	**(35,999)**

NOTE 5. OTHER FINANCIAL INCOME AND EXPENSES, NET

€ thousands	First-half 2009 (6 months)	First-half 2008 (6 months)	Fiscal 2008 (12 months)
By nature			
(Charges to)/reversals of provisions for impairment of available-for-sale financial assets, net	(45)	(1,811)	(1,530)
Exchange gains and losses, net	12,566	1,473	(1,305)
Changes in fair value of derivative financial instruments	(10,697)	1,229	(1,391)
Dividends	304	67	858
Other financial income and expenses	2	0	0
Total	**2,130**	**958**	**(3,368)**

NOTE 6. CHANGE IN NUMBER OF SHARES

Change in outstanding shares, net of treasury shares

	First-half 2009	First-half 2008	Fiscal 2008
Number of shares at January 1	**207,013,917**	**208,619,505**	**208,619,505**
Shares issued on exercise of stock options	217,190	165,448	452,913
Shares issued to the Essilor corporate mutual fund	425,898	433,429	720,144
Treasury shares allocated on conversion of Oceane bonds			188,752
Shares sold out of treasury on exercise of stock options	18,918	52,928	64,929
Delivery of performance shares	1,854	72	
Shares issued on conversion of Oceane bonds	66	167,486	167,674
(Purchases) and sales of treasury stock, net	(679,698)	(1,700,000)	(3,200,000)
Number of shares at the period-end	**206,998,145**	**207,738,868**	**207,013,917**
Number of treasury shares excluded from the calculation	4,664,931	4,306,810	4,006,005

Average number of shares, net of treasury shares

	First-half 2009	First-half 2008	Fiscal 2008
Number of shares at January 1	**207,013,917**	**208,619,505**	**208,619,505**
Shares issued on exercise of stock options	63,125	6,363	95,765
Shares issued to the Essilor corporate mutual fund	11,765	7,144	230,851
Treasury shares allocated on conversion of Oceane convertible bonds			62,917
Shares sold out of treasury on exercise of stock options	11,060	27,119	42,000
Treasury shares used to make performance share grants	906	60	
Shares issued on conversion of Oceane bonds	44	6,442	87,406
(Purchases) and sales of treasury stock, net	(477,642)	(1,441,978)	(2,263,839)
Number of shares at the period-end	**206,623,175**	**207,224,655**	**206,874,605**

NOTE 7. GOODWILL

€ thousands	At January 1	Changes in consolidation scope and acquisitions	Other movements	Translation adjustment	Impairment losses recognized in the period	At period-end
First-half 2009						
Gross	**973,331**	**37,321**	**2,558**	**(2,313)**		**1,010,897**
Impairment losses	15,726			232	10	15,968
Carrying amount	**957,605**	**37,321**	**2,558**	**(2,545)**	**(10)**	**994,929**
Fiscal 2008						
Gross	**607,770**	**359,542**	**(5,505)**	**11,524**		**973,331**
Impairment losses	16,623			(933)	36	15,726
Carrying amount	**591,147**	**359,542**	**(5,505)**	**12,457**	**(36)**	**957,605**

The carrying amount of goodwill breaks down as follows by segment:

€ thousands	**June 30, 2009**	**December 31, 2008**
Europe	199,837	179,715
North America	489,638	486,155
Rest of World	64,972	53,462
Equipment	240,482	238,273
	994,929	**957,605**

Goodwill for companies acquired in the second half of 2008 and the first half of 2009 is based on the provisional accounting for the business combination and may be adjusted during the 12-month period from the acquisition date.

NOTE 8. NET DEBT

€ thousands	**June 30, 2009**	**Dec. 31, 2008**
Oceane convertible bonds	170,677	168,310
Other long-term borrowings	289,795	269,307
Short-term borrowings	223,438	190,872
Bank overdrafts	10,570	18,806
Accrued interest	4,065	3,157
Total borrowings	**698,545**	**650,452**
Marketable securities*	33,123	32,538
Cash equivalents	255,117	319,596
Cash	199,134	185,975
Total assets	**487,374**	**538,109**
Net debt	**211,171**	**112,343**

* Marketable securities not qualifying as cash equivalents that the Company considers as eligible for inclusion in the calculation of net debt

At June 30, 2009, a total of 3,280,878 Oceanes were outstanding.
Following the July 16, 2007 two-for-one stock-split (see below), outstanding Oceanes are convertible or exchangeable on the basis of one bond for two new shares with a par value of €0.18.

NOTE 9. OFF-BALANCE SHEET COMMITMENTS

There were no material changes in the amount or nature of off-balance sheet commitments during first-half 2009 compared with December 31, 2008.

NOTE 10. ESSILOR INTERNATIONAL FINANCIAL STATEMENTS

€ millions	**First-half 2009 (6 months)**	**Fiscal 2008 (12 months)**	**First-half 2008 (6 months)**
Revenue	341	714	378
Net profit	141	239	182

NOTE 11. SUBSEQUENT EVENTS

In July 2009, Essilor acquired all outstanding shares in **De Ceunynck**, a major player in the Belgian market where the company is BBGR's long-time distributor. De Ceunynck reported 2008 revenue of €17 million, with a prescription laboratory near Antwerp and 92 employees. The current management team will remain in place.

In the United States, Essilor is continuing to expand its network with the acquisition of **Apex Optical** ($2.7 million in revenue) and **Vision Pointe Optical** ($1.1 million in revenue), two prescription laboratories located respectively in Florida and Idaho. Essilor has also acquired a majority interest in **OptiSource International** ($5.3 million in revenue), a manufacturer and distributor of equipment and consumables for opticians and laboratories.

Statement by the Person Responsible for

the 2009 Interim Financial Report

I declare that, to the best of my knowledge, (i) the financial statements for the first six months of 2009 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of Essilor International and the consolidated companies, and (ii) the accompanying interim management report includes a fair review of significant events of the past six months, their impact on the interim financial statements and the main related party transactions for the period, as well as a description of the main risks and uncertainties in the second half of the year.

Charenton-le-Pont, France, August 27, 2009

Xavier Fontanet

Chairman and Chief Executive Officer

STATUTORY AUDITORS' REVIEW REPORT ON THE 2009
HALF-YEAR FINANCIAL INFORMATION

To the Shareholders

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code , we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of ESSILOR INTERNATIONAL, for the six months ended June 30, 2009 ;
- the verification of the information contained in the half-year management report.

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - the standard of IFRSs as adopted by the European Union applicable to interim financial information.

We draw your attention to Note 1 to the condensed interim consolidated financial statements entitled "Accounting Policies", which presents the new standards applicable from January 1, 2009, particularly the amendment to IAS 1 "Presentation of Financial Statements" and IFRS 8 "Operating Segments". This observation does not affect the conclusion set out above.

2. Specific verification

We have also verified the information given in the half-year management report on the condensed half-year consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

Neuilly-sur-Seine and Courbevoie, August 26, 2009

The Statutory Auditors

PRICEWATERHOUSECOOPERS AUDIT

Jacques DENIZEAU

MAZARS

Pierre SARDET