2012 INTERIM FINANCIAL REPORT

ESSILOR INTERNATIONAL

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This is a free translation into English of the 2012 Interim Financial Report issued in French.

A Robust First Half

- **Revenue: €2.53 billion**
    - **Up 22.8% (6.6% like-for-like)**
    - **Successful launch of the Crizal® UV lens**
    - **Major contribution from partnerships and acquisitions**
- **Contribution from operations at 17.9% of revenue, including strategic acquisitions**
- **Full-year objectives confirmed**

Charenton-le-Pont, France (August 31, 2012, 6:30 a.m.) – The Board of Directors of Essilor International met yesterday to approve the Company's financial statements for the six months ended June 30, 2012. The auditors have performed a limited review of the financial statements. Their report does not include any observations.

Key metrics

€ millions	**First-half 2012**	**First-half 2011**	**% Change**
Revenue	**2,530.5**	**2,060.1**	+22.8%
Contribution from operations *(% of revenue)*	**453.9** *17.9%*	**371.6** *18.0%*	+22.1% -
Profit of fully-consolidated companies	**309.2**	**248.4**	+24.5%
Of which profit attributable to equity holders of Essilor International	**300.6**	**258.2**	+16.4%
Earnings per share (in €)	**1.45**	**1.25**	+16.1%
Cash flow	**445**	**357**	+24.6%

Commenting on these results, Hubert Sagnières, Chairman and Chief Executive Officer, said: "*In the first half, Essilor reaped the benefits of its growth strategy, which focuses on delivering innovative products and expanding in high-growth markets. The solid improvement in the Company's results demonstrates once again the validity of its value-creation model in a market that is experiencing structural growth. In an overall second-half economic environment that is less buoyant, the determination of Essilor's teams to deploy our strategic plan worldwide and the launch of the new generation of Varilux® S series progressive lenses bolster our confidence that we will meet our full-year objectives.*"

The ophthalmic optics market continued to grow in the first six months of 2012, lifted by the need for vision correction solutions and accelerated demand in fast-growing markets. In this environment, Essilor pursued its strategic focus on innovation, partnerships and geographic deployment by leveraging its global production base. The Company generated revenue growth of 18.3% (excluding the currency effect) and contribution from operations that stood at 17.9% of revenue, including strategic acquisitions.

The highlights of the first half were:

- Like-for-like revenue growth of 6.6%, led by both developed and fast-growing countries. This performance was driven by the successful launch of new products, including the Crizal® UV anti-reflective lens, and a strong increase in unit sales worldwide, resulting in market share gains.
- A significant impact from changes in the scope of consolidation, with the integration of Shamir and Stylemark as well as new partnerships, particularly in fast-growing markets.
- A sustained level of profitability with contribution from operations that stood at 17.9% of revenue, reflecting the Company's ability to finance its growth initiatives while limiting the dilutive impact of acquisitions.
- Sharp increases in earnings per share (up 16.1%) and cash flow (up 24.6%), thus keeping a strong balance sheet.

Outlook

Based on its good first half and despite lingering economic uncertainty, the Company is confirming its full-year objectives of revenue growth of 12% to 15 %, excluding the currency, (6% to 9% in like-for-like growth combined with bolt-on acquisitions) and sustained high contribution margin excluding strategic acquisitions.

Practical information

A meeting with analysts will be held in Paris today, August 31, at 9:45 a.m.

The meeting will be available live and recorded for later listening at:
http://hosting.3sens.com/Essilor/20120831-209C2A55/en/

The presentation will be available for viewing at::
http://www.essilor.com/en/shareholders/Pages/ReportsPresentations.aspx

Regulatory Information
The interim financial report is available at www.essilor.com by clicking on:
http://www.essilor.com/en/shareholders/Pages/ReportsPresentations.aspx

Investor calendar

Third-quarter 2012 revenue: October 25, 2012

About Essilor

The world's leading ophthalmic optics company, Essilor designs, manufactures and markets a wide range of lenses to improve and protect eyesight. Its corporate mission is to enable everyone around the world to access lenses that meet his or her unique vision requirements. To support this mission, the Company allocates around €150 million to research and development every year, in a commitment to continuously bringing new, more effective products to market. Essilor's flagship brands are Varilux®, Crizal®, Definity®, Xperio®, Optifog™ and Foster Grant®. It also develops and markets equipment, instruments and services for eyecare professionals.

Essilor reported consolidated revenue of €4.2 billion in 2011 and employs around 48,700 people in some 100 countries. It operates 19 plants, a total of 390 prescription laboratories and edging facilities, as well as several research and development centers around the world.

*For more information, please visit **www.essilor.com**.*

The Essilor share trades on the NYSE Euronext Paris market and is included in the EuroStoxx 50 and CAC 40 indices.

Codes and symbols: ISIN:FR0000121667; Reuters: ESSI.PA; Bloomberg: EI:FP.

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MANAGEMENT REPORT

REVENUE UP 18.3% EXCLUDING THE CURRENCY EFFECT

Consolidated revenue by business and region

€ millions	H1 2012	H1 2011	% Change (reported)	% Change (like-for-like)	Contribution from acquisitions
Lenses and optical instruments	**2,249.2**	**1,864.5**	+20.6%	+7.1%	+9.3%
North America	***897.7***	***757.8***	*+18.5%*	*+6.4%*	*+3.8%*
Europe	***797.7***	***733.1***	*+8.8%*	*+3.6%*	*+4.7%*
Asia/Pacific/Middle East/Africa[a]	***408.3***	***257.7***	*+58.4%*	*+15.9%*	*+35.3%*
Latin America	***145.5***	***115.8***	*+25.6%*	*+14.0%*	*+16.3%*
Equipment	**95.6**	**89.4**	+6.9%	+0.3%	+0.8%
Readers	**185.7**	**106.2**	+74.9%	+4.6%	+62.6%
TOTAL	**2,530.5**	**2,060.1**	**+22.8%**	**+6.6%**	**+11.7%**

(a) The change in consolidation method applied to Nikon-Essilor and Essilor Korea contributed €50.4 million to first-half revenue, thereby accounting for a 2.5% increase in consolidated revenue.

Revenue amounted to €2,530.5 million in the first six months of 2012, an increase of 22.8% as reported. Like-for-like growth combined with bolt-on acquisitions[1] stood at 9.4%.

- Like-for-like growth in first-half revenue came to 6.6%, which included increases of 8.5% in the first quarter and 4.8% in the second.
- The 11.7% increase in the contribution to growth from acquisitions breaks down as follows: 2.8% from bolt-on acquisitions, 6.4% from two strategic acquisitions (Shamir and Stylemark) and 2.5% from the impact of the change in the method of consolidation[2] for the Nikon-Essilor and Essilor Korea joint venture, both of which are now fully consolidated.
- The 4.5% positive currency effect was mainly due to the rise in the US dollar and, to a lesser extent, the Chinese yuan and the British pound against the euro, which amply offset the impact of the decline in the Brazilian real.

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[1]Acquisitions or local partnerships

[2] Nikon-Essilor and Essilor Korea were fully consolidated as of January 1 and February 1, 2012, respectively.

Performance by region and by division

The **Lenses and optical equipment** division saw like-for-like growth of 7.1%, a high level that reflects market share gains around the world.

In **North America, where like-for-like growth amounted to 6.4%**, business was up sharply in the first half. In the United States, all distribution channels contributed to the improvement in the product mix and faster growth. Essilor's sales to independent optometrists rose, led by the success of Varilux® progressive lenses, Transitions® variable-tint lenses and, above all, Crizal® anti-reflective lenses. With optics chains, the Company benefited from the ramp-up of lens and technology supply contracts. The contact lens distribution business also enjoyed a very good start to the year.

The situation was more varied in **Europe, where revenue rose by 3.6% like-for-like**. In France, the multi-network strategy continued to produce results. Demand trended upward sharply in the United Kingdom thanks to the impact of the contract with the Boots Opticians chain and the increase in sales to independent opticians, while Germany returned to satisfactory growth. On the other hand, markets in Southern Europe (Spain, Italy and Portugal) remained challenging and were slowed by the decline in instrument sales.

In **Asia/Pacific/Middle East/ Africa, where revenue increased by 15.9% like-for-like**, growth was sustained in developed countries (Japan and Australia) as well as in fast-growing markets. China and India turned in very good results (with like-for-like growth of more than 20%), as did Russia and South Korea.

In **Latin America, which saw like-for-like growth of 14.0%**, the Company's performance was lifted by demand for value-added products, in particular for Varilux® lenses in Brazil. In Mexico, Essilor opened a new prescription lens laboratory to more effectively serve its optician customers.

After two years of very strong growth, revenue leveled off in the **Equipment** division, **rising 0.3% like-for-like**. Demand for digital surfacing machines and sales of consumables remained very strong in Asia.

Revenue in the **Readers** division, **which rose 4.6% like-for-like,** was led by sales of non-prescription reading glasses, international development and, to a lesser extent, initial product sales in Dollar General stores.

Second quarter revenue up 15.7% excluding the currency effect

€ millions	Q2 2012	Q2 2011	% Change (reported)	% Change (like-for-like)	Contribution from acquisitions
Lenses and Optical Instruments	**1,110.3**	**920.8**	+20.6%	+5.6%	+9.0%
North America	***442.0***	***363.2***	*+21.7%*	*+4.8%*	*+4.4%*
Europe	***392.1***	***367.8***	*+6.6%*	*+2.0%*	*+3.7%*
Asia/Pacific/Middle East/Africa[(a)]	***202.7***	***127.7***	*+58.7%*	*+13.6%*	*+36.2%*
Latin America	***73.6***	***62.0***	*+18.6%*	*+15.0%*	*+11.3%*
Equipment	**49.8**	**49.0**	+1.7%	- 9.2%	+1.0%
Readers	**100.5**	**62.7**	+60.1%	+4.1%	+45.6%
TOTAL	**1,260.6**	**1,032.5**	**+22.1%**	**+4.8%**	**+10.9%**

(a) The change in consolidation method applied to Nikon-Essilor and Essilor Korea contributed €25.6 million to second-quarter revenue, thereby accounting for a 2.5% increase in consolidated revenue.

Second-quarter revenue rose by 22.1% to €1,260.6 million. Like-for-like, the increase was 4.8%, led by the Lenses and optical equipment business. The 10.9% increase in the contribution to growth from acquisitions breaks down as follows: 2.3% from bolt-on acquisitions, 6.1% from Shamir and Stylemark, and the remaining 2.5% from the change in the method of consolidation for Nikon-Essilor and Essilor Korea. The currency effect was a positive 6.4%.

In market conditions that were less favorable than during the first quarter, Essilor generated results in line with its objectives by continuing to leverage its capacity for innovation and to expand in high-growth markets. By region and business, the highlights were:

- Firm demand in the United States.
- A more difficult situation in Europe, where business was down in the Southern countries.
- Strong demand in the countries of Asia, the Pacific, the Middle East and Latin America.
- A decline in Equipment revenue due mainly to very high prior-year period comparatives.
- Continued growth in the Readers division.

14 transactions in the first half

During the first half of 2012, Essilor acquired a holding in 14 companies, representing additional full-year revenue of around €63 million. Ten of these transactions were carried out in fast-growing markets in Latin America, the Middle East, the Mediterranean basin, Africa and Asia.

- In **Mexico**, Essilor acquired a majority interest in Guadalajara-based **Cristal y Plástico**, an important player in the local market. With two prescription laboratories and two distribution and lens edging facilities, the company generated revenue of nearly €9 million.

- In **Brazil**, Essilor acquired a majority stake in **Centralab**, a prescription laboratory in Rio Grande do Norte State with annual revenue of approximately €2 million.
- In **Saudi Arabia**, the Company signed an agreement with **Magrabi Optical** to acquire a majority interest in its laboratory in Jeddah, which generates revenue of around €4.5 million.
- In **Turkey**, Essilor signed a partnership with **Ipek Optik**, which has annual revenue of approximately €5 million and a prescription laboratory in Izmir. The Company also acquired a 51% stake in **Opak**, a prescription laboratory based in Istanbul with annual revenue of €8 million.
- In **Tunisia**, Essilor signed an agreement to acquire a majority interest in the prescription laboratory **SIVO** and its marketing subsidiary, SICOM, both of which are located in Sfax. SIVO generates approximately €7 million in revenue.
- In **Kenya**, the Company signed an agreement to acquire a majority interest in **Optic Kenya**, a prescription laboratory in Nairobi with annual revenue of €0.7 million.
- In **China**, Essilor acquired a majority stake in another lens manufacturer, **Jiangsu Seeworld Optical**, which has nearly €7 million in annual revenue.
- In **South Korea**, Essilor Korea acquired an 80% stake in **Incheon Optics**, an ophthalmic lens distributor with annual revenue of approximately €3 million.
- In **India**, Essilor acquired a 50% interest in **Optics India**, a distributor of edging equipment for optical chains, prescription laboratories and hospitals, with annual revenue of €0.7 million.
- In the **United States**, Essilor acquired a majority holding in **Blue Optical**, a prescription laboratory based in Texas with annual revenue of around US$3.5 million, and **Central Optical** in Ohio, which generates approximately US$6.7 million in revenue.
- In **Canada**, a majority interest was acquired in **Imperial Eyewear**, an Ontario-based laboratory that generates annual revenue of roughly C$1 million. Imperial Eyewear specializes in sun lenses for wraparound frames.
- Lastly, in **Australia**, Essilor increased to 66% – from 33% – its stake in **Wallace Everett Lens Technology**, a prescription laboratory with annual revenue of approximately €3.2 million.

CONDENSED STATEMENT OF INCOME

€ millions	**H1 2012**	**H1 2011**	**% Change**
Revenue	**2,530.5**	2,060.1	+22.8%
Contribution from operations[(a)] *(% of revenue)*	**453.9** *17.9%*	371.6 *18.0%*	+22.1%
Operating profit	**430.7**	343.7	+25.3%
Profit of fully-consolidated companies	**309.2**	248.4	+24.5%
Profit attributable to equity holders of Essilor Int. *(% of revenue)*	**300.6** *11.9%*	258.2 *12.5%*	+16.4%
Earnings per share (€)	**1.45**	1.25	+16.1%

Contribution from operations [(a)] of 17.9%

€ millions	**H1 2012**	**H1 2011**	**% Change**
Gross margin *(% of revenue)*	**1,406.8** *55.6%*	1,144.8 *55.6%*	+22.9%
Operating expenses	**952.9**	773.1	+23.3%
Contribution from operations[(a)] *(% of revenue)*	**453.9** *17.9%*	371.6 *18.0%*	+22.1%

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

Gross margin up 22.9% to €1,406.8 million

In first-half 2011, gross margin (revenue less cost of sales, expressed as a percentage of revenue) was stable at 55.6%, with the dilutive impact of bolt-on acquisitions offset by the positive effects of new product launches and efficiency gains.

Operating expenses up 23.3% to €952.9 million

Operating expenses in the first half accounted for 37.7% of consolidated revenue, versus 37.5% in the prior-year period, when they amounted to €773.1 million.

These expenses include:

- R&D and engineering costs of €82.2 million, up 9.1% over first-half 2011.
- Selling and distribution costs of €575.3 million, versus €465.4 million in the prior-year period, an increase of 23.6%. This amount includes higher marketing costs related to the launch of the Crizal UV anti-reflective and Optifog anti-fog lenses, an increase in sales personnel and enhanced resources in fast-growing countries.
- Other operating expenses totaling €295.4 million, up 27.1%.

Contribution from operations rose by 22.1% to €453.9 million, or 17.9% of revenue. This performance reflects the Company's ability to finance its growth initiatives while offsetting the dilutive impact of acquisitions. Excluding Shamir and Stylemark, the contribution from operations stood at 18.3% of revenue.

Earnings per share up 16.1% to €1.45

Operating profit up 25.3% to €430.7 million

"Other income and expenses from operations" and "Gains and losses on asset disposals" together represented a net expense of €23.2 million (compared with a net expense of €27.9 million in first-half 2011). These items mainly cover:

- Provisions for restructuring representing a total of €14.3 million.
- Compensation costs of shared-based payments (in particular performance share plans) totaling €10.8 million.
- A gain of €15.5 million related to asset disposals, mainly due to the change in the method of consolidation[3] applied to the Nikon-Essilor and Essilor Korea joint ventures.
- Other expenses comprised of provisions for contingencies totaling €12.2 million.

Operating profit amounted to €430.7 million, representing 17.0% of consolidated revenue, compared with 16.7% in first-half 2011.

Finance costs and other financial income and expenses, net, representing a net expense of €9.2 million

This item amounted to a net expense €9.2 million. The increase on net expense of €3.9 million of the first-half of 2011 mainly reflects higher interest rates on borrowings as well as losses on currency hedges.

Attributable net profit of €300.6 million, an increase of 16.4%

Profit attributable to equity holders of Essilor International came to €300.6 million. It comprised:

- Income tax expense of €112.3 million. The 26.6% effective tax rate compared with a 26.9.% rate for first-half 2011.
- The share of profit from associates, VisionWeb and Transitions, which amounted to €13.6 million, versus €15.4 million in the prior-year period.
- A substantial increase in minority interests due to the integration of Shamir, which has been 50% owned since July 1, 2011, and to the impact of the change in consolidation method for Nikon-Essilor and Essilor Korea[4].

Earnings per share rose 16.1% to €1.45 as reported.

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[3]According to IFRS 3, when a company takes control of other businesses, the transaction is treated as a sale followed by an acquisition, with the sale generating a capital gain or loss.

[4]While Essilor's stake in Nikon-Essilor and Essilor Korea is unchanged at 50%, Essilor now fully consolidates both companies' income statements in its accounts and then recognizes 50% of their net profit as minority interests.

CASH FLOW UP 24.6%

At 24.6%, growth in operating cash flow[5] (€445 million) outpaced the increase in revenue and the contribution from operations. The sharp rise in profitability made it possible to finance not only dividends paid to shareholders but also to pursue capital spending and financial investment programs.

Investments

Capital expenditure and financial investments (net of disposals) totaled €113 million, or 4.5% of consolidated revenue.

Financial investments amounted to €41 million. Lastly, the Company invested €117 million in the buyback of approximately two million Essilor shares to offset the potential dilution from the issuance of shares under employee share-based payment plans.

Working capital requirement

Working capital requirement increased by €158 million in the first half, mainly due to the change in the method of consolidation for the Nikon-Essilor and Essilor Korea joint ventures as well as to the consolidation of Stylemark and new partners in China. The value of consolidated net inventories, excluding changes in the scope of consolidation and the currency effect, rose by 7.7%, on a par with the Company's organic growth.

Free cash flow

Free cash flow[6] amounted to €169 million, virtually unchanged from first-half 2011 (€173 million).

Net debt rose by €95.3 million over the period, to €601.5 million at June 30, 2012, making it possible to maintain a modest gearing ratio, at 16.3%.

Cash Flow Statement

In € millions

Operating cash flow (less change in WCR)	445	Change in WCR	158
Proceeds from employee share issues	50	Capital expenditure	118
Change in the method of consolidation applied to joint ventures	48	Dividends	192
Reported change in net debt	95	Acquisition of investments, net of disposals	41
		Share buybacks	117
		Other	12

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[5]Cash provided by operations less change in working capital requirement.

[6]Net cash from operating activities less purchases of property, plant and equipment and intangible assets, according to the IFRS consolidated cash flow statement.

SIGNIFICANT EVENTS SINCE THE END OF THE FIRST HALF

Acquisitions

Since June 30, 2012, Essilor has signed two new partnerships with companies in Latin America in order to bolster its local presence. In **Brazil**, Essilor continue to expand its presence by acquiring a majority interest in **Riachuelo**, a Sao Paulo-based prescription laboratory with 110 employees and approximately €8 million in revenue. In **Argentina**, the Company acquired a 51% stake in **Optovision**, a prescription laboratory in Buenos Aires with around €3.5 million in revenue.

Launch of the Varilux S series

In early July, Essilor began marketing a new range of progressive lenses called the Varilux® S series. The new lens, which is backed by 14 patents and three proprietary technologies, overcomes the usual compromise progressive lens manufacturers must make between limiting the swim effect and increasing the width of field. As a result, they can provide wearers with an unlimited field of vision. Already introduced in the United States, the Varilux S series will be launched worldwide by early 2013.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2012

Financial Statements

CONSOLIDATED INCOME STATEMENT

€ thousands, except for per share data	Notes	First-half 2012	First-half 2011	Year 2011
Revenue	3	2,530,495	2,060,057	4,189,541
Cost of sales		(1,123,685)	(915,303)	(1,868,086)
GROSS PROFIT		**1,406,810**	**1,144,754**	**2,321,455**
Research and development costs		(82,212)	(75,344)	(151,490)
Selling and distribution costs		(575,252)	(465,449)	(959,692)
Other operating expenses		(295,453)	(232,350)	(462,094)
CONTRIBUTION FROM OPERATIONS		**453,893**	**371,611**	**748,179**
Other income and expenses from operations, net	4	(38,773)	(27,150)	(62,617)
Gains and losses on asset disposals, net	4	15,532	(753)	(2,470)
OPERATING PROFIT	3	**430,652**	**343,708**	**683,092**
Finance costs		(11,436)	(5,535)	(13,904)
Income from cash and cash equivalents		7,957	4,685	10,507
Foreign exchange gains and losses - net		(3,676)	1,807	(85)
Other financial income and expenses, net	5	(1,995)	(4,888)	(9,917)
Share of profit of associates		13,551	15,442	27,883
PROFIT BEFORE TAX		**435,053**	**355,219**	**697,576**
Income tax expense		(112,292)	(91,407)	(179,396)
PROFIT FOR THE PERIOD		**322,761**	**263,812**	**518,180**
Attributable to equity holders of Essilor International		**300,608**	**258,242**	**505,619**
Attributable to minority interests		22,153	5,570	12,562
Earnings per share				
Basic earnings per share (€)		1.45	1.25	2.44
Weighted average number of shares (thousands)	6	207,901	207,321	207,246
Diluted earnings per share (€)		1.42	1.23	2.41
Diluted weighted average number of shares (thousands)		211,914	210,470	209,678

CONSOLIDATED STATEMENT OF TOTAL INCOME AND EXPENSES RECOGNIZED IN EQUITY

(€ thousands)	**First-half 2012 (6 months)**			**First-half 2011 (6 months)**			**2011**		
	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)	**300,608**	**22,153**	**322,761**	**258,242**	**5,570**	**263,812**	**505,619**	**12,562**	**518,181**
Valuation gains and losses on derivative financial instruments, net of tax									
Cash flow hedges, effective portion	(175)		(175)	(3,990)		(3,990)	(4,466)		(4,466)
Tax	124		124	2,082		2,082	2,494		2,494
Net of tax	*(51)*		*(51)*	*(1,908)*		*(1,908)*	*(1,972)*		*(1,972)*
Hedges of net investments, effective portion	633		633	1,189		1,189	1,392		1,392
Tax	(98)		(98)	(409)		(409)	(479)		(479)
Net of tax	*535*		*535*	*780*		*780*	*913*		*913*
Transfers to profit for the period, net of tax:									
Cash flow hedges, effective portion	(423)		(423)	2,256		2,256	4,104		4,104
Tax	53		53	(659)		(659)	(1,194)		(1,194)
Net of tax	*(370)*		*(370)*	*1,597*		*1,597*	*2,910*		*2,910*
Hedges of net investments, effective portion	(571)		(571)	265		265	(199)		(199)
Tax	88		88	(91)		(91)	68		68
Net of tax	*(483)*		*(483)*	*174*		*174*	*(131)*		*(131)*
Valuation gains and losses on non-current financial assets	46		46	78		78	(1,279)		(1,279)
Tax				(27)		(27)	(131)		(131)
Net of tax	*46*		*46*	*51*		*51*	*(1,410)*		*(1,410)*
Actuarial gains and losses on defined benefit obligations	(4,402)		(4,402)	1,715		1,715	(10,535)		(10,535)
Tax	1,031		1,031	*(459)*		(459)	2,632		2,632
Net of tax	*(3,371)*		*(3,371)*	*1,256*		*1,256*	*(7,903)*		*(7,903)*
Translation adjustments to hedging and revaluation reserves	(368)		(368)	429		429	(978)		(978)
Translation adjustments to other reserves and profit for the period	41,258	4,629	45,887	(129,763)	(3,183)	(132,946)	35,738	812	36,550
Other (Tax)	(6,451)		(6,451)						
Total income and expense for the period recognized directly in equity, net of tax (B)	**30,745**	**4,629**	**35,374**	**(127,384)**	**(3,183)**	**(130,567)**	**27,167**	**812**	**27,979**
Total recognized income and expense, net of tax (A) + (B)	**331,353**	**26,782**	**358,135**	**130,858**	**2,387**	**133,245**	**532,786**	**13,374**	**546,160**

CONSOLIDATED BALANCE SHEET

ASSETS

€ thousands	Notes	First-half 2012	December 31, 2011
Goodwill	**7**	2,012,937	1,883,331
Other intangible assets		604,059	581,781
Property, plant and equipment		1,015,717	955,280
INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT, NET	**3**	**3,632,713**	**3,420,392**
Investments in associates		128,512	109,915
Other long-term financial investments		101,815	92,743
Deferred tax assets		108,197	101,689
Long-term receivables		8,645	3,891
Other non-current assets		1,017	892
OTHER NON-CURRENT ASSETS, NET		**348,186**	**309,130**
TOTAL NON-CURRENT ASSETS, NET		**3,980,899**	**3,729,522**
Inventories		856,669	753,416
Prepayments to suppliers		19,403	19,671
Short-term receivables		1,192,999	1,121,746
Current income tax assets		53,200	48,355
Other receivables		25,183	30,838
Derivative financial instruments		8,065	15,091
Prepaid expenses		47,955	41,777
Marketable securities		7,757	7,450
Cash and cash equivalents	**10**	566,130	390,320
CURRENT ASSETS		**2,777,361**	**2,428,664**
TOTAL ASSETS		**6,758,260**	**6,158,186**

CONSOLIDATED BALANCE SHEET

EQUITY AND LIABILITIES

€ thousands	Notes	First-half 2012	December 31, 2011
Share capital		38,353	38,527
Additional paid-in capital		243,903	307,401
Retained earnings		2,963,703	2,629,367
Treasury stock		(267,634)	(264,110)
Revaluation and other reserves		(59,956)	(49,443)
Translation difference		208,221	157,496
Profit attributable to equity holders of Essilor International		300,608	505,619
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF ESSILOR INTERNATIONAL		**3,427,198**	**3,324,857**
Minority interests		254,378	132,894
TOTAL EQUITY		**3,681,576**	**3,457,751**
Provisions for pensions and other post-employment benefit obligations	**9**	194,201	177,693
Long-term borrowings	**10**	538,966	309,152
Deferred tax liabilities		165,437	148,755
Other non-current liabilities		188,581	138,168
NON-CURRENT LIABILITIES		**1,087,185**	**773,768**
Provisions	**8**	147,498	141,401
Short-term borrowings	**10**	639,502	606,581
Customer prepayments		16,253	15,705
Short-term payables		912,794	913,218
Taxes payable		83,845	62,172
Other current liabilities		165,953	161,306
Derivative financial instruments		11,483	14,953
Deferred income		12,171	11,331
CURRENT LIABILITIES		**1,989,499**	**1,926,667**
TOTAL EQUITY AND LIABILITIES		**6,758,260**	**6,158,186**

CONSOLIDATED CASH FLOW STATEMENT

€ thousands	First-half 2012 (6 months)	First-half 2011 (6 months)	2011 (12 months)
NET PROFIT	**322,761**	**263,812**	**518,180**
Share of profit of associates, net of dividends received	11,177	(2,793)	34,433
Depreciation, amortization and other non-cash items	109,927	87,685	180,693
Profit before non-cash items and share of profit of associates, net of dividends received	**443,865**	**348,704**	**733,306**
Provision charges (reversals)	7,598	(3,659)	(2,745)
(Gains) losses on asset disposals, net	(15,531)	800	2,470
Cash flow after income tax expense and finance costs, net	**435,932**	**345,845**	**733,031**
Finance costs, net	3,479	3,461	8,988
Income tax expense (current and deferred taxes)	112,292	91,409	179,396
Cash flow before income tax expense and finance costs, net	**551,703**	**440,715**	**921,415**
Income taxes paid	(102,897)	(83,020)	(183,717)
Interest (paid) and received, net	(2,132)	(844)	(14,293)
Change in working capital	(157,808)	(102,035)	(55,607)
NET CASH FROM OPERATING ACTIVITIES	**288,866**	**254,816**	**667,798**
Purchases of property, plant and equipment and intangible assets	(117,958)	(81,834)	(204,717)
Acquisitions of subsidiaries, net of the cash acquired	(23,976)	(54,568)	(364,428)
Purchases of available-for-sale financial assets	(3,389)	(3,309)	(15,120)
Purchases of other long-term financial investments	(11,660)	(6,277)	(16,688)
Proceeds from the sale of subsidiaries, net of the cash sold			203
Impact of changes in scope of consolidation	1,003		
Proceeds from the sale of other non-current assets	4,954	4,356	14,412
NET CASH USED IN INVESTING ACTIVITIES	**(151,026)**	**(141,632)**	**(586,338)**
Proceeds from the issue of share capital	49,883	35,458	83,133
(Purchases) sales of treasury stock, net	(116,638)	(148,359)	(147,502)
Dividends paid to:			
- Equity holders of Essilor International	(176,619)	(171,543)	(171,541)
- Minority shareholders of subsidiaries	(15,046)	(243)	(3,783)
Increase (decrease) in borrowings other than finance lease liabilities	240,482	177,801	188,590
Purchases of marketable securities*	(97)		2,066
Repayment of finance lease liabilities	(2,115)	(1,328)	(2,866)
Other movements	(7,403)	(1,181)	(6,855)
NET CASH USED IN FINANCING ACTIVITIES	**(27,553)**	**(109,395)**	**(58,758)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**110,287**	**3,789**	**22,702**
Cash and cash equivalents at January 1	363,109	345,888	345,888
Impact of the change of consolidation method applied to the joint ventures	48,708		
Effect of changes in exchange rates	(7,833)	5,525	(5,481)
NET CASH AND CASH EQUIVALENTS AT PERIOD-END	**514,271**	**355,202**	**363,109**
Cash and cash equivalents reported in the balance sheet	566,130	394,944	390,320
Short-term bank loans and overdrafts	(51,859)	(39,743)	(27,211)

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

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

♦ First-half 2012

(€ thousands)	Share capital	Additional paid-in capital	Revaluation reserves	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, 2012	**38,527**	**307,401**	**(49,443)**	**2,629,367**	**157,496**	**(264,110)**	**505,619**	**3,324,857**	**132,894**	**3,457,751**
Issue of share capital										
- To the corporate mutual funds										
- On exercise of stock options	258	49,625						49,883		49,883
- Paid up by capitalizing reserves										
Cancellation of treasury stock	(432)	(113,123)				113,555				
Share-based payments				10,783				10,783		10,783
Purchases and sales of treasury stock, net				441		(117,079)		(116,638)		(116,638)
Appropriation of profit				505,619			(505,619)			
Effect of changes in scope of consolidation				3,579				3,579	109,748	113,327
Dividends				(176,619)				(176,619)	(15,046)	(191,665)
Transactions with shareholders	**(174)**	**(63,498)**	**0**	**343,803**	**0**	**(3,524)**	**(505,619)**	**(229,012)**	**94,702**	**(134,310)**
Total income (expense) for the period recognized directly in equity			(10,145)					(10,145)		(10,145)
Profit for the period							300,608	300,608	22,153	322,761
Exchange differences on translating foreign operations			(368)	(9,467)	50,725			40,890	4,629	45,519
Total recognized income and expense	**0**	**0**	**(10,513)**	**(9,467)**	**50,725**	**0**	**300,608**	**331,353**	**26,782**	**358,135**
Equity at June 30, 2012	**38,353**	**243,903**	**(59,956)**	**2,963,703**	**208,221**	**(267,634)**	**300,608**	**3,427,198**	**254,378**	**3,681,576**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

♦ First-half 2011

(€ thousands)	Share capital	Additional paid-in capital	Revaluation reserves	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, 2011	**38,098**	**224,697**	**(40,872)**	**2,331,494**	**121,865**	**(136,258)**	**461,969**	**3,000,993**	**43,186**	**3,044,179**
Issue of share capital										
- To the corporate mutual funds										
- On exercise of stock options	213	35,245						35,458		35,458
- Paid up by capitalizing reserves										
Cancellation of treasury stock										
Share-based payments				10,105				10,105		10,105
Purchases and sales of treasury stock, net				(858)		(147,501)		(148,359)		(148,359)
Appropriation of profit				461,969			(461,969)			
Effect of changes in scope of consolidation				2,115				2,115	3,177	5,292
Dividends				(171,541)				(171,541)	(243)	(171,784)
Transactions with shareholders	**213**	**35,245**	**0**	**301,790**	**0**	**(147,501)**	**(461,969)**	**(272,222)**	**2,934**	**(269,288)**
Total income (expense) for the period recognized directly in equity			1,984					1,984		1,984
Profit for the period							258,242	258,242	5,570	263,812
Exchange differences on translating foreign operations			429	192	(129,989)			(129,368)	(3,183)	(132,551)
Total recognized income and expense	**0**	**0**	**2,413**	**192**	**(129,989)**	**0**	**258,242**	**130,858**	**2,387**	**133,245**
Equity at June 30, 2011	**38,311**	**259,942**	**(38,459)**	**2,633,476**	**(8,124)**	**(283,759)**	**258,242**	**2,859,629**	**48,507**	**2,908,136**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

♦ Full-year 2011

(€ thousands)	Share capital	Additional paid-in capital	Revaluation reserves	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, 2011	**38,098**	**224,697**	**(40,872)**	**2,331,494**	**121,865**	**(136,258)**	**461,969**	**3,000,993**	**43,186**	**3,044,179**
Issue of share capital										
- To the corporate mutual funds	94	21,708						21,802		21,802
- On exercise of stock options	335	60,996						61,331		61,331
- Paid up by capitalizing reserves				1,018				1,018		1,018
Issue of share capital for minority shareholders									4,845	4,845
Cancellation of treasury stock										
Share-based payments				21,577				21,577		21,577
Purchases and sales of treasury stock, net				(19,650)		(127,852)		(147,502)		(147,502)
Appropriation of profit				461,969			(461,969)			
Effect of changes in scope of consolidation				3,941	452			4,393	75,272	79,665
Dividends				(171,541)				(171,541)	(3,783)	(175,324)
Transactions with shareholders	**429**	**82,704**	**0**	**297,314**	**452**	**(127,852)**	**(461,969)**	**(208,922)**	**76,334**	**(132,588)**
Total income (expense) for the period recognized directly in equity			(7,593)					(7,593)		(7,593)
Profit for the period							505,619	505,619	12,562	518,181
Exchange differences on translating foreign operations			(978)	559	35,179			34,760	812	35,572
Total recognized income and expense	**0**	**0**	**(8,571)**	**559**	**35,179**	**0**	**505,619**	**532,786**	**13,374**	**546,160**
Equity at December 31, 2011	**38,527**	**307,401**	**(49,443)**	**2,629,367**	**157,496**	**(264,110)**	**505,619**	**3,324,857**	**132,894**	**3,457,751**

Notes to the interim consolidated financial statements

NOTE 1. ACCOUNTING POLICIES

In accordance with European Council regulation 1606/2002/EC of July 19, 2002, effective from January 1, 2005 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 and applicable at June 30, 2012. These standards and interpretations are available for consultation on the European Commission's website[1].

The consolidated financial statements for the six months ended June 30, 2012 have been prepared in accordance with IAS 34 – Interim Financial Reporting. They were approved by the Board of Directors on August 30, 2012.

The accounting policies used to prepare the interim consolidated financial statements are unchanged compared with those applied in the 2011 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, 2012**

- **Amendments to IFRS 7 and IFRS 1 – Disclosures: Transfers of Financial Assets**

Essilor is not concerned by these amendments.

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

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

- **Amendment to IAS 19 – Employee Benefits**
- **IFRS 9 – Financial Instruments: Classification and Measurement**
- **IFRS 10 – Consolidated Financial Statements/Control**
- **IFRS 11 – Joint Arrangements**
- **IFRS 12 – Disclosure of Interests in Other Entities**
- **IFRS 13 – Fair Value Measurement**
- **IAS 27 (revised) – Separate Financial Statements**
- **IAS 28 (revised) – Investments in Associates and Joint Ventures**
- **Amendment to IFRS 1 – Financial Statement Presentation: Other Comprehensive Income**
- **Amendment to IFRS 1 – Severe Hyperinflation**
- **Amendments to IAS 12, IAS 32 and IFRS 7**

The Company is in the process of assessing the impact of these standards on the consolidated financial statements.

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

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 are determined based on the information available when the financial statements are 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, put options granted to minority shareholders, 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. OPERATING SEGMENTS

Since the adoption of IFRS 8 with effect from January 1, 2009, the Company's information by operating segment 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 consolidated financial statements.

The Company has three operating segments: Lenses & Optical Instruments, Equipment, and Readers.

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 the 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 Readers business encompasses the production, distribution and sale of non-prescription glasses. The division's end customers are retailers, who sell the products on to consumers.

The subsidiaries of the Nikon Essilor and Chemiglass subgroups are now presented in the Lenses - Rest of the world segment. Equipment subsidiaries are presented in the Equipment segment rather than in the geographical segment corresponding to their location. The Puerto Rican plant, which is a branch of Essilor International, has been moved to the Lenses - North America segment from the Lenses - Europe segment.

1.3. CONSOLIDATED STATEMENT OF CASH FLOWS

The statement of cash flows 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.

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, share grants and employee stock ownership plans), plus dividends received from associates.

Working capital comprises inventories, receivables and payables, current tax assets, taxes payable, other receivables and payables, deferred income and prepaid expenses. Changes in working capital 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.

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
- Strategic acquisition costs
- Fair value adjustments to assets and liabilities acquired in business combinations recorded after the one-year purchase price allocation period
- 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.

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, 2012	**Dec. 31, 2011**	**June 30, 2011**	**June 30, 2012**	**Dec. 31, 2011**	**June 30, 2011**
Canadian dollar	1.29	1.32	1.40	1.30	1.38	1.37
Pound sterling	0.81	0.84	0.90	0.82	0.87	0.87
Chinese Yuan	8.00	8.16	9.34	8.19	9.00	9.18
Japanese yen	100.13	100.20	116.25	103.31	110.99	114.97
Indian rupee	70.12	68.71	64.56	67.60	64.87	63.14
Brazilian real	2.58	2.42	2.26	2.41	2.33	2.28
Swiss franc	1.20	1.22	1.21	1.20	1.23	1.27
U.S. dollar	1.26	1.29	1.45	1.30	1.39	1.40

2.2. CHANGES IN THE SCOPE OF CONSOLIDATION

- **Newly-consolidated companies**

The following companies were consolidated for the first time in first-half 2012:

Name	Country	Consolidated from	Consolidation method	% interest	% consolidated
Wallace Everett	Australia	January 1, 2012	Full	66.00	100.00
Imperial	Canada	January 1, 2012	Full	60.00	100.00
Essilor Cambodia	Cambodia	January 1, 2012	Full	100.00	100.00
Seeworld	China	January 1, 2012	Full	51.00	100.00
Essilor Colombia	Colombia	January 1, 2012	Full	100.00	100.00
Optiben	Morocco	January 1, 2012	Full	65.00	100.00
VST	Morocco	January 1, 2012	Full	65.00	100.00
Amico Qatar	Qatar	January 1, 2012	Full	49.00	100.00
Opti Express	Dominican Republic	January 1, 2012	Full	51.00	100.00
Essilor Philippines Holding	Singapore	January 1, 2012	Full	51.00	100.00
Seeworld Holding	Singapore	January 1, 2012	Full	51.00	100.00
Reize	Switzerland	January 1, 2012	Full	66.00	100.00
Satisloh China	China	January 17, 2012	Full	100.00	100.00
Incheon	South Korea	February 22, 2012	Full	40.00	100.00
Blue Optics	United States	March 12, 2012	Full	80.00	100.00
Cristal y Plastico	Mexico	March 12, 2012	Full	51.00	100.00
Central Optical	United States	April 2, 2012	Full	60.00	100.00
Essilor Optica Int Holding	Spain	June 1, 2012	Full	100.00	100.00
Cp Services Pvt Ltd	India	June 1, 2012	Full	100.00	100.00

The first-half 2012 income statement also includes the contribution over the full six months of the following companies that were consolidated for the first time in 2011:

Name	Country	Consolidated from	Consolidation method	% interest	% consolidated
Precision Optics Pty Ltd	Australia	February 13, 2011	Full	60.00	100.00
Polinelli SRL	Italy	February 28, 2011	Full	100.00	100.00
Framed Vision	United Kingdom	March 1, 2011	Full	100.00	100.00
L'N Optics	Morocco	March 15, 2011	Full	51.00	100.00
Repro	Brazil	April 1, 2011	Full	70.00	100.00
Trend Optical Singapore	Singapore	April 1, 2011	Full	70.00	100.00
Trend Optical Taiwan Branch	Taiwan	April 1, 2011	Full	70.00	100.00
Orgalent	Brazil	May 1, 2011	Full	51.00	100.00
Essilor Israel Holding	Israel	July 1, 2011	Full	100.00	100.00
Spherical Optics (Pty) Ltd.	South Africa	July 1, 2011	Full	25.50	100.00
Shamir Optic Gmbh	Germany	July 1, 2011	Full	50.00	100.00
Shamir Australia (Pty) Ltd.	Australia	July 1, 2011	Full	33.00	100.00
Shamir Optical Espana, SL	Spain	July 1, 2011	Full	50.00	100.00
Shamir Insight, Inc.	United States	July 1, 2011	Full	50.00	100.00
Shamir USA	United States	July 1, 2011	Full	50.00	100.00
Shamir France SARL	France	July 1, 2011	Full	50.00	100.00
Shamir UK Limited	United Kingdom	July 1, 2011	Full	50.00	100.00
Shamir Holding Optical	Israel	July 1, 2011	Full	50.00	100.00
Shamir Industry	Israel	July 1, 2011	Full	50.00	100.00
Shamir Special Optical Products Ltd.	Israel	July 1, 2011	Full	50.00	100.00
Shamir Eyal Ltd.	Israel	July 1, 2011	Full	50.00	100.00
Shamir Israel Optical Marketing Ltd.	Israel	July 1, 2011	Full	50.00	100.00
Shamir Or Ltd.	Israel	July 1, 2011	Full	50.00	100.00
Inray Ltd.	Israel	July 1, 2011	Full	25.00	100.00
Shamir RX Italia SRL	Italy	July 1, 2011	Full	50.00	100.00
Centro Integral Optico S.A de C.V	Mexico	July 1, 2011	Full	25.50	100.00
Shalens S.A C.V	Mexico	July 1, 2011	Full	25.50	100.00
Shamir Nederland B.V	Netherlands	July 1, 2011	Full	50.00	100.00
Shamir Polska Sp. zo.o	Poland	July 1, 2011	Full	42.50	100.00
Shamir Portugal, LDA	Portugal	July 1, 2011	Full	50.00	100.00
ShamirLens Thailand Co., Ltd	Thailand	July 1, 2011	Full	24.50	100.00
Shamir Optispeed	South Africa	July 1, 2011	Equity	25.00	25.00
Shamir Emerald	South Africa	July 1, 2011	Equity	28.00	28.00
K-T Optic CO., Ltd	Thailand	July 1, 2011	Full	48.85	100.00
Altra Optik Sanayi ve Ticaret A.S	Turkey	July 1, 2011	Full	50.00	100.00
Fundy Vision	Canada	August 1, 2011	Full	80.00	100.00
Grown	Brazil	August 16, 2011	Full	51.00	100.00
Mult Block	Brazil	August 16, 2011	Full	51.00	100.00
Mult Optical	Brazil	August 16, 2011	Full	51.00	100.00
Styll	Brazil	August 16, 2011	Full	51.00	100.00
YTT Holding	Brazil	August 16, 2011	Full	51.00	100.00
Comopticos	Brazil	September 1, 2011	Full	70.00	100.00
Optics East	United States	November 1, 2011	Full	80.00	100.00
GKB Emirates	United Arab Emirates	December 1, 2011	Full	50.25	100.00
GKB HI Tech	India	December 1, 2011	Full	50.25	100.00
Professional Opthalmic Lab	United States	December 1, 2011	Full	80.00	100.00
Yoli Optics (Zunlong)	China	December 1, 2011	Full	51.00	100.00
Stylemark	United States	December 14, 2011	Full	100.00	100.00
Stylemark Canada	Canada	December 14, 2011	Full	100.00	100.00
Canto e Mello	Brazil	December 15, 2011	Full	70.00	100.00

- **Other movements**

In line with their shared commitment to speeding the development of Nikon-Essilor in Japan, Nikon and Essilor have decided to change the joint venture's governance system by assigning operational management to Essilor teams. The change has no impact on the company's ownership structure. As a result, Nikon-Essilor's revenue has been fully consolidated in the Essilor accounts as from January 1, 2012.
For the same reason, Essilor Korea, a South Korean joint venture between Essilor and Samyung Trading, a shareholder of Chemiglass, has been fully consolidated as from February 1, 2012.

The change of consolidation method applied to Nikon-Essilor and Essilor Korea added €50.4 million to first-half 2012 revenue.

In addition, Essilor's interest in other companies changed as follows during first-half 2012:
- United Optical Laboratories Ltd, from 80% to 100% on February 15, 2012
- Athlone, from 80% to 100% on February 15, 2012
- Vision & Value Optical Labs, from 51% to 60% on April 23, 2012
- Omax, from 75% to 85% on April 26, 2012
- MGM, from 80% to 85% on March 1, 2012
- Unilab, from 51% to 63.33% on May 31, 2012.

Lastly, Tech-Cite Laboratories Co. Ltd. was merged into Nikon Optical Canada, Inc. on January 1, 2012.

2.3. IMPACT OF CHANGES IN 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 2012**
Intangible assets	1,907
Property, plant and equipment	9,475
Investments in associates	0
Non-current financial assets	33,318
Other non-current assets	0
Current assets	16,995
Cash and cash equivalents	10,858
Total assets acquired at fair value	**72,552**
Minority interests in equity	238
Long-term borrowings	1,481
Other non-current liabilities	1,863
Short-term borrowings	725
Other current liabilities	19,227
Total liabilities assumed at fair value	**23,534**
NET ASSETS ACQUIRED*	**49,018**
Acquisition cost	66,842
Fair value of net assets acquired*	49,018
Liabilities arising from put options granted to minority shareholders	(41,080)
Post acquisition retained earnings	0
RECOGNIZED GOODWILL	**58,903**

** or consolidated for the first time during the period*

The amount recognized as goodwill is supported by projected synergistic benefits and the growth outlook of the acquired companies within Essilor. Full consolidation of the joint ventures that were previously accounted for by the proportional consolidation method led to the recognition of goodwill of €25 million at June 30, 2012.

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 are treated as a retrospective adjustment of goodwill if they are made within twelve months of the acquisition date.

♦ **Income Statement**

The overall effect of changes in scope of consolidation and exchange rates on first-half 2012 revenue, contribution from operations and operating profit was as follows:

(in %)	**Reported growth**	Impact of changes in exchange rates	Changes in consolidation scope of which Bolt-on acquisitions	of which Strategic acquisitions*	**Like-for-like growth**
Revenue	22.8	4.5	2.8	8.9	6.6
Contribution from operations	22.1	4.5	1.5	7.6	8.5
Operating profit	25.3	4.2	1.7	13	6.4

** and change in consolidation method applied to the Nikon-Essilor and Essilor Korea sub-groups.*

NOTE 3. INFORMATION BY OPERATING SEGMENT

Revenue is attributed by origin (invoicing country).

First-half 2012	**Lenses Europe**	**Lenses North America**	**Lenses Rest of World**	**Equipment**	**Readers**	**Elimination of inter-segment revenue**	**Group Total**
External revenue	798	898	553	95	186		**2,530**
Inter-segment revenue	117	43	234	32	0	(511)	**0**
Total revenue	915	941	787	127	186	(511)	**2,530**
Operating profit	86	124	186	15	20		**431**
Non-cash income and expenses	(11)	0	0	0	0		**(11)**
Interest income	3	2	3	0	0		**8**
Interest expense	(6)	(6)	(4)	0	0		**(16)**
Income tax expense	(28)	(39)	(34)	(5)	(6)		**(112)**
Share of profit of associates	3	6	5	0	0		**14**
Impairment, depreciation and amortization of property, plant and equipment and intangible assets	(32)	(30)	(36)	(5)	(17)		**(121)**
Purchases of property, plant and equipment and intangible assets	26	26	45	2	19		**118**
Non-current assets	605	1,066	921	349	692		**3,633**
Total assets, net of inter-segment transactions	1,800	1,659	1,973	493	833		**6,758**
Provisions	233	52	28	21	8		**342**
Borrowings and payables	1,382	570	532	72	179		**2,735**

First-half 2011	**Lenses Europe**	**Lenses North America**	**Lenses Rest of World**	**Equipment**	**Readers**	**Elimination of inter-segment revenue**	**Group Total**
External revenue	733	758	374	89	106		**2,060**
Inter-segment revenue	51	34	146	18		(249)	**0**
Total revenue	784	792	520	107	106	(249)	**2,060**
Operating profit	82	122	112	12	16		**344**
Non-cash income and expenses	(10)	0	0	0	0		**(10)**
Interest income	1	1	3	0	0		**5**
Interest expense	(3)	(7)	(2)	0	0		**(12)**
Income tax expense	(25)	(35)	(21)	(4)	(6)		**(91)**
Share of profit of associates	4	7	4	0	0		**15**
Impairment, depreciation and amortization of property, plant and equipment and intangible assets	(34)	(26)	(25)	(4)	(6)		**(95)**
Purchases of property, plant and equipment and intangible assets	19	20	34	2	5		**80**
Non-current assets	598	884	543	336	459		**2,820**
Total assets, net of inter-segment transactions	1,625	1,360	1,281	449	545		**5,260**
Provisions	224	34	13	19	8		**298**
Borrowings and payables	1,085	489	326	47	107		**2,054**

2011	**Lenses Europe**	**Lenses North America**	**Lenses Rest of World**	**Equipment**	**Readers**	**Elimination of inter-segment revenue**	**Group Total**
External revenue	1,471	1,518	806	185	210		**4,190**
Inter-segment revenue	188	70	317	49	0	(624)	**0**
Total revenue	1,659	1,588	1,123	234	210	(624)	**4,190**
Operating profit	164	222	234	28	36		**683**
Non-cash income and expenses	(23)	0	0	0	0		**(23)**
Interest income	3	2	5	0	0		**10**
Interest expense	(8)	(13)	(5)	0	0		**(25)**
Income tax expense	(48)	(59)	(47)	(10)	(15)		**(179)**
Share of profit of associates	8	12	8	0	0		**28**
Impairment, depreciation and amortization of property, plant and equipment and intangible assets	(66)	(51)	(54)	(9)	(13)		**(194)**
Purchases of property, plant and equipment and intangible assets	50	46	87	6	15		**205**
Non-current assets	604	1,016	797	347	656		**3,420**
Total assets, net of inter-segment transactions	1,671	1,550	1,674	472	791		**6,158**
Provisions	232	41	18	20	8		**319**
Borrowings and payables	1,151	523	440	73	194		**2,381**

The Company's top 20 customers accounted for 20.4% of revenue in first-half 2012 (2011: 21.1%).

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

NOTE 4. OTHER INCOME (EXPENSE) FROM OPERATIONS, NET, AND GAIN FROM ASSET DISPOSALS

€ thousands	First-half 2012 (6 months)	First-half 2011 (6 months)	2011 (12 months)
By nature			
Impairment losses	(812)	(1,091)	0
Compensation costs of stock options	(1,740)	(2,955)	(5,939)
Compensation costs of employee share issues	0	0	(418)
Compensation costs of performance share grants	(9,044)	(7,150)	(16,854)
Restructuring costs, net	(14,315)	(8,190)	(22,646)
Strategic acquisition costs	(660)	(6,518)	(7,500)
Other income and expenses from operations	(12,202)	(1,246)	(9,260)
Total	**(38,773)**	**(27,150)**	**(62,617)**

Restructuring costs mainly concern manufacturing and distribution facility rationalization plans in the United States and Europe and are accounted for as charges to provisions for contingencies or impairment losses or asset scrapping costs.
Other income and expenses from operations correspond primarily to provisions and expenses related to miscellaneous claims and litigation.
A €15.5 million gain from asset disposals also includes the effect of the change of consolidation method applied to the Nikon-Essilor and Essilor Korea joint ventures.

NOTE 5. OTHER FINANCIAL INCOME AND EXPENSES

€ thousands	First-half 2012 (6 months)	First-half 2011 (6 months)	2011 (12 months)
By nature			
(Charges to)/reversals of provisions for impairment of available-for-sale financial assets, net	(544)	(324)	(787)
Changes in fair value of derivative financial instruments	236	(2,454)	(3,857)
Dividends	250	275	474
Other financial income and expenses	(1,937)	(2,385)	(5,747)
Total	**(1,995)**	**(4,888)**	**(9,917)**

Other financial income and expenses mainly include discounting adjustments to financial expenses related to put options granted to minority shareholders, which amounted to €2,440 thousand in first-half 2012 (versus €2,610 thousand in first-half 2011).

NOTE 6. CHANGE IN NUMBER OF SHARES

Change in outstanding shares, net of treasury shares

	First-half 2012	First-half 2011	2011
Number of shares at January 1	**208,675,170**	**208,761,230**	**208,761,230**
Shares issued on exercise of stock options	1,433,660	1,183,300	1,861,638
Shares issued to the Essilor corporate mutual fund	0	0	521,316
Shares sold out of treasury on exercise of stock options		50,863	111,295
Delivery of performance shares	1,215	1,230	585,346
(Purchases) and sales of treasury stock, net	(2,005,359)	(2,959,000)	(3,165,655)
Number of shares at the period-end	**208,104,686**	**207,037,623**	**208,675,170**
Number of treasury shares excluded from the calculation	4,967,270	5,801,019	5,363,126

Change in average outstanding shares, net of treasury shares

	First-half 2012	First-half 2011	2011
Number of shares at January 1	**208,675,170**	**208,761,230**	**208,761,230**
Shares issued on exercise of stock options	559,195	426,560	895,077
Shares issued to the Essilor corporate mutual fund	0	0	9,998
Shares sold out of treasury on exercise of stock options		25,248	50,421
Delivery of performance shares	640	419	45,829
(Purchases) and sales of treasury stock, net	(1,334,133)	(1,892,034)	(2,516,897)
Number of shares at the period-end	**207,900,872**	**207,321,423**	**207,245,658**

NOTE 7. GOODWILL

€ thousands	At January 1	Newly-consolidated companies	Other changes in consolidation scope & other movements	Translation adjustment	Impairment losses recognized in the period	At period-end
First-half 2012						
Gross	**1,897,293**	**58,903**	**39,857**	**31,238**		**2,027,291**
Impairment losses	13,962		(55)	377	70	14,354
Carrying amount	**1,883,331**	**58,903**	**39,912**	**30,861**	**(70)**	**2,012,937**
2011						
Gross	**1,535,140**	**312,984**	**25,949**	**23,220**	**0**	**1,897,293**
Impairment losses	13,189	0	866	(296)	203	13,962
Carrying amount	**1,521,951**	**312,984**	**25,083**	**23,516**	**(203)**	**1,883,331**

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

€ thousands	June 30, 2012	December 31, 2011
Lenses – Europe	254,069	249,157
Lenses – North America	672,835	631,806
Lenses – Rest of World	422,676	361,272
Equipment	274,557	270,206
Readers	388,800	370,890
	2,012,937	**1,883,331**

Goodwill for companies acquired in the second half of 2011 or the first half of 2012 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. PROVISIONS

€ thousands	At January 1	Charges	Charges	Releases	Translation adjustment	Changes in scope of consoli-dation	Other movements	At period-end
First-half 2012								
Provisions for losses in subsidiaries and affiliates	300				7	643		950
Restructuring provisions	9,209	3,958	(5,131)		156		1,240	9,432
Warranty provisions	24,101	3,131	(1,375)	(53)	360	151	517	26,832
Other	107,791	23,665	(6,341)	(14,081)	536	(643)	(643)	110,284
Total	**141,401**	**30,754**	**(12,847)**	**(14,134)**	**1,059**	**151**	**1,114**	**147,498**
2011								
Provisions for losses in subsidiaries and affiliates	300							300
Restructuring provisions	19,323	7,370	(13,030)	(2,763)	185		(1,876)	9,209
Warranty provisions	22,740	5,279	(1,914)	(2,207)	258	350	(405)	24,101
Other	101,792	9,764	(5,667)	(1,053)	293	557	2,105	107,791
Total	**144,155**	**22,413**	**(20,611)**	**(6,023)**	**736**	**907**	**(176)**	**141,401**

"Other provisions" at June 30, 2012 include provisions for tax audits and disputes in the amount of €27 million and a €50.7 million provision set aside for the potential consequences of alleged breaches of German competition law (see Note 11 - Litigation). There were no material changes in these provisions compared with December 31, 2011.

NOTE 9. PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

Net pension and other post-employment benefit obligations recognized in the balance sheet amounted to €194.2 million at June 30, 2012 and €177.7 million at December 31, 2011. The change over the period due to actuarial gains and losses recognized in equity included €10 million of actuarial losses arising from the reduction in the discount rate applied to euro zone plans.

NOTE 10. NET DEBT

€ thousands	**June 30, 2012**	**December 31, 2011**
Long-term borrowings	538,966	309,152
Short-term borrowings	584,707	578,500
Bank overdrafts	51,858	26,644
Accrued interest	2,937	1,436
Total borrowings	**1,178,468**	**915,732**
Marketable securities*	(7,757)	(7,450)
Cash equivalents	(261,856)	(152,744)
Cash	(304,274)	(237,576)
Total assets	**(573,887)**	**(397,770)**
Cross-currency swaps	(3,079)	(11,779)
Net debt	**601,502**	**506,183**

In February 2012, the Company carried out a $300 million US private placement notes issue comprising a $200-million 2.65% five-year tranche and a $100-million 3.10% seven-year tranche.

NOTE 11. LITIGATION

The accounting policies applied to determine provisions for contingencies are presented in chapter 20.3.1.5 of the 2011 Registration Document (Note 1.32). Details of other income and expenses from operations are provided in Note 4 to these consolidated financial statements for the six months ended June 30, 2012 and provision movements for the period are presented in Note 8.

The main claims and litigation are presented below:

<u>Germany</u>

At the end of 2008, the German competition authorities, the BundesKartellAmt (BKA), launched an investigation into possible breaches of German competition law by major players in the ophthalmic optics market, including two Essilor subsidiaries, Essilor GmbH and Rupp & Hubrach Optik GmbH.

On June 10, 2010, following the investigation, the BKA notified the companies investigated that it intended levying fines on them, with the fine applicable to Essilor's two subsidiaries representing an aggregate amount of around €50 million.
Essilor GmbH and Rupp & Hubrach Optik GmbH contested both the grounds for the BKA's findings and the amount of the fine which they considered to be disproportionate. As a result, two appeals were lodged against the BKA's decisions on June 15 and 16, 2010. None of the fines will be paid while these appeals are pending. The Company does not currently know when the appeals will be heard and is not in a position to forecast their outcome.

On being notified of the fines by the BKA, the Company set aside provisions totaling €50.7 million in its consolidated balance sheet at December 31, 2010.

Since then, there have been no developments in the case and the original provisions have therefore been maintained in the consolidated balance sheet at June 30, 2012.

<u>United States and Canada</u>

Following the settlement of charges brought by the Federal Trade Commission after an investigation in 2009 into Transitions Optical Inc.'s business practices, around twenty motions for authorization to bring class actions have been filed since late March 2010 against Transitions Optical Inc., Essilor of America and Essilor Laboratories of America before US and Canadian courts. The plaintiffs in these motions are alleging that the companies concerned endeavored to jointly monopolize the market for the development, manufacture and sale of photochromic lenses between 1999 and March 2010.

At the end of 2010, it was decided that the class action motions would be consolidated and heard by a US federal court in Florida. The procedures to determine the complaints' admissibility began during the first half of 2011 but motions have not yet been filed and no information is available yet on the quantum of the damages claimed. Consequently, no provision was carried in the consolidated balance sheet at June 30, 2012 in this respect.

<u>Other litigation</u>

The Company is involved in governmental, legal or arbitration proceedings in the normal course of business. Based on their current status, none of these proceedings are likely to have a material adverse effect on the financial position, results of operations, profitability, business or assets and liabilities of the Company or the Group.

NOTE 12. OFF-BALANCE SHEET COMMITMENTS

There were no material changes in the amount or nature of off-balance sheet commitments between December 31, 2011 and June 30, 2012.

NOTE 13. ESSILOR INTERNATIONAL FINANCIAL STATEMENTS

€ millions	First-half 2012	First-half 2011	2011
Revenue	370	352	678
Net profit	152	155	273

NOTE 14. EVENTS AFTER THE BALANCE SHEET DATE

In Brazil, on August 1, 2012 the Company acquired a majority stake in Riachuelo, a prescription laboratory based in Sao Paulo which generates revenue of some €8 million.

In Argentina, the Company acquired a 51% stake in Optovision, a prescription laboratory in Buenos Aires.

Statement by the Person Responsible for the 2012 Interim Financial Report

I declare that, to the best of my knowledge, (i) the financial statements for the first six months of 2012 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, August 31, 2012

Hubert Sagnières
Chairman and Chief Executive Officer

IAS 34 condensed consolidated financial statements - statutory auditors report on the interim financial statements

To the shareholders,

In accordance with our appointment as statutory auditors by the General Shareholders' Meeting, and in application 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 SA, for the period from January 1, 2012 to June 30, 2012;
- the verification of the information contained in the half-year management report.

These condensed half-year consolidated financial statements were prepared under the responsibility of your 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. These procedures are less in scope that those required for an audit conducted in accordance with professional standards applicable in France. Consequently, a review 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 condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, the IFRS standard as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information presented in the half-year management report commenting on the condensed half-year consolidated financial statements that were the subject of our review.

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

Neuilly-Sur-Seine and Courbevoie, August 30th, 2012

The Statutory Auditors

French original signed by

PRICEWATERHOUSECOOPERS AUDIT

Christine BOUVRY

MAZARS

Pierre SARDET