3.2.4 2015 Outlook

In 2015, Essilor will step-up its growth momentum by strengthening in three main businesses: Corrective Lenses, Sunwear, and Online Sales. It will step up its consumer marketing spend, which should total almost €200 million across the business base, and will continue to develop all the synergies generated from the acquisitions completed in 2014. Lastly, it will continue to expand in fast-growing countries and enter new territories.

Essilor expects to deliver revenue growth exceeding 4.5% on a like-for-like basis in 2015. Barring any new strategic acquisitions, the Company is targeting revenue growth of between 8% and 11% (excluding the currency effect) and an adjusted contribution from operations [1] of at least 18.8% of revenue.

Over the medium term, the broadening of the Company's playing field and its increasing proximity with consumers should continue to drive faster like-for-like revenue growth and boost profitability.

3.3 CONSOLIDATED FINANCIAL STATEMENTS

3.3.1 Consolidated income statement

€ millions, excluding per share data	Note	Year 2014	Year 2013
Revenue	3	5,670	5,065
Cost of sales		-2,355	-2,227
GROSS PROFIT		**3,315**	**2,838**
Research and development costs		-188	-164
Selling and distribution costs		-1,367	-1,145
Other operating expenses		-717	-612
CONTRIBUTION FROM OPERATIONS [a]		**1,043**	**917**
Other income from operations	6	546	5
Other expenses from operations	6	-367	-79
OPERATING PROFIT	**3**	**1,222**	**843**
Finance costs, net	7	-31	-8
Other financial income	8	297	87
Other financial expenses	8	-312	-99
Share of profits of associates	16	3	22
PROFIT BEFORE TAX		**1,179**	**845**
Income tax expense	9	-193	-199
NET PROFIT		**986**	**646**
Attributable to Group equity holders		**929**	**593**
Attributable to minority interests		57	53
Basic earnings attributable to Group equity holders per share (€)		4.41	2.82
Weighted average number of shares (thousands)	10	210,511	210,156
Diluted earnings attributable to Group equity holders per share (€)		4.32	2.78
Diluted weighted average number of shares (thousands)	11	214,820	213,057

(a) Contribution from operations corresponds to revenue less cost of sales and operating expenses (research and development costs, selling and distribution costs, other operating expenses).

The accompanying notes are an integral part of the consolidated financial statements.

(1) Adjusted contribution from operations corresponds to revenue less cost of sales and operating expenses (research and development costs, selling and distribution costs, other operating expenses), adjusted for non-recurring items related mainly to strategic acquisitions.

Statement of consolidated comprehensive income

€ millions	Year 2014			Year 2013		
	Attributable to Group equity holders	Attributable to minority interests	Total	Attributable to Group equity holders	Attributable to minority interests	Total
NET PROFIT FOR THE PERIOD (A)	**929**	**57**	**986**	**593**	**53**	**646**
Items of comprehensive income that will not be reclassified subsequently to profit or loss						
Actuarial gains and losses on pension obligations	-50		-50	6		6
Tax on items that will not be reclassified subsequently	7		7	-6		-6
Items of comprehensive income that may be reclassified subsequently to profit or loss						
Cash flow hedges, effective portion	8		8	-5		-5
Hedges of net investment in foreign operations, effective portion						
Increase (decrease) in fair value of long-term financial investments	-1		-1	-1		-1
Translation reserves	367	29	396	-238	-18	-256
Tax on items that may be reclassified subsequently	-2		-2	2		2
TOTAL INCOME (EXPENSE) FOR THE PERIOD RECOGNIZED DIRECTLY IN EQUITY, NET OF TAX (B)	**329**	**29**	**358**	**-242**	**-18**	**-260**
TOTAL RECOGNIZED INCOME AND EXPENSES, NET OF TAX (A) + (B)	**1,258**	**86**	**1,344**	**351**	**35**	**386**

The accompanying notes are an integral part of the consolidated financial statements.

3.3.2 Consolidated balance sheet

Assets

€ millions	Note	December 31, 2014	December 31, 2013
Goodwill	12	4,668	2,476
Other intangible assets	13	1,532	732
Property, plant and equipment	14	1,154	998
Investments in associates	16	3	113
Non-current financial assets	17	103	97
Deferred tax assets	9	151	112
Long-term receivables		15	17
Other non-current assets		1	1
TOTAL NON-CURRENT ASSETS		**7,627**	**4,546**
Inventories	18	1,002	869
Prepayments to suppliers		20	16
Short-term receivables	19	1,327	1,192
Current income tax-assets		56	67
Other receivables		38	33
Derivative financial instruments recognized in assets	24	43	17
Prepaid expenses		50	46
Marketable securities	23		5
Cash and cash equivalents	20	626	786
CURRENT ASSETS		**3,162**	**3,031**
TOTAL ASSETS		**10,789**	**7,577**

The accompanying notes are an integral part of the consolidated financial statements.

Equity and liabilities

€ millions	Note	December 31, 2014	December 31, 2013
Share capital		39	39
Issue premiums		360	302
Consolidated reserves		3,758	3,340
Own shares		-286	-304
Hedging and revaluation reserves		-121	-83
Translation difference		236	-131
Profit attributable to Group equity holders		929	593
Equity attributable to parent company owners		**4,915**	**3,756**
Equity attributable to non-controlling interests	32	345	285
TOTAL CONSOLIDATED EQUITY		**5,260**	**4,041**
Provisions for pensions	21	281	209
Long-term borrowings	23	1,521	607
Deferred tax liabilities	9	383	165
Other long-term liabilities	25	394	517
NON-CURRENT LIABILITIES		**2,579**	**1,498**
Provisions	22	274	131
Short-term borrowings	23	926	567
Customer prepayments		31	28
Short-term payables	19	1,215	1,060
Taxes payable		58	63
Other current liabilities	25	421	156
Derivative financial instruments recognized in liabilities	24	17	17
Deferred income		8	16
CURRENT LIABILITIES		**2,950**	**2,038**
TOTAL EQUITY AND LIABILITIES		**10,789**	**7,577**

The accompanying notes are an integral part of the consolidated financial statements.

3.3.3 Statement of changes in equity

Fiscal year 2014

€ millions	Share capital	Issue premiums	Revaluation reserves	Reserves	Translation difference	Treasury stock	Profit attributable to Group equity holders	Equity attributable to parent company owners	Equity attributable to non-controlling interests	Total equity
EQUITY AT JANUARY 1, 2014	**39**	**302**	**-83**	**3,340**	**-131**	**-304**	**593**	**3,756**	**285**	**4,041**
Capital increases										
• FCP Mutual funds		23						23		23
• Stock purchase options		35						35		35
• Capitalization of reserves										
Capital increases subscribed by minority interests									8	8
Share-based payments				34				34		34
Purchases of treasury stock (net of sales)				-45		18		-27		-27
Allocation of profit				593			-593			
Effect of changes in scope of consolidation				34				34	-4	30
Dividends paid				-198				-198	-30	-228
TRANSACTIONS WITH SHAREHOLDERS		**58**		**418**		**18**	**-593**	**-99**	**-26**	**-125**
Total income (expense) for the period recognized directly in equity			-38					-38		-38
Net profit for the fiscal year							929	929	57	986
Translation differences and other					367			367	29	396
TOTAL RECOGNIZED INCOME AND EXPENSE			**-38**		**367**		**929**	**1,258**	**86**	**1,344**
EQUITY AT DECEMBER 31, 2014	**39**	**360**	**-121**	**3,758**	**236**	**-286**	**929**	**4,915**	**345**	**5,260**

The accompanying notes are an integral part of the consolidated financial statements.

Fiscal year 2013

€ millions	Share capital	Issue premiums	Revaluation reserves	Reserves	Translation difference	Treasury stock	Profit attributable to Group equity holders	Equity attributable to parent company owners	Equity attributable to non-controlling interests	**Total equity**
EQUITY AT JANUARY 1, 2013	**39**	**311**	**-79**	**2,934**	**107**	**-239**	**584**	**3,657**	**257**	**3,914**
Capital increases										
• FCP Mutual funds		23						23		23
• Stock purchase options		45						45		45
• Capitalization of reserves										
Capital increases subscribed by minority interests									2	2
Cancellation of treasury shares		-77				77				
Share-based payments				27				27		27
Purchases of treasury stock (net of sales)				-27		-142		-169		-169
Allocation of profit				584			-584			
Effect of changes in scope of consolidation				8				8	23	31
Dividends paid				-186				-186	-32	-218
TRANSACTIONS WITH SHAREHOLDERS		**-9**		**406**		**-65**	**-584**	**-252**	**-7**	**-259**
Total income (expense) for the period recognized directly in equity			-4					-4		-4
Net profit for the fiscal year							593	593	53	646
Translation differences and other					-238			-238	-18	-256
TOTAL RECOGNIZED INCOME AND EXPENSE			**-4**		**-238**		**593**	**351**	**35**	**386**
EQUITY AT DECEMBER 31, 2013	**39**	**302**	**-83**	**3,340**	**-131**	**-304**	**593**	**3,756**	**285**	**4,041**

The accompanying notes are an integral part of the consolidated financial statements.

3.3.4 Consolidated cash flow statement

€ millions	Notes	Year 2014	Year 2013
NET PROFIT [(a)]		**986**	**646**
Share of profits of associates, net of dividends received		25	42
Depreciation, amortization and other non-cash items		451	247
Profit before non-cash items and share of profits of associates, net of dividends received		**1,462**	**935**
Provision charges (reversals)		99	-2
Gains and losses on asset disposals, net		-513	1
Cash flow after income tax and finance costs		**1,048**	**934**
Finance costs, net		31	8
Income tax expense (current and deferred taxes) [(a)]		193	199
Cash flow before income tax and finance costs		**1,272**	**1,141**
Income taxes paid		-225	-222
Interest (paid) and received, net		-25	-7
Change in working capital		10	-69
NET CASH FROM OPERATING ACTIVITIES		**1,032**	**843**
Purchases of property, plant and equipment and intangible assets		-232	-297
Acquisitions of subsidiaries, net of the cash acquired		-1,836	-330
Purchases of available-for-sale financial assets		-4	-3
Change in other non-financial assets		-9	-5
Effect of changes in scope of consolidation			2
Proceeds from the sale of other non-current assets		6	12
NET CASH USED IN INVESTING ACTIVITIES		**-2,075**	**-621**
Capital increase [(b)]		67	68
Net sale (net buyback) of treasury shares [(b)]		-36	-169
Dividends paid:			
• to equity holders of Essilor [(b)]		-198	-186
• to minority shareholders of the consolidated subsidiaries [(b)]		-30	-32
Bond issues	23	800	
Increase/(Decrease) in borrowings other than finance lease liabilities	23	434	281
Acquisition of marketable securities [(c)]		6	
Repayment of finance lease liabilities		-4	-1
Other movements			1
NET CASH USED IN FINANCING ACTIVITIES		**1,039**	**-38**
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**-4**	**184**
Net cash and cash equivalents at January 1		**749**	**580**
Effect of changes in exchange rates		-147	-15
NET CASH AND CASH EQUIVALENTS AT DECEMBER 31		**598**	**749**
Cash and cash equivalents	20	626	786
Bank credit facilities	23	-28	-37

(a) See income statement.
(b) See statement of changes in equity.
(c) Units in money market UCITS not qualified as cash equivalents under IAS 7.

The accompanying notes are an integral part of the consolidated financial statements.

3.4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. ACCOUNTING PRINCIPLES

1.1 General

Essilor International (Compagnie Générale d'Optique) is a *société anonyme* (public limited company) with a Board of Directors and is governed by the laws of France. Its registered office is located at 147 rue de Paris, 94220 Charenton-le-Pont. The Company's main business activities consist of the design, manufacture and sale of ophthalmic lenses and ophthalmic optical instruments.

The consolidated financial statements are prepared under the responsibility of the Board of Directors and presented to the Shareholders' Meeting for approval. The 2014 consolidated financial statements were approved by the Board of Directors on February 18, 2015.

The financial statements are prepared on a going concern basis.

The Group's functional and reporting currency is the euro. All amounts are expressed in millions of euros, unless otherwise specified.

1.2 Basis of preparation of the financial statements

In accordance with European Regulation 1606/2002 of July 19, 2002, the Essilor group has applied, since January 1, 2005, all international accounting standards including IFRS (International Financial Reporting Standards), IAS (International Accounting Standards) as well as their interpretations since January 1, 2005, as approved in the European Union, with mandatory application at December 31, 2014. International accounting standards can be accessed on the European Commission website [1].

1.3 New accounting standards and interpretations

The accounting methods applied are the same as those used in the annual financial statements as of December 31, 2013. The standards, amendments and interpretations with mandatory application in or after 2014 (see below) have no material impact on Group financial statements:

- IFRS 10 – Consolidated Financial Statements;
- IFRS 11 – Joint Arrangements;
- IFRS 12 – Disclosure of Interests in Other Entities;
- IAS 27 revised – Separate Financial Statements;
- IAS 28 revised – Investments in Associates and Joint Ventures;
- Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities;
- Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets;
- Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting;
- Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities.

Furthermore, the Group does not apply early the standards, amendments or interpretations whose application is not mandatory on or after January 1, 2014:

- IFRIC 21 – Levies;
- IFRS 9 – Financial Instruments;
- IFRS 14 – Regulatory Deferral Accounts;
- IFRS 15 – Revenues from Contracts with Customers;
- Amendments to IAS 16 and IAS 41 – Agriculture: Bearer Plants;
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortization;
- Amendments to IAS 19 – Defined benefit plans: Employee Contributions;
- Amendments to IAS 27 (revised) – Equity Method in Separate Financial Statements;
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations.

The impact of these standards on the consolidated financial statements is currently being assessed.

(1) *http://ec.europa.eu/internal_market/accounting/ias_en.htm#adopted-commission.*

1.4 Use of estimates

The preparation of financial statements requires Management's 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. The most significant estimates and assumption concern, in particular:

- the recoverable amount of goodwill (Notes 1.20 and 12);
- fair values in relation to business combinations and put options granted to minority shareholders (Note 1.20);
- risk assessment to determine the amount of provisions (Notes 1.31 and 1.20);
- measurement of retirement benefit obligations (Notes 1.30 and 21).

The final amounts may differ from these estimates.

1.5 Basis of consolidation

Companies over which the Group has direct or indirect exclusive control are fully consolidated.

Partnerships qualified as joint business are consolidated line by line, for up to the share effectively contributed by the Group. Partnerships qualified as joint ventures are, in turn, consolidated by the equity method.

Associates, defined as companies over which the Group exercises significant influence, are accounted for by the equity method.

The accounting policies and methods applied by associates comply with IFRS and are the same as the Group's accounting policies.

The Transitions Group was consolidated by the equity method until March 31, 2014 (see Note 2). Based on an economic analysis of the flows between Essilor and Transitions, between Transitions and Essilor, and of the sales of Transitions products by Essilor to third parties until March 31, 2014:

- revenue recognition from transactions between Essilor and Transitions has been canceled from Essilor's revenue and cost of sales, in accordance with IAS 18;
- the cost of subcontracting services provided by Transitions to Essilor has been reallocated between cost of sales and Transitions brand selling and distribution costs.

The criteria applied to determine the scope of consolidation are described in "Changes in the scope of consolidation" (Note 2.2).

The results of subsidiaries acquired or sold during the year are included in the consolidated income statement as from the date of acquisition or up to the date of disposal. In the event of a change in percent interest during the year, profit attributable to equity holders of the parent is calculated by applying:

- the former percentage of ownership interest in the profit generated prior to the date on which the percentage of ownership interest changed; and
- the new percentage of ownership interest in the profit generated after that date and through the year-end.

In the event of a dilution of its ownership interest in a subsidiary, the transaction is treated as a sale and the change in the share of the subsidiary's equity is recorded in equity in accordance with the revised IAS 27 if there has been no loss of control, and in profit if there has been a loss of control.

All intragroup profits and transactions are eliminated in consolidation.

1.6 Segment information

Since the adoption of IFRS 8 with effect from January 1, 2009, the Group's segment information is presented in accordance with the information provided internally to management for the purpose of managing operations, taking decisions and analyzing operational performance.

Such information is prepared in accordance with the IFRS used by the Group in its consolidated financial statements.

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

The **Lenses and Optical Instruments** business segment comprises the Group's Lens business (production, finishing, distribution and trading) and the Instruments business (small equipment used by opticians and relating to the sale of lenses). The end customers for this business are eye care professionals (opticians and optometrists).

The Lenses and Optical Instruments business chain is designed as a complete network with multiple interactions. The segment has a global network of plants, prescription laboratories, edging centers and distribution centers serving eye-care professionals throughout the world. This network is centrally managed, along with Group research and development, marketing, intellectual property and engineering functions.

The **Equipment** business segment comprises the production, distribution and sale of high capacity 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 **Sunglasses & Readers** business segment comprises the production, distribution and sale of both non-prescription sunglasses and non-prescription reading glasses. The end customers for this segment are retailers that sell non-prescription reading glasses to consumers.

1.7 Consolidated cash flow statement

The cash flow statement has been prepared by the indirect method, whereby net profit is adjusted for the effects of non-cash transactions of a non-cash nature, 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, other receivables and payables, deferred income and prepaid expenses. Changes in working capital are stated before the effect of changes in scope of consolidation.

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 corresponds to cash and marketable securities qualifying as cash equivalents less short-term bank loans and overdrafts.

- Marketable securities, consisting mainly of units in money market UCITS, are qualified as cash equivalents when the investment 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.

1.8 Foreign currency translation

The financial statements of foreign companies are prepared in the entity's functional currency. The functional currency is defined as the currency of the primary economic environment in which the subsidiary operates.

Financial statement items measured in the functional currency are translated into euros as follows:

- balance sheet items are translated at the closing rate;
- income statement items and cash flows are translated at the average exchange rate for the period.

The difference between equity translated at the closing rate and the historical rate, and that resulting from the translation of net profit at the average rate for the period are recorded in equity, under "Translation difference," and reclassified to profit when the foreign subsidiary is sold or wound up.

1.9 Revenue

Revenue corresponds to revenue from the sale of products and the provision of services. It is stated net of volume discounts, cash discounts, returned goods and certain revenue-based commissions and deferred revenue associated with awards granted under customer loyalty programs.

Revenue from Lens sales and Sunglasses & Readers (non-prescription sunglasses and reading glasses) is recognized when the product has been delivered to, and accepted by, the customer and the related receivable is reasonably certain of being collected.

Revenue from laboratory equipment sales is recognized when the risks and rewards of ownership of the equipment have been transferred to the buyer, generally corresponding to the date of physical and technical acceptance by the buyer.

1.10 Cost of sales

Cost of sales corresponds mainly to the cost of goods sold, less any cash discounts received from suppliers.

1.11 Contribution from operations

Contribution from operations corresponds to revenue less cost of sales and operating expenses (research and development costs, selling and distribution costs, other operating expenses).

1.12 Other operating income and expenses

Income and expenses that cannot be inherent to the Group's current business activities, in terms materiality, nature or unusual nature are recognized under other operating income and expenses.

They include primarily costs related to restructuring, compensation costs on share-based payments, costs related to major strategic acquisitions, estimate adjustments to opening balance sheets of acquired subsidiaries recorded after the one-year allocation period, provisions and impairment of property, plant and equipment or intangible assets of substantial materiality, legal dispute costs and provisions, changes in price supplements for acquisitions made after January 1, 2010, net income on disposal of business activities and consolidated entities as well as in step acquisitions, the fair value revaluation of the previously held share.

1.13 Share-based payments

Stock subscription options and performance share grants

The fair value of stock options and performance shares is determined as follows:

- performance-based stock subscription options granted since 2006, which are subject to vesting conditions based on the share performance, are measured using the Monte Carlo model;
- performance shares granted since 2006, which are subject to vesting conditions based on the change in the share price compared with the Reference Price on the grant date, are measured using the Monte Carlo model.

The fair value of stock subscription options on the grant date is recognized as an expense over the option acquisition period, taking into account the probability of the option being exercised early, with a corresponding adjustment to equity.

For performance shares, the acquisition period is considered as being the most probable period over which the performance conditions will be fulfilled, determined using the Monte Carlo model.

For the November 2012, November 2013, and November 2014 performance share plans, a lock-up discount was applied to the portion of shares that will be granted after the plan's performance conditions have been fulfilled. This portion will be unavailable to grantees for an estimated five years.

The model parameters are determined at the grant date:

- share price volatility is determined by reference to historical volatilities;
- the risk-free interest rate corresponds to the government bond rate;
- the impact of dividends is taken into account in the model by applying a yield assumption determined by reference to the dividend paid in the previous year;
- the options' expected life is determined based on the vesting period and the exercise period;
- in line with French Accounting Authority (CNC) guidelines dated December 21, 2004, the lock-up discount applied to the November 2012, November 2013, and November 2014 performance share plans was determined based on the cost for the employee of a two-step strategy consisting of selling the shares forward for delivery at the end of the lock-up period and purchasing the same number of shares for immediate delivery, with the purchase financed by a loan.

At each period-end, the probability of options or performance shares being forfeited is assessed by the Group. The impact of any adjustments to these estimates is recognized in profit, with a corresponding adjustment to equity.

Employee share issues

For employee share issues, the difference between the market price of the shares on the transaction date and the price at which the shares are offered to employees is recognized directly in profit and loss when the shares are issued.

IFRS 2 allows for the effect of any post-vesting transfer restrictions to be taken into account, but does not provide any guidance on measuring the corresponding discount. On December 21, 2004, the French accounting authorities (Conseil National de la Comptabilité) issued a press release containing measurement guidelines. An illiquidity discount has been taken into account by the Group since the second half of 2007. In line with CNC guidelines, the discount was determined based on the cost for the employee of a two-step strategy consisting of selling the shares forward for delivery at the end of the lock-up period and purchasing the same number of shares for immediate delivery, with the purchase financed by a loan.

1.14 Financial income

Dividend income is recognized when the amount has been approved by the Shareholders' Meeting of the company making the distribution.

Interest receivable or payable is recognized on an accruals basis in the period in which it is earned or due, by the effective interest method.

Cost of gross debt consists of interest on financing, realized gains or accrued interest on interest rate derivatives, and non-utilization fees on credit facilities.

Income from cash and cash equivalents includes interest received and accrued on investments made by Group companies: bank deposits, investments in marketable securities, etc.

1.15 Foreign currency transactions

On initial recognition of foreign currency transactions, the receivable or payable is translated into the entity's functional currency at the exchange rate on the transaction date. At the period-end, they are re-translated at the closing rate. The resulting gains and loss are recognized in "Other financial income and expenses".

Foreign currency income and expenses are measured at the exchange rate on the transaction date. When the foreign currency transaction is part of a hedging relationship qualifying as a cash flow hedge under IAS 39, the income or expense is adjusted for the effective portion of the gain or loss from remeasurement at fair value of the currency hedging instrument at the transaction date.

1.16 Assets and liabilities measured at fair value

In accordance with IAS 39, derivative instruments (including forward purchases and sales of foreign currencies) are initially recognized at cost and subsequently measured at fair value at each period-end.

Changes in fair value of derivative financial instruments are accounted for as follows:

- cash flow hedges: the effective portion of the gain or loss from remeasurement at fair value is recognized directly in equity under "Hedging reserves" until the effective completion of the scheduled transaction. When the scheduled transaction is completed, the amount recognized in equity is reclassified to profit: the income or expense is adjusted for the effective portion of the gain or loss from remeasurement at fair value of the hedging instrument. The ineffective portion of the gain or loss is recognized in "Other financial income and expenses";
- hedge of the net investment in a foreign operation: the effective portion of the gain or loss from remeasurement at fair value is recognized directly in equity under "Hedging reserves" and transferred to the "Translation difference" when the hedging instrument expires. The amount transferred to the "Translation difference" is reclassified to profit when the investment in the foreign operation is sold or the entity is wound up. The ineffective portion of the gain or loss is recognized in "Other financial income and expenses";
- fair value hedges: the gain or loss from remeasurement at fair value is recognized in profit or loss on a symmetrical basis with the gain or loss from remeasurement at fair value of the hedged asset or liability;
- instruments not qualifying for hedge accounting: certain derivatives that in substance represent hedges do not qualify for hedge accounting under IAS 39. Gains and losses from the fair value measurement of these derivative instruments are recognized directly in financial income and expenses, in accordance with the criteria of IAS 39.

In accordance with IFRS 13, financial income and expenses at fair value are classified according to the following hierarchy:

- level 1: inputs for the asset or liability that are quoted prices on an active market;
- level 2: inputs for the asset or liability that are based on observable market data;
- level 3: inputs for the asset or liability that are not based on observable market data.

The fair values of the main financial assets and liabilities recorded in the consolidated balance sheet are determined according to the methods summarized below:

Financial instruments	Consolidated balance sheet valuation principles	Input levels under IFRS 13	Notes to the financial statements	Fair value measurement			
					Market data		
				Valuation model	Exchange rate	Interest rate	Volatility
Available-for-sale financial assets (listed securities)	Fair value	1	17	Share price		N/A	
UCITS units	Fair value	1	23	Market value (net asset value)		N/A	
Forward foreign exchange contracts	Fair value	2	24	Discounted cash flows	ECB rate	Zero Coupon curves	N/A
Currency option	Fair value	2	24	Black and Scholes	Forward curves, ECB rate, Spot rate	Zero Coupon curves	At the money
Interest rate swaps	Fair value	2	24	Discounted cash flows	N/A	Zero Coupon curves	N/A
Cross-currency swaps	Fair value	2	24	Discounted cash flows	ECB rate	Zero Coupon curves	N/A
Liabilities relating to business combinations or minority interests	Fair value	3	24	Under IAS 32, contingent considerations payable to minority interests or within the scope of business combinations constitute financial liabilities. The fair value of these liabilities is measured by reviewing obligations on the reporting date using the method described in Note 1.20.			

The fair value of financial assets and liabilities is shown in Note 23.2.

1.17 Income tax

Deferred taxes are recognized by the liability method for temporary differences between the carrying amount of assets and liabilities in the consolidated balance sheet and their tax base.

They are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Adjustments to deferred taxes resulting from changes in tax rates are recognized in profit or loss. However, when the deferred tax relates to items recognized in equity, the adjustment is also recognized in equity.

A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.

At each period-end, the Group reviews the recoverable value of deferred tax assets of tax entities holding significant loss carryforwards. This value is based, by tax entity, on the strategy for medium-term recoverability of the tax loss carryforwards.

Deferred taxes are charged or credited directly to equity when the tax relates to items that are recognized directly in equity, such as gains and losses on cash flow hedges and hedges of certain financial assets, and actuarial gains and losses on defined benefit plan obligations.

Deferred tax assets and liabilities are set off when they are levied on the same taxable entity (legal entity or tax group) by the same taxation authority and the entity has a legally enforceable right of set off.

Deferred taxes are recognized for all temporary differences associated with investments in subsidiaries and associates, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The Group is subject to taxation on earnings in several countries under various tax regulations. Calculation of taxes on a global scale requires the use of estimates and assumptions developed based on the information available at the balance sheet date.

1.18 Basic earnings per share

Basic earnings per share

Basic earnings per share correspond to profit attributable to Group equity holders divided by the weighted average number of shares outstanding during the year, excluding treasury stock.

Awards of performance shares are taken into account to the extent that the performance criteria have been met before the balance sheet date.

Diluted earnings per share

Diluted earnings per share are calculated by taking into account dilutive potential shares, as follows:

- stock subscription options: the dilution arising from stock subscription options is calculated based on the weighted average number of shares plus the number of shares that would be issued or sold if the options were issued at market price instead of at the adjusted exercise price.

  The adjusted exercise price corresponds to the exercise price as adjusted for the cost to be recognized in future periods for options that have not yet vested at the period-end;
- performance share grants: the number of shares used for the calculation is determined based on the number of shares that would have been granted if the performance criterion had been applied at the balance sheet date.

1.19 Research and development costs

Research costs are recognized as an expense for the period in which they are incurred.

Research and development costs recognized in operating expense include the operating costs of the Group's research centers and engineering costs for the development of new production processes.

Development costs are recognized as an intangible asset if the following can be demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the Group's intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of technical, financial and other resources to complete the intangible asset; and
- the reliable measurement of development expenditures.

Due to the risks and uncertainties concerning market developments and the large number of projects undertaken, the above criteria are considered as not being fulfilled for ophthalmic lens development projects. Consequently, development costs for these projects are recognized as an expense.

Instrument and laboratory equipment development costs are recognized as an intangible asset when the above criteria are fulfilled.

1.20 Goodwill

Recognition of acquisitions made after January 1, 2010

Business combinations recorded after January 1, 2010 are recognized by the acquisition method, in accordance with the revised IFRS 3 – Business combinations, applicable to periods starting on or after July 1, 2009.

The revised IFRS 3 defines the method for recognizing business combinations according to the acquisition method, and introduces the possibility of measuring non-controlling interests (minority interests) either at the full fair value (full goodwill method) or at the fair value of the proportion of identifiable net assets of the acquired entity (partial goodwill method). This option applies on an individual transaction basis.

Costs that are directly attributable to the acquisition are recognized as expenses for the period. Costs related to major strategic acquisitions (i.e. that represent highly significant amounts or correspond to a new area of business) are included in operating profit, under "Other income and expenses from operations." Costs related to lower-value acquisitions are included in "Other operating expenses" as part of "Contribution from operations."

Acquisitions of non-controlling interests or sales without loss of controlling interests are considered to be transactions between shareholders and are recognized directly in equity without impacting goodwill.

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 operating profit ("Other income and expenses from operations"), along with the components of other comprehensive income that may be reclassified subsequently.

Where put options have been granted to minority shareholders of subsidiaries, the amount recognized in liabilities is measured at the present value of the option exercise price. This liability is reclassified from "Non-controlling interests" to "Other non-current liabilities" or "Other current liabilities" in the consolidated balance sheet according to its due date. The balance is allocated to Goodwill (full goodwill method) or equity (partial goodwill method).

Discounting adjustments to reflect the accretion of discount are recorded in the income statement.

Subsequent changes in the liability's fair value are recognized through Group equity.

Recognition of acquisitions made before January 1, 2010

Business combinations recorded after the IFRS transition date (January 1, 2004), and before January 1, 2010, are recognized by the acquisition method in accordance with IFRS 3 – Business combinations.

Goodwill is the excess of:

- the acquisition cost, including any directly attributable costs of the business combination;
- over the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities at the acquisition date.

Under this method, the acquiree's identifiable assets, liabilities and contingent liabilities meeting the recognition criteria of IFRS 3 are recognized at fair value at the acquisition date, with the exception of non-current assets classified as held-for-sale which are measured at fair value less costs to sell. Only identifiable liabilities that meet the criteria for recognition as a liability in the acquiree's accounts are recognized in the business combination. In line with this principle, a liability for terminating or reducing the activities of the acquiree is recognized as part of allocating the cost of the combination only when the acquiree has, at the acquisition date, an existing liability for restructuring.

Where put options have been granted to minority shareholders of subsidiaries, their interest in the equity of the subsidiaries concerned is reclassified from "Non-controlling interests" to "Non-current liabilities" or "Other current liabilities" in the consolidated balance sheet.

The amount recognized in liabilities is measured at the present value of the option exercise price. Discounting adjustments to reflect the accretion of discount are recorded in the income statement.

With regard to the accounting treatment in the consolidated balance sheet of the difference between the present value of the option exercise price and non-controlling interests in the equity of the subsidiaries concerned, Essilor has elected to record this difference in "Goodwill." Future changes in the recognized liability will be reported as an adjustment to goodwill.

In certain cases, the fair values used for the assets and liabilities of acquisitions for the period may be temporary and changed at a later date, after a final expert assessment or additional analyses. Any discrepancies resulting from the final valuation shall be recognized as a retrospective adjustment to goodwill if they take place within twelve months from the acquisition date. Any adjustments made more than twelve months after the acquisition date will be recognized directly in profit and loss, unless they correspond to corrections of errors.

Goodwill arising on acquisition of associates is included in the carrying amount of the investment.

Impairment of goodwill

Goodwill subject to impairment tests is grouped into groups of cash generating units (CGUs) that correspond to the analytical focus of senior management.

The Group has defined seven CGUs that correspond to like-for-like asset groups and generate identifiable cash flows. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The value in use is based on forecast cash flows less a pretax discount rate.

Group plants that conduct manufacturing operations for several groups of CGUs form a separate group of CGUs whose cash flows are reallocated to the other CGUs of the Group based on unit sales. In line with this principle, the Asian plants are considered as a shared resource allocated to the other groups of CGUs for impairment testing purposes.

Future cash flows are estimated as follows:

- the last fiscal year for the reference year (Y);
- annual budget for the year Y+1;
- cash flows for the years Y+2 to Y+5 are estimated by applying to Y+1 data growth rates that are consistent with the Company's projections and with the budgeted Y+1 growth rate.

These data are approved in advance by Management and take account of past experience.

The discount rate applied in all cases is the Company's weighted average cost of capital (WACC). A risk premium is added to the WACC for some CGUs, to reflect specific country risk exposures and local conditions. Note 12 summarizes the assumptions used.

Impairment tests are routinely performed on each CGU once a year at the time of the interim closing at the end of June. However, all sensitive items are tested again at the year-end and any impairment losses are increased if necessary.

CGU testing does not exempt the Group from testing subsidiaries' assets on an individual basis in the event of an indication of impairment. Once these tests are complete, the necessary provisions are recorded.

1.21 Other intangible assets

Other intangible assets consist mainly of trademarks, contractual customer relationships, technologies, concessions, patents and licenses. Trademarks, contractual customer relationships and certain technologies constitute purchase accounting adjustments recognized in connection with business combinations (see Note 1.20).

Other intangible assets are recognized at cost or fair value at the date of the business combination, net of accumulated amortization and impairment losses.

They are amortized on a straight-line basis over the assets' useful lives:

- software is amortized over periods ranging from 1 to 5 years;
- patents are amortized over the period of legal protection;
- trademarks with a finite life are amortized over periods ranging from 20 to 45 years;
- contractual customer relationships are amortized over periods ranging from 5 to 20 years;
- technology is amortized over periods ranging from 5 to 15 years.

Trademarks with an indefinite life are not amortized. They are considered as having an indefinite life when:

- the trademark corresponds to the legal name of a legal entity and is, in fact, associated with the image and reputation of the Company;
- the Group has the intention and ability to support the trademark.

Trademarks with an indefinite life are tested for impairment annually, along with goodwill (see Note 1.20). When the test shows that an asset's recoverable amount is less than its carrying amount, a provision for impairment is recorded. Recoverable amount is defined as the higher of fair value less costs to sell and value in use.

Trademarks with a definite life as well as intangible assets with a finite life are tested for impairment when the occurrence of an event or a change of circumstances indicates that their recoverable amount may be less than their carrying amount.

The directly attributable costs of producing identifiable and separable intangible assets are recognized as an intangible asset when they are controlled by the Group and it is probable that they will generate future economic benefits in excess of their cost over a period of more than one year. They are reported under "Intangible assets in progress" until the asset is completed.

1.22 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Finance leases, defined as leases that transfer to the Group substantially all of the risks and rewards of ownership of the asset, are recognized in assets at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The leased assets are depreciated by the methods described below. The finance lease liability is included in debt.

Lease payments under operating leases, defined as leases where substantially all of the risks and rewards of ownership of the asset are retained by the lessor, are recognized as an expense on a straight-line basis over the lease term.

The directly attributable costs of producing identifiable and separable items of property, plant and equipment are recognized as property, plant and equipment when they are controlled by the Group and it is probable that they will generate future economic benefits in excess of their cost over a period of more than one year.

Depreciation

Depreciation is calculated on a straight-line basis so as to write off the cost of the assets less any residual value over the assets' useful life.

The main useful lives are as follows:

Buildings	20 to 33 years
Building improvements	7 to 10 years
Machinery, equipment and tooling	3 to 10 years
Other Property, plant and equipment	3 to 10 years

Where an item of property, plant and equipment comprises several parts with different useful lives, each part is recognized as a separate item and depreciated over its useful life.

Useful life and residual value of property, plant and equipment are reviewed at each period-end. As necessary, the occurrence of changes to the useful life or residual value is recognized prospectively as a change in accounting estimates.

Where there are any internal or external indications that the value of an item of property, plant and equipment may be impaired, the recoverable amount of the group of CGUs to which it belongs is calculated. If the recoverable amount is less than the carrying amount of the group of CGUs, a provision for impairment is recorded. A review is carried out at each period-end to determine whether any such indications exist.

1.23 Other long-term financial investments

Available-for-sale financial assets

In accordance with IAS 39, investments in non-consolidated companies and other long-term financial investments qualifying as "available-for-sale financial assets" under IAS 39 are measured at fair value, with changes in fair value recognized directly in equity.

The change in fair value of such assets is recognized in equity. The amount recorded in equity is restated when the asset is disposed of or liquidated, or if there exists objective evidence of lasting impairment of such asset.

Whenever unrecognized losses are deemed to be significant or lasting, they are recognized directly in income.

The fair value of financial assets traded in an active market corresponds to their market price. The fair value of assets not traded in an active market is determined by reference to the market value of similar securities or the prices of recent arm's length transactions, or by the discounted cash flows method.

Other assets measured using the cost model

Loans and receivables are measured at amortized cost.

A provision is recorded for any other-than-temporary impairment in value or any collection risk.

1.24 Non-current assets held for sale

Non-current assets held for sale are assets that the Group has undertaken to sell. When they are being classified, non-current assets held for sale are measured at the lower of carrying amount and fair value net of selling costs, with an impairment charge recorded as necessary. Assets classified as held-for-sale are not amortized.

1.25 Inventories

Inventories are measured at the lower of weighted average cost and net realizable value.

Net realizable value takes into account market prices, the probability of the items being sold and the risk of obsolescence, assessed by reference to objective inventory levels.

1.26 Trade receivables

Trade receivables due within one year are classified as current assets. Trade receivables due beyond one year are classified as non-current assets.

Provisions are recorded to cover any collection risk. Risk of recovery is determined based on the various types of Group clients, most often on a statistical basis but also by taking into account specific situations if necessary.

1.27 Cash and cash equivalents

Cash and cash equivalents correspond to cash and marketable securities qualified as cash equivalents under IAS 7.

Marketable securities held by the Group that do not qualify as cash equivalents under IAS 7 are reported under "Other marketable securities" and are taken into account by the Group for the calculation of net debt (see Note 23 "Net Debt and Borrowings").

In accordance with IAS 39, investment securities are recognized at market value at the balance sheet date. Changes in market value are recorded as financial profit or losses.

1.28 Equity

Issue premiums

Additional paid-in capital is the excess of the issue price of capital increases over the par value of the shares issued.

Own shares

Treasury stock is deducted from equity at cost, including directly attributable transaction expenses.

Capital gains and losses on sales of treasury stock are recorded directly in equity, for their amount net of tax.

Hedging and revaluation reserves

Hedging and revaluation reserves comprise:

- the effective portion of the gain or loss arising from remeasurement at fair value of financial instruments acquired as cash flow hedges or hedges of the net investment in foreign operations, net of deferred tax;
- the difference between the cost of available-for-sale financial assets and their fair value, which is recognized directly in equity in accordance with IAS 39, net of deferred tax;
- actuarial gains and losses on defined benefit pension plans, net of deferred tax.

Dividends

Dividends are deducted from equity when they are approved by the Shareholders' Meeting.

Negative equity

Where a consolidated company has negative equity, non-controlling interests are treated as being attributable to the Group unless the minority shareholders are liable for their share of the losses and are capable of fulfilling this obligation.

Non-controlling interests

Non-controlling interests represent the portion of the net assets and net profit of a consolidated entity that is not attributable to the Group, directly or indirectly.

Where minority shareholders of consolidated companies acquired before or after January 1, 2010 have been granted put options, their amount is valued at the fair value of the put option. That amount is reclassified in the consolidated balance sheet from "Non-controlling interests" to "Other non-current liabilities" or "Other current liabilities" based on their expiration date.

1.29 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 and loss over the life of the debt by the effective interest method.

1.30 Pension and other post-employment benefit obligations

The Essilor group companies may have obligations for the payment of pensions, early-retirement benefits, length-of-service awards, jubilees and other post-employment benefits under the laws and practices applicable in their host country.

Where these benefits are payable under defined contribution plans, the contributions are expensed as incurred.

In the case of defined benefit plans, provisions are booked based on the assessments of independent actuaries.

The projected benefit obligation, corresponding to the vested rights of active and retired employees, is determined by the projected unit credit method, based on estimated final salaries. The actuarial assumptions used differ depending on the country (discount rate, inflation rate) and the Company (staff turnover rates, rate of future salary increases).

The discount rate corresponds to the prime interest rate in the country concerned for periods corresponding to the estimated average duration of the benefit obligation. Discounting adjustments are recognized in operating expense.

In cases where all or part of the obligation is funded under an external plan, a provision is recorded for the difference between the projected benefit obligation and the fair value of the plan assets.

Actuarial gains and losses resulting from changes in assumptions and experience-based adjustments are recognized in equity, under "Hedging and revaluation reserves".

If a company introduces a defined benefit plan or changes the benefit formula under an existing defined benefit plan, the related change in the Company's obligation ("past service cost") is recognized in profit or loss.

The provision recorded in the balance sheet correspond to the projected benefit obligation less the market value of any plan assets.

1.31 Provisions

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are not recognized in the balance sheet – except in connection with business combinations (see Note 1.20) – but are disclosed in the notes to the financial statements unless the probability of an outflow of resources embodying economic benefits is very remote.

Provisions are determined based on facts and circumstances, historical risk data and the information available at the balance sheet date.

Restructuring provisions are recognized when the Group has a detailed formal plan for the restructuring and has announced its main features to those affected by it.

No provision is recognized for future operating losses.

Provisions for warranty costs are recognized when the products are sold. The corresponding charge is recognized in cost of sales.

1.32 Other current and non-current liabilities

When put options have been granted to minority shareholders of subsidiaries, their interest in the equity of the subsidiaries concerned is reclassified from "Non-controlling interests" to other liabilities in the consolidated balance sheet. Depending on maturity, the liabilities are divided between "Other current liabilities" and "Other non-current liabilities".

The amount recognized in liabilities is measured at the present value of the option exercise price. Discounting adjustments to reflect the accretion of discount are recorded in the income statement.

The accounting treatment in the consolidated balance sheet of the difference between the present value of the option exercise price and non-controlling interests in the equity of the subsidiaries concerned is presented in "Goodwill". Future changes in the recognized liability are reported in goodwill for companies acquired before January 1, 2010.

Following application of IFRS 3 (revised), future changes in the recognized liability are reported in equity for companies acquired after January 1, 2010.

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. For companies acquired before January 1, 2010, future changes in the additional price are recognized in goodwill. Following application of IFRS 3 (revised), future changes in the additional price are recognized in other income and expenses from operations for companies acquired after January 1, 2010.

NOTE 2.
EXCHANGE RATES AND SCOPE OF CONSOLIDATION

2.1 Exchange rates of the main functional currencies

	Closing rate		Average rate	
For €1	December 2014	December 2013	December 2014	December 2013
Canadian dollar	1.41	1.47	1.47	1.37
British pound	0.78	0.83	0.81	0.85
Yuan	7.54	8.35	8.19	8.16
Yen	145.23	144.72	140.31	129.66
Indian rupee	76.72	85.37	81.04	77.93
Real	3.22	3.26	3.12	2.87
US dollar	1.21	1.38	1.33	1.33

2.2 Changes in the scope of consolidation

The consolidated financial statements include the financial statements of holding companies, asset management companies and entities meeting one of the following two criteria:

- annual revenue in excess of €1 million;
- or property, plant and equipment in excess of €9 million.

Entities that do not fulfill these criteria may also be consolidated, if their consolidation has a material impact on the Company's financial statements.

Moreover, companies acquired at the very end of the year that do not have the resources to produce financial statements according to Group standards within the time allotted shall be entered into the scope of consolidation the following January 1, if the impact of their consolidation is not material for the Group.

Strategic Acquisitions

On April 1, 2014, Essilor International finalized the acquisition of the 51% stake in Transitions Optical held by PPG. Transitions Optical is a leading provider of photochromic lenses to optical manufacturers worldwide.

Following the transaction, Essilor owns 100% of the capital of Transitions Optical. Founded in 1990, Transitions Optical is a company based in Pinellas Park in Florida (United States). Its revenue totaled USD844 million in 2013, including USD279 million with lens manufacturers other than Essilor.

The consideration for the transaction totals USD1.78 billion paid on the date of acquisition plus a deferred payment USD125 million over five years.

Since April 1, 2014, Essilor has been consolidating 100% of Transitions Optical by the full consolidation method; until that date, 49% of Transitions Optical was equity-accounted.

On April 28, 2014, Essilor International completed the acquisition of the total share capital of Coastal.com, one of the world's leading online vision care retailers. The transaction was announced on February 27, 2014 and approved by Coastal.com's shareholders at the Extraordinary Shareholders' Meeting held on April 16, 2014 before obtaining all the required regulatory approvals.

Based in Vancouver, British Columbia (Canada), Coastal.com designs and distributes one of the widest online selection of optical equipment: contact lenses, prescription and non-prescription eyeglasses, sunglasses and accessories. The Company generated revenue of CAD 218 million in the fiscal year ended October 31, 2013. Its equity totals approximately CAD 430 million, i.e., CAD 12.45 per Coastal.com share.

Since April 28, 2014, Essilor has been consolidating 100% of the Coastal.com group by the full consolidation method.

Newly consolidated companies

The following companies were consolidated for the first time in 2014:

Name	Country	Consolidated from	Consolidation method	% interest	% consolidated
Plunkett Optical Inc.	United States	January 2, 2014	Full	80.00	100.00
Rooney Optical Inc.	United States	January 3, 2014	Full	100.00	100.00
Rooney Optical of Pennsyvania, L.L.C.	United States	January 3, 2014	Full	100.00	100.00
Ping Ding Shan Fangyuan Vision Optical Technology Co Ltd. [a]	China	January 1, 2014	Full	51.00	100.00
Shanghai Global Lens Distribution [a]	China	January 1, 2014	Full	100.00	100.00
Costa Inc.	United States	January 31, 2014	Full	100.00	100.00
Shamir Asia Pte. Ltd.	Singapore	March 25, 2014	Full	50.00	100.00
Intercast Europe S.R.L.	Italy	April 1, 2014	Full	100.00	100.00
Starclic Indústria e Comércio Ótico Ltda.	Brazil	April 1, 2014	Full	25.50	100.00
I-Coat Company, L.L.C.	United States	April 1, 2014	Full	85.00	100.00
Solarlens	Thailand	April 1, 2014	Full	100.00	100.00
Essilor Saudi Arabia Limited	Saudi Arabia	April 10, 2014	Full	50.00	100.00
Coastal Contacts (Aus) Pty Ltd	Australia	April 28, 2014	Full	100.00	100.00
Clearly Contacts Ltd	Canada	April 28, 2014	Full	100.00	100.00
Lensway OY	Finland	April 28, 2014	Full	100.00	100.00
Coastal Japan Kabushikigaisha 2	Japan	April 28, 2014	Full	100.00	100.00
Condis B.V.	Netherlands	April 28, 2014	Full	100.00	100.00
Lensway B.V.	Netherlands	April 28, 2014	Full	100.00	100.00
Asianzakka PTY	Singapore	April 28, 2014	Full	100.00	100.00
Eyeway AB	Sweden	April 28, 2014	Full	100.00	100.00
Lensco AB	Sweden	April 28, 2014	Full	100.00	100.00
Lenshold AB	Sweden	April 28, 2014	Full	100.00	100.00
Lenslogistics AB	Sweden	April 28, 2014	Full	100.00	100.00
Coastal Vision (US), Inc.	United States	April 28, 2014	Full	100.00	100.00
Just Eyewear L.L.C.	United States	April 28, 2014	Full	100.00	100.00
ASE Corporate Eyecare	United Kingdom	May 6, 2014	Full	70.00	100.00
Digitop	Brazil	July 1, 2014	Full	70.00	100.00
Esel Optik	Turkey	July 8, 2014	Full	51.00	100.00
Activisu	France	August 29, 2014	Full	68.29	100.00
Shamir Singapore Pte. Ltd.	Singapore	September 22, 2014	Full	50.00	100.00
Company Grandvision L.L.C.	Russia	September 24, 2014	Full	75.00	100.00
Lotus Flower Holding B.V.	Netherlands	September 24, 2014	Full	75.00	100.00

(a) Companies acquired in prior years and consolidated for the first time during the 2014 fiscal year.

3

The 2013 income statement also includes the contribution over the full year of the following companies that were consolidated for the first time in 2013:

Name	Country	Consolidated from	Consolidation method	% interest	% consolidated
MOC BBGR	Russia	March 1, 2013	Full	51	100
Megalux	Chile	March 1, 2013	Full	51	100
Servioptica	Colombia	April 18, 2013	Full	51	100
Impasoles	Luxembourg	April 18, 2013	Full	100	100
Ivortest	Colombia	April 18, 2013	Full	100	100
Optiminas	Brazil	May 1, 2013	Full	70	100
Isbir	Turkey	May 1, 2013	Full	73	100
Prodigy	United States	May 1, 2013	Full	100	100
Shih Heng Optical Taiwan Branch	Taiwan	May 1, 2013	Full	70	100
Deepak Lens Pvt Ltd	India	May 13, 2013	Full	60	100
Onbitt	Korea	May 14, 2013	Full	51	100
India New Vision Generation	India	May 17, 2013	Full	100	100
E.magine	United States	June 1, 2013	Full	80	100
PSA Nilo	Brazil	June 10, 2013	Full	51	100
Classic Optical	United States	July 1, 2013	Full	95	100
VIP Optical	United States	July 1, 2013	Full	100	100
PT Polyvisi Rama Optik	Indonesia	July 1, 2013	Full	49	100
PT Supravisi Rama Optik Manufacturing	Indonesia	July 1, 2013	Full	49	100
Polycore Optical (Malaysia) Sdn Bhd	Malaysia	July 1, 2013	Full	50	100
B.V. Nederlandse Optische Industrie	Netherlands	July 1, 2013	Full	50	100
Polycore Optical (HK) Limited	Hong-Kong	July 1, 2013	Full	50	100
Polyvision Inc.	United States	July 1, 2013	Full	50	100
Polycore Optical (Pte) Ltd	Singapore	July 1, 2013	Full	50	100
Brazil 2.5 New vision Generation	Brazil	July 22, 2013	Full	100	100
Shamir Optical Co Ltd	China	July 30, 2013	Full	50	100
Riverside	Canada	August 31, 2013	Full	61	100
Active Vision	Canada	August 31, 2013	Full	61	100
Clearlen	Canada	August 31, 2013	Full	61	100
SuperLab	Canada	August 31, 2013	Full	61	100
UTMC	Canada	August 31, 2013	Full	61	100
AN Optical	Canada	August 31, 2013	Full	31	100
Benson Edwards	Canada	August 31, 2013	Full	50	100
Laboratoire d'Optique de Hull	Canada	August 31, 2013	Full	100	100
CPS 360 Optical	Canada	August 31, 2013	Full	50	100
Technologies Humanware Inc.	Canada	September 1, 2013	Full	63	100
Humanware Europe Ltd	United Kingdom	September 1, 2013	Full	63	100
Humanware USA Inc	United States	September 1, 2013	Full	63	100
Humanware Australia Pty Ltd.	Australia	September 1, 2013	Full	63	100
Essilor Management North & West Africa	Morocco	September 3, 2013	Full	100	100
Katz & Klein	United States	September 4, 2013	Full	100	100
Essilor Management Turkey	Turkey	October 10, 2013	Full	100	100
Xiamen Yarui Optical Co. Ltd	China	October 31, 2013	Full	50	100
Artgri Group International Pte Ltd	Singapore	October 31, 2013	Full	50	100

Name	Country	Consolidated from	Consolidation method	% interest	% consolidated
Xiamen Artgri Optical Co. Ltd.	China	October 31, 2013	Full	50	100
Cordless Network Service (Frame Displays)	United States	November 1, 2013	Full	80	100
Suntech Optics Inc.	Canada	November 25, 2013	Full	100	100
Bugaboos Eyewear Corporation	Canada	November 25, 2013	Full	100	100
Bugaboos Eyewear Inc.	United States	November 25, 2013	Full	100	100
Naked Eye Enterprises Inc.	Canada	November 25, 2013	Full	100	100
PureLab DLP Inc	Canada	December 2, 2013	Full	25.5	100
Comprol	Brazil	December 2, 2013	Full	51	100
R&D Cherry	United States	December 2, 2013	Full	80	100

Other movements

In addition, the Group's holding in the following companies has been changed following the exercise of the partner's put options, internal sales within the Group or transactions with third parties:

- Essilor VSP Holding Co. Inc., from 65% to 100% on January 5, 2014;
- Barnett & Ramel Optical, from 80% to 100% on January 21, 2014;
- Empire Optical of California Inc., from 85% to 100% on January 21, 2014;
- Eyecare Express Lab, from 95% to 98% on February 1, 2014;
- Manufacture Lorraine d'Optique Montroyal, from 64% to 100% on February 3, 2014;
- Optical Suppliers Inc, from 85% to 90%, on February 20, 2014;
- Prescription Safety Glasses Pty Limited, from 51% to 100%, on March 18, 2014;
- Sunix Computer Consultants Pty Limited, from 50% to 100%, on March 20, 2014;
- GBO Commercio de Produtos Opticos Ltda, from 74% to 76%, on April 15, 2014;
- Dac Vision SAS, from 60% to 100%, on June 16, 2014;
- Dac Vision Inc., from 60% to 100%, on June 16, 2014;
- Dac Vision HK, from 60% to 100%, on June 16, 2014;
- Essor France, from 65% to 50%, on July 1, 2014;
- Shamir Australia, from 33% to 50% on August 1, 2014;
- Ceditop, from 76% to 70%, on August 31, 2014;
- MGM, from 85% to 90% on September 29, 2014.

2.3 Impact of changes in scope of consolidation and exchange rates

Balance sheet

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

€ millions	Newly consolidated – Transitions	Newly consolidated – other acquisitions	Newly consolidated companies – Total
Intangible assets [(a)]	526	228	754
Property, plant and equipment	102	17	119
Other non-current assets	13	-17	-4
Current assets	168	71	239
Cash	82	-2	80
TOTAL ASSETS ACQUIRED AT FAIR VALUE	**891**	**297**	**1,188**
Minority interests in equity		2	2
Long-term borrowings		3	3
Other long-term liabilities	199	75	274
Short-term borrowings		2	2
Other current liabilities	113	63	176
TOTAL LIABILITIES ASSUMED AT FAIR VALUE	**312**	**145**	**457**
NET ASSETS ACQUIRED[(b)]	**579**	**152**	**731**
Acquisition cost	2,055 [(c)]	572	2,627
Fair value of net assets acquired [(b)]	579	152	731
Recognized goodwill	**1,476**	**420**	**1,896**

(a) See Note 13.
(b) Or consolidated during the period.
(c) This amount corresponds to the total acquisition price and the fair value revaluation of the 49% previously held.

In accordance with IFRS 3 (revised) on business combinations, the Transitions Optical change in consolidation method resulted in the recognition in the 2014 financial statements of the following:

- capital gain of €544 million corresponding to the fair value revaluation, through profit and loss, of the 49% previously held and equity-accounted until March 31, 2014;
- interim allocation of the Transitions Optical acquisition price, primarily by recognizing intangible assets estimated by independent experts at €526 million, including among other things a trademark and contractual customer relationships;
- provisional goodwill in the amount of €1,476 million, recorded after the recognition at fair value of the identifiable assets and liabilities relating to Transitions Optical.

The impact of the changes in the scope of consolidation with the other newly consolidated acquisitions include the impact generated by the acquisition of Coastal.com.

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

The fair value used for the assets and liabilities of acquisitions for the period is temporary and may be changed at a later date, after a final expert assessment or additional analyses. Any discrepancies resulting from the final valuation shall be recognized as a retrospective adjustment to goodwill if they take place within twelve months from the acquisition date.

Income statement

The methods for determining the impact of changes in scope of consolidation and exchange rates on the income statement are explained below.

Changes in performance indicators (revenues and contribution from operations) are apparent when broken down by their impact on the Group's acquisitions (scope of consolidation impact), on currency changes (foreign exchange impact) and on intrinsic operations, or growth on a like-for-like basis.

Impact of changes in consolidation scope:

- impact of changes in the scope of consolidation arising from acquisitions during the year consists of the subsidiaries' income statements, from their consolidation date, until December 31 of the current fiscal year;
- impact of changes in scope for companies acquired during the previous year consist of the subsidiaries' income statements for the year, since January 1 of the current fiscal year until the anniversary date of their consolidation;
- divested companies do not impact the change in scope of consolidation since no subsidiaries consolidated in full consolidation or proportionate consolidation were sold by the Group;

- major strategic acquisitions, i.e., those that represent highly significant amounts or correspond to a new area of business, are distinguished from "organic" acquisitions related to lower-value acquisitions within the Group's core businesses (prescription laboratories or factories).

Impact of foreign exchange changes:

- this is determined on a per-subsidiary basis by applying the average conversion rate from the previous year to the income statement for the current year for non-euro subsidiaries, restated for scope of consolidation impacts as above, and by calculating the change in this value relative to the income statement of the previous year for each subsidiary;
- as a result, the effects on the financial statements of subsidiaries stem from the currency conversion, rather than the currency itself.

Like-for-like growth is determined as the residual difference in apparent growth, less the impact of changes in the scope of consolidation and changes in exchange rates. Organic growth is growth on a like-for-like consolidation and exchange rate basis.

The overall effect of changes in scope of consolidation and exchange rates on revenue and contribution from operations was as follows:

As a %	Reported growth	Currency effect	Organic acquisitions scope effect	Strategic acquisitions scope effect (a)	Like-for-like growth
Revenue	12.0	-1.4	4.9	4.8	3.7
Contribution from operations	13.7	-1.4	3.6	8.3	3.2

(a) Net of media investments.

If Transitions Optical had been consolidated by the full consolidation method at April 1, 2013, the Group's pro forma revenue, at December 31, 2013, would have been estimated at €5,216 million, compared to reported revenue at December 31, 2013 of €5.065 million.

If the companies consolidated during the year (see Note 2.2 "Newly consolidated companies") were consolidated at January 1, 2014, the Group's 2014 revenue would have been estimated at €5,804 million.

NOTE 3.
SEGMENT INFORMATION

3.1 Information by business segment

Fiscal year 2014 € millions	Lenses and Optical Instruments	Equipment	Sunglasses & Readers	Eliminations	Group total
External revenue	4,970	197	503		5,670
Intra-segment revenue	5	63	1	-69	
TOTAL REVENUE	**4,975**	**260**	**504**	**-69**	**5,670**
Contribution from operations	**949**	**30**	**64**		**1,043**
Operating profit					1,222
Finance costs, net					-31
Other financial income					297
Other financial expenses					-312
Share of profits of associates					3
Income tax					-193
Net profit					**986**
Segment assets (a)	**7,784**	**452**	**1,482**		**9,718**
Non-segment assets					1,071
TOTAL ASSETS					**10,789**
Segment liabilities (b)	**1,100**	**37**	**109**		**1,246**
Non-segment liabilities					4,283
Equity					5,260
TOTAL EQUITY AND LIABILITIES					**10,789**
Acquisitions of property, plant and equipment & intangible assets	193	5	34		232
Amortization, depreciation and impairment of property, plant and equipment and intangible assets	-327	-10	-76		-413

(a) Segment assets include goodwill, other intangible assets, property, plant and equipment, long-term receivables, inventories and works-in-progress, prepayments to suppliers and short-term receivables.

(b) Segment liabilities include customer prepayments and short-term payables.

Fiscal year 2013 € millions	Lenses and Optical Instruments	Equipment	Sunglasses & Readers	Eliminations	Group total
External revenue	4,505	205	355		5,065
Intra-segment revenue	4	60		-64	
TOTAL REVENUE	**4,509**	**265**	**355**	**-64**	**5,065**
Contribution from operations	**835**	**33**	**49**		**917**
Operating profit					843
Finance costs, net					-8
Other financial income					87
Other financial expenses					-99
Share of profits of associates					22
Income tax					-199
Net profit					**646**
Segment assets [a]	**4,747**	**462**	**1,091**		**6,300**
Non-segment assets					1,277
TOTAL ASSETS					**7,577**
Segment liabilities [b]	**963**	**36**	**89**		**1,088**
Non-segment liabilities					2,448
Equity					4,041
TOTAL EQUITY AND LIABILITIES					**7,577**
Acquisitions of property, plant and equipment & intangible assets	240	4	55		299
Amortization, depreciation and impairment of property, plant and equipment and intangible assets	-204	-10	-39		-253

(a) Segment assets include goodwill, other intangible assets, property, plant and equipment, long-term receivables, inventories and works-in-progress, prepayments to suppliers and short-term receivables.

(b) Segment liabilities include customer prepayments and short-term payables.

3.2 Information by geographical area

	Revenue		Non-current assets [a]	
€ millions	Year 2014	Year 2013	December 31, 2014	December 31, 2013
North America	2,531	2,197	1,642	859
Europe	1,730	1,651	414	450
Asia/Oceania/Africa	1,012	850	665	566
Latin America	397	367	87	83
TOTAL	**5,670**	**5,065**	**2,808**	**1,958**

(a) Non-current assets include property, plant and equipment and intangible assets, investments in associates, long-term financial investments, long-term receivables and other non-current assets.

The Group's top 20 customers accounted for 20.3% of revenue in 2014, and 20.6% in 2013.

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

NOTE 4. EBITDA

EBITDA (Earnings Before Interests, Taxes, Depreciation & Amortization) is a metric defined as contribution from operations before depreciation and amortization of property, plant and equipment and intangible assets and amortization of inventory revaluations generated by acquisitions.

2014 EBITDA was €1,363 million (€1,173 million in 2013).

NOTE 5. PERSONNEL COSTS, DEPRECIATION AND AMORTIZATION

Personnel costs totaled €1,743 million in 2014 compared to €1,597 million in 2013 (see also Note 30 "Number of employees and personnel costs").

Depreciation and amortization of property, plant and equipment and intangible assets totaled €413 million in 2014, compared to €253 million in 2013.

NOTE 6.
OTHER OPERATING INCOME AND EXPENSES

€ millions	Year 2014	Year 2013
Capital gains on disposals of operations and assets [(a)]	544	
Other	2	5
OTHER INCOME FROM OPERATIONS	**546**	**5**
Restructuring expenses [(b)]	-76	-22
Compensation costs on share-based payments	-39	-32
Other [(c)]	-252	-25
OTHER EXPENSES FROM OPERATIONS	**-367**	**-79**

(a) Capital gains on disposals include, for 2014, the capital gains generated in the full consolidation of 100% de Transitions, previously an equity-accounted company (See Note 2).

(b) Restructuring charges are for the most part related to the streamlining of a number of production sites located primarily in Europe and North America.

(c) Other operating expenses for 2014 consist mainly of:

- *goodwill, tangible and intangible assets impairments for €118 million, which include in particular the impact from the brand amortization policy change (see Note 13),*
- *provisions for liabilities (see Note 22) and variations related to earn-out payments for €50 million,*
- *other expenses related to the technical effect of the integration of Transitions on the elimination of inventory margins for €28 million,*
- *the commitment to allocate funds for the Vision for Life program, whose aim is the implementation of all actions contributing to the fight against vision problems in the world at €30 million.*

Share-based payments

Compensation costs on share-based payments are measured by the method described in Note 1.13 and breaks down as follows:

€ millions	Year 2014	Year 2013
Stock subscription options	1	1
Performance shares [(a)]	37	31
Employee share issues	1	
COMPENSATION COSTS ON SHARE-BASED PAYMENTS	**39**	**32**

(a) Including the employer contribution.

Stock subscription options

The exercise price of stock subscription options corresponds to the average of the share prices quoted over the 20 trading days preceding the date of the Board Meeting at which the grants are decided.

Gains on options granted since 2004 (corresponding to the difference between the average share price during the three calendar months prior to the month of exercise of the option and the exercise price) are capped at 100% of the exercise price.

Stock subscription options granted in 2007 and January 2008 are subject to vesting conditions based on the share performance over a period of two to four years, as well as to the 100% cap on gains.

Stock subscription options granted between November 2008 and November 2014 are subject to vesting conditions based on the share performance over a period of two to six years, as well as to the 100% cap on gains.

The main assumptions used to measure compensation costs on stock options granted in 2014 are as follows:

- share volatility: 18.67% (2013 grants: 18,40%);
- risk-free interest rate: 0.27% (2013 grants: 1,03%);
- yield: 1.42% (2013 grants: 1,44%).

Based on these assumptions, the fair value of options granted in 2014 amounted to €11.33 (€10.13 in 2013).

The following table analyzes changes in the number of outstanding options:

	Quantity	Weighted average exercise price (€)
STOCK SUBSCRIPTION OPTIONS AT JANUARY 1, 2014	**1,703,435**	**44.72**
Options exercised	-855,848	40.89
Options canceled and forfeited	-68,958	36.79
Options granted	121,505	87.15
STOCK SUBSCRIPTION OPTIONS AT DECEMBER 31, 2014	**900,134**	**54.68**
Stock subscription options at January 1, 2013	**2,774,285**	**42.15**
Options exercised	-1,098,051	40.98
Options canceled and forfeited	-60,679	42.16
Options granted	87,880	77.29
Stock subscription options at December 31, 2013	**1,703,435**	**44.72**

The average remaining life of outstanding options at the period-end was 3.5 years (2013: 3.1 years).

The weighted Average Price of Essilor shares in 2014 was €79.60 (2013: €80.60).

Performance shares

Since 2006, the Essilor group has launched performance-based share allotment plans.

The number of shares vested at the end of a period of two to six years based on the grant date ranges from 0% to 100% of the number of shares originally granted, depending on the performance of the Essilor share compared with the Reference Price on the grant date (corresponding to the average of the prices quoted over the 20 trading days preceding the Board Meeting at which the grant is decided).

The maximum number of performance shares that would vest assuming that the vesting conditions were met is as follows:

- 2014 grants: 1,544,904 shares;
- 2013 grants: 1,376,340 shares.

The following table analyzes changes in the number of performance shares at each period-end:

	Quantity
PERFORMANCE SHARES AT JANUARY 1, 2014	**3,530,585**
Performance shares vested	-963,910
Performance shares canceled	-90,320
Grants for the fiscal year	1,544,904
PERFORMANCE SHARES AT DECEMBER 31, 2014	**4,021,259**
Performance shares at January 1, 2013	**2,848,274**
Performance shares vested	-625,369
Performance shares canceled	-68,660
Grants for the fiscal year	1,376,340
Performance shares at December 31, 2013	**3,530,585**

The performance conditions of the November and December 2012 plans were definitively met in 2014.

The main assumptions used to measure compensation costs on performance shares granted in 2014 are as follows:

- share volatility: 18.67% (2013 grants: 18,40%);
- risk-free interest rate: 0.41% (2013 grants: 1,09%);
- yield: 1.42% (2013 grants: 1,44%).

Based on these assumptions, the fair value of the shares granted in 2014 was €39.14 for non-residents of France (€33.80 in 2013) and €27.34 for French residents (€25.26 in 2013).

Employee share issues

The main parameters used to measure the cost of employee share issues recognized in 2014 are as follows:

Plan date	December 2014	December 2013
Share subscription price (€)	69.72	61.83
Total discount (€)	17.43	15.46
Number of shares subscribed	337,182	377,407
Discount on the share cash price on grant date represented by the lock-up clause	20.5%	16.6%
Share cash price on grant date (€)	90.53	74.30
Risk-free interest rate on the grant date	0.3%	1.2%
Refinancing cost	5.0%	5.0%
Cost recognized in profit or loss (€ thousands)	745	56

Based on these assumptions, the fair value of the shares subscribed in 2014 was €71.93 (€61.98 in 2013).

NOTE 7. COST OF NET DEBT

€ millions	Year 2014	Year 2013
Cost of gross debt	-49	-26
Income from cash and cash equivalents	18	18
COST OF NET DEBT	**-31**	**-8**

The cost of net debt rose, compared to the previous year, due to the financing put in place to acquire Transitions and Coastal.com.

NOTE 8. OTHER FINANCIAL INCOME AND EXPENSES

€ millions	Year 2014	Year 2013
Foreign exchange gains	296	84
Other	1	3
OTHER FINANCIAL INCOME	**297**	**87**
Foreign exchange losses	-291	-86
Accretion of discount on liabilities charges	-12	-10
Provisions for unconsolidated assets	-9	-3
OTHER FINANCIAL EXPENSES	**-312**	**-99**

NOTE 9. INCOME TAX

9.1 Income tax gain (loss) for the period

€ millions	Year 2014	Year 2013
Current tax	-238	-200
Deferred taxes	45	1
TOTAL	**-193**	**-199**

9.2 Income tax expense analysis

As a % of pre-tax profit	Year 2014	Year 2013
Standard French income tax rate	34.4	34.4
Differences in foreign tax rate impact	-6.6	-6.5
Impact of reduced rates and permanent differences between book and taxable profit [a]	-12.5	-3.2
Other non-deductible / non-taxable items under local tax rules	1.1	-0.5
EFFECTIVE INCOME TAX RATE	**16.4**	**24.2**

(a) Includes among other things the effect of the capital gain generated with the full consolidation of Transitions (See Note 6).

Since most of the deferred tax bases for French companies were for a term of over two years, the tax rate was not changed with regard to the exceptional contribution defined by the 2014 Supplementary Budget Act.

9.3 Change in deferred taxes recognized in the balance sheet

The change in net deferred taxes (assets – liabilities) recognized in the balance sheet can be analyzed as follows:

€ millions	Year 2014	Year 2013
AT JANUARY 1	**-53**	**-30**
Deferred taxes recognized in equity	5	-4
Deferred tax income (expense) for the period, net	45	1
Effect of changes in scope of consolidation, exchange rate impacts and other movements [a]	-229	-20
AT DECEMBER 31	**-232**	**-53**

(a) The increase in assets and liabilities recognized in an acquisition can be attributed for the most part to the acquisition of Transitions (see Note 2).

9.4 Unrecognized deferred tax assets

€ millions	Year 2014	Year 2013
Tax loss carryforwards	57	49
Other unrecognized deferred tax assets	45	25
UNRECOGNIZED DEFERRED TAX ASSETS	**102**	**74**

9.5 Deferred taxes by type (net position)

€ millions	Year 2014	Year 2013
Elimination of inter-company profits	50	40
Differences in depreciation periods	-3	-6
Temporarily non-deductible provisions	132	9
Actuarial gains and losses	22	14
Assets and liabilities recognized on an acquisition [a]	-491	-147
Assets and liabilities recognized on tax loss carryforwards	41	38
Other	17	-1
TOTAL	**-232**	**-53**

(a) The increase in assets and liabilities recognized in an acquisition can be attributed for the most part to the acquisition of Transitions (see Note 2).

Tax consolidation

In France, Essilor International files a consolidated tax return with ESSILOR, TIKAI Vision (ex-Barbara), BBGR, BNL, DELAMARE, ESSIDEV, ESSIHOLDING, INVOPTIC, NOVISIA, OMI, OPTIM, FGX Holding France, OSE (not consolidated), and VARILUX UNIVERSITY (not consolidated) and pays the corporate income tax due by the tax group. In 2014, the subsidiaries included in the tax consolidation group generated a tax expense of €5 million compared to a tax income of €3 million in 2013.

Provision for tax risks

Following various tax audits and proceedings underway within the Group, provisions totaling €89 million were recognized at end-2014.

3

NOTE 10. CHANGE IN NUMBER OF SHARES

The shares have a par value of €0.18.

Change in real number of shares, excluding treasury stock

	Year 2014	Year 2013
NUMBER OF SHARES AT JANUARY 1	**210,245,092**	**210,336,563**
Exercise of stock subscription options	855,848	1,098,051
Subscription of the Essilor group FCP mutual fund	337,182	377,407
Delivery of performance shares	963,910	625,369
Net (purchases) and sales of treasury stock	-469,425	-2,192,298
NUMBER OF SHARES AT DECEMBER 31	**211,932,607**	**210,245,092**
Number of treasury shares eliminated	3,959,921	4,454,406

Change in weighted average number of shares, excluding treasury stock

	Year 2014	Year 2013
NUMBER OF SHARES AT JANUARY 1	**210,245,092**	**210,336,563**
Exercise of stock subscription options	386,601	612,602
Subscription of the Essilor group FCP mutual fund	11,085	11,374
Sales of treasury shares held for performance share grants	77,306	49,441
Net (purchases) and sales of treasury stock	-209,107	-854,430
WEIGHTED AVERAGE NUMBER OF SHARES OVER THE YEAR	**210,510,977**	**210,155,550**

In 2014, no treasury stock was cancelled. A total of 1,500,000 shares were cancelled in 2013.

NOTE 11. DILUTED EARNINGS PER SHARE

Profit used for the calculation of diluted earnings per share is €929 million (€593 million in 2013).

The weighted average number of shares used to calculate diluted earnings per share is as follows:

€ millions	Year 2014	Year 2013
Weighted average number of shares	210,510,977	210,155,550
Dilutive effect of stock subscription options	287,863	747,179
Dilutive effect of performance share grants	4,021,259	2,154,245
DILUTED WEIGHTED AVERAGE NUMBER OF SHARES	**214,820,099**	**213,056,974**

NOTE 12. GOODWILL

€ millions	December 31, 2013	Business combination	Other changes in scope and other movements	Translation difference	Provisions for impairment losses	December 31, 2014
Gross amount	2,489	1,896	-16	330		4,699
Impairment	-13		-1		-17	-31
NET AMOUNT	**2,476**	**1,896**	**-17**	**330**	**-17**	**4,668**

€ millions	December 31, 2012	Business combination	Other changes in scope and other movements	Translation difference	Provisions for impairment losses	December 31, 2013
Gross amount	2,101	512	34	-158		2,489
Impairment	-14			1		-13
NET AMOUNT	**2,087**	**512**	**34**	**-157**		**2,476**

The main increases in goodwill in 2014 resulted among other things from the acquisitions of Transitions Optical from €1,476 million, of Coastal.com and of Costa. The Transitions goodwill was allocated to the various Lenses CGUs based on the destination markets' cash flows.

In 2013, the main increases were attributable to the acquisitions of Xiamen Yarui Optical, Humanware and Polycore, and of lens distribution companies and various laboratories, in particular, in Colombia, Turkey, the United States, Brazil, South Africa and Taiwan.

Goodwill for companies acquired during the year is based on the provisional accounting for the business combination and may be adjusted during the 12-month period from the acquisition date.

Since January 1, 2010, the Essilor group has for the most part applied the so-called "full goodwill" method for acquisitions for which there was a commitment to redeem non-controlling interests. The fair value of the non-controlling interests is then determined by estimating the future price to be paid for those non-controlling interests.

Moreover, most often, when there is an acquisition with no option to redeem non-controlling interests, the Group usually applies the so-called "partial goodwill" method.

The carrying amount of goodwill breaks down as follows by group of CGUs:

€ millions	December 31, 2014	December 31, 2013
Lenses – Europe	684	282
Lenses – North America	1,710	769
Lenses – South America	468	193
Lenses – Asia/Pacific/Middle East/Africa	848	431
Laboratory equipment	271	267
Sunglasses & Readers	687	534
TOTAL	**4,668**	**2,476**

Goodwill impairment tests were conducted on June 30, 2014, and reviewed on December 31, 2014 in line with the principles and methods defined in Note 1.20.

The Group's weighted average cost of capital for 2014 was 7% (2013: 7%). Given the risk premiums calculated, the actual discount rates applied to the groups of CGUs of the Group were as follows:

As a %	Year 2014	Year 2013
Lenses – Europe	8	8
Lenses – North America	7	7
Lenses – South America [(a)]	18	14
Lenses – Asia/Pacific/Middle East/Africa	9	10
Laboratory equipment	7	7
Sunglasses & Readers	7	7
Plants [(b)]	9	8

(a) Primarily Brazil.
(b) Group of CGUs reallocated to various other groups of CGUs depending on sales volumes.

The perpetuity growth rate was estimated at 0% to 2% (2013: 0% to 2%), with the highest rates applied to emerging markets.

In 2014, goodwill impairment losses were recorded in the amount of €17 million for the Lenses-Europe CGU (see Note 6 "Other income and expenses"). No impairment losses were recognized in goodwill in 2013.

Changes that must be made to parameters of revenue growth and the Group's weighted average cost of capital (WACC) in order to compare the assets' recoverable amount with their carrying amount do not correspond to the definition of reasonable change within the meaning of IAS 36.

A 0.5% increase in the benchmark discount rate would not generate another impairment loss on the net carrying amount of goodwill at December 31, 2014.

A 0.5% decrease in the growth rate at infinity would not generate any impairment loss on in the carrying amount of goodwill at December 31, 2014.

NOTE 13.
OTHER INTANGIBLE ASSETS

€ millions	December 31, 2013	Scope changes	Acquisitions	Disposals and retirements	Translation difference and other movements	Depreciation, amortization and impairment losses	December 31, 2014
Trademarks	301	603			112		1,016
Concessions, patents and licenses	331	71	24	-3	38		461
Contractual customer relationships	328	72	14		40		454
Other intangible assets	171	39	21	-2	15		244
GROSS AMOUNT	**1,131**	**785**	**59**	**-5**	**205**		**2,175**
Accumulated depreciation	-399	-9		3	-34	-204	-643
NET AMOUNT	**732**	**776**	**59**	**-2**	**171**	**-204** (a)	**1,532**

(a) Including €118 million in amortization recognized in the contribution of operations (See Note 4) and €86 million in impairment of intangible assets (see Note 6).

€ millions	December 31, 2012	Scope changes	Acquisitions	Disposals and retirements	Translation difference and other movements	Depreciation, amortization and impairment losses	December 31, 2013
Trademarks	232	53	27		-11		301
Concessions, patents and licenses	306	1	38	-2	-12		331
Contractual customer relationships	285	51	6		-14		328
Other intangible assets	132	11	36		-8		171
GROSS AMOUNT	**955**	**116**	**107**	**-2**	**-45**		**1,131**
Accumulated depreciation	-333	-7		1	15	-75	-399
NET AMOUNT	**622**	**109**	**107**	**-1**	**-30**	**-75** (a)	**732**

(a) Including €75 million in depreciation and amortization recognized in the contribution of operations (see Note 4).

Intangible assets in progress amounted to €8 million at end-2014 (€8 million in 2013).

The entities acquired by the Group in 2014 have as a characteristic that they hold major trademarks that were recognized in their opening balance sheet. Accordingly, the Group carried out a review of its trademarks portfolio. The criteria for defining definite life trademarks and indefinite life trademarks have been clarified in relation to this. As specified in the accounting principles and standards (see Note 1.21), a trademark has indefinite life if the following conditions have been met:

- The trademark corresponds to the legal name of a legal entity and is, in fact, associated with the image and reputation of the Company;
- the Group has the intention and ability to support the trademark.

As a result, the Group has changed the qualification of certain trademarks, previously considered to have indefinite life to trademarks with definite life. An assessment test was conducted on December 31, 2013, following which an impairment loss was recorded for these assets in the amount of €51 million. Impairment losses were recognized prospectively, as from January 1, 2014, for all the definite life trademarks.

NOTE 14.
PROPERTY, PLANT AND EQUIPMENT

€ millions	December 31, 2013	Scope changes	Acquisitions	Disposals and retirements	Translation difference and other movements	Depreciation, amortization and impairment losses	December 31, 2014
Land	48	6			6		60
Buildings	634	78	11	-10	72		785
Plant and equipment	1,589	149	69	-76	149		1,880
Other Property, plant and equipment	474	32	96	-24	-28		550
GROSS AMOUNT	**2,745**	**265**	**176**	**-110**	**199**		**3,275**
Accumulated depreciation	-1,747	-146		103	-122	-209	-2,121
NET AMOUNT	**998**	**119**	**176**	**-7**	**77**	**-209** [a]	**1,154**

(a) Including €189 million in depreciation and amortization recognized in the contribution of operations (see Note 4).

€ millions	December 31, 2012	Scope changes	Acquisitions	Disposals and retirements	Translation difference and other movements	Depreciation, amortization and impairment losses	December 31, 2013
Land	49	4		-1	-4		48
Buildings	606	41	31	-9	-35		634
Plant and equipment	1,592	62	76	-44	-97		1,589
Other Property, plant and equipment	457	-13	85	-30	-25		474
GROSS AMOUNT	**2,704**	**94**	**192**	**-84**	**-161**		**2,745**
Accumulated depreciation	-1,704	-34		69	100	-178	-1,747
NET AMOUNT	**1,000**	**60**	**192**	**-15**	**-61**	**-178** [a]	**998**

(a) Including €178 million in depreciation and amortization recognized in the contribution of operations (see Note 4).

The carrying amount of property, plant and equipment – including assets under finance leases – held by consolidated companies was €1,154 million at the end of 2014 (€998 million at the end of 2013). These assets consist mainly of buildings and production plant and equipment:

- buildings consist mainly of plants, prescription laboratories and administrative offices. Their locations reflect the Group's broad international presence. The main plants, laboratories and administrative offices are located in France and the United States, while other plants are located primarily in Ireland, Thailand and the Philippines;
- production plant and equipment include machines and equipment for producing semi-finished and finished lenses in plants located mainly in Asia (Thailand, China, and the Philippines) and in the United States.

The prescription laboratories also have machines and equipment for surfacing, coating, edging and mounting lenses. Their locations are extremely diverse. The largest sites are in France and in the United States.

Assets under construction amounted to €73 million at end-2014 (€60 million at end-2013).

NOTE 15.
PROPERTY, PLANT AND EQUIPMENT: ASSETS UNDER FINANCE LEASES

€ millions	December 31, 2013	Scope changes	Acquisitions	Disposals and retirement	Translation difference and other movements	Depreciation, amortization and impairment losses	December 31, 2014
Land	2						2
Buildings	13	3					16
Other Property, plant and equipment	24		4	-1			27
GROSS AMOUNT	**39**	**3**	**4**	**-1**			**45**
Accumulated depreciation	-28	-2		1		-3	-32
NET AMOUNT	**11**	**1**	**4**			**-3**	**13**

€ millions	December 31, 2012	Scope changes	Acquisitions	Disposals and retirement	Translation difference and other movements	Depreciation, amortization and impairment losses	December 31, 2013
Land	1	1					2
Buildings	14	-1					13
Other Property, plant and equipment	23		2	-1			24
GROSS AMOUNT	**38**		**2**	**-1**			**39**
Accumulated depreciation	-26			1		-3	-28
NET AMOUNT	**12**		**2**			**-3**	**11**

NOTE 16.
INVESTMENTS IN ASSOCIATES

The changes in companies consolidated by the equity method, for the period, can be explained as follows:

€ millions	Year 2014
Opening balance	**113**
Share in the net profit of equity-accounted companies	4
Dividends	-29
Transitions Optical change of method [(a)]	-105
Translation differences and other movements	20
Closing balance	**3**

(a) See Note 2.2 Changes in the scope of consolidation.

NOTE 17.
OTHER LONG-TERM FINANCIAL ASSETS

Long-term financial investments fulfill the criteria for classification as “available-for-sale financial assets” under IAS 39 (see Note 1.23).

€ millions	December 31, 2013	Scope changes	Acquisitions and new loans	Disposals and repayments	Translation difference and other movements	Revaluation	Net allocation to provisions	December 31, 2014
Investments and other non-current assets at fair value	**17**	**4**	**5**	**-1**	**-4**		**-5**	**16**
Non-consolidated interests	15	4	5	-1	-3		-5	15
Other available-for-sale financial assets	2				-1			1
Investments and other non-current assets at amortized cost	**80**		**26**	**-8**	**-7**		**-4**	**87**
Loans, including accrued interest	82		26	-8	-7			93
Impairment	-2						-4	-6
Other long-term financial assets	**97**	**4**	**31**	**-9**	**-11**		**-9**	**103**

€ millions	December 31, 2012	Effect of changes in scope of consolidation	Acquisitions and new loans	Disposals and repayments	Translation difference and other movements	Revaluation	Net allocation to provisions	December 31, 2013
Investments and other non-current assets at fair value	**39**	**-22**	**3**			**-1**	**-2**	**17**
Non-consolidated interests	37	-22	3			-1	-2	15
Other available-for-sale financial assets	2							2
Investments and other non-current assets at amortized cost	**80**	**-3**	**10**	**-4**	**-3**			**80**
Loans, including accrued interest	81	-2	10	-4	-3			82
Impairment	-1	-1						-2
Other long-term financial assets	**119**	**-25**	**13**	**-4**	**-3**	**-1**	**-2**	**97**

NOTE 18.
INVENTORIES

€ millions	December 31, 2014	December 31, 2013
Raw materials and other supplies	387	327
Goods for resale	248	194
Finished and semi-finished products and work in process	562	496
GROSS AMOUNT	**1,197**	**1,017**
Valuation allowance [(a)]	-195	-148
NET AMOUNT	**1,002**	**869**

(a) Including €13 million, for 2014, and amortization of inventory revaluations generated by the contribution of operations and €3 million for 2013 (see Note 4).

NOTE 19.
SHORT-TERM RECEIVABLES AND PAYABLES

Short-term receivables break down as follows:

€ millions	December 31, 2014	December 31, 2013
Trade receivables		
Gross amount	1,299	1,152
Valuation allowance	-73	-65
Net amount of trade receivables	**1,226**	**1,087**
Other short-term receivables		
Gross amount	102	106
Valuation allowance	-1	-1
Net amount of other operating receivables	**101**	**105**
TOTAL SHORT-TERM RECEIVABLES, NET	**1,327**	**1,192**

Short-term payables break down as follows:

€ millions	December 31, 2014	December 31, 2013
Trade payables	564	502
Accrued taxes and personnel expense	338	276
Other short-term payables	313	282
TOTAL SHORT-TERM PAYABLES	**1,215**	**1,060**

NOTE 20.
CASH AND CASH EQUIVALENTS

Cash and cash equivalents break down as follows:

€ millions	December 31, 2014	December 31, 2013
Cash	465	396
Money market funds	105	304
Bank deposits	25	70
Other cash equivalents	31	16
TOTAL	**626**	**786**

NOTE 21.
PENSION AND OTHER POST-RETIREMENT BENEFIT OBLIGATIONS

The Group's pension and other post-retirement benefit obligations mainly include:

- supplementary pension plans in France, Germany, the United Kingdom and the United States;
- retirement benefits granted to employees in France and other European countries;
- other long-term benefits, consisting mainly of length-of-service awards granted in France and other countries.

Provisions for pensions

€ millions	December 31, 2014	December 31, 2013
Non-current assets (plan surpluses)	1	1
Provisions for pensions in liabilities	281	209

Analysis of changes in net recognized benefit obligations

€ millions	Obligation	Fair value of funds	Net recognized benefit obligations
AT JANUARY 1, 2014	**313**	**-105**	**208**
Cost of services rendered in the period	14		14
Interest expense on discounting	14		14
Interest income for the period		-5	-5
Cost of past services	-1		-1
Employee contributions	1	-1	0
Contributions to plan assets		-19	-19
Benefits paid	-14	14	-
Actuarial gains and losses	63	-13	50
Plan reduction and liquidation			
Other movements			
Changes in scope of consolidation	42	-31	11
Translation difference	13	-4	9
AT DECEMBER 31, 2014	**445**	**-164**	**281**
of which Obligations funded in whole or in part by a fund	252		252
of which Obligations not funded by a plan assets	193		193

€ millions	Obligation	Fair value of funds	Net recognized benefit obligations
AT JANUARY 1, 2013	**326**	**-114**	**212**
Cost of services rendered in the period	11		11
Interest expense on discounting	9		9
Interest income for the period		-3	-3
Cost of past services	-1		-1
Employee contributions	1	-1	
Contributions to plan assets		-12	-12
Benefits paid	-18	18	0
Actuarial gains and losses	-5	-1	-6
Plan reduction and liquidation	-2	2	
Other movements	0		0
Changes in scope of consolidation	2		2
Translation difference	-10	6	-4
AT DECEMBER 31, 2013	**313**	**-105**	**208**
of which Obligations funded in whole or in part by a fund	160		160
of which Obligations not funded by a plan assets	153		153

Analysis of change in actuarial gains and losses recognized in equity

€ millions	December 2014	December 2013
Actuarial gains (losses) recognized in equity at opening	**90**	**96**
Gains (losses) recognized over the period	50	-6
Actuarial gains (losses) recognized in equity at closing	**140**	**90**

Analysis of rights

€ millions	Obligation	Funds	Engagement net December 31, 2014
Pensions (supplementary and guaranteed income plans)	342	-155	187
Retirement benefits	65	-7	58
Other benefits	38	-2	36
TOTAL	**445**	**-164**	**281**

€ millions	Obligation	Funds	Engagement net December 31, 2013
Pensions (supplementary and guaranteed income plans)	231	-97	134
Retirement benefits	57	-7	50
Other benefits	25	-1	24
TOTAL	**313**	**-105**	**208**

Actuarial assumptions used to estimate commitments in the main countries concerned

A major assumption taken into account in the valuation of pensions and similar obligations is the discount rate.

In accordance with IAS 19, the rates were determined by monetary zone by referring to the return on premium private bonds with a maturity equal to the term of the plans, or the return on government bonds when the private market has insufficient liquidity.

The return on plan assets is determined based on the allocation of the assets and the discount rates used.

The main rates used by the Group are on follows:

	December 31, 2014			December 31, 2013		
As a %	Euro zone	United States	United Kingdom	Euro zone	United States	United Kingdom
Discount rate	2.2	4.4	3.8	3.3	5.0	4.4
Inflation rate	2.0	3.5	3.3	2.0	3.5	3.5
Weighted average rate of return on plan assets		10.9			3.7	
Weighted average rate of salary increases		2.0			2.0	

Additionally, had the discount rate been by 25 basis points lower than the rate actually applied, the total obligation of the Group as of December 31, 2014 would have been by €16 million higher. If the discount rate had been 25 basis points higher than the rate actually applied, the total obligation of the Group at December 31, 2014 would have been €15 million lower.

Had salaries been by 25 basis points lower than the salaries actually applied, the total obligation of the Group as of December 31, 2014 would have been by €5 million lower. If the salaries had been 25 basis points higher than the salaries actually applied, the total obligation of the Group at December 31, 2014 would have been €5 million higher.

The recognized actuarial gains or losses correspond to experience adjustments (differences between assumptions used and actual data) and changes in financial and demographic assumptions.

In 2014, actuarial gains or losses in terms of projected benefit obligations at closing were -€3 million as a result of experience adjustments, +€50 million as a result of changes in financial assumptions and +€3 million as a result of changes in demographic assumptions.

Composition by type of plan assets

As a %	December 31, 2014	December 31, 2013
Shares	13	18
Bonds	26	33
General insurance funds	23	39
Other	38	10

Actual returns on plan assets were €5 million in 2014 (2013: €4 million).

At December 31, 2014, plan assets did not include any Group shares.

Assets associated with funded obligations are invested in pension funds or insurance companies. Investments comply with local regulations in the countries in question.

Invested assets are managed directly by pension fund managers or insurance companies. They determine appropriate investment strategies and funding allocations.

Expenses for the year

Income (expenses) € millions	Year 2014	Year 2013
Cost of services rendered in the period	-14	-11
Interest expense on discounting	-9	-6
Cost of past services	1	0
EXPENSES FOR THE YEAR	**-22**	**-17**
Contributions to plan assets	10	4
Benefits paid	9	8
TOTAL INCREASE/(DECREASE) IN PROVISIONS	**-3**	**-5**

NOTE 22. PROVISIONS

€ millions	December 31, 2013	Provisions for the year	Reversals for the year	Reversals not applicable	Translation difference and other movements	Scope	December 31, 2014
Restructuring provisions [(a)]	7	32	-6		-4		29
Warranty provisions	25	4	-11	-1	2	6	25
Other [(b)]	99	44	-8	-1	55	31	220
TOTAL	**131**	**80**	**-25**	**-2**	**53**	**37**	**274**

(a) Restructuring provisions were, for the most part, related to the streamlining of a number of production sites located primarily in Europe and North America.

(b) Provisions for other risks at December 31, 2014 include among other things the provisions for controls and tax audits for a total amount of €89 million and provisions for legal disputes in the amount of €71 million (see Note 29 "Litigation").

€ millions	December 31, 2012	Provisions for the year	Reversals for the year	Reversals not applicable	Translation difference and other movements	Scope	December 31, 2013
Restructuring provisions	8	5	-5		-1		7
Warranty provisions	25	3	-3		-1	1	25
Other risks	94	12	-5	-13	-1	12	99
TOTAL	**127**	**20**	**-13**	**-13**	**-3**	**13**	**131**

NOTE 23.
NET DEBT AND BORROWINGS

23.1 Net debt

The Group's net debt can be analyzed as follows:

€ millions [a]	December 2014	December 2013
Long-term borrowings	1,521	607
Short-term borrowings	881	525
Short-term bank loans and overdrafts	28	37
Accrued interest	17	5
TOTAL LIABILITIES	**2,447**	**1,174**
Cash and cash equivalents	-626	-786
Marketable securities [b]		-5
TOTAL ASSETS	**-626**	**-791**
INTEREST RATE SWAP AND CROSS CURRENCY SWAPS [c]	**-28**	**-14**
NET DEBT	**1,793**	**369**

(a) Sign convention: + debt/- excess cash or securities.
(b) Marketable securities are included by the Group in net debt.
(c) Interest rate swap and cross currency swap measured at fair value at each period end.

Long-term borrowings

At December 31, 2014, the Group's long-term financing structure was as follows:

€ millions	December 31, 2014	December 31, 2013	Issue date	Maturity
Bonds	828		2014	2021/2024
US private placement (2 tranches)	247	217	2012	2017/2019
US private placement (7 tranches)	412	363	2013	2017/2023
Other	34	27		
LONG-TERM BORROWINGS	**1,521**	**607**		

In February 2014, Standard & Poor's and Moody's rated Essilor International's short-term debt A1 and P1, respectively. Long-term debt has been rated A2 by Moody's since March 2014.

As part of its EMTN program, Essilor International issued two bonds on April 9, 2014:

- a bond of €500 million maturing on April 9, 2021, issued at the fixed rate of 1.75%;
- a bond of €300 million maturing on April 9, 2024, issued at the fixed rate of 2.375%; This was covered by an interest-hedge of €300 million which converted the initial borrowing from fixed to variable rate. This transaction is classified as a fair value hedge.

Private placements are subject to a financial covenant, which was met on December 31, 2014.

Short-term borrowings

At December 31, 2014, the Group's short-term financing structure was as follows:

€ millions	December 31, 2014	December 31, 2013	Issue date	Maturity
Bilateral bank facilities		250	2007	2014
French commercial paper	246	215	2014	2015
US commercial paper (USCP)	567		2014	2015
Bank overdraft	28	37		
Other	85	65		
SHORT-TERM BORROWINGS	**926**	**567**		

The Company also launched a US commercial paper program; its outstanding was in the amount of €567 million at December 31, 2014. At that date, the French commercial paper program outstanding was €246 million. In accordance with the Group's policies, the commercial paper programs are backed by long-term committed facilities, totaling €2.3 billion at December 31, 2014.

23.2 Borrowings

Financial debt by maturity

Borrowings can be analyzed as follows by maturity:

€ millions	December 31, 2014	December 31, 2013
Due within one year	926	567
Due in 1 to 5 years	551	316
Due beyond 5 years	970	291
TOTAL	**2,447**	**1,174**

Financial debt by currency

Borrowings break down as follows by currency:

€ millions	December 31, 2014	December 31, 2013
US dollar	1,257	877
Euro	1,113	234
Other currencies	77	63
TOTAL	**2,447**	**1,174**

Fair value of debt

The fair value of borrowings is as follows:

€ millions	December 31, 2014	December 31, 2013
Long-term borrowings	1,595	626
Short-term borrowings	881	543
Short-term bank loans, overdrafts and accrued interest	45	42
TOTAL	**2,521**	**1,211**

Finance lease liabilities

	December 31, 2014		December 31, 2013	
€ millions	Principal	Interest	Principal	Interest
Due within one year	2			
Due in 1 to 5 years	6		4	
Due beyond 5 years				
TOTAL	**8**		**4**	

NOTE 24.
FINANCIAL INSTRUMENTS

24.1 Financial instruments recognized in the balance sheet

Financial instruments carried in the consolidated balance sheet at end 2014 and 2013 fall into the following categories:

		Category of instruments				
2014 € millions	Balance sheet value	Fair value recognized in profit or loss	Fair value recognized in equity [(a)]	Loans, receivables	Debts at amortized cost	Derivatives
Non-current financial assets	103		16	87		
Long-term receivables	15			15		
Prepayments to suppliers	20			20		
Short-term receivables	1,327			1,327		
Tax receivables	56			56		
Other receivables	38			38		
Derivative financial assets	43					43
Cash and cash equivalents	626	626				
FINANCIAL ASSETS	**2,228**	**626**	**16**	**1,543**		**43**
Long-term borrowings	1,521				1,521	
Other long-term liabilities	394		205		189	
Short-term borrowings	926				926	
Customer prepayments	31				31	
Short-term payables	1,215				1,215	
Tax payables	58				58	
Other current liabilities	421		29		392	
Derivative financial liabilities	17					17
FINANCIAL LIABILITIES	**4,583**		**234**		**4,332**	**17**

(a) Assets available for sale as defined by IAS 39, liabilities revalued in accordance with the accounting policies described in Note 1.32.

2013 € millions	Balance sheet value	Category of instruments Fair value recognized in profit or loss	Fair value recognized in equity [a]	Loans, receivables	Debts at amortized cost	Derivatives
Non-current financial assets	97		17	80		
Long-term receivables	17			17		
Prepayments to suppliers	16			16		
Short-term receivables	1,192			1,192		
Tax receivables	67			67		
Other receivables	33			33		
Derivative financial assets	17					17
Marketable securities	5		5			
Cash and cash equivalents	786	786				
FINANCIAL ASSETS	**2,230**	**786**	**22**	**1,405**		**17**
Long-term borrowings	607				607	
Other long-term liabilities	517		331		186	
Short-term borrowings	567				567	
Customer prepayments	28				28	
Short-term payables	1,060				1,060	
Tax payables	63				63	
Other current liabilities	156		64		92	
Derivative financial liabilities	17					17
FINANCIAL LIABILITIES	**3,015**		**395**		**2,603**	**17**

(a) Assets available for sale as defined by IAS 39, liabilities revalued in accordance with the accounting policies described in Note 1.32.

Financial assets and liabilities (including operating receivables and payables) at end-2014 break down as follows by contractual maturity:

€ millions	Less than one year	1 to 5 years	Beyond 5 years	Total
Financial liabilities other than financial instruments	-2,651	-917	-998	-4,566
Financial assets other than financial instruments	2,104	66	15	2,185
Net fair value of financial instruments	4	-6	28	26
NET POSITION	**-543**	**-857**	**-955**	**-2,355**

24.2 Market value of derivative instruments

Certain derivatives and certain types of transactions that in substance represent hedges do not qualify for hedge accounting under IAS 39. Gains and losses from the fair value measurement of these derivative instruments are recognized directly in financial income and expenses, in accordance with the criteria of IAS 39.

The market value of Group derivatives is presented below:

Market value by instrument type

	December 31, 2014		December 31, 2013	
€ millions	Nominal amount	Market value	Nominal amount	Market value
Forward Currency transactions	1,258	4	1,182	-9
Currency options			68	
Cross-currency swap			250	14
Interest rate swaps	524	22	109	-5
Interest rate options (caps)	91		86	
TOTAL DERIVATIVE INSTRUMENTS	**1,873**	**26**	**1,695**	

Market value by hedge type

€ millions	December 31, 2014	December 31, 2013
Cash flow hedge:		
• Forward / outright	4	-7
• Interest rate swaps	-6	-5
Fair value hedge:		
• Forward / outright		
• Interest rate swap	28	
• Cross-currency swap		14
Not allocated to a hedging relationship:		
• Forward / outright		-2
MARKET VALUE OF DERIVATIVE INSTRUMENTS	**26**	
derivative financial instruments recognized in assets	43	17
derivative financial instruments recognized in liabilities	-17	-17

Forward foreign exchange transaction details at December 31, 2014 (nominal amount)

€ millions	Currency purchased EUR	USD	CNY	MXN	THB	Other	Total
Currency sold							
EUR		167	4		11	15	197
USD	613		87	23		4	727
CAD	214						214
GBP	37						37
AUD	2	32					34
SGD	10						10
Other	30	7				2	39
TOTAL	**906**	**206**	**91**	**23**	**11**	**21**	**1,258**

24.3 Profit (loss) on settling cash flow hedges

The effects on the gross margin of unwinding cash flow hedges set up at the end of the prior year generated income of €3 million for 2014, compared to an expense of €1 million for 2013.

NOTE 25.
OTHER CURRENT AND NON-CURRENT LIABILITIES

€ millions	December 31, 2014	December 31, 2013
Liabilities related to long-term put options granted to minority shareholders	205	331
Trade payables and liabilities on long-term financial investments	189	186
TOTAL OTHER NON-CURRENT LIABILITIES	**394**	**517**
Liabilities to suppliers related to tangible and intangible fixed assets	5	6
Liabilities related to long-term financial investments	227	57
Liabilities related to short-term put options granted to minority shareholders	169	64
Other	20	29
TOTAL OTHER CURRENT LIABILITIES	**421**	**156**

NOTE 26.
OFF-BALANCE SHEET COMMITMENTS

€ millions	December 31, 2014	December 31, 2013
Commitments given		
Guarantees and endorsements	115	89
Debt secured by collateral:		
• Net carrying amount of collateral	2	3
Commitments received		
Guarantees, endorsements and sureties received	2	2
Commitments under operating leases and for royalties		
Due within one year	29	26
In 1 to 5 years	76	64
Beyond 5 years	22	6
TOTAL OPERATING LEASING COMMITMENTS	**127**	**96**

NOTE 27.
MARKET RISKS

Market risks are managed by the Group Treasury Department. The Head of this department reports to the Chief Financial Officer, who is a member of the Executive Committee.

Liquidity risk

The Group aims to maintain continuous liquidity in order to ensure its independence and growth. Key to this is substantial and steady cash flow. It also operates a financing policy that guarantees available funding capacity at all times at low cost. This policy is based on the diversification of funding sources, the use of medium- and long-term financing and committed credit facilities.

Most of the long-term financing and credit facilities are issued by the parent company, which then refinances its subsidiaries. Some companies may, however, find it better to arrange their own local financing when local regulations hamper intra-Group arrangements.

The Group has the following confirmed credit facilities with leading banks.

€ millions	Amount December 31, 2014	Issue date	Maturity
Syndicated credit facility	850	2013	2018-2019*
Club deal	412	2014	2018
Bilateral bank facilities	1,006	2012-2014	2015-2017

* *With the option to extend for an additional year*

Drawing down on these lines is not subject to any particular covenant.

At December 31, 2014, none of these lines had been drawn.

The Group increased the diversification of its means of financing and has endeavored to spread over time the short- and long-term debt repayment schedules in order to reduce the risk of refinancing. It has also increased the amounts of its committed credit facilities serving, among other things, as supports for the commercial paper and US commercial paper programs.

The distribution of the Group's net financial debt and available credit lines by contractual maturity at end-2014 was as follows:

(Please also refer to Note 23 to the consolidated financial statements, "Net debt and net borrowings")

€ millions	2015	2016	2017	2018	2019	2020	2021	> 2021	Total
Bonds							500	300	800
Commercial paper and USCP [(a)]				13	800				813
Bank borrowings	74	7	7	2	8		9		107
US private placements			226	103	194	111		25	659
Bank overdraft	29								29
Other liabilities	9		1			1			11
GROSS DEBT	**112**	**7**	**234**	**118**	**1,002**	**112**	**509**	**325**	**2,419**
Cash	-626								-626
NET DEBT [(b)]	**-514**	**7**	**234**	**118**	**1,002**	**112**	**509**	**325**	**1,793**
Available committed credit facilities [(c)]	84	300	621	462	800 [(c)]				2,267

(a) Commercial paper and USCP are set to mature in 2018 and 2019 (maturity of credit facilities).

(b) > to 0: net debt; < to 0: net cash surplus.

(c) With the option to extend for an additional year.

Currency risk

Due to its international presence, the Group is naturally exposed to currency fluctuations. This impacts its operations, its financing, and the conversion into euros of the accounts of foreign subsidiaries denominated in other currencies.

Currency hedging is for the most part managed by Essilor International.

The Group seeks to limit currency risk first with natural hedges, then by hedging residual transactional exposure through currency forwards or options. Foreign exchange transactions are entered into solely to hedge risks arising on business operations. The Company does not carry out any currency trading transactions without any underlying commercial transaction.

The Group's total net currency exposure at December 31, 2014 represented an amount equivalent to some €29 million.

Consolidated foreign exchange exposure on assets and liabilities at December 31, 2014

(assets and liabilities denominated in a currency other than the functional currency of the Company)

€ millions	Balance sheet amount before hedging [(a)]	Hedges on balance sheet items [(b)]	Net exposure after hedging [(c)]	Cash flow hedges [(d)]
Exposed currency				
USD	607	-539	68	131
CAD	210	-210		
CNY	-117	91	-26	
GBP	41	-29	12	
EUR	-20	1	-19	2
SGD	9	-10	-1	
THB	-9	9		
MXN	6	-2	4	19
JPY	-6	-1	-7	1
Other	12	-14	-2	4
TOTAL	**733**	**-704**	**29**	**157**

(a) > to 0: Assets to be hedged; < to 0: Liabilities to be hedged.
(b) > to 0: Net purchases of currencies; < to 0: Net sales of currencies.
(c) > to 0: Unhedged assets; < to 0: Unhedged liabilities.
(d) > to 0: Hedges of currency purchases; < to 0: Hedges of currency sales.

Sensitivity of equity and profit to changes in the fair value of derivatives at December 31, 2014

Sensitivity is calculated solely on the valuation of derivatives at the end of the year.

The impact of a change in fair value of the derivatives following a rise or fall in the euro versus all other currencies is presented below:

	Impact of change	
€ millions	+5%	-5%
On equity	0	0
On Profit before tax	34	34

The impact of the change in equity would be generated by foreign exchange and interest rate instruments eligible to be recorded as cash flow hedges.

The impact of the change in financial income is generated by foreign exchange instruments not eligible to be recorded as hedges and by the change in the ineffective portion of the cash flow hedges.

Interest rate risk

The purpose of the interest rate management policy is to minimize the cost of financing while limiting the volatility of financial expenses linked to interest rate variations. The major part of financing is therefore kept at fixed rates, either in the initial agreement or via hedging.

The vast majority of the Group's financing is centralized on the parent company; interest rate risks are therefore also centralized at the parent company level. The interest rate risk on financial liabilities is structurally limited.

The interest rate position before and after hedging is as follows:

€ millions	Before hedging		Hedges [a]			After hedging [a]		
	Fixed rate	Variable rate	Fixed rate	Variable rate	Cap	Fixed rate	Variable rate	Capped variable rate
Gross debt	1,503	944	-104	-15	91	1,399	929	91
Cash and similar	-25	-601				-25	-601	
SUB-TOTAL	**1,478**	**343**	**-104**	**-15**	**91**	**1,374**	**328**	**91**
NET DEBT		**1,821**			**-28**			**1,793**

(a) Including the fair value of the interest rate swap of €300 million.

The interest rate position, by currency, before and after hedging is as follows:

€ millions	Before hedging		Hedges [a]			After hedging [a]		
	Fixed rate	Variable rate	Fixed rate	Variable rate	*Cap*	Fixed rate	Variable rate	Capped variable rate
EUR	816	84	-228	-690	50	588	-606	50
USD	622	558	124	419	41	746	977	41
CAD	1	-20		207		1	187	
Other	39	-279		49		39	-230	
SUB-TOTAL	**1,478**	**343**	**-104**	**-15**	**91**	**1,374**	**328**	**91**
NET DEBT		**1,821**			**-28**			**1,793**

(a) Including the fair value of the interest rate swap of €300 million.

At December 31, 2014, 58% of the gross debt after hedging was at fixed rate (in the same proportion as in 2013).

The average weighted interest rate of the gross debt after hedging was 1.60% at end-2014 (2.10% at end-2013).

A parallel shift by 1% of the interest rate curves at December 31, 2014 applied to the components of the net debt would have the following impact:

€ millions	Cash effect on income statement
1% increase	-4
1% decrease	4

Net debt per currency

€ millions	Gross debt	Cash and similar	Hedges [a]	Net debt after hedging [a]
USD	1,258	-78	584	1,764
CAD	1	-20	207	188
EUR	1,114	-214	-868	32
GBP		-9	30	21
SGD	6	-23	10	-7
BRL		-29		-29
KRW		-29		-29
JPY		-30		-30
CNY	14	-94	-4	-84
Other	54	-100	13	-33
SUB-TOTAL	**2,447**	**-626**	**-28**	**1,793**
NET DEBT		**1,821**	**-28**	**1,793**

(a) Including the market value of fair value derivatives.

Counterparty risk

The Group is exposed to financial counterparty risk in its short-term investments, hedges and credit facilities. Default by a counterparty may result in an impairment (non-repayment of an asset) or loss of liquidity (inability to draw down a credit facility).

To limit this risk, the Group only deals with top-tier banks with the best credit ratings, while maintaining prudent diversification.

Available cash is invested in funds that give precedence to security and liquidity over performance. The Group sets limits on investment periods and vehicles, as well as on concentrations of counterparty risks.

At December 31, 2014, counterparties for investment and capital markets transactions carried out by the Group Treasury Department were all rated at least A-2 (short-term) and A- (long-term) by Standard & Poor's. At that date, 75% of investments made by Group subsidiaries had a minimum Standard & Poor's long-term rating of A-.

At December 31, 2014, all the banks providing Essilor International with credit facilities had a minimum Standard & Poor's long-term rating of A-.

Credit risk

Non-provisioned outstanding customer accounts receivable due totaled €239 million at end-2014 (€169 million at end-2013).

This was comprised mostly of receivables due in less than three months (74% in 2014; 89% in 2013) that were slightly past due.

€ millions	December 31, 2014	December 31, 2013
Trade receivables due within one year, net	1,226	1,087
Trade receivables due beyond one year, net	15	17
TRADE RECEIVABLES, NET	**1,241**	**1,104**
Trade receivables not yet due	1,001	897
Past-due trade receivables, net	240	207

Information relating to the 20 largest Group clients is presented in Note 3 "Segment Information".

NOTE 28.
ENVIRONMENTAL RISKS

The Essilor group is not exposed to any material environmental risks.

NOTE 29.
LITIGATION

Alleged anti-competitive practices

Germany

In late 2008, the German Competition Authority, the "Bundeskartellamt" ("BKA"), launched an investigation into possible breaches of German competition law by major players in the ophthalmic optics market, including two of our subsidiaries, Essilor GmbH and Rupp & Hubrach Optik GmbH.

Following this investigation, on June 10, 2010, the BKA sent formal notification of fines to the major ophthalmic optic companies in Germany. Accordingly, our two subsidiaries were officially notified of violations representing an aggregate amount of around €50 million.

Essilor GmbH and Rupp & Hubrach Optik GmbH are contesting both the grounds for the BKA's findings and the amount of the fine that they deem to be disproportionate. As a result, two appeals were lodged against the BKA's decisions of June 15 and 16, 2010. None of the fines will be paid while these appeals are pending. The Group is not currently in a position to forecast their outcome or timetable.

In 2014, the case was transferred to the Prosecutor's Office at the Court of Appeal.

France

In July 2014, the French Competition Authority's Inspection Department made unannounced visits to a few Group subsidiaries in France and other actors in the ophthalmic lens market related to the online sale of ophthalmic lenses. The Group appealed the court order which authorized the visits.

Group actions

Following the settlement of charges brought by the Federal Trade Commission after an investigation into Transitions Optical Inc's business practices in 2009, around twenty motions for authorization to bring class actions were filed since late March 2010 against Transitions Optical Inc, Essilor International, 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 jointly to monopolize the market for the development, manufacture, and sale of photochromic lenses between 1999 and March 2010. A settlement was agreed in 2014, closing these class actions, and leaving only the action by VisionEase pending.

Intellectual property

Hoya filed a court claim in Tokyo, Japan on July 24, 2013, alleging that some Nikon Essilor's products sold fell within the scope of a patent originally registered by Seiko and sold to Hoya on March 15, 2013. Hoya's claim covers Nikon Essilor sales for the period March to July 2013.

In 2014, Nikon-Essilor filed a motion to the Tokyo Court and the Japanese patent office to seek invalidation of the patent. The matter is currently under investigation.

Tax disputes

Due to its presence in numerous countries, the Group is subject to various national tax regulations. Any failure to observe these regulations may result in tax adjustments and the payment of fines and penalties.

To the Company's knowledge, there are no current or pending legal or tax disputes, governmental or judicial proceedings or arbitration that may have or have had a significant impact on the financial position, income, profitability, operations or assets of the Company or Group in the past 12 months.

NOTE 30.
NUMBER OF EMPLOYEES AND PERSONNEL COSTS

Number of employees	Year 2014	Year 2013
Managerial personnel	7,008	6,541
Supervisors and employees	19,216	16,721
Production	32,256	29,700
TOTAL AVERAGE NUMBER OF EMPLOYEES FOR THE PERIOD	**58,480**	**52,962**

€ millions	Year 2014	Year 2013
PERSONNEL EXPENSES	**1,743**	**1,597**
(Salaries, payroll taxes and compensation costs on share-based payments)		

Number of employees	December 31, 2014	December 31, 2013
NUMBER OF EMPLOYEES AT THE END OF THE PERIOD	**58,032**	**55,129**

NOTE 31.
RELATED PARTY TRANSACTIONS

Management compensation

€ millions	Year 2014	Year 2013
Total compensation and benefits paid to the Executive Committee [(a)]	15	14
Directors' fees paid to the Executive Committee		
TOTAL SENIOR MANAGEMENT COMPENSATION	**15**	**14**

(a) Gross amount before payroll and other taxes paid to current members of the Executive Committee at December 31.

The Executive Committee had 27 members at December 31, 2014 compared with 24 at December 31, 2013.

Post-employment benefits for Executive Committee members

- Pension and other post-employment benefit obligations: €44,0 million at end-2014 compared to €34.8 million at end-2013.
- Retirement benefits: €1.3 million at end-2014 compared to €1.6 million at end-2013.

These obligations are payable under Group plans set up by Essilor International for all employees or for certain employee categories. The obligations are funded under insured plans, with any unfunded portion covered by provisions. In addition, these obligations are fully funded by retirement provisions recorded in the Group financial statements.

Stock options and performance shares granted to Executive Committee members

The cost of these plans shown below reflects the recognition over the acquisition period of the fair value of stock options and performance shares at the grant date (see Note 1.13 for more details).

The costs recognized in 2014 for stock options and performance shares granted to Executive Committee members were €10.4 million (2013: €7.5 million) for performance shares.

Related party transactions

Until March 31, 2014, the Transitions group was 49% owned by Essilor (see Note 2.2). Essilor sells stock lenses to the Transitions group, for transformation into variable-tint lenses. Essilor also distributes Transitions products across its networks.

€ millions	2014	2013
Product sales	10	110
Product purchases	-121	-424
Trade receivables		25
Trade payables		62

Other related party transactions

There were no non-current transactions with members of Senior management.

NOTE 32. MAJOR NOT WHOLLY-OWNED SUBSIDIARIES

The Group holds some ownership interest with less than 100% control. None of these investments contributes materially to the various aggregates in the Group's financial statements.

The subsidiaries concerned by this are listed in Note 34.

NOTE 33. SUBSEQUENT EVENTS

Material changes in Essilor's financial or trading position

No material change in Essilor's financial or trading position has occurred since December 31, 2014.

NOTE 34.
SCOPE OF CONSOLIDATION

Company	Country	Consolidation method	% interest
Easy Vision Pty Ltd	South Africa	Full consolidation	100
Essilor South Africa (Pty) Ltd.	South Africa	Full consolidation	100
Évolution Optical	South Africa	Full consolidation	51
Shamir Optispeed	South Africa	Equity method	25
Spherical Optics (Pty) Ltd.	South Africa	Full consolidation	100
Vision & Value	South Africa	Full consolidation	80
BBGR GmbH	Germany	Full consolidation	100
Essilor GmbH	Germany	Full consolidation	100
Infield Safety GmbH	Germany	Full consolidation	100
Neckarsee GmbH	Germany	Full consolidation	100
Nika Optics	Germany	Full consolidation	100
Rupp & Hubrach Optik GmbH	Germany	Full consolidation	100
Satisloh GmbH	Germany	Full consolidation	100
Shamir Optic GmbH	Germany	Full consolidation	50
Signet Armorlite Germany Holding GmbH	Germany	Full consolidation	100
Signet Armorlite Optic	Germany	Full consolidation	100
Essilor Saudi Arabia Limited	Saudi Arabia	Full consolidation	50
AR Coating S.A.	Argentina	Full consolidation	96
Essilor Argentine S.A.	Argentina	Full consolidation	100
Optovision S.A.	Argentina	Full consolidation	51
City Optical Pty Ltd.	Australia	Full consolidation	100
Coastal Contacts (Aus) Pty Ltd	Australia	Full consolidation	100
Essilor Australia Pty Ltd.	Australia	Full consolidation	100
Essilor Laboratory South Australia Pty Ltd.	Australia	Full consolidation	100

Company	Country	Consolidation method	% interest
Essilor Lens Australia Pty Ltd.	Australia	Full consolidation	100
Eyebiz	Australia	Full consolidation	70
Humanware Australia	Australia	Full consolidation	63
Precision Optics PTY LTD	Australia	Full consolidation	100
Prescription Safety Glasses Pty Ltd	Australia	Full consolidation	100
Shamir Australia (Pty) Ltd.	Australia	Full consolidation	50
Sunix Computer Consultants Pty Ltd	Australia	Full consolidation	100
Tasmanian Optical Cy Pty LTD	Australia	Full consolidation	100
Transitions Optical Party Ltd	Australia	Full consolidation	100
Wallace Everett Lens Technology	Australia	Full consolidation	66
Essilor Austria GmbH	Austria	Full consolidation	100
De Ceynunck & Co. N.V.	Belgium	Full consolidation	100
Essilor Belgium S.A.	Belgium	Full consolidation	100
Brasilor Participacoes Sc Ltda.	Brazil	Full consolidation	100
Brazil 2.5 New Vision Generation	Brazil	Full consolidation	100
Canto e Mello	Brazil	Full consolidation	70
Ceditop	Brazil	Full consolidation	70
Comopticos	Brazil	Full consolidation	70
Comprol	Brazil	Full consolidation	51
Digitop	Brazil	Full consolidation	70
Embrapol Sul	Brazil	Full consolidation	73
Essilor Da Amazonia Industria e Commercio Ltda.	Brazil	Full consolidation	100
Farol	Brazil	Full consolidation	70
GBO	Brazil	Full consolidation	76

Company	Country	Consolidation method	% interest
Grown	Brazil	Full consolidation	51
Mult Block	Brazil	Full consolidation	51
Mult Laboptical	Brazil	Full consolidation	51
Multi Optica Distribuidora Ltda.	Brazil	Full consolidation	100
Optiminas	Brazil	Full consolidation	70
Orgalent	Brazil	Full consolidation	51
PSA Nilo	Brazil	Full consolidation	51
Repro	Brazil	Full consolidation	70
Riachuelo	Brazil	Full consolidation	70
Satisloh do Brasil	Brazil	Full consolidation	100
Shamir Brasil Commercial LTDA	Brazil	Full consolidation	50
Starclic Indústria e Comércio Ótico Ltda.	Brazil	Full consolidation	25
Styll	Brazil	Full consolidation	51
Sudop Industria Optica Ltda.	Brazil	Full consolidation	100
Technopark Comercio de Artigos Opticos S.A	Brazil	Full consolidation	51
Tecnolens	Brazil	Full consolidation	71
Transitions Do Brasil	Brazil	Full consolidation	100
Unilab	Brazil	Full consolidation	75
YTT Holding	Brazil	Full consolidation	51
Essilor Cambodia	Cambodia	Full consolidation	51
Codi Sivo	Cameroon	Full consolidation	28
Active Vision Lab Inc	Canada	Full consolidation	61
AN Optical Lab Inc	Canada	Full consolidation	31
Aries Optical Ltd.	Canada	Full consolidation	100
BBGR Optique Canada Inc.	Canada	Full consolidation	100
Benson Edwards Optica Limited	Canada	Full consolidation	50
Bugaboos Eyewear Corporation	Canada	Full consolidation	100
Canoptec Inc.	Canada	Full consolidation	100

Company	Country	Consolidation method	% interest
Cascade Optical Ltd	Canada	Full consolidation	60
Clearlen Systems Inc	Canada	Full consolidation	61
Clearly Contacts Ltd	Canada	Full consolidation	100
CPS 360 Optical LTD	Canada	Full consolidation	50
Custom Surface Ltd.	Canada	Full consolidation	100
Eastern Optical Laboratories Ltd.	Canada	Full consolidation	100
Econo Optics	Canada	Full consolidation	60
Essilor Canada Ltd.	Canada	Full consolidation	100
FGX Canada Corp	Canada	Full consolidation	100
Fundy Vision Optical Laboratory Inc	Canada	Full consolidation	80
Groupe Vision Optique	Canada	Full consolidation	100
Imperial Laboratories Inc.	Canada	Full consolidation	60
K & W Optical Ltd.	Canada	Full consolidation	100
Laboratoire d'Optique de Hull Inc	Canada	Full consolidation	100
Laboratoire d'Optique SDL Inc	Canada	Full consolidation	97
Metro Optical Ltd.	Canada	Full consolidation	100
Morrison Optical	Canada	Full consolidation	100
Naked Eye Enterprises Inc.	Canada	Full consolidation	100
Nikon Optical Canada Inc.	Canada	Full consolidation	50
OMICS Software Inc	Canada	Full consolidation	100
OPSG Ltd.	Canada	Full consolidation	100
Optique Cristal Inc	Canada	Full consolidation	70
Optique de l'Estrie Inc.	Canada	Full consolidation	100
Perspectics	Canada	Full consolidation	100
Pioneer Optical Inc.	Canada	Full consolidation	100
Pro Optic Canada Inc.	Canada	Full consolidation	100
Purelab DLP INC	Canada	Full consolidation	25
R & R Optical Laboratory Ltd.	Canada	Full consolidation	100

Company	Country	Consolidation method	% interest
Riverside Opticalab & Subidiaries	Canada	Full consolidation	61
SDL	Canada	Full consolidation	90
Shamir Canada	Canada	Full consolidation	50
Signet Armorlite Canada, Inc	Canada	Full consolidation	100
Stylemark Canada	Canada	Full consolidation	100
Suntech	Canada	Full consolidation	100
Superlab	Canada	Full consolidation	61
Technologies Humanware	Canada	Full consolidation	63
UTMC	Canada	Full consolidation	61
Westlab	Canada	Full consolidation	100
Megalux	Chile	Full consolidation	51
Chemilens Co. Ltd	China	Full consolidation	50
Danyang	China	Full consolidation	80
Essilor China Holding Co Ltd	China	Full consolidation	100
Eye Buy Direct China	China	Full consolidation	61
FGX International Limited China	China	Full consolidation	100
Nikon Beijing Co. Ltd	China	Full consolidation	50
Ping Ding Shan Fangyuan Vision Optical Technology Co Ltd.	China	Full consolidation	51
Satisloh Trading Shenzen	China	Full consolidation	100
Satisloh Zhongshan	China	Full consolidation	100
Seeworld Optical Co.	China	Full consolidation	51
Shamir Optical (Shanghai Co. Ltd)	China	Full consolidation	50
Shanghaï Essilor Optical Co. Ltd.	China	Full consolidation	100
Shanghai Global Lens Distribution	China	Full consolidation	100
Shanghaï NVG Optical	China	Full consolidation	100
Tian Hong	China	Full consolidation	50
Wanxin	China	Full consolidation	50
Xiamen Artgri Optical Company Ltd	China	Full consolidation	50

Company	Country	Consolidation method	% interest
Xiamen Yarui Optical Company Ltd	China	Full consolidation	50
Youli Optics Co Ltd	China	Full consolidation	51
Essilor Colombia	Colombia	Full consolidation	100
Ivortest	Colombia	Full consolidation	100
Servioptica	Colombia	Full consolidation	51
Signet Armorlite Columbia SA	Colombia	Full consolidation	96
Chemiglas	South Korea	Full consolidation	50
Dekovision	South Korea	Full consolidation	50
Essilor Korea	South Korea	Full consolidation	50
Incheon Optics	South Korea	Full consolidation	40
Onbitt	South Korea	Full consolidation	51
Laboratoires Sivo Abidjan	Côte d'Ivoire	Full consolidation	50
Essilor Optika doo	Croatia	Full consolidation	100
Essilor Danmark A.S.	Denmark	Full consolidation	100
Essilor Amico L.L.C.	United Arab Emirates	Full consolidation	50
Essilor Amico Middle East FZCO	United Arab Emirates	Full consolidation	50
Essilor Middle East Limited	United Arab Emirates	Full consolidation	100
Ghanada	United Arab Emirates	Full consolidation	40
GKB Emirates	United Arab Emirates	Full consolidation	50
Osme	United Arab Emirates	Full consolidation	100
BBGR Lens Iberia S.A.	Spain	Full consolidation	100
Essilor Espana S.A.	Spain	Full consolidation	100
Essilor Optica International Holding S.L	Spain	Full consolidation	100
Satisloh Iberica	Spain	Full consolidation	100
Shamir Optical Espana, SL	Spain	Full consolidation	50

Company	Country	Consolidation method	% interest
Signet Armorlite Iberica	Spain	Full consolidation	100
21st Century Optics Inc.	United States	Full consolidation	100
Accu Rx Inc	United States	Full consolidation	95
Advance Optical	United States	Full consolidation	95
AG Opticals Inc	United States	Full consolidation	100
Apex Optical Company Inc.	United States	Full consolidation	100
Balester Optical	United States	Full consolidation	100
Barnett & Ramel Optical Co. of Nebr.	United States	Full consolidation	100
Bazell	United States	Full consolidation	70
Beitler Mc Kee Company	United States	Full consolidation	90
Blue Optics	United States	Full consolidation	80
BSA Industries	United States	Full consolidation	100
Bugaboos Eyewear Inc.	United States	Full consolidation	100
Carskadden Optical	United States	Full consolidation	100
Central Optical	United States	Full consolidation	60
Classic Optical	United States	Full consolidation	95
Coastal Vision (US), Inc.	United States	Full consolidation	100
Collard Rose	United States	Full consolidation	95
Cordless Network Service (Frame Displays)	United States	Full consolidation	80
Costa Inc.	United States	Full consolidation	100
Custom Optical	United States	Full consolidation	100
Dac Vision Inc	United States	Full consolidation	100
Deschutes	United States	Full consolidation	80
Dibok_Aspen Optical	United States	Full consolidation	100
Dioptics Medical Products	United States	Full consolidation	100
ELOA California Acquisition Corp.	United States	Full consolidation	100
E-Magine Optical	United States	Full consolidation	80
Empire	United States	Full consolidation	100

Company	Country	Consolidation method	% interest
Encore L.L.C.	United States	Full consolidation	50
Epics Labs Inc	United States	Full consolidation	80
Essilor Laboratories of America Corporation	United States	Full consolidation	100
Essilor Laboratories of America Holding Co Inc.	United States	Full consolidation	100
Essilor Laboratories of America, Inc (inclus Laboratoires US)	United States	Full consolidation	100
Essilor Laboratories of America, LP (inclus Avisia, Omega, Duffens)	United States	Full consolidation	100
Essilor Latin America & Caribbean Inc.	United States	Full consolidation	100
Essilor of America Holding Co Inc.	United States	Full consolidation	100
Essilor of America Inc.	United States	Full consolidation	100
Essilor VSP Holding Co.Inc	United States	Full consolidation	100
Eye Buy Direct US	United States	Full consolidation	61
Eye Care Express Lab Inc	United States	Full consolidation	98
Eyewear L.L.C.	United States	Full consolidation	61
FGX Direct L.L.C.	United States	Full consolidation	100
FGX International Holdings Limited	United States	Full consolidation	100
FGX International II Limited	United States	Full consolidation	100
FGX International, Inc	United States	Full consolidation	100
Focus Optical Labs, Inc	United States	Full consolidation	90
Frames For America	United States	Full consolidation	43
Future Optics FL Inc	United States	Full consolidation	92
Future Optics TE Inc	United States	Full consolidation	100
Gentex Optics Inc.	United States	Full consolidation	100
Gulfstates Optical Laboratories Inc.	United States	Full consolidation	80
Hawkins Optical Laboratories Inc	United States	Full consolidation	100
Hirsch Optical	United States	Full consolidation	100
Homer Optical	United States	Full consolidation	100
Humanware USA	United States	Full consolidation	63
I-Coat Company, L.L.C.	United States	Full consolidation	85

Company	Country	Consolidation method	% interest
Interstate Optical	United States	Full consolidation	80
Jorgenson Optical Supply Cy.	United States	Full consolidation	95
Just Eyewear L.L.C.	United States	Full consolidation	100
Katz & Klein	United States	Full consolidation	100
Lenstech Optical Lab Inc.	United States	Full consolidation	80
Mc Leod Optical Company Inc.	United States	Full consolidation	52
MGM	United States	Full consolidation	90
MOC Acquisition Corporation	United States	Full consolidation	84
Nassau Lens Co Inc.	United States	Full consolidation	100
NEA Optical L.L.C.	United States	Full consolidation	80
Next generation	United States	Full consolidation	100
Nikon Optical US	United States	Full consolidation	50
NOA	United States	Full consolidation	100
OOGP	United States	Full consolidation	100
Opt. Lab. Software Solutions	United States	Full consolidation	100
Optical One	United States	Full consolidation	80
Optical Suppliers Inc. (Hawaï)	United States	Full consolidation	90
Optical Venture Inc	United States	Full consolidation	80
Optics East	United States	Full consolidation	100
Optimatrix	United States	Full consolidation	100
Optisource International Inc.	United States	Full consolidation	90
Ozarks Optical Laboratories	United States	Full consolidation	80
Pasch Optical Laboratory Inc.	United States	Full consolidation	40
Pech Optical	United States	Full consolidation	100
Peninsula Optical Lab.	United States	Full consolidation	80
Perferx Optical Co Inc	United States	Full consolidation	94
Personnal Eyes	United States	Full consolidation	100
Plunkett Optical Inc.	United States	Full consolidation	80

Company	Country	Consolidation method	% interest
Polyvision INC	United States	Full consolidation	50
Precision Optical Co. (Connecticut)	United States	Full consolidation	80
Precision Optical Lab. (Tennessee)	United States	Full consolidation	95
Premier Optics Corp	United States	Full consolidation	90
Prodigy	United States	Full consolidation	100
Professional Opthalmic Lab	United States	Full consolidation	80
RD Cherry	United States	Full consolidation	80
Rooney Optical Inc.	United States	Full consolidation	100
Rooney Optical of Pennsyvania, L.L.C.	United States	Full consolidation	100
Satisloh North America	United States	Full consolidation	100
Shamir Insight, Inc.	United States	Full consolidation	50
Shamir USA	United States	Full consolidation	50
Signet Armorlite Inc	United States	Full consolidation	100
Signet Armorlite USA	United States	Full consolidation	100
Skaggs and Gruber, Ltd d.b.a Trucker Meadows	United States	Full consolidation	80
Southwest lens	United States	Full consolidation	65
Speciality Lens Corp.	United States	Full consolidation	100
Stereo Optical Co. Inc.	United States	Full consolidation	100
Stylemark	United States	Full consolidation	100
SunStar Inc.	United States	Full consolidation	80
Sutherlin Optical Company	United States	Full consolidation	100
Transitions Optical Inc	United States	Full consolidation	100
Tri Supreme Optical L.L.C.	United States	Full consolidation	100
Ultimate Optical Lab	United States	Full consolidation	100
VIP Optical	United States	Full consolidation	100
Vision Web	United States	Equity method	44
Vision-Craft Inc.	United States	Full consolidation	100
Winchester Optical Company	United States	Full consolidation	80

Company	Country	Consolidation method	% interest
X-Cell	United States	Full consolidation	80
Essilor OY	Finland	Full consolidation	100
Lensway OY	Finland	Full consolidation	100
Activ Screen	France	Full consolidation	68
Activisu	France	Full consolidation	68
BBGR	France	Full consolidation	100
BNL Eurolens	France	Full consolidation	100
BNL Polyofta	France	Full consolidation	100
Dac Vision SAS	France	Full consolidation	100
Delamare Sovra	France	Full consolidation	100
Domlens	France	Full consolidation	65
Essidev	France	Full consolidation	100
Essiholding	France	Full consolidation	100
Essor	France	Full consolidation	50
FGX Holding SASU	France	Full consolidation	100
Fred Management (Holding)	France	Full consolidation	100
Interactif Visual System	France	Full consolidation	68
Invoptic	France	Full consolidation	100
IVS Technical Center	France	Full consolidation	68
Mega Optic Design	France	Full consolidation	75
Mont-Royal	France	Full consolidation	100
Novacel Ophtalmique	France	Full consolidation	75
Novisia	France	Full consolidation	100
Omi	France	Full consolidation	100
Optim	France	Full consolidation	100
Satisloh SAS	France	Full consolidation	100
Shamir France SARL	France	Full consolidation	50
Tikai Vision (ex-Barbara)	France	Full consolidation	100

Company	Country	Consolidation method	% interest
ASE Corporate Eyecare	United Kingdom	Full consolidation	70
BBGR United Kingdom	United Kingdom	Full consolidation	100
Crossbows Optical Ltd	United Kingdom	Full consolidation	100
Essilor European Shared Service Center Ltd.	United Kingdom	Full consolidation	100
Essilor Ltd	United Kingdom	Full consolidation	100
FGX Europe Limited	United Kingdom	Full consolidation	100
Horizon Optical Company Ltd.	United Kingdom	Full consolidation	100
Humanware Europe	United Kingdom	Full consolidation	63
Infield safety UK, Ltd.	United Kingdom	Full consolidation	100
Leicester	United Kingdom	Full consolidation	80
Nikon Optical UK	United Kingdom	Full consolidation	50
Shamir UK Limited	United Kingdom	Full consolidation	50
Sight Station Ltd	United Kingdom	Full consolidation	100
Signet Armorlite Europe Ltd	United Kingdom	Full consolidation	100
Sinclair Optical Laboratories	United Kingdom	Full consolidation	100
United Optical Laboratories	United Kingdom	Full consolidation	100
Wholesale Lens Corporation Limited	United Kingdom	Full consolidation	100
Dac Vision HK	Hong Kong	Full consolidation	100
Essilor Hong Kong	Hong Kong	Full consolidation	100
Eye Buy Direct HK	Hong Kong	Full consolidation	61
Foster Grant Hong Kong Limited	Hong Kong	Full consolidation	100
Polycore Optical (HK) Ltd	Hong Kong	Full consolidation	50
Polylite Hong Kong	Hong Kong	Full consolidation	51
Satisloh Asia and Trading Ltd	Hong Kong	Full consolidation	100
Essilor Optika Kft	Hungary	Full consolidation	100
20 20 Optics	India	Full consolidation	70
Beauty Glass Pvt Ltd.	India	Full consolidation	88
Deepak Lens Pvt Ltd	India	Full consolidation	60

Company	Country	Consolidation method	% interest
Delta CNC	India	Full consolidation	39
Delta Lens Pvt Ltd	India	Full consolidation	51
Enterprise Ophtalmics Pvt Ltd	India	Full consolidation	50
Essilor India Pvt Ltd (ex-Esssilor SRF Optics Ltd)	India	Full consolidation	100
Essilor Lens & Specs	India	Full consolidation	60
Essilor Manufacturing India Pvt Ltd (ex-Indian Ophtalmic Lenses Manuf.)	India	Full consolidation	100
GKB Hi Tech	India	Full consolidation	50
GKB Optic Tech Private Ltd	India	Full consolidation	51
GKB Rx Lens Private Ltd.	India	Full consolidation	76
India New Vision Generation Pvt Ltd	India	Full consolidation	100
Optics India Equipment Pvt Ltd	India	Full consolidation	50
OSD Optics	India	Full consolidation	100
Sankar	India	Full consolidation	70
Transitions Optical India	India	Full consolidation	100
Vijay Vision Pvt Ltd.	India	Full consolidation	88
P.T Optical Support of Indonesia	Indonesia	Full consolidation	70
P.T. Essilor Indonesia	Indonesia	Full consolidation	100
P.T. Polyvisi Rama Optik	Indonesia	Full consolidation	49
P.T. Supravisi Rama Optik Manufacturing	Indonesia	Full consolidation	49
Athlone	Ireland	Full consolidation	100
Essilor Ireland (Sales) Ltd	Ireland	Full consolidation	100
Organic Lens Manufacturing (succursale)	Ireland	Full consolidation	100
Transitions Optical Ltd	Ireland	Full consolidation	100
Essilor Israel Holding	Israel	Full consolidation	100
Essilor Israel Laboratories Ltd (Optiplas)	Israel	Full consolidation	50
Inray Ltd.	Israel	Full consolidation	50
Shamir Eyal Ltd.	Israel	Full consolidation	50

Company	Country	Consolidation method	% interest
Shamir Holding Optical	Israel	Full consolidation	50
Shamir Israel Optical Marketing Ltd.	Israel	Full consolidation	50
Shamir Optical Industry	Israel	Full consolidation	50
Shamir Or Ltd.	Israel	Full consolidation	50
Shamir Special Optical Products Ltd.	Israel	Full consolidation	50
Essilor Italia S.p.A.	Italy	Full consolidation	100
Infield Safety Italia, S.R.L.	Italy	Full consolidation	100
Intercast Europe S.R.L.	Italy	Full consolidation	100
LTL S.p.A.	Italy	Full consolidation	100
Oftalmika Galileo S.p.A.	Italy	Full consolidation	100
Optilens Italia S.R.L.	Italy	Full consolidation	100
Polinelli S.R.L.	Italy	Full consolidation	100
Satisloh Italy S.p.A.	Italy	Full consolidation	100
Shamir RX Italia S.R.L.	Italy	Full consolidation	50
Aichi Nikon Co. Ltd.	Japan	Full consolidation	50
Coastal Japan Kabushikigaisha 2	Japan	Full consolidation	100
Nasu Nikon Co. Ltd.	Japan	Full consolidation	50
Nikon – Essilor Co. Ltd	Japan	Full consolidation	50
Nikon and Essilor International Joint Research Center Co Ltd	Japan	Equity method	50
Transitions Optical Japan	Japan	Full consolidation	100
Essilor Amico Kuwait	Kuwait	Full consolidation	50
Essilor Lao Co Ltd	Laos	Full consolidation	100
Impasoles	Luxembourg	Full consolidation	100
Essilor Malaysia Sdn Bhd	Malaysia	Full consolidation	100
Frames and Lenses	Malaysia	Full consolidation	90
ILT Malaysia	Malaysia	Full consolidation	81
Polycore Optical (Malaysia) Sdn Bhd	Malaysia	Full consolidation	50
Essilor Management North and West Africa	Morocco	Full consolidation	100

Company	Country	Consolidation method	% interest
L'N Optics	Morocco	Full consolidation	51
Optiben	Morocco	Full consolidation	80
Sivom	Morocco	Full consolidation	28
VST Lab	Morocco	Full consolidation	80
Aai Joske's S de RL de CV	Mexico	Full consolidation	100
Centro Integral Optico S.A de C.V	Mexico	Full consolidation	26
Cristal y Plastico SA de CV	Mexico	Full consolidation	51
Essilor Mexico	Mexico	Full consolidation	100
Shalens S.A C.V	Mexico	Full consolidation	26
Signet Armorlite de Mexico, SA et CV	Mexico	Full consolidation	99
Sofi de Chihuahua	Mexico	Full consolidation	100
Essilor Norge A.S.	Norway	Full consolidation	100
Sentralslip	Norway	Full consolidation	100
Essilor Laboratories New Zealand Ltd. (ex-OHL Lenses Ltd)	New Zealand	Full consolidation	100
Essilor New Zealand Ltd.	New Zealand	Full consolidation	100
Optical Laboratories	New Zealand	Full consolidation	100
Prolab	New Zealand	Full consolidation	100
B.V. Nederlandse Optische Industrie E.N.O.T.	Netherlands	Full consolidation	50
Condis B.V.	Netherlands	Full consolidation	100
Essilor Nederland B.V.	Netherlands	Full consolidation	100
Essilor Nederland Holding B.V.	Netherlands	Full consolidation	100
Holland Optical Corp. B.V.	Netherlands	Full consolidation	100
Holland Optical Instruments B.V.	Netherlands	Full consolidation	100
Lensway B.V.	Netherlands	Full consolidation	100
Lotus Flower Holding B.V.	Netherlands	Full consolidation	75
O'max Instruments B.V.	Netherlands	Full consolidation	100
Shamir Nederland B.V	Netherlands	Full consolidation	50
Signet Armorlite (Holland) B.V.	Netherlands	Full consolidation	100

Company	Country	Consolidation method	% interest
Transitions Optical Holding B.V.	Netherlands	Full consolidation	100
Epodi	Philippines	Full consolidation	51
Essilor Manufacturing Philippines Inc.	Philippines	Full consolidation	100
Optodev	Philippines	Full consolidation	100
Transitions Optical Philipinnes	Philippines	Full consolidation	100
Essilor Optical laboratory Polska Sp. z o.o.	Poland	Full consolidation	100
Essilor Polonia	Poland	Full consolidation	100
JZO	Poland	Full consolidation	98
Shamir Polska Sp. z o.o.	Poland	Full consolidation	50
Rainbow Optical	Puerto Rico	Full consolidation	100
Essilor Portugal	Portugal	Full consolidation	100
Shamir Portugal, LDA	Portugal	Full consolidation	50
Signet Armorlite Portugal – Unipessoal, LDA	Portugal	Full consolidation	100
Amico Qatar	Qatar	Full consolidation	49
Essilor Optika Spol S.R.O.	Czech Republic	Full consolidation	100
Omega Optrix S.R.O (Tchéquie)	Czech Republic	Full consolidation	100
Opti Express	Dominican Republic	Full consolidation	51
Sivo Togo	Togolese Republic	Full consolidation	28
Essilor Romania S.R.L.	Romania	Full consolidation	100
Company Grandvision L.L.C.	Russia	Full consolidation	75
Essilor Optika OOO	Russia	Full consolidation	100
Luis Optica	Russia	Full consolidation	80
Moc BBGR	Russia	Full consolidation	51
Shamir Russia L.L.C.	Russia	Full consolidation	50
Artgri Group International Pte Ltd	Singapore	Full consolidation	50
Asianzakka PTY	Singapore	Full consolidation	100
Essilor AMERA Pte Ltd.	Singapore	Full consolidation	100
Essilor Philippines Holding	Singapore	Full consolidation	51

Company	Country	Consolidation method	% interest
ETC South East Asia Pte Ltd.	Singapore	Full consolidation	70
ILT To Latin america	Singapore	Full consolidation	51
Integrated Lens Technology	Singapore	Full consolidation	100
Kaleido Vision Pte Ltd (ex-Unique Ophtalmic)	Singapore	Full consolidation	100
OSA Investments Holdings Pte Ltd	Singapore	Full consolidation	100
Polilyte Asia Pacific Pte Ltd	Singapore	Full consolidation	51
Polycore Optical (SG) Pte Ltd	Singapore	Full consolidation	50
Seeworld Holding Pte Ltd	Singapore	Full consolidation	51
Shamir Asia Pte. Ltd.	Singapore	Full consolidation	50
Shamir Singapore Pte. Ltd.	Singapore	Full consolidation	50
Signet Armorlite Asia (ex-Visitech)	Singapore	Full consolidation	100
SMJ Holding Pte Ltd	Singapore	Full consolidation	70
Transitions Optical Singapore	Singapore	Full consolidation	100
Trend Optical Singapore	Singapore	Full consolidation	70
Essilor Slovakia	Slovakia	Full consolidation	100
Omega Optrix S.R.O (Slovaquie)	Slovakia	Full consolidation	100
Essilor D.O.O Slovenia	Slovenia	Full consolidation	100
Global Lens Lanka	Sri Lanka	Full consolidation	50
BBGR Skandinaviska	Sweden	Full consolidation	100
Essilor AB	Sweden	Full consolidation	100
Eyeway AB	Sweden	Full consolidation	100
Lensco AB	Sweden	Full consolidation	100
Lenshold AB	Sweden	Full consolidation	100
Lenslogistics AB	Sweden	Full consolidation	100
Essilor (Suisse) S.A.	Switzerland	Full consolidation	100
Reize	Switzerland	Full consolidation	65

Company	Country	Consolidation method	% interest
Satisloh AG	Switzerland	Full consolidation	100
Satisloh Holding AG	Switzerland	Full consolidation	100
Satisloh Photonics AG	Switzerland	Full consolidation	100
Vaco Holding S.A.	Switzerland	Full consolidation	100
Polylite Taiwan Optilab	Taiwan	Full consolidation	51
SHIH Heng Optical Taïwan Branch	Taiwan	Full consolidation	70
SMJ Holding Pte Ltd Taiwan Branch	Taiwan	Full consolidation	70
Trend Optical Taiwan Branch	Taiwan	Full consolidation	70
Essilor Distribution Thailand Co. Ltd.	Thailand	Full consolidation	100
Essilor Manufacturing (Thaïland) Co Ltd.	Thailand	Full consolidation	100
Essilor Optical Laboratory Thailande	Thailand	Full consolidation	100
Eyebiz Laboratory Co Ltd	Thailand	Full consolidation	70
K-T Optic CO., Ltd	Thailand	Full consolidation	24
ShamirLens Thailand Co., Ltd	Thailand	Full consolidation	24
Solarlens	Thailand	Full consolidation	100
Transitions Optical Thailand Ltd	Thailand	Full consolidation	100
Essilor Sivo	Tunisia	Full consolidation	55
Sicom	Tunisia	Full consolidation	55
Altra Optik Sanayi ve Ticaret A.S	Turkey	Full consolidation	50
Esel Optik	Turkey	Full consolidation	51
Essilor Management Turkey	Turkey	Full consolidation	100
Ipek	Turkey	Full consolidation	70
Isbir	Turkey	Full consolidation	73
Opak	Turkey	Full consolidation	51
Yeda Tora	Turkey	Full consolidation	70
Chemilens Vietnam	Vietnam	Full consolidation	50