

3.7 ANNUAL FINANCIAL STATEMENTS OF ESSILOR INTERNATIONAL

The 2014 annual financial statements include the income statement, balance sheet, cash flow statement and notes, presented below. The Statutory Auditors' Report on the 2014 annual financial statements is presented in Section 3.9 of this Registration Document.

3.7.1 Key figures at December 31, 2014

€ thousands, except per share data which is in €	2014	2013
Income statement		
Revenue	830,421	800,847
Operating results	78,938	103,583
Profit before non-operating items and tax	388,404	339,269
Net profit	693,536	326,184
Balance sheet		
Share capital	38,861	38,646
Equity	2,925,345	2,366,655
Net debt	2,182,434	456,519
Non-current assets, net	5,243,411	2,837,898
TOTAL ASSETS	6,183,646	3,857,618
Net dividend per ordinary share (€)	1.02 ^(a)	0.94

(a) Subject to the decision of the Shareholders' Meeting of May 5, 2015.

Essilor International's revenue outside of the Puerto Rico branch increased by 4.7% compared to 2013. Sales of corrective lenses in France were up by 2.6%, led by a strong increase in internal flows within the Group. They were up 11.4% in the export market. Sales of instruments were down 5.1% in France and were up 4.5% in the export market. The Puerto Rico branch recorded a slowdown in business reflected by a drop in revenue of 26.9%.

Despite an increase in activity, the operating results show a decrease of €24.6 million compared to 2013. This change is mainly a result of the internationalization of the "Corporate" functions, an increase in the cost of performance share plans and an increase in consumer marketing expenses.

Financial income totaled €309.5 million, up 31.3% compared to 2013. This change is mainly due to an increase in:

- dividends received of €38.7 million (particularly from the share in the subsidiaries Transitions Optical Ltd and Transitions Optical Holding B.V.);
- net financial income on loans and borrowings including loans of €31.4 million to subsidiaries.

The net non-operating income is up €316.9 million compared to 2013, which is due to impairment losses on property, plant and equipment and intangible assets as well as two particular events:

- sale of 29% of the Transitions Optical Inc. securities to Essilor of America Holding with a net capital gain of €337.2 million;
- the recognition of a non-recurrent charge relating to the contribution of €14.9 million to the Essilor Social Impact fund.

The tax income recognized in the financial statements for the fiscal year 2014 amounted to €0.3 million. This amount reflects a number of factors:

- the impact of a full tax rate and reduced tax rate on taxable income;
- tax income corresponding to the tax credits applicable (especially the research tax credit), and to the tax savings from fiscal consolidation (the Company posting negative taxable income on its earnings taxable at the ordinary rate).

Net profit totaled €693.5 million, up 112.6% compared to the previous fiscal year.

3.7.2 Income statement at December 31, 2014

€ thousands	Notes	2014	2013
Revenue	2	830,421	800,847
Production transferred to inventory		2,023	-5,127
Production of assets for own use		4,397	5,348
Reversals of depreciation, amortization and provisions	13	88,851	69,753
Other income	3	261,738	255,727
TOTAL OPERATING PROFIT		1,187,430	1,126,547
Purchases of materials and change in inventories		417,127	391,745
Other external purchases and expenses	4	227,832	205,307
Taxes and duties		30,598	27,800
Personnel expenses	16	365,754	336,223
Depreciation, amortization and provisions, net		59,055	56,369
Other expenses	13	8,127	5,519
TOTAL OPERATING EXPENSES		1,108,492	1,022,964
OPERATING RESULTS		78,938	103,583
Financial income	5	309,466	235,685
PROFIT BEFORE NON-OPERATING ITEMS AND TAX		388,404	339,269
Non-operating income (expense), net	6	304,863	-12,019
Income tax expense	7	-268	1,066
NET PROFIT		693,536	326,184

3.7.3 Balance sheet as at December 31, 2014

Assets

€ thousands	Notes	2014			2013
		Gross amount	Amortizations Provisions	Net amount	Net amount
Intangible assets	8	142,526	110,283	32,243	49,613
Tangible assets	9	375,298	261,530	113,768	123,262
Investments and other non-current assets	10	5,162,868	65,470	5,097,399	2,665,023
LONG-TERM FINANCIAL ASSETS		5,680,693	437,282	5,243,411	2,837,898
Inventories	11.1	72,884	18,476	54,409	52,613
Prepayments on orders	11.2	1,279	8	1,271	2,066
Trade receivables	11.2	304,669	4,341	300,327	282,815
Other receivables	11.2	411,154	3,941	407,213	274,263
Marketable securities	11.3	129,761		129,761	374,888
Cash		22,998		22,998	10,905
CURRENT ASSETS		942,746	26,766	915,979	997,549
Bond premium redemption		3,560		3,560	
Prepaid expenses	11.4	16,937		16,937	16,174
Conversion losses		3,759		3,759	5,998
OVERALL TOTAL		6,647,695	464,048	6,183,646	3,857,618

Liabilities

€ thousands	Notes	2014	2013
Share capital	12.1	38,861	38,646
Issue, merger and transfer premiums		360,451	302,160
Legal reserve		3,879	3,879
Other reserves		1,776,408	1,646,408
Retained earnings		14,054	15,601
Net profit		693,536	326,184
Investment grants		75	95
Untaxed provisions		37,842	36,042
Translation reserve	1.12	239	-2,361
EQUITY	12.2	2,925,345	2,366,655
PROVISIONS FOR CONTINGENCIES AND CHARGES	13.1	149,842	114,220
Other bonds	14.1	1,474,367	583,294
Borrowings and advances from credit institutions (including Group subsidiary current accounts)	14.1	815,119	229,081
Other financial debt	14.1	45,706	29,937
FINANCIAL LIABILITIES	14	2,335,192	842,312
Trade payables	14.2	165,919	136,007
Accrued taxes and personnel expenses	14.2	103,675	96,422
Other liabilities	14.2	501,243	301,033
OPERATING AND OTHER LIABILITIES		770,838	533,461
Deferred income		170	129
Conversion gains		2,259	841
OVERALL TOTAL		6,183,646	3,857,618

3.7.4 Cash flow statement at December 31, 2014

€ thousands	2014	2013
Net profit for the fiscal year	693,536	326,184
Elimination of non-cash items	-242,143	68,780
Cash flow	451,392	394,964
Change in working capital ^(a)	95,411	-142,025
NET FLOWS FROM TRANSACTIONS	546,803	252,939
Purchases of property, plant and equipment	-17,720	-37,761
Acquisition of shares in subsidiaries and affiliates and other investments	-920,899	-131,610
New loans extended	-4,372,544	-939,604
Proceeds from disposals of fixed assets	342,679	-12,692
Repayment of long-term loans and advances	2,857,003	871,407
NET FLOW ASSIGNED TO INVESTMENTS	-2,111,480	-250,260
Issue of share capital	61,106	67,291
Purchases and sales of treasury stock	-16,869	-64,480
Dividends paid	-197,731	-185,339
Increase / decrease in borrowings	1,492,631	314,289
NET FLOWS FROM FINANCING TRANSACTIONS	1,339,137	131,761
Change in cash and cash equivalents	-225,540	134,440
Cash and cash equivalents at the beginning of the period	371,180	236,740
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	145,640	371,180

(a) Changes in working capital are as follows:

€ thousands	2014	2013	Change
Prepayments to suppliers	1,271	2,066	795
Inventories	54,409	52,613	-1,796
Operating receivables	325,475	305,118	-20,357
Other receivables	382,066	251,381	-130,685
Accrued interest on loans and dividends receivable	3,027	1,962	-1,065
Operating liabilities	-372,825	-322,355	50,470
Other liabilities	-398,013	-210,528	187,485
Accrued interest	-10,034	-2,405	7,629
Accruals and conversion gains and losses	18,267	21,202	2,935
TOTAL WORKING CAPITAL	3,643	99,054	95,411

Cash and cash equivalents correspond to cash and short-term deposits, less short-term bank loans and overdrafts.

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The following notes provide additional information about items reported in the balance sheet at December 31, 2014, which shows total assets of €6,183,646 thousand, and the income statement, which shows a net profit of €693,536 thousand.

The financial statements cover a 12-month period from January 1 to December 31, 2014.

The parent company is Essilor International, hereinafter referred to as "Essilor."

All amounts are presented in thousands of euros, unless otherwise specified.

Significant events of the year

Commercial revenue

Essilor International's revenue outside of the Puerto Rico branch increased by 4.7% compared to 2013. Sales of corrective lenses in France were up by 2.6%, led by a strong increase in internal flows within the Group. They were up 11.4% in the export market. Sales of instruments were down 5.1% in France and were up 4.5% in the export market. The Puerto Rico branch recorded a slowdown in business reflected by a drop in revenue of 26.9%.

Acquisition of Transitions Optical

On April 1, 2014, Essilor announced the successful completion of the acquisition of 51% of the capital held by PPG in Transitions Optical, the leading global supplier of variable-tint lenses for manufacturers in the optical industry.

On September 30, 2014, Essilor also sold 29% of its shareholding in the Transitions Optical Inc. securities to its subsidiary Essilor of America Holding with a net capital gain of €337.2 million.

New financing

The volume of acquisitions effected in 2014 and the repayment of a bank loan of €250 million led Essilor International to request a credit rating and to launch several refinancing operations.

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

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

- a €500 million bond maturing on April 9, 2021, issued at a fixed rate of 1.75%;
- a €300 million bond maturing on April 9, 2024, issued at a fixed rate of 2.375%.

The Company also proceeded to launch a US commercial paper program; its outstanding amount is €567 million at December 31, 2014. At this date, the outstanding amount of French commercial paper program is €246 million. In line with the Group's policy, these US and French commercial paper programs are covered by long-term credit facilities totaling €2.3 million at December 31, 2014.

Income tax

The tax liability recognized in the financial statements for fiscal year 2014 amounted to €0.3 million. This amount reflects a number of factors:

- the impact of a normal tax rate and a reduced tax rate on taxable income;
- tax income corresponding to the tax credits applicable (especially the research tax credit), and to the tax savings from fiscal consolidation.

NOTE 1.

ACCOUNTING PRINCIPLES

1.1 General

The annual accounts have been prepared in accordance with the French General Accounting Plan 2014 corresponding to the Regulation ANC No. 2014-03 of June 5, 2014 (approved by the order of September 8, 2014, published in the Official Gazette (JO

of October 15, 2014) which annuls and constitutes a recodification of the General Accounting Plan 1999, supplemented by regulations published since this date and with generally accepted principles.

1.2 Intangible assets

Intangible assets correspond primarily to purchased goodwill, concessions, patents, licenses and software. Intangible assets are measured at acquisition or production cost and are amortized:

- either by work unit;
- or on a straight-line basis over the following estimated useful lives.

Software	1 to 10 years
Patents	Period of legal protection

Internally generated software development costs are capitalized only when it is probable that they will generate future economic benefits. Qualifying costs include the costs of organic analyses, programming, tests and test decks, documentation,

parameterization and the preparation of the software for its intended use, that are evidenced by invoices (external developers) or time sheets (internal developers).

Intangible assets 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.

When the test shows that an asset's recoverable amount is less than its carrying amount, a provision for impairment is recorded. The recoverable amount of an asset is the higher of its fair value and value in use.

The initial cost of the asset includes related transaction costs. Conversely, the Company has not used the option to record borrowing expenses in the initial cost of the intangible assets.

1.3 Research and development costs

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

Development costs are only capitalized if the following are 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;
- the Group's ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- 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 development costs are capitalized when the above criteria are fulfilled.

1.4 Property, plant and equipment

Property, plant and equipment are stated at acquisition or production cost.

Depreciation of property, plant and equipment is calculated on a straight-line basis or a declining method basis over the following estimated useful lives.

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

Land is not depreciated.

Differences between straight-line depreciation and reducing balance depreciation charged for tax purposes are included in untaxed provisions on the liabilities side of the balance sheet (regulated provisions).

All internal and external costs of producing items of property, plant and equipment are capitalized, with the exception of administrative, start-up and pre-operating costs.

Property, plant and equipment 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.

When the test shows that an asset's recoverable amount is less than its carrying amount, a provision for impairment is recorded. The recoverable amount of an asset is the higher of its fair value and value in use.

The initial cost of the asset includes related transaction costs. Conversely, the Company has not used the option to record borrowing expenses in the initial cost of property, plant and equipment.

1.5 Financial assets

Investment securities are recognized at acquisition cost. Acquisition costs for the investment securities are included in the initial costs.

The value in use of shares is estimated each year, generally on the basis of the proportion of equity and by discounting future cash flows. In this case, the discount rate used is the weighted average cost of the capital.

Loans and receivables are stated at nominal value. Foreign currency loans and receivables are converted into euros at the year-end at the closing exchange rate or the hedging rate. Provisions are recorded to cover any risk of non-recovery.

Own shares bought back by the Company are recorded under "Other long-term investments" at cost. A provision for impairment is recorded for any shares whose cost is greater than their Average Price for the last month of the fiscal year, except where the shares have been bought back in order to be canceled and those shares covered by a provision for risks because they were intended to hedge performance share plans and stock options.

For other investments, a provision for impairment is recorded when their recoverable amount, defined as the higher of fair value or value in use, is less than their carrying amount.

1.6 Inventories

Raw materials and goods inventories are stated at cost, including incidental expenses, determined by the weighted average cost method. Production inventories are stated at actual production cost, which includes the cost of raw materials and direct and indirect production costs.

At each period-end, the gross value and net realizable value of inventories are compared and the lower of the two values is retained. Net realizable value is determined in reference to market prices, sales prospects and the risk of obsolescence, assessed on the basis of objective inventory levels.

1.7 Receivables and payables

Receivables and payables are stated at nominal value. Receivables and payables are converted as follows:

- translation of all receivables and payables denominated in foreign currencies, including hedged receivables and payables, at the closing rate;
- recognition of differences compared to the amounts at which these items were initially recognized as translation adjustment assets or liabilities in the balance sheet;

- creation of a provision for unrealized exchange losses.

Receivables are written down when their net realizable value, estimated by reference to the risk of non-recovery, is less than their carrying amount.

1.8 Marketable securities

Marketable securities, consisting primarily of units in SICAV mutual funds and bank deposits, are recognized at cost.

A provision is recorded if the net asset value of the mutual fund units represents less than their cost.

1.9 Derivative financial instruments

Derivative financial instruments are used only to hedge risks on commercial transactions and identified foreign currency receivables and payables via forward exchange contracts.

The Company uses derivative financial instruments solely for hedging purposes. All foreign exchange transactions are processed within predetermined management limits with the purpose of optimizing exchange rate risk hedging.

Gains and losses on derivative financial instruments are recognized in the year in which they are settled, on a symmetrical

basis with the loss or gain on the hedged item. They are based on the forward rate at the balance sheet date for the remaining period to maturity.

The Company's interest rate management policy consists of hedging interest rate risks. To hedge interest rate risks, Essilor mainly uses interest rate and caps.

Financial expenses and profit related to interest-rate derivatives are recognized in income symmetrically to the gain or loss on the hedged item.

1.10 Foreign currency transactions

Any transactions that are not hedged are converted at the exchange rate on the transaction date.

At the year-end, unhedged foreign currency receivables and payables are converted at the closing exchange rate. Differences arising from conversion are recorded under "Conversion losses"

or "Conversion gains" on the assets or liabilities side of the balance sheet.

A provision is booked for conversion losses.

Foreign currency bank balances are converted at the closing exchange rate.

1.11 Pension, length-of-service obligations and other awards

The Company has obligations towards employees for the payment of pensions, early-retirement benefits, length-of-service and other awards. These obligations are subject to provisions.

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 to cover the unfunded projected benefit obligation, as follows:

- the projected benefit obligation, corresponding to the vested rights of active and retired employees of the Company, is determined by the projected unit credit method, based on estimated final salaries, actuarial assumptions concerning discount rate, inflation, staff turnover rates and the rate of salary increase;
- 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;
- 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 market value of the plan assets;
- actuarial gains and losses resulting from changes in assumptions and experience-based adjustments are recognized in profit by the corridor method. This method consists of amortizing over the expected average remaining service lives of plan participants only the portion of the net cumulative gain or loss that exceeds the greater of 10% of either the projected benefit obligation or the market value of the plan assets;
- if a company introduces a defined benefit plan or changes the benefit formula under an existing defined benefit plan and rights under the new or modified plan are unvested, the related change in the Company's obligation is recognized in profit on a straight-line basis over the expected average remaining service lives of the plan participants. If rights under the new or modified plan vest immediately, the resulting change in the Company's obligation is recognized in profit immediately;
- provisions recorded in the balance sheet correspond to the projected benefit obligation less the market value of any plan assets, the value of unrealized actuarial gains and losses and unrecognized past service costs.

1.12 Translation of financial accounts from the foreign branch

The Essilor Industries financial statements are prepared in US dollars.

The financial statement conversion process for the Essilor Industries branch, which is considered an autonomous institution, is as follows:

Income statement items were translated at the average hedging rate for the year.

Balance sheet amounts were converted into euros, at the balance sheet closing date rate, except for:

- equity items, which were translated at the historical rate;
- net profit, which was translated at the hedging rate.

The difference arising on translation is recorded in equity under "Translation reserve."

1.13 Income tax (Group relief)

Essilor International files a consolidated tax return with ESSILOR, BBGR, OPTIM, INVOPTIC, ESSILOR ACADEMY EUROPE, NOVISA, ESSIDEV, OSE, TIKAI VISION, BNL EUROLENS, FGX HOLDING, DELAMARE SOVRA, OMI and ESSIHOLDING and pays the corporate income tax due by the tax group.

Each company in the tax group records the income tax charge that would apply if it were not a member of the tax group (with no impact on the parent company's financial statements).

The tax savings arising from the use of the tax losses of tax group members, which are returnable to them by Essilor, are recognized as a liability through the recognition of a debt in the Company's balance sheet.

1.14 Recognition and measurement of provisions

Regulated provisions

These mainly comprise provisions for excess tax depreciation.

Provisions for contingencies and charges

A provision is recognized when there is an obligation towards a third party and it is probable or certain that an outflow of resources generating economic benefits will be necessary to settle the obligation without any benefit of at least equivalent value being expected in return.

Contingent liabilities are not recognized in the balance sheet but are disclosed in the notes to the financial statements unless the probability of an outflow of resources generating economic benefits is remote.

— Provisions for customer warranties

The provision is calculated:

- by multiplying revenue for the warranty period by a percentage corresponding to the ratio of average annual warranty costs to annual revenue;
- when the estimated product return period is shorter, by multiplying revenue for the estimated return period by a percentage corresponding to the ratio of average annual warranty costs to annual revenue.

— Provisions for treasury shares

Shares held under stock option plans:

- parent company shares held for stock option plans granted to Group employees are carried at cost on the balance sheet under "Other long-term investments". They are recognized at

acquisition cost. Where applicable, a provision is recorded to cover the difference between the option exercise price and the weighted Average Price of the corresponding shares held at the year-end.

Grant of performance shares:

- a provision is recorded for the cost of performance shares, corresponding to the number of shares that are expected to vest multiplied by the weighted Average Price of our own treasury stock at the fiscal year-end. The estimate takes into account staff turnover rates and share price assumptions.

Effective from 2008, this provision is recognized over the performance share vesting period in accordance with Regulation CRC 2008-15 of December 4, 2008; one of the vesting conditions is the grantee's employment by the Company.

Since the granting of stock options and performance shares constitute a compensation item, these provisions are recognized as personnel expenses.

— Provisions for losses from subsidiaries and affiliates

An impairment loss is recognized for investments whose current value is less than their carrying amount. As necessary, the provision is allotted in the following order: securities, current account, long-term receivables and provision for risk for up to the contingent amount. However, this provision for risk is recognized only under the following conditions:

- the legal form implies that Essilor is indefinitely and jointly responsible for the liability; or
- for the amount of the commitments undertaken by Essilor, for the other legal forms.

1.15 Loan issuance charges

Loan issuance charges may be:

- kept in expenses in their entirety in the year they are incurred;
- or distributed over the term of the loan.

The choice between these two methods is made when a loan is issued and cannot be changed subsequently for that same loan.

NOTE 2. REVENUE

2.1 Net revenue per business sector

2014 € thousands	France	Export	Total	Change % 2014/2013
Corrective lenses	347,355	302,144	649,499	5.1%
Optical instruments	30,589	61,403	91,991	1.1%
Industrial equipment	215	11,863	12,078	-28.3%
Other sales	15,673	61,180	76,853	2.8%
TOTAL	393,832	436,589	830,421	3.7%

2013 € thousands	France	Export	Total	Change % 2013/2012
Corrective lenses	338,404	279,869	618,273	12.0%
Optical instruments	32,246	58,762	91,008	9.1%
Industrial equipment	133	16,709	16,841	-25.3%
Other sales	14,963	59,762	74,725	-6.1%
TOTAL	385,746	415,101	800,847	8.6%

2.2 Net revenue distribution between France and export, Group and outside of Group

€ thousands	2014	2013	Change % 2014/2013
France:			
• Group	81,038	68,097	19.0%
• Non-Group	312,794	317,649	-1.5%
SUB-TOTAL	393,832	385,746	2.1%
Export:			
• Group	420,282	397,015	5.9%
• Non-Group	16,307	18,085	-9.8%
SUB-TOTAL	436,589	415,101	5.2%
TOTAL	830,421	800,847	3.7%

NOTE 3.

OTHER INCOME

€ thousands	2014	2013
Royalties and rebilling of expenses to Group companies	261,652	255,448
Other	86	280
TOTAL	261,738	255,727

NOTE 4.

OTHER EXTERNAL PURCHASES AND EXPENSES

€ thousands	2014	2013
Outsourcing	60,457	52,221
Rentals, maintenance and insurance	25,629	24,399
Studies, research and documentation	24,970	28,014
Temporary staff	14,982	13,867
Fees	30,833	27,203
Communication and advertising	33,984	26,361
Telecommunications, commissions and business travel	28,871	31,311
Other	8,107	1,931
TOTAL	227,832	205,307

NOTE 5.

FINANCIAL INCOME

€ thousands	2014	2013
Interest expense	-35,223	-12,765
Financial income		
• Dividends	270,372	231,640
• Investment income	2,482	3,381
• Interest income from loans	71,843	21,104
Net discounts	-4,029	-3,676
Provision charges	-6,569	-1,116
Currency exchange	11,563	2,542
Other	-974	-5,424
TOTAL	309,466	235,685

NOTE 6. NON-OPERATING INCOME (EXPENSE), NET

€ thousands	2014	2013
ON REVENUE TRANSACTIONS	-14,087	-2,533
Other income and expenses from revenue transactions ^(a)	-14,087	-2,533
ON CAPITAL TRANSACTIONS	334,840	112
Disposal of investments ^(b)	336,922	
Other extraordinary income and expenses from capital transactions	-2,082	112
UNTAXED PROVISIONS AND COST TRANSFER	-15,890	-9,597
Untaxed provisions	-1,809	-3,904
Cost transfer	305	
Other ^(c)	-14,386	-5,694
TOTAL	304,863	-12,018

(a) In 2014, other income and expenses on management operations mainly include an irrevocable commitment to contribute €14.95 million to the Essilor Social Impact fund.

(b) Transactions on the disposal of financial investments are mainly composed of transactions relating to the sale of Transitions Optical Inc. securities.

(c) The item "Other" mainly consists of impairment losses on intangible assets and property, plant and equipment.

NOTE 7. INCOME TAX

7.1 Profit excluding overriding tax assessments

€ thousands	2014	2013
Net profit	693,536	326,184
Income tax expense	-268	1,066
Pre-tax profit	693,268	327,250
Change in regulated provisions	1,800	3,904
Profit before tax, excluding overriding tax assessments	695,068	331,154

Besides a tax charge of €33,057 thousand, taxes recognized at Essilor include income related to the research tax credit of €23,632 thousand (of which €4,529 thousand from previous years)

and tax consolidation income of €4,644 thousand. Essilor tax income ended up totaling €268 thousand.

7.2 Allocation of income tax

Income tax expense breaks down as follows between operating and non-operating items:

2014 € thousands	Before tax	Corresponding tax	After tax
Profit before non-operating items and tax ^(a)	388,404	5,073	393,478
Non-operating income (expense), net ^(b)	304,863	-4,805	300,058
NET PROFIT			693,536

(a) Of which €270,372 thousand in dividends subject to the parent company-subsidiary treatment and €155,926 thousand in royalties taxed at the reduced rate of 15%.

(b) Including €337,311 thousand net long-term capital gains arising from the disposal of Transition Optical Inc. securities.

2013 € thousands	Before tax	Corresponding tax	After tax
Profit before non-operating items and tax	339,269	1,948	341,216
Non-operating income (expense), net	-12,019	-3,014	-15,033
NET PROFIT			326,184

7.3 Increases and reductions in future tax liabilities

Assets

No deferred tax assets are recognized in the balance sheet.

€ thousands	2014	2013
Pension plan	30,894	29,514
Provisions for paid vacation ^(a)	12,304	12,349
Other	20,638	19,231
TOTAL	63,836	61,094
TAX LOSS CARRYFORWARDS ^(b)	228,940	241,030
Or a corresponding tax of 38%	111,255	114,807

(a) The Company has elected to apply the provisions of Article 8 of the 1987 French Finance Act, allowing the deduction of vacation pay on a cash basis. The provision is therefore not deductible, giving rise to a future tax saving.

(b) This cumulative tax loss carryforward corresponds to the tax loss carryforward of the tax group. The tax savings arising from the use of the tax losses of tax group members, which are returnable to them by Essilor, are recognized as a liability through the recognition of a debt in the Company's balance sheet. This debt amounts to €3,910 thousand at December 31, 2014. The Company thinks it could utilize its tax loss carryforwards.

Liabilities

No deferred tax liabilities are recognized in the balance sheet. Recognition of deferred taxes on the timing differences shown below would have the effect of increasing income tax expense by €14,409 thousand.

€ thousands	At 2012 year-end	2013 increase	2013 decrease	At 2013 year-end	2014 increase	2014 decrease	At 2014 year-end
Provisions for:							
• Special depreciation allowances	32,138	10,438	6,535	36,042	10,184	8,384	37,842
• Other	236	-141		95	-20		75
TOTAL	32,374	10,298	6,535	36,137	10,164	8,384	37,917
Future tax liability (38%)	11,687			13,732			14,409

NOTE 8. INTANGIBLE ASSETS

€ thousands	Value at the start of the year	Acquisitions	Disposals	Movements	Provisions for the year	Reversals for the year	Value at year-end
2014							
R&D expenditure	7,466	1,111		-3,133			5,444
Patents, trademarks, licenses	127,496	2,414	1,924	5,351			133,336
Goodwill	434						434
Other intangible assets	5,406	2,625		-4,721			3,311
GROSS VALUE	140,802	6,150	1,924	-2,503			142,525
Amortization, depreciation and impairment	91,189				21,648	2,555	110,283
NET VALUE	49,612						32,243
2013							
R&D expenditure	4,752	2,714					7,466
Patents, trademarks, licenses	117,659	7,709	648	2,776			127,496
Goodwill	434						434
Other intangible assets	8,153			-2,746			5,406
GROSS VALUE	130,998	10,423	648	29			140,802
Amortization, depreciation and impairment	83,072				8,765	648	91,189
NET VALUE	47,926						49,612

NOTE 9. PROPERTY, PLANT AND EQUIPMENT

€ thousands	Value at the start of the year	Acquisitions	Disposals	Movements	Provisions for the year	Reversals for the year	Value at year-end
2014							
Land	13,957	49		645			14,652
Buildings	158,482	1,742	297	673			160,601
Plant and equipment	139,344	7,121	955	2,623			148,133
Other property, plant and equipment	45,797	588	184	158			46,359
Property, plant and equipment in progress	5,640	1,697	0	-1,793			5,544
Advances and deposits	120	0	0	-111			9
GROSS VALUE	363,341	11,197	1,436	2,196			375,298
Amortization, depreciation and impairment	240,079				22,771	1,320	261,530
NET VALUE	123,262						113,768
2013							
Land	13,894	73	10				13,957
Buildings	116,204	14,877	406	27,807			158,482
Plant and equipment	137,922	7,973	6,904	353			139,344
Other property, plant and equipment	45,072	1,998	1,303	30			45,797
Property, plant and equipment in progress	32,067	2,522		-28,950			5,640
Advances and deposits	120	33		-33			120
GROSS VALUE	345,279	27,477	8,623	-792			363,341
Amortization, depreciation and impairment	230,224				18,044	8,188	240,079
NET VALUE	115,056						123,262

NOTE 10. FINANCIAL ASSETS

10.1 Summary table

2014 € thousands	Value at the start of the year	Increases	Decreases	Movements	Provisions for the year	Reversals for the year	Value at year-end
Equity held ^(a)	1,842,706	930,059	10,203	17,054			2,779,615
Receivables from companies in which an equity interest is held ^(b) (Loans to subsidiaries / Advances on share issues)	559,420	4,372,544	2,843,778				2,088,186
Other long-term investments (own shares)	305,537	35,864	52,733				288,668
Other loans	44						44
Other long-term financial investments ^(c)	14,908	11,524	3,022	-17,054			6,355
GROSS VALUE	2,722,614	5,349,992	2,909,737				5,162,868
Impairment	57,591				19,779	11,900	65,470
NET VALUE	2,665,023						5,097,399

(a) Increases:

- acquisition of 51% of Transitions Optical Holding B.V., 51% of Transitions Optical LTD, 28.6% of Coastal Contacts Inc., 70% of ASE Corporate Eyecare and 60% of Infield France for an overall total of €810.1 million;
- capital increases for Canoptec Inc. and Essilor Middle East Ltd. for an amount totaling €102.5 million;
- supplementary acquisition of 40% of Dac Vision SAS to come to 100%, and 40% of Dac Vision Inc. to come to 100% for an overall total of €14.2 million;
- additional price for Onbitt Co., Ltd. of €2.5 million.

Decreases:

- sale of 65% of Essor France securities;
- sale of 29% of Transitions Optical Inc. securities;
- liquidation of PolyLite Asia Pacific Pte. Ltd.

Movements:

- long-term assets of various acquisition fees (€17.1 million).

(b) The increases and decreases are mainly related to the renewal of loans to subsidiaries, particularly those granted to Essilor of America, Inc.

(c) Balance comprising various acquisition fees attached to ongoing acquisitions.

2013 € thousands	Value at the start of the year	Increases	Decreases	Movements	Provisions for the year	Reversals for the year	Value at year-end
Equity held	1,811,968	43,873	13,941	805			1,842,706
Receivables from companies in which an equity interest is held (Loans to subsidiaries / Advances on share issues)	476,264	1,007,225	924,069				559,420
Other long-term investments (own shares)	241,057	251,465	186,985				305,537
Other loans	44						44
Other long-term financial investments	6,463	10,207	957	-805			14,908
GROSS VALUE	2,535,796	1,312,771	1,125,953				2,722,614
Impairment	66,147				17,243	25,799	57,591
NET VALUE	2,469,650						2,665,023

10.2 Table of subsidiaries and shareholdings

Subsidiaries and affiliates whose gross value as a percentage of Essilor International's share capital

€ thousands	Share capital	Other equity	Carrying amount of shares held		Loans and advances granted by the Company	Guarantees and endorsements given by the Company	Net revenue for the last fiscal year	Profit for the last fiscal year	Dividends cashed by the company over the fiscal year
			Gross	Net					
A IS GREATER THAN 1%									
French companies	113,462	274,821	268,693	252,743			429,957	69,427	35,660
International subsidiaries	804,469	1,888,480	2,509,152	2,460,883	1,516,650	53,133	6,120,914	465,264	234,659
B DOES NOT EXCEED 1%									
French companies							3,066		66
International subsidiaries	3,410	33,677	1,770	778	86,468		128,022	13,021	0

10.3 Maturities of long-term asset receivables

€ thousands	2014	2013
More than one year ^(a)	1,684,524	319,034
Less than one year	410,061	255,337
TOTAL	2,094,585	574,371

(a) The increase in maturities to more than a year is related to the loans granted to Essilor of America, Inc. mainly within the context of the acquisition of Transitions Optical.

NOTE 11. CURRENT ASSETS

11.1 Inventories

€ thousands	2014	2013
Raw materials and other supplies	36,569	37,452
Goods for resale	9,990	8,464
Finished and semi-finished products and work in process	26,326	24,369
SUB-TOTAL	72,884	70,286
Provisions:		
• Raw materials and other supplies	-12,452	-11,591
• Goods for resale	-1,774	-2,422
• Finished and semi-finished products and work in process	-4,250	-3,660
SUB-TOTAL	-18,476	-17,673
TOTAL	54,409	52,613

11.2 Maturities of current asset receivables

€ thousands	2014
MORE THAN ONE YEAR	32,089
Trade receivables	32,089
Other receivables ^(b)	
LESS THAN ONE YEAR	676,722
Prepayments on orders	1,271
Trade receivables ^(a)	268,238
Other receivables ^(b)	407,213
TOTAL	708,812

(a) The portion related to commercial paper represents €438.2 thousand.

(b) The "Other receivables" line primarily includes current accounts with regard to subsidiaries of €342 million and a carry-back receivable of €17.4 million.

11.3 Marketable securities

€ thousands	2014		2013	
	Gross	Net	Gross	Net
SICAV ^(a)	104,566	104,566	304,119	304,119
Currency options			482	482
TOTAL	104,566	104,566	304,601	304,601
Bank deposits	25,195	25,195	70,287	70,287
TOTAL	129,761	129,761	374,888	374,888

(a) SICAV mutual funds held at closing are comprised solely of money market funds.

Available cash is invested in accordance with the two overarching principles of security and liquidity. Essilor 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.

11.4 Prepaid expenses

€ thousands	2014	2013
Prepaid expenses:		
• Operating results	12,987	12,046
• Financial income	3,950	4,128
TOTAL	16,937	16,174

11.5 Accrued income

€ thousands	2014	2013
Investments and other non-current assets		
Receivables from companies in which an equity interest is held	3,027	1,962
Receivables		
Clients – invoices to raise	63,294	63,639
Other receivables	3,448	3,697
TOTAL	69,769	69,298

NOTE 12. SHAREHOLDERS' EQUITY

12.1 Composition of capital

Number of shares, except per share data	Number of shares				At year-end	Par value (€)
	At the start of the fiscal year	Issued	Canceled	Exchanged		
Ordinary shares	214,699,498	1,193,030			215,892,528	0.18
TOTAL	214,699,498	1,193,030			215,892,528	0.18

Of which treasury shares:

Number of shares	Number of shares at the start of the fiscal year	Share purchases	Cancellation	Exercises of Options	Exercises of Performance shares	Number of shares at year-end
Long-term investments	4,454,406	469,425			-963,910	3,959,921
TOTAL	4,454,406	469,425			-963,910	3,959,921

12.2 Variation in equity capital

€ thousands	Share capital	Issue premiums	Reserves and retained earnings	Result for the fiscal year	Untaxed provisions	Government grants	Translation reserve ^(a)	Total equity
TOTAL EQUITY AT JANUARY 1, 2014	38,646	302,160	1,665,888	326,184	36,042	95	-2,361	2,366,655
Capital increase								
● FCP Mutual funds	61	23,451						23,512
● Stock subscription options	154	34,840						34,994
Capital reduction								
Other movements over the fiscal year					1,800	-20	2,600	4,380
Allocation of profit			326,184	-326,184				
Dividends paid			-197,731					-197,731
Net profit for the fiscal year				693,536				693,536
EQUITY AT DECEMBER 31, 2014	38,861	360,451	1,794,341	693,536	37,842	75	239	2,925,345

(a) The translation difference relates to the Puerto Rico branch.

2014

Capital totaled €38,861 thousand, corresponding to an increase of 1,193,030 ordinary shares following:

- subscriptions to Essilor group FCP mutual funds (377,182 shares);
- stock subscription options (855,848).

New shares were entitled to dividends starting January 1, 2014.

2013

Capital totaled €38,646 thousand, corresponding to a decrease of 24,542 ordinary shares following:

- a reduction of capital via cancellation of treasury shares (-1,500,000 shares);
- subscriptions to Essilor group FCP mutual funds (377,407 shares);
- stock subscription options (1,098,051 shares).

New shares were entitled to dividends starting January 1, 2013.

12.3 Stock subscription and purchase options, performance shares and employee share issues

Stock subscription and purchase options

The exercise price of stock subscription or purchase 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 since November 2008 are subject to performance conditions based on the share performance over a period of two to six years, as well as to the 100% cap on gains.

The following table analyzes changes in the number of stock subscription options at the year-end:

	Number of subscription options at Jan. 1, 2014	Exercise of options	Options canceled and forfeited	Grants for the fiscal year	Number of subscription options at Dec. 31, 2014
Share stock subscription options	1,703,435	-855,848	-68,958	121,505	900,134
TOTAL	1,703,435	-855,848	-68,958	121,505	900,134

Performance shares

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

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 following table analyzes changes in the number of performance shares at the year-end:

	Number of performance shares at Jan. 1, 2014	Performance shares vested	Performance shares canceled	Grants for the fiscal year	Number of performance shares at Dec. 31, 2014
Performance shares	3,530,585	-963,910	-90,320	1,544,904	4,021,259
TOTAL	3,530,585	-963,910	-90,320	1,544,904	4,021,259

Employee share issues

The main features of employee share issues are:

€	2014	2013
Share subscription price	69.73	61.83
Total discount amount	17.43	15.46
Number of shares subscribed	337,182	377,407

NOTE 13. PROVISIONS

13.1 Provisions for contingencies and charges

2014 € thousands	Value at the start of the year	Provisions for the year	Reversals for the year (used)	Reversals for the year (unused)	Value at year-end
Provisions for pensions and other post-employment benefits	29,514	5,628	4,248		30,894
Provisions for losses in subsidiaries and affiliates	300				300
Provision for losses on performance shares	55,767	87,746	63,986		79,527
Other provisions ^(a)	28,638	26,403	15,583	337	39,121
TOTAL	114,220	119,777	83,818	337	149,842

(a) At end 2014, "Other provisions" were comprised primarily of the provision for tax audits, provision for currency loss and provisions for the restructuring program relating to the rationalization of the production site of the Puerto Rico branch.

2013 € thousands	Value at the start of the year	Provisions for the year	Reversals for the year (used)	Reversals for the year (unused)	Value at year-end
Provisions for pensions and other post-employment benefits	30,050	4,196	4,731		29,514
Provisions for losses in subsidiaries and affiliates	300				300
Provision for losses on performance shares	36,166	55,231	35,631		55,767
Provisions for restructuring	15			15	
Other provisions ^(a)	14,927	18,507	4,207	589	28,638
TOTAL	81,460	77,934	44,570	604	114,220

(a) At end 2013, "Other provisions" were comprised primarily of the provision for tax audits, provision for legal disputes and provisions for operating risks and other provisions.

13.2 Asset depreciation

€ thousands	Value at the start of the year	Provisions for the year	Reversals for the year	Value at year-end
2014				
ASSET DEPRECIATION	89,991	41,976	40,073	91,894
Inventories	17,673	18,476	17,673	18,476
Receivables	14,719	4,063	10,500	8,282
Shares in subsidiaries and affiliates	56,098	19,271	10,573	64,796
Receivables from companies in which an equity interest is held	1,327		1,327	
Other long-term investments	166	166		332
Other	8			8
2013				
ASSET DEPRECIATION	108,276	38,473	56,758	89,991
Inventories	17,662	17,673	17,662	17,673
Receivables	24,460	3,557	13,298	14,719
Shares in subsidiaries and affiliates	62,662	17,077	23,641	56,098
Receivables from companies in which an equity interest is held	3,485		2,158	1,327
Other long-term investments		166		166
Other	8			8

NOTE 14. LIABILITIES

14.1 Financial debt maturities

Analysis of total liabilities by maturity and by category

€ thousands	2014	2013
DUE IN LESS THAN ONE YEAR	876,268	262,224
Loans from subsidiaries	35,641	29,405
Interest on bonds and US private placement ^(a)	15,433	3,196
US and French commercial paper programs ^(a)	813,499	215,379
Total borrowings	11,695	14,244
DUE IN ONE TO FIVE YEARS	514,359	290,044
US private placements ^(a)	514,359	290,044
DUE IN MORE THAN FIVE YEARS	944,565	290,044
Bonds ^(b)	800,000	
US private placements ^(a)	144,565	290,044
TOTAL	2,335,192	842,312

(a) The nature and amount of 2014 funding are presented under "Significant events of the year".

(b) As part of its EMTN program, Essilor proceeded to issue two bonds whose redemption price is at par.

Analysis by currency (financial debt)

€ thousands	2014	2013
EUR	1,079,144	205,433
USD	1,230,091	608,664
GBP	3,738	600
THB	11,278	21,082
MXN	336	942
PLN	6,616	5,591
CNY	3,989	
TOTAL	2,335,192	842,312

Covenants

The Company's financing is not subject to any particular financial covenants. Only the USD 300 and USD 500 million US private placements subscribed in 2012 and 2013 are subject to a specific financial ratio. This was complied with at December 31, 2014.

14.2 Maturities of other liabilities

Analysis of total liabilities by maturity and by category

€ thousands	2014	2013
DUE IN LESS THAN ONE YEAR	770,838	528,112
Operating liabilities ^(b)	372,825	322,933
Other liabilities ^(a) and ^(b)	398,013	205,179
DUE IN ONE TO FIVE YEARS		5,349
Operating liabilities		
Other liabilities		5,349
DUE IN MORE THAN FIVE YEARS		
Operating liabilities		
Other liabilities		
TOTAL	770,838	533,461

(a) The "Other liabilities" line primarily includes current accounts with regard to subsidiaries of €329 million.

(b) The portion related to commercial paper was zero in 2014.

14.3 Accruals

€ thousands	2014	2013
Accrued interest on borrowings	16,854	4,067
Trade payables	75,787	51,375
Accrued taxes and personnel expenses		
• Vacation pay	36,828	36,055
• Discretionary profit sharing	6,614	5,975
• Other	34,137	29,666
Other operating liabilities		
• Discounts and allowances to be granted	90,147	83,816
• Amounts due to customers	6,115	578
• Credit notes to be issued	6,969	6,111
• Affiliates, dividends to be paid		
Liabilities on long-term assets and related accounts	588	3,528
TOTAL	274,038	221,170

14.4 Items concerning related companies

Related parties are companies that are fully consolidated in the Group's consolidated financial statements. Businesses with which the Company has capital ties correspond to other Group companies.

There are no significant transactions with these companies that have not been concluded under normal market conditions.

Balance sheet € thousands	Net amount concerning other companies			Total assets
	Related parties	with which the Company has capital ties	Other	
Equity held	1,900,935	813,470		2,714,405
Receivables from companies in which an equity interest is held	2,079,964	7,516	706	2,088,186
TOTAL LONG-TERM FINANCIAL ASSETS (NET)	3,980,899	820,986	706	4,802,591
Trade receivables	217,469	17,071	65,787	300,327
Other receivables	341,169	119	65,926	407,213
TOTAL CURRENT ASSETS (NET)	558,638	17,190	131,713	707,540
TOTAL ASSETS	4,539,537	838,176	132,419	5,510,131
Trade payables	77,142	5,631	83,146	165,919
Other operating liabilities	8,382	192	198,331	206,906
Other liabilities	380,864		17,149	398,013
TOTAL LIABILITIES	466,388	5,823	298,626	770,838

Income statement € thousands	Net amount concerning other companies			Total income statement
	Related parties	with which the Company has capital ties	Other	
Financial expense ^(a)	33,869	594	329,997	364,459
Financial income ^(b)	399,907	169,270	104,749	673,926

(a) Financial expense breaks down as follows:

Financial expenses reported under "Related parties" correspond mainly to impairment losses on shares in subsidiaries, impairment losses on loans and subsidiary current accounts, interest on advances from the cash pool and interest on borrowings.

Financial expenses reported under "Unrelated parties" correspond mainly to interest on borrowings and swaps.

(b) Financial income breaks down as follows:

Financial income reported under "Related parties" corresponds mainly to dividend income, reversals of impairment losses on shares in subsidiaries, interest on loans, account updates.

Financial income reported under "Capital ties" mainly concern deposited dividends.

Financial income reported under "Unrelated parties" corresponds mainly to gains on investments (SICAV mutual funds and bank deposits), interest on borrowings and reversals of provisions for impairment losses on shares.

NOTE 15. OFF-BALANCE-SHEET COMMITMENTS

15.1 Financial commitments

Commitments given and received

€ thousands	2014	2013
Projected benefit obligations given		
Guarantees and endorsements ^(a)	109,938	342,335
Projected benefit obligations received		
Guarantees, endorsements and sureties received		

(a) Guarantees by Essilor mainly granted to its subsidiaries and affiliates.

Confirmed lines of credit undrawn at December 31, 2014 amounted to €2,267 million.

Forward foreign exchange contracts

Foreign exchange forward transactions at December 31, 2014 are the following:

€ thousands	Contractual amounts (initial price)	Market value at December 31, 2014
Foreign currency sell position	213,823	-10,450
Foreign currency buy position	208,432	10,415
TOTAL		-35

Essentially, the Company is in a net selling position for AUD and CAD while it is a net buyer of GBP.

Interest rate products

At the year-end, currency options were as follows:

€ thousands	Notional	Market value at December 31, 2014
USD interest rate swaps	150,000	-3,116
EUR interest rate swaps	400,000	25,310
EUR interest rate caps	50,000	
USD interest rate caps	50,000	
TOTAL		22,194

15.2 Commitments under finance leases

There have been no commitments under finance leases since 2006.

15.3 Commitments for future payments

Contractual obligations 2014 € thousands	Future minimum payments			Total
	up to 1 year	1 to 5 years	over 5 years	
Non-cancelable operating leases	3,507	13,632	11,656	28,795
TOTAL	3,507	13,632	11,656	28,795

15.4 Commitments relating to the sale of put options on minority interests

Essilor granted put options to the minority shareholders of various controlled subsidiaries. At December 31, 2014, the valuation of all of these put options if they were fully exercised totaled €41,624 thousand.

NOTE 16. INFORMATION ON PERSONNEL

16.1 Pension, length-of-service obligations and other awards

Supplementary pensions

The Company's obligation to management and management-level employees for supplementary pensions was updated in 2014, using a retrospective method. 2014 actuarial assumptions were as follows: inflation rate (2%), staff turnover rate, rate of future salary increases (4%) and discount rate (2.15%).

Measured in this way, the obligation totaled €63,839 thousand, of which €1,386 thousand has already been paid into pension funds managed by an independent insurance company by the end of 2014.

€ thousands	2014	2013
Current value of projected benefit obligations	63,839	41,953
Market value of plan assets	-16,600	-9,843
Deferred items ^(a)	-40,907	-25,176
PROVISION RECORDED IN THE ACCOUNTS	6,331	6,934

(a) Deferred items correspond to actuarial losses or gains and costs for past services. In 2014, these items include a withdrawal of €2.3 million corresponding to the reclassification to assets of the surplus from pension plan Article 39. The balance of €6.3 million corresponds to the commitment under Article 83.

Length-of-service awards

The Company's obligation for the payment of length-of-service awards in application of French labor laws, collective bargaining agreements and trade union agreements was estimated,

according to a retrospective method, at €2,685 thousand at December 31, 2014, based on a discount rate of 2.15%.

€ thousands	2014	2013
Current value of projected benefit obligations	2,685	2,355
Market value of plan assets		
PROVISION RECORDED IN THE ACCOUNTS	2,685	2,355

Retirement benefits

The Company's obligation for the payment of retirement benefits for all types of retirement was estimated, according to a

retrospective method, at €38,921 thousand at December 31, 2014 based on a discount rate of 2.15%.

€ thousands	2014	2013
Current value of projected benefit obligations	38,921	34,100
Market value of plan assets		
Deferred items ^(a)	-18,723	-14,894
PROVISION RECORDED IN THE ACCOUNTS	20,198	19,206

(a) Deferred items correspond to actuarial losses or gains and costs for past services.

Expenses for the year

€ thousands	2014	2013
Cost of services rendered in the period	-4,137	-4,025
Interest expense on discounting	-2,516	-2,458
Contributions paid	3,000	
Benefits paid	4,232	3,790
Expected return on plan assets	405	516
Actuarial losses (gains)	-3,196	-3,319
Cost of past services	-302	-302
EXPENSES FOR THE YEAR	-2,514	-5,798

16.2 Average number of employees

Breakdown of average number of employees	2014	2013
Managerial personnel	1,336	1,327
Supervisors and employees	1,196	1,268
Production	773	830
TOTAL	3,305	3,425

16.3 Compensation of executives

€ thousands	2014	2013
Executive bodies		
Compensation received ^(a)	1,655	1,791
Length-of-service award payable on retirement (actuarial value)	581	740
Supplementary retirement benefit obligations (actuarial value)	13,952	10,040
Value of performance share rights granted during the year ^(b)	1,566	1,521
TOTAL	17,753	14,092
Administrative bodies		
Compensation received	504	462
TOTAL	504	462

(a) Compensation paid by Essilor International SA or any other consolidated subsidiary.

(b) The amounts indicated are the fair-value accounting amounts of the options and stocks in accordance with IFRS. These are, therefore, not real amounts which may be realized upon acquisition of the stock, if vested. It should also be noted that awards of shares are subject to employment and performance conditions.

16.4 other information relating to personnel

Individual training entitlement ("DIF")

The cumulative number of hours training available to employees under the "DIF" incentive was 336,333.

The cumulative number of hours for which no training request had been received at the balance sheet date was 291,618.

NOTE 17.
**FEEs CHARGED BY STATUTORY AUDITORS
AND MEMBERS OF THEIR NETWORKS**

€ thousands, except for percentages	PricewaterhouseCoopers				Mazars			
	Amount		As a %		Amount		As a %	
	2014	2013	2014	2013	2014	2013	2014	2013
Audit								
Statutory audit, certification, review of individual and consolidated accounts	447	447	38%	33%	282	282	44%	63%
Other audit-related services	726	922	62%	67%	358	162	56%	37%
SUB-TOTAL	1,172	1,369	100%	100%	640	444	100%	100%
Other benefits								
Legal and tax advice								
Other								
SUB-TOTAL								
TOTAL	1,172	1,369	100%	100%	640	444	100%	100%

NOTE 18.
POST-BALANCE SHEET EVENTS

Sale at the start of the fiscal year 2015

At January 1, 2015, Essilor sold the whole of its shareholding in Dac Vision Inc. to the company Satisloh North America for the sum of €32 million.

NOTE 19.

RESULTS (AND OTHER FEATURES) OF THE LAST FIVE FISCAL YEARS

Capital at year-end € thousands	2014	2013	2012	2011	2010
Share capital	38,861	38,646	38,650	38,527	38,098
Number of ordinary shares outstanding	215,892,528	214,699,498	214,724,040	214,038,296	211,655,342
o/w treasury stock	3,959,921	4,454,406	4,387,477	5,363,126	2,894,112
Number of preferred, non-voting shares outstanding (without voting rights)					

Transactions and results for the year € thousands	2014	2013	2012	2011	2010
Net revenue	830,421	800,847	737,543	678,430	680,533
Profit before tax and calculated expenses (amortization and provisions)	749,634	373,329	445,205	300,219	362,900
Income tax expense	-268	1,066	11,294	-14,408	-5,077
Employee profit-sharing due for the year					
Profit after tax and calculated expenses (amortization and provisions)	693,536	326,184	407,376	273,061	341,947
Total dividends	216,171	197,630	185,096	177,374	173,272

Earnings per share € thousands	2014	2013	2012	2011	2010
Earnings per share, after tax and employee profit-sharing, but before calculated expenses (amortization and provisions), excluding treasury stock	3.54	1.77	2.06	1.51	1.76
Earnings per share, after tax, employee profit-sharing, calculated expenses (amortization and provisions), excluding treasury stock	3.27	1.55	1.94	1.31	1.64
Net dividend per ordinary share	1.02 ^(a)	0.94	0.88	0.85	0.83
Net dividend per preferred, non-voting share					

(a) Subject to the decision of the Shareholders' Meeting of May 5, 2015.

Personnel € thousands, except for the average number of employees	2014	2013	2012	2011	2010
Average number of employees in the year	3,305	3,425	3,457	3,464	3,528
Total payroll	175,783	172,407	167,943	161,028	157,673
Total benefits	99,676	97,673	96,729	81,492	79,270