3.2.4 2016 Outlook

In 2016, Essilor intends to step up its deployment in the field of vision care by developing new lens products and services, continuing to invest in consumer marketing and driving faster growth in the sunwear and online segments.

The Company expects full-year revenue growth, at constant exchange rates, to exceed 8%, including a like-for-like gain of around 5%. Excluding any new strategic acquisitions, it is targeting a contribution from operations [(a)] of at least 18.8% of revenue.

Going forward towards Essilor's medium-term 2018 objectives, the broadening of its playing field and increasing proximity with consumers should continue to drive faster like-for-like revenue growth (in excess of 6% in 2018) and boost profitability

3.3 2015 CONSOLIDATED FINANCIAL STATEMENTS

3.3.1 Consolidated income statement

€ millions, excluding per share data	Notes	Year 2015	Year 2014
Revenue	3	6,716	5,670
Cost of sales		(2,704)	(2,355)
GROSS MARGIN		**4,012**	**3,315**
Research and development costs		(214)	(188)
Selling and distribution costs		(1,678)	(1,367)
Other operating expenses		(857)	(717)
CONTRIBUTION FROM OPERATIONS [(a)]		**1,263**	**1,043**
Other income from operations	6	18	546
Other expenses from operations	6	(98)	(367)
OPERATING PROFIT	**3**	**1,183**	**1,222**
Finance costs, net	7	(54)	(31)
Other financial income	8	5	6
Other financial expenses	8	(14)	(21)
Share of profits of associates		1	3
PROFIT BEFORE TAX		**1,121**	**1,179**
Income tax expense	9	(308)	(193)
NET PROFIT		**813**	**986**
Attributable to Group equity holders		**757**	**929**
Attributable to minority interests		56	57
Net profit attributable to Group equity holders per share (€)		3.57	4.41
Average number of shares (thousands)	10	212,226	210,511
Diluted net profit attributable to Group equity holders per share (€)		3.50	4.32
Diluted average number of shares (thousands)	11	216,583	214,820

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

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

Statement of consolidated comprehensive income

€ millions	Year 2015			Year 2014		
	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)	**757**	**56**	**813**	**929**	**57**	**986**
Items of comprehensive income that will not be reclassified subsequently to profit or loss						
Actuarial gains and losses on pension and other post-employment benefit obligations	(10)		(10)	(50)		(50)
Tax on items that will not be reclassified subsequently	2		2	7		7
Items of comprehensive income that may be reclassified subsequently to profit or loss						
Cash flow hedges, effective portion	(2)		(2)	8		8
Increase (decrease) in fair value of long-term financial investments	(1)		(1)	(1)		(1)
Translation reserves	188	27	215	367	29	396
Tax on items that may be reclassified subsequently	1		1	(2)		(2)
TOTAL INCOME (EXPENSES) FOR THE PERIOD RECOGNIZED DIRECTLY IN EQUITY, NET OF TAX (B)	**178**	**27**	**205**	**329**	**29**	**358**
TOTAL RECOGNIZED INCOME AND EXPENSES, NET OF TAX (A) + (B)	**935**	**83**	**1,018**	**1,258**	**86**	**1,344**

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

3.3.2 Consolidated balance sheet

Assets

€ millions	Notes	December 31, 2015	December 31, 2014
Goodwill	12	5,295	4,668
Other intangible assets	13	1,826	1,532
Property, plant and equipment	14	1,200	1,154
Investments in associates		5	3
Non-current financial assets	16	139	103
Deferred tax assets	9	169	151
Long-term receivables		24	15
Other non-current assets		41	1
TOTAL NON-CURRENT ASSETS		**8,699**	**7,627**
Inventories	17	1,099	1,002
Prepayments to suppliers		32	20
Short-term receivables	18	1,456	1,327
Tax receivables		60	56
Other receivables		34	38
Derivative financial instruments recognized in assets	23	64	43
Prepaid expenses		61	50
Cash and cash equivalents	19	466	626
CURRENT ASSETS		**3,272**	**3,162**
TOTAL ASSETS		**11,971**	**10,789**

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

Liabilities

€ millions	Notes	December 31, 2015	December 31, 2014
Share capital		39	39
Issue premiums		400	360
Consolidated reserves		4,504	3,758
Own shares		(286)	(286)
Hedging and revaluation reserves		(131)	(121)
Translation differences		424	236
Net profit attributable to Group equity holders		757	929
Equity attributable to parent company owners		**5,707**	**4,915**
Equity attributable to non-controlling interests	31	385	345
TOTAL CONSOLIDATED EQUITY		**6,092**	**5,260**
Provisions for pensions	20	295	281
Long-term borrowings	22	1,905	1,521
Deferred tax liabilities	9	422	383
Other non-current liabilities	24	404	394
NON-CURRENT LIABILITIES		**3,026**	**2,579**
Provisions	21	369	274
Short-term borrowings	22	674	926
Customer prepayments		31	31
Short-term payables	18	1,357	1,215
Tax payables		87	58
Other current liabilities	24	316	421
Derivative financial instruments recognized in liabilities	23	9	17
Deferred income		10	8
CURRENT LIABILITIES		**2,853**	**2,950**
TOTAL LIABILITIES		**11,971**	**10,789**

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

3.3.3 Statement of changes in equity

Fiscal year 2015

€ 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, 2015	**39**	**360**	**(121)**	**3,758**	**236**	**(286)**	**929**	**4,915**	**345**	**5,260**
Capital increases										
• FCP mutual funds		25						25		25
• Stock subscription options		15						15		15
Capital increases subscribed by minority interests									6	6
Share-based payments				41				41		41
Purchases of treasury stock (net of sales)										
Allocation of profit				929			(929)			
Effect of changes in the scope of consolidation				(8)				(8)	(14)	(22)
Dividends paid				(216)				(216)	(35)	(251)
TRANSACTIONS WITH SHAREHOLDERS		**40**		**746**			**(929)**	**(143)**	**(43)**	**(186)**
Income (expense) for the period recognized directly in equity			(10)					(10)		(10)
Net profit for the fiscal year							757	757	56	813
Translation differences and other					188			188	27	215
TOTAL RECOGNIZED INCOME AND EXPENSES			**(10)**		**188**		**757**	**935**	**83**	**1,018**
EQUITY AT DECEMBER 31, 2015	**39**	**400**	**(131)**	**4,504**	**424**	**(286)**	**757**	**5,707**	**385**	**6,092**

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

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 subscription options		35						35		35
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 the scope of consolidation				34				34	(4)	30
Dividends paid				(198)				(198)	(30)	(228)
TRANSACTIONS WITH SHAREHOLDERS		**58**		**418**		**18**	**(593)**	**(99)**	**(26)**	**(125)**
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 EXPENSES			**(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.

3.3.4 Consolidated cash flow statement

€ millions	Notes	Year 2015	Year 2014
CONSOLIDATED NET PROFIT [(a)]		**813**	**986**
Share of profits of associates, net of dividends received		(1)	25
Depreciation, amortization and other non-cash items		380	451
Profit before amortization and depreciation and associates		**1,192**	**1,462**
Provision charges (reversals)		(8)	99
Gains and losses on asset disposals, net		(1)	(513)
Cash flow after tax and finance costs, net		**1,183**	**1,048**
Finance costs, net [(a)]		54	31
Tax expenses (including deferred taxes) [(a)]		308	193
Cash flow before tax and finance costs, net		**1,545**	**1,272**
Taxes paid		(265)	(225)
Interest (paid) and received, net		(35)	(25)
Change in working capital requirement		(51)	10
NET CASH FROM OPERATING ACTIVITIES		**1,194**	**1,032**
Purchases of property, plant and equipment and intangible assets		(327)	(232)
Acquisitions of subsidiaries, net of the cash acquired		(765)	(1,836)
Purchases of non-consolidated securities		(15)	(4)
Change in other non-financial assets		(13)	(9)
Proceeds from the sale of other financial assets, property, plant and equipment and intangible assets		7	6
NET CASH USED IN INVESTING ACTIVITIES		**(1,113)**	**(2,075)**
Capital increase [(b)]		46	67
Net sale (net buyback) of treasury shares [(b)]			(36)
Dividends paid:			
• to Essilor shareholders [(b)]		(216)	(198)
• to minority shareholders of the consolidated subsidiaries [(b)]		(35)	(30)
Bond issues	22	300	800
Increase / (Decrease) in borrowings other than finance lease liabilities	22	(345)	434
Acquisition of marketable securities [(c)]			6
Repayment of finance lease liabilities		(2)	(4)
Other movements			
NET CASH USED IN FINANCING ACTIVITIES		**(252)**	**1,039**
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(171)**	**(4)**
Net cash and cash equivalents at January 1		**598**	**749**
Effect of changes in exchange rates		4	(147)
NET CASH AND CASH EQUIVALENTS AT PERIOD-END		**431**	**598**
Cash and cash equivalents	22	466	626
Bank credit facilities	22	(35)	(28)

(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

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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 2015 consolidated financial statements were approved by the Board of Directors on February 18, 2016.

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 No 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), and their interpretations since January 1, 2005, as approved in the European Union, with mandatory application as at December 31, 2015. These 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 at December 31, 2014. The standards, amendments and interpretations with mandatory application in or after 2015 (see below) have no material impact on the Group's financial statements:

- IFRIC 21 – Levies.

Furthermore, the Group has not opted for early application of the standards, amendments or interpretations whose application is not mandatory on or after January 1, 2015:

- IFRS 9 – Financial Instruments;
- IFRS 14 – Regulatory Deferral Accounts;
- IFRS 15 – Revenue from Contracts with Customers;
- IFRS 16 – Contract leases;
- amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortization;
- amendment to IAS 19 – Defined Benefit Plans: Employee Contributions;
- amendment 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 IAS 1 – Disclosure Initiative;
- amendment 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 by the Group.

(1) *http://ec.europa.eu/finance/company-reporting/index_en.htm.*

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 assumptions concern, in particular:

- the recoverable amount of goodwill (Notes 1.21 and 12);
- fair values in relation to business combinations and put options granted to minority shareholders (Note 1.21);
- risk assessment to determine the amount of provisions (Notes 1.32 and 1.21);
- measurement of pension and other post-employment benefit obligations (Notes 1.31 and 21).

The final amounts may differ from these estimates.

1.5 Presentation of the financial statements

Some reclassifications related to the presentation of comparative figures could have been realized in order to be compliant with the presentation of the current period or to IFRS standards.

1.6 Basis of consolidation

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

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

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

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 costs of sales and the Transitions trademark's marketing costs.

The criteria applied to determine the scope of consolidation are described under "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 the percentage of ownership interest held during the year, the profit attributable to Group equity holders 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;
- the new percentage of ownership interest in the profit generated after that date and up to the period-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.

1.7 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 & Optical Instruments, Equipment, and Sunglasses & Readers.

The **Lenses & Optical Instruments** business segment comprises the Group's Lens business (production, prescription, 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 segment are eye-care professionals (opticians and optometrists).

The Lenses & Optical Instruments business chain is designed as a complete network with multiple interactions. The segment has a global network of plants, prescription laboratories, edging facilities and distribution centers serving eye care professionals throughout the world. This network is centrally managed, along with the Group's 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 coating 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.

1.8 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, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing activities.

Profit before amortization and depreciation and from associates is equal to the sum of net profit of consolidated companies, plus amortization, depreciation and provisions (other than provisions on current assets), calculated expenses (mainly expenses on stock subscription options and purchases of shares, awards of performance shares and the employee share ownership plan) and dividends received from associates.

Working capital comprises inventories, operating receivables and payables, sundry receivables and payables, deferred income and prepaid expenses. Changes in working capital are stated before the effect of changes in the 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 net cash and cash equivalents corresponds to the effect of (i) changes in exchange rates between the beginning and end of the period and (ii) the difference between the closing exchange rate and the average rate on movements over the period.

The amounts reported for acquisitions (sales) of subsidiaries correspond to the acquisition price (sale proceeds), adjusted by the net cash and cash equivalents of the acquired (sold) company at the transaction date.

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

- The Group's 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.

1.9 Conversion of foreign subsidiaries' financial statements

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 entity 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, is recorded in equity, under "Translation difference," and reclassified to profit when the foreign investments to which it relates are sold or wound up.

1.10 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 customer, generally corresponding to the date of physical and technical acceptance by the latter.

1.11 Cost of sales

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

1.12 Contribution from operations

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

1.13 Other operating income and expenses

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

They primarily include 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 significant property, plant and equipment or intangible assets, legal costs and provisions, changes in price supplements for acquisitions made after January 1, 2010, net income on disposals of business activities and consolidated entities as well as, in step acquisitions, the fair value revaluation of the previously held share.

1.14 Share-based payments

Stock subscription options and performance share awards

The fair value of stock options and performance share awards is determined based on methods adapted to their characteristics:

- performance-based stock subscription options, subject to vesting conditions based on the share price performance, are valued using the Monte Carlo model;
- performance shares, which are subject to vesting conditions based on the change in the share price compared with the Reference Price on the grant date, are valued 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 such options being exercised early, with a corresponding increase in consolidated reserves.

For performance share awards, 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, November 2014, and December 2015 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 for the November 2012, November 2013, and November 2014 performance share plans, and for three and a half years for the December 2015 performance share plan.

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 dividends 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, November 2014, and December 2015 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 consolidated reserves.

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 as an expense 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 authority (Conseil National de la Comptabilité) issued a press release in which it proposed guidelines for valuing this discount. An illiquidity discount has been taken into account by the Group since the second half of 2007. In line with the 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.

1.15 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, using the effective interest method.

The cost of gross debt consists of interest on financing, realized gains or accrued interest on interest rate derivatives, and non-use 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.

1.16 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 losses are recognized in financial income.

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 at the fair value of the currency risk hedging instrument at the transaction date.

1.17 Assets and liabilities measured at fair value

In accordance with IAS 39, derivatives (including currency forwards transactions) are initially recognized at cost and subsequently measured at their fair value at each closing date.

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

- cash flow hedges: the effective portion of the change in the 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 on the fair value of the hedging instrument. The ineffective portion of the change in the fair value is recognized in financial income;
- hedge of the net investment in a foreign company: the effective portion of the change in the 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 company is sold or the entity is wound up. The ineffective portion of the change in the fair value is recognized in financial income;
- fair value hedges of existing assets or liabilities: the change in the fair value is recognized in profit or loss on a symmetrical basis with the change in the fair value of the hedged assets or liabilities;
- financial 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 change in the fair value of these financial instruments are recognized directly in financial income, in accordance with the criteria of IAS 39.

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

- level 1: financial assets and liabilities quoted on an active market;
- level 2: financial assets and liabilities measured using valuation techniques that are based on observable market data;
- level 3: financial assets and liabilities measured using valuation techniques that are not based on observable market data.

The fair values of the main financial assets and liabilities recorded in the Group's balance sheet are determined in accordance with the principles set out 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	16	Share price		N/A	
UCITS units	Fair value	1	22	Market value (net asset value)		N/A	
Forward foreign exchange contracts	Fair value	2	23	Discounted cash flows	ECB rate	Zero Coupon curves	N/A
Currency option	Fair value	2	23	Black and Scholes	Forward curves, ECB rate, Spot rate	Zero Coupon curves	At the money
Interest rate swaps	Fair value	2	23	Discounted cash flows	N/A	Zero Coupon curves	N/A
Cross-currency swaps	Fair value	2	23	Discounted cash flows	ECB rate	Zero Coupon curves	N/A
Liabilities relating to business combinations or minority interests	Fair value	3	23	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.

1.18 Income tax

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

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 pension and other post-employment benefit obligations.

Deferred tax assets and liabilities are offset when they are levied on the same taxable entity (legal entity or tax group) and when the applicable tax regulations authorize this offsetting of tax due.

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 many 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.

1.19 Earnings per share

Earnings per share

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

Awards of performance shares are taken into account in the average number of shares outstanding over the fiscal year on the basis of the number of shares granted, as soon as the performance criteria have been met before the period-end.

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 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 exercise price of the stock subscription options is 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.

1.20 Research and development costs

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

Research and development costs recognized in operating expenses 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;
- the Group's 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, the development costs for these projects are recognized as an expense.

Instrument and laboratory equipment development costs are capitalized when the above criteria are fulfilled.

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

Acquisitions of non-controlling interests or sales without loss of control 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 operating income and expenses"), 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's exercise price. This liability is reclassified from "Non-controlling interests" to "Non-current liabilities" or "Other current liabilities" in the consolidated balance sheet based on its due date. The balance is allocated to Goodwill (full goodwill method) or Group equity (partial goodwill method).

Discounting adjustments to reflect the accretion of discount are recognized in financial income.

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 represents the difference between:

- the acquisition cost, plus any costs directly attributable to the acquisition;
- and the fair value of the acquired company's assets net of identifiable liabilities at the acquisition date.

Under this method, the acquired company's identifiable assets, liabilities and contingent liabilities meeting the recognition criteria of IFRS 3 are recognized at fair value determined on the acquisition date, with the exception of non-current assets held-for-sale which are recognized at fair value less costs to sell. Only identifiable liabilities that meet the criteria for recognition as a liability in the acquired company's accounts are recognized in the business combination. In line with this principle, a restructuring liability is not recognized as a liability of the acquired company if it is not obligated, at the acquisition date, to undertake this 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's exercise price. Discounting adjustments to reflect the accretion of discount are recognized in financial income.

With regard to the accounting treatment in the consolidated balance sheet of the difference between the exercise price of the options granted and the book value of non-controlling interests, the Group has elected to record this difference in goodwill from the initial consolidation of the acquired company. Subsequent 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 of 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 acquisitions 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) corresponding to the analytical focus of the Group's 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 discounted taxes.

Group plants that conduct manufacturing operations for several groups of CGUs form a separate group of CGUs whose cash flows are reallocated to the Group's other CGUs, based on sales volumes. 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);
- the annual budget for the year Y+1;
- cash flows for years Y+2 to Y+5 are estimated by applying to Y+1 data growth rates that are consistent with our projections and with the projected Y+1 growth rate compared to year Y.

This data is approved in advance by Management and take account of past experience.

The discount rate applied in all cases is the Group'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 group of CGUs once a year. They have been performed on September 2015. 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.

1.22 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 intangible assets when allocating the acquisition price of companies or activities (see Note 1.21).

They are shown on the balance sheet at their acquisition price or at the 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, therefore, 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 1.21). When the test shows that an asset's recoverable amount is less than its carrying amount, a provision for impairment is recorded. An asset's recoverable amount is defined as the higher of the fair value (less costs to sell) and the value in use.

Trademarks with a finite 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.

1.23 Property, plant and equipment

Property, plant and equipment are shown on the balance sheet at their acquisition price, net of accumulated depreciation and 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 on the balance sheet 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 corresponding payable is posted to liabilities under "Borrowings".

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 in profit or loss 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, according to the normal useful life of assets on the basis of the acquisition price less, where applicable, the residual value.

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.

The 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 by the Group. 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.

1.24 Other long-term financial investments

Available-for-sale securities

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 on the closing date.

Gains and losses from the change in the fair value of such assets are 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 profit or loss.

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 assets, the prices of recent transactions, or by the discounted cash flows method.

Other assets measured at amortized cost

Loans issued by the Group are measured at amortized cost.

A provision is recorded in profit or loss for any other-than-temporary impairment in value or if there is a risk of non-recovery.

1.25 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 their carrying amount and their fair value less costs to sell, with an impairment recorded where applicable. Assets held for sale are not amortized.

1.26 Inventories

Inventories are measured at the lower of the 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.

1.27 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 under trade receivables to cover any risk of non-recovery. Risk of recovery is determined based on the various types of Group customers, most often on a statistical basis but also by taking into account specific situations if necessary.

1.28 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 on the balance sheet under "Other marketable securities" and are taken into account by the Group for the calculation of net debt (see Note 22 "Net debt and borrowings").

In accordance with IAS 39, marketable securities are recognized at market value at the closing date. Changes in market value are recorded in financial income.

1.29 Equity

Issue premiums

Issue premiums are comprised of the excess of the issue price of capital increases over the par value of the shares issued.

Treasury 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 fair value of financial instruments used to hedge risks on future transactions or as hedges of the net investment in foreign subsidiaries, net of deferred tax;
- the revaluation (difference between the acquisition price and the fair value) of financial assets measured at fair value through equity ("available-for-sale assets" 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.

1.30 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.

1.31 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, and other post-employment benefits under the laws and practices applicable in each country.

Where these obligations are payable under defined contribution plans, the contributions are recognized as expenses for the fiscal year.

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 concerned (staff turnover rates, rate of future salary increases).

The discount rate used corresponds to the prime interest rate in the country concerned for periods corresponding to the estimated average duration of the benefit obligation. Discounting adjustments related to pension and other post-employment benefit obligations are recognized in operating profit or loss.

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 immediately recognized in profit or loss.

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

1.32 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 1.21) – 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 by the Group 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 expense is recognized in cost of sales.

1.33 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 their 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's exercise price. Discounting adjustments to reflect the accretion of discount are recognized in financial income.

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

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

Price supplements are recognized from the acquisition date, irrespective of their probability of payment, at their fair value in recognition of a debt. For companies acquired before January 1, 2010, subsequent changes in price supplements are recognized in goodwill. Following the application of IFRS 3 (revised), subsequent changes in price supplements are recognized in other operating income and expenses 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 2015**	December 2014	**December 2015**	December 2014
Canadian dollar	1.51	1.41	1.42	1.47
British pound	0.73	0.78	0.73	0.81
Yuan	7.06	7.54	6.97	8.19
Yen	131.07	145.23	134.31	140.31
Indian rupee	72.02	76.72	71.20	81.04
Brazilian real	4.31	3.22	3.70	3.12
US dollar	1.09	1.21	1.11	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 Group'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 on the following January 1.

Strategic acquisitions

In 2015, the Group finalized several acquisitions, but none is a strategic acquisition.

Transitions Optical

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 share capital of Transitions Optical. Founded in 1990, Transitions Optical is based in Pinellas Park in Florida (United States). Its revenue totaled US$844 million in 2013, including US$279 million with lens manufacturers other than Essilor.

The consideration for the transaction totals US$1.78 billion paid on the date of acquisition, plus a deferred payment of US$125 million over five years.

Since April 1, 2014, Essilor has consolidated its entire interest in Transitions Optical by the full consolidation method; until that date, 49% of Transitions Optical was equity-accounted.

Coastal.com

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 selections 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 amounts to approximately CAD 430 million, *i.e.*, CAD 12.45 per Coastal.com share.

Since April 28, 2014, Essilor has consolidated its entire interest in the Coastal.com group by the full consolidation method.

Newly consolidated companies

The following companies were consolidated for the first time in 2015:

Name	Country	Consolidated from	Consolidation method	% interest	% consolidated
Infield France	France	January 1, 2015	Full	60	100
Movisia [(a)]	Morocco	January 1, 2015	Full	51	100
Optical Supply North Africa [(a)]	Tunisia	January 1, 2015	Full	55	100
Prosun Trading Co. Ltd	China	January 1, 2015	Full	35	100
Three Hundred Ltd (Fabris Lane)	United Kingdom	February 26, 2015	Full	100	100
Segment	Brazil	March 2, 2015	Full	52	100
Optimax	Korea	April 1, 2015	Full	50	100
Optica Industrial SA	Costa Rica	April 20, 2015	Full	80	100
Optisa Retail	Costa Rica	April 20, 2015	Full	80	100
Optisa Holding	Costa Rica	April 20, 2015	Full	80	100
Vision Nicaragua	Nicaragua	April 20, 2015	Full	80	100
Diopsa	Nicaragua	April 20, 2015	Full	80	100
Brine Holding	Panama	April 20, 2015	Full	80	100
Shamir OHS	Australia	June 30, 2015	Full	40	100
Optikos	Poland	July 1, 2015	Full	95	100
Coastal Vision	China	July 1, 2015	Full	100	100
GKB Vision Ltd	India	July 1, 2015	Full	54	100
Prime Lenses Pte Ltd	India	July 1, 2015	Full	59	100
Coastal Japan	Japan	July 1, 2015	Full	100	100
Merve	Turkey	July 1, 2015	Full	65	100
Rozin	USA	August 17, 2015	Full	51	100
Vision Source	USA	September 9, 2015	Full	100	100
PERC	USA	October 22, 2015	Full	80	100
e-lens	Brazil	October 26, 2015	Full	70	100
Nikon Optical Middle-East	Koweit	October 26, 2015	Full	26	100
Optic Club	Russia	December 3, 2015	Full	75	100

(a) Companies acquired in previous years and consolidated for the first time during the 2015 fiscal year.

The income statement also includes the changes in the scope of consolidation related to the following companies, which were consolidated for the first time in 2014:

Name	Country	Consolidated from	Consolidation method	% interest	% consolidated
Ping Ding Shan Fangyuan Vision Optical Technology Co Ltd [(a)]	China	January 1, 2014	Full	51	100
Shanghai Global Lens Distribution [(a)]	China	January 1, 2014	Full	100	100
Plunkett Optical Inc.	United States	January 2, 2014	Full	80	100
Rooney Optical Inc.	United States	January 3, 2014	Full	100	100
Rooney Optical of Pennsylvania, L.L.C.	United States	January 3, 2014	Full	100	100
Costa Inc.	United States	January 31, 2014	Full	100	100
Shamir Asia Pte. Ltd	Singapore	March 25, 2014	Full	50	100
Intercast Europe S.R.L.	Italy	April 1, 2014	Full	100	100
Starclic Indústria e Comércio Ótico Ltda.	Brazil	April 1, 2014	Full	26	100
I-Coat Company, L.L.C.	United States	April 1, 2014	Full	85	100
Solarlens	Thailand	April 1, 2014	Full	100	100
Essilor Saudi Arabia Limited	Saudi Arabia	April 10, 2014	Full	50	100
Coastal Contacts (Aus) Pty Ltd	Australia	April 28, 2014	Full	100	100
Clearly Contacts Ltd	Canada	April 28, 2014	Full	100	100
Lensway OY	Finland	April 28, 2014	Full	100	100
Coastal Japan Kabushikigaisha 2	Japan	April 28, 2014	Full	100	100
Condis B.V.	Netherlands	April 28, 2014	Full	100	100
Lensway B.V.	Netherlands	April 28, 2014	Full	100	100
Asianzakka PTY	Singapore	April 28, 2014	Full	100	100
Eyeway AB	Sweden	April 28, 2014	Full	100	100
Lensco AB	Sweden	April 28, 2014	Full	100	100
Lenshold AB	Sweden	April 28, 2014	Full	100	100
Lenslogistics AB	Sweden	April 28, 2014	Full	100	100
Coastal Vision (US), Inc.	United States	April 28, 2014	Full	100	100
Just Eyewear L.L.C.	United States	April 28, 2014	Full	100	100
ASE Corporate Eyecare	United Kingdom	May 6, 2014	Full	70	100
Digitop	Brazil	July 1, 2014	Full	70	100
Esel Optik	Turkey	July 8, 2014	Full	51	100
Activisu	France	August 29, 2014	Full	68	100
Shamir Singapore Pte. Ltd	Singapore	September 22, 2014	Full	50	100
Company Grandvision L.L.C.	Russia	September 24, 2014	Full	75	100
Lotus Flower Holding B.V.	Netherlands	September 24, 2014	Full	75	100

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

Other movements

The Group's holding in the following companies was changed following the exercise of the partners' put options, internal sales within the Group or transactions with third-parties:

- Imperial Laboratories Inc. from 60% to 100% on January 2, 2015;
- Wallace Everett Lens Technology from 66% to 100% on January 30, 2015;
- Shamir Australia from 33% to 50% on February 1, 2015;
- Ozarks Optical Inc. from 88% to 100% on February 13, 2015;
- Vision & Value from 80% to 100% on March 1, 2015;
- Evolution Optical from 51% to 100% on March 1,2015;
- Optilens Italia S.R.L. from 100% to 50% on March 2, 2015;
- SMJ Holdings Pte Ltd from 70% to 100% on April 20, 2015;
- Shamir Lens Thailand from 24% to 37% on May 31, 2015;
- Technopark Comercio de Artigos Opticas SA from 51% to 61% on September 15, 2015;
- Leicester from 80% to 100% on October 15, 2015;
- Starclic Industria e Comercio Otico Ltda from 26% to 36% on November 9, 2015;
- Shamir Brasil Commercial Ltda from 50% to 70% on November 10, 2015;
- Technologies Humanware ; Humanware Europe ; Humanware USA ; Humanware Australia from 63% to 74% on November 23, 2015.

2.3 Impact of changes in the scope of consolidation and exchange rates

Balance sheet

The impact on the consolidated balance sheet of newly consolidated companies in 2015 is analyzed below:

€ millions	Fair value
Intangible assets	207
Property, plant and equipment	10
Other non-current assets	18
Current assets	73
Cash	30
TOTAL ASSETS ACQUIRED AT FAIR VALUE	**338**
Equity attributable to non-controlling interests	3
Long-term borrowings	4
Other non-current liabilities	74
Short-term liabilities	9
Other current liabilities	85
TOTAL LIABILITIES ASSUMED AT FAIR VALUE	**175**
NET ASSETS ACQUIRED [(a)]	**163**
Acquisition cost	554
Fair value of net assets acquired [(a)]	163
Recognized goodwill	**391**

(a) Or consolidated during the period.

The amount recognized as goodwill is supported by the expected synergies and 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 reviewed 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 of the acquisition date.

Strategic acquisition of 51% of the share capital held by PPG in Transitions Optical in 2014

In accordance with IFRS 3 (revised) on business combinations, the change in consolidation method applied to Transitions Optical resulted in the recognition of:

- final goodwill in the amount of €1,491 million, recorded after the recognition at fair value of the identifiable assets and liabilities relating to Transitions Optical;
- the final 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;
- a capital gain of €544 million corresponding to the fair value revaluation, through profit and loss for fiscal year 2014, of the 49% previously held and equity-accounted until March 31, 2014.

Fair value of assets acquired and liabilities assumed at the closing date:

€ millions	Fair value
Intangible assets	526
Property, plant and equipment	91
Other non-current assets	16
Current assets	167
Cash	82
TOTAL ASSETS ACQUIRED AT FAIR VALUE	**882**
Other non-current liabilities	199
Other current liabilities	119
TOTAL LIABILITIES ASSUMED AT FAIR VALUE	**318**
NET ASSETS ACQUIRED [(a)]	**564**
Acquisition cost	2,055 [(b)]
Fair value of net assets acquired [(a)]	564
Recognized goodwill	**1,491**

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

Income statement

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

The apparent change in performance indicators (revenues and contribution from operations) results from the breakdown of this change between the impact of the Group's acquisitions (scope of consolidation impact), the impact of currency fluctuations (foreign exchange impact) and the impact of the change in its intrinsic operations, or like-for-like growth.

For the impact of changes in the scope of consolidation:

- impacts of changes in the scope of consolidation arising from acquisitions during the year consist of the subsidiaries' income statements, from their consolidation date, until December 31 of the current fiscal year;
- impacts of changes in the scope of consolidation 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 initial consolidation;
- divested companies do not impact the change in the scope of consolidation since no subsidiaries that are fully or proportionately consolidated 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 plants).

For the impacts of changes in exchange rates:

- this is determined on a subsidiary-by-subsidiary basis by applying the average conversion rate from the previous year to the income statements for the current year for subsidiaries using currencies other than the euro, 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;
- consequently, this is not a currency effect but the effect of converting the financial statements of subsidiaries.

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

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

As a %	**Reported growth**	Currency effect	Change in the scope of consolidation of bolt-on acquisitions	Change in the scope of consolidation of strategic acquisitions	**Like-for-like growth**
Revenue	18.4	9.9	2.1	1.8	4.6
Contribution from operations	21.1	11.0	1.2	1.9 [(a)]	7.0

(a) Net of media investments.

If the companies consolidated during the year (see Note 2.2 "Newly consolidated companies") were consolidated at January 1, 2015, the Group's 2015 revenues would have been estimated at €6,824 millions and the Group's 2015 net profit at €760 millions.

NOTE 3.
SEGMENT INFORMATION

3.1 Information by business segment

Fiscal year 2015 € millions	Lenses and Optical Instruments	Equipment	Sunglasses & Readers	Eliminations	Group total
External revenue	5,840	203	673		6,716
Intra-segment revenue	13	69	2	(84)	
TOTAL REVENUE	**5,853**	**272**	**675**	**(84)**	**6,716**
Contribution from operations	**1,148**	**29**	**86**		**1,263**
Operating profit					1,183
Finance costs, net					(54)
Other financial income					5
Other financial expenses					(14)
Share of profits of associates					1
Income tax					(308)
Net profit					**813**
Segment assets [(a)]	**8,774**	**475**	**1,683**		**10,932**
Non-segment assets					1,039
TOTAL ASSETS					**11,971**
Segment liabilities [(b)]	**1,223**	**36**	**129**		**1,388**
Non-segment liabilities					4,491
Equity					6,092
TOTAL LIABILITIES					**11,971**
Acquisitions of property, plant and equipment & intangible assets	230	6	91		327
Amortization, depreciation and impairment of property, plant and equipment and intangible assets	(307)	(11)	(82)		(400)

(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 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					6
Other financial expenses					(21)
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 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.

3.2 Information by geographical area

	Revenue		Non-current assets [a]	
€ millions	Year 2015	Year 2014	December 31, 2015	December 31, 2014
North America	3,201	2,531	1,371	1,642
Europe	1,868	1,730	1,032	414
Asia / Oceania / Africa	1,230	1,012	692	665
Latin America	417	397	140	87
TOTAL	**6,716**	**5,670**	**3,235**	**2,808**

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

The Group's top 20 customers accounted for 19.9% of its revenue in 2015, and 20.3% in 2014.

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 the contribution from operations before depreciation and amortization of property, plant and equipment and intangible assets and amortization of inventory revaluations generated by acquisitions.

2015 EBITDA was €1,647 million (€1,363 million in 2014).

NOTE 5. PERSONNEL COSTS, DEPRECIATION AND AMORTIZATION

Personnel costs totaled €2,045 million in 2015 compared to €1,743 million in 2014 (see also Note 29 "Number of employees and personnel costs").

Depreciation and amortization of property, plant and equipment and intangible assets totaled €400 million in 2015, compared to €413 million in 2014.

NOTE 6.
OTHER OPERATING INCOME AND EXPENSES

€ millions	Year 2015	Year 2014
Capital gains on disposals of operations and assets [(a)]		544
Other	18	2
OTHER INCOME FROM OPERATIONS	**18**	**546**
Restructuring costs [(b)]	(22)	(76)
Compensation costs on share-based payments	(49)	(39)
Other [(c)]	(27)	(252)
OTHER EXPENSES FROM OPERATIONS	**(98)**	**(367)**

(a) Capital gains on disposals include, for 2014, the capital gains generated in the full consolidation of 100% of Transitions, previously a company consolidated by the equity method (see Note 2).

(b) Restructuring costs 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:

- *impairments of goodwill, property, plant and equipment and intangible assets for €118 million, which include, in particular, the impact from the trademark amortization policy change (see Note 13);*
- *provisions for liabilities (see Note 21) and changes 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, in the amount of €30 million.*

Share-based payments

Compensation costs on share-based payments are measured by the methods described in Note 1.14 and break down as follows:

€ millions	Year 2015	Year 2014
Stock subscription options	1	1
Performance shares [(a)]	48	37
Employee share issues		1
COMPENSATION COSTS ON SHARE-BASED PAYMENTS	**49**	**39**

(a) Including the employer's 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 price performance over a period of two to four years after the grant date, in addition 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 price performance over a period of two to six years after the grant date, in addition to the 100% cap on gains.

Stock subscription options granted in December 2015 are subject to vesting conditions based on the share price performance over a period of three to six years after the grant date, in addition to the 100% cap on gains.

The main assumptions used to measure compensation costs on stock options granted in 2015 are as follows:

- share volatility: 19.53% (2014 grants: 18.67%);
- risk-free interest rate: 0.20% (2014 grants: 0.27%);
- yield: 1.10% (2014 grants: 1.42%).

Based on these assumptions, the fair value of an option granted in 2015 amounted to €17.04 (€11.33 in 2014).

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

	Quantity	Weighted average exercise price (€)
STOCK SUBSCRIPTION OPTIONS AT JANUARY 1, 2015	**900,134**	**54.68**
Options exercised	(306,855)	47.53
Options canceled and forfeited	(89,671)	38.99
Options granted	100,023	121.31
STOCK SUBSCRIPTION OPTIONS AT DECEMBER 31, 2015	**603,631**	**71.69**
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**

The average remaining life of outstanding options at the period-end was 3.9 years (2014: 3.5 years).

The weighted Average Price of Essilor shares in fiscal year 2015 was €108.6 (2013: €79.6).

Performance shares

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

For the November 2010 to November 2014 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 price 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).

For the December 2015 plan, the number of shares vested at the end of a period of three 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 price 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:

- 2015 grants: 1,343,153 shares;
- 2014 grants: 1,544,904 shares.

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

	Quantity
PERFORMANCE SHARES AT JANUARY 1, 2015	**4,021,259**
Performance shares vested	(1,099,823)
Performance shares canceled	(138,432)
Awards for the fiscal year	1,343,153
PERFORMANCE SHARES AT DECEMBER 31, 2015	**4,126,157**
Performance shares at January 1, 2014	**3,530,585**
Performance shares vested	(963,910)
Performance shares canceled	(90,320)
Awards for the fiscal year	1,544,904
Performance shares at December 31, 2014	**4,021,259**

The performance conditions of the November and December 2013 plans were achieved in 2015.

The main assumptions used to measure costs related to performance shares granted in 2015 are as follows:

- share volatility: 19.53% (2014 grants: 18.67%);
- risk-free interest rate: 0.31% (2014 grants: 0.41%);
- yield: 1.10% (2014 grants: 1.42%).

Based on these assumptions, the fair value of a share granted in 2015 was €56.44 for non-residents of France (€39.14 in 2014) and €48.23 for French residents (€27.34 in 2014).

Employee share issues

The main parameters used to measure the cost of employee share issues recognized in 2015 are as follows:

Plan date	Year 2015	Year 2014
Share subscription price (€)	97.05	69.72
Total discount (€)	24.26	17.43
Number of shares subscribed	257,057	337,182
Discount on the share cash price on the grant date represented by the lock-up clause	+18.2%	+20.5%
Share cash price on the grant date (€)	115.05	90.53
Risk-free interest rate on the grant date	+0.2%	+0.3%
Refinancing cost	+4.4%	+9.9%
Cost recognized in the income statement (€ thousands)		1

Based on these assumptions, the fair value of a share subscribed in 2015 was €94.10 (€71.93 in 2014).

NOTE 7. COST OF NET DEBT

€ millions	Year 2015	Year 2014
Cost of gross debt	(71)	(49)
Income from cash and cash equivalents	17	18
COST OF NET DEBT	**(54)**	**(31)**

The increase of the cost of net debt is, mainly, generated by the financing put in place to realize some acquisitions.

NOTE 8. OTHER FINANCIAL INCOME AND EXPENSES

€ millions	Year 2015	Year 2014
Foreign exchange gains	5	5
Other		1
OTHER FINANCIAL INCOME	**5**	**6**
Accretion of discount on liabilities charges	(12)	(12)
Provisions for non-consolidated securities	(2)	(9)
OTHER FINANCIAL EXPENSES	**(14)**	**(21)**

NOTE 9. INCOME TAX

9.1 Income tax gain (loss) for the period

€ millions	Year 2015	Year 2014
Current tax	(349)	(238)
Deferred taxes	41	45
TOTAL	**(308)**	**(193)**

9.2 Income tax expense analysis

As a % of profit before tax	Year 2015	Year 2014
Standard French income tax rate	34.4	34.4
Impact of tax rates applied to foreign subsidiaries, when different from the French rate	(6.9)	(6.6)
Impact of reduced rates and permanent differences between book and taxable profit [a]	(1.3)	(12.5)
Other non-deductible / non-taxable items under local tax rules	1.3	1.1
EFFECTIVE RATE OF THE INCOME TAX EXPENSE	**27.5**	**16.4**

(a) Includes, in particular, the effect generated by the capital gain booked in connection with the full consolidation of Transitions in 2014 (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 2015 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	2015	2014
POSITION AT JANUARY 1	**(232)**	**(53)**
Deferred taxes recognized in equity	3	5
Income (expenses) for the period, net	41	45
Effect of changes in the scope of consolidation, exchange rate impacts and other movements [a]	(65)	(229)
POSITION AT DECEMBER 31	**(253)**	**(232)**

(a) In 2014 the increase in assets and liabilities recognized in connection with 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 2015	Year 2014
Tax loss carryforwards	85	79
Other unrecognized deferred tax assets	58	45
UNRECOGNIZED DEFERRED TAX ASSETS	**143**	**124**

9.5 Deferred taxes by type (net position)

€ millions	Year 2015	Year 2014
Elimination of inter-company profits	57	50
Differences in depreciation periods	(4)	(3)
Temporarily non-deductible provisions	12	132
Actuarial gains and losses	24	22
Assets and liabilities recognized on an acquisition	(396)	(491)
Assets and liabilities recognized on tax loss carryforwards	56	41
Other	(2)	17
TOTAL	**(253)**	**(232)**

Tax consolidation

In France, ESSILOR, TIKAI Vision, BBGR, BNL EUROLENS, DELAMARE SOVRA, ESSIDEV, ESSIHOLDING, INVOPTIC, NOVISIA, EOMC, OPTIM, FGX Holding France, MONT-ROYAL, TRANSITIONS OPTICAL DISTRIBUTION, DAC VISION, OSE (not consolidated), and ESSILOR ACADEMY EUROPE (not consolidated) form a tax consolidation group, where the parent company has sole liability for the tax due.

In 2015, the subsidiaries included in the tax group generated a tax expense of €4 million compared to a tax income of €5 million in 2014.

NOTE 10.
CHANGE IN THE NUMBER OF SHARES

The shares have a par value of €0.18.

Change in the actual number of shares, excluding treasury stock

	Year 2015	Year 2014
NUMBER OF SHARES AT JANUARY 1	**211,932,607**	**210,245,092**
Exercise of stock subscription options	306,855	855,848
Subscription of the Essilor group FCP mutual fund	257,057	337,182
Delivery of performance shares	1,099,823	963,910
Net (purchases) and sales of treasury shares		(469,425)
NUMBER OF SHARES AT PERIOD-END	**213,596,342**	**211,932,607**
Number of treasury shares eliminated	2,860,098	3,959,921

Change in the weighted average number of shares, excluding treasury stock

	Year 2015	Year 2014
NUMBER OF SHARES AT JANUARY 1	**211,932,607**	**210,245,092**
Exercise of stock subscription options	198,496	386,601
Subscription of the Essilor group FCP mutual fund	8,451	11,085
Sales of treasury shares held for performance share grants	87,278	77,306
Net (purchases) and sales of treasury shares		(209,107)
AVERAGE NUMBER OF SHARES AT PERIOD-END	**212,226,832**	**210,510,977**

In 2015 and in 2014, no treasury stock was canceled.

NOTE 11.
DILUTED EARNINGS PER SHARE

The net profit used for the calculation of diluted earnings per share is €757 million (€929 million in 2014).

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

€ millions	Year 2015	Year 2014
Weighted average number of shares	212,226,832	210,510,977
Dilutive effect of stock subscription options	230,059	287,863
Dilutive effect of performance share grants	4,126,157	4,021,259
DILUTED WEIGHTED AVERAGE NUMBER OF SHARES	**216,583,048**	**214,820,099**

NOTE 12.
GOODWILL

€ millions	December 31, 2014	Entries in the scope of consolidation	Other changes in scope and other movements	Translation difference	Provisions for impairment	December 31, 2015
Gross amount	4,699	391	4	238		5,332
Impairment	(31)		(1)		(5)	(37)
NET AMOUNT	**4,668**	**391**	**3**	**238**	**(5)**	5,295

€ millions	December 31, 2013	Entries in the scope of consolidation	Other changes in scope and other movements	Translation difference	Provisions for impairment	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**

In 2015, the main increases were attributable to the acquisitions of Vision Source, Perc, two national service providers to optometrists located in USA, and Grupo Vision.

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

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 "full goodwill" method for acquisitions for which there was a commitment to redeem non-controlling interests. The fair value of such 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 "partial goodwill" method.

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

€ millions	**December 31, 2015**	December 31, 2014
Lenses – Europe	700	684
Lenses – North America	2,147	1,710
Lenses – South America	434	468
Lenses – Asia / Oceania / Middle East / Africa	927	848
Laboratory equipment	297	271
Sunglasses & Readers	790	687
TOTAL	**5,295**	**4,668**

Goodwill impairment tests were conducted at September 30, 2015, and reviewed on December 31, 2015 in line with the principles and methods defined in Note 1.21.

The Group's weighted average cost of capital (WACC) for 2015 was 7% (2014: 7%). Given the risk premiums calculated, the effective discount rates applied to the groups of CGUs of the Group were as follows:

As a %	**Year 2015**	Year 2014
Lenses – Europe	8	8
Lenses – North America	7	7
Lenses – South America [(a)]	17	18
Lenses – Asia / Oceania / Middle East / Africa	9	9
Laboratory equipment	7	7
Sunglasses & Readers	7	7
Plants [(b)]	9	9

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

The perpetual growth rate was set at between 0% and 2% (2014: between 0% and 2%), with the highest rates applied to emerging markets.

In 2015, goodwill impairment losses were recognized in the amount of €5 million for Lenses-Europe CGU (see Note 6 "Other operating income and expenses").

In 2014, goodwill impairment losses were recorded in the amount of €17 million for the Lenses-Europe CGU (see Note 6 "Other operating income and expenses").

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 a 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 amount of goodwill at December 31, 2015.

A 0.5% decrease in the perpetual growth rate would not generate another impairment loss on the net amount of goodwill at December 31, 2015.

NOTE 13.
OTHER INTANGIBLE ASSETS

€ millions	December 31, 2014	Scope changes	Acquisitions	Disposals and retirement	Translation difference and other movements	Depreciation, amortization and impairment provisions	**December 31, 2015**
Trademarks	1,016	56			116		1,188
Concessions, patents and licenses	461	2	29	(5)	37		524
Contractual customer relationships	454	160			54		668
Other intangible assets	244		67	(1)	(20)		290
GROSS AMOUNT	**2,175**	**218**	**96**	**(6)**	**187**		**2,670**
Accumulated depreciation	(643)	(1)		6	(32)	(174)	(844)
NET AMOUNT	**1,532**	**217**	**96**		**155**	**(174)**	**1,826**

€ millions	December 31, 2013	Scope changes	Acquisitions	Disposals and retirement	Translation difference and other movements	Depreciation, amortization and impairment provisions	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 impairments of intangible assets (see Note 6).

Intangible assets in progress amounted to €12 million at the end of 2015 (€8 million in 2014).

NOTE 14.
PROPERTY, PLANT AND EQUIPMENT

€ millions	December 31, 2014	Scope changes	Acquisitions	Disposals and retirement	Translation difference and other movements	Depreciation, amortization and impairment provisions	December 31, 2015
Land	60			(2)	11		69
Buildings	785	2	33	(35)	61		846
Plant and equipment	1,880	11	83	(106)	102		1,970
Other property, plant and equipment	550	5	116	(33)	(54)		584
GROSS AMOUNT	**3,275**	**18**	**232**	**(176)**	**120**		**3,469**
Accumulated depreciation	(2,121)	(17)		170	(75)	(226)	(2,269)
NET AMOUNT	**1,154**	**1**	**232**	**(6)**	**45**	**(226)**	**1,200**

€ millions	December 31, 2013	Scope changes	Acquisitions	Disposals and retirement	Translation difference and other movements	Depreciation, amortization and impairment provisions	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) [(a)]	(2,121)
NET AMOUNT	**998**	**119**	**176**	**(7)**	**77**	**(209)**	**1,154**

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

The carrying amount of the Group's property, plant and equipment – including assets under finance leases – held by consolidated companies was €1,200 million at the end of 2015 (€1,154 million at the end of 2014). 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 facilities are located in France and the United States (plants, laboratories and administrative offices), while other Group plants are located primarily in Ireland, Thailand and the Philippines;
- production plant and equipment includes 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 facilities are in France and the United States.

Assets under construction amounted to €89 million at the end of 2015 (€73 million at the end of 2014).

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

€ millions	December 31, 2014	Scope changes	Acquisitions	Disposals and retirement	Translation difference and other movements	Depreciation, amortization and impairment provisions	**December 31, 2015**
Land	2						2
Buildings	16			(3)	(3)		10
Other property, plant and equipment	27		1	(1)	(1)		26
GROSS AMOUNT	**45**		**1**	**(4)**	**(4)**		**38**
Accumulated depreciation	(32)			3	2	(3)	(30)
NET AMOUNT	**13**		**1**	**(1)**	**(2)**	**(3)**	**8**

€ millions	December 31, 2013	Scope changes	Acquisitions	Disposals and retirement	Translation difference and other movements	Depreciation, amortization and impairment provisions	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**

NOTE 16.
OTHER NON-CURRENT FINANCIAL ASSETS

Long-term financial investments at fair value fulfill the criteria for classification as "available-for-sale financial assets" under IAS 39 (see Note 1.24).

€ millions	December 31, 2014	Scope changes	Acquisitions and new loans	Disposals and repay-ments	Translation difference and other movements	Reva-luation	Net allocation to provisions	**December 31, 2015**
Long-term financial investments at fair value	**16**		**28**		**(1)**	**(1)**		**42**
Non-consolidated interests	15		28		(2)	(1)		40
Other long-term financial investments	1				1			2
Long-term financial investments at amortized cost	**87**		**22**	**(16)**	**4**			**97**
Loans, including accrued interest	93		22	(16)	5			104
Impairment	(6)				(1)			(7)
Other non-current financial assets	**103**		**50**	**(16)**	**3**	**(1)**		**139**

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

NOTE 17. INVENTORIES

€ millions	December 31, 2015	December 31, 2014
Raw materials and other supplies	361	387
Goods for resale	112	248
Finished and semi-finished products and work in process	839	562
GROSS AMOUNT	**1,312**	**1,197**
Write-down of inventories [a]	(213)	(195)
NET AMOUNT	**1,099**	**1,002**

(a) Including €1 million, for 2015, in amortization of inventory revaluations generated by acquisitions recognized in the contribution of operations and €13 million for 2014 (see Note 4).

NOTE 18. SHORT-TERM RECEIVABLES AND PAYABLES

Short-term receivables break down as follows:

€ millions	December 31, 2015	December 31, 2014
Trade receivables		
Gross amount	1,451	1,299
Valuation allowance	(109)	(73)
Net amount of trade receivables	**1,342**	**1,226**
Other short-term receivables		
Gross amount	115	102
Valuation allowance	(1)	(1)
Net amount of other operating receivables	**114**	**101**
TOTAL SHORT-TERM RECEIVABLES, NET	**1,456**	**1,327**

Short-term payables break down as follows:

€ millions	December 31, 2015	December 31, 2014
Trade payables	624	564
Accrued taxes and personnel expenses	371	338
Other short-term payables	362	313
TOTAL SHORT-TERM PAYABLES	**1,357**	**1,215**

NOTE 19.
CASH AND CASH EQUIVALENTS

Cash and cash equivalents break down as follows:

€ millions	December 31, 2015	December 31, 2014
Cash	433	465
Money market funds		105
Bank deposits	14	25
Other cash equivalents	19	31
TOTAL	**466**	**626**

The Group is located in some countries where cash & cash equivalents are subject to legal restrictions. The respect of preliminary formalities in these countries is mandatory before transfering these funds with some delay and eventually some tax payment. Cash & cash equivalents can also be held by some subsidiaries where the prior approval of our partner is required to transfer any funds.

NOTE 20.
PENSION AND OTHER POST-RETIREMENT BENEFIT OBLIGATIONS

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

- 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 (length-of-service awards in France and their equivalent in other countries).

Provisions for pensions

€ millions	December 31, 2015	December 31, 2014
Non-current assets (plan surpluses)	1	1
Provisions for pensions in liabilities	295	281

Analysis of changes in net recognized benefit obligations

€ millions	Obligation	Fair value of funds	Net recognized benefit obligations
AT JANUARY 1, 2015	**445**	**(164)**	**281**
Cost of services rendered in the period	22		22
Interest expense on discounting	11		11
Interest income for the period		(5)	(5)
Cost of past services	(1)		(1)
Employee contributions	1	(1)	0
Contributions to plan assets		(13)	(13)
Benefits paid	(23)	9	(14)
Actuarial gains and losses	3	7	10
Plan reduction and liquidation	(16)	15	(1)
Other movements	(3)		(3)
Changes in the scope of consolidation			
Translation differences	16	(9)	7
AT DECEMBER 31, 2015	**455**	**(160)**	**295**
of which Obligations funded in whole or in part by a fund	254		254
of which Obligations not funded by a fund	201		201

€ 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
Changes in the scope of consolidation	42	(31)	11
Translation differences	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 fund	193		193

Analysis of the change in actuarial gains and losses recognized in equity

€ millions	December 2015	December 2014
Actuarial gains (losses) recognized in equity at opening	**140**	**90**
Gains (losses) recognized over the period	10	50
Actuarial gains (losses) recognized in equity at closing	**150**	**140**

Analysis of rights

€ millions	Obligation	Funds	Net obligation at December 31, 2015
Pensions (supplementary pension plans, guaranteed income plans)	352	(150)	202
Retirement benefits	97	(10)	87
Other benefits	6		6
TOTAL	**455**	**(160)**	**295**

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

Actuarial assumptions used to estimate commitments in the main countries concerned

A major assumption taken into account in the valuation of pension and other post-employment benefit obligations is the discount rate.

In accordance with IAS 19, the rates were determined by monetary zone by referring to the return on high-quality 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 as follows:

	December 31, 2015			December 31, 2014		
As a %	Eurozone	United States	United Kingdom	Eurozone	United States	United Kingdom
Discount rate	2.15	4.50	3.70	2.15	4.40	3.80
Inflation rate	1.80	3.50	3.50	2.00	3.50	3.30
Weighted average rate of return on plan assets		(1.02)			10.88	
Weighted average rate of salary increases		1.88			1.95	

Additionally, had the discount rates been 25 basis points lower than the rates actually applied, the Group's total obligation as at December 31, 2015 would have been €16 million higher. If the discount rates had been 25 basis points higher than the rates actually applied, the Group's total obligation as at December 31, 2015 would have been €16 million lower.

Had salaries been 25 basis points lower than the salaries actually applied, the Group's total obligation as at December 31, 2015 would have been €4 million lower. If the salaries had been 25 basis points higher than the salaries actually applied, the Group's total obligation as at December 31, 2015 would have been €4 million higher.

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

In 2015, actuarial gains and losses in terms of projected benefit obligations at closing were +€7 million as a result of experience adjustments, -€1 million as a result of changes in financial assumptions and +€4 million as a result of changes in demographic assumptions.

Composition by type of plan assets

As a %	December 31, 2015	December 31, 2014
Shares	11	13
Bonds	25	26
General insurance funds	34	23
Other	30	38

Actual returns on plan assets were -€2 million in 2015 (2014: €5 million).

At December 31, 2015, 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 2015	Year 2014
Cost of services rendered in the period	(21)	(14)
Interest expense on discounting	(6)	(9)
Cost of past services	1	1
EXPENSES FOR THE YEAR	**(26)**	**(22)**
Contributions to plan assets	13	10
Benefits paid	14	9
TOTAL INCREASE / (DECREASE) IN PROVISIONS	**1**	**(3)**

NOTE 21.
PROVISIONS

€ millions	December 31, 2014	Provisions for the year	Reversals for the year	Reversals not applicable	Translation differences and other movements	Scope	**December 31, 2015**
Restructuring provisions [(a)]	29	10	(18)	(8)		1	14
Warranty provisions	25	10	(8)		13	1	41
Provisions for legal claims [(b)]	71	24	(4)		(3)	19	107
Tax reserves	89	33		(8)	19	15	148
Other risks	60	6	(5)		(2)		59
TOTAL	**274**	**83**	**(35)**	**(16)**	**27**	**36**	**369**

(a) Restructuring provisions were, for the most part, related to the streamlining of a number of production sites located primarily in Europe.
(b) Provisions for legal claims mainly relate to provisions related to alleged anti-competitive practices in Germany (see Note 28).

€ millions	December 31, 2013	Provisions for the year	Reversals for the year	Reversals not applicable	Translation differences and other movements	Scope	December 31, 2014
Restructuring provisions	7	32	(6)		(4)		29
Warranty provisions	25	4	(11)	(1)	2	6	25
Provisions for legal claims	58	8			(3)	8	71
Tax reserves	17	4	(5)		52	21	89
Other risks	24	32	(3)	(1)	6	1	59
TOTAL	**131**	**80**	**(25)**	**(2)**	**53**	**37**	**274**

NOTE 22.
NET DEBT AND BORROWINGS

Net debt

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

€ millions [a]	December 2015	December 2014
Long-term borrowings	1,905	1,521
Short-term borrowings	621	881
Short-term bank loans and overdrafts	35	28
Accrued interest	18	17
TOTAL LIABILITIES	**2,579**	**2,447**
Cash and cash equivalents	(466)	(626)
TOTAL ASSETS	**(466)**	**(626)**
INTEREST RATE SWAPS [b]	**(24)**	**(28)**
NET DEBT	**2,089**	**1,793**

(a) Sign convention: + debt /- excess cash or securities.
(b) Interest rate swap measured at fair value at each period end.

Long-term borrowings

At December 31, 2015, the Group's long-term funding structure was as follows:

€ millions	December 31, 2015	December 31, 2014	Issue date	Maturity
Bonds	1,124	828	2014/2015	2017/2024
US private placement (2 tranches)	276	247	2012	2017/2019
US private placement (7 tranches)	459	412	2013	2017/2023
Other	46	34		
LONG-TERM BORROWINGS	**1,905**	**1,521**		

As part of its EMTN program, Essilor International issued on August 7, 2015 a €300 million bond maturing on August 7, 2017, with a floating rate of Euribor 3 months +0.20%.

US private placements are subject to a financial covenant, which was met at December 31, 2015.

Short-term borrowings

At December 31, 2015, the Group's short-term funding structure was as follows:

€ millions	December 31, 2015	December 31, 2014	Issue date	Maturity
French commercial paper	100	246	2015	2016
US commercial paper (USCP)	402	567	2015	2016
Bank overdraft	35	28		
Other	137	85		
SHORT-TERM BORROWINGS	**674**	**926**		

In accordance with the Group's policy, these commercial paper programs are backed by long-term committed credit facilities, totaling €2.4 billion at December 31, 2015.

Borrowings by maturity

Borrowings break down by maturity as follows:

€ millions	December 31, 2015	December 31, 2014
Due within one year	674	926
Due in one to five years	1,044	551
Due in more than five years	861	970
TOTAL	**2,579**	**2,447**

Borrowings by currency

Borrowings break down by issuing currency as follows:

€ millions	December 31, 2015	December 31, 2014
US dollar	1,196	1,257
Euro	1,250	1,113
Other currencies	133	77
TOTAL	**2,579**	**2,447**

Fair value of borrowings

The fair value of borrowings is as follows:

€ millions	December 31, 2015	December 31, 2014
Long-term borrowings	1,886	1,595
Short-term borrowings	871	881
Short-term bank loans, overdrafts and accrued interest	51	45
TOTAL	**2,808**	**2,521**

Finance lease liabilities

	December 31, 2015		December 31, 2014	
€ millions	Principal	Interest	Principal	Interest
Due within one year	4		2	
Due in one to five years	4		6	
Due in more than five years				
TOTAL	**8**		**8**	

NOTE 23. FINANCIAL INSTRUMENTS

23.1 Financial instruments recognized in the balance sheet

Financial instruments recorded in the Group's balance sheet at the end of fiscal years 2015 and 2014 fall into the following categories:

		Category of instruments				
2015 € millions	Balance sheet value	Fair value through profit or loss	Fair value through equity [a]	Loans, receivables	Debts at amortized cost	Derivatives
Non-current financial assets	139		42	97		
Long-term receivables	24			24		
Prepayments to suppliers	32			32		
Short-term receivables	1,456			1,456		
Tax receivables	60			60		
Other receivables	34			34		
Derivative financial instruments recognized in assets	64					64
Cash and cash equivalents	466	466				
FINANCIAL INSTRUMENTS RECOGNIZED IN ASSETS	**2,275**	**466**	**42**	**1,703**		**64**
Long-term borrowings	1,905				1,905	
Other non-current liabilities	404		306		98	
Short-term borrowings	674				674	
Customer prepayments	31				31	
Short-term payables	1,357				1,357	
Tax payables	87				87	
Other current liabilities	316		162		154	
Derivative financial instruments recognized in liabilities	9					9
FINANCIAL INSTRUMENTS RECOGNIZED IN LIABILITIES	**4,783**		**468**		**4,306**	**9**

(a) Assets available for sale as defined by IAS 39, liabilities revalued in accordance with the accounting principles described in Note 1.33.

2014 € millions	Balance sheet value	Category of instruments Fair value through profit or loss	Fair value through 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 instruments recognized in assets	43					43
Cash and cash equivalents	626	626				
FINANCIAL INSTRUMENTS RECOGNIZED IN ASSETS	**2,228**	**626**	**16**	**1,543**		**43**
Long-term borrowings	1,521				1,521	
Other non-current 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 instruments recognized in liabilities	17					17
FINANCIAL INSTRUMENTS RECOGNIZED IN LIABILITIES	**4,583**		**234**		**4,332**	**17**

(a) Assets available for sale as defined by IAS 39, liabilities revalued in accordance with the accounting principles described in Note 1.33.

The Group's financial assets and liabilities (including operating receivables and payables) at the end of 2015 break down as follows by contractual maturity:

€ millions	Within one year	In one to five years	Beyond five years	**Total**
Financial liabilities other than financial instruments	(2,464)	(1,427)	(883)	(4,774)
Financial assets other than financial instruments	2,087	84	40	2,211
Net market value of financial instruments	34	(3)	24	55
NET POSITION	**(343)**	**(1,346)**	**(819)**	**(2,508)**

23.2 Market value of derivative financial 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 change in the fair value of these financial instruments are recognized directly in financial income, in accordance with the criteria of IAS 39.

The market value of Group derivatives is presented below:

Market value by instrument type

€ millions	December 31, 2015		December 31, 2014	
	Nominal amount	Market value	Nominal amount	Market value
Forward currency transactions	1,710	34	1,258	4
Currency options	15	1		
Interest rate swaps	630	18	524	22
Interest rate options (caps)	92	2	91	
TOTAL DERIVATIVES		**55**		**26**

Market value by hedge type

€ millions	December 31, 2015	December 31, 2014
Cash flow hedge:		
• Currency forward		4
• Interest rate swaps	(5)	(6)
• Currency options	1	0
• Interest rate options (caps)	2	0
Fair value hedge:		
• Interest rate swap	23	28
Not allocated to a hedging relationship:		
• Currency forward	34	
MARKET VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS	**55**	**26**
of which derivative financial instruments recognized in assets	64	43
of which derivative financial instruments recognized in liabilities	(9)	(17)

Forward foreign exchange transaction details at December 31, 2015 (nominal amount)

	Currency purchased									
€ millions	EUR	USD	KRW	JPY	CNY	GBP	MXN	THB	Other	Total
Currency sold										
EUR		99	29		13	14		13	23	191
USD	1,005			19	6		10			1,040
CAD	208	45								253
GBP	65									65
AUD		39								39
PLN	11									11
THB	30									30
Other	64	15		2						81
TOTAL	**1,383**	**198**	**29**	**21**	**19**	**14**	**10**	**13**	**23**	**1,710**

23.3 Profit (loss) on settling of cash flow hedges

The effects on the gross margin of unwinding cash flow hedges set up at the end of the previous fiscal year generate no impact for 2015, compared to an income of €3 million for 2014.

NOTE 24. OTHER CURRENT AND NON-CURRENT LIABILITIES

€ millions	December 31, 2015	December 31, 2014
Liabilities related to long-term put options granted to minority shareholders	306	205
Trade payables and liabilities related to long-term financial investments	98	189
TOTAL OTHER NON-CURRENT LIABILITIES	**404**	**394**
Trade payables related to intangible assets and property, plant and equipment	6	5
Liabilities related to long-term financial investments	94	227
Liabilities related to short-term put options granted to minority shareholders	162	169
Other	54	20
TOTAL OTHER CURRENT LIABILITIES	**316**	**421**

NOTE 25.
OFF-BALANCE-SHEET COMMITMENTS

€ millions	December 31, 2015	December 31, 2014
Commitments given		
Guarantees and endorsements	91	115
Debt secured by collateral:		
• Net carrying amount of collateral	2	2
Commitments received		
Guarantees, endorsements and sureties received	1	2
Commitments under operating leases and for royalties		
Within one year	36	29
In one to five years	93	76
Beyond five years	26	22
TOTAL OPERATING LEASE COMMITMENTS	**155**	**127**

NOTE 26.
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 to ensure its independence and growth. Key to this is substantial and steady cash flow. It also operates a funding 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, the distribution of debt maturities over time and the establishment of committed credit facilities.

Most of the long-term financing and credit facilities are concentrated on 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, 2015	Issue date or renewal	Maturity
Syndicated credit facility	900	2015	2020 [(a)]
Club deal	459	2014	2018
Bilateral bank facilities	1,078	2012-2015	2017-2020

(a) With the option to extend for two additional years with the preliminary approval of the banks.

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

At December 31, 2015, none of these lines had been drawned.

In December 2015, the Group has amended its existing syndicated credit facility and extended it by two additional years to reach a maturity in December 2020.

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

The Group has the following ratings:

	Long-term	Short-term	Perspective	Last opinion
Moody's	A2	Prime-1	Stable	November 27, 2015
Standard & Poor's		A-1	Stable	April 30, 2015

The distribution of the Group's net financial debt and available credit facilities by contractual maturity at the end of 2015 was as follows:

€ millions	2016	2017	2018	2019	2020	2021	2022	>2022	Total
Bonds		300				500		300	1,100
French and US Commercial paper [(a)]					502				502
Bank borrowings	94	16	5	3		10			128
US private investments		253	115	216	124			28	736
Bank overdraft	35								35
Other liabilities	42	10	1	1					54
GROSS DEBT	**171**	**579**	**121**	**220**	**626**	**510**		**328**	**2,555**
Cash	(466)								(466)
Marketable securities									
NET DEBT [(b)]	**(295)**	**579**	**121**	**220**	**626**	**510**		**328**	**2,089**
Available committed credit facilities [(c)]		563	824		1,050 [(c)]				2,437

(a) Commercial paper and USCP are set to mature in 2020 (maturity of the credit facilities).
(b) > 0: net debt; < 0: net cash surplus.
(c) With the option to extend for two additional years.

(Please also refer to Note 22 to the consolidated financial statements, Net debt and borrowings).

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 financial statements 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 currency risks arising on business operations. The Group does not carry out any currency trading transactions without any underlying commercial transaction.

The Group's total net exposure to currency risk at December 31, 2015 represented an amount equivalent to some €-4 million.

Consolidated exposure to currency risk on assets and liabilities at December 31, 2015, before and after hedging

(when an asset or liability is denominated in a currency other than the functional currency of the company concerned)

€ 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	841	(825)	16	84
CAD	225	(222)	3	
CNY	(13)	13		
GBP	54	(48)	6	
EUR	(23)	(1)	(24)	
KRW	(29)	28	(1)	
THB	16	(16)		
MXN				
JPY	(23)	14	(9)	
Other	65	(60)	5	
TOTAL	**1,113**	**(1,117)**	**(4)**	**84**

(a) > 0: Assets to be hedged; < 0: Liabilities to be hedged.

(b) > 0: Net purchases of currencies; < 0: Net sales of currencies.

(c) > 0: Unhedged assets; < 0: Unhedged liabilities.

(d) > 0: Hedges of currency purchases; < 0: Hedges of currency sales.

Sensitivity of equity and profit to changes in the fair value of derivatives at December 31, 2015

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

The impact of a change in the 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	(1)	1
On profit before tax	57	(63)

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 changes in interest rates. The major part of financing is therefore kept at fixed rates, either in the initial agreement or via hedging.

As almost all of the Group's financing is concentrated 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 exposure before and after hedging is as follows:

	Before hedging		Hedges [a]			After hedging [a]		
€ millions	Fixed rate	Variable rate	Fixed rate	Variable rate	Cap	Fixed rate	Variable rate	Capped variable rate
Gross debt	1,603	976	6	(122)	92	1,609	854	92
Cash and similar		(466)					(466)	
SUB-TOTAL	**1,603**	**510**	**6**	**(122)**	**92**	**1,609**	**388**	**92**
NET DEBT		**2,113**			**(24)**			**2,089**

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

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

	Before hedging		Hedges [a]			After hedging [a]		
€ millions	Fixed rate	Variable rate	Fixed rate	Variable rate	Cap	Fixed rate	Variable rate	Capped variable rate
EUR	841	335	(224)	(986)		617	(651)	
USD	717	390	230	590	92	947	980	92
Other	45	(215)		274		45	59	
SUB-TOTAL	**1,603**	**510**	**6**	**(122)**	**92**	**1,609**	**388**	**92**
NET DEBT		**2,113**			**(24)**			**2,089**

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

At December 31, 2015, 63% of the gross debt after hedging was at fixed rate (58% at the end of 2014).

A parallel shift by 1% of the interest rate curves at December 31, 2015 applied to the components of the net debt would have the following impact:

€ millions	Cash flow impact on income statement
1% increase	(4)
1% decrease	2

€ millions	Gross debt	Cash and similar	Hedges [a]	Net debt after hedging [a]
USD	1,196	(89)	912	2,019
CAD	1	(17)	207	191
EUR	1,250	(74)	(1,210)	(34)
GBP		(13)	51	38
SGD	4	(10)	7	1
BRL		(21)		(21)
KRW		(31)	(29)	(60)
JPY		(20)	(14)	(34)
CNY	26	(91)	(13)	(78)
INR	13	(18)	6	1
THB		(11)	17	6
Other	89	(71)	42	60
SUB-TOTAL	**2,579**	**(466)**	**(24)**	**2,089**
NET DEBT		**2,113**	**(24)**	**2,089**

(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 accordance with the two overarching principles of security and liquidity. The Group sets limits on investment periods and vehicles, as well as on concentrations of counterparty risks.

At December 31, 2015, 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, 71% of investments made by Group subsidiaries had a minimum Standard & Poor's long-term rating of A-.

At December 31, 2015, 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 trade receivables due totaled €207 million at the end of 2015 (€240 million at the end of 2014).

This was comprised mostly of receivables due in less than three months (84% in 2015; 74% in 2014) that were slightly past due.

€ millions	**December 31, 2015**	December 31, 2014
Trade receivables due within one year, net	1,342	1,226
Trade receivables due beyond one year, net	24	15
TRADE RECEIVABLES, NET	**1,366**	**1,241**
Trade receivables not yet due	1,159	1,001
Past-due trade receivables, net	207	240

Information relating to the Group's 20 largest customers is presented in Note 3 "Segment Information".

NOTE 27.
ENVIRONMENTAL RISKS

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

NOTE 28.
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 German 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 optics companies in Germany. The Group's two subsidiaries are part of this notification.

Essilor GmbH and Rupp & Hubrach Optik GmbH have contested both the grounds for the BKA's findings and the amount of the fines, which they deem to be disproportionate. As a result, two appeals were lodged against the BKA's decisions of June 15 and 16, 2010.

However, our two subsidiaries have decided to withdraw their appeal to avoid long and costly proceedings further to ending of all settlement discussions. Accordingly the BKA's decision is final and the amounts due were provided for at December 31,2015.

France

In July 2014, the French competition authority's inspection department made unannounced visits to selected Group subsidiaries in France and other players in the ophthalmic lens industry in connection with the online sale of ophthalmic lenses. The Group appealed the court order which authorized the visits.

In 2015, no event led to change in the assessment of this proceeding.

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 in late March 2010 against Transitions Optical Inc., Essilor of America, and Essilor Laboratories of America before US and Canadian courts. The plaintiffs in these motions are alleging that the companies concerned endeavored 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, bringing these class actions to a close, and leaving only the action by VisionEase with respect to Transitions Optical pending.

In 2015, no event modifies the assessment of this litigation.

Intellectual property

Hoya filed a court claim in Tokyo, Japan on July 24, 2013, alleging that the sale of products by Nikon-Essilor 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 from March to July 2013.

In 2014, Nikon-Essilor filed a motion with the Tokyo court and the Japanese patent office to seek the invalidation of the patent.

In 2015, no event modifies the assessment of this litigation.

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.

NOTE 29.
NUMBER OF EMPLOYEES AND PERSONNEL COSTS

Number of employees	Year 2015	Year 2014
Managerial personnel	7,328	7,008
Supervisors and employees	20,001	19,216
Production	33,174	32,256
TOTAL AVERAGE NUMBER OF EMPLOYEES FOR THE PERIOD	**60,503**	**58,480**

€ millions	Year 2015	Year 2014
PERSONNEL EXPENSES	**2,045**	**1,743**
(Salaries, payroll taxes and compensation costs on share-based payments including temporary staff expenses)		

Number of employees	December 31, 2015	December 31, 2014
NUMBER OF EMPLOYEES AT THE END OF THE PERIOD	**60,883**	**57,674**

NOTE 30.
RELATED PARTY TRANSACTIONS

Compensation of executives

€ millions	Year 2015	Year 2014
Total compensation and benefits paid to the Executive Committee [(a)]	19	15
Directors' fees paid to the Executive Committee		
TOTAL SENIOR MANAGEMENT COMPENSATION	**19**	**15**

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

The Executive Committee had 26 members at December 31, 2015 compared to 27 at December 31, 2014.

Post-employment benefits for Executive Committee members

- Pension and other post-employment benefit obligations: €45 million at the end of 2015 compared to €44 million at the end of 2014.
- Retirement benefits: €2.1 million at the end of 2015 compared to €1.3 million at the end of 2014.

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's financial statements.

Stock subscription options and performance shares awarded to Executive Committee members

The cost of these plans shown below reflects the recognition over the acquisition period of the fair value of stock subscription options and performance shares at the grant date (see Note 1.14 for more details).

The expense recognized in 2015 for awards to Executive Committee members was €12.5 million (2014: €10.4 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 uncoated lenses to the Transitions Group, for transformation into photochromic lenses. Essilor also distributes Transitions products across its networks.

€ millions	**2015**	2014
Product sales		10
Product purchases		(121)
Trade receivables		
Trade payables		

Other related party transactions

There were no non-current transactions with members of the management bodies during the year.

NOTE 31.
MAJOR SUBSIDIARIES THAT ARE NOT WHOLLY OWNED

The Group holds some ownership interests 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 33.

NOTE 32.
SUBSEQUENT EVENTS

Alleged anti-competitive practices

Our subsidiaries have decided to withdraw their appeal to avoid long proceedings further to the suspension of all settlement discussions. Accordingly, the BKA's decision is final and the amounts due were provided for at December 31,2015.

Acquisitions

Since January 1, Essilor has pursued its strategy of forging partnerships with local leaders in the optics industry by entering into four transactions representing full-year revenue of around €38 million.

The Group continues to strengthen its position in Latin America.

In **Chile**, Essilor has acquired majority stake in **Laboratorio Óptica Ltda** and **Ópticas OPV Ltda**, an integrated laboratory and distributor. In 2015, the company reported full-year revenue of around US $25 million. This partnership will allow the Group to strengthen its presence in Chile, a country with significant growth, and to introduce and develop its flagship trademarks and lenses offers and to benefit from many synergies with its local laboratory partner, Megalux.

In **Brazil**, the Group has acquired two prescription laboratories, which have around BRL 12 million in aggregate revenue from operations in, respectively, São Paulo and Rio de Janeiro states. They will enable the Group to target new customers in two key Brazilian states.

In the **USA**, Essilor of America (EoA) continues to reinforce its local position with the acquisition of the majority of the shares of **Icare Industries Inc.,** a laboratory located in the State of Florida (Revenues: US $14 million).

NOTE 33. SCOPE OF CONSOLIDATION

Listed below are the main Group companies. The complete list of consolidated companies is available on request at the registered office of the Group.

Company	Country	Consolidation method	% interest
Essilor GmbH	Germany	Full consolidation	100
RUPP + Hubrach Optik GmbH	Germany	Full consolidation	100
Satisloh GmbH	Germany	Full consolidation	100
Essilor Laboratories Pty Ltd	Australia	Full consolidation	100
Eyebiz Laboratories Pty Ltd	Australia	Full consolidation	70
Multi-Optica Distribuidora Ltda	Brazil	Full consolidation	100
Essilor da Amazonia e Comercio Ltda	Brazil	Full consolidation	100
Brasilor Comércio de Produtos Ópticos e Participacoes Ltda	Brazil	Full consolidation	100
Essilor Canada Ltd	Canada	Full consolidation	100
Essilor Network In Canada Inc.	Canada	Full consolidation	100
Coastal Contacts Inc.	Canada	Full consolidation	100
Canoptec Inc.	Canada	Full consolidation	100
Nikon Optical Canada Inc.	Canada	Full consolidation	50
Xiamen Artgri Optical Co Ltd	China	Full consolidation	50
Jiangsu Wanxin Optical Co Ltd	China	Full consolidation	50
Shanghai Essilor Optical Company Limited	China	Full consolidation	100
Chemilens (Jiaxing) Co. Ltd	China	Full consolidation	50
Xin Tianhong Optical Company Limited	China	Full consolidation	50
Essilor (China) Holding Co Ltd	China	Full consolidation	100
Servioptica SAS	Colombia	Full consolidation	51
Chemiglas Corp.	South Korea	Full consolidation	50
Essilor Espana	Spain	Full consolidation	100
Essilor Optica International Holding SL	Spain	Full consolidation	100
BSA Industries, Inc.	United States	Full consolidation	100
Classic Optical Laboratories, Inc.	United States	Full consolidation	95
Eloa Corporation	United States	Full consolidation	100
Eoa Holding Co., Inc.	United States	Full consolidation	100
Essilor Laboratories of America Holding Co Inc.	United States	Full consolidation	100

Company	Country	Consolidation method	% interest
Essilor Laboratories of America Inc.	United States	Full consolidation	100
Essilor Labs Company	United States	Full consolidation	100
Essilor Latin America & Caribbean, Inc.	United States	Full consolidation	100
Essilor of America, Inc.	United States	Full consolidation	100
I-Coat Company, L.L.C.	United States	Full consolidation	85
Interstate Optical Co.	United States	Full consolidation	80
K.B. Co. L.L.C., The Polarized Lens Company	United States	Full consolidation	100
Moc Acquisition Corporation	United States	Full consolidation	84
Nassau Lens Co, Inc.	United States	Full consolidation	100
OOGP, Inc.	United States	Full consolidation	100
Optics East, Inc.	United States	Full consolidation	100
Pech Optical Corp.	United States	Full consolidation	100
Tri-Supreme Optical, L.L.C.	United States	Full consolidation	100
Transitions Optical Inc.	United States	Full consolidation	100
Satisloh North America	United States	Full consolidation	100
FGX International Inc.	United States	Full consolidation	100
Costa del Mar, Inc.	United States	Full consolidation	100
Stylemark, L.L.C.	United States	Full consolidation	100
Frames For America, Inc.	United States	Full consolidation	61
Eyebuy Direct, Inc.	United States	Full consolidation	61
Signet Armorlite, Inc.	United States	Full consolidation	100
Shamir Insight Inc.	United States	Full consolidation	50
Dac Vision Inc.	United States	Full consolidation	100
Essilor International	France	Full consolidation	100
BBGR	France	Full consolidation	100
Novacel Ophtalmique	France	Full consolidation	75
Mega Optic Design	France	Full consolidation	75
Essidev	France	Full consolidation	100

Company	Country	Consolidation method	% interest
Invoptic	France	Full consolidation	100
Essilor India Private Limited	India	Full consolidation	100
Gkb Rx Lens Private Limited	India	Full consolidation	76
Gkb Hi-Tech Lenses Private Limited	India	Full consolidation	50
Transitions Optical Limited	Ireland	Full consolidation	100
Essilor Israeli Holdings Ltd	Israel	Full consolidation	100
Shamir Optica Holding Ltd	Israel	Full consolidation	50
Shamir Optical Industry Ltd	Israel	Full consolidation	50
Essilor Italia	Italia	Full consolidation	100
L.T.L. S.p.A.	Italia	Full consolidation	100
Nikon Essilor Co Limited	Japan	Full consolidation	50
Essilor Mexico S.A de C.V.	Mexico	Full consolidation	100
Essilor Nederland B.V.	Netherlands	Full consolidation	100
Essilor Nederland Holding B.V.	Netherlands	Full consolidation	100
Essilor Portugal – Sociedade Industrial de Óptica, Lda	Portugal	Full consolidation	100
BBGR Limited	United Kingdom	Full consolidation	100
Essilor Limited	United Kingdom	Full consolidation	100
Optic Mekk L.L.C.	Russia	Full consolidation	80
Company Grandvision L.L.C.	Russia	Full consolidation	75
Transitions Optical (S) Pte. Ltd	Singapore	Full consolidation	100
Essilor Amera Pte Ltd	Singapore	Full consolidation	100
Osa Investments Holdings Pte Ltd	Singapore	Full consolidation	100
Polycore Optical (Pte) Ltd	Singapore	Full consolidation	50
Lensco AB	Sweden	Full consolidation	100
Essilor Suisse SA	Switzerland	Full consolidation	100
Satisloh AG	Switzerland	Full consolidation	100
Satisloh Holding AG	Switzerland	Full consolidation	100
Essilor Manufacturing (Thailand) Co Ltd	Thailand	Full consolidation	100