

3.7 ANNUAL FINANCIAL STATEMENTS OF ESSILOR INTERNATIONAL

Annual statutory accounts 2015 include the profit and loss, the balance sheet, cash flows statement and notes presented below. The Statutory Auditors report on the annual statutory accounts 2015 is in the Chapter 3.9 of this "Reference document".

3.7.1 Key figures at December 31, 2015

€ thousands, except per share data which is in €	2015	2014
Income statement		
Revenue	896,655	830,421
Operating results	118,837	78,938
Profit before non-operating items and tax	331,694	388,404
Net profit	586,908	693,536
Balance sheet		
Share Capital	38,962	38,861
Equity	3,336,834	2,925,345
Net debt	2,401,155	2,182,434
Non-current assets, net	6,364,058	5,243,411
TOTAL ASSETS	7,112,562	6,183,646
Net dividend per ordinary share (€)	1,11 ^(a)	1.02

(a) Subject to the decision of the Shareholders' Meeting of May 11, 2016.

Essilor International's revenue increased by 8.9% compared to 2014, excluding revenue generated by Puerto Rico branch liquidated in 2015. Sales of corrective lenses in France increased by 6%, due to a strong increase in internal flows with the Group (by 13% in the export market). Sales of instruments decrease by 0.8% in France and increase by 10.4% at export market.

Operating results increase by €39.9 million compared to 2014 mainly due to revenues and royalties recharges to various companies of the Group and FX change gain on foreign currency's variation.

Financial income results amount to €212.9 million, down to 31% compared to 2014 due to:

- a decrease in dividends received by €122.8 million;
- an increase in net financial income on mainly loans to subsidiaries (€24 million).

The net non-operating income amounts to €276.9 million includes net capital gain of €270.8 million due to the sale of 20% interest in Transitions Optical Inc. to Essilor of America Holding Inc. and a net capital gain of €8.6 million due to the sale of DAC Vision Inc. to Satisloh Inc.

For year 2015, the corporate income tax in the financial statements amounts to €21.6 million.

3.7.2 Income statement at December 31, 2015

€ thousands	Notes	2015	2014
Revenue	2	896,655	830,421
Production transferred to inventory		(4,835)	2,023
Production of assets for own use		5,749	4,397
Reversals of depreciation, amortization and provisions	13	89,106	88,851
Other income	3	333,652	261,738
TOTAL OPERATING PROFIT		1,320,326	1,187,430
Purchases of materials and change in inventories		470,576	417,127
Other external purchases and expenses	4	252,971	227,832
Taxes and duties		28,691	30,598
Personnel expenses	16	385,648	365,754
Depreciation, amortization and provisions		50,989	59,055
Other expenses	13	12,614	8,127
TOTAL OPERATING EXPENSES		1,201,489	1,108,492
OPERATING RESULTS		118,837	78,938
Financial income	5	212,857	309,466
PROFIT BEFORE NON-OPERATING ITEMS AND TAX		331,694	388,404
Non-operating income	6	276,857	304,863
Income tax expense	7	21,642	(268)
NET PROFIT		586,908	693,536

3.7.3 Balance sheet at December 31, 2015

Assets

€ thousands	Notes	2015			2014
		Gross amount	Amortizations Provisions	Net amount	Net amount
Intangible assets	8	151,950	116,925	35,025	32,243
Tangible assets	9	364,486	259,208	105,279	113,768
Investments and other non-current assets	10	6,305,821	82,067	6,223,754	5,097,399
LONG-TERM FINANCIAL ASSETS		6,822,257	458,199	6,364,058	5,243,411
Inventories	11.1	57,686	11,228	46,458	54,409
Prepayments on orders	11.2	2,387	8	2,379	1,271
Trade receivables	11.2	345,782	3,180	342,602	300,327
Other receivables	11.2	282,020	1,106	280,914	407,213
Marketable securities	11.3	37,251		37,251	129,761
Cash		23,591		23,591	22,998
CURRENT ASSETS		748,716	15,522	733,194	915,979
Bond premium redemption		3,033		3,033	3,560
Prepaid expenses	11.4	12,277		12,277	16,937
Conversion losses					3,759
OVERALL TOTAL		7,586,283	473,721	7,112,562	6,183,646

Liabilities

€ thousands	Notes	2015	2014
Share capital	12.1	38,962	38,861
Issue, merger and transfer premiums		399,884	360,451
Legal reserve		3,886	3,879
Other reserves		2,251,408	1,776,408
Retained earnings		16,273	14,054
Net profit		586,908	693,536
Investment grants		42	75
Untaxed provisions		39,471	37,842
Translation reserve			239
EQUITY	12.2	3,336,834	2,925,345
PROVISIONS FOR CONTINGENCIES AND CHARGES	13.1	154,256	149,842
Other bonds	14.1	1,850,520	1,474,367
Borrowings and advances from credit institutions	14.1	507,323	815,119
Other financial debt	14.1	104,154	45,706
FINANCIAL LIABILITIES		2,461,997	2,335,192
Trade payables	14.2	161,452	165,919
Accrued taxes and personnel expenses	14.2	111,537	103,675
Other liabilities	14.2	885,901	501,243
OPERATING AND OTHER LIABILITIES		1,158,891	770,838
Deferred income		584	170
Conversion gains			2,259
OVERALL TOTAL		7,112,562	6,183,646

3.7.4 Cash flows statement at December 31, 2015

€ thousands	2015	2014
Net profit of the fiscal year	586,908	693,536
Elimination of non-cash items	(243,798)	(242,143)
Cash flow	343,110	451,392
Change in working capital ^(a)	482,510	95,411
NET FLOWS FROM TRANSACTIONS	825,620	546,803
Purchases of property, plant and equipment	(23,753)	(17,720)
Acquisition of shares in subsidiaries and affiliates and other investments	(523,452)	(920,899)
New loans extended	(4,580,878)	(4,372,544)
Proceeds from disposals of fixed assets	352,086	342,679
Repayment of long-term loans and advances	3,910,876	2,857,003
NET FLOW ASSIGNED TO INVESTMENTS	(865,121)	(2,111,480)
Issue of share capital	39,534	61,106
Purchases and sales of treasury stock		(16,869)
Dividends paid	(216,375)	(197,731)
Increase / decrease in borrowings	123,162	1,492,632
NET FLOWS FROM FINANCING TRANSACTIONS	(53,679)	1,339,137
Change in cash and cash equivalents	(93,180)	(225,540)
Cash and cash equivalents at the beginning of the period	145,640	371,180
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	52,460	145,640

(a) Changes in working capital are as follows:

€ thousands	2015	2014	Variation
Prepayment to suppliers	2,379	1,271	(1,108)
Inventories	46,458	54,409	7,951
Operating receivables	359,517	325,475	(34,042)
Other receivables	263,999	382,066	118,067
Accrued interest on loans and dividends receivable	8,398	3,027	(5,371)
Operating liabilities	(382,063)	(372,825)	9,238
Other liabilities	(776,828)	(398,013)	378,815
Accrued interest	(12,420)	(10,034)	2,386
Accruals and conversion gains and losses	11,693	18,267	6,574
TOTAL WORKING CAPITAL	(478,867)	3,643	482,510

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

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The following notes provide additional information about items reported in the balance sheet at December 31, 2015, which shows total assets of €7,271,562 thousand, and the income statement, which shows a net profit of €586,908 thousand.

The financial statements cover a 12-month period from January 1 to December 31, 2015.

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

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

Significant events of the year

Commercial revenue

Essilor International's revenue increased by 8.9% compared to 2014 explained by the reintegrated turnover of Puerto Rico branch liquidated in 2015. Sales of corrective lenses in France increased by 6%, due to a strong increase in internal flows within the Group (by 13% in the export market). Sales of instruments decrease by 0.8% in France and increase by 10.4% at export market.

Essilor Industries branch's liquidation

As at December 7, 2015, the branch Essilor Industries located in Porto Rico has been dissolute. The liquidation result amounts to €3.7 million of benefit.

Evolution of the hedging policy of trade flows

Until the 2014 year-end, trade flows in foreign currency were hedged on the budget forecast.

Since 2015, the hedging horizon by default of commercial flows corresponds to receivables and payables in foreign currency.

Transitions Optical Inc. securities' contribution to Essilor America Holding

As at March 31, 2015, Essilor International has contributed to its entire shareholding in Transitions Optical Inc. to its subsidiary Essilor of America Inc. with a net capital gain of €270.8 million.

New funding

As part of the EMTN program, Essilor has issued on August 7, 2015, a bond for €300 million to a variable rate E3M +0.2% with a maturity date of August 7, 2017.

Income tax

The tax debt recognized in the financial statements for fiscal year 2015 amounted to €21.6 million. This amount reflects a number of factors:

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

Furthermore, Essilor has been subject of a tax audit for the years 2012 to 2014 included. The Company has received a notification for the fiscal year 2012 which will make the subject of observations from Essilor International. Without prejudging the final position of the French Tax Authorities, a provision for fiscal risk has been recognized in the 2015 accounts.

NOTE 1.

ACCOUNTING PRINCIPLES

1.1 General

The annual accounts have been prepared in accordance with the French General Accounting Plan 2014 corresponding to the Regulation ANC n° 2014-03 dated June 5, 2014 (approved by the order of September 8, 2014 published in the Official Gazette (JO)

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

1.2 Intangible assets

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

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

Software	1 to 10 years
Patents	Period of legal protection

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

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

Intangible assets are tested for impairment when the occurrence of an event or a change of circumstances indicates that their recoverable amount may be less than their carrying amount.

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

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

1.3 Research and development costs

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

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

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the Group's intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;

- the availability of technical, financial and other resources to complete the intangible asset;
- the reliable measurement of development expenditures.

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

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

1.4 Tangible assets

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

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

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

Land is not depreciated.

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

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

Property, plant and equipment are tested for impairment when the occurrence of an event or a change of circumstances indicates that their recoverable amount may be less than their carrying amount.

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

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

1.5 Financial assets

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

The value in use of shares is estimated each year, generally on the basis of actualization of future cash flows, which are estimated from forecasts established by the subsidiaries and reviewed by the Group, and on the basis of the proportion of equity. In this case of actualization of future cash flows, the discount rate used is the weighted average cost of the capital.

Loans and receivables are stated at nominal value. Provisions are recorded to cover any risk of non-recovery.

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

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

1.6 Inventories

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

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

1.7 Receivables and payables

Receivables and payables are stated at nominal value.

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

1.8 Marketable securities

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

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

1.9 Derivative financial instruments and transactions in foreign currency

Derivative financial instruments on foreign currency

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

Essilor manages an exchange position including monetary assets and liabilities in foreign currency related to business and financial activities of the Company. Gains and losses on derivative financial allow to offset the closing rate revaluation of the balance sheet positions in foreign currency (loans, debts, receivables, payables, current accounts, bank accounts). The report / deport related to derivative financial instruments is spread in financial profit on the hedging's duration.

Essilor also uses forward sales and purchases to hedge future transactions in foreign currency. Gains and losses on derivative financial instruments are recognized in the year in which they are settled, on a symmetrical basis with the loss or gain on the hedged item.

By principle, derivative financial instruments solely used by Essilor for hedging purposes. In some exceptional cases where derivative financial instruments are not meeting the criteria in order to be qualified as they are following the accounting method below:

- a provision is recognized for unrealized losses (unrealized gains are not recognized in the income statement);
- realized gains and losses are recorded in profit and loss.

As part of the centralized foreign currency risk's management, Essilor subscribes derivative financial instruments for the Group's subsidiaries. Realized gains and losses realized on the derivative financial instruments subscribed towards banking counterparts are transferred to the subsidiaries which are at the origin of the hedging.

Derivative financial instruments on rates

On risk interest's rate, the policy of the Company is to protect itself against an unfavourable rate's evolution. To hedge the rate's risk, Essilor uses rate swaps and rate caps.

Financial incomes and expenses related to derivative financial instruments on rates are recognized in profit and loss on a symmetrical basis with the loss or gain on the hedged item.

Paid premiums on caps are spread in the financial profit on the hedging's duration.

1.10 Pension and other post-employment benefit obligations

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

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

In the case of defined benefit plans, provisions are booked to cover the unfunded projected benefit obligation, as follows:

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

1.11 Income tax (group relief)

Essilor files a consolidated tax return with ESSILOR, BBGR, OPTIM, INVOPTIC, ESSILOR ACADEMY EUROPE, NOVISA, ESSIDEV, OSE, TIKAI VISION, BNL EUROLENS, FGX HOLDING, DELAMARE SOVRA, EOMC, ESSIHOLDING, MONT-ROYAL, TRANSITIONS OPTICAL DISTRIBUTION and DAC VISION SAS and pays the corporate income tax due by the tax group.

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

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

1.12 Recognition and measurement of provisions

Regulated provisions

These mainly comprise provisions for excess tax depreciation.

Provisions for contingencies and charges

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

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

— Provisions for customer warranties

The provision is calculated:

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

— Provisions for treasury shares

Shares held under stock option plans:

- parent company shares held for stock option plans granted to Group employees are carried at cost on the balance sheet

under "Other long-term investments". They are recognized at acquisition cost. Where applicable, a provision is recorded to cover the difference between the option exercise price and the weighted Average Price of the corresponding shares held at the year-end.

Grant of performance shares:

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

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

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

— Provisions for losses from subsidiaries and affiliates

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

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

1.13 Loan issuance charges

Loan issuance charges may be:

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

The choice between those two methods is made upon issuance of the loan and cannot be later changed for the concerned loan.

NOTE 2. REVENUE

2.1 Net revenue per business sector

2015 € thousands	France	Export	Total	Variation % 2015/2014
Lenses	368,128	332,970	701,098	+7.9%
Instruments	30,331	67,770	98,101	+6.6%
Raw materials	470	11,706	12,176	+0.8%
Other sales	14,442	70,838	85,280	+11.0%
TOTAL	413,370	483,285	896,655	+8%

2014 € thousands	France	Export	Total	Variation % 2014/2013
Lenses	347,355	302,144	649,499	+5.1%
Instruments	30,589	61,403	91,991	+1.1%
Raw materials	215	11,863	12,078	-28.3%
Other sales	15,673	61,180	76,853	+2.8%
TOTAL	393,832	436,589	830,421	+3.7%

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

€ thousands	2015	2014	Variation % 2015/2014
France :			
• Group	80,688	81,038	-0.4%
• Non-Group	332,682	312,794	+6.4%
SUB-TOTAL	413,370	393,832	+5.0%
Export :			
• Group	464,759	420,282	+10.6%
• Non-Group	18,526	16,307	+13.6%
SUB-TOTAL	483,285	436,589	+10.7%
TOTAL	896,655	830,421	+8.0%

NOTE 3. OTHER INCOME

€ thousands	2015	2014
Royalties and rebilling of expenses to Group companies	333,391	261,652
Other	261	86
TOTAL	333,652	261,738

NOTE 4. OTHER EXTERNAL PURCHASES AND EXPENSES

€ thousands	2015	2014
Outsourcing	69,215	60,457
Rentals, maintenance and insurance	26,715	25,629
Studies, research and documentation	29,731	24,970
Temporary staff	18,288	14,982
Fees	32,180	30,833
Communication and advertising	38,551	33,984
Telecommunications, commissions et business travel	29,891	28,871
Other	8,401	8,107
TOTAL	252,971	227,832

NOTE 5. FINANCIAL INCOME

€ thousands	2015	2014
Interest expenses	(45,546)	(35,223)
Financial income		
• Dividends ^(a)	147,563	270,372
• Investments income	535	2,482
• Interest income from loans	106,134	71,843
Net discounts	(4,358)	(4,029)
Provision charges	(4,798)	(6,569)
Currency exchange	16,543	11,563
Other	(3,217)	(974)
TOTAL	212,857	309,466

(a) In 2014, Essilor has received exceptional dividends related to the Transitions group acquisition.

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

€ thousands	2015	2014
ON OPERATING ITEMS	31	(14,087)
Other income and expenses on operating items ^(a)	31	(14,087)
ON CAPITAL ITEMS	276,895	334,840
Transactions on disposal of financial assets ^(b)	278,401	336,922
Other exceptional income and expenses on capital items	(1,506)	(2,082)
PROVISIONS, WRITE-BACK OF PROVISIONS AND CHARGES TRANSFERRED	(70)	(15,890)
Provisions, write-back of provisions	(1,629)	(1,809)
Charges transferred	661	305
Other ^(c)	898	(14,386)
TOTAL	276,857	304,863

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

(b) Disposals of financial assets mainly consist of the contribution to Essilor of 20% of Amercia Holding Inc. holdings in Transitions Optical Inc.

(c) In 2014, the item "Other" mainly consist of impairment losses on intangible assets and property, plant and equipment.

NOTE 7. CORPORATE INCOME TAX

7.1 Profit excluding overriding tax assessments

€ thousands	2015	2014
Profit & Loss of the year	586,908	693,536
Corporate income tax	21,642	(268)
Result before corporate tax on profit	608,550	693,268
Movements of regulated provisions	1,629	1,800
Result before corporate tax on profit, excluding overriding tax assessments	610,179	695,068

Besides a tax charge of €47,931 thousand, taxes recognized at Essilor include income related to the research tax credit of €20,355 thousand and a tax consolidation income if

€4,028 thousand. Essilor tax income ended up totaling €21,642 thousand.

7.2 Allocation of income tax

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

2015 € thousands	Before tax	Corresponding tax	After tax
Result of ordinary operations ^(a)	331,694	(10,808)	320,886
Exceptional result ^(b)	276,857	(10,834)	266,022
NET RESULT			586,908

(a) Of which €147,553 thousand in dividends subject to the parent company-subsidiary treatment and €197,866 thousand in royalties taxed at the reduced rate of 15%.

(b) Of which €270,791 thousand net capital gains arising from the contribution of Transitions Optical Inc. securities and €8,638 thousand net-long term capital gains arising from the disposal of Dac Vision Inc. securities.

2014 € thousands	Before tax	Corresponding tax	After tax
Result of ordinary operations	388,404	5,073	393,478
Exceptional result	304,863	(4,805)	300,058
NET RESULT			693,536

7.3 Increases and reductions in future tax liabilities

Assets

No deferred tax assets are recognized in the balance sheet.

€ thousands	2015	2014
Pension	32,036	30,894
Provision for paid holidays ^(a)	12,388	12,304
Other	7,527	20,638
TOTAL	51,950	63,836
LOSS OF PERIOD CARRIED BACK AGAINST PRIOR PERIOD PROFITS ^(b)	206,946	228,940
Corporate income tax corresponding to 34.43%	89,138	111,255

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

(b) This cumulative tax loss carry-forward corresponds to the tax loss carry-forward of the tax group. The tax savings arising from the use of the tax losses of tax group members, which are returnable to them by Essilor, are recognized as a liability through the recognition of a debt in the Company's balance sheet. This debt amounts to €5,653 thousand at December 31, 2015. The Company thinks it could utilize its tax loss carry-forwards.

Liabilities

No deferred tax liabilities are recognized in the balance sheet. Recognition of deferred taxes on the timing differences shown below would have the effect of increasing income tax expense by €13,604 thousand.

€ thousands	Year-end 2013	Increase 2014	Decrease 2014	Year-end 2014	Increase 2015	Decrease 2015	Year-end 2015
Provisions related to :							
• Excess tax depreciation	36,042	10,184	8,384	37,842	9,289	7,660	39,471
• Other	95	(20)		75		33	42
TOTAL	36,137	10,164	8,384	37,917	9,289	7,693	39,513
Future tax liabilities (34.43%)	13,732			14,409			13,604

NOTE 8. INTANGIBLE ASSETS

€ thousands	Gross book value at beginning of period	Increases	Decreases	Mouvements	Increase of depreciation	Decrease of depreciation	Net value at the year-end
2015							
Research and development costs	5,444	472	487	1,227			6,656
Patents, trade marks and licences	133,336	5,219	757	721			138,520
Goodwill	434						434
Other intangible fixed assets	3,311	5,313	366	(1,919)			6,340
GROSS VALUE	142,525	11,004	1,610	30			151,950
Amortizations and depreciations	110,283				8,312	1,671	116,925
NET VALUE	32,243						35,025
2014							
Research and development costs	7,466	1,111		(3,133)			5,444
Patents, trade marks and licences	127,496	2,414	1,924	5,351			133,336
Goodwill	434						434
Other intangible fixed assets	5,406	2,625		(4,721)			3,311
GROSS VALUE	140,802	6,150	1,924	(2,503)			142,525
Amortizations and depreciations	91,189				21,648	2,555	110,283
NET VALUE	49,612						32,243

NOTE 9. TANGIBLE ASSETS

€ thousands	Gross book value at beginning of period	Increases	Decreases	Mouvements	Increase of depreciation	Decrease of depreciation	Net value at the year-end
2015							
Lands	14,652	68	8	1,048			15,760
Constructions	160,601	2,608	5,918	1,483			158,774
Plant and equipment	148,133	4,627	17,777	4,460			139,442
Other property, plant and machinery	46,359	1,347	1,571	98			46,234
Property, plant and equipment in progress	5,544	4,099	17	(5,350)			4,277
Advances and deposits	9			(9)			
GROSS VALUE	375,298	12,749	25,291	1,730			364,486
Amortization, depreciation and impairment	261,530				20,395	22,717	259,208
NET VALUE	113,768						105,279
2014							
Lands	13,957	49		645			14,652
Constructions	158,482	1,742	297	673			160,601
Plant and equipment	139,344	7,121	955	2,623			148,133
Other property, plant and machinery	45,797	588	184	158			46,359
Property, plant and equipment in progress	5,640	1,697		(1,793)			5,544
Advances and deposits	120			(111)			9
GROSS VALUE	363,341	11,197	1,436	2,196			375,298
Amortization, depreciation and impairment	240,079				22,771	1,320	261,530
NET VALUE	123,262						113,768

NOTE 10. FINANCIAL ASSETS

10.1 Summaries

2015 € thousands	Gross book value at beginning of period	Increases	Decreases	Mouvements	Increase of depreciation	Decrease of depreciation	Net value at the year-end
Equity held ^(a)	2,779,615	631,339	101,087	(121)			3,309,746
Receivables from companies in which an equity is held ^(b) (Loans to subsidiaries / Advances on share issues)	2,088,186	4,683,186	4,010,314				2,761,059
Other long-term investments (own shares)	288,668		63,937				224,731
Other loans	44	2,500					2,544
Other long-term financial investments ^(c)	6,355	4,566	3,302	121			7,741
GROSS VALUE	5,162,868	5,321,591	4,178,639				6,305,821
Impairment	65,470				30,044	13,447	82,067
NET VALUE	5,097,399						6,223,754

(a) Increases:

- acquisition of 51% of "JAI KUDO POLSKA" Sp. z o.o and 7.5% Optika Amuka Ltd for a global total amounting to €5.4 million;
- capital increases for Essilor of America Holding Inc., Essilor AMERA PTE. Ltd, Essilor Nederland Holding B.V., Brasilor Comércio de Produtos Opticos E Participações Ltda and Oftalmica Galileo Italia S.p.A. and Essilor Canada Ltd for a global total amounting to €619.4 million.

Decreases:

- sale of 100% of Dac Vision Inc. securities, sale of 20% of Transitions Optical Inc. securities, sale and capital decrease of 28.6% of Coastal Contacts Inc. securities for a total amount of €100.1 million.

Mouvements:

- long-term assets of various acquisition fees (€0.1 million).

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

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

2014 € thousands	Gross book value at beginning of period	Increases	Decreases	Mouvements	Increase of depreciation	Decrease of depreciation	Net value at the year-end
Equity held	1,842,706	930,059	10,203	17,054			2,779,615
Receivables from companies in which an equity is held (Loans to subsidiaries / Advances on share issues)	559,420	4,372,544	2,843,778				2,088,186
Other long-term investments (own shares)	305,537	35,864	52,733				288,668
Other loans	44						44
Other long-term financial investments	14,908	11,524	3,022	(17,054)			6,355
GROSS VALUE	2,722,614	5,349,991	2,909,736				5,162,868
Impairment	57,591				19,779	11,900	65,470
NET VALUE	2,665,023						5,097,399

10.2 Table of subsidiaries and shareholdings

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

€ thousands	Share capital	Other equity	Carrying amount of shares held		Loans and advances granted by the Company	Guarantees and endorsements given by the Company	Net revenue of the last fiscal year	Profit for the last fiscal year	Dividends cashed by the Company over the fiscal year
			Gross	Net					
A - IS GREATER THAN 1%									
French companies	125,159	276,457	280,391	261,567			448,656	31,777	70,668
International subsidiaries	1,321,511	2,394,632	3,028,526	2,965,353	1,943,506	36,069	6,693,336	503,885	76,885
B - DOES NOT EXCEED 1%									
French companies									
International subsidiaries	5,909	35,079	829	777	178,069	3,386	106,975	5,059	

10.3 Maturities of long-term asset receivables

€ thousands	2015	2014
More than one year	1,865,585	1,684,524
Less than one year	905,759	410,061
TOTAL	2,771,343	2,094,585

NOTE 11. CURRENT ASSETS

11.1 Inventories

€ thousands	2015	2014
Raw material and supplies	25,393	36,569
Goods	10,716	9,990
Finished, semi-finished and in-process goods	21,576	26,326
SUB-TOTAL	57,686	72,884
Provisions related to :		
• Raw material and supplies	(6,062)	(12,452)
• Goods	(1,980)	(1,774)
• Finished, semi-finished and in-process goods	(3,185)	(4,250)
SUB-TOTAL	(11,228)	(18,476)
TOTAL	46,458	54,409

11.2 Maturities of current assets receivables

€ thousands	2015
OVER ONE YEAR	36,504
Trade receivable	36,504
Other receivables ^(b)	
LESS THAN ONE YEAR	589,390
Prepayments on orders	2,379
Trade receivables ^(a)	306,098
Other receivables ^(b)	280,914
TOTAL	625,894

(a) The portion related to commercial paper represents €845.5 thousand.

(b) The "Other receivables" line primarily includes current accounts with regard to subsidiaries of €233 million and a carry-back receivable of €3.8 million.

11.3 Marketable securities

€ thousands	2015		2014	
	Gross	Net	Gross	Net
SICAV ^(a)	23	23	104,566	104,566
Financial instruments	37,129	37,129		
TOTAL	37,152	37,152	104,566	104,566
Deposits certificate	99	99	25,195	25,195
TOTAL	37,251	37,251	129,761	129,761

(a) SICAV mutual funds held at closing are comprised solely of money market funds with a maturity of three months or less.

Available cash is invested in accordance with the two overarching principles of security and liquidity. Essilor sets limits on investment periods and vehicles, as well as on concentrations of counterparty risks. At December 31, 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.

11.4 Prepaid expenses

€ thousands	2015	2014
Prepaid expenses :		
• Operating result	13,910	12,987
• Financial income	(1,633)	3,950
TOTAL	12,277	16,937

11.5 Accrued income

€ thousands	2015	2014
Investments and other non-current assets		
Receivables from companies in which an equity interest is held	8,398	3,027
Other non-current assets	103	
Receivables		
Clients -invoices to raise	70,740	63,294
Other receivables	2,717	3,448
TOTAL	81,958	69,769

NOTE 12. SHAREHOLDERS' EQUITY

12.1 Composition of capital

Number of shares, except information per share	Number of shares				At the year-end	Par value (€)
	At the start of the year	Issued	Canceled	Exchanged		
Ordinary shares	215,892,528	563,912			216,456,440	0.18
TOTAL	215,892,528	563,912			216,456,440	0.18

Of which treasury shares:

Number of shares	Number of shares at the start of the year	Share purchases	Cancellation	Exercises of options	Exercises of performance shares	Number of shares at the year-end
Capitalized	3,959,921			(1,099,823)		2,860,098
TOTAL	3,959,921			(1,099,823)		2,860,098

12.2 Variation in equity capital

€ thousands	Share capital	Issue premiums	Reserves and retained earnings	Result of the fiscal year	Untaxed provisions	Government grants	Translation reserve	Total Equity
EQUITY AT JANUARY 1, 2015	38,861	360,451	1,794,341	693,536	37,842	75	239	2,925,345
Capital increase								
• FCP Mutual funds	102							102
• Stock subscription options		39,432						39,432
Capital reduction								
Other movements over the fiscal year			66		1,629	(33)	(239)	1,423
Allocation of profit			693,536	(693,536)				
Dividends paid			(216,375)					(216,375)
Net profit of the fiscal year				586,908				586,908
EQUITY AT DECEMBER 31, 2015	38,962	399,884	2,271,567	586,908	39,471	42		3,336,834

2015

Capital totalled €38,962 thousand, corresponding to an increase of 563,912 ordinary shares following:

- subscriptions to Essilor group FCP mutual funds (257,057 shares);
- stock subscription options (306,855 shares).

New shares were entitled to dividends starting January 1, 2015.

2014

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

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

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

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

Stock subscription and purchase options

The exercise price of stock subscription or purchase options corresponds to the average of the share prices quoted over the 20 trading days preceding the date of the Board Meeting at which the grants are decided. Gains on options granted since 2004 (corresponding to the difference between the average share price during the three calendar months prior to the month of exercise of the option and the exercise price) are capped at 100% of the exercise price.

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

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

	Number of stock options as at 01/01/2015	Share subscription options	Stock options canceled and expired	Attributions	Number of stock options as at 12/31/2015
Share subscription options	900,134	(306,855)	(89,671)	100,023	603,631
TOTAL	900,134	(306,855)	(89,671)	100,023	603,631

Performance shares

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

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

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

	Number of performance shares as at 01/01/2015	Definitive attributions of performance shares	Performance shares canceled	Attributions	Number of performance shares as at 12/31/2015
Performances shares	4,021,259	(1,099,823)	(138,432)	1,343,153	4,126,157
TOTAL	4,021,259	(1,099,823)	(138,432)	1,343,153	4,126,157

Employee share issues

The main features of employee share issues are:

€	2015	2014
Share subscription price	97.05	69.73
Total discount amount	24.26	17.43
Number of shares subscribed	257,057	337,182

NOTE 13. PROVISIONS

13.1 Provisions for contingencies and charges

2015 € thousands	Value at the beginning of the period	Provisions for the year	Reversals for the year (used)	Reversals for the year (non used)	Value at the year-end
Provisions for pension	30,894	6,898	5,757		32,036
Provisions for losses on subsidiaries and affiliates	300		300		
Provisions for performance shares	79,527	102,784	77,624		104,687
Other provisions for losses and liabilities ^(a)	39,121	7,925	25,890	3,622	17,533
TOTAL	149,842	117,607	109,571	3,622	154,256

(a) Other provisions for risks and liabilities as at December 31, 2015 are mostly composed of the tax audit provision and jubilee provision.

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

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

13.2 Asset depreciation

€ thousands	Value at the beginning of the year	Provisions for the year	Reversals for the year	Value at the year-end
2015				
ASSETS DEPRECIATION	91,894	44,740	39,045	97,588
Inventories	18,476	11,228	18,476	11,228
Receivables	8,282	3,468	7,465	4,286
Shares in subsidiaries and affiliates	64,796	30,044	12,790	82,050
Receivables from companies in which an equity interest is held				
Other long-term investments	332		314	17
Other	8			8
2014				
ASSETS DEPRECIATION	89,991	41,976	40,073	91,894
Inventories	17,673	18,476	17,673	18,476
Receivables	14,719	4,063	10,500	8,282
Shares in subsidiaries and affiliates	56,098	19,271	10,573	64,796
Receivables from companies in which an equity interest is held	1,327		1,327	
Other long-term investments	166	166		332
Other	8			8

NOTE 14. LIABILITIES

14.1 Financial debts maturities

Total debt's split by maturity and type

€ thousands	2015	2014
DUE IN LESS THAN ONE YEAR	627,176	876,268
Loans from subsidiaries	103,817	35,641
Interest on bonds and US private placements	15,699	15,433
US and French commercial paper programs	502,315	813,499
Total borrowings	5,346	11,695
DUE IN ONE TO FIVE YEARS	1,007,266	514,359
US private placements	707,266	514,359
Bonds	300,000	
DUE IN MORE THAN FIVE YEARS	827,556	944,565
Bonds	800,000	800,000
US private placements	27,556	144,565
TOTAL	2,461,997	2,335,192

Financial debt's split by currency

€ thousands	2015	2014
EUR	1,250,306	1,079,144
USD	1,155,898	1,230,091
KRW	29,097	
JPY	15,261	
PLN	8,211	6,616
GBP	3,224	3,738
THB		11,278
MXN		336
CNY		3,989
TOTAL	2,461,997	2,335,192

Covenants

The Company's financing is not subject to any particular financial covenants. Only the US\$300 and US\$500 million US private placements subscribed in 2012 and 2013 are subject to a specific financial ratio. This was complied with at December 31, 2015.

14.2 Maturities and other liabilities

Analysis of total liabilities by maturity and by category

€ thousands	2015	2014
DUE IN LESS THAN ONE YEAR	1,158,891	770,838
Operating liabilities ^(b)	391,854	372,825
Other liabilities ^{(a) (b)}	767,037	398,013
DUE IN ONE TO FIVE YEARS		
Operating liabilities		
Other liabilities		
DUE IN MORE THAN FIVE YEARS		
Operating liabilities		
Other liabilities		
TOTAL	1,158,891	770,838

(a) "Other liabilities" account mostly includes current accounts with subsidiaries and amount €738 million.

(b) The part related commercial paper is null in 2015.

14.3 Accrued expenses

€ thousands	2015	2014
Accrued interest on borrowing	17,203	16,854
Trade payables	75,956	75,787
Accrued taxes and personnel expenses		
• Vacation pay	39,384	36,828
• Discretionary profit sharing	5,944	6,614
• Other	38,917	34,137
Other operating liabilities		
• Discounts and allowances to be granted	101,979	90,147
• Amounts due to customers	9,790	6,115
• Credit notes to be issued	7,095	6,969
Liabilities on long-term assets and related accounts	378	588
TOTAL	296,645	274,038

14.4 Items concerning related companies

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

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

Balance sheet € thousands	Net amount concerning companies			Total assets
	Related parties	With which the Company has capital ties	Other	
Equity held	3,176,392	51,304		3,227,696
Receivables from companies in which an equity interest is held	2,747,200	12,508	1,352	2,761,059
TOTAL LONG-TERM FINANCIAL ASSETS (NET)	5,923,592	63,812	1,352	5,988,755
Trade receivables	258,711	12,567	74,504	345,781
Other receivables	232,088		51,049	283,137
TOTAL CURRENT ASSETS (NET)	490,799	12,567	125,553	628,919
TOTAL ASSETS	6,414,391	76,379	126,904	6,617,674
Trade payables	69,807	2,144	89,502	161,453
Other operating liabilities	11,847	291	218,264	230,401
Other liabilities	750,383		16,655	767,037
TOTAL LIABILITIES	832,036	2,435	324,421	1,158,892

Income statement € thousands	Net amount concerning other companies			Total income statement
	Related parties	With which the Company has ties	Other	
Income statement				
Financial expense ^(a)	91,483	461	408,246	500,189
Financial income ^(b)	482,028	19,196	211,822	713,046

(a) Financial expense breaks down as follows:

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

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

(b) Financial income breaks down as follows:

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

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

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

NOTE 15. OFF BALANCE SHEET COMMITMENTS

15.1 Financial commitments

Commitments given and received

€ thousands	2015	2014
Projected benefit obligations given		
Guarantees and endorsements ^(a)	68,229	109,938
Projected benefit obligations received		
Guarantees, endorsements and sureties received		

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

Confirmed undrawn credit at December 31, 2015 amounted to €2,438 million.

Forward foreign exchange contracts

Foreign exchange forward transactions at December 31, 2015 are the following:

€ thousands	Contractual amount (initial price)	Market value as at December 31, 2015
Foreign currency sell position	1,499,202	31,943
Foreign currency buy position	310,651	444
TOTAL		32,387

Essentially, the Company is in a net selling position for USD and CAD.

Foreign currency's optional position

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

€ thousands	Nominal	Allowances received (paid) at the beginning	Market value as at December 31, 2015
Purchase option's purchase in foreign currency	10,750	(508)	(851)
Purchase option's sale in foreign currency	10,750	508	851

Implementation of currency option CAD / USD in order to hedge the needs in USD of the two Canadian entities.

Rate swaps and caps

In thousands of currency units	Notional in \$	Notional in €	Market value as at December 31, 2015
USD interest rate swaps	250,000		(2,783)
EUR interest rate swaps		400,000	24,985
USD interest rate caps	100,000		1,451
TOTAL			23,652

15.2 Commitments under finance leases

There have been no commitments under finance leases since 2006.

15.3 Commitments for future payments

2015 Contractual obligations € thousands	Payments due by period			Total
	Less than 1 year	1 to 5 years	More than 5 years	
IT publishers				
Simple rent's contract	3,771	13,113	8,797	25,682
TOTAL	3,771	13,113	8,797	25,682

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

Essilor granted put options to the minority shareholders of various controlled subsidiaries. At December 31, 2015, the valuation of all of those put options if they were fully exercised totalled €32,834 thousand.

NOTE 16. INFORMATION ON EMPLOYEES

16.1 Pension, jubilees and post-retirement benefit obligations

Supplementary pension plan

The Company's obligation to management and management-level employees for supplementary pensions was updated in 2015, using a retrospective method. 2015 actuarial assumptions were as follows: inflation rate (1.80%), staff turnover rate, rate of future salary increases (between 1.80% and 4%) and discount rate (2.15%).

Measured in this way, the obligation totalled €65,538 thousand, of which €1,983 thousand has already been paid into pension funds managed by an independent insurance company by the end of 2015.

€ thousands	2015	2014
Present value of the commitments	65,538	63,839
Market value of the assets of the fund	(21,945)	(16,600)
Deferred items ^(a)	(38,179)	(40,907)
PROVISION IN THE BALANCE SHEET	5,414	6,331

(a) Deferred items include actuarial losses or gains and past services costs.

Jubilees

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

according to a retrospective method, at €2,889 thousand at December 31, 2015 based on a discount rate of 2.15%.

€ thousands	2015	2014
Present value of the commitments	2,889	2,685
Market value of the assets of the fund		
PROVISION IN THE BALANCE SHEET	2,889	2,685

Retirement benefits

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

retrospective method, at €41,071 thousand at December 31, 2015 based on a discount rate of 2.15%.

€ thousands	2015	2014
Present value of the commitments	41,071	38,921
Market value of the assets of the fund		
Deferred items ^(a)	(19,695)	(18,723)
PROVISION IN THE BALANCE SHEET	21,376	20,198

(a) Deferred items include actuarial losses or gains and past services costs.

Expenses for the year

€ thousands	2015	2014
Cost of performed services during the year	(6,010)	(4,137)
Interests expense on actualization	(2,373)	(2,516)
Paid contributions	6,200	3,000
Paid services	4,948	4,232
Expected return on fund assets	374	405
Actuarial losses (gains)	(4,295)	(3,196)
Cost of past services	(302)	(302)
COST OF THE YEAR	(1,458)	(2,514)

16.2 Average number of employees

Breakdown of average number of employees	2015	2014
Managers	1,369	1,336
Supervisors and employees	1,150	1,196
Production	640	773
TOTAL	3,159	3,305

16.3 Compensation of executives

€ thousands	2015	2014
Executives bodies		
Compensation received ^(a)	1,986	1,655
Length-of-service award payable on retirement (actuarial value)	354	581
Supplementary retirement benefit obligations (actuarial value)	11,764	13,952
Value of performance share rights granted during the year ^(b)	1,975	1,566
TOTAL	16,079	17,753
Administrative bodies		
Compensation received	689	504
TOTAL	689	504

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

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

16.4 Other information related to employees

Individual training entitlement

In accordance with Article R.6323 of the labor law, effective from January 1, 2015 the individual training account has replaced the "Droit Individuel à la Formation" (DIF). The rights acquired under the

"DIF" as at December 31, 2014, were amounting 291 618 hours, and not consumed, can be used as part of the new individual training account until December 31, 2020.

NOTE 17. AUDIT AND OTHER NETWORK MEMBERS FEES

€ thousands, except for percentage	PricewaterhouseCoopers				Mazars			
	Amount		In %		Amount		In %	
	2015	2014	2015	2014	2015	2014	2015	2014
Audit								
Auditing certification, examination of individual and consolidated accounts	447	447	56%	38%	282	282	33%	44%
Accessory missions	347	726	44%	62%	568	358	67%	56%
SUB-TOTAL	794	1,172	100%	100%	850	640	100%	100%
Other services								
Legal, fiscal, social								
Others								
SUB-TOTAL	0	0	0%	0%	0	0	0%	0%
TOTAL	794	1,172	100%	100%	850	640	100%	100%

NOTE 18. EVENTS POST YEAR-END

Nil.

NOTE 19.
RESULTS (AND OTHER CHARACTERISTIC ITEMS)
OF THE LAST FIVE FISCAL YEARS

Capital at year-end € thousands	2015	2014	2013	2012	2011
Share capital	38,962	38,861	38,646	38,650	38,527
Number of ordinary shares outstanding	216,456,440	215,892,528	214,699,498	214,724,040	214,038,296
on which own shares	2,860,098	3,959,921	4,454,406	4,387,477	5,363,126
Number of preferred, non-voting shares outstanding (without voting rights)	0	0	0	0	0

Transactions and results of the year € thousands	2015	2014	2013	2012	2011
Net revenue	896,655	830,421	800,847	737,543	678,430
Profit before tax and calculated expenses (amortization and provisions)	663,763	749,634	373,329	445,205	300,219
Income tax expense	21,642	(268)	1,066	11,294	(14,408)
Employee profit-sharing due for the year					
Profit after tax and calculated expenses (amortization and provisions)	586,908	693,536	326,184	407,376	273,061
Total dividends	216,375	216,171	197,630	185,096	177,374

Earnings per share €	2015	2014	2013	2012	2011
Earnings per share, after tax and employee profit-sharing, but before calculated expenses (amortization and provisions), excluding treasury stock	3.01	3.54	1.77	2.06	1.51
Earnings per share, after tax and employee profit-sharing, calculated expenses (amortization and provisions), excluding treasury stock	2.75	3.27	1.55	1.94	1.31
Net dividend per ordinary share	1,11 ^(a)	1.02	0.94	0.88	0.85
Net dividend per preferred, non-voting share					

(a) Subject to the decision of the Shareholders' Meeting of May 11, 2016.

Personnel € thousands, except for average number of employees	2015	2014	2013	2012	2011
Average number of employees in the year	3,159	3,305	3,425	3,457	3,464
Total payroll	176,251	175,783	172,407	167,943	161,028
Total benefits	107,648	99,676	97,673	96,729	81,492