2013 INTERIM FINANCIAL REPORT

ESSILOR INTERNATIONAL

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This is a free translation into English of the 2013 Interim Financial Report issued in French.

First-half 2013 results

3.7% sales growth at constant exchange rates

Contribution from operations of 18.3%

- **Success of new products**
- **Sustained demand in major fast-growing markets**
- **Strong momentum in the acquisition strategy**
- **High prior-year comparatives**

Charenton-le-Pont, France (August 29, 2013) – The Board of Directors of Essilor International met yesterday to approve the Company's financial statements for the six months ended June 30, 2013. The auditors have performed a limited review of the consolidated financial statements. Their report does not include any observations.

Key metrics

In € millions	**First-half 2013**	**First-half 2012**	**Change**
Revenue	**2,576**	2,530	+ 1.8%
Contribution from operations[(a)]	**472**	454	+ 4.0%
(% of revenue)	***18.3%***	*17.9%*	*+ 40 bp*
Profit attributable to Group equity holders	**310**	301	+ 3.2%
Earnings per share (in €)	**1.48**	1.45	+ 2.0%
Cash flow[(b)]	**473**	445	+ 6.3%

(a) Operating profit before compensation costs for share-based payment plans, restructuring costs, other income and expense, and goodwill impairment.
(b) Net cash from operating activities before change in working capital requirement.

Commenting on these results, Hubert Sagnières, Chairman and Chief Executive Officer of Essilor, said: *"Our first-half results reflect Essilor's ability to implement operations worldwide while maintaining high margins. The Company's profitability improved thanks to new products and manufacturing efficiency, despite the impact on sales growth of high prior-year comparatives."*

During the first half, in a sluggish overall economic environment, Essilor deployed its new products region by region and strengthened its geographical presence through new partnerships.

The ramp-up of important innovations like the Varilux® S series, growth in the Xperio® polarized lens category and, more generally, increasingly vibrant demand across all regions and divisions helped to

News Release

drive stronger sales throughout the period. In the second quarter, combined growth in revenue at constant exchange rates (like-for-like and bolt-on acquisitions) came to 5.3%, a clear improvement over the first quarter (up 1.9%).

Overall, Essilor posted revenue growth at constant exchange rates of 3.7% in a first half that was adversely affected by high prior-year comparatives and an unfavorable operating environment. However, the Company's profitability improved considerably, with a contribution margin of 18.3%.

The highlights of the first half were:

- The success of the Crizal® UV antireflective lens and the Varilux® S series progressive lens, two major innovations.
- Strong sales momentum in the main fast-growing markets (Brazil, China and India).
- Acceleration in bolt-on acquisitions[1] with new operations in Colombia and Chile, two dynamic Latin American economies.
- A sharp improvement in gross margin (up 70 basis points) reflecting Essilor's ability to capture the value of innovations, enhance the efficiency of production resources and integrate acquisitions.
- A 6.3% increase in cash flow and maintenance of a solid balance sheet.

Outlook

In the second half, Essilor will pursue its innovation strategy, in particular with the launch of Crizal Prevencia, the first lens that selectively filters harmful rays from blue light. The Company will also deploy a large number of mid-range products to take advantage of growth in this segment. Lastly, the acquisition dynamic underway since the beginning of the year should accelerate. For full-year 2013, revenue growth (like-for-like and bolt-on acquisitions) should be close to 7%, with profitability confirmed at a high level.

Over the longer term, the growth drivers in the optics market remain powerful and worldwide demand for improved visual health is expected to create many opportunities. Essilor will continue to position itself in fast-growing segments, as evidenced by the recently signed agreement to acquire Transitions Optical, the world leader in photochromic lenses.

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[1] Acquisitions or local partnerships

Practical information

A meeting with analysts will be held in Paris today, August 29, at 10:00 a.m. CEST

The meeting will be available live and recorded for later listening at:
http://hosting.3sens.com/Essilor/20130829-BFA07417/en/

The presentation will be webcast at:
http://www.essilor.com/en/Investors/Pages/PublicationsDownloads.aspx

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

Investor calendar

Third-quarter 2013 revenue: October 24, 2013

About Essilor

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

Essilor reported consolidated revenue of approximately €5 billion in 2012 and employs around 50,700 people. It operates in some 100 countries with 22 plants, more than 400 prescription laboratories and edging facilities, as well as several research and development centers around the world.

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

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

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

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MANAGEMENT REPORT

REVENUE UP 3.7% EXCLUDING THE CURRENCY EFFECT

Consolidated Revenue by Operating Segment and by Region

In € millions	H1 2013	H1 2012 [a]	% Change (reported)	% Change (like-for-like)	Change in the scope of consolidation
Lenses and Optical Instruments	**2,296.3**	**2,249.2**	+ 2.1%	+ 1.3%	+ 2.8%
North America	***914.8***	***906.3***	*+ 0.9%*	*+ 0.2%*	*+ 2.1%*
Europe	***802.0***	***803.4***	*- 0.2%*	*+ 0.3%*	*- 0.1%*
Asia/Pacific/Middle East/Africa	***407.9***	***382.7***	*+ 6.6%*	*+ 2.3%*	*+ 8.3%*
Latin America	***171.6***	***156.8***	*+ 9.4%*	*+ 9.2%*	*+ 8.4%*
Equipment	**92.3**	**95.6**	- 3.4%	- 1.0%	- 1.1%
Readers	**187.1**	**185.7**	+ 0.7%	+ 2.0%	0.0%
TOTAL	**2,575.7**	**2,530.5**	**+ 1.8%**	**+ 1.2%**	**+ 2.5%**

(a) In first-half 2012, Nikon-Essilor's revenue in North America (€19.8 million) and Europe (€5.7 million) was recognized in the Asia/Pacific/Middle East/Africa region. In the same way, revenue in Mexico (€11.3 million) was previously recognized in the North America region, but is now included in Latin America. First-half 2012 consolidated revenue has been adjusted to reflect this change.
(b) Intra Group sales with and by newly consolidated companies.

Revenue amounted to €2,575.7 million in the first six months of 2013, an increase of 1.8% as reported and of 3.6% like-for-like including bolt-on acquisitions.[1]

- On a like-for-like basis, revenue was up 1.2% overall for the period, with a faster 2.4% gain in the second quarter versus flat growth in the first (0%).
- The 2.5% net growth from changes in the scope of consolidation reflected the contribution from bolt-on acquisitions (2.4%) and the impact of the change of consolidation method applied to the 50%-owned Essilor Korea joint venture (0.1%), which has been fully consolidated since February 1, 2012.
- The negative 1.9% currency effect mainly stemmed from the decline in the US dollar, Brazilian real and Japanese yen against the euro.

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[1] Acquisitions or local partnerships

Revenue by region and by division

The Lenses and Optical Instruments division delivered like-for-like growth of 1.3%, as the successful launch of innovations and robust demand in the leading fast growing markets offset the negative impact of technical factors, such as high prior-year comparatives and poor weather conditions.

In **North America (up 0.2% like-for-like)**, the impact of the eyecare market's sound fundamentals was partially obscured by certain delays in commercially rolling out the Varilux® S series progressive lens and by high prior-year comparatives related to the contract to supply LensCrafters with one-hour anti-reflective coating solutions. Business picked up noticeably in the second quarter, thanks in particular to the advertising campaign for the Xperio® range of polarized lenses. Sales to independent laboratories were lifted by a strong marketing drive and a favorable product mix. Business in Canada gradually improved throughout the period.

The situation remained highly varied in **Europe (up 0.3% like-for-like)**. The successful introduction of the Varilux® S series, which proved very popular in France and most other countries, and of the Crizal® UV lens made up for the impact of persistent economic difficulties in Southern Europe, Benelux and certain other geographies. Business remained strong in the United Kingdom, thanks mainly to the effective execution of the contract with Boots Opticians, and began to show signs of renewed vigor in Eastern Europe. Sales of optical instruments also turned around during the period.

Revenue in the **Asia-Pacific/Middle-East/Africa** region **(up 2.3% like-for-like)** rose sharply in the Indian (+20.4%) and Chinese (+18.0%) domestic markets, led by the solid performance of the Varilux® and Crizal® lines, mid-tier products and anti-fatigue lenses. However, this growth was somewhat dampened by the decline in exports from these two countries, in particular to Europe. Business was difficult in South Korea, Indonesia and South Africa. The decline in business in the region's developed markets remains limited, despite extremely high prior-year comparatives in Japan.

In **Latin America**'s challenging economic and social environment, Essilor maintained its strong momentum, with **like-for-like growth of 9.2%**. In Brazil, the strategy of partnering with local prescription laboratories is delivering results, while the Crizal UV and Varilux lines were introduced to wide acclaim. Essilor is continuing to gain market share in Mexico, where demand for value-added products is trending sharply upwards. In Colombia, the partnership formed with Servi Optica, the country's leading lens distributor, entered the deployment phase. However, the region's overall performance was slowed by the very difficult economic situation in Argentina.

The **Equipment** division saw revenue ease back by **1.0% like-for-like** due to comparison with a strong first-half 2012, which was boosted by the exceptional sale of machines. When adjusted for these sales, business was up for the period, led by demand for coating machines, notably in North America. By the end of the period, very deep backlog had been rebuilt, in particular due to the successful launch of the automated On-Block Manufacturing in-line production system.

In the **Readers** division (**up 2.0% like-for-like**), the performance in non-prescription reading glasses was driven by product line refreshes and the ramp-up of business with a number of key accounts, despite sluggish retail sales in the United States. Sunglasses sales were adversely impacted by high prior-year comparatives due to exceptionally sunny weather in first-half 2012. The integration of Stylemark is now nearly completed and synergies are being developed faster than expected.

Second-Quarter Revenue up 5.3% at Constant Exchange Rates

In € millions	**Q2 2013**	**Q2 2012** [a]	**% Change (reported)**	**% Change (like-for-like)**	**Change in the scope of consolidation**
Lenses and Optical Instruments	**1,147.7**	**1,110.3**	+ 3.4%	+ 2.4%	+ 3.3%
North America	***452.2***	***445.9***	*+ 1.4%*	*+ 0.9%*	*+ 2.5%*
Europe	***399.5***	***395.0***	*+ 1.1%*	*+ 2.0%*	*- 0.1%*
Asia/Pacific/Middle East/Africa	***203.2***	***190.0***	*+ 6.9%*	*+ 3.2%*	*+ 8.4%*
Latin America	***92.8***	***79.4***	*+ 16.9%*	*+ 10.1%*	*+ 12.6%*
Equipment	**49.8**	**49.8**	+ 0.1%	+ 2.2%	- 0.7%
Readers	**101.9**	**100.5**	+ 1.5%	+ 3.2%	0.0%
TOTAL	**1,299.5**	**1,260.6**	**+ 3.1%**	**+ 2.4%**	**+ 2.9%**

(a) In the second quarter of 2012, Nikon-Essilor's revenue in North America (€9.7 million) and Europe (€2.9 million) was recognized in the Asia/Pacific/Middle East/Africa region. In the same way, revenue in Mexico (€5.9 million) was previously recognized in the North America region, but is now included in Latin America. Second quarter 2012 consolidated revenue has been adjusted to reflect this change.

(b) Intra Group sales with and by newly consolidated companies.

Revenue for the second-quarter stood at €1,299.5 million, an increase of 3.1% as reported and of 2.4% like-for-like, reflecting an improved quarter-on-quarter performance in every region and division. The impact from changes in the scope of consolidation also rose, to a positive 2.9%, while the currency effect was a negative 2.2%.

During the quarter, Essilor continued to launch innovative new products and stepped up the deployment of its partnership strategy. By region and business, the period saw:

- Improved performance in the United States and Canada.
- The successful launch of innovations in Europe and an upswing in the Instruments business.
- A lackluster performance in developed markets in Asia, held back by high prior-year comparatives.
- Continued strong momentum in the leading fast-growing markets (Brazil, China and India).
- Renewed growth in the Equipment division and improved business in the Readers division.

17 transactions since January 1st

During the first half of 2013, Essilor acquired holdings in fifteen companies, representing additional full-year revenue of around €**89** million. Twelve of these transactions were carried out in fast-growing economies, enabling the Company to enter two new country markets, Chile and Nepal.

North America

- In the **United States**, a majority interest was acquired in two prescription lens laboratories: **Prodigy Optical** in Minnesota, with annual revenue of around $3.5 million, and **e.magine Optical** in Oklahoma, with annual revenue of roughly $3 million.

Latin America

- In **Colombia**, a majority stake was acquired in **Servi Optica**, the country's leading distributor with €29 million in revenue.
- In **Brazil**, a majority interest was purchased in **PSA Nilo** and **Optiminas,** two prescription laboratories in Belo Horizonte (Minas Gerais State) with annual revenue of €6.7 million and €3.7 million respectively.
- The Company entered the **Chilean** market by acquiring a majority interest in **Megalux**, the country's leading distributor with revenue of €7 million.

Asia-Pacific/Middle-East/Africa

- In **Taiwan**, a majority stake was acquired in **Shih Heng**, a leading local lens distributor that has its own prescription laboratory and generates €6.5 million in annual revenue.
- In **South Korea**, a majority interest was purchased in **Onbitt**, a manufacturer of polarized films for ophthalmic lenses with annual revenue of €5 million.
- In **India**, a majority interest was acquired in **Deepak Optic**, an ophthalmic lens wholesaler with annual revenue of around €1 million.
- Essilor launched operations in **Nepal** by acquiring a majority stake in **Nemkul**, a distributor with approximately €500,000 in revenue.
- In **Australia**, a minority interest was acquired in **Advanced Optical Supplies**, a prescription laboratory in the state of Victoria with around €0.8 million in revenue.
- In **Turkey**, a majority stake was acquired in **Isbir Optik**, the market's leading distributor with revenue of €15 million.
- In **Israel**, Essilor acquired the production and sales assets of **Optiplas**, its long-standing distributor, which has revenue of €5 million.
- In **Morocco**, Essilor acquired **Movisia**, a distributor of the Nikon® and Kodak® brands that has €1 million in annual revenue.

Europe

- In **Russia**, a majority stake was acquired in **MOC-BBGR**, a joint venture that owns Marketing Optical Company, the traditional distributor of BBGR lenses in the Russian market with €4 million in revenue.

In addition to these fifteen transactions, Essilor has also acquired a 50% stake in **Polycore Optical**, a **Singapore**-based sun lens manufacturer, and a majority interest in **Classic Optical**, a **US** prescription laboratory based in Ohio. Both of these acquisitions closed after June 30, 2013 (see below, "Significant events since the end of the first half").

INCOME STATEMENT

In € millions	**H1 2013**	**H1 2012**	**% Change**
Revenue	**2,575.7**	2,530.5	+ 1.8%
Contribution from operations[(a)] (% of revenue)	**472.2** *18.3%*	454.0 *17.9%*	+ 4.0%
Operating profit	**440.5**	430.8	+ 2.3%
Profit of fully-consolidated companies	**325.1**	309.3	+ 5.1%
Profit attributable to Group equity holders *(% of revenue)*	**310.4** *12.1%*	300.8 *11.9%*	+ 3.2%
Earnings per share (in €)	**1.48**	1.45	+ 2.0%

[(a)] *Operating profit before compensation costs for share-based payment plans, restructuring costs, other income and expense, and goodwill impairment.*

Contribution from operations[(a)]: 18.3% of revenue

In € millions	**H1 2013**	**H1 2012**	**% Change**
Gross margin (% of revenue)	**1,449.4** *56.3%*	1,406.8 *55.6%*	+ 3.0%
Operating expenses	**977.2**	952.8	+ 2.6%
Contribution from operations[(a)] (% of revenue)	**472.2** *18.3%*	454.0 *17.9%*	+ 4.0%

[(a)] *Operating profit before compensation costs for share-based payment plans, restructuring costs, other income and expense, and goodwill impairment.*

A sharp 70-bp improvement in gross margin

Gross profit (revenue less cost of sales) stood at €1,449.4 million for the first six months of 2013, representing 56.3% of revenue, versus 55.6% in first-half 2012. The improvement was led by the positive impact of new product launches, including the Crizal® UV and the Varilux® S Series, as well as by efficiency gains, particularly in the prescription laboratories.

Operating expenses up 2.6% to €977.2 million

Operating expenses amounted to 37.9% of revenue, versus 37.7% in first-half 2012, and comprised:

- R&D and engineering costs of €80.4 million, in line with first-half 2012.
- Selling and distribution costs of €583.8 million, versus €575.3 million in first-half 2012, an increase of 1.5%. These outlays mainly concerned the sales force and marketing campaigns to support the launch of new products and to strengthen the Xperio® brand.
- Other operating expenses rose by 6% over the period to €313.0 million, primarily due to the increase in overheads in fast growing economies, as local operations kept pace with market expansion.

Contribution from operations rose by 4.0% to €472.2 million, or 18.3% of revenue. At a time of modest revenue growth, this improvement reflected the flexibility of Essilor's business model and its ability to finance its growth initiatives and integrate its acquisitions.

Earnings per share up 2.0% to €1.48

Operating profit up 2.3% to €440.5 million or 17.1% of revenue

"Other income and expenses from operations" and "Gains and losses on asset disposals" together represented a net expense of €31.7 million, compared with a net expense of €23.2 million in first-half 2012. This item was down significantly year-on-year when adjusted for the non-recurring gain on the change of consolidation method applied to Nikon Essilor and Essilor Korea and for the non-recurring dispute costs recognized in first-half 2012.

The net expense mainly covered:

- Provisions for restructuring in a total amount of €9.9 million.
- Compensation costs of shared-based payments (in particular performance share plans), totaling €13.3 million.
- Other expenses, including acquisition costs, in an aggregate amount of €8.5 million.

An improvement in finance costs and other financial income and expenses, net

Finance costs and other financial income and expenses, net represented a net expense of €6.2 million. The €3.0-million year-on-year improvement was led by gains on currency hedges.

Profit attributable to Group equity holders up 3.2% to €310.4 million

Profit attributable to Group equity holders is stated after:

- Income tax expense of €109.2 million, representing a 25.1% effective tax rate compared with 26.6% in first-half 2012 thanks to a favorable geographic mix.
- The share of profits of associates Transitions Optical and VisionWeb, in an amount of €11.3 million versus €13.6 million in first-half 2012. The decline reflected the decrease in Transitions sales to third-party lens casters as well as an unfavorable currency effect.
- €26.1 million in non-controlling interests, up €3.9 million year-on-year mainly due to the consolidation of new companies.

Earnings per share rose 2.9% to €1.48 as reported, and by 4.1% after adjusting first-half 2012 earnings per share for the non-recurring gain on the change of consolidation method applied to Nikon-Essilor and Essilor Korea and for the non-recurring costs of a legal dispute.

CASH FLOW UP 6.3%

Operating cash flow[2] ended the period at €473 million, a 6.3% increase that outpaced the growth in revenue and the contribution from operations. The Company's robust earnings enabled it to pay a dividend and to finance a major program to acquire property, plant and equipment, intangible assets and new financial investments.

Investments

Total purchases of property, plant and equipment and intangible assets, net of disposals, totaled €173 million, or 6.7% of consolidated revenue. They covered major capital programs, including the construction of an Innovation and Technology Center in Creteil, France; a new regional head office in Singapore; a US distribution center in Rhode Island to consolidate FGX International and Stylemark eyewear distribution operations in a single facility; and a polycarbonate lens plant in Laos. Together, these capital outlays came to €126 million, or 4.9% of revenue.

Another €47 million was committed over the period to purchase intangible assets, including an exclusive license from Eastman Kodak to manufacture and distribute Kodak® brand ophthalmic lenses worldwide until 2029.

Financial investments amounted to €117 million for the period. Lastly, €50 million was invested in the buyback of 639,329 Essilor shares to offset part of the dilution from the issuance of shares under employee share-based payment plans.

Working capital requirement

Working capital requirement rose by €129 million in the first half, an increase that was noticeably less than in the year earlier period. At constant scope of consolidation, inventory rose in line with the growth in like-for-like revenue.

Free cash flow

In all, free cash flow[3] stood at €171 million for the period, representing an increase of 17.2% excluding the cost of purchasing the Kodak license.

Consolidated net debt rose by €182 million in the first half, to €419 million, feeding through to a still moderate gearing ratio of 10.5%.

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[2] Net cash from operating activities before change in working capital requirement

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

Cash Flow Statement

In € millions

Net cash from operating activities (before change in WCR)	473	Investments	173
Share issues	30	Change in WCR	129
Reported change in net debt	182	Dividends	202
		Acquisition of investments, net of disposals[(1)]	117
		Purchases of treasury stock	50
		Other	9

SIGNIFICANT EVENTS

Transitions Optical Inc.

Essilor International has agreed to acquire PPG Industries' 51% stake in **Transitions Optical Inc.**, the leading provider of photochromic lenses to optical manufacturers worldwide. Following the transaction, Essilor will own 100% of the capital of Transitions Optical. In 2012, Transitions Optical generated revenue of $814 million, of which around $310 million with lens manufacturers other than Essilor. The agreement also includes the acquisition of **Intercast**, a premium sun lens manufacturer based in Parma, Italy. In 2012, Intercast reported revenue of nearly $34 million.

The consideration for the transaction amounts to $1.73 billion at closing, plus a deferred payment of $125 million over five years, for 51 % of the capital of Transitions Optical and 100 % of Intercast. Subject to various regulatory approvals, the transaction is expected to close in the first half of 2014. Afterwards, Essilor's consolidated debt-to-equity ratio will remain below 40%.

Based on current estimates, the transaction should have a positive impact on Essilor's financial indicators. In particular, it is expected to be accretive from year one and to add at least 5% to earnings per share in subsequent years.

Other acquisitions

Since July 1, Essilor has pursued its strategy of partnering with eyecare industry stakeholders. Its sun lens manufacturing capabilities, for example, have been strengthened by the acquisition of a 50% stake in **Polycore Optical**, a Singapore-based company with revenue of about €30 million. Polycore operates two production plants in Asia, as well as three prescription laboratories (of which one for exports) in Indonesia and the Netherlands.

Lastly, in the United States, Essilor purchased a majority interest in Ohio-based **Classic Optical Laboratories**, which generates around €13 million in revenue, primarily by managing high-volume contracts for insurance organizations.

Share buybacks

Since July 1, Essilor has pursued its share buyback program with the purchase of 237,517 shares for a total of €19.1 million.

Appendix: Essilor International's consolidated revenue (€ millions)

	2013	2012
First Quarter		
Lenses and Optical Instruments	1,149	1,139
North America	*463*	*460*
Europe	*402*	*408*
Asia-Pacific/Middle-East/ Africa	*205*	*193*
Latin America	*79*	*77*
Equipment	42	46
Readers	85	85
TOTAL First Quarter	**1,276**	**1,270**
Second Quarter		
Lenses and Optical Instruments	1,148	1,110
North America	*452*	*446*
Europe	*400*	*395*
Asia-Pacific/Middle-East/ Africa	*203*	*190*
Latin America	*93*	*79*
Equipment	50	50
Readers	102	101
TOTAL Second Quarter	**1,299**	**1,261**
Third Quarter		
Lenses and Optical Instruments		1,105
North America		*439*
Europe		*371*
Asia-Pacific/Middle-East/ Africa		*211*
Latin America		*84*
Equipment		48
Readers		76
TOTAL Third Quarter		**1,229**
Fourth Quarter		
Lenses and Optical Instruments		1,091
North America		*410*
Europe		*390*
Asia-Pacific/Middle-East/ Africa		*210*
Latin America		*81*
Equipment		56
Readers		83
TOTAL Fourth Quarter		**1,230**

Note that:

- *Since fourth-quarter 2012, Mexico has been included in the Latin America region. As a result, the 2012 revenues presented above for North America and Latin America have been restated accordingly.*
- *In first-half 2012, Nikon-Essilor's revenue in North America and Europe was recognized in the Asia-Pacific/Middle-East/Africa region. In 2013 revenue from this operation has been recognized in their respective regions. First and second quarters 2012 have been adjusted to reflect this change.*

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2013

Financial Statements

CONSOLIDATED INCOME STATEMENT

€ thousands, except for per share data	Notes	First-half 2013	First-half 2012*	Year 2012*
Revenue	**3**	2,575,742	2,530,495	4,988,845
Cost of sales		(1,126,368)	(1,123,685)	(2,205,278)
GROSS PROFIT		**1,449,374**	**1,406,810**	**2,783,567**
Research and development costs		(80, 402)	(82,212)	(161,877)
Selling and distribution costs		(583,793)	(575,252)	(1,139,856)
Other operating expenses		(313,016)	(295,321)	(588,344)
CONTRIBUTION FROM OPERATIONS		**472,163**	**454,025**	**893,490**
Other income and expenses from operations, net	**4**	(31,587)	(38,773)	(78,059)
Gains and losses on asset disposals, net		(71)	15,532	15,626
OPERATING PROFIT	**3**	**440,505**	**430,784**	**831,057**
Cost of gross debt		(11,261)	(11,436)	(24,063)
Income from cash and cash equivalents		8,512	7,957	17, 037
Foreign exchange gains and losses - net		712	(3,676)	(6,779)
Other financial income and expenses, net	**5**	(4,145)	(1,995)	(4,173)
Share of profit of associates		11,350	13,551	23,811
PROFIT BEFORE TAX		**445,673**	**435,185**	**836,890**
Income tax expense		(109,192)	(112,286)	(206,950)
PROFIT FOR THE PERIOD		**336,481**	**322,899**	**629,940**
Attributable to equity holders of Essilor International		**310,416**	**300,766**	**583,545**
Attributable to minority interests		26,065	22,133	46,395
Basic earnings per share (€)		1.48	1.45	2.80
Weighted average number of shares (thousands)	**6**	210,436	207,901	208,264
Diluted earnings per share (€)		1.45	1.42	2.77
Diluted weighted average number of shares (thousands)		214,182	211,914	211,015

**Restated to reflect the impact of the revised IAS 19, as explained in note 1.*

CONSOLIDATED STATEMENT OF TOTAL INCOME AND EXPENSES RECOGNIZED IN EQUITY

(€ thousands)	First-half 2013 (6 months)			First-half 2012 (6 months)*			2012 *		
	Attributable to equity holders of Essilor International	Attributable to minority interests	Total	Attributable to equity holders of Essilor International	Attributable to minority interests	Total	Attributable to equity holders of Essilor International	Attributable to minority interests	Total
Profit for the period (A)	**310,416**	**26,065**	**336,481**	**300,766**	**22,133**	**322,899**	**583, 545**	**46,395**	**629,940**
Items of comprehensive income that will not be recycled to profit or loss in the future									
Actuarial gains and losses on defined benefit obligations	6,802		6,802	(4,123)		(4,123)	(30,843)		(30,843)
Tax	(1,966)		(1,966)	958		958	6,234		6,234
Net of tax	*4,836*		*4,836*	*(3,165)*		*(3,165)*	*(24,609)*		*(24,609)*
Items of comprehensive income that will be recycled to profit or loss in the future									
Valuation gains and losses on derivative financial instruments, net of tax									
Cash flow hedges, effective portion	842		842	(175)		(175)	(244)		(244)
Tax	410		410	124		124	(94)		(94)
Net of tax	*1,252*		*1,252*	*(51)*		*(51)*	*(338)*		*(338)*
Hedges of net investments, effective portion				633		633	836		836
Tax				(98)		(98)	(114)		(114)
Net of tax				*535*		*535*	*722*		*722*
Transfers to profit for the period, net of tax:									
Cash flow hedges, effective portion	(216)		(216)	(423)		(423)	(1,808)		(1,808)
Tax	(20)		(20)	53		53	239		239
Net of tax	*(236)*		*(236)*	*(370)*		*(370)*	*(1,569)*		*(1,569)*
Hedges of net investments, effective portion				(571)		(571)	(246)		(246)
Tax				88		88	11		11
Net of tax				*(483)*		*(483)*	*(235)*		*(235)*
Valuation gains and losses on non-current financial assets	(198)		(198)	46		46	2,289		2,289
Tax	46		46				(47)		(47)
Net of tax	*(152)*		*(152)*	*46*		*46*	*2,242*		*2,242*
Translation adjustments to hedging and revaluation reserves	598		598	(369)		(369)	61		61
Translation adjustments to other reserves and profit for the period	(56,614)	(6,414)	(63,028)	41,284	4,640	45,924	(49,879)	(6,084)	(55,963)
Other (Tax)				(6,451)		(6,451)	(6,126)		(6,126)
Total income and expense for the period recognized directly in equity, net of tax (B)	**(50,316)**	**(6,414)**	**(56,730)**	**30,976**	**4,640**	**35,616**	**(79,731)**	**(6,084)**	**(85,815)**
Total recognized income and expense, net of tax (A) + (B)	**260,100**	**19,651**	**279,751**	**331,742**	**26,773**	**358,515**	**503,814**	**40,311**	**544,125**

**Restated to reflect the impact of the revised IAS 19, as explained in note 1.*

CONSOLIDATED BALANCE SHEET

ASSETS

€ thousands	Notes	First-half 2013	December 31, 2012*
Goodwill	**7**	2,270,477	2,086,933
Other intangible assets		667,553	621,622
Property, plant and equipment		1,023,228	1,000,558
INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT, NET	**3**	**3,961,258**	**3,709,113**
Investments in associates		118,916	109,838
Other long-term financial investments		113,888	119,583
Deferred tax assets		130,837	116,789
Long-term receivables		19,901	25,052
Other non-current assets		748	674
OTHER NON-CURRENT ASSETS, NET		**384,290**	**371,936**
TOTAL NON-CURRENT ASSETS, NET		**4,345,548**	**4,081,049**
Inventories		852,806	830,478
Prepayments to suppliers		14,177	15,719
Short-term receivables		1,209,186	1,147,525
Current income tax assets		59,247	55,806
Other receivables		21,902	35,645
Derivative financial instruments		14,555	33,611
Prepaid expenses		47,547	40,651
Marketable securities	**10**	6,150	5,781
Cash and cash equivalents	**10**	561,554	660,958
CURRENT ASSETS		**2,787,124**	**2,826,174**
Non-current assets held for sale			
TOTAL ASSETS		**7,132,672**	**6,907,223**

**Restated to reflect the impact of the revised IAS 19, as explained in note 1.*

CONSOLIDATED BALANCE SHEET

EQUITY AND LIABILITIES

€ thousands	Notes	First-half 2013	December 31, 2012*
Share capital		38,785	38,650
Additional paid-in capital		341,839	311,622
Retained earnings		3,347,281	2,933,705
Treasury stock		(288,839)	(239,044)
Revaluation and other reserves		(72,999)	(79,297)
Translation difference		51,625	107,619
Profit attributable to equity holders of Essilor International		310,416	583,545
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF ESSILOR INTERNATIONAL		**3,728,108**	**3,656,800**
Minority interests		261,810	256,877
TOTAL CONSOLIDATED EQUITY		**3,989,918**	**3,913,677**
Provisions for pensions and other post-employment benefit obligations	**9**	207,960	212,721
Long-term borrowings	**10**	532,309	526,237
Deferred tax liabilities		152,532	147,333
Other non-current liabilities		323,923	232,544
NON-CURRENT LIABILITIES		**1,216,724**	**1,118,835**
Provisions	**8**	135,250	126,954
Short-term borrowings	**10**	460,067	390,012
Customer prepayments		18,801	16,944
Short-term payables		983,308	1,014,675
Taxes payable		80,075	75,627
Other current liabilities		221,816	207,605
Derivative financial instruments		14,879	30,115
Deferred income		11,834	12,779
CURRENT LIABILITIES		**1,926,030**	**1,874,711**
TOTAL EQUITY AND LIABILITIES		**7,132,672**	**6,907,223**

**Restated to reflect the impact of the revised IAS 19, as explained in note 1.*

CONSOLIDATED CASH FLOW STATEMENT

€ thousands	**First-half 2013 (6 months)**	**First-half 2012* (6 months)**	**2012* (12 months)**
NET PROFIT	**336,481**	**322,899**	**629,940**
Share of profit of associates, net of dividends received	16,543	11,177	44,796
Depreciation, amortization and other non-cash items	123,118	109,795	230,285
Profit before non-cash items and share of profit of associates, net of dividends received	**476,142**	**443,871**	**905,021**
Provision charges (reversals)	10,808	7,598	(24,325)
(Gains) losses on asset disposals, net	71	(15,531)	(14,733)
Cash flow after income tax expense and finance costs, net	**487,021**	**435,938**	**865,963**
Finance costs, net	2,749	3,479	7,026
Income tax expense (current and deferred taxes)	109,192	112,286	206,950
Cash flow before income tax expense and finance costs, net	**598,962**	**551,703**	**1,079,939**
Income taxes paid	(123,005)	(102,897)	(224,264)
Interest (paid) and received, net	(3,097)	(2,132)	(5,586)
Change in working capital	(128,783)	(157,808)	(10,091)
NET CASH FROM OPERATING ACTIVITIES	**344,077**	**288,866**	**839,998**
Purchases of property, plant and equipment and intangible assets	(173,378)	(117,958)	(241,207)
Acquisitions of subsidiaries, net of the cash acquired	(90,718)	(23,976)	(158,224)
Purchases of available-for-sale financial assets	(3,749)	(3,389)	(12,956)
Purchases of other long-term financial investments	(6,522)	(11,660)	(16,077)
Impact of changes in scope of consolidation	769	1,003	1,368
Proceeds from the sale of other non-current assets	7,230	4,954	10,770
NET CASH USED IN INVESTING ACTIVITIES	**(266,368)**	**(151,026)**	**(416,326)**
Proceeds from the issue of share capital	30,352	49,883	117,899
(Purchases) sales of treasury stock, net	(49,908)	(116,638)	(111,788)
Dividends paid to:			
- Equity holders of Essilor International[b]	(190,899)	(176,619)	(176,619)
- Minority shareholders of subsidiaries	(16,465)	(15,046)	(24,837)
Increase (decrease) in borrowings other than finance lease liabilities	95,711	240,482	(54,840)
Purchases of marketable securities[a]	(471)	(97)	1,724
Repayment of finance lease liabilities	(1,258)	(2,115)	(2,614)
Other movements	465	(7,403)	(1,266)
NET CASH USED IN FINANCING ACTIVITIES	**(132,473)**	**(27,553)**	**(252,341)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(54,764)**	**110,287**	**171,331**
Cash and cash equivalents at January 1	579,531	363,109	363,109
Impact of the change of consolidation method applied to the joint ventures		48,708	49,335
Effect of changes in exchange rates	(18,130)	(7,833)	(4,244)
NET CASH AND CASH EQUIVALENTS AT PERIOD-END	**506,637**	**514,271**	**579,531**
Cash and cash equivalents reported in the balance sheet	561,554	566,130	660,958
Short-term bank loans and overdrafts	(54,917)	(51,859)	(81,427)

Restated to reflect the impact of the revised IAS 19, as explained in note 1.
(a) Money market funds not qualified as cash equivalents under IAS 7.
(b) Including taxation

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

♦ First-half 2013

(€ thousands)	Share capital	Additional paid-in capital	Revaluation reserves	Retained earnings	Translation reserve	Treasury stock	Profit attributable to equity holders of Essilor International	**Equity attributable to equity holders of Essilor International**	Minority interests	**Total equity**
Equity at January 1, 2013*	**38,650**	**311,622**	**(79,297)**	**2,933,705**	**107,619**	**(239,044)**	**583,545**	**3,656,800**	**256,877**	**3,913,677**
Issue of share capital										
- To the corporate mutual funds										
- On exercise of stock options	135	30,217						30,352		30,352
- Paid up by capitalizing reserves										
Issue of share capital for minority shareholders									1,141	1,141
Cancellation of treasury stock										
Share-based payments				13,250				13,250		13,250
Purchases and sales of treasury stock, net				(113)		(49,795)		(49,908)		(49,908)
Appropriation of profit				583,545			(583,545)			
Effect of changes in scope of consolidation				8,413				8,413	606	9,019
Dividends paid[(a)]				(190,899)				(190,899)	(16,465)	(207,364)
Transactions with shareholders	**135**	**30,217**		**414,196**		**(49,795)**	**(583,545)**	**(188,792)**	**(14,718)**	**(203,510)**
Total income (expense) for the period recognized directly in equity			5,700					5,700		5,700
Profit for the period							310,416	310,416	26,065	336,481
Exchange differences on translating foreign operations			598	(620)	(55,994)			(56,016)	(6,414)	(62,430)
Total recognized income and expense			**6,298**	**(620)**	**(55,994)**		**310,416**	**260,100**	**19,651**	**279,751**
Equity at June 30, 2013	**38,785**	**341,839**	**(72,999)**	**3,347,281**	**51,625**	**(288,839)**	**310,416**	**3,728,108**	**261,810**	**3,989,918**

**Restated to reflect the impact of the revised IAS 19, as explained in note 1.*
(a) Including taxation

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

♦ First-half 2012

(€ thousands)	Share capital	Additional paid-in capital	Revaluation reserves	Retained earnings	Translation reserve	Treasury stock	Profit attributable to equity holders of Essilor International	**Equity attributable to equity holders of Essilor International**	Minority interests	**Total equity**
Equity at January 1, 2012 - Reported	**38,527**	**307,401**	**(49,443)**	**2,629,367**	**157,496**	**(264,110)**	**505,619**	**3,324,857**	**132,894**	**3,457,751**
Impact of application of revised IAS 19				(7,247)				(7,247)	375	(6,872)
Equity at January 1, 2012 - Restated	**38,527**	**307,401**	**(49,443)**	**2,622,120**	**157,496**	**(264,110)**	**505,619**	**3,317,610**	**133,269**	**3,450,879**
Issue of share capital										
- To the corporate mutual funds										
- On exercise of stock options	258	49,625						49,883		49,883
- Paid up by capitalizing reserves										
Cancellation of treasury stock	(432)	(113,123)				113,555				
Share-based payments				10,783				10,783		10,783
Purchases and sales of treasury stock, net				441		(117,079)		(116,638)		(116,638)
Appropriation of profit				505,619			(505,619)			
Effect of changes in scope of consolidation				3,579				3,579	109,748	113,327
Dividends paid				(176,619)				(176,619)	(15,046)	(191,665)
Transactions with shareholders	**(174)**	**(63,498)**		**343,803**		**(3,524)**	**(505,619)**	**(229,012)**	**94,702**	**(134,310)**
Total income (expense) for the period recognized directly in equity			(9,940)					(9,940)		(9,940)
Profit for the period							300,766	300,766	22,133	322,899
Exchange differences on translating foreign operations			(368)	(9,467)	50,751			40,916	4,640	45,556
Total recognized income and expense			**(10,308)**	**(9,467)**	**50,751**		**300,766**	**331,742**	**26,773**	**358,515**
Equity at June 30, 2012*	**38,353**	**243,903**	**(59,751)**	**2,956,456**	**208,247**	**(267,634)**	**300,766**	**3,420,340**	**254,744**	**3,675,084**

**Restated to reflect the impact of the revised IAS 19, as explained in note 1.*

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

- **Full-year 2012**

(€ thousands)	Share capital	Additional paid-in capital	Revaluation reserves	Retained earnings	Translation reserve	Treasury stock	Profit attributable to equity holders of Essilor International	**Equity attributable to equity holders of Essilor International**	Minority interests	**Total equity**
Equity at January 1, 2012 - Reported	**38,527**	**307,401**	**(49,443)**	**2,629,367**	**157,496**	**(264,110)**	**505,619**	**3,324,857**	**132,894**	**3,457,751**
Impact of application of revised IAS 19				(7,247)				(7,247)	375	(6,872)
Equity at January 1, 2012 - Restated	**38,527**	**307,401**	**(49,443)**	**2,622,120**	**157,496**	**(264,110)**	**505,619**	**3,317,610**	**133,269**	**3,450,879**
Issue of share capital										
- To the corporate mutual funds	69	21,927						21,996		21,996
- On exercise of stock options	486	95,417						95,903		95,903
- Paid up by capitalizing reserves										
Issue of share capital for minority shareholders										
Cancellation of treasury stock	(432)	(113,123)				113,555				
Share-based payments				23,444				23,444		23,444
Purchases and sales of treasury stock, net				(23,299)		(88,489)		(111,788)		(111,788)
Appropriation of profit				505,619			(505,619)			
Effect of changes in scope of consolidation				(8,103)				(8,103)	108,134	100,031
Dividends paid				(176,619)				(176,619)	(24,837)	(201,456)
Transactions with shareholders	**123**	**4,221**		**321,042**		**25,066**	**(505,619)**	**(155,167)**	**83,297**	**(71,870)**
Total income (expense) for the period recognized directly in equity			(29,916)					(29,916)		(29,916)
Profit for the period							583,545	583,545	46,395	629,940
Exchange differences on translating foreign operations			62	(9,457)	(49,877)			(59,272)	(6,084)	(65,356)
Total recognized income and expense			**(29,854)**	**(9,457)**	**(49,877)**		**583,545**	**494,357**	**40,311**	**534,668**
Equity at December 31, 2012*	**38,650**	**311,622**	**(79,297)**	**2,933,705**	**107,619**	**(239,044)**	**583,545**	**3,656,800**	**256,877**	**3,913,677**

**Restated to reflect the impact of the revised IAS 19, as explained in note 1*

Notes to the Interim Consolidated Financial Statements

NOTE 1. ACCOUNTING POLICIES

In accordance with European Council regulation 1606/2002/EC of July 19, 2002, effective from January 1, 2005, the Company has adopted as its primary basis of accounting the International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs) and related interpretations adopted by the European Union and applicable as of June 30, 2013. These standards and interpretations are available for consultation on the European Commission's website[1].

The consolidated financial statements for the six months ended June 30, 2013 have been prepared in accordance with IAS 34 – Interim Financial Reporting. They were approved by the Board of Directors on August 28, 2013.

The accounting policies used to prepare the interim consolidated financial statements are the same as those applied in the consolidated financial statements for the year ended December 31, 2012, except for the standards, amendments to standards and interpretations described below which are applicable to annual periods beginning on or after January 1, 2013.

The Company’s functional and presentation currency is the euro. All amounts are presented in thousands of euros, unless otherwise specified.

♦ **IFRSs, amendments to IFRSs and interpretations applicable from January 1, 2013**

- **Amendment to IAS 1 – Financial Statement Presentation: Other Comprehensive Income**

This amendment, applicable to annual periods beginning on or after July 1, 2012, pertains to the disclosure of items of “Other comprehensive income.” Such items must now be presented in two separate groups, based on whether or not they may be recycled to profit or loss in the future. The amount of tax related to each group must also be presented separately.

The impact of the amendment to IAS 1 on the presentation of the consolidated financial statements is shown in the Consolidated Statement of Total Income and Expenses Recognized in Equity.

- **IAS 19 (revised) – Employee Benefits**

The revised IAS 19, effective for annual periods beginning on or after January 1, 2013, introduces the following main changes:

- All past service costs are recognized immediately in profit or loss at the end of each reporting period. The corridor approach has been eliminated, as has the option to spread over the future service period any actuarial gains or losses or any past service costs resulting from plan amendments.
- The expected return on pension plan assets is estimated using the same discount rate used to measure the defined benefit obligation.
- Any past service costs arising from plan amendments are recognized immediately in profit or loss.

The elimination of the corridor method has not had any impact on the consolidated financial statements as the Company already applied the SORIE method prior to the effective date of the revised standard.

Because the change is applicable retrospectively to all periods presented, the 2012 financial statements have been adjusted as follows:

- Actuarial gains and losses and unfunded past service costs at December 31, 2011 have been recognized by adjusting retained earnings by their amount net of tax at January 1, 2012.
- Actuarial gains and losses relating to post-employment benefits arising after January 1, 2012 have been recognized in “Other comprehensive income”. They are presented in the balance sheet in equity, under "hedging and revaluation reserves” in their amount net of tax, and are no longer recycled through profit or loss.
- The past service costs arising from pension plan amendments after January 1, 2012 are expensed in full as incurred under “Other operating expenses.”

The impacts of applying the revised IAS 19 on the 2012 consolidated financial statements are as follows.

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

Impact on the 2012 consolidated financial statements of the change in method introduced by IAS 19 (revised)

	2012		
€ thousands	**Adjusted**	**IAS 19R impact**	**Reported**
Retained earnings	2,933,705	(7,247)	2,940,952
Hedging and revaluation reserves	(79,297)	350	(79,647)
Exchange differences on translating foreign operations	107,619	(9)	107,628
Profit attributable to equity holders of Essilor International	583,545	(463)	584,008
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF ESSILOR INTERNATIONAL	**3,656,800**	**(7,369)**	**3,664,169**
Minority interests	256,877	306	256,571
TOTAL CONSOLIDATED EQUITY	**3,913,677**	**(7,063)**	**3,920,740**
Provisions for pensions and other post-employment benefit obligations	212,721	8,069	204,652
Deferred tax liabilities	147,333	(1,006)	148,339
NON-CURRENT LIABILITIES	**1,118,835**	**7,063**	**1,111,772**

Due to the adoption of the revised IAS 19, profit attributable to equity holders of Essilor International was increased by €158 thousand in the first half of 2012 and reduced by €463 thousand over the full year.

- **IFRS 13 – Fair Value Measurement**

The impact of this standard on the consolidated financial statements is not material.

- **Amendments to IAS 12 – Income Taxes (Deferred Tax: Recovery of Underlying Assets)**
- **Amendments to IFRS 7 – Financial Instruments: Disclosures (Offsetting Financial Assets and Financial Liabilities)**
- **Amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards (Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters)**

Essilor is not concerned by these amendments.

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

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

- **IFRS 10 – Consolidated Financial Statements**
- **IFRS 11 – Joint Arrangements**
- **IFRS 12 – Disclosure of Interests in Other Entities**
- **IAS 27 (revised) – Separate Financial Statements**
- **IAS 28 (revised) – Investments in Associates and Joint Ventures**
- **Amendments to IAS 32 – Financial Instruments: Disclosures (Offsetting Financial Assets and Financial Liabilities)**

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

1.1. USE OF ESTIMATES

The preparation of financial statements involves the use of estimates and assumptions that may affect the reported amounts of assets, liabilities, income and expenses in the financial statements as well as the disclosures in the notes concerning contingent assets and liabilities at the balance sheet date. These estimates and assumptions, which were determined based on the information available when the financial statements are prepared, mainly concern provisions for returned goods and trade receivables, product life cycles, provisions for tax liabilities, claims and litigation, the measurement of goodwill and put options granted to minority shareholders. The final amounts may be different from these estimates.

The Company is subject to income tax in many jurisdictions with different tax rules and the determination of global income tax expense is based to a significant extent on estimates and assumptions that reflect the information available when the financial statements are prepared.

First-half income tax expense recognized in the consolidated income statement is determined based on an estimate of the effective tax rate that will be paid by the Company on annual profit, in accordance with IAS 34 – Interim Financial Reporting.

1.2. OPERATING SEGMENTS

Since the adoption of IFRS 8 with effect from January 1, 2009, the Company's information by operating segment is presented in accordance with the information provided internally to management for the purpose of managing operations, making decisions and analyzing operational performance.
This information is prepared in accordance with the IFRSs used by the Company to prepare its consolidated financial statements.

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

The **Lenses and Optical Instruments** business segment comprises the Company's lens business (production, finishing, distribution and trading) and the instruments business (small equipment used by opticians and related to the sale of lenses). The end customers for this business are eyecare professionals (opticians and optometrists).

This business segment is now structured to offer comprehensive market coverage, with multiple points of contact through a global network of plants, prescription laboratories, edging facilities and distribution centers serving eyecare professionals around the world. This network is centrally managed, as are the research and development, marketing, intellectual property and engineering processes.

In light of the increasing number of international transactions among the various subsidiaries, their interdependency and the growing share of sales derived from large multinational accounts, the Lenses and Optical Instruments segment's performance is now led and tracked globally by senior management. Therefore, the Company has decided to harmonize its segment disclosures in alignment with the new organization.

The **Equipment** business segment encompasses the production, distribution and sale of high-capacity equipment, such as digital surfacing machines and lens polishing machines, used in manufacturing plants and prescription laboratories for finishing operations on semi-finished lenses. Its end customers are optical lens manufacturers.

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

1.3. CONSOLIDATED STATEMENT OF CASH FLOWS

The statement of cash flows has been prepared by the indirect method, whereby profit is adjusted for the effects of non-cash transactions, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

Profit before non-cash items and share of profits of associates, net of dividends received, is defined as profit of fully-consolidated companies before depreciation, amortization and provisions (other than provisions for impairment of current assets) and other non-cash items (mainly the costs of stock option plans, share grants and employee stock ownership plans), plus dividends received from associates.

Working capital comprises inventories, receivables and payables, current tax assets, taxes payable, other receivables and payables, deferred income and prepaid expenses. Changes in working capital are stated before the effect of changes in scope of consolidation.

Cash flows of foreign subsidiaries are translated at the average exchange rate for the period.

The effect of changes in exchange rates on cash and cash equivalents corresponds to the effect of (i) changes in exchange rates between the beginning and end of the period and (ii) differences between the closing exchange rate and the average rate for the period on movements for the period.
The amounts reported for acquisitions (sales) of subsidiaries correspond to the purchase price (sale proceeds) less the cash and cash equivalents of the acquired (sold) subsidiary at the transaction date.

Cash and cash equivalents in the cash flow statement correspond to cash and marketable securities qualifying as cash equivalents less bank overdrafts.

- Marketable securities, consisting mainly of units in money market funds, make up the bulk of the Group's cash investments and are qualified as cash equivalents when the fund's management objectives fulfill the criteria specified in IAS 7.
- Marketable securities that do not fulfill these criteria are not classified as cash equivalents. Purchases and sales of these securities are treated as cash flows from financing activities.

1.4. OTHER INCOME AND EXPENSES FROM OPERATIONS

Other income and expenses from operations mainly comprise:

- Restructuring costs.
- Costs of claims and litigation.
- Strategic acquisition costs.
- Fair value adjustments to assets and liabilities acquired in business combinations recorded after the one-year purchase price allocation period.
- Impairment losses on goodwill, intangible assets and property, plant and equipment.
- Compensation costs on share-based payments.

1.5. BORROWINGS

Borrowings are initially recognized at an amount corresponding to the issue proceeds, net of directly attributable transaction costs. Any difference between this amount and the redemption price is recognized in profit over the life of the debt by the effective interest method.

NOTE 2. EXCHANGE RATES AND SCOPE OF CONSOLIDATION

2.1. EXCHANGE RATES OF THE MAIN FUNCTIONAL CURRENCIES

	Closing rate			Average rate		
For €1	June 30, 2013	Dec. 31, 2012	June 30, 2012	June 30, 2013	Dec. 31, 2012	June 30, 2012
Canadian dollar	1.37	1.31	1.29	1.33	1.28	1.30
Pound sterling	0.86	0.82	0.81	0.85	0.81	0.82
Chinese yuan	8.03	8.22	8.00	8.13	8.11	8.19
Japanese yen	129.39	113.61	100.13	125.46	102.49	103.31
Indian rupee	77.72	72.56	70.12	72.28	68.60	67.60
Brazilian real	2.89	2.70	2.58	2.67	2.51	2.41
U.S. dollar	1.31	1.32	1.26	1.31	1.28	1.30

2.2. CHANGES IN THE SCOPE OF CONSOLIDATION

- **Newly-consolidated companies**

The following companies were consolidated for the first time in first-half 2013.

Name	Country	Consolidated from	Consolidation method	% interest	% consolidated
Leicester*	United Kingdom	January 1, 2013	Full	80%	100%
Easy Vision*	South Africa	January 1, 2013	Full	100%	100%
Evolution*	South Africa	January 1, 2013	Full	51%	100%
Optiplas	Israel	January 1, 2013	Full	50%	100%
Chemilens Vietnam*	Vietnam	January 1, 2013	Full	50%	100%
Optics India Equipment*	India	January 1, 2013	Full	50%	100%
Essilor Lens & Spec*	India	January 1, 2013	Full	60%	100%
Entreprise*	India	January 1, 2013	Full	50%	100%
Global Lens Lanka*	Sri Lanka	January 1, 2013	Full	50%	100%
Shamir Canada	Canada	January 1, 2013	Full	50%	100%
MOC BBGR	Russia	March 1, 2013	Full	51%	100%
Megalux	Chile	March 1, 2013	Full	51%	100%
Servioptica	Colombia	April 18, 2013	Full	51%	100%
Optiminas	Brazil	May 1, 2013	Full	70%	100%
Isbir	Turkey	May 1, 2013	Full	73%	100%
Shih Heng Optical Taiwan Branch	Taiwan	May 1, 2013	Full	70%	100%
Prodigy	United States	May 1, 2013	Full	100%	100%
Onbitt	South Korea	May 14, 2013	Full	51%	100%
E.magine	United States	June 1, 2013	Full	80%	100%
PSA Nilo	Brazil	June 10, 2013	Full	51%	100%

*Companies acquired or set up in prior years, consolidated for the first time in first-half 2013.

The first-half 2013 income statement also includes the contribution over the full six months of the following companies that were consolidated for the first time in 2012.

Name	**Country**	**Consolidated from**	**Consolidation method**	**% interest**	**% consolidated**
Incheon Optics	South Korea	February 22, 2012	Full	40.00	100.00
Blue Optics	United States	February 29, 2012	Full	80.00	100.00
Cristal y Plastico SA de CV	Mexico	March 12, 2012	Full	51.00	100.00
Central Optical	United States	April 2, 2012	Full	60.00	100.00
Essilor Optica International Holding S.L	Spain	June 1, 2012	Full	100.00	100.00
Yeda Tora	Turkey	June 1, 2012	Full	70.00	100.00
Ipek	Turkey	June 1, 2012	Full	70.00	100.00
Optovision S.A	Argentina	July 2, 2012	Full	51.00	100.00
Opak	Turkey	August 1, 2012	Full	51.00	100.00
Shamir Brasil Comercial Ltda	Brazil	August 1, 2012	Full	50.00	100.00
Riachuelo	Brazil	August 10, 2012	Full	70.00	100.00
Balester Optical	United States	September 1, 2012	Full	100.00	100.00
Carskadden Optical	United States	October 1, 2012	Full	100.00	100.00
Hirsch Optical	United States	October 1, 2012	Full	100.00	100.00
Shamir Russia LLC	Russia	October 1, 2012	Full	50.00	100.00
Essiholding	France	November 1, 2012	Full	100.00	100.00
Essilor - Sivo	Tunisia	November 1, 2012	Full	55.00	100.00
Sicom	Tunisia	November 1, 2012	Full	55.00	100.00
Essilor Distribution Thailand Co. Ltd	Thailand	November 1, 2012	Full	100.00	100.00
Sivo Togo	Republic of Togo	November 1, 2012	Full	28.00	100.00
Laboratoires Sivo Abidjan	Ivory Coast	November 1, 2012	Full	50.00	100.00
Codi - Sivo	Cameroun	November 1, 2012	Full	28.00	100.00
Sivom	Morocco	November 1, 2012	Full	28.00	100.00
Eye Buy Direct US	United States	November 1, 2012	Full	60.83	100.00
Eye Buy Direct HK	Hong Kong	November 1, 2012	Full	60.83	100.00
Eye Buy Direct China	China	November 1, 2012	Full	60.83	100.00
Eyewear LLC	United States	November 1, 2012	Full	60.83	100.00
Tian Hong	China	November 28, 2012	Full	50.00	100.00
X-Cell	United States	December 7, 2012	Full	80.00	100.00
Interactif Visual System	France	December 21, 2012	Full	68.29	100.00
IVS Technical Center	France	December 21, 2012	Full	68.29	100.00
Activ Screen	France	December 21, 2012	Full	68.29	100.00
Lenstech Optical Lab	United States	December 31, 2012	Full	80.00	100.00

- **Other movements**

In addition, Essilor raised its interest in the following companies during the period:
- Omax, from 85% to 100% on June 14, 2013
- Unilab, from 71.3% to 75.3% on March 5, 2013
- GBO, from 51% to 74% on January 22, 2013
- Optiben, from 65% to 80% on June 28, 2013
- VST Lab, from 65% to 80% on June 28, 2013
- Spherical Optics, from 25.5% to 100% on May 1, 2013

2.3. IMPACT OF CHANGES IN SCOPE OF CONSOLIDATION

♦ **Balance Sheet**

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

€ thousands	Companies consolidated for the first time in first-half 2013
Intangible assets	4,987
Property, plant and equipment	26,829
Investments in associates	0
Non-current financial assets	75,898
Other non-current assets	1,410
Current assets	33,709
Cash and cash equivalents	19,194
Total assets acquired at fair value	**162,027**
Minority interests in equity	3,308
Long-term borrowings	12,841
Other non-current liabilities	750
Short-term borrowings	3,546
Other current liabilities	25,483
Total liabilities assumed at fair value	**45,928**
NET ASSETS ACQUIRED*	**116,099**
Acquisition cost	227,207
Fair value of net assets acquired*	116,099
Liabilities arising from put options granted to minority shareholders	(88,130)
Post acquisition retained earnings	(17)
RECOGNIZED GOODWILL	**199,221**

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

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

The fair values of the acquired assets and assumed liabilities are based on the provisional accounting for the business combination and may be adjusted once the valuation process has been completed or additional analyses have been performed. Any such adjustments are treated as a retrospective adjustment of goodwill if they are made within twelve months of the acquisition date.

♦ **Income Statement**

The overall effect of changes in scope of consolidation and exchange rates on first-half 2013 revenue, contribution from operations and operating profit was as follows.

(in %)	**Reported growth**	Impact of changes in exchange rates	Changes in scope of consolidation: Bolt-on acquisitions	Changes in scope of consolidation: Strategic acquisitions*	**Like-for-like growth**
Revenue	**1.8**	(1.9)	2.4	0.1	**1.2**
Contribution from operations	**4.0**	(1.8)	2.0	0.4	**3.4**
Operating profit	**2.3**	(1.9)	2.2	0.4	**1.6**

**Change in consolidation method applied to the Essilor Korea sub-group.*

NOTE 3. INFORMATION BY OPERATING SEGMENT

€ millions	**Lenses and Optical Instruments**	**Equipment**	**Readers**	**Elimination of inter-segment revenue**	**GROUP TOTAL**
First-half 2013					
External revenue	2,297	92	187		**2,576**
Inter-segment revenue	2	33		(35)	
Total revenue	2,299	125	187	(35)	**2,576**
Operating profit	401	14	26		**441**
Non-cash income and expenses	(13)				**(13)**
Interest income	9				**9**
Interest expense	(11)				**(11)**
Income tax expense	(97)	(4)	(9)		**(110)**
Share of profit of associates	11				**11**
Impairment, depreciation and amortization of property, plant and equipment and intangible assets	(104)	(5)	(21)		**(130)**
Purchases of property, plant and equipment and intangible assets	139	2	34		**175**
Non-current assets	2,946	336	679		**3,961**
Total assets	5,833	467	833		**7,133**
Provisions	317	21	6		**344**
Borrowings and payables	2,565	67	168		**2,800**

€ millions	Lenses and Optical Instruments	Equipment	Readers	Elimination of inter-segment revenue	GROUP TOTAL*
First-half 2012					
External revenue	2,249	95	186		**2,530**
Inter-segment revenue	2	33		(35)	
Total revenue	2,251	128	186	(35)	**2,530**
Operating profit	396	15	20		**431**
Non-cash income and expenses	(11)				**(11)**
Interest income	8				**8**
Interest expense	(16)				**(16)**
Income tax expense	(101)	(5)	(6)		**(112)**
Share of profit of associates	14				**14**
Impairment, depreciation and amortization of property, plant and equipment and intangible assets	(99)	(5)	(17)		**(121)**
Purchases of property, plant and equipment and intangible assets	97	2	19		**118**
Non-current assets	2,592	349	692		**3,633**
Total assets	5,432	493	833		**6,758**
Provisions	320	21	8		**349**
Borrowings and payables	2,483	72	179		**2,734**

**Restated to reflect the impact of the revised IAS 19, as explained in note 1.*

€ millions	Lenses and Optical Instruments	Equipment	Readers	Elimination of inter-segment revenue	GROUP TOTAL*
2012					
External revenue	4,446	199	344		**4,989**
Inter-segment revenue	4	61		(65)	
Total revenue	4,450	260	344	(65)	**4,989**
Operating profit	753	36	42		**831**
Non-cash income and expenses	(28)				**(28)**
Interest income	17				**17**
Interest expense	(23)	(1)			**(24)**
Income tax expense	(185)	(11)	(11)		**(207)**
Share of profit of associates	24				**24**
Impairment, depreciation and amortization of property, plant and equipment and intangible assets	(204)	(10)	(35)		**(249)**
Purchases of property, plant and equipment and intangible assets	194	8	39		**241**
Non-current assets	2,700	346	663		**3,709**
Total assets	5,629	480	798		**6,907**
Provisions	309	24	7		**340**
Borrowings and payables	2,430	65	159		**2,654**

**Restated to reflect the impact of the revised IAS 19, as explained in Note 1.*

The Company's top 20 customers accounted for 20.1% of revenue in first-half 2013, compared with 21.1% in 2012. No single customer accounts for more than 10% of the Company's revenue.

NOTE 4. OTHER INCOME (EXPENSE) FROM OPERATIONS, NET

€ thousands	First-half 2013	First-half 2012	2012
By nature			
Impairment losses and reversals	13	(812)	(4,949)
Compensation costs of stock options	(650)	(1,740)	(3,512)
Compensation costs of employee share issues			(709)
Compensation costs of performance share grants	(12,600)	(9,044)	(24,200)
Restructuring costs, net	(9,923)	(14,315)	(25,325)
Strategic acquisition costs	(3,979)	(660)	(1,587)
Other income and expenses from operations	(4,448)	(12,202)	(17,777)
Total	**(31,587)**	**(38,773)**	**(78,059)**

Restructuring costs mainly concern manufacturing and distribution facility rationalization plans in Europe, the United States and Asia and are recognized either in provisions for contingencies, as impairment losses or as asset scrapping costs.
Other income and expenses from operations correspond primarily to provisions and expenses related to miscellaneous claims and litigation.

NOTE 5. OTHER FINANCIAL INCOME AND EXPENSES

€ thousands	First-half 2013	First-half 2012	2012
By nature			
Changes in fair value of derivative financial instruments	345	236	367
(Charges to)/reversals of provisions for impairment of available-for-sale financial assets, net	(420)	(544)	(400)
Dividends		250	773
Other financial income and expenses	(4,070)	(1,937)	(4,913)
Total	**(4,145)**	**(1,995)**	**(4,173)**

Other financial income and expenses mainly include discounting adjustments to financial expenses related to put options granted to minority shareholders, which amounted to €4,754 thousand in first-half 2013 (versus €2,440 thousand in first-half 2012).

NOTE 6. SHARES OUTSTANDING

Shares outstanding, net of treasury stock

	First-half 2013	First-half 2012	2012
Shares outstanding at January 1	**210,336,563**	**208,675,170**	**208,675,170**
Shares issued on exercise of stock options	752,455	1,433,660	2,700,390
Shares issued to the Essilor corporate mutual fund		0	385,354
Delivery of performance shares	2,585	1,215	578,008
(Purchases)/sales of treasury stock, net	(639,329)	(2,005,359)	(2,002,359)
Shares outstanding at period-end	**210,452,274**	**208,104,686**	**210,336,563**
Number of treasury shares excluded from the calculation	5,024,221	4,967,270	4,387,477

Average shares outstanding, net of treasury stock

	First-half 2013	First-half 2012	2012
Shares outstanding at January 1	**210,336,563**	**208,675,170**	**208,675,170**
Shares issued on exercise of stock options	327,138	559,195	1,210,098
Shares issued to the Essilor corporate mutual fund		0	10,529
Treasury shares allocated to performance share grants	1,625	640	44,362
(Purchases)/sales of treasury stock, net	(229,192)	(1,334,133)	(1,676,004)
Average shares outstanding for the period	**210,436,134**	**207,900,872**	**208,264,155**

NOTE 7. GOODWILL

€ thousands	At January 1	Newly-consolidated companies	Other changes in scope of consolidation and other movements	Translation adjustment	Impairment losses recognized in the period	At period-end
First-half 2013						
Gross	2,100,869	199,221	17,760	(33,646)		2,284,204
Impairment losses	13,936		10	(219)		13,727
Carrying amount	**2,086,933**	**199,221**	**17,750**	**(33,427)**		**2,270,477**
2012						
Gross	1,897,293	198,023	39,902	(34,349)		2,100,869
Impairment losses	13,962		(328)	138	164	13,936
Carrying amount	**1,883,331**	**198,023**	**40,230**	**(34,487)**	**(164)**	**2,086,933**

€ thousands	June 30, 2013	Dec. 31, 2012
Lenses and Optical Instruments	1,666,276	1,478,849
Equipment	267,040	272,579
Readers	337,161	335,505
Total	**2,270,477**	**2,086,933**

Goodwill for companies acquired in the second half of 2012 or the first half of 2013 is based on the provisional accounting for the business combination and may be adjusted over the 12-month period following the acquisition date.

NOTE 8. PROVISIONS FOR CONTINGENCIES

€ thousands	At January 1	Charges	Reversals (used)	Reversals (unused)	Translation adjustment	Changes in scope of consolidation	Other movements	At period-end
First-half 2013								
Provisions for losses in subsidiaries and affiliates	737	28		(437)				328
Restructuring provisions	7,622	7,525	(4,794)		(106)		(736)	9,511
Warranty provisions	25,260	3,283	(1,702)	(416)	(136)	151	1,476	27,916
Other	93,335	12,639	(3,851)	(4,640)	(177)	154	35	97,495
Total	**126,954**	**23,475**	**(10,347)**	**(5,493)**	**(419)**	**305**	**775**	**135,250**
2012								
Provisions for losses in subsidiaries and affiliates	300			(206)		643		737
Restructuring provisions	9,209	6,638	(9,103)	(884)	(167)	632	1,297	7,622
Warranty provisions	24,101	2,788	(1,489)	(558)	(425)	911	(68)	25,260
Other	107,791	27,264	(19,304)	(19,617)	(168)	(360)	(2,271)	93,335
Total	**141,401**	**36,690**	**(29,896)**	**(21,265)**	**(760)**	**1,826**	**(1,042)**	**126,954**

"Other provisions" at June 30, 2013 include provisions for tax audits and disputes in the amount of €27.7 million and a €50.7 million provision set aside for the potential consequences of alleged breaches of German competition law (see Note 11 - Litigation). There were no material changes in these provisions compared with December 31, 2012.

NOTE 9. PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

Net pension and other post-employment benefit obligations recognized in the balance sheet amounted to €207.2 million at June 30, 2013 and €212.0 million at December 31, 2012, after applying the revised IAS 19 (see Note 1). The change over the period due to actuarial gains and losses recognized in equity included €4 million of actuarial gains arising from the increase in the discount rate applied to euro zone plans.

NOTE 10. NET DEBT

€ thousands[(a)]	**June 30, 2013**	**Dec. 31, 2012**
Long-term borrowings	532,309	526,237
Short-term borrowings	402,026	305,459
Bank overdrafts	54,917	81,427
Accrued interest	3,124	3,126
Total borrowings	**992,376**	**916,249**
Other short-term investments[(b)]	(6,150)	(5,781)
Cash equivalents	(161,255)	(280,304)
Cash	(400,299)	(380,654)
Total assets	**(567,704)**	**(666,739)**
Cross-currency swaps[(c)]	(5,491)	(12,539)
Net debt	**419,181**	**236,971**

(a) Net debt is shown as a positive amount and a net cash position as a negative amount.
(b) Other short-term investments that the Company considers as eligible for inclusion in the calculation of net debt
(c) Cross-currency swaps are measured at fair value at the end of each reporting period.

Operations in the first half of 2013 were financed through commercial paper issues and other short-term investments.

NOTE 11. LITIGATION

The accounting policies applied to determine provisions for contingencies are presented in chapter 3.4 of the 2012 Registration Document (Note 1.32). Details of other income and expenses from operations are provided in Note 4 above and provision movements for the period are presented in Note 8.

The main claims and litigation are as follows.

Germany

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

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

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

Since then, there have been no developments in the case, aside from the appointment of a new prosecutor, and the original provisions have therefore been maintained in the consolidated balance sheet at June 30, 2013.

United States and Canada

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

At the end of 2010, it was decided that the class action motions would be consolidated and heard by a US federal court in Florida. The procedures to determine the complaints' admissibility began during the first half of 2011 and the discovery phase was completed at the end of 2012. A decision is pending as to whether the complaints qualify as class actions and what the next steps will be in the proceedings. No information is available on the quantum of the damages claimed. Consequently, no provision was carried in the consolidated balance sheet at June 30, 2013 in this respect.

Other litigation

To the best of the Company's knowledge, it is not currently involved and has not recently been involved in any other claims, litigation or arbitration proceedings that would be likely to have a material adverse effect on the financial position, results of operations, profitability, business or assets and liabilities of the Company or the Group.

NOTE 12. OFF-BALANCE SHEET COMMITMENTS

There were no material changes in the amount or nature of off-balance sheet commitments between December 31, 2012 and June 30, 2013.

NOTE 13. SUBSEQUENT EVENTS

Recent acquisitions

- Acquisitions completed in early second-half 2013

Since July 1, Essilor has pursued its strategy of partnering with eyecare industry stakeholders. Its sun lens manufacturing capabilities, for example, have been strengthened by the acquisition of a 50% stake in Polycore Optical, a Singapore-based company with revenue of about €30 million. Polycore operates two production plants in Asia, as well as three prescription laboratories (of which one for exports) in Indonesia and the Netherlands.

In the United States, Essilor also purchased a majority interest in Ohio-based Classic Optical Laboratories, which generates around €13 million in revenue, primarily by managing high-volume contracts for insurance organizations.

- Acquisitions in progress in second-half 2013

On July 29, Essilor International announced that it had signed an agreement to acquire PPG Industries' 51% stake in Transitions Optical Inc., the leading provider of photochromic lenses to optical manufacturers worldwide. Following the transaction, Essilor will own 100% of the capital of Transitions Optical. In 2012, Transitions Optical generated revenue of $814 million, of which around $310 million with lens manufacturers other than Essilor.

Under the agreement, Essilor will also acquire 100% of the capital of Intercast, a high-performance sun lens manufacturer based in Parma, Italy. In 2012, Intercast reported revenue of nearly $34 million.

The consideration for the transaction amounts to $1.73 billion at closing, as well as a deferred payment of $125 million dollars over five years. Subject to various regulatory approvals, the transaction is expected to be closed in the first half of 2014. Following the transaction, the consolidated debt-to-equity ratio will remain below 40%. Based on current estimates, the transaction should have a positive impact on Essilor's financial indicators, in particular an accretive impact on earnings per share as of year one of the integration, and of at least 5% per annum in subsequent years.

New financing

In July, Essilor International issued $500 million in senior, unsecured US private placement notes to 18 investors, primarily to refinance a bank loan due in 2014. The issue has enabled the Company to extend the average maturity of its debt and broaden its investor base. The €500 million will be paid in November 2013.
The placement comprises seven fixed or variable-rate tranches, with maturities ranging from 2017 to 2023. The issue's very favorable terms, paying 3.40% on the 10-year tranche, attests to the confidence of US investors in Essilor's financial strength. Initially announced for $150 million, the issue was more than seven times oversubscribed.

Statement by the Person Responsible for the 2013 Interim Financial Report

I declare that, to the best of my knowledge, (i) the financial statements for the first six months of 2013 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of Essilor International and the consolidated companies, and (ii) the accompanying interim management report includes a fair review of significant events of the past six months, their impact on the interim financial statements and the main related party transactions for the period, as well as a description of the main risks and uncertainties in the second half of the year.

Charenton-le-Pont, France, August 29, 2013

Hubert Sagnières
Chairman and Chief Executive Officer