Financial Statements

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Consolidated Financial Statements

Consolidated Income Statement

in thousands of EUR	Notes	2015	2014
Revenue	7	3,204,886	2,816,994
Cost of sales and direct related expenses	8	- 876,455	- 743,712
Gross profit		2,328,431	2,073,282
Selling and marketing costs	8	- 1,616,602	- 1,445,702
General and administrative costs	8	- 363,286	- 341,667
Share of result of associates	9	4,620	2,696
Operating result		353,163	288,609
Finance income	10	4,849	4,410
Finance costs	10	- 23,997	- 38,776
Net financial result		- 19,148	- 34,366
Result before tax		334,015	254,243
Income tax	11	- 103,021	- 79,682
Result for the year		**230,994**	**174,561**
Attributable to:			
Equity holders		212,730	161,203
Non-controlling interests		18,264	13,358
		230,994	174,561
Earnings per share, basic and diluted (in EUR per share)	12	0.84	0.64

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

Consolidated Statement of Other Comprehensive Income

in thousands of EUR	2015	2014
Result for the year	230,994	174,561
Other comprehensive income:		
Items that will not be reclassified to Income Statement		
Remeasurement of post-employment benefit obligations	5,127	- 22,064
Income tax relating to this item	- 1,764	6,308
	3,363	- 15,756
Items that may be subsequently reclassified to Income Statement		
Currency translation differences	- 12,870	- 2,871
Cash flow hedges	1,656	2,533
Income tax	- 377	- 655
	- 11,591	- 993
Other comprehensive income/ loss (net of tax)	- 8,228	- 16,749
Total comprehensive income for the year (net of tax):	**222,766**	**157,812**
Attributable to:		
Equity holders	205,167	145,938
Non-controlling interests	17,599	11,874
	222,766	157,812

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

Consolidated Balance Sheet

in thousands of EUR	Notes	31 December 2015	31 December 2014
ASSETS			
Non-current assets			
Property, plant and equipment	13	431,312	407,727
Goodwill	14	1,025,213	885,855
Other intangible assets	15	454,418	448,240
Deferred income tax assets	27	67,186	80,912
Investments in Associates	18	40,438	34,967
Other non-current assets	17	44,680	50,530
		2,063,247	1,908,231
Current assets			
Inventories	19	264,014	239,657
Trade and other receivables	20	266,916	257,301
Current income tax receivables		5,622	7,716
Derivative financial instruments	32	1,201	891
Cash and cash equivalents	21	98,748	134,095
		636,501	639,660
Total assets		**2,699,748**	**2,547,891**
EQUITY AND LIABILITIES			
Equity attributable to equity holders			
Share capital	22	51,815	61,535
Other reserves	23	- 59,723	- 54,775
Retained earnings	24	786,428	616,130
		778,520	622,890
Non-controlling interests	25	**53,255**	**45,327**
Total equity		**831,775**	**668,217**
Non-current liabilities			
Borrowings	26	775,744	960,463
Deferred income tax liabilities	27	142,565	141,378
Post-employment benefits	28	64,704	85,849
Provisions	29	11,282	27,727
Derivative financial instruments	32	1,039	2,508
Other non-current liabilities	31	16,075	15,859
		1,011,409	1,233,784
Current liabilities			
Trade and other payables	33	533,609	503,058
Current income tax liabilities		32,544	19,538
Borrowings	26	262,183	92,914
Derivative financial instruments	32	2,045	1,537
Provisions	29	26,183	28,843
		856,564	645,890
Total liabilities		**1,867,973**	**1,879,674**
Total equity and liabilities		**2,699,748**	**2,547,891**

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

Consolidated Statement of Changes in Shareholders' Equity

		Attributable to the equity holders							
in thousands of EUR	Notes	Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2014		**254**	**27,521**	**-**	**- 38,705**	**512,616**	**501,686**	**44,366**	**546,052**
Result for 2014		-	-	-		161,203	161,203	13,358	174,561
Cash flow hedge reserve	23	-	-	-	1,878	-	1,878	-	1,878
Remeasurement of post-employment benefit obligations	23	-	-	-	- 15,662	-	- 15,662	- 94	- 15,756
Cumulative currency translation reserve	23	-	-	-	- 2,286	805	- 1,481	- 1,390	- 2,871
Total comprehensive income		-	-	-	- 16,070	162,008	145,938	11,874	157,812
Acquisitions of subsidiaries	24,25	-	-	-	-	- 55,494	- 55,494	- 999	- 56,493
Issue of share capital	22	-	4,019	-	-	- 3,000	1,019	-	1,019
Long-term incentive plan	22	-	29,741	-	-	-	29,741	-	29,741
Dividends	25	-		-	-	-	-	- 9,914	- 9,914
Total transactions with equity holders		-	33,760	-	-	- 58,494	- 24,734	- 10,913	- 35,647
Balance at 31 December 2014		254	61,281	-	- 54,775	616,130	622,890	45,327	668,217
Balance at 1 January 2015		**254**	**61,281**	**-**	**- 54,775**	**616,130**	**622,890**	**45,327**	**668,217**
Result for 2015		-	-	-		212,730	212,730	18,264	230,994
Cash flow hedge reserve	23	-	-	-	1,232	-	1,232	47	1,279
Remeasurement of post-employment benefit obligations	23	-	-	-	3,355	-	3,355	8	3,363
Cumulative currency translation reserve	23	-	-	-	- 12,150	-	- 12,150	- 720	- 12,870
Total comprehensive income		-	-	-	- 7,563	212,730	205,167	17,599	222,766
Acquisitions of minority	23-25	-	-	-	- 151	- 2,492	- 2,643	1,202	- 1,441
Purchase of treasury shares	22	-	-	- 51,074	-	-	- 51,074	-	- 51,074
Change of pension plan		-	-	-	2,766	- 2,766	-	-	-
Long-term incentive plan		-	32,531	8,823	-	- 1,847	39,507	-	39,507
Dividends	24,25	-	-	-	-	- 35,327	- 35,327	- 10,873	- 46,200
Total transactions with equity holders		-	32,531	- 42,251	2,615	- 42,432	- 49,537	- 9,671	- 59,208
Balance at 31 December 2015		**254**	**93,812**	**- 42,251**	**- 59,723**	**786,428**	**778,520**	**53,255**	**831,775**

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

Consolidated Cash Flow Statement

in thousands of EUR	Notes	2015	2014
Cash flows from operating activities			
Cash generated from operations	34	462,009	477,315
Tax paid		- 80,094	- 96,978
Net cash from operating activities		**381,915**	**380,337**
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	6	- 138,079	- 233,169
Investment in associates and assets held for trading		-	- 1,269
Purchase of property, plant and equipment	13	- 131,750	- 131,868
Proceeds from sales of property, plant and equipment		6,871	3,993
Purchase of intangible assets	15	- 30,057	- 26,442
Proceeds from sales of intangible assets		249	2,727
Other non-current receivables		5,699	3,660
Dividends received	18	4,261	3,305
Interest received		5,428	5,319
Net cash used in investing activities		**- 277,378**	**- 373,744**
Cash flows from financing activities			
Purchase of treasury shares	22	- 51,074	-
Proceeds from borrowings		424,703	999,051
Repayment of shareholder loan		-	- 325,000
Repayments of other borrowings		- 542,877	- 602,328
Interest swap payments		- 2,762	- 4,437
Acquisition of non-controlling interest		- 1,440	-
Dividends paid to non-controlling interests	25	- 10,873	- 9,914
Dividends paid to shareholders	24	- 35,327	-
Interest paid		- 17,040	- 28,231
Net cash generated from/ (used in) financing activities		**- 236,690**	**29,141**
Increase / (decrease) in cash and cash equivalents		**- 132,153**	**35,734**
Movement in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		54,405	22,161
Increase / (decrease) in cash and cash equivalents		- 132,153	35,734
Exchange gains/ (losses) on cash and cash equivalents		- 4,058	- 3,490
Cash and cash equivalents at end of year	21	**- 81,806**	**54,405**

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

Notes to the Consolidated Financial Statements

1 General Information

GrandVision N.V. ('the Company') is a public limited liability company and is incorporated and domiciled in the Netherlands. The address of its registered office is as follows: World Trade Center Schiphol Airport, Tower G, 5th floor, Schiphol Boulevard 117, 1118 BG Schiphol, the Netherlands. Prior to becoming a public limited liability company under Dutch law (Naamloze Vennootschap) on 5 February 2015, the Company operated as GrandVision B.V. On 6 February 2015, GrandVision N.V. listed its shares in an Initial Public Offering ("IPO") on Euronext Amsterdam.

At 31 December 2015, 76.72% of the issued shares are owned by HAL Optical Investments B.V. and 21.99% by institutional and retail investors, with the remaining shares held by GrandVision's Management Board (0.46%) and in treasury (0.83%). HAL Optical Investments B.V. is indirectly controlled by HAL Holding N.V. All HAL Holding N.V. shares are held by HAL Trust. HAL Trust is listed on Euronext Amsterdam.

GrandVision N.V. and its subsidiaries (together, referred to as 'the Group') comprise a number of optical retail chains operated under different retail banners. As of 31 December 2015, the Group, including its associates, operated 6,110 optical retail stores (including franchise stores) in Argentina, Austria, Bahrain, Belgium, Brazil, Bulgaria, Chile, China, Colombia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, India, Ireland, Italy, Kuwait, Luxembourg, Malta, Mexico, Monaco, Norway, Oman, Peru, Poland, Portugal, Russia, Qatar, Saudi Arabia, Slovakia, Spain, Sweden, Switzerland, the Netherlands, the United Arab Emirates, Turkey, the United Kingdom, United States and Uruguay. An overview of the main subsidiaries can be found in note 39. The average number of employees of the Group (excluding associates) in full-time equivalents during 2015 was 27,510.

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted within the European Union. The financial statements are presented in euros (€). Amounts are shown in thousands of euros unless otherwise stated. The euro is the presentation currency of the Group. Preparing the financial statements in accordance with IFRS means that management is required to make assessments, estimates and assumptions that influence the application of regulations and the amounts reported for assets, equity, liabilities, commitments, income and expenses. The estimates made and the related assumptions are based on historical experience and various other factors, such as relevant knowledge, which are considered to be reasonable under the given circumstances. The IFRS financial statements have been prepared under the historical cost convention except for financial derivatives, long-term incentive plans and post-employment benefits. The estimates and assumptions serve as the basis for assessing the value of recognized assets and liabilities whose amounts cannot currently be determined from other sources. However, actual results may differ from the estimates. Estimates and underlying assumptions are subject to constant assessment. Changes in estimates and assumptions are recognized in the period in which the estimates are revised.

The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2.2 Changes in Accounting Policy and Disclosures

2.2.1 New and Amended Standards and Interpretations Adopted by the Group

The new and amended standards and interpretations effective for the current reporting period listed below have been adopted by the Group and implemented as of 1 January 2015 with retrospective application.

- IAS 19, 'Employee Benefits', effective for annual periods beginning on or after 1 July 2014. The amendments clarify the accounting for defined benefit plans that require employees or third parties to contribute towards the cost of the benefits. The amendments have no significant effect on the accounting policies of the Group.
- Annual Improvements to IFRSs 2010-2012 and 2011-2013 cycles, effective for annual periods beginning on or after 1 July 2014. Clarifications and minor interpretation changes for a set of IFRS. None of the improvements have a significant effect on the reporting or accounting policies of the Group.

2.2.2 New Standards, Amendments and Interpretations Issued But Not Effective for the Reported Period and Not Adopted Early

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statements.

The following standards, amendments and interpretations will be adopted by the Group at the moment they become effective:

- IFRS 9, 'Financial Instruments'. IFRS 9 retains but simplifies the mixed-measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. The standard is effective for accounting periods beginning on or after 1 January 2018. GrandVision will assess the impact over the following years.
- IFRS 15, 'Revenue from Contracts with Customers' deals with revenue recognition and establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard is effective for accounting periods beginning on or after 1 January 2018. GrandVision will assess the impact over the following years.
- IFRS 16, 'Leases', in January 2016 the new leasing standard has been published. This standard will have a significant impact on the financial ratios and presentation of the financial statements. The standard is effective for accounting periods beginning on or after 1 January 2019. The Group has been closely following the development of this standard and will start analyzing the impact as from 2016.

2.3 Group Accounting

2.3.1 Subsidiaries

Subsidiaries are those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. All intercompany transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated.

Apollo-Optik Holding GmbH & Co. KG is included in the consolidated financial statements of GrandVision N.V. and takes advantage of the exemption provision of Section 264 b HGB for financial year 2015. The statutory duty to prepare consolidated financial statements and a group management report does not apply to the subgroup of Apollo-Optik Holding GmbH & Co. KG pursuant to Section 291 HGB in conjunction with Section 1 et seqq. KonBefrV because Apollo-Optik Holding GmbH & Co. KG and its subsidiaries are included in the consolidated financial statements of GrandVision N.V.

2.3.2 Business Combinations

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired, and liabilities and contingent liabilities assumed, in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Any adjustments of the purchase price allocation do not exceed the measurement period of one year in accordance with IFRS 3. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquired subsidiary either at fair value or at the non-controlling interest's proportionate share of the acquired subsidiary's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired subsidiary and the acquisition-date fair value of any previous equity interest in the acquired subsidiary over the fair value of the Group's share of the identifiable net assets acquired are recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the Income Statement.

GrandVision applies the anticipated acquisition method where it has the right and the obligation to purchase any remaining non-controlling interest (so-called put/call arrangements). Under the anticipated acquisition method the interests of the non-controlling shareholder are derecognized when the Group's liability relating to the purchase of its shares is recognized. The recognition of the financial liability implies that the interests subject to the purchase are deemed to have been acquired already. Therefore the corresponding interests are presented as already owned by the Group even though legally they are still non-controlling interests. The initial measurement of the fair value of the financial liability recognized by the Group forms part of the contingent consideration for the acquisition.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognized in accordance with IAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for in equity.

Acquisition-related expenses are taken into the Income Statement at the moment they are incurred.

2.3.3 Common Control Acquisitions

Acquisitions made by the Group, acquired from the parent company (HAL Holding), are treated as common control transactions and predecessor accounting is applied. Under predecessor accounting no purchase price allocation is performed. The acquired net assets are included in the GrandVision consolidation at carrying value as included in the consolidation of HAL Holding. The difference between the consideration transferred and the net assets is recognized in equity.

2.3.4 Transactions and Non-Controlling Interests

The transactions with non-controlling interests are accounted as transactions with equity holders of the Group. For purchases of non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is deducted from equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.3.5 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investment in associates is accounted for using the equity method and initially recognized at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition results is recognized in the Income Statement, and its share of post-acquisition movements in Other comprehensive income is recognized in Other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized results on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in Other comprehensive income is reclassified to profit or loss where appropriate.

The Group determines at each reporting date whether there is an objective evidence that an investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in 'share of result of associates' in the Income Statement.

2.3.6 Joint Ventures

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group's interest in the joint arrangement in India is accounted for under the equity method. For more details regarding the accounting treatment refer to note 2.3.5.

2.4 Foreign Currency

2.4.1 General

Items in the financial statements of the various Group companies are measured in the currency of the primary economic environment in which each entity operates (the functional currency). The consolidated financial statements are presented in euros (€), this being GrandVision's presentation currency.

2.4.2 Transactions, Balances and Translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognized in the Income Statement, except when deferred in Other comprehensive income as qualifying cash flow hedges.

Foreign currency results that relate to borrowings and cash and cash equivalents are presented in the Income Statement within the financial result. All other foreign exchange gains and losses are presented in the Income Statement under the operating result to which the foreign currency result relates.

2.4.3 Foreign Subsidiaries

The assets and liabilities of foreign subsidiaries, including goodwill and fair value adjustments arising on consolidation, are translated into the presentation currency at the exchange rate applicable at the balance sheet date. The income and expenses of foreign subsidiaries are translated into the presentation currency at rates approximate to the exchange rates applicable at the date of the transaction. Resulting exchange differences are recognized in Other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing rate.

2.5 Segmentation

An operating segment is defined as a component of the Company that engages in business activities from which it may earn revenues and incur expenses. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. These operating segments were defined based on geographic markets. All operating segments operate in optical retail and do not have additional significant lines of business or alternative sources of revenue from external customers other than optical retail. The operating segments are in line with the reporting segments. There has been no aggregation of operating segments into reporting segments. The operating segments' operating result is reviewed regularly by the CEO and CFO (the Management Board) – together, the chief operating decision-maker – which makes decisions as to the resources to be allocated to the segments and assesses their performance, based on discrete financial information available.

After the acquisition of For Eyes in United States, the Latin America & Asia segment was renamed to Americas & Asia.

The Company's reportable segments are defined as follows:

- G4
- Other Europe
- Americas & Asia

2.6 Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of products or services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating revenue within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the revenue have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each agreement.

The Group operates multiple chains of retail outlets for selling optical products including insurance related to these products. Revenue is recognized only when the earning process is complete. This means that any prepayments made by customers are not considered as revenues yet and should be accounted for as deferred income. The earning process is considered complete upon delivery to the customer. The moment of ordering by the customer is not a determining factor. Optical retail revenue is usually in cash or by debit or credit card or claimed by the Group to healthcare institutions. Insurance-related income is recognized based upon historical data regarding claim ratios and upon the duration of the insurance contracts.

Merchandise revenue mainly comprises sales to franchisees. The earning process is considered complete upon delivery to the franchisee and when the entity has transferred significant risks and rewards of ownership of the products to the buyer and does not retain continuing managerial involvement or control over the products sold.

Franchise royalty is recognized on an accrual basis in accordance with the substance of the relevant agreements.

Other revenues comprise supplier allowances and any other revenue. Supplier allowances are only recognized as revenue if there is no direct relationship with a purchase transaction; otherwise the supplier allowance is deducted from cost.

It is the Group's policy to sell its products to the retail customer with a right to return. Experience is used to estimate and provide for such returns at the time of sale as described in note 2.22.3.

2.7 Customer Loyalty

The Group operates customer loyalty programs in several countries. In these programs customers accumulate points for purchases made or receive vouchers for rebates on future purchases. The reward points and vouchers are recognized as a separately identifiable component of the initial sale transaction by allocating the fair value of the consideration received between the award points or vouchers and the other components of the sale such that the reward points are initially recognized as deferred income at their fair value. Revenue from the reward points and vouchers is recognized when the points and vouchers are redeemed. Reward points and vouchers expire after a number of months after initial sales depending on each loyalty program.

2.8 Operating Lease

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Income Statement on a straight-line basis over the period of the lease.

2.9 Finance Income

Finance income comprises interest received on outstanding monies and upward adjustments to the fair value, interest result of foreign currency derivatives and net foreign exchange results.

2.10 Finance Costs

Finance costs comprise interest due on funds drawn, calculated using the effective interest method, downward adjustments to the fair value and realized value of derivative financial instruments, other interest paid, commitment fees, the amortization of transaction fees related to borrowings and net foreign exchange results.

2.11 Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less depreciation. Depreciation is calculated using the straight-line method to write off the cost of each asset to its residual value over its estimated useful life.

The useful lives used are:

Buildings	12 - 30 years
Leasehold and building improvements	5 - 10 years
Machinery	3 - 10 years
Furniture and fixtures	5 - 10 years
Other equipment	5 - 7 years
Computer and telecom equipment	3 - 5 years
Vehicles	5 years

The useful lives and the residual values of the assets are subject to an annual review.

Where the carrying amount of an asset is higher than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the operating result under the relevant heading. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Property, plant and equipment acquired via a financial lease is carried at the lower of fair value and the present value of the minimum required lease payments at the start of the lease, less cumulative depreciation and impairment (note 2.14). Lease payments are recognized in accordance with note 2.19. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.12 Goodwill

Goodwill arises from the acquisition of subsidiaries and represents the excess of the consideration transferred over the fair value of the Company's share of the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiary at the date of obtaining control. For the purpose of impairment testing, goodwill is allocated to those groups of cash-generating units expected to benefit from the acquisition. Each of those groups of cash-generating units represents the Group's investment in a country or group of countries, which is the lowest level at which the goodwill is monitored for internal management purposes. Goodwill is not amortized but is subject to annual impairment testing (note 2.14). Any impairment is recognized immediately as an expense and is not subsequently reversed.

Any negative goodwill resulting from acquisitions is recognized directly in the Income Statement.

If a cash-generating unit is divested, the carrying amount of its goodwill is recognized in the Income Statement. If the divestment concerns part of cash-generating units, the amount of goodwill written off and recognized in income is determined on the basis of the relative value of the part divested compared to the value of the group of cash-generating units. Goodwill directly attributable to the divested unit is written off and recognized in the Income Statement.

2.13 Other Intangible Assets

2.13.1 Software

Acquired software is capitalized on the basis of the costs incurred to acquire and to bring to use the specific software. Software is amortized when the product is put in operation and charged to the Income Statement using the straight-line method, based on an estimated useful life of maximum 5 years.

Costs incurred on development projects (i.e. internally developed software) are recognized as an intangible asset when the following criteria are met:

- It is technically feasible to complete the product so that it will be available for use;
- Management intends to complete the product and use it;
- The product can be used;
- It can be demonstrated how the product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete development and use the product are available;
- The expenditure attributable to the software product during its development can be reliably measured.

The expenditure that is capitalized includes purchases and the directly attributable employee costs. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

2.13.2 Key Money & Rights of Use

Key money represents expenditure associated with acquiring existing operating lease agreements for company-operated stores ('key money') in countries where there is an active market for key money (e.g. regularly published transaction prices), also referred to as 'rights of use'. Key money is not amortized but annually tested for impairment. Key money paid to previous tenants in countries where there is not an active market for key money, and key money paid to landlords (i.e. in the case of operating leases), is recognized as prepaid rent within other non-current assets and the current part in trade and other receivables and amortized over the contractual lease period.

2.13.3 Trademarks

Trademarks are initially recognized at fair value using the relief-from-royalty approach. The fair value is subsequently regarded as cost. Trademarks have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the estimated useful life but not longer than 15 years (with exceptions of certain older trademarks).

2.13.4 Customer Database

Customer databases are only recognized as an intangible asset if the Company has a practice of establishing relationships with its customers and when the Company is able to sell or transfer the customer database to a third party. The customer databases are initially recognized at fair value using the discounted cash flow method or multi-period excess earnings method for the large acquisitions. The fair value is subsequently regarded as cost. Customer databases have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the estimated useful life but no longer than 15 years.

2.13.5 Reacquired Rights

As part of a business combination, an acquirer may acquire a right that it had previously granted to the acquiree to use one or more of the acquirer's recognized or unrecognized assets. Examples of such rights include a right to use the acquirer's trade name under a franchise agreement. A reacquired right is an identifiable intangible asset that the acquirer recognizes separately from goodwill. Also, a right or an obligation disappearing because of a business combination is a reacquired right and is recognized separately from goodwill in a business combination. Reacquired rights are initially valued at the present value of the expected future cash flows, which is

subsequently used as cost and amortized on a straight-line basis over its useful life, being the remaining contractual period without considering contractual extension possibilities, but not exceeding 10 years.

2.13.6 Franchise Contracts

Franchise contracts acquired in a business combination are initially valued at fair value, being the present value of the estimated future cash flows, which is subsequently used as cost and amortized on a straight line basis over its useful life, being the remaining duration of the franchise contract without considering contractual extension possibilities, but not exceeding 10 years.

2.14 Impairment of Non-Financial Assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is determined using the discounted cash flow method applying a discount factor derived from the average cost of capital. For goodwill, if the discounted cash flow method results in a lower value than the carrying value, the recoverable amount is determined by the fair value less costs of disposal, which is determined by a multiple on the average sales of the last three years. The multiple is based on peers of GrandVision and/or recent market transactions, taking into account risk factors of the CGU for which the fair value less costs of disposal is calculated.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairments are recognized in the Income Statement. Impairment recognized in respect of cash-generating units is first allocated to goodwill and then to other assets of the cash-generating unit on a pro-rata basis based on the carrying amount of each asset in the cash-generating unit.

2.15 Financial Instruments

Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss; loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and assesses the designation at every reporting date.

Trade and other receivables are recognized initially at fair value. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The provision is recognized in the Income Statement within selling and marketing costs. When a receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against selling and marketing costs in the Income Statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Initial recognition of loans is at fair value; subsequently the loans are stated at amortized costs using the effective interest method.

The Group has granted loans to certain members of the management of the Group and to management of the subsidiaries. The loans are secured by pledges on the shares held by management. The applied interest rates are based on effective interest rates. The net receivable is initially recognized at fair value; subsequently the receivable is stated using the effective interest method, which equals the nominal interest. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. The Company owns certain limited shareholdings in commercial centers or buildings where the Company is operating stores. Shareholdings in commercial centers where stores are operated are also classified in this category. These shareholdings are accounted for against fair value, based on recent transactions. A change in the fair value is recognized in the Income Statement.

Impairment of financial assets
The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that the loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For the 'loans and receivables' category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the consolidated Income Statement.

Financial liabilities

Derivative financial instruments
A derivative is a financial instrument or other contract with all three of the following characteristics:

1. its value changes in response to a change in other variables such as a specified interest rate or a foreign exchange rate; and
2. it requires no initial net investment or an initial net investment that is significantly smaller than the value of the underlying notional amount; and
3. it is settled at a future date. Derivatives are initially recognized at fair value (based on external valuation performed by financial institutions or other valuation techniques) on the date a derivative contract is entered into, and are subsequently remeasured at their fair value based on external valuations performed by financial institutions or other valuation techniques such as mathematical models (Black-Scholes).

The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged.

The Group uses derivative financial instruments principally in the management of its interest and foreign currency cash flow risks. Applying IAS 39, the Group measures all derivative financial instruments based on fair values derived from external quotes of the instruments.

Derivative financial instruments are initially recognized in the balance sheet at fair value on the date a derivative contract is entered into (trade date) and are subsequently remeasured at their fair value.

Hedge accounting

The Company designates certain derivatives as either:

1. hedges of highly probable forecast transactions (cash flow hedges);
2. hedges of the fair value of recognized assets and liabilities or a firm commitment (fair value hedges).

The Company documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are being used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

Cash flow hedge

The highly effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in Other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated Income Statement. Amounts accumulated in equity are recycled in the Income Statement in the periods when the hedged item affects profit or loss. However, when the projected transaction that is hedged results in the recognition of a non-financial asset (for example inventory) or a liability, the gains and losses previously deferred in shareholders' equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. This includes amounts that were removed from Other comprehensive income during the year and included in the carrying amount of the hedged items as a basis adjustment. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the projected transaction is ultimately recognized in the consolidated statement of income. When a projected transaction is no longer expected to occur, the cumulative gain or loss that was reported in shareholders' equity is immediately transferred to the consolidated Income Statement in finance costs or finance income. For the movements in the cash flow hedge refer to the consolidated statement of changes in shareholders' equity.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Income Statement as financial costs, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Company uses its judgment to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each statement of financial position date. Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognized immediately in the Income Statement as financial costs.

On the date a derivative contract is entered into, the Group designates interest rate swaps or foreign currency swaps and options (hedge instruments) as a hedge of the exposure to the fluctuations in the variable interest rates on borrowings or foreign currency rates on transactions (hedged items).

When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, the Group discontinues hedge accounting prospectively. Any ineffectiveness is recognized in the Income Statement.

Interest payments and receipts arising from interest rate derivatives such as interest rate swaps are matched to those arising from the underlying debt. Payments made or received in respect of the early termination of interest rate derivatives are spread over the term of the originally hedged borrowing as long as the underlying exposure continues to exist and are matched with the interest payments on the underlying borrowing.

The fair values of derivative instruments used for hedging purposes are disclosed in note 32. Movements on the hedging reserve are shown in Other comprehensive income. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months. It is classified as current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Borrowings
Borrowings are initially recognized at fair value, net of transaction costs incurred, and subsequently recognized at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the Income Statement during the term of the borrowing using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to postpone settlement of the liability for at least 12 months after the balance sheet date.

2.16 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined by the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Costs of inventories include the transfer from equity of any gains and losses on qualifying cash flow hedges on purchases of inventories.

2.17 Cash and Cash Equivalents

Cash and cash equivalents comprise bank balances, which are available on demand and are carried in the balance sheet at face value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings in current liabilities.

The cash pooling agreement is reported as a net amount as there is a legally enforceable right to offset and an intention to settle on a net basis the debit and credit cash positions in different countries and currencies.

2.18 Share Capital

Ordinary shares are classified as equity attributable to equity holders. Costs directly connected to the issuance of new shares are deducted from the proceeds and recognized in equity.

Where the Company or its subsidiaries purchase the Company’s equity share capital, the consideration paid, including any attributable transaction costs net of income taxes, is deducted from total shareholders’ equity as treasury shares until they are cancelled or re-issued. Where such shares are subsequently sold or reissued, any consideration received, net of transaction costs, is included in shareholders’ equity.

Dividends are recognized in equity in the reporting period in which they are declared.

2.19 Financial Leases

Lease contracts whereby the risks and rewards associated with the ownership lie wholly or primarily with the lessee are classified as financial leases. The minimum lease payments are recognized partly as financial costs and partly as settlement of the outstanding liability. The financial costs are charged

to each period in the total lease period so as to produce a constant, regular interest rate on the outstanding balance of the liability. The interest element is charged to the Income Statement over the lease period and recognized as a 'finance costs'.

The corresponding rental obligations, net of financial costs, are classified as current liabilities unless the Group has an unconditional right to postpone settlement of the liability for at least 12 months after the balance sheet date.

2.20 Current and Deferred Income Taxes

The tax expense for the period comprises current and deferred tax. Tax is recognized in the Income Statement, except to the extent that it relates to items recognized in Other comprehensive income or directly in equity. In this case, the tax is also recognized in Other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for loss carryforward to the extent that realization of the related tax benefit through the future taxable profits is probable. The assessment of whether a deferred tax asset should be recognized on the basis of the availability of future taxable profits should take into account all factors concerning the entity's expected future profitability, both favorable and unfavorable.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.21 Employee Benefits

2.21.1 Pension Obligations

The Group operates various post-employment schemes, including both defined benefit and defined contribution plans as well as post-employment medical plans.

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a post-employment

benefit plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability in respect of defined benefit pension plans is the present value of the defined benefit of obligations at the balance sheet date minus the fair value of plan assets, together with adjustments for actuarial gains/losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and which have terms of maturity approximating the terms of the related pension obligation. Remeasurement of gains or losses related to both defined benefit obligations and fair value of plan assets arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in Other comprehensive income in the period in which they arise. Past service costs are recognized immediately in the Income Statement.

During 2015 the pension plan in the Netherlands has been amended which resulted in a change of classification from defined benefit to defined contribution. Refer to Note 28 for more details. At reporting date, the Group operates defined benefit plans in France, Germany, Austria, Italy, Greece and Mexico.

In a number of countries the Groups runs defined contribution plans. The contributions are recognized as employee benefit expense when they are due. The Group has no further payment obligations once the contributions have been paid. The Group has only a multi-employer plan in the Netherlands. This plan is classified as defined contribution as information received from the plans is not sufficiently detailed. The proportationate share of premiums as part of total premiums paid to the plans is insignificant.

2.21.2 Other Post-Employment Obligations

Some countries provide post-employment healthcare benefits to their retirees. The entitlement to these benefits is conditional on the employee remaining in service up to retirement age and includes the estimation that (former) employees will make use of this arrangement. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for the defined benefit pension plans.

2.21.3 Long-Term Incentive Plans

Certain members of the senior management are rewarded with long-term incentive plans (LTIPs). The Group operates two types of long-term incentive plans.

Real share plan

The real share plan provides for the purchase of shares in the Company by eligible participants, which is subject to a vesting term and holding conditions. Vesting of awards made under the real share plan is subject to a service condition that can vary between 3-5 years following the date of grant. Expense is recognized over the vesting period. The plan has been classified as an equity-settled share-based payment arrangement under IFRS 2 (note 30). The real share plan is no longer granted since the listing of the Company's shares in February 2015.

Phantom plan

Until the listing of the Company's shares in February 2015, the phantom plan provided eligible participants with the right to receive cash based on the appreciation in the Company's share price between the date of grant and the vesting date. Under the phantom plan, such eligible participants were granted a combination of phantom shares and phantom options. Phantom shares and phantom options were to be settled in cash and contained a service condition of 3-5 years and could contain in addition performance conditions based on the results of certain predetermined Company - related financial performance targets of respective business units in the organization which are treated as non-market vesting conditions. Upon the moment of listing, the majority of these plans

were converted to equity-settled. Under IFRS 2, for cash-settled share-based payment transactions, the fair value of the liability for the awards made is measured at each reporting date and at the settlement date. The fair value is recognized over the vesting period. The amount of expense recognized takes into account the best available estimate of the number of equity instruments expected to vest under the service and performance conditions underlying each phantom share and phantom option granted. The phantom options have a maximum term of 5-6 years. For equity-settled share-based payment transactions, the fair value at grant date is expensed over the vesting period with a corresponding increase in equity, taking into account the best available estimate of the number of shares expected to vest under the service and performance conditions.

Earn out obligations

The Group also has earn out obligations on the interests held by management of the subsidiaries in the subsidiaries. These non-controlling interests are recognized as financial liabilities in the balance sheet. Changes in the value of these non-controlling interests held by managements of the subsidiaries are recognized in the Income Statement.

2.22 Provisions

2.22.1 General

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

Provisions are classified as current liabilities unless the Group has an unconditional right to postpone settlement of the liability for at least 12 months after the balance sheet date.

2.22.2 Legal and Regulatory Provisions

Legal and regulatory provisions are set up for possible claims related with governmental institutions or other disputes valued at the present value of the expected cash outflow.

2.22.3 Warranty Provision

Provisions for rectifying and replacement defects are classified as warranty provisions. The provision is based on past experience and future expectations of warranty claims. Warranty costs are recognized in the Income Statement under cost of sales and direct related expenses.

2.22.4 Employee-Related Provisions

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.22.5 Other Provisions

Other provisions are mainly related to restructruring provisions and guarantee provisions which are valued at the present value of the expected cash outflow.

Restructuring provisions comprise lease termination penalties, future lease payments for closed stores and offices. Restructuring expenses due more than 12 months after the end of the reporting period are discounted to their present value.

Bank borrowings to franchisees of the Group are often secured by a guarantee given by the Group to the bank. The guarantees given are secured by the activities, store rental contracts, the inventories and store furniture of the franchisers. When a cash outflow is likely, a provision is formed, being the present value of the expected cash outflow. If a cash outflow is not likely, the guarantee is included in the contingent liabilities.

2.23 Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.24 Principles for the Statement of Cash Flows

The statement of cash flows is compiled using the indirect method. The statement of cash flows distinguishes between cash flows from operating, investing and financing activities. Cash and cash equivalents comprise cash and bank balances and bank overdrafts. Cash flows in foreign currencies are translated at the rate of the transaction date. Interest paid and received is included under cash flow from financing activities and investing activities respectively. Cash flows arising from the acquisition or disposal of financial interests (subsidiaries and participating interests) are recognized as cash flows from investing activities, taking into account any cash and cash equivalents in these interests. Dividends paid out are recognized as cash flows from financing activities; dividends received are recognized as cash flows from investing activities.

3 Financial Risk Management

3.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risks (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments to hedge certain risk exposures.

The Group's management provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and the use of derivative and non-derivative financial instruments.

3.1.1 Market Risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group treasury's risk management policy is to hedge the expected cash flows in most currencies, mainly by making use of derivative financial instruments as described in note 2.15. The Group has cash flow and fair value hedges.

The majority of the Group operations takes place in the 'eurozone', which comprises 61.65% (2014: 62.52%) of total revenue. Translation exposure to foreign exchange risk relates to those activities

outside the eurozone; these activities were mainly limited to operations in the United Kingdom, United States, Latin America, Eastern Europe, Scandinavia, Russia, Turkey, China and India, whose net assets are exposed to foreign currency translation risk. The currency translation risk is not hedged.

If the currencies of these operations had been 5% weaker against the euro with all other variables held constant, the Group's post-tax profit for the year would have been 0.8% lower (2014: 1.0% lower) of which 0.6% impact of GBP (2014: 0.6% lower) and equity would have been 4.1% lower (2014: 4.4% lower), of which 1.4% impact of GBP (2014: 1.5% lower)

Further foreign exchange risks with respect to commercial transactions are mainly limited to purchases of goods in Asia, which are mainly US dollar-denominated. This risk is considered low as these purchases, in value, represent a relatively small part of the total purchases made by the Company. Based on the treasury policy the risk is partly hedged and cash flow hedge accounting is applied when the transaction is highly probable. Fair value hedge accounting is applied when the invoice is received.

(ii) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group generally borrows at variable rates and uses interest rate swaps as cash flow hedges of future interest payments, which have the economic effect of converting interest rates from floating rates to fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating interest rate amounts calculated by reference to the agreed notional principal amounts and benchmarks.

The table below shows sensitivity analysis considering changes in the EURIBOR:

	2015		2014	
	Impact on result before tax	Impact on Other comprehensive income	Impact on result before tax	Impact on Other comprehensive income
EURIBOR rate - increase 50 basis points	- 2,231	3,724	- 633	1,491
EURIBOR rate - decrease 50 basis points	52	- 2,771	633	- 1,610

Note 32 describes which financial derivatives the Group uses to hedge the cash flow interest rate risk.

(iii) Price risk

Management believes that the price risk is limited, because there are no listed securities held by the Group and the Group is not directly exposed to commodity price risk.

3.1.2 Credit Risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale, retail customers and health insurance institutions, including outstanding receivables and committed transactions. The Group has no significant concentrations of credit risk as a result of the nature of its retail operations. In addition, in some countries all or part of the credit risk is transferred to credit card companies. Furthermore the Group has receivables from its franchisees. Management believes that the credit risk in this respect is limited, because the franchisee receivables are in certain instances secured by pledges on the inventories of the franchisees. The utilization of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major debit and credit cards.

3.1.3 Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed and uncommitted overdraft credit facilities (immediately available funds) and committed medium-term facilities (available at 4 days' notice). Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by maintaining headroom of at least €200 million as a combination of cash at hand plus available committed credit facilities minus any overdraft balances and/ or debt maturities with a tenor of less than one year. Group management monitors its liquidity periodically on the basis of expected cash flows, and local management of the operating companies in general monitors the liquidity even more frequently.

The Group has a syndicated bank facility of €1,200 million. Under the terms of the facility, a one-year extension option can still be exercised by the borrower at the second anniversary of the facility. Early August 2015, the facility was extended by one year, therefore the new maturity date is 18 September 2020. The facility also includes a €100 million uncommitted accordion feature, which can be exercised during the life of the facility after all lenders have consented. The interest rate on the drawings consists of the margin and the applicable rate (i.e. for a loan in euros, the EURIBOR), however the applicable rate can never be below zero percent.

The facility requires GrandVision to comply with the following financial covenants: maintenance of a maximum total leverage ratio (net debt/EBITDA) of less than or equal to 3.25 and a minimum interest coverage ratio (EBITDA/net interest expense) of 5. Compliance with the bank covenants is tested and reported on twice a year. As of the balance sheet date, the Group is in compliance with the bank covenants and has been so for the duration of the facility.

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

in thousands of EUR	Within 1 year	1-2 years	2-5 years	After 5 years	Total
31 December 2015					
Borrowings	259,691	5,209	790,249	-	1,055,149
Derivative financial instruments	3,280	1,236	3,633	3,362	11,511
Trade, other payables and accrued expenses	395,586	-	-	-	395,586
31 December 2014					
Borrowings	124,022	11,058	977,165	-	1,112,246
Derivative financial instruments	1,518	2,508	-	-	4,026
Trade, other payables and accrued expenses	372,829	-	-	-	372,829

3.2 Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. There are no externally imposed capital requirements.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. The Group monitors capital on the basis of leverage ratio (defined as net debt / Adjusted EBITDA).

Management believes the current capital structure, operational cash flows and profitability of the Group will safeguard the Group's ability to continue as a going concern. Following the refinancing in 2014, GrandVision aims to maintain a maximum leverage ratio of 2.0 (net debt / Adjusted EBITDA) excluding the impact of any borrowings associated with, and any EBITDA amounts attributable to major acquisitions.

in thousands of EUR	31 December 2015	31 December 2014
Equity attributable to equity holders	778,520	622,890
Net debt	941,062	922,436
Adjusted EBITDA	511,611	449,498
Leverage ratio	1.8	2.1

3.3 Fair Value Estimation

The financial instruments carried at fair value can be valued using different levels of valuation methods. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1). A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.
- Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) (level 2). Valuation techniques are used to determine the value. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. All significant inputs required to fair value an instrument have to be observable.
- Inputs for asset or liability that are not based on observable market data (unobservable inputs) (level 3).

If multiple levels of valuation methods are available for an asset or liability, the Group will always use level 1.

The assets and liabilities for the Group measured at fair value qualify for the level 3 category except for the derivative financial instruments (note 32) which qualify for the level 2 category. The Group does not have any assets and liabilities that qualify for the level 1 category.

The table below shows the level 2 and level 3 categories:

in thousands of EUR	Level 2	Level 3
At 31 December 2015		
Assets		
Derivatives used for hedging	1,201	-
Non-current receivables	-	2,841
Total	**1,201**	**2,841**
Liabilities		
Contingent consideration - Other current and non-current liabilities	-	6,410
Derivatives used for hedging	3,084	-
Total	**3,084**	**6,410**
At 31 December 2014		
Assets		
Derivatives used for hedging	891	-
Non-current receivables	-	2,841
Total	**891**	**2,841**
Liabilities		
Contingent consideration - Other current and non-current liabilities	-	11,410
Derivatives used for hedging	4,045	-
Total	**4,045**	**11,410**

There were no transfers between levels 1, 2 and 3 during the periods.

Level 2 category
An instrument is included in level 2 if the financial instrument is not traded in an active market and if the fair value is determined by using valuation techniques based on the maximum use of observable market data for all significant inputs. For the derivatives the Group uses the estimated fair value of financial instruments determined by using available market information and appropriate valuation methods, including relevant credit risks. The estimated fair value approximates to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

Level 3 category
The level 3 category refers to investments held in shopping malls and contingent considerations. For the investments held in shopping malls, an external expert performed a valuation of the shares and there were no additions or disposals, only a movement relating to foreign currency which is recorded in financial costs. The valuation technique is consistent compared to prior years and a valuation is undertaken on an annual basis. The contingent considerations are remeasured based on the agreed business targets.

3.4 Offsetting Financial Assets and Financial Liabilities

The only items netted are assets and liabilities under cash pool agreement and derivatives; please refer to note 21 for more details on the cash pool.

4 Estimates and Judgments by Management

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances.

The Company makes estimations and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

4.1 Consolidation of the Synoptik Group

The Company's ownership interest in the Synoptik Group is 63.29% and the agreement is set up so that the partner has both protective and substantive rights. However, considering the substance of the situation we concluded that the partner has not exercised their substantive rights as this is not in the best interest and long term goal of the partner. Consequently the Company has de facto control and the Synoptik Group is consolidated. At each reporting date this assessment will be reconsidered.

4.2 Estimated Impairment of Goodwill

The Group tests annually whether its goodwill is subject to impairment, as described in note 2.14. Goodwill is allocated to the Company's group of cash-generating units (CGUs) according to the country of presence. The recoverable amount is determined by the value in use, calculated using the discounted cash flow method applying a discount factor derived from the average cost of capital relevant for the CGUs. If the value in use is lower than the carrying value or the economic reality results in more realistic estimates, then the recoverable amount is based on the fair value less costs of disposal method, which is determined by a multiple on the average sales of the last three years. The multiple is based on peers of GrandVision and recent market transactions, taking into account risk factors of the CGU for which the fair value less costs of disposal is calculated. The recoverable amount is the higher of the value in use and the fair value less costs of disposal. These fair value calculations qualify as level 3 calculations.

In case of an impairment indication using the value in use method the Group will perform also the fair value less costs of disposal calculation. The value in use method indicated sufficient headroom, such that a reasonably possible change to key assumptions would not result in a material impairment of goodwill. In the fair value less costs of disposal method the sales multiple used is the most sensitive key assumption. A 10% reduction of the sales multiple used (see note 16 where applied) in the Group impairment test would result in an additional impairment of €1,287 (2014: €13,053).

4.3 Intangible Assets

When a company is acquired, the fair value of the intangible assets is determined. The determination of the value at the time of acquisition and estimated useful life is subject to uncertainty. Useful life is estimated using past experience and the useful life period as broadly accepted in the retail sector.

For the Company common intangible assets identified during acquisition are trademarks and customer databases. The following assumptions are the most sensitive when estimating the value:

Intangible Asset	Key assumptions
Trademark	Royalty rate, revenue growth and discount rate
Customer Database	Churn rate, EBITA growth and discount rate

4.4 Estimated Impairment of Key Money

The Group tests annually whether its non-amortized key money is subject to impairment as described in notes 2.13.2 and 2.14. The recoverable amount is the higher of the fair value less costs of disposal of the key money and the key money's value in use, which is calculated using the discounted cash flow method applying a discount factor derived from the weighted average cost of capital or the market value of the key money.

A reduction of the expected revenue growth to 0%, all other factors used in calculating the value in use remaining unchanged, would lead to an impairment of €3,833 (2014: €4,128).

4.5 Income Taxes

The Company is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the total provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period for which such determination is made.

Carry forward losses are recognized as a deferred tax asset if it is likely that future taxable profits will be available against which losses can be set off. Judgment is involved to establish the extent to which expected future profits substantiate the recognition of a carry forward loss.

Given a reasonable change in the key assumptions used in determining total deferred tax assets and liabilities, there would be no material impact on the financial statements.

4.6 Post-Employment Benefits

The present value of the defined benefit pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at year-end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds with a duration and currency consistent with the term and currency of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions.

4.7 Provisions and contingencies

The recognition of provisions requires estimates and judgment regarding the timing and the amount of outflow of resources. The main estimates relate to the probability ('more likely than not') of the outflow of resources. If the outflow of resources is 'more likely than not' a best estimate of the outflow is recognized otherwise it is disclosed as a contingency.

If a provision is recognized, it is measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The expected expenditures are uncertain future cash flows for which management uses its knowledge, experience and judgment to determine if a corresponding provision should be recognized.

5 Segments

The Management Board forms the Group's chief operating decision-maker ('CODM'). Management has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance.

The Group's business is organized and managed on a geographic basis and operates through three business segments: the G4, Other Europe and Americas & Asia. After the acquisition of For Eyes in United States, the segment Latin America & Asia was renamed to Americas & Asia. All geographic segments are involved in the optical retail industry, and there are no other significant product lines or sources of revenue for the Company.

The most important measures assessed by the CODM and used to make decisions about resources to be allocated are total net revenue and adjusted EBITDA. Measures of assets and liabilities by segment are not reported to the CODM.

The accounting policies applied in the segment information are in line with those applied for GrandVision as described in the accounting policies.

The following table presents total net revenue and adjusted EBITDA for the operating segments for 2015 and 2014. The adjusted EBITDA is defined as EBTIDA excluding other reconciling items and exceptional non-recurring items. The non-recurring items in 2015 were mainly related to legal and regulatory provisions, costs related to the IPO in 2015, including its effect on the valuation of the long-term incentive plans, and some other items, partially offset by the benefit related to the changed pension arrangements in the Netherlands. The non-recurring items in 2014 pertain to expenses relating to the anticipated listing, additional expenses for the long-term incentive plan as a result of falling within the scope of IFRS 2, and other small items. A reconciliation from adjusted EBITDA to earnings before taxes is presented within each table below. Other reconciling items represent corporate costs that are not allocated to a specific segment.

in thousands of EUR	G4	Other Europe	Americas & Asia	Total
2015				
Total net revenue	1,976,421	874,562	353,903	3,204,886
Adjusted EBITDA	400,989	134,655	8,186	543,830
Other reconciling items				- 32,219
Total adjusted EBITDA				**511,611**
Non-recurring items				- 5,468
Depreciation				- 107,158
Amortization and impairments				- 45,822
Operating income/loss				**353,163**
Non-operating items:				
Net financial result				- 19,148
Earnings before tax				**334,015**
2014				
Total net revenue	1,820,412	731,751	264,831	2,816,994
Adjusted EBITDA	364,235	114,046	5,155	483,436
Other reconciling items				- 33,938
Total adjusted EBITDA				**449,498**
Non-recurring items				- 23,911
Depreciation				- 96,805
Amortization and impairments				- 40,173
Operating income/loss				**288,609**
Non-operating items:				
Net financial result				- 34,366
Earnings before tax				**254,243**

The breakdown of revenue from external customers by geographical area is shown as follows:

in thousands of EUR	2015	2014
France	586,753	565,008
Germany	451,227	402,645
United Kingdom	457,900	390,937
Other countries	1,709,006	1,458,404
	3,204,886	2,816,994

Revenue in the Netherlands, the Group's country of domicile, is €245,700 (2014: €237,830). There are no customers that comprise 10% or more of revenue in any year presented.

The breakdown of non-current assets by geographical area is shown as follows:

in thousands of EUR	31 December 2015	31 December 2014
The Netherlands	101,745	99,967
France	491,321	492,821
United Kingdom	246,293	236,636
Italy	198,340	206,475
Other countries	958,362	791,420
	1,996,061	1,827,319

The non-current assets by geographical area are given based on the location of the assets. This disclosure is given for all non current assets except financial instruments and deferred tax assets.

6 Acquisitions of Subsidiaries, Associates and Non-Controlling Interests

The following acquisitions and adjustments to the purchase price allocation were done in 2015.
For Eyes

On 1 December 2015 the Group acquired 100% of the shares in Aranon Corporation, United States. With this acquisition the Group is entering a new geographical market. Aranon Corporate has a chain named For Eyes that operates 116 own stores mostly in the areas of Chicago, Washington DC, Philadelphia, Florida and California. The Company paid €129,700 (USD 141,289) and based on the initial purchase price allocation an amount of €139,157 is identified as goodwill and represents the future synergies, expected growth and profitability of the business. Due to the limited time between the acquisition and the publication of the financial statements, the purchase price allocation has not yet been finalized.

Other store acquisitions

During 2015 the Group acquired 39 stores in the segments G4 and Other Europe. These acquisitions were recognized using the acquisition method. After the initial allocation of the consideration transferred for the acquisitions of the assets, liabilities and contingent liabilities, an amount of €6,227 was identified as goodwill. The goodwill is attributable to the high profitability of the acquired business and the expected synergies following the integration of the acquired business into our existing organization. The goodwill mainly comprises the skilled employees and the locations of the acquired stores, which cannot be recognized as separately identifiable assets. The purchase price allocation has been completed for most of the stores acquired.

Adjustment to purchase price allocation

The Group finalized the purchase price allocation for the acquisitions done in 2014 in Italy (Randazzo), the United Kingdom and Peru. This resulted in a change in the value of recognized intangibles and recognition and derecognition of certain assets and liabilities and accordingly the recognized goodwill decreased by €3,239.

in thousands of EUR	For Eyes	Other stores	Adjustments to purchase price allocation	Total
Property, plant and equipment	5,177	311	414	5,902
Other intangible assets	25,100	3,654	- 3,286	25,468
Deferred income tax assets	2,129	11	267	2,407
Other non-current assets	261	240	26	527
Inventories	3,073	641	-	3,714
Trade and other receivables	1,708	253	- 814	1,147
Current income tax receivables	28	-	-	28
Cash and cash equivalents	1,917	565	-	2,482
Deferred income tax liabilities	- 9,897	- 260	1,111	- 9,046
Other non-current liabilities	-	-	26	26
Current income tax liabilities	9	- 62	- 8	- 61
Trade and other payables	- 38,115	- 468	- 696	- 39,279
Current borrowings	- 847	- 21	-	- 868
Fair value of acquired net assets and liabilities	- 9,457	4,864	- 2,960	- 7,553
Consideration paid in cash and cash equivalents	129,700	10,861	-	140,561
Consideration to be transferred	-	230	- 6,199	- 5,969
Total consideration transferred or to be transferred	129,700	11,091	- 6,199	134,592
Consideration paid in cash and cash equivalents	129,700	10,861	-	140,561
Cash and cash equivalents and bank overdrafts at acquired subsidiary	- 1,917	- 565	-	- 2,482
Outflow of cash and cash equivalents net of cash acquired	**127,783**	**10,296**	**-**	**138,079**
Total consideration transferred or to be transferred	129,700	11,091	- 6,199	134,592
Fair value of acquired net assets and liabilities	- 9,457	4,864	- 2,960	- 7,553
Goodwill	**139,157**	**6,227**	**- 3,239**	**142,145**

The goodwill amortization in United States is not tax-deductable.

The acquisitions contributed the following in revenue and net result for the Group:

in thousands of EUR	For Eyes	Other stores	Adjustment to purchase price allocation	Total
Revenue	6,626	11,768	-	18,394
Net result	- 3,092	2,047	-	- 1,045

Had the acquisitions been consolidated for the full year, revenue and net result would be:

in thousands of EUR	For Eyes	Other stores	Adjustment to purchase price allocation	Total
Revenue	83,126	21,586	-	104,712
Net result	- 18,833	3,426	-	- 15,407

Aquisitions costs for the above acquisitions amount to €2,113 and are included in the general and administrative costs in the Income Statement.

7 Revenue

The Group's revenue can be further divided as follows:

in thousands of EUR	2015	2014
Own store sales	2,983,899	2,612,285
Merchandise revenue	131,233	118,958
Franchise royalties and contributions	67,940	65,561
Other revenues	21,814	20,190
	3,204,886	2,816,994

8 Cost of Sales and Direct Related Expenses

The following costs have been included in the operating result:

in thousands of EUR	Notes	2015	2014
Direct materials		756,180	651,528
Employee costs		1,038,248	950,858
Depreciation and impairments	13	107,158	96,805
Amortization and impairments	14,15	45,822	40,173
Operating lease		468,247	421,668
Marketing & publicity costs		155,952	149,223
Other costs		284,736	220,826
Total costs		2,856,343	2,531,081

The employee costs can be specified as follows:

in thousands of EUR	Notes	2015	2014
Salaries & wages		745,703	668,082
Social security		164,396	144,611
Pension costs - Defined benefit plans	28	-12,107	7,377
Pension costs - Defined contribution plans		13,366	7,633
Share based payments (LTIP)	30	17,670	34,716
Other employee-related costs		109,220	88,439
		1,038,248	950,858

The average number of employees within the Group (excluding associates) in full-time equivalents during 2015 was 27,510 (2014: 25,776).

9 Share of Result of Associates

in thousands of EUR	2015	2014
Visilab S.A.	5,372	3,972
Reliance-Vision Express Private Ltd and Reliance-GrandVision India Supply Private Ltd	- 752	- 1,276
	4,620	2,696

10 Finance income and costs

in thousands of EUR	2015	2014
Finance costs		
- Bank borrowings	-12,622	-12,418
- Result on interest derivatives	-4,269	-4,308
- Commitment and utilisation fee	-3,275	-2,727
- Interest loans from shareholders	-	-12,114
- Other	-2,177	-608
Total finance costs	- 22,343	-32,175
Finance income		
- Interest income	3,938	2,731
- Interest loans to shareholders or management	542	743
- Interest deposits	369	845
- Result on fair value derivatives	-	91
Total finance income	4,849	4,410
Net foreign exchange results	- 1,654	-6,601
Net financial result	- 19,148	-34,366

There has not been any ineffectiveness on the cash flow hedges in 2015 and 2014.

11 Income Tax

in thousands of EUR	2015	2014
Current income tax	97,772	95,509
Deferred income tax	5,249	-15,827
Charge in Income Statement	103,021	79,682

The reconciliation between the computed weighted average rate of income tax expense, which is generally applicable to GrandVision companies, and the actual rate of taxation is as follows:

in thousands of EUR	2015	%	2014	%
Result before tax	334,015	100.0%	254,243	100.0%
Computed weighted average tax rate	94,980	28.4%	73,087	28.7%
Expenses not deductible for tax purposes	9,432	2.8%	9,229	3.6%
Incentive tax credits	- 7,784	-2.3%	-8,327	-3.3%
Effect of (de)recognition of tax losses	6,623	2.0%	735	0.3%
Changes in tax rate	- 617	-0.2%	-308	-0.1%
(Over)/Under provided in prior years	387	0.1%	5,266	2.1%
Tax charge	103,021	30.8%	79,682	31.3%

The weighted average applicable tax rate amounts to 28.4% (2014: 28.7%). The effective tax rate for the Group is 30.8% (2014: 31.3%)

The changes in tax rate in 2015 are mainly in France, the United Kingdom and Chile.

12 Earnings per Share

Earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares outstanding during the year.

	2015	Pro forma 2014	2014
Result for the year attributable to equity holders of the parent, in thousands of EUR	212,730	161,203	161,203
Average number of outstanding ordinary shares (attributable to equity holders of the parent)	252,427,917	250,748,330	12,537,417
Diluted average number of outstanding ordinary shares (attributable to equity holders of the parent)	254,443,792	250,748,330	12,537,417
Earnings per share, basic (in EUR per share)	0.84	0.64	12.86
Earnings per share, diluted (in EUR per share)	0.84	0.64	12.86

On 20 January 2015 the Group issued 241,721,553 ordinary shares. Pro forma EPS for 2014 is calculated based on this for comparison reasons.

13 Property, Plant and Equipment

in thousands of EUR	Notes	Buildings and leasehold improvements	Machinery and equipment	Furniture and vehicles	Total
At 1 January 2014					
Cost		420,124	461,368	295,225	1,176,717
Accumulated depreciation and impairment		-249,753	-345,133	-222,926	-817,812
Carrying amount		170,371	116,235	72,299	358,905
Movements in 2014					
Acquisitions		7,178	4,712	7,524	19,415
Additions		52,791	47,544	31,532	131,868
Disposals / retirements		- 2,032	- 1,822	- 914	- 4,768
Depreciation charge	8	- 35,407	- 38,893	- 22,505	- 96,805
Reclassification		- 1,994	1,160	151	- 683
Exchange differences		- 689	303	181	- 205
At 31 December 2014		**190,218**	**129,240**	**88,269**	**407,727**
At 1 January 2015					
Cost		479,399	535,356	329,128	1,343,883
Accumulated depreciation and impairment		-289,181	-406,116	-240,860	-936,157
Carrying amount		190,218	129,240	88,269	407,727
Movements in 2015					
Acquisitions	6	3,499	2,096	307	5,902
Additions		53,482	40,778	37,490	131,750
Disposals / retirements		- 2,397	- 1,893	- 854	- 5,144
Depreciation charge	8	- 38,732	- 40,172	- 28,254	- 107,158
Reclassification		160	- 688	485	- 43
Exchange differences		- 607	- 460	- 655	- 1,722
Carrying amount		**205,623**	**128,901**	**96,788**	**431,312**
At 31 December 2015					
Cost		516,903	552,036	358,287	1,427,226
Accumulated depreciation and impairment		- 311,280	- 423,135	- 261,499	- 995,914
Carrying amount		205,623	128,901	96,788	431,312

Leased assets included under machinery and equipment and furniture and vehicles, where the Group is a lessee under a financial lease, comprise mainly equipment, fixtures and vehicles. The carrying amount of assets leased is €1,958 (2014: €596).

14 Goodwill

in thousands of EUR	Notes	2015	2014
Opening balance		885,855	726,321
Acquisitions	6	145,384	164,022
Adjustment to purchase price allocation	6	- 3,239	-
Reclassification		-	4,266
Impairment		- 367	- 3,458
Disposals		-	- 225
Exchange differences		- 2,420	- 5,073
		1,025,213	885,855
Costs		1,064,975	925,250
Accumulated impairment		- 39,762	- 39,395
Carrying amount		1,025,213	885,855

The impairment charge in 2014 mainly relates to the impairment in Mexico, which operates in the Americas & Asia segment. In 2014 €4,266 is reclassified from key money to goodwill.

The table below shows goodwill per segment:

in thousands of EUR	31 December 2015	31 December 2014
G4	429,875	420,345
Other Europe	374,286	368,993
Americas & Asia	221,052	96,517
	1,025,213	885,855

15 Other Intangible Assets

in thousands of EUR	Notes	Key money	Trademarks	Software	Other	Total
At 1 January 2014						
Cost		218,959	243,280	118,848	43,872	624,959
Accumulated amortization and impairment		- 5,441	- 105,075	- 86,309	- 31,114	- 227,939
Carrying amount		213,518	138,205	32,539	12,758	397,020
Movements in 2014						
Acquisitions		2,000	31,518	625	33,010	67,153
Additions		3,732	3	21,990	717	26,442
Disposals		- 948	-	- 280	- 10	- 1,238
Amortization charge	8	-	- 14,455	- 11,575	- 5,402	- 31,432
Impairment	8	- 3,999	- 1,284	-	-	- 5,283
Reclassification		- 4,550	6	162	366	- 4,016
Exchange differences		- 41	- 1,033	- 288	956	- 406
Carrying amount		**209,712**	**152,960**	**43,173**	**42,395**	**448,240**
At 31 December 2014					-	
Cost		218,775	274,436	144,253	78,402	715,866
Accumulated amortization and impairment		- 9,063	- 121,476	- 101,080	- 36,007	- 267,626
Carrying amount		209,712	152,960	43,173	42,395	448,240
Movements in 2015					-	
Acquisitions	6	1,312	16,808	358	10,276	28,754
Adjustment to purchase price allocation & earn-outs		-	- 4,924	-	1,638	- 3,286
Additions		1,485	722	26,759	1,091	30,057
Disposals		- 220	-	- 200	-	- 420
Amortization charge	8	-	- 16,243	- 14,162	- 9,643	- 40,048
Impairment	8	- 1,541	- 3,866	-	-	- 5,407
Reclassification		90	-	42	66	198
Exchange differences		- 2,151	- 1,725	- 474	680	- 3,670
Carrying amount		**208,687**	**143,732**	**55,496**	**46,503**	**454,418**
At 31 December 2015						
Cost		218,061	277,927	172,762	91,433	760,183
Accumulated amortization and impairment		- 9,374	- 134,195	- 117,266	- 44,930	- 305,765
Carrying amount		208,687	143,732	55,496	46,503	454,418

Key money

Key money as part of intangible assets has an indefinite useful life, relating to stores in France and Brazil. In France and Brazil, these assets are not amortized but are subject to an annual impairment test using cash flow projections covering a five-year period and the market value is used based on external valuations. Details as to the cost per square meter and latest key money transactions for the main shopping malls are publicly available.

If the calculated value in use is less than the carrying value of the assets, external valuations are performed to arrive at a fair value less costs of disposal.

During 2015 the impairment test on key money resulted in an impairment in France and Brazil of €1,541 (2014: €3,999) as a result of decrease of value in use and external valuations performed for each store individually.

In 2014 an amount of €4,266 was reclassified from key money to goodwill.

The carrying amount of the key money with an indefinite useful life is tested on a store-by-store basis and per country amounts to:

in thousands of EUR	31 December 2015	31 December 2014
France	202,242	200,517
Brazil	6,445	9,195
	208,687	209,712

Key assumptions used to determine the recoverable amount:

	2015	2014
Revenue growth rate	2.0% - 13%	1.5% - 12%
Discount rate (pre tax)	9.80%-14.86%	9.91% - 18.31%

Trademarks
The impairment of trademarks in 2015 is related to Brazil (€2,573) and Mexico (€1,293) following periodic review of the trademarks in use.

Software
In 2013, the business project iSynergy was initiated to a implement global ERP system in all countries. In 2015 the ERP system went successfully live in the United Kingdom and the Netherlands.

In 2015, the Group capitalized €10,158 (2014: €8,685) worth of licenses and expenses related to the global ERP project.

Other
The other intangible assets mainly comprise of customer databases €37,262 (2014: €32,321).

16 Impairment Tests for Goodwill

Goodwill is allocated to the Company's group of cash-generating units (CGUs) according to the country of presence. The recoverable amount is determined by the value in use, calculated using the discounted cash flow method applying a discount factor derived from the average cost of capital relevant for the CGUs. If the value in use is lower than the carrying value, then the fair value less costs of disposal is also considered, which is determined by a multiple on the average sales of the last three years. By applying a multiple on the average sales of the last three years the Group uses a well-balanced approach for both mature and emerging markets. For mature markets it eliminates the impact of incidentals that could have occurred in one of the years. For emerging markets a one-year sales figure would be too volatile as it would not reflect the real growth. The sales multiple is based on recent market transactions and peers of GrandVision, taking into account risk factors of the CGU for which the fair value less costs of disposal is calculated. The recoverable amount is the higher of the value in use and the fair value less costs of disposal.

Key assumptions used to determine the recoverable amount in 2015:

	Revenue growth rate (average)	EBITA percentage (average)	Discount rate (pre tax)	Sales multiple (when used)
G4	2.1% - 4.8%	13.4% - 20.5%	9.43% - 11.27%	-
Other Europe	2.1% - 11.1%	2.0% - 18.6%	8.74% - 16.47%	1
Americas & Asia	6.4% - 33.8%	2.6% - 17.5%	11.8% - 34.04%	0.6 – 1.2

Key assumptions used to determine the recoverable amount in 2014:

	Revenue growth rate (average)	EBITA percentage (average)	Discount rate (pre tax)	Sales multiple (when used)
G4	2.7% - 4.6%	12.7% - 20.8%	9.59% - 11.64%	-
Other Europe	3.6% - 5.6%	12.9% - 14.5%	8.54% - 19.35%	1
Americas & Asia	13.7% - 17.4%	7.8% - 8.4%	12.03% - 24.88%	0.6 – 1.37

The assumptions reflect the averages of each group of the CGUs in the segments for the five-year period. Cash flows beyond this five-year period were extrapolated using an estimated growth rate of nil. The growth rate for the 1st, 2nd and 3rd year is based on the budget for these years. The growth rate for the 4th and 5th year is in line with the third year and zero percent for the subsequent years. The EBITA is assumed to remain at a constant level after the three-year period. The EBITA and growth rate are based on historical performance as well as our assessment of the development of these rates in the upcoming years. The discount rates used are pre-tax and reflect the country-specific risks relating to our industry. For details on sensitivity analysis for the key assumptions refer to note 4.2.

For recognized impairment losses during the periods please refer to note 14.

17 Other Non-Current Assets

in thousands of EUR	Notes	31 December 2015	31 December 2014
Loans to management	37.2	9,916	16,769
Rental deposits		29,503	28,396
Other		5,261	5,365
		44,680	50,530

The carrying value less impairment provision approximates the fair value. There is no provision on the loans to management at the end of 2015 and 2014. The rental deposits relate to key money subject to amortization in line with the related rental contract. 'Other' mainly includes shareholdings in commercial centers where stores are operated, receivables from franchisees, receivables from health insurance companies and deposits paid for stores.

18 Associates

in thousands of EUR	31 December 2015	31 December 2014
Visilab S.A.	37,589	31,816
Reliance-Vision Express Private Ltd and Reliance-GrandVision India Supply Private Ltd	2,849	3,151
	40,438	34,967

The movements in investments in associates is as follows:

in thousands of EUR	2015	2014
At 1 January	34,967	33,584
Capital contributions in associates	-	797
Result from associates	4,620	2,696
Currency translation differences	5,112	1,195
Dividend received	- 4,261	- 3,305
At 31 December	40,438	34,967

The financial information of the associates is as follows:

in thousands of EUR	31 December 2015	31 December 2014
Non-current assets	74,968	65,313
Current assets	34,874	29,361
Equity	83,882	74,706
Non-current liabilities	799	1,191
Current liabilities	25,161	18,777
Commitments	60,380	54,303

in thousands of EUR	2015	2014
Revenue	170,341	151,787
Result for the year	15,889	11,922

19 Inventories

in thousands of EUR	31 December 2015	31 December 2014
Finished goods	285,356	260,297
Raw materials	2,539	2,729
Provision for obsolete inventory	- 23,881	- 23,369
	264,014	239,657

An amount of €13,817 (2014: €9,089) has been recognized in the Income Statement for obsolete inventories as part of the other costs.

20 Trade and Other Receivables

in thousands of EUR	Notes	31 December 2015	31 December 2014
Trade receivables		158,842	144,999
Less: provision for impairment of trade receivable		- 7,677	-9,118
Trade receivables – net		151,165	135,881
Receivables from related parties	37.1	9,145	2,166
Taxes and social security		22,441	27,239
Other receivables		46,825	47,755
Prepayments		37,340	44,260
		266,916	257,301

The Group's historical experience in collection of accounts receivable is considered in the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables. The Group has recognized a provision of €7,677 (2014: €9,118) for the impairment of its trade receivables. The addition to and usage of the provision for impaired receivables have been included in the selling and marketing costs in the Income Statement.

Movements on the provision for the impairment of trade receivables are as follows:

in thousands of EUR	2015	2014
At 1 January	9,118	9,327
Additions to provision for bad and doubtful debts	3,433	2,783
Receivables written off during the year as uncollectible	- 3,980	- 2,205
Unused amounts reversed	- 809	- 758
Exchange differences	- 85	- 29
At 31 December	7,677	9,118

As of 31 December 2015 €49,657 of the net trade receivables were past due but not impaired (2014: €42,217). The due date of these receivables varies from 1 month to more than 9 months. These relate to a number of franchisees and customers, for whom there is no recent history of default.

The ageing analysis for the trade receivables is as follows:

in thousands of EUR	31 December 2015	31 December 2014
Up to 3 months	131,835	129,716
Between 3 and 6 months	11,349	6,830
Between 6 and 9 months	8,456	1,259
Over 9 months	7,202	7,194
	158,842	144,999

The carrying value less provision for the impairment of trade receivables is equal to the fair value.

The carrying amounts of the Group's trade receivables, including provision, are denominated in various currencies which at year-end rate have the following values in €:

in thousands of EUR	31 December 2015	31 December 2014
Euro (EUR)	79,064	68,773
British Pound Sterling (GBP)	15,888	11,825
Brazilian Real (BRL)	12,258	16,245
Chilean Peso (CLP)	10,360	7,977
Danish Krone (DKK)	8,232	7,371
Other	25,363	23,690
Total	151,165	135,881

21 Cash and Cash Equivalents

in thousands of EUR	31 December 2015	31 December 2014
Cash at bank and in hand	92,843	133,652
Short-term bank deposits and marketable securities	5,905	443
	98,748	134,095

'Cash and cash equivalents' contains the net position for the cash pooling agreement. At 31 December 2015, the gross amount is €116,060 as assets and €100,002 as liabilities (31 December 2014: €65,203 as assets and €63,541 as liabilities).

Cash and cash equivalents by currency:

in thousands of EUR	31 December 2015	31 December 2014
Euro (EUR)	26,514	86,249
British Pound Sterling (GBP)	18,310	9,203
Polish Zloty (PLN)	9,243	5,010
Norwegian Krone (NOK)	6,373	4,863
Mexican Peso (MXN)	3,686	3,907
Other	34,622	24,863
	98,748	134,095

At 31 December 2015 an amount of approx. USD 2 million is kept by a custody company in Mexico in order to be exchanged in local currency. The Group obtained all necessary approvals and expects to exchange the cash in 2016.

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

in thousands of EUR	Notes	31 December 2015	31 December 2014
Cash and bank balances		98,748	134,095
Bank overdrafts	26	- 180,554	- 79,690
		- 81,806	54,405

Bank overdrafts include drawing on the uncommitted bilateral overdraft and money market facilities.

22 Share Capital

	Number of shares outstanding	Ordinary shares (in thousands of EUR)	Share premium (in thousands of EUR)	Total (in thousands of EUR)
At 1 January 2014	12,702,799	254	27,521	27,775
Issue of ordinary shares	19,388	-	3,000	3,000
Long-term incentive plan	-	-	29,741	29,741
Capital contribution	-	-	1,019	1,019
At 31 December 2014	**12,722,187**	**254**	**61,281**	**61,535**
Issue of ordinary shares	241,721,653	-	-	-
Long-term incentive plan	441,139	-	41,354	41,354
Purchase of treasury shares	- 2,547,000	-	- 51,074	- 51,074
At 31 December 2015	**252,337,979**	**254**	**51,561**	**51,815**

On 20 January 2015 the Group issued 241,721,553 ordinary shares and on 5 February 2015 the priority share was converted in 100 ordinary shares without an impact on the value of GrandVision.

The long-term incentive plan movements within share capital relate mostly to the conversion of the cash-settled phantom plans into equity-settled plans in the IPO (€28,278). The remaining amount relates to the periodic expenses and the settlements in 2015. Refer to note 30 for more details.

At settlement of the IPO, on 10 February 2015, GrandVision purchased 0.98% of the shares, for a total amount of €50,000, to be held in treasury in order to hedge the price risk of grants made under long-term incentive plans. During 2015 some of these shares were used for settlement of long-term incentive plans and new shares were purchased resulting in a net reduction of shares held in treasury to 0.83%. Number of shares held in treasury at 31 December 2015 was 2,105,861.

23 Other reserves

	Cash flow hedge reserve	Remeasurement of post-employment benefit obligations	Cumulative currency translation reserve	Total Other reserves
At 1 January 2014	- 4,079	12	- 34,638	- 38,705
Other comprehensive income	1,878	- 15,662	- 2,286	- 16,070
At 31 December 2014	**- 2,201**	**- 15,650**	**- 36,924**	**- 54,775**
Other comprehensive income	1,232	3,355	- 12,150	- 7,563
Change of pension plan	-	2,766	-	2,766
Acquisitions of minority	-	-	- 151	- 151
At 31 December 2015	**- 969**	**- 9,529**	**- 49,225**	**- 59,723**

24 Retained Earnings

in thousands of EUR	2015	2014
Balance at 1 January	616,130	512,616
Acquisitions of subsidiaries and minority	- 2,492	- 55,494
Result for the year	212,730	161,203
Dividends paid	- 35,327	-
Change of pension plan	- 2,766	-
Long-term incentive plan	- 1,847	-
Issue of share capital	-	- 3,000
Currency translation differences	-	805
Balance at 31 December	786,428	616,130

Acquisition of subsidiaries and minority in 2015 is mainly related to the purchase of the minority shares in China.

Acquisitions of subsidiaries and minority in 2014 is related to the acquisition of shares in Turkey and China from the parent company (HAL Holding) therefore applying predecessor accounting method.

An interim dividend of 0.14 EUR per share which was paid out in September 2015 for a total of €35,327.

25 Non-Controlling Interest

in thousands of EUR	2015	2014
Balance at 1 January	45,327	44,366
Acquisitions of minority	1,202	- 999
Result for the year	18,264	13,358
Dividends paid	- 10,873	- 9,914
Remeasurement of post-employment benefit obligation	8	- 94
Cash flow hedge reserve	47	-
Currency translation differences	- 720	- 1,390
Balance at 31 December	53,255	45,327

Acquisition of minority in 2015 is mainly related to the purchase of the minority shares in China.

The acquisition of minority in 2014 relates to the minority shareholding obtained in the acquisition of China which had a negative equity upon acquisition.

The financial information for the Synoptik Group (non-controlling interest of 36.71%) is as follows:

in thousands of EUR	31 December 2015	31 December 2014
Summarised balance sheet:		
Non-current assets	98,479	91,884
Current assets	46,814	43,467
Equity	97,093	86,526
Non-current liabilities	5,249	6,785
Current liabilities	42,951	42,040

The accumulated non-controlling interest for the Synoptik Group amounts to €35,643 (2014: €31,764).

26 Borrowings

in thousands of EUR	31 December 2015	31 December 2014
Non-current		
Bank borrowings	774,550	959,707
Financial leases	1,194	756
	775,744	960,463
Current		
Bank overdrafts	180,554	79,690
Financial leases	726	719
Other	80,903	12,505
	262,183	92,914
Total borrowings	**1,037,927**	**1,053,377**

Syndicated bank facilities

The Group has a syndicated bank facility of €1,200 million. Under the terms of the facility 1 one-year extension option can still be exercised by the borrower at the second anniversary of the facility. Early

August 2015 the facility has been extended by one year, therefore the new maturity date is 18 September 2020. The facility includes also a €100 million uncommitted accordion feature, which can be exercised during the life of the facility after all lenders have consented. The interest rate on the drawings consists of the margin and the applicable rate (i.e. for a loan in euros, the EURIBOR), however the applicable rate can never be below zero percent. In addition to the syndicated bank facility the Group has uncommitted bilateral overdraft and money market facilities for a total of €268 million.

At the end of 2015 the Group also has multiple bank guarantee facilities for a total amount of €59 million (2014: €48 million).

The maturity of the borrowings of the Group is as follows:

in thousands of EUR	Within 1 year	1-2 years	2-5 years	Total
At 31 December 2015				
Borrowings at variable rates	261,457	357	774,193	1,036,007
Financial leases	726	538	656	1,920
	262,183	895	774,849	1,037,927
At 31 December 2014				
Borrowings at variable rates	92,195	2,276	957,431	1,051,902
Financial leases	719	424	332	1,475
	92,914	2,700	957,763	1,053,377

The fair value of the borrowings is approximately equal to the carrying amounts since these loans have a floating interest rate. The fair value of the fixed-rate borrowings is estimated by discounting against 2.47% and is classified within level 2 of the fair value hierarchy.

The weighted average effective interest rates at balance sheet date were as follows:

	2015	2014
Bank borrowings	1.39%	1.21%

Interest rates on variable-rate loans are Euribor-based, increased by a certain margin. This margin is determined based on the interest cover and the leverage ratio (note 3.1.3).

The Group has the following undrawn borrowing facilities:

in thousands of EUR	31 December 2015	31 December 2014
- Expiring within one year	28,471	63,866
- Expiring beyond one year	422,970	240,000
	451,441	303,866

Financial lease commitments

The largest part of the financial lease commitments relate to fixtures in Turkey, optical lab equipment in the United Kingdom and leased cars in Poland and Portugal.

The financial lease commitments fall due as follows:

	31 December 2015			31 December 2014		
in thousands of EUR	Payment	Interest	Principal	Payment	Interest	Principal
Within 1 year	778	52	726	787	68	719
1 - 2 years	561	23	538	458	34	424
2 - 5 years	663	7	656	350	18	332
Total	2,002	82	1,920	1,595	120	1,475

27 Income Taxes

Deferred income taxes are calculated in full on temporary differences arising, in the various countries, between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The liability method is applied, using tax rates prevailing at the balance sheet dates in the different jurisdictions.

in thousands of EUR	Notes	2015	2014
The gross movement on the deferred income tax assets is as follows:			
At 1 January		80,912	48,356
Acquisitions	6	2,407	4,875
Income Statement charge		- 8,374	17,857
Change because of income rate change		- 318	- 138
Processed through Other comprehensive income		- 2,246	5,747
Reclassification		- 2,864	5,067
Exchange differences		- 2,331	- 852
At 31 December		67,186	80,912
Analysis of the deferred income tax assets is as follows:			
- Deferred income tax asset to be recovered after more than 12 months		42,466	65,141
- Deferred income tax asset to be recovered within 12 months		24,720	15,771
		67,186	80,912
The gross movement on the deferred income tax liability is as follows:			
At 1 January		141,378	117,086
Acquisitions	6	9,046	17,831
Income Statement charge		- 2,473	2,338
Change because of income rate change		- 970	- 446
Processed through Other comprehensive income		- 105	94
Reclassification		- 2,394	4,963
Exchange differences		- 1,917	- 488
At 31 December		142,565	141,378
Analysis of the deferred income tax liabilities is as follows:			
- Deferred income tax liability to be recovered after more than 12 months		130,389	132,912
- Deferred income tax liability to be recovered within 12 months		12,176	8,466
		142,565	141,378
Net deferred income taxes		75,379	60,466

Deferred income tax assets

in thousands of EUR	31 December 2015	31 December 2014
Property, plant and equipment	4,878	4,787
Inventories	4,698	4,483
Other intangible assets	5,075	6,726
Post-employment benefits	11,587	16,359
Derivative financial instruments	391	1,011
Goodwill	1,249	914
Provisions	9,453	4,538
Deferred revenue and to be invoiced amounts	7,552	4,375
Trade and other payables	3,073	11,603
Deferred taxes on temporary differences	47,956	54,796
Deferred taxes on carry forward losses	19,230	26,116
Total deferred income tax assets	67,186	80,912

Deferred income tax liabilities

in thousands of EUR	31 December 2015	31 December 2014
Property, plant and equipment	10,839	12,882
Inventories	1	16
Other intangible assets	90,804	85,840
Post-employment benefits	49	25
Derivative financial instruments	3	198
Goodwill	33,524	31,088
Provisions	5,107	2,469
Deferred revenue and to be invoiced amounts	842	1,145
Trade and other payables	1,396	7,715
Total deferred income tax liabilities	142,565	141,378

Deferred income tax assets on carryforward losses have been recognized for an amount of €19,230 (2014: €26,116).The losses are recognized based on future expected results taking into consideration the expiration date of historical losses and other tax regulations. The related income tax losses amount to €71,799, estimated during budget and forecast planning process.

Unrecognized income tax losses amount to €208,401. These tax losses expire as follows:

in thousands of EUR	31 December 2015	31 December 2014
Expiring within one year	6,607	11,234
Expiring between one and two years	4,056	5,031
Expiring between two and five years	25,695	26,111
Expiring after more than five years	8,337	6,726
Offsettable for an unlimited period	163,706	172,935
	208,401	222,037

28 Post-Employment Benefits

The amounts recognized in the balance sheet are determined as follows:

in thousands of EUR	31 December 2015	31 December 2014
Present value of benefit obligation	4,599	169,746
Fair value of plan assets	- 2,505	- 153,591
Net position	2,094	16,155
Present value of unfunded obligation	62,610	69,694
Provision in the balance sheet	64,704	85,849

The most recent actuarial valuations were performed in December 2015.

The funded defined benefit obligation in 2014 relates mainly (over 95%) to the pension plan of the employees in the Netherlands. During 2015, the Group has amended the pension plan in the Netherlands. This resulted in a change of classification from defined benefit to defined contribution. The pension provision for the employee benefit arrangement in the Netherlands is accordingly released in the Income Statement and in Segment reporting presented as a non-recurring gain of €17,667.

The unfunded plans mainly relate to pension arrangement with German employees already employed with Apollo prior to 1994 (2015: €47.0 million; 2014 €51.9 million), the Italian Tratamento di Fine Rapporto program (2015: €5.7 million; 2014: €6.2 million) and an end-of-employment plan for French employees (2015: €9.6 million; 2014: €9.0 million).

The amounts recognized in the Income Statement are as follows:

in thousands of EUR	Notes	2015	2014
Current service costs		4,037	5,253
Interest expense		1,527	1,854
Plan amendments/curtailments/settlements		- 10	-
Administrative costs		6	270
Change of pension plan		- 17,667	-
Total defined benefit costs	8	- 12,107	7,377

The movement in the defined benefit obligation over the year was as follows:

in thousands of EUR	Present value of obligation	Fair value of plan assets	Total
At 1 January 2014	**153,076**	**- 98,435**	**54,641**
Current service costs	5,253	-	5,253
Interest expense/ (income)	5,761	- 3,907	1,854
Acquisitions	4,190	-	4,190
Employee contributions	2,720	- 2,720	-
Employer contributions	-	- 2,908	- 2,908
Experience adjustments	- 1,059	-	- 1,059
Change in financial assumptions	71,286	-	71,286
Change in demographic assumptions	847	-	847
Return on plan assets, excluding amounts in interest	-	- 49,143	- 49,143
Benefits paid	- 3,191	3,191	-
Reclassification	641	269	910
Exchange effect	- 84	62	- 22
At 31 December 2014	**239,440**	**- 153,591**	**85,849**
Current service costs	4,037	-	4,037
Interest expense/ (income)	2,530	- 1,003	1,527
Employee contributions	642	- 642	-
Employer contributions	-	- 3,944	- 3,944
Experience adjustments	1,151	-	1,151
Change in financial assumptions	6,787	-	6,787
Change in demographic assumptions	- 21	-	- 21
Plan amendments and curtailments	- 10	-	- 10
Return on plan assets, excluding amounts in interest	-	- 13,044	- 13,044
Benefits paid	- 2,063	2,063	-
Change of pension plan	- 185,071	167,404	- 17,667
Other	- 6	187	181
Exchange effect	- 207	65	- 142
At 31 December 2015	**67,209**	**- 2,505**	**64,704**

Assumptions

The principal actuarial assumptions used were as follows:

	2015	2014
Discount rate	2.6%	2.2%
Expected return on plan assets	7.3%	2.1%
Future salary increases	3.2%	2.9%
Future inflation	1.8%	2.0%

The difference between the discount rate and the expected return on plan assets is caused by the weighted impact of funded and unfunded plans. The percentage on the expected return on plan assets in 2015 originates from Mexico.

The most recent available mortality tables have been used in determining the pension liability. Experience adjustments have been made. The assumptions are based on historical experiences. The expected return on plan assets is based on the expected return on high-quality corporate bonds.

An 1% increase in the discount rate used to calculate the defined benefit obligation would result in 16% decrease in the defined benefit obligation. An increase of 0.25% in salary would result in an

increase of 1% in the defined benefit obligation. +1 year in life expectancy would result in a slight increase of 2% in the defined benefit obligation. An increase of 1% in inflation would result in an 11% increase in the defined benefit obligation.

The above sensitivity analyses are based on changing one assumption while all other assumptions remain constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the statement of financial position.

Plan assets are comprised as follows:

in thousands of EUR	2015	2014
Equities	369	259
Debt instruments	2,136	2,621
Other	-	150,711
Total	2,505	153,591

The plan assets 'other' category in 2014 mainly represents the valuation of the pension rights of the Dutch pension plan and would be classified under Level 3 category. In 2015 the plan assets decreased due to the change of plan in the Netherlands. The remaining amount in 2015 represents plan assets in Mexico which using fair value estimation methods would be classified under Level 1 category.

The expected maturity of the undiscounted pension and post-employment benefits is:

in thousands of EUR	2015	2014
Less than 1 year	1,776	3,513
Between 1 and 2 years	2,609	4,037
Between 2 and 5 years	6,796	13,231
Over 5 years	119,537	549,551
Total	130,718	570,332

29 Provisions

in thousands of EUR	Legal and regulatory	Warranty	Long-term incentive plans	Other employee-related	Other	Total
At 1 January 2014	4,373	7,215	33,742	2,406	11,620	59,356
Acquisitions	385	41	-	258	565	1,249
Addition to provision	2,061	3,226	40,246	2,319	558	48,410
Reversal of provision	- 1,998	- 989	- 32,271	- 259	- 2,363	- 37,880
Utilized during the year	- 143	- 1,563	- 4,450	- 365	- 1,810	- 8,331
Other movements	- 28	- 286	-	-	- 5,862	- 6,176
Exchange differences	-	- 31	9	- 5	- 31	- 58
At 31 December 2014	4,650	7,613	37,276	4,354	2,677	56,570
Non-current	1,623	5,179	17,530	2,453	942	27,727
Current	3,027	2,434	19,746	1,901	1,735	28,843
At 31 December 2014	**4,650**	**7,613**	**37,276**	**4,354**	**2,677**	**56,570**
At 1 January 2015	4,650	7,613	37,276	4,354	2,677	56,570
Addition to provision	18,804	3,502	2,440	1,457	911	27,114
Reversal of provision	- 1,353	- 468	- 28,278	- 479	- 565	- 31,143
Utilized during the year	- 134	- 2,412	- 9,809	- 964	- 511	- 13,830
Other movements	-	391	- 818	-	- 391	- 818
Exchange differences	- 294	6	65	- 74	- 131	- 428
At 31 December 2015	21,673	8,632	876	4,294	1,990	37,465
Non-current	1,870	5,810	-	2,750	852	11,282
Current	19,803	2,822	876	1,544	1,138	26,183
At 31 December 2015	**21,673**	**8,632**	**876**	**4,294**	**1,990**	**37,465**

Legal and regulatory

In June 2009, the French Competition Authority (“FCA”) began investigations into certain optical suppliers and optical retailers active in the branded sunglasses and branded frames sector in France, including the Group. The authorities are investigating whether these parties have entered into vertical restraints in relation to the distribution of branded sunglasses and branded frames. This investigation is ongoing. In May 2015, the Company received a statement of objections (‘notification de griefs’) from the FCA, which contains the FCA’s preliminary position on alleged anti-competitive practices and does not prejudice its final decision. If the FCA concludes that there was a violation, it will impose a fine, which may be contested in court. GrandVision has examined the FCA’s preliminary findings reported in the statement of objections and an adequate provision has been booked by the Group in 2015 determined by an assessment of the probability and amount of potential liability.

Secondly, the provision increased in 2015 as a result of the Group's ongoing tax risk management process in which it determines potential fiscal claims on VAT and wage tax in various countries.

Warranty

The Group often provides a warranty along with the sales of its products. Warranty provision exists to cover possible future expenses that may be incurred rectifying defects in, or providing replacements for, products the Group has sold.

Long-term incentive plans

Refer to note 30.

Other employee-related

The provisions mostly relate to employee termination benefits.

Other provisions
'Other provisions' mostly includes decommissioning liability for returning a store or office to its original state.

30 Long-Term Incentive Plans

The table below shows the total expense of the share-based payment plans in 2015 as well as the movements in liability and equity caused by the change to the estimate of the probability of an IPO to 100% as well as the conversion of the plans. The increased probability resulted in the plans being fully classified as IFRS 2 share-based compensation plans in 2015 and has resulted in an incremental expense of €2,615, which was recognized in general and administrative costs in the Income Statement and reported as non-recurring item. The number of participants of all long-term incentive plans per year-end 2015 is 139.

in thousands of EUR	Real share plan	Phantom plan	
	Equity	Liability	Equity
1 January 2015	29,741	36,458	-
Incremental expense IAS 19 to IFRS 2	299	2,316	-
Conversion	-	- 28,278	28,278
Change in Income Statement	3,163	1,858	9,959
Settlements/ Vesting	- 7,663	- 9,809	- 8,370
Other	-	- 1,734	- 2,730
Exchange differences	-	65	65
31 December 2015	25,540	876	27,202

On 20 January 2015 new shares were issued that increased the number of shares held by the participants without having an impact on the value of GrandVision N.V. and the plans. The phantom plans issued in 2011, 2012, 2013 and 2014 have been converted from cash-settled to equity-settled on the listing of GrandVision N.V. on Euronext Amsterdam at 6 February 2015. The phantom plans issued in 2009 and 2010 remained cash-settled. Most of these plans were settled in 2015.

Classification	Phantom shares	Phantom options	Real shares
Cash-settled	Share price at 31 December 2015	Black-Scholes-Merton option model	n/a
Equity-settled	Share price at conversion and grant date	Black-Scholes-Merton option model	Share price at grant date No grants in 2015

The table below shows the movements in the number of shares of the real share plan for key management and employees:

	Th. A. Kiesselbach (CEO)	P.J. de Castro Fernandes (CFO)	Employees	Total
Outstanding at 1 January 2015	50,693	12,551	118,233	181,477
Adjustment for the issue of share capital	963,167	238,469	2,246,427	3,448,063
Granted	-	-	-	-
Settled	- 101,386	-	- 556,256	- 657,642
Outstanding at 31 December 2015	912,474	251,020	1,808,404	2,971,898

Of those shares outstanding under the real share plan at 31 December 2015, for 1,235,086 shares the vesting period has ended.

The table below shows the movements in the phantom plan for key management and employees:

	Th. A. Kiesselbach (CEO)	P.J. de Castro Fernandes (CFO)	Employees	Total phantom shares and options
Outstanding at 1 January 2015	11,603	4,870	176,278	192,751
Adjustment for the issue of share capital	220,463	92,534	3,349,274	3,662,271
Adjusted for performance conditions at vesting	15,546	53,764	200,568	269,878
Granted	23,412	11,578	264,940	299,930
Settled	- 5,316	-	- 1,223,306	- 1,228,622
Forfeited	-	-	- 256,316	- 256,316
Outstanding at 31 December 2015	265,708	162,746	2,511,438	2,939,892

The table below shows the movements in the number of shares of the phantom plan:

	Phantom shares	Phantom options	Weighted average exercise price in EUR per share
At 1 January 2015	74,817	117,934	142.87
Adjustment for the issue of share capital	1,421,525	2,240,746	-
Adjusted for performance conditions at vesting	78,209	191,669	5.98
Granted	246,239	53,691	24.59
Settled	- 296,402	- 932,220	8.32
Forfeited	- 162,746	- 93,570	6.45
At 31 December 2015	1,361,642	1,578,250	6.94

Of those phantom shares outstanding under the phantom plan at 31 December 2015, 9,640 were vested.

Of those phantom options outstanding under the phantom plan at 31 December 2015, 126,200 were exercisable. As of 31 December 2015 the weighted average remaining contractual life for outstanding phantom options was 2.8 years.

The fair value of the phantom options, of which most were converted to equity-settled on the listing and new options granted in 2015, is based on the Black-Scholes-Merton option pricing formula. The following assumptions were used:

Phantom options	31 December 2015
Exercise price in EUR	5.98 - 24.59
Share price in EUR	20.00 - 27.66
Volatility	22.1% - 25.9%
Dividend yield	0.6% - 1.4%
Expected remaining option life in years	0.4 - 5.0
Annual risk-free interest rate %	-0.38% to 0.15%

The phantom options can only be exercised at vesting and at distinct moments 1 and 2 years after vesting. Therefore no impact of early exercise is included in the valuation model. Volatility is determined by calculating a weigthed average of historical volatility of closing prices of the company itself and, due to limited historical share price data of GrandVision N.V., its peer group.

31 Other non-current liabilities

in thousands of EUR	31 December 2015	31 December 2014
Contingent considerations	5,705	7,741
Rental discounts	8,513	7,608
Other	1,857	510
	16,075	15,859

32 Derivative Financial Instruments

The fair value of the derivative financial instruments is as follows:

in thousands of EUR	31 December 2015		31 December 2014	
	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives – cash flow hedges	-	1,922	-	4,025
Currency derivatives – cash flow hedges	1,201	1,162	800	20
Currency derivatives – fair value hedges	-	-	91	-
Total	1,201	3,084	891	4,045
Less non-current portion:				
Interest rate derivatives – cash flow hedges	-	1,039	-	2,508
Current portion	1,201	2,045	891	1,537

The valuation of the derivatives is based on valuations provided by banks and third parties. In note 3.1.3 the maturity of the expected cash flows to occur is shown.

Interest rate derivatives

The nominal amount of the bank borrowings (see note 26) hedged by interest rate derivatives amounts to €470 million (2014: €420 million). In addition €150 million (2014: €0) of 0% floors are

outstanding to prevent the impact of negative interest rate. The interest derivatives meet the requirements for hedge accounting in full.

Currency derivatives

The Group has transactional cash flows in multiple currencies and is exposed to the volatility of these currencies against the euro. The treasury policy is to hedge between 25% and 80% of the transactional cash flows based on a rolling 12-month forecast. Derivative financial instruments are aimed at reducing the exposure to adverse currency change. Some of the currency derivatives qualify for hedge accounting. The fair value is recorded in the hedging reserve in equity for the effective part and in the Income Statement for the ineffective part. At the end of 2015 the notional principal amounts of the outstanding forward foreign exchange contracts were:

in thousands of EUR	31 December 2015	31 December 2014
Currency		
United States Dollar (USD)	40,652	24,134
Polish Zloty (PLN)	10,637	2,893
Swedish Krona (SEK)	10,101	-
British Pound Sterling (GBP)	9,098	-
Norwegian Krone (NOK)	8,369	-
Danish Krone (DKK)	6,002	-
Turkish Lira (TRY)	5,221	-
Hungarian Forint (HUF)	4,099	300
Czech Koruna (CZK)	3,985	4,176
Swiss Franc (CHF)	653	1,159
Russian Ruble	353	-
Chilean Peso (CLP)	-	1,366

All these foreign exchange deals are partially hedging underlying forecasted transactions of Group entities in the corresponding foreign currency. The remaining currency derivatives that do not qualify for hedge accounting have been classified as fair value derivatives, which hedge monetary items.

33 Trade and Other Payables

in thousands of EUR	Notes	31 December 2015	31 December 2014
Trade payables		134,032	132,672
Accrued expenses		97,792	93,047
Other taxes and social security		70,174	71,639
Payables to related parties	37.1	17,937	20,950
Deferred income		67,849	58,590
Other payables		145,825	126,160
		533,609	503,058

The carrying value is assumed to approximate the fair value due to the short-term nature.

34 Cash Generated from Operations

in thousands of EUR	Notes	2015	2014
Result before tax		334,015	254,243
Adjusted for:			
Depreciation and impairments	13	107,158	96,805
Amortization and impairments	14,15	45,822	40,173
Result from sale of property, plant and equipment		- 1,727	776
Result from sale of intangibles		171	- 1,264
Net financial result	10	19,148	34,366
Result from associates	9	- 4,620	- 2,696
Changes in working capital :			
- Inventories		- 25,369	- 16,123
- Trade and other receivables		- 15,585	- 10,989
- Trade and other payables		4,069	35,447
Changes in provisions		- 1,073	46,577
Cash generated from operations		462,009	477,315

Changes in working capital exclude exchange differences and the effect of acquisitions.

In 2014 the cash generated from operations benefited from an one-off change in provisions for long-term incentive plan in connection with the IPO.

35 Contingencies

35.1 Contingent Liabilities

The Group is currently in dispute with a lens manufacturer, Zeiss, who participated in, but did not win, the lens tender organized by the Group in 2012. Consequently Zeiss' existing lens-supply contract expired on the contractual expiration date of 31 October 2013. Zeiss subsequently claimed that GrandVision's termination of the agreement was unlawful. GrandVision intends to vigorously oppose these actions taken by Zeiss, and has not included a provision. Zeiss formally sued GrandVision France before the Paris Commercial Court on 10 April 10 2014, claiming damages of approximately €57 million on the ground of unlawful termination of the lens purchase agreement. As GrandVision is confident in their legal position in this dispute, no provision is recognized in the consolidated financial statements. A number of hearings took place in 2015 and the Paris Commercial Court declared itself not competent to hear this matter in its January 25, 2016 decision. Zeiss appealed this decision and the procedure is continuing.

Pursuant to Zeiss' complaint, the French competition-law body DGCCRF (Direction générale de la concurrence, de la consommation et de la répression des fraudes') visited the Company's offices in France in November 2013 and requested documentation regarding GrandVision's corporate structure and previous lens tenders. Following an interview with management in May 2014, the DGCCRF issued a report that is favorable to GrandVision.

As a multinational company being present in many jurisdictions the Group is involved in a number of tax proceedings. In November 2015 the Group received a report from the German tax authorities following their tax audit covering Apollo-Optik in the years 2008-2012. This report included findings and viewpoints of the tax authorities on German VAT aspects. Discussions and formalities are proceeding at this stage. The Group is contesting the viewpoints of the German tax authorities on the tax position and will defend its position vigorously, if needed in court. As the Group is sufficiently

confident to sustain its position on this matter, no provision has been recognized in the consolidated financial statements. If the Group is unsuccessful in resolving this matter, the exposure, including the period after 2012, is €15 million.

35.2 Operating Lease Commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

in thousands of EUR	31 December 2015	31 December 2014
Not later than 1 year	292,443	229,872
Later than 1 year and not later than 5 years	615,204	523,343
Later than 5 years	150,509	164,466
	1,058,156	917,681

The lease commitments, excluding the impact of renewal options, relate mainly to the lease of stores and offices. For commitments related to associates please refer to note 18. The amount recognized in the Income Statement as rental expenses is €378,835 (2014: €344,961).

36 Auditor Fees

The general and administrative expenses include the fees and services provided by PricewaterhouseCoopers Accountants NV and its member firms.

in thousands of EUR	2015	2014
Audit fees	2,656	2,605
Audit-related fees	-	1,450
Tax advisory fees	240	92
Other non-audit fees	121	188
	3,017	4,335

The audit-related fees in 2014 are expenses incurred in the process of the listing of GrandVision on the stock exchange.

37 Related Parties

37.1 Other Transactions with Related Parties

During 2015 GrandVision acquired goods from Safilo (an associate of HAL) for an amount of €77,183 (2014: €63,094). Trade receivables (note 20) include a receivable for marketing activities of €9,020 from Safilo (2014: €2,142), receivable from Intersafe Holding (a subsidiary of HAL) of €81 (2014: €24) and receivable from AudioNova International BV of €44 (2014: €0) . Trade payables (note 33) include a liability to Safilo of €15,477 (2014: €15,172) and a payable to HAL Investments and HAL subsidiaries of €2,460 (2014: €5,778).

37.2 Loans to Related Parties

The Group has granted loans to members of the management as part of the long-term incentive plan. For more details refer to note 17.

Management of the Group and its subsidiaries:

in thousands of EUR	2015	2014
Balance at 1 January	16,769	15,302
Additions	-	2,900
Redemptions	- 7,390	- 2,176
Accrued interest	537	743
Balance at 31 December	9,916	16,769

The loans to key management have the following terms and conditions:

Name of key management	Amount of loan (in thousands of EUR)	Term	Interest rate, %
2015			
P.J. de Castro Fernandes	1,524	June 2012 - unlimited	4.00%
2014			
Th. A. Kiesselbach	913	June 2005 – unlimited	5.00%
Th. A. Kiesselbach	85	June 2010 – 6 years	4.00%
Th. A. Kiesselbach	159	June 2012 - unlimited	4.00%
P.J. de Castro Fernandes	1,494	June 2012 - unlimited	4.00%

All loans have been granted to senior managers of the Company as part of various long-term incentive plans. Upon sale of shares the managers will have to redeem their loans. The shares awarded under LTIP real share plan are pledged as security on the loans.

37.3 Remuneration

Key management includes the Management Board, which consists of the CEO and CFO. The remuneration for key management comprises a fixed and a variable part and includes salary, post-employment benefits and long-term incentive plan benefits.

in thousands of EUR	2015	2014
Th. A. Kiesselbach (CEO)		
Salary and other short-term benefits	785	686
Post-employment benefits	140	121
Short-term variable remuneration	420	313
Long-term incentive plan benefits	1,100	1,151
	2,445	2,271
P.J. de Castro Fernandes (CFO)		
Salary and other short-term benefits	530	441
Post-employment benefits	94	70
Short-term variable remuneration	463	191
Long-term incentive plan benefits	1,159	409
	2,246	1,111

Key management is entitled to an annual performance-related variable remuneration. The objective of the annual performance-related variable remuneration payment is to incentivize and reward strong short-term financial and personal performance and the implementation of strategic imperatives, and to facilitate rapid growth while continuing to focus on sustainable results. The Supervisory Board will define, on an annual basis, the performance ranges, the “on target” value and the maximum at which the payout will be capped. For more details refer to the chapter 'Remuneration Report' of the Annual Report. The set targets for 2015 were largely achieved.

The performance conditions are set by the Supervisory Board on an annual basis at or prior to the beginning of the relevant calendar year. These performance conditions include criteria reflecting GrandVision’s financial performance and may also include quantitative or qualitative criteria related to the Company’s non-financial performance and/or to individual performance.

The amounts included as long-term incentive plan benefits represent the amounts recognized in the Income Statement. For the movements in the long-term incentive plan please refer to note 30.

37.4 Supervisory Board Remuneration

The remuneration paid or payable to the Supervisory Board is shown below:

in thousands of EUR	2015	2014
C.J. van der Graaf	73	58
J.A. Cole	60	47
M.F. Groot	60	-
P. Bolliger	60	48
W. Eelman	60	48
	313	201

All the remuneration paid or payable to the Supervisory Board comprises short-term benefits.

38 Non-GAAP Measures

In the internal management reports, GrandVision measures its performance primarily based on EBITDA and adjusted EBITDA (refer to note 5). These are non-GAAP measures not calculated in accordance with IFRS.

The table below presents the relationship with IFRS measures, the operating result and GrandVision non-GAAP measures, i.e. EBITDA.

in thousands of EUR	2015	2014
Adjusted EBITDA	511,611	449,498
Non-recurring items	- 5,468	- 23,911
EBITDA	**506,143**	**425,587**
Depreciation & amortization software	- 121,320	- 108,380
EBITA	**384,823**	**317,207**
Amortization & impairments	- 31,660	- 28,598
Operating result	**353,163**	**288,609**

39 Principal Subsidiaries, Joint Ventures and Associates

Company	2015	2014	Country of incorporation
MasVision Latinoamerica Argentina S.A.	100%	100%	Argentina
Pearle Österreich GmbH	100%	100%	Austria
Grand Opticiens Belgium N.V.	100%	100%	Belgium
Fototica Ltda	100%	100%	Brazil
VE Bulgaria EOOD	100%	100%	Bulgaria
Opticas GrandVision Chile Ltda.	100%	100%	Chile
GrandVision Optical Commercial (China) Co., Ltd.	100%	100%	China
GrandVision Shanghai Co. Ltd	100%	100%	China
Shanghai Red Star Optical Co. Ltd	100%	78%	China
LAFAM S.A.S.	100%	100%	Colombia
GrandVision Cyprus Ltd.	100%	100%	Cyprus
Fotex Ceska Republika s.r.o.	100%	100%	Czech Republic
Synoptik A/S	63.29%	63.29%	Denmark
Instrumentarium Optika OÚ	100%	100%	Estonia
Instru optiikka Oy	100%	100%	Finland
GrandVision France S.A.S.	100%	100%	France
Solaris Group Franchise S.A.S.	100%	100%	France
Solaris S.A.S.	100%	100%	France
Apollo Optik Holding GmbH & Co KG	100%	100%	Germany
Robin Look GmbH	100%	100%	Germany
GrandVision Hellas S.A.	100%	100%	Greece
LGL Ltd.	100%	100%	Guernsey
GrandVision Hungaryi Kft.	100%	100%	Hungary
Reliance-Vision Express Private Ltd**	50%	50%	India
Reliance-GrandVision India Supply Private Ltd**	50%	50%	India
Angelo Randazzo S.r.l.	100%	100%	Italy
Avanzi Holding Srl.	100%	100%	Italy
GrandVision Luxembourg S.a.r.l.	100%	100%	Luxembourg
Grupo Óptico Lux, S.A. de C.V.	70%	70%	Mexico
GVMV S.A. de C.V.	70%	70%	Mexico

Company	2015	2014	Country of incorporation
Tide Ti, S.A. de C.V.	70%	70%	Mexico
Brilleland AS	63.29%	63.29%	Norway
Interoptik AS	63.29%	63.29%	Norway
Topsa Holding SA	62%	62%	Peru
Vision Express SP Sp.z.o.o.	100%	100%	Poland
GrandVision Portugal Unipessoal, Lda	100%	100%	Portugal
Lensmaster OOO	100%	100%	Russia
GrandOptical Slovakia s.r.o	100%	100%	Slovakia
Masvision Grupo Optico S.A.	100%	100%	Spain
Synoptik Sweden AB	63.29%	63.29%	Sweden
Visilab S.A.*	30.19%	30.19%	Switzerland
Brilmij Groep B.V.	100%	100%	The Netherlands
GrandVision Finance B.V.	100%	100%	The Netherlands
GrandVision Group Holding B.V.	100%	100%	The Netherlands
GrandVision IT Services B.V.	100%	100%	The Netherlands
GrandVision Retail Holding B.V.	100%	100%	The Netherlands
GrandVision Supply Chain B.V.	100%	100%	The Netherlands
Optical Retail Group B.V.	100%	100%	The Netherlands
Atasun Optik Sanayi ve Ticaret Limited Şirketi	100%	100%	Turkey
Vision Express Ltd.	100%	100%	United Kingdom
MasVision Latinoamerica Uruguay S.A.	100%	100%	Uruguay
For Eyes Optical Company	100%	-	United States
GrandVision USA, Inc.	100%	-	United States

* associate
** joint venture

The indicated shareholding reflects the ownership of the shareholding by GrandVision NV directly or indirectly in the subsidiary, joint venture and associate.

Parent Company Financial Statements

Income Statement

in thousands of EUR	2015	2014
Result from subsidiaries after income tax	197,506	188,980
Other income and expenses after income tax	15,224	- 27,777
Result for the year	212,730	161,203

The accompanying notes are an integral part of these parent company financial statements.

Balance Sheet (Before Appropriation of Result)

in thousands of EUR	Notes	31 December 2015	31 December 2014
ASSETS			
Non-current assets			
Financial fixed assets	2	762,410	833,519
Deferred income tax assets		1,851	8,192
Non-current receivables		-	1,933
		764,261	843,644
Current assets			
Trade and other receivables		36,321	12,743
Cash and cash equivalents		44	28
		36,365	12,771
Total assets		**800,626**	**856,415**
EQUITY AND LIABILITIES			
Equity			
Share capital	3	254	254
Share premium		80,637	48,106
Treasury shares		- 42,251	-
Legal reserves	4	10,267	23,576
Retained earnings		516,883	389,751
Result for the year		212,730	161,203
		778,520	622,890
Provisions and deferred income tax liabilities			
Provisions non-current		-	10,451
Deferred income tax liabilities		-	14
Provisions - current		-	14,418
		-	24,883
Non-current liabilities			
Borrowings	6	-	185,263
Other non-current liabilities		-	1,588
		-	186,851
Current liabilities			
Borrowings	6	6,851	2,021
Other liabilities		15,255	19,770
		22,106	21,791
Total equity and liabilities		**800,626**	**856,415**

The accompanying notes are an integral part of these parent company financial statements.

Notes to the Parent Company Financial Statements

1 General Information

The company financial statements have been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code. For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its company financial statements, GrandVision makes use of the option provided in Article 362(8) of Book 2 of the Dutch Civil Code. This means that the principles for recognition and measurement of the company financial statements of GrandVision NV are the same as those applied for the consolidated IFRS financial statements. The subsidiaries are stated at net asset value.

For the accounting policies for the company balance sheet and Income Statement, reference is made to the notes to the consolidated balance sheet and Income Statement. As the financial data of the Company are included in the consolidated financial statements, the Income Statement in the company financial statements is presented in condensed form (in accordance with Article 402, Book 2 of the Dutch Civil Code).

All amounts are presented in euros (€). Amounts are shown in thousands of euros unless otherwise stated.

1.1 Accounting Policies

Financial fixed assets
Investments in consolidated subsidiaries are measured at net asset value. Net asset value is based on the measurement of assets (including goodwill), provisions, and liabilities and the determination of profit based on the principles applied in the consolidated financial statements.

2 Financial Fixed Assets

The movements in financial fixed assets are as follows:

in thousands of EUR	Investment in consolidated subsidiaries	Loans and receivables	Total
At 1 January 2015	816,749	16,770	833,519
Movements in 2015			
Additions	-	537	537
Dividends	- 252,000	-	- 252,000
Acquistion non-controlling interest	- 2,492	-	- 2,492
Repayment	-	- 7,391	- 7,391
Exchange differences	- 12,195	-	- 12,195
Other comprehensive income	3,383	-	3,383
Other	1,543	-	1,543
Net result for current year	197,506	-	197,506
At 31 December 2015	752,494	9,916	762,410

The additions in investment in consolidated subsidiaries relate to a capital contribution.

The Company's direct investments in subsidiaries consist of the following:

Company	2015	2014
GrandVision Group Holding B.V., The Netherlands	100%	100%
Central Vision II BV, the Netherlands	100%	100%
GrandVision France SAS, France	100%	100%
Vision Express Polska SP Sp. z o.o., Poland	0%	100%
Nordman Investment Ltd, Cyprus	0%	100%

3 Shareholders' Equity

The shareholders' equity in the parent company financial statements equals the shareholders' equity presented in the consolidated financial statements, except that legal reserves and undistributed result are presented separately.

in thousands of EUR	Share capital	Share premium	Treasury shares	Legal reserve	Retained earnings	Result for the year	Total
At 1 January 2015	**254**	**48,106**	**-**	**23,576**	**389,751**	**161,203**	**622,890**
Appropriation of the result	-	-	-	-	161,203	- 161,203	-
Result for 2015	-	-	-	-	-	212,730	212,730
Purchase of treasury shares	-	-	- 51,074	-	-	-	- 51,074
Actuarial gains/ (losses)	-	-	-	-	360	-	360
Other direct equity movements	-	-	-	- 13,309	896	-	- 12,413
Dividends paid	-	-	-	-	- 35,327	-	- 35,327
Long-term incentive plan	-	32,531	8,823	-	-	-	41,354
Total movements	-	32,531	- 42,251	- 13,309	127,132	51,527	155,630
At 31 December 2015	**254**	**80,637**	**- 42,251**	**10,267**	**516,883**	**212,730**	**778,520**

For the long-term incentive plan refer to note 30 to the consolidated financial statements.

4 Legal Reserve

The legal reserve cannot be used for dividend distribution and consists of:

in thousands of EUR	31 December 2015	31 December 2014
Reserves - subsidiaries	351	8,145
Loans to shareholders (LTIP)	9,916	16,769
Cumulative translation reserve	-	- 1,338
	10,267	23,576

5 Retained Earnings

On 8 May 2015 the General Meeting of Shareholders determined that the result for 2014 would be added in full to the retained earnings.

Refer to Note 24 to the consolidated financial statements regarding interim dividend paid out in 2015.

6 Borrowings

The non-current and current borrowings are specified as follows:

in thousands of EUR	Non-current	Current
At 1 January 2015	185,263	2,021
Additions	1,996	4,830
Repayments	- 187,259	-
At 31 December 2015	-	6,851

The repayment of the non-current borrowings is related to the repayment of the loan from a subsidiary, the addition is the interest related to this loan. Addition of the current borrowings is related to increase of the bank overdraft.

7 Provisions

The provisions (current and non-current) in 2014 consist of the long-term incentive plan; reference is made to notes 29 and 30 of the consolidated financial statements.

8 Employees

The average number of employees of the Company in full-time equivalents during 2015 was 9.7 (2014: 8.4). Of these employees, 2 were employed outside the Netherlands (2014: 0).

9 Contingencies

The Company is liable, as intended in Article 403, Book 2, of the Dutch Civil Code for:

List of subsidiaries	
Brilmij Groep B.V.	GrandVision Turkey B.V.
Central Vision II B.V.	HAL Investments Asia B.V.
GrandVision Baltics B.V.	Optical Retail Group B.V.
GrandVision Benelux B.V.	The Vision Factory B.V.
GrandVision Finance B.V.	Vision Express Middle East B.V.
GrandVision Group Holding B.V.	GrandVision Argentina & Uruguay B.V.
GrandVision India B.V.	GrandVision Brazil B.V.
GrandVision IT Services B.V.	GrandVision Chile B.V.
GrandVision Italy B.V.	GrandVision Colombia B.V.
GrandVision Portugal B.V.	GrandVision Latam B.V.
GrandVision Retail Holding B.V.	GrandVision Mexico B.V.
GrandVision Supply Chain B.V.	GrandVision Peru B.V.

The Company forms an income tax group with GrandVision Group Holding BV, Central Vision II BV, GrandVision IT Services BV, GrandVision Supply Chain BV, GrandVision Finance BV, GrandVision Turkey BV, HAL Investments Asia BV, Pearle Opticians Ireland Ltd, GrandVision Retail Holding BV, GrandVision Latam BV, GrandVision Brazil BV, GrandVision Chile BV, GrandVision Argentina & Uruguay BV, GrandVision Colombia BV, GrandVision Peru BV, GrandVision Mexico BV, GrandVision India BV, Vision Express Middle East BV, GrandVision Italy BV, GrandVision Portugal BV, GrandVision Benelux BV, The Vision Factory BV, Brilmij Groep BV and Optical Retail Group BV. Under the standard conditions, the members of the tax group are liable for any taxes payable by the income tax group.

For bank guarantee facilities refer to note 26 of the consolidated financial statements.

Schiphol, 15 March 2016

Management Board
Th. A. Kiesselbach, CEO
P.J. de Castro Fernandes, CFO

Supervisory Board
C.J. van der Graaf (Chairman)
M.F. Groot (Vice-Chairman)
P. Bolliger
J.A. Cole
W. Eelman

Other Information

The appropriation of results
Pursuant to Article 10.1.4. of the Articles of Association of GrandVision N.V., the Management Board, subject to the prior approval of the Supervisory Board, may resolve to reserve the profits or a part of the profits. The remaining profits are at the free disposal of the General Meeting.

Appropriation of results for the year
The net result for 2015 amounts to €212,730 and €142,075 will be added to the retained earnings reserve.

Following Article 10.2 of the Articles of Association an interim dividend of €35,327 or EUR 0.14 per share was declared by the Management Board on 4 September 2015. The interim dividend was paid on 8 September 2015.

For 2015, it is proposed to the General Meeting to distribute a total dividend of €70,655 or EUR 0.28 per share. If approved, a final dividend of EUR 0.14 per share will be made payable on 11 May, 2016, considering the interim dividend that was paid on 8 September 2015. The final dividend will be paid in cash following the approval of the proposal by the General Meeting.

Subsequent Events

There are no subsequent events to report.

Other information

Independent Auditor's Report

To: the general meeting of shareholders and Supervisory Board of GrandVision N.V.

Report on the financial statements 2015

Our opinion

In our opinion:

- the consolidated financial statements give a true and fair view of the financial position of GrandVision N.V. as at 31 December 2015, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;

- the parent company financial statements give a true and fair view of the financial position of GrandVision N.V. as at 31 December 2015 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2015 of GrandVision N.V., Haarlemmermeer ('the company'). The financial statements include the consolidated financial statements of GrandVision N.V. and its subsidiaries (together: 'the Group') and the parent company financial statements.

The consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2015;
- the following statements for 2015: the consolidated income statement and the consolidated statements of other comprehensive income, the consolidated changes in shareholders' equity and the consolidated cash flow statement; and
- the notes, comprising a summary of significant accounting policies and other explanatory information.

The parent company financial statements comprise:

- the parent company balance sheet as at 31 December 2015;
- the parent company income statement for the year then ended; and
- the notes, comprising a summary of the accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the parent company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of GrandVision N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview and context

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Management Board made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Management Board that may represent a risk of material misstatement due to fraud.

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a global retail company. We therefore included specialists in the areas of IT, valuations, taxes, actuarial and financial instruments expertise in our team.

Materiality	Overall materiality: €16.7 million which represents 5% of profit before tax.
Audit scope	We conducted audit work in 13 locations covering 15 countries. Site visits were conducted by the group audit team to eight locations – Apollo (Germany), Vision Express (United Kingdom), GrandVision Benelux (The Netherlands), GrandVision (France), Synoptik (Denmark), Avanzi (Italy), Randazzo (Italy) and Lensmaster (Russia). Audit coverage: 81% of consolidated revenue and 76% of consolidated total assets.
Key audit matters	Assessment of goodwill valuation; accounting for acquisitions; accounting for uncertain tax and legal positions.

Materiality

The scope of our audit is influenced by the application of materiality which is further explained in the section 'Our responsibility for the audit of the financial statements'.

We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements on our opinion.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality	€16.7 million (2014: €12.5 million).
How we determined it	5% of profit before tax (2014: 5% of profit before tax).
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements. On this basis we believe that profit before tax is an important metric for the financial performance of the company.
Component materiality	To each component in our audit scope, we, based on our judgement, allocate materiality that is less than our overall group materiality. The materiality allocated across components in the range of €0.2 million to €8.5 million.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the Supervisory Board that we would report to them misstatements identified during our audit above €250,000 (2014: €250,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit
GrandVision N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of GrandVision N.V.

The group audit focussed on the significant components Apollo (Germany), Vision Express (United Kingdom), GrandVision Benelux (The Netherlands) and GrandVision (France). Additionally, based on risk profile and significance to the group, nine locations were selected for full scope audit procedures.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	81%
Total assets	76%
Profit before tax	89%

None of the remaining locations represented more than 2% of total group revenue or total group assets. For those remaining locations we performed, amongst others, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those locations.

For all Dutch holding entities, the group engagement team performed the work. For all other locations that are in scope of the group audit, we used component auditors from other PwC network firms who are familiar with the local laws and regulations to perform this audit work.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in the related audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the group financial statements as a whole. The group engagement team attended all clearance meetings of the component teams with local and group management. The group team engagement leader and the senior members of the group engagement team reviewed all reports about the audit approach and findings of the other

component auditors in detail. The group engagement team visited Apollo (Germany), Vision Express (United Kingdom), GrandVision Benelux (The Netherlands) and GrandVision (France) given the relative size of the locations. For each of these locations we have reviewed the audit files of the component auditors. In addition the group engagement team visits other operating companies on an annual rotational basis. In 2015 the group engagement team visited Synoptik (Denmark), Avanzi (Italy), Randazzo (Italy) and Lensmaster (Russia).

The group consolidation, financial statement disclosures and a number of complex items are audited by the group engagement team at the company's head office. These include, the accounting of the long term incentive plan, the tax position and derivative financial instruments including hedge accounting.

By performing the procedures above at components, combined with additional procedures at group level, we have obtained sufficient and appropriate audit evidence regarding the financial information of the group as a whole to provide a basis for our opinion on the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the Supervisory Board, but they are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. We described the key audit matters and included a summary of the audit procedures we performed on those matters.

The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters or on specific elements of the financial statements. Any comments we make on the results of our procedures should be read in this context.

The key audit matters 'Impairment assessment of goodwill' and 'Accounting for acquisitions' are similar in nature to the key audit matters we reported in 2014. Last year's key audit matter on the 'Liability for long term incentive plans' fully related to the expected listing of GrandVision's shares and the related change of accounting of the plans. Following the listing and the payment of a significant part of the incentive liability, it is not considered as a key audit matter anymore.

Key audit matter	How our audit addressed the matter
Assessment of goodwill valuation *Refer to note 2.14, 4.2, 14 and 16 of the financial statements for the accounting policies and underlying assumptions.* The goodwill on the balance sheet of GrandVision concerns €1,025 million. Of this, €430 million relates to segment 'the G4' and €374 million to 'Other Europe'. The risk that we focused on in our audit is the risk of impairment of the remaining balance of €221 million relating to 'the Americas & Asia' segment. The value of the goodwill in this segment is based on the highest value of the value in use or the fair value less cost to disposal. In the value in use calculation the most important assumptions concerns the relative high growth rates of revenue and anticipated profit improvements, which would not be appropriate if those rates and improvements are not achievable in the future. For valuation based on the fair value less cost of disposal the most important assumption is the used sales multiple. Given the high level of management judgement in the impairment assessment we considered this area to be important for our audit. In 2015 no impairment of goodwill has been recognised.	We evaluated and challenged the Management Board's future cash flow forecasts and the process by which they were drawn up, and tested the underlying value in use calculations. We tested these values by comparing the prior year's forecast with the company's actual performance in 2015, given this would be an indicator of the quality of the company's forecasting process. The key assumption in the Americas & Asia forecast is that the revenue exceeds growth rates in 'the G4' and 'Other Europe'. We compared the growth rates to the proven track record of improving performance by economies of scale and marketing. For the cash generating units within 'Americas & Asia', GrandVision also prepared a fair value less cost of disposal valuation by applying a multiple on the average sales of the last three years. We evaluated the reasonableness of applied sales multiple by comparison with recent market transactions and listed peer companies. In addition we have tested the adequacy of the related disclosures.

Key audit matter	How our audit addressed the matter
Accounting for acquisitions *See notes 2.3, 2.12, 2.13 and 6 to the financial statements for the Management Board's disclosures of the related accounting policies, judgements and estimates.* During 2015, GrandVision acquired a retail chain as well as individual stores for a total consideration of €135 million. In addition the provisional purchase price allocations of acquisitions in 2014 have been finalised in 2015. The acquisition accounting for these transactions comprise significant judgement of the Management Board for purchase price allocation mainly in relation to the valuation of the intangible fixed assets such as, trademarks, customer databases and the remaining goodwill balance. In addition, contractual agreements per individual acquisition required specific attention concerning the application of the appropriate accounting treatment. Given the high level of management judgement and the complexity of contractual agreements we considered this area to be important for our audit.	We tested the (provisional) purchase price allocations in which we especially focused on the valuation of the intangible fixed assets such as trademarks and customer databases of the acquired companies. We tested that GrandVision applies a consistent and generally accepted valuation method for the trademarks and customer databases. We particularly focussed on the opening balances and related fair value adjustments. We evaluated the timing and appropriateness of the accounting treatment and the consideration of the acquisitions based on the contractual agreements per individual acquisition. With respect to our audit work on the goodwill valuation we refer to key audit matter "impairment assessment of goodwill". In addition we have tested the adequacy of the related disclosures.

Key audit matter	How our audit addressed the matter
Accounting for uncertain tax and legal positions *See note 4.5, 4.7, 29 and 35.1 to the financial statements for the Management Board's disclosures of the related accounting policies, judgements and estimates.* As a multinational company, GrandVision is present in many different tax and legal jurisdictions. At balance sheet date, GrandVision has different disputes. The disputes we focused on in our audit relates to the tax audit by the German Tax authorities (note 35.1), the investigations by the French Competition Authority (note 29) and the claim from supplier Zeiss (note 35.1). The accounting for these uncertain tax and legal positions comprise significant judgement by the Management Board mainly in the area whether to recognise these uncertain positions as a contingent liability or as a provision. Given the high level of management judgement we considered this area to be important for our audit.	We have evaluated these tax and legal cases on an individual basis by evaluating the reports issued by the different authorities and the claim received from Zeiss. We gained an understanding of the process management followed to assess the impact of the tax and legal cases. We especially focussed on the present situation at GrandVision and the arguments of the different authorities and status pending legal proceedings. In addition we have evaluated the tax and legal opinions of management's experts which have been obtained by GrandVision on the respective cases. Furthermore specific focus has been set on the similarities and differences of the situation at GrandVision and comparable tax and legal cases. Based on the above we, together with specialists in our team, evaluated the reasonableness of management's assessment for the accounting of this uncertain tax and legal positions. In addition we have tested the adequacy of the related disclosures.

Responsibilities of the Management Board and the Supervisory Board

The Management Board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Management Board report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and for

- such internal control as the Management Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Management Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Management Board should prepare the financial statements using the going concern basis of accounting unless the Management Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Management Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be

material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A more detailed description of our responsibilities is set out in the appendix to our report.

Report on other legal and regulatory requirements

Our report on the Management Board report and the other information

Pursuant to the legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the Management Board report and other information):

- We have no deficiencies to report as a result of our examination whether the Management Board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the Management Board report, to the extent we can assess, is consistent with the financial statements.

Our appointment

We were appointed as auditors of GrandVision N.V. on 14 October 2014 by the Supervisory Board following the passing of a resolution by the shareholders at the annual meeting held on 14 October 2014.

Rotterdam, 15 March 2016

PricewaterhouseCoopers Accountants N.V.

J.G. Bod RA

Appendix to our auditor's report on the financial statements 2015 of GrandVision N.V.

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among others of:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.

- Concluding on the appropriateness of the Management Board's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the company's consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

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