EYE CARE, WE CARE MORE

GRANDVISION ANNUAL REPORT 2014

GrandVision

Vision

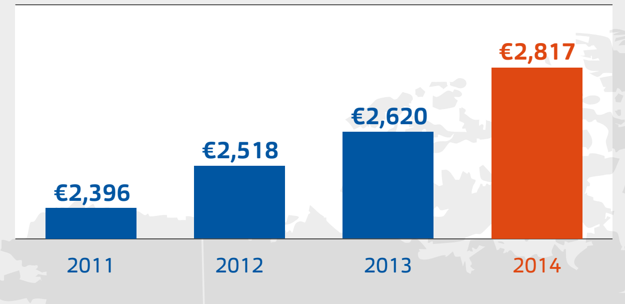
As a global leader in optical retail, GrandVision has the vision to provide high quality and affordable eye care to more and more people around the world. By doing so, GrandVision aspires to help them realize their full potential in life. In eye care, we care more.

Mission

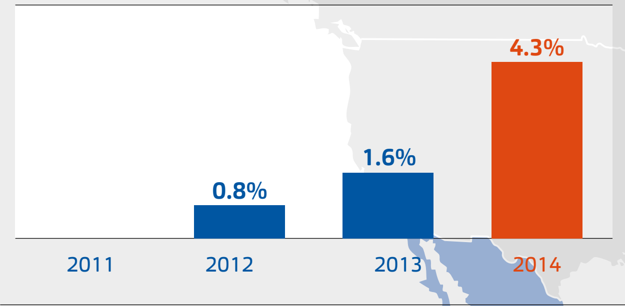
As a global leader in optical retail, GrandVision is committed to further grow and achieve a market leading position in each country it operates in and thereby create value for all its stakeholders and foremost its customers.

Global Presence

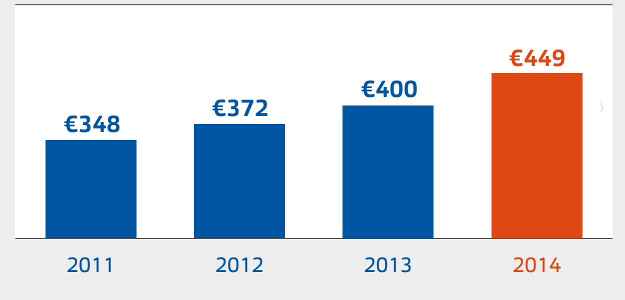
Revenue
in millions of EUR



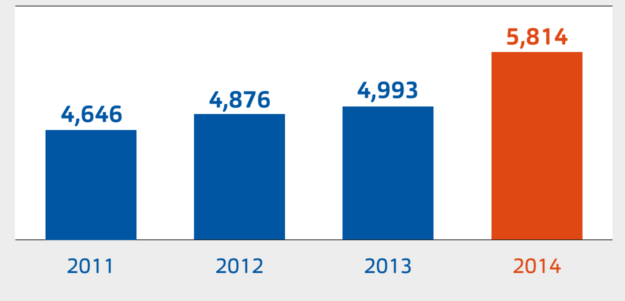
Comparable growth

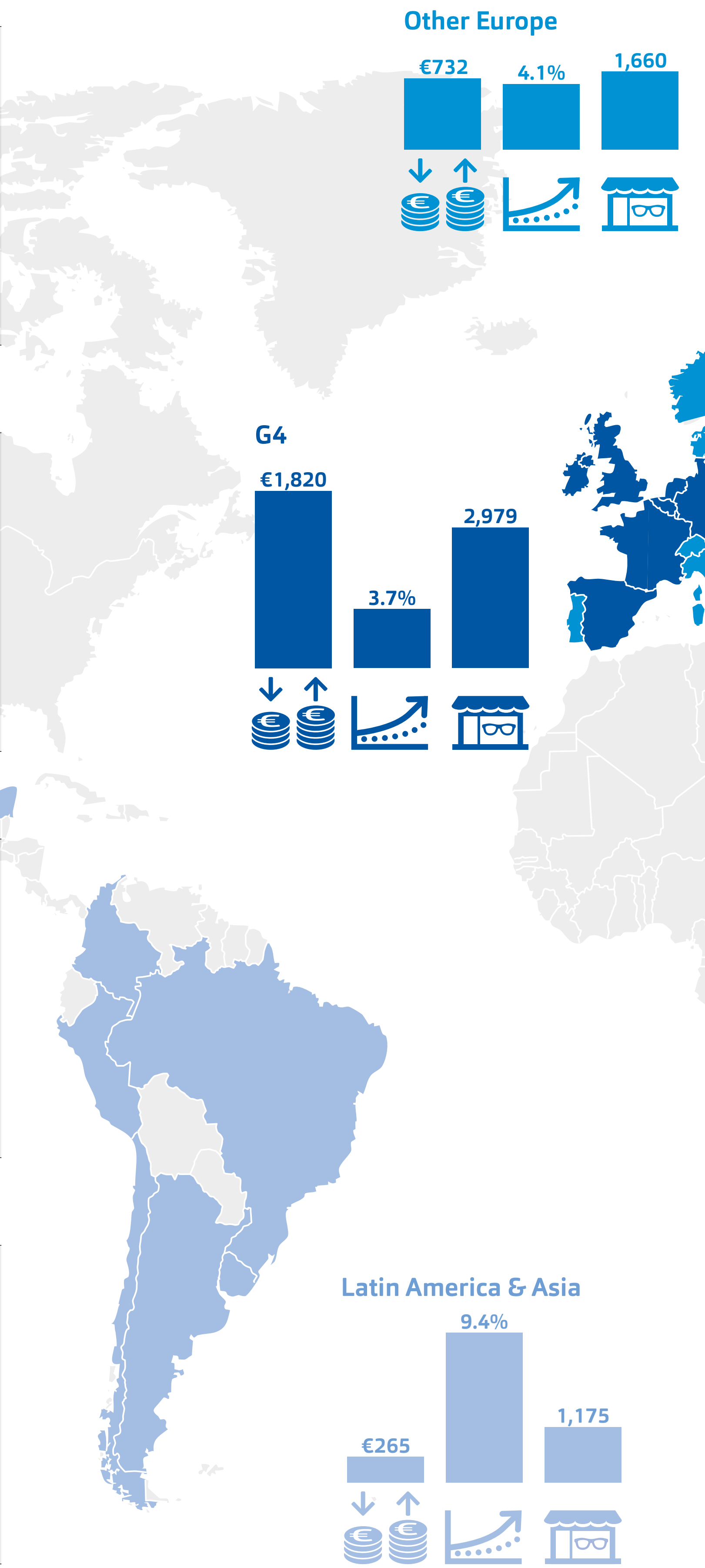


Adjusted EBITDA
in millions of EUR



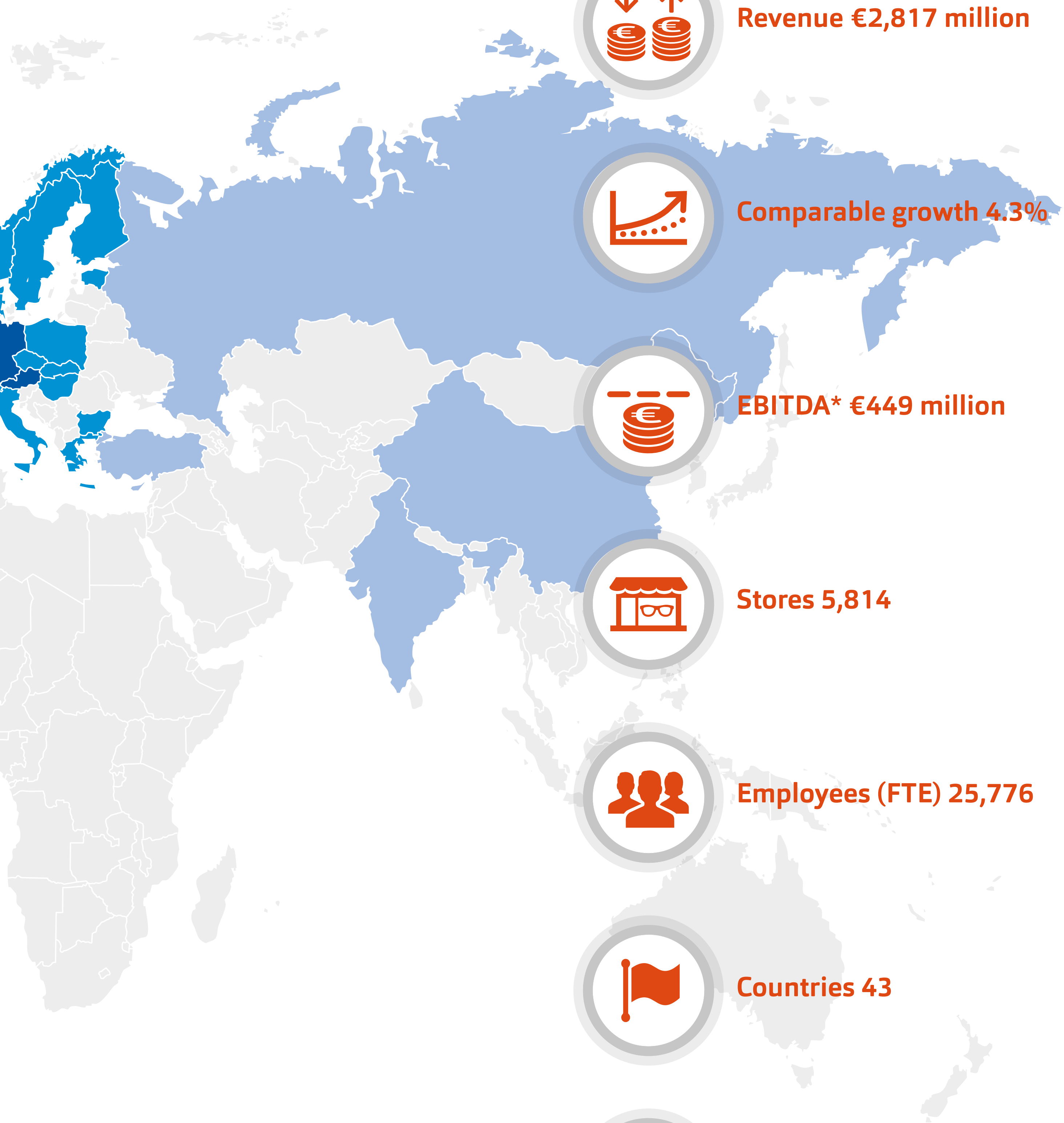
Number of stores





Facts & Figures

As per 31 December 2014



Revenue €2,817 million

Comparable growth 4.3%

EBITDA* €449 million

Stores 5,814

Employees (FTE) 25,776

Countries 43

Retail banners 33

*Adjusted EBITDA

Table of contents

Making high quality and affordable eye care available to more and more people around the world

At a Glance

About GrandVision

GrandVision is the global leader in optical retail and is committed to deliver high quality and affordable eye care to more and more people around the world. GrandVision operates over 5,800 stores with a staff of over 25,700 (FTE) and more than 150 million store visits per year. Present in 43 countries across Europe, Latin America and Asia, the Company operates the world's largest optical retail network and provides the widest access to expert optical services and products. These products include prescription glasses, contact lenses and care products, and sunglasses – both plain and with prescription lenses. They are offered under 33 well-known local retail banners which in some cases look back at a heritage of over 100 years. The GrandVision retail banners which are often market leaders in their respective countries include Apollo-Optik in Germany, Pearle in the Netherlands, Belgium and Austria, Eye Wish Opticiens in the Netherlands, Générale d'Optique and GrandOptical in France, Vision Express and Lenstore.co.uk in the United Kingdom and Ópticas Lux and Masvisión in Mexico.

At the heart of GrandVision are professional, highly qualified and dedicated optical experts. Next to the best product advice to customers they offer specialized services including state-of-the-art eye testing, examinations and diagnostics. At GrandVision, these experts prove every day that *in eye care, we care more*.

GrandVision is committed to extend its global presence further and to make the benefits of high quality and affordable eye care available to more and more people around the world. With a global leading role in eye care also comes responsibility. GrandVision recognizes its responsibility to develop the business and provide eye care services and products in the most sustainable and ethical way.

At the same time, GrandVision is always mindful of the interests of its customers, business partners, suppliers, the communities in which it operates and its shareholders. That is the GrandVision way.

Eye care, we care more

"Every day more than 500,000 people, looking for high quality and affordable eye care, visit the stores of GrandVision around the world. In more than 5,800 stores GrandVision sold over 12 million pairs of prescription glasses and more than 5 million pairs of sunglasses during 2014."

Key Historical Developments

The development that led to the GrandVision of today began when the international investment company HAL Holding entered the optical market in 1996 by acquiring the majority share of the Dutch and Belgian operations of the US-based Pearle Vision. The continuous growth since then was fueled by numerous other acquisitions, including the French based optical retailer GrandVision SA in 2005. The stage was then set for the creation of a global leader in optical retailing.

However, GrandVision can track the history of its banners all the way back to the 19th century. For example, part of GrandVision's roots were laid in Finland, when Christian Nissen opened his first store in Helsinki in 1891. More than 120 years later, Nissen is one of GrandVision's leading retail banners in Finland.

Success in providing superior customer service and the consequent commitment to high quality and affordable eye care has led to more growth, more customers, more stores and more successful retail banners – further extending the availability of high quality and affordable eye care around the world.

In recent years the acquisition and network expansion continued with, among others, acquisitions in Colombia, Greece and Cyprus in 2011, the Netherlands and Mexico in 2012, the United Kingdom in 2013, and Colombia, the United Kingdom, Germany, Peru, Italy, Turkey and China in 2014. GrandVision is now present in 43 countries, with over 5,800 stores.

The success and growth story continued with the successful listing of GrandVision on Euronext Amsterdam on 6 February 2015.

Strategy in Brief

As a global leader in optical retail, GrandVision pursues the strategy to further expand its global presence and develop and deploy its global capabilities in the area of eye care and optical retail. All actions are targeted at delivering high quality and affordable eye care to more and more people around the world.

GrandVision has developed the following set of strategic priorities:

Strategic Priorities

- Strengthen and deploy global capabilities to realize efficiency and profit improvements through operational leverage
- Drive further comparable growth
- Optimize GrandVision's existing store network
- Expand in GrandVision's current markets, also through bolt-on acquisitions
- Enter new markets through acquisitions or greenfield operations

Read more on GrandVision's strategy under "Strategy and Objectives" in the chapter Business of the Annual Report.

Key Performance Indicators

	2014	2013
Results		
Revenue (€ million)	2,817	2,620
Organic growth (%)	5.7%	2.5%
Comparable growth (%)	4.3%	1.6%
Adjusted EBITDA (€ million)	449	400
Adjusted EBITDA margin (%)	16.0%	15.3%
Operating result (€ million)	289	270
Net result (€ million)	175	156
Net result attributable to equity holders (€ million)	161	141
Pro forma earnings per share (€)	0.64	0.56
Operational Information		
System wide sales (€ million)	3,145	2,927
Number of stores	5,814	4,993
Number of own stores	4,744	3,982
Number of franchise stores	1,070	1,011
Number of countries	43	40
Number of employees (average FTE)	25,776	22,235
Number of retail banners	33	25
Liquidity and Debt		
Free cash flow (€ million)	222	220
Capital expenditure (€ million)	158	113
Store capital expenditure (€ million)	117	84
Non store capital expenditure (€ million)	41	29
Net debt (€ million)	922	837
Net debt leverage (times)	2.1	2.1

Definitions

Adjusted EBITDA:	EBITDA before non-recurring items.
Organic growth (%):	represents the change in revenue as compared to the prior period, excluding changes in revenue attributable to acquisitions and excluding the effect of fluctuations in foreign exchange rates.
Comparable growth (%):	represents the percentage change in revenue from comparable own stores at constant currency between two comparable financial periods. Comparable own stores for a given financial period under review represents the Group's own stores that have been opened at or before 1 January of the prior financial period and have not been permanently closed at the last day of the financial period.
System wide sales:	all revenue generated by sales of the Group's stores to customers, not only through the Group's physical and online stores, but also through the Group's franchise stores (excluding associates).
Free cash flow:	cash flow from operating activities minus capital expenditure not related to acquisitions.
Net debt leverage:	net debt expressed as a multiple of Adjusted EBITDA.

Report from the Supervisory Board

It is my pleasure to present you the report from the Supervisory Board of GrandVision. This report provides an overview of the approach and activities undertaken by the Supervisory Board in 2014.

Activities of the Supervisory Board in 2014

The Supervisory Board held five ordinary physical meetings in 2014 and three extraordinary meetings, of which two were conference calls and one a physical meeting. The three extraordinary meetings were convened to discuss the Initial Public Offering process. During all the meetings the Management Board was present and no Supervisory Board members were absent. The Chairman of the Supervisory Board and the CEO of GrandVision maintained regular contact during the year in the periods between meetings. The Chairman acts as the CEO's first point of contact within the Supervisory Board for discussions on topical issues and GrandVision's general affairs.

At least once a year, the Chairman has a meeting with each Management Board member individually. During 2014, discussions within the Supervisory Board were based mostly on documents and presentations by the Management Board. By way of preparation, many subjects were discussed in advance in one of the Board's committee meetings. In the meetings with the Management Board, the Board was provided with updates on a number of recurring agenda items, such as general news regarding GrandVision, GrandVision's financial performance, developments in the markets in which GrandVision operates, business projects and acquisition opportunities. The Initial Public Offering (IPO) was discussed frequently during 2014 at both the ordinary and extraordinary meetings. In addition, a Steering Committee was set up to prepare and discuss the IPO, consisting of Mel Groot, Willem Eelman, the members of the Management Board and key HAL and GrandVision staff. GrandVision's acquisition strategy was discussed at almost all Supervisory Board meetings, in addition to updates on important claims and litigation, and a detailed review of GrandVision's financial figures and operational practices.

In March 2014, GrandVision's auditor, PricewaterhouseCoopers Accountants N.V., was present at one of the meetings to discuss the financial statements for 2013 as well as the external auditor's report and the findings summarized in the management letter. The auditor's recommendations in the management letter were all related to improvement opportunities such as improving tax and transfer pricing knowledge at operating company level, while no material weaknesses in internal controls were identified. The Management Board agreed with these comments and plans were made for follow-up. After review of the unqualified opinion provided by the external auditor, GrandVision's 2013 financial statements were endorsed by all members of the Supervisory Board.

At the October meeting, the Supervisory Board discussed compliance with the Corporate Governance Code as well as the performance of the Management Board. The relevant outcomes of this meeting are reflected in the various parts of the 2014 Annual Report. During this meeting, the Supervisory Board was also briefed on the legal rights and obligations of directors under Dutch law. In addition, the Supervisory Board received an update on GrandVision's relevant policies, notably the GrandVision Code of Conduct.

At the meeting held in December 2014, the Supervisory Board had extensive discussions regarding the 2015 financial budget. After productive deliberations, the Supervisory Board unanimously approved the 2015 financial budget and thanked the Management Board for a well-prepared and thought-through budget.

Supervisory Board Committees

Audit Committee

Mr. Bolliger; Mr. Eelman (Chairman)
The Audit Committee met four times in 2014, according to its fixed schedule, in the presence of the CFO, internal auditor and Company Secretary. At three of the four meetings GrandVision's external auditor, PwC, was present. At the meeting in March 2014, the Audit Committee reviewed the draft Annual Accounts for 2013. Important items on the agenda were the auditor's report for 2013 and GrandVision's continuing commitment to strong internal controls. The external auditor did not identify any material weakness in internal controls. Nevertheless, a number of opportunities for improvement were identified by internal audit. The Management Board agreed with the external and internal auditor's comments and plans were made for follow-up. The Supervisory Board also had a closed session with the external auditor.

Remuneration Committee

Mr. Van der Graaf; Mr. Groot (Chairman)
The Remuneration Committee met five times in 2014, according to its fixed schedule. At the meeting in February, the achievements of 2013 were discussed, and recommendations on the awarding of bonuses to the senior management of GrandVision were made. In April, the attribution of phantom shares and options under the 2011 Long-Term Incentive Plan was reviewed based on achievement levels of three-year financial targets. At the May meeting, the Executive Remuneration Benchmarking Report was discussed and the recommendation was made to grant the 2014 Long-Term Incentive Plan phantom shares. Later in 2014 two meetings were held to review the remuneration policy and recommend adjustments in preparation for the IPO.

Nomination Committee

Mr. van der Graaf; Mr. Groot (Chairman)
During 2014, no dedicated Nomination Committee meetings were held. All nominations as described in the overview of the composition of the Supervisory Board and the Management Board presented below were submitted by the Nomination Committee and discussed at the regular Supervisory Board meetings.

Composition of the Supervisory Board and the Management Board

The members of the Supervisory Board together represent a broad range of experience and expertise that is in line with the Supervisory Board profile which has been established in view of GrandVision's business activities and complies with the Corporate Governance Code. The Supervisory Board currently comprises five members, whose profiles are provided under Supervisory Board in the chapter Governance.

In 2014, Mr. van der Graaf's term as Supervisory Board member and Chairman of the Supervisory Board expired. At the Annual General Meeting of 10 March 2014, Mr. Van der Graaf was reappointed as Supervisory Board member and Chairman of the Supervisory Board for an additional term of four years.

At the end of the Annual General Meeting on 8 May 2015, Mr. Groot's term will expire. Mr. Groot is eligible and available for reappointment and fits the Supervisory Board profile. In view of Mr. Groot's extensive experience, knowledge, dedication and valuable input in the Supervisory Board meetings, the Supervisory Board intends to issue a non-binding nomination for reappointment.

During 2014, no changes took place in the composition of the Management Board.

Diversity, including gender, will be an important consideration in the selection process for the appointment and reappointment of Management Board and Supervisory Board members, but at the same time, quality, expertise and experience will remain the key priorities.

Supervisory Board Self-Assessment

During 2014, the Supervisory Board reflected on its performance and composition as well as that of its three Committees. The Supervisory Board solicited the services of an experienced external board facilitator for this self-assessment. Each individual Board member was asked for their views on the quality of a number of aspects of the Supervisory Board's performance to assess whether it meets their needs and expectations. The following aspects of the Supervisory Board's performance were assessed during this process: its responsibilities, oversight, meetings, support, composition, cooperation, outcome, achievements and communication. A full report of the individual interviews as well as a summary of the recommendations was discussed under the direction of a facilitator at the Supervisory Board meeting in March. The overall conclusion of this self-assessment process was that the Supervisory Board is performing well.

2014 Financial Statements and Dividend

The financial statements for the year 2014, as prepared by the Management Board, have been audited by PricewaterhouseCoopers Accountants N.V., whose Auditor's Report is included in this report, and were extensively discussed and approved in March 2015 by the Audit Committee and the external auditor in the presence of the Management Board.

GrandVision proposes not to pay a dividend over the financial year 2014.

The Supervisory Board recommends that the Annual General Meeting adopt the 2014 Financial Statements and discharge the Management Board and the Supervisory Board from liability for their management in the year under review and the supervision thereof, respectively.

Amsterdam, 17 March 2015

On behalf of the Supervisory Board,

Kees van der Graaf, Chairman

Message from the CEO

GrandVision presents its first Annual Report as a listed company. 2014 was an eventful and successful year for GrandVision. We are pleased with our 2014 financial results as well as the execution of our strategic priorities and the deployment of GrandVision's global capabilities.

In 2014, GrandVision realized a revenue of €2.8 billion, an increase of 8.5% at constant exchange rates. Revenue growth was primarily the result of comparable growth of 4.3% (1.6% in 2013). Profitability showed an improvement of 12.2%, with adjusted EBITDA reaching €449 million. This improved performance was based on the ongoing execution of the key strategic priorities and the further development and deployment of global capabilities across the group. That work enabled GrandVision to achieve productivity and efficiency gains in areas such as store operations, commercial policies and supplier and category management. These in turn helped drive revenue up and cost ratios down, thereby further improving margin.

There were several noticeable strategic and operational achievements in 2014. We are pleased with the introduction and further roll-out of a simpler and more transparent customer journey across many stores of the group. This contributed to increased store traffic, improved conversion rates and higher customer satisfaction.

Progress was also made in the global implementation of the GrandVision exclusive brands portfolio. This portfolio offers our customers a full range of more affordable alternatives in all product categories at all technology levels without the need to compromise on quality.

Another achievement was the opening of two additional GrandVision TechCenters in Portugal and the United Kingdom. These large-scale industrialized production facilities provide benefits over the traditional final production and assembly of spectacles done in-store, in terms of quality, delivery speed and reliability, and also cost. At the same time our optical experts based in the stores can focus even more strongly on serving and advising our customers.

Another highlight of 2014 was the launch of the global GrandVision Academy. At GrandVision we strongly believe that the continuous training and development of staff is a crucial element to the success of our business and its sustainability.

In addition to these selected examples progress was also made on other strategic and operational initiatives: these include the development of a new group-wide ERP system; the development of an integrated omni-channel ("clicks & bricks") retail model that improves the overall customer experience; as well as the continued international roll-out of the sunglass banner Solaris.

In 2014, GrandVision achieved its growth ambitions through the continued optimization and expansion of its existing store network. In addition, we expanded our existing presence through acquisitions in Colombia, Germany, Italy and the United Kingdom and entered the optical retail markets in China, Peru and Turkey also through acquisitions. In 2014 the store network grew by 821 to 5,814 stores. In the Latin America & Asia segment our store network grew by over 50% to 1,175 stores.

The Initial Public Offering of GrandVision shares was prepared in the second half of 2014 and led to the listing on Euronext Amsterdam on 6 February 2015. Investors were attracted by GrandVision's unique platform for future growth combined with high profitability and strong cash flow generation.

GrandVision welcomes its new shareholders and looks forward to continuing its international growth journey in the years to come. We also thank our founding shareholder HAL for their support in 2014 and their commitment to remain a significant long-term shareholder in the future.

Looking ahead, we see a successful future for GrandVision. With the growing need for eye care around the world, GrandVision is well positioned to benefit from the positive underlying socio-demographics. GrandVision will continue on its path of making high quality and affordable eye care available to more and more people around the world.

Last but certainly not least, I extend a big THANK YOU to all employees of GrandVision. Our professional and highly qualified optical experts serve with dedication and passion in every country, in every store. Every day they prove that *in eye care, we care more*.

Theo Kiesselbach, CEO

GrandVision offers customers a simple, safe, and honest customer journey both in-store and online


Instrumentarium

Business

Customer-Centric Business Model

GrandVision operates in the optical retail market. This is a sector which is fairly resilient to macroeconomic trends as eye care is of prime importance to many people around the world and is characterized by steady repurchase cycles. GrandVision primarily targets the mass-market customer segment and has the vision to provide high quality and affordable eye care to more and more people around the world. The size of GrandVision's store network and its geographical reach enable it to provide close customer proximity, identify new trends early and respond to them quickly. This chapter describes GrandVision's customer-centric business model and the business environment in which GrandVision operates.

GrandVision's differentiating customer-centric approach has a primary focus on the large and fast growing mass-market customer segment. It offers a value-for-money proposition featuring transparency and simplicity. GrandVision offers high quality eye care products at affordable prices, complemented by sophisticated optical services and comprehensive after-sales customer care.

This customer-centric approach is characterized by a number of key elements which are empowered by competitive advantages, made possible by GrandVision's size and global reach. These include the benefits of a "retail-only" model which provides full flexibility in its assortment. It also allows for a wide and fully customer-oriented assortment of products and brands, ranging from high quality and affordable exclusive in-house brands to well-known third-party brands. Furthermore, without the constraints of an own production base GrandVision can quickly and flexibly introduce the latest technology in products to its customers.

The size and global reach of GrandVision also leads to procurement advantages in terms of product range and quality as well as purchase prices, allowing GrandVision to offer a more competitive range of products to customers at more competitive retail prices.

GrandVision's distribution and marketing power enables strong and effective communications and facilitates customer recognition of GrandVision's value-for-money propositions. This creates and strengthens customer loyalty in its target markets.

Store Concept

Commercial Strategy

GrandVision is committed to offer its customers a simple, safe and honest customer journey both in-store and online. The customer-oriented assortment together with a complete range of optical services are available through any of the company's retail banners.

High Quality

GrandVision's vision is to provide high quality and affordable eye care to more and more people around the world. In addition to offering well-known international brands, GrandVision provides its customers with a comprehensive exclusive brands portfolio in all categories and in all segments. Furthermore, GrandVision's state-of-the-art industrialized cut, edge and fit facilities contribute to the high quality of the finished spectacles.

33 Retail Banners

GrandVision operates 33 banners, including Apollo-Optik in Germany, Pearle in the Netherlands, Belgium and Austria, Eye Wish Opticiens in the Netherlands, Générale d'Optique and GrandOptical in France, and Vision Express in the United Kingdom, Ireland, Poland, Hungary, the Middle East and India. The majority of GrandVision's banners are targeted at the mass-market segment. In certain countries where it operates multiple banners, such as the Netherlands, Finland, France and Mexico, the Group also addresses the mid-high market segment with a separate banner. In addition, GrandVision operates the international sunglasses banner "Solaris".

The reputation and consumer awareness of GrandVision's retail banners ensures the success and performance of the business. High brand awareness generates traffic into the stores, encourages potential purchases and helps to build and maintain customer loyalty.

Solaris

GrandVision considers sunglasses a special category of optical products. Traditionally sunglasses have been marketed primarily as a fashion item rather than an eye care product and they are often sold through sunglass speciality stores. Nevertheless, sunglasses provide several important functional benefits, including protection against ultraviolet radiation and glare and improved vision in various situations, including many sports. Over 50% of the population need eyesight correction and the vast majority of these wear glasses, so standard sunglasses are not suitable. Today only 17% of the sunglasses sold actually have prescription lenses.

To address this gap in the market of sunglasses with optical benefits and features, GrandVision has developed the sunglass format under the banner "Solaris". By the end of 2014, Solaris already had 811 points of sale operating in 31 countries. Many of these points of sale are within our existing stores. This gives customers who buy a new pair of prescription glasses or contact lenses also the opportunity to choose a pair of sunglasses that meets their needs.

Solaris offers customers a complete product range in terms of price depth, brand variety and functionality, ranging from high quality, affordable exclusive brands to well-known third-party fashion brands. In addition, over 70% of Solaris' sunglass frames can be fitted with prescription lenses.

Affordable Exclusive Brands

GrandVision offers its customers a full range of exclusive brand products in all product categories which are more affordable alternatives than third-party branded products. These exclusive in-house brands offer high quality and distinct product features in terms of design and technology at lower prices. According to market research the majority of customers base their purchase decisions on functionality and value-for-money. This fits well with GrandVision's portfolio of exclusive in-house brands for frames (such as INSTYLE, 5th Avenue and Miki Ninn), sunglasses (such as Heritage, Unofficial and Solaris), contact lenses (such as iWear and Eyexpert), and lenses (such as VariView and LightView). These brands are designed to cover a comprehensive range of products with a low-to-mid price positioning.

In frames, GrandVision offers a comprehensive portfolio of 21 clearly segmented exclusive brands available to all its retail banners. The continuous harmonization of both products and suppliers allows for a stronger value proposition and positioning of each exclusive in-house brand, faster replenishment cycles, greater delivery reliability, and higher quality.

Business Environment

The global eyewear market is expected to grow annually by mid-to-high single digits during the period 2014 to 2019. Market growth is driven by both mature and emerging markets which benefit from a number of underlying growth drivers. GrandVision has identified the following growth drivers.

Growth Drivers

Growing global market for eyewear

The current global demographic trend shows a growing population. The population growth projections vary per region, with higher growth rates in Latin America and Asia compared to Europe.

With an estimated 60% of the current global population requiring some form of vision correction, representing more than 4 billion people, there is a wide addressable global market for eyewear. Growth rates in Asia are especially high since the percentages of national populations needing eyesight correction are generally higher.

Ageing trend is favorable for GrandVision's business

Ageing populations are more prone to visual disorders, stimulating the demand for vision correction and more complex solutions.

Between 2010 and 2030, the percentage of the population that is over 60 years old is expected to increase two to three times faster than the rate of global population growth. The growth of the elderly population in densely populated countries such as China and India is expected to accelerate the growth in demand for eyewear products in emerging markets. Consequently the number of individuals requiring eyesight correction and the demand for higher-value solutions such as multifocal rather than single-focal lenses is expected to increase.

Underpenetration of eyesight correction in emerging markets

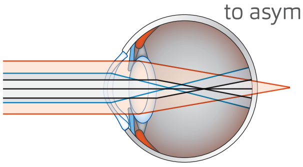
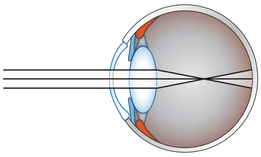
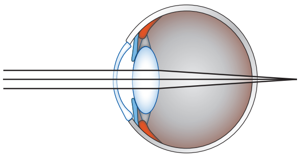
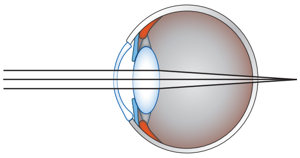
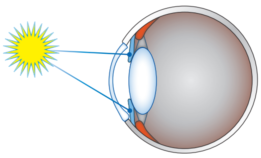
There is a strong potential for the eyewear market to address the underpenetration of eyesight correction, particularly in emerging markets. Growth of the global eyewear market in the short to medium term is therefore expected to be strongly driven by emerging markets, given that these markets represent the vast majority of the proportion of the global population requiring prescription eyeglasses, while penetration in these markets is currently significantly lower than elsewhere.

The low penetration of prescription eyeglasses in emerging markets is partly the consequence of the fundamentally high price structure of the eyeglasses industry as well as the low density of quality optical stores, leaving a large portion of the population with limited access to eye care.

Emerging middle class with increasing need for vision correction

The size of the eyewear market and its development strongly correlate with economic development. As societies develop in emerging markets such as Latin America and Asia, the intrinsic need for eyesight correction and eye protection translates into active consumer demand. In a more developed society, the need for vision correction solutions becomes more acute as day-to-day activities such as reading, driving and the use of digital displays, as well as changes in labor and education conditions, require good eyesight.

Astigmatism, myopia, hyperopia and presbyopia explained

		% of population	Issue	Solution
Astigmatism 	Blurred vision due to asymmetric eye		An optical system with astigmatism is one where rays that propagate in two perpendicular planes have different focus. If an optical system with astigmatism is used to form an image of a cross, the vertical and horizontal lines will be in sharp focus at two different distances	• **Single vision lenses** • **Contact lenses** • **Laser surgery**
Myopia 	Nearsightedness	~30%	Condition of the eye where the light that comes in does not directly focus on the retina but in front of it, causing the image that one sees when looking at a distant object to be out of focus, but in focus when looking at a close object	• **Single vision lenses** • **Contact lenses** • **Laser surgery**
Hyperopia 	Farsightedness	~15%	Imperfection in the eye (often when the eyeball is too short or the lens cannot become round enough), causing difficulty in focusing on near objects, and in extreme cases leading to an inability to focus on objects at any distance.	• **Single vision lenses** • **Contact lenses** • **Laser surgery**
Presbyopia 	Short arms / ageing eye	~17%	A condition associated with aging in which the eye exhibits a progressively diminished ability to focus on near objects.	• **Ready readers** • **Multifocal lenses** • **Contact lenses** • **Lens transplant**
UV burn and glare 			Eyes, particularly the cornea (the clear window of tissue on the front of the eyeball), can be easily damaged by exposure to ultraviolet radiation from the sun and from other sources of ultraviolet light, such as a welder's arc, a photographer's flood lamps, a sun lamp, or even a halogen desk lamp	• **Sunglasses with tinted and polarized lenses** • **Prescription eyeglasses and contact lenses with UV protection**

Product Trends

In addition to the described growth drivers, the global eyewear market is experiencing a number of product-driven trends: higher value products are available to consumers as a result of technical innovations, the demand for contact lenses is growing, and the rising awareness of the harmful effects of ultraviolet radiation has a positive impact on the demand for sunglasses. A number of these product-driven trends are explained in more detail below:

Shift to higher value eyewear products

Increasing awareness and penetration of technical innovations in the eyewear market contributes to an increased demand for higher-value eyewear products. Innovations include both the quality of lens material as well as those relating to functionality and design features (e.g., progressive, light, thin, antireflective, shockproof, photochromatic, scratch resistant, polarized and ultraviolet protective lenses).

Additionally, the need for vision correction increases in complexity as a person ages. This leads to a demand for more complex solutions such as multifocal lenses, which generally have higher retail prices.

Growth of the contact lens segment

The global market value of contact lenses is growing and the market value share of disposable contact lenses is increasing, partly due to their inherent short repurchase cycle. The contact lens share of the total sales value for eyewear, however, varies strongly across different eyewear markets.

In general, the average annual consumer spend for contact lens customers is higher than for prescription eyeglasses customers. This primarily results from the shorter repurchase cycle of disposable contact lenses. Contact lens customers also tend to purchase prescription glasses and sunglasses in addition to contact lenses. Furthermore, consumer engagement is generally higher for contact lenses, which also increases the consumer loyalty potential.

Demand for quality sunglasses

The current proportion of eyesight protection from ultraviolet radiation is relatively low in both mature and emerging markets. The growth of the sunglasses market is driven by an increased awareness of the harm caused by ultraviolet radiation, an increased demand for prescription sunglasses, and the increased popularity of sunglasses as a fashion item.

As the awareness of the harmful effects of ultraviolet radiation increases, it is expected that demand for high quality sunglasses, including ultraviolet protective prescription sunglasses, will further increase. Consumers also use sunglasses to make a fashion statement. The shift to quality sunglasses and the constant innovation of both design and lenses, including lighter weights, contribute to a shorter average repurchase cycle of sunglasses.

Market Trends

A market trend having a positive impact on GrandVision's business environment is the fact that market regulations have decreased in many countries over the past decades. In addition, the currently fragmented nature of most optical retail markets offers opportunities, as does the growing online market for eyewear.

Deregulation provides benefits for optical retail chains

In various countries market regulation has decreased over the past decades and this trend of market liberalization is set to continue. The easing of these restrictions on eye test and measurement services and on cooperation between optometrists and opticians is facilitating market access by full service optical retailers, including optical retail chains such as GrandVision. In addition, changes to social security and health insurance reimbursement systems are increasing price competition, as the subsidizing of smaller optical retailers is being discontinued, which has positive implications for large scale optical retail chains.

Fragmented markets to consolidate further

Given the high level of fragmentation on a global scale, consolidation is expected to continue, resulting in further growth of more effective and efficient retail formats. Large multinational players in the eyewear market have a more substantial resource base, which better allows for the development or modification of retail best practices and customer service concepts which have a positive impact on customer loyalty. Competitive advantages for large optical retail players such as GrandVision include greater purchasing power with suppliers, the development of best practices in consumer approach and assistance, the attraction and retention of talent, and other economies of scale such as the development of centralized product finishing laboratories and the roll out of marketing campaigns.

Emergence of the online eyewear market

The online eyewear market has grown to approximately 4% of global eyewear sales over the past ten years, which remains below the online penetration levels of other retail segments. The need for personal interaction with consumers to administer eye tests and examinations and to fit prescription eyeglasses creates a higher barrier limiting successful penetration by pure online players. Consumers generally prefer to physically select and try optical products in retail stores while personal contact with opticians and optometrists creates trust and loyalty. However, today's consumers expect broader and more flexible forms of retail interaction and service. Therefore, GrandVision has established an omni-channel route to market, where online services such as preselecting frames, booking appointments and replenishing contact lenses are integrated with the services provided in physical store networks. The development of online services therefore offers opportunities for the eyewear market.


GANHE
50%

Strategy and Objectives

Strategic Priorities

GrandVision's vision is to provide high quality and affordable eye care to more and more people around the world. In order to achieve this vision, GrandVision's mission is to further grow and to achieve a market leading position in each country in which it operates and thereby create value for all its stakeholders and foremost its customers. For this purpose, GrandVision has established five strategic priorities to further enhance and capitalize on its global capabilities.

Strengthen and deploy global capabilities

While GrandVision has observed varying characteristics in the optical retail market at the local level, customer needs and the key drivers of the optical retail sector are very similar in most markets around the world. Based on this insight GrandVision has developed and is internationally deploying global capabilities.

Further enhancement of operational leverage through efficiency improvements and an ongoing focus on reducing complexity will allow for faster and more cost effective development of the Company's business. GrandVision's global capabilities will be leveraged in all markets and will benefit especially markets where it would have been difficult to develop these capabilities on a local level, due to either their size or level of maturity.

Drive further comparable growth

GrandVision considers comparable growth to be the most sustainable and most profitable source of growth, as it best leverages the existing operating cost base.

The key underlying drivers of comparable growth are: volume growth in prescription eyeglasses based on increased in-store traffic and in-store conversion rates, growth in the sales of contact lenses and sunglasses, an increase in average consumer spend through value added products and cross-selling, the transition to an omni-channel approach and the improvement of customer loyalty. Based on these drivers, GrandVision has developed the following strategic initiatives:

Professionalized customer journey

GrandVision has developed a professionalized customer journey concept for its prescription eyeglasses. This harmonized customer journey concept is aimed at delivering an improved customer experience with a focus on higher in-store conversion and higher customer satisfaction, resulting in long lasting customer loyalty. The customer journey concept includes a clearly structured commercial offering, a transparent pricing schedule and an assortment focused on functionality and quality. This customer journey concept is increasingly supplemented by omni-channel features. For its prescription eyeglasses category, the Company predominately targets volume growth and therefore market share growth, among other things by establishing a price leading position.

Cross-selling initiatives

Contact lens sales have proven to be a strong driver of customer loyalty due to the higher repurchase frequency of disposable contact lenses in particular. Moreover, contact lens customers generally also provide various cross-selling opportunities. The short repurchase cycle and need for complementary contact lens care products and prescription eyeglasses also result in a higher average annual spend by contact lens customers compared to prescription eyeglasses customers. The market penetration in the contact lens category differs considerably between countries as a result of a lack of marketing and distribution of the product in some countries and regions. An approach which is comparable to the professionalized customer journey concept for prescription eyeglasses is now also being deployed for the contact lens category, including a new way of merchandizing, presenting and selling contact lenses.

Unlocking the potential in the sunglasses market

The sunglasses business is an underdeveloped category from an optical perspective, as sunglasses are predominantly marketed as an accessory or fashion item. The functional aspects of sunglasses, such as protection against ultraviolet radiation and glare, and the improved sight that sunglasses with prescription lenses provide in various situations, including sports, offer a still largely untapped potential. To systematically strengthen the sunglasses business, Solaris offers customers a complete product range in terms of price depth, brand variety and functionality, ranging from high quality, affordable exclusive brands to well known third party fashion brands.

Omni-channel customer journey
GrandVision is pursuing an omni-channel approach by integrating new technologies and applications for customer engagement and interaction, both online and in-store. The omni-channel approach helps GrandVision to stay aligned with evolving customer behavior and preferences in general, further enhancing its customer journey concept and driving comparable growth.

Optimize the existing store network

Market share growth via the optimization of the existing store network is one of GrandVision's key ambitions. The Company's approach includes targeted store openings, relocations, refurbishments but also store closures, where customer traffic patterns have changed.

Generally, GrandVision pursues the expansion of its existing store network in countries in which there is a proven and profitable store format with a low density of stores and countries in which there is a strategic growth ambition. In other countries, store openings and acquisitions are more selective and limited to when "white spot" opportunities become available. As a prerequisite for expanding its store portfolio, GrandVision carefully assesses each business case with a focus on the potential return on investment, the existence of an operational and organizational platform to support the growth, and the establishment of financial and internal controls and good governance practices.

Unlock potential in current markets through acquisitions

The optical retail market is characterized by a high level of fragmentation and a high proportion of independent retailers operating smaller or single stores. GrandVision expands through smaller or larger bolt-on acquisitions in existing markets and then integrating these companies.

The Company continuously reviews potential acquisition candidates and pursues opportunities once a sound business case has been established for such acquisitions. These opportunities are pursued both in mature and emerging markets. Furthermore, GrandVision also pursues pure-play online propositions, such as Lenstore.co.uk in the United Kingdom, if and when there is added value for its customers and service and quality levels are not compromised.

Enter new markets through acquisitions or greenfields

While GrandVision currently has a presence in 43 countries, it is pursuing further expansion to new markets, in particular emerging markets. For instance, in 2014 GrandVision entered the Chinese, Peruvian and Turkish markets.

GrandVision's People

With 25,776 employees (FTE), GrandVision is one of the largest employers in the optical retail industry. Of these employees around 83% are store based employees and 17% are non-store based employees.

Over the last year, the average number of employees (FTE) increased by 3,541, mainly due to acquisitions made during 2014.

Average number of FTEs by segment

	2014	2013
Total	25,776	22,235
G4	12,147	11,891
Other Europe	7,415	6,312
Latin America and Asia	6,120	3,958
Corporate, Other	94	74

Motivated and Talented People

The role of a global leader in optical retail starts with people – people who truly care about customers and who truly care about eye care. The commitment to eye care underpins everything GrandVision does, both in stores and online. GrandVision's aim is to attract people who share this passion for eye care and then help to grow and develop their expertise and careers. In every customer service oriented business, it is the people that make the difference. As eyesight is one of the most precious things, the quality and expertise of people caring for eyesight is even more important. Therefore, one quality all GrandVision employees need to share is: they simply need to care more – care more for customers, care more about quality, and care more about going the extra mile. *In eye care, we care more*, it starts with every individual in the GrandVision team, from the CEO to the newest recruit.

Training and Learning

GrandVision believes in challenging people and helping them to develop and grow so they can reach their true potential. The GrandVision Academy is GrandVision's international center of excellence for continuous training and learning. Combining modern technology and learning principles and providing a broad curriculum, the GrandVision Academy helps the employees to further develop their skills.

GrandVision Academy - selected courses

- Exclusive Brands Academy: Innovation
- Exclusive Brands Academy: Value Builders
- Exclusive Brands Academy: From Creation to Delivery
- Customer Journey Academy: The Welcome
- Customer Journey Academy: Simple Sales Process
- Customer Journey Academy: The Returning Customer
- Leadership Academy: GrandVision Management Program
- Leadership Academy: GrandVision Leadership Program

The GrandVision Academy offers learning journeys in multiple disciplines focused on functional skills, technical expertise and leadership development. These learning solutions are build with the business in mind and offered through a blended approach of online- and social learning and classroom facilitation. Currently, thousands of hours of training are being delivered across the globe, aiming to develop the competences of our employees worldwide. People who know more and care more about eye care are key to differentiating GrandVision's customer journey and to bringing the business forward.

Careers

GrandVision values knowledge, expertise and experience and works with qualified opticians and optometrists who can bring the highest standards of professional care to customers. In addition, the store manager and employees who combine strong optical and sales abilities with a passion for high quality and customer care, deliver the retail promise of *better eye care for customers* every day in every store worldwide. For more information on careers please visit: www.grandvision.com/careers.


GrandVision
GV
academy
vision expres
MOCJA
PAKIET BRĄZ

In 2014 GrandVision entered new markets in China, Peru and Turkey

Business Performance

Group Performance

GrandVision reports €2.8 billion Revenue and €449 million adjusted EBITDA for 2014. The company grew in revenue as well as in profit and made progress on the execution of its strategic priorities and the deployment of its global capabilities.

Global capabilities were deployed in purchasing and supply chain, sales and marketing and information technology. In purchasing and supply chain, efficiencies were achieved both in purchasing of products as well as in edging, mounting and logistics.
In the area of sales and marketing, the global rollout of the GrandVision commercial model has advanced further. Global information technology projects are under way for their first implementations during 2015.
The store network has been further optimized and expanded by means of investments in existing stores, new store openings and acquisitions. Acquisitions were done in GrandVision's current markets such as the United Kingdom, Germany, Italy and Colombia, and also enabled the entry into new markets China, Turkey and Peru.

The implementation of the global strategic initiatives in combination with operational and financial discipline has contributed to an enhancement of GrandVision's performance.

Revenue grew 8.5% at constant exchange rates to €2,817 million. Operating profit, measured by adjusted EBITDA (before exceptional and non-recurring items), increased with 12.3% at constant exchange rates to €449 million.

Results

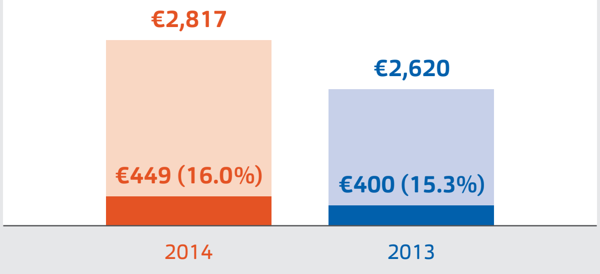
in millions of EUR (unless stated otherwise)	2014	2013	Change versus prior year	Growth at constant currency	Organic growth	Growth from acquisitions
Revenue	2,817	2,620	7.5%	8.5%	5.7%	2.8%
Comparable growth (%)	4.3%	1.6%	270bps			
Adjusted EBITDA	449	400	12.2%	12.3%	12.7%	-0.4%
Adjusted EBITDA margin (%)	16.0%	15.3%	68bps			
Operating result	289	270	6.8%			
Net result	175	156	12.0%			

Market conditions in 2014 improved across Europe, most notably in Northwestern and Eastern Europe. Customers remained focused on value and driven by prices and promotions. Market growth in the emerging countries remained strong, despite currency devaluation and economic stagnation in some Latin American countries and Russia.

The increase in revenue was the result of comparable growth of 4.3%, the impact of store network expansion and 2.8% growth from acquisitions. The comparable growth consisted mostly of volume growth, achieved in all three regional segments and the key product categories prescription eyeglasses, contact lenses and sunglasses.

Adjusted EBITDA increased 12.3% at constant exchange rates to €449 million with 12.7% organic growth and -0.4% impact from acquisitions. The adjusted EBITDA margin increased by 68 base points to 16.0%.

Revenue & Adjusted EBITDA margin
in millions of EUR



Operating result improved 6.8% to €289 million, and net result 12.0% to €175 million. The operating result included exceptional and non-recurring items amounting to a total of €24 million which mainly consisted of the effects of changes to the accounting treatment of long-term incentive plans and the costs of advisors, both related to the Company's listing on the stock market.

Net result increased faster than operating result, mainly due to lower cost of financing after the Group's refinancing of its main credit facilities.

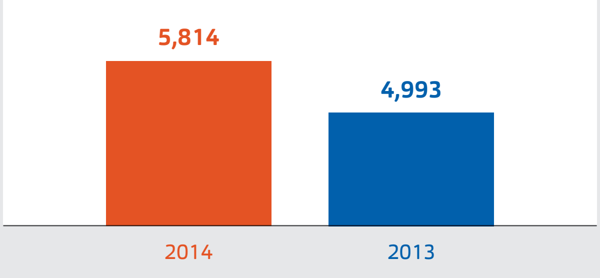
In several countries, such as Germany, the United Kingdom, Colombia and Italy, market positions were further strengthened through in-market consolidation. In addition, new markets Peru, Turkey and China were entered by acquiring local optical retailers in these countries. This brought the total number of countries in which GrandVision is present to 43. The acquisitions also resulted in the increase of the number of retail banners to 33.

Operational information

	2014	2013	% change versus prior year
System-wide sales (€ million)	3,145	2,927	7.5%
Number of stores	5,814	4,993	16.4%
Number of own stores	4,744	3,982	19.1%
Number of franchise stores	1,070	1,011	5.8%
Number of countries in which GrandVision is present	43	40	3
Number of retail banners	33	25	8
Number of employees (average FTE)	25,776	22,235	15.9%

The acquisitions, combined with continued organic expansion of the store network, have led to a total Group store network of 5,814 stores at year-end 2014, of which 4,744 own stores and 1,070 franchise stores.

Number of stores



The store base in Latin America & Asia passed the 1,000 stores mark during the year. The number of own stores grew faster than the number of franchise stores, as the acquired companies mainly operate own stores.

The average number of employees, measured in full-time equivalents (FTEs), increased by 15.9% to 25,776. This increase was also mainly driven by the increase in the number of stores from acquisitions and store openings.

System-wide sales, which reflects the retail sales of GrandVision's own stores plus that of its franchisees, increased 7.5% to €3,145 million, again driven by the combination of comparable growth, store openings and acquisitions.

Liquidity and debt

in millions of EUR	2014	2013	change versus prior year
Free cash flow	222	220	2
Capital expenditure	158	113	45
- Store capital expenditure	117	84	32
- Non-store capital expenditure	41	29	13
Acquisitions	233	14	219
Net debt	922	837	85
Net debt leverage (times)	2.1	2.1	0

GrandVision's operations continued to generate solid cash flows. In 2014, free cash flow amounted to €222 million, which was slightly above 2013 despite a significant increase in capital expenditure. Capital expenditure – excluding acquisitions – reached €158 million, invested mainly in the ongoing optimization and expansion of the store network. Non-store capital expenditure increased as well, mainly as a result of investments related to global IT projects and investments in the development of the regional tech-center structure. The cash outflow related to acquisitions in 2014 of €233 million was largely financed from free cash flow. As a result net debt increased from €837 million to €922 million with year-end net debt leverage remaining below 2.1 times adjusted EBITDA. Finally, in the fourth quarter of 2014 GrandVision substantially completed the preparations for the launch of its Initial Public Offering. In early 2015, GrandVision BV was converted to GrandVision N.V. and the number of shares outstanding increased from 12,722,187 (31 December 2014) to 254,443,840. Subsequently, the Initial Public Offering was launched in January 2015 and successfully completed with a listing on Euronext Amsterdam and the start of trading in GrandVision shares on 6 February 2015.

Group Financial Review

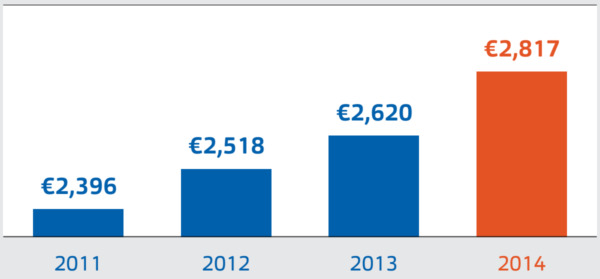
Summarized consolidated income statement

in millions of EUR	2014	% of revenue	2013	% of revenue
Revenue	2,817	100%	2,620	100%
Cost of sales and direct related expenses	- 744	-26%	- 672	-26%
Gross profit	**2,073**	**74%**	**1,948**	**74%**
Selling and marketing costs	- 1,446	-51%	- 1,377	-53%
General and administrative costs	- 342	-12%	- 303	-12%
Share of result of associates	3	0%	1	0%
Operating result	**289**	**10%**	**270**	**10%**
Financial result	- 34	-1%	- 41	-2%
Result before tax	**254**	**9%**	**229**	**9%**
Income tax	- 80	-3%	- 73	-3%
Result for the period	**175**	**6%**	**156**	**6%**

Revenue Development

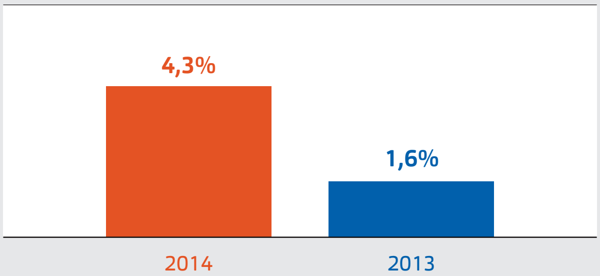
Revenue increased by 7.5% to €2,817 million in 2014. At constant currency rates, revenue grew by 8.5% as foreign currency fluctuations affected revenue by -1.0%.

Revenue
in millions of EUR



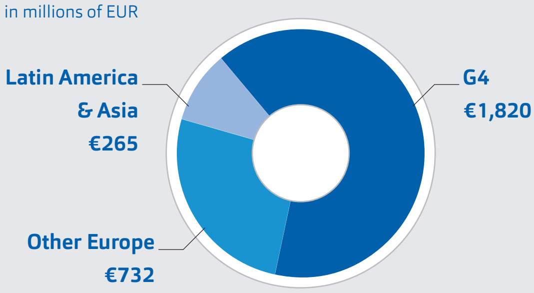
Revenue growth was primarily driven by organic growth of 5.7%. The main driver of organic growth was comparable growth of 4.3%, more than double the level of 2013. In addition, acquisitions had a positive impact of 2.8% on revenue.

Comparable growth



In the G4, which is comprised of the four largest European business units of GrandVision, the organic growth of 4.8% was primarily driven by comparable growth of 3.7% and a moderate level of store network expansion. In addition, acquisitions increased revenue by 2.0%, resulting in revenue growth at constant currency of 6.8% in the largest region of the group. In Other Europe, comparable growth of 4.1% and expansion of the existing store network resulted in organic growth of 6.1%. Acquisitions had a positive impact of 1.2% on revenue, resulting in revenue growth at constant currency of 7.3%, in line with the strategic direction to further consolidate these markets.

Revenue by segment in 2014
in millions of EUR



In Latin America & Asia, comparable growth of 9.4% and continued expansion of the existing store network resulted in organic growth of 11.0%. Acquisitions during the year, including the market entries into Peru, Turkey and China, increased revenue by 12.7%. This resulted in growth at constant currency of 23.7% in this region that at the end of 2014 comprised 20% of GrandVision's stores.

Revenue development

Revenue in millions of EUR (unless stated otherwise)	2014	2013	Change versus prior year	Growth at constant currency	Organic growth	Growth from acquisitions
G4	1,820	1,686	8.0%	6.8%	4.8%	2.0%
Other Europe	732	694	5.4%	7.3%	6.1%	1.2%
Latin America & Asia	265	240	10.5%	23.7%	11.0%	12.7%
Total	2,817	2,620	7.5%	8.5%	5.7%	2.8%

Revenue consisted mainly of sales of eye care products to customers through the Group's network of retail stores and, to a lesser extent, via online channels. The main categories of products sold are prescription eyeglasses, contact lenses and sunglasses. The majority of sales consisted of prescription eyeglasses. Sales volumes in 2014 were positively impacted by commercial execution, enhancing in-store conversion rates and customer loyalty. Global initiatives in purchasing and the supply chain resulted in savings that were largely reinvested in improving the competitiveness of the product offering.

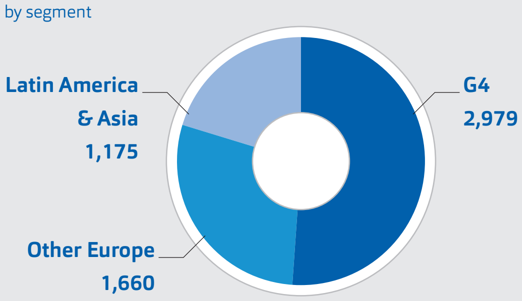
Revenue growth was also achieved in the contact lens category and its share of the overall revenue increased. Growth was achieved across all regions, primarily driven by increasing consumer demand for daily disposable contact lenses.

In line with the strategy to expand the sunglasses category, the proportion of sunglasses in the overall revenue increased, despite poor weather in the key summer months in Southern Europe. The global Solaris sunglasses store-in-store concept increased in number of points of sale across the Group.

Several acquisitions were completed during 2014. In the United Kingdom, 65 stores were purchased from Rayner and 19 stores from Conlons in February and December, respectively. In April, the Robin Look chain, consisting of 20 stores, was purchased in Germany. In Colombia 71 MultiOpticas stores were purchased in February. In August, a majority stake was acquired in Topsa in Peru, with 176 stores.

Number of stores in 2014

by segment

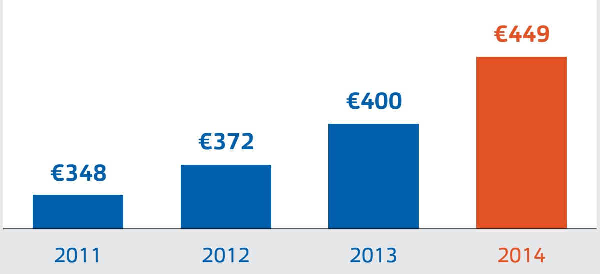


In September, GrandVision took over HAL's interests in Atasun in Turkey (96 stores) and in Red Star/GrandVision Shanghai in China (52 stores). In December 2014, GrandVision acquired Angelo Randazzo in Italy (101 stores and 89 points of sale in super- and hypermarkets). Including the contribution from acquisitions made in 2013 (mainly online contact lenses retailer Lenstore.co.uk) the total impact of acquisitions on revenue in 2014 amounted to €72 million, representing 2.8% of revenue growth.

Operational Profit Development

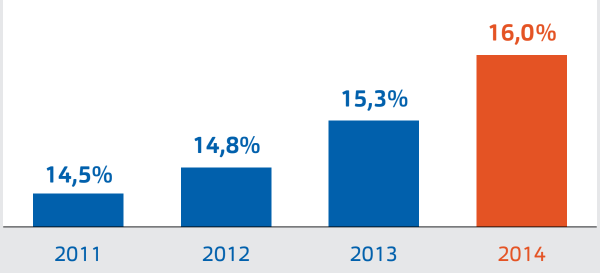
Adjusted EBITDA, which represents EBITDA excluding exceptional and non-recurring items and is GrandVision's key measure of operational profit, increased in 2014 by 12.3% at constant exchange rates to €449 million.

Adjusted EBITDA
in millions of EUR



In 2014, the adjusted EBITDA margin improved by 68 bps to 16.0% from 15.3% in 2013.

Adjusted EBITDA margin



The increase in adjusted EBITDA was driven by comparable growth in the existing stores, as revenues and gross profit increased while the increase of store operating cost in the areas of retail personnel cost, marketing and rental expenses was contained.

Adjusted EBITDA

Adjusted EBITDA in millions of EUR (unless stated otherwise)	2014	2013	Change versus prior year	Growth at constant currency	Organic growth	Growth from acquisitions
G4	364	326	11.8%	11.1%	10.2%	0.9%
Other Europe	114	92	23.7%	26.3%	25.0%	1.3%
Latin America & Asia	5	6	-7.8%	6.6%	108.7%	-102.1%
Other reconciling items	- 34	- 23	47.6%	49.8%	49.8%	0.0%
Total	449	400	12.2%	12.3%	12.7%	-0.4%

Operational execution in the stores in the areas of commercial policies, product portfolio, advertising, promotions and network optimization lies at the heart of the 2014 result development. Organic revenue growth was 5.7%, while adjusted EBITDA grew 12.7% organically. All three regions contributed to this development. The impact of currency fluctuations on the total adjusted EBITDA was -0.1%, while acquisitions had an impact of -0.4%, caused by the newly acquired companies in the emerging markets.

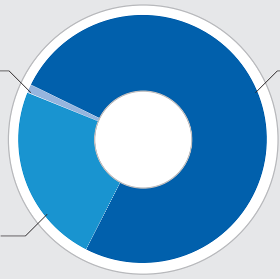
Adjusted EBITDA margin (%)	2014	2013	Change versus prior year
G4	20.0%	19.3%	69bps
Other Europe	15.6%	13.3%	232bps
Latin America & Asia	1.9%	2.3%	-38bps
Total	16.0%	15.3%	68bps

In the G4 segment, adjusted EBITDA increased 11.1% at constant currency and 10.2% organically to €364 million. The adjusted EBITDA margin improved 69 bps to 20.0%. This was mainly the result of comparable growth.

In Other Europe, adjusted EBITDA increased 26.3% at constant currency and 25.0% organically to €114 million. The adjusted EBITDA margin improved 232 bps to 15.6%, improving profitability levels in the direction of the level of the G4 segment.

In Latin America & Asia, the region with less mature markets and operations, the adjusted EBITDA increased 6.6% at constant exchange rates and 108.7% organically to €5 million. The adjusted EBITDA margin decreased 38 bps to 1.9%. The decrease was caused by the acquisitions in this region, which had an impact of -€6 million on the region's adjusted EBITDA.

Adjusted EBITDA by segment in 2014
in millions of EUR



Reconciliation EBITA, EBITDA, adjusted EBITDA and operating result

in millions of EUR	2014	% of 2014 revenue	2013	% of 2013 revenue
Adjusted EBITDA	**449**	**16%**	**400**	**15%**
Non-recurring items	- 24	-1%	-	0%
EBITDA	**426**	**15%**	**400**	**15%**
Depreciation and amortization of software	- 108	-4%	- 103	-4%
EBITA	**317**	**11%**	**297**	**11%**
Amortization and impairments	- 29	-1%	- 27	-1%
Operating result	**289**	**10%**	**270**	**10%**

The other reconciling items primarily consist of corporate costs not allocated to specific regions. These costs increased by 47.6% to €34 million in 2014. The increase was principally driven by expenses related to global corporate initiatives, and to a lesser extent by a slightly higher headcount in corporate positions.

EBITDA increased by 6.3%, from €400 million in 2013 to €426 million in 2014. This increase primarily reflects increased revenues in all segments underpinned by comparable growth, partly offset by the inclusion of exceptional and non-recurring items to a total of €24 million (of which €18 million non-cash) recorded in 2014. No exceptional and non-recurring items have been taken into account for 2013. The EBITDA margin was maintained at 15% of revenue in 2014. EBITA was affected by losses in Spain and in the emerging markets, which amounted to €21 million in the aggregate in 2014, compared with losses of €22 million in the aggregate in 2013. Depreciation and amortization of software increased somewhat as a result of increased capital expenditure in stores and global IT projects as well as from acquisitions.

As a percentage of revenue, expenditure was level compared with 2013.

The operating result increased by €19 million, or 6.8%, from €270 million in 2013 to €289 million in 2014, and included the exceptional and non-recurring items amounting to €24 million. The increase in the operating result was primarily due to increased revenue and the achievement of cost synergies as a result of comparable growth, network expansion and cost control in support functions. Goodwill impairment charges of €3 million were taken in 2014, relating mostly to Sunglass Island in Mexico. In 2013, impairment charges amounted to €8 million.

Financial Result

The financial result improved by 16.2%, from -€41 million in 2013 to -€34 million in 2014. This improvement was primarily due to lower financial costs as a result of lower borrowings and lower interest rates, partly offset by non-operational losses from currency fluctuations which were mainly related to intercompany loan positions denominated in euros in non-euro countries.

Average interest costs decreased, as the average principal amount of shareholder loans outstanding during the period was lower in 2014 compared to 2013. The shareholder loans (with a 5.545% annual interest rate) were fully settled and refinanced on 18 September 2014 with bank borrowings at a significantly lower interest rate.

Income Tax

Income tax increased from €73 million in 2013 to €80 million in 2014, primarily as a result of the increase in result before tax. The effective tax rate decreased from 31.9% in 2013 to 31.3% in 2014, primarily due to the tax accounting effects from tax loss carryforward positions: on the one hand, the recognition of a portion of previously unrecognized tax losses, and on the other hand, a reduced proportion of loss-making countries with unrecognized tax losses in the Group's total result before tax.

Result for the Period

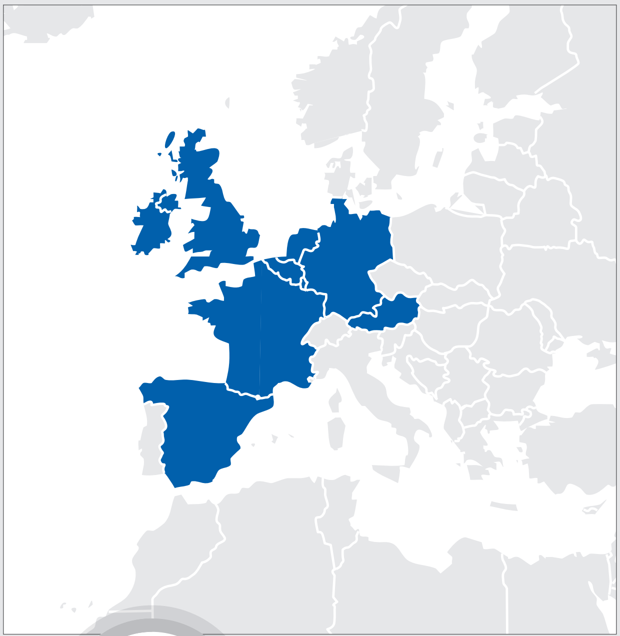
For the reasons outlined above, the result for the period increased by 12.0% to €175 million, compared with €156 million in 2013. Net result attributable to equity holders increased by 13.9% to €161 million in 2014 from €141 million in 2013. Earnings per share (basic and diluted) increased 13.9% to €12.86 in 2014 from €11.29 in 2013. Shortly before the listing on the Amsterdam stock exchange of 6 February 2015, the company issued new shares bringing the total outstanding number of shares at that moment to 254,443,840. Based on this, the 2014 pro forma earnings per share amounted to €0.64 per issued and outstanding share (2013: €0.56). The Company proposes not to pay a dividend over the 2014 results.

Segment Performance

G4

Countries
France
Monaco
Luxembourg
Spain
Netherlands
Belgium
Germany
Austria
United Kingdom
Ireland
Middle-East*

* Franchises in Bahrein, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates



16 Countries

G4

in millions of EUR (unless stated otherwise)	2014	2013	Change versus prior year	Growth at constant currency	Organic growth	Growth from acquisitions
Revenue	1,820	1,686	8.0%	6.8%	4.8%	2.0%
Comparable growth (%)	3.7%	0.6%	310bps			
Adjusted EBITDA	364	326	11.8%	11.1%	10.2%	0.9%
Adjusted EBITDA margin (%)	20.0%	19.3%	69bps			
Number of stores (#)	2,979	2,823	5.5%			
Number of employees (average FTE)	12,147	11,891	2.2%			

The G4 is comprised of the Company's four largest business units. Each of the G4 business units manages retail banners with own and franchise stores in multiple countries. The banners typically have leading positions in most of their markets. As of the end of 2014, there were 2,979 stores in the G4.

The G4 is characterized by mature operations, which demonstrate the potential and performance levels of the overall business. The G4 has solid cash generation and higher than average levels of profitability and operating margins. GrandVision has been growing its presence in the G4 through network expansion and in-market consolidation.

Revenue

Revenue increased by 8.0% to €1,820 million in 2014 including a positive impact of 1.2% from a stronger British pound against the euro. At constant currencies revenue growth was 6.8%. Excluding the impact from the acquisitions revenue growth came in at 4.8%. Comparable growth for the segment amounted to 3.7%, primarily driven by very good results in Germany and the United Kingdom and the ongoing recovery of Spain.

During 2014, GrandVision strengthened its market-leading position through further in-market consolidation in the United Kingdom and Germany. In the United Kingdom, the smaller optical retail chains Rayner and Conlons were acquired, while in Germany, the optical retail chain Robin Look was acquired. The effect of store expansion in 2014 and the full-year effect of store expansion in 2013 also had a positive impact on 2014 revenue.

In total, the number of stores in the G4 increased from 2,823 to 2,979 at year-end 2014, mainly as a result of organic store expansion in France and the Netherlands and the acquisitions in this region.

Adjusted EBITDA

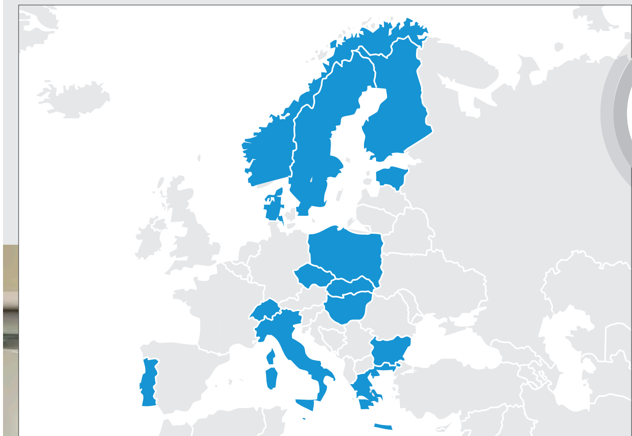
Adjusted EBITDA in the G4 increased by 11.1% at constant exchange rates to €364 million in 2014. Organic growth of adjusted EBITDA was 10.2%, while acquisitions had a positive impact on adjusted EBITDA of 0.9%. The adjusted EBITDA margin increased to 20.0% in 2014 from 19.3% in 2013. The organic growth of adjusted EBITDA in the G4 was primarily driven by the development of the comparable stores, which grew 3.7% in revenue. This development was led by Germany and the United Kingdom which achieved above-average comparable growth in the region. Operating expenses in the G4 increased at a lower rate than revenue and gross profit, resulting in the increase in adjusted EBITDA and adjusted EBITDA margin.

Other Europe

Countries
Finland
Estonia
Italy
Portugal
France*
Monaco*
Malta
Greece
Cyprus
Hungary
Czech
Slovakia
Bulgaria
Poland
Denmark
Sweden
Norway
Switzerland**

* Solaris stores in France and Monaco are included in Other Europe, other stores in France and Monaco in G4

** associate



18 Countries

Other Europe

in millions of EUR (unless stated otherwise)	2014	2013	Change versus prior year	Growth at constant currency	Organic growth	Growth from acquisitions
Revenue	732	694	5.4%	7.3%	6.1%	1.2%
Comparable growth (%)	4.1%	3.3%	80bps			
Adjusted EBITDA	114	92	23.7%	26.3%	25.0%	1.3%
Adjusted EBITDA margin (%)	15.6%	13.3%	232bps			
Number of stores (#)	1,660	1,412	17.6%			
Number of employees (average FTE)	7,415	6,312	17.5%			

Other Europe consists of the business units that operate in the Nordics, Eastern Europe and Southern Europe. These business units manage single or multiple optical retail banners in one or several countries. The banners are predominantly comprised of own stores and, to a lesser extent, franchise stores. Most banners have leading positions in their respective markets. At the end of 2014, there were 1,660 stores in the Other Europe segment.

The Other Europe businesses and markets are characterized by a lower level of maturity than the G4, especially in the Southern and Eastern European countries. GrandVision has been developing growth opportunities in this segment through gaining scale in these markets via expansion of its existing store base as well as through acquisitions.

Revenue

Revenue increased by 5.4% to €732 million in 2014, of which -1.9% was the impact from exchange rates, in particular from the Norwegian and Swedish krone against the euro. Therefore, at constant currencies revenue growth stood at 7.3%. Excluding the impact from acquisitions, organic revenue growth was 6.1%. Comparable growth was the main contributor to organic revenue growth in 2014 and came in at 4.1%, led by Northern Europe and Eastern Europe. Store expansion also contributed to total revenue growth. Acquisitions grew revenue by 1.2% in Other Europe in 2014, mainly from a number of individual store acquisitions. The acquisition in Italy of Angelo Randazzo occurred at the end of December and therefore did not materially impact 2014 revenue.

In total, the number of stores in Other Europe increased from 1,412 to 1,660 at year-end 2014, mainly as a result of the acquisition in Italy at year-end and organic store expansion in Portugal, Italy and Finland.

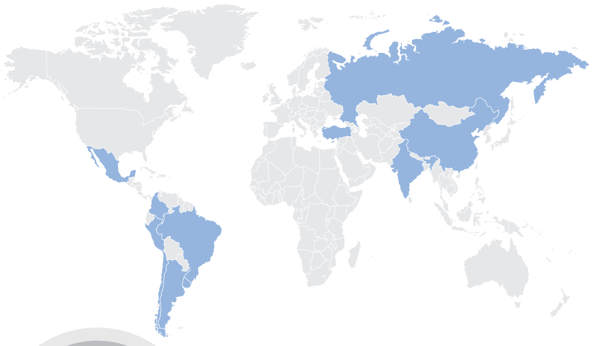
Adjusted EBITDA

Adjusted EBITDA in Other Europe increased by 26.3% at constant exchange rates and 25.0% organically to €114 million. The increase primarily reflects the comparable growth developments in Northern and Eastern Europe, where sales increased and operating expenses were kept under control. In Southern Europe market conditions were not as favorable and the key sunglasses markets experienced a relatively poor summer. Despite lower growth, the EBITDA and EBITDA margins also improved in these countries as a result of better scale and cost control. Acquisitions of a number of individual stores in Other Europe had a positive impact on adjusted EBITDA growth of 1.3%. The acquisition in Italy of Angelo Randazzo occurred at year end 2014 and therefore did not have a material impact on the results of the region. In total, the adjusted EBITDA margin increased to 15.6% in 2014 from 13.3% in 2013.

Latin America & Asia

Countries
Brazil
Chile
Mexico
Argentina
Uruguay
Colombia
Peru
Russia
India*
Turkey
China

* associate



11 Countries

Latin America & Asia

in millions of EUR (unless stated otherwise)	2014	2013	Change versus prior year	Growth at constant currency	Organic growth	Growth from acquisitions
Revenue	265	240	10.5%	23.7%	11.0%	12.7%
Comparable growth (%)	9.4%	3.1%	630bps			
Adjusted EBITDA	5	6	-7.8%	6.6%	108.7%	-102.1%
Adjusted EBITDA margin (%)	1.9%	2.3%	-38bps			
Number of stores (#)	1,175	758	55.0%			
Number of employees (average FTE)	6,120	3,958	54.6%			

The Latin America & Asia region consists of the business units that operate in Latin America and Asia, which includes Turkey and Russia. GrandVision operates leading optical retail banners in the Latin America & Asia segment. At the end of 2014, there were 1,175 stores in this region, predominantly own stores.

Latin America & Asia has the lowest level of maturity of GrandVision's regions. Markets have been growing faster on average than in Europe. GrandVision has been investing in this region to capture the growth opportunities offered.

Revenue

Revenue increased by 10.5% to €265 million in 2014, of which -13.2% is the negative impact from weaker Latin American currencies and the Russian ruble against the euro. Therefore, at constant currencies revenue growth stood at 23.7%. The segment saw comparable growth at 9.4% with contributions from all markets, several of which reported double-digit growth. The one exception was Sunglass Island in Mexico which was being repositioned for growth during the year. Revenue growth from store network expansion took place mainly in Mexico and Chile. Revenue growth from acquisitions amounted to 12.7%, mainly due to the acquisition of optical retailers MultiOpticas in Colombia, Topsa in Peru, Atasun in Turkey and Red Star/GrandVision Shanghai in China. The number of stores increased from 758 to 1,175 at year-end 2014 as a result of the acquisitions and, to a lesser extent, store openings.

Adjusted EBITDA

Adjusted EBITDA increased by 6.6% at constant exchange rates and 108.7% organically, to €5 million in 2014. Acquisitions had a profit-diluting effect on the region, offsetting contributions from Brazil, Colombia and Russia. The movements in adjusted EBITDA primarily reflect comparable growth, as well as a positive impact from store network expansion and a negative impact from acquisitions which are in their initial investment phase. The adjusted EBITDA margin decreased to 1.9% in 2014 compared with 2.3% in 2013. Excluding the 2014 acquisitions, the adjusted EBITDA margin would have come in at 4.6%.


HERITAGE
just cavalli

Financial Position

Summarized balance sheet

in millions of EUR	2014	2013
Property, plant and equipment	408	359
Intangible assets	1,334	1,123
Other non-current assets	166	127
Non-current assets	**1,908**	**1,609**
Inventories	240	193
Other current assets	266	236
Cash and cash equivalents	134	103
Current assets	**640**	**532**
Total assets	**2,548**	**2,141**
Total equity	**668**	**546**
Borrowings	960	845
Other non-current liabilities	273	203
Non-current liabilities	**1,233**	**1,048**
Trade and other payables	503	391
Borrowings	93	89
Other current liabilities	51	67
Current liabilities	**647**	**547**
Total equity and liabilities	**2,548**	**2,141**

Non-current assets increased from €1,609 million to €1,908 million. This was mainly the result of acquisitions and of investments in stores and global IT and supply chain infrastructure. Current assets increased from €532 million to €640m, also mainly from acquisitions in the fourth quarter. Total equity increased from €546 million to €668 million as a result of the 2014 net result, the acquisition of the interests of HAL in Turkey and China and the effect of IFRS2 on the treatment of long-term incentive plans. Non-current liabilities increased from €1,048 million to €1,233 million from the impact of additional borrowing to finance the acquisitions and the acquisitions themselves. Current liabilities increased from €547 million to € 647 million mainly as a result of acquisitions.

Cash Flows and Liquidity

GrandVision's liquidity requirements primarily relate to investments in existing and new stores, the payment of interest, and the need to fund its working capital requirements and acquisitions. The Company primarily relies on cash flows from operating activities to finance its operations. Another source of liquidity for the Company is borrowings under its revolving credit facility.

Cash Flows

The following table presents the primary components of GrandVision's cash flows.

Cash flow components

in millions of EUR	2014	2013
Net cash from operating activities	380	333
Net cash used in investing activities	- 374	- 113
Net cash used in financing activities	29	- 259
Inflow/(outflow) in cash and cash equivalents	**36**	**- 39**
Cash and cash equivalents at beginning of year	22	55
Inflow/(outflow) in cash and cash equivalents	36	- 39
Exchange gains/(losses) on cash and cash equivalents	- 3	6
Cash and cash equivalents at end of period	**54**	**22**

Net cash from operating activities increased by €47 million to an inflow of €380 million in 2014 in comparison with an inflow of €333 million in 2013. The movement is primarily a result of the increase in adjusted EBITDA. The exceptional and non-recurring items included in 2014 are mostly of a non-cash nature and, consequently, did not materially affect net cash from operating activities.

Net cash used in investing activities increased by 230% to an outflow of €374 million in 2014 in comparison with an outflow of €113 million in 2013. The movement is primarily a result of the higher level of acquisitions, as well as higher capital expenditure for store network expansion, store maintenance and the implementation of the new TechCenters and global IT projects.

Net cash used in financing activities is an inflow of €29 million in 2014 as some additional borrowing was needed to finance the acquisitions this year. In 2013 net cash used in financing acitivities was an outflow of €259 million, as most of the free cash flow generated by the company could be used to lower the level of borrowings as the acquisition level in 2013 was lower.

Capital Expenditure

Capital expenditure not related to acquisitions amounted to €158 million (5.6% of revenue) in 2014, compared with €113 million(4.3% of revenue) in 2013. The majority of capital expenditure consisted of maintenance capital expenditure used to optimize the existing stores. The following table shows the capital expenditure (not related to acquisitions).

Capital expenditure

in millions of EUR	2014	2013
Capital expenditure (not related to acquisitions)	158	113
Store capital expenditure	117	84
Non-store capital expenditure	41	29

Store capital expenditure increased by €32 million (38.2%) in 2014 compared with 2013, which primarily reflects the optimization of existing stores through renovations, along with the implementation of the standardized commercial proposition and new store openings. During 2014, GrandVision began to focus on the standardization of the store format and procurement, as well as on the reduction of its average store footprint compared with historical levels.

Non-store capital expenditure increased by €13 million in 2014 compared with 2013. Key areas of investments where the two new TechCenters in the United Kingdom and Portugal as well as the development of the global ERP system. The two new TechCenter are further additions to GrandVision's network of industrialized large-scale cutting, edging and fitting facilities in Europe. As of the end of the year, the new TechCenters became fully operational.

Cash Outflows Related to Acquisitions

In 2014, cash outflows related to acquisitions of companies (net of cash) amounted to €233 million, mainly relating to acquisitions in the United Kingdom, Colombia, Germany, Peru, Turkey, China and Italy. In 2013, cash outflows related to acquisitions of companies (net of cash) amounted to €14 million, mainly relating to acquisitions in the United Kingdom.

Free Cash Flow and Cash Conversion

Free cash flow for 2014 amounted to €222 million as operating cash flow generated compensated the increase in capital expenditure related to stores and global projects. Cash conversion stood at 52.2%. The following table shows the development of free cash flow and cash conversion in 2014. GrandVision uses free cash flow and cash conversion to monitor and manage its cash performance.

Free cash flow and cash conversion

	2014	2013
Free cash flow (€ million)	222	220
Cash conversion (%)	52.2%	54.9%

Financial Indebtedness

Throughout 2014, GrandVision maintained a financial position with sufficient liquidity to fund its strategy and pursue its growth ambitions. In addition to utilizing its own cash flow, it can alternatively draw on its revolving credit facility.

Net Debt and Leverage

During 2014, GrandVision refinanced its main credit facility and its shareholder loans, actions which contributed to a decrease in the Company's financial costs over the period and had a positive impact on the Company's results. A new €1.2 billion 5-year revolving credit facility was established in September 2014 with a group of international banks. The facility has 2 one-year extension options.

The following table presents GrandVision's net debt, as well as the net debt leverage, as of and for the periods indicated. Excluding the impact of any borrowings associated with and any adjusted EBITDA amounts attributable to any major acquisitions, the Company aims to maintain a leverage ratio (net debt over adjusted EBITDA for the last twelve months) of equal to or less than 2.0.

Borrowings

in millions of EUR (unless stated otherwise)	2014	2013
Total borrowings	1,053	934
Cash and cash equivalents	- 134	- 103
Derivatives (liabilities)	4	6
Derivatives (assets)	- 1	0
Net debt	922	837
Adjusted EBITDA	449	400
Net debt leverage (times)	2.1	2.1

Net debt amounted to €922 million as of 31 December 2014, compared with €837 million as of 31 December 2013. Net debt at year-end 2013 included shareholder loans, with aggregate principal amounts outstanding of €325 million.

Net debt expressed as a multiple of adjusted EBITDA for the last twelve months (also referred to as the leverage ratio) traded below 2.0x throughout the year, and stood at 2.1 as of 31 December 2014. The increase was mainly due to the financing of the acquisition of Angelo Randazzo in Italy close to year-end.


Lenzen - Lentilles
Lenzen - Lentilles
PHILIPS
GrandOptical


5,814 stores in
43 countries
with more than
500,000 people
visiting the
GrandVision
stores every day

Corporate Governance

Governance and Compliance

GrandVision is committed to respecting the needs of its stakeholders. Effective governance underpins the way GrandVision does business. GrandVision fully endorses the core principles of the Corporate Governance Code and is committed to adhering to the best practices of the Code as much as possible.

Structure and Responsibilities

GrandVision has a two-tier governance structure consisting of a Management Board and a Supervisory Board. Currently the Management Board comprises the CEO and the CFO, while the Supervisory Board is made up of five Supervisory Directors.

Management Board

The Management Board is responsible for the achievement of GrandVision's objectives, including those related to the areas of strategy, policy, quality and sustainability as well as the day-to-day running of the Company. In performing its duties, the Management Board is guided by the interests of GrandVision and all its stakeholders.

Supervisory Board

The Supervisory Board oversees GrandVision's overall performance, including the policies pursued and results achieved by the Management Board. It monitors the Company's financial situation and reviews the financial statements and the strategy pursued by the Management Board. It approves important proposals for capital expenditures, acquisitions, divestments and changes to financial and other corporate policies, as well as the annual budget and long-term plan.

The Supervisory Board also has responsibility for evaluating the performance of the Management Board and the CEO and CFO individually. It proposes any changes to the composition of the Management Board which it deems necessary to the General Meeting. The Supervisory Board is also responsible for reviewing its own performance and proposing any changes in its composition to the General Meeting. The Supervisory Board ensures that the Company's policies are formulated and pursued in the interests of all of GrandVision's stakeholders and that these policies are sustainable and meet ethical standards.

The Supervisory Board appoints an Audit Committee, a Nomination Committee and a Remuneration Committee from among its members. The Supervisory Directors have been carefully selected to ensure that they offer GrandVision a comprehensive range of relevant experience in areas such as international retail, customer service, supply chain management and finance.

Audit Committee
The duties of the Audit Committee include supervising and monitoring the Management Board and the CEO and CFO individually, as well as advising them in relation to the operation of the Company's internal risk management and control systems. The Audit Committee advises the Supervisory Board on the exercise of certain of its duties, and makes nominations and prepares reviews for the Supervisory Board in relation to this. The Audit Committee supervises the submission of financial information by the Company, compliance with recommendations made by internal and external accountants and the Company's policy on tax planning and the Company's financing arrangements. It assists the Supervisory Board in monitoring the use of the Company's information and communication technology. It furthermore maintains regular contact with, and supervises, the external accountant and makes a nomination for an external accountant to be appointed by the General Meeting. The Audit Committee also issues preliminary advice to the Supervisory Board regarding the approval of the Annual Accounts, the annual budget and any major capital expenditures. The Audit Committee meets at least four times a year.

Nomination Committee
The Nomination Committee advises the Supervisory Board on its duties regarding the selection and appointment of the CEO and the CFO and Supervisory Directors. The duties of the Nomination Committee include establishing the selection criteria and appointment procedures for the CEO and the CFO and Supervisory Directors, and drawing up the profile for the Supervisory Board. It also periodically reviews the size and composition of the Management Board and the Supervisory Board, and the performance of the CEO and CFO. The Nomination Committee also proposes appointments and reappointments. It supervises the Management Board's policy on the selection criteria and appointment procedures for the CEO and the CFO. The Nomination Committee meets at least once every year.

Remuneration Committee
The Remuneration Committee advises the Supervisory Board on the exercise of its duties regarding the remuneration policy for the CEO and CFO, all individual members of the GrandVision Management Team or GVMT (a committee of senior managers meeting with the CEO and the CFO on a regular basis) and other senior managers within the Company. This includes analyzing any changes in the Code and drawing up proposals for the Supervisory Board on these subjects. The duties of the Remuneration Committee include drawing up proposals for the Supervisory Board on the remuneration policy for the CEO and the CFO, to be adopted by the General Meeting, and on the remuneration of the CEO and the CFO, to be determined by the Supervisory Board. The Remuneration Committee also prepares a remuneration report on the implementation of the remuneration policy for the CEO and the CFO during the respective year, to be adopted by the Supervisory Board. The Remuneration Committee meets at least three times every year.

The rules for all the Committees are published on the GrandVision corporate website: www.grandvision.com.

GrandVision Shareholders

HAL as the Majority Shareholder
GrandVision's majority shareholder is HAL Optical Investments B.V., an indirect subsidiary of HAL Holding NV, an international investment company. All shares in HAL Holding NV are held by HAL Trust and form the Trust's entire assets. HAL Trust units are quoted on Euronext Amsterdam.

The remaining GrandVision Shares are held by institutional and retail investors, the Management Board and senior managers of GrandVision, and as treasury shares by GrandVision itself.

Read more on GrandVision's shareholders in the chapter of the Annual Report entitled "GrandVision's Share".

Compliance with the Corporate Governance Code

GrandVision fully endorses the core principles of the Corporate Governance Code and is committed to adhering to the best practices set out in the Code as much as possible. The Company fully complies with the Code, with the exception of the following provisions:

Best-practice provision II.1.1: *A management board member is appointed for a maximum period of four years. A member may be reappointed for a term of not more than four years at a time.* The Articles of Association and the Management Board Rules do not stipulate a maximum period for the appointment of the CEO and the CFO. The service agreements for the CEO and the CFO are for an indefinite period of time, thereby maintaining the same term that was included in their respective employment agreements with the Company before its conversion into a public limited liability company.

Best-practice provision II.2.9: *The company may not grant its management board members any personal loans, guarantees or the like unless in the normal course of business and on terms applicable to the personnel as a whole, and after approval of the supervisory board. No remission of loans may be granted.* In the past, the CEO and the CFO were granted a loan to acquire part of the shares they hold in the Company; at the end of the financial year 2014, these loans are partly still outstanding. The CEO fully repaid his loans to GrandVision in February 2015. Granting these loans was in line with past practice but will not be continued in the future.

Best-practice provision III.5.11: *The remuneration committee may not be chaired by the chairman of the supervisory board or by a former member of the management board of the company, or by a supervisory board member who is a member of the management board of another listed company.* Mr. Groot is the Chairman of the Remuneration Committee and a member of the management board of another listed company. This situation will be allowed to continue in light of Mr. Groot's extensive knowledge and experience.

Management Board

Theo Kiesselbach, CEO

A German national, Mr. Kiesselbach joined the Company in 2002 as CEO of Apollo-Optik and Pearle Central Europe. Following the acquisition of GrandVision SA by HAL, Mr. Kiesselbach was appointed Group CEO of GrandVision SA in 2006. When GrandVision BV was created in 2011, he became the CEO of the newly merged company. Since then he has managed GrandVision's continued international expansion. Mr. Kiesselbach began his career at McKinsey & Co. in 1988. From 1998, he held executive roles at a number of German retail companies before joining GrandVision. Mr. Kiesselbach holds a graduate degree in Economics and Engineering and a PhD in International Marketing.

Paulo de Castro, CFO

A Portuguese national, Mr. de Castro joined GrandVision as CFO in January 2012. Prior to this, he was part of Unilever, which he joined in 1991, working in several positions with increasing levels of responsibility in different European countries. Between 1998 and 2000, he served as Personal Assistant to the Unilever Chairman. From 2000 onwards, Mr. de Castro served as Vice-President Finance in France and subsequently as CFO of Unilever Canada, before taking over as Controller Europe in 2007. From 2009, he assumed responsibility as CFO of the Unilever Supply Chain Company in Switzerland. Mr. de Castro holds a Master's degree in Biotechnology Engineering and an MBA.

Supervisory Board

Cornelis (Kees) van der Graaf

A Dutch national, Mr. van der Graaf is a former member of Unilever's Board of Directors and Executive Committee. He is holding non-executive director positions at Carlsberg, EnPro, and OCI. He is founder and Chairman of FSHD Unlimited, a bio-tech start-up.

- Chairman
- First appointment: 2011
- Reappointment: 2014
- Current term of office: Up to and including the 2018 Annual General Meeting
- Member of the Nomination Committee
- Member of the Remuneration Committee

Melchert (Mel) Groot

A Dutch national, Mr. Groot is Chairman of the Executive Board of HAL Holding and the former CEO of GrandVision SA and Pearle Europe BV. He serves on the Supervisory Board of Safilo, the world's second largest manufacturer and distributor of frames and sunglasses, and was the Chairman from 2011 to 2014 of AudioNova International, one of Europe's leading hearing aid retailers. In addition, he is Vice-Chairman of the Supervisory Board of Koninklijke Vopak N.V. and a member of the Supervisory Board of Anthony Veder Group N.V.

- Vice-Chairman
- Non-independent director
- First appointment: 2011
- Reappointment: 2012
- Current term of office: Up to and including the 2015 Annual General Meeting
- Chairman of the Nomination Committee
- Chairman of the Remuneration Committee

Peter Bolliger

A Swiss national, Mr. Bolliger is the former CEO of UK shoe retailer Clarks. Before joining Clarks, he was the Managing Director of Harrods. During that same period, he also served as Chairman of Kurt Geiger and Executive Director of House of Fraser. Mr. Bolliger is currently a non-executive director at Stella International, a leading developer and manufacturer of quality footwear products, based in Hong Kong.

- First appointment: 2011
- Reappointment: 2013
- Current term of office: Up to and including the 2017 Annual General Meeting
- Member of the Audit Committee

Jeffrey (Jeff) Cole

A US national, Mr. Cole is the former Chairman and CEO of Cole National Corporation, a leading optical retailer in North America. He currently serves as a non-executive board member for Safilo, the world's second largest manufacturer and distributor of frames and sunglasses, and Hilco, a US-based manufacturer and distributor of eyewear accessories. He also is a Trustee of the Cole Eye Institute, which forms part of the Cleveland Clinic, one of the leading eye research and treatment centers in the United States.

- First appointment: 2011
- Reappointment: 2015[1]
- Current term of office: Up to and including the 2017 Annual General Meeting

Willem Eelman

A Dutch national, Mr. Eelman is the CFO of C&A Europe, a leading clothing retailer in Europe and a number of developing and emerging markets. Prior to joining C&A, he worked at Unilever in several senior commercial and financial roles. His most recent roles at Unilever included CFO Europe (2007-2010) and CIO (2010-2014).

- First appointment: 2011
- Reappointment: 2015[1]
- Current term of office: Up to and including the 2016 Annual General Meeting
- Chairman of the Audit Committee

1 Reappointment following 14 October 2014 shareholder resolution effective 5 February 2015

Remuneration Report

The objective of GrandVision's remuneration policy is to attract, motivate and retain management that is qualified for an international company of GrandVision's size by means of a market-compliant policy.

In light of GrandVision's listing on Euronext Amsterdam, the incentive plan for the Management Board was reviewed and the Supervisory Board established the remuneration of the members of the Management Board in accordance with the Management Board remuneration policy as adopted and the arrangements for remuneration in the form of shares or rights to subscribe for shares that have been approved by the General Meeting effective as of 10 February 2015. As a listed company, GrandVision recognizes the principles of good governance, and best-practice provision II.2.12 of the Corporate Governance Code stipulates that information must be included in the remuneration report as to the manner in which the remuneration policy of the preceding year has been implemented. In addition, it must contain an overview of the remuneration policy envisaged by the Supervisory Board for the upcoming and subsequent years. The first part of this remuneration report describes the remuneration for the members of the Management Board that was established by the Supervisory Board in 2014, while the second part sets out the remuneration policy that has been adopted for 2015 and subsequent years as envisaged by the Supervisory Board. The report concludes with the details of the remuneration policy applied for the Supervisory Board in 2014.

Remuneration for the Management Board in 2014

The remuneration of the Management Board in 2014 is comprised of a fixed and variable part and includes a fixed base salary, a variable remuneration component, post-employment benefits, long-term incentive plan benefits and other long-term benefits. The total aggregate remuneration received by the Management Board in 2014 was €3,382,000. The total aggregate amount of fringe benefits amounted to €101,000 for the financial year ended 31 December 2014.

For more detail on the 2014 remuneration of the members of the Management Board, see note 34.4 to the Consolidated Financial Statements entitled "Remuneration".

Equity Holdings

The number of shares owned by the Management Board as of 31 December 2014 is set out in the table below.

	Shares owned
Th. A. Kiesselbach (CEO)	50,693
P.J. de Castro Fernandes (CFO)	12,551

Shortly before the IPO, the Company's total share capital was changed, resulting in a factor 20 increase in all outstanding shares. The number of shares owned by the CEO and the CFO as of 20 January 2015 therefore translates to the following:

Adjusted for share issuance	Shares owned
Th. A. Kiesselbach (CEO)	1,013,860
P.J. de Castro Fernandes (CFO)	251,020

In the context of GrandVision's Initial Public Offering on 6 February 2015, Mr. Kiesselbach agreed to sell 10% of his shares for the offer price to the selling shareholder shortly after settlement. This resulted in a decrease of Mr. Kiesselbach's ownership of shares from 1,013,860 shares to 912,474 shares as of 10 February 2015. Mr. de Castro has not sold any of his shares in the offering.

Loans

In the past, the CEO and the CFO have been given the opportunity to participate in the capital of the Company based on a participation arrangement, enabling them to purchase shares in the Company for which an interest-bearing loan up to a certain amount could be obtained from the Company. These shares were to be kept by the participant for a certain period (generally three to four years). As a security for the Company in respect of the loan, the purchased shares were pledged. The amounts of the loans, including accrued interest outstanding, as per 31 December 2014 are shown in the table below. In February 2015, the CEO repaid his loans and accrued interest fully. Therefore at the publication date of the Annual Report the balance of loans including accrued interest outstanding of Mr. Kiesselbach has become zero.

Name of key management	Amount of loan (in thousands of EUR)
2014	
Th. A. Kiesselbach	1,157
P.J. de Castro Fernandes	1,494
2013	
Th. A. Kiesselbach	1,199
P.J. de Castro Fernandes	1,436

Phantom plan awards

The CEO and the CFO have participated in the wider GrandVision phantom long-term incentive plan. This plan consists of phantom shares and phantom share appreciation rights (SAR's) which give the participants a right to shares of GrandVision at vesting, typically 3 to 4 years after the award. A wide group of senior management of GrandVision participates in this plan. In 2011 to 2014 the CEO and CFO have received awards, the following table shows the number of awards at 31 December 2014 (adjusted with the factor 20 to reflect the twenty-fold increase of the total share capital of the company on 20 January 2015, without impact on the value of the awards):

	Phantom shares	Phantom SAR's
Th. A. Kiesselbach (CEO)	88,166	143,900
P.J. de Castro Fernandes (CFO)	44,564	52,840

Remuneration Policy

The remuneration policy is the framework used by the Supervisory Board to establish the remuneration of GrandVision's CEO and CFO for 2015. This policy is transparent and promotes the interests of the Company in the medium and long term, and incentivizes performance. The remuneration policy consists of the following fixed and variable components, which are discussed in more detail below:

- Fixed base salary
- Short-term variable remuneration
- Long-term incentive plan
- Pension and fringe benefits
- Severance arrangements

Fixed Base Salary

The base salary of the CEO and the CFO is a fixed cash compensation paid on a monthly basis and is set by the Supervisory Board at a competitive level, taking into account the performance, experience, capability and marketability of the CEO and the CFO.

Short-Term Variable Remuneration

The CEO and the CFO are entitled to an annual performance-related variable remuneration payment settled in cash. 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, an approach which is in line with GrandVision's long-term strategy.

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.

Typically, 60% of the variable remuneration component is related to two or three financial objectives, usually GrandVision's total net revenue and EBITA. Another 30% is based on three to four personal objectives with measurable targets, and 10% is related to one shared Group objective.

This objective is based on a specific Group-wide focus and shared by all senior managers throughout GrandVision. After the performance period has elapsed, an evaluation is carried out to determine whether, and if so, to what extent, the performance criteria have been met. 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.

Long-Term Incentive Plan

The long-term incentive plan aligns the interest of the CEO and the CFO with those of the shareholders. The CEO and the CFO will be eligible to receive annual awards under the new GrandVision Long-Term Incentive Program 2015 ("LTIP 2015"), which was approved by the General Meeting on 14 October 2014. Participation in the LTIP 2015 will commence in May 2015 and under the LTIP 2015, annual awards can be received in either cash or shares or options for shares, as determined by the Remuneration Committee. The maximum number of awards in shares or options for shares to be granted to the CEO and the CFO has been set by the General Meeting at 240,000 shares per year.

The performance conditions for the LTIP 2015 are, among others, total net revenue growth and earnings per share growth after three years. Depending on the actual fulfillment of these performance conditions, the CEO and the CFO will receive the awards that have vested. After vesting, the shares, if any, must be held in deposit for two years, after which period they may be sold, provided that the CEO at all times holds shares in deposit with a value equal to at least two gross annual salaries, and the CFO at all times holds shares in deposit equal to at least one gross annual salary.

Pension and Fringe Benefits

The CEO and the CFO are eligible to receive post-employment benefits by participating in a defined benefit plan and/or to elect to receive a cash payment in lieu of pension. The CEO receives a monthly cash sum instead of contributions to the defined benefit pension plan. The CEO and the CFO are entitled to customary fringe benefits, such as a company car, expense allowances and reimbursement of any costs incurred.

Severance Arrangements

Contractual severance arrangements for the CEO and the CFO are compliant with the Code.

Clawback

A "clawback" clause is included in the service agreements of the CEO and the CFO, applicable in a situation in which the financial or other information on which the payout of variable remuneration was based is determined to be incorrect.

Supervisory Board Remuneration

The General Meeting determines the remuneration of the members of the Supervisory Board. The remuneration of the Supervisory Board is not linked to the financial results of the Company and they do not receive any performance- or equity-related compensation nor accrue any pension rights with the Company. None of the Supervisory Directors may hold shares, options for shares or similar securities other than as a long-term investment.

Remuneration for the Supervisory Board in 2014

The total aggregated remuneration of the Supervisory Board in 2014 was €201,000. Supervisory Board members are reimbursed for all reasonable costs of travel, accommodation and representation incurred in the performance of their duties. As of 31 December 2014, none of the Supervisory Board members held any GrandVision shares or options on GrandVision shares. For more detail on the 2014 remuneration of the Supervisory Board, see note 34.5 to the Consolidated Financial Statements, entitled "Supervisory Board Remuneration".


Garantiert immer
BEST
PREIS
Garantie
Preis
Gratis
SERVIC
Garant
Brillenserv
Service
Garanti
Reinigung, Anpa
und kleine Reparatur
lebenslang
nate lang
APOLL
Mikrofaser-Brillentuch

Risk Management

Risk Management and Control Systems

Risk management plays an important role in the implementation of GrandVision's strategy. The objective of GrandVision's risk management and internal control framework is to achieve a balance between an effective and professional organization on the one hand and a risk profile that GrandVision is aiming for as a business on the other hand. The risk management and internal controls make a significant contribution to the prompt identification and adequate management of strategic, market and business risks. They also help to achieve the operational and financial goals and to comply with the applicable legislation and regulations.

The Management Board, under the supervision of the Supervisory Board, bears ultimate responsibility for GrandVision's risk management and internal control framework. The country management teams are responsible for implementing the strategy, achieving results, identifying underlying opportunities and risks, and ensuring effective controls. They have to act in accordance with the policy and standards set by the Management Board, in which they are supported by global functional teams.

GrandVision's Group-wide governance and internal control standards provide a necessary foundation for growth and are a necessary precondition for this growth. Both internal and external resources are established at Group level to not only detect control issues, but to proactively support the country management teams in solving the underlying issues. GrandVision has developed and deployed a comprehensive internal control framework comprising a set of minimum internal control standards that all business units must comply with. Compliance is reported on and monitored throughout the organization via a comprehensive internal audit program, of which the management is partly outsourced to an international audit firm. Furthermore, the quality of internal control performance forms an integrated part of the management incentive schemes on a country level.

Risk Management Approach

In general, GrandVision adopts a prudent approach towards risk-taking. The Company's approach to risk cannot be captured in one figure or formula. Risk boundaries are set by the Company's strategy, values, policies and corporate directives. The approach to risk differs per type of risk:

- Strategic risk – The Company is prepared to take above-average calculated and carefully weighted risk in pursuing its ambitions.
- Operational risk – The Company strives to minimize risks relating to the implementation of its strategy.
- Financial risk – The Company has adopted a prudent financing strategy.
- Compliance risk – The Company strives for full compliance with all legal and regulatory requirements.

Key Risk Categories

The risk categories that potentially have the greatest adverse effect on the achievement of GrandVision's objectives are described below. This is not an exhaustive list. There may be risks or risk categories that have currently been categorized as not having a significant impact on the business but that could develop into key risks. The objective of GrandVision's risk management systems is to identify changes in risk profiles and any risk-related incidents in a timely manner, so that appropriate and timely measures can be taken.

Strategic Risk

Macroeconomic risk

a) The risk of macroeconomic conditions or geopolitical risks on a global or regional level worsening and threatening GrandVision's ability to achieve its financial targets and strategic priorities

Its presence on several continents and in 43 different countries means GrandVision is not dependent on a single country or political system. As such, the risk is spread and difficulties in one country or market may be compensated by opportunities in other markets.

However, no global company, such as GrandVision, is immune to global macroeconomic or geopolitical risks. Due to the uncertainty about current global economic conditions and the geopolitical situation in certain regions, consumers and businesses may continue to postpone spending. While eye care is not considered entirely discretionary spending, the macroeconomic conditions do have an impact on the optical industry as a whole.

Due to some of the regions and countries in which GrandVision operates (i.e. Latin America, China, Russia and Turkey) political risks for the Company, including changes to local tax systems, could suddenly increase. Any such developments and the potential impact on the Company are carefully monitored and, if needed, will lead to actions or additional mitigation strategies. The operating businesses are required to include and continuously update risk mitigation strategies in their plans.

b) Changing local conditions in the countries of operation, whether economic, political, legal or other

Some of the regions in which GrandVision operates or may be planning to operate have recent histories of economic, social and political instability. The associated risks relate to a wide range of factors, including but not limited to the following: currency restrictions and exchange controls; other restrictive or protectionist policies and measures; diverse systems of law and regulation; the imposition of unexpected taxes or other payment obligations on the Group; changes in political, regulatory and economic frameworks; economic sanctions (e.g., the current economic sanctions imposed on Russia may impact customer demand as well as the supply chain); risks relating to political unrest and terrorism; exposure to possible expropriation, nationalization, nullification or modification of contract terms, import regulations (e.g., the import restrictions impacting the supply chain in Argentina) or other government actions; divergent labor regulations and cultural expectations regarding employment. Specific major events, including natural disasters, could also have an adverse impact on the Group's regional business activities or results of operations. No predictions can be made as to governmental regulations applicable to the Group's operations that may be enacted in the future, changes in political regimes or other political, social and economic instability, or as to risk of wars, terrorism, sabotage, other armed conflicts and general unrest.

Being a global enterprise exposes GrandVision to these risks, but at the same time the global spread of the Company's operations makes this a diversified portfolio of risks.

Mergers and acquisitions, integration efforts and emerging market expansion

c) The risk of GrandVision being unable to find suitable acquisition candidates or investment opportunities or being unable to successfully integrate, or achieve the expected benefits from past or future acquisitions

GrandVision has a strong history of growth, marked by the many acquisitions it has made over the years. The implementation of this strategy requires that the Companies continues the ability to identify and pursue suitable acquisition candidates and investment opportunities.

GrandVision has the scale and scope to be able to achieve competitive advantages, increased market shares in relevant markets and cost savings from acquisitions, and is capable of integrating the acquired companies in such way that they perform in line with assumptions and expectations and complement the business and its strategy. The Company has ample experience with antitrust and other regulations and has systems in place to ensure compliance.

d) The risk of the implementation of the growth strategy in emerging markets by GrandVision failing or stalling

GrandVision is pursuing further growth through store expansion and acquisitions in emerging markets in its Latin America & Asia segment, where markets are growing faster on average than in Europe. In these markets, economies of scale and the related savings resulting from a dense store network and a combined experience and resource base may not always be in place yet. The Company's stores in the Latin America & Asia segment generally have lower gross profit margins than stores in other geographies. However, improving profitability in emerging markets is important for the Company to improve its overall profitability. This depends, in part, on the ability to realize synergies on a local level for example to allow general and administrative costs to be spread over a more extensive store network and in marketing and advertising activities.

Over the years, GrandVision has acquired, integrated and improved the performance in these new markets. The management teams in these regions will continue to focus on these risk area's.

Market risk

e) The risk of vision-correction alternatives to prescription eyeglasses becoming more widely available, and therefore potentially impacting GrandVision's core business

If vision-correction alternatives to prescription eyeglasses and contact lenses, such as refractive surgery and potentially even genetic manipulation, were to become widely available and accepted, this could impact on the Company's performance and profitability. However this trend is unlikely to take off on a large scale in the near future, partly due to the costs of the required equipment, but also due to the unwillingness of consumers to adapt to these alternatives.

f) The risk of severe competition in the eyewear industry leading to a deterioration in the Group's performance and/or a loss of market share

The retail market in which GrandVision operates is highly competitive. Competition is based on, among other things, local marketing activities, the quality of service provided, the range of products and brands offered, the price of prescription eyeglasses, contact lenses and sunglasses, and the breadth of distribution networks.

The Company is constantly reviewing its commercial position in each and every market in which it operates and invests in activities on a local level on an ongoing basis. This includes the Company's commercial policies, marketing plans, store network optimization, continuous recruitment and training of personnel, and looking for new business opportunities in the form of acquisitions with, among other things, store acquisitions.

GrandVision's financial strength, wide geographic reach and its large network of directly or indirectly operated stores, gives it significant protection against local competitors. The market is still fragmented and the Company intends to play a leading role in its consolidation.

Operational Risk

a) The risk of changes in the distribution channels for certain optical products, including the increasing importance of online distribution, impacting GrandVision's results

Although alternative distribution channels, such as pure online players or non-specialized retail outlets, are increasingly popular, the value-added services provided by opticians and optometrists in stores are not available in the same manner through such alternative distribution channels.

The need for personal interaction with customers to carry out eye tests and examinations and to correctly fit eyewear represents a significant barrier for online retailers in the optical retail arena. Most customers still prefer to select and try optical products in physical retail stores, and the personal contact with qualified optometrists and opticians creates trust and loyalty.

These factors currently limit the penetration level of purely online optical retailers. Nevertheless, there is a higher tendency for contact lenses (after their initial fitting), ready readers and plain sunglasses to be purchased online. While online sales of optical products represented only approximately 4% of the aggregate optical retail market globally in 2013, sales through this channel are expected to continue to increase in the future. GrandVision is adapting to this trend by building the integration of its physical stores with its online retail channel to create a simple and transparent customer journey.

b) The risk of any applicable laws and regulations and the interpretation or enforcement thereof impacting on GrandVision's ability to meet its strategic priorities, or increasing the cost of doing business

The sale of products and provision of services by GrandVision is subject to regulation and oversight. In some of the countries of operation, requirements and restrictions of a medical nature apply (e.g. limiting the undertaking of eye tests and examinations to ophthalmologists or licensed optometrists), regulating relationships between ophthalmologists or licensed optometrists on the one hand and opticians on the other, imposing diploma requirements for staff performing eye tests and examinations in-store, or restricting advertising by health care professionals, including optical retailers. In addition, there can be social-security and health-insurance reimbursement systems that affect pricing structures, such as partial reimbursement of eyewear-related costs by the government or the purchase of eyewear being income tax-deductible. Other regulatory requirements relate to distribution channels, online sales, consumer protection laws, antitrust, and financial and tax laws.

GrandVision reviews the existing laws and regulations applicable to its business across the multiple jurisdictions in which it operates on an ongoing basis, and has systems in place to adapt to any changes in them.

c) GrandVision relies upon the skills and experience of key managerial staff and other key personnel. Loss of key people may impact negatively on the Company's results

GrandVision's performance and success are substantially dependent on retaining its executives and members of its managerial staff who are experienced in the business. This includes country-level operational leaders. In addition, the business results depend substantially upon key personnel's optical know-how and the knowledge of qualified store personnel such as optometrists, opticians and optical sales experts.

GrandVision recognizes that its employees are at the heart of the business and it is the people who work with great passion each day to make the motto "In eye care, we care more" a reality. GrandVision invests in permanent training and education for its staff, including via the GrandVision Academy which was newly created in 2014, in order to maintain expert knowledge and make sure its staff remains up to speed with the developments in the market. Staff remuneration is in conformity with the market, and GrandVision aims to create a working environment in which passion and creativity can thrive.

The Company's IPO in early 2015 helps to improve GrandVision's attractiveness as an employer and its ability to attract and retain talented people.

d) GrandVision operates central cutting and edging facilities and there is a risk of disruptions or other performance failures at these facilities

GrandVision operates technology laboratories ("TechCenters") for finishing and edging lenses and assembling prescription eyeglasses. These facilities play an important role, and it is foreseen that their role in the Company's supply chain will only increase in the future. GrandVision is constructing additional TechCenters to further improve on quality, operational efficiencies and reduce operating costs.

In 2014, the Company built new TechCenters in Portugal and the United Kingdom; it now operates four large TechCenters. The capacity of these TechCenters allows for back-up production in case one of the TechCenters is unable to operate.

e) GrandVision is exposed to the risk of loss of, or actions by, key suppliers and potential changes to the benefits of contractual arrangements

GrandVision's offering is dependent upon qualified suppliers, some of whom enjoy commanding market positions, who meet the Company's standards and supply products in a timely and efficient manner. In addition, some of the Company's competitors in the retail domain are also key suppliers. Therefore, the Company reviews alternative strategies on an ongoing basis. For instance, multi-year contracts with key lens suppliers ensure contractual terms for an agreed period of time or the continued development of GrandVision's portfolio of exclusive brands. Exclusive brands strengthen the Company's position vis-à-vis branded frame suppliers and makes it less dependent.

f) The risk inherent in GrandVision having limited influence over the franchisees, who are independent operators, which may lead to unsatisfying results for the Group or impact the Group's reputation

Franchisees are independent operators, and therefore the Company cannot control all the factors that impact the performance of their stores.

Pursuant to GrandVision's franchise agreements, franchisees are required to report certain performance indicators relating to their business, including sales levels, on a regular basis through, for example, the Company's Point-of-Sale system. Although GrandVision cannot impose budgetary constraints on its franchisees that would help ensure that their performance is maximized, the Company continously strives to improve their performance.

GrandVision has implemented uniform policies and procedures for use by franchisees in order to improve commercial practices within their stores and with respect to their relationships with customers, and the Company is involved in the franchisees' day-to-day operations.

Furthermore, GrandVision is very strict about the franchisees' compliance with the Group's professional standards and any regulatory requirements. Any breaches may result in the termination of the commercial relationships with the franchisee.

g) The risk of major projects that form part of GrandVision's transition into a more centralized organization failing to be achieved (in terms of the intended goals, time or budget)
GrandVision is working on deploying its global capabilities, including, for example, those pertaining to assortment planning, supply chain management, information systems, human resources management and finance and internal controls.

Until this process is completed, a greater number of operational decisions are left to the discretion of local country management. At the same time, the management-information and internal control systems are being further harmonized.

All of these major projects are being organized as part of strict and very detailed project management plans and managed by the Project Management Office. Each individual project has a steering committee including members of senior management which holds regular progress meetings. Risk management and contingency plans form an integral part of the implementation plans. During all parts of the project, stakeholder management takes place, including the provision of regular updates and training to all parties involved. Before projects go live, extensive testing takes place and back-up scenarios are provided. Ultimately, go or no-go decisions are made by the respective steering committees.

Financial Risk

Capital markets

a) The risk of a decline in financial-market confidence or in GrandVision's financial performance threatening the Company's ability to efficiently raise capital (debt or equity) at attractive terms and conditions that is required in order to (re)finance or to sustain or grow the business
The Company operates according to a prudent financial policy. The Company's main source of financing, the €1.2 billion committed revolving credit facility, was renewed in 2014 for a period of five years with two one-year extension options with a group of international banks. The financial covenants under this facility are monitored on a regular basis and provide sufficient headroom.

Furthermore, the Company's liquidity position is monitored daily. The Company maintains an internal target for a minimum liquidity headroom of €200 million. Liquidity headroom is defined as the unused portion of all the committed credit facilities plus cash less debt maturities within one year.

Currency and interest rate risk

b) The risk of a change in currency or interest rates having an adverse impact on GrandVision's results. This may be due to translation effects versus the euro, purchases or expenses in another currency than the functional currency, or a rise in interest rates
The Group does not hedge the translation risk relating to the use of the euro, the Group's functional currency, but does hedge transactional risks.

In 2014, the Company adopted a foreign-exchange policy, whereby transactional exposures are hedged, where possible on a rolling forward basis between 25-80% over the next twelve months, depending on the cost of hedging. The counterparty risk of these hedges is managed by seeking to transact only with counterparties who have a minimum Standard & Poor's rating of A (or equivalent) or a Moody's rating of A2 (or equivalent) and by using the master agreements of the International Swaps and Derivatives Association (ISDA).

The Company seeks to minimize its interest-rate risk exposure by having a maximum of 40% of its net interest expense for the next twelve months on a floating-rate basis.

Tax

c) The risk of tax positions, methodologies or structures used by GrandVision not being accepted by fiscal authorities, which could result in additional tax payments and losses
Through its growth in an increasing number of countries, GrandVision is confronted with more – and more diverse – tax laws and regulations, resulting in increased complexity and compliance requirements. In addition, the scrutiny of tax authorities globally is increasing, as is the number of tax inspections and audits. GrandVision has a low risk appetite regarding taxation, and while keeping the business' best interests in mind, the letter, spirit and purpose of the tax law in the countries in question are observed. The structures and/or methodologies applied are thoroughly evaluated in conjunction with external experts and are formalized, but could nevertheless be challenged by tax authorities (e.g., transfer pricing risk).

In the Netherlands, GrandVision has entered into a "Horizontal Supervision" covenant with the Dutch tax authorities. This requires full transparency on all tax-related matters.

Compliance Risk

a) The risk of GrandVision being unable to obtain the necessary governmental or other relevant approvals, licenses, certificates or permits
GrandVision requires various approvals, licenses and certificates to manufacture and distribute frames and lenses, contact lenses and sunglasses, as well as permits, for instance to carry out eye examinations, eye tests and refractive surgery. The Company actively monitors the status of the approvals in all locations in which it operates and proactively files applications to retain or obtain such approvals.

b) The risk of GrandVision and its franchisees not being compliant with the stringent data privacy laws in all countries/regions, which could result in fines, increased compliance costs, and confidentiality and security breaches
GrandVision maintains sound business practices and has developed data storage systems and processes to meet the associated requirements. The Company adequately safeguards confidential customer data and any other protected health information, and ensures that it is not wrongfully used or disclosed to an unauthorized person or entity. Having said that, cyber risk is also an increasing threat for the organization, and the Company is putting in place measures to address this risk. New data privacy regulations are being prepared by lawmakers in the EU and are likely to be adopted in 2016. GrandVision is in the process of updating its policies and procedures in this area to be fully prepared for the new EU regulations.


classic
POLO
VICENTI
VICENTI

Management Review and Reporting

In Control Statement

The Management Board manages the Company and is responsible for achieving the Company's strategy, objectives, goals and results, and for taking appropriate measures in relation to the design and operation of the internal risk management and control systems in a way that is consistent with GrandVision's business. These systems have been designed to identify opportunities and risks in a timely manner, manage significant risks, facilitate the realization of the Company's strategic, operational and financial objectives, safeguard the reliability of the Company's financial reporting and comply with the applicable laws and regulations. To fulfill these responsibilities, GrandVision systematically reviewed and, where necessary, enhanced the Company's internal risk management and control processes with regard to its strategic, operational, compliance and financial risks (including risks related to financial reporting) during the year 2014. The results of these reviews, including changes and planned improvements, have been discussed with the Audit Committee and the Supervisory Board.

It should be noted that the above does not imply that these systems and procedures, however well-designed and intended to optimally control risks, provide absolute assurance as to the realization of operational and strategic objectives, or that they can prevent all misstatements, inaccuracies, errors, fraud and non-compliance with legislation, rules and regulations.

Based on the approach described above, the Management Board believes that, with respect to financial reporting, the internal risk management and control systems have performed satisfactorily during the year 2014 and provided a reasonable assurance that the financial reporting does not contain any errors of material importance, and confirms that there are no indications that these systems will not continue to perform in this way in 2015.

Responsibility Statement

In accordance with Article 5.25c of the Dutch Financial Markets Supervision Act ("*Wet op het financieel toezicht*"), the Management Board confirms that to the best of its knowledge:

- the financial statements for 2014 give a true and fair view of GrandVision's assets, liabilities, financial position and comprehensive income;
- the management report includes a true and fair review of the Company's position as of 31 December 2014 and of GrandVision's development and performance during 2014, and describes the principal risks to which GrandVision is exposed.

Amsterdam, 17 March 2015

Theo Kiesselbach, CEO

Paulo de Castro, CFO

GrandVision sold more than 17 million pairs of glasses in 2014


damskie
OPTIQUE
Podwójna
gwarancja

GrandVision's Share

Initial Public Offering and Listing

On 6 February 2015, GrandVision N.V. listed its shares in an Initial Public Offering ("IPO") on Euronext Amsterdam. The IPO consisted of a secondary offering of 51 million shares by HAL Optical Investments B.V., an indirect subsidiary of HAL Holding NV, for a total amount of approximately €1 billion. All HAL Holding NV shares are held by HAL Trust and form the Trust's entire assets. HAL Trust units are listed on Euronext Amsterdam.

GrandVision's shares were traded at opening at an offer price of €20.00 per share. Following the IPO, 20.95% of the Company's share capital is publicly traded, with the remainder held by HAL Optical Investments B.V., GrandVision's Management Board, certain members of senior management and held as treasury shares. The shares are traded on Euronext Amsterdam with the ticker "GVNV".

Shareholders

Shareholders as of 31 December 2014

At the end of 2014 HAL Optical Investments B.V. held 98.57% of the shares in GrandVision.

The remaining 1.43% GrandVision shares were held by GrandVision's Management Board and senior management. For an overview of equity held by the Management Board of GrandVision, see chapter Governance and Compliance, "Remuneration".

Current Shareholders

Following the completion of the IPO, GrandVision's majority shareholder continues to be HAL with 76.72% of the shares as of the publication date of the 2014 Annual Report. GrandVision's Management Board and senior management currently hold 1.35% of the shares. In the IPO, shares were offered to institutional and retail investors in the Netherlands and institutional investors in certain other jurisdictions. The listing significantly broadened GrandVision's shareholder base, and GrandVision's shares are widely spread over a large number of shareholders in various countries. In addition, GrandVision purchased in the IPO 0.98% of the shares to be held in treasury in order to hedge the price risk of grants made under long-term incentive plans.

Other >3% Shareholders as of 1 March 2015

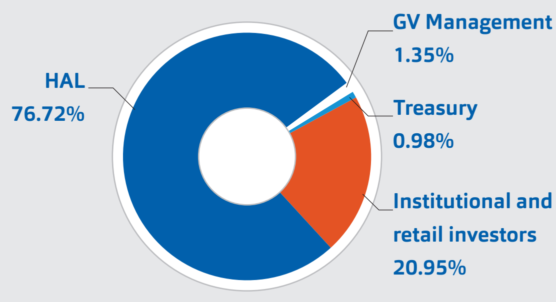
Under Dutch law, shareholdings of 3% or more in any Dutch company must be disclosed to the Dutch Financial Markets Authority (AFM). According to the register kept by the AFM, at 1 March 2015, the following shareholder has disclosed that they own more than 3% of GrandVision's total share capital:

HAL Optical Investments B.V.

Shareholder Mix

The chart below provides an indicative overview of our shareholder structure as per publication date of the 2014 Annual Report.

Shareholder structure



Investor Relations

GrandVision aims to provide its shareholders, potential shareholders and other stakeholders with all relevant financial and similar information, in an effective and timely a manner, in order to provide greater insight into the Company and its business. The majority of GrandVision's communications to the investment community takes place through corporate press releases which are widely distributed, made generally available and filed with the Dutch Financial Markets Authority (AFM). In addition, the Company makes all relevant and important information available on its corporate website.

GrandVision will engage in communication with the investment community on a regular basis in order to provide insight into its business model, strategy and results, as well as its competitive and financial position. These dialogues with shareholders, analysts and potential investors are based on publicly available presentations during which only publicly available price-sensitive information is discussed.

Financial Year and Quarterly Reporting

GrandVision's financial year runs from 1 January until 31 December. GrandVision publishes both annual and semi-annual results. Rather than full quarterly results, the Company publishes trading updates on the first and third quarter of a financial year.

In addition to the full earnings reports on a semi-annual and annual basis and these trading updates, the Company keeps stakeholders informed through corporate press releases on any price-sensitive information and other material developments that occur throughout the financial year.

Closed Periods

As per the Company's bylaws, GrandVision observes a "closed" period shortly prior to the publication of the regular financial information.

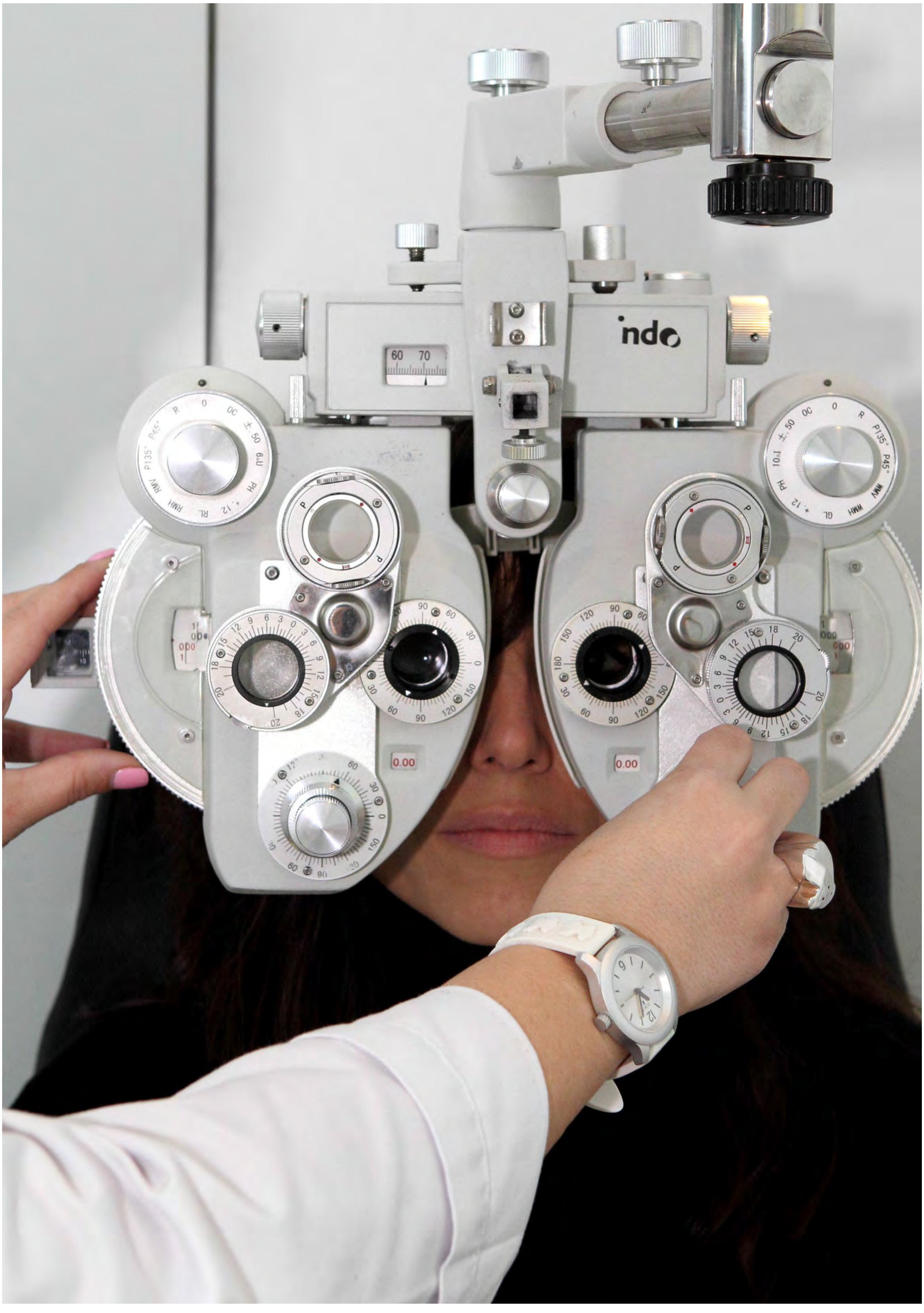
The closed period for the annual results starts two months prior to the publication date. The closed period for the semi-annual results starts 42 days prior to the publication date. For trading updates, a closed period of 42 days prior to the publication date applies.

Disclosure of Non-IFRS Financial Measures and Operating Data

GrandVision's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Certain parts of GrandVision's financial reporting and disclosure may contain non-IFRS financial measures and ratios, such as system wide sales, organic growth, revenue growth from acquisitions, comparable growth, EBITA, EBITDA, adjusted EBITDA, free cash flow and net debt, which are not recognized measures of financial performance or liquidity under IFRS. In addition, certain other operational data, such as the number of stores, number of countries in which the Company is present and number of brands, may be disclosed.

The non-IFRS financial measures presented are measures used by management to monitor the underlying performance of the business and operations and, accordingly, they have not been audited or reviewed. Furthermore, they may not be indicative of the historical operating results, nor are they meant to be predictive of future results. These non-IFRS measures are presented because they are considered important supplemental measures of GrandVision's performance and the Company believes that these and similar measures are widely used in the industry in which GrandVision operates as a way to evaluate a company's operating performance and liquidity.

Not all companies calculate non-IFRS financial measures in the same manner or on a consistent basis. As a result, these measures and ratios may not be comparable to measures used by other companies under the same or similar names.


indo

Annual General Meeting

At least once a year a General Meeting of Shareholders is held. Votes representing shares can be cast at the General Meeting of Shareholders either personally or by proxy. No restrictions are imposed on these proxies, which can be granted electronically or in writing to the Company or to independent third parties. GrandVision shareholders may cast one vote for each share. All resolutions adopted by the General Meeting of Shareholders are passed by an absolute majority of the votes cast, unless the law or the Articles of Association prescribe a larger majority.

The Company's Articles of Association detail the proposals that the Management Board may submit to the meeting and the procedure according to which shareholders may submit matters for consideration by the meeting, and can be found on the GrandVision corporate website.

Important matters that require the approval of the (Annual) General Meeting of Shareholders are:

- the adoption of the financial statements
- the declaration of dividends
- any significant changes to the Company's corporate governance
- the remuneration policy
- the remuneration of the Supervisory Board
- the Management Board's discharge from liability
- the Supervisory Board's discharge from liability
- the appointment of the external auditor
- the appointment, suspension or dismissal of members of the Management Board and the Supervisory Board
- the issuance of shares or rights to shares, the restriction or exclusion of preemptive rights of shareholders and the repurchase or cancellation of shares
- any amendments to the Articles of Association.

GrandVision's 2015 Annual General Meeting of Shareholders (AGM) will be held on 8 May 2015 in Haarlemmermeer, the Netherlands.

Dividend Policy

For the financial year 2015, GrandVision intends to pay an interim dividend of €35 million, which is to be paid to the shareholders in September 2015. The remainder of the dividend over the financial year 2015, if any, will be determined at the Company's Annual General Meeting in 2016 and paid in May 2016.

For the years 2016 and beyond, GrandVision intends to pay an ordinary dividend annually in line with the Company's medium to long-term financial performance and targets in order to increase dividend-per-share over time. The Company envisages that, as a result of this policy, the ordinary dividend payout ratio will range between 25 and 50%.

Manner and Time of Dividend Payments

Payment of any dividend in cash will be made in euros. Any dividends that are paid to shareholders through Euroclear Nederland will be automatically credited to the relevant shareholders' accounts without the need for the shareholders to present documentation proving their ownership of the shares. Payment of dividends on the shares held in registered form (i.e. not held through Euroclear Nederland, but directly) will be made directly to the relevant shareholder using the information contained in GrandVision's shareholders' register and records. Dividend payments on GrandVision shares are generally subject to withholding tax in the Netherlands.

Uncollected Dividends

A claim for any declared dividends or other distributions lapses five years after the date those dividends or distributions were released for payment. Any dividend or distribution that is not collected within this period will be considered to have been forfeited to GrandVision.

Important Dates

18 March 2015	Publication of Annual Accounts
27 March 2015	Publication of Annual Report
8 May 2015	Q1 Interim Statement
8 May 2015	General Shareholder Meeting
20 August 2015	Half-Year Results
10 November 2015	Q3 Interim Statement

All GrandVision employees prove every day that "In eye care, we care more"

Financial Statements

Table of contents

Consolidated Financial Statements

Consolidated Income Statement

in thousands of EUR	Notes	2014	2013
Revenue	6	2,816,994	2,620,180
Cost of sales and direct related expenses	7	- 743,712	- 671,743
Gross profit		2,073,282	1,948,437
Selling and marketing costs	7	- 1,445,702	- 1,376,839
General and administrative costs	7	- 341,667	- 302,857
Share of result of associates	9	2,696	1,411
Operating result		288,609	270,152
Financial income	10	4,410	6,745
Financial costs	10	- 38,776	- 47,778
Financial result		- 34,366	- 41,033
Result before tax		254,243	229,119
Income tax	11	- 79,682	- 73,204
Result for the year		**174,561**	**155,915**
Attributable to:			
Equity holders		161,203	141,473
Non-controlling interests		13,358	14,442
		174,561	155,915
Earnings per share, basic and diluted (in EUR per share)	12	12.86	11.29

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

Consolidated Statement of Other Comprehensive Income

in thousands of EUR	Notes	2014	2013
Result for the year		174,561	155,915
Other comprehensive income:			
Items that will not be reclassified to profit and loss			
Remeasurement of post-employment benefit obligations	23	- 22,064	2,809
Income tax		6,308	- 758
		- 15,756	2,051
Items that may be subsequently reclassified to profit and loss			
Currency translation differences	23	- 2,871	- 36,437
Change in fair value of interest rate swaps		2,533	4,887
Income tax effect		- 655	- 2,141
		- 993	- 33,691
Other comprehensive income/ loss (net of tax)		- 16,749	- 31,640
Total comprehensive income for the year (net of tax):		**157,812**	**124,275**
Attributable to:			
Equity holders		145,938	111,525
Non-controlling interests		11,874	12,750
		157,812	124,275

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

Consolidated Balance Sheet

in thousands of EUR	Notes	31 December 2014	31 December 2013
ASSETS			
Non-current assets			
Property, plant and equipment	13	407,727	358,905
Goodwill	14	885,855	726,321
Other intangible assets	15	448,240	397,020
Deferred income tax assets	25	80,912	48,356
Associates	18	34,967	33,584
Other non-current assets	17	50,530	44,923
		1,908,231	1,609,109
Current assets			
Inventories	19	239,657	192,620
Trade and other receivables	20	257,301	228,951
Current income tax receivables		7,716	7,813
Derivative financial instruments	30	891	143
Cash and cash equivalents	21	134,095	102,562
		639,660	532,089
Total assets		**2,547,891**	**2,141,198**
EQUITY AND LIABILITIES			
Equity attributable to equity holders			
Share capital	22	61,535	27,775
Other reserves		- 54,775	- 38,705
Retained earnings		616,130	512,616
		622,890	501,686
Non-controlling interests	23	**45,327**	**44,366**
Total equity		**668,217**	**546,052**
Non-current liabilities			
Borrowings	24	960,463	844,823
Deferred income tax liabilities	25	141,378	117,086
Post-employment benefits	26	85,849	54,641
Provisions	27	27,727	31,931
Derivative financial instruments	30	2,508	-
Other non-current liabilities		15,859	-
		1,233,784	1,048,481
Current liabilities			
Trade and other payables	29	503,058	390,987
Current income tax liabilities		19,538	33,058
Borrowings	24	92,914	89,184
Derivative financial instruments	30	1,537	6,011
Provisions	27	28,843	27,425
		645,890	546,665
Total liabilities		**1,879,674**	**1,595,146**
Total equity and liabilities		**2,547,891**	**2,141,198**

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

Consolidated Statement of Changes in Shareholders' Equity

in thousands of EUR	Notes	Attributable to the equity holders: Share capital	Cumulative currency translation reserve	Cash flow hedge reserve	Actuarial gains/ (losses)	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2013		**23,439**	**107**	**- 6,825**	**- 2,039**	**373,393**	**388,075**	**42,444**	**430,519**
Result for 2013		-	-	-	-	141,473	141,473	14,442	155,915
Other comprehensive income		-	- 34,745	2,746	2,051	-	- 29,948	- 1,692	- 31,640
Total comprehensive income		-	- 34,745	2,746	2,051	141,473	111,525	12,750	124,275
Acquisitions of NCI	23	-	-	-	-	-	-	- 2,745	- 2,745
Capital contribution		2,086	-	-	-	-	2,086	-	2,086
Issue of share capital	22	2,250	-	-	-	- 2,250	-	-	-
Dividends	23	-	-	-	-	-	-	- 8,083	- 8,083
Total transactions with equity holders		4,336	-	-	-	- 2,250	2,086	- 10,828	- 8,742
Balance at 31 December 2013		27,775	- 34,638	- 4,079	12	512,616	501,686	44,366	546,052
Balance at 1 January 2014		**27,775**	**- 34,638**	**- 4,079**	**12**	**512,616**	**501,686**	**44,366**	**546,052**
Result for 2014		-	-	-	-	161,203	161,203	13,358	174,561
Other comprehensive income		-	- 2,286	1,878	- 15,662	805	- 15,265	- 1,484	- 16,749
Total comprehensive income		-	- 2,286	1,878	- 15,662	162,008	145,938	11,874	157,812
Acquisitions of subsidiaries	5,23	-	-	-	-	- 55,494	- 55,494	- 999	- 56,493
Issue of share capital	22	4,019	-	-	-	- 3,000	1,019	-	1,019
Long-term incentive plan	28	29,741	-	-	-	-	29,741	-	29,741
Dividends	23	-	-	-	-	-	-	- 9,914	- 9,914
Total transactions with equity holders		33,760	-	-	-	- 58,494	- 24,734	- 10,913	- 35,647
Balance at 31 December 2014		**61,535**	**- 36,924**	**- 2,201**	**- 15,650**	**616,130**	**622,890**	**45,327**	**668,217**

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

Consolidated Cash Flow Statement

in thousands of EUR	Notes	2014	2013
Cash flows from operating activities			
Cash generated from operations	31	477,315	391,653
Tax paid		- 96,978	- 58,456
Net cash from operating activities		**380,337**	**333,197**
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	5	- 233,169	- 13,901
Investment in associates and property		- 1,269	- 931
Purchase of property, plant and equipment	13	- 131,868	- 96,533
Proceeds from sales of property, plant and equipment		3,993	4,346
Purchase of intangible assets	15	- 26,442	- 16,635
Proceeds from sales of intangible assets		2,727	2,305
Other non-current receivables		3,660	-
Dividends received	18	3,305	2,700
Interest received		5,319	5,262
Net cash used in investing activities		**- 373,744**	**- 113,387**
Cash flows from financing activities			
Proceeds from shareholder contribution		-	1,886
Proceeds from borrowings		999,051	147,539
Repayment of shareholder loan		- 325,000	- 75,000
Repayments of other borrowings		- 602,328	- 282,139
Interest swap payments		- 4,437	- 4,770
Acquisition of non-controlling interest		-	- 668
Dividends paid		- 9,914	- 8,083
Interest paid		- 28,231	- 37,557
Net cash generated from/ (used in) financing activities		**29,141**	**- 258,792**
Increase / (decrease) in cash and cash equivalents		**35,734**	**- 38,982**
Movement in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		22,161	55,090
Increase / (decrease) in cash and cash equivalents		35,734	- 38,982
Exchange gains/ (losses) on cash and cash equivalents		- 3,490	6,053
Cash and cash equivalents at end of year	21	**54,405**	**22,161**

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

Notes to the Consolidated Financial Statements

1 General Information

GrandVision BV ('the Company') was incorporated on 8 July 2010 as a private limited liability company (*Besloten Vennootschap*) 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. GrandVision BV was converted into a public limited liability company under Dutch law (*Naamloze Vennootschap)* on 5 February 2015.

As of 31 December 2014 GrandVision is 98.57% owned by HAL Optical Investments B.V. The remaining shares are held by the Management Board and certain members of senior management of GrandVision. The ultimate controlling entity is HAL Holding NV. All HAL Holding NV shares are held by HAL Trust and form the Trust's entire assets. HAL Trust units are listed on Euronext Amsterdam. Following the IPO on 6 February 2015 the ownership of HAL reduced to 76.72% (per publication date of these consolidated financial statements).

GrandVision 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 2014, the Group, including its associates, operates 5,814 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 and Uruguay. An overview of the main subsidiaries can be found in note 37. At year-end 2014 the average number of employees measured in full-time equivalents within the Group (excluding associates) was 25,776.

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. These consolidated financial statements are in continuation to the special purpose financial statements for the year ended 31 December 2013. 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 judgement 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 2014 with retrospective application.

- IAS 32, 'Financial Instruments: Presentation,' effective for annual periods beginning on or after 1 January 2014. These amendments are to the application guidance in IAS 32, and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendments have no effect on the reporting of the Group.
- IAS 36, 'Impairment of Assets,' effective for annual periods beginning on or after 1 January 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment has no impact on the reporting of the Group.
- IAS 39, 'Novation of Derivatives,' effective for annual periods beginning on or after 1 January 2014. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counter party meets specified criteria. The amendment has no effect on the reporting 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 2014, 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,' effective date 1 January 2018. IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. 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. Revenue is recognized when a customer obtains control and thus has the ability to direct the use and obtain the benefits. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group is assessing the impact of IFRS 15.

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 on transactions between Group companies are eliminated; unrealized losses are also 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 2014. 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.

Apollo-Optik GmbH is included in the consolidated financial statements of GrandVision N.V. and takes advantage of the exemption provision of Section 264 (3) HGB for financial year 2014.

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. 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 either in profit or loss or as a change to other comprehensive income. 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 treated as an associate and accounted for at net equity value. 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 local currency assets and liabilities of the foreign entity 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 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.

The Company's reportable segments are defined as follows:

- G4
- Other Europe
- Latin America & 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. Retail revenue is usually in cash or by debit or credit card. 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 of revenue.

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 Financial Income

Financial 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 Financial Costs

Financial 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.

Useful lives used are:

Buildings	30 years
Leasehold and building improvements	5 – 10 years
Machinery	6 – 10 years
Furniture and fixtures	7 – 10 years
Other equipment	5 – 7 years
Computer and telecom equipment	4 – 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 (see 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 investment in an associate or 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 group 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 an entity is divested, the carrying amount of its goodwill is recognized in the Income Statement. If the divestment concerns part of a group 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 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 project expenditure that is capitalized includes purchase prices 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 short-term amount 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.

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. 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 future 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, 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 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. 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. Shareholdings in commercial centers where stores are operated are also classified under this category.

Shareholdings
The Company owns certain limited shareholdings in commercial centers or buildings where the Company is operating stores. 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 statement of income. Amounts accumulated in equity are recycled in the consolidated statement of income 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. 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 statement of income in 'financial costs'. 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 consolidated statement of income 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 consolidated statement of income 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 so 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 30. 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 applicable variable selling expenses. 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 canceled. Where such shares are subsequently sold or reissued, any consideration received, net of transaction costs, is included in shareholders' equity.

Dividends on ordinary and priority shares 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 of the financial costs is charged to the Income Statement over the lease period.

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 not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. 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 Group assumes future taxable profits to be probable if a taxable entity has been profitable for two consecutive years and it is expected to maintain its profitability in future.

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.

The Group operates defined benefit plans in France, the Netherlands, Germany, Austria, Italy, Greece and Mexico. In the Netherlands the assets are held in separately administered funds. The pension plans are funded by payments by the relevant Group companies and partly by the employees (in the case of the Netherlands), taking account of the recommendations of independent qualified actuaries. Actuarial gains and 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.

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.

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 long-term incentive plans.

Real share plan

The real share plan provides for the purchase of shares in the Company by eligible participants which are subject to a vesting term and requires the Company to make an offer to redeem 50% of the shares after a certain period of time, typically four years, and another offer to redeem the remaining 50% of the shares on the fifth-year anniversary of grant date. However, these redemption options were canceled upon listing of the Company's shares and the plan has been classified as an equity-settled share-based payment arrangement under IFRS 2 (note 28) instead of other long-term employee benefits recognized within the scope of IAS 19. 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 and includes estimates for the number of shares that are expected to vest.

Phantom plan
The phantom plan provides 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 are granted a combination of phantom shares and phantom options. Phantom shares and phantom options are settled in cash and contain a service condition of 3-5 years and can 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. Under IFRS 2, for cash-settled share-based payment transactions, the fair value of the liability for the awards made is remeasured 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 estimate for the liability (and corresponding expense recognition) is affected by the probability of a listing since the estimated fair value of the Company's shares is higher than the value of the shares determined based on the internal fixed valuation measure used before application of IFRS 2 (note 28) and was recognized as 'other long-term employee benefits' within the scope of IAS 19. The best estimate of a listing occurring has been updated at each reporting period with changes to the liability recognized through the Income Statement.

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. Provisions are not recognized for future operating losses.

2.22.2 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.

2.22.3 Warranty Provision
Provisions for the right of return 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 Other Provisions
Other provisions are mainly related to restructruring provisions, guarantee provisions and legal claims 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, and employee termination payments. Restructuring expenses due more than 12 months after the end of the reporting period are discounted to their present value.

Bank borrowings to franchisers 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 flows in foreign currencies are translated at the rate at the transaction date. Income and expenditure before income tax on profit are recognized as cash flows from operating activities. Interest paid and received is included under cash flow from financing activities. 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.

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 current Group treasury's risk management policy is to hedge the expected cash flows in its main 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 Group operates largely in the 'eurozone', which comprises 62.52% (2013: 63.40%) 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, 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 1.0% lower (2013: 1.0% lower) and equity would have been 4.4% lower (2013: 3.7% 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 minor 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.

In 2014, an increase of 50 basis points in the three-month EURIBOR rate would have a negative impact of €633 (2013: €0) on income before taxes, taking hedging measures into account and with all other factors being equal, and based on the financial instruments at year-end. The increase of 50 basis points in the three-month EURIBOR would have a positive effect (before income taxes) of €1,491 (2013: €3,945) on other comprehensive income. A decrease of 50 basis points in the three-month EURIBOR rate would have a positive impact of €633 on income before taxes (2013: €0), taking hedging measures into account and with all other factors being equal. The decrease of 50 basis points would have a negative effect (before income taxes) of €1,610 (2013: €4,008) on other comprehensive income.

Note 30 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 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 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 liquidity even more frequently.

GrandVision refinanced its former €800 million Senior Facility Agreement and settled the €325 million outstanding Subordinated Shareholder Loan from HAL. A new €1,200 million Senior Facility Agreement was entered into on 18 September 2014, maturing on 18 September 2019 with 2 one-year extension options which can be exercised by the borrower at the first and second anniversary of the facility. The new €1,200 million Senior Facility Agreement also includes a €100 million uncommitted accordeon 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). 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 loan.

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 2014					
Borrowings	124,022	11,058	977,165	-	1,112,246
Derivative financial instruments	1,518	2,508	-	-	4,026
Trade and other payables	372,829	-	-	-	372,829
31 December 2013					
Borrowings	76,264	24,897	577,169	388,180	1,066,510
Derivative financial instruments	3,902	1,528	235	-	5,665
Trade and other payables	276,176	-	-	-	276,176

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 over 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/EBITDA) excluding the impact of any borrowings associated with, and any EBITDA amounts attributable to major acquisitions.

in thousands of EUR	31 December 2014	31 December 2013
Equity attributable to equity holders	622,890	501,686
Shareholder loan	-	325,000
Total capital	622,890	826,686
Net debt	922,436	837,313
Adjusted EBITDA	449,498	400,454
Net debt leverage (times)	2.1	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 30) 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 2014		
Assets		
Derivatives used for hedging	891	-
Non-current receivables	-	2,841
Total assets	**891**	**2,841**
Liabilities		
Contingent consideration - Other current and non-current liabilities	-	11,410
Derivatives used for hedging	4,045	-
Total liabilities	**4,045**	**11,410**
At 31 December 2013		
Assets		
Derivatives used for hedging	143	-
Non-current receivables	-	3,488
Total assets	**143**	**3,488**
Liabilities		
Contingent consideration - Other current and non-current liabilities	-	4,539
Derivatives used for hedging	6,011	-
Total liabilities	**6,011**	**4,593**

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 consideration is 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. 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, then the fair value less cost of disposal is also considered, 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 cost to sell is calculated. The recoverable amount is the higher of the value in use and the fair value less costs of disposal.

A 10% reduction of the sales multiple used in the Group impairment test for the most sensitive countries (i.e. those in Latin America) would result in an additional impairment of €11,131 (2013: €13,898).

4.3 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 €4,128 (2013: €10,101).

4.4 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. 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.

4.5 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.

4.6 Intangible Assets

When a company is acquired, a value is assigned to intangible assets such as trademarks and the customer database. The determination of the value at the time of acquisition and estimated useful life is subject to uncertainty. One of the calculations used to determine the value is the discounting of expected future results of existing customers at the time of the acquisition. Useful life is estimated using past experience and the useful life period as broadly accepted in the retail sector.

4.7 Provisions and Long-term incentive plan

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 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.

Long-term incentive plans are classified into a real share plan and a phantom plan. The measurement of the expenses relating to the real share plan and phantom plan is subject to the achievement of certain service conditions that can vary between 3-5 years following the date of grant including an estimate for the number of shares expected to be vested. In prior years the Company's shares were not listed, therefore management estimated the grant date fair value for the measurement of the real shares based on a combination of a market approach and income approach.The measurement of the liability of the phantom plan is during 2014 impacted by the fair value of GrandVision and the probability of a successful listing.

5 Acquisitions of Subsidiaries, Associates and Non-Controlling Interests

Acquisitions in 2014

Rayner, United Kingdom

On 1 February 2014 the Group acquired 65 stores from the Rayner & Keeler group in the United Kingdom. The total consideration paid was €13,245 (GBP 10,750). The goodwill amount of €5,531 represents future synergies with the existing customer base and future growth in profitability of the business.

MultiOpticas, Colombia

On 28 February 2014 the Group acquired 100% of the stores in MultiOpticas, Colombia. The Company paid €11,024 (COP 29,012,632) directly in cash and €1,059 (COP 2,787,714) is recognized as a contingent consideration which the Group is required to pay in cash to the former owners on 1 February 2017. The goodwill amount of €8,827 represents future synergies with the existing customer base and future growth in profitability of the business.

Topsa, Peru

On 29 August 2014 the Group acquired 62% of the shares, including a call and written put option for the remaining 38%, in the Peruvian optical retail chain Topsa Holding SA. The option to increase the shareholding to 100% is initially valued at €7,153 depending on the performance of Topsa and can be exercised after five years. As the likelihood of the option being exercised by one of the parties is almost certain it is accounted for as contingent consideration and included in non-current liabilities. The Company paid €20,468 and recognized €15,329 as goodwill, which represents the future synergies and growth of the business. The Group obtained control in this transaction and therefore the results are fully consolidated as of the date of control. The purchase price allocation has not yet been finalized.

Randazzo, Italy

On 23 December 2014 the Group acquired 100% of the shares in Angelo Randazzo S.r.l. Randazzo operates 101 optical retail stores under the name 'Optissimo' and has 89 points of sale in supermarkets. The total consideration paid is €88,804, an amount of €3,434 is expected to be paid in the first half year of 2015. Based on the initial purchase price allocation an amount of €116,570 is identified as goodwill and represents future synergies and future growth in profitability of the business. The purchase price allocation has not yet been finalized.

Other store acquisitions

Furthermore, the Group acquired 69 stores mainly in 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 €11,982 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 acquired customer base, the skilled employees and the locations of the acquired stores, which cannot be recognized as separately identifiable assets.

The fair value of the net assets arising from the acquisitions in 2014 at acquisition date is as follows:

in thousands of EUR	Notes	Randazzo	Topsa	MultiOpticas	Rayner	Other stores	Total
Property, plant and equipment		7,241	4,796	888	384	1,456	14,765
Other intangible assets		29,568	15,565	3,601	7,229	10,485	66,448
Deferred income tax assets		3,365	53	-	-	-	3,418
Other non-current assets		959	159	-	-	11	1,129
Inventories		16,133	3,644	636	-	995	21,408
Trade and other receivables		6,892	4,947	-	307	256	12,402
Current income tax receivables		86	317	-	-	46	449
Cash and cash equivalents		11,768	234	-	-	630	12,632
Borrowings		-	- 1,007	-	-	-	- 1,007
Post-employment benefits		- 4,190	-	-	-	-	- 4,190
Deferred income tax liabilities		- 10,599	- 4,795	- 1,188	-	- 165	- 16,747
Provisions (non-current)		- 558	-	-	-	-	- 558
Other non-current liabilities		-	- 26	-	-	-	- 26
Current income tax liabilities		- 1,012	-	-	-	- 112	- 1,124
Provisions (current)		-	-	-	-	- 41	- 41
Trade and other payables		- 44,799	- 6,284	- 246	- 206	- 1,205	- 52,740
Current borrowings (excluding bank overdrafts)		- 37,244	- 5,311	- 435	-	- 189	- 43,179
Bank overdrafts		- 1,942	-	-	-	- 63	- 2,005
		- 24,332	12,292	3,256	7,714	12,104	11,034
Consideration paid in cash and cash equivalents		88,804	20,468	11,024	13,245	23,372	156,913
Consideration to be transferred		3,434	7,153	1,059	-	714	12,360
Total consideration transferred or to be transferred		92,238	27,621	12,083	13,245	24,086	169,273
Consideration paid and to be paid in cash and cash equivalents		92,238	27,621	12,083	13,245	24,086	169,273
Cash and cash equivalents and bank overdrafts at acquired subsidiary		9,826	234	-	-	566	10,627
Outflow of cash and cash equivalents		82,412	27,387	12,083	13,245	23,519	158,646
Consideration transferred		92,238	27,621	12,083	13,245	24,086	169,273
Fair value of acquired net assets and liabilities		24,332	- 12,292	- 3,256	- 7,714	- 12,104	11,034
Goodwill	14	116,570	15,329	8,827	5,531	11,982	158,239

The goodwill amortization is tax-deductible in the United Kingdom and Colombia. In Italy it is largely tax-deductible.

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

in thousands of EUR	Randazzo	Topsa	MultiOpticas	Rayner	Other stores	Total
Revenue	-	9,629	7,489	12,910	13,383	43,411
Net result	-	- 827	- 3,591	380	965	- 3,073

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

in thousands of EUR	Randazzo	Topsa	MultiOpticas	Rayner	Other stores	Total
Revenue	105,598	28,367	8,987	14,162	34,269	191,383
Net result	- 4,214	- 3,023	- 4,178	396	3,258	- 7,761

Acquisition costs for the above acquisitions amount to €1,180 and are included in the general and administrative costs in the Income Statement.

HAL Optical Turkey and HAL Asia

On 30 September 2014 the Group acquired 100% of the shares in HAL Optical Turkey BV and HAL Investments Asia BV. HAL Optical Turkey BV owns 100% of the Turkish optical retail chain Atasun. HAL Investments Asia BV owns 100% of the shares in GrandVision Shanghai Co. Ltd and 78% of the shares in Shanghai Red Star Optical Co. Ltd. The Group acquired this from the parent company (HAL Holding) and therefore the predecessor accounting method is applied. The difference between the consideration transferred (€88,164) (refer to note 34.2) and the net assets (€32,670) of € 55,494 is recognized in retained earnings. See the table below for more details on the items relevant for other disclosure notes; remaining assets and liabilities are aggregated.

in thousands of EUR	
Property, plant and equipment	4,650
Other intangible assets	705
Goodwill	5,783
Non-controlling interest	- 999
Other assets and liabilities	22,531
Total net assets	32,670
Consideration paid in cash	88,164
Cash and cash equivalents and bank overdrafts at acquired subsidiary	- 1,281
Outflow of cash and cash equivalents as a result of acquisition	86,883
Recognized in Retained Earnings	55,494

6 Revenue

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

in thousands of EUR	2014	2013
Own store sales	2,612,285	2,429,144
Merchandise revenue	118,958	105,754
Franchise royalties and contributions	65,561	63,204
Other revenues	20,190	22,078
	2,816,994	2,620,180

7 Cost of Sales and Direct Related Expenses

The following costs have been included in the operating result:

in thousands of EUR	Notes	2014	2013
Direct materials		651,528	620,446
Employee costs		950,858	857,370
Depreciation and impairments	13	96,805	92,392
Amortization and impairments	14,15	40,173	37,910
Operating lease		421,668	401,188
Acquisition costs		1,180	90
Marketing & publicity costs		149,223	148,306
Other costs		219,646	193,737
Total costs		2,531,081	2,351,439

The employee costs can be specified as follows:

in thousands of EUR	Notes	2014	2013
Salaries & wages		668,082	629,441
Social security		144,611	138,970
Pension costs - Defined benefit plans	26	7,377	7,563
Pension costs - Defined contribution plans		7,633	6,554
Share based payments (LTIP)	8	34,716	8,610
Other employee-related costs		88,439	66,232
		950,858	857,370

Full-time equivalents within the Group (excluding associates) at the end of 2014 was 25,776 (2013: 22,235).

8 Long-Term Incentive Plans

	2014	2013
Costs recognized for LTIP plans (in thousands of EUR)	34,716	8,610
Number of participants	135	131

The costs recognized for LTIP plans are included in the general and administrative costs in the Income Statement. For more details refer to note 28.

9 Share of Result of Associates

in thousands of EUR	2014	2013
Visilab S.A.	3,972	3,367
Reliance-Vision Express Private Ltd and Reliance-GrandVision India Supply Private Ltd	- 1,276	- 1,956
	2,696	1,411

10 Financial Result

in thousands of EUR	Notes	2014	2013
Financial costs			
- Commitment fee		-2,727	-352
- Result on other derivatives		-4,308	-6,101
- Interest loans from shareholders	34.1	-12,114	-21,315
- Bank borrowings		-12,418	-15,535
- Other		-608	24
Total financial costs		- 32,175	-43,279
Financial income			
- Interest loans to shareholders	34.3	743	714
- Interest deposits		845	466
- Interest other		2,822	4,547
- Result on other derivatives		0	1,074
Total financial income		4,410	6,801
Net foreign exchange results		-6,601	-4,555
Financial result		- 34,366	-41,033

Result on other derivatives in financial income relates to the interest result of foreign currency derivatives. Result on other derivatives in financial costs relates to the net result arising from interest rate swaps.

11 Income Tax

in thousands of EUR	2014	2013
Current income tax	95,509	81,093
Deferred income tax	- 15,827	-7,889
Charge in Income Statements	79,682	73,204

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	2014	%	2013	%
Result before tax	254,243	100.00%	229,119	100.00%
Computed weighted average tax rate	73,087	28.75%	70,046	30.50%
Expenses not deductible for tax purposes	9,229	3.63%	9,021	3.90%
Incentive tax credits	- 8,327	-3.28%	-7,102	-3.10%
Effect of (de)recognition of tax losses	735	0.29%	4,658	2.00%
Changes in tax rate	- 308	-0.12%	-3,112	-1.30%
(Over)/Under provided in prior years	5,266	2.07%	-307	-0.10%
Tax charge	79,682	31.34%	73,204	31.90%

The weighted average applicable tax rate amounts to 28.75% (2013: 30.50%). The effective tax rate for the Group is 31.34% (2013: 31.90%)

The changes in tax rate in 2014 are mainly in Chile, Hungary and Portugal.

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 in issue during the year.

	2014	2013
Result for the year attributable to equity holders of the parent, in thousands of EUR	161,203	141,473
Average number of outstanding ordinary shares (attributable to equity holders of the parent)	12,537,417	12,525,688
Earnings per ordinary share, basic and diluted (in EUR)	12.86	11.29

On 20 January 2015 the Group issued 241,721,553 ordinary shares. Earnings per share for 2014 calculated based on this issuance would be 0.64 EUR (2013: 0.56 EUR).

13 Property, Plant and Equipment

in thousands of EUR	Notes	Buildings and leasehold improvements	Machinery and equipment	Furniture and vehicles	Total
At 1 January 2013					
Cost		434,080	445,504	295,302	1,174,886
Accumulated depreciation and impairment		-256,709	-325,541	-224,035	-806,285
Carrying amount		177,371	119,963	71,267	368,601
Movements in 2013					
Acquisitions		783	812	246	1,841
Additions		36,728	37,986	22,378	97,092
Disposals / retirements		-2,687	-1,464	-822	-4,973
Impairments		-	-15	-211	-226
Depreciation charge	7	-32,208	-38,320	-21,864	-92,392
Reclassification		-4,256	-941	3,877	-1,320
Exchange differences		-5,360	-1,786	-2,572	-9,718
At 31 December 2013		**170,371**	**116,235**	**72,299**	**358,905**
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	5	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	7	- 35,407	- 38,893	- 22,505	- 96,805
Reclassification		- 1,994	1,160	151	- 683
Exchange differences		- 689	303	181	- 205
Carrying amount		**190,218**	**129,240**	**88,269**	**407,727**
At 31 December 2014					
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

Leased assets included under machinery and equipment as shown above, where the Group is a lessee under a financial lease, comprise mainly equipment. The carrying amount of assets leased is €596 (2013: €943).

The difference between the acquisition of subsidiaries of €19,415 and the amount listed in note 5 on acquisitions of subsidiaries of €14,765 is caused by the property, plant and equipment obtained from the acquisitions in Turkey and China, which is accounted for based on predecessor accounting.

The impairments on fixed assets in 2013 relate to the closing of stores.

14 Goodwill

in thousands of EUR	Notes	2014	2013
Opening balance		726,321	740,993
Acquisitions	5	164,022	14,009
Adjustment to purchase price allocation & earn-outs		-	- 44
Reclassification	15	4,266	- 3,955
Impairment		- 3,458	- 8,406
Disposals		- 225	-
Exchange differences		- 5,073	- 16,276
		885,855	726,321
Costs		925,250	762,258
Accumulated impairment		- 39,395	- 35,937
Carrying amount		885,855	726,321

The impairment charge in 2014 mainly relates to the impairment of Mexico's Sunglass Island (€3,149), which operates in the Latin America & Asia segment. The triggering event was a decline in revenue as a result of a loss of a contract. The recoverable amount, being the fair value less costs of disposal, has been estimated using the average sales of the last 3 years (adjusted for any known revenue developments) multiplied by a sales multiple.

The impairment charge in 2013 of €8,406 relates to the impairment of Brazil (€5,492) and Mexico's Sunglass Island (€2,914), both operating in the Latin America & Asia segment. The recoverable amount, being the fair value less costs of disposal, has been estimated using the average sales of the last 3 years (adjusted for any known revenue developments) multiplied by a sales multiple.

The difference between the goodwill from acquisitions of €164,022 and the amount specified in note 5 on acquisitions of subsidiaries of €158,239 is caused by the goodwill obtained from the acquisitions in Turkey and China, which is accounted for based on predecessor accounting.

In 2014 €4,266 is reclassed from key money to goodwill.

The table below shows goodwill per segment:

in thousands of EUR	31 December 2014	31 December 2013
G4	420,345	387,466
Other Europe	368,993	263,904
Latin America & Asia	96,517	74,951
	885,855	726,321

15 Other Intangible Assets

in thousands of EUR	Notes	Franchise contracts	Software	Trademarks	Key money	Other	Total
At 1 January 2013							
Cost		35,913	98,703	249,427	215,166	11,638	610,847
Accumulated amortization and impairment		- 26,782	- 74,687	- 93,272	- 5,769	- 5,061	- 205,571
Carrying amount		9,131	24,016	156,155	209,397	6,577	405,276
Movements in 2013							
Acquisitions		408	-	1,611	-	4,359	6,378
Additions		336	13,534	122	2,706	28	16,726
Disposals		-	- 118	- 24	- 1,237	- 9	- 1,388
Amortization charge	7	- 2,128	- 10,835	- 14,411	-	- 781	- 28,155
Impairment	7	-	-	-	- 1,349	-	- 1,349
Reclassification		-	6,514	- 21	5,910	- 5,023	7,380
Exchange differences		- 213	- 572	- 5,227	- 1,909	73	- 7,848
Carrying amount		**7,534**	**32,539**	**138,205**	**213,518**	**5,224**	**397,020**
At 31 December 2013							
Cost		34,231	118,848	243,280	218,959	9,641	624,959
Accumulated amortization and impairment		- 26,697	- 86,309	- 105,075	- 5,441	- 4,417	- 227,939
Carrying amount		7,534	32,539	138,205	213,518	5,224	397,020
Movements in 2014							
Acquisitions	5	807	625	31,518	2,000	32,203	67,153
Additions		195	21,990	3	3,732	522	26,442
Disposals		-	- 280	-	- 948	- 10	- 1,238
Amortization charge	7	- 1,927	- 11,575	- 14,455	-	- 3,475	- 31,432
Impairment	7	-	-	- 1,284	- 3,999	-	- 5,283
Reclassification		-	162	6	- 4,550	366	- 4,016
Exchange differences		287	- 288	- 1,033	- 41	669	- 406
Carrying amount		**6,896**	**43,173**	**152,960**	**209,712**	**35,499**	**448,240**
At 31 December 2014							
Cost		35,200	144,253	274,436	218,775	43,202	715,866
Accumulated amortization and impairment		- 28,304	- 101,080	- 121,476	- 9,063	- 7,703	- 267,626
Carrying amount		6,896	43,173	152,960	209,712	35,499	448,240

The difference between the acquisition amount of €67,153 and the amount specified in note 5 on acquisitions of subsidiaries of €66,448 is caused by the intangible assets obtained from the acquisitions in Turkey and China, which is accounted for based on predecessor accounting.

The other intangible assets acquired in 2014 mainly comprise customer databases (€29,617).

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 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 cost to sell.

During 2014 the impairment test on key money resulted in an impairment in France and Brazil of €3,999 (2013: €1,349 in France) 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 reclassed 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 2014	31 December 2013
France	200,517	203,887
Brazil	9,195	9,631
	209,712	213,518

Key assumptions used to determine the recoverable amount:

	2014	2013
Revenue growth rate	1.5% - 12%	2% - 10%
Discount rate (pre tax)	9.91% - 18.31%	10.26% - 18.31%

Internal development
In 2013, the business project iSynergy was initiated to implement global ERP system in all countries.

Development costs of these systems are recognized as intangible assets. Research expenditure is expensed as incurred and amounts to €619 (2013: €133). In 2014, the Group capitalized €8,685 (2013: €4,305) worth of licenses and expenses for the global ERP project that are not yet being used.

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 cost 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 cost 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 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
Latin America & Asia	13.7% – 17.4%	7.8% – 8.4%	12.03% – 24.88%	0.6 – 1.37

Key assumptions used to determine the recoverable amount in 2013:

	Revenue growth rate (average)	EBITA percentage (average)	Discount rate (pre tax)	Sales multiple (when used)
G4	2.1% – 6.9%	11.5% – 19.1%	10.05% – 12.95%	–
Other Europe	3.0% – 4.1%	10.4% – 13.4%	9.77% – 16.68%	1
Latin America & Asia	5.9% – 8.3%	5.6% – 6.3%	11.93% – 18.31%	0.6 – 1.36

The assumptions reflect the averages of each group of the CGUs in the segments for the five-year period. 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 recognized impairment losses during the periods please refer to note 14.

17 Other Non-Current Assets

in thousands of EUR	Notes	31 December 2014	31 December 2013
Loans to management	34.3	16,769	15,302
Rental deposits		28,396	21,748
Other		5,365	7,873
		50,530	44,923

'Other' mainly includes shareholdings in commercial centers where stores are operated, receivables from franchisees, receivables from health insurance companies and deposits paid for stores. The carrying value less impairment provision approximates the fair value. There is no provision on the loans to management as at the end of 2014 (2013: €256). The rental deposits relate to key money subject to amortization in line with the related rental contract.

18 Associates

in thousands of EUR	31 December 2014	31 December 2013
Visilab S.A.	31,816	30,237
Reliance-Vision Express Private Ltd and Reliance-GrandVision India Supply Private Ltd	3,151	3,347
	34,967	33,584

The movements in investments in associates is as follows:

in thousands of EUR	2014	2013
At 1 January	33,584	35,169
Capital contributions in associates	797	881
Result from associates	2,696	1,411
CTA from associates	1,195	- 1,177
Dividend received	- 3,305	- 2,700
At 31 December	34,967	33,584

The financial information of the associates is as follows:

in thousands of EUR	31 December 2014	31 December 2013
Non-current assets	65,313	62,798
Current assets	29,361	29,161
Equity	74,706	72,166
Non-current liabilities	1,191	1,263
Current liabilities	18,777	18,530
Commitments	54,303	54,417

in thousands of EUR	2014	2013
Revenue	151,787	146,712
Result for the year	11,922	9,606

19 Inventories

in thousands of EUR	31 December 2014	31 December 2013
Finished goods	260,297	207,139
Raw materials	2,729	1,536
Provision for obsolete inventory	- 23,369	- 16,055
	239,657	192,620

An amount of €9,089 (2013: €9,395) has been recognized in the Income Statement for obsolete inventories as part of the other costs. The increase in inventories is for €32,652 related to acquisitions.

20 Trade and Other Receivables

in thousands of EUR	Notes	31 December 2014	31 December 2013
Trade receivables		144,999	130,420
Less: provision for impairment of trade receivable		- 9,118	-9,327
Trade receivables – net		135,881	121,093
Receivables from related parties	34.2	2,166	4,661
Taxes and social security		27,239	23,970
Other receivables		47,755	45,797
Prepayments		44,260	33,430
		257,301	228,951

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 €9,118 (2013: €9,327) for the impairment of its trade receivables. The creation and usage of the provision for impaired receivables have been included in the selling and marketing costs in the Income Statement.

The increase in trade and other receivables is for €27,789 related to acquisitions.

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

in thousands of EUR	2014	2013
At 1 January	9,327	8,918
Additions to provision for bad and doubtful debts	2,783	3,322
Receivables written off during the year as uncollectible	- 2,205	- 1,744
Unused amounts reversed	- 758	- 812
Exchange differences	- 29	- 357
At 31 December	9,118	9,327

As of 31 December 2014 €42,217 of the net trade receivables were past due but not impaired (2013: €31,787). 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 2014	31 December 2013
Up to 3 months	129,716	109,351
Between 3 and 6 months	6,830	9,592
Between 6 and 9 months	1,259	3,367
Over 9 months	7,194	8,110
	144,999	130,420

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 2014	31 December 2013
Euro (EUR)	68,773	63,024
Brazilian Real (BRL)	16,245	14,028
British Pound Sterling (GBP)	11,825	13,485
Chilean Peso (CLP)	7,977	8,142
Danish Krone (DKK)	7,371	5,358
Other	23,690	17,056
Total	135,881	121,093

21 Cash and Cash Equivalents

in thousands of EUR	31 December 2014	31 December 2013
Cash at bank and in hand	133,653	99,494
Short-term bank deposits and marketable securities	443	3,068
	134,095	102,562

'Cash and cash equivalents' contains the net position for the cash pooling agreement. At 31 December 2014, the gross amount is €65,203 as assets and €63,541 as liabilities (31 December 2013: €439,955 as assets and €439,848 as liabilities).

In December 2014 an amount of €1.1 million was pledged by GrandVision against a credit line.

Cash and cash equivalents by currency:

in thousands of EUR	31 December 2014	31 December 2013
Euro (EUR)	86,249	37,756
British Pound Sterling (GBP)	9,203	7,694
Norwegian Krone (NOK)	4,863	7,456
Polish Zloty (PLN)	5,010	18,723
Mexican Peso (MXN)	3,907	4,009
Other	24,863	26,924
	134,095	102,562

At 31 December 2014 an amount of USD 2.1 million is kept by a custody company in Mexico in order to be exchanged in local currency. A Presidential Decree was signed in September 2014 which enables the Group to have full access to the amount. The first USD amounts were transferred in January 2015.

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

in thousands of EUR	Notes	31 December 2014	31 December 2013
Cash and bank balances		134,095	102,562
Bank overdrafts	24	- 79,690	- 80,401
		54,405	22,161

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 2013	12,685,906	254	23,185	23,439
Issue of ordinary shares	16,893	-	2,250	2,250
Conversion of shares	-	-	2,086	2,086
At 31 December 2013	**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**

The Company's authorized share capital as of 31 December 2014 comprised of 62,499,900 ordinary shares with a nominal value of 0.02 EUR each and 1 priority share with a nominal value of 2.00 EUR. The total authorized share capital amounted to €1,250. All issued shares have been paid up in full. The Company's paid-up capital comprised 12,722,187 (2013: 12,702,799) ordinary shares and 1 (2013: 1) priority share as of 31 December 2014. The issued and outstanding ordinary shares were 98.57% held by HAL Optical Investments B.V. (2013: 98.67%) and the remainder by the Management Board and certain members of senior management of the Company.

The shares issued in 2014 and 2013 were issued under the long-term incentive plan for an average price of 190.65 EUR (2013: 135.05 EUR) per share. The capital contribution of €1,019 (2013: €2,086) was made by HAL Optical Investments B.V. for the repurchase of the shares under the long-term incentive plan. For the 2014 addition of €29,741 to share premium please refer to note 28.

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. As a result the issued share capital currently amounts to 254,443,840 ordinary shares.

23 Non-Controlling Interest

in thousands of EUR	2014	2013
Balance at 1 January	44,366	42,444
Acquisition of subsidiaries	- 999	-
Acquisition of NCI	-	- 2,745
Result for the year	13,358	14,442
Dividends paid	- 9,914	- 8,083
Remeasurement of post-employment benefit obligation in OCI	- 95	3
Currency translation differences	- 1,389	- 1,695
Balance at 31 December	45,327	44,366

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

The acquisition of non-controlling interest in 2013 represents the consideration transferred (cash paid and loan settled).

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

in thousands of EUR	31 December 2014	31 December 2013
Non-current assets	91,884	90,738
Current assets	43,467	41,527
Equity	86,527	78,000
Non-current liabilities	6,785	15,258
Current liabilities	42,040	39,007

24 Borrowings

in thousands of EUR	31 December 2014	31 December 2013
Non-current		
Bank borrowings	959,707	518,977
Financial leases	756	846
Shareholder loans	-	325,000
	960,463	844,823
Current		
Bank overdrafts	79,690	80,401
Current portion long-term debt	-	757
Financial leases	719	1,071
Other	12,505	6,955
	92,914	89,184
Total borrowings	**1,053,377**	**934,007**

Syndicated bank facilities

GrandVision refinanced its former €800 million Senior Facility Agreement and settled the €325 million outstanding Subordinated Shareholder Loan from HAL. A new €1,200 million Senior Facility Agreement was entered into on 18 September 2014, maturing on 18 September 2019 with 2 one-year extension options which can be exercised by the borrower at the first and second anniversary of the facility, with GrandVision Finance BV as the borrower and GrandVision BV (GrandVision N.V. as of 5 February 2015) as the guarantor.

At the end of 2014 the Group also has multiple bank guarantee facilities for a total amount of €48 million (2013: €22 million).

Shareholder loans

The shareholder loans as well as the payable interest have been fully settled and paid in September 2014. The shareholder loans were subordinated to other debts. The interest rates on the shareholder loans were 5.545%.

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

in thousands of EUR	< 1 year	1-2 years	2-5 years	5+ years	Total
At 31 December 2014					
Borrowings at fixed rates	-	-	-	-	-
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
At 31 December 2013					
Borrowings at fixed rates	-	2,046	-	325,000	327,046
Borrowings at variable rates	88,113	-	516,931	-	605,044
Financial leases	1,071	547	299	-	1,917
	89,184	2,593	517,230	325,000	934,007

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 2.20% and is classified within level 2 of the fair value hierarchy.

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

	2014	2013
Bank borrowings	1.21%	2.20%

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 2014	31 December 2013
- Expiring within one year	63,866	52,495
- Expiring beyond one year	240,000	280,500
	303,866	332,995

Financial lease commitments

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

The financial lease commitments fall due as follows:

in thousands of EUR		31 December 2014			31 December 2013	
	Payment	Interest	Principal	Payment	Interest	Principal
Within 1 year	787	68	719	1,114	43	1,071
1 – 2 years	458	34	424	565	18	547
2 – 5 years	350	18	332	301	2	299
Total	1,595	120	1,475	1,980	63	1,917

25 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	2014	2013
The gross movement on the deferred income tax assets is as follows:			
At 1 January		48,356	55,258
Acquisitions	5	4,875	-
Income Statement charge		17,857	1,220
Change because of income rate change		- 138	308
Processed through Other comprehensive income		5,747	- 5,116
Reclassification		5,067	- 1,858
Exchange differences		- 852	- 1,456
At 31 December		80,912	48,356
Analysis of the deferred income tax assets is as follows:			
- Deferred income tax asset to be recovered after more than 12 months		65,141	35,123
- Deferred income tax asset to be recovered within 12 months		15,771	13,233
		80,912	48,356
The gross movement on the deferred income tax liability is as follows:			
At 1 January		117,086	127,472
Acquisitions	5	17,831	1,205
Income Statement charge		2,338	- 3,545
Change because of income rate change		- 446	- 2,817
Processed through other comprehensive income		94	- 2,217
Reclassification		4,963	-
Exchange differences		- 488	- 3,012
At 31 December		141,378	117,086
Analysis of the deferred income tax liabilities is as follows:			
- Deferred income tax liability to be recovered after more than 12 months		132,912	110,674
- Deferred income tax liability to be recovered within 12 months		8,466	6,412
		141,378	117,086
Net deferred income taxes		60,466	68,730

Deferred income tax assets

in thousands of EUR	31 December 2014	31 December 2013
Property, plant and equipment	4,787	3,079
Inventories	4,483	3,029
Other intangible assets	6,726	4,629
Post-employment benefits	16,359	9,147
Derivative financial instruments	1,011	1,443
Goodwill	914	38
Provisions	4,538	2,034
Deferred revenue and to be invoiced amounts	4,375	4,061
Trade and other payables	11,603	5,748
Deferred taxes on temporary differences	54,796	33,208
Deferred taxes on carry forward losses	26,116	15,148
Total deferred income tax assets	80,912	48,356

Deferred income tax liabilities

in thousands of EUR	31 December 2014	31 December 2013
Property, plant and equipment	12,882	12,382
Inventories	16	23
Other intangible assets	85,840	76,449
Post-employment benefits	25	135
Derivative financial instruments	198	294
Goodwill	31,088	24,872
Provisions	2,469	471
Deferred revenue and to be invoiced amounts	1,145	836
Trade and other payables	7,715	1,624
Total deferred income tax liabilities	141,378	117,086

Deferred income tax assets on carryforward losses have been recognized for an amount of €26,116 (2013: €15,148). The related income tax losses amount to €99,799, estimated during budget and forecast planning process.

Unrecognized income tax losses amount to €222,037. These tax losses expire as follows:

in thousands of EUR	31 December 2014	31 December 2013
Expiring within one year	11,234	11,990
Expiring between one and two years	5,031	4,432
Expiring between two and five years	26,111	14,554
Expiring after more than five years	6,726	34,816
Offsettable for an unlimited period	172,935	130,950
	222,037	196,742

26 Post-Employment Benefits

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

in thousands of EUR	31 December 2014	31 December 2013
Present value of benefit obligation	169,746	104,870
Fair value of plan assets	- 153,591	- 98,435
Net position	16,155	6,435
Present value of unfunded obligation	69,694	48,206
Provision in the balance sheet	85,849	54,641

The most recent actuarial valuations were performed in December 2014.

The funded defined benefit obligation relates mainly (by over 95%) to the pension plan (old age pension, survivors' pension and orphans' pension) of the employees in The Netherlands. The Dutch pension plan is insured with Nationale Nederlanden. The unfunded plans relate to pension promises made to German employees already employed with Apollo prior to 1994 (2014: €51.9 million; 2013 €37.7 million), the Italian Tratamento di Fine Rapporto program (2014: €6.2 million; 2013: €1.5 million) and an end-of-employment plan for French employees (2014: €9.0 million; 2013: €6.8 million).

The increase in the post-employment benefits provision is mainly caused by the decrease in the discount rates used.

The amounts recognized in the Income Statement are as follows:

in thousands of EUR	Notes	2014	2013
Current service costs		5,253	5,876
Interest expense		1,854	1,660
Administrative costs		270	27
Total defined benefit costs	7	7,377	7,563

In 2015 the Group expects to pay an employer contribution into the defined benefit pension plans of €7,169, excluding the effect of possible changes to the employee base.

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 2013	**149,975**	**- 95,017**	**54,958**
Current service costs	5,876	-	5,876
Interest expense/ (income)	5,008	- 3,348	1,660
Acquisitions	-	-	-
Employee contributions	2,014	- 2,014	-
Employer contributions	-	- 3,913	- 3,913
Experience adjustments	2,916	-	2,916
Change in financial assumptions	- 9,376	-	- 9,376
Plan amendments and curtailments	- 421	-	- 421
Settlements	-	176	176
Return on plan assets, excluding amounts in interest	-	3,862	3,862
Benefits paid	- 2,689	1,819	- 870
Exchange effect	- 227	-	- 227
At 31 December 2013	**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
Plan amendments and curtailments	-	-	-
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**

Assumptions

The principal actuarial assumptions used were as follows:

	2014	2013
Discount rate	2.2%	3.6%
Expected return on plan assets	2.1%	3.6%
Future salary increases	2.9%	3.0%
Future inflation	2.0%	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 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.

A 1% increase in the discount rate used to calculate the defined benefit obligation would result in a 17% decrease in the defined benefit obligation. An increase of 0.25% in salary would result in an increase of 3% in the defined benefit obligation. +1 year in life expectancy would result in a slight increase of 4% in the defined benefit obligation. An increase of 1% in inflation would result in an 18% increase in the defined benefit obligation.

The above sensitivity analyses are based on there being a change in 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	2014	2013
Equities	259	23,194
Debt instruments	2,621	73,971
Other	150,711	1,270
Total	153,591	98,435

The plan assets 'other' category mainly represents the valuation of the pension rights of the Dutch pension plan built up with Nationale Nederlanden. Until 2013 the assets of the Dutch pension plan were invested in individual equity and debt instruments.

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

in thousands of EUR	2014	2013
Less than 1 year	3,513	2,199
Between 1 and 2 years	4,037	3,235
Between 2 and 5 years	13,231	8,966
Over 5 years	549,551	549,180
Total	570,332	563,580

27 Provisions

in thousands of EUR	Warranty	Long-term incentive plans	Other employee-related	Other	Total
At 1 January 2013	6,276	26,982	3,914	17,771	54,943
Addition to provision	2,725	12,886	642	3,571	19,824
Reversal of provision	-	- 726	- 1,324	- 2,676	- 4,726
Utilized during the year	- 1,684	- 5,400	- 824	- 2,099	- 10,007
Exchange differences	- 102	-	- 2	- 574	- 678
At 31 December 2013	7,215	33,742	2,406	15,993	59,356
Non-current	4,867	17,293	1,842	7,929	31,931
Current	2,348	16,449	564	8,064	27,425
At 31 December 2013	**7,215**	**33,742**	**2,406**	**15,993**	**59,356**
At 1 January 2014	7,215	33,742	2,406	15,993	59,356
Acquisitions	41	-	258	950	1,249
Addition to provision	3,226	40,246	2,319	2,619	48,410
Reversal of provision	- 989	- 32,271	- 259	- 4,361	- 37,880
Utilized during the year	- 1,563	- 4,450	- 365	- 1,953	- 8,331
Other movements	- 286	-	-	- 5,890	- 6,176
Exchange differences	- 31	9	- 5	- 31	- 58
At 31 December 2014	7,613	37,276	4,354	7,327	56,570
Non-current	5,179	17,530	2,453	2,565	27,727
Current	2,434	19,746	1,901	4,762	28,843
At 31 December 2014	**7,613**	**37,276**	**4,354**	**7,327**	**56,570**

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 28.

Other employee-related
The provisions mostly relate to employee termination benefits.

Other provisions
'Other provisions' mainly relates to legal and fiscal claims. 'Other provisions' also includes provision for restructuring programs that are planned and controlled by management, and which materially change either the scope of business undertaken by the Group or the manner in which that business is conducted. Also includes decommissioning liability for returning a store or office to its original state.

'Other movements' relates to a reclassification of rental discounts to other non-current liabilities.

28 Long-Term Incentive Plans

Summary of terms of long-term incentive plans

Certain members of senior management participate in the long-term incentive plan (LTIP). Under the long-term incentive plan, there are two different arrangements, which are described below:

Type of arrangement	Real share plan	Phantom plan
Date of grant(s)	In May of each year since 2005	In May of each year since 2009
Contractual life	6 years or indefinite	5 or 6 years
Vesting conditions	3, 4 or 5 years of service	3 or 4 years of service
Method of settlement	Equity-settled	Cash-settled
Basis for value at settlement	The listed share price of GrandVision N.V. on Euronext Amsterdam (GVNV.AS)	The listed share price of GrandVision N.V. on Euronext Amsterdam (GVNV.AS)

Historical treatment of long-term incentive plans

The plans are structured in such a way that, until an IPO became probable, the fair value of the awards was based on an internal measure. Accordingly, these plans have been accounted for under IAS 19 in the previous financial statements, including and up to the annual financial statements ending on 31 December 2013.

In the event of a listing (or when it is probable that a listing will occur), the fair value of the shares becomes based on a market measure (the listed share price) and represents the fair value of the Company's share price. During 2014 management updated their best estimate and determined that the probability threshold that a listing would occur had been met. The listing indeed occurred on 6 February 2015. The change in the settlement of the awards and options as a result of a probable listing has therefore moved the scope of the awards and options from IAS 19 to IFRS 2, as the settlement is now in shares that are not redeemable or cash equal to the listed share price and future grants will be based on the current listed share price.

Real share plan

The real share plan provides the possibility to participants to purchase shares in the Company which they are required to keep for a holding period. After the holding period the Company makes an offer for 50% of the shares after a certain period of time – typically four years – and another offer for the remaining 50% of the shares on the fifth-year anniversary of grant. However, this redemption option has been canceled upon listing of the Company's shares and the plan has become equity-settled. Vesting of awards granted under the real share plan is based on a service condition that can vary from 3 to 5 years.

The real share plan has historically been accounted for under IAS 19 and classified as a liability, as the plan was settled in cash to be paid by the Company upon exercise of the awards. Upon listing, the requirement for the Company to offer to settle the shares in cash has been eliminated. The awards exercised are now to be settled in equity.

Under IFRS 2, for equity-settled arrangements, the fair value of options or shares granted to employees is measured at grant date. The costs of share-based compensation plans are determined based on the fair value of the shares and the number of shares expected to vest. The fair value is recognized as costs in the Income Statement over the vesting period of the shares against an increase in equity for equity-settled share-based compensation plans.

Upon transition from IAS 19 to IFRS 2, the expense recognition under the LTIP arrangements was adjusted to reflect the expense recognition that would have occurred if the arrangements had been accounted for under IFRS 2 from the respective grant dates. As the Company's shares were not listed, management has estimated the grant date fair value. This estimate is based on a combination of a market approach and income approach. The results of the share valuations and the related share-based payment expenses are dependent on the model and input parameters used. Even though management considers the fair values reasonable and defensible based on the methodologies applied and the information available, others might derive at a different fair market value for the awards granted under the Company's share-based payment plans. This resulted in an incremental income (reversal of expense) of €2,531 driven by higher fair values using the internal measure versus the grant date fair value. This income is recognized general and administrative costs in the Income Statement during 2014 and classified under non-recurring items (refer to note 35).

On 21 May 2011, the real share plan was modified so that all shares were settled as shares in GrandVision BV. As the plan is now classified as equity-settled under IFRS 2, this event is now considered to be a modification, and any incremental fair value granted to the participants has been considered. An amount of €2,309 in incremental fair value was provided to the participants as part of this modification event and incremental expense was therefore recorded upon transition of the plan from IAS 19 to IFRS 2 during 2014.

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 2014	51,720	12,551	104,405	168,676
Granted	-	-	19,388	19,388
Settled	- 1,027	-	- 5,560	- 6,587
Outstanding at 31 December 2014	50,693	12,551	118,233	181,477

Of those shares outstanding under the real share plan at 31 December 2014, for 76,319 shares the holding period has ended.

On 20 January 2015 the Group issued 241,721,553 ordinary shares and the above amounts were adjusted accordingly without an impact on the value.

Phantom plan

The phantom plan provides 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. Participants are granted phantom shares as well as phantom options under the phantom plan. Phantom shares and options are cash-settled and contain a service condition of 3-5 years and can contain in addition performance conditions based on the results of certain Company targets. Under IFRS 2, for cash-settled plans, the fair value of the liability for the awards granted is remeasured at each reporting date and upon settlement. Furthermore, the amount of expense each period is recognized over the vesting period. The phantom option plan can contain performance conditions that are based on the performance targets of respective business units in the organization. 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 ascribed to each phantom share and option granted.

The estimate for the liability (and corresponding expense recognition) has been affected by the increase in the probability of a listing, since the estimated fair value of the Company's shares is higher than the value of the shares determined by the formula used before the application of IFRS 2. As the probability of the listing increased, the estimate for the total fair value of liability increased in proportion. This resulted in an incremental expense of €20,975, which was recognized in general and administrative costs in the Income Statement during 2014 and classified among non-recurring items (refer to note 35). The estimate for the liability will change with the corresponding changes in the probability of an IPO occurring, with the changes being recognized during those periods in which the change in estimate occurs. Also, the liability will be increased and expense recognized as the vesting of phantom shares and options occurs over time.

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

	Th. A. Kiesselbach (CEO)	P.J. de Castro Fernandes (CFO)	Employees	Total phantom shares and options
Outstanding at 1 January 2014	6,462	3,720	173,195	183,377
Adjusted for performance conditions at vesting	-	-	- 4,662	- 4,662
Granted	5,142	1,150	32,412	38,704
Forfeited	-	-	- 24,667	- 24,667
Outstanding at 31 December 2014	11,603	4,870	176,278	192,751

	Phantom shares	Phantom options	Weighted average exercise price in EUR per share
At 1 January 2014	48,096	135,281	142.54
Adjusted for performance conditions at vesting	- 1,430	- 3,232	127.59
Granted	34,954	3,750	129.30
Forfeited	- 6,802	- 17,865	140.27
At 31 December 2014	74,817	117,934	142.87

Of those phantom shares outstanding under the phantom plan at 31 December 2014, 8,840 were vested.

Of those phantom options outstanding under the phantom plan at 31 December 2014, 26,162 were exercisable. As of 31 December 2014 the weighted average remaining contractual life for outstanding phantom options was 2.9 years.

The total fair value of all phantom stock options granted as of 31 December 2014 was €28,218. The fair value was determined on the reporting date based on the Black-Scholes-Merton option pricing formula. The following assumptions were used:

Phantom options	31 December 2014
Exercise price in EUR	119.51 – 205.15
Share price in EUR*	400.00
Volatility	21.9% – 34.7%
Dividend yield	1.50%
Expected remaining option life in years	0.4 – 4.4
Annual risk-free interest rate %	-0.11% – 0.01%

* Share price before additional issuance of shares. Restated share price: 20 EUR

The expected volatility used is based on the weighted average historical, annualized volatilities of a group of comparable, listed companies. The share price used is based on the IPO price at 6 February 2015.

The table below presents the total expense of the share-based payment plans in 2014 as well as the movements in the liability and equity triggered by the change to the estimate of the probability of an IPO, resulting in the plans being classified as IFRS 2 share-based compensation plans:

in thousands of EUR	Real share plan		Phantom plan
	Liability	Equity	Liability
1 January 2014	25,079	-	5,280
Expenses	7,712	500	10,918
Settlements	- 1,019	-	- 715
Incremental expense for transition from IAS 19 to IFRS 2	- 31,772	29,241	20,975
31 December 2014	-	29,741	36,458

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

29 Trade and Other Payables

in thousands of EUR	Notes	31 December 2014	31 December 2013
Trade payables		132,672	91,166
Accrued expenses		93,047	86,951
Other taxes and social security		71,639	62,788
Payables to related parties	34.2	20,950	10,284
Deferred income		58,590	52,023
Other payables		126,160	87,775
		503,058	390,987

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

The increase in trade and other payables is for €64,723 related to acquisitions.

30 Derivative Financial Instruments

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

in thousands of EUR	31 December 2014		31 December 2013	
	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives – cash flow hedges	-	4,025	-	5,664
Currency derivatives – cash flow hedges	800	20	143	347
Currency derivatives – fair value hedges	91	-	-	-
Total	891	4,045	143	6,011
Less non-current portion:				
Interest rate derivatives – cash flow hedges	-	2,508	-	4,629
Current portion	891	1,537	143	1,382

The valuation of the derivatives is based on valuations provided by banks and third parties.

Interest rate derivatives
The nominal amount of the syndicated loans (see note 24) hedged by interest rate derivatives amounts to €420 million (2013: €550 million). 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. Group policy is to hedge between 25% and 80% of the transactional cash flows based on a rolling 12-month forecast. The exposure to USD, CZK, PLN, CLP, CHF and HUF has been (partially) hedged. 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 2014 the notional principal amounts of these outstanding forward foreign exchange contracts were:

in thousands of EUR	31 December 2014	31 December 2013
Currency		
USD	24,134	12,527
CZK	4,176	-
PLN	2,893	4,719
CLP	1,366	2,901
CHF	1,159	-
HUF	300	7,560
GBP	-	4,969

All these foreign exchange deals are partially hedging underlying forecasted transactions of Group entities in the corresponding foreign currency.

31 Cash Generated from Operations

in thousands of EUR	Notes	2014	2013
Result before tax		254,243	229,119
Adjusted for:			
Depreciation	13	96,805	92,392
Amortization & impairment	14,15	40,173	37,910
Result from sale of property, plant and equipment		776	- 2,356
Result from sale of intangibles		- 1,264	- 841
Financial result	10	34,366	41,033
Result from associates	9	- 2,696	- 1,411
Changes in working capital :			
- Inventories		- 16,123	- 19,688
- Trade and other receivables		- 10,989	26,748
- Trade and other payables		35,447	- 33,465
Changes in provisions		46,577	22,212
Cash generated from operations		477,315	391,653

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

32 Contingencies

32.1 Contingent Liabilities

Bank borrowings to franchisers of the Group are often secured by guarantees given by the Group to the bank. The guarantees given are secured by the activities, store rental contracts, inventories and store furniture of the franchisers. No other guarantees have been given by the Group. No net outflow of cash is expected for the abovementioned guarantees.

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.

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.

In June 2009, the French competition authority ('Autorité de la concurrence') 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, in violation of Article L. 420-1 of the French 'Code de Commerce' and Article 101-1 of the Treaty on the Functioning of the European Union. In 2012, certain Group employees were interviewed by the French competition authorities, and in 2014 the Group received further written inquiries from the French competition authority. Under French law, there is no formal date by which the French competition authorities are required to complete their investigation. As of the date of these consolidated financial statements, the Group has not been accused of having violated the laws in question; however, the Group may receive a statement of objections ('notification de griefs') during 2015, which would be the next step in the procedure. If it is ultimately determined that the Group has violated applicable law, it may be subject to fines. As the Group has not been formally accused, it is unable to estimate the extent of any such fine. At this stage, the Group has not made a provision in its financial statements in relation to this matter. The Group's practice is to continue to comply with all laws and regulations applicable to its business, including antitrust laws, and it has systems and procedures in place to prevent violations. It is also its practice to cooperate with the relevant regulatory authorities.

In December 2010 the Hungarian Competition Authority, cf. investigated Fotex-Ofotért (F.O. Optikai és Fotocikk Kereskedelmi Kft.) and a number of other parties on suspicion of cartel activity in the Hungarian contact lens market. The Hungarian Competition Authority alleges that the companies were exchanging information disguised as market research undertaken by Kleffmann and Partner, during the period between 2003 and 2010. In November 2013 the Competition Authority shares its statement of objections. According to Fotex-Ofotért this statement of objections is unfounded, and the accused companies defended their position in court on 4 February 2014. The Hungarian Competition Authority requested some additional information which was provided on 14 February 2014. No provision has been recognized locally. At Group level a provision for €0.5 million has been recognized. On 19 June 2014 the defendants were fined. Fotex-Ofotért was fined approximately €161 thousand and this fine has already been paid. However, all the defendants have appealed this decision by the Hungarian Competition Authority.

32.2 Operating Lease Commitments

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

in thousands of EUR	31 December 2014	31 December 2013
Not later than 1 year	229,872	176,322
Later than 1 year and not later than 5 years	523,343	473,900
Later than 5 years	164,466	144,865
	917,681	795,087

The lease commitments 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 €344,961 (2013: €329,895).

33 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	2014	2013
Audit fees	2,605	2,685
Audit-related fees	1,450	-
Tax advisory fees	92	94
Other non-audit fees	188	-
	4,335	2,779

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

34 Related Parties

34.1 Loans from Related Parties

At 31 December 2014 the Group no longer has a loan from HAL outstanding (2013: €325,000).

34.2 Other Transactions with Related Parties

On 30 September 2014 the Group acquired HAL Optical Turkey BV and its subsidiary as well as HAL Investment Asia BV and its subsidiaries from the parent company HAL Holding. The consideration paid is €88,164 and the transaction is based on arm's-length conditions.

During 2014 GrandVision acquired goods from Safilo (a subsidiary of HAL) to the amount of €63,094 (2013: €56,268). Trade receivables (note 20) include a receivable for marketing activities of €2,142 from Safilo (2013: €4,661) and a receivable from Intersafe Holding (a subsidiary of HAL) of €24 (2013: €0). Trade payables (note 29) include a liability to Safilo of €15,172 (2013: €8,199) and a payable to HAL Investments and HAL subsidiaries of €5,778 (2013: €2,085).

34.3 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	2014	2013
Balance at 1 January	15,302	15,142
Additions	2,900	3,012
Redemptions	- 2,176	- 3,566
Accrued interest	743	714
Balance at 31 December	16,769	15,302

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, %
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%
2013			
Th. A. Kiesselbach	869	June 2005 – unlimited	5.00%
Th. A. Kiesselbach	96	June 2008 – 6 years	4.85%
Th. A. Kiesselbach	82	June 2010 – 6 years	4.00%
Th. A. Kiesselbach	152	June 2012 – unlimited	4.00%
P.J. de Castro Fernandes	1,436	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.

34.4 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	2014	2013
Th. A. Kiesselbach (CEO)		
Salary and other short-term benefits	686	655
Post-employment benefits	121	115
Other long-term benefits	-	59
Short-term variable remuneration	313	221
Long-term incentive plan benefits	1,151	2,178
	2,271	3,228
P.J. de Castro Fernandes (CFO)		
Salary and other short-term benefits	441	388
Post-employment benefits	70	65
Other long-term benefits	-	33
Short-term variable remuneration	191	105
Long-term incentive plan benefits	409	260
	1,111	851

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.

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.

An amount of €117 for the crisis levy for the amounts remunerated in 2013 has been paid in 2014. This charge is borne by the Company.

For the movements in the long-term incentive plan please refer to note 28.

34.5 Supervisory Board Remuneration

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

in thousands of EUR	2014	2013
C.J. van der Graaf	58	58
J.A. Cole	47	47
M.F. Groot	-	-
P. Bolliger	48	48
W. Eelman	48	48
	201	201

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

35 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 Latin America & 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 2014 and 2013. The adjusted EBITDA is defined as EBTIDA excluding other reconciling items and exceptional non-recurring items. The non-recurring items in 2014 appertain 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	Latin America & Asia	Total
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:				
- Interest income/expense				- 34,366
Earnings before tax				**254,243**
2013				
Total net revenue	1,686,039	694,465	239,676	2,620,180
Adjusted EBITDA	325,680	92,170	5,594	423,444
Other reconciling items				- 22,990
Total adjusted EBITDA				**400,454**
Non-recurring items				-
Depreciation				- 92,392
Amortization and impairments				- 37,910
Operating income/loss				**270,152**
Non-operating items:				
- Interest income/expense				- 41,033
Earnings before tax				**229,119**

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

in thousands of EUR	2014	2013
France	565,008	547,903
Germany	402,645	364,382
UK	390,937	331,125
Other countries	1,458,404	1,376,770
	2,816,994	2,620,180

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

in thousands of EUR	31 December 2014	31 December 2013
The Netherlands	99,967	101,005
France	492,821	499,590
UK	236,636	192,250
Italy	206,475	59,170
Other countries	791,420	708,738
	1,827,319	1,560,753

The non current assets by geographical area is given based on the location of the assets. This disclosure is given for all the non current assets except financial instruments and deferred tax assets. The comparative figures have been changed to conform to the current year presentation.

Revenue in the Netherlands, the Group's country of domicile, is €237,830 (2013: €226,552). There are no customers that comprise 10% or more of revenue in any year presented.

36 Non-GAAP Measures

In the internal management reports, GrandVision measures its performance primarily based on EBITDA and adjusted EBITDA (refer to note 35). 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	2014	2013
Adjusted EBITDA	449,498	400,454
Non-recurring items	- 23,911	-
EBITDA	**425,587**	**400,454**
Depreciation & amortization software	- 108,380	- 103,228
EBITA	**317,207**	**297,226**
Amortization & impairments	- 28,598	- 27,074
Operating result	**288,609**	**270,152**

37 Principal Subsidiaries, Joint Ventures and Associates

Company	2014	2013	Country of incorporation
Pearle Österreich GmbH	100.00%	100.00%	Austria
Grand Opticiens Belgium N.V.	100.00%	100.00%	Belgium
VE Bulgaria EOOD	100.00%	100.00%	Bulgaria
Contysco Optics Limited	100.00%	100.00%	Cyprus
GrandVision Cyprus Ltd.	100.00%	100.00%	Cyprus
Nordman Investments Ltd.	100.00%	100.00%	Cyprus
Fotex Ceska Republika s.r.o.	100.00%	100.00%	Czech Republic
Synoptik A/S	63.29%	63.29%	Denmark
Synoptik Nuuk ApS	63.29%	63.29%	Denmark
Instrumentarium Optika OÚ	100.00%	100.00%	Estonia
Instru optiikka Oy	100.00%	100.00%	Finland
GrandVision France S.A.S.	100.00%	100.00%	France
GrandVision S.A.	100.00%	100.00%	France
Solaris Group Franchise S.A.S.	100.00%	100.00%	France
Solaris S.A.S.	100.00%	99.90%	France
Apollo-Optik Beteiligungs GmbH	100.00%	100.00%	Germany
Apollo Optik Holding GmbH & Co KG	100.00%	100.00%	Germany
Apollo Optik GmbH	100.00%	100.00%	Germany
Eyetitude GmbH	100.00%		Germany
Pearle Scandinavia GmbH	100.00%	100.00%	Germany
Robin Look GmbH	100.00%		Germany
GrandVision Hellas S.A.	100.00%	100.00%	Greece
F.O. Optikai és Fotocikk Kereskedelmi Kft.	100.00%	100.00%	Hungary
Unio-Optika Kft.	100.00%	100.00%	Hungary
Abbeyfield Vision Express Ireland Ltd.	100.00%	100.00%	Ireland

Company	2014	2013	Country of incorporation
Pearle Opticians Ireland Limited	100.00%	100.00%	Ireland
Vision Express Ireland Ltd.	100.00%	100.00%	Ireland
Angelo Randazzo S.r.l.	100.00%		Italy
Avanzi Holding Srl.	100.00%	98.67%	Italy
Corner Optique S.R.L.	100.00%		Italy
Brilmij Jersey Ltd.	100.00%	100.00%	Jersey (Channel Islands)
iWear Direct Limited	100.00%	100.00%	Jersey (Channel Islands)
LGL Ltd.	100.00%	100.00%	Jersey (Channel Islands)
GrandVision Luxembourg S.A.R.L.	100.00%	100.00%	Luxembourg
GrandOptical Monaco S.A.R.L.	98.00%	98.00%	Monaco
Solaris Monaco S.A.R.L.	100.00%	99.90%	Monaco
Brilleland AS	63.29%	63.29%	Norway
Interoptik AS	63.29%	63.29%	Norway
Synoptik Norge AS	63.29%	63.29%	Norway
Vision Express SP Sp.z.o.o.	100.00%	100.00%	Poland
GrandOptical Portugal S.A.	100.00%	100.00%	Portugal
GrandVision Portugal Unipessoal, Lda	100.00%	100.00%	Portugal
GrandVision Supply Chain (Portugal) S.A.	100.00%	100.00%	Portugal
Solaris Portugal S.A.	100.00%	99.90%	Portugal
GrandOptical Slovakia s.r.o	100.00%	100.00%	Slovakia
MasVision Franquiciador S.L.	99.90%	99.90%	Spain
Masvision Grupo Optico S.A.	100.00%	100.00%	Spain
Solaris Gafas de sol S.L.	100.00%	99.90%	Spain
Synoptik Sweden AB	63.29%	63.29%	Sweden
GrandVision Retail Management S.A.	98.00%	98.00%	Switzerland
Visilab S.A.*	30.19%	30.19%	Switzerland
Brilmij Groep B.V.	100.00%	100%	The Netherlands
Central Vision II B.V.	100.00%	100.00%	The Netherlands
GrandVision Argentina & Uruguay B.V.	100.00%	100.00%	The Netherlands
GrandVision Baltics B.V.	100.00%	100.00%	The Netherlands
GrandVision Benelux B.V.	100.00%	100.00%	The Netherlands
GrandVision Brazil B.V.	100.00%	100.00%	The Netherlands
GrandVision Central Europe B.V.	100.00%	100.00%	The Netherlands
GrandVision Chile B.V.	100.00%	100.00%	The Netherlands
GrandVision Colombia B.V.	100.00%	100.00%	The Netherlands
GrandVision Finance B.V.	100.00%	100.00%	The Netherlands
GrandVision Finland B.V.	100.00%	100.00%	The Netherlands
GrandVision Group Holding B.V.	100.00%	99.99%	The Netherlands
GrandVision India B.V.	100.00%	100.00%	The Netherlands
GrandVision IT Services B.V.	100.00%	100.00%	The Netherlands
GrandVision Italy B.V.	100.00%	100.00%	The Netherlands
GrandVision Latam B.V.	100.00%	100.00%	The Netherlands
GrandVision Mexico B.V.	100.00%	100.00%	The Netherlands
GrandVision Middle East & Asia B.V.	100.00%	100.00%	The Netherlands
GrandVision Northern Europe B.V.	100.00%	100.00%	The Netherlands
GrandVision Peru B.V.	100.00%	100.00%	The Netherlands
GrandVision Portugal B.V.	100.00%	100.00%	The Netherlands
GrandVision Retail Holding B.V.	100.00%	100.00%	The Netherlands
GrandVision Supply Chain B.V.	100.00%	100.00%	The Netherlands
GrandVision Turkey B.V.	100.00%		The Netherlands
HAL Investments Asia B.V.	100.00%		The Netherlands
Optical Retail Group B.V.	100.00%	100.00%	The Netherlands
Pearle Scandinavia B.V.	100.00%	100.00%	The Netherlands

Company	2014	2013	Country of incorporation
The Vision Factory B.V.	100.00%	100.00%	The Netherlands
Vision Express Middle East B.V.	100.00%	100.00%	The Netherlands
Abbeyfield Vision Express Ltd.	100.00%	100.00%	UK
Central Lab VE Ltd.	100.00%	100.00%	UK
UK EFS Ltd	100.00%	100.00%	UK
Vision Express (CLS) Ltd.	100.00%	100.00%	UK
Vision Express (UK) Ltd.	100.00%	100.00%	UK
Vision Express Group Ltd.	100.00%	100.00%	UK
Vision Express Joint Ventures Limited	100.00%	100.00%	UK
Vision Express Limited	100.00%	100.00%	UK
VS Optics Ltd.	100.00%	100.00%	UK
La Óptica SA	100.00%	100.00%	Argentina
MasVision Latinoamerica Argentina S.A.	100.00%	100.00%	Argentina
Fabrica de Oculos Ltda	100.00%	100.00%	Brazil
Fototica Ltda	100.00%	100.00%	Brazil
GrandVision Latam Servicos de Consultoria LTDA	100.00%	100.00%	Brazil
Superlente Comércio de Lentes e Óculos Ltda	100.00%	100.00%	Brazil
Chile Holding Optico S.A.	100.00%	100.00%	Chile
Opticas GrandVision Chile Ltda.	100.00%	100.00%	Chile
LAFAM S.A.S.	100.00%	100.00%	Colombia
Topsa Productos Opticos Colombia S.A.S.	62.00%		Colombia
Administradora Lux S.A. de C.V.	70.00%	70.00%	Mexico
Comercializadora Lux S.A. de C.V.	70.00%	70.00%	Mexico
Grupo Óptico Lux, S.A. de C.V.	70.00%	70.00%	Mexico
GVMV S.A. de C.V.	70.00%	70.00%	Mexico
GVSC S.A. de C.V.	70.00%	70.00%	Mexico
GVSG S.A. de C.V.	70.00%	70.00%	Mexico
ICOF S.A.	48.30%	48.30%	Mexico
Luxcientifico S.A. de C.V.	70.00%	70.00%	Mexico
Optica Lux S.A. de C.V.	70.00%	70.00%	Mexico
Precision Optica S.A. de C.V.	70.00%	70.00%	Mexico
Tide Ti, S.A. de C.V.	70.00%	70.00%	Mexico
Lentes y Tecnología del Perú S.A.C.	62.00%		Peru
Topsa Holding SA	62.00%		Peru
Topsa Productos Opticos S.A.	62.00%		Peru
Topsa Retail S.A.C.	62.00%		Peru
Alcazar S.R.L.	100.00%	100.00%	Uruguay
MasVision Latinoamerica Uruguay S.A.	100.00%	100.00%	Uruguay
GrandVision Optical Commercial (China) Co., Ltd.	100.00%		China
GrandVision Shanghai Co. Ltd	100.00%		China
Shanghai Red Star Optical Co. Ltd	78.00%		China
Reliance-Vision Express Private Ltd**	50.00%	50.00%	India
Reliance-GrandVision India Supply Private Ltd**	50.00%	50.00%	India
Lensmaster OOO	100.00%	100.00%	Russia
Atasun Optik Sanayi ve Ticaret Limited Şirketi	100.00%		Turkey

* associate
** joint venture

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

Parent Company Financial Statements

Income Statement

in thousands of EUR	2014	Restated 2013
Result from subsidiaries after income tax	188,980	158,211
Other income and expenses after income tax	- 27,777	- 16,738
Result for the year	161,203	141,473

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 2014	Restated 31 December 2013
ASSETS			
Non-current assets			
Financial fixed assets	2	833,519	784,928
Deferred income tax receivables		8,192	4,125
Non-current receivables		1,933	-
		843,644	789,053
Current assets			
Trade and other receivables		12,743	17,016
Cash and cash equivalents		28	5,509
		12,771	22,525
Total assets		**856,415**	**811,578**
EQUITY AND LIABILITIES			
Equity			
Share capital	3	254	254
Share premium		48,106	14,346
Legal reserves	4	23,576	31,711
Retained earnings		389,751	313,902
Result for the year		161,203	141,473
		622,890	501,686
Provisions and deferred income tax liabilities			
Provisions non-current		10,451	13,917
Deferred income tax liabilities		14	1,407
Provisions - current		14,418	13,437
		24,883	28,761
Non-current liabilities			
Borrowings	6	185,263	88,035
Other non-current liabilities		1,588	502
		186,851	88,537
Current liabilities			
Borrowings	6	2,021	172,428
Other liabilities		19,770	20,166
		21,791	192,594
Total equity and liabilities		**856,415**	**811,578**

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 BV (on 5 February 2015 converted into 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.

Until 31 December 2013 the Company reported under Dutch GAAP, and in accordance with Article 408, Book 2, Title 9 of the Dutch Civil Code, consolidated accounts were not prepared. The Company changed the basis of preparation as of 1 January 2014 in order to comply with sub 8 of Article 362, Book 2 of the Dutch Civil Code. This results in the following changes:

Under Dutch GAAP, the Company valued its investment in subsidiaries at cost, or in the case of a permanent decline in value, at the lower value. Under the new basis of preparation, the Company values its investment in subsidiaries at net asset value as described in the accounting policy. This change in the basis of preparation results in a decrease in the investment in subsidiaries of €476,838 as of 1 January 2014. (1 January 2013: €579,950). Share premium decreased by €994,914 as of 1 January 2014 (1 January 2013: €991,847) as under Dutch GAAP, the merger of GrandVision and Pearle in 2011 was accounted for under acquisition accounting and the acquisition price was followed.

Under Dutch GAAP, pensions were accounted for based on the liability method. The change to IAS 19 resulted in an increase in the pension provision of €502 as of 1 January 2014 (1 January 2013: €491), and the impact of Actuarial gains/(losses) in equity (net of tax) as of 1 January 2014 is €76 (1 January 2013: €479).

Under IFRS, the long-term incentive plan is recognized on the balance sheet as a liability. This results in an increased liability of €26,992 as of 1 January 2014, a €2,085 equity impact as a result of the issuance of new shares and, for €1,547, a related deferred tax asset (1 January 2013: €22,500 and €481 respectively).

The above effects result in an increase of €155,889 in the 2013 net result, while total equity decreased by €506,398 as of 1 January 2014 (1 January 2013: €631,704).

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 2014	739,201	45,727	784,928
Movements in 2014			
Additions	10,000	5,204	15,204
Dividends	- 51,110	-	- 51,110
Acquisition under common control	- 55,494	-	- 55,494
Repayment	-	- 34,161	- 34,161
Exchange differences	- 1,481	-	- 1,481
OCI	- 13,347	-	- 13,347
Net result for current year	188,980	-	188,980
At 31 December 2014	816,749	16,770	833,519

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

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

Company	2014	2013
GrandVision Group Holding BV, the Netherlands	100%	100%
Central Vision II BV, the Netherlands	100%	100%
Vision Express Polska SP Sp. z o.o., Poland	100%	100%
GrandVision France SAS, France	100%	100%
GrandVision Supply Chain BV, the Netherlands	0%	100%
GrandVision IT Services BV, the Netherlands	0%	100%
GrandVision Finance BV, the Netherlands	0%	100%
Nordman Investment Ltd, Cyprus	100%	100%
Vision Express UK Ltd, United Kingdom	0%	100%
LGL Ltd, United Kingdom	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	Legal reserve	Retained earnings	Result for the year	Total
At 1 January 2014	**254**	**14,346**	**31,711**	**313,902**	**- 14,416**	**345,797**
Impact of change in accounting policy	-	-	-	155,889	-	155,889
Appropriation of the result	-	-	-	- 14,416	14,416	-
Result for 2014	-	-	-	-	161,203	161,203
Issue of share capital	-	3,000	-	- 3,000	-	-
Actuarial gains/ (losses)	-	-	-	- 437	-	- 437
Other direct equity movements	-	-	- 8,135	- 62,187	-	- 70,322
Long-term incentive plan	-	30,760	-	-	-	30,760
Total movements	-	33,760	- 8,135	75,849	175,619	277,093
At 31 December 2014	**254**	**48,106**	**23,576**	**389,751**	**161,203**	**622,890**

'Other direct equity movements' relates to the acquisition of HAL Optical Turkey and HAL Asia under common control and the other comprehensive income of the subsidiaries.

Please refer for the long-term incentive plan to note 28 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 2014	31 December 2013
Reserves - subsidiaries	8,145	20,184
Loans to shareholders (LTIP)	16,769	13,176
Cumulative translation reserve	- 1,338	- 1,649
	23,576	31,711

5 Retained Earnings

On 10 March 2014 the General Meeting of Shareholders determined that the result for 2013 would be added in full to the retained earnings.

6 Borrowings

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

in thousands of EUR	Non-current	Current
At 1 January 2014	88,035	172,428
Repayments	- 86,389	- 170,407
Additions	183,617	-
At 31 December 2014	185,263	2,021

The repayment of the non-current borrowings is related to the repayments of the shareholders loans and the additions relate to loan from a subsidiary. Repayment of the current borrowings is related to reduction of the bank overdraft.

7 Provisions

The provisions (current and non-current) consist of the long-term incentive plan; reference is made to notes 27 and 28.

8 Employees

The average number of employees of the Company in full-time equivalents during 2014 was 8.4 (2013: 7.4). Of these employees, 0 were employed outside the Netherlands (2013: 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 Italy B.V.
Central Vision II B.V.	GrandVision Portugal B.V.
GrandVision N.V.	GrandVision Retail Holding B.V.
GrandVision Baltics B.V.	GrandVision Supply Chain B.V.
GrandVision Benelux B.V.	GrandVision Turkey B.V.
GrandVision Finance B.V.	HAL Investments Asia B.V.
GrandVision Group Holding B.V.	Optical Retail Group B.V.
GrandVision India B.V.	The Vision Factory B.V.
GrandVision IT Services B.V.	Vision Express Middle East 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 Middle East & Asia BV, GrandVision India BV, Vision Express Middle East BV, GrandVision Italy BV, GrandVision Portugal BV, GrandVision Finland BV, GrandVision Central Europe BV, GrandVision

Northern Europe BV, Pearle Scandinavia BV, GrandVision Benelux BV, The Vision Factory BV, Brilmij Groep BV, Optical Retail Group BV, Optical Service Group BV, and Hinke Optiek BV, HAL Investments Nederland BV and several HAL group entities. Under the standard conditions, the members of the tax group are liable for any taxes payable by the income tax group.

In January 2015 the Company filed a request for the Dutch GrandVision entities to leave the fiscal unity with HAL Investments Nederland BV as of 31 January 2015. Subsequently, the Company filed a request to (re-)establish a single Dutch fiscal unity comprising all Dutch GrandVision entities (except for GV Baltics BV).

For bank guarantee facilities refer to note 24 of the consolidated financial statements.

Schiphol, 17 March 2015

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

As per 31 December 2014, article 24 of the Company's articles of association states that the holders of priority shares may determine that a specific part of the profit is to be be added to the reserves. The remaining profit is at the disposal of the General Meeting of Shareholders. The listing in 2015 changes the above, refer to subsequent events for more details.

Appropriation of results for the year

Management proposes not to declare a dividend on the result for 2014. The result for 2014 will be added to the retained earnings. This proposal has not been included in the financial reporting above.

Subsequent Events

On 20 January 2015 GrandVision BV issued 241,721,553 ordinary shares and on 5 February 2015 the priority share was converted into 100 ordinary shares. As a result the issued share capital currently amounts to 254,443,840 ordinary shares.

On 5 February 2015 GrandVision BV was converted into GrandVision N.V. Up to that time GrandVision BV remained in existence.

On 6 February 2015, GrandVision N.V. listed its shares via an Initial Public Offering ("IPO") on Euronext Amsterdam and since that day, the shares are trading under the symbol "GVNV".

At settlement of the IPO, on 10 February 2015, the Company drew an additional amount under the revolving credit facility, sufficient to finance the purchase of 2,500,000 offer shares from the selling shareholder at the offer price for a total amount of €50 million in order to hedge the price risk of the grants made under long-term incentive plans.

As per publication date of the 2014 annual report of GrandVision, 20.95% of the issued and outstanding share capital was held by institutional and retail investors with the rest held by HAL Optical Investments B.V. (76.72%), GrandVision's Management Board and certain members of senior management (1.35%). The remaining shares (0.98%) are held by GrandVision in treasury.

The stock exchange listing is considered a logical next step in GrandVision's development, given its current profile and level of maturity. The listing increases the Group's business profile with customers, business partners and investors. It further supports the success of its international expansion, particularly in emerging markets, and further improves its ability to attract highly talented individuals. The listing also provides additional financial flexibility and diversity through access to capital markets.

On 6 February 2015, GrandVision (GVNV) listed its shares on Euronext, Amsterdam

Other Information

Independent Auditor's Report

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

Report on the financial statements 2014

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 2014 and of its result and 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 2014 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 financial statements 2014 of GrandVision N.V., Haarlemmermeer ('the company' or 'GrandVision'). The financial statements include the consolidated financial statements and the parent company financial statements. The consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2014;
- the following statements for 2014: 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 2014;
- 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 assurance-opdrachten" (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

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.

Materiality	Overall materiality: €12.5 million which represents 5% of profit before tax.
Audit scope	We conducted audit work in 18 locations, covering 93% of consolidated revenue and almost 100% of earnings before tax. We paid particular attention to the material acquisitions that took place in Italy, Turkey, China, Peru, the United Kingdom and Colombia. Site visits were conducted by the group audit team to six countries – Apollo (Germany), Vision Express (United Kingdom), GrandVision Benelux (the Netherlands), GrandVision (France), Synoptik (Denmark) and Instru Opttikka (Finland).
Key audit matters	Impairment assessment of goodwill Accounting for acquisitions Liability for long-term incentive plans

Materiality

The scope of our audit is influenced by the application of materiality. Our audit opinion aims on providing reasonable assurance about whether the financial statements are free from material misstatement. 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.

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 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	€12.5 million (2013: €11.5 million)
How we determined it	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.

We also take misstatements and/or possible misstatements into account that, in our judgment, 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 (2013: €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 head of a group of entities. The financial information of this group is included in the consolidated financial statements of GrandVision N.V.

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 conducted full scope audit work in 18 locations. The group audit focused on the significant components Apollo (Germany and Austria), GrandVision (France), GrandVision Benelux (the Netherlands and Belgium), Synoptik (Denmark, Norway and Sweden), Vision Express (United Kingdom) and Fototica (Brazil). In our view, due to their significance and/or risk characteristics, each of these components required an audit of their complete financial information.

For all holding entities, the group engagement team performed the work. For all other components 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 visited Apollo (Germany), Vision Express (United Kingdom), GrandVision Benelux (the Netherlands), GrandVision (France), Synoptik (Denmark) given the relative size of the entities. In addition the group engagement team visits other operating companies on an annual rotation basis. In 2014 the group engagement team visited Instru Optiikka Oy (Finland).

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 judgment, 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.

Key audit matter	How our audit addressed the matter
Impairment assessment of goodwill *Refer to note 4.2, 14 and 16 of the financial statements for the accounting policies and underlying assumptions.* GrandVision has a total goodwill of €886 million. Of this, €420 million relates to the G4 and €369 million to Other Europe. The risk that we focused on in our audit is the risk of impairment of the remaining balance of €97 million relating to the Latin America & Asia segment. The value of the goodwill in this segment reflects the anticipated 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. Given the high level of management judgement in their impairment assessment we considered this area to be important for our audit.	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 compared the prior year's forecast with the company's actual performance in 2014 given this would be an indicator of the quality of the company's forecasting process. The key assumption in the Latin America & Asia forecast is that the revenue exceeds growth rates in 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 Latin America & 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 this valuation 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 and 5 to the financial statements for the Management Board's disclosures of the related accounting policies, judgements and estimates.* During 2014, GrandVision acquired several retail chains as well as individual stores for a total consideration of €257 million. 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.	We tested the (preliminary) 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
Liability for long term incentive plans *See note 2.21.3 and 28 to the financial statements for the Management Board's disclosures of the related accounting policies, judgements and estimates.* GrandVision has a long-term incentive plan for more than 120 employees. This long-term incentive plan is, for the majority, based on the change in market value of GrandVision's shares. Historically the liability for this plan has been determined based on an internal fixed valuation measure. Due to the expected listing of GrandVision at balance sheet date, the liability for the plan now (largely) relates to the market value of GrandVision. The determination of the liability comprises significant management judgement, relating to the fair value of GrandVision of the, at balance sheet date, estimated probability of a successful listing and the achievement of certain service conditions.	The, at balance sheet date, expected listing of GrandVision triggered a change of accounting for the Long Term Incentive Plans as the settlement of the plans will be based on listed share price instead of the internal fixed valuation method. We audited the change of the qualification of the plans from IAS19R to IFRS2 and the correct application thereof. The key assumptions for the liability comprise the fair value of GrandVision of the, at balance sheet date, estimated probability of a successful listing and the achievement of certain performance conditions. GrandVision used an external valuator to determine the enterprise value of GrandVision, and we have therefore tested the work of the valuator and management's estimates and assessed them against information provided by the post balance sheet listing of GrandVision in 2015. In addition we assessed the independence and the competence of the external valuator. The probability at balance sheet date of a successful listing has been assessed by us by taking notice of minutes of meetings of the supervisory board including shareholder, banks and advisors. Furthermore, we have considered the achievement of performance conditions based on comparison with actual achieved targets, including operating results. In addition we 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's 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 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 has been performed with a high but not absolute level of assurance which makes it possible that we did not detect all frauds or errors.

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's 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's report and other information):

- We have no deficiencies to report as a result of our examination whether the Management Board's 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's 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 10 March 2014 by the Supervisory Board following the passing of a resolution by the shareholders at the annual meeting held on 10 March 2014. We have been the auditors of GrandVision N.V. for a total uninterrupted period of 4 years.

Rotterdam, 17 March 2015
PricewaterhouseCoopers Accountants N.V.

J.G. Bod RA

Appendix to our auditor's report on the financial statements 2014 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 judgment 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.

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.

Four-Year Financial Overview

	2014	2013	2012	2011
Results				
Revenue (€ million)	2,817	2,620	2,518	2,396
Organic growth (%)	5.7%	2.5%	3.0%	
Comparable growth (%)	4.3%	1.6%	0.8%	
Adjusted EBITDA (€ million)	449	400	372	348
Adjusted EBITDA margin (%)	16.0%	15.3%	14.8%	14.5%
Operating result (€ million)	289	270	231	222
Net result (€ million)	175	156	117	102
Pro forma earnings per share (in €)	0.64	0.56	0.40	0.39
Operational Information				
System wide sales (€ million)	3,145	2,927	2,822	2,686
Number of stores	5,814	4,993	4,876	4,646
Number of own stores	4,744	3,982	3,893	3,648
Number of franchise stores	1,070	1,011	983	998
Number of countries	43	40	40	40
Number of employees (average FTE)	25,776	22,235	21,487	20,211
Number of retail banners	33	25	24	24
Liquidity and Debt				
Free cash flow (€ million)	222	220	208	119
Capital expenditure (€ million)	158	113	114	133
Store capital expenditure (€ million)	117	84	91	
Non store capital expenditure (€ million)	41	29	23	
Net debt (€ million)	922	837	1,017	1,080
Net debt leverage (times)	2.1	2.1	2.7	3.1

Address and Contact Details

GrandVision Head Office

GrandVision N.V.
WTC Schiphol Airport, Tower G5
Schiphol Boulevard 117
1118 BG Schiphol
the Netherlands

T +31 (0)88 887 01 00
E info@grandvision.com
W www.grandvision.com

Media contact
media.relations@grandvision.com

Investor Relations contact
investor.relations@grandvision.com

Design
KRUIT communication-design, The Hague

Creation and Publication Software
Tangelo Software B.V., Zeist

Photography
GrandVision N.V.

Print
Centurion Printing, Amsterdam