Annual Report 2008

somfy

Somfy Group profile and key figures

Asserting our ambitions

Innovating

For 40 years, Somfy has been leading technological growth and development in the motorisation of openings and closures for homes and commercial buildings. Driven by the culture of innovation of its three activities, Somfy Activities develops new automatic control solutions that offer energy savings, comfort and security in the home. The creation of value is shared in the field by the entrepreneurial spirit of the sales force, who conquer and develop new markets.

Investing

Strong support for both organic and external growth has always been a central pillar of the Group's development model, and year after year, Somfy Activities continues to expand its regional coverage, boost its market positions and build on its competencies. The optimisation of its industrial facilities enables Somfy to respond rapidly to market development, and helps promote the high standards of quality and creativity on which the company's success depends. In 2008, this proactive policy found a new ambition: Somfy Participations was created in order to manage the Group's investments outside its core business.

Sharing

In all its 53 countries, Somfy draws on feedback from its professional customers and the Group's closeness to its markets and distribution networks in order to support profitable growth. In recent years, Somfy has begun to play a more active role in raising awareness of the environmental issues involved in construction, among specifiers, end-users, public authorities and all its stakeholders, showing them the advantages of automatic control for façade and window protections.

5,400
employees, including
4,260
for Somfy Activities.

€749.4 million
in sales in 2008 of which
69%
was generated outside France.

Message from Paul Georges Despature

Chairman of the Management Board

After two years of strong growth, the Group's revenues increased by 1.2% on a like-for-like basis in 2008. They remain satisfactory, but also reflect the current period of uncertainty. 2009 will be a year of agility and responsiveness, but we will not jeopardise our ambitions nor our strategy for supporting long-term performance, which is the cornerstone of the Group's development model and of its solidity.

In this respect 2008 marked an important stage in the Group's life, with the creation of Somfy Participations, which I placed under the responsibility of Wilfrid Le Naour. This new branch, dedicated to the dynamic management of our non-core business investments, will strengthen the Group in the long term. Thanks to its unique positioning, Somfy Participations has successfully made itself an attractive proposition for other companies, and has already offered us the opportunity to make four significant investments. Today Somfy Participations is a consistent branch, and I am certain that in 2009 we will deliver the quality of support which we have promised to the managers of the companies that we have acquired.

We have also had the pleasure of welcoming Jean-Philippe Demaël at the head of Somfy Activities. His human qualities and his wide experience of emerging markets are indispensable assets for steering the performance of our activities in a difficult economic environment. In 2008, Somfy Activities showed its powers of resistance in the face of progressively worsening markets. We managed to win market share in virtually all our territories and applications. I am also delighted that our gross margin has improved despite Somfy Activities decreasing its selling prices, and also that the price of raw materials only had an impact at the end of the year.

As you know, we have entered an economic crisis and we do not know either its scale or how long it will last. In this context, Somfy Group is displaying, and will continue to display, both realism and confidence. Realism, by adapting in a flexible manner to any changes in the economic climate, without either rushing or jeopardising the Group's structural solidity. Confidence too, because Somfy is well placed to emerge stronger from the crisis.

In 2009 the challenge for Somfy Activities will be to join all its forces in order to negotiate this delicate period in the best possible conditions, and continue to nourish its growth in the long term. For this reason, we intend to pursue our investments in order to consolidate our position in the mature markets and strengthen our lead in emerging countries. We will also maintain a sustained tempo in product innovation.

The satisfaction survey carried out in 2008 showed just how much Somfy's men and women feel attached to the Group and confident about its future. We will of course continue to devote the necessary means to their professional development and to providing them with the sources of inspiration that are essential for their creativity.

One Group, two branches:

A dual growth strategy for Somfy

In January 2008, Somfy SA was restructured to form two separate branches, each with its own separate business and management team. Somfy Activities is dedicated to the automatic control of openings and closures in homes and buildings. Somfy Participations is a new branch, set up to manage shareholdings in companies that are not part of Somfy's core business. This new organisation improves the visibility of the Group's dual growth strategy, and exemplifies Somfy's entrepreneurial ambition to secure the Group's future in the long term.

Somfy Activities

In the Group's core business, Somfy Activities will continue to take priority for all the financial and human resources it needs for future development. Built on organic and external growth, it is supported by a sustained innovation policy and firm support for the conquest of new territories and markets.

In the current difficult economic climate, Somfy Activities will continue the measures taken in 2008 to keep operational costs under control in order to protect margins and maintain its profitability. It will therefore prioritise internal mobility, and can also draw on the enhanced status of its overseas production sites and the increase in low-cost country sourcing.

In order to harness the significant organic growth potential of its markets, especially those linked to energy performance in buildings, Somfy Activities will continue to make significant investments in Research and Development, Marketing and Communication. It is also in a position to consider acquisitions, given its firm financial footing.

Somfy Participations

Somfy Participations was designed to meet two goals: improving the performance of shareholdings outside the core businesses which are already in the Group's portfolio, and continuing to invest surplus financial resources in companies with a suitable business model and similar sectors of activity. Value will be created both by the potential of acquired companies and by their integration into the Group. To successfully implement this strategy, Somfy Participations can leverage the Group's industrial experience and mobilise its business expertise and human resources to help the organisations and staff in companies in which it holds a controlling stake.

In 2009, Somfy Participations will prioritise the optimisation of support processes for its portfolio companies, some of which are in a precarious situation, and continued investment.

Somfy Activities and Somfy Participations do not have separate legal status.

The company listed on the stock exchange remains Somfy SA.

2008 Outcome

Interview with Jean-Philippe Demaël, CEO of Somfy Activities

What is your view of the 2008 results?

A difficult year which ended with virtually flat sales actually highlighted the intrinsic growth potential of Somfy Activities, and the relevance of a business model chosen to maximise this potential. We continued to win market share on roller shutters and blinds against stiff competition, and to increase the share of sales in high added value products in all our activities.

All the expected growth drivers delivered. First, our positioning on emerging markets, which offset the slowdown in more mature markets and a weak season for blinds, resulting from a rainy spring. We made good headway in commercial buildings, interior products and gates and garage doors, which confirms the structural growth potential of Somfy Activities. And our innovation strategy is paying off; wireless motorisation, and programming controls and solutions, for example, are helping us to move upmarket.

2009 looks as if it's going to be tough. What are the Somfy Activities growth drivers going to be?

We will continue to support the development of all our projects for shaping the future because they proved their effectiveness in 2008. Our Human Resources will mainly be concentrated on our distribution channels, in order to accelerate business wins in emerging markets. The launch of around forty products will stimulate new markets and support organic business growth. Home Motion by Somfy and Bioclimatic Façades are both very promising, and all our teams are working on them.

In Europe, we are protected from the slump on the new building market by our penetration of the renovation market, and we can also count on the structural growth potential of the motorisation rate.

Energy savings solutions are playing an increasing role in your activity. Is Somfy's business changing?

I prefer to see it as a natural dynamic that is completely under control. Ever since its creation, Somfy has based the profitable development of its business on a long-term strategic vision and on the implementation of projects that consolidate our fundamentals. The solutions we are applying in energy savings are fully in line with this strategy, just like our other developments in the improvement of building comfort and security. We are focusing on selling products with increasingly sophisticated control systems. Over time, our business has moved from an electro-technical culture to software, and this has required new skills, methods and development times.

The steps we are taking to raise awareness of energy-saving solutions among our stakeholders also demonstrate our intention to boost our social responsibility. Refocusing our Foundation on sustainable homes is also part of this movement, and expresses our ambition to drive our social and societal responsibilities towards a point of convergence between our business and the environment.

How do you feel as you tackle 2009?

Confident and feisty. It's going to be hard for everyone, and in times of trouble the top performers come out even stronger than before. We have solid fundamentals, a strong company, healthy finances, and in operational terms we are ready to face any situation. We therefore believe 2009 will be a year when we extend our lead over the competition and bring home some significant and strategic wins. The challenge is to spot opportunities and seize them quickly.

Interview with Wilfrid Le Naour, CEO of Somfy Participations

What reasons lay behind Somfy setting up this new branch in 2008?
Our decision did not come out of the blue. Over recent years, we have accumulated a substantial financial surplus, and that raised the question of what to do with it. We also had to find a way of managing those shareholdings in the portfolio that do not involve our core activity, in a more dynamic way. Furthermore, following Somfy's result in 2006 and 2007, we were contacted by a number of companies who were looking for investors. From an operational point of view, we have acquired solid know-how in equity issues. When we had the opportunity of welcoming Jean-Philippe Demaël into the Group, the next logical step at that point was to set up Somfy Participations.

What makes you different from a standard financial investor?
Right from the initial deliberations, we decided to specialise, in order to avoid being just another player in the equity sector. To put it succinctly, our approach hinges on our capacity to help teams grow and accompany them through delicate times and transitional phases. Beyond various more financial issues, this is our main differentiating factor. We therefore wish to "deserve" the increase in our investment's value, not just through its improved operating results and increased leverage, but by making a more tangible contribution. As well as the specific nature of our approach, Somfy Participations also stands apart from a typical financial investor through its long-term intervention strategy and its limited recourse to credit facilities.

What is your global objective? To integrate these companies or sell them off?
A priori, our objective is to resell the companies, although there are no time constraints as to how long we keep them. We have therefore agreed schedules, or signed contracts, with the other shareholders in order to guarantee our liquidity. However, it is important to mention the special case of CIAT, for which we have negotiated a pact stipulating that Somfy will become the majority shareholder in 2013. In this particular case, we have clearly taken an option to create a new branch activity for Somfy by that date.

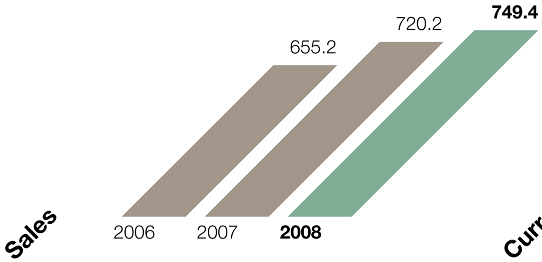
How would you summarize this first full year of activity?
In terms of acquisitions we have been successful. In a fairly competitive environment: the branch has managed to invest where it planned to, despite active competition from other investors. What we propose is attractive, in an environment that has declined noticeably and where traditional investment funds have been forced to adjust their methods and objectives. The validity of our positioning is demonstrated by the number of potential investments we receive.
In order to manage our shareholdings, we have set up monitoring processes in line with our ambitions. Shareholding managers have been appointed to support these companies in the difficult overall context of 2009.
In this harsh environment, the active support and back-up of Somfy Participations and all those who contribute to it within the Group has been viewed positively by the managers of the companies acquired.

When Somfy Participations was set up, you set very clear criteria to guide your choice of investments. Have these goals changed?
No. We continue to target industrial companies with sales of 30 to 200 million euros and a business model we understand. With the benefit of experience, we have added the need to be useful to the development of the company concerned. In fact, it is essential that collaboration is expected from the companies acquired. In terms of our acquisitions' business sectors, it is logical that the first companies who knocked on our door were companies with activities akin to our own, but in the future, the scope of Somfy Participations may well develop beyond these sectors.

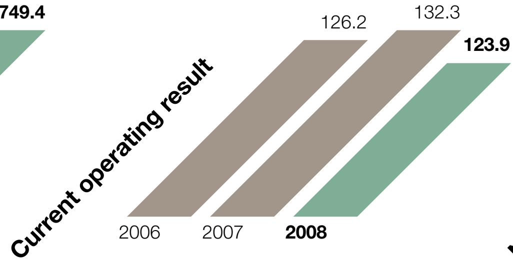
What are your projects for 2009?
We shall continue to implement management processes. As for acquisitions, our position is one of slow haste. We are focusing on a few candidates, without forgetting that our financing priority is first and foremost Somfy Activities.
For the companies in our portfolio, we will further reinforce our support in a tangible and efficient manner.

Key figures for 2008

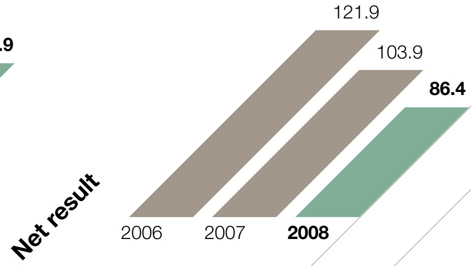
Somfy Activities and Somfy Participations indicators



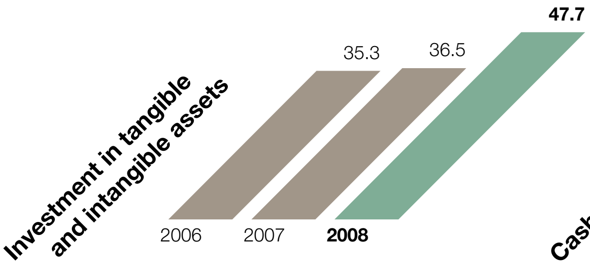
Group published sales rose by 4.0%, with Somfy Participations contributing €58.4 million (Cotherm over 12 months, Zurflüh-Feller over six months and Sirem over three months).
The CIAT Group is consolidated using the equity method, and therefore does not contribute to Somfy's consolidated sales. For Somfy Activities, growth in 2008 came to 1.0% on a like-for-like basis, with business progressively slowing down each quarter (-4.8% for the fourth quarter).



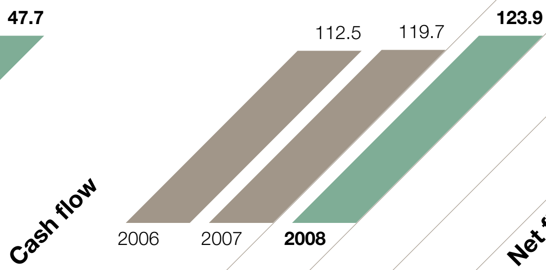
Current operating result was down by 6.4% to €123.9 million. It was penalised as a result of structural costs carried forward from previous years (recruitment of sales and development staff), in a background of low growth, and despite continued gains in production costs. The weakening of the main currencies against the euro over most of the year also had a negative impact.



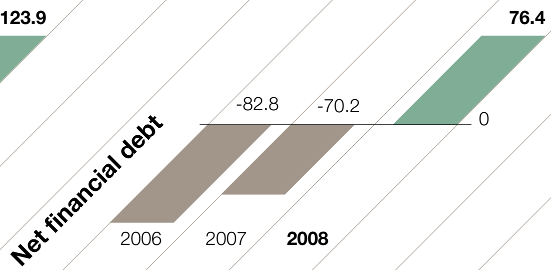
Published net result was down by 16.8%, to €86.4 million. It was only down by 7.3% if the impact of the deconsolidation of FAAC, whose 2007 net result consolidated using the equity method was €10.7 million, is excluded. The fall in current operating result, and the increase in financial expenses due to increased debt and market volatility, were partially compensated by a significant reduction in the consolidated tax rate. This led to a rise in production outside Europe, and less fiscal pressure in Italy and Germany.



The level of investment in tangible and intangible assets increased again in 2008, to €47.7 million, with the introduction of industrial production capacities and new buildings. The figure should be slightly down in 2009, and in any case remains significantly below the Group's cash flow.



Despite the fall in net income, the Group's cash flow rose slightly to €123.9 million. It was affected neither by the results of companies consolidated using the equity method, nor by fair value variations relating to exchange rate and interest rate hedging.

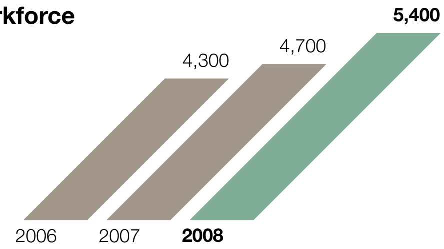


If the investments made by Somfy Participations are included, the Group moved from a net financial surplus of €70.2 million at the end of 2007 to a net debt of €76.4 million at the end of 2008. Part of the debt (€54.1 million) is without recourse, being chargeable to LBO operations undertaken between 2006 and 2008. The mezzanine loan of €49.7 million made by Somfy SA to CIAT is considered to be a financial asset.

Turnover by geographic zone

In thousand €	2008	2007	Change Y/Y-1	Change Y/Y-1 like-for-like
France	200,830	195,915	2.5%	2.5%
Germany	95,717	97,260	-1.6%	-1.6%
Northern Europe	92,035	100,732	-8.6%	-4.9%
Central and Eastern Europe	54,822	47,611	15.1%	12.0%
Southern Europe	139,446	139,846	-0.3%	-0.5%
Asia-Pacific	43,166	42,940	0.5%	6.3%
Americas	64,988	68,110	-4.6%	1.1%
Somfy Activities	**691,004**	**692,414**	**-0.2%**	**1.0%**
Somfy Participations	**58,349**	**27,808**	**109.8%**	**6.4%**
Somfy Consolidated	**749,353**	**720,222**	**4.0%**	**1.2%**

Average workforce

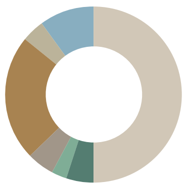


Workforce analysis men/women

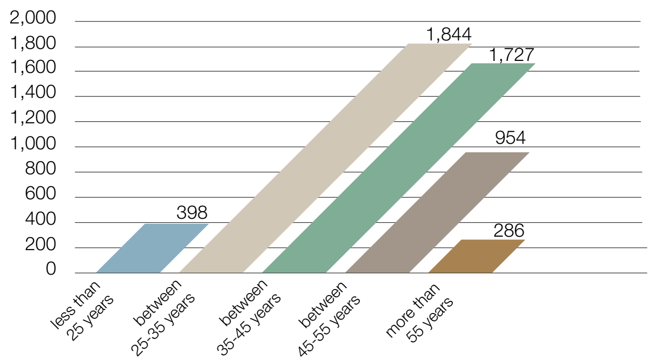
Men 54%
Women 46%

Workforce analysis by geographic zone

France 51%
Asia-Pacific 10%
Americas 4%
Southern Europe 23%
Northern Europe 4%
Central and Eastern Europe 3%
Germany 5%



Workforce analysis by age



Organisation

Supervisory Board

Chairman: Jean-Bernard Guillebert
Vice-Chairman: Jean Despature
Members: Jean Despature, Victor Despature, Jean-Bernard Guillebert, Xavier Leurent, Anthony Stahl

Audit Committee

Jean-Bernard Guillebert
Victor Despature
Nicolas Duchemin

Remuneration Committee

Jean-Bernard Guillebert
Victor Despature

Management Board

Chairman: Paul Georges Despature
CEO Somfy Activities: Jean-Philippe Demaël
CEO Somfy Participations: Wilfrid Le Naour
Member: Nicolas Duchemin

Auditors

Ernst and Young Audit
CDL

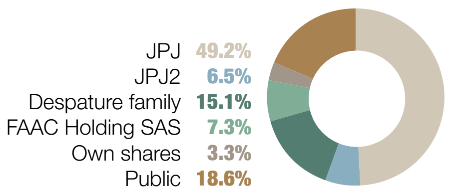
For further information

Nicolas Duchemin
CFO
Telephone: +33 (0)4 50 40 48 49
Fax: +33 (0)4 50 40 19 61
E-mail: nduchemin@dsgsomfy.com

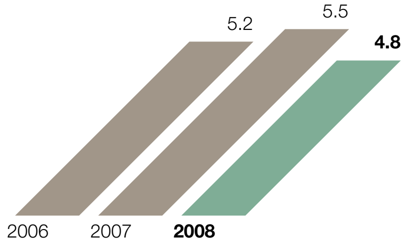
www.somfyfinance.com

Shareholder relations

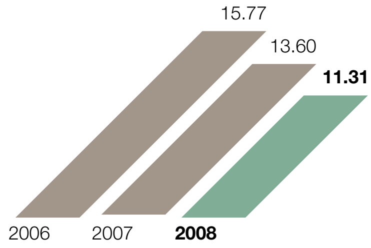
Breakdown of capital in %



Net dividend per share, in euros



Net income per share, in euros



Capital

At December 31st, 2008, Somfy's capital amounted to 7,836,800 euros, divided into 7,836,800 shares with a nominal value of 1 euro, fully paid up and all in the same class.

The company has not issued any securities giving rights to capital. Stock options that may be exercised after December 31st are purchase options. As authorised, the company owned 257,230 Somfy shares at December 31st, 2008.

Listing

Somfy SA has a Management Board and a Supervisory Board, and is listed on the Eurolist at Euronext Paris in Compartment B (ISIN code FR 0000120495).

Contract

On December 6th, 2005, Somfy SA signed a liquidity provider agreement with Société Générale Securities.

Financial Calendar

23-Jan-2009	Release of Q4 2008 quarterly sales
26-Feb-2009	Supervisory Board
27-Feb-2009	Financial Information Meeting - 2008 annual results
24-April-2009	Release of Q1 2009 quarterly sales
30-April-2009	Release of 2008 consolidated accounts
13-May-2009	Supervisory Board and Annual General Meeting
24-July-2009	Release of Q2 2009 quarterly sales
31-Aug-2009	Supervisory Board
31-Aug-2009	Release of consolidated accounts for 1st half 2009
01-Sept-2009	Financial Information Meeting - 1st half 2009 results
23-Oct-2009	Release of Q3 2009 quarterly sales
13-Nov-2009	Supervisory Board


Approaching our activities and territories with a pioneering spirit
Devising solutions for each market and each building
Supporting our customers as their business changes
Improving building comfort and energy performance

Somfy Activities

Innovating and optimising performance

Somfy Activities bases its growth on a double strategy of organic and external growth, supported by a sustained innovation policy and continuous geographic expansion. In 2008, the Group's international dimension allowed it to hold up well against the economic downturn: the launch of inventive solutions and the spirit of enterprise inherent in the regional sales teams drove Somfy Activities' growth on all its markets, creating value for its stakeholders.

A new structure to optimise operational efficiency

In 2008, Somfy Activities continued the geographical restructuring of its distribution entities, the Business Areas, that now coordinate nine different territories. By remaining close to its markets, Somfy boosted the efficiency of its matrix organisation, allowing the crossover of growth strategies implemented for each application (Business Groups) and each country. With its high-performance operations, Somfy Activities can create even more value on its mature markets, and exploit growth opportunities in emerging markets.

Southern Europe divided into three territories

The distribution entity that previously coordinated Southern Europe, South America and the Middle East has become three different Business Areas (BAs): Ibero-America, which covers Spain, Portugal and all countries in Central and South America; the Middle East and Africa, which includes around twenty countries; and Adriatic, including Italy, Israel, Greece and Bulgaria. This reorganisation will allow Somfy Activities to harness growth drivers on all its markets.

Germany joins Central Europe

Existing BAs extended their boundaries in 2008. Austria and Switzerland joined Germany in a new body—the Central Europe BA—to allow Somfy's teams to merge their actions targeted at customers present in all three markets. The Eastern Europe BA became a separate entity, focused on the conquest of new territories.

France

Northern Europe
(Belgium, Denmark, Finland, Norway, The Netherlands, United Kingdom and Sweden)

Central Europe
(Germany, Austria and Switzerland)

Eastern Europe
(Croatia, Hungary, Latvia, Lithuania, Poland, Romania, Russia, Serbie, Czech Republic…)

North America
(United States and Canada)

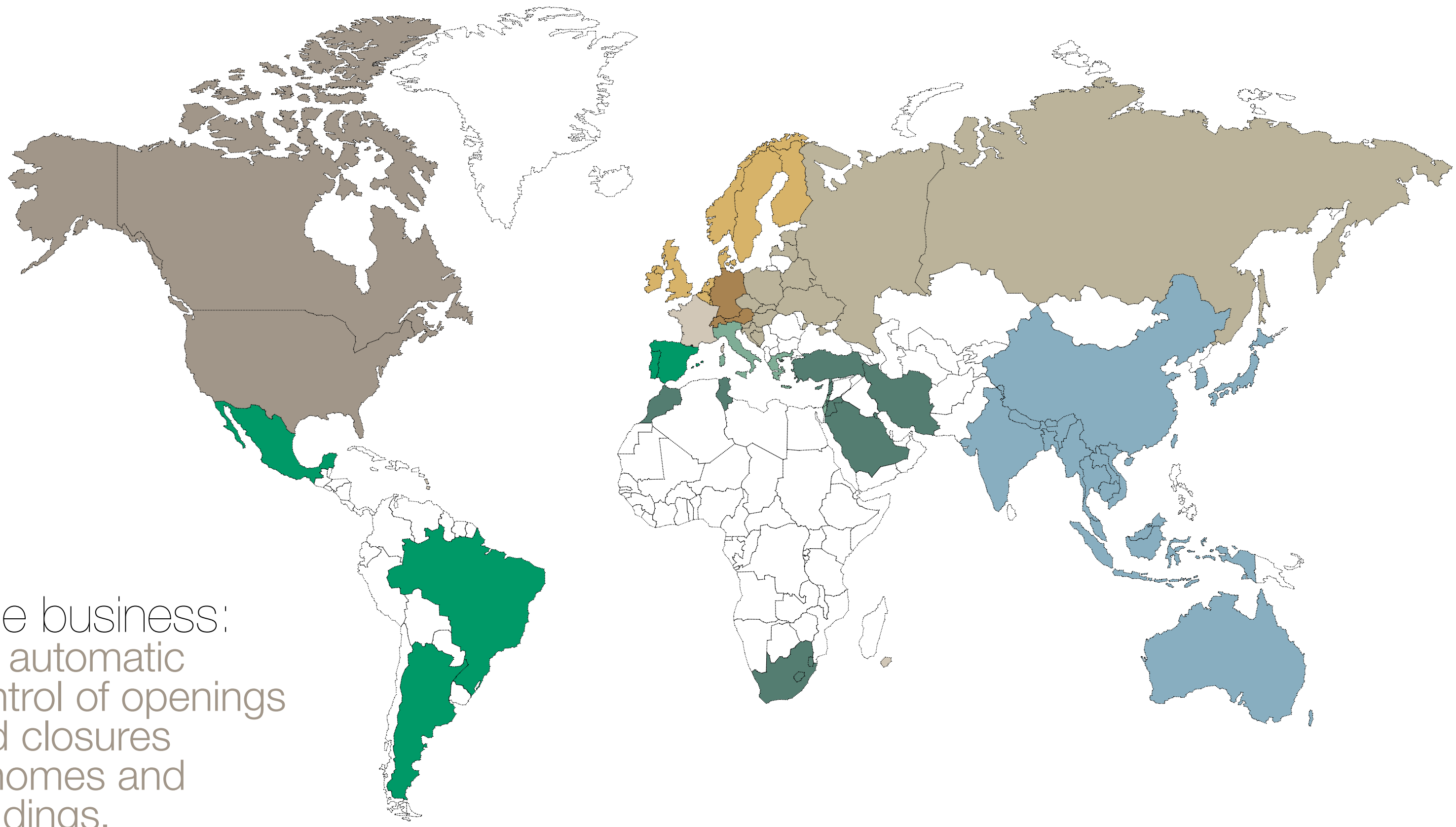
Ibero-America
(Argentina, Brazil, Spain, Mexico and Portugal)

Adriatic
(Italy, Greece, Israel, Bulgaria)

Middle East and Africa
(Cyprus, Iran, Jordan, Kuwait, Lebanon, Morocco, Saudi Arabia, South Africa, Syria, Tunisia, Turkey and United Arab Emirates)

Asia & Pacific
(Australia, China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, New Zealand, Singapore, Taiwan and Thailand)

{ 9 } geographical areas



One business:
the automatic control of openings and closures in homes and buildings.

Three activities organised by application:
- Shutter and Awning
- Window and Blind
- Door and Gate

In 53 countries, working for 30,000 professional customers and 220 million end-users.

Somfy Activities posted 2008 sales of
€691.0 million,
up 1.0% on a comparable basis.

Highlights of 2008

Management

Jean-Philippe Demaël becomes CEO of Somfy Activities

In July 2008, Jean-Philippe Demaël took over from Wilfrid Le Naour, who is now CEO of Somfy Participations. Jean-Philippe Demaël joined Somfy Group in March, using the transition period to visit most of the foreign production sites and subsidiaries and meet a large number of employees.

A graduate of the French Ecole Polytechnique, Jean-Philippe Demaël is 41. He spent many years working for the steel group Usinor/Arcelor and then Arcelor Mittal, where he was Strategy Director of the Group's Stainless Steel branch from 1998 to 2002, then General Manager of the Stainless Steel Tubes Business Unit and the Stainless Steel Automobile Pole. In 2005, he moved to Brazil to manage Acesita/Arcelor Mittal Inox Brasil, which employed around 6,000 people.

Markets

Energy savings have become a separate activity

In order to encourage using its energy savings solutions in buildings and to prepare for new regulations, Somfy has launched a new programme, Somfy for Bioclimatic Façades, which has specialist teams within the Window and Blind and Shutter and Awning activities.

Territories

Continued regional expansion

Somfy Activities is pursuing the regional deployment of its activities and sales teams in emerging markets. In 2008, subsidiaries were created in South Africa and the Baltic. An office was opened in Colombia. The Group also intends to develop its markets in Central Africa, using its Tunisian teams.

Human resources

Employee satisfaction rising steadily

A fourth internal opinion poll recorded an impressive 69% participation rate, and a significant increase in staff satisfaction on most of the issues covered. Somfy is posting better results than the other major players in its sector, and this is also boosting staff satisfaction.

Responsibilities

Somfy is launching a Carbon Footprint Assessment™ of its production sites

Somfy carried out a Carbon Footprint Assessment™ of its sites at Bonneville and Cluses, as part of its global sustainable development initiative. The action plan implemented in 2009 will make it possible to reduce greenhouse gas emissions by 20% between now and 2020.

33 patents filed in 2008.

40 new products launched.

Somfy worldwide

Effectiveness proven by strategic growth drivers

In 2008, strong growth in emerging markets partly offset a second-half slowdown in business in the rest of the world. The Group won market share through its multibrand coverage of entry-level products, and radio technology and automatic control gained ground everywhere, testifying to Somfy's ability to lead value creation on its markets.

Varying results although innovation makes an impact

Results were down in Northern Europe, but Somfy retained market share and saw genuine success in automatic controls, which now account for over a quarter of sales. The United States was also hit by the economic slowdown, and different applications posted varying results. The 6% growth in interior products confirms the inherent potential of this activity on a market with low motorisation rates.
WireFree products, which are becoming the new standard, and the Sonesse silent motors both enabled Somfy to win market share.
In Spain, the roller shutter activity was badly hit by the property slump. Faced with a lasting structural change in the residential building market, the Group is creating growth conditions for its other applications, by activating new customer networks (decorators, indoor blind manufacturers and integrators).

Radio technology growth in Central Europe and France

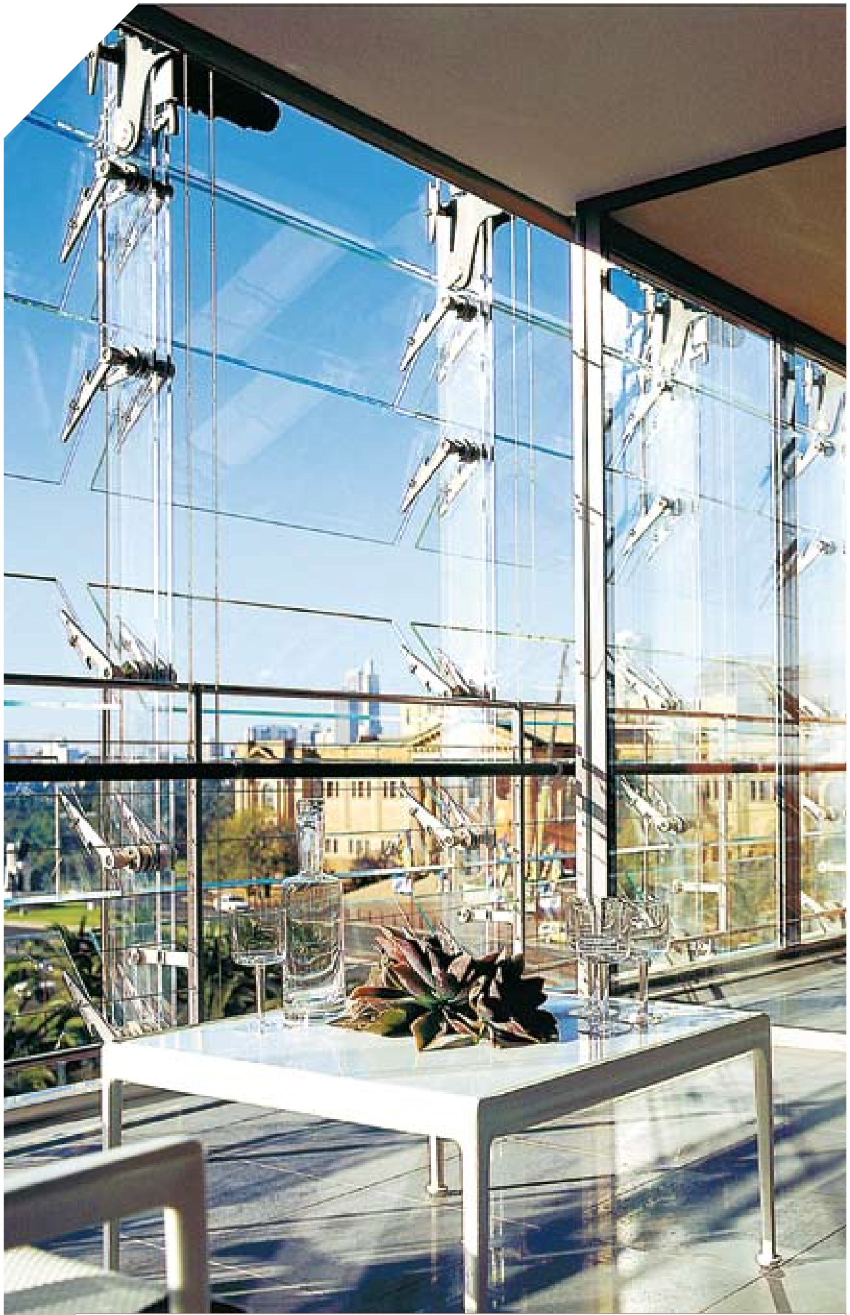
In Central Europe, the efforts made in recent years to create value paid off as growth in Somfy's activities was supported by motorisations with integrated wireless. In France, Somfy outperformed construction players, and radio technology continued to gain ground. 2008 also saw the arrival of a new director for BA France, and the implementation of an ambitious action plan to revitalize markets such as interior products, residential access and energy savings.

Emerging markets still strong

In these countries, Somfy continued to structure its markets and to raise its profile among installers in order to drive motorisation rates up. All applications saw growth in Eastern Europe, particularly in Poland, Hungary, Romania and the Balkans. Somfy's business grew by over 20% in South-East Asia and China, and by more than 30% in South America and the Middle East.

Effective implementation of the multibrand strategy

In a difficult economic climate with fierce competition on entry-level products, the multibrand coverage of Somfy's activities in most regions supported growth in this segment. The policy also allowed Somfy to reconquer market share in Central and Southern Europe.



+22%
growth in remote controlled systems and controls for commercial buildings in 2008.

Supporting value creation

Teams

Creation of "start-up" units in France

New, commercial and residential building construction are three promising markets that Somfy is stimulating by creating small challenger teams to test the viability of new services and innovative sales and marketing models.

Customers

Activating installer networks

The close relationship that Somfy maintains with its customers is a key factor in the deployment of products with high added value. In 2008, Somfy boosted its sales teams in the United States, Central and Northern Europe and in emerging markets. 2,160 Italian installers were given technical and sales training.

End-users

Cultivating Somfy's brand awareness

A new TV campaign in 8 European countries, sponsorship of the weather forecast in Lebanon, posters on buses in Israel… In most of its territories, Somfy is increasing brand awareness with the general public, using the media and B2C websites that generate visibility for its installer partners.

Shutter & Awning

Emerging countries and energy savings drive growth

With its longstanding business activity, Somfy aims to both build on its leadership by boosting motorisation in all its territories and leading the increase in automatic controls with high added value. In 2008, the Group earmarked resources to encourage the high growth potential of residential energy savings by creating the right conditions for market expansion.

Business increase in new territories

In 2008, the markets in Eastern Europe, South America and the Middle-East saw strong growth, mainly in roller shutter applications in new homes. This dynamism offset the business slowdown recorded in mature European markets such as Spain, where the roller shutter activity was affected by the economy, and the awning season was penalised by poor weather.

Successful new offers

On its mature markets, the Shutter and Awning activity continued to increase its competitive lead, using automatic control technologies such as radio and YeSseo ranges, and new products to complement the existing offer. The first "plug and play" motor for roller shutters, ilmo, was launched on the European market in April, bringing significant productivity gains for assemblers and installers. ilmo both updates the wired motor standard with options previously available only on radio motors, and supports the "100% motorised" trend in homes by adapting to all shutter sizes. In the blinds activity, the Eolis 3D wind sensor is proving very successful, and is helping to standardise wind protection for the middle and top of the range.

Emerging activity, driven by Dynamic Insulation™

In 2008, the Shutter and Awning activity, in advance on EU thermal regulations, dedicated a team to the promotion of Dynamic Insulation™ of picture windows in the residential sector. The energy advantages of automatic roller shutters have been proven and are generally recognised by consumers, but they needed greater visibility. Somfy therefore developed several marketing tools and a new offer designed to generate energy savings, to be launched in 2009. Installer customers will also be given training. Initially, Somfy will focus its efforts on the renovation market in France and Germany, where the next few years will see a strong rise in work related to compliance with the new thermal standards and fiscal stimulus packages.

Radio Technology Somfy® equips more than 10 million motorised systems for openings throughout the world.

Trendsetting

Home automation

YeSseo brings interoperability to Somfy applications

Linked to the wireless communication protocol io-homecontrol®, the YeSseo product range launched for roller shutters in 2007 is gradually being expanded to all Somfy applications. Used by seven other manufacturers, io-homecontrol® will, as of 2009, allow users to direct the openings and closures of the home, lighting and heating with a single remote control.

In 2008, Somfy provided training on YeSseo for 700 installers in Germany and Italy.

Energy performance

Dynamic Insulation™ and energy savings

In 2009, Somfy launched Dynamic Insulation™ packs combining a clock and a captor for energy saving in Summer as in Winter. Objective: convince property owners with motorised roller shutters that energy savings can be easily made thanks to the automation of their roller shutters.

Dynamic Insulation™ packs.

Autonomous products

The Group has developed new autonomous products, called WireFree, to repond to market needs.

Advanced functions

Somfy develops new functions for their motors to optimise performance and make installation even easier.

Oximo 50 RTS.

Window & Blind

A made-to-measure role in the use of free energy

For applications in emerging markets where demands are not structured, Somfy designs segmented solutions adapted to very specific needs. Its Bioclimatic Façades programme, launched in 2008, is designed to make Somfy the major brand in the automatic control of façades improving the energy performance of buildings.

Silent and autonomous products make an impression on the interior blind market

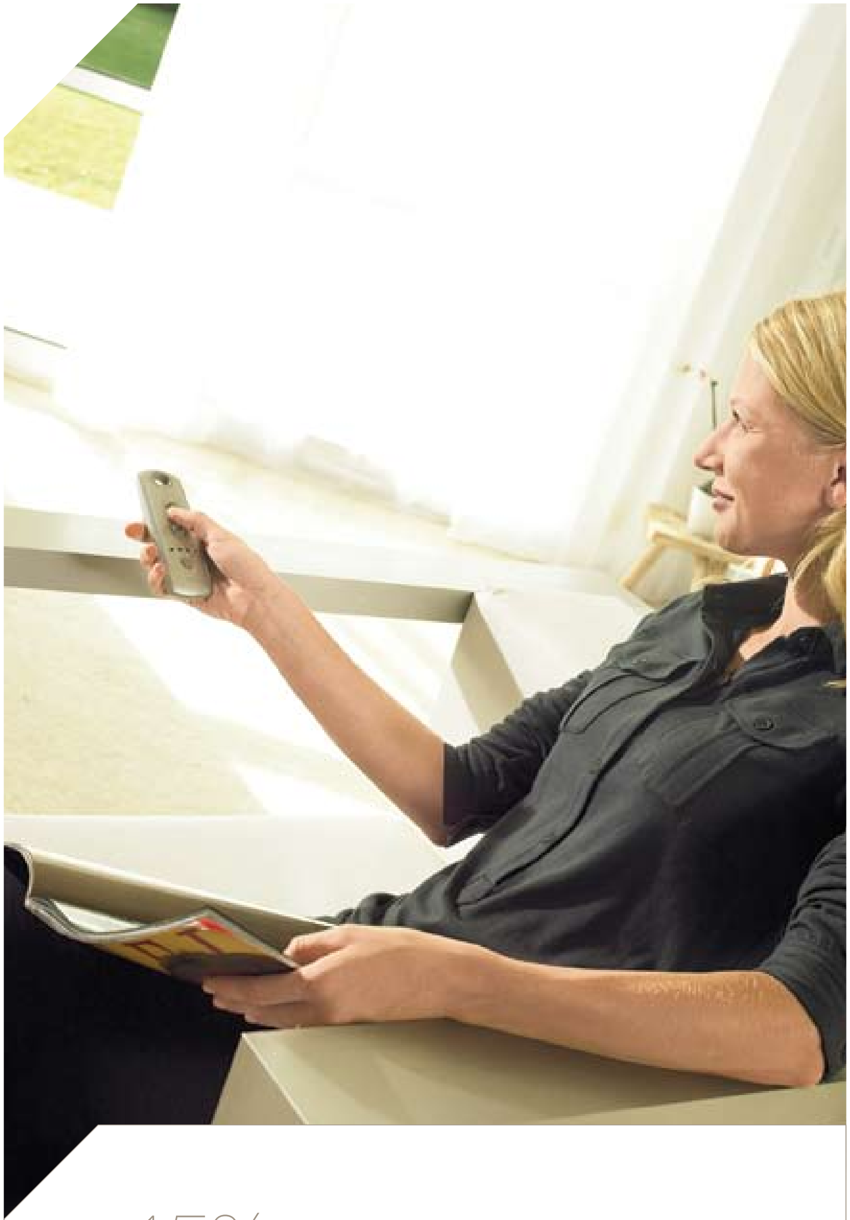
For this recent activity, Somfy has adopted a strategy of sustained innovation, enabling it to extend its competitive lead year after year, based on the quality and breadth of its offer. In 2008, autonomous products (WireFree) and silent motors (Sonesse and Glystro for curtains) continued to enjoy success in the North American markets, where the low motorisation rate for blinds offers significant growth prospects. Originally designed for the needs of North American homes, this motorisation range is now being used for commercial applications and is seeing strong growth in Asia.

Energy savings, a strong growth driver

As a pioneer in automatic systems for commercial façades, Somfy has fully grasped the potential of energy savings in buildings. In 2008, it launched Somfy for Bioclimatic Façades, a programme designed to encourage the exploitation of free energy, using Dynamic Insulation™, light management and natural ventilation in buildings. Coupled with ambitious measures, this initiative will help the sales teams in territories where commercial applications are already well established, such as in Asia, the United States, Germany and Brazil, where the activity grew by 42% in 2008. In Scandinavia, Somfy has also seen a sharp rise in façade automation. The quest for minimal energy costs is also a rapid growth driver in the residential sector.

Stelhe and VarioSys boost Somfy's expertise in the commercial sector

The acquisitions policy of recent years has enhanced Somfy's expertise and offer in the commercial sector, and has now begun to pay off. Motors for Stehle's exterior venetian blinds are now manufactured in the Group's plants, and have contributed to the growth of automatic controls with high added value in German-speaking territories where there is strong demand for these solutions. In 2006, Somfy acquired VarioSys, which produces solutions for interior solar protection in large commercial buildings that offer significant benefits in terms of installation flexibility and management.



+15%

2008 sales growth of the Commercial building activity.

+11%

2008 sales growth of the Blinds activity.

Creating new business models

High-end residential

Meeting the needs of decorators

With its silent wireless solutions, this segment has seen uninterrupted growth in the United States, largely generated by decorators, for whom Somfy rolled out a specific distribution chain in 2008.

Commercial

Integrating solutions into the façade

In this market, Somfy offers a range of automatic controls for small and medium-sized buildings (animeo) and large buildings (VarioSys), which it promotes directly to architects and property developers. In partnership with manufacturers, the Group also develops industrial solutions for VarioSys, that are directly integrated into the façade modules.

animeo motor controller.

Hotels

International building partnerships

Motors for curtains are very popular in five-star hotels with their very low noise levels, and Somfy is organising dedicated distribution networks in its flagship markets—the United States, Asia and the Middle East. In 2008, 25,000 hotel rooms were equipped with these Somfy solutions, mainly in Asia.

Door & Gate

Success of the differentiated professional offer

The Group has been able to position itself as a heavyweight challenger in this recent activity, based on the complementarity of its three brands (Somfy, BFT and Simu). In 2008, the success of the new Somfy product range dedicated to professionals brought the Group closer to its ambition to overtake its competitors.

Strong business increase in the professional segment

The 100% Pro offer of gates and garage doors has gradually expanded over the last two years, significantly boosting Somfy's brand among professional customers in 2008. Specially designed to meet this segment's needs for functionality and flexibility, today it offers a complete range of products for all kinds of closures and building sites. 2008 saw the market launch of actuators for swing gates, while the expansion of the garage door range has allowed Somfy to enter the Key Accounts for this market. The success of the 100% Pro range in Western Europe in 2008 offset the slowdown in business in products for DIY superstores.

Significant growth potential

The professional segment and commercial access (security grills and doors for shops) have excellent growth prospects in Western Europe, Eastern Europe and the Middle East, where the Group is extending its operations. The increased offer of security accessories and control boxes for operators has allowed Somfy to increase its visibility to manufacturers. The 100% Pro range also has organic growth potential with multi-disciplinary installers who are already Somfy partners in the roller shutter and solar protection activities. In order to stimulate this new distribution channel, the Door and Gate activity has opened a training centre in the Group's headquarter in Cluses, teaching techniques that will be deployed in all subsidiaries.

BFT continues its international expansion

Bought by Somfy in 2004, for the last 25 years BFT Group has had a strong brand reputation among installers and electricians for gates and garage doors, and more recently in commercial pedestrian doors and access control systems (car parks and raising barriers). In 2008, the brand posted sales growth of 6.4% (at a constant rate), despite the slump in its biggest markets (Italy and Spain). Today its products are available in 120 countries, and BFT is continuing to expand its regional operations. It has opened a new subsidiary in Australia, and in France, BFT has extended its regional coverage with the acquisitions of three distributors.

+6.4%
growth in sales for BFT.

Setting the professional standard

Efficiency

Simplifying installation

The new 100% Pro range allows installers to increase their productivity: Elixo 500 RTS automatically adjusts its speed to the weight of the gate, and is adapted to all sliding gate configurations. Axovia 300A RTS, with its control system built into the motor unit, requires no external housing.

Axovia Multipro.

Innovation

Keeping a step ahead in security

With an integrated intruder alarm, Freeroll is the first operator for roller doors that requires no wiring between the control unit and the garage door. The Door and Gate activity, which is linked to Somfy's home control solutions, is set to expand its YeSseo product range, which has a feedback function to confirm that the doors are locked.

Design

Redesigning appearance and ergonomics

Sturdy and easy to use, the new Keygo RTS remote control can command up to four motorised openings, and has its own customisation kit so that all users can adapt it to their personal taste.

Keygo RTS.

Human Resources

Boldly and creatively supporting Group projects

The international network of 19 Human Resources managers are located close to their teams and are responsible for building team spirit, catalysing the transmission of knowledge and harnessing skills and initiative.

Transmission of "sensitive" knowledge
Somfy's teams play a pioneering role in many activities. They work on innovative projects whose methods and results are useful to performance throughout the Group. The organisation of Somfy Activities—split by region, application and market segment, and supported by transversal processes—promotes dialogue and collaboration between different entities. In order to encourage the sharing of good business practices, the Group has created an international network of customer trainers in which everybody shares their experience.

Priority on internal mobility
In 2008, in order to safeguard jobs in a deteriorating economy, Somfy began to prioritise internal promotion, which filled two thirds of vacancies. The Group actively solicited internal applicants and circulated all vacancies to its staff. This policy also encouraged international mobility, mainly in marketing and sales administration, with the aim of encouraging people to move to France from abroad and between international subsidiaries.

Supporting local management and initiative
Somfy continued to expand its internal training courses in order to promote career development and accelerate the acquisition of managerial skills within the many project teams created in 2008. With this aim in mind, some content was adapted and there was greater use of mentoring. The "Managers!" programme, which rallies all members of a team around accountability goals, has been rolled out internationally. Within three years, Somfy hopes to extend it to its management teams in all territories.
In 2008, the creation of new Business Areas gave some country directors additional responsibilities. Somfy used a mentoring system to help them adapt to their new roles.

Taking account of employees' expectations
The internal opinion poll carried out in 2008 found that overall employee satisfaction had risen by two points compared to 2006. Staff are confident about the Group's future, and they appreciate their jobs and working conditions. All indicators showed improvement, except for Organisation, but the findings also revealed very high expectations concerning mobility, skills development and local management. These are continuous development targets for Somfy, and the results of the poll contributed to the definition of action plans for 2009-2010.

Multicultural, high-performance and driven by entrepreneurial determination, Somfy Activities' 4,260 employees represent the Group's values.

Industry and Logistics

Performance driven by responsiveness

In 2008, Somfy's production facilities were adapted to market needs, without jeopardising productivity and profitability. This ability to adapt, coupled with a continuous drive for improvement, helped to support Somfy's innovation strategy and contributed to the Group's performance by optimising competitiveness.

A cornerstone of value creation

The Group's industrial facilities lie at the heart of the value creation process, serving three activities via a differentiated, high-quality offer. In 2008, Somfy enhanced efficiency by rolling out its BaaN software—a tool for the fully integrated management of manufacturing, from the supply of parts to delivery. Initially installed in the Group's largest plant, at Cluses, BaaN will be deployed on the seven other production sites.
In order to support the expansion of its offer, Somfy has also implemented a PDM (product data management) tool, which allows the user to both design a product and simultaneously adapt the production facilities.

Creating Quality every day

Launched two years ago, the % to ppm (parts per million) programme was finalised in 2008, having put Quality at the top of the agenda for all staff, and generating a significant fall in the product return rate. Its goals have now been fully integrated into the plants' operation and the actions launched are reported on regularly.

Successful integration of Stehle and VarioSys into Somfy's industrial network

In 2008, Somfy's industrial network demonstrated its adaptive capacity when it successfully absorbed Stehle and VarioSys products, the two 2006 acquisitions, into its own production sites. This success was made possible by a significant effort in industrial consolidation and by raising performance and quality. These products are now industrialised to the required level.

Continued expansion at the Tunisian site

A complementary site to the network of European plants, SITEM, Somfy's Tunisian plant is also dedicated to the "core range". It has successfully created a network of onsite suppliers, who now account for two-thirds of supplies to the plant. Somfy is planning to extend the site in 2009. SITEM is the Group's second-largest plant in terms of production capacity, which will be doubled as of 2010, after the delivery of a second section of 11,000m².

LianDa remains short of its targets

Facing a complex Chinese market and an unfavourable euro-dollar exchange rate in 2008, Somfy's Chinese plant (LianDa), failed to fulfil its operational objectives. Inaugurated in 2006 as a response to the considerable growth potential of this emerging market, LianDa took teams from Cluses to boost its technological and manufacturing skills.

8 production sites.

1 international logistics centre.

50 logistics warehouses.


Transmitting and enriching our industrial experience
Accompanying the development of other companies
Making targeted investments which create value
Ensuring our Group's long-term future

Somfy Participations

Investing in and sharing our expertise

Every year, as opportunities arise, Somfy Group acquires companies in order to strengthen or broaden its professional expertise. Over the years this strategy has prompted the Group to invest in companies which, although they are not part of Somfy's core business, have strong development potential and therefore reinforce the Group in the long term. In 2008, Somfy decided to step up its efforts considerably in order to leverage this portfolio and make new investments, by creating a dedicated branch: Somfy Participations.

A new branch to leverage non-core business investments

The Somfy Participations branch was created in January 2008 with the purpose of acquiring and managing investments and shareholdings in industrial companies whose profile places them outside Somfy's core business. Under the leadership of Wilfrid Le Naour, who was at the helm of Somfy's business activities for eight years, Somfy Participations invested in three new companies in 2008.

The goal: creating value for the Group

Somfy Participation is a new branch of Somfy SA which was created in order to further the Group's growth ambitions. The branch leverages Somfy's expertise in external growth in order to assemble an extended range of skills: mergers and acquisitions, financial management, managerial and financial steering. Somfy Participations' investments reflect an approach which is both financial and entrepreneurial, with the end objective being to create value for both Somfy and the company in which the Group takes a stake.

Understanding companies' business models

In order to be properly equipped to optimise its shareholdings and ensure their long-term future, Somfy Participations bases its activity on an understanding of the challenges facing the companies it invests in. The branch has therefore defined a number of criteria to observe in order to make the right choice of investment: it should target industrial companies posting sales of between 30 and 200 million euros, which are in a transitional phase and offer growth potential; it should be able to understand their business model; and should share the same entrepreneurial values.

The branch favours two investment scenarios: minority shareholdings, alongside family or corporate shareholders, and majority shareholdings, where the goal is to accompany the companies in their development.

A portfolio under development

Dynamic investment management is the main lever for creating value. In 2008, Somfy Participations took a stake in three new companies: CIAT and Zurflüh-Feller in July, and Sirem in October. These companies boosted the portfolio of companies in which Somfy already held shares before the creation of Somfy Participations. At the same time the branch increased its stake in agta-record significantly.
The funding of these operations is covered by the Group's surplus cashflow and by debt. The goal in terms of return on investment is to attain a level comparable with that of Somfy's core activities.

A strong entrepreneurial dimension

In companies where it is the majority shareholder, Somfy Participations' intention is to play an active role as shareholder and partner in the profitable development of their business and performance. In order to help them leverage their assets, the branch shares the benefits of its own managerial and industrial experience, its resources and its know-how, with their management teams.

146 million euros
invested by Somfy Participations in 2008.

Majority or minority stakes in seven industrial companies with strong growth potential

58.4[1] million euros of sales for Somfy Participations in 2008, up 6.4% on a like-for-like basis.

Companies	Activities	Stake held	Year of initial Somfy investment
agta record	Automatic doors for commercial and industrial buildings.	32.95%	2000
CIAT	Air-conditioning, air treatment, thermal exchange and heating equipment for renewable energies in residential, commercial and industrial buildings.	40.0%	2008
Cotherm	Thermal regulation components (thermostats) for water heaters and radiators, and thermal programming for various applications.	65.0%	2006
FAAC	Systems and automations for gates and garage doors for professional installer customers.	34.0%	1990
Gaviota-Simbac	Components and motors for roller shutters and blinds for assembler and manufacturer customers.	46.5%	2001
Sirem	Geared motors, pumps and associated electric controls, for applications in industry and balneotherapy.	87.53%	2008
Zurflüh-Feller	Components and accessories for roller shutters for manufacturer and distributor customers.	100.0%	2008

(1) Sales only including companies that have been consolidated through total integration in Somfy Group's accounts.

Portfolio

agta record

2008 key figures

2008 sales: 228.5 M€
COR[1]: 27.0 M€
Workforce[2]: 1,735

Present in more than 50 countries through its subsidiaries and partners, agta record is one of the main players in the pedestrian and automatic sliding doors markets. agta record is supported by its technological know-how and integrated salespersons.
The development, production, marketing, installation and maintenance of a large range of automatic doors are the many areas of expertise of agta record.
In 2008, agta record expanded its development strategy internationally with the acquisition of a distributor in the United States and two in Great Britain.
Depending on the needs and desires of its customers, agta record deployed specific high quality solutions in each country.

CIAT

2008 key figures

2008 sales: 365.8 M€
COR[1]: 25.0 M€
Workforce[2]: 2,789

Present in over 70 countries, CIAT has developed its activities around three areas of expertise: optimising energy spending, improving air quality, and comfort. For these, it has deployed an offer which creates value for the residential, commercial and industry.
In France, where CIAT is leader in its sector of personal homes, the company has noted strong growth of its heat pump activity (geothermal and aerothermal heating). In 2008, the company followed its international development strategy, notably in Europe in the commercial and industrial markets.
New thermal standards are a growth factor everywhere for CIAT, and even more so in renovation. In order to accompany its installer customers as equipment becomes more complex, the company has developed an offer of multiple products systems which will regulate all the benefits (energy, comfort, air quality).

Cotherm

2008 key figures

2008 sales: 28.9 M€
COR[1]: 4.0 M€
Workforce[2]: 519

With a strong international implantation making 70% of the company's sales, Cotherm has known a halftone year, following the decrease of its activity from October. 2008 saw the deployment of three strategic axes in order to catch all the growth potential of its markets.
In its core business, thermostats for electric water heaters where Cotherm is European leader, the company has anticipated changing standards by forseeing the listing of energy performance on material.
In 2008, this was seen through the development of a new range of products with strong added value supported by combined technology and services. In the inertia electric heating market (radiators), Cotherm worked to improve its challenger status by creating development conditions.
Lastly, the company continues to seize every opportunity in niche markets thanks to its international coverage and its expertise in terms of programming solutions and thermal regulations.

(1) Current Operating Result
(2) Workforce at 31.12.2009 (including temporary staff).

FAAC

2008 key figures

2008 sales: 175.7 M€

COR(1): 34.2 M€

Workforce(2): 782

FAAC is specialised in the development, production and marketing of motors, appliances and electro-hydraulic transmission systems as well as electronics for opening and closing doors, gates and grills.
FAAC is the leader among European manufacturers of systems and controls for gates and garage doors.
FAAC is present through its distributions network in over 70 countries. Its clients are professional installers.
In 2008, in spite of a difficult economic situation, FAAC's activity remained strong. The Group developed research projects around new materials and innovative technology with special attention to applications which bring significant improvements in terms of performance and cost.

Supporting strategy

"We wanted to team up with a worldwide group displaying the same entrepreneurial vision as us, so that it can help us speed up the deployment of our business on the international front."
Francis Guaitoli,
Chairman of the CIAT Management Board.

"Somfy is a manufacturer who shares our concerns in terms of operations, organisation, pursuit of performance and strategic positioning. Our first common project was to speed up the implementation of our strategy and positioning, and to work on methods."
Jean-Pierre Sérigny,
Chairman of the Cotherm Management Board.

"It is vital for our shareholder to understand the issues confronting us, in order to exchange viewpoints on industrial practices such as product development or purchasing policy. The fact that Somfy is both a financer and a manufacturer represents a genuine advantage for Sirem."
Nicolas Ciampi,
Chairman of the Sirem Board of Directors.

Portfolio

Gaviota-Simbac

2008 key figures

2008 sales: 69.1 M€
COR(1): 4.7 M€
Workforce(2): 324

Located in Sax, Spain, Gaviota-Simbac was greatly affected by the real-estate crisis of their local market which began at the end of 2007. In 2008, the company thus saw its sales down by 14.3%.
During the financial year, its activity was nonetheless marked by the development of exports, as much for components and accessories as for roller shutters and awnings. The establishment of Gaviota-Simbac in new markets partly compensated the slow activity in Spain and offered interesting new growth perspectives for the years to come. To reinforce its presence with assemblers and manufacturers of roller shutters and awnings, Gaviota-Simbac can also count on its continuous strategy of product innovation.

Sirem

2008 key figures

2008 sales: 24.5 M€
COR(1): 2.6 M€
Workforce(2): 152

Traditionally positioned in niche and opportunity markets, Sirem is characterised as a company with a wide variety of activities which it continues to diversify thanks to the personalisation of its solutions (geared motors, pumps and electric motorisation systems) and with a continued innovation strategy and the pursuit of new customers.
2008 therefore marked Sirem's entrance into the spa market. The balneotherapy activity, in which the company is European leader of pumps for baths, saw a significant downturn, in keeping with the economic situation. Inversely, the motorisation of swimming-pool covers remained strong. The company also registered sturdy resistance with its traditional activity (geared motors and pumps for milk tanks) and in its other markets (motorised rollers, access control…).
In 2009, Sirem will pursue its innovation strategy in order to capture the important growth potential of its balneotherapy, swimming-pool and spa markets.

Zurflüh-Feller

2008 key figures

2008 sales: 59.4 M€
COR(1): 9.8 M€
Workforce(2): 389

French market leader in components and accessories for manual roller shutters, Zurflüh-Feller has optimised the deployment of its organic growth based on innovation (62 active patents) and mastering all the conception, development and industrialising processes of its products. Thus, the company has continued to invest in its production plant and inaugurated a new surface treatment chain as well as a dryout line. New products promoted in 2009 will also find footing in fresh markets and Zurflüh-Feller will extend its activity to motorised roller shutters.

(1) Current Operating Result
(2) Workforce at 31.12.2009 (including temporary staff).

Mobilising Somfy Group's expertise

"The challenge for our sector is to be capable of offering global solutions for the building industry. That is why in the future we wish to establish synergies with Somfy regarding CIAT'S offer on our mutual market, which is the residential sector. We are, for example, currently discussing the possibility of being part of the io-homecontrol® communication protocol."

Francis Guaitoli,
Chairman of the CIAT Management Board.

"As from 2009 we expect to be developing new products in partnership with other Somfy Participations companies, such as CIAT.
We would also like our thermal regulation solutions for electric water heaters and radiators to be part of the io-homecontrol® protocol."

Jean-Pierre Sérigny,
Chairman of the Cotherm Management Board.


Speeding up the spreading of energy-saving solutions
Rallying stakeholders in the building sector around this common challenge
Behaving like a socially responsible company
Long term commitment

Sustainable Development: Communicating and contributing to a better home in a better planet

Because Somfy is driven by a long-term strategic vision, the Group's approach to its responsibilities is also a long-term one. Its deep-rooted environmental awareness plays a pivotal role in all its undertakings, guiding its Foundation's commitments to society, and helping to focus the corporate project on the goal of saving energy in the building sector. In 2008, this same ambition for sustainability inspired the Group to launch a large-scale initiative involving all its various stakeholders, in order to display exemplary behaviour in all its social and professional endeavours.

A corporate project for the Group

2008 saw the implementation of an overall approach to social, environmental and societal responsibilities. Within Somfy Activities, the Bioclimatic Façades programme is helping to spread a series of energy-saving solutions. By clearly defining a Corporate Social Responsibility (CSR) policy, Somfy can integrate these commitments within its corporate strategy in a sustainable manner, and implement them more easily on a continuous basis.

Launch of the Somfy for Bioclimatic Façades programme

With governmental measures to encourage better energy performance in buildings becoming more general, Somfy Activities considered it important to improve its understanding of these new challenges. By devising the Somfy for Bioclimatic Façades programme and forming dedicated teams, the Group has been able to go beyond its core activity, thanks to its overall grasp of the main environmental issues facing the building sector. Based on open dialogue with all the stakeholders involved, this initiative will make the solutions developed by Somfy more visible, and will enable the Group to anticipate how future environmental standards, and building techniques, will evolve.

Commitment to all the company's social and societal practices

In 2008 Somfy laid down the basis for a CSR policy to apply to all the Group's companies.
Somfy worked alongside a team of external consultants to carry out a diagnosis of all the Group's social practices, and identify the main priorities for the management of human resources, ethics, governance and societal responsibilities.
The goal is to formalise an action plan to mobilise all the stakeholders involved, and ensure that the progress made is properly monitored through the implementation of indicators.

Carbon Footprint Assessment™ at the Cluses and Bonneville sites

In line with its CSR policy, Somfy carried out a Carbon Footprint Assessment™ at its four sites in Cluses and Bonneville in Haute-Savoie, France.
By identifying sources of greenhouse gas (GHG) emission directly or indirectly related to its activity, Somfy was able to fix quantified objectives. The action plan thereby defined should make it possible to reduce emissions by 20% between now and 2020, thanks to three main areas of improvement: the transport of merchandise and people; better management of industrial flows; implementation of best practices in internal site operations (refuse management, economical use of paper, etc.). Some measures are already underway: for example training buyers and developers about eco-designed products, and the introduction of a fleet of electric vehicles. Similar diagnoses will be deployed in all the Group's French and Tunisian production sites in 2009.

A global vision of the sector's challenges and Somfy's responsibilities

Environment

Improving the energy performance of buildings

Thanks to the automation and programming solutions developed by Somfy, it is possible to transfer the best of the outside climate to the interior of buildings. Through the innovation and commitment of its teams, Somfy contributes every year to improved energy savings in the residential and commercial sectors, and helps encourage better use of natural sources of comfort (daylight, solar heat, ventilation through external air).

Reducing the environmental impact of our activities

The Group includes Sustainable Development in its professional practices, in particular through the reduction of energy consumption on its production sites, which do not pollute the atmosphere because they only assemble. By formalising its goals in regards to environmental responsibility in 2008, Somfy will foster the involvement and commitment of all its employees.

Social responsibilities

Acting as a socially responsible company

The employment practices applied by Somfy are respectful of its employees, and encourage social dialogue. The Group promotes social and cultural equality in all its territories, commits its employees to ethical behaviour, and makes the appropriate resources available for creating attractive career opportunities.

Supporting the creation of value for our stakeholders

Thanks to a well-chosen strategy, solid fundamentals, and its capacity to control the risks inherent in the sector, Somfy's business generates profitable growth. The Group therefore fully assumes its economic responsibilities with regard to its employees, local communities, and its shareholders.

Housing

Extending access to safe, sustainable housing

Through its Foundation, Somfy mobilises its resources alongside Emergency Architects on behalf of humanitarian programmes for building infrastructures, in those regions of the world which are either deprived or victims of conflict.

Helping society take up its challenges

Autonomy for the elderly, domestic assistance for the disabled, improved air quality… automated equipment has a key role to play in improving the housing conditions of the future. In its field of expertise, Somfy intends to help provide responses to the societal challenges of the building sector, through its specific skills and its commitment alongside local communities and public authorities.

Product innovation

Energy-saving solutions for every type of building

For a building to be efficient, the optimisation of its energy performance should take into account its climatic environment, its architecture and the activity of its occupants. Somfy Activities has therefore developed a groundbreaking approach whereby each potential problem is taken into consideration from the design stage of its products onwards. This way, in both the residential and commercial sectors, Somfy is able to provide its customers and specifiers with comprehensive, targeted solutions combining motorisation, automation and programming of façades and bay windows.

Beyond their benefits in terms of energy, Somfy solutions such as WireFree leave decoration intact as they do not require any electric wiring. The motor is battery-powered and the solar sensor operates through a photovoltaic cell.

Roller shutters for European homes

The sun provides natural heating

In France in particular, where houses and apartment blocks are widely equipped with roller shutters, the inhabitants are not sufficiently conscious of the benefits of Dynamic Insulation™. By activating the shutters only when they are present in their home, they deprive themselves of natural heat during the day and of night-time thermal insulation.

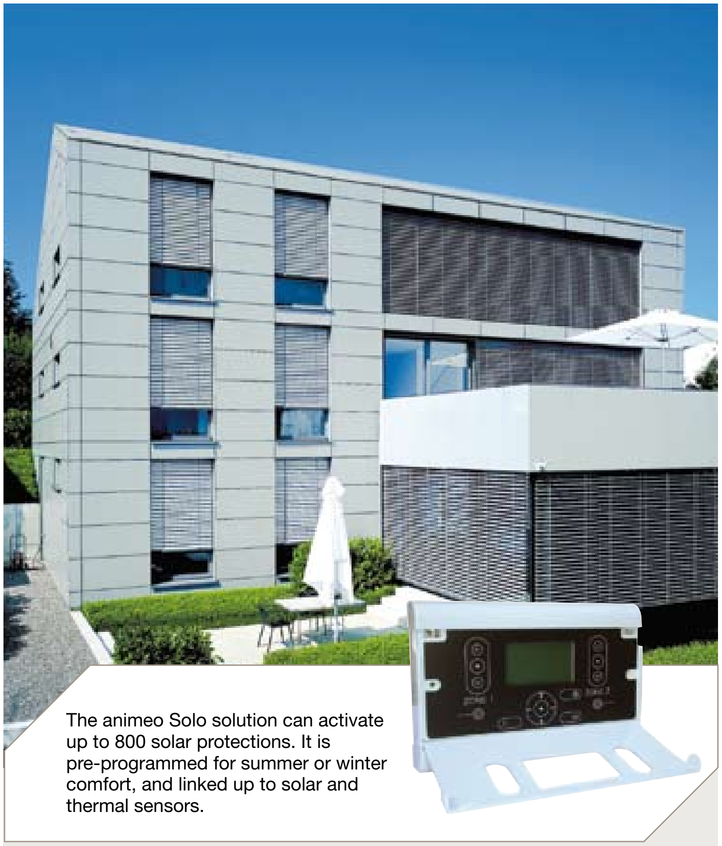
Solar protection for homes in North America and Asia

Reducing the need for air-conditioning

Air-conditioning equipment is frequent in these countries. Interior solar protection (e.g. venetian, roller, pleated or slat blinds) guarantee the comfort of home occupants, but is also very effective when automated, when it comes to reducing the need for cooling air.

The control pilots the opening and closing of the motorised roller shutter at programmed times.

The solar sensor manages automation in relation to real sunshine conditions.



The animeo Solo solution can activate up to 800 solar protections. It is pre-programmed for summer or winter comfort, and linked up to solar and thermal sensors.

Small-scale commercial buildings in Europe

Comfort and energy savings

In the winter, offices and public buildings (e.g. schools, retirement homes, hospitals) face the problem of overheating, as a result of the combined effect of human activity and natural light.

For small commercial buildings, Somfy has designed the animeo range of specific, easy-to-use façade automation solutions. Centralised management of solar protection take into account both climatic conditions and periods when the space is unoccupied.

The computer-piloted VarioSys solution can be managed from start to finish by solar protection manufacturers.

Large-scale commercial buildings

Managing complex parameters

The size of commercial buildings, their use by different companies, how the shadows of neighbouring buildings fall on them: all these parameters should be taken into account when automating façades.

For large commercial buildings, Somfy offers a digital solution for piloting motorised systems, which uses the Internet IP protocol to control and manage each solar protection individually.

Software for calculating energy consumption

Working in partnership with a Swedish university, Somfy worked out how to adapt its calculating parameters to the façade and window sector. This decision-making software, which is now available to customers and specifiers, simulates the energy-saving benefits of Somfy's solutions for both commercial buildings and houses.

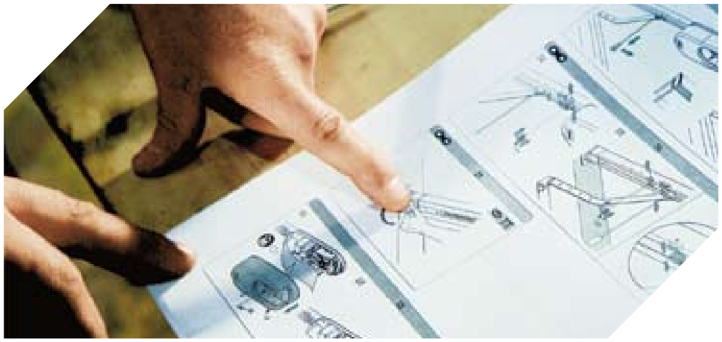
Bioclimatic Façade Programme

Promoting free energy in buildings

Several years ago Somfy started sensitising customers to the concept of energy efficient windows and automatic façades for homes and commercial buildings. In 2008, the Group set up a programme dedicated to promoting its energy saving solutions. This programme, called Somfy for Bioclimatic Façades, aims to heighten understanding of the benefits of these techniques.

Action plans in each activity

When the Somfy for Bioclimatic Façade programme was launched in early 2008, a team of five people was set up to work closely with the Somfy Activities project teams and their territories. Meanwhile, to support this programme, the roller shutter, commercial building and indoor blind activities developed packages specially dedicated to energy saving. In each country, the Group also deployed action plans adapted to the specific nature of their markets.



50,000 customers and specifiers targeted in 2008

To step up proliferation of these effective and easy-to-install solutions, the Somfy for Bioclimatic Façade team communicates the necessary scientific and technical knowledge. In July 2008, the bioclimatic façade concept was presented to around 10,000 architects at the International Union of Architects' congress. Installer and manufacturing customers were introduced to the concept throughout the year at major trade fairs in Frankfurt, Paris and Abu Dhabi.

Somfy has also completed the substantial task of compiling the available information in order to publishing pedagogical documents. A book entitled *Bioclimatic façades*, written in partnership with two distinguished professors of architecture, A. Liebard and A. de Herde, tells commercial building professionals how to create a bioclimatic façade. Specialised quarterly dossiers will keep track of existing technologies and solutions for given problems. These will draw on research conducted in the 20 or so universities that Somfy has partnership arrangements with across the world. To promote the idea of automated roller shutters, Somfy has also published a manual on Dynamic Insulation™ aimed at its installer customers. The publication, which concentrates on residential applications, will be available on the public website that is to be launched in 2009.

Contributing to developing standards

In a context of change, the Somfy for Bioclimatic Façade teams anticipating the new environmental laws that will be deployed in countries across Europe and elsewhere. Somfy joined a work group in France that is preparing to transpose the new thermal regulations nationally that are soon to be introduced in Europe. The aim is to include automation in the solutions recommended under the new standards, and hence integrate them into the certified diagnostic tools.

Working with stakeholders in the building sector

Installers

Training and accompanying them

As installers are in direct contact with contractors and end-users, they are central to improving energy performance in buildings and implementing new standards. Somfy creates specific training modules to help installers adapt to the transformation in their jobs.

Trade associations

Committing alongside our partners

In France, several professional syndicates in the building and electrical sectors have asked Somfy to represent the sector in task forces set up by the government to work on thermal regulations.

Manufacturers

Designing common projects

The energy savings achieved by Somfy solutions are optimal when combined with other domestic systems (heating, lighting, ventilation, air conditioning, etc.). This explains why Somfy has teamed up with other firms in the building industry to identify and formalize what each can contribute. The aim is to take common action in order to heighten recognition.

Somfy for Bioclimatic Façades

A common programme, three areas of expertise:

- Dynamic Insulation™
- Natural light management
- Natural ventilation

Somfy Foundation

For more reliable, environmentally-friendly homes

In 2008, the Somfy Foundation refocused on a sole objective: “For a better home in a better planet”, in which Somfy’s core business converges with the issues raised by Sustainable Development. While pursuing its partnership work helping reconstruction in disaster areas, the Somfy Foundation now wishes to boost its role as a corporate patron taking action to meet the social and societal challenges faced by housing.

Four years of partnership with the Emergency Architects

Since 2004 the Somfy Foundation has renewed annual support for the Emergency Architects Foundation, which is involved in rebuilding and development programmes in regions suffering the aftermath of natural disasters or conflicts. As well as providing emergency and rehousing assistance for displaced or homeless populations, the Somfy Foundation is fully associated with the NGO’s goal of accompanying local communities in the long term. In countries where building standards and techniques are generally poor, Emergency Architects looks into fundamental issues concerning the safety of infrastructures and the training requirements of local professionals. Each mission includes actions aimed at risk prevention to ensure that the housing that is rebuilt is more robust, and the transfer of knowledge and know-how to builders, architects and the general population in the regions concerned.

Five reconstruction programmes funded in 2008

Last year, the cooperation with Emergency Architects focused on five reconstruction programmes, including above all some urgently needed school buildings. In eastern Chad, the Somfy Foundation paid for classrooms and a health centre in refugee camps for Sudanese and Chadian refugees fleeing the conflict in Darfur. In a context of alarming deforestation, Emergency Architects implemented a sustainable development approach, by using reusable materials and thereby preserving the natural environment. In 2008, the Somfy Foundation also provided aid for several programmes in Peru, and for various operations in Madagascar and Africa that are in the assessment phase.

A vocation encompassing the main challenges society faces over housing

The refocusing of the Somfy Foundation on housing in 2008 led the Group to rethink its approach to acts of citizenship. Whilst remaining committed to emergency rebuilding and environmental protection, the Somfy Foundation wishes to contribute more systematically to the challenges society faces over housing, particularly in regards to energy savings and housing for the elderly. The Somfy Foundation will therefore join forces with associations and public authorities to this aim, and provide support for entrepreneurs with innovative projects.

Committing to the long term

Developing access to safe infrastructures

Sensitising populations living in seismic regions

Following the violent earthquake in October 2005 in the Pakistan administered region of Kashmir, the Somfy Foundation became associated with the rebuilding effort of Emergency Architects in 2006. In May 2008 this cooperation bore fruit, with the inauguration in the village of Bheri of a girls' school that complies with international paraseismic standards. The project included training for local architects and the drafting of paraseismic building guidelines distributed to the local population.

Long lasting actions

Training architects in Afghanistan

In Afghanistan, Somfy Foundation followed up previously engaged actions and continued to bring their help to the Relays created 5 years ago by the Emergency Architects at the Technical University of Kaboul. 15,000 euros were thus given in 2008 to buy new material for the upkeep of this educational structure which has already helped train more than 240 architectural students.

€300,000
consecrated on the Somfy Foundation in 2008.


Approaching our activities and territories with a pioneering spirit
Devising solutions for each market and each building
Supporting our customers as their business changes
Improving building comfort and energy performance

Financial Report

Overview of consolidated financial statements

in € millions	31/12/08	31/12/07
Sales	749.4	720.2
Current operating result	123.9	132.3
Operating result	121.1	131.2
Net result	86.4	103.9
Net result (Group share)	85.7	103.5
Cash flow	123.9	119.7
Investments in tangible and intangible assets	47.7	36.5
Amortisation and depreciation	-27.4	-22.8
Shareholder's equity	670.6	647.5
Net financial debt	76.4	-70.2
Non-current assets	740.1	536.0
Average workforce	5,081	4,712

Management Board Report
to the Annual General Meeting of 13 May 2009

Ladies and Gentlemen,

In accordance with legal and regulatory provisions in force, the Management Board has convened you here in order to inform you of the management of your company and its subsidiaries and to submit for your approval the financial statements for the year ending 31 December 2008.

Highlights

Organisational change

Over the first half-year 2008, the Group re-organised in two separate divisions:

- **Somfy Activities,** which includes the companies whose operations come within the scope of Somfy's three traditional businesses: automation of "Shutter & Awning", "Window & Blind" and "Door & Gate".
- **Somfy Participations,** which is dedicated to investing in industrial companies outside Somfy's core business.

This new organisation, which had no impact on the Group's legal structure, will attract and unite companies and managers from different backgrounds, both within Somfy Activities and Somfy Participations. It reflects the new internal reporting implemented by Somfy Group's management team. Two separate CEOs have also been appointed and each manager will follow his division independently.

Changes in Group structure

Somfy Activities acquired four distributors through its BFT SpA subsidiary:

- **BFT South West,** 90% of the share capital for an acquisition price of €1.8 million. Concerning the remaining 10%, the parties agreed on a call and respectively put option that both may exercise between 1 January 2013 and 31 December 2015.
  BFT Sud-Ouest was consolidated from 1 January 2008 and contributed €3.3 million to Somfy Group sales.
- **BFT Languedoc,** fully acquired for €0.5 million. BFT Languedoc was consolidated from 1 January 2008 and contributed €1.0 million to Somfy Group sales.
- **BFT Piemonte,** 70% of the share capital for an acquisition price of €0.7 million. Concerning the remaining 30%, the parties agreed on a call and respectively put option that both may exercise between 1 January 2014 and 31 December 2016.
- €2.7 million purchase of the remaining 70% interest in **BFT Marseille**. This company was equity accounted until 1 July 2008. It is now fully consolidated and contributed €2.5 million to Somfy Group sales.

Somfy Participations acquired:

- **Zurflüh-Feller,** on 17 July 2008, as part of a leverage buy-out transaction. Somfy had to pay €31.0 million up-front. This company specialises in manufacturing roller shutter components and accessories.
  Zurflüh-Feller was consolidated from 1 July 2008 and contributed €25.5 million to Somfy Group sales.
- **87.53% of Sirem,** on 3 October 2008, as part of a leverage buy-out transaction. Somfy had to make a €5.9 million equity investment and a €2.3 million mezzanine financing. This company sells gear motors and pumps, along with their electronic controls. SIREM was consolidated from 1 October 2008 and contributed €4.0 million to Somfy Group sales.
- **40% of CIAT Group,** on 23 July 2008, as part of a leverage buy-out transaction. Somfy had to make a €34.6 million equity investment and a €48.0 million mezzanine financing. This company manufactures air conditioning, heat exchange, air treatment and renewable energy heating equipments. It was equity accounted in Somfy Group's consolidated financial statements over 6 months.
  CIAT's family shareholders who have reinvested in the new entity hold a put option on their stake for the benefit of Somfy, which may be exercised from 2 May 2012 to 30 June 2012. Somfy holds at the same time a call option that can be exercised from 1 April 2013 to 30 April 2013.
- Additional **agta-record** shares for €21.4 million, increasing the Group's shareholding to 32.95%.
- **9.14% of Babeau Seguin**, a builder of one family homes, for €2.7 million.

Somfy took note of the recent loss of significant influence in Faac SpA and decided as a result to exclude this company from its consolidation scope from 1 January 2008. This loss of significant influence occurred gradually over the past few years and was marked in particular by Somfy's inability to affect the company's dividend distribution policy, notably in respect of the 2006 and 2007 financial years, and to no longer be associated to some strategic or operating decisions. It must also be

noted there are no or no longer any significant transactions between Somfy and this company (absence of exchange of senior executives or provision of essential technical information).
Somfy's 34% investment in Faac's share capital, previously equity accounted, was recognised as an asset held for disposal.
The company will only contribute to Somfy's financial performance through its dividends as of 1 January, 2009. Note: Faac's contribution to Somfy Group's net profit amounted to €10.7 million in 2007, for an equity investment valued at €128.1 million (following the 2008 distribution).
Since Faac is not a listed company, the fair value of the securities was measured using the future cash flow method, after deducting a marketability discount. The value thus established was €141.0 million. The difference between the capitalised cost of the asset posted to the balance sheet at 1 January, 2008 (identical to the equity investment value) and the fair value established using the above mentioned method was €10.7 million (net of deferred taxation on the share of costs and expenses), which was directly taken to equity.

Change in accounting method

The Group opted for the early application at 1 January 2008, with retroactive effect, of IFRS 8 "Operating segments", which replaced IAS 14 "Segment reporting". The adoption of this standard has an impact on segment information presented in the financial statements. In application of IAS 14, Somfy, which only has one business segment, has opted for segment reporting based on geographic sector by asset location.

In addition, the Group adopted on 1 January 2008, with retroactive effect, the so-called "SORIE" method provided for by IAS 19 "Employee benefits - actuarial gains and losses, group plans and disclosures", that allows for the immediate recognition of all actuarial differences, net of deferred tax, to reserves. Previously, the Group applied the corridor method, according to which actuarial differences exceeding 10% of the greater of the value of commitments and the market value of plan assets were amortised in the income statement over the probable average remaining active life of employees. The impact of this change of method on reserves at 31 December 2007 was a negative €856 thousand (-€1,380 in "employee benefits" liabilities and +€524 thousand in deferred taxation).

Presentation of financial statements

Parent company financial results

At 31 December 2008, Somfy SA sales were €1.9 million. Financial income amounted to €56.5 million, including €78.8 million in dividends paid by its subsidiaries in respect of their net profit at 31 December 2007.

Net income amounted to €56.8 million and includes an income tax saving of €9.5 million, as a result of the tax grouping arrangement.

Consolidated financial statements

Group sales for the year came to €749.4 million, up by 4.0% in real terms and 1.2% on a like-for-like basis.

The **Somfy Activities** branch reported sales of €691.0 million. This is an increase of 1.0% on a like-for-like basis over the full financial year, which featured a dip between the first and the second half-year as a consequence of the deteriorating construction market in many countries.
The downturn was particularly marked in Northern and Southern Europe, where sales declined by 4.9% and 0.5%, respectively, as well as in America, which nonetheless still posted 1.1% growth.
Conversely, sales remained stable in some emerging markets: Asia Pacific and Central and Eastern Europe reported year-on-year growth of 6.3% and 12.0%, respectively.
France ended the year with 2.5% growth and the decline in Germany, which experienced renewed growth over the last months, was 1.6% over the full financial year.

The negative trend worsened in all Group markets over the last quarter, which posted a 4.8% decline in sales.

The **Somfy Participations** branch made significant investments in 2008. Its €58.4 million sales take into account Cotherm (twelve months), and the newly fully consolidated companies Zurflüh-Feller (six months) and Sirem (three months). The investment in CIAT (40%) was equity accounted. Therefore, its sales (€365.8 million in 2008) did not contribute to Group sales.

€ thousands	31.12.2008	31.12.2007	N/N-1	N/N-1 like-for-like basis
France	200,830	195,915	2.5%	2.5%
Germany	95,717	97,260	-1.6%	-1.6%
Northern Europe	92,035	100,732	-8.6%	-4.9%
Central and Eastern Europe	54,822	47,611	15.1%	12.0%
Southern Europe	139,446	139,846	-0.3%	-0.5%
Asia-Pacific	43,166	42,940	0,5%	6.3%
Americas	64,988	68,110	-4.6%	1.1%
Somfy Activities	**691,004**	**692,414**	**-0.2%**	**1.0%**
Somfy Participations	**58,349**	**27,808**	**109.8%**	**6.4%**
Somfy consolidated sales	**749,353**	**720,222**	**4.0%**	**1.2%**

Results

Current operating result for the financial year declined from €132.3 million to €123.9 million, which is 16.5% of sales.

Somfy Activities' current operating result decreased by 9.1% to €117.6 million:

- The gross profit margin rose, even though the turnaround on raw material prices only occurred at the end of the year and selling prices fell by about 2%. The gradual rise in output from non-French production sites, the development of purchases from low cost countries and a richer product mix (increased radio-operated ratio) were the main contributors to this improvement.
- In spite of the above, and against a low growth background, the increase in structure costs (amortisation and depreciation charges and personnel costs) could not be fully offset, due to the investments carried forward and the personnel recruited in 2007 in order to strengthen the selling and product development teams.

- **Somfy Participations'** current operating result was €6.3 million, compared to €2.9 million over the previous financial year. It benefited from the consolidation of Zurflüh-Feller and Sirem, and the increase in Cotherm's results.

Restated for the €10.7 million 2007 contribution of Faac SpA, a company deconsolidated in 2008, net profit decreased by 7.3% to €86.4 million. It takes account of the rise in financial expenses, due to higher debt and the volatility of hedging instruments, and a lower income tax charge.
The decrease in taxation was primarily due to the development of operations outside Europe and a lower taxation rate in Germany and Italy.
Before investments, the Group remained a strong cash generator, with a €4.2 million increase in the financial year cash flow from operations to €123.9 million.

Financial position

Industrial and financial investments totalled €193.8 million over the financial year. They correspond for a large part to the equity investments made in CIAT and Sirem, the acquisition of Zurflüh-Feller and the increased shareholding in agta-record. They were partly self-financed, with the balance funded by loans.
Net debt thus amounted to €76.4 million at the end of December. This level represents 11.4% of the value of Group equity, which confirms the Group's sound financial position.

Segment information

At 31 December 2008 € thousands	Somfy Activities	Somfy Participations	Other	Intra segment	Consolidated
Segment sales	691,008	58,888	-	-543	749,353
Segment current operating result	117,645	6,273	-61	-	123,857
Share of profit of equity accounted companies	-260	2,169	-	-	1,909
Cash flow	117,378	4,735	1,819	-	123,932
Investments in tangible and intangible assets	41,186	6,466	-	-	47,652
Goodwill	96,465	48,239	-	-	144,704
Net intangible and tangible assets	197,297	49,816	-	-	247,113
Shares of non consolidated companies	65	204,230	-	-	204,295
Equity accounted companies	1,944	57,284	-	-	59,228

Post-balance sheet events

There are no post-balance sheet events to report.

Outlook

The current environment leads the Group to increase its cost cutting and process optimisation policy, as well as to continue its strategy of consolidating existing positions and winning over new markets.

- The steps undertaken by **Somfy Activities** from the first signs of the slowdown confirm this intent of controlling and adjusting costs (recruitment freeze in France, non-renewal of many temporary workers' contracts in Europe), with one exception however: the marketing and research and development budgets were maintained at a high level to ensure that the Group confirms its advance, in particular on the buoyant energy saving oriented market, and thus come out of this crisis stronger. Similarly, the necessary investments will continue to be made and acquisitions may be considered to complete the product portfolio and distribution networks, thanks to the Group's sound balance sheet.

- **Somfy Participations'** objective is to draw value from the existing equity investment portfolio and to implement an active and value-creating investment policy, targeting industrial companies whose business model the Group understands and which share the same values. The short-term priority will be to bring together the recently acquired companies and to put into place the necessary support and supervision processes.

Information on shareholders and share capital

Major shareholders (Article L.233-13 of the French Commercial Code)

Shareholders owning more than 5% of the share capital at 31 December 2008:

	Number of shares held	% share capital	Number of voting rights	% voting rights *
J.P.J. SCA**	3,858,802	49.24	7,717,604	60.56
J.P.J. 2	509,344	6.50	509,344	4.00
Despature Family	1,185,747	15.13	2,185,508	17.15
Faac Holding	571,400	7.29	571,400	4.48
Northern Trust	558,703	7.13	558,703	4.38

** Based on share capital comprising 7,836,800 shares at 31 December 2008 representing 12,744,024 voting rights, in accordance with Article 223-11 of AMF general regulations.*
*** There is a binding agreement between J.P.J. SCA and members of the Despature family.*

Shareholders' agreement

Actions in concert and pre-emption agreement

J.P.J. SCA and some members of the Despature family are bound by a special agreement and have signed a pre-emption agreement concerning their respective holdings of Somfy SA shares.
This agreement, which was submitted to the French Financial Markets Commission on 5 March 1998, sets the conditions under which the pre-emption right may be exercised in the event of transfer by the signatories of their Somfy SA shares. It was signed for a period of 15 years, effective from 17 May 1997.
It is binding on the signatories and their minor beneficiaries in the event of death, and for all their minor descendants who might be entitled to shares through disposal or gift.
Any changes to this agreement, particularly regarding its duration, must be decided by a three quarters majority of the share capital of Somfy SA represented by all the signatories. J.P.J. SCA shall administer the agreement for an unlimited period.

Collective retention agreements

A collective retention agreement relating to 51.33% of the share capital of Somfy SA was signed on 24 December 2003 by several shareholders, including Management Board members Paul Georges Despature, Wilfrid Le Naour and Nicolas Duchemin and Supervisory Board member Jean-Bernard Guillebert, in accordance with Article 885 I (ii) of the General Tax Code and expiring at 1 January 2010, inclusive. Beyond that date, the commitment will be automatically extended for successive 12 months periods, unless one of the signatories gives notice of termination to other signatories.

In addition, eight collective retention agreements of which seven relate to 50.65% of the Somfy SA company share capital were signed on 24 and 29 December 2003 and one relating to 50.08% of the share capital of the company was signed on 27 April 2006 by a number of shareholders, including Management Board members Paul Georges Despature, Wilfrid Le Naour and Nicolas Duchemin and Supervisory Board member Jean-Bernard Guillebert, in accordance with Article 787 B of the General Tax Code, for a two year period from the date of registration and automatically extended for successive three months periods, unless one of the signatories gives notice of termination to other signatories.

Multiple voting rights (excerpt of Article 28)

The voting right attached to the shares is proportional to the capital that they represent. Each share entitles its holder to one vote.
A voting right that is double that conferred on shares is allocated to all fully paid shares that have been duly registered for at least four years in the name of the same shareholder at the end of the calendar year preceding that of each meeting.

Disclosure of shareholding threshold crossings, pursuant to Article L.223-7 of the French Commercial Code

On 28 April 2008, J.P.J. 2 crossed the 5% threshold in the share capital of Somfy SA and now holds 509,344 Somfy shares, representing the same number of voting rights, which is 6.49% of the share capital and 3.99% of voting rights, based on a share capital at 31 March 2008 of 7,836,800 shares, representing 12,765,819 voting rights.
The crossing of this threshold resulted from the purchase of Somfy shares on and off the market.

Bylaw provisions relating to threshold crossings (excerpt of Article 12)

Any shareholder who comes to hold, directly or indirectly, a number of shares equal or exceeding 1%, or a multiple thereof, up to 5% of the share capital, must inform the Company, by registered letter with acknowledgement of receipt, within fifteen days of the shareholding threshold being crossed.

The shares exceeding the portion that should have been declared may be deprived of voting rights.

The disclosure obligation also applies when thresholds are crossed downwards, if applicable.

Information on investments and controlled companies

• Investments in French companies during the financial year ending 31 December 2008 (Article L. 233-6 of the French Commercial Code):

	Direct control		Indirect control	
Company name	Number of shares	% share capital	Number of shares	% share capital
Nouveau Monde Participation *(holding company of Zurflüh-Feller takeover)*	2,900,000 shares	100.00	-	-
CIAT Group *(holding company of CIAT - Compagnie Industrielle d'Applications Thermiques takeover)*	33,600,000 shares	40.00	-	-
Arve Finance *(holding company of CIAT SA)*	1,000,000 shares	40.00	-	-
Financière Nouveau Monde *(holding company of SIREM takeover)*	5,895,000 shares	87.53	-	-
Batilor/ Babeau Seguin	270,000 shares	9.14	-	-
BFT Sud-Ouest	-	-	450 shares held by BFT SpA*	90.00
BFT Languedoc	-	-	500 shares held by BFT SpA*	100.00
BFT Marseille	-	-	510 shares held by BFT SpA*	70.00

** BFT SpA fully held by Somfy Spain, itself a fully-owned subsidiary of Somfy SA.*

• Names of companies directly or indirectly controlled and fraction of Somfy SA share capital held by them (Article L. 233-13 of the French Commercial Code): none of the companies controlled by Somfy SA held shares in it.

Bylaw provisions relating to the appointment and replacement of members of the Management Board (excerpt of Article 15)

• The Management Board comprises at least two and at most five members, either shareholders of the Company or not.

• Management Board members are appointed pursuant to the terms and conditions and for the duration specified by law. They are appointed by the Supervisory Board, which sets their number, appoints one of them as Chairman and determines their remuneration.

• The age limit on Management Board appointments is 65. Any Management Board member attaining the said age in the course of his/her term of office is deemed to resign at the end of the next Supervisory Board meeting.

• The Supervisory Board is entitled to sub-delegate to one or several Management Board members, subsequently acting as Chief Executive Officer, the powers granted by law to the Chairman of the Management Board.

- Management Board members are eligible for re-election.
- In case of a vacancy, the replacement director shall be appointed for the remainder of the mandate of the current Management Board.
- Should a vacancy on the Management Board occur, the Supervisory Board must appoint a replacement director within two months, so that the number of Directors does not fall below the statutory minimum. Failing that, the interested party may seek a provisional order from the Presiding Judge of the Commercial Court for the temporary appointment of a director. The director thus appointed may be replaced at any time by the Supervisory Board.
- The members of the Management Board may be dismissed by the General Meeting upon proposal of the Supervisory Board. If the decision to dismiss them is unreasonable, they may be entitled to sue for damages. If the interested party has entered into a contract of employment with the company, their dismissal from the post of director shall not have the effect of terminating the said contract.
- Since the start of the 2009 financial year, the composition of the Management Board has been amended as follows: Jean-Philippe Demaël, who became the CEO of Somfy Activities in July 2008, was appointed to the Management Board, on 1 January 2009, as a member and Chief Executive Officer, following the Supervisory Board's decision of 12 November 2008.

Bylaw provisions relating to bylaw amendments
(excerpt of Article 30)

- Only an Extraordinary General Meeting is authorised to amend any provision of the bylaws. It may nevertheless not increase the shareholders' commitments, without prejudice to transactions resulting from a properly executed share swap or consolidation.
- It rules on a majority of two thirds of the votes held by the shareholders present or represented, including shareholders voting by post.

Information on the purchase of own shares (Article L.225-211 of the French Commercial Code)

The Company has implemented several successive treasury share purchase programmes. The most recent programme was launched in 2008; it was authorised by the Annual General Meeting of 14 May 2008 and had the following objectives:

- to stimulate the market and provide liquidity by way of an investment services provider within a liquidity contract that conforms to the Ethics Charter of AMAFI recognised by the "Autorité des Marchés Financiers" (French exchange supervisory authority);
- to cover option plans to purchase shares or the free grant of shares.

During the financial year, the Management Board made use of the authorisation thus granted and bought 42,108 shares at an average price of €150.32, sold 2,186 shares at an average price of €180.31 and allocated 4,130 shares at an average price of €77.17 in respect of exercised options. Trading expenses totalled €8,205.28.

The 42,108 shares acquired were allocated to authorised objectives, as follows:

- 6,584 shares to the liquidity contract *(average purchase price of €152.06)*;
- 35,524 shares to cover option plans and other share allocation programmes to employees or directors *(average purchase price of €150.00)*.

No other shares were re-allocated for other objectives than those initially specified.

No shares were cancelled and the number of shares held by the Company was 257,230 at 31 December 2008. They accounted for 3.28% of the share capital, with an average purchase price of €161.86 per share, with a par value of €1.

The Management Board will submit for the shareholders' approval a new treasury share purchase plan for a period of eighteen months. This plan would replace the current programme, which will be terminated early. It would allow management to purchase up to 10% of the shares of the company; the main objectives of the programme would be:

- to stimulate the market and provide liquidity by way of an investment services provider within a liquidity contract that complies with the Ethics Charter of AMAFI recognised by the "Autorité des Marchés Financiers";
- to cover option plans to purchase shares granted to employees or directors of the Group or to enable the allocation of free shares for the benefit of employees or directors of the Group.

Information on the terms and conditions of retention of shares resulting from the exercise of options giving right to purchase company shares (Article L.225-185 paragraph 4 of the French Commercial Code)

At its meeting of 28 February 2008, the Supervisory Board decided to make it an obligation for Management Board members to retain, in nominative form and until their term of office expires, a statutory number of shares whose value is equal to 5% of the gross capital gain generated at the time the options are exercised.

As part of this provision, the statutory number of shares to be retained, from all plans, shall be rounded to the nearest higher integral number of shares.

Information on appointments held and remuneration received during the financial year

(Article L.225-102-1 of the French Commercial Code)

Appointments held by Management Board members and remuneration received from Somfy SA and subsidiaries under its control

• **Paul Georges DESPATURE**

- Chairman of the Supervisory Board of Damartex, Cotherm Participations and Cotherm Développement
- Director of Faac SpA
- Manager of CMC SARL and FIDEP

Remuneration includes a fixed and a variable share. Variable remuneration is determined by the Remuneration Committee on the basis of an objective scale, which takes the following three items into account:

• profit growth (average annual growth of profit from operations over two years),

• return on capital employed (average ROCE over two years),

• coverage ratio (net borrowings/cash flow at 31 December).

In addition, a supplementary retirement plan was implemented in 1983 by the holding company of that time, which became Somfy SA. This plan changed and was the subject in 1997 of a new contract signed by Damart System ICC, subsequently called DSG SA, a subsidiary of Somfy SA. This plan applies to the Senior Management and Director category, in accordance with hierarchy coefficients defined by the Mail Order and collective agreement.

The contract grants a contingent right to a differential supplementary pension, called "Article 39", which is a function of beneficiaries' length of service (a minimum of 15 years).

With over 35 year service at retirement, the commitment corresponds to the difference between 50% of the reference salary and the amount to be paid by compulsory pension schemes.

The current Chairman of the Management Board is a member of this plan, since he is employed by Damart System ICC, which became DSG SA. The commitments of this contract and corresponding assets are outsourced to an insurance company. Future commitments are fully covered by the managed assets of the scheme, measured at their fair value. This old scheme has been closed and no longer accepts any new members. It is consistent with the AFEP-MEDEF recommendations of 6 October 2008.

• **Wilfrid Le NAOUR**

- Chairman of Somfy Development SAS, NV Somfy SA, Somfy Systems Inc., Simu USA Inc., Somfy AG, Somfy China Co Ltd, Somfy Co Ltd, Somfy España SA, Somfy Ltd, Somfy Mexico SA de CV, Somfy Middle East Co Ltd, Somfy Pty Ltd, Somfy Pte Ltd and Nouveau Monde Participation SAS
- Member of the Supervisory Board of Damartex
- Director of Promofi BV, Somfy BV, Somfy KK, Somfy India PVT Ltd, Somfy Italia srl, Harmonic Design Inc., Gaviota Simbac SL, Faac SpA, BFT SpA and SISA Home Automation Ltd
- Manager of Somfy GmbH, SCI of 43 rue du Battant and SCI of 93 rue du Battant

Remuneration includes a fixed and a variable share. Variable remuneration is determined by the Remuneration Committee on the basis of an objective scale, which takes the following two items into account:

• profit growth (average annual growth of profit from operations over two years),

• return on capital employed (average ROCE over two years).

• **Nicolas DUCHEMIN**

- Member of the Supervisory Board of Damartex
- Director of Somfy España SA, Somfy Mexico SA de CV, Somfy ULC and Simu USA Inc

Remuneration includes a fixed and a variable share. Variable remuneration is determined by the Remuneration Committee on the basis of an objective scale, which takes the following two items into account:

• profit growth (average annual growth of profit from operations over two years),

• return on capital employed (average ROCE over two years).

A supplementary pension plan was established in 2006 by the company CMC (SARL). This plan applies to Directors and III-C-position Executives, as well as Managers benefiting from an employment contract, in accordance with the categories defined by the French Convention Collective Nationale des Ingénieurs et Cadres de la Métallurgie.

The plan grants a contingent right to supplementary pension, pursuant to the so-called "Article 39", which is a function of the seniority of the beneficiary (a minimum of 15 years). The right to supplementary pension is acquired at a rate of 0.75% per year of service and cannot exceed 15% of the potential beneficiary's reference salary. Based on estimates setting at 35% the rate of future portion served by the compulsory pension plans upon retiral of the concerned individuals, the new plan should increase the rate to 35 + 15 = 50% of the reference salary for beneficiaries whose career within the Group lasted 20 years or more.

Commitments of the plan and corresponding assets have been outsourced to an insurance company. Future commitments are fully covered by plan assets under management, which were measured at fair value. This plan is consistent with the AFEP-MEDEF recommendations of 6 October 2008. Management Board members likely to be concerned by the plan are Wilfrid Le NAOUR and Nicolas DUCHEMIN.

In order to provide the greatest flexibility for companies in retirement planning, the definition of the benchmark salary has been revised in both the DSG and CMC pension plans to take account of the average of the best three years after the application of the CNAV coefficients. This will enable the possibility of offering beneficiaries a gradual and agreed reduction in their level of activity in the period prior to their retirement with a correlated reduction in salary, without the beneficiaries' pension being penalised.

These changes were approved by the Supervisory Board on 13 May 2009. The Board was also assured of the compliance of these two pension plans with the AFEP-MEDEF recommendations of October 2008 and notably in respect of the ceiling of the Company's commitments.

In order to comply with the transparency recommendation on the elements of remunerations, these revisions to the pension plan were made public from today in the annual report published following the decision of the Board. These will be included in the regulated agreements of 2009.

The granting and exercise of stock options relating to these two directors are included in the special report presented to the Annual General Meeting, pursuant to Article L.225-184 of the French Commercial Code.

Appointments held by Supervisory Board members and remuneration from SOMFY SA and subsidiaries under its control

- **Jean DESPATURE**
  - Member of the Supervisory Board of Damartex
- **Victor DESPATURE**
  - Chairman of the Supervisory Board of SCA Boulinvest, Soparthlon B and J.P.J. SCA
  - Chairman and Chief Executive Officer of MCSA
  - Member of the Supervisory Board of Somfy SA
  - Representative of MCSA, Chairman of SAS Sipem, Celerc and ADC
  - Permanent representative of SCA Cimoflu, member of the Supervisory Board of SCA Soparchan B
  - Manager of SC Sopardic, Horatio, Point du Jour, Soparboul and Vicma
  - Manager of Devin-VD
- **Jean-Bernard GUILLEBERT**
  - Vice-Chairman of the Supervisory Board of the Auchan and Damartex Groups
- **Xavier LEURENT**
  - Member of the Supervisory Board of Damartex
  - Manager of Fidep
- **Anthony STAHL**
  - Member of the Supervisory Board of Damartex and J.P.J. SCA

Remuneration of members of the Management Board and Supervisory Board

Summary of remuneration and options allocated

	2007	2008
Paul Georges DESPATURE - Chairman of the Management Board		
Remuneration due	852,135	606,000
Value of options allocated	0	0
Value of performance shares	0	0
Total	**852,135**	**606,000**
Wilfrid Le NAOUR - Member of the Management Board		
Remuneration due	511,318	475,461
Value of options allocated	0	102,300
Value of performance shares	0	0
Total	**511,318**	**577,761**
Nicolas DUCHEMIN - Member of the Management Board		
Remuneration due	221,345	207,881
Value of options allocated	0	40,920
Value of performance shares	0	0
Total	**221,345**	**248,801**

	2007	2008
Jean-Bernard GUILLEBERT - Chairman of the Supervisory Board		
Remuneration due	33,650	34,500
Value of options allocated	0	0
Value of performance shares	0	0
Total	**33,650**	**34,500**
Jean DESPATURE - Member of the Supervisory Board		
Remuneration due	1,800	7,960
Value of options allocated	0	0
Value of performance shares	0	0
Total	**1,800**	**7,960**
Victor DESPATURE - Member of the Supervisory Board		
Remuneration due	9,300	23,060
Value of options allocated	0	0
Value of performance shares	0	0
Total	**9,300**	**23,060**

	2007	2008
Xavier LEURENT - Member of the Supervisory Board		
Remuneration due	2,400	7,960
Value of options allocated	0	0
Value of performance shares	0	0
Total	**2,400**	**7,960**

	2007	2008
Anthony STAHL - Member of the Supervisory Board		
Remuneration due	2,400	6,960
Value of options allocated	0	0
Value of performance shares	0	0
Total	**2,400**	**6,960**

Procedure to set the Directors' remuneration

Taking into account the AFEP-MEDEF recommendations on Directors' remuneration for listed companies, the Remuneration Committee defines and submits the criteria for allocation of the variable part of the Directors' remuneration, so that their remuneration can be approved, for decision by the Supervisory Board.

Individual remuneration summary

	2007		2008	
	amounts due	amounts paid	amounts due	amounts paid
Paul Georges DESPATURE - Chairman of the Management Board				
Fixed remuneration	441,000	441,000	456,000	456,000
Variable remuneration	411,135	268,920	150,000	411,135
Exceptional remuneration	0	0	0	0
Directors' fees	0	0	0	0
Benefits in kind	0	0	0	0
Total	**852,135**	**709,920**	**606,000**	**867,135**
Wilfrid Le NAOUR - Member of the Management Board				
Fixed remuneration	328,997	325,719	344,879	348,157
Variable remuneration	135,000	220,000	80,000	135,000
Exceptional remuneration	41,897	41,897	44,257	44,257
Directors' fees	0	0	0	0
Benefits in kind	5,424	5,424	6,325	6,325
Total	**511,318**	**593,040**	**475,461**	**533,739**
Nicolas DUCHEMIN - Member of the Management Board				
Fixed remuneration	154,124	153,985	160,300	161,045
Variable remuneration	22,000	12,000	0	22,000
Exceptional remuneration	41,897	41,897	44,257	44,257
Directors' fees	0	0	0	0
Benefits in kind	3,324	3,324	3,324	3,324
Total	**221,345**	**211,206**	**207,881**	**230,626**
Jean-Bernard GUILLEBERT - Chairman of the Supervisory Board				
Fixed remuneration	0	0	0	0
Variable remuneration	0	0	0	0
Exceptional remuneration	0	0	0	0
Directors' fees	33,650	33,650	34,500	34,500
Benefits in kind	0	0	0	0
Total	**33,650**	**33,650**	**34,500**	**34,500**

	2007		2008	
	amounts due	amounts paid	amounts due	amounts paid
Jean DESPATURE - Member of the Supervisory Board				
Fixed remuneration	0	0	0	0
Variable remuneration	0	0	0	0
Exceptional remuneration	0	0	0	0
Directors' fees	1,800	1,800	7,960	7,960
Benefits in kind	0	0	0	0
Total	**1,800**	**1,800**	**7,960**	**7,960**
Victor DESPATURE - Member of the Supervisory Board				
Fixed remuneration	0	0	0	0
Variable remuneration	0	0	0	0
Exceptional remuneration	0	0	0	0
Directors' fees	9,300	9,300	23,060	23,060
Benefits in kind	0	0	0	0
Total	**9,300**	**9,300**	**23,060**	**23,060**
Xavier LEURENT- Member of the Supervisory Board				
Fixed remuneration	0	0	0	0
Variable remuneration	0	0	0	0
Exceptional remuneration	0	0	0	0
Directors' fees	2,400	2,400	7,960	7,960
Benefits in kind	0	0	0	0
Total	**2,400**	**2,400**	**7,960**	**7,960**
Anthony STAHL - Member of the Supervisory Board				
Fixed remuneration	0	0	0	0
Variable remuneration	0	0	0	0
Exceptional remuneration	0	0	0	0
Directors' fees	2,400	2,400	6,960	6,960
Benefits in kind	0	0	0	0
Total	**2,400**	**2,400**	**6,960**	**6,960**

Directors' fees

	FY 2007	FY 2008
Jean-Bernard GUILLEBERT	33,650	34,500
Victor DESPATURE	9,300	23,060
Jean DESPATURE	1,800	7,960
Xavier LEURENT	2,400	7,960
Anthony STAHL	2,400	6,960

Options allocated during the financial year

	Plan number	Plan date	Nature of options	Value of options	Number of options	Exercise price	Exercise period	
							from	to
Wilfrid Le NAOUR	15	02.04.2008	purchase	102,300	3,000	155.00	03.04.2012	31.01.2014
Nicolas DUCHEMIN	15	02.04.2008	purchase	40,920	1,200	155.00	03.04.2012	31.01.2014

The Chairman of the Management Board is not a beneficiary of option plans.

During the financial year, no member of the Management Board exercised any options, nor benefited from performance-based shares that became available to them.

Information on transactions performed by Directors during the financial year

(Article 223-26 of AMF general regulations)

The Company is aware that various buying and selling transactions falling within the scope of Article L.621-18-2 of the French Monetary and Financial Code, have been carried out for the respective amounts of €26,933,285.12 and €27,261,593.07, during the past financial year.

Corporate Governance

Audit Committee

The mission of the Audit Committee, which currently comprises 3 members, is to ensure the relevance and consistency of accounting policies and methods used in the preparation of the consolidated and parent company accounts, and to verify that internal procedures regarding the collection and control of information ensure this.

Since its creation in 2002, the Audit Committee met at least at each half-year and annual closing. During the financial year ended 31 December 2008, the Audit Committee met on four occasions, including three times at closing of financial statements and once in extraordinary session to ensure progress was being made on the analysis of risks.

The Internal Audit Department is under the supervision of the Audit Committee and reports to the Chairman of the Management Board. This department comprises the Internal Audit Officer and two auditors, and carries out audits that evaluate the correct application of accounting principles and organisation and systems implemented in the audited entities. The Internal Audit Officer submits a report on his activities to the Audit Committee twice yearly.

The Chairman of the Board of Directors, the Chairman of the Audit Committee and the Internal Audit Officer signed an internal audit charter at the beginning of February 2005. It specifies the role and scope of intervention of internal audit. This scope of intervention covers subsidiaries that are more than 50% owned by the Group.

An audit assignment schedule is established annually together with Somfy SA's Management. It is subject to approval by the Management Board and validation by the Audit Committee. In addition, emergency assignments not included in the audit schedule may be carried out during the year upon a request from the Management Board or from the Audit Committee.

Generally speaking, the assignments carried out by Internal Audit provide an independent assessment of the efficiency of each entity's internal control system. If necessary, entities are informed of the shortcomings identified in their internal audit and recommendations are issued to them.

To date, virtually all Group subsidiaries have been the subject of such an audit and a large part of them was audited several times (follow-up audits and control of action plan implementation following the issue of recommendations). In 2008, 15 subsidiaries were the subject of a field audit.

At end 2007, a report was drafted by Internal Audit with a view to identifying, based on key internal audit criteria, the main weaknesses of the entities concerned. This reporting led in 2008 to the management of action plans at both a local (Business Units, Business Areas) and Group level, under the direction of the Internal Control Committee (comprising the Accounting-Management Control Department and BMA Controllers).

Remuneration Committee

The mission of the Remuneration Committee, which comprises 2 members, is to submit proposals to the Supervisory Board, notably concerning the amount and methods of calculation of remuneration of executive officers.

The Remuneration Committee met five times during the year ending 31 December 2008 and verifies at least once a year the relevance of its choices with external experts.

Independence of the members of the Supervisory Board

As provided by the AFEP/MEDEF framework and the Supervisory Board's internal regulations, the Board has assessed the independence of its members.

Based on the independence criteria suggested by the AFEP/MEDEF framework, the Supervisory Board notes that, to date, an independent member of the Board is a member who has no relationship of any nature whatsoever with Somfy SA or its management, or with a company consolidated by Somfy Group, that may affect his/her freedom of judgement, and who meets the following criteria:

- he/she is not an employee or has not held a general management position within the Group,
- is not, directly or indirectly, a significant customer, supplier, investment or finance banker of Somfy SA or its Group, or for which Somfy SA or its Group represent a significant share of his/her business activity,
- is not closely related to any shareholder or Director,
- has not been a statutory auditor of a Group company over the past five years,
- is not a shareholder, or controls any shareholder who holds, individually or in concert, more than 10% of the share capital or voting rights at Somfy SA's general meetings.

In light of these criteria, the Supervisory Board considered that only Jean-Bernard Guillebert qualified as an independent member.

The latter provides Somfy Group with all his experience in the fields of finance, management and risk monitoring.

Information on Research and Development activities

(Articles L.232-1 and L.233-26 of the French Commercial Code)

A basis of Somfy's development model is anticipating market needs. Continuous innovation provides essential leverage to the Group to maintain its competitive advantage and strengthen its leadership.

This ambition was reflected in 2008 by enhanced innovation and the launch of **40 new products** and the development of new technologies.

In the blinds and awnings market, the Group focused on autonomous battery-powered motorisation solutions, the **WireFree range**, and more flexible products, which make their installation easier, such as the automatically adjusting **ilmo** motor.

In the promising home automation field, Somfy continued to expand its **YeSseo range**, related to the io-homecontrol® wireless communication protocol, towards solar protection and garage door motorisation applications.

Development in the service industry and Bioclimatic Façades focused in particular on digital motorisation management: **the VarioSys solutions**, or control interfaces such as **animeo Solo**, which are linked by solar and thermal sensors and are able to activate up to 800 solar protection blinds.

In terms of research, note the creation of an energy measurement software, designed in conjunction with the Swedish University of Lund, that simulates the energy-savings brought about by Somfy's solution on service industry buildings.

Lastly, the Door and Gate business focused its development on improving security with the launch of the **FreeRoll**, motor for roll-up doors, equipped with a break-in alarm.

Each of these innovations was protected. **33 patents** were thus filed in 2008. Somfy is therefore one of the top 30 French companies in terms of know-how and expertise protection.

Information on employee shareholding

(Article L.225-102 of the French Commercial Code)

At 31 December 2008, the Somfy Investment Trust held 48,706 Somfy shares amounting to 0.62% of its share capital.

Information on the environmental impact of company activities

(Article L.225-102-1 of the French Commercial Code)

The Group initiated in 2008 a comprehensive process to measure and analyse its corporate and environmental responsibility (CSR). This approach was guided by a long-term view of its corporate responsibility, based on a strong environmental awareness, as confirmed by the benefits brought about by energy-saving solutions in buildings.

Indeed, the automation of façades and openings plays an essential role in improving tomorrow's housing and buildings. By launching in 2008 the "Somfy for Bioclimatic Façades" programme, the Group intends to promote the use of free energy, via the Dynamic Insulation™, light management and natural ventilation of buildings.

At the start of the year, Somfy carried out a diagnosis of all its corporate and environmental responsibility (CSR) at Group level. This audit was carried out by an external contractor recognised by the ADEME (French environmental and energy saving agency) and highlighted the Company's environmental and corporate compliance of its professional and human resource practices. Areas where steps are required have been identified in order to formalise consumption and production methods (procurement, general services), as well as governance and relationships with stakeholders. The progress made will be monitored by the implemented indicators.

In order to complement its CSR process, Somfy finalised in 2008 the Carbon Testing of its 4 Cluses and Bonneville sites. The identification of greenhouse gases directly and indirectly generated by its operations was used to set qualitative and quantitative objectives.

The action plan thus defined should reduce emissions by 20% by 2020, through major areas of improvement: transport of best and people, better industrial flow management and implementation of best practices in internal site operation (waste management, savings on purchases, etc.).

Several steps are already being implemented, in particular to increase the awareness of our buyers and developers of the eco-design of our products. Carbon testing will be extended in 2009 to the Group's other industrial sites.

	Quantity	Value (K €)
Water (m^3)	53,299	100
Electricity (KW)	23,244	1,664
Copper (Tons)	1,005	7,716

Information on the impact of Group activities on its employees

(Article L.225-102-1 of the French Commercial Code)

Following 2 years of high recruitment to integrate new expertise, such as talented individuals with technical knowledge of electronics and the internet, Somfy gave the priority in 2008 to its internal mobility policy, in particular in France where 1 position out of 2 was filled in-house. Thus, at the end of 2008, the Group employed a workforce of 5,400 (4,700 in 2007). The 700 people increase was due to the acquisitions made during the year.

This process of promoting mobility was made possible by the proactive training and skill development policy implemented over the past few years. More than 28,000 training hours have been provided in France to 929 employees, at a cost of 4.63% of payroll.

Training programmes were stepped up in 2008 in order to enhance career development and accelerate management skill acquisition. In 2008, it was reflected in the gradual development of the Mentoring programme, which involved 22 pairs of employees in 9 different positions at the Cluses, Sitem and Spirel sites.

In regards to management training, Somfy focused its efforts on extending the "Managers" curriculum to the management teams of foreign subsidiaries, in particular through the international roll-out of a network of 19 human resources officers.

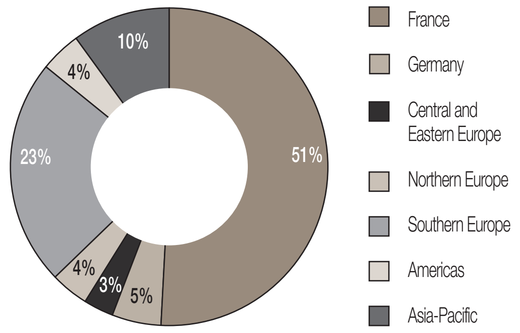
The company also focused on in-house technical training. The objective of this process is to improve the integration of new recruits in their team by sharing with them the Somfy's mainstays and specific technical features. 185 participants benefited from this content in 30 sessions held in Cluses.

Every 2 years since 2002, the Group carries out a satisfaction survey involving all employees and collecting all their opinions. The 2008 results showed a 3% increase in the turnout (69% of the workforce) and a 2 percentage point increase in overall satisfaction compared to 2006. All subjects, except organisation, reported higher rankings than previous surveys.

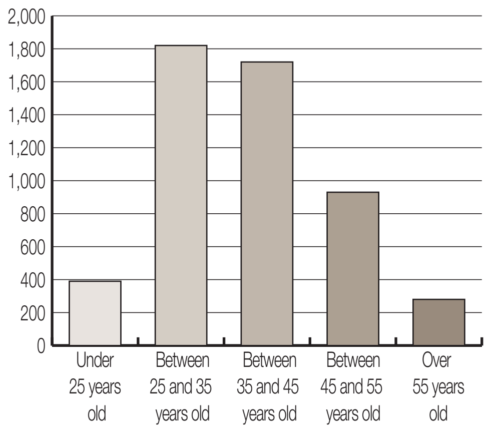
The personnel are confident in the future and expressed strong loyalty. All local and overall results were analysed in order to provide guidance to the actins plans required to improve over 2009-2010.

A few figures

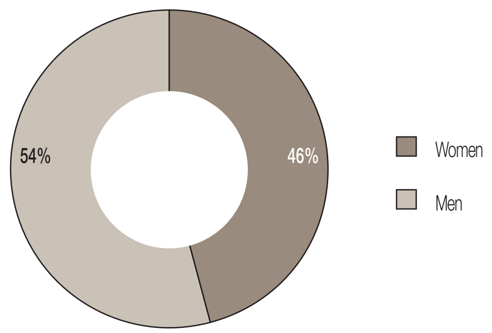
Workforce analysis by geographical areas



Workforce analysis by age



Workforce analysis by gender



Information on delegations relating to share capital increases

(Article L.225-100 of the French Commercial Code)

The Management Board does not benefit from any delegation of authority or powers granted by the General Meeting in accordance with Articles L.225 129-1 and L.225-129-2 of the French Commercial Code.

Information on other risks

(Article L. 225-102-1 of the French Commercial Code)

Somfy Group uses hedging instruments provided by its usual banking partners to hedge its exposure to interest rate, foreign exchange and raw material risks.
These risks result from:
- Operational activities: production (hedges on copper included in motors), trading (intra-group foreign currency-denominated invoicing of finished products manufactured by trading subsidiaries outside the Euro zone),
- Financing (interest rate hedge on Somfy Participations' LBO debt and on medium term borrowings entered into to finance Somfy SA's working capital requirements.

The instruments used are primarily vanilla swaps, forward sales and various other currency options. The amounts hedged only relate to ongoing transactions resulting from the Somfy's normal business.
According to IFRS, all derivative financial instruments are measured at fair value. Fair value is either the market value for listed instruments, or a value provided by financial institutions in accordance with traditional criteria (over-the-counter market).
The Group elected not to apply hedge accounting. Fair value changes are thus directly recognised in financial income/loss.
This decision was motivated by the low impact on the Group's net assets, which does not justify the implementation of complex accounting monitoring.
As part of the transposition of the Markets in Financial Instruments Directive that came into force on 1 November 2007, Somfy SA and its French subsidiaries opted for the "retail clients" category.

Interest rate risk

Somfy Participations' LBO package liabilities are hedged, in accordance with contract terms and conditions, by regular rate swaps (swap of variable rates for fixed rates) hedging against an increase of more than 150 basis points in EURIBOR 3 months, compared to the rate at availability date. At 31 December 2008, 76% of LBO liabilities were hedged.
Each LBO liability is subject to compliance with covenants set by contract at the time the finance packages are negotiated.
At 31 December 2008, covenants may be summarised as follows:
- ratios complied with by Cotherm,
- ratios not complied with by Zurflüh-Feller following the significant investments made at the end of the year. These ratios are being re-negotiated with the lead bank,
- Sirem: no contractual covenants before 31 December 2009.

At 31 December 2008, Somfy SA availed of 4-year credit lines totalling €178.8 million from 5 banking institutions, of which €102.5 million had been drawn down at year-end. In that respect, interest rate hedges were implemented for a nominal non-amortizable amount of €17.5 million.
The granting of facilities was subject to commitments given by Somfy SA to those banks that it would comply with two financial ratios, relating to:
- the Group's financial structure (net borrowings to equity), and
- its coverage ratio (net borrowings to cash flow).
Both ratios were met at the 31 December 2008 balance sheet date.

Foreign exchange risk

Somfy's exposure to foreign exchange risk is related both to a portion of intra-Group sales of manufactured products originating from France (these sales being denominated in local currencies) and to the translation in reporting currency (Euro) of the financial statements of subsidiaries at the end of the financial year.
Over 74% of consolidated sales are realised in the Euro zone.
Derivative financial instruments are primarily comprised of forward exchange contracts and foreign exchange options and accumulators.
The Group elected not to apply hedging accounting. Fair value changes are thus directly recognised in financial income/loss.
The fair value of hedging instruments amounted to a negative €1,178 thousand at 31 December 2008, compared to a positive €528 thousand at 31 December 2007, being a negative impact of €1,706 thousand on net profit.

Raw material risk

Somfy hedged against the volatility in the price of raw materials that are significantly used in its motors, through:
- early placing of firm orders from its suppliers, depending on market conditions,
- partial hedges on copper for a notional quantity of 240 tons.

Share risk

In 2007, the Group entered into an equity swap contract which did not relate to treasury shares but to non-group shares. It was unwound at the end of 2008 and resulted in a €4.8 million financial charge for the 2008 financial year.
The Group has been exposed to share risk on treasury shares, with their loss in value, due to the fall in the markets, causing the recognition of a tax-deductible provision of €13.8 million. The corresponding €4.8 million deferred tax charge was posted to profit and loss.

Legal risks

Somfy Group's operations are not subject to specific regulations. Its business does not require a specific legal or regulatory authorisation with the exception of the compulsory listing on the Register of Companies and stock exchange regulations.
Somfy Group is involved in a number of minor disputes in respect to its business. These should not have any significant negative impact on the Group's financial structure.
To the Group's knowledge, there were no exceptional events or litigation likely to have a significant negative impact on the Group or its subsidiaries' operations, assets or results.

Insurance – risk coverage

Somfy Group is covered by several polices, with regards to the following risks:
- "Property damage" insurance, covering buildings and their contents (equipment, goods, IT equipment) up to the maximum amount of damage likely to be incurred,
- Resulting loss of profit insurance.

Risks insured by these two policies include fire, explosions, lightning, smoke, emissions, steam, impacts from airborne objects, electrical risks, storms, snow, hail, water damage, frost, machine breakage, IT equipment theft, natural disasters and other non designated events.

- General civil liability relating to monetary consequences of insured entity's liability following physical injury, property damage or moral prejudice caused to a third party during or in relation to Group operations.
- Directors' civil liability.
- Transported goods insurance.
- In addition, credit insurance contracts, both in France and internationally, enable the Group to limit the impact of customer bad debts. About 50% of sales are thus insured.

Country risks

The majority of operations occur in safe areas such as Europe, the United States and Asia.
The Group does not operate in any hyperinflation economies.

Information on non-deductible charges (Articles 39-4 and 223 (IV) of the French General Taxation Code)

The financial statements at 31 December 2008 do not include any non-allowable charges with regard to the income tax base, as defined by Articles 39-4 and 223 IV of the General Tax Code.

Allocation of net profit

The Management Board proposes to allocate the Company	
net profit for the year ended 31 December 2008 of	€56,778,108.73
increased by retained earnings of	€1,395,779.00
thus totalling	**€58,173,887.73**

as follows:

• allocation to shareholders of a net dividend per share of €4.80 being €4.80 x 7,836,800 shares	€37,616,640.00
• transfer to available reserve	€20,557,247.73
	€58,173,887.73

A net dividend of €4.80 will be distributed for each share of a nominal value of €1, and this carries the right to a tax abatement per share granted to individuals subject to income tax in France, in accordance with Article 158-3-2 of the General Taxation Code.
Shares held by the Company at time of payment are not entitled to dividends, with the corresponding amounts of unpaid dividends being transferred to retained earnings.
The dividend will be payable on 27 May 2009; the shares must be held on 21 May 2009 to benefit from the dividend.

In accordance with legal provisions, the following dividends were paid during the last three financial years:

Financial year ending	31/12/2005	31/12/2006	31/12/2007
Number of shares eligible*	7,717,750	7,612,749	7,583,022
Par value	€1	€1	€1
Total distributed dividend	37,045,200.00	39,586,294.80	41,706,621.00
Dividend per share	€4.80	€5.20	€5.50

** Excluding treasury shares held by Somfy SA with no right to dividend.*

Stock market developments and performance

During the 2008 financial year, the Somfy share price fell by 43%; at 31 December 2007, the last trading day before closing the previous financial year, the share price was €200.00, but was €114.00 at 31 December 2008.
This decrease was partly due to the prudence shown by financial markets and the downward review in price targets, in particular in the light of the impact on the Group's 2009 sales and profit from operations of the likely slowdown in the European residential property market.
However, the significance of external events must be highlighted; the nervousness and volatility of the market, primarily generated by the subprime crisis and the threat of a US recession had an adverse impact on the share price, whose downward trend over the financial year appears to be disconnected from the Group's economic fundamentals.
In that respect, note that the performance of the Somfy share in 2008 followed a rather similar trend to other mid-size capitalisations at the Paris Stock Exchange. Indeed, the CAC Mid & Small 190 and CAC Mid 100 indices declined by 43.64% and 42.21%, respectively; the CAC Small 90 fell by close to 55%. *(SBF 250 = down 43%, extended SBF 120 = down 43.09% and CAC 40 = down 42.68%).*
Based on the share price at 31 December 2008 and taking into account a net dividend of €4.80, the Somfy share yielded 4.21%.
The market for the share recorded monthly trading extremes of 53,599 and 2,554 shares, with a monthly average of 16,455 shares against 41,725 shares the previous year.

The Management Board

Report of the Chairman
of the Supervisory Board

In application of Article L. 225-68 of the French Commercial Code, we remind you of Somfy SA corporate governance principles and inform you of current projects in terms of internal control.
All elements included in this report, which reflect our common intention to maintain responsible conduct of business in all company and group operations, primarily originate from indications provided by the Management Board and are based in particular on work performed by internal audit and the Group's financial services. These elements have been examined by the Audit Committee.
The objectives of the control organisation established are to ensure the control of operations and to prevent the various types of risks (damage or disappearance of assets, errors, irregular commitments, frauds, etc.).

Composition of Corporate Governance bodies

SOMFY is a French limited company (société anonyme), whose organisation is based on the "Management Board and Supervisory Board" formula, which entrusts company management to the former under the latter's control.

1. Composition of the Management Board

Management Board members are appointed by the Supervisory Board in accordance with legal provisions.
At 31 December 2008, the Management Board was chaired by Paul Georges Despature. Wilfrid Le Naour (Chief Executive Officer) and Nicolas Duchemin (Chief Financial Officer) are members of the Management Board.

2. Composition of the Supervisory Board

The Supervisory Board of Somfy SA is made up of five members:

Name	Position	Date appointed	Date term expires
Jean-Bernard GUILLEBERT*	Chairman	15 May 2007	2013
Jean DESPATURE	Vice-Chairman	15 May 2007	2013
Victor DESPATURE	Member	15 May 2007	2013
Xavier LEURENT	Member	15 May 2007	2013
Anthony STAHL	Member	15 May 2007	2013

** Independent member according to the definition of the AFEP-MEDEF framework.*

The list of other appointments held outside SOMFY SA is included in the Management Board report in respect of information required by Article L.225-102-1 of the French Commercial Code.

Conditions of preparation and organisation of the work of the Supervisory Board

The Supervisory Board performs its control mission in accordance with conditions provided by law.
A Chairman and Vice-Chairman are elected among its members, who may call meetings of the Supervisory Board by any means, even orally.

1. Independence of the members of the Supervisory Board

A group of family shareholders holds a majority stake in Somfy SA.
As provided by the AFEP/MEDEF framework and the Supervisory Board's internal regulations, the Board has assessed the independence of its members.

Based on the independence criteria suggested by the AFEP/MEDEF framework, the Supervisory Board notes that, to date, an independent member of the Board is a member who has no relationship of any nature whatsoever with Somfy SA and its management, or with a company consolidated by Somfy Group, that may affect his/her freedom of judgement, and who meets the following criteria:
- he/she is not an employee or has not held a general management position within the Group over the past five years,
- is not, directly or indirectly, a significant customer, supplier, investment or finance banker of Somfy SA or its Group, or for which Somfy SA or its Group represent a significant share of his/her business activity,
- is not closely related to a shareholder or Director,
- has not been a statutory auditor of a Group company over the past five years,
- is not a shareholder, or controls a shareholder who holds, individually or in concert, more than 10% of the share capital or voting rights at Somfy SA's general meetings.

In the light of these criteria, the Supervisory Board considered that only Jean-Bernard Guillebert qualified as an independent member.

The latter provides Somfy Group with all his experience in the fields of finance, management and risk monitoring.
The other members are part of the family; they own substantial investments in the Group and have a long-term commitment to the Group, their aim being the creation of value for all the stakeholders of Somfy SA.

2. Operation of the Supervisory Board

Company bylaws define and specify the terms and conditions governing the composition of the Supervisory Board. The main provisions are the following:

- Supervisory Board members, the numbers of which can never fall below the legal threshold or exceed the legal ceiling, are appointed in accordance with the conditions specified by law for a term of office of six years.
- All outgoing Supervisory Board members can be re-appointed.

All Supervisory Board members must own at least four Company shares for the duration of their term of office.

The term of office of a Supervisory Board member ceases at the end of the shareholders' Ordinary General Meeting called to approve the financial statements for the previous financial year and held in the year the term of office of the said member of the Supervisory Board expires.

Regular dialogue between the members of the Board enables the effectiveness of its operation to be assessed. A formal self-evaluation exercise concerning the functioning of the Supervisory Board was carried out in 2007. Six subjects were covered (Authority, Composition, Structure and Specialised Committees, Functioning and work of the Board, Role and responsibilities, duration of term of office). Certain areas for improvement were identified, notably the definition of rules relative to the composition of the Board (size, mix of expertise and other key qualities) or in training activities liable to enhance its members' contribution.

In addition, an internal regulation of the Supervisory Board was formalised and covers the following subjects: Mission of the Supervisory Board, Organisation and functioning of the Board, Specialised Committees.

3. Nature of information provided to Board members to prepare their work

The Supervisory Board meets at least once quarterly on an agenda drafted by the Chairman. At each meeting, the Management Board presents a report on operations and results of the Group and its major subsidiaries over the past quarter.
Additional meetings are called from time to time to consider specific matters.
A detailed and annotated income statement is presented by the Management Board at half-year and year-end.

The Supervisory Board also benefits from a monthly report on operations (sales).

Within 90 days following the end of each financial year, consolidated financial statements approved by the Management Board are communicated to the Supervisory Board for approval. The Supervisory Board subsequently submits to the General Meeting its comments on the Management Board report and on the financial statements for the financial year.
The Supervisory Board requests from the Management Board, as often as required, any information or analysis it deems necessary.
During 2008, it met four times with a 100% attendance rate.

4. Committees established by the Supervisory Board

The Supervisory Board established 2 specialised committees in 2002:

Audit Committee

The Audit Committee currently comprises 3 members, of which only one is independent in the light of the AFEP-MEDEF criteria. Its mission is to ensure the relevance of accounting methods adopted for the preparation of consolidated and company financial statements, and verify that information collection and internal control procedures meet this objective.
The Audit Committee supervises the internal audit department and validates the annual audit schedule. It proposes, directs and ensures the follow-up of internal audit assignments.
Since its creation, it has met at each half-year and year-end.

During the 2008 financial year, the audit Committee met on four occasions, three of which to approve financial statements and one for an extraordinary meeting called to ensure progress was being made on the analysis of risks by geographic region. Committee members had a 100% attendance rate.

Remuneration Committee

The Remuneration Committee currently comprises 2 members. Its mission is to provide advice to the Supervisory Board, in particular in respect of Directors' remuneration amount and calculation procedures. The Remuneration Committee met five times during the financial year and ensures, at least once a year, the validity of decisions made with external experts.

Corporate Governance framework

Following the example of its adherence to the corporate governance principles relating to directors and senior executives enacted by the AFEP and the MEDEF and amended by their recommendations of October 2008, SOMFY SA disclosed its opinion on the quoted company corporate governance framework also prepared by the AFEP and MEDEF organisations , published in December 2008. This framework is available for consultation from the following website: www.medef.fr.

Generally speaking, the Supervisory Board considers that the corporate governance policy implemented by SOMFY SA for many years is already very much consistent with the spirit of this code.

The Supervisory Board thus decided to adhere to this code and to refer to the specified principles.
However, three provisions were not complied with on the following grounds:

- The Supervisory Board expressed a reservation in relation to cumulating a term of office as a director and a contract of employment. Indeed, the Board wishes, in the Company's interest, to retain its capacity to determine, on a case by case basis, the most suitable terms and conditions for each executive concerned, in order in particular to avoid the extra expense that a breach or non-concession of a contract of employment may cause. This reservation would apply both to directors in office, upon renewing their terms of office, and to the appointment of new directors, either from within or outside the Group. In any event, the Board will ensure, as in the past, that the levels of remuneration and benefits granted to directors remain broadly in line with those granted by companies of a similar profile, based on performance and the achievement of objectives, which are sources of motivation.
- Similarly, the independence of Board members, as defined in this code, can not fully be transposed to SOMFY SA's historic model, as a company in which a group of family shareholders holds a majority shareholding. Board members who are also members of this family are very much involved in the Group and the quality of Board deliberations is guaranteed by the social and financial interest they have in the Company.
- Finally, in the same line, the term of office of Board members, set at a maximum of four years in the corporate governance framework, will remain set at six years within SOMFY SA, as stipulated in its bylaws. Given their specific situation, as indicated above, Board members are committed in the long term, with the objective of creating value for all SOMFY SA stakeholders.

Internal control procedures

1. Definition and scope of internal control

The Group's internal control procedures are drawn up in accordance with the AFEP-MEDEF reference framework published in October 2003 and available from the following website: www.medef.fr, with a view to provide the following guarantees:

- Reliable accounting and financial information;
- Efficient conduct of company operations;
- Compliance with applicable local laws and regulations;
- The preservation of company assets by ensuring, amongst other, suitable protection against fraud;
- Application of instructions and directions set by the General Management or Management Board.

The Group's internal control procedures apply to all subsidiaries that are more than 50% owned or fully consolidated.

2. Key elements of the internal control process

Somfy SA internal control process is based on the *Somfy Management Principles*, a charter defining Group values, as well as its management structure and operating rules.
Group values (International – Responsibility – Performance) provide guidance and a framework for all employee actions.

Delegations

In order to fulfil an objective of market development and coverage, Somfy SA seeks to reinforce enterprise and responsible management principles at the various hierarchical and geographical levels.
In compliance with Somfy SA bylaws, the powers of the Management Board, its Chairman and, if applicable, the managing director(s) are those granted by law.

In addition, but only by internal regulations and with no effect vis-à-vis third parties, decisions regarding the following operations are subject to unanimous decision by Management Board members:

- The purchase and disposal of property and businesses;
- The granting of loans, whose amount exceeds a third of the share capital;
- The contracting of borrowings, whose amount exceeds a third of the share capital;
- Deposits, endorsements and guarantees, whose amount exceeds a third of the share capital;
- Any agreement, pooling of interests, agreement or merger with other traders or companies, which goes beyond normal relationships of the company with its customers and suppliers.

Finally, the Management Board contracts all borrowings up to an amount equal to the share capital of the Company, in whichever form and terms and conditions it deems suitable. The authorisation of the Supervisory Board is required if this amount is exceeded. However, borrowings by means of non-exchangeable or non-convertible bonds and the related specific sureties to be granted must be decided and authorised by an Ordinary General Meeting of the shareholders, which may delegate to the Management Board the necessary powers to carry out the bond issue in one or several occasions, within the five year deadline, and set their terms and conditions.

Organisation

Over the first half-year 2008, the Group is organised in two separate divisions:

- Somfy Activities, which includes the companies whose operations come within the scope of Somfy's three traditional businesses (description follows);
- Somfy Participations, which is dedicated to investing in industrial companies outside Somfy's core business.

Since July 2008, Somfy Activities and Somfy Participations are each headed by a Chief Executive Officer. The Finance Department and the merger and acquisition team remain common to both divisions.

In regards to Somfy Participations, the Group has entered into a process of consideration of existing internal control systems in concerned companies, in order to make sure each of them operates securely.
Somfy Activities is organised around the following three major Business Groups:

- Automation of rolling shutters and awnings;
- Automation of interior blinds and solutions for commercial buildings;
- Automation of gates and garage doors.

These three groups of applications, or Business Groups, are responsible for their own marketing, quality, product offers, development and engineering functions.

On a global level, Somfy SA distribution facilities are divided into 9 Business Areas. Each of these Business Areas is subdivided into profit centres (Business Units).

Somfy SA also has, in addition to General Management and Financial Management, the following departments: Industry & Logistics, Business & Marketing South, Business & Marketing North, Organisation & Management, together with the Legal, Strategy, Quality, Alliances and Partnerships Departments, whose representatives are Strategic Committee members.
The objective of this organisation is to capitalise on the potential of market segments, increase Somfy's presence and proximity in all distribution channels, thus enhancing growth.
Within the framework of this new organisation, governance rules have been defined in order to specify the missions of Group decision-making bodies, comprising General Management (or Group Executive Board), the Group Management Committee and the Strategic Committee.

Principles and rules drawn up by the Supervisory Board to determine the remuneration and all benefits granted to senior executives

Directors' remuneration, which is detailed in the Management Board report, is proposed by the Remuneration Committee.
It is revised each year on the basis of expert advice and is in line with the market.
It comprises a fixed portion and a variable portion determined on the basis of objectives that take account of profit and return on capital employed.
A level of debt criterion only applies to the Chairman of the Management Board.

Other benefits, approved by the Supervisory Board, comprise:

- share options plans, which will be the subject of a special report prescribed by Article L. 225-184 of the French Commercial Code. The Chairman of the Management Board does not benefit from the Group's share option plans.
- a so-called "Article 39" supplementary retirement scheme for members of the Management Board. Senior executives and directors, including the Chairman of the Management Board, benefit for their part from a separate supplementary pension scheme put into place by Damart System ICC, a company that has now become DSG SA.

These matters are discussed in more detail in the Management Board report.

Conditions of shareholders' participation in General Meetings

The following provisions taken from Company bylaws are applicable:
"All shareholders have a right to attend General Meetings and participate in their deliberations, in a personal capacity of by proxy, regardless of the number of shares they hold."
However, the Company may, if it deems it necessary, provide shareholders with nominative and personal admission card.
The attendance in person by a shareholder cancels any proxy or postal vote the shareholder may have sent."
Other conditions of shareholders' participation in General Meetings are subject to applicable regulatory provisions.

Elements liable to have an impact in the event of a public offering

The disclosures referred to by Article L225-100-3 of the French Commercial Code relating to elements liable to have an impact in the event of a public offering are published in the paragraphs entitled "Information on shareholders and share capital", "Bylaw provisions relating to the appointment and replacement of members of the Management Board" and "Bylaw provisions relating to bylaw amendments" of the Management Report prepared by the Management Board in respect to the financial year ended 31 December 2008.

Strategic, budget and reporting process

The budget is drafted within the framework of an annual strategic process involving all Business Groups, Business Areas and Business Units, as well as all departments, which specify their key objectives and their 3 year plan, in line with the strategic framework determined by General Management.
The overall budget results from the consolidation of local budgets and is prepared within the framework of a repeated procedure involving all Group participants.

Following approval by Group General Management, each manager becomes responsible for meeting his/her own budget.

Measurement of the achievement of objectives set out in budgets is performed through a monthly and quarterly matrix reporting system, enabling the production of results according to a number of areas (Business Area, Business Unit and Business Group). Traditional financial items are included, such as operating accounts and balance sheet indicators, as well as non financial performance indicators.
Reporting is supplemented by strategic reports and a revised forecast of quarterly sales and results for the current year. These reports enable the monitoring of the achievement of objectives and to apply corrective actions, on a matrix basis and at all responsibility levels (consolidated, Business Areas, Business Units, Business Groups, Corporate entities, Departments, Services).

In addition, Management is in charge of the following three 3 year plans, in line with Group strategy and reviewed annually:

- the product master plan which relates to the development of the product offer;
- the industrial and logistic master plan, in terms of industrial resources;
- the IT system master plan.

Treatment of accounting and financial information

Preparation of financial statements

Somfy has defined a Management Information System (MIS), a unique and common universal system for the recording of accounting and financial information.
The MIS results in the definition and application to all subsidiaries of a chart of accounts, as well as the definition and application of major management procedures (inventories, non-current assets, trade receivables…), which are formalised in the Group Procedure Manual relayed through and updated on the Group's 'Teepee' intranet.
The proper application of the chart of accounts, procedures and reporting reliability is monitored by at least annual visits to subsidiaries, planned by head office Accounting and Management Control departments, within the context of year-end and half-year closing. It is also verified during the budget preparation and monthly reporting processes.

The Group team responsible for financial statements and control comprises the Group Financial Department and Accounting Department, Group Management and Tax, represented by their managers and comprising:

- The consolidation team;
- The central control team that also includes two controllers for the Business and Marketing Area South and two for the Business and Marketing Area North.

This team relies on controllers based in each Business Area reporting to the Group in its 9 geographical areas. Every business area controller has a functional correspondent at head office.
Since their creation, each of the 3 Business Groups also benefits from a dedicated controller.
Particular care was taken with risk analysis, through a review of asset provisions and provisions for liabilities and charges, as well as off-balance sheet commitments.

At each year-end, inventories are checked by either a complete physical stock-take or a physical rolling stocktaking procedure.
Trade receivables are the subject of credit risk analyses with respect to the measurement of provisions. In addition, the company hedges this risk by entering into insurance contracts, both in France and abroad.
Intra-group purchases, sales and balance sheet items are confirmed quarterly. Inventory amounts originating from the Group are determined in all entities in order to eliminate internal profit margins on inventories.
A pre-closing meeting is organised twice yearly with the legal department, in order to identify all potential or declared risks and litigations and measure corresponding provisions for liabilities and charges, depending on how issues have progressed.

The objective of the various contract, endorsement and guarantee reviews is to identify off-balance sheet commitments.
Consolidation files that include: balance sheet, income statement, all cash flow statements and notes to the consolidated financial statement items are then forwarded to the Consolidation department according to a pre-defined schedule.

Financial statement control

The Consolidation department, after checking the exhaustiveness of financial information, the proper application of closing procedures and restatements, performing intra-group account reconciliation and checking net asset justification, performs financial statement consolidation using dedicated software.
Consolidated financial statements are prepared in accordance with IFRS. In addition, options selected were presented to and approved by the Audit Committee, followed by the Supervisory Board.

Financial communication

Following their approval by the Supervisory Board, the half-year and full-year financial statements are presented to the financial community under the care of the SFAF (French financial analyst society) and published in a report posted on the financial issuer's website (www.somfyfinance.com) as well as on a regulatory professional publishing network (www.lesechos-comfi.fr).
The other disclosures required by the Transparency Directive, in particular quarterly information and reports on internal control and corporate governance are also posted on these two websites.

IT systems

In replacing the local accounting and management software, Somfy SA continued the deployment of the BaaN ERP integrated package in the majority of European countries.
Already installed in the Middle East, Italy, the US, Morocco and certain Eastern European countries, BaaN was deployed in Greece in 2007 and in the Czech Republic in 2008. The rollout will continue in 2009 in Russia, Turkey and Brazil.
As concerns Asia, the Accpac ERP has already been installed in Australia, Korea, Singapore, Hong Kong, China and India, and was deployed in Taiwan in 2008. In 2009, Japan will also benefit from this rollout.

Configuration, comprising a chart of accounts, analytical follow-up and procedures, is included for companies where ERP BaaN or Accpac is deployed, in accordance with the MIS.

The combination of budget, monthly reporting, profit margin analysis by product family and statutory consolidation within a single platform (Hyperion) enable us to improve information consistency and ease of analysis.
In 2008, a significant project team successfully implemented the migration of the GPAO Tolas software to the BaaN Manufacturing module, with a view to providing higher level of integration of all of Somfy Group's production operations (from procurement to distribution) with logistics and finance. Only the main site of Cluses was concerned by this first step. In 2009 and 2010, the migration will continue to the Zriba site, Tunisia and the Gray site, France for Simu SAS.

Audit Committee – Internal Audit

Organisation

The Internal Audit Department is under the supervision of the Audit Committee and reports to the Chairman of the Board.
This department comprises the Internal Audit Officer and two auditors, and carries out audits that evaluate the correct application of accounting

principles and organisation and systems implemented in the audited entities.
An audit assignment schedule is established annually in conjunction with Somfy SA's Management. It is subject to approval by the Management Board and validation by the Audit Committee.
These assignments provide an independent appraisal of the efficiency of the internal control system of each entity.
If necessary, the main internal control weaknesses noted are communicated and recommendations are put forward.
A follow-up of the implementation of recommendations is performed 1 or 2 years after the final report is issued.
At 31 December 2007, virtually all Group subsidiaries had thus been subject to an audit.

At the end of 2007, Internal Audit carried out a study, on the basis of key internal control criteria, on the principal weaknesses of entities audited. This reporting led in 2008 to the management of action plans at both a local (Business Units, Business Areas) and Group level, under the direction of the Internal Control Committee (comprising the Accounting-Management Control Department and BMA Controllers).

In addition, emergency assignments not included in the audit schedule may be carried out during the year upon a request from the Management Board or from the Audit Committee.

The Internal Audit Officer submits a report on his activities to the Audit Committee twice yearly.

The Chairman of the Management Board, the Chairman of the Audit Committee and the Internal Audit Officer signed an internal audit charter at the beginning of February 2005. It specifies the role and scope of intervention of internal audit.
The scope of internal audit is similar to that of internal control described above (see 1 *Definition and scope of internal control*).

Internal audit monitoring

The monitoring of the Internal Audit ensures a better knowledge, communication and follow-up of risks and associated controls, is initiated through the following dedicated tools:

- An Intranet platform that brings together the data used, registered and collected by Internal Audit in terms of internal control.
- A self-assessment tool for subsidiaries including a list of key control points. Monitoring programmes are carried out on an annual basis and the results, following detailed analysis, form the basis of any recommendations if necessary. The objective is to cover all Group subsidiaries and processes. The years 2006 to 2008 were used mainly to focus on distribution subsidiaries and related processes. 2009 will focus more specifically on group-wide matters for which an improvement potential has been identified.

The development of this project, which was approved by the Audit Committee at the beginning of 2005, is subject to regular follow-up by this Committee.
In addition, an Internal Control Committee, supervised by the Accounting-Management Control Department was created in 2005 and entrusted in particular with the following missions:

- implementation of reliable internal control within the Group: making statutory and reporting data secure and reliable (risk identification, control procedure definition), and validate the Group's accounting and management procedures, while at the same time ensuring their feasibility within the IT systems;
- internal audit mission follow-up: review of internal audit reports, identification of action plans to be implemented, action plan follow-up;
- organisation of a plan to make half-year closings more secure: subsidiary visit schedule, identification of matters requiring attention, review of visit reports and action plan follow-up).

This Committee meets five times a year.

Analysis of risks by geographical area

An analysis of Group risks by geographical area was conducted during the second half of 2005 and listed all potential risks.
Therefore, the possibility was taken into account that an event, action or failure to act may affect the following:

- Group capacity to deploy its strategy and meet its objectives;
- major assets required to implement our business plan (property, plant and equipment, intangible assets, human resources, corporate image…);
- Group capacity to comply with its value charter, a well as applicable laws and regulations.

Risks thus identified are classified in two different categories: risks related to core strategic aspects and operating risks generated by normal conduct of Group business.
The follow up of the first point was assigned to the Strategy Committee and included in the Strategic Review.
The second was subject to analysis to ensure the existence of adequate action plans (prepared, in progress or in draft) to enable their follow up and to deal with them. These risks and their treatment are followed up by the Group's governing bodies.

This analysis by geographical area highlights risks related to the Group's position on its market (risks affecting market share and profit margins, transitory risks related to new growth driving segments, risks related to the deployment of activities abroad, foreign exchange risk), risks related to the Group's core business operations (customer default on payment,

product risks, industrial risks) and risks related to support activities (human resources, IT systems, finance).
At the Audit Committee's request, the operational risk identification and follow-up process will continue to be organised by management at the different levels of hierarchy in 2009 under the control of Internal Audit, so that the update of the Group's analysis of risks by geographic region is as exhaustive as possible and in order to help everyone make risk management his/her own concern.

Treasury Committee – Group Cash Management

The Treasury Committee was created in March 2003. It includes Management Board members and the Treasury Officer.
It meets once a month to fulfil its role of observation, decision and implementation of the cash management policy.
It has the following two types of missions:

- strategic missions, with the objective of defining the overall policy in terms of Group Cash Management, financing, interest and exchange rate and deposit rate risk management. They also include the follow-up of Group subsidiary equity balance sheet items;
- operating missions, which guarantee regular monitoring of Group Cash Management. They are detailed in a monthly trend chart.

The optimisation, at international level, of the financial management of Group cash has resulted in the introduction of a cash pooling system incorporating almost all of the Euro zone subsidiaries (with the exception of Austria and Greece).
In the US, a dollar cash pooling for the Group's three subsidiaries was set up during 2007.
The methodology implemented is the so-called D-Zero Cash, which consists in transferring daily, back and forth subsidiaries' cash surplus or requirements.
This system has a number of clear advantages, including optimisation of net financial revenues, reduced financial charges, as well as the reduction in overall Group indebtedness.
Group Cash Management now has and will have increased visibility on all involved subsidiary cash flows and will be able to optimise the use of cash.
Therefore, subsidiaries will be both free of daily cash flow management issues and get better return on their cash deposits.
Finally, these subsidiaries will be able to focus on optimising working capital requirements, which is what really is at stake in cash flow management.
Flow optimisation and, in particular, the reduction in the number of bank accounts will contribute to improved safety of this process.

The strengthening of cash management procedures is under consideration in the current financial environment, It should lead to a limitation on the nature of instruments used by the Group Treasurer.

Accreditation and quality procedures

Somfy SA has been ISO 9001 (Lloyd Register Quality Assurance - LRQA) certified since 1995, which implies the identification and monitoring of procedures.
To date, the ISO 9001-certified companies are the following (not all are LRQA-certified, others were accredited by other organisations): Somfy SAS, Simu SAS, Spirel SAS, et WAY (merger of Asa and Mingardi), Somfy Germany and Somfy Holland. SITEM will be certified in March 2009.
These companies represent a majority of Group purchases and production.

A large number of Group personnel are thus involved in this process, including all technical services, as well as the R&D, purchasing, manufacturing, production, selling and logistics departments.
Internal quality audit is defined in the annual quality audit schedule, as a function of company strategic direction and product plan; company management plays a major part in quality procedures.
Corrective or preventive action is managed within each operating or support department.
The list of operating and support processes coming within the scope of application of quality management, as well as indicators, reference documents and monitoring committees are defined in the company's quality manual.
Processes control is implemented through compliance with the provisions specified in the various items of the quality framework (Directives, procedures, departmental methodological guides…) and the continuous improvement principle applied to each of them.

Risk coverage – Insurance

The Group risk prevention and protection policy is determined by central services, in partnership with its brokers and insurers. The large majority of facilities are insured by group policies with the objective of guaranteeing adequate coverage of risks at best market conditions. These risks notably include direct risks (fire, theft…) loss of profit, general civil liability (including Directors' civil liability) and transported goods. Other facilities are covered by local insurance policies.

The Chairman of the Supervisory Board

Somfy SA financial statements

for the last five years

€ thousands	2004	2005	2006	2007	2008
1. Financial position at balance sheet date					
a) Equity	7,837	7,837	7,837	7,837	**7,837**
b) Number of shares issued	7,836,800	7,836,800	7,836,800	7,836,800	**7,836,800**
c) Number of bonds convertible into shares	–	–	–	–	**–**
2. Overall results of current operations					
a) Sales before VAT	3,111	4,807	3,216	1,571	**1,529**
b) Profit before tax, depreciation and provisions	63,452	80,432	87,332	70,907	**60,758**
c) Income tax	3,022	15,948	2,610	2,998	**9,485**
d) Profit after tax, depreciation and provisions	66,865	97,012	89,937	72,275	**56,778**
e) Distributed profit	36,049	37,617	40,751	43,102	**37,617**
3. Operation results per share					
a) Profit after tax, but before depreciation and provisions	8.48	12.30	11.48	9.43	**8.96**
b) Profit after tax,	8.53	12.38	11.48	9.22	**7.25**
c) Dividend distributed per share	4.60	4.80	5.20	5.50	**4.80**
4. Workforce					
a) Number of employees	9	7	6	5	**5**
b) Total payroll	413	352	301	224	**276**
c) Amount paid in relation to social benefits (social security, charities, etc.)	155	120	103	67	**81**

Consolidated financial statements

Consolidated Balance Sheet - Assets

€ thousands	Notes	31/12/08 - Net	31/12/07 - Net
NON-CURRENT ASSETS			
Goodwill	(10)	144,704	101,539
Intangible assets	(11)	26,651	24,623
Property, plant and equipment	(12)	220,462	163,137
Equity accounted companies	(14)	59,228	153,049
Financial assets	(15)	261,949	70,224
Other receivables	–	3,619	5,317
Deferred tax assets	(7)	23,408	17,849
Employee benefits	(26)	34	32
Derivative instruments	(25)	0	231
Total		**740,055**	**536,001**
CURRENT ASSETS			
Inventory	(16)	107,688	96,028
Trade receivables	(17)	141,264	127,958
Other receivables	(18)	12,636	12,268
Current tax assets	(19)	21,523	3,997
Financial assets	(15)	27,887	28,316
Derivative instruments	(25)	523	583
Cash and cash equivalents	(20)	54,168	89,398
Total		**365,688**	**358,548**
TOTAL ASSETS		**1,105,743**	**894,549**

Consolidated Balance Sheet - Equity and liabilities

€ thousands	Notes	31/12/08	31/12/07
SHAREHOLDERS' EQUITY			
Share capital		7,837	7,837
Share premium		1,866	1,866
Other reserves		575,989	534,183
Profit for the year		85,735	103,547
Group share	(29)	**671,427**	**647,433**
Minority interest		-812	102
Total		**670,615**	**647,535**
NON-CURRENT LIABILITIES			
Non-current provisions	(21)	7,436	6,608
Other financial liabilities	(22)	132,957	36,687
Other liabilities	–	8,888	4,357
Employee benefits	(26)	16,919	12,865
Deferred tax liabilities	(7)	39,710	31,774
Derivative instruments	(25)	2,653	2,290
Total		**208,563**	**94,581**
CURRENT LIABILITIES			
Current provisions	(21)	6,449	4,975
Other financial liabilities	(22)	81,206	12,737
Trade payables	–	76,546	78,409
Other liabilities	(27)	56,957	52,005
Tax liabilities	–	3,395	4,252
Derivative instruments	(25)	2,011	55
Total		**226,564**	**152,433**
TOTAL LIABILITIES		**1,105,743**	**894,549**

Consolidated Income Statement

€ thousands	Notes	31/12/08	31/12/07
SALES	(2)	**749,353**	**720,222**
Other operating income	(3)	8,618	4,731
Cost of sales		-251,166	-241,818
Employee expenses		-225,480	-206,739
External expenses		-130,003	-122,497
Amortisation		-27,415	-22,745
Charges/ reversals to current provisions	(4)	-50	1,183
CURRENT OPERATING RESULT		**123,857**	**132,337**
Other operating income and expenses	(5)	-2,715	-1,152
OPERATING RESULT		**121,142**	**131,185**
Financial income from investments		*5,586*	*3,929*
Debt related financial charges		*-11,228*	*-4,789*
Net debt servicing cost		-5,642	-860
Other financial income and expenses		-6,869	-648
FINANCIAL RESULT	(6)	**-12,511**	**-1,508**
INCOME BEFORE TAX		**108,631**	**129,677**
Income tax	(7)	-24,098	-38,847
Share of profit of equity accounted companies	(14)	1,909	13,053
NET RESULT		**86,442**	**103,883**
Net result - Group share		85,735	103,547
Minority interests		707	336
Earnings per share **(€)**	(8)	11.31	13.60
Diluted earnings per share **(€)**	(8)	11.19	13.49

Consolidated statement of changes in equity

€ thousands	Capital (1)	Share premium	Treasury shares	Consolidated reserves and net profit	Total shareholders' equity (group share)	Minority interest	Total shareholders' equity
At 31 December 2006	**7,837**	**1,866**	**-13,787**	**595,261**	**591,177**	**118**	**591,295**
Income and expenses recorded during the year	–	–	–	117,465	117,465	3	117,468
Treasury share transactions	–	–	-22,233	573	-21,660		-21,660
Dividends	–	–	–	-39,586	-39,586	-14	-39,600
Other movements (2)	–	–	–	37	37	-5	32
At 31 December 2007	**7,837**	**1,866**	**-36,020**	**673,750**	**647,433**	**102**	**647,535**
Income and expenses recorded in the year	–	–	–	70,947	70,947	-49	70,898
Treasury share transactions	–	–	-5,617	385	-5,232	0	-5,232
Dividends	–	–	–	-41,710	-41,710	-12	-41,722
Other movements (2)	–	–	–	-11	-11	-853	-864
At 31 December 2008	**7,837**	**1,866**	**-41,637**	**703,361**	**671,427**	**-812**	**670,615**

(1) Share capital is comprised of 7,836,800 shares with a par value of €1. No changes occurred between 2007 and 2008.
(2) Changes in consolidation scope, foreign exchange rate differences on capital transactions.

Consolidated statement of accounted income and expense

€ thousands	31/12/08	31/12/07
Movement in gains and losses on translation of foreign currency	-2,415	-3,217
Movement in fair value of available-for-sale assets (1)	-14,076	17,508
Movement in actuarial gains and losses on employee benefits	-2,142	-1,380
Movement in tax on income and expenses recognised directly in reserves	3,835	1,002
Income and expenses recognised directly in reserves	**-14,798**	**13,913**
Net profit for the year (2)	85,696	103,555
Income and expenses recorded during the year	**70,898**	**117,468**
Group share	70,947	117,465
Attributable to minority interests (2)	-49	3

(1) See note 15.
(2) Within the framework of the recognition of put options awarded to minority interests; minority interests are reclassified to liablities in the amount of expected payments (€746 thousand in 2008 and €348 thousand in 2007)

Consolidated cash flow statement

€ thousands	Notes	31/12/08	31/12/07
Net profit		**86,442**	**103,883**
Depreciation and amortisation on fair value movement		27,327	22,249
Charges to and reversals of provisions for liabilities		-136	218
Latent gains and losses on fair value movement		2,610	2,218
Unrealised foreign exchange gains and losses		-378	14
Income and expenses related to stock options and similar items		3,920	2,793
Depreciation, amortisation, provisions and other non-cash items		**33,343**	**27,492**
Profit on disposal of assets		965	356
Share of net profit of associates		-1,909	-13,053
Deferred tax expense		5,091	1,020
Cash flow		**123,932**	**119,698**
Net cost of financial indebtedness (excluding non-cash items)		9,828	627
Dividends of non-consolidated companies		-1,381	-1,032
Tax expense (excluding deferred tax)		19,008	37,827
Change in working capital requirements	(30)	-6,802	-23,123
Tax paid		-37,822	-51,711
NET CASH GENERATED FROM OPERATIONS (A)		**106,763**	**82,286**
Cash out related to acquisitions			
- intangible assets and property, plant and equipment		*-35,483*	*-32,046*
- non-current financial assets		*-77,313*	*-1,331*
Disposal-related proceeds:			
- intangible assets and property, plant and equipment		*1,361*	*1,896*
- non-current financial assets		*111*	*100*
Change in current financial assets		2,333	-160
Acquisition of companies, net of cash acquired	(9)	-75,065	-8,796
Dividends paid by associates		816	12,050
Dividends paid by non-consolidated companies		4,441	1,032
Interest received		3,505	3,802
NET CASH USED IN INVESTING ACTIVITIES (B)		**-175,294**	**-23,453**
Increase in loans		104,665	3,163
Reimbursement of loans		-10,056	-6,853
Net increase in share capital		–	–
Dividends paid		-41,722	-39,599
Movement on Treasury shares		-5,632	-22,044
Interest paid		-14,641	-4,367
NET CASH GENERATED BY FINANCING ACTIVITIES (C)		**32,614**	**-69,700**
Impact of changes in foreign exchange rates on cash and cash equivalents (D)		-887	-331
NET CASH OUTFLOW (A+B+C+D)		**-36,804**	**-11,198**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	(30)	**88,548**	**99,746**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	(30)	**51,744**	**88,548**

Notes to the consolidated financial statements

Somfy SA is a company governed by a Management Board and a Supervisory Board, listed on the Eurolist of Euronext Paris (Compartment B, ISIN code: FR 0000120495).

On 26 February 2009, the Management Board of Somfy SA approved the consolidated financial statements of the Group for the 12 month financial year ended 31 December 2008, and it is specified that the Group had a balance sheet total of €1,105,743 thousand and realised a consolidated net profit of €86,442 thousand (Group share: €85,734 thousand).

1. - Accounting rules and methods

A. Preparation of consolidated financial statements

Consolidated financial statements – basis for preparation:

Consolidated financial statements are presented in Euro. All amounts are rounded to the nearest thousand of Euro, unless otherwise specified.

Financial statements were prepared according to the historical cost principle, except for a number of accounts that were measured at fair value, in particular in relation to derivative instruments.

Consolidated financial statements include the financial statements of Somfy SA and its subsidiaries at 31 December of each year. The financial statements of subsidiaries are prepared for the same reference period as the parent company and on the basis of standard accounting methods. The end of the financial year for all companies is 31 December.

All intra-group balances, transactions, as well as unrealised expenses and income included in the book value of assets and resulting from intra-group transactions have been fully eliminated.

The financial statements of each Group company were prepared in accordance with accounting principles and regulations applicable in their respective countries. They are restated to comply with Group principles.

Compliance with accounting standards:

In application of European Regulation 1606/2002 of 19 July 2002 on international standards, Somfy Group consolidated financial statements for the financial year ended 31 December 2008 were prepared in accordance with the financial information international standards (“IFRS”) applicable at that date, as approved by the European Union at the date of preparation of these financial statements.

Changes in accounting methods:

Accounting rules and methods are identical to those used in the preparation of the consolidated financial statements at 31 December 2007, except for the following matters:

The Group adopted the following interpretations during the financial year ended 31 December 2008:

- IFRIC 11-IFRS 2 interpretation “Group and treasury share transactions”, which had no impact on the Group since no transactions were concerned.
- Amendment to IAS 39 and IFRS 7 relating to the reclassification of financial assets, applicable from 1 July 2008, which had no impact on the Group.

The Group also opted for the early adoption at 1 January 2008, with retroactive effect, of IFRS 8 “Operating segments”, which replaces IAS 14 “Business segments”. The adoption of this standard affected the segment information presented in the financial statements. In application of IAS 14, Somfy only had one business segment and had opted to provide segment information based on geographic regions by location of assets.

Over the first half-year 2008, the Group re-organised in two separate branches:

- **Somfy Activities,** which includes the companies whose operations come within the scope of Somfy’s three traditional businesses: “Shutter & Awning”, “Window & Blind” and “Door & Gate”.
- **Somfy Participations,** which is dedicated to investing in industrial companies outside Somfy’s core business.

This new organisation, which had no impact on the Group’s legal structure, will attract and unite companies and managers from different backgrounds, both within Somfy Activities and Somfy Participations. It reflects the new internal reporting implemented by Somfy Group’s management team. Two separate CEOs have also been appointed and each is in charge of one branch. Following this reorganisation, the Group deemed it timely to apply IFRS 8 early and will present the relevant indicators based on two operating segments: “Somfy Activities” and “Somfy Participations”.

The following published standards with subsequent application were not applied in advance by the Group:

- Amendments to IFRS 2 “Share-based payments: Vesting conditions and cancellations” applicable from 1 January 2009,
- Amendments to IAS 23 (revised) “Borrowing costs” applicable from 1 January 2009,
- Amendments to IAS 32 “Puttable financial instruments and obligations arising on liquidation ” applicable from 1 January 2009,
- Amendments to IFRS 1/IAS 27 “cost of an investment in a subsidiary, jointly controlled entity or associate in separate financial statements” applicable from 1 January 2009,
- Amendments to IAS 27 “Consolidated and separate financial statements” applicable from 1 July 2009,
- IAS 1 revised “Presentation of financial statements” applicable from 1 January 2009,
- IFRS 3 revised “Business combinations” applicable from 1 January 2009,
- IFRIC 12 interpretation “Service concessions” applicable from 1 January 2008 (not yet adopted by the European Union),
- IFRIC 13 interpretation “Customer loyalty programme” applicable from 1 January 2009,
- IFRIC 14 interpretation “The limit on a defined benefit asset minimum funding requirements and their interaction”, applicable from 1 January 2009,
- IFRIC 15 interpretation “Agreements for the construction of real estate” applicable from 1 January 2009,
- IFRIC 16 interpretation “Hedges of a net investment in a foreign operation” applicable from 1 October 2008,
- IFRIC 17 interpretation “Distribution of non-cash assets to owners (dividends in kind)” applicable from 1 July 2009.

The Group is currently conducting analyses on the practical consequences of these new regulations and their impact on financial statements.

A number of these standards are likely to change or be subject to interpretation with potentially retrospective application. These amendments may cause the Group to subsequently change IFRS restated consolidated financial statements.

In addition, the Group adopted on 1 January 2008, with retroactive effect, the so-called “SORIE” method provided for by IAS 19 “Employee benefits - actuarial gains and losses, group plans and disclosures”, that allows for the immediate recognition of all actuarial differences, net of tax, to reserves. Previously, the Group applied the corridor method, according to which actuarial differences exceeding 10% of the greater of the value of commitments and the market value of plan assets were amortised in the income statement over the probable average remaining active life of employees. The impact of this change of method on reserves at 31 December 2007 was a negative €856 thousand (-€1,380 thousand in “employee benefits” liabilities net of €524 thousand in deferred taxation).

Assumptions and estimates

The preparation of consolidated financial statements in accordance with IFRS standards lead Management to produce estimates and assumptions which affect the book value of certain assets, liabilities, income and expense items, as well as disclosures in a number of notes to the consolidated financial statements. These assumptions are by nature uncertain and may differ from actual results. The Group regularly reviews its estimates and assessments in order to take into account past experience and to integrate factors that are deemed relevant with regard to economic conditions.

The major items of the financial statements that may be subject to estimates are as follows:

- impairment of goodwill and intangible assets whose measurement is based in particular on future cash flow, discount rate and net realisable value assumptions (Note 13 to the consolidated financial statements),
- retirement commitments whose measurement is based on a number of actuarial assumptions (Note 26 to the consolidated financial statements),
- provisions for liabilities and charges, notably the provision calculated in respect of ITR (Individual Training Right), the value of which is an estimate of expected expense, based on outstanding rights at year-end,
- measurement of options associated with stock option plans granted to employees (Note 28 of the consolidated financial statements).

Financial statements reflect the best estimates, on the basis of available information at year-end close.

B. Consolidation scope

Business combinations

When a company is incorporated in the consolidation scope, the identifiable assets, liabilities and contingent liabilities, complying with IFRS recognition criteria, of the acquired entity are recognised at fair value measured at the date of acquisition, except for non-current assets classified as assets held for sale, which are recognised at the fair value net of disposal costs.

Only identifiable liabilities complying with the recognition criteria of a liability of the acquired entity are recognised in the combination. Therefore, a restructuring liability is not recognised as a liability of the

acquired entity if this entity does not have an actual obligation to carry out this restructuring at the date of acquisition.
Goodwill is measured as the difference between total identifiable assets, liabilities and contingent liabilities of the acquired entity, individually estimated at fair value, and the acquisition cost of the shares of the company concerned.
Restatements of asset and liability values relating to acquisitions recognised on a provisional basis (due to expertise works in progress or supplementary analyses) are recognised as retrospective restatements of goodwill if they occur within the twelve months following the acquisition date.
Beyond this deadline, the impacts of restatements are directly recognised in profit or loss for the financial year, except for error corrections.
Newly acquired companies are consolidated from the date of effective control.
The acquisition of minority interests is currently not covered by IFRS standards. At 31 December 2008, the Group continued to apply the method recommended in French texts.
In the case of the acquisition of additional interests in a subsidiary, the difference between the consideration paid and the book value of the acquired minority interest, as shown by the Group's consolidated financial statements before the acquisition, is recognised as goodwill.
In the current form of IAS 27 and IAS 32, these standards lead groups to record purchase commitments of minority interests as financial debts, offset by a reduction in minority interests and the possibility of an eventual additional goodwill.
The principle selected in terms of recognition of minority interest purchase is described in paragraph S.
The revision to the standard published by the IASB on 10 January 2008, but not yet adopted by the EU, indicates that, acquisitions of minority interests are to be treated in accordance with IAS 27; this recognises that this additional acquisition should be taken directly to equity. This accounting treatment will apply to financial periods starting from 1 July 2009 and it will not have a retrospective application.

Consolidation methods

Exclusive control

Companies are fully consolidated when the Group generally holds a majority investment (over 50% of the share capital is controlled) in them and are controlled by the Group. Control is defined as the power to govern the financial and operating policies of an affiliate so as to obtain benefits from its activities.
Control is generally deemed to exist when the Group holds over half of the voting rights of the controlled company. Financial statements of subsidiaries are included in the consolidated financial statements from the date of effective transfer, until control ceases to exist.
Minority shareholders' interests are included in the balance sheet under a separate headline called "minority interests". Minority interest share of net profit is presented separately in the income statement as allocation of profit for the period.

Significant influence

Associates are companies over which the Group has significant influence on their financial and operating policy, but does not control them.
Companies over which the Group has significant influence are consolidated using the equity method.
Goodwill from these entities is included in the carrying value of the investment.

The consolidation scope is presented in Note 36.

C. Foreign exchange translation

Consolidated financial statements at 31 December 2008 were prepared in Euro, which is the parent company's functional currency. Each Group entity determines its functional currency and items included in the financial statements of each of these entities are measured in this functional currency.

Recognition of foreign currency denominated transactions in the financial statements of consolidated companies

All foreign currency denominated income statement transactions are translated at the exchange rate applicable on the transaction date. Foreign currency denominated amounts included in the balance sheet are translated at the exchange rate applicable at year-end. Resulting translation differences are recorded in the income statement.
When positions have been hedged, the derivative instrument is recognised in the balance sheet and the change in fair value is included in the income statement. The Group does not apply hedge accounting (see Note 25).

Translation of foreign subsidiary financial statements

The financial statements of Group companies which have a different functional currency to the parent company are translated into euro, as follows:

- assets and liabilities, including goodwill and adjustments related to consolidation fair value are translated into Euro at the year-end exchange rate;
- income and expenses are translated at the average exchange rate for the period, provided significant variations in the exchange rates do not call this method into question,
- differences on translation arising are directly recorded in the consolidated financial statements equity section.

Unrealized exchange differences relating to monetary values that are an integral part of the net investment in foreign subsidiaries are recorded in translation adjustment in equity until the disposal of the investment, at which date they are taken to the income statement.
No Group subsidiary operates in high inflation countries.

D. Acquisition goodwill

Acquisition goodwill is measured at cost, which is the difference between the cost of shares in consolidated companies and the purchaser's share of the net fair value of identifiable assets, liabilities and contingent liabilities.
Acquisition goodwill subject to impairment tests at least once annually, or more frequently when events or changes in circumstances indicate that the goodwill has been impaired. Recognised writedowns can not be reversed.
Acquisition goodwill related to equity accounted companies is posted to the "equity accounted investments" account.

E. Intangible assets

Intangible assets acquired by the Group are recognised at cost, after deduction of accumulated amortisation and potential writedowns.
Intangible assets primarily comprise:

Software:

Internally developed software is recognised on the balance sheet when the following two conditions are met:

- it is probable that the future economic benefits attributable to the software will flow to the company, and
- its cost or value can be measured reliably.

Conditions defined by IAS 38 in terms of development cost capitalisation must also be met (including project technical feasibility, the intention to complete the software and availability of resources).

Somfy owns two major types of software:

1 – Software subject to a five stage development project and deployed in several countries is amortised on a straight-line basis over 10 years.

The five stages characterising the implementation of this type of IT projects are as follows:

- the "initialisation stage", ending in a decision to carry out or not an IT solution research to a specific issue,
- the "assessment" stage, ending in the choice of a solution, often the selection of a license,
- the "study" and "realisation" stages, resulting in a decision to implement the deployment of the solution,
- the "implementation" stage, ending in the transfer of the application to support services. This is the software rollout.

This type of software is linked in particular to the rollout of IT systems.

Development expenses incurred during the "study" and "implementation" stages may be capitalised if all criteria defined by IAS 38 are complied with.

2 – Ready-to-use software, that is software whose operation by Somfy is not subject to a five stage project. It is amortised on a straight-line basis over four years

Patents:

Only acquired patents and related patenting expenses are capitalised. This primarily includes low-voltage electronic systems provided by the Harmonic Design company.

Patents are amortised on a straight-line basis over their legal protection period.

Patent renewal expenses are recognised as expenses for the financial year.

Development costs:

Development costs are thus recognised as balance sheet assets when all criteria defined by IAS 38 are met:

- project technical feasibility,
- intention to complete the intangible asset so that it is available for use or sale,
- ability to use or sell the intangible asset,

- how the intangible asset will generate probable future economic benefits,
- availability of resources,
- the ability to reliably measure the expenditure attributable to the intangible asset during its development.

Only development costs generated by projects dedicated to the development of new products and conducted in five stages can be capitalised, as follows:
- the “assessment” stage, consisting in the production of assessment elements enabling the Group to take the decision to launch the project or not;
- the “pre-study” stage, whose objective is to select technical solutions, validate product feasibility and the marketing strategy to place the product on the market;
- the “study” stage, which enables to set the definition of the product, as well as industrial and marketing resources;
- the “realisation” stage, which consists in qualifying the product, establishing industrial resources in production facilities, as well as marketing resources. This stage also defines project closing criteria;
- the “launch” stage, featuring product manufacturing and the qualification of industrial and marketing resources.

The first two stages, entitled “assessment” and “pre-study” are research phases. Expenses incurred are thus recognised as costs for the financial year.

Development expenses incurred during the “study” and “implementation” stages may be capitalised if all criteria defined by IAS 38 are complied with.
Capitalised development costs are amortised on a straight-line basis, depending on the useful life of the asset (4 or 10 years, depending on the type of product developed).
The value of projects in progress is recognised as an intangible asset in progress, until the “launch” stage, which marks the beginning of project deployment.
No residual value is recognised at Group level to determine the basis for amortisation of intangible assets.
Subsequent expenditures are generally recognised as expenses for the financial year.

F. Property, plant and equipment (PPE)

PPE assets are initially recorded at their acquisition or production cost and include the purchase price and all costs necessary to make them operational.

Current maintenance costs are recognised as expenses for the financial year.

Straight-line depreciation is used based on the following average useful lives:
- Buildings: 20 to 30 years
- Machinery and tools: 5 to 10 years
- Transport vehicles: 3 to 5 years
- Office furniture and equipment: 5 to 10 years
- Fittings and fixtures: 8 to 10 years

Taking into account the nature of PPE held by Somfy, no significant component was identified.
Subsequent expenses may be capitalised if they comply with asset recognition criteria, as defined by IAS 16, in particular if it is probable that future economic benefits of the asset will flow to the company. These criteria are considered prior to the commitment to the cost.
Asset residual values, useful lives and asset depreciation are reviewed, and amended if necessary, at the end of each year.
PPE recoverable amounts are reviewed when events or changes in circumstances indicate that the book value may not be recovered.
PPE are derecognised at disposal or when no future economic benefit is expected from their use or disposal. Any profit or loss resulting from the derecognition of an asset (measured as the difference between the net proceeds of the sale and the book value of the asset) is included in the income statement for the year in which the asset is derecognised.

G. Leases

Leases that transfer all the risks and rewards incident to ownership to the lessee are classified as finance leases.

Leases are classified as finance leases when the following major indicators are met (non-exhaustive list):
- the transfer of asset ownership at the expiration of the lease with purchase option,
- the option exercise conditions are such as to make the transfer of ownership highly likely at the expiration of the lease,

- the lease term is for the major part of the useful life of the asset according to the lessee's conditions of use,
- the present value of minimum lease payments approximates fair value of the leased asset at the conclusion of the contract.

Assets financed within the framework of finance leases primarily include real estate. They are recorded, from the beginning of the contract, in property, plant and equipment at the lower of the fair value of leased assets and the present value of minimum payments in respect to the lease.
Payments made in respect to the lease are broken down between finance charges and debt repayment, in order to obtain a constant periodic rate of interest on the outstanding liability. Finance charges are directly recognised in the income statement.
PPE acquired through finance leases are depreciated over the same duration as described above, if the Group expects to gain ownership of the asset at the expiration of the contract. If not, the asset is depreciated on the basis of the shorter period of the asset useful life and the duration of the lease.

Leases classified as operating leases are not restated and lease payments are recognised as expenses for the financial year, spread if required on a straight-line basis.

H. Impairment tests

IAS 36 defines the procedures to be applied by a company to ensure that the net book value of its assets does not exceed their recoverable amount, that is the amount to be recovered from the use or the disposal of the assets.
Except for goodwill and intangible assets with an unlimited useful life, which require systematic annual impairment tests, the recoverable amount of an asset is estimated every time there is an indication that the asset may be impaired.
The recoverable amount of an asset is measured at the higher of its fair value, after deduction of disposal costs, and its value in use.
Fair value after deduction of disposal costs is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, after deducting disposal costs.
Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and its disposal at the end of its useful life.
Recoverable amount is estimated for each individual asset. If it is not possible to do so, assets are brought together in Cash Generating Units (CGUs), whose recoverable amount is subsequently measured.

A Cash Generating Unit is the smallest group of assets to which the asset belongs that generates cash inflows, which are largely independent of the cash inflows from other assets or groups of assets.
Cash Generating Units (CGUs) have been identified within Somfy Group. They primarily comprise the Group's legal entities that were acquired through growth by acquisition transactions.
The recoverable amount of a CGU is measured at the higher of the fair value of its assets, after deduction of disposal costs, and their value in use.
The value in use is determined on the basis of cash flows estimated by plans and budgets for a maximum of 5 years. Cash flows beyond 5 years are extrapolated through the application of a constant or decreasing rate and discounted using long-term market rates before tax, which reflect market estimates of the time value of money and specific risks pertaining to these assets.
The recoverable amount is then compared to the book value of the CGU.
If this amount exceeds the net book value of the CGU at period end, no impairment is recognised.
However, if this amount is lower than the net book value, an impairment loss equal to the difference is recognised in priority against the acquisition goodwill. This impairment loss may not be reversed.
As for other PPE and intangible assets with a set useful life, a previously recognised impairment loss may be reversed if there has been a change in the estimates used to determine the recoverable amount of the asset since the last impairment loss was recognised. If this is the case, the asset book value is increased to match the recoverable amount. The book value increased following the reversal of an impairment loss may not exceed the book value that would have been measured, after deducting depreciation, if no impairment loss had been recognised for this asset over the previous financial years. Following the recognition of an impairment loss reversal, the depreciation charge is adjusted for future periods, so that the revised book value of the asset, after deducting its potential residual value, is equally spread over the remaining value in use.

I. Financial assets

Financial assets are classified in four categories according to their nature and the intent of ownership:
- assets held until maturity,
- assets measured at fair value by way of the income statement,
- assets held for disposal,
- loans and receivables (excluding trade receivables).

Financial assets are initially recognised at the cost corresponding to the fair value of the purchase price, increased by acquisition costs.

Assets held to maturity:

They solely comprise fixed income securities purchased with the intent of holding them until maturity. They are measured at amortised cost using the effective interest rate method. Amortised cost is measured by taking into account any discount received or premium paid at acquisition, over the period running from the acquisition to the maturity date. Profit and loss are recognised in the income statement when assets are derecognised or their value is impaired. The same applies to writedown charges. The Group does not have any of these assets to date.

Assets measured at fair value by way of the income statement:

They represent assets held for transaction purposes, meaning assets acquired by the company with a view to dispose of them in the short term. They are measured at fair value and fair value variances are recognised in the income statement.

Marketable securities complying with the definition of financial assets held for transaction purposes are measured at fair value at year-end and recognised as current financial assets. Fair value variances are recognised in the income statement.

Assets available for sale:

Group investments in the companies over which it neither has control, significant influence nor joint control are recognised as financial assets avalaible for sale.

These securities are measured at fair value at year-end and fair value variances are directly recognised in equity. Amounts recognised in equity are reclassified to the income statement on the disposal of assets.

Corresponding dividends are recognised in the year they are paid.

If the fair value of these assets avalaible for sale happens to be lower than the acquisition cost, a provision for writedown is established and recognised in the income statement when there is an objective indication that the value of these assets avalaible for sale may be impaired.

Financial assets avalaible for sale are classified as non-current financial assets, except for those with a maturity date of less than 12 months at year-end, which are classified as current financial assets.

Loans and receivables:

They represent financial assets issued or acquired by the Group in return for a direct money consideration, goods or services given to a debtor. They are measured at amortised cost, using the effective interest rate method. Long term loans and receivables, non interest bearing or bearing a lower interest rate than market interest rate, are discounted if amounts are significant. Potential impairment losses are recognised in the income statement.
In addition, writedown charges are established when there is an objective indication that the value of the asset may have been impaired as a result of an event arising after its initial recognition.
This account is primarily comprised of guarantees and deposits paid to various lenders.

J. Inventory

Materials, supplies and finished goods are valued at their purchase or production cost, as appropriate.
In particular, inventory cost measurement takes into account the following items:
- gross value of raw materials and supplies include the purchase price and ancillary expenses;
- expenses incurred to bring inventories to the place they are located and in the condition they are in are integrated in inventory procurement cost;
- manufactured products are measured at production cost, which includes consumables, direct and indirect production expenses and depreciation charges of assets used in the manufacturing process;
- intra-group profits included in inventories are eliminated;
- borrowing costs are not included in the cost of inventory.

The value of inventories and works in progress is impaired when their net realisable value is lower than their purchase or production cost.
Net realisable value is the estimated selling price under normal business conditions, after deducting estimated completion cost and estimated cost of sale.

K. Customers and other receivables

Trade and other receivables are recorded in the balance sheet at their nominal value and a provision for writedowns is established when receivables are unlikely to be collected.

L. Treasury shares

The Group holds treasury shares for the following purposes:
- regulate share price by systematic intervention against market trend,
- purchase or sell shares depending on market conditions,
- cover stock option plans previously allocated or to be allocated.

Treasury shares directly held by the Group or through a liquidity contract are deducted from equity at consolidation.
Consideration received at the disposal of treasury shares is directly recognised as an increase of Group equity, no gain or loss is thus recognised in net profit/loss for the financial year.

M. Cash and marketable securities

Cash includes bank balances (bank assets and overdrafts) and cash in hand.
Cash equivalents primarily comprise OPCVM (pooled investments - financial assets held for transaction purposes), which are short term, very liquid, easily convertible into a known amount of cash and subject to negligible risk of change in value.

N. Provisions

This includes commitments with an uncertain maturity date or amounts resulting from restructuring operations, environmental risks, litigations or other risks.
A provision is established when the Group has a current obligation (legal or implied) resulting from a past event and when future cash outflows can be measured reliably.
A provision for restructuring is recognised when there is an obligation toward third parties, originating from a Management decision materialised before year-end by the existence of a detailed and formal plan, which has been announced to the personnel affected.

When the Group expects full or part repayment of the provision, by way of the existence of an insurance contract, the repayment is recognised as a separate asset but only if repayment is virtually certain.
The provision charge is taken to the income statement, net of any repayment.
In order to cover costs inherent in guarantees given to customers, the Group recognises a provision for charges. This provision represents the estimated amount, based on statistics of charges recognised in the past, of repairs during the guarantee period. At each year-end, this provision is reversed for the actual amount of services rendered recorded as expenses for the financial year.

If the impact of the time value of money is significant, provisions are discounted on the basis of a rate before tax which reflects, if necessary, the specific risks of the liability.
Where a provision is discounted, the increase in the provision relating to the discounting is recorded as an operating cost.

Contingent liabilities correspond to potential obligations arising from past events, whose existence will only be confirmed by the occurrence of uncertain future events, which are beyond the entity's control, or from current obligations for which no cash outflow is likely to occur. Except for those generated by business combinations, contingent liabilities are not recognised but are detailed in the notes to the financial statements.

O. Employee benefits

In regards to pension commitments, the Group contributes to pension plans or grants benefits to personnel at retirement, in compliance with local practice and regulations applicable in each particular country. These benefits have been measured.

Contributions paid in respect of plans analysed as defined contribution plans, for which the Group has no other obligation than paying contributions, are recognised as expenses for the financial year.

For defined benefit plans relating to post-employment benefits, the cost of benefits are measured using the projected unit credit method.
According to this method, the rights to benefits are allocated to periods of service depending on the plan's formula for acquisition of rights, by taking account of a straight line effect where the rate of acquisition of rights is not uniform to the periods to subsequent service.
The amount of future payments corresponding to benefits granted to employees are measured on the basis of salary increase, retirement age and death rate assumptions, then discounted to their present value on the basis of long term bond interest rates of prime issuers.

These plans are either financed – their assets being managed separately and independently from the Group, or not their commitments being recognised in the balance sheet under “employee commitments”.

The different defined benefit plans are the following:

- retirement benefit plans (IFC) for all French companies, in compliance with applicable collective agreements,
- defined benefit pension plans in international subsidiaries (United States and the Netherlands in particular).

Until 31 December 2007, the Group applied the corridor method, according to which actuarial differences exceeding 10% of the greater of the value of commitments and the market value of plan assets were amortised in the income statement over the probable average remaining active life of employees. On 1 January 2008, the Group adopted, with retroactive effect, the method provided for by IAS 19 “Employee benefits - actuarial gains and losses, group plans and disclosures”, that allows for the immediate recognition of all actuarial differences, net of tax, to reserves. The impact of this change of method on reserves at 31 December 2007 was a negative €856 thousand (-€1,380 thousand in “employee benefits” liabilities net of €524 thousand in deferred taxation).
The cost of past services is recognised as an expense on a straight-line basis over the average remaining time before corresponding rights are acquired by employees. If benefit rights have already been acquired at the adoption or change of a pension plan, the cost of past services is recognised immediately.

Pursuant to IAS 19, seniority awards are treated as long-term benefits granted to employees and provided for on the basis of an actuarial evaluation and every year end. Actuarial variances are taken to income.

Also, the Italian severance pay provision (TFR) is treated as long-term benefits.
A provision was established for expenses incurred in respect of ITR (Individual Training Right). This commitment, which only concerns French companies, was estimated based on several factors (cost per hour, number of hours accumulated by employees, probability of ITR being claimed by personnel…)
In the limited number of cases when these expenses can not be considered as remuneration for future services, a provision is established in the financial statements for the financial year in respect of the resulting short term commitment, provided that the obligation toward the employee is probable or certain.

P. Suppliers and other creditors

Suppliers and other creditors are recognised at their nominal value.

Q. Share remuneration

Some Group employees, including Directors, receive options giving them the right to acquire Somfy shares at a price fixed in advance. The Group does not grant warrants to subscribe for shares.

Effective allocation of options is subject to conditions being fulfilled. Each beneficiary must be employed by the Group at the date options are exercised. For some employees, the ability to exercise options is also governed by the achievement of set objectives.
Fair value is determined according to the Black & Scholes model.
During the rights vesting period, the fair value of options thus determined is amortised pro-rata to rights acquisition. This expense is posted to personnel costs and offset by an increase in equity. Upon exercise of the options, the exercise price received is recorded under cash and offset in equity.
The dilutive impact of outstanding options is reflected in the calculation of earnings per share.
Pursuant to the transition provisions of this standard, only option plans allocated after 7 November 2002 were recognised in accordance with the above described principle and subjected to measurement.

R. Borrowings

At initial recognition, bonds and other interest-bearing debts are measured at fair value, increased by transaction costs that are directly attributable to the issuance of the liability. Fair value generally equals the amount of cash received.
Issuing charges and premiums are taken into consideration in measuring amortised cost according to the effective rate method. Therefore, they are recognised in the income statement on an actuarial basis over the duration of the liability.
Borrowing interest is recognised as an expense for the financial year.

S. Purchase commitments given to minority interests

The current provisions of IAS 27 and IAS 32 lead groups to record firm or conditional purchase commitments of minority interests in financial debt, offset by a reduction in minority interests. The Group elected to recognise as goodwill the difference between the discounted fair value of the exercise price of the options and the amount of minority interest written off from equity.
This goodwill is restated every year for the change in the exercise price of the options and the change in minority interest. This is the accounting treatment that best reflects the actual transaction and which would be used if options were exercised today.
The results of current IFRIC and IASB studies might lead, in the future, to a different accounting treatment than described above.

T. Income tax

Current tax

The income tax grouping agreement between Somfy SA and its directly and indirectly owned subsidiaries was renewed on 1 July 2002 for a further 5 years, beginning with the 6-month financial period ending 31 December 2002.
The following companies are party to this agreement at 31 December 2008: Somfy SA, Somfy SAS, Spirel SAS, Simu SAS, CMC SARL, Somfy Development SAS, Siminor Technologies Castres SARL, Domis SA, Domaster SAS and NMP SAS.
Under this agreement, the difference between the sum of income taxes calculated for each company and the total for the tax integrated Group is accounted for as income in the Income Statement of the Group's holding company.
When a subsidiary is no longer a member of the income tax integration group, Somfy SA compensates it in accordance with the jointly agreed exit procedures, taking into account the situation at that date.

Deferred income tax

Deferred tax assets and liabilities are measured at the income tax rate expected to apply to the financial year when the asset will be realised or the liability settled, on the basis of income tax rates (and tax regulations) adopted or virtually adopted at year end.
Deferred tax are recognised for the temporary differences between the book value of assets and liabilities and their tax value and restatements made on consolidation to conform to Group accounting standards (extended concept of deferred tax calculation).
Deferred income tax relating to tax losses of companies not included in the tax group or arisen prior to their inclusion in the tax grouping are recognised when the conditions defined by IAS 12 are met:

- the entity has sufficient taxable temporary differences with a single tax authority and for the same entity, which will generate taxable amounts against which unused tax losses and tax credits can be offset before they expire;
- it is likely that the entity will generate taxable profits before unused tax losses and tax credits expire;
- unused tax losses result from identifiable causes, which will probably not re-occur; and
- opportunities related to the entity tax management will generate taxable profits for the financial year during which unused tax losses and tax credits can be allocated.

If it is unlikely that the entity will make sufficient profits to allocate unused tax losses or tax credits, deferred tax assets are not recognised.

U. Derivative financial instruments

All derivatives are measured at their fair value. Fair value is either the market value for listed instruments, or a value provided by financial institutions in accordance with traditional criteria (over-the-counter market).
The Group elected not to apply hedging accounting. Fair value changes are thus directly recognised in financial income/loss.

Derivative instruments are primarily comprised of foreign exchange contracts, foreign currency options and interest rate swaps and on shares.

The fair value of derivative instruments is recognised in the balance sheet under specific items: "current and non-current assets or liabilities" depending on the nature of the hedged asset.

V. Non-current assets held for disposal

An entity must classify a non-current asset (or a group held for sale) as held for disposal if the fair value is recovered through a sale rather than through continuing use of the asset.
When assets are held for disposal in accordance with principles defined by IFRS 5, the Group measures these assets at the lower of their book value and fair value, after deducting disposal cost, and ceases to depreciate these assets.
Assets and liabilities thus determined are recognised in a specific balance sheet item.

W. Earnings per share

Earnings per share are calculated by dividing the net profit for the financial period by the average number of shares in issue over the period (number of shares issued net of treasury shares held).
Only treasury shares held by the Group and attributed at the closing to stock options plans guarantee a dilutive effect on the calculation of diluted earnings per share. The Group has issued no security giving access in time to capital.

X. Income from ordinary activities

Group sales include all income from ordinary activities of consolidated companies.
Income from ordinary activities is recognised when it is probable that future economic benefits will flow to the Group and that they can be measured reliably.
Income from ordinary activities is recognised at the fair value of the consideration received or to be received.
Sales of goods are recognised when delivered to final customers.

Y. Current operating income

Current operating income is defined as the difference between:
- operating income from all revenue and charges, except those generated from finance activities, equity-accounted companies, discontinued operations, operations held for disposal or income tax, and,
- other operating revenue and charges.

Other operating revenues and charges correspond to unusual, exceptional or rare items. They include capital gains and losses on the disposal of assets, restructuring costs and provisions that may disrupt the profit from operations comparability.
Profit from operations reflects company performance.

Z. Financial result

Financial result comprises the following two items:

Net debt cost

Includes all income/expense from net financial debt constituents over the period, including interest rate hedging.

Other financial income/expense

It includes revenues/charges of a financial nature but neither of an operational nature nor a constituent of net debt cost.

AA. Segment information

Since the Group significantly changed its organisation over the first half-year 2008 (see above “Changes in accounting methods”), it deemed it timely to opt for the early adoption of IFRS 8 on 1 January 2008.

The Group will now present the relevant indicators based on two operating segments: “Somfy Activities” and “Somfy Participations”.

Notes to the consolidated financial statements at 31 December 2008

1. Significant events and changes in consolidated scope

Somfy Activités acquired four distributors through its BFT SpA subsidiary:

- **BFT Sud-Ouest** 90% of the share capital for an acquisition price of €1.8 million. Concerning the remaining 10%, the parties agreed on a call and respectively put option that both may exercise between 1 January 2013 and 31 December 2015.

  BFT Sud-Ouest was consolidated from 1 January 2008 and contributed €3.3 million to Somfy Group sales.
- **BFT Languedoc** fully acquired for €0.5 million. BFT Languedoc was consolidated from 1 January 2008 and contributed €1.0 million to Somfy Group sales.
- **BFT Piemonte** 70% of the share capital for an acquisition price of €0.7 million. Concerning the remaining 30%, the parties agreed on a call and respectively put option that both may exercise between 1 January 2014 and 31 December 2016.

  €2.7 million purchase of the remaining 70% interest in **BFT Marseille**. This company was equity accounted until 1 July 2008. It is now fully consolidated and contributed €2.5 million to Somfy Group sales.

Somfy Participations acquired:

- **Zurflüh-Feller**, on 17 July 2008, as part of a leveraged buy-out transaction. Somfy had to pay €31.0 million up-front. This company specialises in manufacturing roller shutter components and accessories.

  Zurflüh-Feller contributed €25.5 million to goodwill, €38.4 million to net debt (of which €32.0 million of senior debt selected to the LBO) and €25.5 million to sales for the six months.
- **87.53 %** of **Sirem**, on 3 October 2008, as part of a leveraged buy-out transaction. Somfy had to make a €5.9 million equity investment and a €2.3 million mezzanine financing. This company sells gear motors and pumps, along with their electronic controls.

  SIREM was consolidated from 1 October 2008 and contributed €11.9 million to goodwill, €17.7 million to net debt (of which €12.5 million of senior debt related to the LBO) and €4.0 million to Somfy Group sales.
- **40 %** of **CIAT** Group, on 23 July 2008, as part of a leveraged buy-out transaction. Somfy had to make a €34.6 million equity investment and a €48.0 million mezzanine financing. This company manufactures air conditioning, heat exchange, air treatment and renewable energy heating equipment. It was equity accounted in Somfy Group's consolidated financial statements over 6 months.

  CIAT's family shareholders who have reinvested in the new entity hold a put option on their stake for the benefit of Somfy, which may be exercised from 2 May 2012 to 30 June 2012. Somfy holds at the same time a call option that can be exercised from 1 April 2013 to 30 April 2013.
- Additional **agta-record** shares for €21.4 million, increasing the Group's shareholding to 32.95%.
- **9.14 %** of **Babeau Seguin**, a builder of one family homes, for €2.7 million.

Somfy took note of the recent loss of significant influence in Faac SpA and decided as a result to exclude this company from its consolidation scope from 1 January 2008. This loss of significant influence occurred gradually over the past few years and was marked in particular by Somfy's inability to affect the company's dividend distribution policy, notably in respect of the 2006 and 2007 financial years, and to no longer be associated to some strategic or operating decisions. It must also be noted there are no or no longer any significant transactions between Somfy and this company (absence of exchange of senior executives or provision of essential technical information).

Somfy's 34% investment in Faac's share capital, previously equity accounted, was recognised as an asset held for disposal.

The company will only contribute to Somfy's financial performance through its dividends as of 1 January, 2009. Note: Faac's contribution to Somfy Group's net profit amounted to €10.7 million in 2007, for an equity investment valued at €128.1 million (following the 2008 distribution).

Since Faac is not a listed company, the fair value of the securities was measured using the future cash flow method, after deducting a marketability discount. The value thus established was €141.0 million. The difference between the capitalised cost of the asset posted to the balance sheet at 1 January, 2008 (identical to the equity investment value) and the fair value established using the above mentioned method was €10.7 million (net of deferred taxation on the share of costs and expenses), which was directly taken to equity.

2. Segment information

At 1 January 2008, the Group adopted in advance the IFRS 8 "Operating segments", which replaces IAS 14 "Business segments".

On 1 January 2008, the Group re-organised in two separate divisions:

- **Somfy Activities**,which includes the companies whose operations come within the scope of Somfy's three traditional businesses: "Shutter & Awning", "Window & Blind" and "Door & Gate".
- **Somfy Participations**, which is dedicated to investing in industrial companies outside Somfy's core business. This division holds the interests in agta-record, Cotherm, Faac, Gaviota-Simbac and, from 2008, in Zurflüh-Feller, CIAT and SIREM.

Several operating segments are monitored under Somfy Activities division. However, in accordance with the combination criteria defined by IFRS 8, it has been decided to group them together into one segment for financial statements presentation purposes.

Differences do not exist between the accounting policies applied by the segments presented and the accounting policies applied by the Group.

At 31 December 2008

€ thousands	Somfy Activities	Somfy Participations	Other	Inter-Segment	Consolidated
Segment sales	691,008	58,888	–	-543	749,353
Segment profit (current operating result)	117,645	6,273	-61	–	123,857
Share of net profit of equity-accounted companies	-260	2,169	–	–	1,909
Cash flow	117,378	4,735	1,819	–	123,932
Intangible and tangible investments	41,186	6,466	–	–	47,652
Goodwill	96,465	48,239	–	–	144,704
Net intangible and tangible assets	197,297	49,816	–	–	247,113
Non-consolidated shares	65	204,230	–	–	204,295
Equity accounted companies	1,944	57,284	–	–	59,228

The column "Other" includes costs which may be attributed neither to Somfy Activities nor Somfy Participations.

At 31 December 2007

€ thousands	Somfy Activities	Somfy Participations	Other	Inter-Segment	Consolidated
Segment sales	692,412	27,810	–	–	720,222
Segment profit (current operating result)	129,323	3,062	-48	–	132,337
Share of net profit of equity-accounted companies	5	13,048	–	–	13,053
Cash flow	116,803	3,880	-985	–	119,698
Intangible and tangible investments	32,070	4,458	–	–	36,528
Goodwill	91,968	9,571	–	–	101,539
Net intangible and tangible assets	180,620	7,140	–	–	187,760
Non-consolidated shares	118	66,293	–	–	66,411
Equity accounted companies	2,474	150,575	–	–	153,049

The column "Other" includes costs which may be attributed neither to Somfy Activities nor Somfy Participations.

Intangible and property, plant and equipment by asset location

€ thousands	31/12/08	31/12/07
France	120,936	118,667
Germany	9,347	10,351
Northern Europe	2,768	3,339
Eastern & Central Europe	2,132	1,733
Southern Europe	54,046	39,421
Asia Pacific	3,788	2,737
Americas	4,280	4,372
Somfy Activities	**197,297**	**180,620**
Somfy Participations	**49,816**	**7,140**
Consolidated Somfy	**247,113**	**187,760**

Sales by customer location

€ thousands	31/12/08	31/12/07	Variance N/N-1	Variance N/N-1 at constant rate
France	200,830	195,915	2.5%	2.5%
Germany	95,717	97,260	-1.6%	-1.6%
Northern Europe	92,035	100,732	-8.6%	-4.9%
Eastern & Central Europe	54,822	47,611	15.1%	12.0%
Southern Europe	139,446	139,846	-0.3%	-0.5%
Asia Pacific	43,166	42,940	0.5%	6.3%
Americas	64,988	68,110	-4.6%	1.1%
Somfy Activities	**691,004**	**692,414**	**-0.2%**	**1.0%**
Somfy Participations	**58,349**	**27,808**	**109.8%**	**6.4%**
Consolidated Somfy	**749,353**	**720,222**	**4.0%**	**1.2%**

The split of sales by customer location is an analysis often used by Somfy Group management.

3. Other operating income

€ thousands	31/12/08	31/12/07
Non-curent asset production	3,414	2,595
Provision of services	2,354	1,645
Other income	2,850	491
Other operating income	**8,618**	**4,731**

At 31 December 2008, the research tax credits (€2.0 million) were recognised in “other income”.

Fixed asset production comprises some development expenses recognised during the year.

4. Current provision depreciation

€ thousands	31/12/08	31/12/07
Charges / reversals of provisions for liabilities and charges	-50	1,183
Current provision depreciation	**-50**	**1,183**

Other depreciation to provisions related to inventory, guarantees, customer accounts and employees have been modified by such charges.

Reversals of provisions for risks and charges recorded in 2007 are linked to matters resolved in our favour.

5. Other operating income and expense

€ thousands	31/12/08	31/12/07
Depreciation / reversal to non-current provisions	-1,108	-724
Other non-current items	-627	-72
- Non-current income	*816*	*4,104*
- Non-current expense	*-1,443*	*-4,176*
Net loss on disposal of assets	-980	-356
Other operating income and expense	**-2,715**	**-1,152**

At 31 December 2008 and 2007, depreciation to non-current provisions and non-current expenses principally relate to the restructuring implemented by the Group.

Further, at 31 December 2007, non-current income was related to the settlement of mainly litigations in the company’s favour.

6. Financial result

€ thousands	31/12/08	31/12/07
Net borrowing cost	-5,642	-860
- Financial income from investments	*5,586*	*3,929*
- Financial expenses related to borrowings	*-11,228*	*-4,789*
Effect of foreign currency translation	-3,195	245
Other	-3,674	-893
Financial result	**-12,511**	**-1,508**

The increase in net finance expense is explained by a loss linked to the settlement of an equity swap contract on non-group shares (-€4.8 million), unrealised losses on both interest rate hedges (-€2.5 million) and exchange rate hedges (-€1.7 million) and interest on the leveraged buy-out liabilities, in part compensated by interest on the debenture (mezzanine) which Somfy SA issued to CIAT.

7. Current and deferred taxes

7.1 Tax proof

€ thousands	31/12/08	31/12/07
Profit before tax	**108,631**	**129,677**
Share of expenses and charges on dividends	*2,155*	*1,800*
Other	*355*	*1,286*
Permanent differences	**2,510**	**3,086**
Net profit taxed at reduced rate*	**-13,419**	**-10,948**
Net profit taxable at standard rate	**97,722**	**121,815**
Tax rate in France	*34.40%*	*34.40%*
Tax charge recalculated at the French standard rate	**33,616**	**41,904**
Tax at reduced rate*	**2,080**	**1,697**
Difference in standard rate in foreign countries	*-12,913*	*-7,508*
Tax losses for the year, unrecognised in previous periods, deficits used	*1,084*	*1,219*
Effect of the rate difference	**-11,829**	**-6,289**
Tax credits	**-1,096**	**-956**
Other taxes and miscellaneous	**1,327**	**2,491**
Group tax	**24,098**	**38,847**
Effective rate	*22.18%*	*29.96%*
Current tax	**19,006**	**37,827**
Deferred tax	**5,092**	**1,020**

** Royalties taxed at reduced rate (15.5%).*

The significant reduction in effective rate is essentially as a result of a drive in production outside of Europe and a reduction in tax rates in Germany and Italy.

Capitalised and used losses

Deferred tax losses (1) relating to companies outside the tax group or (2) originated before entering the tax group, have not been capitalised when it is unlikely that future taxable income will offset them. Such deficits amount to €12,831 in 2008 and €7,674 in 2007 (at the standard rate).

No deferred tax assets have been recorded in 2008 on tax losses occurring during the year or in previous years.

7.2 Deferred taxes included directly in shareholders' equity

€ thousands	31/12/08	31/12/07
Deferred tax assets		
Actuarial gains and losses on employee benefits	1,416	524
Deferred tax liabilities		
Available-for-sale financial assets	2,349	698
Net deferred tax	**-933**	**-174**

The difference between the fair value and historical cost of available-for-sale assets is recognised directly in reserves, along with the related tax.

Deferred tax savings related to the tax deductibility of the treasury shares provision amounts to €4.7 million and has been included directly from results to reserves, and thus does not affect the Group shareholder's equity.

7.3 Analysis by nature

€ thousands	31/12/08 Asset	31/12/07 Asset	Income Statement impact
Deferred tax on restatements related to IFRS standards and temporary differences, including:	14,856	9,824	2,563
Adjustments resulting from provision methods	*2,621*	*2,669*	*-119*
Adjustments to employee benefits	*4,501*	*2,735*	*244*
Adjustments due to tax and social security liabilities	*1,833*	*1,956*	*-399*
Adjustments resulting from acquisition expenses	*1,420*	*63*	*1,358*
Adjustments on the fair value of hedging instruments	*1,492*	*143*	*1,349*
Deferred taxation on intra-group margin	8,552	8,025	429
Total	**23,408**	**17,849**	**2,992**

€ thousands	31/12/08 Liability	31/12/07 Liability	Income Statement impact
Deferred tax on restatements related to IFRS standards and temporary differences, including:	36,926	30,588	6,496
Adjustments due to changes in depreciation rates	*11,436*	*11,879*	*-460*
Adjustments related to leases	*7,562*	*5,934*	*911*
Adjustments resulting from the capitalisation of development costs	*4,878*	*4,161*	*717*
Adjustment resulting from the tax deductibility of the Treasury shares provision	*0*	*0*	*4,752*
Deferred tax on intra-group margin	969	889	71
Deferred tax on the elimination of intra-group provisions	298	297	0
Tax on acquisition expenses	1,517	0	1,517
Total	**39,710**	**31,774**	**8,084**

8. Earnings per share

€ thousands	31/12/08	31/12/07
Net profit - Group share (€ thousands)	85,735	103,547
Total number of shares (1)	7,836,800	7,836,800
Treasury shares* (2)	257,230	221,438
Number of shares used in calculation (1)-(2)	7,579,570	7,615,362
Basic earnings per share (€)	**11.31**	**13.60**

** Representing the total Treasury shares held by Somfy SA.*

€ thousands	31/12/08	31/12/07
Net profit - Group share (€ thousands)	85,735	103,547
Total number of shares (1)	7,836,800	7,836,800
Treasury shares** (2)	176,452	161,022
Number of shares used in calculation (1)-(2)	7,660,348	7,675,778
Diluted earnings per share (€)	**11.19**	**13.49**

*** Excluding Treasury shares allocated to share option plans.*

Treasury shares acquired by Somfy SA and allocated to share option plans at the balance sheet date contribute towards diluted earnings per share.

The number of shares comprising share capital has not been modified.

9. Business combinations and acquisition of minority interests

Acquisitions during 2008

Somfy Activities acquired four distributors through its subsidiary BFT SpA:

- 90% of **BFT Sud-Ouest** for an amount of €1.8 million. In respect of the residual 10% the parties have agreed upon on a call/put option respectively, which both may exercise from 1 January 2013 to 31 December 2015.
- 100% of **BFT Languedoc** for an amount of €0.5 million.
- 70% of **BFT Piemonte** for an amount of €0.7 million. In respect of the residual 30%, the parties have agreed upon a call/put option respectively, which both may exercise from 1 January 2014 to 31 December 2016.
- Purchase of the remaining 70% of **BFT Marseille** for €2.7 million. This company which had been equity-accounted from 1 July 2008, is from now on fully consolidated.

The fair value of the identifiable assets and liabilities of these companies at the date of acquisition is practically identical to their net carrying value.

€ thousands	Fair value at acquisition date
Goodwill	4,678
Net intangible assets	45
Net tangible assets	280
Net financial assets	31
Other non-current receivables	0
Deferred tax asset	204
Inventory	1,175
Trade receivables	2,263
Other current receivables	41
Current tax assets	11
Other current financial assets	0
Cash and cash equivalents net	1,327
Non-current provisions	0
Other non-current financial liabilities	-178
Other non-current liabilities	-380
Employee benefits	-5
Deferred tax	-7
Current provisions	0
Other current financial liabilities	-16
Trade payables	-2,095
Other current liabilities	-1,178
Current tax liabilities	-286
Equity accounted companies	-270
Minority	0
Acquisition cost	**5,640**
Less: cash acquired	-1,327
Cash flow from acquisition net of cash acquired	**4,313**

Somfy Participations acquired:

- **Zurflüh-Feller**, on 17 July 2008, within the framework of a leveraged buy-out. For Somfy the acquisition required an outlay of €31.0 million of capital.
- **87.53 %** of **Sirem**, on 3 October 2008 within the framework of a leveraged buy-out. For Somfy the acquisition required an outlay of €5.9 million of capital and €2.3 million of mezzanine debt.

Only the SIREM building has been revalued at fair value. The impact on net assets is €1.3 million (net of deferred tax). The other balance sheet accounts have been taken in at their net carrying value. Certain items are susceptible to change during the allocation period. Indeed, Sirem and Zurflüh-Feller's in property, plant and equipment, as Zurflüh-Feller's property, plant and equipment are currently being valued.

€ thousands	Fair value at acquisition date **Zurflüh-Feller**	Fair value at acquisition date **Sirem**
Goodwill	25,462	11,887
Net intangible assets	91	146
Net tangible assets	35,307	5,237
Net financial assets	73	16
Other non-current receivables	0	0
Deferred tax asset	777	272
Inventory	7,271	4,341
Trade receivables	19,246	5,901
Other current receivables	1,247	826
Current tax assets	0	739
Other current financial assets	0	442
Cash and cash equivalents net	6,859	-973
Non-current provisions	-740	-79
Other non-current financial liabilities	-40,664	-16,458
Other non-current liabilities	-2,028	0
Employee benefits	-527	-121
Deferred tax	-1,783	-780
Current provisions	-33	0
Other current financial liabilities	-1,742	-209
Trade payables	-11,590	-3,628
Other current liabilities	-5,413	-1,581
Current tax liabilities	-306	-878
Equity accounted companies	0	0
Minority	0	853
Acquisition costs	**31,507**	**5,953**
Debentures granted by Somfy	0	2,300
Total acquisition cost	**31,507**	**8,253**
Less: cash acquired	-6,859	973
Cash flow from acquisition net of cash acquired	**24,648**	**9,226**

Further, **Somfy Participations** acquired 40% of CIAT Group on 23 July 2008, within the framework of a leveraged buy-out. The cash paid was €34.6 million and €1.9 million of acquisition-related expenses, being a total of €36.5 million. Somfy Participations also granted a debenture loan of €48.0 million to CIAT, which impacts the cash flow statement through payments linked to acquisitions of non-current financial assets.

Fair values are liable to change during the allocation period. Indeed, CIAT's property, plant and equipment are currently being valued.

Net cash flows are also impacted by the payment of an earn-out clause to PD Technology Ltd (€132 thousand) and a small acquisition of a Somfy products distributor (€289 thousand).

Acquisitions during 2007

Somfy Activities acquired:

- Through its subsidiary BFT Spa, two companies: **BFT Portugal** and **Gates System**. These 2 companies, distributors of BFT products were acquired in March 2007 and April 2007 respectively for €1.5 million and €4.6 million. At 31 December 2007, they generated €2.6 million and €4.4 million of sales respectively.

  The alignment of accounting standards had no significant impact on the net assets of these two companies.

- **PD Technology Ltd** for €2.0 million. This English company makes detection sensors for garage doors. PD Technology Ltd, included in the Somfy financial statements from 1 January 2007, contributed €3.9 million to sales and generated goodwill of €0.4 million.

  At the time of acquisition, the patents were valued at their fair value of €0.8 million.

  Somfy will also be obligated to pay a £ 300 thousand earn-out if certain performance criteria are met. Due to the high probability of achieving these objectives, the earn-out has already been recognised in the Group's consolidated financial statements.

€ thousands	Fair value at acquisition date
Goodwill	5,246
Non-current assets	2,367
Deferred tax asset	111
Inventory	1,249
Trade receivables	2,511
Other current receivables	294
Current tax assets	24
Cash and cash equivalents	1,096
Deferred tax liability	-351
Other non-current liabilities	-585
Current and non-current loans	-866
Non-current provisions	-35
Trade payables	-2,128
Other current liabilities	-887
Tax liabilities	-354
Equity accounted companies	–
Acquisition cost	**7,692**
Less: cash acquired	-1,096
Cash flow from acquisition net of cash acquired	**6,596**

Further, **Somfy Activities** acquired 40% of **Firstinnov** for €2.2 million. This company develops and markets data transfer and remote control electronic systems for swimming pools, cars and residential automation markets.

The transaction includes a purchase option on the remaining Firstinnov shares which Somfy may exercise from 2010.

10. Goodwill

€ thousands	Value
At 1 January 2007	**98,323**
Change in scope of consolidation	5,533
Effect of change in foreign exchange rates	-536
Other movements	-1,781
At 31 December 2007	**101,539**
Change in scope of consolidation	42,069
Effect of change in foreign exchange rates	-152
Other movements	1,248
At 31 December 2008	**144,704**

11. Intangible assets

€ thousands	Development costs	Patents & brands	Software	Other	In progress and advance payment	Total
Gross value at 1 January	**11,138**	**6,655**	**25,313**	**646**	**2,571**	**46,323**
Additions	216	53	2,380	309	4,100	7,058
Disposals	-132	-35	-1,849	-21	–	-2,037
Effect of change in foreign exchange rates	–	-175	9	-57	1	-222
Change in scope of consolidation	356	150	1,045	402	47	2,000
Other movements	2,549	–	90	17	-2,595	61
At 31 December 2008	**14,127**	**6,648**	**26,988**	**1,296**	**4,124**	**53,183**
Accumulated amortisation at 1 January	**-1,627**	**-2,241**	**-17,358**	**-474**	**0**	**-21,700**
Depreciation charge for the year	-2,412	-475	-2,263	-87	–	-5,237
Disposals	118	34	1,611	21	–	1,784
Effect of change in foreign exchange rates	–	-37	-17	11	–	-43
Change in scope of consolidation	-277	-136	-943	–	–	-1,356
Other movements	–	–	5	15	–	20
At 31 December 2008	**-4,198**	**-2,855**	**-18,965**	**-514**	**0**	**-26,532**
Net amount at 31 December 2008	**9,929**	**3,793**	**8,023**	**782**	**4,124 ***	**26,651**

** Of which €1,743 thousand is in-progress development costs.*

€ thousands	Development costs	Patents & brands	Software	Other	In progress and advance payment	Total
Gross value at 1 January	**3,035**	**5,346**	**23,704**	**635**	**7,043**	**39,763**
Additions	–	144	1,409	34	3,161	4,748
Disposals	-98	–	-396	–	–	-494
Effect of change in foreign exchange rates	–	-484	-77	-15	–	-576
Change in scope of consolidation	–	1,641	–	–	–	1,641
Other movements	8,201	8	673	-8	-7,633	1,241
At 31 December 2007	**11,138**	**6,655**	**25,313**	**646**	**2,571**	**46,323**
Accumulated amortisation at 1 January	**-338**	**-1,839**	**-15,588**	**-405**	**0**	**-18,170**
Depreciation charge for the year	-1,289	-545	-2,211	-74	–	-4,119
Disposals	–	–	377	–	–	377
Effect of change in foreign exchange rates	–	143	63	5	–	211
Change in scope of consolidation	–	–	–	–	–	0
Other movements	–	–	1	0	–	1
At 31 December 2007	**-1,627**	**-2,241**	**-17,358**	**-474**	**0**	**-21,700**
Net amount at 31 December 2007	**9,511**	**4,414**	**7,955**	**172**	**2,571 ***	**24,623**

** Of which €2,253 thousand is in-progress development costs.*

Development expenses fulfilling the criteria of IAS 38 are capitalised as internally generated in intangible assets. At 31 December 2008 their gross value is €15,870 thousand, of which €1,743 thousand is in progress.

The amount of research and development expenses recognised during the year is €36.9 million (net of internal asset production).

There are no contractual commitments to purchase in intangible assets.

No intangible assets have an indefinite useful life.

12. Property, plant and equipment

12.1 Property, plant and equipment by type

€ thousands	Land	Buildings	Plant, machinery and tools	Other	In progress and advance payment	Total
Gross value at 1 January	**12,244**	**95,414**	**157,506**	**36,741**	**13,593**	**315,498**
Additions	4,646	4,128	12,450	4,047	15,323	40,594
Disposals	-165	-711	-6,661	-2,772	–	-10,309
Effect of change in foreign exchange rates	30	147	305	-377	44	149
Change in scope of consolidation	3,107	23,312	49,675	3,574	1,673	81,341
Other movements	740	10,674	7,857	513	-20,125	-341
At 31 December 2008	**20,602**	**132,964**	**221,132**	**41,726**	**10,508**	**426,932**
Accumulated depreciation at 1 January	**-115**	**-32,264**	**-97,002**	**-22,980**	**–**	**-152,361**
Depreciation charge for the year	-159	-4,321	-13,613	-4,034	–	-22,127
Disposals	–	41	5,921	2,259	–	8,221
Effect of change in foreign exchange rates	–	-124	-133	258	–	1
Change in scope of consolidation	-849	-5,259	-32,232	-2,125	–	-40,465
Other movements	–	-43	176	128	–	261
At 31 December 2008	**-1,123**	**-41,970**	**-136,883**	**-26,494**	**0**	**-206,470**
Net amount at 31 December 2008	**19,479**	**90,994**	**84,249**	**15,232**	**10,508**	**220,462**

€ thousands	Land	Buildings	Plant, machinery and tools	Other	In progress and advance payment	Total
Gross value at 1 January	**12,288**	**92,995**	**149,260**	**32,466**	**8,361**	**295,370**
Additions	–	1,632	9,981	5,957	14,009	31,579
Disposals	-114	-617	-5,786	-3,422	–	-9,939
Effect of change in foreign exchange rates	-9	-59	-392	-554	-23	-1,037
Change in scope of consolidation	79	317	72	698	–	1,166
Other movements	–	1,146	4,371	1,596	-8,754	-1,641
At 31 December 2007	**12,244**	**95,414**	**157,506**	**36,741**	**13,593**	**315,498**
Accumulated depreciation at 1 January	**-113**	**-29,241**	**-92,146**	**-21,752**	**0**	**-143,252**
Depreciation charge for the year	-2	-3,324	-11,493	-3,881	–	-18,700
Disposals	–	309	4,744	2,753	–	7,806
Effect of change in foreign exchange rates	–	37	217	323	–	577
Change in scope of consolidation	–	–	-10	-423	–	-433
Other movements	–	-45	1,686	–	–	1,641
At 31 December 2007	**-115**	**-32,264**	**-97,002**	**-22,980**	**0**	**-152,361**
Net amount at 31 December 2007	**12,129**	**63,150**	**60,504**	**13,761**	**13,593**	**163,137**

There are no significant property, plant and equipment (buildings, machinery and tools) in continuing use, which have a net book value of zero.

There are no contractual commitments to purchase property, plant and equipment.

No property, plant and equipment have an indefinite useful life.

12.2 Property, plant and equipment under finance leases

€ thousands	2008	2007
Gross value		
Land	10,074	5,137
Buildings	62,733	48,940
Buildings in progress	–	4,913
Plant, machinery and tools	20,066	1,076
Total	**92,873**	**60,066**
Accumulated depreciation		
Land	–	–
Buildings	-15,568	-13,543
Plant, machinery and tools	-9,060	-636
Total	**-24,628**	**-14,179**
Net amount at 31 December	**68,245**	**45,887**

The maturity profile of non-discounted and discounted minimum payments on finance leases is as follows:

€ thousands	Liabilities 2008 undiscounted	Liabilities 2008 discounted
Less than 1 year	9,561	7,498
Between 1 and 5 years	24,956	19,829
More than 5 years	18,919	15,191
Total	**53,436**	**42,518**

€ thousands	Liabilities 2007 undiscounted	Liabilities 2007 discounted
Less than 1 year	5,732	4,430
Between 1 and 5 years	17,999	14,989
More than 5 years	9,503	8,503
Total	**33,234**	**27,922**

12.3 Sureties

A portion of the loan taken by Cotherm SAS (€1.6 million at 31 December 2008) intended to finance the extension of a building in Vinay was secured on several buildings in the amount of €0.5 million.

13. Impairment tests

At 31 December 2008, as every year or every time that indications of impairment exist the Somfy group, in conformity with the requirements of IAS 36, re-examined the value of goodwill associated with Cash Generating Units. The Group defines Cash Generating Units based on the manner in which it identifies goodwill and from which it will obtain future economic benefits.

The recoverable value of the cash generating units is the higher of the fair value of the assets reduced by costs to sell and its value in use. The value in use is obtained using the Discounted Cash Flow method (Cash flows calculated over 5 years).

Cash flows are evaluated based on budgets and long-term forecasts.
These cash flows have been projected over several years using specific growth rates which are in line with the Group's historic growth rates.
The growth rate used to project cash flows to infinity was 1.8%.

The 2008 cash flow discount rate has been determined based on market data. (10.0% for European companies and 12.2% for the Chinese company).

The 2007 cash flow discount rate was 9.0% for European companies and 11.4% for the Chinese company.

At 31 December 2008, impairment tests did not lead to any depreciation.

Similarly, no impairment was recorded during the year on assets with a definite useful life for which use is independent from other assets.

Sensitivity analysis

The Group conducted sensitivity analyses on the results of impairment tests using different assumptions for long-term growth rate and discount rate. These sensitivity analyses (movement of +/- 1 percent in discount rate and -/+ 0.3 percent in growth rate to infinity) have no impact on the conclusions reached from the impairment tests.

14. Equity accounted companies

€ thousands	Amount at 31/12/08	Amount at 31/12/07
Equity accounted companies at the beginning of the year	153,049	152,194
Change in scope of consolidation *	36,187	2,200
Variation in fair value **	–	-2,135
Share of profit of equity accounted companies	1,909	13,053
Other ***	-131,191	–
Dividends paid	-816	-12,050
Changes in foreign exchange rate	90	-213
Equity accounted companies at the end of the year **	**59,228**	**153,049**

** Acquisition of 40% of Firstinnov in 2007 and 40% of the CIAT group in 2008.*

*** Fair value includes available-for-sale financial assets held by Faac (€32,162 thousand in 2007 and €34,297 thousand in 2006) and deferred tax in respect of a fiscal disputes -€800 thousand in 2007 and 2006).*

**** De-consolidation of Faac from 1 January 2008, from now on considered to be an available-for-sale asset.*

€ thousands	31/12/08	31/12/07
CIAT held at 40%		
Sales *	365,781	–
Current operating result *	24,253	–
Net result *(group share)* *	10,506	–
Total net assets	227,529	–
Equity shareholder's *(group share)*	-38,018	–
Goodwill	52,857	–

** The figures presented represent 12 months of operations. The CIAT Group was acquired at the beginning of July and thus the contribution to net profit for 6 months of operations is €2,757 thousand at 40% (€1,103 thousand).*

€ thousands	31/12/08	31/12/07
Gaviota -Simbac held at 46.5%		
Sales	69,121	80,685
Current operating result	4,678	9,373
Net result *(group share)*	2,293	4,897
Total net assets	59,696	69,347
Equity shareholder's *(group share)*	22,723	22,185
Goodwill	9,068	9,068

15. Financial assets

€ thousands	31/12/08	31/12/07
Available-for-sale financial assets	231,706	95,601
Non-consolidated shares	*204,295*	*66,411*
Marketable securities	*27,411*	*29,190*
Mezzanine loans *	49,717	0
Loans **	6,139	884
Other	2,274	2,055
Non-current & current financial assets	**289,836**	**98,540**
Due within one year	27,887	28,316
Non-current financial assets	**261,949**	**70,224**

** Somfy SA granted a mezzanine to CIAT with a par value of €48.0 million.*
*** Including a 3 year guarantee granted to CIAT by Somfy SA for a par value of €5.0 million.*

The increase in “Non-consolidated shares” is due to Faac, for which the shares were considered to be available-for-sale assets from 1 January 2008 and were valued by the discounted future cash flow method. The value determined in this manner amounts to €141.0 million. At 31 December 2007, Faac was equity accounted. The difference between the equity value at 31 December 2007 (after dividend distributions) and the fair value determined in accordance with the method described above is €12.9 million (€10.7 million net of deferred tax on the group share of expenses calculated on the gain) and is recognised directly in shareholders’ equity.

Other non-consolidated investments essentially comprise shares held in agta-record. Even though Somfy held 32.95% of the share capital of this company at 31 December 2008, this investment does not fulfil the conditions necessary for the application of equity accounting. Effectively Somfy does not have a significant influence:

- it has no representation on the Board of Directors,
- it does not participate in management decision-making,
- no transactions occur between Somfy and agta record.

The investment in agta record is therefore considered to be “available-for-sale” and is measured at fair value at year end. At 31 December 2008, the fair value amounts to €59.1 million.

Available-for-sale assets as well as marketable securities are recognised at their fair value.

Realised capital gains were €27.6 million at 31 December 2008 (€25.2 million net of deferred tax) compared to €41.6 million at 31 December 2007 (€40.9 million net of deferred tax). The decline in fair values over the period were thus -€14.0 million and were recognised directly in shareholders’ equity (-€15.7 million net of deferred tax).
Financial assets which may be realised within one year are classed as marketable securities.
“Other” essentially includes deposits and guarantees.

16. Inventory

€ thousands	31/12/08	31/12/07
Gross		
Raw materials and other supplies	41,318	35,129
Finished goods and merchandise	74,934	68,634
TOTAL	**116,252**	**103,763**
Provisions	-8,564	-7,735
Net	**107,688**	**96,028**

€ thousands	Value 31/12/07	Net charges	Exchange rate movement	Other Movements	Value 31/12/08
Inventory provisions	-7,735	74	5	-908	-8,564

17. Customers

€ thousands	31/12/08	31/12/07
Gross value	147,667	134,179
Provision	-6,403	-6,221
Net value	**141,264**	**127,958**

€ thousands	Value 31/12/07	Charges	Used reversals	Unused reversals	Exchange rate movement	Other Movements	Value 31/12/08
Customers	-6,221	-1,546	1,050	640	87	-413	-6,403

At 31 December, the maturity profile of trade receivables is as:

€ thousands	Not overdue	Overdue between				Total
		0 to 3 months	3 to 6 months	6 to 9 months	greater than 9 months	
Customers	87,890	43,333	8,450	2,492	5,502	147,667

Credit insurance contracts both in France and internationally, mitigate the consequences of customer default. Approximately 50% of sales are covered by such contracts.

18. Other receivables

€ thousands	31/12/08	31/12/07
Gross value		
Receivables from employees	1,188	952
Other taxes (including VAT)	6,443	6,382
Prepaid expenses	3,932	3,834
Other receivables	1,073	1,100
Total	**12,636**	**12,268**

Other receivables classed as “current” are receivables due in less than one year.

19. Current taxation

The increase in “current taxation asset” relates to a decrease in the taxable profit for several Group companies and to €13.4 million provision on Treasury shares which is tax deductible.

20. Cash and cash equivalents

€ thousands	31/12/08	31/12/07
Cash	37,343	34,101
Cash equivalents	16,825	55,297
Cash and cash equivalents	**54,168**	**89,938**

Cash equivalents include deposits with a maturity of less than 3 months and Euro money market funds.

The average interest rate is approximately 4.33%.

21. Provisions

21.1 Non-current provisions

€ thousands	Provisions for guarantees	Provisions for litigation	Provisions for employee liability	Provisions for risks and other charges	Total 2008
At 1 January	**3,089**	**1,140**	**690**	**1,689**	**6,608**
Expenses	316	254	55	239	864
Used reversals	–	-645	-34	-89	-768
Unused reversals	–	-80	-7	-145	-232
Impact of variations in foreign exchange rate	22	–	–	-2	20
Other movements	5	668	–	271	944
At 31 December	**3,432**	**1,337**	**704**	**1,963**	**7,436**

The net reversals (used and unused) impact current profit from operations by €596 thousand and other operating income and expenses by €(732) thousand.

21.2 Current provisions

€ thousands	Provisions for guarantees	Provisions for litigation	Provisions for risks and other charges	Total 2008
At 1 January	**2,486**	**909**	**1,580**	**4,975**
Expenses	189	194	2,498	2,881
Used reversals	–	-280	-674	-954
Unused reversals	–	-20	-399	-419
Impact of variations in foreign exchange rate	9	–	43	52
Other movements	3	32	-121	-86
At 31 December	**2,687**	**835**	**2,927**	**6,449**

The net reversals (used and unused) impact current profit from operations by -€3 thousand and other operating income and expenses by €1,511 thousand.

22. Financial liabilities

22.1 Analysis by category

€ thousands	31/12/08	31/12/07
Borrowings from credit institutions	170,863	21,058
Lease commitments	42,517	27,922
Other borrowings and financial liabilities	783	444
Non-current & current financial liabilities	**214,163**	**49,424**
Due within one year	81,206	12,737
Non-current financial liabilities	**132,957**	**36,687**

The significant increase in indebtedness is essentially due to acquisitions made by Somfy Participations within the framework of leveraged buy-outs (*see: significant events and changes in scope of consolidation*).

22.2 Analysis by maturity

€ thousands	31/12/08	31/12/07
Less than one year	81,206	12,737
Between 1 to 5 years	108,781	22,716
More than 5 years	24,176	13,971
Total	**214,163**	**49,424**

22.3 Analysis by rate

€ thousands		31/12/08	31/12/07
Variable rate	*€59.1 million swaps*	201,555	47,986
Fixed rate		12,042	999
Non-interest bearing		566	439
Total		**214,163**	**49,424**

Average cost of debt is approximately 4.63%.
Debt is essentially at a variable rate, the real value is not significantly different from the book value.

22.4 Analysis by currency

€ thousands	31/12/08	31/12/07
Euro	208,550	43,685
USD	1,067	2,138
Other	4,546	3,601
Total	**214,163**	**49,424**

22.5 Secured liabilities

At 31 December 2008, the liabilities entered into within the framework of leveraged buy-outs, representing €54.1 million, were secured on the shares of the purchased target companies.

Further, the loan (€2.5 million) which Cotherm entered into to finance the extension of its building in Vinay was the object of:
- a €1.0 million guarantee granted by a third party (l'Udimec);
- a mortgage over various buildings in the amount of €0.5 million.

Finally, Somfy SA has guaranteed credit lines entered into by two of its subsidiaries (€5.1 million).

22.6 covenants

At 31 December 2008, Somfy SA has a total of €178.0 million medium term loan facilities available with 5 banks, of which €102.5 million have been drawn. Funds made available by the credit institutions are subject to Somfy's SA commitment to comply with financial covenants (financial debt/ shareholder's equity ratio) based on the Group's financial structure and its ability to repay. Somfy SA is in compliance with all of these covenants at 31 December 2008.

Since 2006, Somfy has completed three acquisitions within the framework of leveraged buy-outs which are fully consolidated into the Somfy financial statements. Each loan entered into with credit institutions is subject to compliance with contractually agreed covenants. At 31 December 2008, Cotherm is in compliance with their covenants. Sirem will be subject to compliance with certain ratios until 31 December 2009. Conversely, Zurflüh-Feller is not in compliance with its two ratios at the year end 2008 (Net financial liabilities/restated EBITDA and net financial liabilities/ equity) following some important investments made at the end of the year. In compliance with IAS 1, the leveraged buy-out debt (€32.0 million) has been recognised as a current financial liability. These ratios are under renegotiation with the lead bank.

As a reminder, at 31 December 2007, Somfy SA had a total of €120.0 million medium term loan facilities available with 5 banks, none of which had been drawn.
Funds made available by the credit institutions are also subject to Somfy's SA commitment to comply with financial covenants (financial liabilities/ working capital ratio) based on the Group's financial structure and its ability to repay. Somfy SA was in compliance with all of these covenants at 31 December 2007.

At 31 December 2006, Cotherm Participations SA entered into a loan for €15 million within the framework of a leveraged buy-out. The provision of this funding by the credit institutions was subject to Cotherm SAS' commitment to comply with financial covenants.
Two of the ratios (net financial liabilities/restated EBITDA) and (Free cash flow/debt servicing) were not complied with at 31 December 2007. The non-compliance with these two ratios was mainly due to a significant cash outflow between 2007 and 2008. Effectively Cotherm self-financed a part of the extension of the Vinay building but only received the proceeds from its previous building at the beginning of 2008. Further, Cotherm incurred non-recurring costs in relation to this extension.

23. Analysis of net debt

€ thousands	31/12/08	31/12/07
Financial liabilities	214,163	49,424
Financial assets	83,574	30,180
- Marketable securities	*27,411*	*29,190*
- Mezzanine loans	*49,717*	*0*
- Other	*6,446*	*990*
Cash and cash equivalents	54,168	89,398
Net financial debt	**76,421**	**-70,154**

** Somfy SA granted a mezzanine loan to CIAT with a par value of €48.0 million and €1.7 million of capitalised interest to be repaid in 2016.*

24. Financial instruments recognised in the balance sheet

€ thousands	Amount at 31/12/2008	Loans and receivables	Available-for-sale assets (Fair value recognised in reserves)	Held for trading (Fair value recognised in income)	Fair value (Fair value recognised in income)
Assets					
Non-current financial assets	261,949	57,654	204,295	–	–
Current financial assets	27,887	476	27,411	–	–
Current derivative instruments	523	–	–	–	523
Cash and cash equivalents	54,168	48,052	–	6,116	–
Liabilities					
Non-current financial liabilities	132,957	132,957	–	–	–
Non-current derivative instruments	2,653	–	–	–	2,653
Current financial liabilities	81,206	81,206	–	–	–
Current derivative instruments	2,011	–	–	–	2,011

25. Risk management

Foreign exchange risk

Somfy is exposed to foreign exchange risk through intra-group sales of products manufactured in France (these sales are denominated in local currencies) and the translation of subsidiary financial statements to presentation currency (€) at the balance sheet date.
However; over 74% of consolidated sales are generated in the Euro zone.

Derivative financial instruments principally consist of forward currency contracts and foreign currency options.
The Group does not apply hedge accounting. Movements in fair value are thus recognised directly in financial result.
These amounted to -€1,178 thousand at 31 December 2008, compared to €528 thousand at 31 December 2007, impacting financial result by -€1,706 thousand.

31/12/08	Hedging of balance sheet items	Hedging of off-balance sheet items	Total € thousands	Fair value € thousands	Types
AUD	71	0	**71**	**16**	Forward contracts
CAD	308	188	**496**	**80**	Forward contracts, Accumulators
CHF	1,379	4,101	**5,481**	**-265**	Forward contracts, Collar activating within a European-style cap and floor
GBP	321	3,797	**4,118**	**110**	Forward contracts, Accumulators
HKD	1,327	1,984	**3,311**	**-114**	Forward contracts
HUF	584	134	**718**	**56**	Forward contracts, Accumulators
JPY	301	0	**301**	**-49**	Forward contracts
PLN	2,253	822	**3,075**	**257**	Forward contracts, Accumulators
SEK	0	1,295	**1,295**	**4**	Forward contracts, Accumulators
SGD	443	524	**967**	**-18**	Forward contracts
USD	3,416	12,667	**16,083**	**-1,255**	Forward contracts, options, Accumulators
	10,404	**25,513**	**35,917**	**-1,178**	

31/12/07	Hedging of balance sheet items	Hedging of off-balance sheet items	Total € thousands	Fair value € thousands	Types
AUD	1,164	1,244	**2,408**	**65**	Forward contracts, Accumulators
CAD	989	919	**1,908**	**-2**	Forward contracts, Accumulators
CHF	303	3,060	**3,363**	**-1**	Forward contracts
GBP	1,509	0	**1,509**	**111**	Forward contracts
HUF	0	801	**801**	**8**	Forward contracts, Accumulators
JPY	743	961	**1,704**	**135**	Forward contracts
PLN	443	807	**1,250**	**-52**	Forward contracts
SEK	913	1,639	**2,552**	**77**	Forward contracts
SGD	0	1,021	**1,021**	**18**	Forward contracts
USD	5,781	9,271	**15,052**	**169**	Forward contracts, Accumulators
	11,845	**19,723**	**31,568**	**528**	

Interest rate risk

The majority of the Group companies' financial liabilities are at variable rate. Interest rate hedges had a nominal value of €59.1 million at 31 December 2008 compared to €39.8 million in 2007.
Liabilities entered into within the framework of leveraged buy-outs are hedged in conformity with contractual obligations.

The fair value of swaps represented a net liability of €2,653 thousand in 2008, compared to a net liability of €131 thousand in 2007, being an impact of -€2,519 thousand in financial result.

The Group does not hedge fixed rates against variable rates.

Liquidity risk

Group financing essentially relies upon leases and medium term credit facilities which have been used for acquisitions made by Somfy Participations.

The Group does not use any revolving credit facilities and does not securitize its assets.

Investment risk

Taking into consideration the composition of its marketable securities portfolio, the Group is not exposed to share price fluctuation except in respect of treasury shares. Treasury shares held by the parent company and their related provision were eliminated through reserves on consolidation. Only the deferred tax asset calculated on the provision against treasury shares not allocated to share option plans, impacted net profit.

Share risk

In 2007, the Group entered into an equity swap contract which did not relate to treasury shares but to non-group shares. It was unwound at the end of 2008 and resulted in a €4.8 million financial charge for the 2008 financial year.

Credit risk

The maximum exposure to credit risk corresponds to the gross value of the assets concerned.

26. Employee benefits

In respect of pension plan commitments, the Group contributes to pension plans or grants benefits to employees on retirement in compliance with the rules and regulations in place in each country.

On 1 January 2008, the Group adopted, with retroactive effect, the so-called "SORIE" method provided for by IAS 19 "Employee benefits - actuarial gains and losses, group plans and disclosures", that allows for the immediate recognition of all actuarial differences, net of deferred tax, to reserves. Previously, the Group applied the corridor method, according to which actuarial differences exceeding 10% of the greater of the value of commitments and the market value of plan assets were amortised in the income statement over the probable average remaining active life of employees. The impact of this change of method on reserves at 31 December 2007 was a -€856 thousand (-€1,380 in "employee benefits" liabilities +€524 thousand in deferred taxation).

At 31 December 2008, actuarial differences recognised in reserves amount to -€2,105 thousand (-€3,522 thousand in liabilities "employee benefit commitments" and +€1,417 thousand in deferred taxes).

Movements between 2007 and 2008 may be explained as follows:

Employee benefits – France

€ thousands	Projected benefit obligation	Plan Assets	Net opening obligation	Balance sheet position	Past service cost
31 December 2007	**9,402**	**-2,582**	**6,820**	**5,470**	**1,350**
Net expenses for the period:	**977**	**-149**	**828**	**1,211**	**-383**
- Current service cost and finance cost	*977*	–	*977*	*977*	*0*
- Return on plan assets	–	*-149*	*-149*	*-149*	*0*
- Amortisation of actuarial gains and losses and past service cost	–	–	*0*	*383*	*-383*
- Employee contributions	–	–	*0*	*0*	*0*
Contributions paid	**–**	**-459**	**-459**	**-459**	**0**
Benefits paid	**-112**	**96**	**-16**	**-16**	**0**
Actuarial gains & losses/Past service costs	**-797**	**-19**	**-816**	**-889**	**73**
Movements in foreign exchange rates	–	–	0	0	0
Movements in scope of consolidation	1,859	-1,209	650	650	0
31 December 2008	**11,329**	**-4,322**	**7,007**	**5,967**	**1,040**

€ thousands	Projected benefit obligation	Plan Assets	Net opening obligation	Balance sheet position	Past service cost
31 December 2006	**9,144**	**-2,500**	**6,644**	**4,591**	**2,053**
Net expenses for the period:	**627**	**-32**	**595**	**1,105**	**-510**
- Current service cost and finance cost	*627*	–	*627*	*627*	*0*
- Return on plan assets	–	*-32*	*-32*	*-32*	*0*
- Amortisation of actuarial gains and losses and past service cost	–	–	*0*	*510*	*-510*
- Employee contributions	–	–	*0*	*0*	*0*
Contributions paid	**–**	**-344**	**-344**	**-344**	**0**
Benefits paid	**-378**	**304**	**-74**	**-74**	**0**
Actuarial gains & losses/Past service costs	**9**	**-10**	**-1**	**192**	**-193**
Movements in foreign exchange rates	–	–	0	0	0
Movements in scope of consolidation	–	–	0	0	0
31 December 2007	**9,402**	**-2,582**	**6,820**	**5,470**	**1,350**

Employee benefits - Other

€ thousands	Projected benefit obligation	Plan Assets	Net opening obligation	Balance sheet position
31 December 2007	**17,113**	**-14,218**	**2,895**	**2,895**
Net expenses for the period:	**1,396**	**-429**	**967**	**967**
- Current service cost and finance cost	*1,396*	–	*1,396*	*1,396*
- Return on plan assets	–	*-358*	*-358*	*-358*
- Amortisation of actuarial gains and losses and past service cost	–	–	*0*	*0*
- Employee contributions	–	*-71*	*-71*	*-71*
Contributions paid	**–**	**-874**	**-874**	**-874**
Benefits paid	**-548**	**398**	**-150**	**-150**
Actuarial gains & losses/Past service costs	**1,211**	**1,884**	**3,095**	**3,095**
Movements in foreign exchange rates	580	-197	383	383
Movements in scope of consolidation	-44	–	-44	-44
31 December 2008	**19,708**	**-13,436**	**6,272**	**6,272**

€ thousands	Projected benefit obligation	Plan Assets	Net opening obligation	Balance sheet position
31 December 2006	**16,881**	**-13,744**	**3,137**	**3,137**
Net expenses for the period:	**907**	**-419**	**488**	**488**
- Current service cost and finance cost	*907*	–	*907*	*907*
- Return on plan assets	–	*-347*	*-347*	*-347*
- Amortisation of actuarial gains and losses and past service cost	–	–	*0*	*0*
- Employee contributions	–	*-72*	*-72*	*-72*
Contributions paid	**–**	**-559**	**-559**	**-559**
Benefits paid	**-76**	**53**	**-23**	**-23**
Actuarial gains & losses/Past service costs	**104**	**-59**	**45**	**45**
Movements in foreign exchange rates	-703	510	-193	-193
Movements in scope of consolidation	–	–	0	0
31 December 2007	**17,113**	**-14,218**	**2,895**	**2,895**

Long-Service & Jubilee awards

€ thousands	31/12/07	Cost	Benefits paid	Change in scope of consolidation	31/12/08
Discounted debt	1,094	225	-65	46	1,300

€ thousands	31/12/06	Cost	Benefits paid	Change in scope of consolidation	31/12/07
Discounted debt	1,050	83	-39	–	1,094

TFR- Trattamento Di Rapporto (Severance pay provision)

€ thousands	31/12/07	Cost	Benefits paid	Change in scope of consolidation	31/12/08
Liabilities	3,377	1,041	-967	-105	3,346

€ thousands	31/12/06	Cost	Benefits paid	Change in scope of consolidation	31/12/07
Liabilities	3,225	651	-499	–	3,377

The impact of defined benefits on the income statement impacted employee expenses by €2,178 thousand.

The main actuarial assumptions used are as follows:

At 31 December	2008	2007
Discount rate		
France	4.0% - 5.0%	4.0%
Germany	5.0%	4.5%
United States	6.0%	6.0%
Italy	n/a	n/a
Other	4.0% - 5.0%	1.0% - 4.5%
Long-term yield expected from pension plan assets		
France	2.4 - 4.4%	2.4% - 3.5%
Germany	5.0% - 6.0%	5.0% - 6.0%
United States	6.0%	6.0%
Italy	n/a	n/a
Other	2.3% - 4.5%	2.3% - 4.5%
Future salary increases		
France	1.0% - 3.5%	1.4% - 2.8%
Germany	1.0%	1.0%
United States	2.0%	2.0%
Italy	n/a	n/a
Other	1.0% - 2.0%	2.5% - 3.5%

The sensitivity of the gross retirement benefit commitment based on a variation of +1%/-1% in discount rate is -13% / +17% respectively.

The individual training right gave rise at 31 December 2008 to the recognition of a provision of €565 thousand. Rights in respect of training increased to 151,308 hours at 31 December 2008 compared to 90,205 hours at the 2007 year end. The amount of hours used during the year was insignificant.

27. Other liabilities

€ thousands	31/12/08	31/12/07
Social security liabilities	44,706	41,693
Tax liabilities	7,250	7,602
Deferred income	633	1,054
Other *	4,368	1,656
Total	**56,957**	**52,005**

** "Other" essentially comprises liabilities related to property, plant and equipment.*

Other liabilities classed as "current" are liabilities due in less than one year.

28. Share-based payments

In accordance with IFRS 2, share options are valued at market value at the date of allocation and subsequently amortised through the income statement over the vesting period (5 years) for all plans granted since 7 November 2002.
These transactions were valued using the Black & Scholes model, which calculates the fair value of the benefit granted to date and takes into account various parameters such as the share price, exercise price, expected volatility, expected dividends, risk free interest rate and the life of the option.
A new plan was granted in 2008 with 29,550 Somfy share purchase options with an exercise price of €155.

Annual amortisation is calculated by an external expert for the three plans concerned.

At 31 December 2008 the cost is €405 thousand and is recognised in employee expenses (€384 thousand in 2007).

Plan date	Number of beneficiaries	Number of options allocated originally	Adjusted number of exercisable options*	Exercise price (€)	Adjusted exercise price* (€)	Option expiry date
05/12/02	54	20,300	17,695	100.00	97.70	31/01/09
01/12/03	62	20,150	20,088	128.00	125.05	31/01/10
31/03/06	96	36,200	36,200	185.00	185.00	31/03/11
02/04/08	112	29,550	29,550	155.00	155.00	31/01/14

** Adjustments following the separation of the Damart Group and following the exceptional distribution of reserves on 27 December 2005.*

Movements in share option plans in 2007 and 2008 are as follows:

	2008		2007	
	Number of options	Weighted average exercise price (€)	Number of options	Weighted average exercise price (€)
Unexercised options at January 1st	**60,416**	**154.92**	**81,557**	**140.14**
Options granted	29,550	155.00	–	
Options cancelled	-5,058	185.00	-3,079	161.07
Options exercised	-4,130	95.85	-18,062	87.14
Unexercised options at year end	**80,778**	**156.08**	**60,416**	**154.92**
Options exercisable at year end	**21,936**	**118.93**	**26,066**	**115.27**

At 31 December 2008, unexercised options are as follows:

Plan date	Exercise price (€)	Number of unexercised options	Remaining life to option maturity (days)
05/12/02	97.70	4,910	31
01/12/03	125.05	17,026	396
31/03/06	185.00	29,292	820
02/04/08	155.00	29,550	1,857

29. Shareholders' equity

	31/12/08	31/12/07
Total number of shares	7,836,800	7,836,800
Treasury shares	257,230	221,438
Par value	€1	€1
Proposed dividend	€4.80	€5.50

The voting right attached to shares is proportional to the capital that they represent. Each share carries the right to a single vote.

Certain shares are entitled to a double voting right, providing they are fully paid up and have been registered in nominative form for at least four years in the name of the same shareholder at the end of the calendar year preceding each general meeting.

Shareholders' equity is analysed as follows:

€ thousands	31/12/08	31/12/07
Share capital	7,837	7,837
Legal reserve	791	791
Share premium	1,866	1,866
Translation adjustment	-6,088	-3,683
Treasury shares	-41,637	-36,020
Change in available for sale assets *	27,555	41,631
Actuarial gains and losses	-3,522	-1,380
Deferred tax**	-933	-174
Other reserves	599,823	533,018
Net profit	85,735	103,547
Shareholders' Equity (Group share)	**671,427**	**647,433**

** Difference between fair value and acquisition cost: refer to note 15.*

*** Refer to note 7.*

30. Analysis of cash flow statement

30.1 Cash and cash equivalents

€ thousands	31/12/08	31/12/07
CASH AT THE BEGINNING OF THE YEAR	**88,548**	**99,746**
Cash and cash equivalents	89,398	100,046
Bank overdrafts	-850	-300
CASH AT THE END OF THE YEAR	**51,744**	**88,548**
Cash and cash equivalents	54,168	89,398
Bank overdrafts	-2,424	-850

30.2 Intangible assets and property, plant and equipment

Receivables and liabilities related to intangible assets and property, plant and equipment are included in investment activities in the cash flow statement and represented €0.9 million at 31 December 2008, compared to -€0.4 million in 2007.

During 2008 the Group acquired intangible assets and property, plant and equipment totalling €47.6 million, of which €11.2 million was made through finance leases.

30.3 Change in working capital requirements

€ thousands	31/12/08	31/12/07
Net decrease/(increase) in inventory	535	-13,056
Net decrease/(increase) in net customers	10,702	-5,310
Net (decrease)/increase in suppliers	-15,942	-5,773
Net movement in other receivables and payables	-2,097	1,016
Change in working capital requirements	**-6,802**	**-23,123**

31. Off-balance sheet commitments

The Group's commitments comprise the following:

Commitments granted:

€ thousands	31/12/08	31/12/07
Guarantees and pledges granted	4,024	3,605
Interest over the remaining terms of loans	21,596	8,191
Rental payments remaining on operating leases	20,447	10,746
Copper forward calls	3,380	149
Foreign currency forward calls	25,513	19,723
Total	**74,960**	**42,414**

Interest over the remaining terms of loans is calculated only on those loans with known maturities and not on short-term credit facilities with ad-hoc drawings.

Commitments received:

€ thousands	31/12/08	31/12/07
Guarantees, deposits and pledges received	19,392	2,031
Unused credit lines	84,888	109,121
Total	**104,280**	**111,152**

32. Environmental information

The majority of our production sites undertake assembly work only which, by its nature, does not generate pollution. The Group is therefore not exposed to any significant environmental risk. Nevertheless, selective sorting procedures are adopted at each site and measures to reduce energy consumption (heating, electricity) have been implemented at our main production plant in Cluses, France.

As a result, no provision is required for environmental risk.

33. Employee information

33.1 Average headcount

Somfy Group's workforce at 31 December 2008 includes temporary and part-time employees recorded on a full-time equivalent basis:

	31/12/08	31/12/07
Average workforce	5,081	4,712

34. Related party disclosures

Related parties are:
- the parent company,
- companies which exert joint control or a significant influence over the company,
- subsidiaries,
- associates,
- joint ventures,
- members of management and the management committee.

34.1 Transactions with associates

Associates are companies over which the Group has a significant influence and which are consolidated using the equity method. Transactions with related parties are made on market terms.

€ thousands	31/12/08	31/12/07
Sales	3,655	4,642
Other income	367	260
Purchases of goods	1,914	2,600
Other charges	29	54
Interest received	1,858	20
Customers	2,091	1,790
Suppliers	360	417
Loans	5,919	800
Mezzanine loans	49,717	–

34.2 Gross remuneration of management and supervisory board members

€ thousands	31/12/08	31/12/07
Short term benefits	1,632	1,566
Post-employment benefits *	113	111
Share-based payments	55	63

** Incl. past services cost.*

Share-based payments represent the cost of the 2006 and 2007 share option plans.

Post-employment benefits relate to costs incurred in respect of a new supplementary pension plan implemented in 2006 by CMC (SARL) from which two members of the Management Board benefit.

35. Subsequent events

There are no events subsequent to the balance sheet date.

36. Scope of consolidation

All the companies have a year end of 31 December

Company name	Head office	% control 31/12/08	% interest 31/12/08	% interest 31/12/07
Somfy SA	Cluses (France)	(Parent)		
Fully consolidated companies				
Somfy S.A.S	Cluses (France)	100.00	100.00	100.00
Spirel SAS	St-Rémy-de-Maurienne (France)	100.00	100.00	100.00
Somfy GmbH	Rottenburg (Germany)	100.00	100.00	100.00
Somfy Ges.mb H.	Elsbethen-Glasenbach (Austria)	100.00	100.00	100.00
Somfy KFT	Budapest (Hungary)	100.00	100.00	100.00
Somfy Sp zoo	Warsaw (Poland)	100.00	100.00	100.00
Somfy Spol sro	Praha (Czech Republic)	100.00	100.00	100.00
Somfy AB	Limhamn (Sweden)	100.00	100.00	100.00
Somfy BV	Hoofddorp (Netherlands)	100.00	100.00	100.00
Somfy Systems Inc.	Cranbury NJ (United States)	100.00	100.00	100.00
Somfy Italia SRL	Trezzano sul Naviglio (Italy)	100.00	100.00	100.00
Somfy AG	Bassersdorf (Switzerland)	100.00	100.00	100.00
Somfy K.K.	Yokohama (Japan)	100.00	100.00	100.00
Somfy Espana SA	Barcelona (Spain)	100.00	100.00	100.00
NV Somfy SA	Zaventem (Belgium)	100.00	100.00	100.00
Somfy Middle East Co Ltd	Limassol (Cyprus)	100.00	100.00	100.00
Somfy Ltd	Yeadon (England)	100.00	100.00	100.00
Somfy PTY Ltd	Rydalmere (Australia)	100.00	100.00	100.00
Somfy Joo	Seoul (Korea)	100.00	100.00	100.00
Somfy PTE Ltd	Singapore	100.00	100.00	100.00
Somfy Co Ltd	Hong Kong	100.00	100.00	100.00
LianDa	Zhejiang (China)	80.00	80.00	80.00
Somfybat SNC	Cluses (France)	100.00	100.00	100.00
Somfy Morocco SARL	Casablanca (Morocco)	100.00	100.00	100.00
Somfy Hellas SA	Athens (Greece)	100.00	100.00	100.00
Somfy Mexico SA DE CV	Edo de Mex. (Mexico)	100.00	100.00	100.00
Somfy Brazil LTDA	Sao Paulo (Brazil)	100.00	100.00	100.00
Somfy India Pvt Ltd	New Dehli (India)	100.00	100.00	100.00
Simu SAS	70100 Gray (France)	100.00	100.00	100.00
Simu U.S.A. Inc	Boca Raton FL (United States)	100.00	100.00	100.00
SIMU GmbH	Iserlohn (Germany)	100.00	100.00	100.00
Simu RT SPOL SRO	Zlin (Czech Republic)	100.00	100.00	100.00
Somfy ULC	Halifax (Canada)	100.00	100.00	100.00
Hal en Co BV	Maastricht (Netherlands)	100.00	100.00	100.00
WAY SRL	Galliera Bologne (Italy)	100.00	100.00	100.00
Siminor Technologies Castres SARL	Castres (France)	100.00	100.00	100.00
Domis SA	Rumilly (France)	100.00	100.00	100.00
Harmonic Design	California 91355 (United States)	100.00	100.00	100.00
Sisa Home Automatisation Ltd	Rishone Le Zion (Israel)	100.00	100.00	100.00
Somfy China Ltd	Shanghai (China)	100.00	100.00	100.00
Somfy Russia LLC	Moscow (Russia)	100.00	100.00	100.00
SITEM Sarl	Tunis (Tunisia)	100.00	100.00	100.00
SITEM Services	Tunis (Tunisia)	100.00	100.00	100.00

Company name	Head office	% control 31/12/08	% interest 31/12/08	% interest 31/12/07
Domaster SAS	Cluses (France)	100.00	100.00	100.00
Somfy Ev Otomasyon Sistemleri Ticalet Ltd Sti	Usküd (Turkey)	100.00	100.00	100.00
Sun Protection Technology Gmbh	Rottenburg (Germany)	100.00	100.00	100.00
Stehle Hungaria bt	Györ (Hungary)	100.00	100.00	100.00
PD Technology Ltd	Bradford (England)	100.00	100.00	100.00
Somfy Latvia SIA	Riga (Lettonie)	100.00	100.00	–
DSG	Mouscron (Belgium)	99.98	99.98	99.98
BFT SpA	Schio (Italy)	100.00	100.00	100.00
SARL Automatismes BFT France SAS	Lyon (France)	100.00	100.00	100.00
BFT Group Italiberica de Automatismos SL	Barcelone (Spain)	98.70	98.70	98.70
BFT Torantriebssysteme GmbH	Furth (Germany)	60.00	60.00	60.00
BFT Automation UK Limited	Stockport (England)	100.00	100.00	100.00
BFT Benelux SA	Nivelles (Belgium)	100.00	100.00	100.00
BFT Adria d.o.o.	Croatia	75.00	75.00	75.00
BFT US Inc.	Boca Raton FL (United States)	100.00	100.00	100.00
BFT Polska Sp.zoo	Warsaw (Poland)	100.00	100.00	100.00
BFT Portugal SA	Coimbra (Portugal)	100.00	100.00	100.00
BFT Gates systems Limited	Berkshire (England)	100.00	100.00	100.00
SACS SRL	Borgo Valsugana (Italy)	66.85	66.85	66.85
BFT Languedoc SAS	Nîmes (France)	100.00	100.00	–
BFT Sud-Ouest SAS	Toulouse (France)	90.00	90.00	–
BFT Australia	Sydney (Australia)	100.00	100.00	–
BFT Czech Republic	Praha (Czech Republic)	100.00	100.00	–
BFT Piemonte	Dronero (Italy)	70.00	70.00	–
BFT France	Marseille (France)	100.00	100.00	–
Cotherm Participation SA	38470 Vinay (France)	65.00	65.00	65.00
Cotherm Développement SA	38470 Vinay (France)	100.00	65.00	65.00
Cotherm SAS	38470 Vinay (France)	100.00	65.00	65.00
Cotherm Tunisia Sarl	Ben Arous (Tunisia)	100.00	65.00	65.00
M&M components Ltd	Suffolk (England)	95.00	61.75	61.75
Cotherm North America	Warwick (United States)	50.00	32.50	32.50
NMP SASU	Cluses (France)	100.00	100.00	–
Zurflüh-Feller Holding SAS	Autechaux Roide (France)	100.00	100.00	–
Zurflüh-Feller SAS	Autechaux Roide (France)	100.00	100.00	–
Zurflüh-Feller Montage EURL	Autechaux Roide (France)	100.00	100.00	–
CERF EURL	Autechaux Roide (France)	100.00	100.00	–
Financière Nouveau Monde SA	Miribel (France)	87.53	87.53	–
Sirem International SA	Miribel (France)	87.53	87.53	–
Sirem SAS	Miribel (France)	87.53	87.53	–
Aqua System Design SAS	Miribel (France)	87.53	87.53	–
Sirem Immobilier SNC	Miribel (France)	87.53	87.53	–
Equity-accounted companies				
Faac SpA	Bologna (Italy)	–	–	34.00
Gaviota Simbac SL	Sax Alicante (Belgium)	46.50	46.50	46.50
Simbac SpA	Mezzago (Italy)	46.50	46.50	46.50
BFT France	Marseille (France)	–	–	30.00
Firstinnov	Montesson (France)	40.00	40.00	40.00
CIAT	Culoz (France)	40,00	40,00	–

Somfy SA Statutory accounts

BALANCE SHEET ASSETS

€ thousands	31/12/08 Net	31/12/07 Net
NON-CURRENT ASSETS		
Intangible Assets	1	1
Property, plant and equipment	0	0
Financial assets	602,148	424,805
Total	**602,149**	**424,806**
CURRENT ASSETS		
Inventory and work in progress	0	0
Trade receivables	312	156
Other receivables and prepaid expenses	23,166	10,961
Marketable securities	55,487	110,243
Bank and cash	1,846	1,277
Total	**80,811**	**122,637**
TOTAL ASSETS	**682,960**	**547,442**

BALANCE SHEET LIABILITIES

€ thousands	31/12/08	31/12/07
EQUITY		
Share capital	7,837	7,837
Share premium, merger reserves, contribution	1,866	1,866
Reserves	422,220	375,805
Profit for the year	56,778	72,275
Total	**488,702**	**457,783**
Provisions for liabilities and charges	**3,097**	**3,432**
LIABILITIES		
Loans and financial liabilities	103,114	503
Trade receivables	1,100	374
Other liabilities and deferred income	86,946	85,350
Total	**191,161**	**86,227**
TOTAL EQUITY AND LIABILITIES	**682,960**	**547,442**

Income Statement

€ thousands	31/12/08	31/12/07
Sales	1,529	1,571
Other income	335	-
Other expenses:	-9,433	-6,931
Personnel	*-436*	*-494*
Taxes and duties	*-49*	*-50*
Net operating expenses	*-8,948*	*-6,386*
Royalties paid		
Charges/reversals of impairments and provisions	0	584
OPERATING LOSS	**-7,569**	**-4,776**
Net finance income	56,476	73,971
CURRENT OPERATING INCOME BEFORE TAX	**48,907**	**69,195**
Exceptional expenses	-1,613	82
PROFIT BEFORE TAX	**47,293**	**69,277**
Income tax	9,485	2,998
NET PROFIT	**56,778**	**72,275**

Allocation of 2008 profit

€ thousands	
Origin	
Profit carried forward	1,396
Net profit for the year	56,778
Total	**58,174**

€ thousands	
Allocation	
Dividends	37,617
Other reserves	20,557
Total	**58,174**

Notes to the Somfy SA Financial Statements

The financial statements have been prepared for the 12 month period from 1 January 2008 to 31 December 2008.

A -Significant events

Somfy SA acquired:

- **Zurflüh-Feller** on 17 July 2008, within the framework of a leveraged buy-out. Somfy made the acquisition through a €31.0 million equity investment in NMP SAS, Zurflüh-Feller's takeover holding company, which the Somfy now fully owns. The target company, Zurflüh-Feller, specialises in the manufacture of roller shutter components and accessories.

- **Sirem** on 3 October 2008, within the framework of a leveraged buy-out. Somfy made the acquisition through a €5.9 million equity investment in Financière Nouveau Monde, SIREM's takeover holding company of which Somfy now owns 87.53%, and €2.3 million of mezzanine debt. The target company, SIREM, designs and manufactures gear motors and centrifugal pumps as well as electric motorisation systems.

- 40% of Groupe **CIAT** on 23 July 2008, within the framework of a leveraged buy-out. For Somfy the acquisition required an outlay of €34.6 million of capital and €48.0 million of mezzanine debt. CIAT offers a range of products in the fields of air conditioning, heat exchange, air handling and heating using renewable energy.

  The CIAT family shareholders who re-invested in the new deal, hold a put option on their interest in Somfy which may be exercised from 2 May 2012 until 30 June 2012. Similarly, Somfy holds a call option which may be exercised from 1 April 2013 until 30 April 2013.

- An additional stake in **agta record** for €21.4 million increasing ownership to 32.95%.

- 9.14% of **Babeau Seguin**, residential homebuilders, for an amount of €2.7 million.

B - Accounting framework

The 2008 financial statements are presented in accordance with current French legislation as defined by the Accounting Regulatory Board and with the general principles thereof.

The general bases of accounting have been applied in respect of the principal of prudence, in accordance with the following basic assumptions:

- going concern,
- consistency of presentation with the exception of changes as disclosed,
- separable accounting periods,

and complies with the general rules of preparation and presentation of annual financial statements.

The historic cost method has been applied to all accounting entries.

Since the period ended 30 June 1998, investments in exclusively-controlled subsidiaries have been accounted for using the equity method.

Moreover, in application of the dispensations of ruling CRC 2005-09, the Company has chosen to maintain the useful lives previously applied for depreciation purposes for inseparable non-current assets.

Investments

The equity method of accounting allows the recognition of the equity stake in each of the fully-owned and fully consolidated subsidiaries before allocation of net profit attributable to the parent company. Shareholders' equity is determined after restatements made during consolidation to align accounting policies. The net difference not modified by the initial consolidation is added. An equity-method reserve amounting to €176.6 million at 31 December 2008, has been directly recognised in shareholders' equity.

Debentures and other securities

The holdings' entry value comprises acquisition cost, less associated expenses. When the estimated realisable value is lower than cost, an impairment provision is recorded for the difference. The estimated realisable value itself is determined with reference to the principles defined by the PCG (French Chart of Accounts).

Interest falling due on receivables is capitalised at each year end.

Marketable securities

The gross value of marketable securities comprises purchase price less associated costs or carrying value. Marketable securities are valued at their stock exchange quoted price at 31 December 2008 and are impaired when this is less than cost.

Treasury Shares

Treasury shares are reserved solely for allocation to employees within the framework of share option plans and are classified in account 502 “treasury shares”.

Treasury shares allocated to share option plans are valued on a plan by plan basis at the lower of cost or exercise price of the call option.

Shares not yet allocated to plans or which have expired, are valued at the lower of their average acquisition cost or closing quoted price.

Accounts receivable from investments and other receivables

Accounts receivable are carried at par value. A provision for impairment is recorded when their estimated realisable value falls below carrying value.

When the net assets of non-equity accounted investments become negative, a provision for impairment is recorded with reference to the above estimated realisable value.

Foreign currency transactions

Foreign currency denominated income and expenses are recorded at their equivalent value at the transaction date. Foreign currency denominated debt, receivables and cash are recognised on the balance sheet at their face value at the end of the year. The resulting difference from the translation of foreign currency debt and receivables at the year end rate is recognised in the balance sheet as “Translation adjustment”.

Unrealised foreign exchange losses resulting from the net exchange gain or loss recorded on assets and liabilities at the balance sheet date are recorded as a provision for foreign exchange losses.

Borrowings and debt from credit institutions

Borrowings and debt from credit institutions are recorded net on the balance sheet. Accrued interest is recorded on the balance sheet with the related borrowings. At 31 December 2008, the Company was in compliance with all financial covenants imposed by banks on its borrowing facilities.

Interest rate hedges

Income and expenses resulting from interest rate hedges are recognised in the income statement at each contracted maturity date.

The following are recognised at year end:

- accrued interest on interest rate hedges,
- the unrealised loss resulting from the recognition at fair value of financial instruments for which a provision for interest rate risk has been established.

Operating results

At 31 December 2008, Somfy SA sales were €1.6 million, consistent with the prior year. Operating loss was -€8.3 million, compared to -€4.8 million in 2007, primarily as a result of expenses incurred in respect of acquisitions made by Somfy SA.

Financial results

Financial income of the Somfy SA holding company is €56.5 million compared to €73.9 million in 2007.

The reduction in financial income is as a result of an impairment provision of -€13.4 million recorded on treasury shares not allocated to share option plans, a realised loss of -€4.8 million on an equity swap contract on non-group shares, unrealised losses of -€1.4 million on interest rate hedges recorded in provisions for risks, a foreign exchange loss resulting from foreign currency volatility during 2008, primarily with respect to the US Dollar, Pound Sterling, Korean Won and interest on bank borrowings, partially offset by interest on the mezzanine debt which Somfy SA granted to CIAT and Financière Nouveau Monde.

Net profit

Net profit for the year is €56.8 million, after recognising a consolidated tax profit of €9.5 million.

Income tax consolidation

Income tax consolidation arrangement signed between Somfy S.A. and its direct and indirect subsidiaries was renewed on 1 January 2007 for a further 5 year period, until 31 December 2012.
In accordance with the arrangement, the difference calculated between the income tax chargeable on the combined profits of the tax group and the sum of the Group companies' individual tax charges, may be credited to Somfy S.A., the Group's parent company. Pursuant to this arrangement a saving of €9.5 million was realised at 31 December 2008.
Tax savings resulting from the transfer of losses from subsidiaries are considered to be tax income.
Should a subsidiary cease to be a member of the tax group, they will be compensated by Somfy S.A. in accordance with jointly-agreed exit methodology, taking into account the situation at that date.

Currently there are no available tax losses.

NMP SAS joined the tax group in 2008.

SOMFY S.A. Share Option Plans

There are currently four share option plans in existence, the key features of which are disclosed in note 17.
An adjustment was made to the price and number of share options awarded, in accordance with the requirements of articles 174-12 and 174 13 of the decree of March 1967, following the partial contribution of Somfy S.A. assets and the distribution on 1 July 2002 of 7,713,691 DAMARTEX shares to shareholders.

C - Notes

Note 1: Gross non-current assets

€ thousands	Gross value 31/12/07	Increase	Decrease	Merger movements	Other movements	Gross value 31/12/08
Intangible assets	**209**	**–**	**–**	**–**	**–**	**209**
Property, plant and equipment	**2**	**–**	**–**	**–**	**–**	**2**
Investments	**424,932**	**178,056**	**-800**	**0**	**0**	**602,188**
Equity Investments	422,457	116,512	-635	–	–	538,334
Receivables from associates and related companies	1,220	9,234	-164	–	–	10,290
Other	1,255	224	-2	–	–	1,477
Debenture loans	0	52,086	–	–	–	52,086
	425,144	**178,056**	**-800**	**0**	**0**	**602,398**

The increase in investments is due to equity investments of €99.6 million, share capital increases, as well as new loans extended to subsidiaries. The decrease related to repayments of loans to subsidiaries. The increase in other financial assets is due to the issuance of debenture loans for the benefit of companies acquired through leveraged buy-outs. The historic cost of equity accounted shares amounted to €361.7 million. The equity accounted reserve has thus risen by €15.8 million to €176.6 million.

Note 2: Amortisation and depreciation

€ thousands	Gross value 31/12/07	Increase	Decrease	Merger movements	Other movements	Gross value 31/12/08
Intangible assets	**208**	**–**	**–**	**–**	**–**	**208**
Concessions, patents, licences	208	–	–	–	–	208
Property, plant and equipment	**2**	**0**	**0**	**0**	**0**	**2**
	210	**0**	**0**	**0**	**0**	**210**

Note 3: Balance Sheet provisions

€ thousands	Total 31/12/07	Charges	Reversals used	Reversals not used	Merger movements	Other movements	Total 31/12/08
Regulated provisions	**0**	**–**	**–**	**–**	**–**	**–**	**0**
Provisions for liabilities and charges	**3,432**	**2,151**	**-1,930**	**-557**	**0**	**0**	**3,097**
Impairment provisions	**129**	**13,813**	**-13**	**0**	**0**	**0**	**13,929**
On investments	40	–	–	–	–	–	40
On miscellaneous receivables	0	–	–	–	–	–	0
On marketable securities	89	13,813	-13	–	–	–	13,889
	3,561	**15,964**	**-1,943**	**-557**	**0**	**0**	**17,026**

Note 4: Analysis of maturity of receivables

€ thousands	Total	Less than one year	More than one year
Non-current asset receivables			
Accounts receivable from investee companies	10,290		10,290
Other financial assets	1,477	–	1,477
Debenture loans	52,086	–	52,086
Current asset receivables			
Trade receivables	312	312	0
Miscellaneous receivables *	23,075	20,406	2,669
Prepayments and foreign exchange differences	91	91	–
	87,332	**20,809**	**66,523**

** Including €3,489 thousand of intra-group current accounts in particular coming from the implementation of cash pooling at a Group level.*

Note 5: Analysis of maturity of payables

€ thousands	Total	Less than one year	1 to 5 years	More than 5 years
Liabilities				
Loans and related payables to credit institutions	103,114	73,114	30,000	–
Miscellaneous loans and financial payables	0	–	–	–
Operating liabilities			**–**	**–**
Trade payables and related accounts	1,100	1,100	–	–
Tax and social contributions	196	196	–	–
Other payables*	86,500	86,500	–	–
Deferred income and foreign exchange differences	251	251	–	–
	191,161	**161,161**	**30,000**	**0**

** Including €86,425 thousand of intra-group current accounts in particular coming from the implementation of cash pooling at a Group level.*

Note 6: Analysis of operations of associates and investee entities

€ thousands	
Investments	538,334
Accounts receivable related to investments	10,290
Debenture loans	52,086
Loans and financial payables	0
Finance income (interest and dividends)	80,882
Finance expense (interest)	-2,523
Exceptional expenses	-1,133
Receivables	3,784
Debt	86,422

Note 7: Movement in Shareholders' Equity

€ thousands	Balance at 31/12/07 before allocation of net profit	Allocation of net profit 31/12/2007	2008 movements	Balance at 31/12/08 before allocation of net profit	Allocation of 2008 net profit	Balance at 31/12/08 after allocation of net profit
Share capital	7,837	–	–	7,837	–	7,837
Share premium & merger reserves	1,866	–	–	1,866	–	1,866
Revaluation reserve	166,722	–	15,848	182,570	–	182,570
Legal reserve	791	–	–	791	–	791
Regulated reserves	0	0	–	0	0	0
Other reserves	207,126	30,337		237,463	20,557	258,021
Retained earnings	1,165	-1,165	1,396	1,396	-1,396	0
Net profit	72,275	-72,275	56,778	56,778	-56,778	0
Tax-regulated provisions	–	–	–	–	–	0
	457,783	**-43,102**	**74,022**	**488,702**	**-37,616**	**451,085**
			Movement			
Shareholders' equity after allocation	414,680		36,406			451,085

Note 8: Deferred income

€ thousands	
Dividends	0
Accrued interest on cash accounts	216
Government, tax and duties	2,741
Other	71

Note 9: Accrued expenses

€ thousands	31/12/08
Accrued loan interest	122
Suppliers, unpaid invoices	219
Employees, statutory bodies, government, duties and taxes	176
Miscellaneous	0
Directors' fees	1

Note 10: Share capital

€ thousands	Number of shares	Par Value
Shares		
At the beginning of the year	7,836,800	1.0
At the end of the year	7,836,800	1.0
Convertible bonds and similar securities	–	–

Note 11: Sales breakdown

€ thousands	31/12/08
France	1,226
European Union	156
Rest of the world	147
Total	**1,529**

Note 12: Financial commitments

€ thousands	31/12/08	31/12/07
Guarantees and deposits received	1,960	1,870
Unused borrowing facilities	76,250	103,250
Total	**78,210**	**105,120**

€ thousands	31/12/08	31/12/07
Guarantees and deposits granted	10,589	11,291
Interest on outstanding loans	122	0
Total	**10,711**	**11,291**

Note 13: Securitised debt

No loans or liabilities from credit institutions.

Note 14: Directors' remuneration

€ thousands	
Remuneration granted	
- to members of the Management Board	61
- to members of the Supervisory board	60
Pension contributions	N/A

Note 15: Staff at 31 December 2008

	Men	Women	Total
Executives	3	2	**5**

Note 16: Share option plans at 31 December 2008

Share option plans after adjustment following the seperation of the Group (€)

Plan date	Number of beneficiaries	Number of options granted	Adjusted number of options	Exercise price	Adjusted exercise price	Closing date
05/12/2002	54	20,300	**17,695**	100.00	**97.70**	31/01/2009
01/12/2003	62	20,150	**20,088**	128.00	**125.05**	31/01/2010
31/03/2006	96	36,200	**36,200**	185.00	**185.00**	31/03/2011
02/04/2008	112	29,550	**29,550**	155.00	**155.00**	31/01/2014

Analysis of unexercised options

Plan date	Exercise price	Number of exercisable options	Time remaining to option maturity (days)	Plan maturity date
05/12/2002	97.70	4,910	**31**	31/01/2009
01/12/2003	125.05	17,026	**396**	31/01/2010
31/03/2006	185.00	29,292	**820**	31/03/2011
02/04/2008	155.00	29,550	**1,857**	31/01/2014

Movements in share option plans

	2008		2007	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Unexercised options at 1 January	**60,416**	**154.92**	**81,557**	**140.14**
Options granted	29,550	155.00	–	
Options cancelled	-5,058	185.00	-3,079	161.07
Options exercised	-4,130	95.85	-18,062	87.14
Unexercised options at the end of the year	**80,778**	**156.08**	**60,416**	**154.92**
Exercisable options at the end of the year	**21,936**	**118.93**	**26,066**	**115.27**

Note 17: Treasury shares

€ thousands		31/12/07	Increase	Decrease	Transfers	31/12/08
Stock options	€ thousands	35,411	5,329	-319		40,421
	number	*218,712*	*35,524*	*-4,130*		*250,106*
Liquidity contracts	€ thousands	608	1,001	-394	0	1,215
	number	*2,726*	*6,584*	*-2,186*	*0*	*7,124*
Treasury shares	€ thousands	0	0	0	0	0
	number	*0*	*0*	*0*	*0*	*0*
TOTAL TREASURY SHARES	**€ thousands**	**36,019**	**6,330**	**-713**	**0**	**41,636**
	number	***221,438***	***42,108***	***-6,316***	***0***	***257,230***

Note 18: Breakdown of income tax at 31 December 2008

€ thousands	Net profit	Tax		
		Basis	Rate	Total
Taxable profit				
Net profit	48,907	48,907		16,824
Tax adjustments				
- long term capital gains and losses		0		0
- investment income		-74,860		-25,752
- other		9,710		3,340
Theoretical tax		-16,243	34.4%	-5,587
Exceptional profit				
Net profit	-1,613	-1,613		-555
Tax adjustments				
- long term capital gains and losses		0	0	0
- deductions		716	0	246
- reinstatements		0	0	0
Theoretical tax		-897	34.4%	-309
Total theoretical tax		**-17,140**		**-5,896**
Tax paid by tax group companies				14,783
Tax charge/income from the tax group				-5,299
Tax charge/relief from previous periods				
Net profit				**56,778**
		Before tax	Tax	After tax
Taxable profit		48,907	5,587	54,494
Exceptional profit/(loss)		-1,613	309	-1,305
				53,189
Tax charge/income from the tax group				-5,299
Tax paid by tax group companies				14,783
Tax charge/relief from previous periods				0
				62,674
Theoretical tax				-5,896
Net profit				**56,778**

Note 19: List of companies belonging to the tax group

Somfy SAS	Cluses
Spirel SAS	St-Rémy-de-Maurienne
Simu SAS	Gray
Somfy Development SAS	Cluses
CMC SARL	Cluses
Domis SA	Rumilly
Domaster SAS	Cluses
Siminor Technologie Castres SARL	Castres
NMP SAS	Cluses

Note 20: Subsidiaries and investments

€ thousands	Share capital and premium	Reserves and retained earnings before allocation of net profit	Share of capital held %	Profit or loss (-) for the last financial year	Sales	Dividends received
Subsidiaries (at least 34% of share capital held by the company)						
Cotherm	8,000	-803	64.99%	2,759		0
DSG	4,250	-849	99.90%	380		0
Somfy SAS	20,000	65,176	100.00%	32,719	336,733	40,000
Spirel	56	3,270	100.00%	-83	23,811	300
CMC	8	523	100.00%	372		150
Somfybat	6,830	6,286	100.00%	352		500
Somfy Development	5,906	-3,401	100.00%	665	661	0
Somfy Ltd	142	1,411	100.00%	304	9,381	251
Somfy PTY Limited	298	3,295	100.00%	1,556	9,467	614
Somfy N.V.	348	3,241	100.00%	1,298	20,887	1,000
Somfy Brazil Ltda	74	846	99.00%	254	4,388	0
Somfy GmbH	1,500	8,121	100.00%	2,072	93,251	2,350
Sun Proctection Technology Gmbh	25	-1,158	100.00%	1,315	31	0
Somfy Kft	866	-274	100.00%	-152	2,728	0
Somfy SPOL SRO	-15	509	100.00%	-99	7,691	0
Somfy Sp.Zoo	151	1,670	100.00%	755	4,482	0
Somfy Romania	60	-6	100.00%	-27	740	0
Somfy JOO	264	2,733	100.00%	434	5,526	0

€ thousands	Share capital and premium	Reserves and retained earnings before allocation of net profit	Share of capital held %	Profit or loss (-) for the last financial year	Sales	Dividends received
i-blind	2,870	-2,487	100.00%	-458	2,672	0
Somfy Italia	2,000	23,003	95.00%	1,593	19,439	380
Somfy Espana SA	93,100	1,699	100.00%	5,771	22,254	7,899
Somfy Systems Inc.	2,058	12,563	100.00%	547	36,792	0
Somfy AG	32	1,157	100.00%	1,014	12,391	980
Somfy AB	82	1,554	100.00%	693	12,450	1,397
Somfy PTE Ltd	528	345	100.00%	391	3,113	0
Somfy Co Ltd	51	820	100.00%	442	4,418	494
LianDa	5,395	-2,316	80.00%	-2,019	2,568	0
Somfy Middle East Co Ltd	72	9,671	100.00%	4,104	28,252	3,200
Somfy Mexico SA DE CV	28	1,264	99.75%	218	3,571	0
Somfy K.K.	244	2,403	100.00%	-970	6,733	0
Promofi BV	91	-6,031	100.00%	8,405		7,000
Simu SAS	5,000	13,898	99.99%	11,308	62,711	7,000
Somfy ULC Canada	2,299	-37	85.30%	636	3,901	0
Gaviota	4,548	18,321	46.50%	1,869	51,394	816
Faac SpA	775	372,426	34.00%	31,464		3,060
Firstinnov	50	741	40.00%	-650		0
NMP SAS	29,000	0	100.00%	-3,648		0
Yorkshire Technology Ltd & Control	21	584	100.00%	-3	3,287	0
CIAT Group	84,305	0	40.00%	-2,604		0
Financière Nouveau Monde	6,825	0	87.53%	-422		0
Arve Finance	2,500	0	40.00%	-50	0	0
Simu US	158	4,843	100.00%	143	7,953	0
Somfy SIA	14	336	100.00%	-3	65	0

€ thousands	
Loans and advances granted to the companies above, not yet repaid	11,901
Total guarantees granted to the companies above	7,189
Dividends paid by companies above during the year	77,391

Note 21: Investments at 31 December 2008

€ thousands		Gross value	Net	Quoted value
1. Investments				
29,995	shares DSG	4,218	4,218	–
119,994	shares Vimart	63	23	–
1,000,000	shares Somfy SAS	8,286	8,286	–
30,000	shares Somfy GmbH	4,555	4,555	–
3,000	shares Somfy AB	534	534	–
1,500	shares Promofi BV	1,084	1,084	–
230	shares Somfy Systems Inc.	2,585	2,585	–
1,900,000	shares Somfy Italia SRL	2,271	2,271	–
50	shares Somfy AG	152	152	–
660	shares Somfy K.K.	194	194	–
35,000	shares Somfy Espana SA	93,161	93,161	–
13,995	shares Somfy N.V.	334	334	–
35,999	shares Somfy Middle East Co Ltd	72	72	–
100,000	shares Somfy Ltd	144	144	–
499,999	shares Somfy PTY Limited	350	350	–
80,000	shares Somfy JOO	460	460	–
200,000	shares Somfy PTE Ltd	514	514	–
2,051,721	shares Somfy Development	21,665	21,665	–
3,500	shares Spirel	1,374	1,374	–
500	shares CMC	8	8	–
499,999	shares Somfy Co Ltd	51	51	–
1	shares Somfy SPOL	152	152	–
7,570	shares Somfy Sp.Zoo	1,423	1,423	–
1	shares Somfy Kft	869	869	–
399	shares Somfy Mexico SA DE CV	44	44	–
269,000	shares Somfy Brazil Ltda	149	149	–
250,000	shares Simu SAS	23,937	23,937	–
51,000	shares Faac SpA	17,373	17,373	–

€ thousands		Gross value	Net	Quoted value
4,393,928	shares agta-record	45,780	45,780	73,818
544	shares Gaviota	22,157	22,157	–
400,000	shares i-Blind	3,055	3,055	–
44,000	shares LianDa	4,550	4,550	–
51,994	shares Cotherm Participation	5,200	5,200	–
2	shares Sun Protection Technology GmbH	25	25	–
21,348	shares Somfy SRL Romania	60	60	–
2,380	shares Somfy ULC Canada	1,679	1,679	–
700	shares Yorkshire Technology Ltd et Control	2,078	2,078	–
320	shares FirstInnov	2,200	2,200	–
2,900,000	shares NMP SAS	29,000	29,000	–
270,000	shares Financière Performance	2,700	2,700	–
33,600,000	shares CIAT Group	33,600	33,600	–
5,895	shares Financière Nouveau Monde	5,895	5,895	–
1,000	shares Arve Finance	1,000	1,000	–
1,000	shares Simu US	6,096	6,096	–
100	shares Somfy SIA	315	315	–
379,449	shares Somfybat	10,280	10,280	–
		361,692	**361,652**	**73,818**
2. Portfolio invesments		–	–	–
3. Marketable securities				
Treasury shares		41,636	27,823	27,824
Other marketable securities		27 739	27 664	29 075
		69 376	**55 487**	**56 899**

Legal documents

Statutory Auditors' Report on Somfy SA financial statements

Dear shareholders,

In execution of our mandate conferred to us by your General Meeting, we hereby present you our report for the financial year ended 31 December 2008, regarding the following:
- our audit of the accompanying Somfy SA company financial statements;
- the justification of our assessments;
- specific legal verifications and disclosures.

Financial statements have been prepared by the Management Board. It is our responsibility to express an opinion, on the basis of our audit.

I. Opinion on the financial statements

We have conducted our audit in accordance with French Generally Accepted Auditing Standards. These standards require that we plan to obtain reasonable assurance on whether the consolidated financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
We certify that the financial statements are in accordance with the French rules and principles, and give a true and fair view of the results for the year just ended as well as the financial position and the assets of the company at the end of this year.

II. Justification of assessments

In application of Article L. 823-9 of the French Commercial Code regarding Statutory Auditors' observations, we wish to bring to your attention the following matters:
- As specified in the note entitled "Investments" in the notes to the financial statements and in accordance with opinion n°34 of the Conseil National de la Comptabilité, Somfy SA has historically selected the equity method of recognition of investments in fully controlled companies. The securities eligible as part of this option are in respect of fully consolidated companies, whose historic acquisition cost was €361.7 million.
- The equity value of these investments amounted to €538.3 million at 31 December 2008, thus having a favourable impact on the Somfy SA company's equity of €176.6 million at that date.

Our review of these matters was performed within the framework of our statutory audit of the annual financial statements, and accordingly contributed to the issuance of our unqualified audit opinion in the first part of this Report.

III. Specific verification and information

We have also proceeded with specific verifications required by law.
We have no observations to make with regard to:
- the fairness and agreement with the financial statements of information provided in the documents to shareholders on the financial position and financial statements of the Company;
- the fairness of information provided in the Management Report relating to remuneration and benefits paid to Directors concerned, as well as commitments granted for their benefit upon taking up or resigning their duties or subsequent to these.

In application of the Law, we have assured ourselves that information relating to shareholdings and the identity of entities or individuals holding shares and voting rights has been communicated to you in the Management Board report.

Paris and Lyon, 28 April 2009
The Statutory Auditors

LEDOUBLE
Dominique Ledouble

ERNST & YOUNG Audit
Daniel Mary-Dauphin

Statutory Auditors' special Report on regulated agreements and commitments

Dear shareholders,

As Statutory Auditors to your Company, we present to you our Report on the Regulated Agreements and Commitments.

Agreements and commitments authorised during the financial year

In application of Article L. 225-58 of the Commercial Code, we were informed of the agreements and commitments subject to prior approval by your Supervisory Board.
It is not our responsibility to search for the potential existence of other agreements and commitments, but, on the basis of information given to us, to inform you of the key features of those that we have been made aware of, without having to pass judgement on their usefulness and validity. It is your responsibility, pursuant to Article R. 225-58 of the Commercial Code, to assess whether it is in your interest that these agreements be entered into prior to your approval.
We carried out the due diligence we deemed necessary in the light of the professional standards of Compagnie nationale des commissaires relative to this assignment. Such due diligence consisted in verifying that the information we were given was consistent with the information disclosed in their source documents.

With the Simu S.A.S. company

Board of Directors' member concerned
M. Wilfrid Le Naour.

Nature and object

Transfer by Simu S.A.S. of all shares in Simu Inc. to your Company.

Terms and conditions

Simu S.A.S. transferred all the shares (i.e. 1,000 shares) in Simu Inc. to your Company, at a price per share of USD 7,600, being a total price of USD 7,600,000, converted into Euro on the transaction date. This authorisation was granted on 12 November 2008, prior to the merger of Simu Inc. and Somfy Systems Inc.

Agreements and commitments authorised in previous financial years and continued during the financial year

In addition, in application of the Commercial Code, we were informed that the following agreements and commitments, approved in previous financial years were continued in the last financial year;

1. With the CMC company

Nature and object

Supplementary pension plan Article 39 open to employees of the CMC company, members of the management committee with 15 years service.

Terms and conditions

This contract, authorised on 31 May 2006, gives the right to an additional pension of 0.75% of annual salary, multiplied by the number of years service, with a ceiling of twenty years and a maximum of 15% of the reference salary, this corresponds to the average remuneration for the last four years excluding exceptional bonuses and profit-sharing.

2. With the Somfy S.A.S., Spirel S.A.S., Simu S.A.S., Somfy Development S.A.S., CMC S.A.R.L., Domis S.A., Domaster S.A.S., Siminor Technologies Castres S.A.R.L, and NMP S.A.S. companies

Nature and object

Income tax consolidation agreement.

Terms and conditions

Your company authorised the signature of a tax grouping agreement on 28 June 2002, for which your company is the leading company of a tax group. This tax grouping agreement continued throughout the year and was renewed on 4 December 2006 for a period of five years with effect from 1 January 2007.

Paris and Lyon, 28 April 2009
The Statutory Auditors

LEDOUBLE
Dominique Ledouble

ERNST & YOUNG Audit
Daniel Mary-Dauphin

Statutory Auditors' Report on consolidated financial statements

Dear shareholders,

In execution of our mandate conferred to us by your General Meeting, we have audited the accompanying consolidated financial statements of the Somfy company, for the year ended 31 December 2008, on:
- our audit of the accompanying Somfy SA consolidated financial statements;
- the justification of our assessments;
- specific legal verifications and disclosures.

The consolidated financial statements have been prepared by the Board of Directors. It is our responsibility to express an opinion, on the basis of our audit.

I. Opinion on the consolidated financial statements

We have conducted our audit in accordance with French Generally Accepted Auditing Standards. These standards require that we plan to obtain reasonable assurance on whether the consolidated financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and the financial estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

We certify that the consolidated financial statements for the year are in accordance with IFRS as adopted by the European Union and give a true and fair view of the assets, financial position and profit of the Group constituted by the persons and entities included in the consolidation.

Without calling into question the above opinion, we draw your attention to the following matters, regarding the changes in accounting methods highlighted in Note 1 "Accounting rules and methods of the notes to the consolidated financial statements relating to:
- the early application of IFRS 8 "Operating segment",
- to the adoption of the option provided by IAS 19 "Employee benefits – Actuarial differences" regarding the recognition of actuarial gains to equity.

II. Justification of assessments

In application of the provisions of Article L. 823-9 of the French Commercial Code regarding Statutory Auditors' observations, we wish to bring to your attention the following matters:
- As part of our assessment of the accounting rules and principles implemented by your Company, we verified the fairness of the above mentioned changes in accounting policy and the fairness of their presentation.
- Notes H) and 13) of the notes to the consolidated financial statements details the rules and accounting methods relating to the recognition and evaluation of acquisition goodwill. We have reviewed the evaluation methods used by your company and verified the resulting calculations. As part of our review of these estimates, we have assured ourselves of the reasonableness of selected assumptions and resulting estimates.

Our review of these matters was performed within the framework of our statutory audit of the consolidated financial statements, and accordingly contributed to the issuance of our unqualified audit opinion in the first part of this Report.

III. Specific verification

We have also proceeded with a verification of information relating to the Group, as presented in the Directors' Report, in accordance with professional standards in France.

We have no observations to make with regard to the fairness of such information and its consistency with the consolidated financial statements.

Paris and Lyon, 28 April 2009
The Statutory Auditors

LEDOUBLE
Dominique Ledouble

ERNST & YOUNG Audit
Daniel Mary-Dauphin

Statutory Auditors' Report, prepared in application of the last paragraph of Article L. 225-235 of the French Commercial Code, on the Report of the Chairman of the Supervisory Board of Somfy S.A.

Dear shareholders,

As Statutory Auditors to Somfy S.A., and in application of the provisions of the last paragraph of Article L. 225-235 of the Commercial Code, we present to you our report on your Company Chairman's Report in accordance with Article L. 225-68 of the French Commercial Code for the year ended 31 December 2008.

It is the responsibility of the Chairman to submit his Report for approval by the Supervisory Board, including the internal control and risk management procedures implemented within the Group and the other disclosures required by Article L. 225-68 of the Commercial Code on corporate governance procedures.

It is our responsibility:

- to communicate to you any observations we may have concerning information and declarations contained in the Chairman's Report regarding internal control procedures relating to the preparation and processing of financial and accounting information and
- certify that this report includes all other disclosures required by Article L. 225 68 of the Commercial Code, it being specified that is not our responsibility to verify the fairness of these disclosures.

We have carried out our work according to the professional standards in France.

Information contained in the Chairman's report, concerning the internal control procedures relative to the preparation and processing of financial and accounting information

The professional standards in France require diligence procedures to be implemented to verify the fairness of the information contained in the Chairman's report, concerning the internal control procedures relative to the preparation and processing of financial and accounting information. This diligence notably consists of:

- becoming aware of the internal control procedures relative to the preparation and processing of financial and accounting information supporting the information presented in the Chairman's report as well as existing documentation;
- becoming aware of the work leading to the preparation of this information and the existing documentation;
- determining whether major deficiencies in the internal control relating to the preparation and processing of accounting and financial information that we have revealed as part of our assignment are appropriately dealt with in the Report of the Chairman.

On the basis of our work, we have no observations to make on the description of internal control procedures relating to the preparation and processing of financial and accounting information, as contained in the Chairman's Report, prepared in accordance with the provisions of the last paragraph of Article L. 225-68 of the French Commercial Code.

Other information

We certify that the report of the superisory Board includes all disclosures required by Article L. 225-68 of the Commercial Code.

Paris and Lyon, 28 April 2009
The staturory Auditors

LEDOUBLE
Dominique Ledouble

ERNST & YOUNG Audit
Daniel Mary-Dauphin

Supervisory Board Report

Ladies and Gentlemen,

The Management Board has convened this Annual General Meeting in order to submit for your approval the Group's financial statements for the year just ended.

In accordance with Article L. 225-68 of the Commercial Code, the Management Board has kept us periodically informed on transactions through the presentation of quarterly reports.

The Management Board submitted to us, for verification and control purposes, the company's financial statements and consolidated statements at 31 December 2008, which you are requested to validate today.

The Management Board also provided us with the report, which has just been presented to you.

We hereby submit to you our observations on these financial statements and on this report, in accordance with the above mentioned Article L. 225-68.

The content of this report reflects information that was regularly provided to us during the financial year just ended.

We were also kept informed of the organisation of the Group in two separate branches: **Somfy Activities**, dedicated to traditional businesses, and the other, **Somfy Participations**, dedicated to investments and shareholdings in industrial companies operating outside the core business, as well as to acquisitions made by each of these companies in 2008.

Consolidated sales were €749.4 million, an increase of 4.0% in actual terms and 1.2% on a like-for-like basis.

The Somfy Activities branch reported sales of €691.0 million, marked by a decrease in sales in Northern Europe (-4.9%) and Southern Europe (-0.5%), whereas growth continued in Asia Pacific (+ 6.3%) and Central and Eastern Europe (+12.0%).

Somfy Participations posted sales of €58.4 million, resulting from the respective contribution of Cotherm (twelve months) and the newly fully consolidated companies Zurflüh-Feller (six months) and Sirem (three months).

As concerns results, current operating income was €123.9 million, being 16.5% of sales.

Somfy Activities current operating income was €117.6 million; it suffered from the increase in structure costs as a result of investments made in 2007.

The Somfy Participations branch, which benefited from the consolidation of Zurflüh-Feller and Sirem, generated growth in its current operating income of €3.4 million.

The consolidated net profit amounted to €86.4 million, taking into account an increase in financial expenses and a decline in the income tax charge.

Net debt totalled €76.4 million; it represented 11.4% of equity, which confirms the Group's sound financial position. On this basis, and taking account of the current economic climate, the Management Board will propose the distribution of a net dividend of €4.80 per share.

The report of the Management Board also provides all information required by regulations in force.

In addition, you will be requested to authorise the Management Board to set up a new share buyback programme.

You will be submitted proposed resolutions to that effect, in line with the agenda.

We do not have any specific observations to formulate as regards the various documents that have been brought to your attention. Therefore, we ask you to adopt the proposed resolutions.

The Supervisory Board

Proposed Resolutions

Annual General Meeting of 13 May 2009

First resolution

Approval of 2008 parent company financial statements

The General Meeting, having considered the reports of the Management Board, the Supervisory Board, the Chairman of the Supervisory Board and the Statutory Auditors, and the financial statements for the year ended 31 December 2008, approves these reports and financial statements as they were submitted, as well as the transactions reflected in these accounts or summarised in these reports.

As a result, it grants a full discharge to the Directors, with no reserve, for the execution of their duties and to the Statutory Auditors for the execution of their audit in the said year.

Second resolution

Approval of 2008 consolidated financial statements

The General Meeting, having considered the reports of the Management Board, the Supervisory Board and the Statutory Auditors on the consolidated financial statements, approves the consolidated financial statements for the financial year ended 31 December 2008, as presented, which resulted in a Group net profit of €85,735,000, as well as the transactions reflected in these accounts or summarised in these reports.

Third resolution

Allocation of 2008 net profit and dividend

The General Meeting proposes to allocate the Company net profit for the year ended 31 December 2008 of €56,778,108.73, increased by retained earnings of €1,395,779.00, thus totalling €58,173,887.73 as follows:

• allocation to shareholders of a net dividend per share of €4.80, being €4.80 x 7,836,800 shares	€37,616,640.00
• transfer to available reserve	€20,557,247.73
	€58,173,887.73

A net dividend of €4.80 will be distributed for each share of a nominal value of €1, and this carries the right to a tax abatement per share granted to individuals subject to income tax in France, in accordance with Article 158-3-2° of the General Taxation Code.

The shares held by the company at the time of payment are not entitled to dividends, with the corresponding amounts not paid in respect of these shares being transferred to retained earnings.

The dividend will be payable from 27 May 2009. Shares must be held on 21 May 2009 to benefit from the payment of this dividend.

In accordance with legal provisions, the following dividends were paid during the last three financial years:

Financial years ending	31/12/2005	31/12/2006	31/12/2007
Number of shares eligible for dividends *	7,717,750	7,612,749	7,583,022
Par value	€1	€1	€1
Total distributed dividends	€37,045,200.00	€39,586,294.80	€41,706,621.00
Dividend per share	€4.80	€5.20	€5.50

**Excluding treasury shares held by Somfy SA with no right to dividend*

Fourth resolution

Regulated agreements

The General Meeting, having considered the special report of the Statutory Auditors on the agreements covered by Article L. 225-86 and subsequent of the French Commercial Code, approves these agreements therein as well as their terms and conditions of execution.

Fifth resolution

Setting Directors' attendance fees for the 2009 financial year

The General Meeting decides to set the global amount of attendance fees to be shared among Supervisory Board members at €80,000 for the current financial year, in accordance with Article 20 of the bylaws.

Sixth resolution

Company's authorisation to purchase its own shares

The General Meeting, having considered the report of the Management Board and the description of the new programme, authorises the Management Board to acquire company shares under the conditions provided by Articles L. 225-209 and subsequent of the Commercial Code and that of the European Regulation n° 2273/2003 of 22 December 2003, with a view to carry out the following:

- stimulate the market for the share and ensure liquidity via an investment services provider within a liquidity contract that conforms to the AMAFI ethics charter recognised by the Autorité des Marchés Financiers;
- ensure the coverage of option plans to purchase shares granted to employees and senior executives of the Group or allow the allocation of free shares for the benefit of employees and senior executives of the Group.

The General Meeting sets, for shares with a nominal value of €1, a maximum purchase price of €160, excluding expenses and commission, and the number of shares that may be repurchased at 10% of the share capital of this day, being 783,680 shares for a maximum amount of €125,388,800.

The acquisition, disposal or transfer of shares may be made by all methods on the market or principal to principal, including by acquisition or disposal of blocks with no limit on this means on the share of the buyback programme.

Transactions may be carried out at any time, in compliance with applicable regulations at the time of the transactions considered, except for periods of public offering on the Company's share capital.

Shareholders will be informed every year by the Management Board, at the General Meeting, of the precise allocation of shares acquired to the various objectives pursued for all shares repurchased as well as any subsequent reallocations. The General Meeting notes the information concerning shares repurchased during the year just ended and their related allocation by the Management Board in its report.

This authorisation is given for a period of eighteen months with effect from today. It fully replaces the authorisation granted to the Management Board by the Annual General Meeting of 14 May 2008 concerning the previous share buyback programme.

The General Meeting confers all powers to the Management Board, with the facility to sub-delegate, to decide and implement the present authorisation, to set, if necessary, the terms and approve the conditions, to carry out the share buyback programme, and notably to issue stock exchange instructions, conclude all agreements, make all declarations to the Autorité des Marchés Financiers and any other organisation, complete all formalities and, in general, do everything that is required.

Seventh resolution

Powers for formalities

The General Meeting grants all powers to the bearer of copies or extracts of the present minutes to complete all formalities required by law.

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Statement of the person responsible for the annual financial report

I certify that, to my knowledge, the financial statements for the year just ended were established in accordance with professional accounting standards applicable in France and give a fair view of the assets, financial situation and performance of the Company and of all companies included in the consolidation scope, and that the enclosed Management Report gives a true view of the business situation, performance and financial situation of the Company and of all companies included in the consolidation, as well as a description of main risks and uncertainties encountered.

Cluses, 20 February 2009

Paul Georges DESPATURE
Chairman of the Management Board
of Somfy SA

SOMFY SA
Bureaux : 13, chemin du Levant - 01210 Ferney-Voltaire - France - Tél. +33 (0)4 50 40 48 49 - Fax +33 (0)4 50 40 19 61
www.somfy.com

Siège social : 50, avenue du Nouveau Monde - BP 152 - 74307 Cluses cedex - France - Tél. +33 (0)4 50 96 70 00 - Fax +33 (0)4 50 96 70 89
S.A. au capital de 7 836 800 € - RCS Annecy 476 980 362