Financial Report

I ANNUAL REPORT **2010**

somfy

FINANCIAL REPORT

OVERVIEW OF THE CONSOLIDATED FINANCIAL STATEMENTS

€ millions	31/12/10	31/12/09*
Sales	852.6	760.8
Current operating result**	138.6	121.3
Operating result	132.1	105.0
Net profit	96.2	87.9
Net profit - Group share	95.4	88.4
Cash flow	149.4	143.2
Investments in property, plant and equipment and intangible assets	29.9	30.2
Amortisation and depreciation charges**	–35.8	–37.1
Shareholders' equity	803.4	719.2
Net financial debt***	35.1	0.0
Non-current assets	778.0	755.1
Average workforce	5,472	5,353

** Pursuant to IFRS 3, the goodwill of Pujol, Energy Eye and Sodim had provisionally been allocated in the 2009 financial statements. Additional allocation work has been carried out within the one-year allocation timeframe, which led to restating data at 31 December 2009.*

*** Including amortisation charges relative to intangible assets allocated following acquisitions for an amount of -€2.3 million in 2010 and -€2.1 million in 2009.*

**** Including liabilities relative to put options granted to holders of non-controlling interests for an amount of €39.7 million in 2010 and €13.1 million in 2009.*

MANAGEMENT BOARD REPORT TO THE COMBINED GENERAL MEETING OF 18 MAY 2011

Ladies and Gentlemen,

In accordance with legal and regulatory provisions in force, the Management Board has convened you here in order to inform you about the management of your company and its subsidiaries and to submit for your approval the financial statements for the year ending 31 December 2010.

CHANGES IN GROUP STRUCTURE

Somfy Activities acquired:

- 70% of the capital of **Ningbo Dooya**, the leading Chinese manufacturer of motors for curtains and blinds, for €100.6 million. This company was consolidated from the date of acquisition (December 2010). Therefore, this acquisition had no impact on the income statement for the 2010 financial year. The provisional goodwill, calculated based on the percentage of interest acquired, was estimated at €94.9 million. Final allocation will take place in 2011. For information, this company achieved sales of approximately €35 million in 2010.
- the French distributor **BFT Autoferm**, through its subsidiary BFT SpA. Somfy acquired its capital in full at a price of €0.9 million, generating goodwill of €0.6 million. This company was consolidated from the date of acquisition (January 2010), and contributed €1.6 million to Group sales.
- **BFT Anatolia**, a distributor of BFT products and an assembler of garage doors and gates, through its newly-created subsidiary BFT Istanbul. Its capital was acquired in full at a price of €6.6 million. This acquisition gave rise to the recognition of an earn-out of €1.2 million and generated goodwill of €3.7 million. This company was consolidated from the date of acquisition (April 2010) and contributed €3.4 million to Group sales.

Somfy Activities made a 49% contribution to the creation of **Kléréo**, which took over part of the swimming-pool water treatment system business of Firstinnov. Kléréo was fully consolidated in the financial statements of Somfy Activities, given the effective control exercised over it. A future capital increase will provide Somfy with a majority stake in 2011.

Somfy Activities also exercised its call option for 27.5% of the capital of **O&O**, for an amount of €2.3 million, thereby increasing its equity holding to 90%. There remains a mutual put/call option for the acquisition of the residual 10%, estimated at €0.9 million.

Somfy Activities also sold **Spirel** to Chappel Industries France in the second half of 2010, with no significant impact on the accounts of 2010 financial year.

Somfy Participations made an equity investment of:

- 34% of the capital of DMH, holding company of **Parquets Marty** for €0.8 million. Somfy SA also subscribed to a bond issue, convertible into shares, of €2.2 million. The conversion of this bond issue will follow a two-step process: automatic conversion on 1 January 2012, raising Somfy's equity holding to 49%, followed by an optional conversion, to be exercised by the end of 2014 at the latest, enabling Somfy to increase its equity holding to 66% if it so wishes.

HIGHLIGHTS

Somfy Activities wrote down the goodwill of LianDa, SACS and Energy Eye:

- The outlook for short and medium-term profit growth led to a review of **LianDa**'s Business Plan. €3.5 million of LianDa's goodwill had been written down at 31 December 2009. Additional impairment of €4.4 million was recognised at 31 December 2010, bringing the value of goodwill down to nil.
- The outlook of **SACS**, a subsidiary of BFT SpA specialised in car park access systems (cash points and barriers), has deteriorated compared to the acquisition Business Plan. Goodwill was written down in full for €0.7 million.
- Capital expenditure by the North American hotel sector, the main market of **Energy Eye**, remains frozen, which has a significant adverse effect on this company. Energy Eye had also started to develop its business in Australia and Mexico, two markets which have faced a very strong slowdown. The combination of the two factors led management to review its Business Plan and to fully write down goodwill for €0.9 million.

A disposal agreement was signed early in October 2010 with Assa Abloy in relation to the disposal of the equity investment held by **Somfy Participations** in **agta record**. The transaction is subject to approval from competition authorities. This resulted in the 2010 recognition of a non-current asset held for sale of €109.8 million according to IFRS 5 (equal to the selling price of €25 per share). The €64.1 million unrealised capital gain was taken to equity in the financial statements at 31 December 2010. It will be recognised in the income statement when the disposal is effective.

Somfy Participations wrote down €5.8 million from the carrying value of **CIAT**, a 40%-owned company which manufactures air conditioning, heat exchange, air treatment and renewable energy heating equipment. This writedown follows indications of impairment (10.5% decline in sales, 68.7% decline in EBITDA) resulting primarily from the difficulties encountered in the French heat pump market. The acquisition Business Plan included assumptions for significant growth in this market, which has not materialised to date. Management revised its long-term budgets and plans and consequently impairment was recognised.

The cost of reorganising the Group's manufacturing capacity initiated in 2009 gave rise to additional net provision charges of €2.4 million (Bologna and Saint-Rémy-de-Maurienne sites).

The financial statements at 31 December 2009 were restated following the final allocation of the goodwill of Sodim, Pujol and Energy Eye.

ACCOUNTING CHANGES

CHANGES IN THE PRESENTATION OF THE FINANCIAL STATEMENTS

In order to comply with the recommendations published by the AMF, Somfy amended retrospectively the presentation of its financial statements in relation to the following two points:

- **impairment of intangible assets allocated following acquisitions**: they were previously posted after Current Operating Result at 31 December 2009. They are now included in Current Operating Result. The impact of this reclassification was thus a negative €2.3 million in 2010 and a negative €2.1 million in 2009,
- **liabilities related to put options granted to holders of non-controlling interests**: these were recognised in non-current liabilities at 31 December 2009. They are now recognised in financial liabilities and as such are included in net financial debt. The impact of this reclassification was thus €39.7 million in 2010 and €13.1 million in 2009.

APPLICATION OF HEDGE ACCOUNTING TO FOREIGN EXCHANGE HEDGES

Somfy group chose to apply hedge accounting to foreign currency hedgings from 1 July 2010.

The efficient portion of the fair value of foreign currency hedgings recognised as eligible for hedge accounting is recognised in shareholders' equity.

The fair value movements in foreign currency hedging instruments ineligible for hedge accounting are recognised in financial income/(loss).

The impact on equity at 31 December 2010 was a negative €1,073 thousand (a negative €704 thousand net of deferred tax) and only concerned future cash flows hedging.

PRESENTATION OF FINANCIAL STATEMENTS

PARENT COMPANY FINANCIAL RESULTS

For the year to 31 December 2010, Somfy SA sales were €3.8 million. Financial result amounted to €78.9 million, including €87.0 million in dividends paid by its subsidiaries in respect of their net profit for the year to 31 December 2009.

Net result amounted to €54.6 million including €0.3 million income from tax consolidation.

CONSOLIDATED FINANCIAL STATEMENTS

Sales

Group sales amounted to €852.6 million in 2010, an increase of 12.1% compared to 2009 in real terms and 8.9% on a like-for-like basis.

The **Somfy Activities** branch reported sales of €747.4 million. This is an increase of 12.1% compared to the previous financial year in real terms and 8.5% on a like-for-like basis.

All geographic areas reported growth at year end, driven by a market recovery and the effect of policies implemented (strengthened sales forces, stepped up advertising campaigns, etc.).

Asia-Pacific, Germany, France and Eastern and Central Europe grew by 14.4%, 12.1%, 10.5% and 9.2%, respectively, on a like-for-like basis. America, Northern Europe and Southern Europe reported a more contrasting performance but ended the year on positive ground (up 4.3%, 4.1% and 5.3% respectively, on a like-for-like basis).

The **Somfy Participations** branch reported sales of €105.2 million. This is an increase of 11.6% compared to the previous financial year (up 11.4% on a like-for-like basis).

The three fully consolidated subsidiaries, Cotherm, Sirem and Zurflüh-Feller recovered and achieved strong growth during the year (up 7.8%, 25.9% and 8.3%, respectively, on a like-for-like basis).

Sales by customer location

€ thousands	31/12/10	31/12/09	Variance N/N-1	Variance N/N-1 like-for-like
France	225,546	203,504	10.8%	10.5%
Germany	113,562	101,257	12.2%	12.1%
Northern Europe	88,775	83,383	6.5%	4.1%
Eastern and Central Europe	60,407	52,503	15.1%	9.2%
Southern Europe, Middle East and Africa	143,214	128,373	11.6%	5.3%
Asia Pacific	52,102	40,279	29.4%	14.4%
Americas	63,807	57,242	11.5%	4.3%
SOMFY ACTIVITIES	**747,413**	**666,541**	**12.1%**	**8.5%**
Somfy Participations	105,193	94,236	11.6%	11.4%
CONSOLIDATED SOMFY	**852,606**	**760,777**	**12.1%**	**8.9%**

Results

Group current operating result amounted to €138.6 million in 2010, being 16.3% of sales and representing an increase of 14.3% compared to 2009.

Somfy Activities' current operating result grew by 12.6% compared to the previous year to €128.1 million. This was as much a reflection of the business recovery and resilience of gross profit as increased research and development and marketing expenditure.

Somfy Participations' current operating result increased by 38.8% compared to the previous year to €10.7 million, thanks to the recovery in fully consolidated subsidiaries. The net assets value of Somfy Participations' portfolio as a whole grew by 18.6% on a like-for-like basis.

The Group net profit increased by 9.5% compared to 2009, to €96.2 million. This includes goodwill impairment (€6.0 million) and a negative contribution from equity-accounted companies (€11.6 million), due to the deterioration in profitability and the writedown of CIAT's equity value.

Financial position

Shareholders' equity was €803.4 million, compared to €719.2 million in 2009 and net financial debt stood at €35.1 million following the acquisition of 70% of Ningbo Dooya. This amount now includes liabilities relating to put options granted to holders of non-controlling interests (€39.7 million).

On a similar presentation basis, the net cash surplus would have been €5 million in 2010, compared to a total of €13 million reported in 2009.

Segment reporting at 31 December 2010

€ thousands	Somfy Activities	Somfy Participations	Other	Inter-segment	Consolidated
Segment sales	747,451	107,221	–	–2,066	852,606
Segment profit (current operating result)*	128,055	10,684	–105	–	138,634
Share of net profit of equity-accounted companies	–134	–11,450	–	–	–11,585
Cash flow	128,020	24,042	–2,708	–	149,354
Intangible asset and PPE investments	25,469	4,388	–	–	29,857
Goodwill	203,979	34,252	–	–	238,231
Net intangible assets and PPE	199,717	60,888	–	–	260,606
Non-consolidated investments	67	137,226	–	–	137,293
Equity-accounted companies	1,470	47,155	–	–	48,625

** Including amortisation charges relative to intangible assets allocated following acquisitions.*

Valuation of Somfy Participations portfolio

Methodology

The net asset value at December 2010 is the sum of the financial assets owned by Somfy Participations.

Financial assets defined as bonds are valued at their nominal value including accrued interest.

Regarding fully consolidated or equity-accounted investments and assets available for sale, the assessment methods chosen are:

▪ **Unlisted companies** are evaluated by standard methods, namely:

– **Market Peer Multiples method**
A sample of comparable companies, comprising listed companies in the same industry for which analysts regularly publish their research and estimates, is identified for each company valuation. It is stable over time and is adjusted only if a comparable sample is no longer relevant. The multiples of the companies in the sample are calculated by the average market capitalisation over the last 20 trading days prior to the assessment and net debt, which is estimated by analysts at the assessment date. The analysts' estimates are used to calculate the provisional multiples, which take into account the growth prospects of companies and the sector concerned. A discount may be applied on certain multiples to reflect the smaller size of companies in the sample and the company being evaluated. The average multiples of recurring EBITDA (Earnings before interest, taxes, depreciation and amortisation) and current operating result, excluding amortisation of intangible assets allocated following the acquisition of companies in the sample, is applied to the evaluated company's recurring EBITDA and current operating result for the current year and subsequent 2 years. The enterprise value derived is calculated as the average of the values obtained by applying these multiples.

– **Discounted cash flow method (DCF)**
This method involves determining the present value of cash flows a company will generate in the future. The cash flow projections, prepared in association with the management of the company concerned, include a critical analysis of the business plan of these companies. The discount rate used is the weighted average cost of capital and represents the level of expected return on capital employed (equity and debt required to finance the activity). It is calculated using financial data collected for the same sample as that used for multiples. The cash flow projections correspond to those used for impairment testing.

– **Choice of Method**
Where the company being evaluated is mature in its market, its enterprise value is calculated by averaging the market peer multiples valuation and the discounted cash flow valuation.

To evaluate companies where the bulk of future growth depends on new markets (resulting from a change of strategy) or which are in decline or recovering, the enterprise value is calculated with the DCF method.

This multiple criteria analysis notably takes into account Somfy's intrinsic knowledge of its equity and its approach to medium-term investment.

The so calculated enterprise valuation is increased or decreased by non-operating items, assessed at their net book value or market value if it can be reliably determined and the net financial debt, to obtain the recalculated value of 100% of the subsidiary. Financial debt is valued at its nominal value plus accrued interest. The equity stake value in the net assets is obtained by applying the percentage of ownership by Somfy at the date of valuation. A minority discount is applied for certain subsidiaries with minority shareholding and/or reduced control.

▪ **Listed companies** are valued, using the average closing price of the last 20 trading days preceding the assessment.

▪ **New investments, subsidiaries and affiliates, whether listed or unlisted**, are valued at cost during the first 12 months of their acquisition. Post acquisition, the subsidiaries establish yearly consolidated financial statements, certified by the Statutory Auditors, and update their business plans and profit forecasts for the fiscal year following the date of acquisition. After this period, companies are evaluated as per the above-listed methods.

Somfy Participations portfolio valuation

€ millions	Valuation at 31/12/2010	Valuation at 31/12/2009
Equity portfolio	375.9	309.4
Mezzanine portfolio	61.1	56.4
TOTAL PORTFOLIO	**437.0**	**365.8**

POST-BALANCE SHEET EVENTS

Somfy Participations sold to Assa Abloy, in early February 2011, its 32.95% equity investment in agta record, after the last condition precedents were met.

The price of the sale was €109.8 million. A first instalment of €101.1 million has already been paid by Assa Abloy in accordance with the original agreement. The balance of €8.7 million will be paid within two years at the latest.

The net capital gain after tax and disposal expenses is €61.6 million and will be recognised in the income statement for the first half of 2011.

Somfy Activities signed an agreement at the end of February 2011, subject to conditions precedent, which may eventually lead to the possibility of taking control of the Brazilian leader for automated gates and garage doors. The first step of this agreement includes the subscription to convertible bonds issued by Garen Automação, followed by the implementation of co-operation between Somfy and this company. The initial investment would amount to approximately €14 million.

OUTLOOK

Somfy forecasts a gradual recovery from the crisis for the European construction industry, as well as an increase in raw material prices.

Somfy Activities is committed to increasing resources allocated to innovation, marketing and its sales force to support its main growth drivers.

In 2011, **Somfy Participations**' objectives include developing its business model and organisation on a sustainable basis. Support for the various companies' expansion or redeployment, as for CIAT, will be stepped up. Investment and disposal opportunities will be seized, as always keeping within the outlook of drawing value over the long-term from our investments.

INFORMATION ON THE DISTRIBUTION OF CAPITAL AND HOLDINGS

DISTRIBUTION OF CAPITAL (Article L. 233-13 of the Commercial Code)

Shareholders owning more than 5% of the share capital and/or controlling more than 5% of voting rights at 31 December 2010:

	Number of shares	% share capital	Number of voting rights	% voting rights*
JPJ-S SCA**	3,858,802	49.24	7,717,604	60.36
Despature Family**	1,183,712	15.10	1,553,402	12.15
JPJ 2 SA**	624,458	7.97	624,458	4.88
FAAC Holding SAS	571,400	7.29	1,142,800	8.94
Silchester International Investors LLP	595,775	7.60	595,775	4.66

** Based on share capital comprising 7,836,800 shares at 31 December 2010 representing 12,786,153 voting rights.*

*** There is a binding agreement between JPJ-S SCA, members of the Despature family and JPJ 2 SA.*

Changes to this list during 2010 are described below in the section "Disclosure of shareholding threshold crossings pursuant to Article L. 223-7 of the Commercial Code".

RECIPROCAL HOLDINGS (Articles L. 233-29 and R. 233-19 of the Commercial Code)

There are no reciprocal holdings as defined by current regulations.

SHAREHOLDERS' AGREEMENTS

Actions in concert and pre-emption agreement

JPJ-S SCA and certain members of the Despature family acting in concert 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 out 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. JPJ-S SCA shall administer the agreement for an unlimited period.

Collective retention agreements

A collective retention agreement relating to 60.83% of the share capital of Somfy SA and 70.08% of the voting rights of shares issued was signed on 30 December 2009 by several shareholders, including Management Board members Paul Georges Despature, Wilfrid Le Naour and Jean-Philippe Demaël and Supervisory Board members Jean-Bernard Guillebert, Jean Despature, Victor Despature, Xavier Leurent and Anthony Stahl, in accordance with Article 885 I (ii) of the General Tax Code, for a period of two years from 30 December 2009, automatically extended indefinitely after this two year period.

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 and Wilfrid Le Naour 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 month periods, unless one of the signatories gives notice of termination to other signatories.

BYLAW PROVISIONS RELATING TO 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 the Company 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 General Meeting.

DISCLOSURE OF SHAREHOLDING THRESHOLD CROSSINGS, PURSUANT TO ARTICLE L. 233-7 OF THE COMMERCIAL CODE

On 10 June 2010, Mr. Joseph Despature, in his personal capacity and through the Manacor company under his control, fell below the 5% voting rights threshold in Somfy SA, and now directly and indirectly holds 357,280 Somfy shares, representing 449,284 voting rights, which is 4.56% of the Company's share capital and 3.53% of its voting rights, based on a share capital of 7,836,800 shares representing 12,743,584 voting rights.

This threshold crossing resulted from the contribution in kind by Mr. Joseph Despature of 265,276 Somfy shares for the benefit of the Manacor SA company under his control.

On 1 November 2010, Silchester Partners Limited, formerly known as Silchester International Investors Limited and acting on behalf of funds under its management, fell below the 5% voting rights threshold in Somfy and no longer holds any shares in the Company.

On 1 November 2010, Silchester International Investors LLP, acting on behalf of funds under its management, declared having breached the 5% threshold in Somfy SA and now holds, on behalf of the said funds, 595,775 shares, representing the same number of voting rights, which is 7.60% of the share capital and 4.68% of the Company's voting rights, based on a share capital of 7,836,800 shares representing 12,743,458 voting rights, pursuant to the 2nd paragraph of Article 223-11 of the AMF's General Regulations.

This threshold crossing resulted from a change of legal structure, following the transfer of Silchester Partners Limited's operations and management teams to Silchester International Investors LLP on 1 November 2010.

INFORMATION ON THE PURCHASE OF OWN SHARES (Article L. 225-211 of the Commercial Code)

The Company has implemented several successive treasury share purchase programmes. The most recent programme was launched in 2010; it was authorised by the Combined General Meeting of 12 May 2010 and had the following objectives:

- 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 ensure the coverage of option plans to purchase shares granted to employees and senior executives of the Group or to enable the allocation of free shares to employees and senior executives of the Group;
- to retain the shares purchased and subsequently exchange them or use them within the framework of potential acquisitions, recognising that shares acquired to that end may not exceed 5% of the Company's share capital;
- to proceed with the possible cancellation of shares acquired.

These transactions may notably be carried out at times of a takeover bid, in compliance with Article 232-15 of the AMF General Regulations, if the bid is entirely cash-based and buyback transactions are carried out as part of the continued implementation of an ongoing programme and are not liable to make the bid fail.

The maximum purchase price is set at €200 per share. Therefore, the maximum amount of the share buyback programme is €156,736,000.

During the financial year, on the basis of the authorisations given by the General Meetings of 2009 and 2010, the Management Board bought back 5,532 shares at an average price of €151.61, sold 9,053 shares at an average price of €153.13 and allocated 13,157 shares at an average price of €77.88 in respect of exercised options.

Out of the 5,532 shares acquired, 3,639 shares were allocated to the liquidity objective and 1,893 to covering share purchase option plans and plans to grant free shares to employees and directors of the Group.

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

The company held 233,231 shares at 31 December 2010, representing 2.98% of the capital. The value of the purchase price of the share amounted to €168.51 for a nominal value of €1 each, representing a total nominal value of €233,231.

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 on the day of the next Meeting; the main objectives of the programme would be:

- to stimulate the secondary market or ensure the liquidity of the Somfy SA share, 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 retain the shares purchased and subsequently exchange them or use them within the framework of potential acquisitions,

recognising that shares acquired to that end may not exceed 5% of the Company's share capital;
- to ensure the coverage of option plans to purchase shares and other forms of allocations of shares granted to employees and senior executives of the Group, in accordance with the terms and conditions prescribed by law, in particular in relation to employee profit-sharing, the Group savings scheme or the allocation of free shares;
- to cover marketable securities giving right to the allocation of free shares in the Company, in accordance with applicable regulations;
- to proceed with the possible cancellation of shares acquired according to the authorisation granted by the Combined General Meeting of 12 May 2010 in its ninth resolution, sitting in extraordinary session.

These transactions may notably be carried out at times of a takeover bid, in compliance with Article 232-15 of the AMF General Regulations, if the bid is entirely cash-based and buyback transactions are carried out as part of the continued implementation of an ongoing programme and are not liable to make the bid fail.

The Company reserves the right to use options or derivative instruments, in accordance with applicable regulations.

We propose to set the maximum purchase price at €250 per share, and consequently the maximum amount of the share buyback programme at €195,920,000.

INFORMATION ON INVESTMENTS AND CONTROLLED COMPANIES

Investments in French companies during the financial year ending 31 December 2010 (Article L. 233-6 of the Commercial Code):

Company name	Direct control		Indirect control	
	Number of shares	% share capital	Number of shares	% share capital
Kléréo	196,000 membership shares	49.0	–	–
Direction Marty Holding	18,030 shares	34.0	–	–
Parquets Marty SAS	–	–	4,370,622 shares held by Direction Marty Holding	34.0
BFT Autoferm Ouest	–	–	150 membership shares held by BFT SpA*	100.0

** BFT SpA is fully held by Somfy España SA, itself fully held by Somfy SA.*

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

ELEMENTS LIABLE TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFERING (Article L. 225-100-3 of the Commercial Code)

Under existing regulations, the following may be impacted in the event of a public offering:

- the capital structure and all direct or indirect holdings known of Somfy SA and all relevant information that is described under "Information on the distribution of capital and holdings";
- there are no bylaw restrictions to the exercise of voting rights;
- there are no securities with special control rights, aside from the existence of double voting rights enjoyed by fully paid shares registered under the same nominative shareholder for at least four years (see excerpt from Article 28 of the bylaws);
- voting rights attached to Somfy shares held by personnel through FCPE Somfy (Somfy Investment Fund Scheme) are exercised by a representative appointed by the Supervisory Board of the FCPE to represent it at the Annual General Meeting;
- covenants and other commitments signed between shareholders that could lead to restrictions on the transfer of shares and exercise of voting rights have been referred to in the "Shareholders' Agreements";
- rules governing the appointment and replacement of Management Board members and any bylaw amendments are provided for in Articles 15 and 30 of the bylaws reproduced below:

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

The Management Board is composed of a minimum of two and no more than five members who may or may not be shareholders.

In accordance with the law, the Supervisory Board will appoint Board Members, determine their number, nominate the Chairman of the Board and determine the Board's remuneration.

"No person aged over 70 may be appointed to the Management Board. Members of the Management Board upon reaching this age shall step down at the Supervisory Board's next meeting.

The Supervisory Board is authorised to assign the powers of the Chairman of the Board, as conferred by law, to one or more members of the Management Board who carry the title Chief Executive Officer.

Board Members can be re-elected.

In case of a vacancy, a replacement shall be appointed for the time remaining until re-election of the Board.

The Supervisory Board must fill Board vacancies within a two-month time frame should the number of Directors fall below the minimum required by the bylaws. Otherwise, any interested party may ask the President of the Commercial Court, acting in chambers, to make this temporary appointment. The person thus appointed may, at any time, be replaced by the Supervisory Board.

Management Board members or the Chief Executive Officer may only be dismissed by the Annual General Meeting or by the Supervisory Board. If dismissal is decided without just cause, it may give rise to damages. In the case where an individual holds an employment contract with the company, the revocation of his/her functions purely as a Management Board Member or Chief Executive Officer will not terminate this contract".

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

"Only an Extraordinary General Meeting can modify the Company's bylaws in all its provisions. Nevertheless it cannot increase shareholders liabilities with the exception of operations resulting from an exchange or regrouping of shares properly decided and executed.

It requires a two-thirds majority of votes of present or represented shareholders, including shareholders who voted by mail".

- concerning powers, the Management Board has no delegations except those described under the sections "Information on delegations relating to share capital increases and other authorisations" and "Information on the purchase of own shares";
- agreements concluded by the Company that may be altered or terminated upon a change of control of the Company are as follows: credit line contracts signed between Somfy SA and credit institutions concerning credit facilities granted that require informing the said banks of all projects related to a significant change in its shareholding, notably those resulting in a transfer of control to a new company;
- there are no agreements providing for benefits upon termination of the term of office of a Management Board member.

INFORMATION ON THE TERMS AND CONDITIONS OF RETENTION OF SHARES ALLOCATED FREE OF CHARGE TO SENIOR EXECUTIVES (Article L. 225-197-1 II paragraph 4 of the Commercial Code)

At its meeting of 13 May 2009, the Supervisory Board set the number of shares that every member of the Management Board is required to retain in nominative form until the termination of their term of office: resulting in every member being required to retain 25% of the total shares allocated free of charge, this percentage being reduced to 20% at the end of 4 years from the allocation, then successively to 15% at the end of 6 years from the allocation to 10% at the end of 8 years from the allocation and to 5% at the termination of their term of office.

INFORMATION ON APPOINTMENTS HELD AND REMUNERATION RECEIVED DURING THE FINANCIAL YEAR (Article L. 225-102-1 of the Commercial Code)

The Supervisory Board met on 12 November 2009 and reappointed the Management Board members. These appointments took effect on 27 November 2009, for a period of four years.

The Management Board is composed as follows:

Name	Position	Date appointed	Date term expires
Paul Georges DESPATURE	Chairman	27 November 2009	2013
Jean-Philippe DEMAËL	Member	27 November 2009	2013
Wilfrid LE NAOUR	Member	27 November 2009	2013

APPOINTMENTS HELD BY MANAGEMENT BOARD MEMBERS AND REMUNERATION RECEIVED FROM SOMFY SA AND SUBSIDIARIES UNDER ITS CONTROL

Paul Georges DESPATURE
Chairman of the Management Board

- Chairman of the Supervisory Board of Damartex SA,
- Member of the Supervisory Board of CIAT Group SA and Compagnie Industrielle d'Applications Thermiques SA,
- Director of FAAC SpA,
- Manager of CMC SARL and FIDEP.

Remuneration includes a fixed and a variable part. Variable remuneration, determined by the Remuneration Committee on the basis of the performance measured of both the Somfy Activities and Somfy Participations branches, weighted by the contribution of each branch to the Group's net profit. A debt-measurement criterion is added (net debt/cash flow at 31 December of the relevant year).

Data for the year just ended is included in the summary table (page 13).

Since the termination of his employment contract on 30 June 2010, which gave rise to the payment of statutory retirement severance pay, the Chairman of the Management Board only receives remuneration in respect of his term of office. For the 2011 financial year, Paul Georges DESPATURE's annual fixed remuneration was maintained at €200,000.

Wilfrid LE NAOUR
Chief Executive Officer of Somfy Participations

- Chairman of the Supervisory Board of Financière Nouveau Monde SA, Cotherm Participations SA and Direction Marty Holding SA,
- Observer of NMP SAS,
- Chairman of Somfy Ltd,
- Member of the Supervisory Board of Damartex SA, CIAT Group SA and Compagnie Industrielle d'Applications Thermiques SA,
- Director of Somfy Mexico SA de CV, Gaviota Simbac SL, FAAC SpA, BFT SpA, SIREM International SA, Somfy Middle East Co Ltd and Somfy Systems Inc.,
- Manager of Somfy GmbH, SC Euterpe, SC Albatros, SCI du 43 rue du Battant and SCI du 97 rue du Battant.

Remuneration includes a fixed, a variable and an exceptional part. Variable remuneration is determined by the Remuneration Committee on the basis of four criteria specific to Somfy Participations:

- the change in the net asset value of equity investments,
- the percentage of achievement of annual budgets,
- the improvement of Somfy Participations' financial position,
- the approval by the Supervisory Board of the strategic plan submitted.

The exceptional remuneration is composed of profit sharing, employee shareholding and subscription to employees payments as described in the Chaiman's report on internal control and corporate governance.

Data for the year just ended appear in the summary table (page 13). For 2011, the fixed annual total remuneration of Wilfrid LE NAOUR has been set at €360,000.

Jean-Philippe DEMAËL
Chief Executive Officer of Somfy Activities

- Chairman of NV Somfy SA, Somfy Hellas SA, Somfy Pty Ltd, Somfy SAS, Somfy China Co Ltd, Somfy AG, Somfy España SA, Somfy SIA, Somfy Nordic AB, Somfy Middle East Co Ltd and Somfy KK,
- Director of Somfy Co Ltd, Somfy ULC, Somfy India PVT Ltd, Somfy Systems Inc., Promofi BV, Somfy BV, Somfy Joo Co Ltd, Somfy Italia Srl, Energy Eye Inc., Harmonic Design Inc., Somfy Taiwan Co Ltd, Somfy Ltd, SISA Home Automation Ltd and Somfy Pte Ltd,
- Manager of Somfy GmbH.

Remuneration includes a fixed, a variable and an exceptional part. Variable remuneration is determined by the Remuneration Committee on the basis of an objective scale, taking the following items into account:

- profit growth (average annual growth of current operating result over two years),

– return on capital employed (average ROCE over two years),
– sales growth and its comparison with a benchmark of companies of the same nature.

The exceptional remuneration is composed of profit sharing, employee shareholding and subscription to employees payments as described in the Chaiman's report on internal control and corporate governance.

Data for the year just ended appear in the summary table (page 13). For 2011, the fixed annual total remuneration of Jean-Philippe DEMAËL has been set at €350,000.

The company CMC (SARL) established a supplementary pension plan in 2006. 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. The reference salary is defined as the average of the best three years after applying CNAV re-evaluation coefficients. Based on estimates setting at 35% the future rate of replacement provided by the compulsory pension plans when the related population reaches retirement age, this plan should enable increasing 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 December 2008.

Management Board members likely to be concerned by this plan are Wilfrid Le NAOUR and Jean-Philippe DEMAËL.

In relation to their employment contract prior to their appointment to the Management Board, Wilfrid LE NAOUR and Jean-Philippe DEMAËL also benefit from a so-called "Article 83" defined contribution pension plan, applicable to Senior Executives and Managers benefiting from an employment contract, for whom the portion of contributions payable by the Company represents 6.25% of remuneration, limited to the tranche B cap applicable to the Senior Executives' regime.

The exercise of stock options previously granted to these two directors is included in the special report presented to the Annual General Meeting, pursuant to Article L. 225-184 of the Commercial Code.

As for members of the Management Board who had benefited from stock options until then, the new constraints introduced by the Law of 3 December 2008 have led the Supervisory Board to exclude them from future allocations of performance-based shares and stock options. However, the Board deemed it necessary to continue giving sense to their contribution and bring their interest as much as possible in line with those of the shareholders and other managers, as in the past. Therefore, it was decided to grant them exceptional variable remuneration, to be paid in 2013, the amount of which will be calculated based on three criteria measuring the performance achieved in both the 2011 and 2012 financial years. It should be noted that the Chairman of the Management Board remains excluded from stock option allocations and is therefore not concerned by this decision.

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 SA.

Victor DESPATURE

– Chairman and Chief Executive Officer of MCSA SA,
– Chairman of the Supervisory Board of SCA JPJ-D and JPJ-S,
– Member of the Supervisory Board of Damartex SA and SCA Mobilis,
– Permanent representative of MCSA SA, Chairman of SAS MCSA-CELERC, MCSA-SIPEM, MCSA-SET and MCSA-2E,
– Manager of SARL MCSA-Tunis and SC VICMA, DEVIN-VD, LE MARECHAL, POUZAINT and MCSA PARTICIPATION,
– Director of SA COLAM ENTREPRENDRE.

Jean-Bernard GUILLEBERT

– Vice-Chairman of the Supervisory Board of Damartex SA.

Xavier LEURENT

– Member of the Supervisory Board of Damartex SA,
– Manager of FIDEP.

Anthony STAHL

– Member of the Supervisory Board of Damartex SA, JPJ-D and JPJ-S.

REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

Summary of remuneration and options allocated

(€)	2009 FY	2010 FY
Paul Georges DESPATURE Chairman of the Management Board		
Remuneration due	656,000	1,029,000
Value of options allocated	0	0
Value of performance shares	0	0
TOTAL	**656,000**	**1,029,000**
Wilfrid LE NAOUR Member of the Management Board		
Remuneration due	482,577	543,071
Value of options allocated	0	0
Value of performance shares	0	0
TOTAL	**482,577**	**543,071**
Jean-Philippe DEMAËL Member of the Management Board		
Remuneration due	444,932	599,323
Value of options allocated	0	0
Value of performance shares	0	0
TOTAL	**444,932**	**599,323**
Jean-Bernard GUILLEBERT Chairman of the Supervisory Board		
Remuneration due	42,300	38,400
Value of options allocated	0	0
Value of performance shares	0	0
TOTAL	**42,300**	**38,400**

(€)	2009 FY	2010 FY
Jean DESPATURE Member of the Supervisory Board		
Remuneration due	4,000	5,000
Value of options allocated	0	0
Value of performance shares	0	0
TOTAL	**4,000**	**5,000**
Victor DESPATURE Member of the Supervisory Board		
Remuneration due	14,800	13,400
Value of options allocated	0	0
Value of performance shares	0	0
TOTAL	**14,800**	**13,400**
Xavier LEURENT Member of the Supervisory Board		
Remuneration due	4,000	5,000
Value of options allocated	0	0
Value of performance shares	0	0
TOTAL	**4,000**	**5,000**
Anthony STAHL Member of the Supervisory Board		
Remuneration due	3,000	5,000
Value of options allocated	0	0
Value of performance shares	0	0
TOTAL	**3,000**	**5,000**

Procedure to set the Directors' remuneration

The remuneration of management detailed below is proposed by the Remuneration Committee. It is considered by experts annually and conforms to market practices.

Taking into account the AFEP-MEDEF recommendations on Directors' remuneration for listed companies, the Remuneration Committee defines and submits the various components of remuneration as well as the criteria for allocation of the variable part of the Directors' remuneration, for approval by the Supervisory Board.

Individual remuneration summary

(€)	2009 Amounts due	2009 Amounts paid	2010 Amounts due	2010 Amounts paid
Paul Georges DESPATURE Chairman of the Management Board				
Fixed remuneration	456,000	456,000	328,000	328,000
Variable remuneration	200,000	150,000	394,000	200,000
Retirement severance pay	0	0	307,000	307,000
Attendance fees	0	0	0	0
Benefits in kind	0	0	0	0
TOTAL	**656,000**	**606,000**	**1,029,000**	**835,000**
Wilfrid LE NAOUR Member of the Management Board				
Fixed remuneration	344,879	342,205	353,500	358,880
Variable remuneration	100,000	80,000	138,000	100,000
Exceptional remuneration	31,782	31,782	45,655	45,655
Attendance fees	0	0	0	0
Benefits in kind	5,916	5,916	5,916	5,916
TOTAL	**482,577**	**459,903**	**543,071**	**510,451**
Jean-Philippe DEMAËL Member of the Management Board				
Fixed remuneration	335,000	334,377	343,000	342,476
Variable remuneration	80,000	62,000	206,000	80,000
Exceptional remuneration	25,264	25,264	45,655	45,655
Attendance fees	0	0	0	0
Benefits in kind	4,668	4,668	4,668	4,668
TOTAL	**444,932**	**426,309**	**599,323**	**472,799**
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
Attendance fees	42,300	42,300	38,400	38,400
Benefits in kind	0	0	0	0
TOTAL	**42,300**	**42,300**	**38,400**	**38,400**

(€)	2009 Amounts due	2009 Amounts paid	2010 Amounts due	2010 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
Attendance fees	4,000	4,000	5,000	5,000
Benefits in kind	0	0	0	0
TOTAL	**4,000**	**4,000**	**5,000**	**5,000**
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
Attendance fees	14,800	14,800	13,400	13,400
Benefits in kind	0	0	0	0
TOTAL	**14,800**	**14,800**	**13,400**	**13,400**
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
Attendance fees	4,000	4,000	5,000	5,000
Benefits in kind	0	0	0	0
TOTAL	**4,000**	**4,000**	**5,000**	**5,000**
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
Attendance fees	3,000	3,000	5,000	5,000
Benefits in kind	0	0	0	0
TOTAL	**3,000**	**3,000**	**5,000**	**5,000**

Attendance fees allocated to members of the Supervisory Board and specialised Committees

(€)	2009	2010
Jean-Bernard GUILLEBERT	42,300	38,400
Victor DESPATURE	14,800	13,400
Jean DESPATURE	4,000	5,000
Xavier LEURENT	4,000	5,000
Anthony STAHL	3,000	5,000

During the next Meeting, €80,000 for attendance fees will be proposed to shareholders for 2011 until otherwise specified.

Options exercised during the financial year

	Plan number	Plan date	Number of options	Exercise price	Date allocated
Wilfrid LE NAOUR	13	01/12/03	1,479	125.05	2003

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

During the financial year, no member of the Management Board received options, nor performance-based shares, 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 transfer and purchase transactions falling within the scope of Article L. 621-18-2 of the Monetary and Financial Code, have been carried out for the respective amounts of €184,948.95 and €5,877,505 during the past financial year.

In addition, a member of the Supervisory Board transferred Somfy SA shares valued at €7,070,977.62 to a company closely related to him.

PROPOSAL FOR THE APPOINTMENT OF NEW SUPERVISORY BOARD MEMBERS

Within the framework of the law of 27 January 2011 on equal representation of male and female members of the Boards and given the current composition of our Supervisory Board, it is proposed that you appoint Valérie PILCER and Martine CHARBONNIER as members of the Supervisory Board, in addition to current members, for a period of six years until the 2017 General Meeting held to approve the financial statements for the year then ending.

Valérie PILCER, a French national, is a graduate from the Ecole des Mines of Paris. She has held various operational responsibilities with Société Générale in international financial markets and the Group Risk Management Department, prior to joining Oddo Group as Chief Risk Officer and is currently Chief Executive Officer of the Risks, Basel and Solvency practice within the independent consulting company Pilcer & Associés.

Valérie PILCER meets all the independence criteria set out by the Board's internal regulations.

Martine CHARBONNIER, a French national, is a graduate of ESCAE Dijon and SFAF. She started her career with the Fidal practice and then worked for 25 years for SBF-Bourse de Paris, which subsequently became Nyse Euronext. In 2009, she joined Oddo Corporate Finance as Managing Partner, which she has now left to dedicate herself to a personal project.

Martine CHARBONNIER meets all the independence criteria set out by the Board's internal regulations.

CORPORATE GOVERNANCE

AUDIT COMMITTEE

The Audit Committee currently comprises 2 members, Jean-Bernard GUILLEBERT who chairs the Committee and Victor DESPATURE.

The Committee's mission is to monitor the preparation of the consolidated and parent company accounts, and the efficiency of internal and risk management systems. It is also informed of due diligence carried out by the Statutory Auditors in their legal assignment to audit the parent company and consolidated financial statements, ensures the latter's' independence and is involved in their selection.

The Audit Committee supervises the work of Internal Audit and approves the annual audit plan. 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 2010 financial year, the Audit Committee met four times with an attendance rate of 100%.

The Internal Audit Department is under the supervision of the Audit Committee and reports to the Chairman of the Management Board, and by delegation to the Group's Chief Financial Officer.

This department comprises the Internal Audit Officer and two auditors and carries out audits that evaluate the correct application of accounting principles and the organisation and systems implemented in the audited entities.

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. The assignments included in the audit plan provide an independent assessment of the efficiency of the internal control procedures of each entity.

If applicable, the main weaknesses of internal control are communicated and recommendations are issued. The follow up of recommendations is carried out within one to three years after the final report is issued.

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

Twice a year, the Internal Audit Officer presents his report on the activities of his/her department to the Management Board and the Audit Committee.

REMUNERATION COMMITTEE

The mission of the Remuneration Committee, which comprises 2 members, Jean-Bernard GUILLEBERT and Victor DESPATURE, is to submit proposals to the Supervisory Board, notably concerning the amount and methods of calculation of remuneration of Director and senior management and to offer an opinion on attendance fees.

The Committee engages a firm specialised in senior executive remuneration, which informs them of the generally applied practices in comparable companies.

The Remuneration Committee met twice during the year ending 31 December 2010. The members had an attendance rate of 100%.

INDEPENDENCE OF THE MEMBERS OF THE SUPERVISORY BOARD

As provided by the AFEP/MEDEF framework, 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 judgment, and who meets the following criteria:

- he/she is not an employee or does not hold 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 a significant shareholder or Director,
- has not been a Statutory Auditor of a Group company over the past five years,
- is not a shareholder, or does not control 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, strategy and risk monitoring.

INFORMATION ON RESEARCH AND DEVELOPMENT ACTIVITIES (Articles L. 232-1 and L. 233-26 of the Commercial Code)

Somfy continued its research and development policy with the same objective in mind: to meet people's fundamental needs in their environment. This is reflected in investments that are equally distributed between electronics, electromechanics and interface software. The same ambition applies to the Group's three Activities.

Somfy launched a major innovation in 2010 in shutters and awnings, the TaHomA web interface, which sped up the brand's positioning in home automation equipment. A user-friendly and intuitive web interface, TaHomA allows you to control your home, either from home or remotely, using a computer or a smart phone. In addition, Somfy continues to invest in the continuous improvement of its motorised product line, in particular through solar energy, the reduction in noise emissions and energy consumption of its products on standby mode.

As for the service industry, the Window & Blind Activity expanded its range by gradually integrating energy generation equipment (lighting, HVAC) to its dynamic facade management solutions. Development also focused on making Somfy solutions compatible with most existing home automation systems through new interfaces.

In the Door & Gate markets, a house alarm is the main introduction of consumers to the world of home automation. As such, the development teams have improved the "Protexiom" range, which may now be controlled remotely by the internet.

Users can turn on their alarm from their computer and set the time for opening shutters and turn on lights.

These developments and new products have been protected by more than 30 patents, which put Somfy into the top 40 French companies in terms of protection of its know-how and expertise. Therefore, Somfy focuses its research on inventing user-friendly home automation, which can be upgraded and used by the vast majority of people.

INFORMATION ON EMPLOYEE SHAREHOLDING (Article L 225-102 of the Commercial Code)

At 31 December 2010, the FCPE Somfy (Somfy Investment Fund Scheme) held 55,800 Somfy shares amounting to 0.71% of the Company's share capital.

INFORMATION ON THE ENVIRONMENTAL IMPACT OF COMPANY OPERATIONS (Article L. 225-102-1 of the Commercial Code)

In 2010, Somfy continued to implement the action plan initiated following the Carbon Test carried out in 2008 and intended to improve the environmental performance of its operations and products. The scope of application of this policy was extended to the Tunisian plant. 2010 also saw the publication of early results of the 21 steps taken in 2009 at the four sites located in the Haute-Savoie district. For instance, the use of railway transport for personal travel, the 3rd largest cause of greenhouse gases, grew significantly. In 2010, 47% of trips to Paris were made by train, compared to only 26% in 2007. This route now represents 22% less CO_2 emissions than three years ago. Furthermore, waste sorting and recycling have been standardised in all Haute-Savoie sites, where 780 tons of waste are processed every year.

In the last half-year, 13 tons of paper were therefore collected and recycled. Waste management is under the responsibility of a single provider and subject to a continuous improvement process, which enables the relevance of sorting to be improved on a regular basis. A diagnosis of energy performance of all factories, warehouses and offices of Somfy SAS sites was carried out in 2010. It defined and quantified possible sources of savings and helped plan out investment required to improve heating, air purification and lighting control.

Lastly, in order to efficiently implement the environmental policy and action plans, the Group's General Management decided to create a "Sustainable Development" department, which currently comprises two people.

Consumption table

	Quantity	Value (€ thousands)
Water (m3)	58,601	116
Electricity (KMW)	30,514	2,344
Copper (Tons)	1,069	7,671

INFORMATION ON THE IMPACT OF GROUP ACTIVITIES ON ITS EMPLOYEES (Article L. 225-102-1 of the Commercial Code)

At the end of 2010, Somfy group had a workforce of more than 7,000, operating in 55 countries. In addition to the increase in workforce that followed acquisitions (about 1,500 people at Dooya's), the implementation of the strategy and renewed growth made it necessary to initiate a substantial recruitment drive, both in France, with the addition of 100 new employees to R&D functions, and internationally (60 sales representatives, primarily in emerging countries).

At the same time, Somfy wished to promote its internal talent. As a result, 60% of new positions created within Somfy SAS were filled by Group employees. Furthermore, upskilling took centre stage in training. More than 29,000 training hours were provided to 1,000 employees, at a cost in excess of 4% of payroll.

Promoting diversity was one of Somfy's top commitments for 2010, reflected in the signing of a disability charter that focused on the following three areas:
- communication to employees,
- recruitment of disabled people,
- development of outsourcing with companies that employ disabled people.

Within this framework, Somfy took the opportunity of the "national week for the employment of disabled workers" to raise the awareness of all company stakeholders of the role each of them has to play in the integration and continued employment of disabled people.

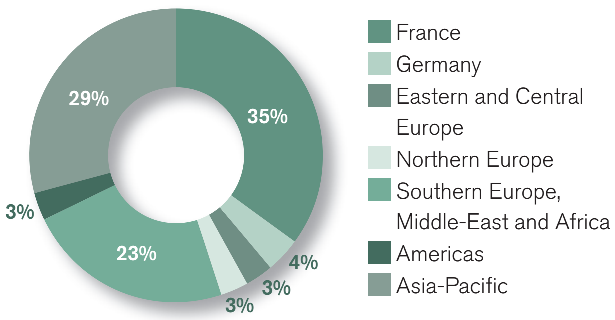
Several activities to improve the employability of senior citizens have also been implemented on a voluntary basis, notably including further career evaluation interviews, in order to define the career plans of employees concerned.

An analysis of the 5th opinion survey among Group employees showed an overall satisfaction rate of 80%, driven by the possibility to enjoy fulfilling work, a capacity to feel part of the Group and the positive feelings employees associate with it.

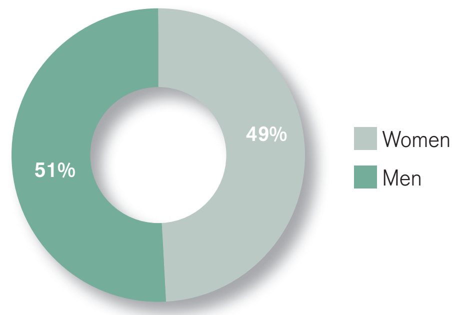
The highly satisfactory participation rate (70% of staff) is also a reflection of its strong involvement in the life of the Company.

A FEW FIGURES

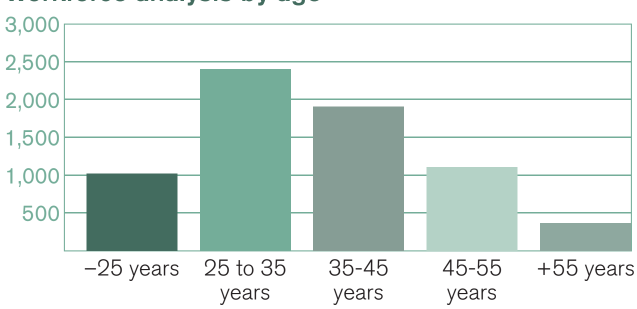
Workforce analysis by geographic region



Workforce analysis by gender



Workforce analysis by age



INFORMATION ON DELEGATIONS RELATING TO SHARE CAPITAL INCREASES AND OTHER AUTHORISATIONS (Article L. 225-100 of the Commercial Code)

The Management Board benefits from the following delegations of authority:

	Date of General Meeting	Authorisation expiry date	Authorised amount	Used during the financial year ended 31 December 2010	Residual amount at 31 December 2010
Authorisation to issue stock options	Extraordinary General Meeting 13 May 2009	12 July 2012	1.5% of share capital	None	1.5% of share capital
Authorisation to grant existing free shares	Extraordinary General Meeting 13 May 2009	12 July 2012	1.5% of share capital	None	1.5% of share capital
Authorisation to proceed to shares buy back	Ordinary General Meeting 12 May 2010	11 November 2011	10% of share capital	0.06% of share capital	9.94% of share capital
Authorisation to cancel shares bought back by the Company	Extraordinary General Meeting 12 May 2010	11 May 2012	10% of share capital	None	10% of share capital

It does not benefit from any delegation of authority or powers granted by the General Meeting in respect of increases in capital relative to Articles L. 225-129-1 and L. 225-129-2 of the Commercial Code.

INFORMATION ON TERMS OF PAYMENT (Article L. 441-6-1 of the Commercial Code)

At 31 December 2010, as at 31 December 2009, there are no liabilities due but unpaid to Somfy SA suppliers.

Trade receivables for Somfy SA specific activity represent payment terms generally less than forty-five days from the end of the month.

INFORMATION ON RISKS (Article L. 225-100 of the Commercial Code)

Somfy group uses hedging instruments provided by its usual banking partners to hedge its exposure to interest rate and foreign exchange risks.

These risks result from:
- Operational activities: trading (intragroup foreign currency-denominated invoicing of finished products distributed 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 and forward currency sales. The amounts hedged only relate to ongoing or future transactions resulting from 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).

As part of the transposition of the Markets in the Financial Instruments Directive that came into force on 1 November 2007, Somfy SA and its French subsidiaries opted for the "individual clients" category.

INTEREST RATE RISK

Somfy Participations' LBO package liabilities are hedged, in accordance with contract terms and conditions, by standard interest 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 available rate. At 31 December 2010, 75.8% 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 2010, covenants may be summarised as follows:
- covenants were complied with by Zurflüh-Feller;
- certain covenants were not complied with by Sirem and Cotherm but a *waiver* was obtained before 31 December 2010 by each company.

At 31 December 2010, Somfy SA availed of 4 to 5-year credit lines totalling €197.5 million from 6 banking institutions, of which €60.0 million had been drawn down at year-end. In that respect, interest rate hedges were implemented for a nominal non-amortisable amount of €30 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 position (net debt to equity), and
- its coverage ratio (net debt to cash flow).

Both covenants were met at the 31 December 2010 balance sheet date.

Somfy group applies hedge accounting to interest rate hedgings. The efficient portion of fair value movements is taken to equity and the inefficient portion to financial income/(expenses).

The impact on equity at 31 December 2010 was a negative €75 thousand (a negative €50 thousand net of deferred tax).

Inefficient hedgings amounted to a negative €1,255 thousand at 31 December 2010, compared to a negative €1,316 thousand at 31 December 2009, which had a positive impact on net profit of €61 thousand.

FOREIGN EXCHANGE RISK

Somfy's exposure to foreign exchange risk is primarily related to a portion of intragroup sales of manufactured products originating from France (these sales being denominated in local currencies).

Over 75% of the Group's consolidated sales is realised in the Euro zone.

Derivative financial instruments are primarily comprised of forward exchange contracts.

The Group applies hedge accounting to foreign currency hedgings since 1 July 2010.

The efficient portion of fair value movements is therefore taken to equity and the inefficient portion is recognised in financial income/(expenses).

The impact on equity at 31 December 2010 was a negative €1,073 thousand (a negative €704 thousand net of deferred tax).

Inefficient hedgings had a negative value of €429 thousand at 31 December 2010, compared to a negative €476 thousand at 31 December 2009, resulting in a positive impact on net profit of €47 thousand.

RAW MATERIAL RISK

Somfy hedged against the volatility in the price of raw materials that are significantly used in the manufacturing of its motors by placing firm orders with its suppliers, depending on market conditions.

SHARE RISK

The Group is exposed to equity 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 €3.4 million. The corresponding €1.2 million deferred tax charge was posted to reserves.

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 of its business. These should not have any significant negative impact on the Group's financial position.

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 policies, with regard 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 an insured entity's liability following physical injury, property damage or moral prejudice caused to a third party during or in relation to its 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 60% 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 General Tax Code)

The financial statements at 31 December 2010 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 net profit of €54,642,366.54 for the year ended 31 December 2010, increased by retained earnings of €1,191,571.20, to a total of €55,833,937.74 as follows:

– allocation to shareholders of a net dividend of €5.20 per share, being €5.20 × 7,836,800 shares	€40,751,360.00
– transfer to optional reserve	€15,082,577.74
	€55,833,937.74

A net dividend of €5.20 will be distributed for each share with a par 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 Tax Code.

Shares held by the Company on the dividend payment date are not entitled to dividends, with the corresponding amounts of unpaid dividends being transferred to retained earnings.

The dividend will be payable on 7 June 2011; the shares must be held on 2 June 2011 to benefit from the dividend.

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

	Financial year ending 31/12/2007	Financial year ending 31/12/2008	Financial year ending 31/12/2009
Number of shares eligible*	7,583,022	7,582,258	7,588,556
Par value	1 €	1 €	1 €
Total distributed dividends	41,706,621.00 €	36,394,838.40 €	36,425,068.80 €
Dividend per share	5.50 €	4.80 €	4.80 €

** Number of shares comprising the share capital, excluding treasury shares held by Somfy SA with no right to dividend.*

Dividends are fully eligible to the abatement provided for by Article 158-3-2° of the General Tax Code.

PROPOSAL TO ALIGN BYLAWS

It is proposed to align certain bylaw provisions with recent legal and regulatory reforms.

▪ Concerning the right of shareholders to add matters to the agenda of General Meetings

The Order of 9 December 2010 introduced in Article L. 225-105 of the Commercial Code the right for shareholders to request the addition of matters to the agenda of General Meetings, in the same conditions as required for the inclusion of draft resolutions.

Furthermore, it is reminded that in accordance with the provisions of Article R. 225-71 of the Commercial Code, such requests for the addition of matters or draft resolutions to the agenda of General Meetings may be addressed by registered letter with acknowledgement of receipt or by electronic mail.

As a consequence, it is proposed to amend the second paragraph of Article 25 of the bylaws, in order to bring it into line with the provisions of the above-mentioned Articles L. 225-105 and R. 225-71 of the Commercial Code.

▪ Concerning the retention of the double voting right in the case of a transfer of shares by merger or division of a corporate shareholder

It is reminded that the Law of 4 August 2008 specified in Article L. 225-124 of the Commercial Code that the transfer by way of merger or division of a corporate shareholder did not lead to losing the benefit of the double voting right and did not interrupt the timeframe for acquisition of the said right, unless otherwise specified by the bylaws.

It is proposed to amend the reading of the sixth paragraph of Article 28 of the bylaws in order to unambiguously maintain the double voting right in the above-mentioned assumption.

STOCK MARKET DEVELOPMENTS AND PERFORMANCE

During the 2010 financial year, the Somfy share price increased by 34.38%. At 31 December 2009, the last trading day before the close of the previous financial year, the share price was €128.00, compared to €172.01 at 31 December 2010.

This increase is due both to a general recovery in the financial markets and an upward revision of price targets by analysts following the release by the Group of its sales and results in 2010.

Based on the share price at 31 December 2010 and taking into account a net dividend of €5.20, the Somfy share yielded 3.02%.

The market for the share recorded a monthly trading extreme of 15,685 and 1,430 per month, with a monthly average of 4,540 shares, compared to 12,932 shares the previous year.

The Management Board

CHAIRMAN'S REPORT ON INTERNAL CONTROL AND CORPORATE GOVERNANCE

In application of Article L. 225-68 of the Commercial Code, we remind you of Somfy SA corporate governance principles and inform you of current projects in terms of internal control and risk management.

The Company's Financial and Legal departments and its Internal Audit function are the major contributors to the preparation of this report under the authority of the Chairman of the Supervisory Board.

This report has been submitted to the Supervisory Board for its approval on 24 February 2011 and passed on to the Statutory Auditors.

I – CORPORATE GOVERNANCE

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 2010, Paul Georges DESPATURE chaired the Management Board.

Wilfrid LE NAOUR, Chief Executive Officer of Somfy Participations and Jean-Philippe DEMAËL, Chief Executive Officer of Somfy Activities, 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 independence adopted by the Company.*

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 Commercial Code.

Male and Female representation on the Board

Currently the Board does not have any female members. Equal representation of men and women on the Board is one of the principles to be assessed next by the Board, it being specified that the Company intends to abide by the legal obligations in this area.

CONDITIONS OF PREPARATION AND ORGANISATION OF THE WORK OF THE SUPERVISORY BOARD

The Supervisory Board performs its control mission in accordance with the conditions prescribed by law.

A Chairman and Vice-Chairman are elected from 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, 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:

- is not an employee and does not hold 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 a shareholder or Director,
- has not been a statutory auditor of a Group company over the past five years,
- is not a shareholder and does not control 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 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, strategy and risk monitoring.

The other members of the Supervisory Board are part of the family, which, under the AFEP/MEDEF framework, excludes them from qualification as independent members.

However, the other members of the Supervisory Board have a family code of ethics, which strengthens the shared respect for the social contract. Moreover, their own individual substantial investment naturally motivates their 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 number 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.

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 financial year just ended and held in the year that the term of office of the said member of the Supervisory Board expires.

No one can be appointed a member of the Supervisory Board, if, being over seventy five years old, his appointment leads to over a third of the members of the Supervisory Board being over that age.

The Supervisory Board meets at least once quarterly on an agenda drafted by its Chairman. It met five times over 2010 and one absence was noted.

At the time of every ordinary meeting, the Management Board presents a report on the operations and results of the Group and its major subsidiaries for the quarter just ended. A detailed income statement with commentary is presented by the Management Board for every half-year and annual closing. In addition, the Supervisory Board receives a monthly sales report.

Within 60 days following the end of each financial year, parent company and consolidated financial statements approved by the Management Board are sent to the Supervisory Board for review. For the approval of the half-year financial statements, only the consolidated financial statements are prepared and submitted within this deadline. The Board then presents its observations on the Report of the Management Board as well as on the financial statements to the General Meeting.

The Chairman of the Supervisory Board also benefits from monthly meetings with the Chairman of the Management Board on the current operations of the Group.

The Supervisory Board may request from the Management Board and Management any information or analysis it deems necessary, or a presentation on any specific subject.

Pursuant to the law, so that commitments to deposits, sureties or guarantees are validly provided by the Company, the Supervisory Board provides guidelines to the Management Board. The authorisation of the Board is required in every case where a commitment does not meet these conditions.

The principal subjects discussed at meetings of the Supervisory Board during the year were the following:

For Somfy Activities:

- budget and key development areas,
- quarterly highlights by brand and operation,
- presentation of external growth achieved by Somfy Activities from 2004 to 2010,
- detailed information on acquisition prospects in emerging markets.

For Somfy Participations:

- quarterly highlights by shareholding,
- presentation on the valuation method used to calculate the net asset value of each investment,
- information on acquisition targets by shareholding,
- acquisition plans for share capital in the holding company of the Parquets Marty group,
- disposal plans for the shares held in the agta record AG company.

3. Committees established by the Supervisory Board

Audit Committee

In respect of the Audit Committee, the Company has only partially applied the working group report presided over by Mr Poupart Lafarge on the Audit Committee meeting of 22 July 2010. The recommendations in respect of the oversight of the Committee, the competence of its members and definitions of their independence, the evaluation and reporting on the work undertaken, as well as the recommendations relating to the execution of its legal responsibilities, have been followed.

Follow-up on the effectiveness of the internal control systems has equally been maintained and taking control of the assignment in respect of risks will essentially be completed during the current financial year.

The Audit Committee currently comprises 2 members: Jean-Bernard GUILLEBERT who chairs the Committee and Victor DESPATURE. Jean-Bernard GUILLEBERT is independent in accordance with the above-mentioned criteria and has experience in financial and accounting matters in view of his academic background (HEC) and his professional career path, during which he notably operated both as an investment banker and capital markets director within a large international bank.

Victor DESPATURE also has accounting expertise, having practised as a Chartered Accountant from 1983 to 2003 and as an auditor from 1990 to 2004, registered with Compagnie Régionale de Limoges.

The Committee's mission is to monitor the preparation of the consolidated and parent company accounts, and the efficiency of internal and risk management systems. It is also informed of due diligence carried out by the Statutory Auditors in their legal assignment to audit the parent company and consolidated financial statements, ensures the latter's' independence and is involved in their selection.

The Audit Committee supervises the work of Internal Audit and approves the annual audit plan. 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 2010 financial year, the Audit Committee met on four occasions, and the level of attendance was 100%.

During the various Audit Committee meetings, the Chief Financial Officer presented the financial position of the Group, the accounting options adopted and the risk exposure. Internal Audit presented the results of audits carried out and the audit plan and the procedures to update the risk analysis.

Pursuant to Article L. 823-16 of the Commercial Code, the Statutory Auditors presented their general work programme as well as the various tests they carried out, the changes that they felt should be made to the financial statements or other accounting documents before their approval, while making all relevant observations on the valuation methods used in their preparation; possible irregularities and errors discovered and the conclusions leading to the observations and corrections above to the results of the period compared to those of the previous period.

In addition, the Statutory Auditors communicate every year to the Audit Committee a declaration of independence and an update of the information described in Article L. 820-3 detailing the services carried out by the members of the network to which the Statutory Auditors are affiliated, as well as the services carried out in respect of due diligence directly related to the assignment.

As far as the work methods are concerned: pursuant to the recommendations of the AMF, a minimum time period for the examination of the financial statements was met to enable the Audit Committee to use the possibility of calling on external experts, as well as interviewing the Chief Financial Officer, the Statutory Auditors and the Internal Audit Officer.

Minutes of each Audit Committee meeting are provided to the Supervisory Board so that it is aware of matters discussed.

Remuneration Committee

The Remuneration Committee currently comprises two members: Victor DESPATURE and Jean-Bernard GUILLEBERT. Its mission is to submit proposals to the Supervisory Board, in particular in respect of the amount and methods of calculation of Director and senior management remuneration and to provide advice on the amount of attendance fees.

The Committee calls on a firm specialised in the subject of senior executive remuneration, which provides advice on the practices that are generally applied in companies of a comparable size.

During the year just ended, it met twice. The level of attendance by the members was 100%.

During the period, the Remuneration Committee made proposals to the Supervisory Board, particularly concerning:
- fixed remuneration of members of the Management Board,
- changes introduced to the calculation methods for variable remuneration of Management Board members, favouring the retention of the previous scale of two quantitative criteria, which has been effective since 2006, but developing them to allow the inclusion of future plans which incur expenses before contributing to profits and by completing this scale by adding a criterion measuring the growth of the Group.

CORPORATE GOVERNANCE FRAMEWORK

Somfy SA refers to the AFEP-MEDEF Corporate Governance Code of listed companies of December 2008, available on the following website: www.code-afep-medef.com.

However, the following provisions were eliminated for the reasons described below:
- The Supervisory Board expressed a reservation in relation to cumulating a term of office and an employment contract. Effectively the Board wishes, in the interest of the Company, 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 Supervisory Board members, as defined in this Code in respect of the criteria of a maximum term of office of twelve years or the fact of not being or having been a director of the Group or an employee during the last

five years, cannot 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 and motivates their long-term commitment.

- The proportion of independent members of 1/3 of the Board and 2/3 required for the Audit Committee as well as the recommendation on the length of terms of office are not met for the same reasons of being inappropriate to the shareholding structure.
- The Company has not yet been in a position to comply with the recommendation for at least one female representative at the next meeting, none of the terms of office approaching their end at the moment.
- 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.
- The company has not to date set up an Appointments Committee, nor entrusted this assignment to the Remuneration Committee.

An internal regulation of the Supervisory Board was formalised and deals with the following matters: Mission of the Supervisory Board, Organisation and functioning of the Board and the specialised Committees.

A process of evaluating the work of the Board was set up in 2007 and renewed in 2010.

This evaluation takes place internally through self-assessment questionnaires intended for the members of the Supervisory Board, focused on the following subjects: composition and stability of the Board, vision and strategic considerations, operational rules, quality of information, deliberations and decision making, operations conducted in the best manner, strategic challenges, agendas and the relationship with members of the Management Board.

The presentation of the results of this evaluation has been the subject of discussion by the Board.

On that occasion, the Board particularly contemplated the following improvement targets for the Board's operation: supplementary presentations will be produced for both Somfy Activities and Somfy Participations and training likely to enrich the contribution of members of the Supervisory Board will be considered.

REMUNERATION AND BENEFITS OF SENIOR EXECUTIVES

1. 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.

A. Remuneration of members of the Supervisory Board

The General Meeting sets the overall amount of attendance fees.

The Supervisory Board members share the said fees pro rata to their attendance at meetings of the Board and Audit and Remuneration Committees.

The Chairman of the Supervisory Board received a specific fixed remuneration that was set by the Board meeting of 26 February 2009.

B. Remuneration of senior executives

At 31 December 2010, the remuneration of the members of the Management Board comprised a fixed part and a variable part and these amounts are reviewed annually.

The variable part is based on the achievement of objectives that now take account of three quantitative criteria:

- profit growth, measured by the average growth in COR (Current Operating Result) over two years,
- profitability of capital used, measured by the average level of ROCE (Return On Capital Employed) over two years,
- business development, measured by sales growth and by its differential between the sales growth of a range of reference points comprised of nine companies considered to be comparable.

This process is accompanied by qualitative criteria. For confidentiality reasons the level of achievement of quantitative criteria, as well as the qualitative criteria, which are predetermined, are not publicly disclosed.

The variable remuneration based upon quantitative criteria may not exceed a maximum expressed as a percentage of the fixed remuneration.

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 Commercial Code. During the year just ended, no stock option or performance plans were set up.
- a so-called "Article 39" supplementary retirement scheme for members of the Management Board, senior executives and directors of the Group. This scheme was set up by CMC SARL. By virtue of their employment contract with this company,

prior to their appointment to the Management Board, Jean-Philippe DEMAËL and Wilfrid LE NAOUR, members of the Management Board, are potential beneficiaries of this retirement scheme.
- benefits in kind include the use of a company car, as well as profit sharing, employee shareholding and subscription to employee payments effected on the Group savings scheme in force within CMC SARL. It is also by virtue of their employment contracts with this company that Jean-Philippe DEMAËL and Wilfrid LE NAOUR, members of the Management Board, are beneficiaries of these benefits. Their value is separately disclosed in the Management Board report, just as the remuneration repeated in this report is disclosed in its entirety and includes the salaries paid under employment contracts.

The situation of the Chairman of the Management Board is different as he does not benefit from either share options or performance-based shares and under his former employment contract he did not have use of a company car, nor did he have access to a Group savings plan. His employment contract terminated on 30 June 2010 and has given rise to a payment of a fixed retirement benefit set by the Collective Agreement. At this same date, the Chairman of the Management Board requested the settlement of his retirement pension and is no longer remunerated other than in his capacity as Board member, without any other particular benefits.

2. Conditions of shareholders participation in General Meetings

The bylaws allow the following arrangements:
- All shareholders have a right to attend General Meetings and participate in their deliberations, in a personal capacity or by proxy.
- They may vote remotely. If the Management Board or Supervisory Board provide for this at the time of the notice of the meeting, all shareholders may participate in General Meetings by video-conference or by any communication means that enable their identification on terms and conditions set by law and regulations and that are mentioned in the notice of the meeting: the shareholder will be, in this case, deemed to be present for calculation of quorum and majority.
- The right to participate in Meetings is subject to the proof by shareholders of their identity and the registration of the securities in their names (or name of intermediary recorded on their behalf if they reside abroad) at midnight Paris time on the third working day preceding the meeting, either in a nominative amount, or in the records of bearer shares held by an authorised intermediary, and this in one of the places mentioned in the notice of the meeting. As for bearer shares, the authorised intermediary must provide a certificate of shareholding.
- The presence of the shareholder cancels all proxy or remote voting.

3. Element liable to have an impact in the event of a public offering

The disclosures referred to by Article L. 225-100-3 of the Commercial Code relating to elements liable to have an impact in the event of a public offering are published in the paragraph entitled “Elements liable to have an impact in the event of a public offering” of the Management Report prepared by the Management Board in respect of the financial year ended 31 December 2010.

II – INTERNAL CONTROL

INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES IMPLEMENTED BY THE COMPANY

1. Company’s objectives in respect of internal control procedures

The internal control function, inspired by the AMF framework that is available at www.amf-france.org, has the following purpose:
- to ensure that management action or the completion of transactions as well as the behaviour of personnel is in line with the framework defined by the Management Board under the control of the Supervisory Board in conditions defined by the bylaws, applicable laws and regulations, and by the internal values, standards and rules of the Company;
- to verify that the accounting, financial and management information reported to the Management Board and Supervisory Board or to Committees formed within them, fairly reflects the operations and position of the Company by checking their reliability, traceability and availability;
- to prevent and control the risks arising from the business and the risk of errors or fraud, particularly in the accounting and financial areas;
- to secure the property, plant and equipment and intangible assets.

Thus, it ensures:

a) the compliance with laws and regulations;

b) the application of instructions and directions set by General Management or the Management Board;

c) the correct functioning of the internal processes of the company, notably those concerning the safeguarding of its assets;

d) the reliability of financial information. It does not provide an absolute guarantee against any human error.

As far as Somfy Participations is concerned, it should be noted that the companies in which Somfy SA has invested as part of LBO projects and where it holds a majority shareholding are Cotherm Participations SA, NMP SAS (Zurflüh-Feller) and Financière Nouveau Monde SA (Sirem).

As concerns financial investments, the attention given by Somfy SA to these companies relates particularly to the financial statements of companies and notably, compliance with banking covenants as well as a follow-up of their strategies. In the event that areas of progress are identified in other domains by the Management of the company or Somfy SA, the latter proposes to the company concerned the resources or contacts to contribute to its development.

In this respect, Internal Audit may form part of the resources provided.

As a result of the above, the developments that follow relate virtually exclusively to Somfy Activities.

2. Internal control structures

Supervisory Board

Under French law, it comprises the body that controls the management of the company that is carried out by the Management Board.

Internal Audit

Under the supervision of the Audit Committee, the Internal Audit department reports to the Chairman of the Management Board, and by delegation to the Group's Chief Financial Officer.

The department, comprising the Internal Audit Officer and two auditors, carries out audits that evaluate the correct application of accounting principles, the organisation and systems put in place within the entity subject to audit.

An annual audit plan, prepared together with the Management of Somfy SA is approved by the Management Board then validated by the Audit Committee. The assignments included in the audit plan provide an independent appreciation of the efficiency of the system of internal control in each entity.

Where appropriate, the principal weaknesses identified in internal control are reported and recommendations are issued. A follow-up of the implementation of recommendations is made between one and three years after the release of the final report.

In addition, urgent assignments that were not provided for in the audit plan may be carried out during the year on the request of the Management Board or the Audit Committee.

Twice a year, the Internal Audit Officer presents a report on the activities of the department to the Management Board and the Audit Committee.

In 2010 the Internal Audit Charter defining the powers and responsibilities of Internal Audit within Somfy group and specifying its assignments was updated.

3. Key elements of the internal control process

The processes and organisation described hereafter were implemented by the Management Board, as internal control is within its jurisdiction.

Description of internal control procedures relative to the preparation of accounting and financial information

Strategic, budgetary and reporting process

The preparation of the budget is part of an annual strategic process involving all the Activities, Business Areas and Business Units as well as the divisions, that define their essential objectives and their three-year plan, in line with the strategic guidelines set by General Management.

The overall budget is prepared as part of a repetitive process involving all Group players. It is the result of the consolidation of local budgets.

After approval by the General Management of the Group, every manager becomes responsible for meeting his/her own budget.

The measurement of the achievement of objectives set in the budgets is carried out through a system of matrix reporting on a monthly and quarterly basis, that enables results to be produced on a number of bases (Business Area, Business Unit, and Activity). It comprises the standard financial data: operating accounts and balance sheet indicators, and non-financial performance indicators.

Reporting is completed by strategic reports, and quarterly updates of forecast sales and profit of the current year. These measurements enable a follow-up of the achievement of objectives and provide corrective actions, on a matrix basis and at all levels of responsibility (consolidation, Business Areas, Business Units, Activities, Legal Companies, Departments and Services).

In addition, three three-year plans, in line with Group strategy and revised annually, are led by Management. This is:

1. a product master plan that relates to the development of the product offering;
2. an industrial and logistics master plan for production facilities;
3. a master plan for information systems.

Preparation of financial statements

The Somfy group has defined a unique and common system for the recording of accounting and financial information.

It 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, etc.), which are formalised in the Group Procedure Manual relayed through and updated on the Group's 'Teepee' intranet.

Furthermore, the Group pursues its policy of rolling out common software and a joint ERP.

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 the development and control over financial statements 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

This team relies on management controllers based in each Business Area reporting to the Group in its nine geographical areas.

In addition, each of the three Activities, also benefits from a dedicated controller.

The Group endeavours to lead this network via international meetings and ongoing training of the accountants and management controllers.

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 rolling physical 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 customer credit insurance contracts, both in France and abroad.

Intragroup purchases, sales and balance sheet items are confirmed monthly. 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 each half-year with the legal department to identify all liabilities and possible or stated litigation and to calculate, with reference to the progress of cases, corresponding provisions for liabilities and charges.

The review of various contracts, deposits, sureties and guarantees also has the purpose of identifying off-balance sheet commitments.

The consolidation packages, including: balance sheet, income statement, all flow tables and related data, are then sent to the Consolidation department according to a predefined planning schedule.

Financial statements control

The Consolidation department, after checking the exhaustiveness of financial information, the proper application of closing procedures and restatements, performing intragroup account reconciliation and checking net equity justification, performs financial statement consolidation using dedicated software.

Consolidated financial statements are prepared in accordance with IFRS. In addition, accounting options selected were presented to and approved by the Audit Committee.

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 auspices 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. Relevant information relating to the Company's business activities is presented to the Audit Committee.

IT systems

The BaaN integrated management package is now installed in most distribution subsidiaries, excluding Asia, where ERP Accpac was rolled out in all subsidiaries.

For the companies that have an ERP (BaaN or Accpac) installed, standard parameters are included (comprising a chart of accounts, analytical follow-up and procedures).

Completion of the budget, monthly reporting, margin analysis by product family and legal consolidation are all carried out on the same platform (Hyperion), which improves the uniformity as well as facilitating the analysis of information. The migration to the new version took place in 2010 in order to increase its data processing and analysis capacity.

In 2010 the migration from the GPAO Tolas tool to the BaaN Manufacturing module continued and concerned the Zriba site in Tunisia. Therefore, the Cluses, Gray and Zriba sites all operate under the same integrated IT system. In 2011, this same migration will take place for the Way site in Italy, the purpose being to integrate as far as possible all the production activities of the Somfy group (from procurement to distribution) with logistics and finance.

Furthermore, the CrossRoads system, aimed at setting up a unique data management system for the development of products right through their life cycle, will be rolled out in 2011 at the different development centres of the Group. It will contribute to the efficiency of the development processes and the improvement of product quality.

Lastly, the 2010 implementation of a unique Identity and Access Rights Management tool further improved the level of control, already strong, of IT security.

Internal control monitoring

The monitoring of the internal control ensuring 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 through which monitoring programmes are carried out on an annual basis. In 2010 the analysis of the Customer Returns/After-Sales Service processes was led with the help of this tool,
- a dedicated software tool dedicated to following the recommendations, which more specifically allows Internal Audit to centralise the recommendations resulting from their audits, the entities audited to take hold of their corresponding action plans, and the Group's Internal Control department to follow their implementation. All assignments completed since 2004 are in the process of being recorded.

The use of all these resources is closely monitored by the Audit Committee, which is regularly informed of the progress achieved and results obtained.

In 2010, Somfy Activities implemented an Internal Control department, which particularly ensures that the recommendations coming out of the audit reports are implemented appropriately.

In addition, an Internal Control Committee, supervised by the Accounting-Management Control Department was 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 validation of the Group's accounting and management procedures, while at the same time ensuring their feasibility within the IT systems,
- Internal Audit assignment 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 plans follow-up.

This Committee met three times in 2010.

Analysis of risks

An analysis of Group risks conducted at the end of 2005 is the subject of regular updates. A link exists between the risks included in this analysis and the Internal Audit plan, when it is relevant.

Strategic risks are included in the bi-annual process of the Group's strategic review, and operational risks are followed up by Group executives to ensure the existence of action plans.

In 2010, Internal Audit supported Management in formalising and regulating the process of updating the analysis (method, model documents, etc.), with the continuing objective of encouraging everyone to take responsibility for managing these risks.

The results of this project have been presented to the Audit Committee and Supervisory Board.

Treasury Committee/Group Cash management

The Treasury Committee comprises:

- the Chief Financial Officer of Somfy group,
- the Administrative and Financial Manager of Somfy Activities,
- the Financial Manager of holding companies,
- the Group Treasurer.

Amongst these members are the Chairman of the Management Board and the two Chief Executive Officers.

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:

1. 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.
2. operating missions, which guarantee regular monitoring of Group Cash Management. They are detailed in a monthly trend chart.

Since 1 June 2010, the rules and procedures related to Somfy group's cash management have been formalised in the Cash Management Charter, revised annually and including the following:

- Ethics
- Liquidity/exchange rate/interest rate risk
- Deposit of excess cash
- Counterparty risk
- Governance

Furthermore, it has been decided that hedge accounting will be applied from 2011 to all exchange rate transactions entered into since 1 July 2010.

Accreditations and quality procedures

Somfy group has been implementing an approach to quality management by following ISO 9001 processes since 1995.

Companies currently ISO 9001-certified by Lloyd Register Quality Assurance – LRQA or by other local organisations are Somfy SAS, Simu SAS, WAY (combination of Asa and Mingardi), Sitem, Harmonic, Somfy GmbH, Somfy BV and BFT Spa Schio.

These companies represent the vast majority of the Group's operations.

All personnel of these companies are thus involved in this process, including the R&D service, as well as the purchasing, manufacturing, production, selling and logistics departments.

Internal quality audits are implemented following an annual quality audit plan, defined according to the company strategic direction; and to control the risks from operational processes. Corrective or preventive actions are managed within each operating or support department.

The list of operating and support processes falling within the scope of application of quality management, as well as their 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, etc.) and the continuous improvement principle applied to each of them.

The Quality approach is a key area of the Group's strategy and the Management of the Company is committed to its rollout and monitoring.

Risk coverage – Insurance

The Group risk prevention and protection policy is determined by Corporate services, in partnership with its brokers and insurers. The vast 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, etc.), loss of profit, general civil liability (including Directors' civil liability) and transported goods. Other facilities are covered by local insurance policies.

PROJECTS COMPLETED AND IN PROGRESS

Encouraged by the Audit Committee, Internal Audit sought to make the follow-up of recommendations issued at the time of field audits more professional by setting up a procedure given to all operations audited that describes in a formal manner the method of follow-up, those responsible for it, the timeframe, etc. and a dedicated software package to facilitate this follow-up.

This package notably enables, via a database centralising all recommendations issued, the automation of the follow-up of these (direct involvement of those audited and commitment by them by inputting the action plans and timeframes, alert systems related to the timeframe, follow-up as a function of the importance of the risks identified, etc.). The package also enables the recommendations to be sorted by status, subject, subsidiary, shareholder, level of criticality, action timeframe, etc.

This package is designed to be used by:

- the auditors. The core of the applications consists of issuing recommendations and action plans, follow-up of their completion, and bringing together all this work in the form of reports. The recommendations may relate to weaknesses and to categories of risks,
- those audited. An alert system warns these being audited of the recommendations concerning them being put online. Thereafter, the recommendations may be sorted by importance, subject or implementation timeframe to define action plans that are effective and pragmatic. The action plans are input directly into the package,
- the internal control department. A report generator enables the construction in a fully personalised manner of a consolidated view or to obtain statistics on the recommendations and their implementation.

This project started in 2009 by the selection of a package and its commissioning continued into 2010 with the inclusion of the recommendations history into the software tool. From 2011, all parties concerned will be required to use it and the pertinent reporting will be available to Management and the Audit Committee concerning the follow-up of audit results.

The Chairman of the Supervisory Board

SOMFY SA FINANCIAL STATEMENTS FOR THE LAST FIVE YEARS

€ thousands	2006	2007	2008	2009	2010
1. FINANCIAL POSITION AT BALANCE SHEET DATE					
a) Share capital	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 RESULT OF CURRENT OPERATIONS					
a) Sales excluding VAT	3,216	1,571	1,529	2,880	3,759
b) Profit before tax, amortisation, depreciation and provision charges	87,332	70,907	60,758	79,256	54,672
c) Income tax	2,610	2,998	9,485	3,904	306
d) Profit after tax, amortisation, depreciation and provision charges	89,937	72,275	56,778	83,681	54,642
e) Distributed profit	40,751	43,102	37,617	37,617	40,751
3. EARNINGS PER SHARE					
a) Earnings per share after tax, but before amortisation, depreciation and provision charges	11.48	9.43	8.96	10.61	7.02
b) Earnings per share after tax, amortisation, depreciation and provision charges	11.48	9.22	7.25	10.68	6.97
c) Dividend distributed per share	5.20	5.50	4.80	4.80	5.20
4. WORKFORCE					
a) Number of employees at end of year	6	5	5	7	10
b) Total payroll	301	224	276	303	428
c) Amount paid in relation to employee benefits (social security, charities, etc.)	103	67	81	77	129

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

€ thousands	Notes	31/12/10	31/12/09*
Sales	(3)	852,606	760,777
Other operating income	(4)	10,809	10,028
Cost of sales		– 277,941	– 248,310
Employee expenses		– 257,961	– 235,096
External expenses		– 152,113	– 127,085
EBITDA		**175,400**	**160,314**
Amortisation and depreciation charges**	(12) (13)	– 35,809	– 36,590
Charges/reversals to current provisions	(5)	505	– 1,619
Gains and losses on disposal of current operating assets		– 1,462	– 851
CURRENT OPERATING RESULT		**138,634**	**121,253**
Other operating income and expenses	(6)	– 540	– 12,941
Impairment of goodwill	(11)	– 6,003	– 3,354
OPERATING RESULT		**132,092**	**104,959**
– *Financial income from investments*		*6,066*	*6,651*
– *Financial expenses related to borrowings*		*– 6,239*	*– 7,707*
Cost of net financial debt		– 173	– 1,056
Other financial income and expenses		4,925	7,443
NET FINANCIAL INCOME	**(7)**	**4,752**	**6,387**
PROFIT BEFORE TAX		**136,844**	**111,346**
Income tax	(8)	– 29,104	– 21,472
Share of profit of equity-accounted companies	(15)	– 11,585	– 2,023
NET PROFIT		**96,155**	**87,851**
attributable to: Group share		95,439	88,391
Non-controlling interests		716	– 540
Basic earnings per share (€)	**(9)**	**12.55**	**11.65**
Diluted earnings per share (€)	**(9)**	**12.46**	**11.54**

** Pursuant to IFRS 3, the goodwill of Pujol, Energy Eye and Sodim had provisionally been allocated in the 2009 financial statements. Additional allocation work has been carried out within the one-year allocation timeframe, which led to restating data at 31 December 2009.*

*** Including amortisation charges relative to intangible assets allocated following acquisitions, i.e. -€2.3 million in 2010 and -€2.1 million in 2009, previously excluded from the Current Operating Result.*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ thousands	31/12/10	31/12/09
Net profit for the year	96,155	87,851
Movement in gains and losses on translation of foreign currency	5,456	2,163
Movement in fair value of available-for-sale assets	47,865	–7,482
Movement in fair value of interest rate hedgings	–75	–1,044
Movement in fair value of foreign currency hedgings	–1,073	0
Movement in actuarial gains and losses	–1,500	2,423
Movement in tax on income and expenses recognised directly in reserves	–2,623	–894
Other items of comprehensive income directly recognised in equity	**48,050**	**–4,834**
Comprehensive income for the year (1)	**144,205**	**83,017**
Attributable to: Group share	143,492	83,585
Non-controlling interests (1)	713	–568

(1) The net profit variance with the consolidated statement of changes in equity is due to the recognition of the put options granted to holders of non-controlling interests: -€527 thousand at 31 December 2009 and €794 thousand at 31 December 2010.

CONSOLIDATED BALANCE SHEET - ASSETS

€ thousands	Notes	31/12/10 Net	31/12/09* Net
Non-current assets			
Goodwill	(11)	238,231	145,461
Intangible assets	(12)	56,474	54,163
Property, plant and equipment	(13)	204,132	209,709
Equity-accounted companies	(15)	48,625	58,647
Financial assets	(16)	205,071	260,470
Other receivables	-	807	4,200
Deferred tax assets	(8)	24,635	21,794
Employee benefits	(28)	57	705
Derivative instruments	(27)	0	0
Total Non-current assets		**778,031**	**755,148**
Current assets			
Inventory	(17)	119,720	100,093
Trade receivables	(18)	142,002	134,040
Other receivables	(19)	15,795	13,009
Current tax assets	(20)	4,030	10,838
Financial assets	(16)	1,902	1,905
Derivative instruments	(27)	0	150
Cash and cash equivalents	(21)	86,993	67,872
Total Current assets		**370,442**	**327,908**
Assets held for sale	(22)	109,848	0
TOTAL ASSETS		**1,258,322**	**1,083,056**

** Pursuant to IFRS 3, the goodwill of Pujol, Energy Eye and Sodim had provisionally been allocated in the 2009 financial statements. Additional allocation work has been carried out within the one-year allocation timeframe, which led to restating data at 31 December 2009.*

CONSOLIDATED BALANCE SHEET - EQUITY AND LIABILITIES

€ thousands	Notes	31/12/10	31/12/09*
Shareholders' equity			
Share capital		7,837	7,837
Share premium		1,866	1,866
Other reserves		698,182	621,144
Net profit for the year		95,439	88,391
Group share		**803,325**	**719,239**
Non-controlling interests		111	– 12
Total Shareholders' equity		**803,436**	**719,227**
Non-current liabilities			
Non-current provisions	(23)	8,548	9,456
Other financial liabilities**	(24)	103,663	91,063
Other liabilities	-	43	4
Employee benefits	(28)	14,632	13,129
Deferred tax liabilities	(8)	50,807	50,919
Derivative instruments	(27)	3,210	3,196
Total Non-current liabilities		**180,903**	**167,766**
Current liabilities			
Current provisions	(23)	8,677	18,577
Other financial liabilities	(24)	86,345	38,388
Trade payables	-	89,907	76,751
Other liabilities	(29)	74,199	59,412
Tax liabilities	(20)	13,350	2,309
Derivative instruments	(27)	1,506	626
Total Current liabilities		**273,983**	**196,063**
TOTAL LIABILITIES		**1,258,322**	**1,083,056**

** Pursuant to IFRS 3, the goodwill of Pujol, Energy Eye and Sodim had provisionally been allocated in the 2009 financial statements. Additional allocation work has been carried out within the one-year allocation timeframe, which led to restating data at 31 December 2009.*

*** Including liabilities relative to put options granted to holders of non-controlling interests: €39.7 million in 2010 and €13.1 million in 2009, previously recognised in other liabilities.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ thousands	Capital (1)	Share premium	Treasury shares	Gain/loss on available-for-sale assets	Actuarial differences	Interest rates hedgings
AT 31 DECEMBER 2009	**7,837**	**1,866**	**– 40,875**	**20,073**	**– 1,099**	**– 1,044**
Income and expenses recorded during the year	–	–	–	47,865	– 1,500	– 75
Treasury share transactions	–	–	1,572	–	–	–
Dividends	–	–	–	–	–	–
Other movements (2)	–	–	–	–	– 321	–
AT 31 DECEMBER 2010	**7,837**	**1,866**	**– 39,303**	**67,938**	**– 2,920**	**– 1,119**

(1) Share capital is comprised of 7,836,800 shares with a par value of €1. No changes occurred in 2010.
(2) Including -€25.9 million related to the recognition of the purchase commitment of the 30% non-controlling interest in Dooya and foreign exchange gains and losses on equity transactions.

€ thousands	Capital (1)	Share premium	Treasury shares	Gain/loss on available-for-sale assets	Actuarial differences	Interest rates hedgings
AT 31 DECEMBER 2008	**7,837**	**1,866**	**– 41,637**	**27,555**	**– 3,522**	**0**
Income and expenses recorded during the year	–	–	–	– 7,482	2,423	– 1,044
Treasury share transactions	–	–	762	–	–	–
Dividends	–	–	–	–	–	–
Other movements (2)	–	–	–	–	–	–
AT 31 DECEMBER 2009	**7,837**	**1,866**	**– 40,875**	**20,073**	**– 1,099**	**– 1,044**

(1) Share capital is comprised of 7,836,800 shares with a par value of €1. No changes occurred in 2009.
(2) Changes in consolidation scope, foreign exchange gains and losses on equity transactions.

Foreign currency hedgings	Deferred tax	Changes in foreign exchange rates	Consolidated reserves and net profit	Total shareholders' equity	Non-controlling interests	Total shareholders' equity (Group share)
0	**2,442**	**– 3,935**	**733,963**	**719,227**	**– 12**	**719,239**
– 1,073	– 2,623	5,456	95,361	143,411	– 81	143,492
–	–	–	964	2,536	–	2,536
–	–	–	– 36,454	– 36,454	–	– 36,454
–	81	240	– 25,285	– 25,285	204	– 25,489
– 1,073	**– 100**	**1,761**	**768,549**	**803,436**	**111**	**803,325**

Foreign currency hedgings	Deferred tax	Changes in foreign exchange rates	Consolidated reserves and net profit	Total shareholders' equity	Non-controlling interests	Total shareholders' equity (Group share)
0	**3,336**	**– 6,098**	**681,010**	**670,347**	**– 256**	**670,603**
–	– 894	2,163	88,378	83,544	– 41	83,585
–	–	–	644	1,406	–	1,406
–	–	–	– 36,392	– 36,392	– 5	– 36,387
–	–	–	324	324	290	34
0	**2,442**	**– 3,935**	**733,963**	**719,227**	**– 12**	**719,239**

CONSOLIDATED CASH FLOW STATEMENT

€ thousands	Notes	31/12/10	31/12/09*
Consolidated net profit		**96,155**	**87,851**
Depreciation and amortisation of assets (excluding current assets)		45,284	44,537
Charges to and reversals of provisions for liabilities		– 1,045	– 2,470
Unrealised gains and losses related to fair value movements		– 107	– 1,513
Unrealised foreign exchange gains and losses		– 1,131	– 1,049
Income and expenses related to stock options and employee benefits		3,478	3,475
Depreciation, amortisation, provisions and other non-cash items		**46,479**	**42,980**
Profit on disposal of assets and others		– 29	4,998
Share of net profit of associates		11,585	2,023
Deferred tax expense		– 4,836	5,385
Cash flow		**149,354**	**143,237**
Cost of net financial debt (excluding non-cash items)		233	1,557
Dividends of non-consolidated companies		– 6,578	– 7,952
Tax expense (excluding deferred tax)		33,941	16,087
Change in working capital requirements	(32)	– 6,855	25,126
Tax paid		– 16,166	– 6,731
CASH FLOW FROM OPERATING ACTIVITIES (A)		**153,929**	**171,324**
Acquisition-related disbursements:			
– intangible assets and property, plant and equipment		– 30,338	– 30,686
– non-current financial assets		– 3,962	– 1,209
Disposal-related proceeds:			
– intangible assets and property, plant and equipment		512	514
– non-current financial assets		17	153
Change in current financial assets		1,194	24,956
Acquisition of companies, net of cash acquired	(10)	– 100,039	– 20,244
Disposal of companies, net of cash disposed		– 4,858	0
Dividends paid by equity-accounted companies		372	186
Dividends paid by non-consolidated companies		6,578	7,952
Interest received		766	2,173
CASH FLOW USED IN INVESTING ACTIVITIES (B)		**– 129,757**	**– 16,205**
Increase in loans		50,724	5,926
Reimbursement of loans		– 20,884	– 104,065
Net increase in share capital of subsidiaries		673	696
Dividends paid		– 36,454	– 36,392
Movement in treasury shares		2,207	908
Interest paid		– 5,519	– 8,379
CASH FLOW USED IN FINANCING ACTIVITIES (C)		**– 9,253**	**– 141,307**
Impact of changes in foreign exchange rates on cash and cash equivalents (D)		3,027	1,417
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**17,945**	**15,229**
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR	(32)	**66,974**	**51,744**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	(32)	**84,919**	**66,974**

** Pursuant to IFRS 3, the goodwill of Pujol, Energy Eye and Sodim had provisionally been allocated in the 2009 financial statements. Additional allocation work has been carried out within the one-year allocation timeframe, which led to restating data at 31 December 2009.*

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 A, ISIN code: FR 0000120495).

On 23 February 2011, the Management Board of Somfy SA prepared the consolidated financial statements of the Somfy SA group for the 12-month financial year ended 31 December 2010, it being specified that the Group had net assets of €1,258,322 thousand and realised a consolidated net profit of €96,155 thousand (Group share: €95,439 thousand).

ACCOUNTING RULES AND METHODS

A. BASIS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements – Basis for preparation

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

The financial statements were prepared according to the historical cost principle, except for a number of assets and liabilities 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 financial year-end of all companies is 31 December.

All intragroup balances, transactions, as well as unrealised expenses and income included in the book value of assets and resulting from intragroup 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 consolidation principles.

Compliance with accounting standards

In application of European Regulation 1606/2002 of 19 July 2002 on international standards, the Somfy group consolidated financial statements for the financial year ended 31 December 2010 were prepared in accordance with the international financial reporting standards ("IFRS") applicable at that date, as approved by the European Union at the date of preparation of these financial statements.

New standards and ongoing interpretations

Accounting rules and methods are identical to those used in the preparation of the consolidated financial statements at 31 December 2009, except for the following mandatory standards, amendments and interpretations adopted by the European Union, applicable for the financial year 2010:

- Revised IFRS 3 "Business combinations",
- Revised IAS 27 "Consolidated and separate financial statements",
- Amendments to IFRS 2 "Group cash-settled share-based payment transactions",
- Amendments to IAS 39 "Eligible hedge items",
- Improvements to IFRS (April 2009),
- IFRIC 12 interpretation "Service concession arrangements",
- IFRIC 15 interpretation "Agreements for the construction of real estate",
- IFRIC 16 interpretation "Hedges of a net investment in a foreign operation",
- IFRIC 17 interpretation "Distribution of non-cash assets to owners",
- IFRIC 18 interpretation "Transfers of assets from customers".

The main developments introduced by the coming into force of revised IFRS 3 "Business combinations" and revised IAS 27 "Consolidated and separate financial statements" are as follows:

- goodwill may be estimated by including the share held by non-controlling interests (full goodwill option),
- cost associated with business combinations must be recognised as expenses, whereas they were previously included in the acquisition cost,
- it is mandatory that this acquisition cost includes the fair value of conditional payments, such as earn-outs, whereas previously the acquisition price could be restated at a later stage,
- in the case the Group takes control of a company in which it already held shares, the latter must be reassessed at fair value. Any difference between the carrying value and the fair value is to be accounted for in the income statement, and vice and versa in the case of a loss of control in stages,
- any change in non-controlling interests, without loss of control, constitutes a transaction between shareholders and only affects the allocation of equity between the shares attributable to the Group shares and to non-controlling interests.

The other standards did not have a significant impact on the financial statements.

The following other standards adopted by the European Union, the application of which will be mandatory in the future, were not applied early:

- Revised IAS 24 “Related party disclosures” applicable from 1 January 2011,
- Amendments to IAS 32 “Financial instruments – Classification of rights issues” applicable from 1 February 2010,
- Improvements to IFRS (May 2010) applicable from 1 January 2011,
- IFRIC 19 interpretation “Extinguishing financial liabilities with equity instruments applicable from 1 July 2010,
- Amendment to IFRIC 14 “The Prepayments of a minimum funding requirement” applicable from 1 January 2011.

The following standards have been published by the IASB but have not yet been adopted by the European Union:

- IFRS 9 “Financial instruments” applicable from 1 January 2013,
- Amendments to IFRS 7 “Disclosures – Transfers of financial assets” applicable from 1 July 2011,
- Amendments to IAS 12 “Deferred tax – Recovery of underlying assets” applicable from 1 January 2012.

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.

Application of hedge accounting to foreign currency hedges

Somfy group chose to apply hedge accounting to foreign currency hedgings from 1 July 2010.

The principle used on recognition is specified in paragraph U.

Changes in the presentation of the financial statements

In order to comply with the recommendations published by the AMF, Somfy amended retrospectively the presentation of its financial statements in relation to the following two points:

- **impairment of intangible assets allocated following acquisitions**: they were previously posted after Current Operating Result at 31 December 2009. They are now included in Current Operating Result. The impact of this reclassification was thus a negative €2.3 million in 2010 and a negative €2.1 million in 2009,
- **liabilities related to put options granted to holders of non-controlling interests**: these were recognised in non-current liabilities at 31 December 2009. They are now recognised in financial liabilities and as such are included in net financial debt. The impact of this reclassification was thus €39.7 million in 2010 and €13.1 million in 2009.

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 and property, plant and equipment, whose measurement is based in particular on future cash flow, discount rate and net realisable value assumptions (Note 14 to the consolidated financial statements),
- retirement commitments, whose measurement is based on a number of actuarial assumptions (Note 28 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 30 to 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 price of the shares of the company concerned.

Restatements of asset and liability values relating to acquisitions recognised on a provisional basis (due to expertise work in progress or supplementary analyses) are recognised as retrospective restatements of goodwill if they occur within 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 or investment.

Consolidation methods

Exclusive control

Companies are fully consolidated when they 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 control transfer, until control ceases to exist.

Minority shareholders' interests are included in the balance sheet under a separate headline called "non-controlling interests". Non-controlling interests' share of net profit is presented separately in the income statement as allocation of profit for the period.

Revised IFRS 3 permits the recognition of non-controlling interests either at fair value or at the percentage of net assets held in the acquired entity. This option may be exercised, on a case by case basis, in respect of each business combination.

Potential restatements to the price of business combinations are measured at fair value on the acquisition date. In certain cases, in accordance with the provisions of revised IFRS 3, when the consideration is paid against a separate transaction of the business combination, such as future services for instance, this transaction is excluded from the business combination.

Pursuant to revised IFRS 3, acquisition expenses are now recorded as an expense in the income statement at the time of first acquisition and Somfy has chosen to record them in current operating result.

In the event of acquisition of additional interests in a subsidiary, the difference between the price paid and the book value of non-controlling interests acquired and any related acquisition costs is recognised according to revised IFRS 3 as a reduction of the Group's consolidated shareholders' equity.

The principle adopted for recognition of commitments to purchase given to holders of non-controlling interests is described in paragraph S.

Joint control

Companies over which the Group has control jointly with a limited number of partners based on a contractual agreement are proportionally consolidated.

Their assets, liabilities, revenues and charges are consolidated proportionally to Somfy's equity interest.

Significant influence

Associates are companies over which the Group has significant influence on their financial and operating policies, 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.

Acquisition expenses are recorded in the cost of acquisition of shares.

The consolidation scope is presented in Note 38 of the consolidated financial statements.

C. FOREIGN EXCHANGE TRANSLATION

Consolidated financial statements at 31 December 2010 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.

Translation of foreign subsidiaries 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 price of shares in consolidated companies and the purchaser's share of the net fair value of identifiable assets, liabilities and contingent liabilities.

Acquisition goodwill is subject to impairment tests at least once annually, or more frequently when events or changes in circumstances indicate that the goodwill has been impaired (indication of impairment). Recognised writedowns cannot be reversed.

Acquisition goodwill related to equity-accounted companies is posted to the "equity-accounted investments" account. Impairments recorded on the equity-accounted value may be reversed in the event of a significant recovery in the value of the equity investment.

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 simultaneously:
- 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 purchase the software and availability of resources).

Somfy owns two major types of software:

1 – Software subject to a five stage development project and rolled out 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 meet 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 rollout 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 "realisation" 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.

Costs of renewal of patents are included in costs for the year.

Development costs

Development costs are 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,
- generation of 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 "realisation" 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 from the date of commissioning (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 rollout.

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.

Customer relationships

Customer relationships are estimated and recorded as an asset on the balance sheet as part of business combinations. These intangible assets are amortised over their estimated value in use.

Brands

Brands are estimated and recorded as an asset on the balance sheet as part of business combinations. These intangible assets have an indefinite life and are subject to impairment tests at least once a year or more frequently, when events or changes in circumstances indicate that they have been impaired (indication of impairment).

F. PROPERTY, PLANT AND EQUIPMENT (PPE)

Except for business combinations, 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 expenditure may be capitalised if it complies 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 virtually all the risks and rewards incident to ownership to the lessee are classified as finance leases.

These leases are classified as finance leases when the following major indicators are met (non-exhaustive list):
- 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 is close to the 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 inception 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 of the lease.

Payments made in respect of 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 indefinite 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.

A 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 its 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 after tax, which reflect market estimates of the time value of money and specific risks pertaining to these assets. In certain cases, cash flows can be estimated over longer periods, to be justified CGU by CGU.

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 (excluding goodwill) 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 to maturity,
– assets measured at fair value by way of the income statement,
– assets available for sale,
– 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 own any assets of this type 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.

In particular, 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.

Available-for sale-assets

Group investments in the companies over which it neither has control, significant influence nor joint control are recognised as financial assets available for sale in accordance with IAS 39.

These securities are measured at fair value at year-end and fair value variances are directly recognised in equity where their fair value is not less than their historic value over a long period of time. Amounts thus recognised in equity are reclassified to the income statement on the disposal of assets.

Corresponding dividends are recognised in financial income in the year they are paid.

If the fair value of these assets available 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 available for sale may be impaired.

Financial assets available 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 primarily comprises 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 includes 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;
– intragroup profits included in inventories are eliminated;
– borrowing costs are not included in the cost of inventory.

The value of inventories and work 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 selling expenses.

K. TRADE 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:

– to stimulate the market for the share and ensure its liquidity by way of an investment services provider within a liquidity contract that conforms with the AMAFI ethics charter recognised by the Autorité des Marchés Financiers,
– to ensure the coverage of stock option plans to purchase shares granted to employees and senior executives of the Group or to grant free shares for the benefit of employees and senior executives of the Group,
– to retain the shares bought back for future transfer or consideration within the framework of potential acquisitions, it being specified that shares acquired to that end may not exceed 5% of the share capital of the Company,
– to potentially cancel the shares bought back.

Treasury shares directly held by the Group or through a liquidity contract are eliminated 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 CASH EQUIVALENTS

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 a negligible risk of unfavourable 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 constructive) 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 or their representatives.

When the Group expects full or part repayment of an expense that was the subject of a provision, by way of the existence of an insurance contract for instance, 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, as a result 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 after tax which reflects 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 expense.

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

With regard 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 is 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 of 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).

In accordance with the method provided for by IAS 19 "Employee benefits – Actuarial gains and losses, group plans and disclosures", all actuarial differences are immediately recognised, net of deferred tax, in reserves.

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 at every year end. Actuarial variances are recognised as expenses.

Also, the severance pay provision (TFR) applicable to Italian companies is treated as a long-term benefit.

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, etc.).

In the limited number of cases when these expenses cannot 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 PAYABLES

Suppliers and other payables are recognised at their nominal value.

Q. SHARE-BASED PAYMENTS

Some Group employees, including Directors, have received 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 predetermined objectives.

Fair value is determined according to the Black & Scholes model.

During the rights vesting period, the fair value of options thus determined is split 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, loans 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.

Interest on loans is recognised as an expense of the period.

S. PURCHASE COMMITMENTS GIVEN TO NON-CONTROLLING INTERESTS

Due to the lack of specific IFRS provision and in accordance with the recommendation issued by the AMF on 4 November 2009, the Group opted for the following accounting treatment in relation to commitments to acquire non-controlling interests. Upon initial recognition, these commitments are recognised as financial debt at the discounted acquisition value and offset by a reduction in the value of non-controlling interests. The difference between the carrying value of the non-controlling interests due to be acquired and the value of the estimated liability is accounted for:

- under equity, for transactions arising after 1 January 2010,
- under goodwill, for transactions arising before 1 January 2010.

T. INCOME TAX

Current tax

The income tax grouping agreement between Somfy SA and its directly and indirectly owned subsidiaries was renewed on 1 January 2007 for a further 5 years.

The following companies are party to this agreement at 31 December 2010: Somfy SA, Somfy SAS, Simu SAS, CMC SARL, SEM-T SAS, Domis SA, NMP SAS, Zurflüh-Feller Holding SAS, Zurflüh-Feller SAS, Zurflüh-Feller Montage EURL, MSD EURL, CERF EURL, Automatismes BFT France SAS and BFT Languedoc 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 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 is recognised for the temporary differences between the book value of assets and liabilities and its tax value and restatements made on consolidation to conform to Group accounting standards (extended concept of deferred tax calculation).

Deferred tax relating to tax losses of companies not included in the tax grouping 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,
- 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).

Derivative instruments primarily comprise foreign exchange contracts and interest rate swaps.

As disclosed in paragraph A, the Somfy group chose to apply, from 1 July 2010, hedge accounting to foreign currency hedgings.

As for the fair value of interest rate hedging, the efficient portion of the fair value foreign currency hedgings recognised as eligible for hedge accounting is recognised in shareholders' equity.

The fair value movements in foreign currency hedging instruments, as well as interest rate hedging instruments ineligible for hedge accounting are recognised in net financial income/(loss).

The fair value of derivative instruments is recognised in the balance sheet under specific items: "current and non-current asset" or "liability derivative instruments" 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 and income statement caption.

W. EARNINGS PER SHARE

Net earnings per share is 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. OPERATING RESULT

Current operating result is defined as the difference between:

- operating result including all revenues and charges, except those generated from finance activities, equity-accounted companies, discontinued operations, operations held for disposal or income tax, and,
- other operating income and expenses.

Other operating income and expenses relate to factors that are unusual, abnormal, infrequent and particularly significant, which could mislead the understanding of the Group's consolidated performance. These notably include the capital gains and losses on asset disposals, restructuring costs and provisions of a nature liable to affect the understanding of the current operating result.

Current operating result reflects company performance.

As referred to in Paragraph A, the presentation of Somfy group's income statement has changed since 31 December 2009: reclassification of intangible asset writedowns allocated as part of business combinations (IFRS 3) in the current operating result.

Z. NET FINANCIAL INCOME/(EXPENSE)

Net financial income/(expense) comprises the following two items:

Net cost of debt

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

Other financial income/expenses

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

AA. SEGMENT REPORTING

The Group presents the relevant indicators based on two operating segments: "Somfy Activities" and "Somfy Participations". These segments are disclosed in Note 3 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2010

1. CHANGES IN GROUP STRUCTURE

Somfy Activities acquired:

- 70% of the capital of **Ningbo Dooya**, the leading Chinese manufacturer of motors for curtains and blinds, for €100.6 million. This company was consolidated from the date of acquisition (December 2010). Therefore, this acquisition had no impact on the income statement for the 2010 financial year. The provisional goodwill, calculated based on the percentage of interest acquired, was estimated at €94.9 million. Final allocation will take place in 2011. For information, the company achieved sales of approximately €35 million in 2010.
- the French distributor **BFT Autoferm**, through its subsidiary BFT SpA. Somfy acquired its capital in full at a price of €0.9 million, generating goodwill of €0.6 million. This company was consolidated from the date of acquisition (January 2010), and contributed €1.6 million to Group sales.
- **BFT Anatolia**, a distributor of BFT products and an assembler of garage doors and gates, through its newly-created subsidiary BFT Istanbul. Its capital was acquired in full at a price of €6.6 million. This acquisition gave rise to the recognition of an earn-out of €1.2 million and generated goodwill of €3.7 million. This company was consolidated from the date of acquisition (April 2010) and contributed €3.4 million to Group sales.

Somfy Activities made a 49% contribution to the creation of **Kléréo**, which took over part of the swimming-pool water treatment system business of Firstinnov. Kléréo was fully consolidated in the financial statements of Somfy Activities, given the effective control exercised over it. A future capital increase will provide Somfy with a majority stake in 2011.

Somfy Activities also exercised its call option for 27.5% of the capital of **O&O**, for an amount of €2.3 million, thereby increasing its equity holding to 90%. There remains a mutual put/call option for the acquisition of the residual 10%, estimated at €0.9 million.

Somfy Activities also sold **Spirel** to Chappel Industries France in the second half of 2010, with no significant impact on the accounts of 2010 financial year.

Somfy Participations made an equity investment of:

- 34% of the capital of DMH, holding company of **Parquets Marty** for €0.8 million. Somfy SA also subscribed to a bond issue, convertible into shares, of €2.2 million. The conversion of this bond issue will follow a two-step process: automatic conversion on 1 January 2012, raising Somfy's equity holding to 49%, followed by an optional conversion, to be exercised by the end of 2014 at the latest, enabling Somfy to increase its equity holding to 66% if it so wishes.

2. HIGHLIGHTS

Somfy Activities wrote down the goodwill of LianDa, SACS and Energy Eye:

- The outlook for short and medium-term profit growth led to a review of **LianDa**'s Business Plan. €3.5 million of LianDa's goodwill had been written down at 31 December 2009. Additional impairment of €4.4 million was recognised at 31 December 2010, bringing the value of goodwill down to nil.
- The outlook of **SACS**, a subsidiary of BFT SpA specialised in car park access systems (cash points and barriers), has deteriorated compared to the acquisition Business Plan. Goodwill was written down in full for €0.7 million.
- Capital expenditure by the North American hotel sector, the main market of **Energy Eye**, remains frozen, which has a significant adverse effect on this company. Energy Eye had also started to develop its business in Australia and Mexico, two markets which have faced a very strong slowdown. The combination of the two factors led management to review their Business Plan and to fully write down goodwill for €0.9 million.

A disposal agreement was signed early in October 2010 with Assa Abloy in relation to the disposal of the equity investment held by **Somfy Participations** in **agta record**. The transaction is subject to approval from competition authorities. This resulted in the 2010 recognition of a non-current asset held for sale of €109.8 million according to IFRS 5 (equal to the selling price of €25 per share). The €64.1 million unrealised capital gain was taken to equity in the financial statements at 31 December 2010. It will be recognised in the income statement when the disposal is effective.

Somfy Participations wrote down €5.8 million from the carrying value of **CIAT**, a 40%-owned company which manufactures air treatment, heat exchange, air treatment and renewable energy heating equipment. This writedown follows indications of impairment (10.5% decline in sales, 68.7% decline in EBITDA) resulting primarily from the difficulties encountered in the French heat pump market. The acquisition Business Plan included assumptions for significant growth in this market, which has not materialised to date. Management revised its long-term budgets and plans and consequently impairment was recognised.

The cost of reorganising the Group's manufacturing capacity initiated in 2009 gave rise to additional net provision charges of €2.4 million (Bologna and Saint-Rémy-de-Maurienne sites).

The financial statements at 31 December 2009 were restated following the final allocation of the goodwill of Sodim, Pujol and Energy Eye (see Note 10 for details of the allocation process).

3. SEGMENT REPORTING

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: "Shutters & Awnings", "Windows & Blinds" and "Doors & Gates";
– **Somfy Participations**, which is dedicated to investing in industrial companies outside Somfy's core business. This division holds interests in agta-record, Cotherm, FAAC, Gaviota Simbac, Zurflüh-Feller, CIAT, SIREM, Babeau-Seguin and Parquets Marty.

Several operating segments are monitored under the 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 statement presentation purposes.

No difference exists between the accounting policies applied by the segments presented and the accounting policies applied by the Group.

At 31 December 2010

€ thousands	Somfy Activities	Somfy Participations	Other	Inter-segment	Consolidated
Segment sales	747,451	107,221	–	–2,066	852,606
Segment profit (current operating result)*	128,055	10,684	– 105	–	138,634
Share of net profit of equity-accounted companies	– 134	– 11,450	–	–	– 11,585
Cash flow	128,020	24,042	–2,708	–	149,354
Intangible asset and PPE investments	25,469	4,388	–	–	29,857
Goodwill	203,979	34,252	–	–	238,231
Net intangible assets and PPE	199,717	60,888	–	–	260,606
Non-consolidated investments	67	137,226	–	–	137,293
Equity-accounted companies	1,470	47,155	–	–	48,625

** Including amortisation charges relative to intangible assets allocated following acquisitions.*

The column "Other" includes costs which may not be attributed either to Somfy Activities or Somfy Participations.

At 31 December 2009

€ thousands	Somfy Activities	Somfy Participations	Other	Inter-segment	Consolidated
Segment sales	666,571	95,405	–	– 1,199	760,777
Segment profit (current operating result)*	113,697	7,696	– 140	–	121,253
Share of net profit of equity-accounted companies	–2,306	284	–	–	–2,023
Cash flow	121,059	23,652	– 1,474	–	143,237
Intangible asset and PPE investments	26,678	3,511	–	–	30,189
Goodwill	109,733	35,728	–	–	145,461
Net intangible assets and PPE	199,229	64,643	–	–	263,872
Non-consolidated investments	184	198,583	–	–	198,767
Equity-accounted companies	1,604	57,043	–	–	58,647

** Including amortisation charges relative to intangible assets allocated following acquisitions.*

The column "Other" includes costs which may not be attributed either to Somfy Activities nor Somfy Participations.

Net intangible assets and property, plant and equipment by asset location

€ thousands	31/12/10	31/12/09
France	109,830	116,954
Germany	7,889	8,558
Northern Europe	3,308	2,695
Eastern and Central Europe	2,261	1,987
Southern Europe, Middle East and Africa	61,063	60,069
Asia Pacific	10,361	3,892
Americas	5,005	5,074
SOMFY ACTIVITIES	**199,717**	**199,229**
Somfy Participations	60,888	64,643
CONSOLIDATED SOMFY	**260,606**	**263,872**

Sales by customer location

€ thousands	31/12/10	31/12/09	Variance N/N-1	Variance N/N-1 like-for-like
France	225,546	203,504	10.8%	10.5%
Germany	113,562	101,257	12.2%	12.1%
Northern Europe	88,775	83,383	6.5%	4.1%
Eastern and Central Europe	60,407	52,503	15.1%	9.2%
Southern Europe, Middle East and Africa	143,214	128,373	11.6%	5.3%
Asia Pacific	52,102	40,279	29.4%	14.4%
Americas	63,807	57,242	11.5%	4.3%
SOMFY ACTIVITIES	**747,413**	**666,541**	**12.1%**	**8.5%**
Somfy Participations	105,193	94,236	11.6%	11.4%
CONSOLIDATED SOMFY	**852,606**	**760,777**	**12.1%**	**8.9%**

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

4. OTHER OPERATING INCOME

€ thousands	31/12/10	31/12/09
Fixed asset production	4,252	3,968
Provision of services	3,002	2,016
Other revenues	3,555	4,044
OTHER OPERATING INCOME	**10,809**	**10,028**

Fixed asset production comprises certain development expenses borne during the year.

5. CURRENT PROVISION CHARGES

€ thousands	31/12/10	31/12/09
Charges/reversals of provisions for liabilities and charges	505	– 1,619
CHARGES TO CURRENT PROVISIONS	**505**	**– 1,619**

Other charges to provisions related to inventory, guarantees, customer accounts and employees have been allocated to the relevant expense items.

Provisions reversals on customer litigations and products were due to favourable outcomes for the Group.

6. OTHER OPERATING INCOME AND EXPENSES

€ thousands	31/12/10	31/12/09
Charges/reversal to non-current provisions	2,059	– 12,231
Other non-current items	– 4,091	– 710
– Non-current income	*841*	*844*
– Non-current expense	*– 4,932*	*– 1,555*
Net gain on disposal of assets	1,492	0
OTHER OPERATING INCOME AND EXPENSES	**– 540**	**– 12,941**

At 31 December 2010, the net gain on disposal of assets was related to the disposal of Spirel.

At 31 December 2009, non-current provisions included the restructuring of the stator manufacturing process (and its impact on the Spirel company) for €12.7 million. This provision, which was reversed following the disposal of Spirel in the second half of the year 2010, covered virtually all costs incurred.

7. NET FINANCIAL INCOME

€ thousands	31/12/10	31/12/09
Cost of net financial debt	– 173	– 1,056
– Financial income from investments	*6,066*	*6,651*
– Financial expenses related to borrowings	*– 6,239*	*– 7,707*
Effect of foreign currency translation	– 1,672	– 822
Other	6,597	8,265
NET FINANCIAL INCOME	**4,752**	**6,387**

Dividends from FAAC totalled €4.6 million at 31 December 2010, compared to €6.1 million at 31 December 2009. They are included in the “Other” caption of financial income.

8. CURRENT AND DEFERRED TAX

8.1. Tax proof

€ thousands	31/12/10	31/12/09
Profit before tax	136,844	111,346
Expenses on dividends	*2,799*	*2,094*
Dividends from non-consolidated companies	*– 6,577*	*– 7,951*
Other	*6,773*	*4,172*
Permanent differences	2,995	– 1,685
Net profit taxed at reduced rate*	– 17,400	– 13,895
Net profit taxable at standard rate	122,439	95,766
Tax rate in France	*34.40%*	*34.40%*
Tax charge recalculated at the French standard rate	42,119	32,943
Tax at reduced rate*	2,663	2,153
Difference in standard rate in foreign countries	*– 20,288*	*– 16,415*
Tax losses for the year, unrecognised in previous periods, deficits used	*668*	*2,115*
Effect of the rate difference	– 19,620	– 14,300
Tax credits	– 1,260	– 1,085
Other taxes and miscellaneous	5,202	1,761
Group tax	29,104	21,472
Effective rate	*21.27%*	*19.28%*
current tax:	33,941	16,088
deferred tax:	– 4,837	5,384

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

Retained losses capitalised or used

Deferred tax relating to losses of companies excluded from the tax grouping or which arose before their inclusion in the tax grouping was not capitalised where it was deemed unlikely that future taxable profits will be sufficient to absorb unused previous tax losses. The value of such losses was €20,413 thousand in 2010 and €15,142 thousand in 2009 (at the ordinary tax rate).

No significant deferred tax assets were recognised in 2010 in relation to tax losses arising during the financial year or in previous years.

8.2. Deferred tax directly taken to equity

€ thousands	31/12/10	31/12/09
Deferred tax assets		
– Actuarial gains and losses on employee benefits	1,043	482
– Interest rate hedgings	379	354
– Foreign currency hedgings	369	0
Deferred tax liabilities		
– Available-for-sale financial assets	3,069	2,245
NET DEFERRED TAX	**– 1,278**	**– 1,409**

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

Deferred tax related to the tax deductibility of the treasury shares provision amounted to €1.2 million and was taken to reserves.

8.3. Analysis by nature

€ thousands	31/12/10 Asset	31/12/09 Asset	Income statement impact
Deferred tax on restatements related to IFRS standards and temporary differences, including:	18,697	16,070	1,327
– *Adjustments to employee benefits*	*3,745*	*3,940*	
– *Adjustments resulting from provision methods*	*3,146*	*3,017*	
– *Adjustments due to tax and social liabilities*	*2,463*	*1,033*	
– *Fair value adjustments*	*2,213*	*2,307*	
– *Adjustments on the fair value of hedging instruments*	*1,609*	*1,303*	
– *Adjustments resulting from acquisition expenses*	*1,078*	*1,134*	
Deferred taxation on intragroup margin	5,938	5,724	– 331
TOTAL	**24,635**	**21,794**	**996**

€ thousands	31/12/10 Asset	31/12/09 Asset	Income statement impact
Deferred tax on restatements related to IFRS standards and temporary differences, including:	48,070	48,031	– 3,626
– *Adjustments related to the fair value of property, plant and equipment*	*13,068*	*12,866*	
– *Adjustments related to leases*	*8,559*	*8,249*	
– *Adjustments due to changes in depreciation rates*	*7,682*	*10,496*	
– *Adjustments from the capitalisation of development costs*	*7,046*	*5,929*	
– *Adjustments due to the tax deductibility of the treasury shares*	*0*	*0*	
Deferred tax on intragroup margin	1,028	1,083	– 118
Deferred tax on the elimination of intragroup provisions	130	226	– 96
Deferred tax on acquisition expenses	1,579	1,579	
TOTAL	**50,807**	**50,919**	**– 3,840**

9. EARNINGS PER SHARE

Earnings per share	31/12/10	31/12/09
Net profit - Group share (€ thousands)	95,439	88,391
Total number of shares (1)	7,836,800	7,836,800
Treasury shares* (2)	233,231	249,909
Number of shares used in calculation (1) – (2)	7,603,569	7,586,891
BASIC EARNINGS PER SHARE (€)	**12.55**	**11.65**

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

Diluted earnings per share	31/12/10	31/12/09
Net profit - Group share (€ thousands)	95,439	88,391
Total number of shares (1)	7,836,800	7,836,800
Treasury shares** (2)	174,389	177,199
Number of shares used in calculation (1) – (2)	7,662,411	7,659,601
DILUTED EARNINGS PER SHARE (€)	**12.46**	**11.54**

*** 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 the share capital has not been modified.

10. BUSINESS COMBINATIONS AND ACQUISITIONS OF NON-CONTROLLING INTERESTS

Acquisitions during 2010

Somfy Activities acquired:

- 70% of the capital of **Ningbo Dooya**, the leading Chinese manufacturer of motors for curtains and blinds, for €100.6 million.
- the French distributor **BFT Autoferm**, through its subsidiary BFT SpA.
- **BFT Anatolia**, a distributor of BFT products and an assembler of garage doors and gates, through its newly-created subsidiary BFT Istanbul.

Details relating to these acquisitions are provided in Note 1 on changes in Group structure.

Pursuant to revised IFRS 3, costs related to the first acquisition of equity investments providing exclusive control are now recognised as expenses in the income statement. They amounted to €8.3 million in 2010.

The fair value of the identifiable assets and liabilities of these companies at the date of acquisition is close to their net carrying value. Their values are susceptible to change during the allocation period.

The table below details the assets and liabilities of the companies acquired during the period:

€ thousands	Fair value recognised at the date of acquisition Somfy Activities
Goodwill	99,838
Net intangible assets	4,127
Net property, plant and equipment	2,706
Net financial assets	2
Other non-current receivables	29
Deferred tax assets	397
Inventory	7,407
Trade receivables	3,363
Other current receivables	5,356
Current tax assets	0
Other current financial assets	350
Cash and cash equivalents net	9,227
Tax receivable	20
Non-current provisions	–58
Other non-current financial liabilities	–30,127
Other non-current liabilities	0
Employee benefits	–4
Deferred tax liabilities	–170
Current provisions	–87
Other current financial liabilities	–1,776
Trade payables	–8,860
Other current liabilities	–8,746
Current tax liabilities	–9
Equity-accounted companies	0
Non-controlling interests & acquisition of non-controlling interests & impact of put option on shareholders' equity	25,761
Acquisition cost	**108,746**
Less: cash acquired	–9,227
Total	**99,519**
Other funding	–2,848
CASH FLOW FROM ACQUISITIONS, NET OF CASH ACQUIRED	**96,671**

(+) Cash outflow

Somfy Participations made an equity investment of:

- 34% of the capital of DMH, holding company of **Parquets Marty**, for €0.8 million. Somfy SA also subscribed to a bond issue, convertible into shares, of €2.2 million. The conversion of this bond issue will follow a two-step process: automatic conversion on 1 January 2012, raising Somfy's equity holding to 49%, followed by an optional conversion, to be exercised by the end of 2014 at the latest, enabling Somfy to increase its equity holding to 66% if it so wishes.

The net cash flow impact of this equity investment was €796 thousand.

Net cash flows were also impacted by the acquisition of non-controlling interests in SACS (€269 thousand) and O&O (€2,303 thousand).

Acquisitions during 2009

Somfy Activities acquired:

- the Italian company **O&O**, through its subsidiary BFT SpA. O&O produces lifting gates, rising bollards and automated sliding doors. This company has been consolidated from the acquisition date (January 2009) and contributed €7.0 million to goodwill at 31 December 2009.
- the assets of **Energy Eye**, a Californian manufacturer of energy optimisation systems for the hotel industry, through its American subsidiary HDI. This company is consolidated from the acquisition date (May 2009) and contributed €0.2 million to goodwill at 31 December 2009.
- 40% of the share capital of **Oxygen Sarl (Astélia)**. This equity-accounted company has developed an alarm system for the house-bound elderly. The carrying value of the investment is €1.4 million at 31 December 2009.
- **Pujol Spain** and **Pujol Portugal**, through its subsidiary Somfy Spain. The companies manufacture automation systems and motors for gates and doors. These companies have been consolidated from October 2009 and contributed €9.0 million to goodwill at 31 December 2009. An earn-out of €2.2 million has been recorded in goodwill.
- 40% of the share capital of the French company **Axis**. This equity-accounted company, consolidated from the acquisition date (October 2009) is specialised in the motorisation of shutters. The carrying value of the investment was €0.3 million at 31 December 2009.

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

The table below details the assets and liabilities of the companies acquired during the 2009 financial year:

€ thousands	Fair value recognised at the date of acquisition Somfy Activities
Goodwill	12,962
Net intangible assets	3,768
Net property, plant and equipment	1,100
Net financial assets	1,118
Deferred tax assets	145
Inventory	2,932
Trade receivables	2,476
Other current receivables	205
Other current financial assets	4
Cash and cash equivalents net	– 483
Non-current provisions	– 155
Other non-current financial liabilities	– 3,442
Other non-current liabilities	– 147
Employee benefits	– 355
Deferred tax liabilities	– 367
Current provisions	– 54
Other current financial liabilities	– 463
Trade payables	– 1,308
Other current liabilities	– 717
Current tax liabilities	– 92
Equity-accounted companies	0
Non-controlling interests	– 27
Acquisition cost	**17,100**
Less: cash acquired	483
Total	**17,583**
Other funding	– 1,120
CASH FLOW FROM ACQUISITIONS, NET OF CASH ACQUIRED	16,463

(+) Cash outflow

The net cash flow impact of the acquisition of Axis and Oxygen was €1,967 thousand.

Somfy Participations acquired:

- **Sodim**, manufacturer of bath and spa tubs, through its subsidiary Sirem International. Sodim has been consolidated from the acquisition date (December 2009) and negative goodwill of €0.2 million has provisionally been recognised in the income statement on the line “Impairment of goodwill”.

The adverse net cash flow effect of this acquisition was €542 thousand.

Net cash flows also take into account the payment of an earn-out clause in relation to PD Technology Ltd (€145 thousand) and Zurflüh-Feller (€2 million) and the purchase of non-controlling interests in SACS (€166 thousand) and Cotherm M&M (€45 thousand).

Pursuant to IFRS 3, the provisional allocation of the goodwill of Pujol, Energy Eye and Sodim had been reflected in the 2009 annual financial statements. Additional allocation work was carried out within the one-year allocation timeframe.

The impact on the net assets of Pujol, Energy Eye and Sodim was as follows:

€ thousands	Shareholders' equity before restatements	Restatements	Shareholders' equity after restatements
Net intangible assets	1,387	1,321	2,708
Net property, plant and equipment	1,529	– 1	1,528
Net financial assets	42	1,064	1,106
Deferred tax assets	191	– 4	187
Inventory	1,274	10	1,284
Trade receivables	1,480	– 154	1,326
Other current receivables	286	– 84	203
Current financial assets	4	148	152
Cash and cash equivalents net	493	– 173	320
Non-current and current provisions	– 66	– 25	– 91
Employee benefits	– 40	–	– 40
Deferred tax liabilities	– 234	19	– 215
Non-current and current financial liabilities	– 791	–	– 791
Trade payables	– 212	– 41	– 253
Other non-current and current liabilities	– 580	– 35	– 615
Non-controlling interests	– 29	–	– 29
	4,734	**2,046**	**6,780**
	Acquisition price (including acquisition costs)		12,685
	FINAL GOODWILL		**5,905**

The effect of these acquisitions on net cash flow is shown in the table below:

€ thousands	Fair value recognised on the acquisition date Energy Eye	Fair value recognised on the acquisition date Pujol	Fair value recognised on the acquisition date Sodim
Goodwill	1,127	4,975	– 232
Net intangible assets	498	2,200	–
Net property, plant and equipment	38	783	650
Net financial assets	–	1,106	–
Deferred tax assets	–	–	186
Inventory	–	1,171	113
Trade receivables	33	904	243
Other current receivables	–	61	86
Other current financial assets	–	–	148
Cash and cash equivalents net	–	– 593	742
Non-current provisions	–	–	–
Other non-current financial liabilities	– 11	–	– 596
Other non-current liabilities	– 147	–	–
Employee benefits	–	–	– 37
Deferred tax liabilities	–	–	– 211
Current provisions	–	–	– 91
Other current financial liabilities	–	–	– 54
Trade payables	–	– 117	– 93
Other current liabilities	– 101	– 142	– 104
Current tax liabilities	–	–	–
Equity-accounted companies	–	–	–
Non-controlling interests	–	–	–
Acquisition cost	**1,437**	**10,348**	**750**
Less: cash acquired	–	593	– 742
Total	**1,437**	**10,941**	**8**
Other funding	–	– 1,095	– 550
CASH FLOW FROM ACQUISITIONS, NET OF CASH ACQUIRED	**1,437**	**9,846**	**– 542**

(+) Cash outflow

The net profit reported for the year to 31 December 2009 was restated by €215 thousand, primarily comprising the capitalisation of Pujol's acquisition expenses.

€ thousands	
Published net profit at 31 December 2009	87,636
Effect of consolidation of Pujol	172
Effect of consolidation of Energy Eye	50
Effect of consolidation of Sirem	– 7
Restated net profit at 31 December 2009	87,851

11. GOODWILL

The opening goodwill was reduced by €964 thousand following the final allocation of the goodwill of Pujol and Energy Eye.

€ thousands	Value
AT 1 JANUARY 2009	**132,484**
Changes in scope of consolidation	15,164
Changes in foreign exchange rate	240
Other movements	1,159
Charge for impairment	– 3,586
AT 31 DECEMBER 2009	**145,461**
Changes in scope of consolidation	99,755
Changes in foreign exchange rate	584
Other movements	– 1,566
Charge for impairment	– 6,003
AT 31 DECEMBER 2010	**238,231**

12. INTANGIBLE ASSETS

€ thousands	Allocated intangible assets	Development costs	Patents and brands	Software	Other	In progress and advance payment	Total
Gross value at 1 January	35,216	15,114	2,421	30,229	1,236	4,474	88,690
Additions	185	139	117	1,714	346	4,169	6,669
Disposals	–	– 1,243	–	– 895	– 55	–	– 2,193
Effect of change in foreign exchange rates	398	–	1	143	8	7	557
Change in scope of consolidation	723	13	3,437	54	–	–	4,228
Other movements	–	3,333	228	107	45	– 3,735	– 22
AT 31 DECEMBER 2010	**36,522**	**17,355**	**6,204**	**31,352**	**1,580**	**4,915**	**97,928**
Accumulated amortisation at 1 January	– 4,454	– 6,711	– 797	– 21,396	– 1,168	0	– 34,527
Amortisation charge for the year	– 2,268	– 3,468	– 92	– 2,611	– 249	–	– 8,688
Disposals	–	1,243	–	796	49	–	2,088
Effect of change in foreign exchange rates	– 141	–	–	– 100	– 5	–	– 246
Change in scope of consolidation	–	–	– 74	– 28	–	–	– 101
Other movements	–	280	– 280	19	–	–	19
AT 31 DECEMBER 2010	**– 6,862**	**– 8,655**	**– 1,243**	**– 23,319**	**– 1,374**	**0**	**– 41,454**
NET AMOUNT AT 31 DECEMBER 2010	**29,660**	**8,700**	**4,962**	**8,033**	**205**	**4,915***	**56,474**

** Of which €3,522 thousand is in-progress development costs.*

€ thousands	Allocated intangible assets	Development costs	Patents and brands	Software	Other	In progress and advance payment	Total
Gross value at 1 January	31,469	14,127	2,385	26,988	730	4,124	79,823
Additions	28	6	118	902	356	4,228	5,639
Disposals	–	–352	–85	–356	–4	–	–797
Effect of change in foreign exchange rates	19	–	–	7	6	–3	29
Change in scope of consolidation	3,699	–	4	80	148	31	3,962
Other movements	–	1,333	–	2,607	–	–3,906	33
AT DECEMBER 2009	**35,216**	**15,114**	**2,421**	**30,229**	**1,236**	**4,474**	**88,690**
Accumulated amortisation at 1 January	–2,384	–4,198	–1,140	–18,965	–510	0	–27,197
Amortisation charge for the year	–2,118	–2,513	–93	–2,660	–181	–	–7,565
Disposals	–	–	85	310	4	–	399
Effect of change in foreign exchange rates	47	–	–	–11	–4	–	32
Change in scope of consolidation	–	–	–3	–68	–123	–	–194
Other movements	1	–	354	–3	–354	–	–2
AT DECEMBER 2009	**–4,454**	**–6,711**	**–797**	**–21,396**	**–1,168**	**0**	**–34,527**
NET AMOUNT AT 31 DECEMBER 2009	**30,762**	**8,403**	**1,624**	**8,833**	**67**	**4,474***	**54,163**

** Of which €3,821 thousand is in-progress development costs.*

Development expenses fulfilling the criteria of IAS 38 are capitalised and deemed as internally-generated intangible assets. At 31 December 2010, their gross value was €20,877 thousand, of which €3,522 thousand is in progress.

The amount of research and development expenses recognised during the year was €42.9 million (net of fixed asset production).

There are no contractual commitments to purchase intangible assets.

Allocated net intangible assets comprise €24.1 million customer relationships, €2.0 million patents, €3.2 million brands (indefinite life) and €0.4 million software at 31 December 2010.

13. PROPERTY, PLANT AND EQUIPMENT

13.1. 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	18,255	127,190	233,152	44,022	6,527	429,147
Additions	96	1,557	9,394	6,781	5,360	23,188
Disposals	–	– 1,461	– 8,007	– 2,422	–	– 11,890
Effect of change in foreign exchange rates	54	373	703	1,184	72	2,385
Change in scope of consolidation	– 94	– 4,872	– 167	581	790	– 3,762
Other movements	100	726	– 5,019	318	– 5,888	– 9,763
AT 31 DECEMBER 2010	**18,411**	**123,514**	**230,056**	**50,463**	**6,861**	**429,305**
Accumulated depreciation at 1 January	– 252	– 41,167	– 148,623	– 29,395	0	– 219,437
Depreciation charge for the year	– 37	– 5,220	– 16,846	– 5,017	–	– 27,120
Disposals	–	792	7,093	2,138	–	10,023
Effect of change in foreign exchange rates	–	– 283	– 381	– 723	–	– 1,387
Change in scope of consolidation	–	2,176	1,185	– 376	–	2,984
Other movements	– 61	– 60	9,739	146	–	9,764
AT 31 DECEMBER 2010	**– 350**	**– 43,764**	**– 147,833**	**– 33,227**	**0**	**– 225,173**
NET AMOUNT AT 31 DECEMBER 2010	**18,061**	**79,750**	**82,223**	**17,237**	**6,861**	**204,132**

€ thousands	Land	Buildings	Plant, machinery and tools	Other	In progress and advance payment	Total
Gross value at 1 January	17,961	117,647	221,132	41,726	10,508	408,973
Additions	77	1,199	6,971	3,155	13,148	24,550
Disposals	– 4	– 428	– 4,109	– 2,608	–	– 7,149
Effect of change in foreign exchange rates	–	13	– 212	188	– 27	– 37
Change in scope of consolidation	63	670	1,192	1,130	30	3,085
Other movements	157	8,089	8,179	431	– 17,132	– 276
AT 31 DECEMBER 2009	**18,255**	**127,190**	**233,152**	**44,022**	**6,527**	**429,147**
Accumulated depreciation at 1 January	– 121	– 36,563	– 132,280	– 26,494	0	– 195,459
Depreciation charge for the year	– 27	– 4,926	– 19,953	– 4,118	–	– 29,024
Disposals	4	343	3,677	2,158	–	6,182
Effect of change in foreign exchange rates	–	– 7	94	– 135	–	– 48
Change in scope of consolidation	–	– 14	– 448	– 873	–	– 1,335
Other movements	– 108	–	286	68	–	246
AT 31 DECEMBER 2009	**– 252**	**– 41,167**	**– 148,623**	**– 29,395**	**0**	**– 219,437**
NET AMOUNT AT 31 DECEMBER 2009	**18,003**	**86,023**	**84,529**	**14,627**	**6,527**	**209,709**

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

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

13.2. Property, plant and equipment under finance leases

€ thousands	31/12/10	31/12/09
Gross value		
Land	10,097	10,074
Buildings	58,556	62,795
Buildings in progress	18	777
Plant, machinery and tools	21,901	21,870
TOTAL	**90,572**	**95,516**
Accumulated depreciation		
Land	–	–
Buildings	– 17,788	– 17,586
Plant, machinery and tools	– 10,543	– 8,591
TOTAL	**– 28,331**	**– 26,177**
NET AMOUNT AT 31 DECEMBER	**62,241**	**69,340**

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

€ thousands	Liabilities 2010 undiscounted	Liabilities 2010 discounted
Less than 1 year	7,100	6,494
Between 1 and 5 years	13,555	12,074
More than 5 years	11,506	10,374
TOTAL	**32,162**	**28,942**

€ thousands	Liabilities 2009 undiscounted	Liabilities 2009 discounted
Less than 1 year	8,765	7,718
Between 1 and 5 years	18,955	16,431
More than 5 years	15,269	12,825
TOTAL	**42,990**	**36,975**

13.3. Sureties

A portion of the loan taken by Cotherm SAS (€1.7 million at 31 December 2010) intended to finance the extension of a building in Vinay, France, was secured on several buildings in the amount of €0.5 million.

14. IMPAIRMENT TESTS

At 31 December 2010, as at every year-end or every time that indications of impairment exist, the Somfy group, in conformity with the requirements of IAS 36, re-examines the value of goodwill associated with Cash Generating Units. The Group defines CGUs based on the manner from which it will obtain future economic benefits.

The recoverable value of the CGU is the higher of the fair value of its assets reduced by disposal costs and its value in use. The value in use is obtained using the Discounted Cash Flow method.

Cash flows are evaluated based on budgets and 3-year forecasts for companies which operate in a market they know and understand well. Generally these are companies whose strategies are not expected to change greatly. On the other hand, the period is extended to 5 years for companies in emerging markets, for which the growth potential and maturity is further away. A time horizon of 5 years is also used for companies which have been significantly impacted by the financial crisis and which are likely to take this length of time to recover their historic profitability.

These cash flows have been projected over several years using specific growth rates which are consistent with the Group's historic growth rates.

The growth rate used to project cash flows to infinity was 2%. This rate is consistent with the long term inflation rate relevant to the countries concerned.

The discount rate used corresponds to the weighted average cost of capital and reflects the expected return on invested capital (equity and liabilities necessary to finance operations). It is calculated based on the financial data extracted from a sample of comparable companies, comprising listed companies operating in the same business segment as the companies to be valued.

The 2009 and 2010 cash flow discount rates were 10% to 10.5% for European companies and 12.2% for the Chinese company.

The outlook for short and medium-term profit growth led to a review of **LianDa**'s Business Plan. Additional impairment of €4.4 million was recognised at 31 December 2010, bringing the value of goodwill down to nil.

The outlook of **SACS**, a subsidiary of BFT SpA specialised in car park access systems (cash points and barriers), has deteriorated compared to the acquisition Business Plan. Goodwill was written down in full for €0.7 million at 31 December 2010.

Capital expenditure by the North American hotel sector, the main market of **Energy Eye**, remains frozen, which has had a significant adverse effect on this company. Energy Eye had also started to develop its business in Australia and Mexico, two markets which have faced a very strong slowdown. The combination of the two factors led management to review their Business Plan and to fully write down goodwill of €0.9 million goodwill at 31 December 2010.

The assumptions underlying the Business Plan of **CIAT**, prepared by management as part of the acquisition process (1 July 2008), have been revised downwards following indications of impairment (10.5% decline in sales, 68.7%

decline in EBITDA), resulting primarily from the difficulties encountered in the French heat pump market. CIAT group is equity-accounted by the Somfy group. At 31 December 2010, impairment of €5.8 million was recognised to reduce CIAT's carrying value.

CIAT was tested for impairment by comparing the carrying value and the revalued equity, which was estimated by deducting net debt from its value in use. The value in use was determined using the Discounted Cash Flow method.

Cash flows were estimated based on 3-year budgets and plans, which forecast a significant recovery for CIAT in the coming two years. An additional extrapolation period of 5 years was taken into account to reflect CIAT's capacity, seriously affected by the crisis, to return to its historic sales and profitability levels.

During the 2009 financial year, impairment tests gave rise to the recognition of a €3.5 million impairment on LianDa and €1.9 million on Firstinnov, two companies which are part of Somfy Activities and €2.0 million on Gaviota Simbac, a company which is part of Somfy Participations.

No indication of impairment was noted on other Group CGUs at 31 December 2010.

Furthermore, no indication of impairment was noted over the financial year in relation to assets with an unspecified life whose use is independent from other assets.

Sensitivity analysis

The Group conducted sensitivity analyses on the results of impairment tests using different assumptions for EBITDA ratio and discount rate.

The sensitivity of net profit to changes in the assumptions, considered on an individual basis, used at the end of December 2010 to determine the value of CIAT revalued equity was as follows:

- A 1% decrease in the discount rate would have led to recognising no provision at 31 December 2010; an increase in the discount rate of 0.5% and 1% would have required an additional provision for impairment of the carrying value of €5.4 million and €10.1 million, respectively.
- A one percentage point decrease in the EBITDA to sales ratio of the last year used for the calculation of the terminal value would have required an additional writedown of the carrying value of €8.5 million; a one percentage point increase in the EBITDA to sales ratio of the last year would have required no provision at 31 December 2010.

Impairment tests carried out on the value in use of the assets of other CGUs did not provide any indication of impairment.

15. EQUITY-ACCOUNTED COMPANIES

€ thousands	31/12/10	31/12/09
Equity-accounted companies at the beginning of the year	58,647	58,844
Change in scope of consolidation*	1,908	1,919
Share of profit of equity-accounted companies	−5,785	1,865
Dividends paid	−372	−186
Changes in foreign exchange rate	27	93
Charge for impairment**	−5,800	−3,888
EQUITY-ACCOUNTED COMPANIES AT THE END OF THE YEAR	**48,625**	**58,647**

** Acquisition of 34% of the Marty group in 2010 and of 40% of Axis and Oxygen (Astelia) in 2009.*
*** -€5.8 million for CIAT in 2010 and -€2.0 million for Gaviota Simbac and -€1.9 million for Firstinnov in 2009.*

€ thousands	31/12/10	31/12/09
CIAT held at 40%		
Sales	271,744	303,761
Current operating result	−6,410	12,454
Net profit/(loss) (Group share)	−26,532	2,574
Total net assets	316,619	341,335
Equity-accounted value	27,821	38,409

€ thousands	31/12/10	31/12/09
Gaviota Simbac held at 46.5%		
Sales	57,107	55,226
Current operating result	4,217	4,415
Net profit (Group share)	2,130	2,680
Total net assets	64,567	58,864
Equity-accounted value	19,333	18,633

In September 2010, Somfy Participations made an equity investment of 34% in the capital of DMH, holding company of Parquets Marty, created upon the management buy-out of Parquets Marty which had experienced financial difficulties as part of a European group. A continuation plan has been approved to downsize the company. The management team has revised its strategy and now targets a more upmarket market. In light of these changes, the production facilities became oversized and were subject to an impairment of approximately €10 million at 31 December 2010, out of assets valued at €22 million. Marty realised sales of €22.9 million during the year. Somfy included in its profit/(loss) from equity-accounted companies its share of Parquets Marty's losses since its equity investment, i.e. €1.8 million.

16. FINANCIAL ASSETS

€ thousands	31/12/10	31/12/09
Available-for-sale financial assets	137,293	198,885
*– Non-consolidated shares**	*137,293*	*198,767*
– Marketable securities	*0*	*118*
Bonds**	58,110	53,750
Loans***	8,780	7,007
Other	2,791	2,734
NON-CURRENT AND CURRENT FINANCIAL ASSETS	**206,974**	**262,375**
Due within one year	1,902	1,905
NON-CURRENT FINANCIAL ASSETS	**205,071**	**260,470**

** Following the planned disposal announced during the second half of 2010, the shares in agta record were reclassified as assets held for sale at 31 December 2010 for an amount of €109.8 million. At 31 December 2009, these were recognised in non-consolidated shares for an amount of €70.1 million.*

*** Somfy underwrote a subordinated bond (mezzanine) issued by CIAT with a nominal value of €48.0 million to be repaid in 2016. Capitalised interest amounted to €4.4 million in 2010 and €4.0 million in 2009.*

**** Including a 3-year loan granted by Somfy SA to CIAT with a nominal value of €5.0 million and capitalised interest of €0.1 million in 2010 and 2009.*

Non-controlling interests notably include a 34% investment in the share capital of FAAC, valued at €132.0 million (level 3 as defined by IFRS 7, valuation method based on comparable quoted companies and discounted future cash flows).

Financial assets available-for-sale and marketable securities are recorded at fair value. Unrealised capital gains were €3.9 million at 31 December 2010 (€1.9 million net of deferred tax) compared to €20.1 million at 31 December 2009 (€17.8 million net of deferred tax).

Financial assets realisable within one year comprise short-term deposits and loans to companies over which Somfy has significant influence.

“Other” essentially includes deposits and guarantees.

17. INVENTORIES

€ thousands	31/12/10	31/12/09
Gross		
Raw materials and other supplies	47,192	37,313
Finished goods and merchandise	83,158	72,891
TOTAL	**130,349**	**110,204**
Provisions	**– 10,630**	**– 10,111**
NET	**119,720**	**100,093**

€ thousands	Value 31/12/09	Net charges	Exchange rate movement	Other mouvements	Value 31/12/10
Inventory provisions	– 10,111	– 262	– 216	– 41	– 10,630

18. TRADE RECEIVABLES

€ thousands	31/12/10	31/12/09
Gross value	151,246	142,542
Provision	−9,244	−8,501
NET VALUE	142,002	134,040

€ thousands	Value 31/12/09	Charges	Used reversals	Unused reversals	Exchange rate movements	Other movements	Value 31/12/10
Customers provisions	−8,501	−2,222	1,831	587	−161	−779	−9,244

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

€ thousands	Not overdue	Overdue between				Total
		0 to 3 months	3 to 6 months	6 to 9 months	Greater than 9 months	
Customers	104,178	30,737	6,452	2,934	6,945	151,246

Credit insurance contracts, both in France and internationally, mitigate the consequences of customer default. Approximately 60% of sales are covered by such contracts.

19. OTHER RECEIVABLES

€ thousands	31/12/10	31/12/09
Gross value		
Receivables from employees	618	638
Other taxes (including VAT)	6,333	6,688
Prepaid expenses	5,165	4,223
Other receivables	3,679	1,459
TOTAL	15,795	13,009

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

20. CURRENT TAX ASSETS AND LIABILITIES

Income tax liabilities significantly increased and tax receivables decreased due to the 2010 business recovery.

21. CASH AND CASH EQUIVALENTS

€ thousands	31/12/10	31/12/09
Cash	52,111	47,286
Cash equivalents	34,882	20,586
CASH AND CASH EQUIVALENTS	86,993	67,872

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

22. ASSETS HELD FOR SALE

Following the announcement of the planned disposal in the second half of 2010, agta record shares were reclassified as assets held for sale at 31 December 2010 according to IFRS 5, for an amount of €109.8 million (i.e. its selling price of €25 per share). The €64.1 million unrealised capital gain was taken to equity in the financial statements at 31 December 2010. It will be recognised in the income statement when the disposal is effective.

23. PROVISIONS

23.1. Non-current provisions

€ thousands	Provisions for guarantees	Provisions for litigation	Provision for employee liability	Provisions for risks and charges	Total 2010
At 1 January	3,350	2,671	911	2,524	9,456
Expenses	23	258	52	792	1,124
Used reversals	–	– 10	– 54	– 444	– 508
Unused reversals	–	– 1,640	– 2	– 15	– 1,657
Impact of variations in foreign exchange rates	62	–	–	13	74
Other movements	58	–	–	–	58
AT 31 DÉCEMBRE	**3,492**	**1,279**	**907**	**2,870**	**8,548**

Reversals of provisions for bad debt and product risk are due to favourable settlements for the Group.

The net reversals (used and unused) impact current operating result by a negative €1,231 thousand and other operating income and expenses by a positive €187 thousand.

23.2. Current provisions

€ thousands	Provisions for guarantees	Provisions for litigation	Provisions for risks and charges	Total 2010
At 1 January	2,861	1,139	14,577	18,577
Expenses	875	1,347	2,292	4,514
Used reversals	–	– 142	– 8,502	– 8,644
Unused reversals	–	– 270	– 919	– 1,189
Impact of variations in foreign exchange rates	57	21	27	105
Other movements	89	– 15	– 4,760	– 4,686
AT 31 DECEMBER	**3,881**	**2,080**	**2,715**	**8,677**

In 2009, charges to provisions for risks included €12.7 million related to the reorganisation of Spirel. This provision was reversed in 2010 following the disposal of Spirel.

The net reversals (used and unused) impact current operating result by a positive €1,721 thousand and other operating income and expenses by a negative €2,714 thousand.

24. FINANCIAL LIABILITIES

24.1. Analysis by category

€ thousands	31/12/10	31/12/09
Borrowings from credit institutions	121,193	79,103
Lease commitments	28,942	36,975
Other borrowings and financial liabilities*	39,873	13,374
NON-CURRENT AND CURRENT FINANCIAL LIABILITIES	**190,008**	**129,451**
Due within one year	86,345	38,388
NON-CURRENT FINANCIAL LIABILITIES	**103,663**	**91,063**

** Including liabilities related to put options granted to holders of non-controlling interests.*

24.2. Analysis by maturity

€ thousands	31/12/10	31/12/09
Less than one year	86,345	38,388
Between 1 to 5 years*	55,165	52,823
More than 5 years*	48,498	38,240
TOTAL	**190,008**	**129,451**

** Including liabilities related to put options granted to holders of non-controlling interests.*

24.3. Analysis by rate

€ thousands		31/12/10	31/12/09
Variable rate	*€64.1 million swaps*	141,959	105,744
Fixed rate		8,212	10,343
Non-interest bearing*		39,837	13,365
TOTAL		**190,008**	**129,451**

** Including liabilities related to put options granted to holders of non-controlling interests.*

Debt is essentially at a variable rate, the fair value is not significantly different from the book value.

24.4. Analysis by currency

€ thousands	31/12/10	31/12/09
Euros*	155,679	122,903
USD*	19	1,179
Other*	34,310	5,369
TOTAL	**190,008**	**129,451**

** Including liabilities related to put options granted to holders of non-controlling interests.*

24.5. Secured liabilities

At 31 December 2010, the shares of target companies were pledged against liabilities entered into within the framework of LBOs representing €44.9 million.

Furthermore, the loan (€2.4 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 (Somudimec);
- 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 (€5.7 million).

24.6. Covenants

At 31 December 2010, Somfy SA has a total of €197.5 million medium-term loan facilities (confirmed credit lines) with 6 banks, of which €60.0 million has been drawn. Funds made available by the credit institutions are subject to Somfy's SA commitment to comply with financial covenants based on the Group's financial structure (financial debt/shareholder's equity ratio) and its ability to repay (financial debt/self-financing capacity). Somfy SA was in compliance with all of these covenants at 31 December 2010.

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 2010, Zurflüh-Feller was in compliance with its covenants. Conversely, Sirem and Cotherm did not comply with certain covenants at the 2010 year-end. Both companies obtained a waiver from the banks concerned at 31 December 2010, thus the debt continues to be classified as a non-current financial liability.

At 31 December 2010, CIAT, a 40%-owned equity-accounted company, did not comply with one of its two covenants (Net Debt/EBITDA). The corresponding financial debt recognised in the CIAT sub-group totalled €50.2 million. A request for a waiver from the banks is being negotiated.

25. ANALYSIS OF NET FINANCIAL DEBT

€ thousands	31/12/10	31/12/09
Financial liabilities*	190,008	129,451
Financial assets	67,876	61,559
– Marketable securities	*0*	*118*
*– Mezzanine loans***	*58,110*	*53,750*
– Other	*9,766*	*7,691*
Cash and cash equivalents	86,993	67,872
NET FINANCIAL DEBT	**35,139**	**20**

(-) Net financial surplus

** Including liabilities related to put options granted to holders of non-controlling interests.*
*** Somfy underwrote a subordinated bond (mezzanine) issued by CIAT with a nominal value of €48.0 million to be repaid in 2016. Capitalised interest amounted to €4.4 million in 2010 and €4.0 million in 2009.*

26. FINANCIAL INSTRUMENTS RECOGNISED IN THE BALANCE SHEET

€ thousands	Amount at 31/12/10	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 reserves)*	Fair value *(Fair value recognised in income)*
Assets						
Non-current financial assets	205,071	67,778	137,293	–	–	–
Current financial assets	1,902	1,902	–	–	–	–
Current derivative instruments	0	–	–	–	–	–
Cash and cash equivalents	86,993	79,633	–	7,360	–	–
Liabilities						
Non-current financial liabilities	103,663	64,010	–	–	39,653	–
Non-current derivative instruments	3,210	–	–	–	1,955	1,255
Current financial liabilities	86,345	86,345	–	–	–	–
Current derivative instruments	1,506	–	–	–	1,073	433

€ thousands	Amount at 31/12/09	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 reserves)*	Fair value *(Fair value recognised in income)*
Assets						
Non-current financial assets	260,470	61,703	198,767	–	–	–
Current financial assets	1,905	1,787	118	–	–	–
Current derivative instruments	150	–	–	–	–	150
Cash and cash equivalents	67,872	57,949	–	9,923	–	–
Liabilities						
Non-current financial liabilities	91,063	77,916	–	–	13,147	–
Non-current derivative instruments	3,196	–	–	–	1,880	1,316
Current financial liabilities	38,388	38,388	–	–	–	–
Current derivative instruments	626	–	–	–	–	626

The method for determining the fair value of non-current financial assets (non-consolidated shares) is disclosed in note 16.

The fair value of derivative instruments and cash equivalents is established with reference to observable market data (level 2 defined by IFRS 7).

There has been no change in valuation method for any category during the period.

27. RISK MANAGEMENT

Foreign exchange risk

Somfy is primarily exposed to foreign exchange risk through intragroup sales of products manufactured in France (these sales are denominated in local currencies).

However, over 75% of consolidated Group sales are generated in the Euro zone.

Foreign currency-denominated assets represent 17% of net assets at 31 December 2010. Consequently, a variation in foreign exchange rates would not have a significant effect on net assets.

Derivative financial instruments principally consist of forward exchange contracts.

Somfy group has applied hedge accounting to foreign currency hedging instruments since 1 July 2010.

The efficient portion of fair value movements was therefore taken to equity and the inefficient portion was recognised in financial income/(loss).

The impact on equity at 31 December 2010 was a negative €1,073 thousand (a negative €704 thousand net of deferred tax) and only concerned future cash flow hedging.

Inefficient hedgings were negative by €429 thousand at 31 December 2010, compared to a negative value of €476 thousand at 31 December 2009, resulting in a positive impact of €47 thousand on net profit.

31/12/10	Hedging of balance sheet items	Hedging of off-balance sheet items	Total € *thousands*	Fair value € *thousands*	Types
AUD	1,656	5,260	6,916	– 733	Forward contracts
CAD	412	1,000	1,412	– 26	Forward contracts
CHF	1,167	7,612	8,779	– 735	Forward contracts
GBP	427	1,704	2,131	15	Forward contracts
HKD	1,013	764	1,777	54	Forward contracts
HUF	146	0	146	3	Forward contracts
JPY	1,017	501	1,518	– 13	Forward contracts
KRW	0	887	887	– 9	Forward contracts without delivery
PLN	1,634	1,877	3,511	4	Forward contracts
SEK	345	3,787	4,132	– 165	Forward contracts
SGD	166	978	1,143	– 25	Forward contracts
TRY	0	451	451	21	Forward contracts
USD	1,464	5,066	6,530	106	Forward contracts
	9,446	**29,886**	**39,333**	**– 1,502**	

31/12/09	Hedging of balance sheet items	Hedging of off-balance sheet items	Total € *thousands*	Fair value € *thousands*	Types
AUD	1,362	1,044	2,405	– 173	Forward contracts, Accumulators, Options
CAD	325	753	1,078	– 13	Forward contracts, Accumulators
CHF	1,129	3,048	4,176	– 71	Forward contracts
GBP	960	2,001	2,961	62	Forward contracts, Accumulators
HKD	788	59	848	69	Forward contracts
HUF	282	223	505	– 29	Forward contracts
JPY	231	618	850	12	Forward contracts
KRW	671	0	671	– 49	Forward contracts without delivery
PLN	1,700	2,327	4,027	– 57	Forward contracts, Accumulators
SEK	588	2,166	2,753	8	Forward contracts
SGD	0	418	418	– 9	Forward contracts, Accumulators
USD	2,433	6,598	9,030	– 226	Forward contracts, Accumulators
	10,468	**19,254**	**29,723**	**– 476**	

Interest rate risk

The majority of the Group companies' financial liabilities are at variable rate. Interest rate hedgings had a nominal value of €64.1 million at 31 December 2010, compared to €65.8 million at 31 December 2009.

Liabilities entered into within the framework of LBOs are hedged in conformity with contractual obligations.

The fair value of swaps represented a net liability of €3,210 thousand in 2010, compared to a net liability of €3,196 thousand in 2009, being a positive impact of €61 thousand on net financial income and a negative effect of €75 thousand on reserves.

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

Given the composition of its marketable securities portfolio, the Group is not exposed to share price fluctuation.

Share risk

At 31 December 2010, the Somfy group was not exposed to any share risk, except for treasury shares held. The 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.

Credit risk

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

28. 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.

The Group recognises actuarial gains and losses in reserves, net of deferred tax, in accordance with the method referred to in IAS 19 “Employee benefits – Actuarial gains and losses, group plans and disclosures”.

At 31 December 2010, actuarial differences recognised in reserves amounted to a negative €1,877 thousand, i.e. a negative €2,920 thousand in “employee benefit commitments” liabilities and a positive €1,043 thousand in deferred tax.

Movements between 2009 and 2010 can be analysed as follows:

Retirement benefits – France

€ thousands	Projected benefit obligation	Plan asset	Net opening obligation	Balance sheet position	Past service cost
31 DECEMBER 2009	**9,872**	**–5,234**	**4,638**	**3,898**	**740**
Net expenses for the period:	985	–150	835	995	–160
– Current service cost and financial cost	*985*	–	*985*	*985*	–
– Return on plan assets	–	*–150*	*–150*	*–150*	–
– Amortisation of actuarial gains and losses and past service cost	–	–	–	*160*	*–160*
– Employee contributions	–	–	–	–	–
Contributions paid	0	–200	–200	–200	–
Benefits paid	–987	982	–5	–5	–
Actuarial gains & losses/Past service costs	1,400	105	1,505	1,264	241
Movements in foreign exchange rates	–	–	–	–	–
Movements in scope of consolidation	–311	351	40	40	–
31 DECEMBER 2010	**10,959**	**–4,146**	**6,813**	**5,992**	**821**

€ thousands	Projected benefit obligation	Plan asset	Net opening obligation	Balance sheet position	Past service cost
31 DECEMBER 2008	**10,696**	**–3,689**	**7,007**	**5,967**	**1,040**
Net expenses for the period:	871	–158	713	912	–199
– Current service cost and financial cost	*871*	–	*871*	*871*	–
– Return on plan assets	–	*–158*	*–158*	*–158*	–
– Amortisation of actuarial gains and losses and past service cost	–	–	–	*199*	*–199*
– Employee contributions	–	–	–	–	–
Contributions paid	–	–2,299	–2,299	–2,299	–
Benefits paid	–774	769	–5	–5	–
Actuarial gains & losses/Past service costs	–960	143	–817	–716	–101
Movements in foreign exchange rates	–	–	–	–	–
Movements in scope of consolidation	39	–	39	39	–
31 DECEMBER 2009	**9,872**	**–5,234**	**4,638**	**3,898**	**740**

Retirement benefits – Other

€ thousands	Projected benefit obligation	Plan asset	Net opening obligation	Balance sheet position
31 DECEMBER 2009	**19,622**	**–15,488**	**4,134**	**4,134**
Net expenses for the period:	1,379	–530	849	849
– Current service cost and financial cost	*1,379*	–	*1,379*	*1,379*
– Return on plan assets	–	*–436*	*–436*	*–436*
– Amortisation of actuarial gains and losses and past service cost	–	–	–	–
– Employee contributions	–	*–94*	*–94*	*–94*
Contributions paid	–	–955	–955	–955
Benefits paid	–898	495	–403	–403
Actuarial gains & losses/Past service costs	311	–80	231	231
Movements in foreign exchange rates	736	–392	344	344
Movements in scope of consolidation	–	–	–	–
31 DECEMBER 2010	**21,150**	**–16,950**	**4,200**	**4,200**

€ thousands	Projected benefit obligation	Plan asset	Net opening obligation	Balance sheet position
31 DECEMBER 2008	**19,708**	**–13,436**	**6,272**	**6,272**
Net expenses for the period:	1,212	–396	816	816
– Current service cost and financial cost	*692*	*–*	*692*	*692*
– Return on plan assets	*520*	*–*	*520*	*520*
– Amortisation of actuarial gains and losses and past service cost	*–*	*–307*	*–307*	*–307*
– Employee contributions	*–*	*–89*	*–89*	*–89*
Contributions paid	–2	–993	–995	–995
Benefits paid	–347	208	–139	–139
Actuarial gains & losses/Past service costs	–678	–1,047	–1,725	–1,725
Movements in foreign exchange rates	–271	176	–95	–95
Movements in scope of consolidation	–	–	–	–
31 DECEMBER 2009	**19,622**	**–15,488**	**4,134**	**4,134**

Long-service and jubilee awards

€ thousands	31/12/09	Cost	Benefits paid	Movements in scope of consolidation and foreign exchange rates	31/12/10
Discounted debt	1,261	243	–25	–52	1,427

€ thousands	31/12/08	Cost	Benefits paid	Movements in scope of consolidation and foreign exchange rates	31/12/09
Discounted debt	1,300	–30	–30	21	1,261

TFR – Trattamento di Fine Rapporto (Italian severance pay provision)

€ thousands	31/12/09	Cost	Benefits paid	Changes in scope of consolidation	31/12/10
Liabilities	3,131	1,061	–1,236	–	2,956

€ thousands	31/12/08	Cost	Benefits paid	Changes in scope of consolidation	31/12/09
Liabilities	3,346	1,046	–1,616	355	3,131

The impact of defined benefits on the income statement impacted employee expenses by €1,844 thousand.

The main actuarial assumptions used are as follows:

AT 31 DECEMBER	2010	2009
Discount rate		
France	4.0%	4.0 - 5.0%
Germany	5.0%	5.0%
United States	6.0%	6.0%
Other	5.0 - 7.0%	4.0 - 5.0%
Long-term yield expected from pension plan assets		
France	2.4 - 4.4%	2.0 - 4.4%
Germany	5.0 - 6.0%	5.0 - 6.0%
United States	6.0%	6.0%
Other	2.4%	2.4 - 4.5%
Future salary increases		
France	1.0 - 3.0%	1.0 - 3.5%
Germany	1.0%	1.0%
United States	2.0%	2.0%
Other	1.6 - 3.0%	1.0 - 3.0%

The sensitivity of the gross retirement benefit commitment based on a variation of +1%/−1% in discount rate is −15.7% / +19.9%, respectively.

At 31 December 2010, the Individual Training Right gave rise to the recognition of a provision of €879 thousand. Rights in respect of training increased to 195,718 hours at 31 December 2010 compared to 183,802 hours at the 2009 year end. The amount of hours used during the year was insignificant.

29. OTHER LIABILITIES

€ thousands	31/12/10	31/12/09
Social liabilities	55,874	46,977
Tax liabilities	8,740	8,294
Deferred income	996	525
Other	8,589	3,615
TOTAL	**74,199**	**59,412**

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

30. 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.

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

At 31 December 2010, the cost was €329 thousand and was recognised in employee expenses (€497 thousand in 2009).

Plan date	Number of beneficiaries	Number of options allocated originally	Adjusted number of exercisable options*	Exercise price (€)	Option expiry date
31/03/06	96	36,200	29,292	185.00	31/03/11
02/04/08	112	29,550	29,550	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 2009 and 2010 are as follows:

	2010		2009	
	Number of options	Weighted average exercise price (€)	Number of options	Weighted average exercise price (€)
Unexercised options at 1 January	72,710	161.37	80,778	156.08
Options granted	–	–	–	–
Options cancelled	–711	125.05	– 1,789	97.70
Options exercised	– 13,157	125.05	–6,279	111.46
UNEXERCISED OPTIONS AT YEAR END	**58,842**	**169.93**	**72,710**	**161.37**
OPTIONS EXERCISABLE AT YEAR END	**29,292**	**185.00**	**13,868**	**125.05**

At 31 December 2010, unexercised options plans were as follows:

Plan date	Exercise price (€)	Number of unexercised options	Remaining life to option maturity (days)
31/03/06	185.00	29,292	90
02/04/08	155.00	29,550	1,127

31. PROPOSED DIVIDENDS

	31/12/10	31/12/09
Total number of shares	7,836,800	7,836,800
Treasury shares	233,231	249,909
Par value	€1	€1
Proposed dividend	€5.20	€4.80

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.

32. ANALYSIS OF CASH FLOW STATEMENT

32.1. Cash and cash equivalents

€ thousands	31/12/10	31/12/09
CASH AT THE START OF THE YEAR	**66,974**	**51,744**
Cash and cash equivalents	67,872	54,168
Bank overdrafts	–898	–2,424
CASH AT THE END OF THE YEAR	**84,919**	**66,974**
Cash and cash equivalents	86,993	67,872
Bank overdrafts	–2,074	–898

32.2. 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 a negative €0.5 million at 31 December 2010, compared to a negative €1.2 million in 2009.

During 2010, the Group acquired intangible assets and property, plant and equipment totalling €29.9 million.

32.3. Change in working capital requirements

€ thousands	31/12/10	31/12/09
Net decrease/(increase) in inventory	– 10,964	11,110
Net decrease/(increase) in trade receivables	– 1,682	11,702
Net (decrease)/increase in trade payables	2,451	– 1,784
Net movement in other receivables and payables	3,341	4,098
CHANGE IN WORKING CAPITAL REQUIREMENTS	**– 6,855**	**25,126**

33. OFF-BALANCE SHEET COMMITMENTS

The Group's commitments comprise the following:

Commitments granted

€ thousands	31/12/10	31/12/09
Guarantees and pledges granted	1,208	6,400
Interest over the remaining terms of loans	10,034	14,394
Rental payments remaining on operating leases	21,404	18,485
Copper forward calls	5,337	1,217
Foreign currency forward calls	29,886	19,254
TOTAL	**67,869**	**59,750**

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	31/12/10	31/12/09
Guarantees, deposits and pledges received	20,609	20,454
Unused credit lines	145,661	134,076
TOTAL	**166,270**	**154,530**

Commitment to acquire additional shares

In 2008, Somfy made a 40% equity investment in CIAT. As regards the remaining 60%, the family shareholders hold a put option that may be exercised between 2 May 2012 and 30 June 2012. The acquisition price on the exercise date is the higher of the average EBITDA of the last two financial years and the EBITDA of the last financial year, less financial debt. Somfy itself holds a call option that may be exercised between 1 April 2013 and 30 April 2013.

34. ENVIRONMENTAL INFORMATION

The majority of the 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 the main production plant in Cluses, France.

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

35. EMPLOYEE INFORMATION

35.1. Average headcount

Somfy group's workforce at 31 December 2010, including temporary and part-time employees recorded on a full-time equivalent basis, is as follows:

	31/12/10	31/12/09
Average workforce	5,472	5,353

36. 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 the Management Board and the Management Committee

36.1. 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 arm's length terms.

€ thousands	31/12/10	31/12/09
Sales	2,579	3,075
Other revenues	299	324
Purchase of goods	1,850	2,180
Other charges	34	71
Interest received	4,427	4,142
Trade receivables	2,249	2,059
Trade payables	491	698
Borrowings	6,361	6,611
Acrrued interest	2	0
Mezzanine loans	58,110	53,750

36.2. Gross remuneration of Management and Supervisory Board members

€ thousands	31/12/10	31/12/09
Short term benefits	1,818	1,492
Post employment benefits*	147	139
Share-based payments	58	75

** Including past service costs.*

Share-based payments represent the cost of the 2006 and 2008 share option plans.

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

37. POST BALANCE SHEET EVENTS

Somfy Participations sold its 32.95% equity investment in agta record to Assa Abloy in early February 2011, after the last condition precedents were met.

The price of the sale was €109.8 million. A first instalment of €101.1 million has already been paid by Assa Abloy in accordance with the original agreement. The balance of €8.7 million will be paid within two years at the latest.

The net capital gain after tax and disposal expenses is €61.6 million and will be recognised in the income statement for the first half of 2011.

Somfy Activities signed an agreement at the end of February 2011, subject to conditions precedent, which may eventually lead to the possibility of taking control of the Brazilian leader for automated gates and garage doors. The first step of this agreement includes the subscription to convertible bonds issued by Garen Automação, followed by the implementation of co-operation between Somfy and this company. The initial investment would amount to approximately €14 million.

38. CONSOLIDATION SCOPE AT 31 DECEMBER 2010

All the companies have a year end of 31 December.

Company name	Head office	% control 31/12/10	% interest 31/12/10	% interest 31/12/09
Somfy SA	74300 Cluses (France)	(parent)	(parent)	(parent)
Fully consolidated companies				
Somfy SAS	Cluses (France)	100.00	100.00	100.00
Spirel SAS	St-Rémy-de-Maurienne (France)	–	–	100.00
CMC SARL	Cluses (France)	100.00	100.00	100.00
Somfybat SNC	Cluses (France)	100.00	100.00	100.00
Domis SA	Rumilly (France)	100.00	100.00	100.00
Domaster SAS	Cluses (France)	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
Somfy Ltd	Yeadon (England)	100.00	100.00	100.00
PD Technology Ltd	Bradford (England)	100.00	100.00	100.00
Kléréo SARL	Montesson (France)	49.00	49.00	–
Somfy PTY Ltd	Rydalmere (Australia)	100.00	100.00	100.00
Somfy Automation Services PTY	Rydalmere (Australia)	100.00	100.00	–
NV Somfy SA	Zaventem (Belgium)	100.00	100.00	100.00
Somfy Brazil LTDA	Sao Paulo (Brazil)	100.00	100.00	100.00
Somfy GmbH	Rottenburg (Germany)	100.00	100.00	100.00
Somfy GmbH	Elsbethen-Glasenbach (Austria)	100.00	100.00	100.00
Somfy KFT	Budapest (Hungary)	100.00	100.00	100.00
Somfy Sp zoo	Varsovie (Poland)	100.00	100.00	100.00
Somfy Spol sro	Praha (Czech Republic)	100.00	100.00	100.00
SC Somfy SRL	Brasov (Romania)	100.00	100.00	100.00
Somfy Russie LLC	Moscou (Russia)	100.00	100.00	100.00
Somfy Latvia SIA	Riga (Latvia)	100.00	100.00	100.00
Somfy Joo	Séoul (Korea)	100.00	100.00	100.00
Somfy Italia SRL	Trezzano sul Naviglio (Italy)	100.00	100.00	100.00
Somfy BV	Hoofddorp (Netherlands)	100.00	100.00	100.00
Somfy Espana SA	Barcelone (Spain)	100.00	100.00	100.00
Automatismos Pujol SL	Barcelone (Spain)	100.00	100.00	100.00
Pujol Redutores de Velocidade LDA	Esmoriz (Portugal)	100.00	100.00	100.00
Sistemi Automatici Pujol SRL	Pavona (Italy)	100.00	100.00	–
Somfy Systems Inc.	Cranbury NJ (United States)	100.00	100.00	100.00
Somfy AG	Bassersdorf (Switzerland)	100.00	100.00	100.00
Somfy AB	Limhamn (Sweden)	100.00	100.00	100.00
Somfy PTE Ltd	Singapore	100.00	100.00	100.00
Somfy Taiwan Co Ltd	Taipei (Taïwan)	100.00	100.00	100.00

Company name	Head office	% control 31/12/10	% interest 31/12/10	% interest 31/12/09
Dooya China	Ningbo (China)	70.00	70.00	–
Somfy Co Ltd	Hong-Kong	100.00	100.00	100.00
Somfy China Ltd	Shanghai (China)	100.00	100.00	100.00
LianDa	Zhejiang (China)	80.00	80.00	80.00
Somfy Middle East Co Ltd	Limassol (Republic of Cyprus)	100.00	100.00	100.00
Sisa Home Automatisation Ltd	Rishone Le Zion (Israel)	100.00	100.00	100.00
Somfy Maroc SARL	Casablanca (Morocco)	100.00	100.00	100.00
Somfy Hellas SA	Athènes (Greece)	100.00	100.00	100.00
Somfy Ev Otomasyon Sistemleri Ticalet Ltd Sti	Usküd (Turkey)	100.00	100.00	100.00
Somfy Mexico SA DE CV	Edo de Mex. (Mexico)	100.00	100.00	100.00
Somfy K.K.	Yokohama (Japan)	100.00	100.00	100.00
Somfy India Pvt Ltd	New Dehli (India)	100.00	100.00	100.00
Somfy ULC	Halifax (Canada)	100.00	100.00	100.00
Harmonic Design	Poway (United States)	100.00	100.00	100.00
Energy Eye	San Diego (United States)	100.00	100.00	100.00
Simu SAS	Gray (France)	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
WAY SRL	Galliera Bologne (Italy)	100.00	100.00	100.00
Overkiz SAS	Archamps (France)	80.00	80.00	80.00
DSG	Mouscron (Belgium)	100.00	100.00	100.00
BFT SpA	Schio (Italy)	100.00	100.00	100.00
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.	Drazice (Croatia)	75.00	75.00	75.00
BFT Polska Sp.zoo	Warszawa (Poland)	100.00	100.00	100.00
SACS SRL	Borgo Valsugana (Italy)	100.00	100.00	83.42
BFT US Inc.	Boca Raton (United States)	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
BFT Languedoc SAS	Nîmes (France)	100.00	100.00	100.00
BFT Sud-Ouest SAS	Toulouse (France)	90.00	90.00	90.00
BFT Australie	Sydney (Australia)	100.00	100.00	100.00
BFT Czech Republic	Prague (Czech Republic)	100.00	100.00	100.00
BFT Piemonte	Dronero (Italy)	70.00	70.00	70.00
BFT France SAS	Marseille (France)	100.00	100.00	100.00
O&O	Corregio (Italy)	90.00	90.00	62.50
BFT Veneto	Schio (Italy)	100.00	100.00	100.00

Company name	Head office	% control 31/12/10	% interest 31/12/10	% interest 31/12/09
BFT Autoferm Ouest SARL	Saint-Philbert-de-Grand-Lieu (France)	100.00	100.00	–
BFT Anatolia	Istanbul (Turkey)	100.00	100.00	–
BFT Grèce	Athènes (Greece)	100.00	100.00	–
BFT Eire	Dublin (Ireland)	100.00	100.00	–
Cotherm Participation SA	Vinay (France)	65.00	65.00	65.00
Cotherm Développement SA	Vinay (France)	–	–	65.00
Cotherm SAS	Vinay (France)	100.00	65.00	65.00
Cotherm Tunisie SARL	Ben Arous (Tunisia)	100.00	65.00	65.00
Cotherm North America	Warwick (United States)	90.00	58.50	32.50
Cotherm UK	Suffolk (England)	100.00	65.00	65.00
Cotherm SCI	Ben Arous (Tunisia)	100.00	65.00	65.00
NMP SAS	Cluses (France)	100.00	100.00	100.00
Zurflüh-Feller Holding SAS	Autechaux Roide (France)	100.00	100.00	100.00
Zurflüh-Feller SAS	Autechaux Roide (France)	100.00	100.00	100.00
Zurflüh-Feller Montage EURL	Autechaux Roide (France)	100.00	100.00	100.00
CERF EURL	Autechaux Roide (France)	100.00	100.00	100.00
Financière Nouveau Monde SA	Miribel (France)	87.53	87.53	87.53
Sirem International SA	Miribel (France)	100.00	87.53	87.53
Sirem SAS	Miribel (France)	100.00	87.53	87.53
Aqua System Design SAS	Miribel (France)	100.00	87.53	87.53
Sirem Immobilier SNC	Miribel (France)	100.00	87.53	87.53
Sodim	Pagny le Château (France)	100.00	87.53	87.53
Equity-acccounted companies				
Gaviota Simbac SL	Sax Alicante (Spain)	46.50	46.50	46.50
Simbac SpA	Mezzago (Italy)	46.50	46.50	46.50
Gaviota Simbac Middle East Sal	Zouk Mosbeh (Lebanon)	23.25	23.25	23.25
Gaviota Simbac SL - Succursal EM Portugal	Vila Verde (Portugal)	46.50	46.50	46.50
Firstinnov	Montesson (France)	40.00	40.00	40.00
CIAT	Culoz (France)	40.00	40.00	40.00
Oxygen SARL (Astélia)	Lyon (France)	40.00	40.00	40.00
Axis	Darnetal (France)	40.00	40.00	40.00
Direction Marty Holding SA	Fumel (France)	34.00	34.00	–
Parquets Marty SAS	Cuzorn (France)	34.00	34.00	–
Parquets Marty Benelux	Nandrin (Belgium)	34.00	34.00	–
Parquets Marty Italia SARL	Cremona (Italy)	17.34	17.34	–

PARENT COMPANY FINANCIAL STATEMENTS

I – BALANCE SHEET AT 31 DECEMBER 2010

BALANCE SHEET ASSETS

€ thousands	31/12/10 Net	31/12/09 Net
NON-CURRENT ASSETS		
Intangible assets	7	1
Property, plant and equipment	0	0
Financial assets	771,843	627,714
Total non-current assets	**771,850**	**627,714**
CURRENT ASSETS		
Inventory and work-in-progress	0	0
Trade receivables	531	494
Other receivables and prepaid expenses	11,913	17,571
Marketable securities	37,536	29,681
Bank and cash	2,172	1,180
Total current assets	**52,153**	**48,927**
TOTAL ASSETS	**824,002**	**676,641**

BALANCE SHEET EQUITY AND LIABILITIES

€ thousands	31/12/10	31/12/09
SHAREHOLDERS' EQUITY		
Share capital	7,837	7,837
Share premium	1,866	1,866
Reserves	552,524	451,330
Profit for the year	54,642	83,681
Total Shareholders' equity	**616,869**	**544,714**
Provisions for liabilities and charges	**1,843**	**2,995**
LIABILITIES		
Borrowings and financial liabilities	62,536	12,912
Trade payables	5,428	668
Other liabilities and deferred income	137,326	115,352
Total liabilities	**205,290**	**128,932**
TOTAL EQUITY AND LIABILITIES	**824,002**	**676,641**

II – INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

€ thousands	31/12/10	31/12/09
Net sales	3,759	2,880
Other income	615	662
Other expenses:	– 16,281	– 8,788
Personnel	*– 557*	*– 517*
Taxes and duties	*– 65*	*– 52*
Net operating expenses	*– 15,659*	*– 8,219*
Royalties paid	*0*	*0*
Charges/reversals of depreciation and provisions	0	0
OPERATING RESULT	**– 11,908**	**– 5,245**
Net financial income	**78,856**	**85,148**
CURRENT RESULT BEFORE TAX	**66,948**	**79,902**
Exceptional expenses	**– 12,612**	**– 125**
PROFIT BEFORE TAX	**54,336**	**79,777**
Income tax	306	3,904
NET PROFIT	**54,642**	**83,681**

III – PROPOSED ALLOCATION OF 2010 PROFIT

€	
Source	
Retained earnings from prior years	1,191,571.20
Net profit for the year	54,642,366.54
	55,833,937.74

€	
Allocation	
Dividend	40,751,360.00
Optional reserve	15,082,577.74
	55,833,937.74

IV – NOTES TO THE SOMFY SA FINANCIAL STATEMENTS

The financial statements have been prepared for the 12 month period from 1 January 2010 to 31 December 2010.

A – SIGNIFICANT EVENTS

Somfy SA made a 49% contribution to the creation of Kléréo, which took over part of the swimming-pool water treatment system business of Firstinnov.

Somfy SA made an equity investment for 34% of the share capital of DMH, the holding company of Parquets Marty for €0.8 million.

Somfy SA also subscribed to a bond issue, convertible into shares, of €2.2 million. The conversion of this bond issue will follow a two-step process: automatic conversion on 1 January 2012, raising Somfy's equity holding to 49%, followed by an optional conversion, to be exercised by the end of 2014 at the latest, enabling Somfy to increase its equity holding to 66% if it so wishes.

A disposal agreement was signed early in October 2010 with Assa Abloy in relation to the disposal of the equity investment held by Somfy Participations in agta record. The transaction is subject to approval from competition authorities.

Somfy SA wrote down €5.8 million from the carrying value of CIAT, a 40%-owned company. This writedown follows indications of impairment (a 10.5% decline in sales and a 68.7% decline in EBITDA) resulting primarily from the difficulties encountered in the French heat pump market.

The planned reorganisation of the manufacturing capacity, announced in 2009, which included the termination of manufacturing at the Saint-Rémy-de-Maurienne site was completed in the second half of 2010 by the disposal of Spirel to Chappel Industries. This resulted in a net capital loss of €8.8 million recognised under exceptional expenses. The €10.4 million negative movement in the value of equity-accounted investments recognised in equity at 31 December 2009 in relation to the Spirel shares was thus reversed.

Somfy SA granted a loan of €100.8 million to Asian Capital in order to finance the acquisition of Ningbo Dooya, the leading Chinese manufacturer of motors for curtains and blinds.

Somfy Développement was merged into Somfy SA as part of a transfer of assets and liabilities. The transaction resulted in a merger loss of €17.2 million, which was recognised as a financial expense. The negative movement in the value of equity-accounted investments of €10 million recognised in equity at 31 December 2009 in relation to the Somfy Développement shares was thus reversed.

B – ACCOUNTING RULES AND METHODS

The 2010 financial statements are presented in accordance with current French legislation as defined by the French Chart of Accounts and in line with the general principles included therein.

The general bases of accounting have been applied in respect of the principle of prudence, in accordance with the following basic assumptions:
- going concern,
- consistency of presentation with the exception of changes as disclosed below,
- separate accounting periods,

and complies with the general rules for the 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 wholly-owned subsidiaries have been accounted for using the equity method.

Investments

The equity method of accounting allows the recognition of the equity stake in each of the wholly-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 allocated by the initial consolidation is added. An equity-method reserve amounting to €239.3 million at 31 December 2010, has been directly recognised in shareholders' equity.

Debentures and other securities

The initial recognition 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 bonds is capitalised at each year end.

Marketable securities

The gross value of marketable securities comprises purchase price less associated costs or transfer value. Marketable securities are valued at their stock exchange quoted price at 31 December 2010 and are impaired when this is less than cost.

At 31 December 2010, marketable securities totalled €37.5 million, comprising:
- Treasury shares of €39.2 million,
- A €3.4 million provision for writedown of treasury shares,
- SICAV mutual funds of €1.7 million.

Treasury shares

Treasury shares are reserved solely for allocation to employees within the framework of share option plans or the allocation of free shares and are classified in account 502 "Treasury shares". Income or losses on treasury share transactions are thus recognised as financial income/(expenses).

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 and based upon the probability of their recovery.

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 in the balance sheet at their exchange rate on the balance sheet date. The difference resulting from the translation of foreign currency debt and receivables at the balance sheet date exchange rate is recognised in the balance sheet as "Translation adjustment".

At 31 December 2010, "asset" and "liability" translation adjustments of €143 thousand and -€632 thousand, respectively, were classified under the captions "Other receivables and prepaid income" and "Other liabilities and deferred income".

Unrealised foreign exchange losses resulting from the net exchange gain or loss by currency 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 2010, the Company was in compliance with all financial covenants imposed by banks on its borrowing facilities.

At 31 December 2010, the financial debt of €62.5 million was analysed as follows:
- €60 million in drawn down credit facilities (with an additional undrawn facility of €137.5 million),
- borrowings of €2.5 million.

Interest rate hedgings

Income and expenses resulting from interest rate hedgings are recognised in the income statement at each contracted maturity date.

The following are recognised at year end:
- accrued interest on interest rate hedgings,
- the unrealised loss resulting from the recognition at fair value of financial instruments whose nature as a hedging cannot be demonstrated and for which a provision for interest rate risk has been established.

Operating items

Somfy SA sales for the year to 31 December 2010 were €3.8 million, an increase compared to the previous year. The operating result was a loss of €11.9 million, compared to a loss of €5.2 million in 2009, primarily due to expenses related to acquisitions carried out by Somfy SA in 2010.

Financial items

The net financial income of the Somfy SA holding company was €78.9 million, compared to €85.1 million in 2009.

The decline in net financial income was due to the recognition of a merger loss of €17.2 million following the transfer of the assets and liabilities of Somfy Développement, which was partly offset by the increase in dividends received during the period (€3.8 million) and the reversal of a provision for writedown of unallocated treasury shares held to serve stock option plans linked to an increase in the Somfy SA share price (€7.8 million).

Furthermore, interest on bank debt decreased due to the debt reduction and were largely offset by interest on debenture loans (mezzanine) granted by Somfy SA to CIAT and Financière Nouveau Monde.

Exceptional expenses

Exceptional expenses primarily comprise a net capital loss of €8.8 million realised on the disposal of the Spirel shares and a €0.5 million charge incurred to revitalise the local labour market.

Provisions for doubtful debts totalling €3.2 million were also recognised.

Net profit

The net profit was thus €54.6 million, after inclusion of an income tax income of €0.3 million from income tax consolidation.

Income tax consolidation

The income tax consolidation agreement signed between Somfy SA 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 agreement, the difference calculated between the income tax chargeable on the combined profits of the tax grouping and the sum of the Group companies' individual tax charges, may be credited to Somfy SA, the Group's parent company. Pursuant to this agreement, an income of €0.3 million was recognised for the year to 31 December 2010.

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 grouping, they will be compensated by Somfy SA in accordance with jointly-agreed exit methodology, taking into account the situation at that date.

Currently there are no available Group tax losses to be used.

In 2010, SEM-T joined the tax grouping. Spirel, which was sold, and Somfy Développement, which was merged, both exited the tax grouping.

Somfy SA share option plans

There are currently two share option plans in existence, the key features of which are disclosed in Note 16.

Post-balance sheet events

At the beginning of February 2011, Somfy SA sold its 32.95% equity investment in agta record to Assa Abloy, after the last condition precedents were met.

The price of the sale was €109.8 million. A first instalment of €101.1 million has already been paid by Assa Abloy in accordance with the original agreement. The balance of €8.7 million will be paid within two years at the latest.

The net capital gain after tax and disposal expenses is €61.6 million and will be recognised in the income statement for the first half of 2011.

Somfy SA signed an agreement at the end of February 2011, subject to conditions precedent, which may eventually lead to the possibility of taking control of the Brazilian leader for automated gates and garage doors. The first step of this agreement includes the subscription to convertible bonds issued by Garen Automação, followed by the implementation of co-operation between Somfy and this company. The initial investment would amount to approximately €14 million.

Consolidating entity

The consolidating entity is the JPJ-S company.

C – NOTES

Note 1: Gross non-current assets

€ thousands	Gross value 31/12/09	Increase	Decrease	Merger movements	Other movements	Gross value 31/12/10
Intangible assets	**209**	**6**	**–**	**–**	**–**	**215**
Property, plant and equipment	**2**	**–**	**–**	**–**	**–**	**2**
Financial assets	**629,954**	**176,204**	**–1,179**	**–15,245**	**–8,874**	**780,860**
Equity investments	555,852	62,770	–705	–15,895	–8,874	593,148
Receivables from associates and related companies	15,804	106,019	–467	650	–	122,005
Other financial assets	1,892	520	–6	–	–	2,407
Debenture loans	56,406	6,895	–	–	–	63,301
	630,164	176,210	–1,179	–15,245	–8,874	781,077

Movements in investments are due to disposal transactions, mergers and new loans granted to subsidiaries.
The increase in other financial assets is due to capitalised interest on debenture loans granted to companies acquired through LBO, as well as the loan granted to Asian Capital for the acquisition of Dooya.
The historic value of equity-accounted securities amounted to €353.8 million. The equity-method reserve is thus €239.3 million, an increase of €53.9 million.

Note 2: Amortisation and depreciation

€ thousands	Gross value 31/12/09	Charges	Reversals	Merger movements	Other movements	Gross value 31/12/10
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	Gross value 31/12/09	Charges	Reversals used	Reversals not used	Merger movements	Other movements	Gross value 31/12/10
Provisions for liabilities and charges	**2,995**	**767**	**–1,919**	**0**	**0**	**–**	**1,843**
Writedown provisions	**13,509**	**13,038**	**–11,194**	**–828**	**1,155**	**0**	**15,680**
On investments	2,240	6,450	–	–828	1,155	–	9,017
On miscellaneous receivables	0	3,163	–	–	–	–	3,163
On marketable securities	11,269	3,425	–11,194	–	–	–	3,500
	16,504	13,804	–13,113	–828	1,155	0	17,523

Note 4: Analysis of maturity of receivables

€ thousands	Total	Less than one year	More than one year
Non-current receivables			
Accounts receivable from invested companies	122,005	–	122,005
Other financial assets	2,407	–	2,407
Debenture loans	63,301	–	63,301
Current receivables			
Trade receivables	531	531	–
Miscellaneous receivables*	11,752	11,752	–
Prepaid expenses and foreign exchange differences	**162**	**162**	**–**
	200,157	12,444	187,713

** Including €9,871 thousand of intragroup current accounts, primarily stemming from the implementation of cash pooling at Group level.*

Note 5: Analysis of maturity of payables

€ thousands	Total	Less than one year	One to five years	More than five years
Liabilities				
Loans and related payables to credit institutions	62,536	62,536	–	–
Miscellaneous loans and financial payables	–	–	–	–
Operating liabilities				
Trade payables and related items	5,428	5,428	–	–
Other liabilities*	**136,694**	**136,694**	**–**	**–**
Deferred income and foreign exchange differences	**632**	**632**	**–**	**–**
	205,290	205,290	–	–

** Including €126,286 thousand of intragroup current accounts, primarily stemming from the implementation of cash pooling at Group level and €9,413 thousand of tax and social contributions.*

Note 6: Analysis of operations of related companies and equity investments

€ thousands	
Equity investments	593,148
Trade receivables related to equity investments	122,005
Debenture loans	63,301
Loans and financial debts	0
Financial income (interest and dividends)	91,994
Financial expenses (interest)	– 186
Receivables	9,871
Liabilities	126,286

Note 7: Statement of changes in shareholders' equity

€ thousands	Balance at 31/12/09 before allocation of net profit	Allocation of net profit 31/12/09	2010 mouvements	Balance at 31/12/10 before allocation of net profit	Proposed allocation of 2010 net profit	Balance at 31/12/10 after allocation of net profit
Share capital	7,837	–	–	7,837	–	7,837
Share premium	1,866	–	–	1,866	–	1,866
Revaluation reserve	191,296	–	53,938	245,234	–	245,234
Legal reserve	791	–	–	791	–	791
Regulated reserves	0	–	–	0	–	0
Other reserves	258,021	47,285	–	305,307	15,083	320,390
Retained earnings	1,222	– 1,222	1,192	1,192	– 1,192	0
Net profit	83,681	– 83,681	54,642	54,642	– 54,642	0
Tax-regulated provisions	0	–	–	0	–	0
	544,714	**– 37,617**	**109,772**	**616,869**	**– 40,751**	**576,118**
			Movement			
SHAREHOLDERS' EQUITY AFTER ALLOCATION	**507,097**		**69,021**			**576,118**

Note 8: Deferred income

€ thousands	
Dividends	0
Accrued interest on cash accounts	77
Government, tax and duties	844
Other	0

Note 9: Accrued expenses

€ thousands	
Accrued loan interest	37
Trade payables, invoices not received	4,668
Employees, statutory bodies, government, duties and taxes	9,478
Miscellaneous*	932
Attendance fees	1

** Including €530 thousand for local labour market revitalisation.*

Note 10: Share capital

	Number of shares	Par value (€)
Shares		
At the start 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	
France	2,798
European Union	338
Rest of the world	624
TOTAL	**3,759**

Note 12 - Financial commitments

€ thousands	31/12/10	31/12/09
Guarantees and deposits received	1,215	20,817
Unused borrowing facilities	137,500	125,500
TOTAL COMMITMENTS RECEIVED	**138,715**	**146,317**

€ thousands	31/12/10	31/12/09
Guarantees and deposits granted	5,655	11,250
Interest on outstanding loans	0	3
TOTAL COMMITMENTS GIVEN	**5,655**	**11,254**

Note 13: Securitised debt

€ thousands	
Loans or liabilities from credit institutions	0

Note 14: Directors' remuneration

€ thousands	
Remuneration alloted	
– to members of the Management Board	122
– to members of the Supervisory Board	67
Pension commitments suscribed	N/A

Note 15: Staff at 31 December 2010

	Male	Female	Total
Executives	8	2	10

Note 16: Share option plans at 31 December 2010

Share option plans after adjustment following the separation of the Group (€)

Plan date	Number of beneficiaries	Number of options granted	Adjusted number of options	Exercise price	Option expiry date
31/03/2006	96	36,200	**29,292**	185.00	31/03/2011
02/04/2008	112	29,550	**29,550**	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
31/03/2006	185.00	29,292	**90**	31/03/2011
02/04/2008	155.00	29,550	**1,127**	31/03/2014

Movement in share option plans

	2010		2009	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Unexercised options at 1 January	72,710	161.37	80,778	156.08
Options granted				
Options cancelled	– 711	125.05	– 1,789	97.70
Options exercised	– 13,157	125.05	– 6,279	111.46
UNEXERCISED OPTIONS AT END OF YEAR	**58,842**	**169.93**	**72,710**	**161.37**
EXERCISABLE OPTIONS AT END OF YEAR	**29,292**	**185.00**	**13,868**	**125.05**

Note 17: Treasury shares

€ thousands		31/12/09	Increase	Decrease	Transfer	31/12/10
Stock options	€ thousands	39,928	293	– 1,025	–	39,196
	number	*243,827*	*1,893*	*– 13,157*	–	*232,563*
Liquidity contract	€ thousands	947	546	– 1,386	–	107
	number	*6,082*	*3,639*	*– 9,053*	–	*668*
Treasury shares	€ thousands	0	–	–	–	0
	number	*0*	–	–	–	*0*
TOTAL TREASURY SHARES	**€ thousands**	**40,875**	**839**	**– 2,411**	**0**	**39,303**
	number	***249,909***	***5,532***	***– 22,210***	***0***	***233,231***

Note 18: List of companies belonging to the tax grouping

Somfy SA	Parent company	Cluses
Somfy SAS		Cluses
Simu SAS		Gray
CMC SARL		Cluses
Domis SA		Rumilly
NMP SAS		Cluses
Automatismes BFT France		Lyon
BFT Languedoc		Nîmes
SEM-T		Cluses
Zurflüh-Feller Holding		Autechaux Roide
Zurflüh-Feller SAS		Autechaux Roide
Zurflüh-Feller Montage		Autechaux Roide
MSD		Autechaux Roide
Cerf		Autechaux Roide

Note 19: Breakdown of income tax at 31 December 2010

€ thousands	Result	Tax		
		Basis	Rate	Total
1. Current result				
Profit of the period	66,948	66,948		23,030
Tax adjustments				
– long term capital gains and losses		0		0
– income from investments		– 84,044		– 28,911
– other		10,124		3,483
Theoretical tax		*– 6,972*	*34.4 %*	*– 2,398*
2. Exceptional result				
Profit/(loss) of the period	– 12,612	– 12,612		– 4,339
Tax adjustments				
– long term capital gains and losses		1,456	0	501
– deductions		– 19,751	0	– 6,794
– reinstatements		38,535		13,256
Theoretical tax		*7,628*	*34.4 %*	*2,624*
Total theoretical tax		**656**		**226**
Tax paid by tax grouping companies				17,187
Tax charge/income from the tax grouping				– 16,881
Tax charge/relief from previous periods				–
NET PROFIT				**54,642**

€ thousands	Before tax	Tax	After tax
Current result	66,948	2,398	69,347
Exceptional result	– 12,612	– 2,624	– 15,236
	54,336	**– 226**	**54,110**
Tax charge/income from the tax grouping			– 16,881
Tax paid by tax grouping companies			17,187
Tax charge/relief from previous periods			0
Theoretical tax			226
NET PROFIT			**54,642**

Note 20: Subsidiaries and investments

€ thousands	Share capital and premium	Reserves and retained earnings before allocation of net profit	Share of capital held %	Profit/(loss) for the last financial year	Sales	Dividends received
Subsidiaries (at least 34% of share capital held by the Company)						
Cotherm	8,000	5,091	64.99%	2,662	0	2,790
DSG	4,250	–203	99.90%	388	0	0
Somfy SAS	20,000	67,842	100.00%	29,823	334,050	100
CMC	8	860	100.00%	214	0	0
Somfybat	6,830	6,934	100.00%	212	0	0
Somfy Ltd	146	1,269	100.00%	–189	9,437	0
Somfy PTY Limited	306	3,395	100.00%	1,485	11,135	0
Somfy N.V.	348	1,318	100.00%	1,240	22,167	0
Somfy Brasil Ltda	102	1,978	99.62%	282	6,625	0
Somfy GmbH	1,500	7,603	100.00%	4,005	104,459	0
Somfy Kft	878	–621	100.00%	–254	2,165	0
Somfy SPOL SRO	177	2,837	100.00%	625	5,589	0
Somfy Sp.Zoo	132	665	100.00%	458	11,080	0
Somfy Roumanie	64	–90	100.00%	–97	524	0
Somfy JOO	314	3,320	100.00%	72	5,093	0
i-Blind	3,321	–3,256	100.00%	–164	3,106	0
Somfy Italia	2,000	23,166	95.00%	1,575	17,573	0
Somfy Espana SA	93,100	4,024	100.00%	1,637	17,026	0
Somfy Systems Inc.	8,786	13,886	100.00%	46	40,826	0
Somfy AG	30	2,701	90.00%	2,086	16,904	0
Somfy AB	71	1,500	100.00%	58	12,541	0
Somfy PTE Ltd	533	1,042	100.00%	924	4,160	0
Somfy Co Ltd	195	391	100.00%	552	6,632	0
LianDa	6,960	–8,831	80.00%	155	8,687	0
Somfy Middle East Co Ltd	72	10,300	100.00%	2,894	20,265	0
Somfy Mexico SA DE CV	27	1,195	99.75%	97	3,330	0
Somfy K.K.	205	1,264	100.00%	663	9,797	0
Promofi BV	91	–31,184	100.00%	33,578	0	33,500
Simu SAS	5,000	13,779	100.00%	4,496	62,215	0
Somfy ULC Canada	1,631	1,403	100.00%	1,115	5,643	0
Gaviota	4,548	21,240	46.50%	2,094	43,165	0
Firstinnov	50	–428	40.00%	–133	645	0
NMP SAS	29,601	–3,946	100.00%	5,483	0	6,300
Yorkshire Technology Ltd & Control	440	1,277	100.00%	154	2,471	23
CIAT Group	84,340	–7,691	40.00%	–13,889	0	11,038
Financière Nouveau Monde	8,425	–1,160	87.53%	–419	0	66
Arve Finance	2,500	–176	40.00%	187	0	255

€ thousands	Share capital and premium	Reserves and retained earnings before allocation of net profit	Share of capital held %	Profit/(loss) for the last financial year	Sales	Dividends received
Somfy SIA	519	139	100.00%	– 133	655	0
Oxygen	1,646	– 668	40.00%	– 143	712	0
Somfy Pty Limited Afrique du Sud	244	32	100.00%	– 184	4	0
Axis	400	– 121	39.97%	– 59	667	0
Direction Marty Holding SA	831	– 134	34.00%	60	0	0
Kléréo	400	0	49.00%	– 1,449	193	0
Somfy Colombie	30	– 1	100.00%	0	0	0
Domis	1,535	146	99.99%	937	5,522	0
Somfy Russie	265	171	100.00%	– 395	3,807	0
Sisa Automation	249	2,268	100.00%	826	6,351	0
Somfy Turkey	832	– 446	99.85%	285	4,287	0
Asian Capital	1	0	100.00%	0	0	0
Somfy Maroc	196	425	100.00%	117	2,887	0
Somfy Hellas	750	2,092	100.00%	310	8,965	0
Somfy India	613	437	99.99%	50	1,509	0

€ thousands	
Loans and advances granted to the companies above, not yet repaid	119,107
Total guarantees granted to the companies above	5,655
Dividends paid by companies above during the year	80,415

Note 21: Investments at 31 December 2010

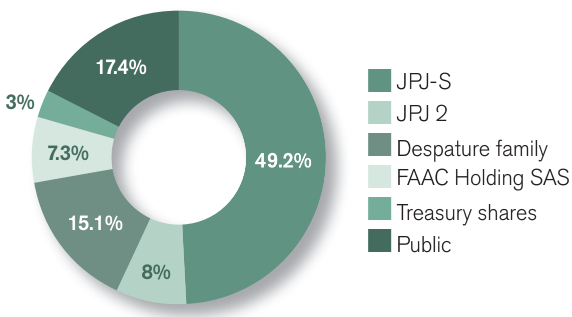
€ thousands		Gross value	Net value	Quoted value
1. Investments				
29,995	shares DSG	4,218	4,218	–
119,994	shares Vimart	63	23	–
1,000,000	shares Somfy SAS	8,286	8,286	–
30,000	shares Somfy GmbH	4,555	4,555	–
3,000	shares Somfy AB	534	534	–
394	shares Promofi BV	1,084	1,084	–
230	shares Somfy Systems Inc.	10,167	10,167	–
1,900,000	shares Somfy Italia SRL	2,271	2,271	–
45	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	–
1,100,000	shares Somfy PTE Ltd	514	514	–
500	shares CMC	8	8	–
2,099,990	shares Somfy Co Ltd	213	213	–
676	shares Somfy SPOL	1,012	1,012	–
7,570	shares Somfy Sp.Zoo	1,423	1,423	–
1	share Somfy Kft	869	869	–
399	shares Somfy Mexico SA DE CV	44	44	–
269,000	shares Somfy Brasil Ltda	149	149	–
250,000	shares Simu SAS	23,937	23,937	–
51,000	shares FAAC SPA	17,373	17,373	–
3,424,299	shares Somfy India	624	624	–
4,393,928	shares agta record	45,780	45,780	96,183
544	shares Gaviota	22,157	22,157	–
426,825	shares i-Blind	3,207	3,207	–
44,000	shares LianDa	5,821	5,821	–
51,994	shares Cotherm Participation	5,200	5,200	–
21,348	shares Somfy SRL Roumanie	60	60	–
100,000	shares Somfy ULC Canada	1,038	1,038	–
700	shares Yorkshire Technology Ltd et Control	2,230	2,230	–
320	shares Firstinnov	2,200	0	–
2,932,600	shares NMP SAS	29,326	29,326	–
270,000	shares Financière Performance	2,700	2,700	–
33,600,000	shares CIAT Group	33,770	27,970	–
7,294,996	shares Financière Nouveau Monde	7,295	7,295	–

€ thousands		Gross value	Net value	Quoted value
1,000,000	shares Arve Finance	1,000	1,000	–
3,663	shares Somfy SIA	822	822	–
3,065	shares Oxygen	1,600	1,600	–
2,600,000	shares Somfy PTY Afrique du Sud	231	231	–
333	shares Axis	350	350	–
196,000	shares Kléréo	196	196	–
18,030	shares Direction Marty Holding SA	796	796	–
75,000	shares ZF Plus	75	75	–
1,000	shares Somfy Colombie	30	30	–
2,499,999	shares Somfy Hellas	750	750	–
22,000	shares Somfy Maroc	202	202	–
85,825	shares Domis	3,068	3,068	–
1	share Somfy Russie	300	300	–
14,000,000	shares Sisa Automation	270	270	–
16,776	shares Somfy Turquie	875	875	–
1	share Asian Capital	0	0	–
379,449	shares Somfybat	10,280	10,280	–
		353,841	**345,801**	**96,183**

€ thousands	Gross value	Net value	Quoted value
2. Portfolio investments	**–**	**–**	**–**
3. Marketable securities			
Treasury shares	39,303	35,878	40,118
Other marketable securities	1,658	1,658	1,658
	40,961	**37,536**	**41,776**

INVESTOR RELATIONS

BREAKDOWN OF CAPITAL (IN %)



CAPITAL

At 31 December 2010, Somfy's capital amounted to €7,836,800, divided into 7,836,800 shares with a nominal value of €1, fully paid up and all in the same class.

The company has not issued any securities giving right to capital. Stock options that may be exercised after 31 December 2010 are purchase options. As authorized, the company owned 233,231 Somfy shares at 31 December 2010.

NET DIVIDEND

Per share, in €, at 31 December

NET PROFIT

Per share, in €, at 31 December

LISTING

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

CONTRACT

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

2011 FINANCIAL CALENDAR

21 January: Release of Quarterly Turnover (Q4 2010)
24 February: Supervisory Board
25 February: Meeting on Financial Information
Annual results 2010
22 April: Release of Quarterly Turnover (Q1 2011)
27 April: Release of consolidated statements of Full-year 2010
18 May: Supervisory Board
18 May: Annual General Meeting
22 July: Release of Quarterly Turnover (Q2 2011)
30 August: Supervisory Board
31 August: Release of consolidated statements
of Half-year 2011
31 August: Meeting on Financial Information
Half-year results 2011
21 October: Release of Quarterly Turnover (Q3 2011)
10 November: Supervisory Board

ORGANIZATION

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

REMUNERATION COMMITTEE

Jean-Bernard GUILLEBERT, Victor DESPATURE

MANAGEMENT BOARD

Chairman: Paul Georges DESPATURE
Somfy Activities CEO: Jean-Philippe DEMAËL
Somfy Participations CEO: Wilfrid LE NAOUR

AUDITORS

ERNST & YOUNG et AUTRES, LEDOUBLE SA

FOR FURTHER INFORMATION

Éric BLANCHARD
Group Financial Director
Telephone: (33) 4 50 40 48 49
Fax: (33) 4 50 40 19 61
E-mail: eblanchard@dsgsomfy.com

www.somfyfinance.com

LEGAL DOCUMENTS

STATUTORY AUDITORS' REPORT ON SOMFY SA'S FINANCIAL STATEMENTS

To the Shareholders,

In execution of our mandate conferred to us by your General Meeting, we hereby present to you our report for the financial year ended 31 December 2010 on:

- our audit of the accompanying Somfy SA company financial statements;
- the justification of our assessments;
- specific legal verifications and disclosures.

The consolidated 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 or other method of selection, 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 applicable French rules and principles, and give a true and fair view of the results for the year just ended as well as of 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 Commercial Code regarding Statutory Auditors' observations, we wish to bring to your attention the following matter:

As specified in the note entitled "Investments" in the notes to the financial statements, Somfy SA has historically selected the equity method of recognition of investments in fully controlled companies. As part of our assessment of the accounting rules and principles implemented by your company, we verified the fairness of the above-mentioned accounting principles and information disclosed in the notes to the financial statements and verified that they have been applied correctly.

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 VERIFICATIONS AND INFORMATION

We have also proceeded with specific verifications required by law, in accordance with professional standards in France.

We have no observations to make with regard to the fairness and agreement with the financial statements of information provided in the Management Board Report and the documents to shareholders on the financial position and financial statements of the Company.

As concerns the information provided pursuant to Article L. 225-102-1 of the Commercial Code on remuneration and benefits provided to Directors as well as commitments given in their favour, we have verified their agreement with the financial statements or with the data used in the preparation of these financial statements and, where appropriate, with the information collected by your Company from its parent company (ies) or subsidiaries. On the basis of this work, we confirm the accuracy and fairness of this information.

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, 26 April 2011
The Statutory Auditors

LEDOUBLE S.A.
Frédéric Ledouble

ERNST & YOUNG et Autres
Sylvain Lauria

STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

To the Shareholders,

As Statutory Auditors to your Company, we hereby present to you our Report on the Regulated Agreements and Commitments.

It is our responsibility to inform you, on the basis of information given to us, of the key features and terms and conditions of the agreements and commitments which we were made aware of or discovered as part of our assignment. It is not our responsibility 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 and commitments be entered into.

Furthermore, it is our responsibility, if applicable, to inform you of disclosures required by Article R. 225-58 of the Commercial Code relative to the execution, during the year just ended, of agreements and commitments approved in prior years by the General Meeting.

We carried out the due diligence we deemed necessary in the light of the professional standards of Compagnie Nationale des Commissaires aux Comptes relative to this assignment. Such due diligence consisted of verifying that the information we were given was consistent with the information disclosed in their source documents.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL BY THE ANNUAL GENERAL MEETING

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.

With Somfy Development S.A.S. and Spirel S.A.S., subsidiaries of your company

Nature and object

Change in tax consolidation scope.

Terms and conditions

Your company authorised the signature of an addendum to the tax consolidation agreement on 22 December 2006, noting the exit with retroactive effect on 1 January 2010 of Somfy Development S.A.S. following its early dissolution, and Spirel S.A.S., following its disposal, from the tax group headed by your company.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING

Agreements and commitments approved in prior years

Pursuant to Article R. 225-57 of the Commercial Code, we were made aware that the execution of the following agreements and commitments, already approved by the General Meeting in prior years, continued during the year just ended.

1. With the Somfy S.A.S., Simu S.A.S., C.M.C. S.A.R.L., Domis S.A., SEM-T S.A.S., NMP S.A.S., Zurflüh-Feller S.A.S., Zurflüh-Feller Holding S.A.S., Zurflüh-Feller Montage E.u.r.l., CERF E.u.r.l., MSD E.u.r.l., Automatismes BFT France S.A.S. and BFT Languedoc S.A.S companies.

Nature and object

Change in tax consolidation scope.

Term and conditions

Your company authorised the signing of an addendum to the tax consolidation agreement of 28 June 2002 headed by your company. This tax consolidation agreement continued throughout the year and was renewed in December 2006 for a period of five years with effect from 1 January 2007.

2. With C.M.C.

Nature and object

Supplementary pension plan pursuant to Article 39 open to employees of the CMC company and members of the Management Committee with at least 15 years' service, established in 2006 and modified by the Supervisory Board on 13 May 2009.

Terms and conditions

This contract gives the right to an additional pension of 0.75% of annual salary, multiplied by the number of years of service, with a ceiling of twenty years and a maximum of 15% of the reference salary, which corresponds to the average remuneration for the best three years of remuneration limited to ten Annual Ceilings of Social Security, excluding exceptional bonuses and profit-sharing and after applying the salary and social contribution indexing coefficients defined by the Caisse Nationale d'Assurance Vieillesse (CNAV).
Your company did not recognise any expense during the financial year in relation to this agreement.

3. With DSG

Nature and object

Supplementary pension plan Article 39 open to management and senior staff of the DSG company, with 15 years' service, as modified by the Supervisory Board on 13 May 2009.

Terms and conditions

Since the establishment in 2006 of the C.M.C retirement contract, the retirement plan of the DSG company was closed and accepts no new members. The contract provides for a contingent right to a differential pension which is a function of the beneficiary's years of service. As concerns the Chairman of the Management Board, who has maximum seniority, the commitment corresponds to the difference between 50% of the benchmark salary and the amount payable by the compulsory schemes. The benchmark salary is the average of the best three years of remuneration excluding exceptional bonuses and profit-sharing and after applying the salary and social contribution indexing coefficients defined by the Caisse Nationale d'Assurance Vieillesse (CNAV). In order to strengthen the limitation on the company's commitment, the maximum pension provided has a ceiling of a maximum value of fifteen Annual Ceilings of Social Security.

Your company did not recognise any expense during the financial year in relation to this agreement.

Paris and Lyon, 26 April 2011
The Statutory Auditors

LEDOUBLE S.A.
Frédéric Ledouble

ERNST & YOUNG et Autres
Sylvain Lauria

STATUTORY AUDITORS' REPORT PREPARED IN APPLICATION OF ARTICLE L. 225-235 OF THE COMMERCIAL CODE, ON THE REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD OF SOMFY SA

To the Shareholders,

As Statutory Auditors to Somfy SA, and in application of the provisions of the last paragraph of Article L. 225-235 of the Commercial Code, we hereby present to you our report on your Company Chairman's Report in accordance with Article L. 225-68 of the Commercial Code on the financial statements for the year ended 31 December 2010.

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 Company and the other disclosures required by Article L. 225-68 of the Commercial Code, in particular in relation to corporate governance procedures.

It is our responsibility:

- to communicate to you any observations we may have concerning the information contained in the Chairman's Report regarding internal control procedures and the management of risks relating to the preparation and processing of financial and accounting information, and
- to 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 in accordance with the professional standards applicable in France.

INFORMATION CONCERNING THE INTERNAL CONTROL PROCEDURES AND MANAGEMENT OF RISKS RELATIVE TO THE PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION

The professional standards applicable in France require due diligence procedures to be implemented to verify the fairness of the information contained in the Chairman's report, concerning the internal control procedures and management of risks relative to the preparation and processing of financial and accounting information. This due diligence notably consists of:

- becoming aware of the internal control procedures and management of risks 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 and management of risks 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 Article L. 225-68 of the Commercial Code.

OTHER INFORMATION

We certify that the report of Chairman of the Supervisory Board includes all other disclosures required by Article L. 225-68 of the Commercial Code.

Paris and Lyon, 26 April 2011
The Statutory Auditors

LEDOUBLE S.A.
Frédéric Ledouble

ERNST & YOUNG et Autres
Sylvain Lauria

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders,

In execution of our mandate conferred to us by your General Meeting, we hereby present to you our report for the year ended 31 December 2010, on:

- our audit of the accompanying Somfy SA consolidated financial statements;
- the justification of our assessments;
- specific legal verification.

The consolidated 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 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 or other method of selection, 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 qualifying our opinion, we draw your attention to the note "Accounting rules and methods, A) Basis for preparation of the consolidated financial statements" of the notes to the consolidated financial statements, which describes the new standards and interpretations that Somfy SA applied with effect from 1 January 2010 and which includes the changes in accounting method relative to the presentation of the income statement and the balance sheet.

II. JUSTIFICATION OF ASSESSMENTS

In application of the provisions of Article L. 823-9 of the 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 14) of the notes to the consolidated financial statements detail 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 Management Board 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, 26 April 2011
The Statutory Auditors

LEDOUBLE S.A.
Frédéric Ledouble

ERNST & YOUNG et Autres
Sylvain Lauria

SUPERVISORY BOARD REPORT

Ladies and Gentlemen,

The Management Board has convened this Combined General Meeting to submit the financial statements for the year just ended for your approval.

In accordance with Article L. 225-68 of the Commercial Code, the Management Board has kept us periodically informed on company transactions through the presentation of quarterly reports.

For verification and control purposes, the Management Board submitted the company's financial statements and consolidated financial statements at 31 December 2010 to us, which you are requested to approve today.

The Management Board has also provided us with their report, which has just been presented to you.

We hereby submit our observations on these financial statements and on this report to you in accordance with the above mentioned Article L. 225-68.

The content of this report fairly reflects information that was regularly provided to us during the financial year just ended.

Consolidated sales were €852.6 million, an increase of 12.1% in real terms and 8.9% on a like-for-like basis.

The Somfy Activities branch reported sales of €747.4 million, an increase of 12.1% in real terms and 8.5% on a like-for-like basis. All geographic areas showed an upward trend at the end of the year.

Somfy Participations reported sales of €105.2 million, an increase of 11.6% in real terms and 11.4% on a like-for-like basis. The three fully consolidated subsidiaries made a recovery and recorded a significant increase during the year.

The Group's current operating result was €138.6 million, being 16.3% of sales. This was an increase of 14.3% compared to 2009.

Somfy Activities' current operating result was €128.1 million in 2010, an increase of 12.6% compared to the previous financial year. This growth reflects not only a business recovery and a strong resilience of gross profit, but also increased research and development and marketing expenditure.

Somfy Participations generated a current operating result of €10.7 million, an increase of 38.8% compared to the previous financial year, due to the recovery of the three fully consolidated subsidiaries.

Consolidated net profit was €96.2 million, an increase of 9.5% compared to 2009. This includes the goodwill writedowns of €6.0 million and a negative contribution of €11.6 million from equity-accounted companies, due to the deterioration in their profitability and the writedown of CIAT's equity value.

Shareholders' equity was €803.4 million and net financial debt was €35.1 million following the acquisition of 70% of Ningbo Dooya. This included liabilities of €39.7 million on put options granted to non-controlling interests. On a like-for-like basis, the positive net financial position would have been €5 million in 2010, compared to €13 million at the end of 2009.

On this basis, the Management Board will propose the distribution of a net dividend of €5.20 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 and to decide on the appointment of two new Supervisory Board members and on various changes to the bylaws.

Draft resolutions, in line with the agenda, will be submitted for your approval.

We do not have any specific observations to make as regards the various documents that have been brought to your attention. Therefore, we ask you to adopt the proposed resolutions.

The Supervisory Board

DRAFT RESOLUTIONS
Combined General Meeting on 18 May 2011

ORDINARY SESSION

First resolution
Approval of 2010 parent company financial statements

The General Meeting, having considered the reports of the Management Board and the observations of the Supervisory Board, the Chairman of the Supervisory Board and the Statutory Auditors on the financial statements for the year ended 31 December 2010, approves these financial statements as they were submitted and which show a net profit of €54,642,366.54.

Second resolution
Approval of 2010 consolidated financial statements

The General Meeting, having considered the reports of the Management Board, the Chairman of the Supervisory Board and the Statutory Auditors on the consolidated financial statements for the year ended 31 December 2010, approves these financial statements as they were submitted and which show a Group net profit of €95,439,000.

Third resolution
Allocation of net profit for the year and setting of cash dividend

The General Meeting approves the allocation of profit as proposed by the Management Board as follows:

Source

– Profit for the financial year	€54,642,366.54
– Retained earnings from prior years	€1,191,571.20

Allocation

– Dividend	€40,751,360.00
– Optional reserve	€15,082,577.74

The General Meeting takes note that the overall gross dividend is set at €5.20, with the distributed amount being wholly eligible for the 40% tax rebate referred to in Article 158-3-2° of the General Tax Code.

The Ex Date is set on 2 June 2011.

The dividend will be payable from 7 June 2011. Shares must have been registered on 2 June 2011 to benefit from the payment of this dividend.

It is specified that in the case where the Company holds some of its own shares at the time of payment of dividend rights, the corresponding amounts not paid in respect of these shares will be transferred to retained earnings.

Pursuant to the provisions of Article 243 ii of the General Tax Code, the General Meeting acknowledges that it was reminded that the following dividends were paid during the last three financial years:

Financial year	Dividends eligible for tax rebate		Dividends ineligible for tax rebate
	Cash dividends	Other distributed earnings	
2007	€41,706,621* being €5.50 per share	–	–
2008	€36,394,838.4* being €4.80 per share	–	–
2009	€36,425,068.8* being €4.80 per share	–	–

** Excluding undistributed dividends attributable to treasury shares.*

Fourth resolution
Statutory Auditors' special Report on regulated agreements and commitments

The General Meeting, having considered the special report of the Statutory Auditors on regulated agreements and commitments, approves each of the new agreements referred to therein.

Fifth resolution
Appointment of Valérie PILCER as a member of the Supervisory Board

The General Meeting decides to appoint Valérie PILCER, with an address of 9, rue Villebois Mareuil in Paris (75017), as member of the Supervisory Board, in addition to current members, for a period of six years until the 2017 General Meeting held to approve the financial statements for the year then ending.

Sixth resolution

Appointment of Martine CHARBONNIER as a member of the Supervisory Board

The General Meeting decides to appoint Martine CHARBONNIER, with an address of 2, Square Villaret de Joyeuse in Paris (75017) as a member of the Supervisory Board, in addition to current members, for a period of six years until the 2017 General Meeting held to approve the financial statements for the year then ending.

Seventh resolution

Setting attendance fees allocated to members of the Supervisory Board

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.

This decision applies to the current financial year and will remain in force until further notice.

Eighth resolution

Authorisation to be granted to the Management Board for the purchase by your Company of its own shares pursuant to Article L. 225-209 of the Commercial Code

The General Meeting, having considered the report of the Management Board, authorises the latter, for a period of eighteen months and under the conditions provided by Articles L. 225-209 and subsequent of the Commercial Code, to purchase Company shares, in one or several occasions and at times of its own choosing, within a limit of 10% of the number of shares comprising the share capital, restated if necessary to take account of potential share capital increases and reductions that may take place during the timeframe of the programme.

This authorisation supersedes the authorisation granted to the Management Board by the eighth resolution of the Combined General Meeting of 12 May 2010, sitting in ordinary session.

Acquisitions may be carried out for the following objectives:

- to stimulate the secondary market or ensure the liquidity of Somfy SA shares via an investment services provider within a liquidity contract that conforms to the AMAFI ethics charter recognised by the Autorité des Marchés Financiers,
- to retain the shares purchased and subsequently exchange them or use them within the framework of acquisitions, recognising that shares acquired to that end may not exceed 5% of the Company's share capital,
- to ensure the coverage of option plans to purchase shares and other forms of allocations of shares granted to employees and senior executives of the Group, in accordance with the terms and conditions prescribed by law, in particular in relation to employee profit-sharing, the Group savings scheme or the allocation of free shares,
- to cover marketable securities giving right to the allocation of free shares in the Company, in accordance with applicable regulations,
- to proceed with the possible cancellation of shares acquired, according to the authorisation granted by the Combined General Meeting of shareholders on 12 May 2010 in its ninth resolution, sitting in extraordinary session.

Share purchases may be enacted by all means, including by means of acquiring blocks of shares and at any times considered appropriate by the Management Board.

These transactions may notably be carried out at times of a takeover bid, in compliance with Article 232-15 of the AMF General Regulations, if the bid is entirely cash-based and buyback transactions are carried out as part of the continued implementation of an ongoing programme and are not liable to make the bid fail.

The Company reserves the right to use option or derivative instruments, in accordance with applicable regulations.

The maximum purchase price is set at €250 per share. In case of a share capital transaction, in particular a share split, reverse share split or allocation of free shares, the above-mentioned price will be restated in the same proportions (multiplying coefficient equal to the ratio of the number of shares comprising the share capital before the transaction over the number of share after the transaction).

The maximum value of the transaction is therefore set at €195,920,000.

The General Meeting confers all powers to the Management Board, to proceed with these transactions, complete all formalities and, in general, do everything that is required.

EXTRAORDINARY SESSION

Ninth resolution

Alignment of bylaws

The General Meeting, having considered the report of the Management Board, decides to update the provisions of the bylaws:

1. In relation to the right of shareholders to have matters or draft resolutions included in the agenda:
- to modify the wording of bylaw provisions in light of Articles L. 225-105 and R. 225-71 of the Commercial Code;
- to modify accordingly and as follows the second paragraph of Article 25 of the bylaws:
  "One or several shareholders, together representing at least the minimum portion of share capital referred to by the law and acting within the legal timeframe and terms and conditions, may request, by registered letter with acknowledgement of receipt or electronic communication, that matters or draft resolutions are included in the agenda of the General Meeting."
  The remainder of this article remains unchanged.

2. In relation to the retention of the double voting right following the transfer of shares by merger or division of a corporate shareholder:
- to make the bylaw provisions more specific, in light of Article L. 225-124 of the Commercial Code as amended by the Law of 4 August 2008;
- to modify accordingly and as follows the sixth paragraph of Article 28 of the bylaws:
  "Any share converted into a bearer share or the ownership of which has been transferred loses its double voting right, except in cases provided by the Law."
  The remainder of this article remains unchanged.

Tenth 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.

somfy

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, 23 February 2011

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

Layout/Production: Explorations
Photograph: Arnaud Childéric
Printed using vegetable-based ink, on FSC certified paper (wood from responsible forest management).
The printer is certified Imprim'Vert for waste sorting and reprocessing.

Explorations
Mixed Sources
Product group from well-managed forests and recycled wood or fiber
FSC
www.fsc.org
IMPRIM'VERT®

SOMFY SA
50 AVENUE DU NOUVEAU-MONDE
BP 152 - 74307 CLUSES CEDEX - FRANCE
TÉL. : +33 (0) 4 50 96 70 00
www.somfy.com