Annual Financial Report

2012

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Message from Paul Georges Despature

Chairman of the Management Board of Somfy Group

Despite a challenging economic climate in Western Europe, Somfy Group has achieved satisfactory and encouraging results. Driven by buoyant emerging markets such as Eastern Europe, Brazil and China, strong business activity materialised into sales growth of 3.9% and a slight increase in both current operating result and cash flow. Current operating profit also edged higher despite an increase in Somfy Activities' structure costs caused by the strengthening of our sales teams in regions experiencing strong growth in 2011. This performance was due to tight control of operating expenses. In 2013, given that the majority of our sales are made in Western Europe, one of our priorities will be to maintain the balance between growth and profitability.

2012 confirmed the appropriateness of Somfy Activities' ambitious strategy of seeking growth in new regions. In these countries, markets for our products are still at the inception stages and developing our business there is a long-term undertaking. Economic uncertainties in Europe will not make us abandon our ambitions; merely spread them over a longer timeframe. In 2013, we will continue to accelerate our development in rapidly-expanding countries by tailoring our business propositions and models to their specific requirements. The new structure adopted by Somfy Activities in September 2012 serves this purpose by increasing our adaptability and responsiveness against the backdrop of the growing globalisation of our operations.

The strong resilience shown by Somfy Participations' financial results also validates its original approach as an industrial shareholder that actively supports its businesses' internationalisation and innovation strategies. Our long-term objective is for dividends received to provide operational and investment autonomy. In 2013, we will continue to enhance Somfy Participations' portfolio, while remaining alert to acquisition and build-up opportunities.

Paul Georges Despature

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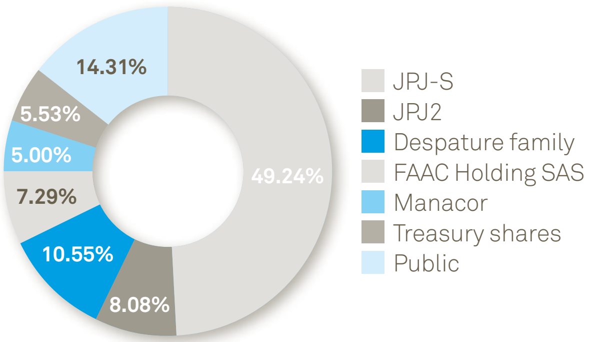
Investor relations

1 | Investor relations

Breakdown of capital (in %)



Capital

At 31 December 2012, 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 2012 are purchase options. As authorized, the company owned 433,109 Somfy shares at 31 December 2012.

Net dividend

Per share, in €

Net profit

Per share, in €

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 15 June 2012, Somfy SA signed a liquidity provider agreement with Natixis.

2013 Financial calendar

23 January	Release of Quarterly Turnover (Q4 2012)
28 February	Supervisory Board
1 March	Meeting on Financial Information – Annual results 2012
24 April	Release of Quarterly Turnover (Q1 2013)
25 April	Release of consolidated statements of Full-year 2012
16 May	Supervisory Board
16 May	Annual General Meeting
24 July	Release of Quarterly Turnover (Q2 2013)
29 August	Supervisory Board
29 August	Release of consolidated statements of Half-year 2013
29 August	Release of Half-year results and conference call
23 October	Release of Quarterly Turnover (Q3 2013)
15 November	Supervisory Board

Organisation

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Supervisory Board

Chairman:
Jean-Bernard GUILLEBERT
Vice-Chairman:
Jean DESPATURE
Members:
Jean DESPATURE
Victor DESPATURE
Jean-Bernard GUILLEBERT
Xavier LEURENT
Valérie PILCER
Michel ROLLIER
Anthony STAHL

Audit Committee

Jean-Bernard GUILLEBERT
Victor DESPATURE
Valérie PILCER

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

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www.somfyfinance.com

Overview of the consolidated financial statements

3

3 | Overview of the consolidated financial statements

€ millions	31/12/12	31/12/11
Sales	989.6	952.4
Current operating result*	126.9	124.7
Operating result	109.5	116.3
Net profit	83.5	161.4
Net profit – Group share	82.9	160.6
Cash flow	150.9	149.0
Investments in property, plant and equipment and intangible assets	42.5	44.9
Amortisation and depreciation charges*	– 40.3	– 38.0
Shareholders' equity	864.2	841.2
Net financial debt**	– 36.5	15.7
Non-current assets	871.7	884.0
Average workforce	8,095	7,824

** Including amortisation charges relating to intangible assets allocated following acquisitions for an amount of -€ 4.2 million in 2012 and -€ 4.4 million in 2011.*
*** Increased by liabilities related to put options granted to holders of non-controlling interests and earn-out of € 43.0 million in 2012 and € 40.3 million in 2011 and reduced by unlisted bonds receivables of € 69.4 million in 2012 and € 65.3 million in 2011.*

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4 | Management Board report to the Combined General Meeting of 16 may 2013

Ladies and Gentlemen,

In accordance with legal and regulatory provisions in force, the Management Board has convened you here in order to inform you on the management of your company and its subsidiaries and to submit for your approval the financial statements for the year ending 31 December 2012.

→| Changes in Group structure

Somfy Activities acquired:

- The distributor **BFT Lazio**, through its subsidiary BFT SpA. 60% of the capital was acquired at a price of € 0.7 million. A mutual put/call option was included in the contract for 2015, in relation to the remaining 40% of the capital. This acquisition generated goodwill of € 0.4 million. This company was fully consolidated from the date of acquisition (April 2012) and contributed € 0.6 million to Group sales;
- The distributor **TRS Standard**, through its subsidiary BFT SpA. 60% of the capital was acquired at a price of € 1.4 million. A mutual put/call option was included in the contract for 2015, in relation to 30% of the capital. The remaining 10% are subject to a deadlock resolution clause. This acquisition generated goodwill of € 1.3 million. This company was fully consolidated from the date of acquisition (June 2012) and contributed € 2.8 million to Group sales;
- 100% of the French distributor **Mastercom** for € 0.7 million through its subsidiary BFT SpA. This transaction includes an earn-out clause based on the results of the first two years. This acquisition generated goodwill of € 0.2 million. This company was fully consolidated from the date of acquisition (July 2012) and contributed € 1.0 million to Group sales;
- The remaining 10% in **BFT Sud-Ouest**, through its subsidiary BFT SpA, for € 0.3 million. This company was already fully consolidated, therefore no change of control took place;
- 51% (joint control) of the Brazilian company **Neocontrol** for BRL 6 million (approximately € 2.5 million) through its subsidiary Somfy Brazil in August 2012. This company develops, produces and markets home automation solutions in Brazil. This transaction includes an earn-out clause payable in 2014 based on results for the 2013 financial year. Also included is a first mutual put/call option exercisable in 2014 over 10% of capital and a second option for the remaining 39% exercisable in 2017. This company is equity-accounted;
- 15% of **LianDa** for € 1.5 million, thus increasing its equity holding to 95%. This company was already fully consolidated, therefore no change of control took place;
- The remaining 60% of **Axis**' capital for € 0.9 million. This company was previously equity-accounted. With Somfy assuming control, Axis is now fully consolidated. This takeover generated goodwill of € 1.2 million. Axis contributed € 0.4 million to Group sales.

Somfy Activities sold:

- Its subsidiary **Klereo**. The impact on the operating result was a decline of € 1.0 million;
- Its subsidiary **i-Blind**. The impact on the operating result was a decline of € 0.9 million.

The French companies BFT Marseille, BFT Sud-Ouest, BFT Languedoc and BFT Autoferm Ouest were merged into the BFT France entity.

Somfy Participations made an equity investment of 25% in **Sofilab 4** for € 1.6 million and subscribed to € 0.8 million in convertible bonds. Sofilab 4, whose flagship brand is La Buvette, is the French market leader for farming watering equipment. It also operates in the rump rail and rotational moulding segments. Due to practical reasons and materiality, this financial investment is treated as an asset held for disposal.

Somfy Participations acquired shares valued at € 3.0 million in **CIAT**, thus increasing its equity investment from 40% to 44.5%. This was the opportunity to sign a new shareholders' agreement. These changes did not call into question the fact that this company is consolidated using the equity method.

At the beginning of October 2012, **Somfy Participations** sold its 65% equity investment in **Cotherm**. The value of the transaction was € 11.7 million, i.e. 2.3 times the initial investment. The impact of this disposal was a negative € 1.3 million.

Somfy Participations made a 10% equity investment in the newco **Cotherm Evolution** for € 1.1 million.

Highlights

Somfy Activities wrote down the goodwill of O&O and Pujol:

- The outlook for **O&O**, a subsidiary of BFT SpA that produces lifting gates, rising bollards and automated sliding doors has deteriorated compared to the acquisition business plan, due to the macro-economic situation prevailing in Southern Europe, where the company conducts most of its business. The unallocated goodwill was additionally impaired by € 2.8 million. It has now been fully written down;
- The outlook for short and medium-term profit growth led to a review of **Pujol**'s business plan (a company with a presence in Spain, Portugal and Italy), which has been seriously affected by the deteriorated macro-economic environment prevailing in Southern Europe. The entire unallocated goodwill has been written down for € 5.7 million. The brand remains valuated at € 2.2 million in the consolidated statements.

Somfy Activities wrote down € 0.5 million from the equity value of its 40% investment in **Oxygen (Astélia)**, a company which specialises in alarm systems for the house-bound elderly. This impairment was recognised after indications of a loss in value were noted.

The Italian company **WAY (Somfy Activities)** announced a restructuring plan that will affect 55 employees. A € 3.0 million provision has been recognised as non-recurring income/expenses in the 2012 financial statements.

Somfy SAS was subject to a tax assessment in relation to the 2009 and 2010 financial years. The main adjustment was to the transfer price policy implemented between a subsidiary of Somfy SA, Somfy SAS and a number of distribution subsidiaries. The proposed tax adjustment for these two years totalled € 35.6 million. The Group considers that the arguments put forward by the tax authorities are disputable and is confident of the likelihood that this ruling be overturned. Therefore, the Group qualified the risk as a contingent liability and thus no provision was recognised at 31 December 2012 in relation to this dispute.

Somfy Participations wrote down € 0.9 million of **Sirem**'s goodwill. This decision stems from the persisting difficulties experienced by Sodim, whose results fall short of business plan projections.

Somfy Participations wrote down € 2.3 million from the equity value of **CIAT**. This writedown follows a downward revision of the business plan of the company due to difficulties encountered during the financial year.

Somfy Participations wrote down € 7.0 million from the equity value of **Pellenc**. This decision stems from results that fall short of expectations set out in the acquisition business plan.

Somfy Participations wrote down € 2.5 million from the equity value of **Gaviota**. This writedown stems from results that fall short of expectations.

Change of income statement presentation method

In order to improve the quality of information, the presentation of the Somfy Group's income statement has evolved since 31 December 2011. The following change was introduced:

- Addition of EBITA, an aggregate commonly used within the Somfy Group, which consists of current operating result before amortisation of intangible assets allocated as part of business combinations (IFRS 3).

Presentation of financial statements

Parent company financial results

For the year to 31 December 2012, Somfy SA sales were € 3.0 million. Net financial income amounted to € 97.3 million, including € 107.8 million in dividends paid by its subsidiaries in respect of their net profit for the year to 31 December 2011.

Net profit amounted to € 87.0 million including income of € 3.0 million from tax consolidation.

Consolidated financial statements

→ Sales

Group sales were € 989.6 million for the full financial year just ended, which was an increase of 3.9% compared to the previous year (up 2.7% on a like-for-like basis). Sales were € 513.9 million in the first half of the year (up 0.9% on a like-for-like basis) and € 475.7 million in the second half (up 4.7% on a like-for-like basis).

Somfy Activities contributed € 889.8 million (up 3.4% on a like-for-like basis).

Several geographic regions reported substantial year-end increases driven by buoyant emerging markets. This was the case in America, Central and Eastern Europe and Asia Pacific (growth of 12.4%, 9.8% and 7.5%, respectively, on a like-for-like basis). Germany and France also performed satisfactorily considering the business environment (growth of 4.8% and 1.5%, respectively, on a like-for-like basis). Southern and Northern Europe both enjoyed renewed growth during the last months of the year but remained negative over the full year due to the decline recorded at the beginning of the year, which resulted from the economic crisis and adverse weather conditions (decline of 0.1% and 3.6%, respectively, on a like-for-like basis.

Somfy Participations contributed € 103.1 million (down 2.3% on a like-for-like basis).

The performance of individual companies varied greatly. Cotherm, which was sold early in October, performed well (up 6.1% on a like-for-like basis), while Zurflüh-Feller and Sirem were adversely affected by the economic climate (decline of 2.9% and 8.4% respectively, on a like-for-like basis).

→ Sales by customer location

€ thousands	31/12/12	31/12/11	Variance N/N-1	Variance N/N-1 like-for-like
France	244,398	240,617	1.6%	1.5%
Germany	138,967	131,643	5.6%	4.8%
Northern Europe	89,619	90,839	– 1.3%	– 3.6%
Central and Eastern Europe	82,144	73,886	11.2%	9.8%
Southern Europe, Middle East and Africa	161,036	158,416	1.7%	– 0.1%
Asia Pacific	89,884	76,727	17.1%	7.5%
Americas	83,789	70,647	18.6%	12.4%
SOMFY ACTIVITIES	**889,838**	**842,775**	**5.6%**	**3.4%**
SOMFY PARTICIPATIONS	**103,068**	**112,499**	**– 8.4%**	**– 2.3%**
Intragroup sales	– 3,265	– 2,844	14.8%	14.8%
SOMFY GROUP	**989,641**	**952,430**	**3.9%**	**2.7%**

→ Results

The Group's current operating result was € 126.9 million for the financial year, up 1.8%, representing 12.8% of sales. This was € 75.4 million in the first half of the year (down 14.8%) and € 51.4 million in the second half (up 42.3%).

Somfy Activities' contribution grew 4.0% to € 122.9 million. The growth reflected a marked recovery in the second half of the financial year in line with the rebound in sales, which was partly due to favourable comparatives and steps implemented to increase competitiveness (reduction of overheads, increased productivity, disposal of non-strategic entities, etc.).

Somfy Participations' contribution declined by 38.0% to € 4.1 million, resulting from the net profit of fully-consolidated subsidiaries of € 7.6 million (down 25.2%) less structure costs of € 3.5 million (down 1.6%). This decline was due to the difficulties experienced by Sirem and the deconsolidation of Cotherm in the last quarter.

Consolidated net profit was € 83.5 million, down 48.2%. This largely came from negative non-recurring items, including: 1/ goodwill impairment of companies with significant exposure to the markets of Southern Europe, 2/ the recognition of restructuring costs for the Italian subsidiary Way srl, 3/ the impacts of the deconsolidation of Cotherm, i-Blind and Klereo, 4/ the drop in net financial income due to a high baseline (€ 63.1 million capital gain on the disposal of agta record in 2011), 5/ the negative contribution of equity-accounted companies due to the writedown of several equity investments.

→ Financial position

The Group had a net cash surplus of € 36.5 million at the end of December, compared to net financial debt of € 15.7 million twelve months previously.

The net asset value of Somfy Participations was € 350.0 million at the end of 2012.

→ Segment reporting at 31 December 2012

€ thousands	Somfy Activities	Somfy Participations	Other	Inter-segment	Consolidated
Segment sales	889,838	103,068	–	– 3,265	989,641
Segment profit/loss (current operating result)	122,924	4,093	– 164	–	126,853
Share of net profit/loss of equity-accounted companies	– 324	– 9,748	–	–	– 10,072
Cash flow	128,161	19,988	2,800	–	150,949
Intangible assets and PPE investments	36,914	5,593	–	–	42,507
Goodwill	187,767	22,184	–	–	209,951
Net intangible assets and PPE	232,424	50,642	–	–	283,066
Non-controlling equity investments	65	138,128	–	–	138,193
Equity-accounted companies	3,044	106,474	–	–	109,517

→ Valuation of Somfy Participations portfolio

Methodology

The net asset value at December 2012 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 the following:

Securities of unlisted companies

For each investment, the enterprise value is measured according to 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 (i) 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 and (ii) EBITDA and EBITA estimates for the current year and the subsequent two years, derived from the most recent consensus among analysts at the time of the analysis. A discount may be applied on certain multiples to reflect the smaller size of companies in the sample and the company being valued. The average multiples of EBITDA (Earnings before interest, taxes, depreciation and amortisation) and EBITA (current operating result excluding amortisation of intangible assets allocated following acquisitions) of companies in the sample are applied to the recurring EBITDA and EBITA of the current year and subsequent two years of the company being valued. The enterprise value derived is calculated as the average of the values obtained by applying these multiples to investment aggregates.
- **Discounted cash flow method (DCF)**
  This method involves determining the present value of cash flows that 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 valued is mature in its market, its enterprise value is calculated by averaging the market peer multiples valuation and the discounted cash flow valuation.
  For investments 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 using 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 value 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.

Securities of 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 valued as per the above listed methods.

Somfy Participations portfolio valuation

€ millions	Valuation at 31/12/2012	Valuation at 31/12/2011
Equity portfolio	277.1	291.3
Mezzanine and convertible bonds portfolio	73.0	66.2
TOTAL PORTFOLIO	**350.0**	**357.5**

→ Post-balance sheet event

Somfy Activities acquired the remaining 60% of the capital of Stor'm for € 0.5 million on 21 February 2013.

→ Outlook

The rollout of Somfy Activities' strategic plan will continue, with adjustments to adapt to the current environment. Accordingly, steps initiated in 2012 to control costs and increase competitiveness will be maintained.

Somfy Participations' objective will consist of supporting existing companies with fine-tuning their business model and developing their operations, as well as reviewing investment and disposal opportunities.

→ 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 net voting rights at 31 December 2012:

	Number of shares	% share capital	Number of voting rights	% voting rights*
JPJ-S SCA**	3,858,802	49.24	7,717,604	60.49
Despature family**	826,423	10.55	1,037,778	8.13
JPJ 2 SA**	633,558	8.08	1,142,902	8.96
Manacor**	391,900	5.00	483,810	3.79
FAAC Holding SAS	571,400	7.29	1,142,800	8.96
Treasury shares	433,109	5.53	–	–

** Based on share capital comprising 7,836,800 shares at 31 December 2012 representing 12,758,304 net voting rights.*
*** There is a binding agreement between JPJ-S SCA, members of the Despature family and the companies JPJ 2 and Manacor.*

In November 2010, Silchester International Investors, acting on behalf of funds under its management, declared that on 1 November 2010 it had a holding of 595,775 shares representing 7.60% of the share capital of Somfy SA. Due to the lack of disclosure of whether upward or downward threshold crossings, this company is still presumed to hold between 5% and 10% of Somfy SA's share capital.

Changes to this list during the 2012 financial year are described below in the section "Disclosure of shareholding threshold crossings pursuant to Article L. 233-7 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.

Action in concert and retention agreements

→ Action in concert

JPJ-S, JPJ 2, Manacor and certain members of the Despature family act in concert.

→ 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, as well as Supervisory Board members Jean-Bernard Guillebert, Jean Despature, Victor Despature, Xavier Leurent and Anthony Stahl, in accordance with Article 885 I bis 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, ten collective retention agreements relating to 56.84% of the Somfy SA company share capital, were signed on 9 and 22 April 2010 and 13 December 2010 by a number of shareholders, including Management Board members Paul Georges Despature, Jean-Philippe Demaël 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 indefinitely after this period, unless one of the signatories gives notice of termination to other signatories.

Bylaws providing provisions relating to multiple voting rights
(Excerpt of Article 28 of the bylaws)

"The voting right attached to the shares is proportional to the capital that they represent. All shares have the same par value and entitle their owner to one vote.

A voting right that is double that conferred on other 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.

In the case of a capital increase by the capitalisation of reserves, profits or issue premiums, registered shares granted free of charge to a shareholder in exchange for existing shares, which already benefit from this right, will be entitled to the same double voting right.

All shares converted into bearer shares or whose ownership has been transferred shall lose their entitlement to a double voting right, except in instances provided for by law."

Disclosure of shareholding threshold crossings during the 2012 financial year, pursuant to Article L. 233-7 of the Commercial Code

The limited company J.P.J. 2[1], incorporated under the Laws of Luxembourg, declared having exceeded the threshold of 5% voting rights of Somfy SA on 16 January 2012 and holding individually 629,458 Somfy shares on that date, representing 986,608 voting rights, being 8.03% of the share capital and 7.59% of voting rights of this company[2].

This threshold crossing resulted from the allocation of double voting rights.

It has been specified that the concert between (i) Paul Georges Despature, his children and the company J.P.J. 2 under his control, (ii) the company Somplus[3] and (iii) certain members of the Despature family[4], has not crossed any thresholds and held 5,210,969 Somfy shares at 16 January 2012, representing 9,687,109 voting rights, being 66.49% of the share capital and 74.50% of voting rights, broken down as follows:

	Number of shares	% share capital	Number of voting rights	% voting rights
J.P.J.S	3,858,802	49.24	7,717,604	59.35
Despature family	690,160	9.81	948,207	7.29
J.P.J. 2	629,458	8.03	986,608	7.59
Somplus	29,426	0.38	29,426	0.23
Paul Georges Despature	3,123	0.04	5,264	0.04
TOTAL CONCERT	**5,210,969**	**66.49**	**9,687,109**	**74.50**

[1] Controlled by Paul Georges Despature and his children.
[2] Based on a share capital comprising 7,836,800 shares representing 13,003,253 voting rights, pursuant to section 2 of Article 223-11 of General Regulations.
[3] J.P.J.S holds 28.57% of the share capital of Somplus, with the balance being owned by eight senior executives of Somfy.
[4] Namely: Monique Delcourt (and her children), Jean Despature (and his children), Marie-Christiane Devienne (and her children), Anthony Stahl, Françoise Leurent (and her children), Victor Despature (and his children), Joseph Despature and Manacor SA, Chantal Ibled (and her children) and Jacques Despature (and his children).

The Archdiocese of Bologna, ultimate shareholder of FAAC Holding SAS, declared, for regularisation purposes, having exceeded the thresholds of 5% ownership of the share capital and voting rights of Somfy SA on 23 April 2012 and holding 571,400 Somfy SA shares on that date and to date, representing 1,142,800 voting rights, being 7.29% of the share capital and 8.79% of voting rights of this company.

This threshold crossing resulted from the transfer through inheritance of 571,400 Somfy shares previously owned by Michelangelo Manini to the Archdiocese of Bologna.

Somfy SA declared, for regularisation purposes, having crossed the threshold of 5% ownership of its own share capital on 10 May 2012, following the acquisition of Somfy shares in the market, and holding 432,934 of its own shares on that date, representing 5.52% of its share capital.

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

The company has implemented several successive share buyback programmes. The most recent buyback programme was launched in 2012; it was authorised by the Combined General Meeting of 15 May 2012 and had the following objectives:

- 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/or 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 shares in the company, in accordance with current regulations;
- To proceed with the possible cancellation of acquired shares, according to the authorisation granted by the Combined General Meeting of 15 May 2012 in its seventh 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 on-going programme and are not liable to make the bid fail.

The maximum purchase price is set at € 250 per share. Therefore, the maximum amount of the share buyback programme is € 195,920,000.

During the financial year just ended, on the basis of the authorisations given by the General Meetings of 2011 and 2012, the company bought back 85,153 shares at an average price of € 156.92, sold 8,602 shares at an average price of € 158.91 and allocated 25 shares at an average price of € 85.98 in respect of exercised options.

Out of the 85,153 shares acquired, 8,959 shares were allocated to the liquidity objective and 76,194 to covering share purchase option plans and plans to grant free shares to employees and senior executives of the Group.

Trading fees amounted to € 42,417.09.

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

The company held 433,109 of its own shares at 31 December 2012, representing 5.53% of the capital. The value of the purchase price of the share amounted to € 173.04 for a nominal value of € 1 each, representing a total nominal value of € 433,109.

The Management Board will submit a new treasury share purchase plan for a period of eighteen months for shareholders' approval. 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, if necessary restated for any potential capital increase or decrease transactions that may be carried out over the timeframe of the programme. The objectives of this 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 stock option plans and/or free share allocation plans (or similar) granted to employees and/or senior executives of the Group, as well as all other shares allocated under a company or group savings scheme (or similar), in relation to employee profit-sharing and/or any other form of allocation to employees and/or senior executives of the Group;
- To cover marketable securities giving right to the allocation of shares in the company, in accordance with current regulations;
- To proceed with the possible cancellation of acquired shares according to the authorisation granted by the Combined General Meeting of 15 May 2012 in its seventh resolution, sitting in extraordinary session.

These transactions may notably be carried out at times of a takeover bid, in compliance with AMF General Regulations and particularly in respect of Article 231-40 of the said regulations if, on the one hand the bid is entirely cash-based and on the other, buyback transactions are carried out as part of the continued implementation of an on-going 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.

The Management Board would thus be granted the power to do whatever is necessary in that respect.

Information on investments and controlled companies

Investments in French companies during the financial year ending 31 December 2012 (Article L. 233-6 of the Commercial Code):

	Direct control		Indirect control	
Company name	**Number of shares**	**% share capital**	**Number of shares**	**% share capital**
Cotherm Evolution SAS	1,100,025 shares	10.0	–	–
Sofilab 4 SAS	1,586,529 shares	25.0	–	–
BFT Sud Ouest SA	–	–	50 shares held by BFT SpA*	10.0
Mastercom SARL	–	–	1,210 shares held by BFT SpA*	100.0
Axis Automatismes SAS	–	–	500 shares held by Somfy SAS**	60.032

**BFT SpA is wholly-owned by Somfy Espagne, itself a wholly-owned subsidiary of Somfy SA.*
*** Somfy SA acquired the remaining 60% stake in Axis and then transferred the entire share capital of this company to Somfy SAS, a wholly-owned subsidiary of Somfy SA.*

Names of companies directly or indirectly controlled and the portion 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 hold shares in Somfy SA.

→ 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 have an impact 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 carrying special voting rights, aside from the existence of double voting rights enjoyed by fully paid shares registered under the same named 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;
- 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 "Action in concert and retention agreements" section;
- Rules governing the appointment and replacement of Management Board members and any bylaw amendments are respectively 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 (Article 15)

"The Management Board is composed of a minimum of two and a maximum of five members who may or may not be shareholders.

In accordance with and for the period provided for by the law, the Supervisory Board will appoint Board Members, determine their number, nominate the Chairman of the Board and determine their remuneration.

No person aged over 70 may be appointed to the Management Board. Upon reaching this age, members of the Management Board are deemed to have resigned 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 of 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 so that the number of Directors does not 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 transactions 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 buyback 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: contracts signed between Somfy SA and credit institutions concerning credit facilities granted require the latter to inform 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 particular 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 section 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 four years from the allocation, then successively to 15% at the end of six years from the allocation, to 10% at the end of eight years from the allocation and to 5% until 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	26 November 2013
Jean-Philippe Demaël	Member	27 November 2009	26 November 2013
Wilfrid Le Naour	Member	27 November 2009	26 November 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,
- Director of FAAC SpA and Compagnie Industrielle d'Applications Thermiques SA,
- Manager of CMC SARL.

Remuneration includes a fixed and a variable part. Variable remuneration is determined by the Supervisory Board on the recommendation of the Remuneration Committee on the basis of the measurements of performance for 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).

Due to confidentiality reasons, the level of achievement of these variable remuneration quantitative criteria is not disclosed.

Details of remuneration paid during the financial year just ended are included in the summary table (page 24).

Since the termination of his employment contract on 30 June 2010, the Chairman of the Management Board only receives remuneration in respect of his term of office.

→ Wilfrid LE NAOUR
Chief Executive Officer of Somfy SA, Somfy Participations branch

- Chairman of the Supervisory Board of Financière Nouveau Monde SA and Direction Marty Holding-DMH SA,
- Observer of NMP SAS,
- Chairman of Somfy Ltd and Provence Nouveau Monde SAS,
- Member of the Supervisory Board of Damartex SA and CIAT Group SA,
- Director of Somfy Mexico SA de CV, Gaviota Simbac SL, FAAC SpA, BFT SpA, Somfy Middle East Co. Limited, Somfy Systems Inc., Pellenc SA and Compagnie Industrielle d'Applications Thermiques SA,
- Manager of Somfy GmbH.

Remuneration includes a fixed and a variable part. Variable remuneration is determined by the Supervisory Board on the recommendation of the Remuneration Committee on the basis of three criteria specific to Somfy Participations:

- The change in the net asset value of equity investments;
- The percentage achievement of annual budgets;
- The improvement of Somfy Participations' financial position.

A qualitative criterion based on the Supervisory Board's approval of the strategic plan submitted has been added to these criteria.

Due to confidentiality reasons, the level of achievement of these variable remuneration quantitative criteria is not disclosed.

The variable remuneration also includes profit sharing, employee shareholding and contributions to the Group savings scheme, as described in the Chairman's report on internal control and corporate governance.

The exceptional portion relates to regulatory compensation.

Benefits in kind consist of the use of a company car.

Details of remuneration paid during the financial year just ended appear in the summary table (page 24).

→ Jean-Philippe DEMAËL
Chief Executive Officer of Somfy SA, Somfy Activities branch

- Chairman of Somfy Systems Inc., Somfy Middle East Co. Limited, Somfy Nordic Aktiebolag, Somfy Hellas SA, Somfy SA (Suisse), Somfy China CO Ltd., N.V Somfy S.A, Fondation d'Entreprise Somfy pour mieux habiter la planète, Somfy SAS, Somfy Kabushiki Kaisha, Somfy España SA, Somfy India PVT Ltd,
- Director of Harmonic Design Inc., Somfy Kabushiki Kaisha, Somfy India PVT Ltd., Somfy Taiwan Co Ltd., Somfy SA (Suisse), Somfy PTY. Limited, Promofi BV, Automatismos Pujol SL, Energy Eye Inc., N.V Somfy S.A, Asian Capital International Limited, Somfy ULC, Chusik Hoesa Somfy, Somfy España SA, Somfy Hellas SA, Hong Kong CTLT Trade Co., Limited, New Unity Limited, Sino Link Trading Limited, Somfy Co Limited, SISA Home Automation Ltd., Somfy Italia SRL, Somfy Nederland BV, Somfy Ltd., Somfy PTE Ltd, Somfy Nordic Aktiebolag, BFT Italia SpA,
- Manager of Somfy GmbH.

Remuneration includes a fixed and a variable part. Variable remuneration is determined by the Supervisory Board on the recommendation of 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);
- Business development, measured by sales growth and by its differential with the sales growth of a range of reference points comprised of nine companies considered to be comparable.

Due to confidentiality reasons, the level of achievement of these variable remuneration quantitative criteria is not disclosed.

The variable remuneration also includes profit sharing, employee shareholding and contributions to the Group savings scheme, as described in the Chairman's report on internal control and corporate governance.

Benefits in kind consist of the use of a company car.

Details of remuneration paid during the year just ended appear in the summary table (page 24).

The company CMC SARL established a supplementary pension plan in 2006. This plan applies to Directors and III-C position Senior 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 dependent on the seniority of the beneficiary (a minimum of 15 years). The right to a 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 affected population reaches retirement age, this plan should enable the rate to increase 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.

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 as well as 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.

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 perspective 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 variable remuneration based on identical performance conditions to those used for allocating performance-based shares to Management. No such share was transferred in that respect during the financial year. It should be noted that the Chairman of the Management Board remains excluded from stock option and performance-based share 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
Vice-Chairman of the Supervisory Board

- Member of the Supervisory Board of Damartex SA,
- Chairman of the Management Board of Yainville SA,
- Director of Autoplanet, Carbeo and VGL Food.

→ Victor DESPATURE
Member of the Supervisory Board

- Member of the Audit Committee and Remuneration Committee of Somfy SA,
- Chairman and Chief Executive Officer of MCSA SA,
- Chairman of the Supervisory Board of SCA JPJ-D, JPJ-S, Valorest, Acanthe, Cimofat and SC Soderec,
- Member of the Supervisory Board of Damartex SA and SAS Mobilis,
- Permanent representative of MCSA SA, Chairman of SAS MCSA-CELERC, MCSA-SIPEM and MCSA-SET,
- Member of the Audit Committee and Remuneration Committee of Damartex SA,
- Manager of SARL MCSA Participation, MGS and MCSA-Tunis and SC VICMA, DEVIN-VD, LE MARECHAL and POUZAINT,
- Manager of SA COLAM ENTREPRENDRE.

→ Jean-Bernard GUILLEBERT
Chairman of the Supervisory Board

- Chairman of the Audit Committee and member of the Remuneration Committee of Somfy SA,
- Vice-Chairman of the Supervisory Board of Damartex SA,
- Chairman of the Audit Committee of Damartex SA,
- Member of the Remuneration Committee of Damartex SA.

→ Xavier LEURENT Member of the Supervisory Board

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

→ Valérie PILCER Member of the Supervisory Board

- Member of the Audit Committee of Somfy SA.

→ Michel ROLLIER Member of the Supervisory Board

- Director of Lafarge,
- Director and Vice-Chairman of Siparex Associés.

→ Anthony STAHL Member of the Supervisory Board

- Member of the Supervisory Board of Damartex SA,
- Chairman of the Management Committee of FIDEP.

→ Martine CHARBONNIER (resignation dated 15/12/2012)

- Member of the Audit Committee of Somfy SA,
- Member of the Supervisory Board of Damartex SA and SCA Altamir Amboise,
- Director of SA Ausy and Motul SA,
- Observer of SA Shan.

The terms of office as members of the Supervisory Board of Jean-Bernard Guillebert, Jean Despature, Victor Despature, Xavier Leurent and Anthony Stahl will expire at the end of the next General Meeting. It will be proposed to the General Meeting of 16 May 2013 to renew the terms of office as members of the Supervisory Board of Jean Despature, Victor Despature, Xavier Leurent and Anthony Stahl. Jean-Bernard Guillebert did not ask for his term to be renewed.

As regards the duration of the terms of office of the members of the Supervisory Board, it will also be proposed to the next General Meeting to amend the provisions of Article 18 of the bylaws in order to:

- Reduce the duration of the terms of office of members of the Supervisory Board from six to four years (it being specified that this reduction in duration of the terms of office will not impact current terms of office which will continue for the term initially set);
- Allow for a staggering of terms of office. Thus Supervisory Board members may be appointed on an exceptional basis for a term of three years, two years or one year for the exclusive purpose of allowing the introduction or maintenance of the staggering of terms of office.

Therefore, it will be proposed to the General Meeting of 16 May 2013 that the terms of office of the following Board members that are reaching their end are renewed for the durations specified below (subject to the adoption of the resolution relating to the amendment of Article 18 of the bylaws concerning the duration of terms of office):

- Jean Despature, for a term of four years, until the end of the General Meeting to be held in 2017, convened to approve the financial statements for the financial year just ended;
- Victor Despature, for a term of four years, until the end of the General Meeting to be held in 2017, convened to approve the financial statements for the financial year just ended;
- Xavier Leurent, for a term of two years, until the end of the General Meeting to be held in 2015, convened to approve the financial statements for the year just ended;
- Anthony Stahl, for a term of two years, until the end of the General Meeting to be held in 2015, convened to approve the financial statements for the year just ended.

Remuneration of members of the Management Board and Supervisory Board

→ Summary of remuneration

(€)	Attendance fees 2012	Fixed remuneration 2012	Variable remuneration 2012 (*)	Exceptional remuneration 2012	Benefits in kind 2012
Members of the Management Board					
Paul Georges Despature Chairman of the Management Board	–	205,000	110,000	–	–
Jean-Philippe Demaël	–	395,000	154,100	–	4,668
Wilfrid Le Naour	–	370,000	262,100	69,496	5,916
Members of the Supervisory Board					
Jean-Bernard Guillebert Chairman of the Supervisory Board	11,900	39,960 (**)	–	–	–
Martine Charbonnier	12,400	–	–	–	–
Jean Despature	4,400	–	–	–	–
Victor Despature	16,300	–	–	–	–
Xavier Leurent	4,400	–	–	–	–
Valérie Pilcer	12,400	–	–	–	–
Michel Rollier	15,625	–	–	–	–
Anthony Stahl	4,400	–	–	–	–

(*) Variable remuneration paid in 2012 in respect of 2011.
(**) Remuneration as Chairman of the Supervisory Board.

→ Options allocated and exercised during the financial year

The Chairman of the Management Board is not a beneficiary of option plans or performance-based shares.

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.

Wilfrid LE NAOUR - Position at 31/12/2012

Plan N°	Date of allocation	Date of vesting	Allocation price	Unexercised at 31/12/11	2012 allocations	2012 exercised	2012 lapsed	Balance at 31/12/12
15	02/04/08	03/04/12	155.00	3,000	–	–	–	3,000
				3,000	**–**	**–**	**–**	**3,000**

Jean-Philippe DEMAËL - Position at 31/12/2012

Plan N°	Date of allocation	Date of vesting	Allocation price	Unexercised at 31/12/11	2012 allocations	2012 exercised	2012 lapsed	Balance at 31/12/12
15	02/04/08	03/04/12	155.00	3,000	–	–	–	3,000
				3,000	**–**	**–**	**–**	**3,000**

→ Procedure for setting the remuneration of Management Board and Supervisory Board members

The remuneration of Management detailed above is proposed by the Remuneration Committee. It is revised each year on the basis of expert advice and is in line with the Market.

The Remuneration Committee, having considered the Middlenext recommendations on the remuneration of Directors of listed companies, submits for approval to the Supervisory Board the various components of remuneration and the criteria for allocating the variable share of Directors' remuneration, so that their remuneration may be fixed.

At the General Meeting of 18 May 2011, the shareholders decided to set attendance fees for the next financial years at € 80,000, until otherwise specified.

It will be proposed to the General Meeting of 16 May 2013 to amend this package and set the annual attendance fees to be apportioned between members of the Supervisory Board at € 100,000 from the 2013 financial year on, until otherwise specified.

The Supervisory Board apportions attendance fees among its members in proportion to their attendance at Board meetings and Audit Committee and Remuneration Committee meetings.

The Chairman of the Supervisory Board receives specific remuneration for carrying out his duties as Chairman.

→ Information on transactions performed by directors during the financial year (Article 223-26 of AMF General Regulations)

The company is aware that various purchase transactions falling within the scope of Article L. 621-18-2 of the Monetary and Financial Code have been carried out during the past financial year, for a total amount of € 343,188.62.

→ Proposal for the appointment of a new Supervisory Board member

It is proposed that Paule Cellard be appointed as member of the Supervisory Board, in addition to the current members and those members whose terms of office are proposed for renewal, for a period of four years until the 2017 General Meeting held to approve the financial statements for the year then ended, subject to the condition precedent of the adoption of the thirteenth resolution in extraordinary session relating to the reduction of the terms of office of Supervisory Board members and the modification of Article 18 of the bylaws.

Paule Cellard, a French national, is a graduate of ESC Paris (Business School) and the University of Paris Law School. She has held various roles within international banking institutions, notably as Head of General Inspectorate at Crédit Agricole, Chief Executive Officer of private banking services company Indosuez, then Global Head of Compliance at Crédit Agricole Corporate and Investment Bank until November 2012. She subsequently founded the consulting firm KLEFICONSEIL and is currently a Director and member of the Audit Committee of Crédit Agricole Private Banking Luxembourg.

Paule Cellard meets all the independence criteria set out in the Board's internal regulations.

→ Corporate governance

Audit Committee

The Audit Committee currently comprises three members, Jean-Bernard Guillebert, Committee Chairman, Victor Despature, and Valérie Pilcer.

The Committee's mission is to monitor the preparation of financial information and the efficiency of internal control 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 latters' 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 2012 financial year, the Audit Committee met five 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 three 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 plan is established annually together with Somfy Group'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 identified in internal control are communicated and recommendations are issued. A follow up of the implementation of recommendations is carried out once a year. A report is presented to the Management Board and to the Audit Committee.

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 a report on the activities of his/her department to the Management Board and the Audit Committee.

Remuneration Committee

The Remuneration Committee comprises two members, Victor Despature and Jean-Bernard Guillebert (independent member), and its mission is to submit proposals to the Supervisory Board, notably concerning the amount and methods of calculation of remuneration of senior executives and to offer an opinion on attendance fees.

At least once a year, the Committee uses a firm specialised in senior executive remuneration, which informs them of the generally applied practices in companies of comparable size.

The Remuneration Committee met three times during the financial year ending 31 December 2012. The members had an attendance rate of 100%.

The work of the Committee and opinions it has given are the subject of a verbal presentation to the Supervisory Board to help prepare and substantiate the decisions of the Board in terms of senior executive remuneration.

Independence of the members of the Supervisory Board

As provided by the Middlenext framework, the Board has assessed the independence of its members.

Based on the independence criteria suggested by the Middlenext 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 the Somfy Group, that may affect his/her freedom of judgment, and who meets the following criteria:

- He/she is not and has not been an employee and does not hold and has not held a general management position within Somfy SA or any other Group company over the past three years;
- Is not a significant customer, supplier or banker of Somfy SA or its Group, or for which Somfy SA or its Group represents a significant share of his/her business activity;
- Is not a significant shareholder of Somfy SA;
- Is not closely related to a Director or major shareholder;
- Has not been a Statutory Auditor of Somfy SA over the past three years.

In light of these criteria, the Supervisory Board considered that Valérie Pilcer, Michel Rollier and Jean-Bernard Guillebert qualify as independent members.

→ Information on research and development activities (Articles L. 232-1 and L. 233-26 of the Commercial Code)

In order to improve its efficiency and speed up the implementation of its product innovations, in 2012 Somfy upgraded the structure of its development teams. The former entities "Shutters and awnings" and "Windows and blinds" are from now on amalgamated within a new Activity known as "Home and Building" structured mainly in project teams. This amalgamation takes into account the cross-cutting of numerous products, motors as much as automatic systems and so aims to strengthen the coherence of offers and technologies, also by the creation of new synergies between R&D teams. At the same time, 2012 saw the launch of a Home Automation centre with 35 engineers based in Archamps (Haute-Savoie) whose mission is to further develop Somfy's Home Automation offering, particularly the TaHoma web interface, a control point capable of interconnecting and remotely controlling all automatized household equipment, including those of other manufacturers. In 2012, the setting up of new technical partnerships with leading players in the household sector enabled TaHoma's sphere of compatibility to be widened. In addition, the home automation technology io-homecontrol has expanded into new applications and is now deployed, for example, on all models of gates and garage doors available on the market.

In the service industry market, development teams have been concentrating their facade automation offers on new digital motorisation systems, controlled by digital networks as well as on an IP Animeo version aimed at improving the heating and lighting comfort of the occupants of these buildings.

As part of its eco-design programme for Somfy branded products, since 2010 Somfy Activities has been conducting a study of the environmental impact of Somfy branded products called Analysis of the Life Cycle. In 2012, the findings helped identify the key improvement areas. In addition to the choice of materials used, reducing the energy consumption of wireless motors in standby mode is an important lever in the reduction of greenhouse gas emissions. Based on this knowledge, Somfy continues to develop its most representative product ranges in order to make them more energy efficient. The new generation Oximo motor uses half as much energy as its previous version. In the future, eco-design work will continue, centring on three areas: energy, material and waste.

The Group's main research and development centre is located in Cluses (74) as near as possible to the historic factory that is today in charge of the manufacturing of new products and includes 400 engineers spread evenly between the "electromechanical", "electronic" and "digital" professions. In 2012 these teams launched more than 40 new products or solutions and resulting in the filing of 36 patents. It should also be noted that more than 100 inventions are on-going.

→ Information on employee shareholding (Article L. 225-102 of the Commercial Code)

At 31 December 2012, the FCPE Somfy (Somfy Investment Fund Scheme) held 54,450 Somfy shares amounting to 0.69% of the company's share capital.

→ Social and environmental reporting (Article L. 225-102-1 of the Commercial Code)

A policy of sustainable development integrated into the Somfy Group strategy

The Somfy Group shares with its employees a culture of responsibility that underpins its Sustainable Development policy.

Somfy Group companies exercise their environmental, social and societal responsibility through the implementation of Sustainable Development strategies guided by the following objectives:

- Minimising the environmental impact of all its activities, sites and products;
- Ensuring the professional and personal development of all its employees;
- Discharging their civic responsibility by involving themselves in social issues consistent with their areas of work;
- Supporting the development of communities wherever they are established.

Regarding its customers and users of its products, **Somfy Activities** is committed to improving living environments by helping to deal with environmental challenges such as the energy efficiency of buildings, or social issues such as the independence of the elderly within their own homes.

Several principles help ensure the implementation of these strategic policies:

- A continuous improvement plan measured by certain indicators;
- The establishment of a structured dialogue with the stakeholders: customer satisfaction survey, measuring employee commitment, investor and shareholder relations policy, active participation both internationally and locally with working groups and organisations on industry issues;
- Regular and transparent communication;
- Compliance with international standards and frameworks (Global Compact in 2013).

Somfy Group's Sustainable Development policy addresses the high expectations of its customers and all its stakeholders, be they the development of environmentally friendly solutions, or social or societal commitments. They take into account the increasing globalisation of the Group's activities, thus emphasising the need for the predisposition and monitoring of the respect of ethical principles and governance.

Organisation

The organisation as a whole and the teams within the Group contribute to the continuous improvement of the Sustainable Development policy.

Since 2008, Somfy Activities has had a Sustainable Development Department. It reports to the Group's Operations Department. Its missions are to guide the implementation of the Group's environmental commitments, in particular the energy efficiency of sites, the eco-design of products, the reduction of the environmental impact of its activities and the recycling of end-of-life products.

The Group Human Resources Department has the task of guiding the implementation of Somfy Activities' commitments relating to social matters.

The Communications Department has the task of guiding the implementation of Somfy Activities' commitments relating to societal matters. In this regard, the Group Communications Director is a member of the Somfy Foundation Governing Board, the main driving force of the Group's citizenship policy, and whose main purpose is to support projects that fight poor housing.

On a quarterly basis, the Strategic Committee for Sustainable Development brings together the Sustainable Development Director, the Group Human Resources Director and the Group Communications Director. Its mission is to ensure the coherent implementation of Somfy Activities' Sustainable Development policy: Planet, Employees and Company.

Scope

The reporting scope included in the 2012 financial year is restricted to companies located on French territory.

The companies that fall within the scope of this report are:

- For Somfy Activities:
  - Somfy SAS

  Sales offices which account for less than 5% of the number of employees have not been taken into account.
  - Simu SAS
- For Somfy Participations:
  - Zurflüh-Feller
  - Sirem

For reasons of accessibility to information for the 2012 financial year, the other Group companies have not been included. The gathering of information on the relevant companies that are outside French territory will take place gradually up to the 2015 financial year.

Social information

→ A Human Resources policy for organisational transformation and employee commitment

To support the Group in its growth ambition and its transformation, Human Resources policy is following a roadmap that is concentrated on three areas and will be deployed between now and 2015.

Developing skills

The creation of a skills observatory will enable a better understanding of how Somfy skillsets will evolve, and what skills requirements will be needed over the next few years. The aim is to improve staff employability and to secure career paths.

Developing commitment

The new internal barometer SomfyScope which was introduced in October 2012 will measure employee commitment going forward. Action plans will be put into place from 2013 in order to strengthen this commitment and to reach levels typically seen in comparable companies.

Guiding performance

To ensure transparency and fairness to its employees, Somfy has created and launched a classification of all positions listed within the organisation internationally.

→ Comment on the scope

The consolidation of information allowing for an overall vision of social data within the whole of the Group's scope still remains inaccessible given the absence of a joint human resources information system.

Aware of this problem, the company decided to invest in a human resources management system to be gradually rolled out from 2013 onwards. Thus information analysis will become more and more qualitative as the rollout widens.

The company will take advantage of the opportunity afforded by the legislation regarding transparency of its management data to give detailed information in future reports on the progress of its social framework.

Given the limited consolidation capacity, the data submitted temporarily only relates to France by regrouping firstly data from the companies Somfy SAS and Simu SAS.

Moreover, information in this social section will include that relating to the companies Sirem and Zurflüh-Feller, companies that are over 75% owned by Somfy Participations and fully consolidated.

Nevertheless, in order to preserve consistency in presentation, the key data of these last two companies will be analysed separately.

The coverage of this social reporting makes up 30% of the Group's total workforce.

→ Methodological details

Total workforce	Present permanent and temporary workforce (excluding apprentices, trainees and expatriate employees) at 31/12/2012.
Absenteeism	Period of absence (all types of medical conditions + other absences excluding all types of holiday) compared with theoretical working time (amount of contractual attendance within the framework of the social calendar).
Frequency	[Number of work accidents (excluding commuting accidents) with lost time above 1 Day / Number of hours worked] X 1,000,000. Period from 1 January to 31 December. Permanent and temporary workforce excluding expatriate employees.
Severity	[Number of days of absence caused by work accidents (excluding commuting accidents) / Number of hours worked] X 1,000. Period from 1 January to 31 December. Permanent and temporary workforce excluding expatriate employees.
Training	The number of hours corresponds to the total placement hours (internal, external, intragroup) performed by employees excluding on-the-job training.
Trainees	Number of training activities. Those that involve a single person may be counted several times if this person has participated in several training activities.
% of external training expenses	These expenses include educational costs, and the travel and accommodation costs of trainees and coordinators brought onto the payroll.

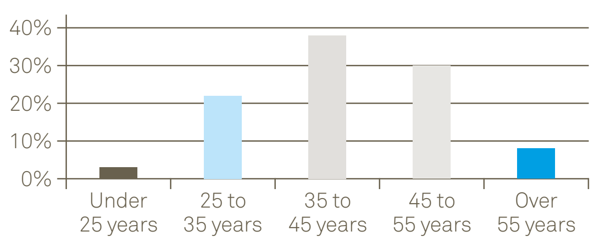
→ Analysis data

Employment data

- **Somfy SAS and Simu SAS scope**

2012 total workforce and analysis by age

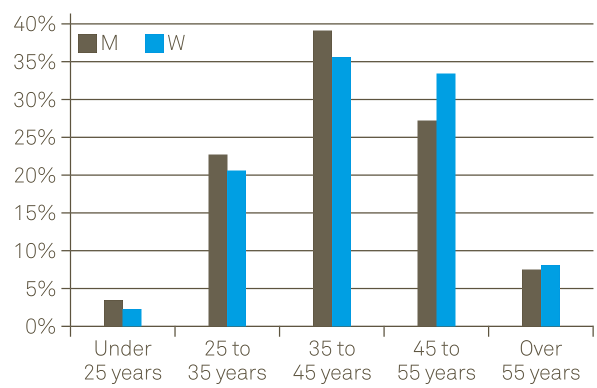
Under 25 years	49	3.0%
25 to 35 years	354	21.9%
35 to 45 years	611	37.8%
45 to 55 years	479	29.6%
Over 55 years	125	7.7%
TOTAL	**1,618**	**100.0%**



The age structure is well balanced, in particular thanks to a significant recruitment drive implemented in recent years.

Workforce analysis by age and by gender

	M	W	M	W
Under 25 years	35	14	3.5%	2.3%
25 to 35 years	227	127	22.7%	20.6%
35 to 45 years	392	219	39.1%	35.6%
45 to 55 years	273	206	27.2%	33.4%
Over 55 years	75	50	7.5%	8.1%
TOTAL	**1,002**	**616**	**100.0%**	**100.0%**



The percentages of males and females by age range are consistent. Nevertheless it can be noted that the workforce is more male in % terms in the under 45's and more female in the over 45's. This discrepancy in the under 45's can be explained by the recruitment in recent years of a significant number of engineers as women remain under-represented in technical areas. The Group must be mindful of bringing more women into some of its divisions.

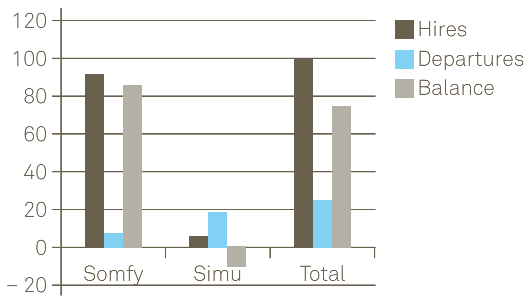
Staff turnover

Despite a conservative second half-year as regards recruitment given the less favourable economic situation, headcount within this structure increased 4.6% resulting in a net hiring of 75 people.

However this growth only affected Somfy SAS, with the headcount of Simu SAS dipping slightly.

Movements

	Somfy	Simu	Total
Hires	92	8	**100**
Departures	6	19	**25**
BALANCE	**86**	**– 11**	**75**



It should be noted that redundancies made up 28% of departures.

Remuneration

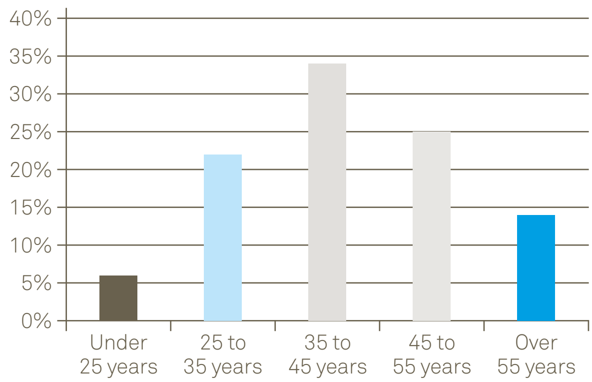
Under the overlapping effects of the increase in workforce and salary review, the payroll of this scope increased 6.6% overall with Somfy however seeing a much steeper rise (up 7.3%) compared with Simu (up 2.1%). The companies within this scope have maintained annual increases in salaries despite less favourable economic conditions in order to continue supporting employee commitment. Classification areas for non-managerial positions and the "grading" of managerial positions are being rolled out in order to integrate changes in jobs and to assess how attractive internal salaries are relative to the market.

€	Somfy	Simu	Consolidation
Payroll 2011	52,396,775	7,537,700	59,934,475
Payroll 2012	56,226,216	7,693,551	63,919,767
CHANGE	**7.3%**	**2.1%**	**6.6%**

- **Somfy Participations scope - fully consolidated companies (Sirem and Zurflüh-Feller)**

2012 workforce analysis by age

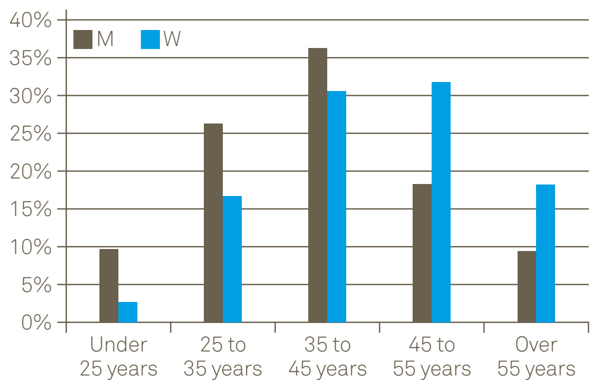
Under 25 years	34	6.3%
25 to 35 years	116	21.6%
35 to 45 years	180	33.6%
45 to 55 years	133	24.8%
Over 55 years	73	13.6%
TOTAL	**536**	**100.0%**



The age structure is well balanced throughout the structure's workforce.

Workforce analysis by age and by gender

	M	W	M	W
Under 25 years	27	7	9.7%	2.7%
25 to 35 years	73	43	26.3%	16.7%
35 to 45 years	101	79	36.3%	30.6%
45 to 55 years	51	82	18.3%	31.8%
Over 55 years	26	47	9.4%	18.2%
TOTAL	**278**	**258**	**100.0%**	**100.0%**



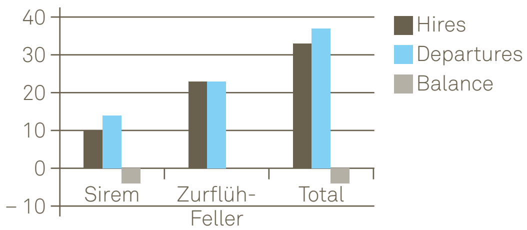
The percentages of males and females by age range are less consistent here. The workforce is far more male in % terms in the under 45's and more female in the over 45's.

Staff turnover

The headcount has remained virtually stable in this structure with a decrease of less than 1%, as departures were offset by the recruitments.

Movements

	Sirem	Zurflüh-Feller	Total
Hires	10	23	**33**
Departures	14	23	**37**
BALANCE	**– 4**	**0**	**– 4**



It should be noted that redundancies made up 19% of departures.

Remuneration

The payroll of the scope increased for both companies.

€	Sirem	Zurflüh-Feller	Consolidation
Payroll 2011	4,383,829	10,337,356	14,721,185
Payroll 2012	4,652,849	10,893,550	15,546,399
CHANGE	**6%**	**5.4%**	**5.6%**

Despite a slightly lower headcount, the payroll of this scope will have increased by 5.6%.

Working organisation

- **Somfy SAS and Simu SAS scope**

Organisation of working time

The dominant working structure is the daily schedule (73%). Shift work (2x8) relates to 27% of the overall population. This proportion is more significant for the manual workforce that works in factories or in logistics centres, two facilities that need higher utilisation rates of their equipment. Night shifts remain minimal.

Part time working is slightly higher at 2%.

	Daytime work	Shift work	of which Part time
Somfy	77%	23%	2%
1,376	1,060	316	28
Simu	50%	50%	3.30%
242	121	121	8
TOTAL	**73.0%**	**27.0%**	**2.2%**

Absenteeism

	Somfy	Simu
2011	2.66%	3.72%
2012	2.94%	4.05%
INCREASE	**10.53%**	**8.87%**

Absenteeism became more pronounced for both companies between 2011 and 2012 despite the introduction of specific support measures (interview on return, coordination of preventative measures with workplace health and social welfare departments).

Both companies nevertheless remain at a lower level than the rate recorded in their industry, namely 5.7% (Source UIMM June 2012).

- **Somfy Participations scope - fully-consolidated companies (Sirem and Zurflüh-Feller)**

Organisation of working time

The daily schedule structure relates to 58% of the workforce. However, the situation differs greatly with 100% of the work within Sirem done during the daytime whilst this figure is 40% for Zurflüh-Feller where shift work dominates (2x8 and 3x8 for around 50 people).

Part time work is nevertheless higher within this scope with around 10% of the workforce concerned.

	Daytime work	Shift work	of which Part time
Sirem	100%	–	5%
160	160	–	8
Zurflüh-Feller	40%	60%	12%
376	150.4	225.6	45.12
TOTAL	**57.9%**	**42.1%**	**9.9%**

Absenteeism

	Sirem	Zurflüh-Feller
2011	3.72%	4.53%
2012	4.52%	5.50%
INCREASE	**21.51%**	**21.41%**

Absenteeism within both companies rose about 21% during 2012.

Both companies nevertheless remain at a lower level than the rate recorded in their industry, namely 5.7% (Source UIMM June 2012).

4

Social relations

• Somfy SAS and Simu SAS scope

The legal bodies relating to employee representation (Works Council, Employee Representatives and Health & Safety Committee (CHCST)) all exist within this scope and are active with monthly (Works Council and Employee Representatives) and quarterly (CHSCT) meetings, supplemented by extraordinary meetings whenever necessary.

Social dialogue is an important lever that the Group is seeking to strengthen. In 2012, staff representation bodies, in particular those of Somfy SAS, all received social dialogue training with the leading participation of Jean Kaspar (former national secretary of the CFDT). In 2013, managers themselves will also be gradually trained in order to help them integrate more widely the important place of social regulation in the life of the company and to define their role in coordinating this dialogue.

2012 was marked:

For Somfy SAS by:
- A new three year profit-sharing agreement;
- An agreement on profit-sharing bonuses;
- A unilateral decision on salary reviews.

At the same time, the company undertook a risk analysis project (strenuous work) and a project aimed at developing psycho-social risk prevention. These projects will be finalised in 2013.

For Simu by:
- A salary agreement;
- An amendment to the profit-sharing agreement;
- An agreement on profit-sharing premiums;
- An agreement concerning professional equality.

Likewise, the risk analysis was initiated in 2012 and has resulted in the definition of improvement initiatives included in the single document.

2013 looks far busier in terms of issues under negotiation, with Management undertaking negotiations on the following subjects:
- A so-called "living" agreement grouping together in particular professional equality, disability, psycho-social risks and generation contract;
- A GPEC (Manpower and Skill Planning) agreement;
- A social dialogue agreement;
- A working time agreement.

• Somfy Participations scope - fully consolidated companies (Sirem et Zurflüh-Feller)

The legal bodies relating to employee representation (Works Council, Employee Representatives, Health & Safety Committee (CHCST)) all exist within this scope and are active with monthly (Works Council and Employee Representatives) and quarterly (CHSCT) meetings, supplemented by extraordinary meetings whenever necessary.

2012 was marked:

For Sirem by:
- A professional equality agreement.

For Zurflüh-Feller by:
- A strenuous work action plan;
- An agreement on the dividend premium;
- The introduction of a PERCO (Group Retirement Savings plan).

Health and safety

• Somfy SAS and Simu SAS scope

Workplace health and safety conditions

		Somfy		Simu	
		No.	%	No.	%
2011	% of employees having received health/safety training	110	8.12%	135	56%
2012	% of employees having received health/safety training	892	65%	175	75%
2011	Number of work-related conditions declared	7	0.5%	–	0%
2012	Number of work-related conditions declared	13	0.9%	3	1.2%
2012	Number of employees having received a supplementary medical check (*)	352	26%	15	6.2%

The intensity of health and safety training rose sharply for both companies in 2012. A number of work-related conditions are developing at a rate of almost 1% of the total workforce. Strenuous work action plans and ergonomic analyses of workstations should in due course lead to the containment then the reduction of this figure.

(*) The supplementary medical checks for Somfy should relate to around 4% of the workforce but in agreement with the occupational health and safety department, these checks related to 26% of the workforce in 2012, these checks being intensified for production posts.

The corresponding figure for Simu was 6.2% over the same financial year.

Frequency and severity

	Somfy	Simu
Frequency 2011	9.47	4.74
Frequency 2012	15.28	17.25
Severity 2011	0.1	0.05
Severity 2012	0.35	0.11
No. of accidents with Lost time 2011	21	5
No. of accidents with Lost time 2012	30	12
CHANGE 2012/2011	**42.9%**	**140.0%**

The year was adversely affected in particular by production issues (urgent transfer of production between Group sites) which played a part in an increase in the number of accidents and had a negative impact on frequency and severity.

Specific prevention initiatives implemented in 2012:

- Supplementary medical checks extended to the manual workforce;
- Ergonomic analysis of workstations;
- Training in gestures and postures;
- Increase in the presence of a social worker;
- Survey on work-related stress;
- Intervention of ANACT (national agency to improve working conditions);
- Training in prevention and well-being (considered movements, warming up, stretching);
- Road safety training for sales representatives and employees driving long distances;
- Specific training in the use of cutters.

It should be noted that to date no specific agreement relating to health and safety in the workplace exists within this scope. Risk analysis shows that we are not at the threshold of 50% of employees exposed, a threshold which sets an obligation to negotiate. Nevertheless, the company will continue in its preventative measures by continuing its initiatives in this area. Strenuous work will be included in improvement action plans for the first time.

The element of work-related stress will be the object of a specific action plan in 2013. This element will form part of the scope of the “living agreement” that the company hopes to negotiate in 2013.

Finally, the disability element, which is already the subject of numerous internal initiatives, will also form part of the subjects on which the company wishes to establish commitments as part of an agreement to be negotiated in 2013.

• Somfy Participations scope - fully consolidated companies (Sirem and Zurflüh-Feller)

Workplace health and safety conditions

		Sirem		Zurflüh-Feller	
		No.	%	No.	%
2011	% of employees having received health/safety training	43	27%	134	35%
2012	% of employees having received health/safety training	69	43%	182	48.4%
2011	Number of work-related conditions declared	4	3%	3	0.8%
2012	Number of work-related conditions declared	8	5%	–	0%
2012	Number of employees having received a supplementary medical check	74	46.3%	–	0%

The intensity of health and safety training rose for both companies in 2012. The situation regarding work-related conditions was inconsistent, increasing for Sirem and decreasing for Zurflüh-Feller.

A little less than 50% of Sirem employees were affected by supplementary safety checks. This obligation does not affect Zurflüh-Feller.

Frequency and severity

	Sirem	Zurflüh-Feller
Frequency 2011	99.92	16.84
Frequency 2012	80.65	20.15
Severity 2011	6.54	0.43
Severity 2012	4.7	0.33
No. of accidents with Lost time 2011	14	9
No. of accidents with Lost time 2012	21	11
CHANGE 2012/2011	**50.0%**	**22.2%**

It emerged that the number of accidents resulting in lost time rose between 2011 and 2012 for both companies.

However, whilst the frequency is increasing for Zurflüh-Feller, the severity appears to be down.

As for Sirem, despite a sharp rise in the number of accidents, both the frequency and the severity are down, a sign of the early effects of an active policy undertaken to bring the company back in line with better rates.

Specific prevention initiatives implemented in 2012:

- Reorganisation of workstations;
- Intervention of ANACT (national agency to improve working conditions);
- Ergonomic analysis of workstations;
- Agreement signed with CARSAT;
- Chemicals risk analysis;
- Introduction of moulded earplugs;
- Change in certain categories of gloves (cut resistant);
- Installation of a ventilation hood in premises for plating analysis.

No specific agreement relating to health and safety in the workplace exists in this scope but there are many preventative measures in place and they will be pursued in the future in order to further develop the area of prevention.

Training

• Somfy SAS and Simu SAS scope

The Training Plan lies within Somfy's strategic areas and objectives. It benefits from inputs from the annual Human Resources cycle and in particular from the People Review, HR action plan, annual performance reviews and professional discussions.

Quantified data

	Somfy	Simu
No. of hours 2011	27,657	5,117
No. of hours 2012	29,825	5,200
CHANGE 2012/2011	**7.84%**	**1.62%**

	Somfy	Simu
No. of trainees 2011	2,434	226
No. of trainees 2012	1,115	244

	Somfy	Simu
External expenses 2011	1.78%	2%
External expenses 2012	1.57%	2%
Graduate education 2012	5	3
2012 Individual Training Right	81	19
2012 Individual Training Leave	5	–

The number of hours of training rose between 2011 and 2012 for both entities, but principally within Somfy. Commitment to external expenses remained stable within Simu and decreased slightly within Somfy in 2012. Both entities hired employees on apprenticeships leading to a qualification as well as a significant number of initiatives eligible to qualify under the individual training right (ITR). The overall level of commitment remains high and consistent in relation to a company that wants to defend and strengthen its leadership.

Priorities are focused on skills development:

- Skills
  - Implementation of vocational development for different skills within the company. At each stage of the employee's career within the company, provide tailored information to ensure his/her effectiveness and improve his/her employability;
  - System of professional qualification. Introduction three years ago of joint qualification certificates (Certificats de Qualification Paritaire) for the least qualified;
  - Mentoring. Imparting the necessary skills to newcomers or newly promoted employees to enable them to succeed in their new positions.
- Management and leadership
  - Team management. Rollout of training programmes based on the manager profile in correlation with the managerial skills framework;
  - Project management;
  - Cross-departmental management.
- Inter-cultural (languages and multi-cultural collaborations)
  - Introduction of a scheme backed at European level, centred on the need for language skills specific to each position. Identification of the current levels of trainees, the target level and implementation of personalised programmes.

In addition, training is coordinated centrally:

- Somfy Academy;
- Management potential;
- Cross-departmental training projects.

- **Somfy Participations scope - fully consolidated companies (Sirem and Zurflüh-Feller)**

Quantified data

	Sirem	Zurflüh-Feller
No. of hours 2011	1,453	3,128
No. of hours 2012	1,700	2,957
CHANGE 2012/2011	**17.00%**	**– 5.47%**

	Sirem	Zurflüh-Feller
No. of trainees 2011	77	132
No. of trainees 2012	119	120

	Sirem	Zurflüh-Feller
External expenses 2011	2%	1,55%
External expenses 2012	2%	1,26%
Graduate education 2012	1	–
2012 Individual Training Right	3	7
2012 Individual Training Leave	1	3

Sirem continued its efforts with regard to external training expenses between 2011 and 2012. Both the number of hours and the number of trainees increased.

Zurflüh-Feller reduced its external training expenses during the same period as reflected in both the number of hours and the number of trainees. Investment in training nevertheless remains significant despite this shift experienced by Zurflüh-Feller in 2012.

Equal treatment

- **Somfy SAS et Simu SAS scope**

Measures adopted to promote gender equality

The company Simu is covered by an agreement signed at the end of 2012. Somfy began negotiations on the subject in early 2013. Measuring the impact of action plans adopted will be relevant from 2014.

Measures adopted to promote the employment and the inclusion of disabled people

– Rate of disabled workers

	Somfy	Simu
Rate of disabled workers 2012	3.13%	2.56%

This rate corresponds to the number of disabled workers relative to the total workforce. With the implementation of measures such as sub-contracting to companies employing people with special needs or accommodating trainees, both companies almost reached the 6% rate for accommodation of disabled people in 2012.

Somfy SAS continued its rollout of measures in 2012.

– Employee retention
Continued efforts of committees to retain employees with the medical department and Human Resources manager of the entities concerned to detect possible unfitness for the position and to better anticipate reclassifications, changes to working conditions or retraining,
Continued support of employees who have official recognition of their status as a disabled worker (French RQTH status) through the introduction of measures to offset their disability,
Internal reclassification of two people and an on-going retraining.

– Developing employment of disabled people
Recruitment of two people on permanent contracts,
Delegation of 24 temporary employees holding an RQTH,
Presence of three trainees,
Membership of two specialised recruitment forums in Grenoble and Meythet,
Contact with the disability projects of some schools and universities.

– Media campaigns
Throughout the year media campaigns are organised internally and externally to reinforce our commitment to disabled workers.

– Sub-contracting actions with the protected worker sector
Several new initiatives have been pursued in order to develop recruitment opportunities in the protected worker sector.

– Actions relating to the accessibility of our premises
Following an accessibility audit carried out in 2011, improvement work has been scheduled and budgeted for over several years.

The company will negotiate a specific agreement relating to disability in 2013.

For its part, Simu has focused on supporting the recognition of the status of the disabled worker and workplace adjustments.

- **Somfy Participations scope - fully consolidated companies (Sirem and Zurflüh-Feller)**

Measures adopted to promote gender equality

Sirem signed an agreement on this subject in 2012. Zurflüh-Feller is covered by a specific action plan. Measuring the impact will be relevant from 2014.

Measures adopted to promote the employment and the inclusion of disabled people

– Rate of disabled workers

	Sirem	Zurflüh-Feller
Rate of disabled workers 2012	6%	5%

Both companies have focused on supporting the recognition of the status of the disabled worker and workplace adjustments

Promotion and respect of the ILO core convention provisions

• Somfy SAS / Simu SAS and Sirem / Zurflüh-Feller scope

France has ratified the core conventions of the ILO concerning:
- Forced labour;
- Freedom of association and protection of the right to organise;
- The right to organise and to bargain collectively;
- Equal pay;
- Abolition of forced labour;
- Discrimination;
- Minimum age for admission to employment and concerning the worst forms of child labour.

French law incorporates these fundamental principles. The companies within its scope respect these principles within the framework of their management of human resources and as part of their social relations.

In 2013, the company plans to join the Global Compact initiative.

Actions taken in support of human rights

In 1945 France signed the Universal Declaration of Human Rights (UDHR) which is recognised as being the foundation of international law relating to human rights. The UDHR has inspired a large body of international treaties which constitutes a legally binding global framework for the promotion and protection of human rights.

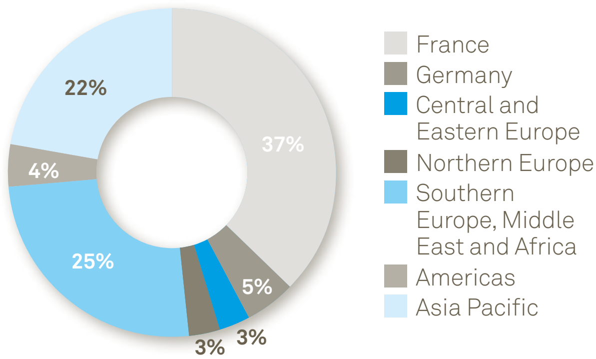
Over time, international treaties relating to human rights have increasingly focused on and specialised in problems to be addressed as well as on social groups requiring their protection. Human rights legislation continues to grow and further develop fundamental rights and freedoms that are included in the International Charter of Human Rights, in particular by examining rights and concerns relating to racial discrimination, torture, enforced disappearances, disabled people and the rights of women, children, migrants, minorities and indigenous peoples.

France was one of the founding members of the UN at its inception in 1945. As such, it has taken the lead on a number of issues. It is represented on the principal bodies of the UN, notably on the Human Rights Council.

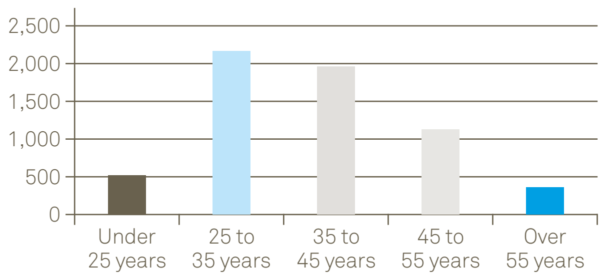
Somfy Group governance complies with current legislation and is part of the long French tradition of defending human rights.

→ Several Group figures

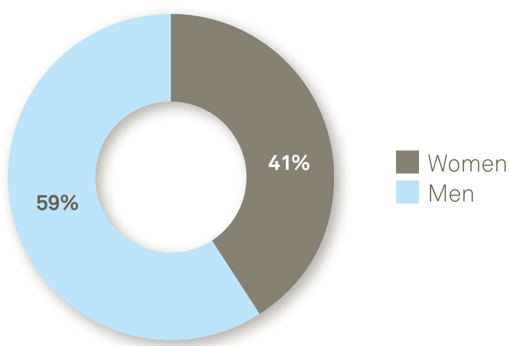
• Workforce analysis by geographic region



• Workforce analysis by age



• Workforce analysis by gender



Environmental information

→ Scope

The reporting scope included in the 2012 financial year is restricted to companies located on French territory.

The companies that fall within the scope of this report are:

- For Somfy Activities:
  - Somfy SAS
  Sales offices which account for less than 5% of the number of employees have not been taken into account.
  - Simu SAS
- For Somfy Participations:
  - Zurflüh-Feller
  - Sirem

For reasons of accessibility to information for the 2012 financial year, the other Group companies have not been included. The gathering of information on the relevant companies that are outside French territory will take place gradually up to the 2015 financial year.

→ Nature of activities, associated risks and measures taken

Somfy Activities

The activities of the sites are tertiary, industrial and logistical.

The industrial sites mainly perform product assembly operations from plastic components, metals and circuit boards sourced from outside the sites. Assembly operations do not product greenhouse gas emissions, liquid releases or substances discharges, with the exception of packing waste and possible manufacturing scrap which are subject to selective sorting and recovery.

There are no machine operations generating waste material.

There is no specific noise pollution generated by the industrial sites affecting local residents. In fact operations are situated inside the buildings and mainly consist of the assembly of small parts.

The different sites located within French territory are subject to classification levels compliant with French legislation in relation to pollution or nuisance risks that these facilities are likely to create.

The sites are subjected to an authorisation scheme for storage in covered warehouses and a registration scheme for compression facilities and installation of accumulators for recharging fork-lift trucks.

Somfy Participations

Among Somfy Participations companies, Zurflüh-Feller is unusual in that it takes in machine operations and metal forming, plastics moulding and surface treatment. A general assessment of the risks associated with relevant preventive measures was carried out in 2012. This led to the update of the registrations of the different stations which are found in registrations or authorisations for these activities.

Every year Zurflüh-Feller, due to the nature of its activities, carries out a campaign to measure its noise emissions that has not shown any evidence of any particular environmental nuisance.

For Somfy Activities and Somfy Participations, there are no facilities that correspond to the maximum level, "Authorisation with encumbrances - (AS)3 commonly known as 'SEVESO'".

Conclusions on the natures of activities, associated risks and measures

For these reasons the risk of air, soil, water and noise pollution is low or non-existent. This report does not therefore provide any information on these subjects.

In relation to these risks of pollution or nuisance that Somfy Activities and Somfy Participations sites are likely to create and the preventive measures introduced, the amount of provisions and guarantees for environmental risks is nil.

Given this low level of environmental risk on these sites, there are no specific resources deployed. The measures introduced are managed by the facilities departments of the sites.

→ General environmental policy

Somfy Activities

The environmental policy of Somfy Activities is structured around the heading "Planet" which, along with the headings "Employees" and "Company", comprise Somfy Activities' Sustainable Development strategy.

Somfy Activities has a Sustainable Development Department. This department integrates the resources and skills necessary for the completion of projects that come under the heading "Planet". It oversees a network of 35 eco-ambassadors who support, in each sector, the introduction of measures resulting from the Sustainable Development policy.

Coordination of the "Planet" heading alongside the two others ("Employees" and "Company") takes places within a Sustainable Development Committee which brings together the operational Management of each of these headings.

For Somfy Activities, contribution to ambitions related to the "Planet" heading has consisted of conducting four major projects in 2012 on the following topics:

- Collection and recovery of end-of-life products;
- Carbon® test;
- Eco-design;
- Eco-gestures and eco-practices.

In 2012, internal communication measures were taken in order to raise awareness among Somfy Activities employees of subjects linked to the protection of the environment. These measures took the form of articles in various internal newsletters in video and paper format (for example, in the internal magazine “Imagine” circulated in five languages to all Somfy Activities employees), or of activities at the different Somfy SAS sites, such as micro-conferences during the Sustainable Development week in April.

The topics covered were, amongst others:

- Sorting waste on the sites;
- Recycling office paper;
- Energy efficiency of the buildings;
- Eco-design and the assessment of the environmental impact of products through the PEP ecopassport® programme.

Somfy Participations

Sirem

In 2012, Sirem continued the rollout of measures to control its environmental impact, set out in its Sustainable Development and environmental control plan, which was established in 2008. The major area for improvement in 2012 was the elimination of coil enamel / varnish from electric motors that use solvents. This has been undertaken as part of a general policy on the reduction of volatile organic compounds.

To back up its actions, Sirem mobilised its employees through environmental training and awareness measures:

- Six people attended a training day on European Directives ROHS and REACH;
- 80 people participated in information meetings led by training staff and Management on the themes of 5S and selective waste sorting.

Zurflüh-Feller

Important work identifying environmental risks linked to industrial activities was completed with the introduction of preventative measures. Information campaigns by poster and by working group were conducted. These campaigns concerned the topics of waste recovery areas and the handling and storage of polluting products.

→ Pollution and waste management

100% of waste water is evacuated to internal treatment facilities or to a public treatment network.

Prevention and recovery of waste

	Total tonnage of waste	Hazardous waste	% of waste recovered
Simu SAS	245.5 t	1.6 t	> 70%
Sirem	29.4 t	3.25 t	> 70%
Somfy SAS	960 t	14.4 t	> 70%
Zurflüh-Feller	766.6 t	205.2 t	> 70%

Electronic products that fall under the European ROHS Directive were subject to the removal of hazardous substances, so as to eliminate their impact on products that become waste on reaching the end of their life.

Within Somfy SAS, measures were undertaken in 2012 in order to maximise recycling and waste recovery rates. Thus all the organic waste from the company restaurant in Cluses is sent to a composting facility. Somfy Participations have taken measures, particularly those relating to the reduction in production waste through a Quality project entitled “Customer first !”

The process of winding of electric motors can be undertaken in combination with impregnation operations. This being the case at Sirem, which has introduced measures to reduce the release of volatile organic compounds by replacing facilities for degreasing by halogenated solvents with a water/detergent based degreasing machine, and by eliminating, in 2012, the impregnating varnish for the coils which contains solvents. A new calculation for the simulated release of volatile organic compounds is planned in order to validate the effectiveness of these measures.

→ Sustainable use of resources

Water consumption of the sites is limited to sanitary consumption. There is no manufacturing process that is likely to exhaust local water resources or that depends on a limited water supply.

	Volume of water used	% of water used evacuated to internal treatment facilities or to a public treatment network
Simu SAS	2,827 m^3	100%
Sirem	1,100 m^3	100%
Somfy SAS	14,386 m^3	100%
Zurflüh-Feller	4,000 m^3	100%

Zurflüh-Feller is unusual in that it uses water from a private pond for its industrial processes.

Copper is used as raw material in the manufacturing of electric motors. This copper consumption is monitored.

In tons	Copper consumption
Simu SAS	53
Sirem	45
Somfy SAS	198
Zurflüh-Feller	–

Optimising the consumption of raw materials is taken into account by research departments whose research on productivity serves to reduce this consumption.

Power

The businesses use network gas and electricity. There is no power generation on the industrials sites.

In KWh	Gas	Electricity
Simu SAS	2,902,263	1,550,801
Sirem	550,000	602,000
Somfy SAS	6,561,000	6,332,000
Zurflüh-Feller	5,770,270	9,937,348

In 2012, Somfy SAS carried out modernisation work on its heating and ventilation systems as well as insulation improvements to increase the energy efficiency of its buildings.

Zurflüh-Feller introduced improvements in the control and regulation of its heating systems as well as repair work to roof insulation.

Land use

There are no mining operations on any Somfy sites.

Our plants have HOSHIN or 5S workshops in order to optimise the footprint of the sites.

→ Adapting to the consequences of climate change

Our industrial activities do not present any risks linked to climate change, whether they relate to the growing scarcity of water, rising sea levels or the rise in temperature.

Therefore, no measures related to adapting to climate change need to be introduced.

Greenhouse gas emissions

Teq CO_2	Related to gas consumption	Related to electricity consumption
Simu SAS	679	112
Sirem	128	43
Somfy SAS	1,536	457
Zurflüh-Feller	1,350	717

→ Protection of biodiversity

No site is located within or bordering a protected area that requires specific measures.

Nevertheless, Somfy SAS owns several sites in the heart of the French Alps, near Mont Blanc. Somfy wants to act to protect the mountain eco-systems and is involved in local initiatives such as the “Club d’Entreprises pour la Montagne et son Développement Durable” (CEM2D) (Club of businesses supporting the mountain and its sustainable development).

For each component developed by a supplier, Somfy requests a written undertaking from the supplier relating to the European Directives REACH and ROHS.

Societal information

→ Economic and social territorial impact of the company's activity

Leader in its fields of activity, Somfy Group contributes to local employment in all the areas where it is located and thus participates in regional development, while remaining attentive to the local populations. In 2012, the Group continued to create employment in France and notably in the Rhône-Alpes region, a territory where the Group's operations have historically been located.

In order to promote regional development, Somfy has committed to support the lives of schools and higher education establishments in the Rhône-Alpes region. In this way, Somfy Group is a founding member of the Partner Companies Club of the Universities of Savoie ("Club des Entreprises Partenaires des Universités de Savoie"). In 2012, Somfy was involved in examination boards and welcomed some students from this University on work placements or work-study contracts.

Somfy Group is heavily involved in technology clusters and competitiveness centres active in the Arve valley (Haute-Savoie), where the Group's historical sites are located. Within Thésame, a technology network for businesses in mechatronics, Somfy is involved in the development of several technological innovations, and particularly in new sensors in collaboration with businesses such as SNR and Tefal.

Lastly, in collaboration and agreement with the regional authorities, Somfy supports defining projects for the future of the regions. It is within this framework that Somfy, in the role of leading economic partner, supported Annecy's bid to host the 2018 Winter Olympics. In 2012, Somfy headed a group of businesses involved in a project supported by the council of the Haute-Savoie region, which aims to make the region an example of Environmental and Societal Responsibility.

→ Relationships with people or organisations interested in the company's activity

In 2012, Somfy Group maintained a regular and constructive dialogue with priority stakeholders and in particular its employees, shareholders, suppliers and local resident associations.

In 2013, the Group will carry out a comprehensive mapping of its stakeholders in order to better understand the challenges and expectations of each of them, and to determine a form of dialogue tailored to each category. This mapping will be forwarded to the Group's senior management.

→ Sub-contracting and suppliers

Suppliers and sub-contracting are important for Somfy due to the nature of its industrial activity which is essentially assembly.

In actual fact, all the components that form part of the composition of the products are purchased components.

Aware of the challenges related to this, Somfy Activities has begun to introduce measures to make sure that its suppliers and sub-contractors are socially and environmentally responsible.

Thus Somfy Activities has auditors who assess suppliers prior to their admittance to the panel. These audits are conducted on the basis of a questionnaire that, in 2012, was expanded to include questions on the following topics:

- Existence of an environmental policy;
- Planning to ensure that products conform to environmental requirements;
- Existence of a health and safety policy and consideration of ergonomic and safety aspects in the design of workstations.

These questions are rated, with the ratings forming part of the final assessment score of the supplier.

If significant variations are discovered, relating for example to safety in the workplace, Somfy may ask the supplier to take corrective action.

For every component developed by a supplier, Somfy requests a written undertaking relating to the European Directives REACH and ROHS.

As the process is still relatively new, Somfy does not currently have any consolidated data to communicate.

→ Fair practices

As part of the growing internationalisation of its activities, Somfy Group is preparing an Ethics Charter which will set out the Group's policy in regard to tackling corruption. This Charter will be issued in 2013 and will apply to all Group employees.

→ Measures promoting consumer health and safety

Ensuring the safety of the users of its products is a top priority for Somfy Group. All Somfy Activities products conform to all electrical standards, in all the countries where they are distributed. All components used are tested by suppliers and the assembled products are fully tested by Somfy.

Through its training centres, Somfy Activities trains 4,000 professional customers in safe installation practices.

Every product is accompanied by usage and safety instructions.

→ A citizen's policy involving employees

Since its creation in 2004, the main task for the Fondation Somfy has been to implement Somfy Group's citizen's policy. Since 2011, it has refocused on the area of poor housing, in parallel with Somfy Activities' strategic mission to improve living environments.

In 2012, Somfy extended the bylaws of its Fondation for three years, with a minimum budgetary commitment of € 300,000 per year. The Fondation Somfy supports general interest projects developed by the NGO or by organisations in the following three areas:

- Access to adequate housing and tackling poor housing;
- Social diversity thanks to innovative housing solutions;
- Employability in the building trade.

In 2012, the Fondation Somfy granted funds to 26 new projects supported by 15 organisations. In addition, it renewed its partnership agreement with Emmaüs France. The support given to the organisation, amounting to € 130,000, has contributed to the financing of around ten projects in France.

Developed in 2012 with the help of Group Human Resources Management, the “Time for Others” plan gives Somfy Activities employees the opportunity during their working time to take part in common values action days arranged by partner organisations of the Fondation Somfy. Over the second half of 2012, 51 Somfy employees took part in 13 action days.

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 2012	Residual amount at 31 December 2012
Authorisation to issue stock options	Extraordinary General Meeting 15 May 2012	14 July 2015	1.5% of share capital	Nil	1.5% of share capital
Authorisation to grant existing free shares	Extraordinary General Meeting 15 May 2012	14 July 2015	1.5% of share capital	Nil	1.5% of share capital
Authorisation to buy back shares	Ordinary General Meeting 15 May 2012	14 November 2013	10% of share capital	0.97% of share capital	4.47% of share capital
Authorisation to cancel shares bought back by the company	Extraordinary General Meeting 15 May 2012	14 May 2014	10% of share capital	Nil	10% of share capital

The Management Board does not benefit from any delegation of authority or powers granted by the General Meeting in respect of increases in capital in relation 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 2012, as at 31 December 2011, there are no liabilities due but unpaid to Somfy SA suppliers.

Trade receivables specific to Somfy SA's 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:

- Its operational activities: trading (intragroup foreign currency denominated sales, invoicing of finished products distributed by trading subsidiaries outside the Euro zone and foreign currency denominated purchases);
- Its financing (interest rate hedge on Somfy Participations' LBO debts and on medium-term borrowings entered into to finance Somfy SA's working capital requirements).

The instruments used are primarily interest rate swaps and forward currency sales. The amounts hedged only relate to on-going or future transactions resulting from Somfy's normal business.

According to IFRS, all derivative financial instruments 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).

As part of the transposition of the MIF 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 2012, 85.9% 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 2012, covenants may be summarised as follows:

- Covenants were complied with by Zurflüh-Feller;
- Covenants were not complied with by Sirem, as a result its debt was kept in current financial liabilities.

At 31 December 2012, Somfy SA availed of four to five-year credit lines totalling € 148.6 million from five banking institutions, of which € 10.1 million had been drawn down at year-end. In that respect, interest rate hedges were implemented for a nominal non-amortisable amount of € 5 million.

The granting of facilities was subject to commitments given by Somfy SA to those banks, namely, that it would comply with three financial ratios, relating to:

- The Group' financial position (net debt to equity) and;
- Its coverage ratio (net debt to cash flow and net debt to EBITDA).

These two types of covenants were complied with at the 31 December 2012 year-end.

The Group applies hedge accounting to interest rate hedging instruments. Movements in the fair value of the effective portion are therefore taken to equity, with the ineffective portion being taken to net financial income/expenses.

The impact on equity at 31 December 2012 was € 0.2 million (€ 0.1 million net of deferred tax).

Ineffective hedgings were a negative € 0.2 million at 31 December 2012, compared to a negative € 0.8 million at 31 December 2011, resulting in positive impact of € 0.5 million on financial income, as well as a positive impact of € 0.1 million from the disposal of Cotherm on operational result.

Foreign exchange risk

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

Over 65% of the Group's consolidated sales are realised in the Euro zone.

Derivative financial instruments are primarily comprised of forward exchange contracts.

The Group has applied hedge accounting to foreign currency hedgings since 1 July 2010. The effective portion of fair value movements is therefore taken to equity and the ineffective portion is recognised in financial income/loss.

At 31 December 2012, the impact of effective hedgings on equity was a positive € 1,162 thousand (€ 742 thousand net of deferred tax) and a positive € 485 thousand on the income statement (transferred from equity).

Ineffective hedgings had a positive value of € 6 thousand at 31 December 2012, compared to a negative € 11 thousand at 31 December 2011, resulting in a positive impact of € 17 thousand on net profit.

Raw material risk

Somfy hedges 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 risks

The Group is exposed to equity risk on treasury shares, with their loss in value, due to the fall in the markets, resulting in the recognition of a tax-deductible provision of € 19.9 million. The corresponding € 7.2 million deferred tax 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 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's or its subsidiaries' operations, assets or results.

Insurance – risk coverage

Somfy Group covers the main risks with the following insurance policies:

- "Property damage", covering buildings and their contents (equipment, goods, IT equipment) up to the maximum amount of damage likely to be incurred;
- "Resulting loss of profit".

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";
- In addition, "Credit" insurance contracts, both in France and internationally, enable the Group to limit the impact of customer bad debts. Approximately 60% of sales are thus insured.

Country risk

The majority of operations occur in safe areas such as Europe, the United States and Asia.

The Group does not operate in any hyperinflationary economies.

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

The financial statements for the financial year ended 31 December 2012 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 € 87,033,983.79 for the year ended 31 December 2012, increased by retained earnings of € 2,251,256.80 to a total of € 89,285,240.59, as follows:

– Allocation to shareholders of a gross dividend of € 4.80 per share being € 4.80 × 7,836,800 shares	€ 37,616,640.00
– Transfer to optional reserve	€ 51,668,600.59
	€ 89,285,240.59

A gross dividend of € 4.80 will be distributed for each share with a par value of € 1, and this carries the right to a tax rebate 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 ex-dividend date are not entitled to dividends, with the corresponding amount of unpaid dividends being transferred to retained earnings.

The dividend will be payable on 4 June 2013; the shares must be held on 30 May 2013 (ex-date) to benefit from the dividend.

In accordance with legal provisions, it should be noted that the following dividends were paid during the last three financial years:

Financial years ending	31/12/2009	31/12/2010	31/12/2011
Number of shares eligible*	7,588,556	7,608,775	7,403,866
Par value	€ 1	€ 1	€ 1
Total distributed dividends	€ 36,425,068.80	€ 39,565,630.00	€ 38,500,103.20
Dividends per share	€ 4.80	€ 5.20	€ 5.20

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

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

→| Regulated agreements

Please note that no new agreement of the same nature as those referred to in Articles L. 225-86 and subsequent of the Commercial Code was concluded during the 2012 financial year.

→| Stock market performance

During the 2012 financial year, the Somfy share price decreased by 14.09%. At 30 December 2011, the last trading day before the close of the previous financial year, the share price was € 151.90, compared to € 130.50 at 31 December 2012.

Based on the share price at 31 December 2012 and taking into account a gross dividend per share of € 4.80, the Somfy share yielded 3.68%.

The market for the share recorded a monthly trading volume high of 46,581 and low of 3,115 per month, with a monthly average of 11,179 shares, compared to 7,304 shares the previous year.

→| Amendments to and standardisation of the bylaws

The following amendments to the bylaws will be proposed to the General Meeting of 16 May 2013 under the terms of a special resolution for each amendment:

Amendment to regulations governing the distribution of voting rights between usufructuary and bare owner

A proposal will be made to shareholders to amend the distribution of voting rights between usufructuary and bare owner at the General Meeting. Article 13 of the bylaws currently allows for a dual regime according to whether or not ownership is divided as a result of a gift with usufruct being retained by the donor in accordance with the provisions of Article 787 B of the General Tax Code. In this specific case, the voting rights for all resolutions belong to the bare owner, except for those relating to the appropriation of net profit, which are exercised by the usufructuary. In all other cases, however, voting rights belong to the usufructuary for Ordinary General Meetings and to the bare owner for Extraordinary General Meetings.

It is proposed that the provisions of Article 13 of the bylaws be amended in this respect with a view to providing a unique regime for distributing the voting rights in the event of a division of ownership. So as not to call into question the use of Article 787 B of the General Tax Code, it is therefore proposed that in all cases, unless agreed otherwise, voting rights belong to the bare owner with the exception of appropriation of net profit, for which voting rights are exercised by the usufructuary. Similarly, it is also proposed that the third paragraph of Article 12 of the bylaws be removed.

Amendment to regulations relating to the vacancy of a seat on the Management Board

It will also be proposed to the shareholders that the powers of the Supervisory Board in the event of a vacancy of a seat on the Management Board be clarified via Article 15 of the bylaws. In this respect, it is proposed that a specific provision be made that if a seat on the Management Board falls vacant, the Supervisory Board may:

- Either fill the vacancy;
- Or, if it does not wish to fill the vacancy, amend the previously set number of members of the Management Board.

Reduction in the length of term of office of Supervisory Board members

The proposed amendment submitted to the shareholders' vote on this point is presented in the paragraph relating to senior executives.

It will be proposed to the General Meeting of 16 May 2013 that the bylaws be standardised, and more specifically:

Relating to the conditions according to which the Special General Meetings must deliberate

It is proposed that the bylaws be brought in line with the provisions of Article L. 225-99 of the Commercial Code which defines the conditions of convening and deliberation relevant to Special General Meetings.

According to these provisions, the Special General Meetings only validly deliberate if the shareholders present or represented hold at least, on first notice, a third and, on second notice, a fifth of the shares with voting rights and the rights that are intended to be amended.

The quorum conditions thus required for the first notice of the Special General Meetings therefore differ from those required for Extraordinary General Meetings which can only validly deliberate, upon first notice, if shareholders present or represented hold at least a quarter of the shares with voting rights (Article L 225-96 of the Commercial Code).

As a result, it is proposed that the second paragraph of Article 23 of the bylaws "General Meeting" be amended to remove the reference to applicable regulations for Extraordinary General Meetings concerning the conditions of convening and deliberation of Special General Meetings which are subject to specific conditions.

Relating to the powers of the Ordinary General Meeting

It is proposed that the bylaws be brought into line with the provisions of Article L. 225-98 of the Commercial Code which defines the scope of the Ordinary General Meetings' powers.

In effect, the Ordinary General Meetings do not have the authority to take all decisions which do not amend the bylaws.

The Ordinary General Meetings are authorised to take all decisions which do not come under the powers of the Extraordinary General Meetings or which exceed the powers of the Management Board or the Supervisory Board.

It is proposed that the first paragraph of Article 29 of the bylaws "Ordinary General Meeting" be amended to specify in this way the scope of the powers of the Ordinary General Meetings.

Your Management Board asks you to approve the resolutions submitted to your vote.

The Management Board

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5

5 | Chairman's report on internal control and corporate governance

Pursuant to Article L. 225-68 of the Commercial Code, we remind you of Somfy SA's corporate governance principles and inform you of developments and procedures established relating to internal control and risk management.

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

This report was submitted to the Supervisory Board for its approval on 28 February 2013 and forwarded to the Statutory Auditors.

→ | Corporate governance

Corporate governance code

Somfy SA refers to the Middlenext corporate governance code for listed companies issued in December 2009 (the Middlenext Code hereafter), available at: www.middlenext.com.

The Supervisory Board meeting of 27 February 2012 decided to adopt the Middlenext Code in place of the AFEP/MEDEF corporate governance code for listed companies, as it considered that its recommendations and guidelines were better suited to the company, particularly in view of its share ownership structure, with family shareholders owning more than 50% of the share capital and voting rights.

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 supervision of the latter.

→ Composition of the Management Board

Management Board members are appointed by the Supervisory Board in accordance with legal provisions.

At 31 December 2012, 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, were members of the Management Board.

→ Composition of the Supervisory Board

Following the resignation of Martine Charbonnier with effect from 31 December 2012, the Supervisory Board of Somfy SA consists of seven members:

Name	Position	Date appointed	Date term ends
Jean-Bernard Guillebert*	Chairman	15 May 2007	2013 General Meeting
Jean Despature	Vice-Chairman	15 May 2007	2013 General Meeting
Victor Despature	Member	15 May 2007	2013 General Meeting
Xavier Leurent	Member	15 May 2007	2013 General Meeting
Anthony Stahl	Member	15 May 2007	2013 General Meeting
Valérie Pilcer*	Member	18 May 2011	2017 General Meeting
Michel Rollier*	Member	15 May 2012	2018 General Meeting

** 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 accordance with disclosures required by Article L. 225-102-1 of the Commercial Code.

Male and female representation on the Board

The Board consists of seven members, including one woman and complies with minimum female representation on the Board as required by current legislation. The company intends to continue to comply with subsequent application requirements introduced by the Law of 17 January 2011 relating to the equal representation of men and women in governance bodies.

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

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

A Chairman and a Vice-Chairman are elected from among its members, and they may call meetings of the Supervisory Board by any means, including verbally.

→ Independence of the members of the Supervisory Board

A group of family shareholders holds the majority stake in Somfy SA.

As provided by the Middlenext framework, the Board has assessed the independence of its members.

Based on the independence criteria suggested by the Middlenext 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 the Somfy Group, that may affect his/her freedom of judgement, and who meets the following criteria:

- Is not and has not been an employee and does not hold and has not held a general management position within Somfy SA or any other Group company during the last three years;
- Is not a significant customer, supplier or banker of Somfy SA or its Group, or for which Somfy SA or its Group represents a significant share of his/her business activity;
- Is not a significant shareholder of Somfy SA;
- Is not closely related to a Director or major shareholder;
- Has not been a statutory auditor of Somfy SA over the past three years.

In light of these criteria, the Supervisory Board considered that Valérie Pilcer, Jean-Bernard Guillebert and Michel Rollier qualified as independent members. The Board noted that there was no business relationship between the independent members and Somfy SA.

Valérie Pilcer provides Somfy Group with her experience in the fields of finance and risk monitoring. Jean-Bernard Guillebert continues to provide the Somfy Group with all of his experience in the fields of finance, strategy and risk monitoring. Michel Rollier provides Somfy Group with all of his industrial and international experience, acquired during his time with Michelin Group, in particular in the fields of finance, strategy and marketing.

The other members of the Supervisory Board are members of the family and therefore have a family code of ethics, which reinforces the shared respect for the shareholders' agreement. Moreover, their own individual substantial investment naturally motivates their long-term commitment to the Group, their aim being the creation of value on a sustainable basis for all the stakeholders of Somfy SA.

→ 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 nor exceed the legal limit, are appointed in accordance with the conditions specified by law for a term of office of six years.

All outgoing Supervisory Board members may be reappointed.

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 may be appointed as a member of the Supervisory Board, if, being over seventy five years old, his/her 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 four times during 2012 and the rate of attendance was 100%.

At each 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 90 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, the Supervisory Board provides guidelines to the Management Board so that commitments to deposits, sureties or guarantees are validly provided by the company. The authorisation of the Board is required in every case where a commitment does not meet these conditions.

The rules of operation of the Board are specified in the Board's internal regulations, which are available on the company's website.

The Board's internal regulations also include provisions aimed at preventing and managing conflicts of interest.

In this respect, internal regulations specify that should a situation arise where there appears to be a conflict of interest between corporate and direct or indirect personal interests, or the interests of the shareholder or group of shareholders he/she represents, or which may be perceived as such, the Board member concerned must:

- Inform the Board of this conflict of interest as soon as he/she becomes aware of it;
- Take all appropriate action in relation to exercising his/her term of office.

Depending on the case, he/she therefore should:

- Abstain from voting on the relevant deliberation;
- Refrain from attending Board meetings during the period he/she is in a position of conflict of interest;
- Resign from his/her duties as a member of the Board.

The Board member may be held liable for failing to comply with these abstention and non-attendance rules.

Furthermore, the Chairman of the Board is not obliged to disclose information or documentation relating to the matter in dispute to member(s) whom he has strong grounds of suspecting are in a position of conflict of interest within the meaning of this paragraph, and will inform the Supervisory Board of this act of non-disclosure.

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

- Adoption of the Middlenext Code of Governance to replace the AFEP/MEDEF Code;
- Due to the change in Code, revision of Supervisory Board internal regulations;
- Annual update on the assessment of the Board's work.

For Somfy Activities:

- Budget and key development areas;
- Quarterly highlights by brand and operation;
- Presentation of the new structure;
- Discovery report and initial priorities for the new Group Head of Human Resources;
- Update of the Industrial Master Plan;
- Disposal of i-Blind (Korea) and Klereo (France);
- Presentation of the development strategy for Brazil;
- Detailed update on the Group's activities in China, in particular Dooya;
- Update on corporate social responsibility and work completed by the Foundation.

For Somfy Participations:

- Quarterly highlights by shareholding;
- Presentation of the updated business plan;
- Detailed update on shareholdings: CIAT, FAAC and Pellenc;
- Disposal of equity investment in Cotherm Group.

→ Committees established by the Supervisory Board

Audit Committee

With regard to the Audit Committee, the company applies the recommendations of the AMF's working group chaired by Mr Poupart Lafarge at the Audit Committee meeting of 22 July 2010. The recommendations in respect of the chairmanship 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 observed.

The follow-up on the effectiveness of the internal control systems has also been carried out.

In 2012, as part of its assignment relating to risks, the Audit Committee monitored risks and updated the risk mapping at an extraordinary meeting of the Audit Committee, during which the Internal Audit Officer presented the relevant information. Three major risks were also selected for a detailed presentation of action plans to the members of the Supervisory Board by the persons in charge of operations for the processes concerned.

Following Martine Charbonnier's resignation from the Supervisory Board with effect from 31 December 2012, the Audit Committee currently comprises three members: Jean-Bernard Guillebert who chairs the Committee, Victor Despature and Valérie Pilcer. Jean-Bernard Guillebert and Valérie Pilcer are independent in accordance with the above-mentioned criteria.

Jean-Bernard Guillebert has the necessary financial and accounting expertise due to his academic education (HEC) and his professional career, during which, specifically, he served as an Investment Banker and Head of Capital Markets for a major international bank.

Victor Despature also has accounting expertise, having practised as a Chartered Accountant and an auditor from 1983 to 2004. Since then, he served as the General Manager of a major family-owned group from 2002 to 2006 and as the Chairman of the Legal Committee from 2002 to 2008. He has been a member of the Remuneration Committee since 2002. He has also been managing a medium-sized company in the aeronautic sub-contracting sector since 2002.

Valérie Pilcer, a graduate of the Paris École des Mines, was entrusted with various operational management duties by Société Générale, in both the international financial market division and in the Group Risk Management Department. She then joined the Oddo Group as Chief Risk Officer and then became Chief Executive Officer of independent consulting company Pilcer & Associés. Her current role is Head of Risk Management at MACIF Group. Her expertise also extends to the financial field, with substantial experience in risk management.

The Committee's mission is to monitor the preparation of the consolidated and parent company financial statements and the efficiency of internal control 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 balance sheet date.

During the 2012 financial year, the Audit Committee met on five occasions, and the rate 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, the risk exposure and significant off-balance sheet commitments; Internal Audit presented the results of audits carried out and the audit plan, the results of an internal review of the Department and the procedures to update the risk mapping.

During the 2012 financial year, special attention was paid to the potential consequences of a euro currency crisis and a specific assignment relating to this matter was conferred upon the Deloitte practice.

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, along with any relevant comments about the valuation methods used in their preparation; possible irregularities and errors discovered and the findings leading to the above observations and corrections on the results of the period compared to those of the previous period.

In addition, every year the Statutory Auditors communicate 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.

With regard to the work methods: pursuant to the recommendations of the AMF, a minimum time period for the examination of the financial statements was complied with to enable the Audit Committee to avail of the option of using 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 (independent member). Its mission is to submit proposals to the Supervisory Board, in particular in respect of the amount and calculation of Director remuneration and to provide advice concerning the amount of attendance fees.

At least once a year, 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 three times. The rate of attendance by the members was 100%.

The members of the Remuneration Committee report verbally to the Board on their work and on the opinions they have issued, thus helping the Board to prepare and make decisions in terms of Directors' remuneration.

Remuneration and benefits of senior executives

→ 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.

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 on a pro rata basis according to their attendance at meetings of the Board and the Audit and Remuneration Committees: € 1,100 per member per meeting of the Supervisory Board, € 1,600 per member per meeting of the Audit Committee and € 1,300 per member per meeting of the Remuneration Committee.

The Chairman of the Supervisory Board received a specific fixed remuneration that was last revised by the Board meeting of 24 February 2011.

Remuneration of senior executives

At 31 December 2012, the remuneration of the members of the Management Board comprised a fixed part and a variable part. These amounts are reviewed annually.

The variable part is based on the achievement of objectives that take account of quantitative criteria specific to the scope of operations covered:

For the Chief Executive Officer of Somfy Activities, this includes profit growth, measured by the average growth in COR (Current Operating Result) over two years; the profitability of capital used, measured by the average level of ROCE (Return On Capital Employed) over two years; and lastly, business development, measured by sales growth and by its differential with the sales growth of a range of benchmarks consisting of nine companies deemed to be comparable.

For the Chief Executive Officer of Somfy Participations, this includes growth in the net asset value of investments; the coefficient of achievement of annual budgets; and lastly, the improvement in the financial position of the Somfy Participations division.

For the Chairman of the Management Board, this includes the performance of both divisions, Somfy Activities and Somfy Participations, weighted by the contribution of each division to the Group's net profit. An additional specific criterion measures the level of Group debt.

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

Other benefits, approved by the Supervisory Board, comprise:

- The potential allocation of stock options or performance-based shares, which is the subject of a special report as prescribed by Articles L. 225-184 and L. 225-197-4 of the Commercial Code. During the year just ended, no stock option or performance-based share plans were set up;
- A so-called "Article 39" supplementary retirement scheme for members of the Management Board, senior managers and senior executives of the Group. This scheme was set up by CMC SARL. By virtue of their employment contracts 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 consisting of the use of a company car, as well as profit sharing, employee shareholding and contributions to 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 mentioned in this report is disclosed in its entirety and includes the salaries paid under employment contracts.

The position of the Chairman of the Management Board is different as he does not benefit from either stock options or performance-based shares. He is only remunerated in his capacity as Board member, without any other particular benefits and has no employment contract.

→ 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 provides for this at the time of the notice of the meeting, all shareholders may also participate in General Meetings by video-conference or by any communication means that enable their identification according to the terms and conditions set out by the law and regulations and that are specified in the notice of the meeting: the shareholder will, in this case, be deemed to be present for the calculation of quorum and majority;
- The right to participate in Meetings is contingent upon the shareholder providing proof of his/her identity and the registration of the securities in his/her name (or the name of the intermediary recorded on their behalf if he/she resides abroad) at midnight Paris time on the third working day preceding the meeting, either in a nominative account 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 attendance of the shareholder cancels all proxy or remote voting.

→ Elements 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 2012.

→| Internal control

Internal control and risk management procedures implemented by the company

→ Company objectives in respect of internal control

The internal control function, inspired in practical terms by the AMF framework available at www.amf-france.org, has the following purposes:

- To ensure that management action and 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 strives to ensure: a) compliance with laws and regulations; b) the application of instructions and directions set by General Management or the Management Board; c) the proper operation of the internal processes of the company, notably those concerning the safeguarding of its assets; d) the reliability of financial information.

It cannot provide an absolute guarantee against 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 NMP SAS (Zurflüh-Feller) and Financière Nouveau Monde SA (Sirem).

With regard to financial investments, the attention given by Somfy SA to these companies relates particularly to their financial statements, in particular compliance with their 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.

→ Internal control structures

Supervisory Board

Under French law, this is the body that controls the management of the company 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 three auditors, carries out audits that evaluate the correct application of accounting principles, the organisation and the systems put in place within the entity subject to audit.

An annual audit plan, prepared together with the Management of Somfy Group is approved by the Management Board and then validated by the Audit Committee. This audit plan is in particular based on an assessment of the level of risk of each entity and the significance of areas to be covered by an audit. The assignments included in the audit plan provide an independent assessment 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 each year. A report is presented to the Management Board and to the Audit Committee.

In addition, urgent assignments that were not provided for in the audit plan may be carried out during the year at 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 to the Audit Committee.

→ Key elements of the internal control process

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

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

Strategic, budgetary and reporting processes

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, which define their own key objectives, in line with the strategic guidelines set by General Management.

The overall budget is prepared as part of an iterative 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 out in the budgets is carried out through a system of matrix reporting on a monthly and quarterly basis, which enables results to be produced on several axes (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 for 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 overseen by Management. They include:

- A product master plan that relates to the development of the product offering;
- An industrial and logistics master plan for production facilities;
- 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 resulted in the definition and implementation within all subsidiaries of a Group chart of accounts, as well as the definition and implementation of the main 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 is pursuing 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 visits to subsidiaries at least annually, planned by head office Accounting and Controlling 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 of financial statements comprises the Group Financial Department and the Financial Department of Somfy Activities, represented by its manager, and comprising:

- The consolidation team;
- The central financial control team.

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

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

The Group endeavours to lead this network via international meetings and on-going training of accountants and management controllers.

Particular care is 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 verified either through a complete physical stock-take or by a rolling physical stock-taking 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 serves to identify off-balance sheet commitments.

The consolidation packages, including: balance sheet, income statement, cash 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 verifying the completeness of financial information, the proper application of closing procedures and restatements, performing the intragroup account reconciliations and verifying the net equity justification, performs financial statement consolidation using dedicated software.

The consolidated financial statements are prepared in accordance with IFRS. In addition, accounting options selected are 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 business 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 installed in most distribution subsidiaries, excluding Asia, where ERP Accpac has been rolled out in the majority of cases.

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 uniformity and facilitates the analysis of information.

The BaaN Manufacturing module has been installed at the Group's main production sites (Cluses, Gray, Zriba, Bologna) which means systems can operate with the same information system integrated with logistics and finance.

Furthermore, the various Group development centres use the CrossRoads tool, a unique data management system for the development of products throughout their life cycle. It contributes to the efficiency of development processes and to the improvement of product quality.

2012 was primarily a year of consolidation, following major deployments, and of continual improvement in services, especially in terms of availability and security. The Ariane tool, which helps manage and monitor general expenses liabilities, was also rolled out at Sitem and Simu, after an initial rollout at Somfy SAS in 2011.

Internal control monitoring

An Internal Control Department is in place and has the following objectives:

- The maintenance of reliable internal control within the Group: ensuring statutory financial and reporting data is secure and reliable (risk identification, definition of control procedures), validating the Group's accounting and management methods, while ensuring these can be accommodated by IT systems;
- Internal Audit assignment follow-up: review of Internal Audit reports, identification of action plans to be implemented, action plan follow-ups;
- The development of a plan to make half-year closings more secure: including a schedule for visiting subsidiaries, identification of matters requiring attention, review of visit reports and action plan follow-up.

The monitoring of the internal control ensuring better knowledge, communication and follow-up of risks and associated controls, is initiated through the following dedicated tools:

- A self-assessment tool for subsidiaries through which Internal Audit may launch monitoring programmes on specific areas;
- A software tool dedicated to the follow-up of recommendations, which more specifically allows Internal Audit to centralise all recommendations resulting from their audits, the entities audited to capture their corresponding action plans, and the Group's Internal Control Department to follow their implementation.

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

Since 2011, biannual reporting has been established for the benefit of the Executive Committee of Somfy Activities and the managers of all subsidiaries in relation to the progress of action plans and the resolution of weaknesses that were identified.

Certain improvements are directly addressed by entities at a local level, while others are looked into centrally by the Internal Control Department and/or in collaboration with the Group's IT Department.

The Internal Control Department also contributes to various projects, such as for example the implementation of a system devoted to managing and monitoring the order commitments of Somfy SAS in 2011-2012.

Lastly, the Internal Control Department is also responsible for the central monitoring of risks and the update of risk mapping, in collaboration with the Internal Audit Department specifically in relation to the methodology. Other corporate functions are also involved, depending on the scope of the risks in question (crisis management, fire risk, treasury, hygiene and safety, etc.).

Mapping of risks

Group management firmly believes that risk management and control contributes to:

- Creating and preserving the value, assets and reputation of the company;
- Ensuring the company's decision-making and processes to facilitate the achievement of targets;
- Encouraging that actions are consistent with the company's values;
- Motivating company staff by setting out a common approach to major risks.

An initial mapping of Group risks was conducted in 2005 and is regularly updated. A link exists between the risks included in this analysis and the Internal Audit plan, where relevant.

Strategic risks are examined during 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. An officer has been appointed for each of these operational risks.

Among the risks identified, the Legal Department worked in particular on the risk of external fraud, following several instances of attempted telephone fraud in 2012 (which began in 2011) targeting several entities of the Group. The accounting and controlling units of Somfy Activities and Somfy SAS secretaries were given training to increase their awareness of the risk of fraud.

Full risk mapping carried out in 2010 and updated at the end of 2011 will be re-assessed in the first quarter of 2013, in particular through interviews conducted with the main Group executives. A final presentation will then be submitted to the Executive Committee, as well as to the Management Board and the Audit Committee.

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 Chief Financial Officer of Somfy Participations;
- 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.

This Committee meets once a month to fulfil its role of observation, decision-making and implementation of the cash management policy.

Its two main objectives are:

- Strategic: to define 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 subsidiaries' equity balance sheet items;
- Operational: to guarantee the regular monitoring of Group Cash Management. These are detailed in a monthly trend chart.

The rules and procedures relating to Somfy Group's Cash Management have been formalised in the Cash Management Charter, which covers the following:

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

This charter was subject to a quality review in September 2011. The findings were favourable.

Accreditations and quality procedures

The Somfy Group has been implementing an approach to Quality Management by following ISO 9001 processes since 1995.

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

These companies represent the vast majority of the operations directly managed by the Group.

The whole personnel of these companies are thus involved in this process, including the R&D Department, as well as the Purchasing, Manufacturing, Production, Sales and Logistics Departments.

Internal quality audits are implemented in accordance with an annual audit plan, defined according to the company's strategic priorities and in a manner so as to review the risks inherent in operational processes. Corrective or preventive actions are managed within each operating or support department.

The list of operational 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.

Process control is implemented through compliance with the requirements specified in the various parts of the quality framework (guidelines, 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 is insured by Group policies with the objective of guaranteeing adequate coverage of risks at the best market conditions. These risks specifically include direct risks (fire, theft, etc.), loss of profit, general civil liability (including Directors’ civil liability) and transport of goods. Other facilities are covered by local insurance policies.

Projects completed and in progress

Projects carried out in 2012 relating to internal control and risk management included those:
- To facilitate the monitoring of audit recommendations by creating an E-Learning module to provide extensive and simple training for all Somfy Activities Controllers using the Enablon tool, designed to centralise audit tasks and monitor action plans;
- To draw up a report on insurance management for all entities of Somfy Activities in order to ensure that potential risks are covered and relevant costs optimised;
- To strengthen the internal audit team, its operations and its work by making optimum use of the expertise of recently-hired senior auditors and using the ACL data analysis tool acquired in 2011.

Both the Audit Committee and the Chief Financial Officer support these projects which they have been following closely throughout 2012.

The Chairman of the Supervisory Board

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Somfy SA financial statements for the last five years

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6 | Somfy SA financial statements for the last five years

€ thousands	2008	2009	2010	2011	2012
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	1,529	2,880	3,759	2,126	2,976
b) Profit before tax, amortisation, depreciation and provision charges	60,758	79,256	54,672	156,484	101,664
c) Income tax	9,485	3,904	306	3,706	2,984
d) Profit after tax, amortisation, depreciation and provision charges	56,778	83,681	54,642	128,982	87,034
e) Distributed profit	37,617	37,617	40,751	40,751	37,617
3. EARNINGS PER SHARE					
a) Earnings per share after tax, but before amortisation, depreciation and provision charges	8.96	10.61	7.02	20.44	13.35
b) Earnings per share after tax, amortisation, depreciation and provisions charges	7.25	10.68	6.97	16.46	11.11
c) Dividend distributed per share	4.80	4.80	5.20	5.20	4.80
4. WORKFORCE					
a) Number of employees at end of year	5	7	10	8	7
b) Total payroll	276	303	428	547	738
c) Amount paid in relation to employee benefits (Social Security, charities, etc.)	81	77	129	186	347

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7 | Consolidated financial statements

→ | Consolidated income statement

€ thousands	Notes	31/12/12	31/12/11
Sales	(3)	989,641	952,430
Other operating income	(4)	14,913	15,368
Cost of sales		– 362,351	– 346,897
Employee expenses		– 306,680	– 285,149
External expenses		– 166,766	– 172,835
EBITDA		168,757	162,917
Amortisation and depreciation charges	(11) & (12)	– 35,786	– 33,419
Charges/reversals to current provisions		– 904	– 190
Gains and losses on disposal of current operating assets		– 967	– 284
EBITA		131,101	129,025
Amortisation of intangible assets allocated	(11)	– 4,248	– 4,363
CURRENT OPERATING RESULT		126,853	124,661
Other operating income and expenses	(5)	– 7,898	– 1,961
Impairment of goodwill	(10)	– 9,449	– 6,360
OPERATING RESULT		109,507	116,340
– Financial income from investments		*7,530*	*8,029*
– Financial expenses related to borrowings		*– 5,410*	*– 6,298*
Cost of net financial debt		2,120	1,731
Other financial income and expenses		4,003	68,707
NET FINANCIAL INCOME	(6)	6,123	70,438
PROFIT BEFORE TAX		115,630	186,778
Income tax	(7)	– 22,018	– 24,896
Share of profit of equity-accounted companies	(14)	– 10,072	– 456
NET PROFIT		83,540	161,427
Attributable to: Group share		82,929	160,613
Non-controlling interests		611	814
Basic earnings per share (€)	**(8)**	**11.20**	**21.47**
Diluted earnings per share (€)	**(8)**	**11.14**	**21.35**

→ | Consolidated statement of comprehensive income

€ thousands	31/12/12	31/12/11
Net profit for the year	83,540	161,427
Movement in gains and losses on translation of foreign currency	– 819	6,444
Movement in fair value of available-for-sale assets	3,000	– 68,068
Movement in fair value of interest rate hedgings	223	215
Movement in fair value of foreign currency hedgings	1,162	5
Movement in actuarial gains and losses	– 3,907	– 2,519
Movement in tax on income and expenses recognised directly in equity	3,066	2,887
Other items of comprehensive income directly recognised in equity	**2,726**	**– 61,036**
Comprehensive income for the year (1)	**86,265**	**100,391**
Attributable to: Group share	85,654	99,866
Non-controlling interests (1)	611	525

(1) The difference in the net profit with the consolidated statement of changes in equity is due to the variation in the value of the put options granted to holders of non-controlling interests: € 0.8 million at 31 December 2012 and € 0.6 million at 31 December 2011.

→| Consolidated balance sheet - Assets

€ thousands	Notes	31/12/12 Net	31/12/11 Net
Non-current assets			
Goodwill	(10)	209,951	224,887
Intangible assets	(11)	69,274	72,614
Property, plant and equipment	(12)	213,792	214,810
Equity-accounted companies	(14)	109,517	115,008
Financial assets	(15)	226,939	217,399
Other receivables	(16)	9,743	9,690
Deferred tax assets	(7)	32,350	29,599
Employee benefits	(26)	101	34
Total non-current assets		**871,667**	**884,041**
Current assets			
Inventory	(17)	132,506	138,904
Trade receivables	(18)	149,002	144,616
Other receivables	(19)	16,003	20,855
Current tax assets	(7)	7,858	18,504
Financial assets	(15)	835	1,997
Derivative instruments	(25)	113	–
Cash and cash equivalents	(20)	86,797	71,845
Total current assets		**393,115**	**396,721**
TOTAL ASSETS		1,264,781	1,280,762

→| Consolidated balance sheet - Equity and liabilities

€ thousands	Notes	31/12/12	31/12/11
Shareholders' equity			
Share capital		7,837	7,837
Share premium		1,866	1,866
Other reserves		771,973	670,905
Net profit for the year		82,929	160,613
Group share		**864,605**	**841,221**
Non-controlling interests		– 382	24
Total shareholders' equity		**864,223**	**841,245**
Non-current liabilities			
Non-current provisions	(21)	9,647	9,196
Other financial liabilities	(22)	73,364	76,972
Other liabilities	–	1,811	832
Employee benefits	(26)	19,983	17,998
Deferred tax liabilities	(7)	59,086	60,279
Derivative instruments	(25)	1,744	2,570
Total non-current liabilities		**165,636**	**167,846**
Current liabilities			
Current provisions	(21)	12,137	10,794
Other financial liabilities	(22)	52,672	84,104
Trade payables	–	85,579	94,792
Other liabilities	(27)	81,269	76,138
Tax liabilities	(7)	3,265	4,197
Derivative instruments	(25)	–	1,646
Total current liabilities		**234,922**	**271,671**
TOTAL EQUITY AND LIABILITIES		1,264,781	1,280,762

→| Consolidated statement of changes in equity

€ thousands	Share capital (1)	Share premium	Treasury shares	Gain/loss on available-for-sale assets	Actuarial gains and losses	Interest rate hedgings	Foreign currency hedgings
AT 31 DECEMBER 2011	**7,837**	**1,866**	**– 62,624**	**– 130**	**– 5,439**	**– 904**	**– 1,068**
Comprehensive income recorded during the year	–	–	–	3,000	– 3,907	223	1,162
Treasury share transactions	–	–	– 11,766	–	–	–	–
Dividends	–	–	–	–	–	–	–
Other movements (2)	–	–	–	–	–	–	–
AT 31 DECEMBER 2012	**7,837**	**1,866**	**– 74,390**	**2,870**	**– 9,346**	**– 681**	**94**

(1) Share capital is comprised of 7,836,800 shares with a par value of €1. No changes occurred in 2012.
(2) Changes in consolidation scope, foreign exchange gains and losses on equity transactions.

€ thousands	Share capital (1)	Share premium	Treasury shares	Gain/loss on available-for-sale assets	Actuarial gains and losses	Interest rate hedgings	Foreign currency hedgings
AT 31 DECEMBER 2010	**7,837**	**1,866**	**– 39,303**	**67,938**	**– 2,920**	**– 1,119**	**– 1,073**
Comprehensive income recorded during the year	–	–	–	– 68,068	– 2,519	215	5
Treasury share transactions	–	–	– 23,321	–	–	–	–
Dividends	–	–	–	–	–	–	–
Other movements (2)	–	–	–	–	–	–	–
AT 31 DECEMBER 2011	**7,837**	**1,866**	**– 62,624**	**– 130**	**– 5,439**	**– 904**	**– 1,068**

(1) Share capital is comprised of 7,836,800 shares with a par value of €1. No changes occurred in 2011.
(2) Changes in consolidation scope, foreign exchange gains and losses on equity transactions.

Expenses related to acquisitions of non-controlling interests	Movements in put options	Deferred tax	Changes in foreign exchange rates	Consolidated reserves and net profit	Total shareholders' equity	Non-controlling interests	Total shareholders' equity (Group share)
–	**–**	**2,787**	**8,447**	**890,473**	**841,245**	**24**	**841,221**
–	–	3,066	– 819	82,726	85,451	– 203	85,654
–	–	–	–	– 33	– 11,799	–	– 11,799
–	–	–	–	– 38,680	– 38,680	–	– 38,680
– 2,369	– 8,515	–	–	– 1,109	– 11,993	– 203	– 11,790
– 2,369	**– 8,515**	**5,853**	**7,628**	**933,376**	**864,223**	**– 382**	**864,605**

Expenses related to acquisitions of non-controlling interests	Movements in put options	Deferred tax	Changes in foreign exchange rates	Consolidated reserves and net profit	Total shareholders' equity	Non-controlling interests	Total shareholders' equity (Group share)
–	**–**	**– 100**	**2,003**	**772,643**	**807,772**	**111**	**807,661**
–	–	2,887	6,444	160,877	99,841	– 25	99,866
–	–	–	–	994	– 22,327	–	– 22,327
–	–	–	–	– 39,583	– 39,583	–	– 39,583
–	–	–	–	– 4,459	– 4,459	– 61	– 4,398
–	**–**	**2,787**	**8,447**	**890,473**	**841,245**	**24**	**841,221**

→| Consolidated cash flow statement

€ thousands	Notes	31/12/12	31/12/11
Consolidated net profit		**83,540**	**161,427**
Depreciation and amortisation of assets (excluding current assets)		61,675	44,678
Charges to and reversals of provisions for liabilities		650	591
Unrealised gains and losses related to fair value movements		– 1,075	– 276
Unrealised foreign exchange gains and losses		2,014	1,039
Income and expenses related to stock options and employee benefits		2,347	4,004
Depreciation, amortisation, provisions and other non-cash items		**65,610**	**50,037**
Profit on disposal of assets and others		5,139	– 66,506
Share of net profit of associates		– 2,278	– 44
Deferred tax expense		– 1,061	4,090
Cash flow		**150,950**	**149,004**
Cost of net financial debt (excluding non-cash items)		– 1,547	– 1,401
Dividends of non-consolidated companies		– 7,480	– 4,932
Tax expense (excluding deferred tax)		23,079	20,807
Change in working capital requirements	(30)	– 7,962	– 22,859
Tax paid		– 13,421	– 44,576
CASH FLOW FROM OPERATING ACTIVITIES (A)		143,618	96,043
Acquisition-related disbursements:			
- intangible assets and property, plant and equipment		– 42,222	– 41,985
- non-current financial assets		– 7,527	– 17,030
Disposal-related proceeds:			
- intangible assets and property, plant and equipment		510	718
- non-current financial assets	(1)	13,150	108,045
Change in current financial assets		2,407	– 1,078
Acquisition of companies, net of cash acquired	(9)	– 6,671	– 57,876
Disposal of companies, net of cash disposed		– 3,513	–
Dividends paid by equity-accounted companies		472	–
Dividends paid by non-consolidated companies		7,480	4,932
Interest received		770	1,660
CASH FLOW USED IN INVESTING ACTIVITIES (B)		– 35,144	– 2,614
Increase in loans		4,006	458
Reimbursement of loans		– 47,565	– 44,353
Other transactions with non-controlling interests	(9)	– 3,854	– 663
Dividends paid		– 38,680	– 39,600
Movement in treasury shares		– 12,156	– 23,056
Interest paid		– 5,493	– 5,832
CASH FLOW USED IN FINANCING ACTIVITIES (C)		– 103,742	– 113,046
Impact of changes in foreign exchange rates on cash and cash equivalents (D)		– 298	701
NET CHANGE IN CASH AND CASH EQUIVALENTS (A + B + C + D)		**4,434**	**– 18,917**
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR	**(30)**	**66,002**	**84,919**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**(30)**	**70,435**	**66,002**

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 22 February 2013, the Management Board of Somfy SA approved the consolidated financial statements of the Somfy SA Group for the 12-month financial year ended 31 December 2012, it being specified that the Group had total assets of € 1,264,781 thousand and realised a consolidated net profit of € 83,540 thousand (Group share: € 82,929 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 have been prepared in accordance with 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 expenses, income and unrealised results included in the book value of assets and resulting from intragroup transactions have been fully eliminated.

The financial statements of each Group company have been 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 accounting standards, the Somfy Group's consolidated financial statements for the financial year ended 31 December 2012 have been 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 interpretations in force

Accounting rules and methods are identical to those used in the preparation of the consolidated financial statements at 31 December 2011, except for the following amendment adopted by the European Union, the application of which is mandatory for the financial year 2012 and which had no significant impact on the Group's financial statements:

- Amendment to IFRS 7 "Disclosures – Transfers of financial assets".

The following standards, adopted by the European Union and whose application will become mandatory at a later stage, were not applied early:

- IAS 19 "Employee benefits" applicable from 1 January 2013;
- IAS 27 "Separate financial statements" applicable from 1 January 2014;
- IAS 28 "Investments in associates and joint ventures" applicable from 1 January 2014;
- IFRS 10 "Consolidated financial statements" applicable from 1 January 2014;
- IFRS 11 "Joint arrangements" applicable from 1 January 2014;
- IFRS 12 "Disclosure of interests in other entities" applicable from 1 January 2014;
- IFRS 13 "Fair value measurement" applicable from 1 January 2013;
- Amendment to IAS 1 "Presentation of items of other comprehensive income (OCI)" applicable for the financial year starting from 1 July 2012;
- Amendment to IAS 12 "Deferred tax – Recovery of underlying assets" applicable from 1 January 2013;
- Amendment to IAS 32 "Offsetting financial assets and financial liabilities" applicable from 1 January 2014;
- Amendment to IFRS 7 "Disclosures – Offsetting financial assets and financial liabilities" applicable from 1 January 2013;
- Interpretation of IFRIC 20 "Stripping costs in the production phase of a surface mine" applicable from 1 January 2013.

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 2015;
- Amendments to IFRS 9 and IFRS 7 “Mandatory effective date and transition disclosures – Transfer of financial assets” applicable from 1 January 2015;
- Amendment to IFRS 1 “Government loans” applicable from 1 January 2013;
- Improvements to IFRS (May 2012) applicable from 1 January 2013;
- Transition guidance IFRS 10, IFRS 11 and IFRS 12 applicable from 1 January 2013;
- Amendments to IFRS 10, IFRS 12 and IAS 27 “Investment entities” applicable from 1 January 2014.

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.

→ Change of income statement presentation method

In order to improve the quality of information, the presentation of the Somfy Group’s income statement has evolved since 31 December 2011. The following change was introduced:

- Addition of **EBITA**, an aggregate commonly used within the Somfy Group, which consists of current operating result before amortisation of intangible assets allocated as part of business combinations (IFRS 3).

→ Assumptions and estimates

The preparation of consolidated financial statements in accordance with IFRS standards leads Management to make 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 account of 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:

- The impairment of goodwill and intangible assets and property, plant and equipment, whose measurement is specifically based on future cash flow, discount rate and net realisable value assumptions (Note 13 to the consolidated financial statements);
- Retirement commitments, whose measurement is based on a number of actuarial assumptions (Note 26 to the consolidated financial statements);
- Provisions for liabilities and charges;
- The measurement of options associated with stock option plans and free share allocations granted to employees (Note 28 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 method

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 an allocation of profit for the period.

Revised IFRS 3 permits the recognition of non-controlling interests either at fair value (full goodwill), or at the percentage of net assets held in the acquired entity (partial goodwill). 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, and vice versa in case of disposal of interests without loss of control.

In the event control is assumed over a company in which the Group previously held securities, the latter must be revalued at fair value. Any difference between their book value and their fair value is recognised in the income statement. The opposite process applies in the event control is foregone by stages.

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

Joint control and significant influence

Companies over which the Group exercises control jointly with a limited number of partners based on a contractual agreement are consolidated using the equity method.

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 book value of the investment.

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

The consolidation scope is presented in Note 36 to the consolidated financial statements.

C. Foreign exchange translation

The consolidated financial statements at 31 December 2012 have been 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.

Unrealised 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 countries whose economy is hyperinflationary.

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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 impairment cannot be reversed.

Acquisition goodwill related to equity-accounted companies is posted to the "equity-accounted companies" account. Impairment 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 complete 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 ten 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 licence;
- 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 filing expenses are capitalised.

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;
- 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 are capitalised, as follows:

- The "assessment" stage, consisting in the production of assessment elements enabling the Group to make 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 its commissioning (four to ten 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, which includes the purchase price and all costs necessary to make the assets 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 account of the nature of PPE held by Somfy, no significant component was identified.

Subsequent expenditures may be capitalised if they comply with asset recognition criteria, as defined by IAS 16, in particular if it is probable that the future economic benefits of the asset will flow to the company. These criteria are considered prior to incurring 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 expiry 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 periods as described above where the Group expects to gain ownership of the asset at the expiry 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, which generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

CGUs have been identified within the Somfy Group. They primarily comprise the Group's legal entities that have been acquired through merger and 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 five years. Cash flows beyond five 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.

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 that has been increased following the reversal of an impairment loss may not exceed the book value that would have been measured, after deducting amortisation or 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 amortisation or 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 purpose 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 cost, which corresponds to the fair value of the purchase price, increased by acquisition costs.

→ Assets held to maturity

These 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. Profits and losses 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

These 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 companies over which it neither has control, nor 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 historical 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

Inventories are valued at their procurement cost, determined using the weighted average cost method.

In particular, inventory cost measurement takes into account the following items:

- The 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 book value.

Net realisable value is the estimated selling price under normal business conditions, after deducting estimated completion costs and estimated selling expenses.

K. Trade and other receivables

Trade and other receivables are recorded at their nominal value and a provision for writedowns is established on a case-by-case basis when receivables are unlikely to be collected.

L. Treasury shares

The Group holds treasury shares for the following purposes:

- 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 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 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 shares in the company, in accordance with applicable regulations;
- To proceed with the possible cancellation of shares acquired.

Treasury shares directly held by the Group or through a liquidity contract are eliminated from equity.

On their disposal, the consideration received for 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.

The Group is party to a number of litigation and arbitration proceedings with third parties or with the tax authorities of certain countries in the normal course of its business. Provisions are recorded for these proceedings when a legal, contractual or constructive obligation exists at the end of the reporting period with respect to a third party; it is probable that an outflow of resources embodying economic benefits will be required in order to settle the obligation with no consideration in return; and a reliable estimate can be made of this obligation.

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. Excluding for those resulting from business combinations, they are not recognised but disclosed 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, and 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, with their commitments being recognised in the balance sheet under "Employee benefits".

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 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 where 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. Trade and other payables

Trade and other payables are recognised at their nominal value.

Q. Share-based payments

Some Group employees, including Directors, have received the right to the allocation of free shares, subject to the achievement of certain performance conditions, and options entitling them 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.

The price of these options and free shares is measured at fair value according to the Black & Scholes model.

During the rights vesting period, the fair value of options and free shares thus determined is split in proportion to the acquisition of rights. 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 and free shares is reflected in the calculation of diluted earnings per share.

Pursuant to the transition provisions of this standard, only option plans allocated after 7 November 2002 have been recognised in accordance with the above described principle and subjected to measurement.

R. Borrowings and borrowing costs

Upon 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 book 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 consolidation agreement between Somfy SA and its directly and indirectly owned subsidiaries was renewed on 1 January 2012 for a further five years.

The following companies are party to this agreement at 31 December 2012: Somfy SA, Somfy SAS, Simu SAS, CMC SARL, SEM-T SASU, Domis SA, NMP SAS, Zurflüh-Feller Holding SAS, Zurflüh-Feller SAS, Zurflüh-Feller Montage EURL, MSD EURL, CERF EURL, Provence Nouveau Monde SAS and Automatismes BFT France 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 tax consolidation 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 consolidation or that have arisen prior to their inclusion in the tax consolidation 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 reoccur;
- 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 for the fair value of interest rate hedgings, the effective 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 and 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 derivative instruments" or "current and non-current liability derivative instruments" depending on the nature of the hedged good.

V. Non-current assets held for disposal

An entity must classify a non-current asset (or group thereof 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 or free shares allocations guarantee a dilutive effect on the calculation of diluted earnings per share. The Group has not issued any security giving future access 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.

The amortisation of intangible assets allocated as part of business combinations (IFRS 3) is included in current operating result.

Z. Net financial income/expense

Net financial income/expense comprises the following two items:

→ Net cost of financial debt

Includes all income/expense from net financial debt or cash surplus constituents over the period, including income/loss on interest rate hedgings.

→ Other financial income and expenses

It includes income and expenses of a financial nature but neither of an operational nature nor a constituent of the cost of net financial debt.

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 2012

1. Changes in Group structure

Somfy Activities acquired:

- The distributor **BFT Lazio**, through its subsidiary BFT SpA. 60% of the capital was acquired at a price of € 0.7 million. A mutual put/call option was included in the contract for 2015, in relation to the remaining 40% of the capital. This acquisition generated goodwill of € 0.4 million. This company was fully consolidated from the date of acquisition (April 2012) and contributed € 0.6 million to Group sales;
- The distributor **TRS Standard**, through its subsidiary BFT SpA. 60% of the capital was acquired at a price of € 1.4 million. A mutual put/call option was included in the contract for 2015, in relation to 30% of the capital. The remaining 10% are subject to a deadlock resolution clause. This acquisition generated goodwill of € 1.3 million. This company was fully consolidated from the date of acquisition (June 2012) and contributed € 2.8 million to Group sales;
- 100% of the French distributor **Mastercom** for € 0.7 million through its subsidiary BFT SpA. This transaction includes an earn-out clause based on the results of the first two years. This acquisition generated goodwill of € 0.2 million. This company was fully consolidated from the date of acquisition (July 2012) and contributed € 1.0 million to Group sales;
- The remaining 10% in **BFT Sud-Ouest**, through its subsidiary BFT SpA, for € 0.3 million. This company was already fully consolidated, therefore no change of control took place;
- 51% (joint control) of the Brazilian company **Neocontrol** for BRL 6 million (approximately € 2.5 million) through its subsidiary Somfy Brazil in August 2012. This company develops, produces and markets home automation solutions in Brazil. This transaction includes an earn-out clause payable in 2014 based on results for the 2013 financial year. Also included is a first mutual put/call option exercisable in 2014 over 10% of capital and a second option for the remaining 39% exercisable in 2017. This company is equity-accounted;
- 15% of **LianDa** for € 1.5 million, thus increasing its equity holding to 95%. This company was already fully consolidated, therefore no change of control took place;
- The remaining 60% of **Axis**' capital for € 0.9 million. This company was previously equity-accounted. With Somfy assuming control, Axis is now fully consolidated. This takeover generated goodwill of € 1.2 million. Axis contributed € 0.4 million to Group sales.

Somfy Activities sold:

- Its subsidiary **Klereo**. The impact on the operating result was a decline of € 1.0 million;
- Its subsidiary **i-Blind**. The impact on the operating result was a decline of € 0.9 million.

The French companies BFT Marseille, BFT Sud-Ouest, BFT Languedoc and BFT Autoferm Ouest were merged into the BFT France entity.

Somfy Participations made an equity investment of 25% in **Sofilab 4** for € 1.6 million and subscribed to € 0.8 million in convertible bonds. Sofilab 4, whose flagship brand is La Buvette, is the French market leader for farming watering equipment. It also operates in the rump rail and rotational moulding segments. Due to practical reasons and materiality, this financial investment is treated as an asset held for disposal.

Somfy Participations acquired shares valued at € 3.0 million in **CIAT**, thus increasing its equity investment from 40% to 44.5%. This was the opportunity to sign a new shareholders' agreement. These changes did not call into question the fact that this company is consolidated using the equity method.

At the beginning of October 2012, **Somfy Participations** sold its 65% equity investment in **Cotherm**. The value of the transaction was € 11.7 million, i.e. 2.3 times the initial investment. The impact of this disposal was a negative € 1.3 million.

Somfy Participations made a 10% equity investment in the newco **Cotherm Evolution** for € 1.1 million.

2. Highlights

Somfy Activities wrote down the goodwill of O&O and Pujol:

- The outlook for **O&O**, a subsidiary of BFT SpA that produces lifting gates, rising bollards and automated sliding doors has deteriorated compared to the acquisition business plan, due to the macro-economic situation prevailing in Southern Europe, where the company conducts most of its business. The unallocated goodwill was additionally impaired for € 2.8 million. It has now been fully written down;
- The outlook for short and medium-term profit growth led to a review of **Pujol**'s business plan (a company with a presence in Spain, Portugal and Italy), which has been seriously affected by the deteriorated macro-economic environment prevailing in Southern Europe. The entire unallocated goodwill has been written down for € 5.7 million. The brand remains valuated at € 2.2 million in the consolidated statements.

Somfy Activities wrote down € 0.5 million from the equity value of its 40% investment in **Oxygen** (**Astélia**), a company which specialises in alarm systems for the house-bound elderly. This impairment was recognised after indications of a loss in value were noted.

The Italian company **WAY** (**Somfy Activities**) announced a restructuring plan that will affect 55 employees. A € 3.0 million provision has been recognised as non-recurring income/expenses in the 2012 financial statements.

Somfy SAS was subject to a tax assessment in relation to the 2009 and 2010 financial years. The main adjustment was to the transfer price policy implemented between a subsidiary of Somfy SA, Somfy SAS and a number of distribution subsidiaries. The proposed tax adjustment for these two years totalled € 35.6 million. The Group considers that the arguments put forward by the tax authorities are disputable and is confident in the likelihood that this ruling be overturned. Therefore, the Group qualified the risk as a contingent liability and thus no provision was recognised at 31 December 2012 in relation to this dispute.

Somfy Participations wrote down € 0.9 million of **Sirem**'s goodwill. This decision stems from the persisting difficulties experienced by Sodim, whose results fall short of business plan projections.

Somfy Participations wrote down € 2.3 million from the equity value of **CIAT**. This writedown follows a review of the business plan of the company due to difficulties encountered during the financial year.

Somfy Participations wrote down € 7.0 million from the equity value of **Pellenc**. This decision stems from results that fall short of expectations set out in the acquisition business plan.

Somfy Participations wrote down € 2.5 million from the equity value of **Gaviota**. This writedown stems from results that fall short of expectations.

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 two businesses "Home & Building" and "Access";
- **Somfy Participations** which is dedicated to investing in industrial companies outside Somfy's core business. This division holds interests in FAAC, Gaviota Simbac, Zurflüh-Feller, CIAT, Sirem, Pellenc and Sofilab 4.

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 merge them into one segment.

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

→ At 31 December 2012

€ thousands	Somfy Activities	Somfy Participations	Other	Inter-segment	Consolidated
Segment sales	889,838	103,068	–	– 3,265	989,641
Segment profit/loss (current operating result)	122,924	4,093	– 164	–	126,853
Share of net profit/loss of equity-accounted companies	– 324	– 9,748	–	–	– 10,072
Cash flow	128,162	19,988	2,800	–	150,950
Intangible assets and PPE investments	36,914	5,593	–	–	42,507
Goodwill	187,767	22,184	–	–	209,951
Net intangible assets and PPE	232,424	50,642	–	–	283,066
Non-controlling equity investments	65	138,128	–	–	138,193
Equity-accounted companies	3,044	106,474	–	–	109,517

The column "Other" mainly includes financing costs and exchange differences which may not be directly attributed to one of the two segments.

→ At 31 December 2011

€ thousands	Somfy Activities	Somfy Participations	Other	Inter-segment	Consolidated
Segment sales	842,775	112,499	–	– 2,844	952,430
Segment profit/loss (current operating result)	118,176	6,605	– 120	–	124,661
Share of net profit/loss of equity-accounted companies	– 925	469	–	–	– 456
Cash flow	128,287	19,247	1,469	–	149,004
Intangible assets and PPE investments	38,699	6,235	–	–	44,934
Goodwill	193,273	31,614	–	–	224,887
Net intangible assets and PPE	228,768	58,656	–	–	287,424
Non-controlling equity investments	41	132,159	–	–	132,200
Equity-accounted companies	1,503	113,505	–	–	115,008

The column "Other" mainly includes financing costs and exchange differences which may not be directly attributed to one of the two segments.

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

€ thousands	31/12/12	31/12/11
France	113,695	112,306
Germany	10,200	7,783
Northern Europe	2,484	3,368
Central and Eastern Europe	2,212	2,246
Southern Europe, Middle East and Africa	62,798	63,531
Asia Pacific	37,201	35,284
Americas	3,834	4,250
SOMFY ACTIVITIES	**232,424**	**228,768**
SOMFY PARTICIPATIONS	**50,642**	**58,656**
CONSOLIDATED SOMFY	**283,066**	**287,424**

→ Sales by customer location

€ thousands	31/12/12	31/12/11	Variance N/N-1	Variance N/N-1 like-for-like
France	244,398	240,617	1.6%	1.5%
Germany	138,967	131,643	5.6%	4.8%
Northern Europe	89,619	90,839	– 1.3%	– 3.6%
Central and Eastern Europe	82,144	73,886	11.2%	9.8%
Southern Europe, Middle East and Africa	161,036	158,416	1.7%	– 0.1%
Asia Pacific	89,884	76,727	17.1%	7.5%
Americas	83,789	70,647	18.6%	12.4%
SOMFY ACTIVITIES	**889,838**	**842,775**	**5.6%**	**3.4%**
SOMFY PARTICIPATIONS	**103,068**	**112,499**	**– 8.4%**	**– 2.3%**
Intragroup sales	– 3,265	– 2,844	14.8%	14.8%
CONSOLIDATED SOMFY	**989,641**	**952,430**	**3.9%**	**2.7%**

4. Other operating income

€ thousands	31/12/12	31/12/11
Fixed asset production	5,525	4,142
Provision of services	3,616	3,416
Other revenues	5,773	7,810
OTHER OPERATING INCOME	**14,913**	**15,368**

Fixed asset production comprises certain development expenses borne during the year.
Other revenues include accrued insurance income and tax credits.

5. Other operating income and expenses

€ thousands	31/12/12	31/12/11
Charge/reversal to non-current provisions	– 2,353	1,989
Other non-current items	– 1,135	– 3,949
– Non-current income	*954*	*859*
– Non-current expenses	*– 2,089*	*– 4,808*
Net gain/loss on disposal of assets	– 4,410	– 1
OTHER OPERATING INCOME AND EXPENSES	**– 7,898**	**– 1,961**

For the year ended 31 December 2012, other operating income and expenses include the capital loss on the disposal of Cotherm, for € 2.3 million, the capital loss on the disposal of Klereo, for € 1.0 million, and the provision for restructuring of WAY, for € 3.0 million.

6. Net financial income

€ thousands	31/12/12	31/12/11
Cost of net financial debt	2,120	1,731
– Financial income from investments	*7,530*	*8,029*
– Financial expenses related to borrowings	*– 5,410*	*– 6,298*
Effect of foreign currency translation	– 3,688	– 2,695
Other	7,692	71,403
NET FINANCIAL INCOME	**6,123**	**70,438**

For the year ended 31 December 2012, the “Other” caption of net financial income includes FAAC dividends of € 7.5 million.

It should be noted that for the year ended 31 December 2011, the “Other” caption of net financial income included the capital gains on the disposal of agta record and Babeau Seguin for € 63.1 million and € 4.1 million, respectively, and FAAC dividends of € 4.6 million.

7

7. Current and deferred tax

→ 7.1. Tax proof

€ thousands	31/12/12	31/12/11
Profit before tax	115,630	186,778
Expenses on dividends	*3,505*	*2,826*
Dividends from non-consolidated companies	*– 7,480*	*– 4,590*
*agta record capital gain net of share of related expenses and charges**	*–*	*– 60,865*
Goodwill impairment	*9,449*	*–*
Disposals of consolidated investments	*4,173*	*–*
Other	*– 6,014*	*– 4,734*
Permanent differences	3,633	– 67,363
Net profit taxed at reduced rate**	– 18,444	– 18,755
Net profit taxable at standard rate	100,819	100,660
Tax rate in France	*36.10%*	*36.10%*
Tax charge recalculated at the French standard rate	36,396	36,338
Tax at reduced rate**	2,997	3,047
Difference in standard rate in foreign countries	*– 22,406*	*– 16,436*
Tax losses for the year, unrecognised in previous periods, deficits used	*2,275*	*927*
Effect of the rate difference	– 20,131	– 15,509
Tax credits	– 726	– 1,422
Other taxes and miscellaneous	3,482	2,442
Group tax	22,018	24,896
Effective rate	*19.04%*	*13.33%*
- Current tax:	23,078	20,807
- Deferred tax:	– 1,061	4,089

** Taxation of agta record capital gain: 0%, as the shares had been held for more than two years.*
*** Royalties taxed at reduced rate (16.25%).*

Current tax assets and liabilities

The change in tax liabilities and receivables was due to the effect of tax instalments.

Retained losses capitalised or used

Deferred tax relating to losses of companies excluded from the tax consolidation or which arose before their inclusion in the tax consolidation 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 € 31.2 million in 2012 and € 33.3 million in 2011 (at the ordinary tax rate).

No significant deferred tax assets were recognised in 2012 in relation to tax losses arising during the financial year or in previous years.

→ 7.2. Deferred tax directly taken to equity

€ thousands	31/12/12	31/12/11
Deferred tax assets		
– Actuarial gains and losses on employee benefits	3,400	1,987
– Interest rate hedgings	230	306
– Foreign currency hedgings	–	386
Deferred tax liabilities		
– Available-for-sale financial assets	4,923	3,994
– Foreign currency hedgings	34	–
NET DEFERRED TAX	**– 1,327**	**– 1,315**

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

→ 7.3. Analysis by nature

€ thousands	31/12/12 Asset	31/12/11 Asset	Income statement impact
Deferred tax on restatements related to IFRS standards and temporary differences, including:	24,033	21,403	2,469
– *Restatements to employee benefits*	*6,257*	*5,203*	*– 57*
– *Restatements resulting from provision methods*	*5,613*	*3,677*	*1,932*
– *Restatements due to tax and social liabilities*	*2,323*	*2,104*	*227*
– *Fair value restatements*	*1,980*	*2,121*	*– 140*
– *Restatements on the fair value of hedging instruments*	*555*	*1,481*	*– 422*
– *Restatements resulting from acquisition expenses*	*825*	*1,140*	*– 315*
Deferred tax on intragroup margins	8,317	8,230	– 13
Deferred tax on the elimination of intragroup provisions	–	– 34	–
TOTAL DEFERRED TAX ASSETS	**32,350**	**29,599**	**2,456**

€ thousands	31/12/12 Liabilities	31/12/11 Liabilities	Income statement impact
Deferred tax on restatements related to IFRS standards and temporary differences, including:	54,975	55,504	1,951
– *Restatements related to the fair value of property, plant and equipment*	*13,520*	*13,536*	*– 950*
– *Restatements related to leases*	*10,386*	*9,753*	*632*
– *Restatements due to changes in amortisation and depreciation rates*	*5,530*	*6,963*	*– 1,424*
– *Restatements from the capitalisation of development costs*	*9,990*	*8,626*	*1,365*
Deferred tax on intragroup margins	1,172	1,062	117
Deferred tax on the elimination of intragroup provisions	1,360	2,134	– 674
Deferred tax on acquisition expenses	1,579	1,579	–
TOTAL DEFERRED TAX LIABILITIES	**59,086**	**60,279**	**1,394**

8. Earnings per share

Basic earnings per share	31/12/12	31/12/11
Net profit - Group share (€ thousands)	82,929	160,613
Total number of shares (1)	7,836,800	7,836,800
Treasury shares* (2)	433,109	356,583
Number of shares used in calculation (1) – (2)	7,403,691	7,480,217
BASIC EARNINGS PER SHARE (€)	**11.20**	**21.47**

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

Diluted earnings per share	31/12/12	31/12/11
Net profit - Group share (€ thousands)	82,929	160,613
Total number of shares (1)	7,836,800	7,836,800
Treasury shares** (2)	393,914	314,922
Number of shares used in calculation (1) – (2)	7,442,886	7,521,878
DILUTED EARNINGS PER SHARE (€)	**11.14**	**21.35**

*** Excluding treasury shares allocated to stock option and free share plans.*

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

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

9. Business combinations and acquisitions of non-controlling equity investments

→ Acquisitions during 2012

Somfy Activities acquired:
- 60% of **BFT Lazio** for € 0.7 million;
- 60% of **TRS Standard** for € 1.4 million;
- **Mastercom** for € 0.7 million;
- The remaining 60% of **Axis** for € 0.9 million;
- 51% of **Neocontrol** for € 2.5 million.

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

The fair value of the identifiable assets and liabilities of these companies at the date of acquisition is close to their net book 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	3,065
Net intangible assets	718
Net property, plant and equipment	375
Net non-current financial assets	89
Other non-current receivables	–
Deferred tax assets	110
Inventory	2,630
Trade receivables	2,477
Other current receivables	184
Other current financial assets	11
Cash and cash equivalents, net	– 538
Tax receivables	–
Non-current provisions	–
Other non-current financial liabilities	– 1,674
Other non-current liabilities	– 241
Employee benefits	–
Deferred tax liabilities	– 225
Current provisions	–
Other current financial liabilities	– 318
Trade payables	– 3,005
Other current liabilities	– 576
Tax liabilities	–
Equity-accounted companies	2,134
Non-controlling interests & impact of put options on equity	917
Acquisition cost	**6,134**
Less: cash acquired	538
Total	**6,671**
Other funding	–
CASH FLOW FROM ACQUISITION NET OF CASH ACQUIRED	**6,671**

(+) Cash outflow

Net cash flow was also impacted by the acquisition of a non-controlling interest in LianDa (€ 3.9 million including acquisition expenses related to this transaction).

→ Acquisitions during 2011

Somfy Activities acquired:

– 40% of **Stor'm** for € 0.3 million;

– **BFT Gulf-Technoworld** for € 2.6 million.

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

The table below details the assets and liabilities of the companies acquired during the 2011 financial year:

€ thousands	Fair value recognised at the date of acquisition Somfy Activities
Goodwill	2,438
Net intangible assets	641
Net property, plant and equipment	61
Net non-current financial assets	–
Other non-current receivables	–
Deferred tax assets	–
Inventory	1,260
Trade receivables	67
Other current receivables	14
Other current financial assets	–
Cash and cash equivalents, net	326
Tax receivables	–
Non-current provisions	–
Other non-current financial liabilities	– 380
Other non-current liabilities	–
Employee benefits	–
Deferred tax liabilities	–
Current provisions	–
Other current financial liabilities	– 383
Trade payables	– 1,394
Other current liabilities	– 26
Tax liabilities	–
Equity-accounted companies	308
Acquisition cost	**2,931**
Less: cash acquired	– 326
Total	**2,605**
Other funding	–
CASH FLOW FROM ACQUISITION NET OF CASH ACQUIRED	**2,605**

(+) Cash outflow

Somfy Participations made an equity investment of 47.23% in the capital of **Pellenc** for € 64.9 million.

The net cash flow impact of this equity investment was € 55.3 million.

Net cash flow was also impacted by the acquisition of a non-controlling interest in BFT GmbH (€ 0.5 million) and BFT Piemonte (€ 0.2 million).

10. Goodwill

€ thousands	Value
AT 1 JANUARY 2011	**228,990**
Changes in scope of consolidation	2,437
Changes in foreign exchange rates	2,605
Other movements*	– 2,785
Charge for impairment	– 6,360
AT 31 DECEMBER 2011	**224,887**
Changes in scope of consolidation**	– 5,421
Changes in foreign exchange rates	– 162
Other movements	96
Charge for impairment	– 9,449
AT 31 DECEMBER 2012	**209,951**

** Of which € 2.2 million related to Pujol's revised goodwill*
*** Of which € 8.5 million related to the disposal of Cotherm.*

→ Breakdown of goodwill by major CGU at 31 December 2012 (See Note 13)

€ thousands	Gross value	Impairment	Net value
BFT	95,590	– 670	94,920
O&O	6,924	– 6,924	–
Cotherm	–	–	–
Zurflüh-Feller	17,144	–	17,144
Sirem	7,985	– 2,945	5,040
Domis	1,091	–	1,091
Axis	1,153	–	1,153
Pujol	5,680	– 5,680	–
Dooya	88,368	–	88,368
LianDa	8,452	– 8,452	–
Simu	1,862	–	1,862
Energy Eye	927	– 927	–
Other	649	– 276	373
TOTAL	**235,825**	**– 25,874**	**209,951**

11. Intangible assets

€ thousands	Allocated intangible assets	Development costs	Patents and brands	Software	Other	In progress and advance payments	Total
Gross value at 1 January 2012	56,271	19,842	6,571	34,426	1,629	5,344	124,082
Acquisitions	–	59	108	2,119	79	5,126	7,490
Disposals	– 505	– 139	– 320	– 324	–	–	– 1,288
Changes in foreign exchange rates	– 156	–	– 29	– 12	3	–	– 193
Changes in scope of consolidation	695	–	– 22	– 387	– 135	– 222	– 71
Other movements	– 1,359	2,692	567	517	–	– 3,240	– 823
AT 31 DECEMBER 2012	**54,946**	**22,454**	**6,874**	**36,339**	**1,575**	**7,009**	**129,197**
Accumulated amortisation at 1 January 2012	– 11,530	– 11,244	– 1,888	– 25,644	– 1,163	–	– 51,469
Amortisation charge for the year	– 4,439	– 2,683	– 688	– 2,884	– 158	–	– 10,852
Disposals	505	5	219	297	6	–	1,032
Changes in foreign exchange rates	74	–	2	4	– 3	–	77
Changes in scope of consolidation	–	–	– 35	398	117	–	480
Other movements	808	– 280	280	2	– 2	–	808
AT 31 DECEMBER 2012	**– 14,581**	**– 14,202**	**– 2,109**	**– 27,828**	**– 1,203**	**–**	**– 59,923**
NET VALUE AT 31 DECEMBER 2012	**40,365**	**8,252**	**4,765**	**8,511**	**372**	**7,009***	**69,274**

** Of which € 6.1 million is in progress development costs.*

€ thousands	Allocated intangible assets	Development costs	Patents and brands	Software	Other	In progress and advance payments	Total
Gross value at 1 January 2011	54,091	17,355	6,204	31,352	1,579	4,915	115,497
Acquisitions	–	18	314	1,198	57	5,080	6,667
Disposals	–	– 319	– 20	– 199	– 24	–	– 563
Changes in foreign exchange rates	1,531	– 1	290	5	– 6	3	1,823
Changes in scope of consolidation	641	–	–	–	–	–	641
Other movements	7	2,789	– 218	2,069	22	– 4,654	16
AT 31 DECEMBER 2011	**56,271**	**19,842**	**6,571**	**34,426**	**1,629**	**5,344**	**124,082**
Accumulated amortisation at 1 January 2011	– 6,862	– 8,655	– 1,243	– 23,319	– 1,375	–	– 41,454
Amortisation charge for the year	– 4,363	– 2,808	– 240	– 2,499	– 304	–	– 10,213
Disposals	–	319	20	186	–	–	525
Changes in foreign exchange rates	– 306	–	– 13	– 6	3	–	– 322
Changes in scope of consolidation	–	–	–	–	–	–	–
Other movements	–	– 101	– 412	– 6	513	–	– 5
AT 31 DECEMBER 2011	**– 11,530**	**– 11,244**	**– 1,888**	**– 25,644**	**– 1,163**	**–**	**– 51,469**
NET VALUE AT 31 DECEMBER 2011	**44,741**	**8,598**	**4,683**	**8,782**	**465**	**5,344***	**72,614**

** Of which € 4.7 million 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 2012, their gross value was € 28.6 million, of which € 6.1 million was in progress and net value of € 14.4 million.

The amount of research and development expenses recognised during the year was € 50.9 million (net of fixed asset production).

There are no contractual commitments to purchase intangible assets.

Allocated net intangible assets comprised € 36.5 million in customer relationships, € 0.7 million in patents and € 3.2 million in brands (indefinite life) at 31 December 2012.

12. Property, plant and equipment

→ 12.1. Property, plant and equipment by type

€ thousands	Land	Buildings	Plant, machinery and tools	Other	In progress and advance payments	Total
Gross value at 1 January 2012	18,589	126,528	246,843	54,373	17,902	464,235
Acquisitions	14	5,213	9,989	5,038	14,763	35,017
Disposals	–	– 1,411	– 6,005	– 3,209	–	– 10,625
Changes in foreign exchange rates	2	31	– 352	– 30	– 97	– 446
Changes in scope of consolidation	– 150	– 2,627	– 8,989	– 2,456	– 205	– 14,428
Other movements	591	3,530	10,504	188	– 14,803	10
AT 31 DECEMBER 2012	**19,046**	**131,263**	**251,989**	**53,904**	**17,560**	**473,762**
Accumulated depreciation at 1 January 2012	– 447	– 48,936	– 164,061	– 35,981	–	– 249,425
Depreciation charge for the year	– 120	– 5,527	– 18,158	– 5,662	–	– 29,467
Disposals	–	1,271	5,164	2,831	–	9,267
Changes in foreign exchange rates	–	– 20	256	23	–	259
Changes in scope of consolidation	–	537	7,499	1,360	–	9,397
Other movements	–	– 18	20	– 3	–	– 1
AT 31 DECEMBER 2012	**– 567**	**– 52,693**	**– 169,279**	**– 37,431**	**–**	**– 259,970**
NET VALUE AT 31 DECEMBER 2012	**18,479**	**78,570**	**82,710**	**16,473**	**17,560**	**213,792**

€ thousands	Land	Buildings	Plant, machinery and tools	Other	In progress and advance payments	Total
Gross value at 1 January 2011	18,411	123,514	230,056	50,463	6,861	429,305
Acquisitions	10	822	9,703	6,069	21,663	38,267
Disposals	–	– 81	– 2,018	– 2,988	–	– 5,087
Changes in foreign exchange rates	10	59	828	246	504	1,648
Changes in scope of consolidation	–	–	11	108	–	119
Other movements	158	2,214	8,263	476	– 11,126	– 16
AT 31 DECEMBER 2011	**18,589**	**126,528**	**246,843**	**54,373**	**17,902**	**464,235**
Accumulated depreciation at 1 January 2011	– 350	– 43,764	– 147,833	– 33,227	–	– 225,173
Depreciation charge for the year	– 97	– 5,154	– 17,257	– 5,260	–	– 27,769
Disposals	–	45	1,457	2,619	–	4,120
Changes in foreign exchange rates	–	– 51	– 337	– 160	–	– 548
Changes in scope of consolidation	–	–	– 9	– 49	–	– 58
Other movements	–	– 13	– 82	97	–	3
AT 31 DECEMBER 2011	**– 447**	**– 48,936**	**– 164,061**	**– 35,981**	**–**	**– 249,425**
NET VALUE AT 31 DECEMBER 2011	**18,142**	**77,591**	**82,783**	**18,393**	**17,902**	**214,810**

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.

→ 12.2. Property, plant and equipment under finance leases

€ thousands	31/12/12	31/12/11
Gross value		
Land	9,243	9,428
Buildings	40,577	45,754
Buildings in progress	–	1,597
Plant, machinery and tools	20,682	21,649
TOTAL	**70,502**	**78,427**
Accumulated depreciation		
Land	–	–
Buildings	– 11,178	– 11,410
Plant, machinery and tools	– 12,818	– 12,072
TOTAL	**– 23,996**	**– 23,482**
NET VALUE AT 31 DECEMBER	**46,505**	**54,945**

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

€ thousands	2012 liabilities undiscounted	2012 liabilities discounted
Less than 1 year	3,385	2,788
Between 1 and 5 years	11,039	9,280
More than 5 years	7,586	6,314
TOTAL	**22,011**	**18,383**

€ thousands	2011 liabilities undiscounted	2011 liabilities discounted
Less than 1 year	4,626	4,096
Between 1 and 5 years	13,909	12,380
More than 5 years	6,821	5,843
TOTAL	**25,355**	**22,318**

13. Impairment tests

At 31 December 2012, as at every year-end or every time that indications of impairment exist, the Somfy Group, in compliance with the requirements of IAS 36, re-examined 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.

For the purpose of impairment tests, goodwill generated on the acquisition of Dooya has been allocated to each cash generating unit and group of cash generating units liable to derive economic benefits of this business combination.

The goodwill thus generated by assuming control over this company was allocated as follows:

- To the Dooya CGU, for the portion of economic benefits that are directly attributable to it. This goodwill is monitored in the local currency;
- To a combination of CGUs belonging to the Somfy Activities division, for the portion of economic benefits that will flow to this CGU. This goodwill is monitored in Euro.

Cash flows are evaluated based on budgets and three-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 five years for companies in emerging markets, for which the growth potential and maturity are further away.

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

The growth rate used to project cash flows 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. Risk is mainly taken into account on a cash flow level.

In 2011 and 2012, cash flow discount rates, determined from market data, were 10% to 12% for European companies and 13% for the Chinese companies.

The main assumptions used by CGUs are specified in the following table (See Note 10):

€ thousands	Gross value	Impairment	Net value	Discount rate	Rate of growth to infinity
BFT	95,590	– 670	94,920	11%	2%
O&O	6,924	– 6,924	–	12%	2%
Zurflüh-Feller	17,144	–	17,144	10%	2%
Sirem	7,985	– 2,945	5,040	10%	2%
Domis	1,091	–	1,091	10%	2%
Axis	1,153	–	1,153	–	–
Pujol	5,680	– 5,680	–	12%	2%
Dooya	88,368	–	88,368	13%	2.5%
LianDa	8,452	– 8,452	–	–	–
Simu	1,862	–	1,862	10%	2%
Energy Eye	927	– 927	–	–	–
Other	649	– 276	373	10%	2%
TOTAL FULLY-CONSOLIDATED COMPANIES	**235,825**	**– 25,874**	**209,951**	**–**	**–**

The outlook for O&O, a subsidiary of BFT SpA, has deteriorated compared to the acquisition business plan. The unallocated goodwill was additionally impaired for € 2.8 million. It has now been fully written down.

The outlook for short and medium-term profit growth led to a review of the business plan of Pujol. The entire unallocated goodwill has been written down for € 5.7 million.

After indications of impairment were identified, the equity value of Oxygen (Astélia) was written down by € 0.5 million.

Following the persisting difficulties experienced by one of its subsidiaries, whose results fall short of its business plan, the goodwill of Sirem (a Somfy Participations company) was written down by € 0.9 million.

Somfy Participations wrote down € 2.3 million from the equity value of CIAT. This writedown follows a review of the business plan of the company due to difficulties encountered in the year.

Somfy Participations wrote down € 7.0 million from the equity value of Pellenc. This decision stems from results that fall short of expectations set out in the acquisition business plan.

Somfy Participations wrote down € 2.5 million from the equity value of Gaviota. This writedown stems from results that fall short of expectations.

For companies for which impairment was recognised, the revised business plan is based on assumptions of stable economic environment in 2013, particularly in Europe, and a slight recovery in 2014.

During the 2011 financial year, impairment tests gave rise to the recognition of a € 4.1 million impairment on O&O, the full impairment of Yorkshire Technology's goodwill (€ 0.3 million), a € 2.2 million impairment of Pujol's goodwill, offset by the waiver of the earn-out clause, a writedown of the equity value of Oxygen (Astélia) for € 0.5 million, all of which are Somfy Activities companies, and a € 2.0 million impairment of Sirem's goodwill, a Somfy Participations company.

No indication of impairment was noted on other Group CGUs at 31 December 2012.

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.

Analyses of the sensitivity of calculations to assumptions considered individually, including changes deemed reasonably possible in these assumptions, have highlighted scenarios where the recoverable value would fall below the book value of assets subject to the tests, therefore requiring additional impairment of the latter:

– A one percentage point increase in the discount rate would have required a € 0.3 million impairment of Dooya's goodwill.
  A two percentage point decrease in the EBITDA to sales ratio of the last year used for the calculation of the terminal value would not have required any writedown;

– A one percentage point increase in the discount rate may lead to the recognition of a € 4.9 million impairment of BFT's goodwill.
A two percentage point decrease in the EBITDA to sales ratio of the last year used for the calculation of the terminal value would have required a writedown of € 0.2 million;
– As the Gaviota Group primarily operates in Southern Europe, an increase of one percentage point in the discount rate used (11.5%) would have required an additional writedown of € 2.3 million.
A one percentage point decline 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 € 1.5 million at 31 December 2012;
– The goodwill of Sirem Group was impaired by € 0.9 million, a one percentage point increase in the discount rate would have required an additional writedown of € 2.0 million at 31 December. 2012. A one percentage point decline in the EBITDA to sales ratio used for the calculation of the terminal value would have required an additional writedown of € 1.3 million;
– A one percentage point increase in the discount rate or a one percentage point decrease in the EBITDA to sales ratio would have led to respective additional writedowns of € 7.7 million and € 3.9 million of Pellenc's equity value;
– The CIAT Group remains sensitive to the various parameters, as a one percentage point increase in the discount rate would have required an additional writedown of € 8.7 million at 31 December 2012. A one percentage point decline 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 € 6.3 million.

Impairment tests carried out on the value in use of the assets of other CGUs (+/– 1 percentage point change in the discount rate and +/– 1 point change in the EBITDA to sales ratio) did not provide any indication of impairment.

14. Equity-accounted companies

€ thousands	31/12/12	31/12/11
Equity-accounted companies at the beginning of the year	115,008	48,625
Change in scope of consolidation and other*	5,373	65,096
Share of profit of equity-accounted companies	2,278	44
Dividends paid	– 489	– 186
Changes in foreign exchange rates	– 302	41
Charge for impairment**	– 12,350	1,388
EQUITY-ACCOUNTED COMPANIES AT THE END OF THE YEAR	**109,517**	**115,008**

** In 2012: acquisition of 51% of Neocontrol and additional 4.5% stake in CIAT, change of Axis consolidation method.*
In 2011: acquisition of 47.23% of Pellenc Group and 40% of Storm, disposal of Firstinnov.
*** In 2012: charges of € 7 million for Pellenc, € 2.5 million for Gaviota Simbac, € 2.3 million for CIAT and € 0.5 million for Oxygen (Astélia).*
In 2011: charge of € 0.5 million for Oxygen (Astélia) and reversal of € 1.9 million for Firstinnov.

The principal equity-accounted companies are as follows:

€ thousands	31/12/12	31/12/11
CIAT held at 44.5%		
Sales	270,548	297,480
Current operating result	5,594	5,501
Net profit/loss (Group share)	– 7,731	2,406
Total assets	296,476	311,949
Equity-accounted value	28,416	28,794

€ thousands	31/12/12	31/12/11
Gaviota Simbac held at 46.5%		
Sales	56,447	56,811
Current operating result	2,891	3,400
Net profit/loss (Group share)	– 117	1,567
Total assets	68,101	65,197
Equity-accounted value	17,274	19,842

€ thousands	31/12/12	31/12/11
Pellenc held at 47.23%		
Sales	120,417	–
Current operating result	10,203	–
Net profit/loss (Group share)	8,700	–
Total assets	153,784	–
Equity-accounted value	60,784	64,869

This company has been equity-accounted by the Somfy Group from 31 December 2011. Therefore, this acquisition had no impact on the income statement for the 2011 financial year.

Pellenc's initial goodwill recognised in 2011 was € 24.8 million. The purchase price allocation process led to the reallocation of € 8.2 million of this amount (€ 2.2 million to customer relationship and € 6.0 million to technology), resulting in post-allocation goodwill of € 16.6 million.

15. Financial assets

€ thousands	31/12/12	31/12/11
Available-for-sale financial assets	138,271	132,200
– *Non-controlling equity investments**	*138,193*	*132,200*
– *Marketable securities*	*78*	–
Unlisted bonds receivables**	81,461	76,831
Loans***	5,766	6,801
Other	2,276	3,564
CURRENT AND NON-CURRENT FINANCIAL ASSETS	**227,774**	**219,396**
Due within one year	835	1,997
NON-CURENT FINANCIAL ASSETS	**226,939**	**217,399**

** The value of the investment in FAAC was revalued by € 3.0 million. Somfy made equity investments of 10% in Cotherm Evolution for € 1.1 million and 25% in Sofilab 4 for € 1.6 million, and invested € 0.3 million in funds.*
***Somfy SA subscribed to a subordinated bond (mezzanine) issued by CIAT with a nominal value of € 48.0 million to be repaid in 2016. Capitalised interest amounted to € 5.1 million in 2012 and € 4.7 million in 2011. At 31 December 2012, the receivable amounted to € 67.9 million.*
Somfy SA also subcribed to convertible and conventional bonds issued by Garen Automaçao, valued at € 10.8 million and € 1.5 million, respectively, at 31 December 2012.
Somfy SA also subscribed to convertible bonds issued by Sofilab 4 for € 0.8 million.
**** Including a three-year loan granted by Somfy SA to CIAT with a nominal value of € 5.0 million. Capitalised interest amounted to € 0.1 million in 2012 and 2011.*

Non-controlling equity investments notably include a 34% investment in the share capital of FAAC, valued at € 131.0 million (level 3 as defined by IFRS 7, value obtained using the discounted cash flow method).

Financial assets available-for-sale and marketable securities are recorded at fair value.

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.

16. Other non-current receivables

This heading primarily includes the € 8.7 million outstanding balance on the agta record selling price, which is to be collected by early 2013 at the latest.

17. Inventories

€ thousands	31/12/12	31/12/11
Gross		
Raw materials and other supplies	49,766	55,000
Finished goods and merchandise	94,134	94,640
TOTAL	**143,900**	**149,640**
Provisions	**– 11,393**	**– 10,736**
NET	**132,506**	**138,904**

€ thousands	Value 31/12/11	Net charges	Exchange rate movements	Other movements	Value 31/12/12
Inventory provisions	– 10,736	– 1,267	32	577	– 11,393

18. Trade receivables

€ thousands	31/12/12	31/12/11
Gross value	161,791	155,370
Provision	– 12,789	– 10,754
NET VALUE	**149,002**	**144,616**

€ thousands	Value 31/12/11	Charges	Used reversals	Unused reversals	Exchange rate movements	Other movements	Value 31/12/12
Provisions for bad debts	– 10,754	– 4,188	1,233	688	– 52	283	– 12,789

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	110,315	29,930	7,817	3,182	10,547	161,791

There is limited customer credit risk on Spanish, Portuguese and Greek subsidiaries. They represent 6% of total trade receivables of the Group.

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	31/12/12	31/12/11
Gross value		
Receivables from employees	1,058	1,018
Other taxes (including VAT)	6,392	8,184
Prepaid expenses	4,084	7,267
Other receivables	4,468	4,386
TOTAL	**16,003**	**20,855**

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

20. Cash and cash equivalents

€ thousands	31/12/12	31/12/11
Cash	73,325	57,625
Cash equivalents	13,472	14,220
CASH AND CASH EQUIVALENTS	**86,797**	**71,845**

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

21. Provisions

→ 21.1. Non-current provisions

€ thousands	Provisions for guarantees	Provisions for litigation	Provision for employee liability	Provisions for liabilities and charges	Total 2012
At 1 January	4,083	1,172	934	3,006	9,196
Provision charges	138	982	31	569	1,720
Used reversals	–	–	– 26	– 250	– 276
Unused reversals	–	– 300	– 90	– 404	– 794
Impact of foreign exchange rates	– 10	–	–	– 10	– 20
Other movements	– 18	–	– 160	–	– 178
AT 31 DECEMBER	**4,193**	**1,854**	**689**	**2,911**	**9,647**

The charges net of reversals (used and unused) impacted current operating result by a negative € 0.8 million and other operating income and expenses by a positive € 0.2 million.

→ 21.2. Current provisions

€ thousands	Provisions for guarantees	Provisions for litigation	Provisions for liabilities and charges	Total 2012
At 1 January	4,546	4,858	1,391	10,794
Provision charges	– 125	1,065	4,234	5,174
Used reversals	–	– 1,571	– 621	– 2,192
Unused reversals	–	– 1,511	– 338	– 1,848
Impact of foreign exchange rates	– 8	–	– 10	– 18
Other movements	– 90	28	288	226
AT 31 DECEMBER	**4,323**	**2,869**	**4,945**	**12,137**

The change in current provisions was primarily due to WAY's € 3.0 million restructuring charge.

The charges net of reversals (used and unused) impacted current operating result by a positive € 1.5 million and other operating income and expenses by a negative € 2.7 million.

22. Financial liabilities

→ 22.1. Analysis by category

€ thousands	31/12/12	31/12/11
Borrowings from credit institutions	64,310	88,570
Lease commitments	18,383	22,318
Other borrowings and financial liabilities*	43,343	50,187
NON-CURRENT AND CURRENT FINANCIAL LIABILITIES	**126,036**	**161,075**
Due within one year	52,672	84,104
CURRENT FINANCIAL LIABILITIES	**73,364**	**76,972**

** Including liabilities related to put options granted to holders of non-controlling interests and earn-out of € 43.0 million in 2012 and € 40.3 million in 2011.*

→ 22.2. Analysis by maturity

€ thousands	31/12/12	31/12/11
Less than 1 year*	52,673	84,104
Between 1 and 5 years*	67,001	39,781
More than 5 years*	6,363	37,191
TOTAL	**126,036**	**161,075**

** Including liabilities related to put options granted to holders of non-controlling interests and earn-out of € 43.0 million in 2012 and € 40.3 million in 2011.*

→ 22.3. Analysis by rate

€ thousands	31/12/12	31/12/11
Variable rate *€ 29.5 million swaps*	73,098	106,472
Fixed rate	9,684	4,499
Non-interest bearing*	43,253	50,104
TOTAL	**126,036**	**161,075**

** Including liabilities related to put options granted to holders of non-controlling interests and earn-out of € 43.0 million in 2012 and € 40.3 million in 2011.*

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

→ 22.4. Analysis by currency

€ thousands	31/12/12	31/12/11
Euro*	78,597	121,145
USD	–	3
Other*	47,439	39,927
TOTAL	**126,036**	**161,075**

** Including liabilities related to put options granted to holders of non-controlling interests and earn-out of € 43.0 million in 2012 and € 40.3 million in 2011.*

→ 22.5. Secured liabilities

At 31 December 2012, the shares of target companies were pledged against Somfy SA liabilities entered into within the framework of LBOs representing € 28.5 million.

→ 22.6. Covenants

At 31 December 2012, Somfy SA had a total of € 148.6 million medium-term loan facilities (confirmed credit lines) with five banks, of which € 10.1 million had 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 (net financial debt/shareholder's equity) and its ability to repay (net financial debt/cash flow and net financial debt/EBITDA).

Somfy SA was in compliance with all of these covenants at 31 December 2012.

Since 2006, Somfy has completed 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 2012, Zurflüh-Feller was in compliance with its covenants. Conversely, Sirem did not comply with its covenants at the 2012 year-end. The debt is kept in current financial liabilities.

At 31 December 2012, CIAT, a 44.5%-owned equity-accounted company, complied with its covenants.

23. Analysis of net financial debt

€ thousands	31/12/12	31/12/11
Financial liabilities*	126,036	161,075
Financial assets	75,719	73,519
– Marketable securities	*78*	*–*
*– Unlisted bonds receivables***	*69,413*	*65,307*
*– Loans****	*5,766*	*6,801*
– Other	*462*	*1,411*
Cash and cash equivalents	86,797	71,845
NET FINANCIAL DEBT	**– 36,481**	**15,711**
NET FINANCIAL DEBT BEFORE UNLISTED BONDS RECEIVABLES	**32,932**	**81,018**

(–) Net financial surplus

** Including liabilities related to put options granted to holders of non-controlling interests and earn-out of € 43.0 million in 2012 and € 40.3 million in 2011.*
*** Somfy SA subscribed to a subordinated bond (mezzanine) issued by CIAT with a nominal value of € 48.0 million to be repaid in 2016. Capitalised interest amounted to € 5.1 million in 2012 and € 4.7 million in 2011. At 31 December 2012, the receivable amounted to € 67.9 million.*
Somfy SA also subcribed to a conventional bond issued by Garen Automaçao, valued at € 1.5 million at 31 December 2012.
Convertible bonds are excluded from the calculation of net financial debt.
**** Including a three-year loan granted by Somfy SA to CIAT with a nominal value of € 5.0 million. Capitalised interest amounted to € 0.1 million in 2012 and 2011.*

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24. Financial instruments recognised in the balance sheet

€ thousands	Amount at 31/12/12	Loans and receivables	Available-for-sales assets *(Fair value recognised in reserves)*	Assets 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	226,939	88,675	138,264	–	–	–
Current financial assets	835	835	–	–	–	–
Current derivative instruments	113	–	–	–	107	6
Cash and cash equivalents	86,797	84,390	–	2,407	–	–
Liabilities						
Non-current financial liabilities	73,364	32,113	–	–	41,251	–
Non-current derivative instruments	1,744	–	–	–	1,517	227
Current financial liabilities	52,672	50,903	–	–	1,769	–
Current derivative instruments	–	–	–	–	–	–

€ thousands	Amount at 31/12/11	Loans and receivables	Available-for-sales assets *(Fair value recognised in reserves)*	Assets 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	217,399	85,199	132,200	–	–	–
Current financial assets	1,997	1,997	–	–	–	–
Current derivative instruments	–	–	–	–	–	–
Cash and cash equivalents	71,845	68,293	–	3,552	–	–
Liabilities						
Non-current financial liabilities	76,972	44,140	–	–	32,831	–
Non-current derivative instruments	2,570	–	–	–	1,740	829
Current financial liabilities	84,104	76,625	–	–	7,479	–
Current derivative instruments	1,646	–	–	–	1,540	106

The method for determining the fair value of non-current financial assets (non-consolidated shares) is disclosed in Note 15.

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.

25. Risk management

→ Foreign exchange risk

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

Over 65% of consolidated Group sales are generated in the Euro zone.

Foreign currency denominated assets represent 12.3% of total assets at 31 December 2012. Consequently, a variation in foreign exchange rates would not have a significant effect on total assets.

Derivative financial instruments principally consist of forward exchange contracts.

Since 1 July 2010, Somfy Group has applied hedge accounting to foreign currency hedging instruments. The effective portion of fair value movements was therefore taken to equity and the ineffective portion was recognised in financial income/loss.

The impact of the effective portion of hedgings on equity at 31 December 2012, was € 1,162 thousand (€ 742 thousand net of deferred tax) and the impact on profit and loss was a positive € 485 thousand (transfer from equity).

The ineffective portion of hedgings amounted to a positive € 6 thousand at 31 December 2012 compared to a negative € 11 thousand at 31 December 2011 resulting in a positive impact of € 17 thousand on the income statement.

31/12/12	Hedging of balance sheet items	Hedging of off-balance sheet items	Total *€ thousands*	Fair value *€ thousands*	Types
AUD	1,266	722	1,988	20	Forward sale
CAD	619	–	619	23	Forward sale
CHF	1,514	1,247	2,761	15	Forward sale
GBP	1,070	938	2,008	44	Forward sale
HKD	1,283	–	1,283	11	Forward sale
ILS	307	1,786	2,093	–25	Forward sale
JPY	584	–	584	56	Forward sale
KRW	404	1,243	1,646	–43	Forward contract without delivery
PLN	596	–	596	–13	Forward sale
SEK	2,144	–	2,144	46	Forward sale
SGD	474	565	1,039	17	Forward sale
TRY	763	–	763	2	Forward sale
USD	1,661	–	1,661	–44	Forward sale
	12,686	**6,501**	**19,187**	**108**	

31/12/11	Hedging of balance sheet items	Hedging of off-balance sheet items	Total *€ thousands*	Fair value *€ thousands*	Types
AUD	1,718	969	2,686	–338	Forward sale
CAD	417	366	784	–31	Forward sale
CHF	1,527	6,884	8,411	124	Forward sale
GBP	573	691	1,264	–52	Forward sale
HKD	1,518	749	2,267	–199	Forward sale
ILS	568	1,207	1,775	–19	Forward sale
JPY	117	–	117	–17	Forward sale
KRW	780	759	1,539	–25	Forward contract without delivery
PLN	3,414	–	3,414	169	Forward sale
SEK	1,017	893	1,909	–46	Forward sale
SGD	406	237	643	–23	Forward sale
USD	3,751	9,186	12,937	–1,095	Forward sale
	15,805	**21,940**	**37,745**	**–1,551**	

→ Interest rate risk

The majority of the Group companies' financial liabilities is at variable rate. Interest rate hedgings had a nominal value of € 29.5 million at 31 December 2012 compared to € 64.2 million in 2011.

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 € 1.7 million in 2012 compared to € 2.6 million in 2011, being a positive impact of € 0.5 million on net financial income, of € 0.2 million on reserves and a positive impact of € 0.1 million on operating result from the disposal of Cotherm.

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 securitise its assets.

The Group avails of confirmed medium-term bank facilities, which have not been drawn to date.

→ Investment risk

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

→ Credit risk

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

26. Employee benefits

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

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 2012, actuarial differences recognised in reserves amounted to a negative € 5.9 million (i.e. a negative € 9.3 million in "Employee benefits" and a positive € 3.4 million in deferred tax).

Movements between 2011 and 2012 can be analysed as follows:

→ Retirement benefits – France

€ thousands	Projected benefit obligation	Plan assets	Net initial obligation	Balance sheet position	Past service cost
31 DECEMBER 2011	**11,885**	**– 4,139**	**7,746**	**7,129**	**617**
Net expenses for the period:	346	– 127	219	1,269	– 1,050
– Current service cost and financial cost	*346*	–	*346*	*346*	–
– Return on plan assets	–	*– 127*	*– 127*	*– 127*	–
– Amortisation of gains and losses and past service cost	–	–	–	*1,050*	*– 1,050*
– Employee contributions	–	–	–	–	–
Contributions paid	–	– 1,572	– 1,572	– 1,572	–
Benefits paid	– 107	69	– 38	– 38	–
Actuarial gains & losses / Past service cost	3,027	21	3,048	3,048	–
Movements in foreign exchange rates	–	–	–	–	–
Movements in scope of consolidation	905	–	905	– 595	1,500
31 DECEMBER 2012	**16,056**	**– 5,748**	**10,308**	**9,241**	**1,067**

€ thousands	Projected benefit obligation	Plan assets	Net initial obligation	Balance sheet position	Past service cost
31 DECEMBER 2010	**10,959**	**– 4,146**	**6,813**	**5,992**	**821**
Net expenses for the period:	1,114	– 132	982	1,187	– 205
– *Current service cost and financial cost*	*1,114*	–	*1,114*	*1,114*	–
– *Return on plan assets*	–	*– 132*	*– 132*	*– 132*	–
– *Amortisation of gains and losses and past service cost*	–	–	–	*205*	*– 205*
– *Employee contributions*	–	–	–	–	–
Contributions paid	–	5	5	5	–
Benefits paid	– 145	124	– 21	– 21	–
Actuarial gains & losses / Past service cost	– 66	33	– 33	– 34	1
Movements in foreign exchange rates	–	–	–	–	–
Movements in scope of consolidation	23	– 23	–	–	–
31 DECEMBER 2011	**11,885**	**– 4,139**	**7,746**	**7,129**	**617**

→ Retirement benefits – Other

€ thousands	Projected benefit obligation	Plan assets	Net initial obligation	Balance sheet position
31 DECEMBER 2011	**25,920**	**– 19,141**	**6,779**	**6,779**
Net expenses for the period:	622	– 697	– 75	– 75
– *Current service cost and financial cost*	*622*	–	*622*	*622*
– *Return on plan assets*	–	*– 655*	*– 655*	*– 655*
– *Amortisation of gains and losses*	–	–	–	–
– *Employee contributions*	–	*– 42*	*– 42*	*– 42*
Contributions paid	–	– 943	– 943	– 943
Benefits paid	– 9,360	9,246	– 114	– 114
Actuarial gains & losses	999	– 140	859	859
Movements in foreign exchange rates	– 345	155	– 190	– 190
Movements in scope of consolidation	– 2,586	2,581	– 5	– 5
31 DECEMBER 2012	**15,250**	**– 8,939**	**6,311**	**6,311**

€ thousands	Projected benefit obligation	Plan assets	Net initial obligation	Balance sheet position
31 DECEMBER 2010	**21,150**	**– 16,950**	**4,200**	**4,200**
Net expenses for the period:	3,036	– 1,996	1,040	1,040
– Current service cost and financial cost	*3,036*	–	*3,036*	*3,036*
– Return on plan assets	–	*– 1,981*	*– 1,981*	*– 1,981*
– Amortisation of gains and losses	–	–	–	–
– Employee contributions	–	*– 15*	*– 15*	*– 15*
Contributions paid	–	– 958	– 958	– 958
Benefits paid	– 760	442	– 318	– 318
Actuarial gains & losses	2,003	545	2,548	2,548
Movements in foreign exchange rates	491	– 224	267	267
Movements in scope of consolidation	–	–	–	–
31 DECEMBER 2011	**25,920**	**– 19,141**	**6,779**	**6,779**

→ Long service and jubilee awards

€ thousands	31/12/11	Cost	Benefits paid	Changes in scope of consolidation and foreign exchange rates	31/12/12
Actuarial liabilities	1,432	222	– 81	1	1,575

€ thousands	31/12/10	Cost	Benefits paid	Changes in scope of consolidation and foreign exchange rates	31/12/11
Actuarial liabilities	1,427	27	– 26	4	1,432

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

€ thousands	31/12/11	Cost	Benefits paid	Changes in scope of consolidation	31/12/12
Liabilities	2,624	1,027	– 919	24	2,756

€ thousands	31/12/10	Cost	Benefits paid	Changes in scope of consolidation	31/12/11
Liabilities	2,956	1,019	– 1,351	–	2,624

The impact of defined benefits on the income statement impacted employee expenses by € 1.2 million.

The main actuarial assumptions used are as follows:

At 31 December	2012	2011
Discount rate		
France	3.0%	4.0%
Germany	3.0%	4.0%
United States	3.6%	4.5%
Other	3.0 – 3.6%	3.5 – 4.6%
Long-term yield expected from pension plan assets		
France	3.0 – 3.1%	2.4 – 3.5%
Germany	0.0%	0.0%
United States	6.0%	6.0%
Other	2.4 – 3.4%	2.4 – 4.6%
Future salary increases		
France	2.0 – 3.0%	1.0 – 3.0%
Germany	0.0%	0.0%
United States	2.0%	2.0%
Other	2.0 – 9.0%	2.0 – 8.0%

The sensitivity of the gross retirement benefit commitment based on a variation of +1%/−1% in discount rate is −14.2%/+17.1%, respectively.

At 31 December 2012 the Individual Training Right gave rise to the recognition of a provision of € 0.5 million. Rights in respect of training were 204,697 hours at 31 December 2012 compared to 201,287 hours at the 2011 year-end. The amount of rights used during the year was insignificant.

27. Other liabilities

€ thousands	31/12/12	31/12/11
Social liabilities	59,407	55,181
Tax liabilities	9,425	9,594
Deferred income	774	504
Fixed assets suppliers	3,872	3,806
Other	7,790	7,053
TOTAL	**81,269**	**76,138**

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

28. Share-based payments

In accordance with IFRS 2, share options are valued at market value at the date of allocation and subsequently amortised through the income statement over the vesting period (four 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 account of 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 2012, the cost was € 0.4 million and was recognised in employee expenses (€ 0.7 million in 2011).

Plan date	Number of beneficiaries	Number of options allocated originally	Ajusted number of exercisable options*	Exercice price of option (€)	Option expiry date
31/03/06	9	36,200	6,157	185.00	31/03/14
02/04/08	88	29,550	24,475	155.00	31/01/14

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

Movements in share option plans in 2011 and 2012 were as follows:

	2012		2011	
	Number of options	Weighted average exercise price (€)	Number of options	Weighted average exercise price (€)
Unexercised options at 1 January	32,307	160.72	58,842	169.93
Options granted	–	–	–	–
Options cancelled	– 1,650	155.00	– 21,122	180.74
Options exercised	– 25	155.00	– 5,413	182.78
UNEXERCISED OPTIONS AT YEAR-END	**30,632**	**161.03**	**32,307**	**160.72**
OPTIONS EXERCISABLE AT YEAR-END	**30,632**	**161.03**	**6,157**	**185.00**

At 31 December 2012, unexercised option plans were as follows:

Plan date	Exercise price (€)	Number of unexercised options	Remaining life to option maturity (days)
31/03/06	185.00	6,157	455
02/04/08	155.00	24,475	396

29. Proposed dividends

	31/12/12	31/12/11
Total number of shares	7,836,800	7,836,800
Treasury shares	433,109	356,583
Par value	€ 1	€ 1
Proposed dividends	€ 4.80	€ 5.20

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.

30. Analysis of cash flow statement

→ 30.1. Cash and cash equivalents

€ thousands	31/12/12	31/12/11
CASH AT THE START OF THE YEAR	**66,002**	**84,919**
Cash and cash equivalents	71,845	86,993
Bank overdrafts	– 5,843	– 2,074
CASH AT THE END OF THE YEAR	**70,435**	**66,002**
Cash and cash equivalents	86,797	71,845
Bank overdrafts	– 16,362	– 5,843

→ 30.2. Intangible assets and property, plant and equipment

Receivables and liabilities related to intangible assets and property, plant and equipment are included in investment activities in the cash flow statement and increased by € 0.3 million at 31 December 2012 compared to € 2.9 million in 2011.

During 2012, the Group acquired intangible assets and property, plant and equipment totalling € 42.5 million.

30.3. Change in working capital requirements

€ thousands	31/12/12	31/12/11
Net decrease/(increase) in inventory	1,360	– 17,990
Net decrease/(increase) in trade receivables	– 10,591	– 1,845
Net (decrease)/increase in trade payables	– 8,715	1,931
Net movement in other receivables and payables	9,983	– 4,955
CHANGE IN WORKING CAPITAL REQUIREMENTS	**– 7,962**	**– 22,859**

31. Off-balance sheet commitments

The Group's commitments comprise the following:

31.1. Commitments granted

€ thousands	31/12/12	31/12/11
Guarantees, deposits and pledges granted	5,818	1,086
Interest over the remaining terms of loan	6,163	7,522
Rental payments remaining on operating leases	23,746	22,919
Copper forward purchase	6,906	6,496
Foreign currency forward sale	6,501	21,940
Commitments to funds investments	5,915	5,404
TOTAL	**55,049**	**65,368**

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.

31.2. Commitments received

€ thousands	31/12/12	31/12/11
Guarantees, deposits and pledges received	18,342	24,990
Unused credit lines	149,532	89,718
TOTAL	**167,874**	**114,708**

31.3. Commitments to acquire additional shares of companies not fully-consolidated

The new CIAT shareholders' agreement signed early in December 2012 withdrew the mutual put/call option provided for by the original agreement.

In December 2011, Somfy Participations made an equity investment of 47.23% of the capital of Pellenc. As this transaction involves a change of ownership, the agreement provides, as specified in the undertakings to sell and to purchase, for Somfy Participations to acquire all the shares by 2015, subject to the achievement of certain targets. Mr Pellenc holds a put option exercisable between 1 January 2014 and 31 December 2014. Somfy Participations holds a call option exercisable between 1 January 2015 and 30 June 2015.

In mid-May 2011, Somfy Activities finalised its agreement with the shareholders of Garen Automaçao, which will eventually provide the Group with the option of assuming control of this company. Initially, Somfy's commitment was limited to the subscription in convertible and conventional bonds issued by Garen. A 2016 call option and respective put option have been provided for by the contract for the entire share capital.

During August 2012, Somfy Activities made a 51% equity investment in Neocontrol. The transaction provides for a first mutual put/call option exercisable in 2014 for 10% of the share capital, and a second option for the remaining 39% exercisable in 2017.

32. 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.

33. Employee information

Average headcount

Somfy Group's workforce at 31 December 2012, including temporary and part-time employees recorded on a full-time equivalent basis, was as follows:

	31/12/12	31/12/11
Average workforce	8,095	7,824

34. Related-party disclosures

Related parties are:
- The parent company;
- Companies which exert joint control or a significant influence over the company;
- Subsidiaries;
- Associates;
- Joint ventures;
- Members of the Management Board and the Management Committee.

→ 34.1. Transactions with associates

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

€ thousands	31/12/12	31/12/11
Sales	1,690	1,200
Other revenues	160	227
Purchase of goods	1,621	1,729
Other charges	7	7
Interest received	6,086	5,734
Trade receivables	1,902	1,937
Trade payables	280	357
Borrowings	5,394	5,593
Accrued interest	20	49
Bonds	80,179	76,411

→ 34.2. Gross remuneration of Management and Supervisory Board members

€ thousands	31/12/12	31/12/11
Short term benefits	1,576	1,748
Post employment benefits	198	155
Share-based payments	13	46

** Including past service costs.*

Share-based payments represent the cost of the 2008 share option plan.

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.

35. Post-balance sheet event

Somfy Activities acquired the remaining 60% of the capital of Stor'm for € 0.5 million on 21 February 2013.

36. Scope of consolidation

All companies have a 31 December year-end.

Company name	Head office	% control 31/12/12	% interest 31/12/12	% interest 31/12/11
Somfy SA	74300 Cluses (France)	(parent company)	(parent company)	(parent company)
Fully-consolidated companies				
Somfy SAS	Cluses (France)	100.00	100.00	100.00
CMC EURL	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
SITEM SARL	Zaghouan (Tunisia)	100.00	100.00	100.00
SITEM Services	Zaghouan (Tunisia)	100.00	100.00	100.00
SOPEM	Cracovie (Poland)	100.00	100.00	–
Somfy Ltd	Yeadon (Angleterre)	100.00	100.00	100.00

Company name	Head office	% control 31/12/12	% interest 31/12/12	% interest 31/12/11
Yorkshire Technology	Bradford (UK)	100.00	100.00	100.00
Klereo SARL	Montesson (France)	–	–	49.00
Axis Automatismes	Darnetal (France)	100.00	100.00	–
Somfy PTY Ltd	Rydalmere (Australia)	100.00	100.00	100.00
Somfy Automation Services PTY	Rydalmere (Australia)	100.00	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 Columbia SAS	Bogota (Colombia)	100.00	100.00	100.00
Somfy Chili	Chile	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	Warsaw (Poland)	100.00	100.00	100.00
Somfy Spol sro	Prague (Czech Republic)	100.00	100.00	100.00
SC Somfy SRL	Brasov (Romania)	100.00	100.00	100.00
Somfy LLC	Moscow (Russia)	100.00	100.00	100.00
Somfy SIA	Riga (Latvia)	100.00	100.00	100.00
Somfy LLC	Kiev (Ukraine)	100.00	100.00	100.00
Somfy Bulgaria AD	Sofia (Bulgaria)	100.00	100.00	100.00
Somfy Joo	Seoul (Korea)	100.00	100.00	100.00
Somfy Italia SRL	Milan (Italy)	100.00	100.00	100.00
Somfy BV	Hoofddorp (Netherlands)	100.00	100.00	100.00
Somfy Espana SA	Barcelona (Spain)	100.00	100.00	100.00
Automatismos Pujol SL	Barcelona (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 (Italia)	100.00	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 Nordic AB	Limhamn (Sweden)	100.00	100.00	100.00
Somfy PTE Ltd	Singapore	100.00	100.00	100.00
Somfy Thailand	Bangkok (Thailand)	100.00	100.00	100.00
Somfy Taiwan Co Ltd	Taipei (Taiwan)	100.00	100.00	100.00
Dooya China	Ningbo (China)	70.00	70.00	70.00
Somfy Co Ltd	Hong-Kong	100.00	100.00	100.00
Somfy China Co Ltd	Shanghai (China)	100.00	100.00	100.00
Lian Da	Zhejiang (China)	95.00	95.00	80.00
Somfy Middle East Co Ltd	Limassol (Republic of Cyprus)	100.00	100.00	100.00
Somfy Egypt	Cairo (Egypt)	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

Company name	Head office	% control 31/12/12	% interest 31/12/12	% interest 31/12/11
Somfy Hellas SA	Acharnai (Greece)	100.00	100.00	100.00
Somfy Ev Otomasyon Sistemleri Ticaret Ltd Sti	Istanbul (Turkey)	100.00	100.00	100.00
Somfy South Africa (PTY) Limited	Durban (South Africa)	100.00	100.00	100.00
Somfy Tunisie	Tunis (Tunisia)	100.00	100.00	–
Somfy Tunisie Services	Tunis (Tunisia)	100.00	100.00	–
Somfy Mexico SA DE CV	Tlalnepantla (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	Poway (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
WAY SRL	San Vincenzo (Italy)	100.00	100.00	100.00
Overkiz SAS	Archamps (France)	80.00	80.00	80.00
SEM-T	Cluses (France)	100.00	100.00	100.00
DSG	Mouscron (Belgium)	100.00	100.00	100.00
TTMD SA	Geneva (Switzerland)	100.00	100.00	100.00
BFT SpA	Schio (Italy)	100.00	100.00	100.00
Automatismes BFT France SAS	Saint-Priest (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)	100.00	100.00	100.00
BFT Automation UK Limited	Stockport (UK)	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	Trento (Italy)	100.00	100.00	100.00
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 (UK)	100.00	100.00	100.00
BFT Languedoc SAS	Nîmes (France)	–	–	100.00
BFT Sud-Ouest SAS	Toulouse (France)	–	–	90.00
BFT Australie	Sydney (Australia)	100.00	100.00	100.00
BFT CZ Sro	Prague (Czech Republic)	100.00	100.00	100.00
BFT Piemonte	Dronero (Italy)	90.00	90.00	90.00
BFT France SAS	Marseille (France)	–	–	100.00
O&O	Corregio (Italy)	90.00	90.00	90.00
O&O France Distribution	Aubagne (France)	100.00	100.00	100.00

Company name	Head office	% control 31/12/12	% interest 31/12/12	% interest 31/12/11
BFT Veneto	Schio (Italy)	100.00	100.00	100.00
BFT Autoferm Ouest SARL	Saint-Philbert-de-Grand-Lieu (France)	–	–	100.00
BFT Anatolia	Istanbul (Turkey)	100.00	100.00	100.00
BFT Istanbul	Istanbul (Turkey)	100.00	100.00	100.00
BFT Grèce	Athens (Greece)	100.00	100.00	100.00
BFT Eire	Dublin (Ireland)	100.00	100.00	100.00
BFT Gulf	Dubai (United Arab Emirates)	100.00	100.00	100.00
BFT China	Shanghai (China)	100.00	100.00	100.00
Mastercom	Saint Laurent du Var (France)	100.00	100.00	–
BFT Lazio S.r.l.	Rome (Italy)	60.00	60.00	–
TRS Standard S.r.l.	Vérone (Italy)	60.00	60.00	–
Cotherm Participation SA	Vinay (France)	–	–	65.00
Cotherm SAS	Vinay (France)	–	–	65.00
Cotherm Tunisie SARL	Ben Arous (Tunisia)	–	–	65.00
Cotherm North America	Warwick (United States)	–	–	58.50
Cotherm UK	Suffolk (UK)	–	–	65.00
Cotherm SCI	Ben Arous (Tunisia)	–	–	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 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-accounted companies				
Groupe Gaviota	Sax (Spain)	46.50	46.50	46.50
Groupe CIAT	Culoz (France)	44.50	44.50	40.00
Oxygen SARL (Astélia)	Lyon (France)	40.00	40.00	40.00
Axis Automatismes	Darnetal (France)	–	–	40.00
Groupe Pellenc	Pertuis (France)	47.23	47.23	47.23
Stor'm	Saint Clair de la Tour (France)	40.00	40.00	40.00
Neocontrol	Belo Horizonte (Brazil)	51.00	51.00	–

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8 | Parent company financial statements

→ | Balance sheet at 31 December 2012

Balance sheet assets

€ thousands	31/12/12 Net	31/12/11 Net
Non-current assets		
Intangible assets	7	7
Property, plant and equipment	–	–
Financial assets	553,392	536,334
Total non-current assets	**553,398**	**536,341**
Current assets		
Inventory and work-in-progress	–	–
Trade receivables	752	445
Other receivables and prepaid expenses	30,670	39,807
Marketable securities	55,062	51,588
Bank and cash	482	1,284
Total current assets	**86,967**	**93,125**
TOTAL ASSETS	640,366	629,465

Balance sheet equity and liabilities

€ thousands	31/12/12	31/12/11
Shareholders' equity		
Share capital	7,837	7,837
Share premium	1,866	1,866
Reserves	418,777	328,295
Profit for the year	87,034	128,982
Total shareholders' equity	**515,514**	**466,980**
Provisions for liabilities and charges	**3,204**	**2,493**
Liabilities		
Borrowings and financial liabilities	24,606	39,245
Trade payables	1,006	2,590
Other liabilities and deferred income	96,036	118,158
Total liabilities	**121,648**	**159,993**
TOTAL EQUITY AND LIABILITIES	640,366	629,465

→ | Income statement for the year ended 31 December 2012

€ thousands	31/12/12	31/12/11
Sales	2,976	2,126
Other income	870	681
Other expenses:	– 15,363	– 10,149
Personnel	*– 1,255*	*– 793*
Taxes and duties	*– 111*	*– 962*
Net operating expenses	*– 13,997*	*– 8,394*
Royalties paid	–	–
Charges/reversals of amortisation, depreciation and provisions	–	–
OPERATING RESULT	– 11,517	– 7,343
Net financial income	**97,341**	**133,252**
CURRENT RESULT BEFORE TAX	85,824	125,909
Exceptional expenses	**– 1,774**	**– 633**
PROFIT BEFORE TAX	84,050	125,276
Income tax	2,984	3,706
NET PROFIT	87,034	128,982

→ | Proposed allocation of 2012 profit

€	
Source	
Retained earnings from prior years	2,251,256.80
Net profit for the year	87,033,983.79
	89,285,240.59

€	
Allocation	
Dividend	37,616,640.00
Optional reserve	51,668,600.59
	89,285,240.59

→ | Notes to Somfy SA financial statements

The financial statements have been prepared for the 12 month period from 1 January 2012 to 31 December 2012.

A – Significant events during the financial year

Somfy SA acquired an additional 15% of the Chinese company LianDa for € 1.5 million, thus increasing its shareholding to 95%.

Somfy SA acquired an additional 4.49% of CIAT for € 3 million, thus increasing its shareholding to 44.49%.

Somfy SA divested from the Korean company i-Blind in March 2012, thus realising a € 4 million capital loss.

Somfy SA disposed of its Klereo subsidiary in June 2012, thus realising a capital loss of € 4.2 million on the transaction.

Somfy SA disposed of its equity investment in Cotherm in mid-December 2012 for € 11.7 million. The capital gain recognised under net financial income was € 6.5 million.

B – Accounting rules and methods

The 2012 financial statements are presented in accordance with current French legislation as defined by the French Chart of Accounts and having considered CRC regulation no 99-03.

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 from one year to the next;
– Separate accounting periods;

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

The method used to value the items in the accounts is the historical cost method.

→ Equity investments

The gross value of equity investments comprises their acquisition cost less related expenses. Writedown is recognised when the book value falls below historical cost. Book value is determined based on several assessment items, such as year-end net assets, profitability level, future prospects and share price for listed companies.

→ Other securities

The initial value of other securities comprises their acquisition cost less associated expenses. When the estimated realisable value is lower than cost, an impairment provision is recorded for the difference.

→ Marketable securities

The gross value of marketable securities comprises their purchase price less associated expenses or their transfer value. Marketable securities are valued at their quoted stock exchange price at 31 December 2012 and are impaired when this is lower than cost.

At 31 December 2012, marketable securities totalled € 55 million, comprising:
- Treasury shares of € 74.9 million;
- A provision of € 19.9 million, for the writedown of treasury shares.

→ Treasury shares

Pursuant to the authorisation granted to the Management Board by the Combined General Meeting of 15 May 2012, treasury shares are retained for the following purposes:
- To be granted to employees within the framework of stock option or free share allocation plans;
- To ensure the liquidity of the Somfy share and to stimulate the secondary market;
- To retain the shares purchased and subsequently exchange them or use them within the framework of potential acquisitions;
- To proceed with the possible cancellation of the shares acquired;
- To cover marketable securities giving right to the allocation of company shares, in accordance with applicable regulations.

These shares are classified in account 502 "Treasury shares". Income or losses on treasury share transactions are thus recognised as financial income/expenses.

Treasury shares to be granted to employees and allocated to stock option or free share plans are valued on a plan by plan basis at the lower of acquisition cost or exercise price of the call option.

Shares not yet allocated to plans or which have expired are valued at the lower of the average purchase price of all these shares or closing quoted price.

Shares bought and sold to ensure the liquidity and to stimulate the secondary market and shares purchased to be retained and subsequently exchanged are valued at the lower of the average purchase price of all these shares or closing quoted price.

→ Somfy SA stock option and free share allocation plans

There are currently two stock option plans in force, the key features of which are disclosed in Note 17.

In addition, at its meeting on 27 May 2011 the Management Board of Somfy decided to allocate Somfy shares, free of charge, to one hundred and thirty four (134) beneficiaries.

The acquisition of these free shares is subject to beneficiaries remaining employed by the Group and to business performance conditions based on internal financial criteria.

→ Accounts receivable from equity investments, bonds receivable and other receivables

Receivables 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 equity of investments become negative, a provision for impairment is recorded with reference to the above estimated realisable value.

Accrued interest on bonds receivables are capitalised at each year-end.

→ Foreign currency denominated transactions

Foreign currency denominated income and expenses are recorded at their equivalent value at the transaction date. Foreign currency denominated debts, 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 debts and receivables at the balance sheet date exchange rate is recognised in the balance sheet as a "Translation adjustment".

At 31 December 2012, "asset" and "liability" translation adjustments of € 2,070 thousand and -€ 548 thousand respectively, were classified under the captions "Other receivables and prepaid income" and "Other liabilities and deferred income", respectively.

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 debts from credit institutions

Borrowings and debts from credit institutions are recorded on the balance sheet at their net value. Accrued interest is recorded on the balance sheet with the related borrowings.

At 31 December 2012, the company was in compliance with all financial covenants imposed by banks on its borrowing facilities.

At 31 December 2012, the financial debt of € 11.5 million can be broken down as follows:
- € 10.1 million in drawn down credit facilities (with an additional undrawn facility of € 138.4 million);
- Borrowings of € 1.4 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;
- A provision for interest rate risk was established for the unrealised loss resulting from the recognition at fair value of financial instruments whose nature as a hedging cannot be demonstrated.

→ Operating items

Somfy SA sales for the year to 31 December 2012 were € 3 million, an increase compared to the previous year. The operating result was a loss of € 11.5 million compared to a loss of € 7.3 million in 2011, primarily due to expenses related to acquisitions carried out by Somfy SA.

→ Financial items

The net financial income of the Somfy SA holding company was € 97.3 million, compared to € 133.3 million in 2011.

The decrease in net financial income was due to the recognition of capital gains of € 68 million in 2011, an increase in dividends received during the period (up € 14.4 million), the recognition of a provision for writedown of unallocated treasury shares held to serve stock option plans linked to a decline in the Somfy SA share price (down € 8.4 million).

Provisions totalling € 8.4 million for the writedown of equity investments were also recognised during the period.

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

→ Exceptional expenses

Exceptional expenses were € 1.8 million, primarily comprising charges relating to the disposal of Klereo.

→ Net profit

The net profit was thus € 87 million, after inclusion of an income tax profit of € 3 million from the tax consolidation.

→ Tax consolidation

The tax consolidation agreement signed between Somfy SA and its direct and indirect subsidiaries was renewed on 1 January 2012 for a further five year period, until 31 December 2016. It will then be automatically renewed for successive periods of five years.

In accordance with the agreement, the difference calculated between the income tax chargeable on the combined profits of the tax consolidation and the sum of the Group companies' individual tax charges is credited to Somfy SA, the Group's parent company. Pursuant to this agreement, a tax profit of € 3 million was recognised for the year to 31 December 2012.

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 consolidation, it will be compensated by Somfy SA in accordance with a jointly-agreed exit methodology, taking account of the situation at that date.

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

→ Post-balance sheet event

At the end of February 2013, Somfy SA signed for the acquisition of 60% of Stor'm's share capital for € 0.5 million, thus increasing its investment to the entire share capital of the company.

→ Consolidating entity

The consolidating entity is the JPJ-S company.

C – Notes

→ Note 1: Gross non-current assets

€ thousands	Gross value 31/12/11	Increase	Decrease	Merger movements	Other movements	Gross value 31/12/12
Intangible assets	**215**	**–**	**–**	**–**	**–**	**215**
Property, plant and equipment	**2**	**–**	**–**	**–**	**–**	**2**
Financial assets	**567,500**	**44,549**	**– 18,143**	**–**	**–**	**593,906**
Equity investments	461,030	34,456	– 9,573	–	–	485,913
Receivables from equity investments	21,492	3,093	– 6,137	–	–	18,448
Other financial assets	2,558	621	– 543	–	–	2,635
Bonds	82,421	6,379	– 1,890	–	–	86,910
	567,717	**44,549**	**– 18,143**	**–**	**–**	**594,122**

The increase in financial assets is due to equity investments of € 7.2 million, capital increases of € 24.6 million and the creation of subsidiaries for € 2.7 million.
The increase in other financial assets is due to capitalised interest on bonds granted to companies acquired through LBO.

→ Note 2: Amortisation and depreciation

€ thousands	Gross value 31/12/11	Charges	Reversals	Merger movements	Other movements	Gross value 31/12/12
Intangible assets	**208**	**–**	**–**	**–**	**–**	**208**
Concessions, patents and licences	208	–	–	–	–	208
Property, plant and equipment	**2**	**–**	**–**	**–**	**–**	**2**
	210	**–**	**–**	**–**	**–**	**210**

→ Note 3: Balance sheet provisions

€ thousands	Gross value 31/12/11	Charges	Reversals used	Reversals not used	Merger move-ments	Other move-ments	Gross value 31/12/12
Regulated provisions	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Provisions for liabilities and charges	**2,493**	**2,127**	**– 1,416**	**–**	**–**	**–**	**3,204**
Writedown provisions	**46,239**	**36,001**	**– 18,366**	**– 731**	**–**	**–**	**63,142**
On financial assets	31,166	16,441	– 6,360	– 731	–	–	40,516
On miscellaneous receivables	3,633	–	– 970	–	–	–	2,663
On marketable securities	11,440	19,560	– 11,036	–	–	–	19,963
	48,732	**38,128**	**– 19,783**	**– 731**	**–**	**–**	**66,346**

→ Note 4: Analysis of maturity of receivables

€ thousands	Total	Less than one year	More than one year
Non-current receivables			
Accounts receivable from equity investments	18,448	15,357	3,091
Other financial assets	2,635	21	2,614
Bonds	86,910	1,731	85,180
Current receivables			
Trade receivables	752	752	–
Miscellaneous receivables*	29,100	29,100	–
Prepaid expenses and translation adjustment	**1,571**	**1,571**	**–**
	139,417	**48,531**	**90,885**

** Including € 13,972 thousand of intragroup current accounts, primarily originating from the implementation of cash pooling at Group level and € 8,189 thousand of tax and social contributions.*

→ 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	24,606	24,606	–	–
Miscellaneous loans and financial debts	–	–	–	–
Operating liabilities				
Trade payables and related items	1,006	1,006	–	–
Other liabilities*	**95,488**	**95,488**	**–**	**–**
Deferred income and translation adjustment	**548**	**548**	**–**	**–**
	121,648	**121,648**	**–**	**–**

** Including € 94,844 thousand of intragroup current accounts, primarily originating from the implementation of cash pooling at Group level.*

→ Note 6: Translation adjustments on foreign currency denominated debts and receivables

	Asset side impact		Liability side impact
€ thousands	Total	Provision for liability	Total
Bonds	2,010	2,010	–
Trade receivables related to equity investments	23	23	431
Miscellaneous receivables	–	–	107
Financial debts	37	37	11
	2,070	**2,070**	**548**

→ Note 7: Analysis of operations of related companies and equity investments

€ thousands	Total
Equity investments	485,913
Trade receivables related to equity investments	17,915
Bonds	74,694
Borrowings and financial liabilities	–
Financial income (interest and dividends)	113,793
Financial expenses (interest)	– 168
Receivables	13,966
Liabilities	94,844

→ Note 8: Statement of changes in shareholders' equity

€ thousands	Balance at 31/12/11 before allocation of net profit	Allocation of 31/12/11 net profit	2012 movements	Balance at 31/12/12 before allocation of net profit	Proposed allocation of 2012 net profit	Balance at 31/12/12 after allocation of net profit
Share capital	7,837	–	–	7,837	–	7,837
Share premium	1,866	–	–	1,866	–	1,866
Revaluation reserve	5,929	–	–	5,929	–	5,929
Legal reserve	791	–	–	791	–	791
Regulated reserves	–	–	–	–	–	–
Other reserves	320,390	89,416	–	409,806	51,669	461,475
Retained earnings	1,187	– 1,187	2,251	2,251	– 2,251	–
Net profit	128,982	– 128,982	87,034	87,034	– 87,034	–
Tax-regulated provisions	–	–	–	–	–	–
	466,981	**– 40,753**	**89,285**	**515,514**	**– 37,616**	**477,897**
			Movement			
SHAREHOLDERS' EQUITY AFTER ALLOCATION	**426,228**	**–**	**51,669**	**–**	**–**	**477,897**

→ Note 9: Deferred income

€ thousands	
Dividends	815
Accrued interest on cash accounts	29
Government, tax and duties	5,526
Other	–

→ Note 10: Accrued expenses

€ thousands	
Accrued loan interest	2
Trade payables, invoices not received	57
Employees, statutory bodies, government, duties and taxes	490
Miscellaneous	22
Attendance fees	1

→ Note 11: 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 12: Sales breakdown

€ thousands	
France	1,760
European Union	707
Rest of the world	510
TOTAL	**2,976**

→ Note 13: Financial commitments

€ thousands	31/12/12	31/12/11
Guarantees and deposits received	1,433	1,433
Unused borrowing facilities	138,423	79,871
TOTAL COMMITMENTS RECEIVED	**139,855**	**81,304**

€ thousands	31/12/12	31/12/11
Guarantees and deposits granted	2,186	2,197
Interest on outstanding loans	8	11
Commitments to funds investments*	3,678	2,962
TOTAL COMMITMENTS GIVEN	**5,872**	**5,170**

** Not taken into account in 2011.*

→ Note 14: Securitised debt

€ thousands	
Loans or liabilities from credit institutions	–

→ Note 15: Directors' remuneration

€ thousands	
Remuneration allotted	
– to members of the Management Board	335
– to members of the Supervisory Board	122
Pension commitments subscribed	N/A

→ Note 16: Workforce size at 31 December 2012

	Male	Female	Total
Executives	5	2	7

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→ Note 17: Stock option and free share plans at 31 December 2012

Stock 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	9	36,200	**6,157**	185.00	31/03/2014
02/04/2008	88	29,550	**24,475**	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	6,157	455	31/03/2014
02/04/2008	155.00	24,475	396	31/01/2014

Movements in stock option plans

	2012		2011	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Unexercised options at 1 January	32,307	160.72	58,842	169.93
Options granted	–	–	–	–
Options cancelled	– 1,650	155.00	– 21,122	180.74
Options exercised	– 25	155.00	– 5,413	182.78
UNEXERCISED OPTIONS AT END OF THE YEAR	**30,632**	**161.03**	**32,307**	**160.72**
EXERCISABLE OPTIONS AT END OF THE YEAR	**30,632**	**161.03**	**6,157**	**185.00**

Free share plans

Plan date	Number of beneficia-ries	Number of options granted	Price per share	Allocation date	Vesting date	Shares cancelled	Shares exercised	Number of shares exercisable at 31/12/2012
27/05/2011	134	9,354	191.17	03/06/2013	07/06/2015	– 791	–	8,563

The plan of 27 May 2011 is subject to beneficiaries remaining employed by the Group and to business performance conditions based on internal financial criteria.

→ Note 18: Treasury shares

€ thousands		31/12/11	Increase	Decrease	Transfer	31/12/12
Stock options and free shares	€ thousands	40,719	12,116	– 2	–	52,833
	number	*238,803*	*76,194*	*– 25*	–	*314,972*
Liquidity contract	€ thousands	954	1,246	– 1,367	–	834
	number	*5,526*	*8,959*	*– 8,602*	–	*5,883*
Shares retained for potential acquisitions	€ thousands	21,279	–	–	–	21,279
	number	*112,254*	–	–	–	*112,254*
Treasury shares	€ thousands	–	–	–	–	–
	number	–	–	–	–	–
TOTAL TREASURY SHARES	**€ thousands**	**62,952**	**13,362**	**– 1,369**	**–**	**74,945**
	number	***356,583***	***85,153***	***– 8,627***	**–**	***433,109***

→ Note 19: List of companies included in the tax consolidation

Somfy SA	Parent company	Cluses
Somfy SAS		Cluses
Simu SAS		Gray
CMC SARL		Cluses
Domis SA		Rumilly
NMP SAS		Cluses
Automatismes BFT France SAS		Lyon
SEM-T SASU		Cluses
Zurflüh-Feller Holding SAS		Autechaux Roide
Zurflüh-Feller SAS		Autechaux Roide
Zurflüh-Feller Montage EURL		Autechaux Roide
MSD EURL		Autechaux Roide
CERF EURL		Autechaux Roide
Provence Nouveau Monde SAS		Cluses

→ Note 20: Breakdown of income tax at 31 December 2012

€ thousands	Result	Tax		
		Base	Rate	Total
1.Current result				
Profit for the year	85,824	85,824	–	30,983
Tax adjustments				
– Long-term capital gains and losses	–	–	–	–
– Income from equity investments	–	– 102,451	–	– 36,985
– Other	–	15,005	–	5,417
Theoretical tax	–	*– 1,621*	*36.1%*	*– 585*
2.Exceptional result				
Profit/loss of the year	– 1,774	– 1,774	–	– 641
Tax adjustments				
– Long-term capital gains and losses	–	–	–	–
– Deductions	–	–	–	–
– Reinstatements	–	1,882	–	679
Theoretical tax	–	*107*	*36.1%*	*39*
Total theoretical tax	**–**	**– 1,514**	**–**	**– 547**
Tax paid by tax consolidation companies	–	–	–	10,092
Tax charge/income for the tax consolidation	–	–	–	– 7,108
Tax charge/relief from previous periods	–	–	–	–
NET PROFIT	**–**	**–**	**–**	**87,034**

€ thousands	Before tax	Tax	After tax
Current result	85,824	585	86,410
Exceptional result	– 1,774	– 39	– 1,813
	84,050	**547**	**84,596**
Tax charge/income for the tax consolidation	–	–	– 7,108
Tax paid by tax consolidation companies	–	–	10,092
Tax charge/relief from previous periods	–	–	–
Theoretical tax	–	–	– 547
NET PROFIT	**–**	**–**	**87,034**

→ Note 21: 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)						
DSG	4,250	373	99.90%	405	–	–
Somfy SAS	20,000	68,499	100.00%	24,296	362,162	50
CMC	8	– 914	100.00%	523	–	–
Somfybat	6,830	8,372	100.00%	1,868	–	–
Somfy Ltd	146	1,033	100.00%	136	9,925	–
Somfy PTY Limited	306	3,367	100.00%	213	9,893	–
Somfy N.V.	348	29	100.00%	787	22,385	–
Somfy Brasil Ltda	2,652	1,495	99.62%	– 985	8,692	–
Somfy GmbH	1,500	7,944	100.00%	5,747	118,160	200
Somfy Kft	1,101	– 458	100.00%	– 52	2,497	–
Somfy SPOL SRO	177	1,840	100.00%	794	8,305	–
Somfy Sp.Zoo	132	1,302	100.00%	475	14,610	–
Somfy Roumanie	307	– 210	100.00%	– 28	749	–
Somfy JOO	314	3,841	100.00%	129	5,719	–
Somfy Italia	2,000	23,129	95.00%	– 12,684	16,689	–
Somfy Espana SA	93,100	7,509	100.00%	252	13,742	–
Somfy Systems Inc.	8,786	10,368	100.00%	– 440	49,057	–
Somfy AG	30	2,832	100.00%	3,791	20,800	–
Somfy AB	71	1,477	100.00%	82	13,678	–
Somfy PTE Ltd	533	1,364	100.00%	1,233	4,604	–
Somfy Co Ltd	10,423	651	100.00%	368	5,707	–
LianDa	6,960	– 15,446	95.00%	– 951	9,535	–
Somfy Middle East Co Ltd	72	13,721	100.00%	2,304	25,367	–
Somfy Mexico SA DE CV	27	1,243	99.75%	209	4,393	–
Somfy K.K.	205	2,235	100.00%	631	11,574	–
Promofi BV	91	– 33,932	100.00%	44,999	–	45,000
Simu SAS	5,000	5,383	100.00%	4,701	62,799	200
Somfy ULC Canada	904	1,212	100.00%	826	6,210	–
Gaviota	4,548	25,557	46.50%	1,024	41,469	36
NMP SAS	29,601	54,030	100.00%	3,864	–	4,400
Yorkshire Technology Ltd & Control	69	2,365	100.00%	– 123	2,476	–
CIAT Group	84,340	– 18,831	44.49%	1,491	–	7,012
Financière Nouveau Monde	14,187	– 568	87.53%	– 6,567	–	862
Arve Finance	2,500	92	40.00%	47	–	163
Somfy SIA	519	– 68	100.00%	– 209	1,413	–

€ 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
Oxygen	1,646	– 830	40.00%	232	877	–
Somfy Pty Limited Afrique du Sud	244	– 182	100.00%	198	860	–
Somfy Colombie	28	– 81	100.00%	118	290	–
Domis	1,535	102	99.99%	828	7,204	–
Somfy Russie	915	– 521	100.00%	153	5,513	–
Sisa Automation	249	2,663	100.00%	845	7,664	–
Somfy Turkey	832	– 122	99.85%	788	6,062	–
Asian Capital	108,538	5,676	100.00%	– 3	–	–
Somfy Maroc	196	144	100.00%	191	3,667	–
Somfy Hellas	750	2,222	100.00%	– 317	5,594	–
Somfy India	1,196	193	99.99%	– 208	2,317	–
Somfy Bulgarie	102	– 40	99.90%	14	531	–
Stor'm	8	311	40.00%	7	–	–
Somfy Thaïlande	306	13	99.98%	147	1,072	–
Provence Nouveau Monde	62,752	– 863	100.00%	200	–	–
Somfy Ukraine	321	– 9	100.00%	– 156	201	–
Somfy Service Tunisie	98	–	50.00%	– 3	–	–
Somfy Chile	81	–	99.00%	– 59	–	–
Somfy Égypte	131	–	99.91%	–	–	–
Sopem	2,455	–	100.00%	– 112	–	–

€ thousands	
Loans and advances granted to the companies above, not yet repaid	14,626
Total guarantees granted to the companies above	1,460
Dividends paid by the companies above during the year	100,350

→ Note 22: Equity investments at 31 December 2012

€ thousands		Gross value	Net value	Quoted value
1. Equity 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	–
500,000	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	10,734	10,734	–
1	share Somfy SPOL	1,012	1,012	–
676	shares Somfy Sp.Zoo	1,423	1,423	–
1	share Somfy Kft	1,865	592	–
399	shares Somfy Mexico SA DE CV	44	44	–
6,692,000	shares Somfy Brasil Ltda	2,749	2,749	–
250,000	shares Simu SAS	23,937	23,937	–
51,000	shares FAAC SPA	17,373	17,373	–
3,424,299	shares Somfy India	1,197	1,197	–
544	shares Gaviota	22,157	17,346	–
52,250	shares LianDa	7,307	–	–
124,274	shares Somfy SRL Roumanie	311	119	–
100,000	shares Somfy ULC Canada	333	333	–
100	shares Yorkshire Technology Ltd et Control	2,230	–	–
2,932,600	shares NMP SAS	29,326	29,326	–
37,375,202	shares CIAT Group	36,818	27,406	–
7,294,996	shares Financière Nouveau Monde	7,295	1,795	–
1,000,000	shares Arve Finance	1,000	836	–
3,663	shares Somfy SIA	822	240	–
3,065	shares Oxygen	1,600	136	–

€ thousands	Gross value	Net value	Quoted value
4,728,000 shares Somfy PTY Afrique du Sud	231	231	–
18,030 shares Direction Marty Holding SA	796	–	–
75,000 shares ZF Plus	75	75	–
71,408 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	950	950	–
14,000,000 shares Sisa Automation	270	270	–
16,776 shares Somfy Turquie	875	875	–
1,175,891 shares Asian Capital	102,133	102,133	–
999 shares Somfy Bulgarie	102	102	–
200 shares Stor'm	308	308	–
9,998 shares Somfy Thaïlande	304	304	–
637,515 shares Provence Nouveau Monde	63,752	60,788	–
1 share Somfy Ukraine	330	330	–
1,000 shares Somfy Service Tunisie	52	52	–
30,690 shares Somfy Chile	83	83	–
1,099 shares Somfy Egypte	153	153	–
1,100,025 shares Cotherm Evolution	1,100	1,100	–
100,000 shares Sopem	2,381	2,381	–
1,586,529 shares Sofilab 4	1,587	1,587	–
379,449 shares Somfybat	10,280	10,280	–
	485,912	**449,178**	**–**

€ thousands	Gross value	Net value	Quoted value
2. Portfolio investments	**–**	**–**	**–**
3. Marketable securities			
Treasury shares	74,945	54,982	56,521
Other marketable securities	–	–	–
	74,945	**54,982**	**56,521**

Legal documents

- Statutory Auditors' report on the parent company financial statements 130
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- 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 132
- Statutory Auditors' report on the consolidated financial statements 133
- Independent Verifier's attestation on social, environmental and societal information included in the Management Board report 134
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→ | Statutory Auditors' report on the parent company 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 2012, on:

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

The parent company 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 our audit to obtain reasonable assurance on whether the parent company 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 parent company financial statements have been prepared in accordance with applicable French accounting 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 the justification of our assessments, we wish to bring to your attention the following matters:

The Note to the parent company financial statements entitled "Equity investments" sets out the accounting rules and methods relating to the valuation of equity investments at year-end. As part of our assessment of the accounting rules and methods applied by your company, we verified whether the accounting methods and information provided in this note were appropriate, and we assured ourselves as to their correct application.

Our review of these matters was performed as part of our statutory audit of the annual financial statements, and accordingly contributed to the issuance of our unqualified audit opinion stated in the first part of this report.

III. Specific verifications and information

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

We have no observation to make with regard to the fairness of information provided in the Management Board report and its consistency with the financial statements, and on the documents provided to shareholders on the financial position and financial statements of the company.

As regards 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 consistency 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, 23 April 2013
The Statutory Auditors

LEDOUBLE SA
Agnès Piniot

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 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 comment on their usefulness and validity or to search for other such agreements and commitments. It is your responsibility, pursuant to Article R. 225-58 of the Commercial Code, to assess the interest of concluding these agreements and commitments with a view to their approval.

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 already approved by the General Meeting.

We carried out the due diligence we deemed necessary in accordance with the professional standards of the Compagnie Nationale des Commissaires aux Comptes relative to this assignment. These standards require us to verify that the information given to us was consistent with the underlying documents.

Agreements and commitments submitted for approval from the General Meeting

We hereby inform you that we have not been advised of any agreements or commitments authorised during the financial year that required approval from the General Meeting, pursuant to Article L 225-86 of the Commercial Code.

Agreements and commitments already approved by the General Meeting

→ Agreements and commitments approved in prior years and continued during the year just ended

Pursuant to Article R. 225-57 of the Commercial Code, we have been advised 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 Somfy SAS, Simu SAS, CMC SARL, Domis SA, SEM-T SAS, NMP SAS, Zurflüh-Feller SAS, Zurflüh-Feller Holding SAS, Zurflüh-Feller Montage EURL, CERF EURL, MSD EURL , Automatismes BFT France SAS and Provence Nouveau Monde SAS.

Nature and purpose

Tax consolidation agreement.

Terms and conditions

Your company authorised the signing of an addendum to the tax consolidation agreement of 28 June 2002 headed by your company, for a period of five years, renewable by tacit agreement. This tax consolidation agreement continued throughout the year.

Your company recognised an income of € 2,983,944 during the financial year in respect of this agreement.

2. With CMC

Nature and purpose

Supplementary pension plan pursuant to Article 39 open to employees of the company CMC 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 the reference salary, multiplied by the number of years of service, with a ceiling of 20 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, profit sharing and employee shareholding 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.

Paris and Lyon, 23 April 2013
The Statutory Auditors

LEDOUBLE SA
Agnès Piniot

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 compliance with the provisions 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 for the year ended 31 December 2012.

It is the responsibility of the Chairman to prepare and submit to the Supervisory Board for approval, a report on the internal control and risk management procedures implemented by the company and 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 require due diligence procedures to be implemented to ensure 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:

– Obtaining an understanding 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;
– Obtaining an understanding of the work leading to the preparation of this information and the existing documentation;
– Determining whether major deficiencies in 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 Chairman's report.

On the basis of our work, we have no observation to make on the description of the internal control procedures and the 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 the Chairman of the Supervisory Board includes all other disclosures required by Article L. 225-68 of the Commercial Code.

Paris and Lyon, 23 April 2013
The Statutory Auditors

LEDOUBLE SA
Agnès Piniot

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 2012, 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 our audit 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 have been prepared 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 the above opinion, we draw your attention to the Note "Accounting rules and methods - A) Basis for preparation of consolidated financial statements" of the notes to the consolidated financial statements which describes the change in method relative to the presentation of the income statement.

II. Justification of our assessments

In application of the provisions of Article L. 823-9 of the Commercial Code regarding the justification of our assessments, we wish to bring to your attention the following matters:

As part of our assessment of the accounting rules and principles implemented by your group, we verified the fairness of the above-mentioned changes in accounting method and the fairness of their presentation.

Notes D), H) and 13) to the consolidated financial statements detail the accounting rules and methods relating to the recognition and evaluation of acquisition goodwill. We have reviewed the evaluation methods used by your group 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.

Note N) to the consolidated financial statements details the rules governing the assessment and recognition of provisions for litigation. Furthermore, Note 2 mentions the risk related to a tax assessment on a Group company. We have taken note of the information disclosed to us and reviewed the assumptions on which the group's assumptions are based.

Our review of these matters was performed as part of our statutory audit of the consolidated financial statements, and accordingly contributed to the issuance of our unqualified audit opinion stated 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 applicable in France.

We have no observation to make with regard to the fairness of such information and its consistency with the consolidated financial statements.

Paris and Lyon, 23 April 2013
The Statutory Auditors

LEDOUBLE SA
Agnès Piniot

ERNST & YOUNG et Autres
Sylvain Lauria

Independent Verifier's attestation on social, environmental and societal information included in the Management Board report

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Chief Executive Officer,

Pursuant to your request and in our capacity as Independent Verifier of Somfy SA, we hereby report to you on the consolidated social, environmental and societal information presented in the Management Board report issued for the year ended 31 December 2012, prepared in accordance with the requirements of Article L. 225-102-1 of the Commercial Code.

Management Board's responsibility

The Management Board of Somfy SA is responsible for the preparation of a Management report including the consolidated social, environmental and societal information (the "Information" hereafter) in accordance with Article R. 225-105-1 of the Commercial Code.

Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession and the provisions of Article L. 822-11 of the Commercial Code. In addition, we maintain a comprehensive system of quality control including documented policies and procedures to ensure compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent Verifier's responsibility

It is our role to attest, on the basis of our work, whether the required Information is disclosed in the Management report or, if not disclosed, whether an appropriate explanation is given in accordance with the third paragraph of Article R. 225-105 of the Commercial Code and Decree No. 2012-557 dated 24 April 2012. It is not our role to verify whether such information is relevant.

Nature and scope of audit work

We have performed our assignment in accordance with professional standards applicable in France:

- We have compared the Information presented in the Management report with the list as provided for in Article R. 225-105-1 of the Commercial Code;
- We have verified that the Information covers the scope of consolidation, namely the company and its subsidiaries, as defined by Article L. 233-1, and controlled entities as defined by Article L. 233-3 of the Commercial Code, within the limits specified in the "Scope" section on page 28 of the Management report, or on a case-by-case basis in the Management report;
- In the event certain consolidated information was omitted, we have verified that an appropriate explanation was provided in accordance with the provisions of Decree No. 2012-557 dated 24 April 2012.

Conclusion

On the basis of our work, we attest that the required Information is disclosed in the Management report.

Paris-La Défense, 23 April 2013

The Independent Verifier
ERNST & YOUNG et Associés
Sustainable Development Department

Christophe Schmeitzky

→|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.

Pursuant to 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 has also submitted to us the company's financial statements and consolidated financial statements at 31 December 2012, 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 to you our observations on these financial statements and on this report pursuant to the provisions of 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.

Group sales were € 989.6 million for the year just ended, an increase of 3.9% compared to the previous financial year and 2.7% on a like-for-like basis.

Somfy Activities reported sales of € 889.8 million, an increase of 3.4% on a like-for-like basis. Several geographic regions reported substantial growth for the full financial year, buoyed by the dynamism of emerging markets. This was the case for America, Central and Eastern Europe and Asia Pacific. Germany and France also performed most satisfactorily considering the business environment. Northern and Southern Europe both enjoyed renewed growth during the last months of the year but remained negative over the full year due to the decline recorded at the beginning of the year, caused by the economic crisis and adverse weather conditions.

Somfy Participations reported sales of € 103.1 million, a decrease of 2.3% on a like-for-like basis. The performance of individual companies varied greatly. Cotherm, which was sold in early October, performed well, while Zurflüh-Feller and Sirem were adversely affected by the economic climate.

The Group's current operating result was € 126.9 million for the financial year, up 1.8%, and representing 12.8% of sales.

Somfy Activities' contribution grew 4.0% to € 122.9 million. Its growth reflected a marked recovery during the second half of the financial year, consistent with the rebound in sales, which was partly due to favourable comparatives, and the implementation of measures to increase competitiveness.

Somfy Participations' current operating result was € 4.1 million, a decline of 38.0%. This consisted of the € 7.6 million contribution from fully-consolidated subsidiaries (down 25.2%) less € 3.5 million in structure costs (down 1.6%). This decline was due to the difficulties experienced by Sirem and the deconsolidation of Cotherm in the last quarter.

Consolidated net profit was € 83.5 million, down 48.2%. This included largely negative non-recurring items, comprising: 1/ goodwill impairment of companies with significant exposure to the Southern European markets, 2/ the recognition of restructuring costs for the Italian subsidiary Way srl, 3/ the impacts of the deconsolidation of Cotherm, i-Blind and Klereo, 4/ the drop in net financial income due to a high baseline (€ 63.1 million capital gain on the disposal of agta record in 2011), 5/ the negative contribution of equity-accounted companies due to the writedown of several equity investments.

The Group had a net cash surplus of € 36.5 million at the end of December, compared to net financial debt of € 15.7 million twelve months previously.

On this basis, the Management Board proposes the distribution of a gross dividend of € 4.80.

The report of the Management Board also provides all information required by existing regulations.

In addition, you will be requested to authorise the Management Board to set up a new share buyback programme and to decide on the reappointment of four Supervisory Board members and on the appointment of a new Supervisory Board memeber 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 observation 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 of 16 May 2013

Ordinary session

First resolution
Approval of the parent company financial statements for the year ending 31 December 2012

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 ending 31 December 2012, approves the financial statements, as submitted, which show a net profit of € 87,033,983.79.

Second resolution
Approval of the consolidated financial statements for the year ending 31 December 2012

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 ending 31 December 2012, approves the financial statements, as submitted, which show a net profit (Group share) of € 82,929,000.00.

Third resolution
Allocation of the net profit for the year and setting of the dividend

The General Meeting approves the following allocation of net profit for the financial year ending 31 December 2012, proposed by the Management Board:

Source

– Net profit for the financial year	€ 87,033,983.79
– Retained earnings	€ 2,251,256.80

Allocation

– Optional reserve	€ 51,668,600.59
– Dividend	€ 37,616,640.00

The General Meeting notes that the overall gross dividend per share is set at € 4.80, with the amount thus distributed being wholly eligible for the 40% tax rebate referred to in Article 158-3-2° of the General Tax Code.

The ex-dividend date is set at 30 May 2013.

The dividend will be paid on 4 June 2013.

It is specified that if the company holds a number of treasury shares at the ex-dividend date, the amounts corresponding to unpaid dividends 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 notes that it was reminded that the following dividends were paid during the last three financial years:

Financial year	Dividends eligible for tax rebate: Cash dividends	Dividends eligible for tax rebate: Other distributed earnings	Dividends ineligible for tax rebate
2009	36,425,068.80* being € 4.80 per share	–	–
2010	39,565,630.00* being € 5.20 per share	–	–
2011	38,500,103.20* being € 5.20 per share	–	–

** Overall amount corresponding to dividends effectively paid and excluding unpaid dividends attributable to treasury shares and transferred to retained earnings.*

Fourth resolution
Special Report of the Statutory Auditors on regulated agreements and commitments and approval of these agreements

We ask that you note the absence of new agreements, entered into during the year ending 31 December 2012, of the kind referred to in Articles L. 225-86 and subsequent of the Commercial Code.

Fifth resolution
Renewal of the term of office of Jean Despature as member of the Supervisory Board for a period of four years

The General Meeting decides to renew the term of office of Jean Despature as member of the Supervisory Board for a period of four years, which will expire at the end of the Annual General Meeting called to approve the financial statements for the year ending 2017, subject to the condition precedent of the adoption of the thirteenth resolution in extraordinary session relating to the reduction of the terms of office of Supervisory Board members and the modification of Article 18 of the bylaws.

→ Sixth resolution Renewal of the term of office of Victor Despature as member of the Supervisory Board for a period of four years

The General Meeting decides to renew the term of office of Victor Despature as member of the Supervisory Board for a period of four years, which will expire at the end of the Annual General Meeting called to approve the financial statements for the year ending 2017, subject to the condition precedent of the adoption of the thirteenth resolution in extraordinary session relating to the reduction of the terms of office of Supervisory Board members and the modification of Article 18 of the bylaws.

→ Seventh resolution Renewal of the term of office of Xavier Leurent as member of the Supervisory Board for a period of two years

The General Meeting decides to renew the term of office of Xavier Leurent as member of the Supervisory Board for a period of two years, which will expire at the end of the Annual General Meeting called to approve the financial statements for the year ending 2015, subject to the condition precedent of the adoption of the thirteenth resolution in extraordinary session relating to the reduction of the terms of office of Supervisory Board members and the modification of Article 18 of the bylaws.

→ Eighth resolution Renewal of the term of office of Anthony Stahl as member of the Supervisory Board for a period of two years

The General Meeting decides to renew the term of office of Anthony Stahl as member of the Supervisory Board for a period of two years, which will expire at the end of the Annual General Meeting called to approve the financial statements for the year ending 2015, subject to the condition precedent of the adoption of the thirteenth resolution in extraordinary session relating to the reduction of the terms of office of Supervisory Board members and the modification of Article 18 of the bylaws.

→ Ninth 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 € 100,000 for the current financial year.

This decision applies to the current financial year and will remain in force until further notice.

→ Tenth resolution Authorisation to be granted to the Management Board for the buyback by the 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 in accordance with Articles L. 225-209 and subsequent of the Commercial Code, to buy back company shares, on one or several occasions as it deems appropriate, up to a maximum of 10% of the number of shares comprising the share capital, restated if necessary to take account of any increase or reduction in share capital that may take place during the timeframe of the programme.

This authorisation supersedes the authorisation granted to the Management Board by the sixth resolution to the General Meeting of 15 May 2012, 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's shares, by way of an investment services provider via 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 stock option plans and/or free share allocation plans (or similar) granted to employees and/or senior executives of the Group, as well as all other shares allocated under a company or group savings scheme (or similar), in relation to employee profit-sharing and/or any other form of allocation to employees and/or senior executives of the Group;
- To cover marketable securities giving right to the allocation of shares in the company, in accordance with current regulations;
- To proceed with the possible cancellation of shares acquired, in accordance with the authorisation granted by the General Meeting of shareholders of 15 May 2012 in its seventh resolution, sitting in extraordinary session.

Such share purchases may be effected by all means, including by means of acquiring blocks of shares and at any times considered appropriate by the Management Board.

These transactions may in particular be carried out at the time of a public offering, in compliance with the AMF General Regulations and especially under Article 231-40 of these regulations if, on the one hand, the bid is entirely cash-based and on the other, buyback transactions are carried out as part of the continued implementation of an on-going programme and are not liable to jeopardise the offer.

The company reserves the right to use options 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 abovementioned price will be restated in the same proportions (a multiplier coefficient equal to the number of shares comprising the share capital before the transaction divided by the number of shares following 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, set their terms and conditions, conclude all agreements and fulfil all of the required formalities.

Extraordinary session

→ Eleventh resolution Amendment to the regulations governing the distribution of voting rights between usufructuaries and bare owners – Amendment of Articles 12 and 13 of the bylaws accordingly

The General Meeting, having considered the report of the Management Board, decides:

- To amend the distribution of voting rights between usufructuaries and bare owners in the event of a division of ownership;
- To cancel accordingly Paragraph 3 of Article 12 of the bylaws entitled "Rights and obligations attached to shares". The remainder of the Article is unchanged;
- To amend accordingly Article 13 of the bylaws entitled "Indivisibility of shares – Bare ownership – Usufruct", replacing Paragraphs 3, 4 and 5 of the said Article by the following Paragraph. The remainder of the Article is unchanged:
  "Unless the company has been notified of an agreement to the contrary, voting rights attached to shares subject to split ownership shall belong to the bare owner with the exception of appropriation of net profit, for which voting rights are exercised by usufructuaries. Usufructuaries validly represent bare owners to the company, unless the company has been notified of an agreement to the contrary."

→ Twelfth resolution Amendment to regulations relating to the vacancy of a seat on the Management Board – Amendment of Article 15 of the bylaws accordingly

The General Meeting, having considered the report of the Management Board, decides:

- To amend the system applicable in the event a seat becomes vacant on the Management Board;
- To amend accordingly Paragraph 7 of Article 15 of the bylaws entitled "Management Board" as follows. The remainder of the Article is unchanged:
  "Should a seat on the Management Board be vacant, the Supervisory Board **shall amend the previously set number of members or fill the vacancy** within two months, so that the number of **Management Board members** does not fall below the statutory minimum. Failing this, any interested party may request the Presiding Judge of the Commercial Court, acting in summary chambers, to make this appointment on a temporary basis. The appointee may be replaced by the Supervisory Board at any time."

→ Thirteenth resolution Reduction in the length of term of office of Supervisory Board members – Amendment of Article 18 of the bylaws accordingly

The General Meeting, having considered the report of the Management Board, decides:

- To reduce the term of office of Supervisory Board members from six to four years, it being specified that this reduction will not apply to on-going terms of office, which will continue until the end of their initially specified period;
- To provide for staggered terms of office;
- To amend accordingly the first Paragraph of Article 18 of the bylaws entitled "Supervisory Board" as follows. The remainder of the Article is unchanged:
  "Supervisory Board members, the number of which may not be less than nor exceed the legal limits, are appointed for a term of four years in accordance with legal provisions. By way of exception, and solely for the purpose of allowing the implementation or maintenance of a staggered renewal of terms of office, the ordinary general meeting may appoint one or several Supervisory Board members for terms of three years, two years or one year."

→ Fourteenth resolution Alignment of bylaws

The General Meeting, having considered the report of the Management Board, decides:

1) regarding the proceedings at Special General Meetings:

- To align Paragraph 2 of Article 23 of the bylaws entitled "General Meetings" with the provisions of Article L. 225-99 of the Commercial Code and amend the former accordingly. The remainder of the Article is unchanged:
  "Special General Meetings are called for the holders of shares of a given category to decide upon any changes to the rights attached to shares in this category. Special Meetings shall be convened and deliberate **under the conditions provided by applicable regulations.**"

2) regarding the competence of Ordinary General Meetings:

- To align statutory provisions pertaining to Ordinary General Meetings with the provisions of Article L. 225-98 of the Commercial Code;
- To amend accordingly the first Paragraph of Article 29 of the bylaws entitled "Ordinary General Meeting" as follows. The remainder of the Article is unchanged:
  "The Ordinary General Meeting **makes all decisions exceeding the powers of the Management Board and the Supervisory Board and which fall outside the scope of the Extraordinary General Meeting**."

Ordinary session

→ Fifteenth resolution Appointment of Paule Cellard as member of the Supervisory Board for a period of four years

The General Meeting decides to appoint Paule Cellard 9, avenue Kleber, 78 110 Le Vesinet as member of the Supervisory Board for a period of four years, which will expire at the end of the General Meeting called to approve the financial statements for the year ending 2017, subject to the condition precedent of the adoption of the thirteenth resolution in extraordinary session relating to the reduction of the terms of office of Supervisory Board members and the modification of Article 18 of the bylaws.

→ Sixteenth resolution Powers to execute formalities

The General Meeting grants all powers to the bearer of copies or extracts of the present minutes to complete all formalities for filing and publication as required by law.

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Statement of the person responsible for the annual financial report

I certify that, to my knowledge, the financial statements for the year just ended were established in accordance with professional accounting standards applicable in France and give a fair view of the assets, financial situation and performance of the Company and of all companies included in the consolidation scope, and that the enclosed Management Report gives a true view of the business situation, performance and financial situation of the Company and of all companies included in the consolidation, as well as a description of main risks and uncertainties encountered.

Cluses, 22 February 2013

Paul Georges DESPATURE
Chairman of the Management Board
of Somfy SA

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