
2006
ANNUAL REPORT
somfy

CONTENTS

Somfy's activities are focused on one business: **the automatic control of openings and closures in homes and buildings.** The Group is constantly devising innovative solutions to offer greater comfort and security while helping to generate energy savings.

A leader on its markets, Somfy is committed to a strategy of profitable and long-lasting growth, combining geographic expansion and the development of new products to meet the specific needs of each market. Somfy is present in 51 countries, through a network of 52 subsidiaries and 26 offices on all five continents.
With 8 production sites, Somfy benefits from an efficient and highly responsive industrial infrastructure. Its high quality standards enable the Group to fulfil the requirements of 210 million users and 25,000 professional customers around the world.

4,300
employees

Sales:
655.2
million euros

Of which
71%
abroad

Message from Paul Georges Despature

Chairman of the Board

2006 was a good year for Somfy. Favourable conditions in most of our markets and our determination to win new customers enabled us to return to turnover progressing at more than 10%.

As we announced at the beginning of the year, 2006 was a time of anticipation and rapid response, guided by the objective of increasing our growth. Supported by our ongoing policy of lowering prices, this strategy was implemented in three key areas:

- Anticipating users' needs, which are met by more than 400 Somfy engineers and technicians, dedicated to developing our solutions. In 2006, 35 patents were registered and 60 new products were launched on the market.
- Anticipating industrial and logistic developments to improve quality, increase volumes, shorten delivery times, reduce prices and ensure market benefits result from this progress.
- Understanding our professional customers needs – manufacturers, assemblers and installers – which requires rapid response as it implies customised offers and constant adaptation to the evolution of market demand. Operating on all five continents through 51 distribution subsidiaries, Somfy's powerful sales network is an essential tool for offering a local, responsive presence. It was this network that enabled us to win many new customers and increase our market share.

In 2006, we made several tactical acquisitions to extend our product ranges and our geographic presence. These new teams offer us additional expertise and enrich our culture.

Clearly these efforts will only be worthwhile if they are durable. That is why we strive hard to apply a long-term vision to everything we do, and we will therefore continue in the same direction in 2007. Conscious of growing environmental awareness, we are also paying particular attention to energy-saving measures in commercial buildings. To do this, our product range will be greatly enlarged.

Confident in the Group's future, Somfy's teams are more dedicated than ever to achieving these objectives while respecting the three values that we intend to continue sharing throughout our organisation: International, Performance, Responsibility.

Interview with Wilfrid Le Naour
Chief Executive Officer

What is your view on 2006?

Our strategy proved highly rewarding as it enabled us to regain market shares. In 2006, this resulted in a quantitative growth of some 700,000 motors as well as many new customers. This performance reflects our numerous innovations, our ongoing geographic deployment, our acquisition of companies that enrich our offer, and the continuous reduction in our costs and prices.

In 2005, Somfy implemented a new organisational structure in order to re-launch growth through innovation and regaining market shares. How did this structure perform in 2006?

The organisational structure achieved the objectives for which it was implemented. We wanted to bring together the innovation, development and sales strategies for each of our markets. That's why the structure is matrix-based: it combines a vision based on applications and a vision based on geographic regions. In 2006, it enabled us to develop our presence on each of our markets, however mature. We launched many new products through increasingly diversified distribution networks, meaning we could deliver more comprehensive solutions to meet the needs of our customers and end-users.

In 2006, you also made the most of a favourable environment.

That is true, but overall, our business grew faster than the market.
Construction had a very good year in 2006, accompanying the global rise in living standards around the world. We have been present for a long time in many countries such as India, where they have been building on a large scale because of the growing middle classes. In Southern Europe, we saw a major boom in the building and renovation of second homes. We opened new subsidiaries in New Zealand, Argentina and the Balkans. Somfy is mobilised to meet market demands worldwide.

What part do environmental concerns play in these demands?

The growing awareness of these issues has already led to new regulations, notably in Northern Europe. This trend explains some of the growth in Europe and the United States, for example. Solar protection is an essential energy saving measure, when it is automated. **Somfy has offered these solutions for a long time**: they have the dual benefit of helping to reduce energy consumption in buildings and greatly enhancing the comfort of occupants. We are constantly innovating to develop this offer.

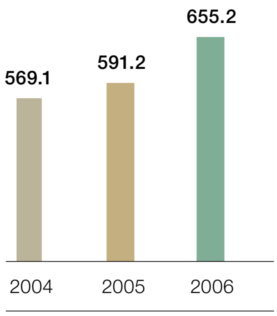
How does 2007 look for Somfy?

The investments we have made should continue to generate growth for Somfy in 2007 and beyond. By consolidating our leadership in the area of innovation through regular investments, we gained numerous new customers in 2006. These new partners should result in the growth of our market shares over the coming years. At the same time, we will pursue our efforts in terms of cost and price, and also our geographic development, as in Central Asia and South America. This strategy will ensure our business has solid foundations and long-term prospects. It will enable us to tackle the new challenges of competitiveness, innovation and the environment.

2006 Somfy in figures

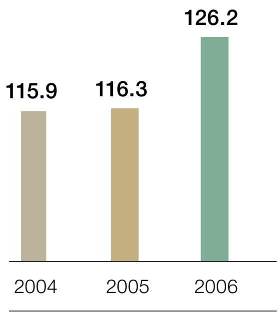
(in million euros)

Sales



In 2006, consolidated reported sales increased by 10.8% in comparison to 2005. On a like-for-like basis, this growth represented 8.9%, with sales accelerating in the second half of the year: 11.9%, compared to 6.3% for the first half.

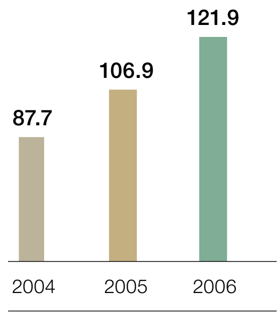
Operating income



The 8.9% growth in operating income in comparison to 2005 was the result of increased sales and savings made in production costs, which made up for reduced average sales prices.

At 19.3% of turnover, the ratio for 2006 was down slightly by 0.4 points. This slight decline can be explained by the increase in marketing and communication expenditure, and investment in research and development which was in line with previous years' policies.

Net income

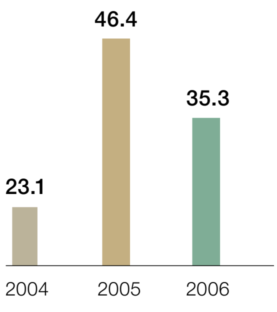


Net income, at €121.9 million, rose by 14% in comparison to 2005.

It was boosted by the share of associate companies' earnings, with exceptional profit from FAAC (Somfy's part amounted to €28.7 million), from the sale of real-estate assets in Ireland.

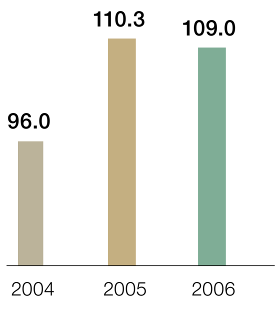
On the other hand, non-recurrent elements, such as the exceptional amortisation of the acquisition goodwill from WAY in Italy, and tax losses, bringing figures back into line with expectations (after exceptional savings observed in 2005), had an impact on the net income.

Industrial and commercial investments



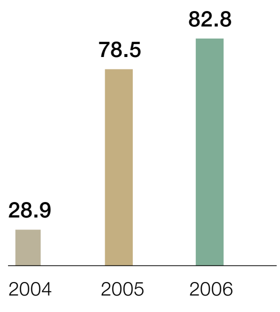
After a major investment effort on the Group's part in 2005, a slight slowdown in this domain was seen in 2006.

Cash flow from operating activities



Cash flow from operating activities remained virtually stable from one year to the next.

Net excess cash

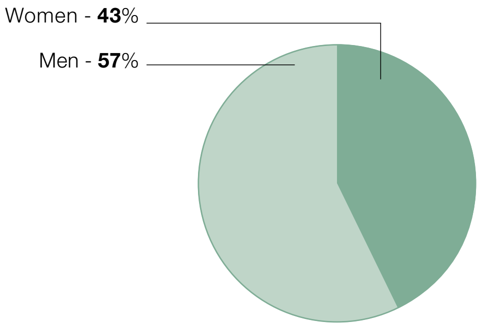


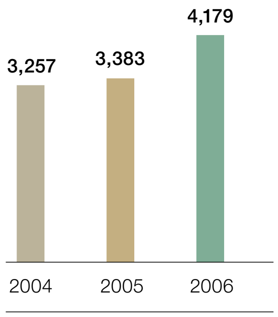
Net excess cash increased slightly between 2005 and 2006, despite the acquisition of the company Cotherm, partly financed by a LBO loan, and the payment of an exceptional dividend of €31.3 million in addition to the usual dividend.

Sales by geographic zone

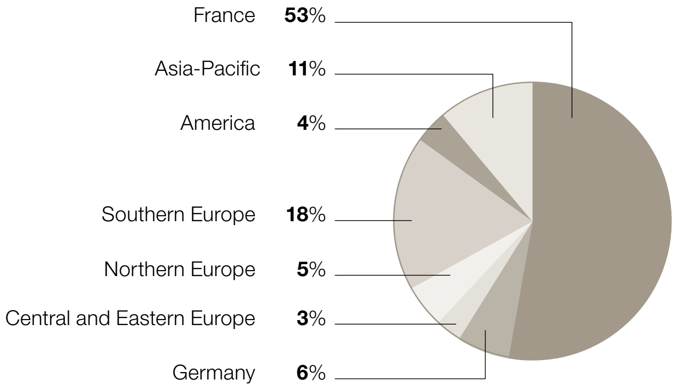
in million €	2006	2005	N/N-1 % change	N/N-1 % change, like-for-like
France	**187.6**	177.6	5.7%	3.4%
Germany	**96.7**	83.5	15.8%	15.5%
Northern Europe	**91.9**	81.4	13.0%	8.7%
Central and Eastern Europe	**42.6**	37.0	15.0%	12.1%
Southern Europe	**128.7**	112.4	14.5%	11.5%
Asia-Pacific	**38.7**	35.4	9.1%	5.9%
America	**69.0**	63.9	8.0%	11.4%
Total	**655.2**	**591.2**	**10.8%**	**8.9%**

Average workforce





Workforce analysis
by geographic zone



AN ORGANISATION FOR GROWTH

In 2006, Somfy achieved further growth in most geographical areas where the Group is present. This collective performance shows the pertinence of Somfy's reorganisation in three activities called Business Groups, one for each application category: Shutter & Awning, Window & Blind, Door & Gate. This specialisation strategy deployed in 2005 responds to the complexity of the markets and captures their entire development potential through an effective innovation policy. Each year, two teams join forces to develop the Group's activities: teams responsible for designing products, and those working in the field. In 2006, this fruitful partnership enhanced the Group's reaction speed and resulted in the highly successful design and launch of new products.

Somfy's widespread radio technology

Innovation and communication have enabled Somfy to lead and control the roller shutters and solar protection motorisation market. In 2006, this longstanding business fulfilled the two objectives set by the Group: to spread its radio technology and to win back market shares for more traditional products. These two objectives helped ensure the profitable growth of this business.

Greater added value for customers

Somfy increased the penetration rate of its radio technology on its biggest roller shutter and awning markets. In 2006, sales of top-end motors with integrated Radio Technology Somfy™ (RTS) rose by 40% in Germany and 25% in Nordic countries. In France, nearly one in four new Somfy motors is now fitted with RTS.

In order to increase adoption by consumers, Somfy has set on creating flexible solutions to help each user to benefit from all the advantages of Home Motion at their own pace. RTS is compatible with the products in all of Somfy's other ranges. The integration of this technology in the io-home control® protocol, created in partnership with other manufacturers in 2005, opens up new areas of use outside the existing scope of Somfy's business. With an average selling price 50% higher than that of a wired device, the radio motor also creates value for all of Somfy's trade customers. The quality and competitive edge of its radio technology helps to bring additional expertise to installers and manufacturers, making them experienced specifiers in terms of solar and thermal comfort, security and energy savings.

Recovered entry-level growth

In 2006, Somfy regained market shares for its traditional motorised products using wired controls. Business was won back through two action plans defined in 2005:

IO-HOMECONTROL® ENRICHES THE SOMFY RANGE

In 2006, two manufacturers joined this association, whose purpose is to develop and promote io-homecontrol®, a universal wireless communication protocol. Assa Abloy, world leader in door closure solutions, and Hörmann, European leader in garage doors for homes and industry, have joined the founding members of this initiative (Somfy, Velux and Honeywell). This association has brought new expertise in global automation for the home, and has created interoperability between the various applications of the associated manufacturers: roller shutters, awnings, garage doors, skylights, heating, air conditioning, lighting... Presented to the market in 2006, the first Somfy products incorporating this protocol are being marketed in the first half of 2007. These include the Situo remote controls and the Oximo io motor.

IMPRESARIO CHRONIS RTS REMOTE CONTROL

The Impresario Chronis io RTS remote control, winner of the 2007 "Observeur du Design"

Incorporating io-home control®, the new Impresario Chronis io remote control won the 2007 "Observeur du Design" prize, awarded by the French Association for the Promotion of Industrial Design, for its ergonomic and aesthetic qualities and its innovative mechanical concept. This is a very encouraging reward for Somfy's development teams, as it is their first project with such an advanced design objective. Available in three styles with clean lines and in colours to suit every lifestyle, the remote control is also the first to integrate software that transmits data between the various motorised systems in the house, and the user. Like a mobile phone, using the device is intuitive, thanks to its LCD screen.

- Updating entry level motorised products with solutions that are easy to integrate and install, accelerating take-up;
- Controlling production costs and identifying industrial synergies, resulting in lower prices which helped fend competitors off their preferred territory.

Increasing the technological advance

In 2006, Somfy was highly innovative, increasing its competitive edge and anticipating end-users' new requirements.

- In response to the increasing demand for design products, the brand launched the smallest motor on the market, the Altus 40 RTS 1, which can be used with roller shutters, awnings and interior screens.
- Somfy updated its RTS remote control range, which is now available in several designs and new features for even easier use. Made for use with external venetian blinds, the Telis Modulis remote control has, for example, a central dial to adjust the angle of the slats.

The products presented to customers in 2006 for a commercial launch in 2007 met with a very favourable reception. They all represent a major technological advance.

- Because it allows users to lower the temperature inside the home by controlling the position of awnings and shutters, the new Sunis RTS solar sensor increases the energy saving benefits of automation. 2

Training professionals

In 2006, Somfy stepped up its partnerships with installers in order to strengthen its sales networks. The Somfy Experts programme was launched in seven new countries. In each case, training sessions emphasised the RTS range.

In emerging markets where growth in motorisation initially requires the global promotion of roller shutter and awning products, Somfy is working with manufacturers to provide training for their installer-customers.

In 2006, this was the case in the United States, for hurricane-proof roller shutters.

1

2

Somfy expands its range and consolidates its expertise

A challenger on the gate and garage door market, Somfy's intention is to catch up with its competitors – and then overtake them. To achieve this objective, the Group can count on two of its assets: the strength of its geographic network, and the reputation of its BFT brand. In 2006, the Group drew extensively on this in-field expertise to develop its business on this market.

Performance in line with an ambitious strategy

In 2006, Somfy's business activity grew more than that of most competitors. At the same time, the Group's products won new customers and consumers thanks to a strategy based on innovation and quality. In France, the Axroll automation solution, for example, registered a 45% growth in sales. In the light of this success, this solution, which is compatible with all rolling garage doors, was launched in ten European countries and in the Middle East.

These strong performances have strengthened the Group's resolve to close the gap with its competitors. To support its growth in this segment, the Group is drawing on the know-how and complementarity of its three brands: BFT, which benefits from an excellent reputation among electricians and professionals; Somfy, which is developing its presence in DIY stores and non-specialised installers; and Simu, which specialises in closures for the commercial sector.

BFT pursues its geographic expansion

Acquired by Somfy in 2004, the BFT Group posted business growth of 14% in 2006. Ranked third on the European market for the automation of doors and gates, BFT acquired SACS, which specialises in car park access control systems. This company, based in northern Italy, has a complementary product offer to BFTs.

In 2006, BFT pursued its geographic expansion and opened two subsidiaries, one in Spain and one in the United States.

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MAKING QUALITY A PRIORITY

On the Door & Gate market, quality is an essential criterion for winning market share. In 2006, Somfy deployed several quality actions as part of its "% to ppm" programme, which is being applied to all Group businesses. One of the key actions was the special attention paid to new products aimed at trade buyers, such as Dexxo Pro, which has already proved its worth.

Another project launched in 2006 was the gradual adoption of Somfy quality standards by all companies acquired by the Group, notably BFT, which should further improve the competitive edge of products in years to come.

Dexxo Pro establishes the Somfy brand among professionals

The creation of a Somfy entity dedicated to Door & Gate has enabled the Group to identify and serve the specific needs of the various markets better, particularly for trade customers. Requiring robust motor systems that can integrate comfort and security features, the trade network wants products that stand apart from those sold in DIY stores. To meet this demand, Dexxo Pro 1 was launched in 2006. This is a new range of motors for trade customers that adds to a range composed of gate controls and rolling garage doors.

Integration of products with the Home Motion concept

In order to apply Somfy's know-how in terms of gates and garage doors to a more global Home Motion strategy, the Group launched a new range compatible with the io-homecontrol® universal wireless communication protocol. This allows all openings in the home to be locked in one click.

Commercial closures: strong growth under the SIMU brand

With over 10% growth in a difficult market, SIMU has proved to be the Group's best performing brand. In southern Europe, for example, business grew by 34%. The objective is to extend the range of automation motors and new accessories.

Somfy innovates to save energy

In terms of business in pioneer and complementary automatic controls for interior blinds and facades in commercial buildings, Somfy is dedicated to creating and developing innovative solutions. This strategy has enabled Somfy to extend its competitive lead and make its mark on this rapidly expanding emerging market.

Information and training: key factors for raising awareness among specifiers

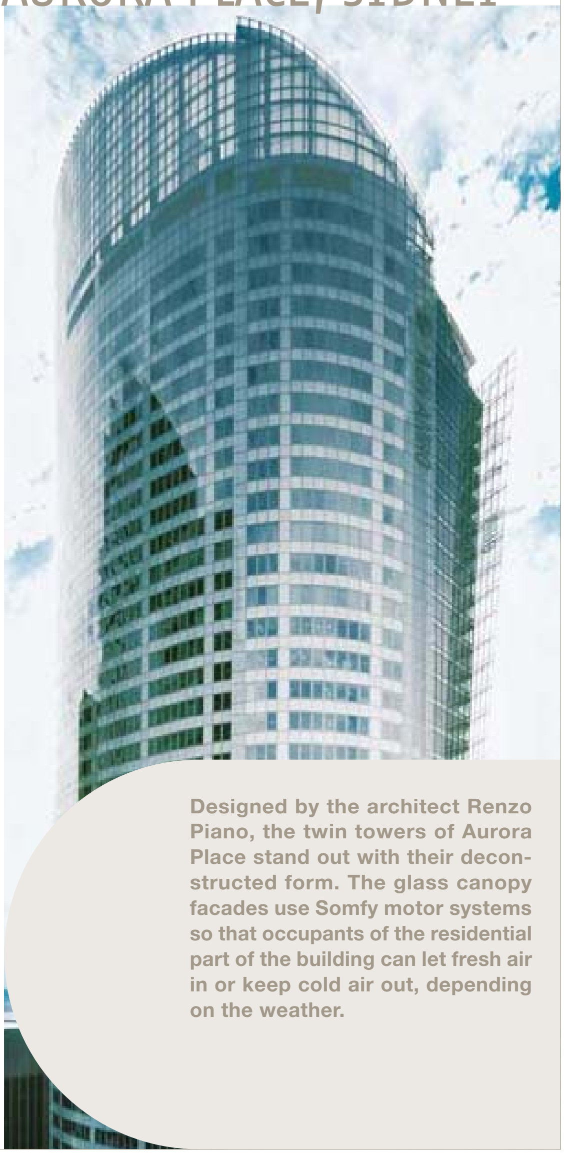
In the commercial segment, energy saving is an increasingly central issue taken into consideration when specifying automatic controls for building facades. To promote its expertise through training and showroom demonstrations, Somfy has initiated a process of direct communication with architects and interior designers, resulting in a greater awareness of the role of solar protection. Somfy has also continued to work with other players in sustainable buildings, wherever possible. In 2006, this was the case in the United States and South Korea.

High-end solutions lead the performance of interior motor systems

In 2006, Somfy innovated to position itself in the development of motor systems for blinds. Initially, its two main markets were North America and Asia.

- The new Sonesse silent motors have been in high demand in the United States, where their low noise levels appeal to upmarket buyers.
- Designed for all awning ranges, battery-powered motors increased Somfy's presence in the home improvement segment. The absence of electrical wiring and their small size makes them an ideal solution for all types of window coverings.

AURORA PLACE, SYDNEY



Designed by the architect Renzo Piano, the twin towers of Aurora Place stand out with their deconstructed form. The glass canopy facades use Somfy motor systems so that occupants of the residential part of the building can let fresh air in or keep cold air out, depending on the weather.

SAN FRANCISCO FEDERAL BUILDING

In 2006, Somfy installed 1,000 Mingardi motors on the facade of the San Francisco Federal Building

New sales approach in the commercial sector

Somfy has now acquired enough expertise in the commercial sector to structure its offer. Based on the assumption that the demands of emerging markets differ greatly from those of more mature markets, Somfy has set-up a structured sales strategy.

- On mature markets such as Germany and Scandinavia, Somfy no longer needs to convince buyers of the energy-saving credentials of solar protection systems. The Group has designed a catalogue of competitive products with high performance features such as the solar sensor. On these markets, the best selling products in 2006 were those in the Animéo range (IB+ and Compact).
- On emerging markets like the United States, Australia, China and the UK, Somfy must both demonstrate the high added-value of solar protection systems, and familiarise the market with Somfy products. This is an *à la carte* product range that can be adapted to demand, which is dominated by the construction of office buildings.

Somfy consolidates its product offer for commercial buildings

In 2006, the acquisition of the French company Variosys consolidated Somfy's offer for large buildings. Its motor control technology using Internet Protocol (IP) means that each motor can be individually controlled. This expertise complements Somfy's know-how, which is more focused on small commercial buildings and the residential market.

At the same time, the acquisition of the German company Stehle's square motor business 1, a field in which Somfy was not previously positioned, has also opened up new commercial markets, particularly in Germany, Austria and Switzerland, where this type of product is in great demand.

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Strong growth for Somfy on its two main markets

Stimulated by the launch of innovative products, Somfy's business is expanding again, with continuous and profitable growth in its two biggest markets. This renewed commercial success is particularly marked in Germany. This performance is the result of Somfy's offensive strategy.

Radio technology sustains profitable growth

With an additional 175,000 motors sold in France, the Group has consolidated its national leadership on the roller shutter and solar protection market. Up by nearly 38%, sales of radio motors have greatly contributed to this performance and have sustained the drive for growth with more traditional, entry-level products. On this segment, the Group has started to win back its market share despite extremely aggressive competition. This recovery is being achieved thanks to major efforts in terms of lowering production costs, which has reduced prices without compromising profitability.

Buoyed by the success of RTS, innovation has sustained market interest in all of Somfy's businesses. Successfully presented to customers in 2006, the new ranges of radio motors have opened up good prospects for growth in 2007.

Somfy consolidates its presence across all distribution channels

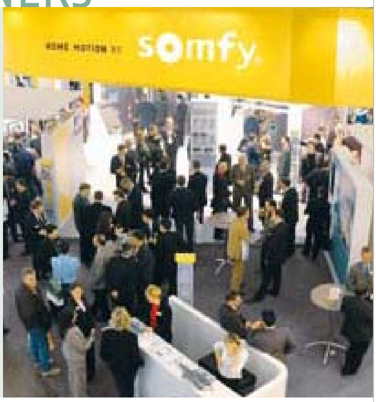
2006 saw the return of its investments made in marketing and media. For the first time, spontaneous awareness of the Somfy brand rose above 50% among owners of primary residences in France. Relayed by three-quarters of approved installers, the three promotional drives implemented in 2006 also did much to enhance brand visibility among consumers.

The restructuring of sales teams by business activity strengthened relations with customers. Somfy linked up with 100 new installers in France and now has a network of 650 partner stores. In terms of key accounts, the multi-brand range is now offered by all sales teams. Nine new assembler-manufacturers were awarded the "Powered by Somfy" label.

SOMFY ROADSHOW WITH ITS PARTNERS

With more than 60 new products presented at the R+T tradeshow in Stuttgart in February, 2006 was a particularly good year for Somfy Germany for innovations. To demonstrate their added value more effectively to installers, the sales teams held training sessions in 40 towns, attracting 1,200 installers.

The latter familiarised themselves with new features in terms of automatic controls for interior and exterior systems for residential and commercial markets. Included was the new RTS remote control collection, Telis Composio, which controls all interior closures, and Impresario Chronis, which can programme different lifestyle settings.



+5.7%

Growth in sales
in France in 2006

+15.8%

Growth in sales
in Germany in 2006

29%

Share of the French market
in the Group's global sales

16%

Share of the German market
in the Group's global sales

OXIMO WT, A FRANCO-GERMAN SUCCESS

Launched in 2006, the Oximo WT electronic wired motor is proof of the effectiveness of the strengthened partnership between the Shutter & Awning Business Group and Somfy Germany. This new alliance was sparked off by a new law to encourage the energy efficiency of buildings, which requires that roller shutter boxes must only be accessible from outside the building.

At Somfy's Development Centre in Cluses, the challenge was to find a way of programming the motor without requiring access to it. They came up with the idea of linking a wire to the motor, and the Oximo WT concept was born. In 2006, more than 90% of its sales were generated in Germany, demonstrating how the French team responded positively to this specific requirement.

Advertising boosts sales

Boosted by the recovery in construction, Somfy's sales rose by more than 15% in Germany. This exceptional performance reflects the success of an aggressive action plan launched in 2005, which won the Group market shares in all its distribution channels. Advertising campaigns ensured Somfy's recognition among end-users. Propelled by the launch of a competitive offer that was adapted to the specific demands of the German market, partnerships proposed to manufacturers and installers attracted more than 550 new trade customers.

Somfy's products stand out in Germany

In this country where concern about energy savings is important, Somfy's innovative new products have stimulated the high potential for the development of high-end blinds. The Group has increased its know-how in this sector by acquiring the German company Stehle. This specialist in motor controls for interior and exterior venetian blinds has opened up a new sector in the market for solar protection in residential and commercial buildings in Germany, as well as in neighbouring countries, where this type of product is well represented.

Winning new professional customers

In Northern Europe, Somfy has ensured it has the means to take on the competition. Still emerging but promising major growth in the future, the markets in Eastern Europe are taking shape.

Strong sales growth in Nordic countries

In 2006, the restructuring of sales forces by distribution channel and implementation of programmes to attract trade networks resulted in renewed growth in Northern Europe. In this area, where the proportion of homes fitted with awnings and shutters is already high, the sharp growth in sales (+ 12.9%) was achieved mainly by winning back market share.

With sales up by more than 10%, markets in Nordic countries and in the Netherlands greatly benefited from a re-energized sales drive, and Somfy Norway posted 30% growth in 2006.

Somfy consolidates its installer network in Northern Europe

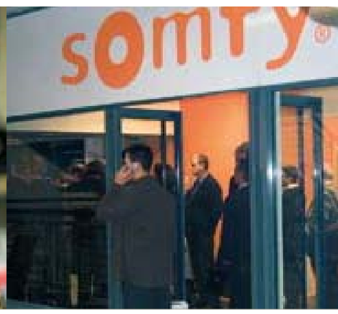
In the context of fierce competition on prices, Somfy consolidated its presence among installers and recruited 130 new experts in 2006. Its network now numbers 600 specialists, whose training programmes focus on the RTS control range.

At the same time, the fruitful partnership between field teams and Business Groups resulted in the launch of products specially adapted to Northern European customers' demands. To counter the competition, the brand introduced Easy Somfy, a range of low-cost, high-quality products.

Somfy establishes presence in the Balkans…

In Eastern and Central Europe, Somfy's sales increased by 15% overall, with growth in emerging countries offsetting the stable performances of mature markets such as Switzerland and Austria. In Russia and the Baltic states, where the Group has been present since 2002, sales rose by between 30% and 45%. Poland, the Czech Republic and Hungary posted growth in profits of more than 10%.

To continue to harness the strong development potential in Eastern Europe, Somfy pursued its geographic deployment, notably in the Balkans. The Group created a subsidiary in Romania and opened two distribution centres, one in Serbia and one in Croatia.



+12.9%

Growth in sales
in Northern Europe in 2006

+15%

Growth in sales in Eastern
and Central Europe in 2006

...and structures its partnership networks in the East

To demonstrate the competitive advantages of its products to new customers, Somfy strengthened and motivated its partnership network. In emerging markets, the Group also intends to promote solar protection systems and commercial expertise directly to architects and builders. In 2006, Somfy participated in building trade fairs in Belgrade and Moscow.

14%

Share of Northern Europe business
in the Group's global sales

ARCHITECTS

Representatives of Somfy's know-how in the management of dynamic facades

Architects are well positioned to promote Somfy's know-how among construction companies and businesses wishing to renovate or build new premises. Since 2003, Somfy has been working closely with British architects via its London showroom. Nearly 500 architects pass through its training centre every year to learn about automatic solar protection systems, as part of their required training. In the Czech Republic, Somfy formed closer links with these specifiers in 2006. Advertising campaigns and published articles appeared on websites used by architects.

A growing network of experts

In Southern Europe, the Group's second most important territory after France, Somfy posted a 20% increase in sales. In emerging markets, such as some countries in the Middle East and South America, Somfy is structuring its customer networks and laying the foundations for its future growth.

Business rebounds in Italy

With results up 14.6% in 2006, the Mediterranean countries remain Somfy's strongest traditional market in Europe. In Spain, the Group maintained its high-level performance of the past 20 years. In Italy, where business had previously suffered from fragmented distribution for several years, it rebounded in 2006. Thanks in particular to the industrial restructuring of two of its entities, Asa and Mingardi, and to the growth of BFT, the Group's spearhead in its Doors & Gates business. In addition, the 20% leap in roller shutter motor sales was a very encouraging sign after two difficult years. Greece, which remains an emerging market, nonetheless pursued its path of continuous growth.

269 new installers adopt Somfy in Spain and Greece

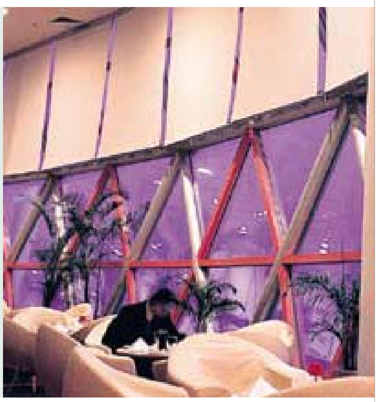
Six years after establishing a presence in Greece, in 2006, Somfy launched its Expert Training Programme in the country. The network of Spanish experts, meanwhile, grew by 250 new awning and roller shutter installers.

In line with strategy to diversify distribution channels in its most mature markets, Somfy also targeted the Spanish public via major advertising campaigns. The operation resulted in 350 million consumer contacts.

MIDDLE EAST

The first programmes for Expert networks in the Middle East

2006 was an exceptional year for training customers in the seven Middle Eastern countries where Somfy operates. The area held its first programme for the Somfy Experts network, launched in Kuwait. A few months later, Saudi Arabia offered a training programme for its first installers in Jeddah and Riyadh, where nearly 30 companies took part in the initial sessions. To present Somfy's know-how of solar protection for commercial buildings, Somfy also distributed the SomfyArchitecture brochure to 8,000 heads of architectural practices and design offices in the Gulf countries.



TURKEY

A Somfy School opens in Turkey

Turkey, one of Somfy's most promising markets (+ 50% growth), saw the opening of a Somfy School, which trained more than 200 professional customers in 2006. The aim is to increase this to 350 customers in 2007. As the preliminary phase in setting up networks of expert installers and manufacturers and the Powered By Somfy programmes, the training of professional customers is an essential step towards establishing and expanding Somfy's presence in its new markets.

Somfy boosts its networks in emerging markets

In the Middle East, where Somfy began operating in 1989, the Group continued to perform well, as in previous years. With sales quadrupling in the space of two years, Turkey has turned out to be an extremely profitable market. Partnership networks were also created in several Gulf countries, and Somfy also benefited from greater visibility in Morocco, where the sales team opened a 700 m² showroom in its new Casablanca premises.

In Brazil, the first South American country where Somfy was present, the incentive scheme put in place for the sales team was a resounding success, with sales rising by 58%.

Somfy opens a new subsidiary in Argentina

In 2006, Somfy registered significant growth in emerging territories neighbouring or near to countries where its subsidiaries are based. This was the case, for example, in South America. A new subsidiary was opened in Argentina, which now covers the whole south of the continent, and this trend should continue in 2007.

+14.6%

Growth in sales
in Southern Europe in 2006

20%

Share of Southern Europe business
in the Group's global sales

+ 20%

Growth in Somfy Group sales
in the area in 2006

The blinds market as dynamic as ever

Leader in motorisation of blinds in North America, Somfy is working on all fronts to exploit their potential for growth. On the commercial market, growing awareness of sustainable buildings is opening up important development prospects.

More staff dedicated to all distribution channels

Somfy's business in North America continued to grow significantly, mainly due to the development of the market for automatic controls for blinds and projection screens. Somfy also recruited sales staff to promote the brand's products to all distribution channels, including ones that are new to the Group (catalogues, online retail sales, door-to-door selling).

Somfy makes blinds automatic

Blinds (venetian, roller and pleated) are highly popular in North America, but they are still mostly manually operated. There is therefore an estimated sales growth potential of 30% per year, which Somfy is working hard to exploit. In 2006, the brand continued to innovate, launching products adapted to the specific needs of the market, particularly the Sonesse silent motors and the Wirefree battery-powered motors, which match the requirements of the high-end segment. In Florida, Somfy launched a new showroom concept with a life-size luxury house in which customers can discover and try out all the brand's solutions.

Somfy integrates its Home Automation offering…

An important lever for growth in North America, Home Automation is a priority area of research for Somfy. To make the most of this innovative know-how, the Group is working with companies offering complementary areas of expertise such as lighting, audiovisual and security.

On the commercial market, Somfy is benefiting from the impact of "green building" standards and a growing recognition of their role in energy savings.

11%

Share of North American business in Somfy's global sales

THE GREEN BUILDING COUNCIL

In the United States, construction companies, which like Somfy are involved in the promotion of sustainable building, can count on the support of the Green Building Council. Aided by the US government, this organisation has created a standard rating system (LEED) to measure the effectiveness of technologies employed in new buildings, in order to reduce their impact on the environment. The Green Building Council considers five different areas: the choice of site, materials used, energy efficiency, water saving measures, and the quality of the interior environment. Somfy's automatic solar protection systems are very highly rated by the organisation, and that has enabled the Group to supply automatic controls for the facades of the new San Francisco Federal Building.

U.S. GREEN BUILDING COUNCIL

...and opens its new facilities in Mexico

Somfy Mexico has moved into its new 1,400 m² premises which include a vast warehouse, three interactive areas for training and meetings, and a showroom where it can answer all of the questions raised by installers and end-users. At the same time, Somfy Mexico launched a training programme aimed at integrators and installers. The presentation of the RTS system in Mexico City drew 300 professionals.

+8%

Growth in North American sales

FLORIDA

The American exception in the roller shutter market

Roller shutters and exterior blinds are not common in the North American building tradition. However, since the unprecedented wave of hurricanes in 2004 and 2005, new building standards have been introduced requiring more robust roller shutters, and this has helped push the rate of motorisation up in coastal regions affected by hurricanes. Florida now represents 70% of Somfy's roller shutter business in North America. In 2006, for example, Somfy completed a major project in Naples, Florida, where it supplied 500 Altus motors for the facades of one particular building to protect it from hurricane damage.

A rapidly growing market

With a population of 3.5 billion and a booming economy, Asia Pacific represents an important market for Somfy. In 2006, the Group continued to deploy its geographic network and implemented specific strategies for each market.

An area with varying demands

In this vast region, characterised by its widely contrasting markets, Somfy's business also varied significantly, with overall growth in the Asia Pacific area nonetheless remaining high (+ 9.1%).

Somfy registered a resounding success in Vietnam and in Australia, an important and largely residential market. In other countries, results were less positive, although signs were encouraging. In Japan, the Group's biggest market in the region, Somfy won back market shares from its competitors. In China, Somfy worked hard to exploit the country's huge potential.

Somfy accelerates its development on the Chinese commercial market...

In 2006, Somfy acquired the means to sell and produce in China, in order to exploit the growth in building automation, a rapidly expanding sector. Three years after it arrived in the country, Somfy has signed a joint venture with a well-known local partner, YueQiu, which is contributing its production facilities and distribution network. The aim is to become the sector leader in China, through LianDa, a new joint venture which is 80% owned by Somfy.

+9.1%

Growth
in Asia Pacific sales

6%

Share of Asia Pacific business
in Somfy's global sales

SOUTH KOREA

Somfy is rewarded for its role in energy efficiency

Somfy's South Korean subsidiary was awarded the Energy Winner 2007 prize in the category of energy-efficient products. For the tenth consecutive year, this competition was jointly organised by a national consumer group and one of the country's leading newspapers, under the aegis of the South Korean Environment Ministry. Somfy was rewarded for the quality and efficiency of its motors and automatic protection systems, notably the new range of centralised controls, Animeo IB+. Already very actively promoting the management of dynamic facades, Somfy Korea is building on the success of the award to promote its products through catalogues and customer communications.

…consolidates its presence in Oceania and Asia…

Somfy opened a subsidiary in New Zealand, a promising market where the brand has already been selling products via Australia. In this country, the brand enjoyed great success with the launch of its installer network. Roadshows held across Australia saw new products presented to 350 professionals; products included the Glystro curtain motors, silent motors and the Telis range of controls.

In South Korea, a mainly commercial market where the Group generates a quarter of its sales in the region, Somfy restructured its i-blind company, which sells and fits complete systems for end-users, to compensate for the lack of retail market.

…and gains a foothold in the residential markets of China and Hong Kong

In China, Somfy set up a network of retailer-installers in 2006, to promote its offering on the residential segment. At the end of 2006, the brand was present in the stores of 70 retailers in seven of the country's major cities. In Hong Kong, where the concept of the "intelligent house" is becoming increasingly attractive to the more affluent members of the public, Somfy presented its motor and remote control systems for blinds and curtains to seven new retail stores.

In Taiwan, where luxury buildings are going up at an unprecedented rate, the brand has increased its visibility among architects, interior designers and builders. Somfy held a seminar on the efficiency of its Animeo solutions, which was attended by 80 specifiers.

IN INDIA

Somfy moves into hotel development

In India, where Somfy has had a subsidiary since 2000, the development of hotels, in high demand, is one area of the Group's growth in the country. Somfy aims to share its know-how with the ten international hotel groups and local investors planning to build five-star hotels on the sub-continent. Present in the six biggest Indian cities, the brand's teams are working hard to promote motor systems for blinds and curtains, and especially the new Glystro and Sonesse motors. Somfy has already supplied systems to some of the country's most luxurious business hotels, including the Imperial Hotel in New Delhi and the Oberoi in Bombay.

A GROUP OPEN TO THE WORLD

The culture of innovation and anticipation fostered by Somfy is shared by its 4,300 employees throughout the world. Its product offer aims to develop sustainable dwellings that are respectful of the environment, provide ever more comfort for end-users and contribute to a simpler and safer life. It creates value for its customers and shareholders. Somfy strives to incorporate these values into the day-to-day work of its teams. Present in all five continents, the Group operates a decentralised human resources policy to ensure that the specific features of each culture and each market are respected. Spearheading its commitment to the environment and society, the Somfy Foundation supports actions of mutual assistance and sharing wherever the Group's expertise may be of use.

Fostering profitable growth

In 2006, Somfy increased its production capacity as part of its internal and external development policy. The productivity approach pursued in 2006 ensured that the company's profitability was maintained, despite the rising costs of raw materials and reduced market prices.

Reinforcing industrial facilities in Tunisia

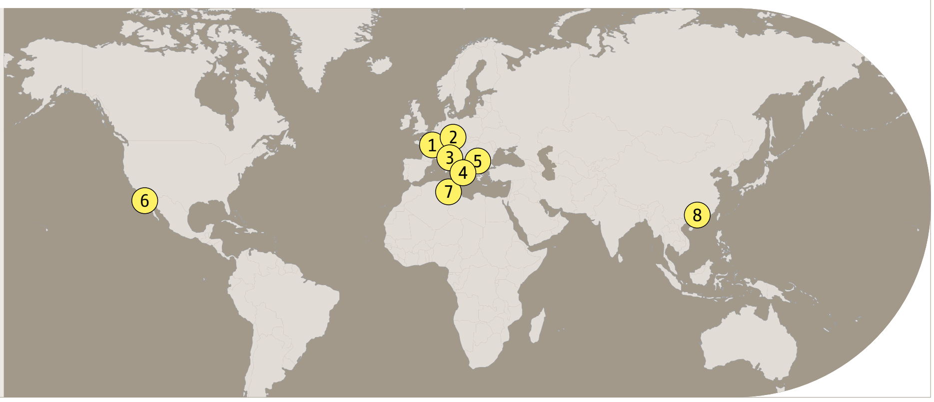
2006 saw the inauguration of a factory in Tunisia to accompany the Group's business development. This internal deployment strategy responds to an objective of improving the distribution of risks, in accordance with the location of distribution zones and component supply sources. In Tunisia, Somfy has direct access to its main electronics suppliers. The new factory, which delivered its first parts in April 2006, will produce one million motors in 2007.

At the same time, the production capacity of European factories remains unchanged. Rapid response capabilities remain concentrated in French factories which are committed to supplying the network within 24 hours.

Synergies enhance competitiveness

The new Tunisian factory has now integrated the Somfy Production System (SPS) which defines production principles common to all Group entities. In 2006, optimizing this progressive approach towards industrial excellence enabled us to improve the Group's productivity and competitiveness. This performance relied on three key areas: sharing sourcing policies, rationalizing logistics and industrial network management.

Location map showing the Group's eight factories:
Cluses 1
St-Rémy-de-Maurienne 2
Gray 3
Bologna 4
Schio 5
San Diego 6
Zriba 7
Nanxun 8



INTERNATIONAL LOGISTICS CENTRE

International logistics centre in Bonneville

Inaugurated in late 2005, on a site close to Group headquarters in Cluses, the worldwide distribution centre for Somfy branded products has fulfilled all its objectives. This high-performance facility allows for better differentiation of various types of service according to distribution channels and also optimises product traceability, flexibility and speed of response with an engagement to deliver within 24 hours. With a total floor area of 27,000 m² and over 200 employees, the centre is designed for restocking logistics centres throughout the world, as well as delivery to French, Benelux and Mediterranean customers.

Becoming the number one Chinese manufacturer of tubular motors

To accelerate its penetration of the Chinese market, Somfy has decided to transfer certain production operations to China, as part of a strategy to commercialize products locally. In the first half of 2006, Somfy integrated a tubular motor production site belonging to YueQiu, one of the sector's leading Chinese companies, through a new joint company, LianDa, in which Somfy holds an 80% stake. LianDa products will be brought into line with the Group's performance levels before being launched on the Chinese market. The first range will be presented at the Shanghai trade show in April 2007. In the long run, Somfy's goal is to be number one producer of tubular motors in China.

The variety of different types of motors to be produced in China will open up growth perspectives in Somfy's three business activities, for both mid and top-end applications.

Somfy takes the zero defects challenge

A key element in reinforcing Somfy's competitive advantage and ensuring the success of products offering high added-value, the Group's quality policy was a crucial development area in 2006. Somfy has thus finalised the content of its Quality approach known as "% to ppm" ("parts per million") which will be deployed in 2007. Through this programme, the Group had defined an objective: reaching a product return rate of less than 1%. Each of the Group's operational entities was involved in defining the action plans which concentrate on four key issues: product quality, service quality, training and process management. From the choice of individual components to after-sales service, around one hundred initiatives were thus adopted in 2006.

Driving Group performance and fostering talent

To accompany and anticipate developments in the organisation of the Group and its business activities, Somfy keeps its Human Resources policy closely in line with its operational entities. Underpinning Group activities and the supervision of teams, HR managers are appointed to cover each geographic zone, division and field of expertise.

Co-responsibility: working towards efficiency

In 2006, Somfy's teams succeeded in adapting to and making the most of the new organisational structure set up in September 2005. The creation of three Business Groups specialising in each different application (Shutter & Awning, Window & Blind, Door & Gate) allowed for the principle of co-responsibility between the teams in charge of developing new products and the operational entities in over 50 different countries. The new structure reinforced speed of response in launching new products on the market. It will also allow joint strategies to be planned for each application and resources to be concentrated in the most important development areas.

...and the Group's strategic axes

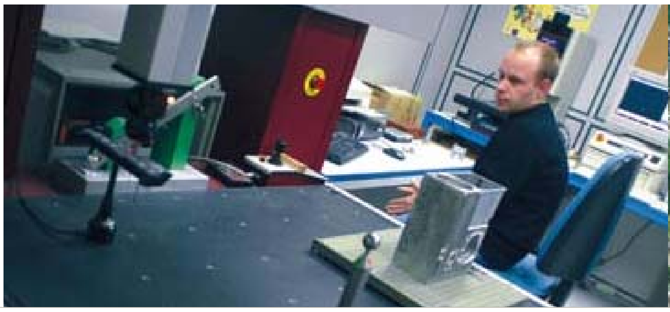
Reorganising the workload into teams based on shared competencies allowed for the definition of each entity's precise role in accomplishing the strategic axes defined at a Group level for each application. This performance-enhancing approach has been implemented across the board in order to pursue the development of interoperability between all Somfy products.

Meeting the challenges of geographic expansion

The Group's workforce continued to increase in 2006 (up 28%) thanks to internal growth, particularly in the US and the Middle East, as well as the integration of Cotherm (460 employees) and the creation of LianDa (265 employees) in China. At 31 December 2006, Somfy employed 4,300 people in 51 different countries.

To accompany this development, the Group's HR policy favours diversity, performance and responsibility. In 2006, its action plans included:

- an ongoing objective of high-quality recruitment. In France, 165 employees, mainly technicians, joined the Group;



- developing skills through a dynamic training policy. In France, over 1,000 employees have benefited from 24,600 hours of training, which is 3.54% of the total payroll. International programmes represent 35% of all training.

Accompanying employee expectations

Deployed in 2005, the new management principles were integrated into the working methods of each and every manager, who are responsible for developing their team and raising employees' awareness of their active role in their own career. During the annual appraisals, this Management Charter allowed us to better align Group requirements and employee expectations. In 2006, Somfy also continued to pursue its policy of managing career paths and internal mobility, enabling 37 employees to take advantage of professional development opportunities.

Carried out every two years to establish the opinions of each and every Group employee, the employee satisfaction survey produced good results in 2006. Employees' confidence in the future of the Group and in the professional situation of individuals demonstrated a good level of stability. They also increased a higher level of satisfaction regarding supervision, developments in human resources and internal communication.

RESEARCH AND DEVELOPMENT

Reinforcing R&D speed of response

To further improve our precise understanding of professional customers' requirements, the organisation of the Group's Development structures has been integrated into the marketing and quality teams, which are specifically dedicated to each of Somfy's three key markets. In 2006, this new operating structure allowed for the successful launch of a number of products, such as the Oximo WT electronic wired motor for the roller shutters market, the Animeo Compact automatic systems for managing the solar protection of commercial buildings, and the Axovia universal gate motor. In total, the 60 new products presented to professional customers in 2006 helped accelerate Group growth and win back market share from competitors. At the same time, to ensure technical excellence while guaranteeing turnaround times for new products, the "PMP" process (Product Master Plan) was formalised between the Development and commercial teams.

Solar protection, an energy-related challenge

Nearly 40% of the world's energy consumption stems from the construction and management of buildings. By allowing only the beneficial effects of the climate to enter buildings, automatic solar protection can cut air-conditioning requirements by half, reducing energy consumption and greenhouse gas emissions accordingly.

Proven energy-saving role

As part of its automated solar protection business line, Somfy has long established its vision of quality based on innovation. Each year, the Group's development teams propose new solutions to provide an ever more effective contribution to this crucial objective of controlling energy consumption.

Various studies have shown that solar protection can be used to save energy, its impact being all the more significant if the protection system is automatic. Settings can be precisely adjusted in accordance with solar radiation. In summer, suitable equipment can reduce the ambient temperature in the home by 9°C. Over the last 3 years, Somfy has also extended its know-how to the automatic opening and closure of windows to ventilate buildings naturally. This technology, which is currently being tested in Europe, allows the inside temperature to be maintained at 25°C in summer, without using air-conditioning.

Somfy innovates to control facades automatically

The automatic control of openings and closures is now a key element of Somfy solutions, particularly in the commercial sector where the Somfy range is marketed as Dynamic Facade Management. Thanks to solar sensors and new software integrated into automatic controls, the building's entire solar protection system reacts to external fluctuations, without any human intervention. Throughout the day, roller shutters and blinds are raised and lowered automatically in accordance with the external temperature and solar radiation.

Somfy's Animeo IB+ offer is particularly suited to the automatic control of facades in the commercial sector, whereas the new io-homecontrol range is tailored to the requirements of private homeowners.

SHANGHAI

The Shanghai Opera

Somfy's automatic solutions equip the glass facades of the Shanghai Grand Theatre, built in 1997 by French architect Jean-Marie Charpentier.

SAVING ENERGY

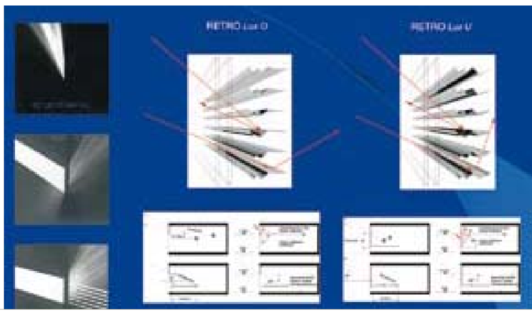
Recognition underpinned by science

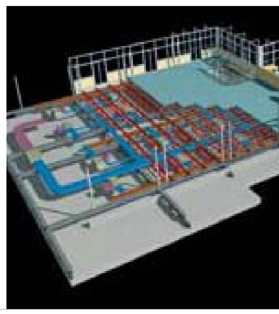
To validate the relevance of its research and the effectiveness of its products in saving energy, Somfy's development teams work in close collaboration with seven universities outside France: Delft (Netherlands), ISE (Germany), BRE (UK), Lund (Sweden), Carnegie Mellon (USA), Berkeley (USA), Tsinghua (Beijing) and Tanghi (Shanghai). The objective in each country is to produce a scientific document to legitimise the contribution of automated solar protection. Scientific backing would enable the brand to establish its reputation in this domain through joint communication. This partnership also enables Somfy to design and adapt its innovations to suit the requirements and criteria of its markets, since the majority of these universities are actively involved in drafting standards in their countries.

A partnership-based approach

For Somfy, environmental concerns will play an ever greater role in the way its activities develop. Ecology is set to make its mark on buildings, in the way that they are both built and managed: it will be closely linked to improving user-comfort. A number of operators are already involved in this development and Somfy has decided to establish close partnerships for future progress.

The Group has joined forces with various research teams in North America (Canada and the US), in Europe (Germany, France and the UK) and in Asia (China). It designs and develops solutions in collaboration with architectural associations and is involved in developing regulations. For example, Somfy supports the Green Building Council in the US.





The Somfy Foundation

In order to support the innovation policy of its activities and perpetuate its commitment to the environment, Somfy Group created its own foundation in 2004. Its initiatives are varied but all focus around a common goal: facilitating access to a better understanding of our natural environment in order to help people live better in the world which surrounds them. The Somfy Foundation's financial investment, which was multiplied by ten in 2006, is always accompanied by sharing skills.

A long-term commitment

Prevention, awareness, protection, education… For three years, the Somfy Foundation has been developing the initiatives of non-governmental organisations (NGOs) and associations who work to achieve "better living in natural surroundings." The Foundation commits long-term to all types of initiative as long as they incarnate the Group's values: making life simpler, safer and more comfortable. In 2006, the Somfy Foundation contributed 300,000 euros to projects implemented in France and abroad. In the long run, the Somfy Foundation's vocation is to invest in all those countries where the Group is present, with employees of its subsidiaries also involved. Because each of the initiatives backed by the Foundation is visibly associated with causes and objectives to which the Group's employees can relate, their personal involvement is backed by the company as long as the professional skills involved are relevant to the Foundation's commitments.

Website: www.fondation-somfy.com

1

"Esprit Montagne": making young people aware of risk in the mountains

As a Group based in the French Alps and headquartered at Cluses in the Haute-Savoie region, it is not surprising that Somfy has been a patron of projects relating to its natural surroundings for the last 15 years. In 2003, Somfy decided to go a step further and create its own association, *"Esprit Montagne"*, under the aegis of the Foundation. Its purpose was to unite a maximum number of skills around a common project aimed at making the region's young snowboarders and free-riders aware of the basic rules of good conduct in the mountains, especially off-track. The target group was teenagers aged 14 and 15 1. With the help of mountain professionals, scientists and teachers, 5,000 youngsters were trained over the 2006/2007 winter, thanks to a teaching programme structured around classroom work which was then validated by a day on the slopes. The initiative is backed by the ENSA (French National School of Skiing and Mountain Climbing) and the ANENA (French National Association for the Study of Snow and Avalanches) and is now recognised by the relevant authorities.

The Somfy Foundation organise the teenagers' travel arrangements and produces the educational tools. Each winter Group employees who are experts in the field of mountain safety come and help the professionals who are involved in the project.

Website: www.esprit-montagne.com

Phénoclim: studying the impact of climate change on vegetation in the Alps

The most expected consequence of global warming is that organisms will move to higher altitudes. Phenological measurements of plants show that temperature increases have a considerable impact on their growth, and therefore on animal life. In autumn 2004, 2 in order to better understand the phenomenon and enhance public awareness, the CREA (Research Centre for Ecosystems at Altitude) launched a scientific and pedagogical programme, called Phénoclim, which invites the public to measure the impact of climatic change on vegetation in the Alps.

Right from the start of the project, the Somfy Foundation undertook to pilot the creation of 100 autonomous stations for measuring the environment, at a total financial cost of 200,000 euros. The Somfy Foundation coordinates the construction of the stations with the help of two high-schools in Cluses, with Somfy engineers contributing their knowledge and skills. A total of around sixty people – engineers, university and high-school students, teachers and CREA researchers – are mobilised around this project. In the field, the phenological studies of the vegetation are carried out by a hundred or so schools and volunteers, under the supervision of researchers. The semi-automatic version of the Somfy-designed sensor, which has been in use since 2004-2005, has gradually been replaced by a fully autonomous version since December 2006.

Website: //crea.hautesavoie.net

The Somfy Foundation supports four Emergency Architects programmes

As a player committed to promoting the social and environmental role of buildings, the Somfy Foundation perpetuates and reinforces the special links connecting the Group to its architect partners through the nature of its activity. 3 Since the tsunami in Asia on 26 December 2004, the Somfy Foundation has been continuously involved alongside a non-governmental organisation called Emergency Architects.

An original way of exchanging skills

Above and beyond its mission of assisting populations affected by natural catastrophes or conflicts, this humanitarian organisation, made up of architects, is also notable for the expertise in terms of sustainable development which it brings to countries in need. The main goal is to make people aware and to ensure that safety norms are applied in countries where most building work is carried out in a chaotic manner. The projects of this NGO use simple techniques, the idea being that they will then be developed by the local population.

2

3

In Indonesia for example, teams from Somfy's South-East Asian subsidiaries took part in Emergency Architects efforts in the wake of the tsunami to help local institutions anticipate and limit the damage to inhabited areas in the event of a fresh natural disaster. In each of its initiatives, Emergency Architects give priority to the use of local resources, and leverages individual know-how, technological transfer and training.

Two years of initiatives in Indonesia

Since early 2005, the Somfy Foundation has helped finance a programme to rebuild three fishing villages [1] in the Sigli region in the north of the island of Sumatra. On site, the Emergency Architects team's action plan has been structured into three phases: restoring the economic infrastructure, helping children go back to school, and providing accommodation for people who lost their homes. [2] At the end of 2006, the 80 members of the Emergency Architects team, including six French architects, finalised the reconstruction of the port of Sigli. Of the five schools planned in the initial programme, two structures are already operational. [3] They have enabled 649 school children to return to class. 528 other children will take up possession of their new facilities in 2007. Lastly, the NGO has managed to rehouse 182 families. All the 542 homes under construction will be completed in 2007.

In Afghanistan, Pakistan and Lebanon

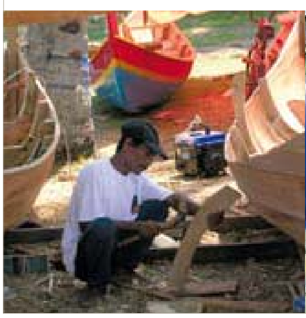
In Afghanistan, the Somfy Foundation supports Emergency Architects in their initiative to help reorganise the profession of architect, with a view to reconstructing a country devastated by twenty years of warfare. Since 2004, French architects have been working non-stop in the Relay Workshop opened by the NGO in Kabul in order to train professional Afghans in the new technologies of architecture, with the use of state-of-the-art equipment.

In the Kashmir region of Pakistan, which was hit by a violent earthquake in October 2005, the NGO started to rebuild the village school in Bheri at the end of 2006. The Somfy Foundation backed this project which provided accommodation for 220 pupils and 22 teachers.

In Lebanon, where Emergency Architects helped to rehouse Lebanese refugees when the fighting stopped between Israel and the Hezbollah, the Somfy Foundation is funding a programme for repairing and rebuilding water towers and retention basins for agriculture.

Website: www.archi-urgent.com

1



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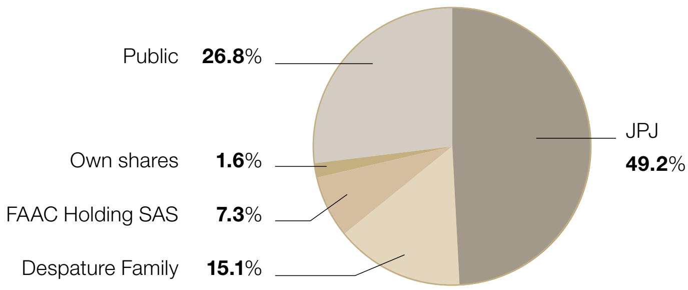
Shareholder Relations

Breakdown of capital in %



Capital

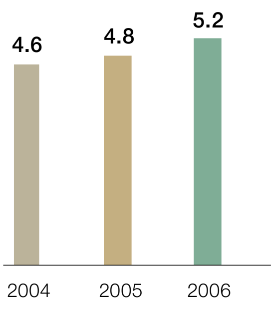
At 31 December 2006, Somfy's capital amounted to 7,836,800 euros, divided into 7,836,800 shares with a nominal value of one euro, fully paid up and all in the same class.

The company has not issued any securities giving rights to capital.

Stock options that may be exercised after 31 December 2006 are purchase options. As authorised, the company owned 127,307 Somfy shares at 31 December 2006.

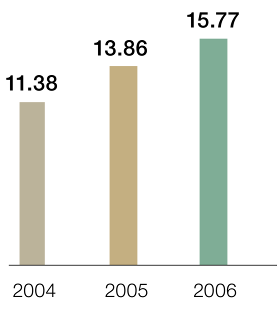
Net dividend

per share, in euros



Net income

per share, in euros



Listing

Somfy SA, which has a Supervisory Board and a Management Board, is listed on the Eurolist of Euronext Paris, Compartment A, ISIN Code FR 0000120495.

Agreement

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

Financial Calendar

4 December 2006	Supervisory Board
26 January 2007	Release of quarterly sales (Q4 2006)
5 March 2007	Supervisory Board
6 March 2007	Financial Information Meeting – annual results 2006
27 April 2007	Release of quarterly sales (Q1 2007)
15 May 2007	General Assembly
27 July 2007	Release of quarterly sales (Q2 2007)
30 August 2007	Supervisory Board
31 August 2007	Financial Information Meeting – 1st half results 2007
26 October 2007	Release of quarterly sales (Q3 2007)
3 December 2007	Supervisory Board

Organisation

Supervisory Board

Chairman: Jean-Bernard Guillebert

Vice-Chairman: Jean Despature

Members: Jean-Pierre Devienne
J.P.J. represented by Victor Despature
Xavier Leurent
Anthony Stahl

Audit Commitee

Jean-Bernard Guillebert
Victor Despature
Nicolas Duchemin

Remuneration Commitee

Jean-Bernard Guillebert
Victor Despature

Management Board

Chairman: Paul Georges Despature

CEO: Wilfrid Le Naour

Member : Nicolas Duchemin

Auditors

Ernst and Young Audit
CDL

For further information:

Nicolas Duchemin
CFO

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www.somfyfinance.com

2006 ANNUAL FINANCIAL REPORT

Contents

Overview of consolidated financial statements

In euro millions	31/12/06	31/12/05
Sales	655.2	591.2
Profit from operations	126.2	116.3
Operating profit	118.5	116.7
Net profit	121.9	106.9
Net profit (Group share)	121.6	106.9
Cash Flow	109.0	110.3
Investments in property, plant and equipment	35.3	46.4
Amortisation and depreciation*	-20.5	-17.3
Net assets	591.3	500.3
Net cash surplus	82.8	78.5
Non-current assets	497.2	430.8
Average workforce size	4,179	3,383

* Excluding the writedown of € 7.3 million arising from an impairment test.

Management Board Report

Ladies and Gentlemen,

In accordance with legal and regulatory provisions in force, the Management Board has convened you here in order to inform you of the management of your company and its subsidiaries and to submit for your approval the financial statements for the year ending 31 December 2006.

HIGHLIGHTS

- Somfy made the acquisition at the end of the 2006 1st half-year of **Cotherm** through a leverage buy-out. Somfy's contribution to the transaction was €5.2 million. Somfy and J-P Serigny, head of the family managing the company, own 65% and 35% of Cotherm, respectively.

Cotherm is based in Vinay (Isère, France) and specialises in designing standard thermal regulation components. It generated 2005 sales of €22 million, of which 30% in France and 70% in more than 25 other countries.
Over the 2006 financial year, Cotherm contributed €10.5 million to goodwill, €13.0 million to borrowings from credit institutions and €13.9 million to sales for 6 months of operation.

Somfy signed a commitment to buy the minority interests, recognised as a financial liability and offset by a reduction in minority interests. The surplus between the value of the commitment and the amount of minority interests is posted to goodwill.

- Somfy made the acquisition, through its subsidiary BFT SpA, of **SACS** in Italy, a company specialising in car park access systems (cash points, barriers...). It realised sales of €1.8 million in 2006 and has been included in the Group structure since 1 January 2006.

- Somfy made the acquisition at the beginning of September 2006 of the German company **Stehle.** Stehle is a recognised participant in the solar protection motorisation and automatic operation market, in particular for external Venetian blinds. This acquisition will enable Somfy to expand its offer, especially in Germany, Austria and Switzerland, thanks to a range of products adapted to these markets. The full-year sales guidance range from €4 to €5 million, for a €4.5 million investment by Somfy.

- Somfy also signed an agreement with **Variosys** regarding the takeover of the company's operations under lease-management arrangement. This agreement may subsequently be turned into an acquisition in full. Variosys owns an exclusive proprietary technology for the centralised control of solar protection equipment for major service industry participants. It is complementary to the Somfy offer, which is more suited to medium and small service industry customers.

- The Italian company **Faac,** of which Somfy owns 34%, sold a site and a building located in Dublin to a pool of investors through its Irish subsidiary. The flourishing local real estate market enabled Faac to realise a very high capital gain of €84.4 million after tax on this disposal.

Somfy includes additional net profit of €28.7 million in its 2006 results after consolidating its 34% stake in Faac in accordance with the equity method.

Somfy recognised a €7.3 million writedown in goodwill relating to its Italian subsidiary **Way,** whose sales growth rate may decline over the coming years.

PRESENTATION OF GROUP AND PARENT COMPANY FINANCIAL RESULTS

1 - PARENT COMPANY FINANCIAL RESULTS

At 31 December 2006, Somfy SA sales were €3.2 million. Financial income amounted to €90.0 million, including €90.7 million in dividends paid by its subsidiaries in respect of their net profit at 31 December 2005.

Net profit amounted to €89.9 million and includes an income tax saving of €2.6 million as a result of the tax grouping arrangement, compared to €13.4 million in 2005, which included non-recurring tax savings generated by a legal restructuring.

2 - GROUP FINANCIAL RESULTS

Sales for the year came to €655.2 million, up by 10.8% (+8.9% on like for like).

Growth has been noted in all geographic zones. It accelerated during the second part of the year (+11.9% on like for like).

France grew by 5.7% over the year (+3.4% on like for like).

For Germany, the growth was 15.8% (+15.5% on like for like). Business was particularly brisk in the third and fourth quarters (respectively up by +22.6% and +34.8% on like for like).

Southern Europe, Northern Europe, Eastern and Central Europe also saw growth accelerate during the second half. Sales increased respectively by 14.5%, 13.0% and 15.0% over the whole year (+11.5%, +8.7% and +12.1% on like for like).

America was impacted by the slowdown in housing market after the summer, with a lesser growth in the last two quarters. Nevertheless, yearly growth still reached 8,0% (+11.4% on like for like).

Asia Pacific on the other hand picked up in the second half and ended the year with an overall growth of 9.1% (+5.9% on like for like).

These good results stemmed from the healthy state of the markets, along with reconquest commercial actions. Product launches and opening of new distribution subsidiaries contributed in addition.

In euro millions	31/12/06	31/12/05	N/N-1	N/N-1 like for like basis
France	187.6	177.6	5.7%	3.4%
Germany	96.7	83.5	15.8%	15.5%
Northern Europe	91.9	81.4	13.0%	8.7%
Eastern and Central Europe	42.6	37.0	15.0%	12.1%
Southern Europe	128.7	112.4	14.5%	11.5%
Asia Pacific	38.7	35.4	9.1%	5.9%
America	69.0	63.9	8.0%	11.4%
TOTAL	**655.2**	**591.2**	**10.8%**	**8.9%**

Results

Profit from operations for the financial year recorded a slight increase of 8.5%. It reached €126.2 million, that is 19.3% from total sales.

The share of associate companies' earnings was significantly up. It includes FAAC's exceptional profit on disposal of real estate assets (€28.7 million for Somfy's share).

The lowering price strategy has been pursued in order to accelerate the growth and win back market shares. Margins have been kept thanks to gains realised on production costs and improvement of product mix.

The investments on Research and Development and the marketing actions (TV campaigns in Europe to develop Somfy brand awareness) have been pursued in line with previous years.

Net income went up from €106.9 million to €121.9 million, an increase of 14.0%.

Conversely, non-current items include the depreciation of goodwill from Way (€7.3 million) and an increase in the average tax rate to 32.3% (against 20.7% in 2005 which accounted for non-recurring tax savings).

Financial situation

Net cash surplus stands at €82.8 million at the end of the year, an increase of €4.3 million.

OPERATIONS OF THE COMPANY AND OF CONTROLLED SUBSIDIARIES BY GEOGRAPHICAL AREAS

Somfy operates in a single business segment. Therefore, the company opted for segment information by geographical areas, based on the location of the assets.

At 31 December 2006, segment information was as follows:

In euro thousands	France	Germany	Northern Europe	Eastern and central Europe	Southern Europe	Asia Pacific	America	Eliminations entre zones	Total
Segment sales	410,449	102,826	83,223	31,752	178,810	33,617	62,284	-247,790	655,171
Intra segment sales	*-213,720*	*-3,960*	*-335*	*-281*	*-29,212*	*-29*	*-253*	*247,790*	*0*
Segment profit/loss (profit from operations)	80,123	3,452	9,485	2,246	28,721	1,766	4,648	-4,199	126,242
Investment in equity accounted companies	29	-	-	-	41,668	-	-	-	41,697
Segment net profit	78,736	1,796	7,251	2,247	52,835	760	3,348	-25,078	121,895
Segment assets*	369,220	36,533	40,457	15,778	234,059	30,685	36,082	-116,759	646,055
Segment assets held for sales **	48,255	-	-	34	10	-	-	-	48,299
Equity accounted companies	270	-	-	-	151,924	-	-	-	152,194
Segment liabilities	207,468	23,735	25,161	8,103	66,273	13,797	15,395	-104,679	255,253
Segment investments	18,267	613	392	316	7,523	6,925	1,397	0	35,433
Segment asset depreciation charges	-13,403	-1,390	-521	-445	-3,100	-491	-931	0	-20,281

* After deduction of assets held for sale ** This item primarily comprises the fair value of Agta Records shares.

Most eliminations are carried out between France, where production facilities are located, and other areas.

EVENTS AFTER THE BALANCE SHEET

In February 2007, Somfy signed an agreement with the shareholders in PD Technologies Ltd to purchase this company in full. This English company manufactures garage door detection sensors and realised sales of £ 3 million over the last published financial year.

OUTLOOK

The Group's strategy will remain in line with prior financial years: establishment in new territories and continuing market share gains in France and Europe against a back ground of declining prices. Our efforts will also be directed at consolidating our brand portfolio and on innovation in the various product segments: indoor blind motorisation, solar protection for service industry buildings, development of the rolling shutter and sun blind ranges and extension of the residential access offer.

Market conditions should remain favourable, especially in Europe, although we cannot rule out a slowdown in the housing market of certain countries.

INFORMATION ON SHAREHOLDERS AND SHARE CAPITAL

MAJOR SHAREHOLDERS (Article L. 233-13 of the french Commercial Code)

Shareholders owning more than 5% of the share capital **at 31 December 2006:**

	Number of shares held	% share capital	% voting rights
J.P.J. SCA*	3,858,802	49.24	60.65
Despature family	1,182,121	15.08	17.89
FAAC HOLDING SARL	571,400	7.29	4.55
Northern Trust	558,703	7.13	4.45

* There is a binding agreement between JPJ SCA, a limited partnership, and the Despature family.

CONDITIONS FOR ACQUIRING MULTIPLE VOTING RIGHTS

The voting right attached to the shares is proportional to the capital that they represent. Each share entitles its holder to one vote.

A voting right that is double that conferred on shares, considering the share capital they represent, is allocated to all fully paid shares that have been duly registered for at least four years in the name of the same shareholder at the end of the calendar year preceding that of each Meeting.

SHAREHOLDERS' AGREEMENT

• Actions in concert and pre-emption agreement

JPJ SCA and certain members of the Despature family are bound by a special agreement and have signed a pre-emption agreement concerning their respective holdings of Somfy SA shares.

This agreement, which was submitted to the French Financial Markets Commission on 5 March 1998, sets the conditions under which the pre-emption right may be exercised in the event of transfer by the signatories of their Somfy SA shares. It was signed for a period of 15 years, effective from 17 May 1997.

It is binding on the signatories and their minor beneficiaries in the event of death, and for all their minor descendants who might be entitled to shares through disposal or gift.

Any changes to this agreement, particularly regarding its duration, must be decided by a three-quarter majority of the share capital of Somfy SA represented by all the signatories. JPJ SCA shall administer the agreement for an unlimited period.

• Collective retention agreements

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

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

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

The Company has implemented several successive treasury share purchase programmes. The last programme was launched in 2006; it was authorised by the Combined General Meeting of 31 May 2006 and had the following objectives:
- to stimulate the market and provide liquidity by way of an investment services provider within a liquidity contract that conforms to the Ethics Charter of AFEI recognised by the “Autorité des Marchés Financiers” (French exchange supervisory authority);
- to cover option plans to purchase shares or the free grant of shares.

During the financial year, the Management Board made use of the authorisation granted and bought 29,471 shares at an average price of €185.47, sold 6,951 shares at an average price of €188.96 and allocated 16,777 shares at an average price of €69.55 in respect of exercised options. Trading expenses totalled €9,715.

No shares were cancelled and the number of shares held through this authorisation amounted to 127,307 at 31 December 2006. They accounted for 1.62% of the share capital, with an average purchase price of €108.30 per share, with a par value of €1.

The Management Board will submit for the shareholders’ approval a new treasury share purchase plan for a period of eighteen months. This plan would replace the current programme, which will be terminated early. It would allow management to purchase up to 10% of the shares of the Company; the main objectives of the programme would be:
- to stimulate the market and provide liquidity by way of an investment services provider within a liquidity contract that conforms to the Ethics Charter of AFEI recognised by the “Autorité des Marchés Financiers”;
- to cover option plans to purchase shares or the free grant of shares.

The Management Board notes that 22,256 treasury shares were purchased in the 2006 financial year. Furthermore, in March 2007, 110 000 additional shares have been purchased. They were allocated to cover share option programmes or other allocations to employees or directors of the company.

INFORMATION ON INVESTMENTS AND CONTROLLED COMPANIES

• Investments in French companies during the financial year ending 31 December 2006 (article L. 233-6 of the French Commercial Code):

	Direct control		Indirect control	
Company name	Number of shares	% of share capital	Number of shares	% of share capital
Cotherm Participations	52,000 shares	65,00	-	-

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

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

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

• Paul Georges DESPATURE
- Chairman of the Supervisory Board of Damartex, Cotherm Participations and Cotherm Development
- Chairman of the Management Board of Fidep
- Director of FAAC SpA
- Manager of CMC SARL

Remuneration: €979 000, including €551 000 variable. Variable remuneration is determined by the Remuneration Committee on the basis of an objective scale, which takes the following three items into account:
- profit growth (average annual growth of profit from operations over two years),
- return on capital employed (average ROCE over two years),
- coverage ratio (net borrowings/cash flow at 31 December).

In addition, a supplementary retirement scheme was implemented in 1983 by the holding company of that time, which became Somfy SA. This plan changed and was the object of a new contract signed by Damart System ICC, subsequently called DSG SA, a subsidiary of Somfy SA. This scheme applies to the Senior Management and Director category, in accordance with hierarchy coefficients defined by the Mail Order and Textile industries collective agreements.
The contract grants a contingent right to a differential supplementary pension, called “article 39”, which is a function of beneficiaries’ length of service (a minimum of 15 years). With over 35 year service at retirement, the commitment corresponds to the difference between 50% of the reference salary and the amount to be paid by compulsory pension schemes.
The current Chairman of the Management Board is a member of this plan, since he is employed by Damart System ICC, which subsequently became DSG SA.
The commitments of this contract and corresponding assets are outsourced to an insurance company. Future commitments are fully covered by the managed assets of the scheme, measured at their fair value.
This old scheme has been closed and no longer accepts any new members.

• Wilfrid LE NAOUR
- Chairman of Somfy SAS, Somfy Development SAS, NV Somfy SA, Somfy Systems Inc., Simu USA Inc., Somfy AG, Somfy China Co Ltd, Somfy Co Ltd, Somfy España SA, Somfy Hellas SA, Somfy Ltd, Somfy Mexico SA de CV, Somfy Middle East Co Ltd, Somfy Pty Ltd and Somfy Pte Ltd,
- Vice-Chairman of Somfy Nordic AB,
- Director of Promofi BV, Somfy BV, Somfy KK, Somfy Joo Co Ltd, Somfy ULC, Somfy India PVT Ltd, Somfy Italia srl, Harmonic Design Inc., I-Blind Co Ltd, Gaviota Simbac SL, FAAC SpA and BFT SpA,
- Manager of Somfy GmbH, SCI of 43 rue du Battant and SCI of 93 rue du Battant,
- Employee of CMC SARL.

Remuneration: €552 409, including €178 000 variable. Variable remuneration is determined by the Remuneration Committee on the basis of an objective scale, which takes the following two items into account:
- profit growth (average annual growth of profit from operations over two years),
- return on capital employed (average ROCE over two years).

• Nicolas DUCHEMIN
- Member of the Supervisory Board of Damartex

Remuneration: €233 871, including €29 500 variable. Variable remuneration is determined by the Remuneration Committee on the basis of an objective scale, which takes the following two items into account:
- profit growth (average annual growth of profit from operations over two years),
- return on capital employed (average ROCE over two years).

A new supplementary pension plan was established in 2006 by CMC (SARL). This plan applies to Directors and III-C-position Executives, as well as Managers benefiting from an employment contract, in accordance with the categories defined by the French Convention Collective Nationale des Ingénieurs et Cadres de la Métallurgie.
The plan grants an undefined right to supplementary pension, pursuant to the so-called “article 39”, which is a function of the seniority of the beneficiary (a minimum of 15 years). The right to supplementary pension is acquired at a rate of 0.75% per year of service and cannot exceed 15% of the potential beneficiary’s reference salary. Based on estimates setting at 35% the rate of future portion served by the compulsory pension plans upon retiral of the concerned individuals, the new plan should increase the rate to 35 + 15 = 50% of the reference salary for beneficiaries whose career within the Group lasted 20 years or more.
Commitments of the plan and corresponding assets have been outsourced to an insurance company. Future commitments are fully covered by plan assets under management, which were measured at fair value.
Management Board members likely to be concerned by the plan are Wilfrid LE NAOUR and Nicolas DUCHEMIN.
The granting and exercise of stock options relating to these two directors and included in the special report presented to the Annual General Meeting, pursuant to article L. 225-184 of the Commercial Code.

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

• Jean DESPATURE
- Member of the Supervisory Board of Damartex

Remuneration: €2,250.

• Victor DESPATURE
- Chairman of the Supervisory Board of SCA ATN, Boulinvest, J.P.J., Samauchan and Soparthlon B
- Member of the Supervisory Board of Damartex
- Chairman of SAS Restag and Tapima
- Chairman and Chief Executive Officer of Mero-Meca SA
- Representative of SA, Chairman of Sipem SAS
- Permanent representative of DEVIN-VD to the Management Board of La Mouette SA
- Manager of SCA Acanthe, Cimofat, Cimoflu, Valma and Valorest
- Manager of DEVIN-VD, Leomav, Point du Jour, Soderec, Soparboul and Vicma

Remuneration: €10,000.

• Jean-Pierre DEVIENNE
- Member of the Supervisory Board of Damartex

Remuneration: €2,250.

• Jean-Bernard GUILLEBERT
- Vice-Chairman of the Supervisory Board of Groupe Auchan and Damartex

Remuneration: €28,000.

• Xavier LEURENT
- Member of the Supervisory Board of Damartex
- Manager of Fidep

Remuneration: €3,000.

• Anthony STAHL
- Member of the Supervisory Board of Damartex and J.P.J. SCA

Remuneration: €3,000.

INFORMATION ON TRANSACTIONS PERFORMED BY DIRECTORS DURING THE FINANCIAL YEAR (Articles L 223-26 of AMF general regulations)

Over the last financial year, the AMF was informed by the company of various purchase transactions on its shares performed by Directors, who purchased a total amount of €1,776,377.69.

CORPORATE GOVERNANCE

1 - AUDIT COMMITTEE

The mission of the Audit Committee, which was established on 23 April 2002 and currently comprises 3 members, is to ensure the relevance and consistency of accounting policies and methods used in the preparation of the consolidated and parent company accounts, and to verify that internal procedures regarding the collection and control of information ensure this.

Since its creation, the Audit Committee met at least at each half-year closing.

The Internal Audit Department is under the supervision of the Audit Committee and reports to the Chairman of the Board.
This department comprises the Internal Audit Officer and an auditor, and carries out audits that evaluate the correct application of accounting principles and organisation and systems implemented in the audited entities.

An audit assignment schedule is established annually in conjunction with Somfy SA's Management. It is subject to approval by the Management Board and validation by the Audit Committee.

It provides an independent appraisal of the efficiency of the internal control system.
If necessary, the main internal control weaknesses noted are communicated and recommendations are put forward.

To date, 38 Group companies have been subjected to similar audits or, if necessary, to a follow-up audit.

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

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

The Chairman of the Management Board, the Chairman of the Audit Committee and the Internal Audit Officer signed an internal audit charter at the beginning of February 2005. It specifies the role and scope of intervention of activity of internal audit. The scope includes subsidiaries in which the Group holds at least 50% of the share capital or that are wholly consolidated, including BFT.

The Audit Committee met three times, one of which to review the annual accounts for the year ending 31 December 2006.

2 - LE COMITÉ DES RÉMUNÉRATIONS

The mission of the Remuneration Committee, which was established on 23 April 2002 and comprises 2 members, is to submit proposals to the Supervisory Board, notably concerning the amount and methods of calculation of remuneration of executive officers.

The Remuneration Committee met three times during the year ending 31 December 2006 and regularly verifies the relevance of its choices with external experts.

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

In order to further improve our understanding of the specific requirements of our professional customers, the development units have, for organisational purposes, been incorporated into the marketing and quality teams, which are specifically dedicated to each of Somfy's 3 main markets.

This facilitated the successful launch, in 2006, of Oximo WT, the electronic wired motor for the rolling shutter market, the Animeo Compact, which enables users to automatically control solar protection installed on the façades of commercial buildings and Axovia, the universal gate motor. A further 60 new products were presented to professional customers in 2006 and contributed to the Group's increased growth and the acquisition of market share from its competitors.

In addition, the Domeo range of controls, which was presented to the R+T 2006 trade fair, is an excellent example of Somfy's "Home motion" range with the diversity of its functions and its innovative technology and design.
Similarly, to ensure technical excellence whilst guaranteeing the timely availability of new products, the PMP (Product Master Plan) process was formalised by the Development and Sales teams.

Finally, with a view to protecting its expertise and know-how, the Group registered 35 new patents.

Somfy's research activities are evidence of the Group's significant commitment to sustainable development since its products make an active contribution to energy saving in buildings and the optimisation of natural lighting. In line with this commitment, in 2006 Somfy's engineers entered into partnerships with 7 universities, including 3 in the US and 1 in China.

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

At 31 December 2006, the Somfy Investment Trust held 41 430 Somfy shares amounting to 0.53% of its share capital.

INFORMATION ON ENVIRONMENTAL RISK (Article L. 225-102-1 of the French Commercial Code)

The building sector accounts for 18% of CO_2 emissions. However, by the development of its motorised and automated systems, Somfy has facilitated a significant reduction in energy consumption and thus becomes a major player in the battle against global warming and its consequences. The Group actively works not only with universities and research groups (e.g. the US Green Building Council) but also with architects and consultancy firms to design and promote natural ventilation and façade management (sun tracking) systems.

In 2006, the Somfy Foundation, the aim of which is to gain a better understanding of our natural environment, was involved in projects such as "Phénoclim", which is measuring climate change in the Alpine region and its impact on flora. The foundation is also involved, together with the non-governmental organisation Emergency Architects (Architectes de l'Urgence), in helping with the reconstruction of areas damaged by natural disasters.

Somfy International Group's major production sites only undertake assembly work, which does not generate any pollution. Accordingly, the group is not exposed to any significant environmental risk. Nevertheless, selective sorting procedures have been adopted at all sites and measures to reduce the consumption of energy (heating and electricity) have been implemented at the main production plant in Cluses in France.

	Quantity	Value (K€)
Water (m^3)	33,079	81
Gas (m^3)	2,499,088	698
Electricity (GKW)	15,439	1,069
Copper (Tonnes)	863	5,851

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

Between 2005 and 2006, the Group's workforce increased by 34%, due mainly to the acquisition of Cotherm (513 employees) and the formation of the Chinese company Lianda (260 employees). Excluding Cotherm, the workforce growth should have been of 18.0%. As at December 2006, The Group workforce is spread across 47 countries.

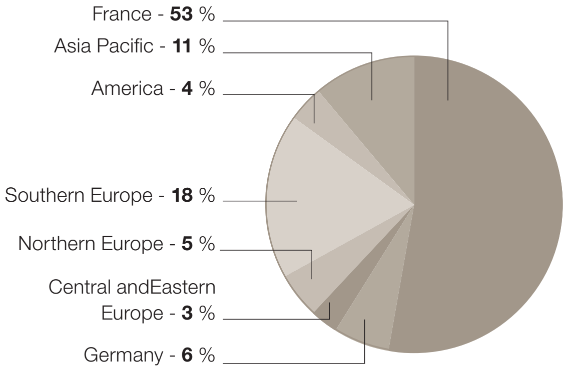
The aim of the Group's Human Resources policy is to anticipate and support changes to the Group's structure and businesses. For this reason, the HR function is organised to be in as close contact as possible with line staff, to give direct support to the Group's activities and management. HR managers are allocated to a region, division or area of expertise.

At international level, whilst promoting diversity, performance and responsibility, the Group's HR initiatives in 2006 focused on:

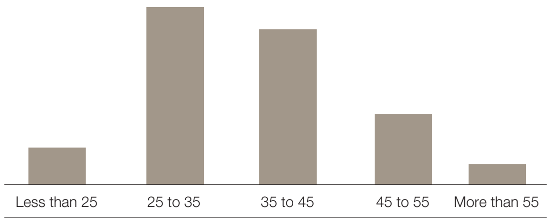
- the development of skills via a **dynamic training policy** which enabled the Group to provide training for more than 1,000 employees in France: 24,600 hours of training were provided, representing 3.54% of total payroll costs. It is interesting to note that, in 2006, 35% of the training provided was outside France;
- the creation of **professional development opportunities** for 37 staff thanks to internal mobility;
- **career development** including, for example, the participation of 50 managers in 3 sessions at the Somfy Academy and the implementation of succession planning for several operations managers;
- our ongoing commitment to **high-quality recruitment,** which resulted in 165 employees, mostly specialists, joining the Group in France;
- our managers embracing the Somfy **Management Principles.** These principles, which are the source and foundation of the Somfy identity, were introduced in 2005 and have been incorporated into the managers' tools, such as annual appraisal interviews;
- **the satisfaction survey** of each employee. Every 2 years the Group carries out a satisfaction survey involving all employees. The 2006 results showed a high level of stability, particularly as regards employees' confidence in the Group's future and in their own positions within it. Significant improvements were also noted in such areas as management, human resources development and internal communication.

SOME FIGURES

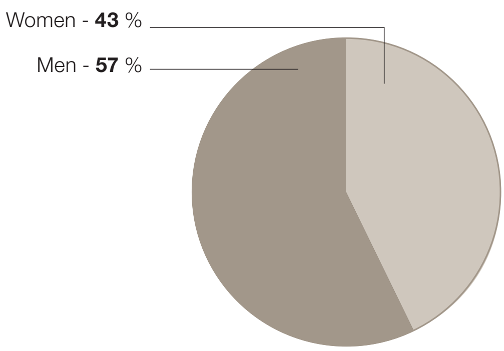
- Workforce analysis by geographical areas



- Workforce analysis by age



- Workforce analysis by gender



INFORMATION ON OTHER RISKS (Articles L. 225-100 al. 4 and 6 and L. 225-102-1 of the French Commercial Code)

FINANCIAL RISKS

In order to optimise management of exposure to foreign exchange risks and interest rate risks resulting from operations, Somfy uses financial hedging instruments provided by financial markets. Transactions were solely carried out as a protection objective, not for speculative purposes. Derivative instruments are primarily comprised of foreign exchange contracts, foreign currency options and interest rate swaps.

Thus, according to IFRS norms, all derivatives are measured at fair value. Fair value is either the market value for listed instruments, or a value provided by financial institutions in accordance with traditional criteria (over-the-counter market).

According to this standard, derivatives considered as hedging items are recognised differently, depending on their classification as:
- fair value hedging,
- cash flow hedging,
- hedging of a net investment made abroad.

The Group elected not to apply hedging accounting. Fair value changes are thus directly recognised in financial income/loss.

The decision was motivated by the low impact on the Group's net assets, which does not justify the implementation of complex accountancy monitoring.

At 31 December 2006, the Group had contracted three interest rate hedging instruments with our banks. A standard interest rate swap (swap of fixed rate – variable rate) on €5 million and two instruments hedging the LBO debt relating to Cotherm Participations: a standard swap on €7.8 million and a corridor – progressive tunnel – on €2 million. These transactions enable us to hedge interest rates relating to our medium term borrowings and to our PPE leases.

Concerning this indebtedness, at 31 December 2006, Somfy SA had a borrowing facility at 5 and 6 years of €120 million from 5 bank institutions, not used at the closure of December 31, 2006.

The granting of new facilities was subject to commitments given by Somfy SA to those banks that it would comply with two financial ratios, relating to the Group's financial structure (net borrowings to equity) and its coverage ratio (net borrowings to cash flow).

Both ratios were met at the 31 December 2006 Balance sheet date.

FOREIGN EXCHANGE RISK

Somfy's exposure to foreign exchange risk is related both to a portion of intra-group sales of manufactured products originating from France (these sales being denominated in local currencies) and to the translation in reporting currency (Euro) of the financial statements of subsidiaries at the end of the financial year.

However, over 70% of our consolidated sales are realised in the Euro Zone.

Derivative instruments are primarily comprised of forward exchange contracts and foreign exchange options.

The Group elected not to apply hedging accounting. Fair value changes are thus directly recognised in financial income/loss.

The decrease in value of the US dollar at 31 december 2006 ($1.3170 to €1), compared to the highest rate of 31 december 2005 ($1.179 to €1) accounted for most of the increase in the fair value of hedging instruments. These amounted to + €602 thousand at 31 december 2006 compared to - €133 at 31 december 2005, being a positive impact of + €735 thousand on net profit.

LEGAL RISKS

The Somfy Group's operations are not subject to specific regulations, with the exception of the compulsory listing on the Register of Companies and stock exchange regulations.

The Somfy group is involved in a number of minor disputes in respect of its business. These should not have any significant negative impact on the Group's financial structure.

To the Group's knowledge, there were no exceptional events or litigation likely to have a significant negative impact on the Group or its subsidiaries' operations, assets or results.

INSURANCE – RISK COVERAGE

Somfy Group is covered by several polices, with regards to the following risks:

- «Property damage» insurance, covering buildings and their contents (equipment, goods, IT equipment) up to the maximum amount of damage likely to be incurred,

- "Resulting loss of profit" insurance.

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

- General civil liability relating to monetary consequences of insured entity's liability following physical injury, property damage or moral prejudice caused to a third party during or in relation to Group operations.

- Directors' civil liability.

- Transported goods insurance.

In addition, credit insurance contracts, both in France and internationally, enable the Group to limit the impact of customer bad debts. About 50% of sales are thus insured.

COUNTRY RISKS

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

The Group does not operate in any hyperinflation economies.

INFORMATION ON NON-ALLOWABLE CHARGES (Articles 39-4 and 223 quater of the French General Tax Code)

The financial statements at 31 December 2006 do not include any non-allowable charges with regard to the income tax base, as defined by articles 39-4 and 223 quater of the General Tax Code.

ALLOCATION OF NET PROFIT

The Management Board proposes to allocate the Company net profit for the year ended 31 December 2006,

Amounting to	€ 89 937 373,20
increased by retained earnings	€ 571 440,00
thus totalling	**€ 90 508 813,20**

as follows:

- allocation to shareholders of a net dividend per share of €5.20, or €5.20 X 7,836,800 shares	40 751 360,00 €
- transfer to available reserve	49 757 453,20 €
	90 508 813,20 €

A net dividend of €5,20 will be distributed for each share of a nominal of €1, and this carries the right to a tax abatement per share granted to individuals subjected to income tax in France, in accordance with article 158-3-2° of the General Taxation Code.

Treasury shares held by the company are not entitled to dividends, with the corresponding amounts transferred to retained earnings.
The dividend will be payable on May 24th, 2007 at the counter of paying institutions.

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

Financial year ending	31/12/2003	31/12/2004	31/12/2005
Number of shares eligible for dividends*	7,698,420	7,710,185	7,717,750
Par value	€1	€1	€1
Total distributed dividends	€32,333,364.00	€35,466,851.00	€37,045,200.00
Dividend per share			
– Net amount	€4.20	€4.60	€4.80
– 50% tax credit	€2.10	**	**
– Gross amount	€6.30	€4.60	€4.80

* Excluding treasury shares held by Somfy SA with no right to dividend.
** The dividend paid in respect of the financial years ended 31 December 2004 and 2005 did not carry a tax credit but a tax abatement was granted to individuals subjected to income tax in France, in accordance with article 158-3-2° of the General Taxation Code.

STOCK MARKET DEVELOPMENTS AND PERFORMANCE

The share benefited in 2006 from buoyant financial markets and from the results of steps taken by the Group, which primarily included improving industrial and logistics productivity, launching numerous products and gaining market shares. All these features enable us to look forward to the future with confidence.

At 30 December 2005, the last trading day before closing the previous financial year, the share price was €180.40.
After some profit taking at the beginning of the year, the share stabilised around €191 by the end of January. The release of good 2005 results and the announcement of a net cash dividend of €4.80 in June enabled the share to jump by 4.70% to €199.20 on 7 March, thereby ranking second in the top rises of Compartment A of the Eurolist segment of the Paris Stock Exchange.

Thanks to an improved long term outlook and enhanced growth recorded at the end of September, the share price reached €205.20 at 29 December, the last trading day of the year.

Based on the share price at 29 December 2006 and taking into account a net dividend of €5.20, the Somfy share yielded 2.53%.

The market for the share recorded monthly trading extremes of 26,375 and 4,313 shares, with a monthly average of 15,430 shares against 17,704 shares the previous year

The Management Board

Report of the Chairman of the Supervisory Board

ON THE CONDITIONS UNDER WHICH THE SUPERVISORY BOARD PREPARES AND ORGANISES ITS WORK AND THE INTERNAL CONTROL PROCEDURES IMPLEMENTED BY THE COMPANY

Pursuant to the provisions of Article L.225-68, paragraph 7 of the French Commercial Code, we remind you of Somfy SA corporate governance principles and inform you of current projects in terms of internal control.

All elements included in this report, which reflect our common intention to maintain responsible conduct of business in all company operations, primarily originate from indications provided by the Management Board and are based in particular on work performed by internal audit and the Group's financial services. These elements have been examined by the Audit Committee.

The objectives of the control organisation established by the Management Board are to ensure the control of operations and to prevent the various types of risks (damage or disappearance of assets, errors, irregular commitments, frauds, etc.).

TOPIC 1: CONDITIONS OF PREPARATION AND ORGANISATION OF THE WORK OF THE SUPERVISORY BOARD

1. ORGANISATION AND ROLE OF THE SUPERVISORY BOARD

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

Regular dialogue between the members of the Board enables the effectiveness of its operation to be assessed. A more formal self-assessment exercise will, nevertheless, be performed during 2007.

2. INDEPENDENCE OF THE MEMBERS OF THE SUPERVISORY BOARD

A group of family shareholders holds a majority stake in Somfy SA. Of the members of the Supervisory Board, the only one who qualifies to be classified as independent according to the AFEP-MEDEF definition is the Chairman. The other members are part of the family, have substantial investments in the Group and have a long-term commitment to the Group, their aim being the creation of value for all the stakeholders of Somfy SA. No member of the Supervisory Board interferes in operational management.

3. NATURE OF INFORMATION PROVIDED TO BOARD MEMBERS TO PREPARE THEIR WORK

The Supervisory Board meets at least once quarterly on an agenda drafted by the Chairman. At each meeting, the Management Board presents a report on operations and results of the Group and its major subsidiaries over the past quarter.

A detailed and annotated income statement is presented by the Management Board at half-year and year-end.
The Supervisory Board also benefits from a monthly report on operations (sales).

Within 75 days following the end of each financial year, consolidated financial statements approved by the Management Board are communicated to the Supervisory Board for verification. The Supervisory Board subsequently submits to the General Meeting its comments on the Management Board report and on the financial statements for the financial year.

The Supervisory Board requests from the Management Board, as often as required, any information or analysis it deems necessary.

4. SPECIALISED COMMITTEES

In accordance with AMF recommendations, the Supervisory Board set up the following 2 specialised committees:

Audit committee

The Audit Committee was created on 23 April 2002 and currently comprises 3 members. Its mission is to ensure the relevance of accounting methods adopted for the preparation of consolidated and company financial statements and verify that information collection and internal control procedures meet this objective.

The Audit Committee met four times during the 2006 financial year, twice at half-year closing and twice within the framework of internal control project follow-up.

Remuneration Committee

The Remuneration Committee was created on 23 April 2002 and currently comprises 2 members. Its mission is to provide advice to the Supervisory Board, in particular in respect of Directors' remuneration amount and calculation procedures.

The Remuneration Committee met twice during the financial year and regularly ensures the validity of decisions made with external experts.

TOPIC 2: INTERNAL CONTROL PROCEDURES

1. DEFINITION AND SCOPE OF INTERNAL CONTROL

The Group's internal control procedures are drawn up in accordance with the reference framework defined by the Group under the auspices of the AMF.

Internal control is a process defined and implemented by company management, with a view to provide the following guarantees:
- Reliable accounting and financial information;
- Efficient conduct of company operations;
- Compliance with applicable local laws and regulations;
- The preservation of company assets by ensuring, amongst other, suitable protection against fraud.

The Group's internal control procedures apply to all subsidiaries that are more than 50% owned or fully consolidated. Since FAAC is 34% owned and AGTA is 24.89% owned, the Group's internal control procedures do not apply to them.

2. KEY ELEMENTS OF THE INTERNAL CONTROL PROCESS

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

Organisation and delegation

In order to fulfil an objective of market development and coverage, Somfy SA seeks to reinforce enterprise and responsible management principles at the various hierarchical and geographical levels.

In compliance with Somfy SA bylaws, the powers of the Management Board, its Chairman and, if applicable, the managing director(s) are those granted by law.
In addition, but only by internal regulations and with no effect vis-à-vis third parties, decisions regarding the following operations are subject to unanimous decision by Management Board members:
- the purchase and disposal of property or businesses;
- the granting of loans, whose amount exceeds a third of the share capital;
- the contracting of borrowings, whose amount exceeds a third of the share capital;
- deposits, endorsements and guarantees, whose amount exceeds a third of the share capital;
- any agreement, pooling of interests, agreement or merger with other traders or companies, which goes beyond normal relationships of the company with its customers and suppliers.

Somfy is organised around the following three major Business Groups:
- automation of rolling shutters and awnings;
- automation of interior blinds and solutions applicable to service sector properties;
- automation of gates and garage doors.

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

On a global level, Somfy SA distribution facilities are divided into 7 Business Areas. Each of these Business Areas is subdivided into profit centres (Business Units).

Somfy also has, in addition to General Management and Financial Management, the following departments: industry & logistics, business & marketing, organisation & management, together with the Legal, Strategic, Quality, Alliances and Partnerships Departments.

The objective of this organisation is to capitalise on the potential of market segments, increase Somfy's presence and proximity in all distribution channels, thus enhancing growth.

Within the framework of this new organisation, governance rules have been defined in order to specify the missions of Group decision-making bodies, comprising General Management, the Group Management Committee and the Strategic Committee.

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

Directors' remuneration, which is detailed in the Management Board report, is set by the Remuneration Committee.

It is revised each year on the basis of expert advice and market conditions.
It comprises a fixed portion and a variable portion determined on the basis of objectives that take account of profit and return on capital employed. A level of debt criterion only applies to the Chairman of the Management Board.

Other benefits, approved by the Supervisory Board, comprise:
- a supplementary retirement scheme for the Chairman of the Management Board,
- a supplementary retirement scheme for other members of the Management Board, share options plans, which will be the subject of a special report prescribed by Article L. 225-184 of the French Commercial Code. The Chairman of the Management Board does not benefit from the Group's share option plans.

Strategic, budget and reporting process

The budget is drafted within the framework of an annual strategic process involving all Business Groups and Business Units, as well as all departments, which specify their key objectives and their 3 year plan, in line with the strategic framework determined by General Management.

The overall budget results from the consolidation of local budgets and is prepared within the framework of a repeated procedure involving all Group participants.

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

Measurement of the achievement of objectives set out in budgets is performed through a monthly and quarterly matrix reporting system, enabling the production of results according to a number of areas (Business Area, Business Unit and Business Group). Traditional financial items are included, such as operating accounts and balance sheet indicators, as well as non financial performance indicators.

Reporting is supplemented by strategic reports and a revised forecast of quarterly sales and results for the current year. These reports enable the monitoring of the achievement of objectives and to apply corrective actions, on a matrix basis and at all responsibility levels (consolidated, Business Areas, Business Units, Business Groups, Corporate entities, Departments, Services).

In addition, Management is in charge of the following three 3 year plans, in line with Group strategy and reviewed annually:
- the product master plan, which relates to the development of the product offer;
- the industrial and logistic master plan, in terms of industrial resources;
- the IT system master plan.

Treatment of accounting and financial information

• Preparation of financial statements

Somfy has defined a Management Information System (MIS), a unique and common universal system for the recording of accounting and financial information.
The MIS results in the definition and application to all controlled entities of a chart of accounts, as well as the definition and application of major management procedures (inventories, non-current assets, trade receivables...), which are formalised in the Group Procedure Manual relayed through and updated on the Group Lotus Notes™ messaging system.

The proper application of the chart of accounts, procedures and reporting reliability is monitored by at least annual visits to subsidiaries, planned by head office Accounting and Management Control departments, within the context of year-end and half-year closing. It is also verified during the budget preparation and monthly reporting processes.

The Group team responsible for financial statement preparation and control comprises:
- Group Financial Department;
- Accounting and Tax Department;
- Controlling Department;
- Accounting specialists, responsible for the consolidation of monthly reports and statutory accounts, as well as consolidation standards and procedures;
- Controllers, in charge of industrial or distribution management control, budget procedures, analysis and recommendations.

This team relies on controllers based in each Business Area relaying the Group in its 7 geographical areas. Every business area controlled has a functional correspondent at head office.

Since their creation, each of the 3 Business Groups also benefits from a dedicated controller.
Research and Development controlling, was enhanced over the financial year.

Particular care was taken with risk analysis, through a review of asset provisions and provisions for liabilities and charges, as well as off-balance sheet commitments.

At each year-end, inventories are checked by either a complete physical stock-take or a physical rolling stock-taking procedure. Stock-taking procedures are overseen by statutory auditors, who also take part in physical stock-takes.

Trade receivables are the subject of credit risk analyses with respect to the measurement of provisions. In addition, the company hedges this risk by entering into insurance contracts, both in France and abroad.

Intra-group purchases, sales and balance sheet items are confirmed quarterly. Inventory amounts originating from the Group are determined in all entities in order to eliminate internal profit margins on inventories.

A pre-closing meeting is organised twice yearly with the legal department, in order to identify all potential or declared risks and litigations and measure corresponding provisions for liabilities and charges, depending on how issues have progressed.

The objective of the various contract, endorsement and guarantee reviews is to identify off-balance sheet commitments.

Consolidation files that include: balance sheet, income statement, all cash flow statements and notes to the consolidated financial statement items are then forwarded to the Consolidation department according to a pre-defined schedule.

• Financial statement control

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

• Financial communication

Following their approval by the Supervisory Board, financial statements are presented to the financial community and annual financial statements are published in a widely circulated report.

Somfy SA complies with listed company obligations. In particular, the Group publishes quarterly sales figures, as well as half-year financial statements in the BALO (French journal of compulsory legal notices). In addition, presentation meetings of half year and full year results are organised each year under the care of the SFAF (French financial analyst society).

In order to comply with the new European Transparency Directive, applicable from 1 January 2007, a project group was created at the beginning of 2006 to work at reducing close-off time, in particular in respect of the half-year closing. Somfy Group will be affected by this for the half-year ending 30 June 2007.

The Group already significantly reduced the deadlines for the interim and full-year financial statements at 30 June and 31 December 2006 in order to comply with the new Transparency Directive requirements.

Thanks to personnel mobilisation and closing work reorganisation, we were able to maintain the reliability and quality of financial information.

• IT systems

Somfy SA has deployed the BaaN ERP integrated software package in most European countries it operates in, to replace local accounting and management software. BaaN ERP deployment was implemented in the Middle-East, Italy, the United States and Morocco and will be pursued in 2007 in a number of Eastern European countries, particularly Greece.

As regards the Asia area, ERP Accpac has been installed in Australia, Korea, Singapore and India. It will be rolled out in China in 2007.
ERP Accpac will also be installed during 2007 in the US subsidiary HDI.

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

The combination of budget, monthly reporting, profit margin analysis by product family and statutory consolidation within a single platform (Hyperion), implemented during the financial year, enabled us to improve information consistency and ease of analysis.

Audit Committee – Internal Audit

• Organisation

The Internal Audit Department is under the supervision of the Audit Committee and reports to the Chairman of the Board.
This department comprises the Internal Audit Officer and an auditor, and carries out audits that evaluate the correct application of accounting principles and organisation and systems implemented in the audited entities.

An audit assignment schedule is established annually in conjunction with Somfy SA's Management. It is subject to approval by the Management Board and validation by the Audit Committee.
It provides an independent appraisal of the efficiency of the internal control system.

If necessary, the main internal control weaknesses noted are communicated and recommendations are put forward.
A follow-up of the implementation of recommendations is performed 1 year after the final report is issued.
To date, 38 Group companies have been subject to similar audits or, if necessary, to a follow-up audit.

In addition, emergency assignments not included in the audit schedule may be carried out during the year upon a request from the Management Board or from the Audit Committee.
The Internal Audit Officer submits a report on his activities to the Audit Committee twice yearly.

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

• Internal audit monitoring

The monitoring of the Internal Audit ensures a better knowledge, communication and follow-up of risks and associated controls, is initiated through the following dedicated tools:
- An intranet platform that brings together the data used, registered and collected by Internal Audit in terms of internal control was created and made available to Group managers in October 2005.
- A self-assessment tool for subsidiaries was established and a list of key control points was defined. Monitoring programmes are carried out on an annual basis and the results, following detailed analysis, form the basis of any recommendations. The objective is to cover all Group's subsidiaries and processes. During 2006 and 2007 the Group's internal control activities is focused mainly on the distribution subsidiaries and related processes.

The development of this project, which was approved by the Audit Committee at the beginning of 2005, is subject to regular follow-up by this Committee.

• Analysis of risks by geographical area

An analysis of Group risks by geographical area was conducted during the second half of 2005 and listed all potential risks.
Therefore, we took into account the possibility that an event, action or failure to act may affect the following:
- Group capacity to deploy its strategy and meet its objectives;
- major assets required to implement our business plan (property, plant and equipment, intangible assets, human resources, corporate image...);
- Group capacity to comply with its value charter, a well as applicable laws and regulations.

Risks thus identified are treated according to two different criteria: risks related to core strategic aspects and operating risks generated by normal conduct of Group business.

Follow-up of the former was entrusted to the Strategic Committee and has already been integrated into the Strategic Review.

The latter were analysed to ensure the existence of adequate action plans (implemented, in progress or at the draft stage) enabling them to be monitored and dealt with. These risks and the manner in which they are handled are monitored by the Group's governing bodies.

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

Treasury Committee/Group Cash Management

The Treasury Committee was created in March 2003. It includes Management Board members and the Treasury Officer.

It meets once a month to fulfil its role of observation, decision and implementation of the cash management policy.

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

The optimisation, at international level, of the financial management of Group cash has resulted in the introduction of a cash pooling system incorporating almost all of the Euro zone subsidiaries. The Group is in the process of introducing dollar cash pooling for its three US subsidiaries.

The methodology implemented is the so-called D-Zero Cash, which consists in transferring daily, back and forth subsidiaries' cash surplus or requirements.

This system has a number of clear advantages, including optimisation of net financial revenues, reduced financial charges, as well as the reduction in overall Group indebtedness.

Group Cash Management now has and will have increased visibility on all involved subsidiary cash flows and will be able to optimise the use of cash.
Therefore, subsidiaries will be both free of daily cash flow management issues and get better return on their cash deposits.

Finally, these subsidiaries will be able to focus on optimising working capital requirements, which is what really is at stake in cash flow management.

Flow optimisation and, in particular, the reduction in the number of bank accounts will contribute to improved safety of this process.

Accreditation and quality procedures

Somfy SA has been ISO 9001 (Lloyd) certified since 1995, which implies the identification and monitoring of procedures.

Companies involved are Somfy SAS, Simu SAS, Spirel SAS, Siminor Castres Sarl and WAY (a combination of Asa and Mingardi), Somfy Germany and Somfy Holland.
These companies represent a majority of Group purchases and production.

Therefore, a large number of Group personnel are involved in this process including all technical services.

The monitoring of procedures resulted in methodology guides describing the tasks performed by the operating and support functions, procedures, directives and other guidelines being made available to all employees through a data base and standard application guidelines.

Internal quality audit is defined in the annual quality audit schedule, as a function of company strategic direction and product plan; company management plays a major part in quality procedures.

Corrective or preventive action is managed within each operating or support department.

The list of operating and support processes coming within the scope of application of quality management, as well as indicators, reference documents and monitoring committees are defined in the company's quality manual.

Risk coverage - Insurance

The Group risk prevention and protection policy is determined by central services, in partnership with insurers involved. The majority of facilities (over 90%) are insured by group policies with the objective of guaranteeing adequate coverage of risks at best market conditions. These risks notably include direct risks (fire, theft...) loss of profit, general civil liability and transported goods. Other facilities are covered by local insurance policies. A Directors and senior management civil liability Group policy also applies.

The Chairman
of the Supervisory Board

Somfy SA financial statements
for the last five years

In euro thousands	2002	2003	2004	2005	2006
1. Financial position at balance sheet date					
a) Equity	7,837	7,837	7,837	7,837	7,837
b) Number of shares issued	7,836,800	7,836,800	7,836,800	7,836,800	7,836,800
c) Number of bonds convertible into shares	–	–	–	–	–
2. Overall results of current operations					
a) Sales before VAT	1,049	2,220	3,111	4,807	3,216
b) Profit before tax, depreciation and provisions	-28,470	22,832	63,452	80,432	87,332
c) Income tax	1,127	3,463	3,022	15,948	2,610
d) Profit after tax, depreciation and provisions	-27,381	24,429	66,865	97,012	89,937
e) Distributed profit	14,890	32,915	36,049	37,617	40,751
3. Operation results per share					
a) Profit after tax, but before depreciation and provisions	-3.49	3.36	8.48	12.30	11.48
b) Profit after tax, depreciation and provisions	-3.49	3.12	8.53	12.38	11.48
c) Dividend distributed per share	1.90	4.20	4.60	4.80	5.20
4. Workforce					
a) Number of employees	8	6	9	7	6
b) Total payroll	109	447	413	352	301
c) Amount paid in relation to social benefits (social security, charities, etc.)	46	190	155	120	103

Consolidated financial statements

ASSETS

In euro thousands	Notes	31/12/06 Net	31/12/05 Net
Non-current assets			
Goodwill	(9)	98,323	87,815
Net intangible assets	(10)	21,593	19,082
Net property, plant and equipment	(11)	152,118	142,476
Equity accounted subsidiaries	(13)	152,194	118,618
Financial assets	(14)	51,073	44,503
Other receivables		4,990	3,671
Defferred tax assets	(7)	16,912	14,595
Commitments from personnel	(23)	2	
Asset derivative instruments	(22)	11	
Total		**497,216**	**430,760**
Current assets			
Inventories	(15)	83,304	66,118
Trade receivables	(16)	121,536	105,092
Other receivables	(17)	14,180	10,971
Tax assets receivables		2,223	13,204
Financial assets	(14)	27,242	12,586
Asset derivative instruments	(22)	801	134
Cash and cash equivalents	(18)	100,046	122,316
Total		**349,332**	**330,421**
Non-current assets held for disposal and discontinued activities		**0**	0
TOTAL ASSETS		**846,548**	**761,181**

EQUITY AND LIABILITIES

In euro thousands	Notes	31/12/06	31/12/05
Equity			
Share capital		7,837	7,837
Share prenium		1,866	1,866
Other reserves		459,860	383,551
Net profit for the year		121,614	106,921
Group share	**(26)**	**591,177**	**500,175**
Minority interests		118	74
Total		**591,295**	**500,249**
Non-current liabilities			
Non-current provisions	(19)	6,180	6,157
Financial liabilities	(20)	37,185	38,030
Other debts		4,313	1,733
Commitments to personnel	(23)	10,660	9,165
Defferred tax liabilities	(7)	30,738	26,304
Liabilities derivative instruments	(22)	0	88
Total		**89,076**	**81,477**
Current liabilities			
Current provisions	(19)	4,592	5,453
Financial liabilities	(20)	10,143	24,175
Trade payables		83,210	68,755
Other payables	(24)	51,997	77,675
Income tax payable		16,110	3,131
Liability derivative instruments	(22)	125	266
Total		**166,177**	**179,455**
Non-current liabilities held for disposal and discontinued activities		**0**	**0**
TOTAL EQUITY AND LIABILITIES		**846,548**	**761,181**

CONSOLIDATED INCOME STATEMENT

In euro thousands	Notes	31/12/06	31/12/05
Sales	(2)	**655,171**	591,162
Other operating revenues	(3)	6,941	7,911
Cost of sales		−212,646	−193,109
Personnel costs		−188,667	−167,503
Other operating expenses		−114,319	−105,433
Depreciation, amortisation and provision charges		−20,281	−17,334
Current provision charges (reversals)	(4)	43	633
Profit from operations		**126,242**	**116,327**
Other revenue/(charges) from operations	(5)	−7,757	408
Operating profit		**118,485**	**116,735**
Debt servicing cost, net		−1,033	−1 218
Other financial income/(loss)		1,072	545
Net finance costs	(6)	**39**	**−673**
Profit before tax and share of associate earnings		**118,524**	**116,062**
Income tax	(7)	−38,326	−24 020
Share of associate companies earnings	(13)	41,697	11,690
Profit before earning from discontinued activities		**121,895**	**103,732**
Net profit of discontinued activities		0	3,180
Net profit		**121,895**	**106,912**
Net profit – Group share		121,614	106,921
Minority interests		281	−9
Earnings per share (in euro)	(8)	15.77	13.86
Diluted earnings per share (in euro)		15.77	13.86
Net earnings per share of discontinued activities (in euro)	(8)	–	0.41
Diluted earnings per share of discontinued activities (in euro)		–	0.41

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In euro thousands	Share Capital (1)	Share premium	Treasury	Impacts directly recognised in equity	Net profit for the year	Translation adjustments	Total equity (Group share)	Minority interests	Total equity
At 31 December 2004	**7,837**	**1,866**	**-10,992**	**35,653**	**-1,509**	**415,818**	**448,672**	**24**	**448,696**
Variation of fair value assets available for sale	–	–	–	7,187	–	121	7,308	–	7,308
Translation adjustments	–	–	–	–	3,768	–	3,768	76	3,844
Income and expenses recorded directly in equity	**-**	**-**	**-**	**7,187**	**3,768**	**121**	**11,076**	**76**	**11,152**
Net profit at 31/12/05	–	–	–	–	–	106,921	106,921	-9	106,912
Total income and expenses	**-**	**-**	**-**	**7,187**	**3,768**	**107,042**	**117,997**	**67**	**118,064**
Treasury share transactions	–	–	292	–	–	346	638	–	638
Dividends distribution	–	–	–	–	–	-66,816	-66,816	–	-66,816
Other variations (3)	–	–	–	–	–	-316	-316	-17	-333
At 31 December 2005	**7,837**	**1,866**	**-10,700**	**42,840 (2)**	**2,259**	**456,074**	**500,175**	**74**	**500,249**
Variation of fair value assets available for sale	–	–	–	11,338	–	-137	11,201	–	11,201
Translation adjustments	–	–	–	–	-2,730	–	-2,730	2	-2,728
Income and expenses recorded directly in equity	**-**	**-**	**-**	**11,338**	**-2,730**	**-137**	**8,471**	**2**	**8,473**
Net profit at 31/12/06	–	–	–	–	–	121,614	121,614	-11	121,603 (4)
Total income and expenses	**-**	**-**	**-**	**11,338**	**-2,730**	**121,477**	**130,085**	**-9**	**130,076**
Treasury share transactions	–	–	-3,023	–	–	485	-2,538	–	-2,538
Dividends distribution	–	–	–	0	–	-36,561	-36,561	–	-36,561
Other variations (3)	–	–	–	0	–	16	16	53	69
At 31 December 2006	**7,837**	**1,866**	**-13,723**	**54,178 (2)**	**-471**	**541,491**	**591,177**	**118**	**591,295**

(1) Share capital is comprised of 7,836,800 shares with a nominal value of €1. No change occurred during the 2005 and 2006 financial years.
2) See notes 13 & 14.
3) Changes in consolidation scope, translation adjustments on share capital transactions.
(4) Puts granted to minority shareholders are posted to debts at strike value (292 k€ in 2006).

CONSOLIDATED CASH FLOW STATEMENT

In euro thousands	Notes	31/12/06	31/12/05
OPERATING ACTIVITIES			
Net profit		**121,895**	**106,912**
Elimination of share of associate companies' earnings		-41,697	-11,690
Net profit of discontinued activities		0	-3,180
Deferred tax losses		633	3,784
Depreciation, amortisation and provision charges		27,758	15,924
Gain/loss on disposal of assets		401	-526
Other		0	-925
Elimination of non-cash items and items unrelated to operations		**-12,905**	**3,387**
Inventory net movements		-11,358	6,439
Trade receivables net movements		-10,733	-2,571
Trade payables net movements		12,016	-158
Other working capital net movements		25,773	-9,253
Total working capital net movements		**15,698**	**-5,543**
NET CASH FROM OPERATING ACTIVITIES (A)		**124,688**	**104,756**
INVESTING ACTIVITIES			
Acquisition on non-current assets :			
- Intangible assets	(27)	-11,555	-5,870
- Property, plant and equipment	(27)	-24,895	-28,949
- Financial investments		-3,548	-760
Disposal of assets		786	6,022
Marketable securities movements		-9,490	4,372
Acquisitions of a subsidiary net of cash acquired	(27)	-5,137	0
Disposal of a subsidiary net of cash acquired	(27)	0	19,060
NET CASH USED IN INVESTING ACTIVITIES (B)		**-53,839**	**-6,125**
FINANCING ACTIVITIES			
Dividends paid to parent company shareholders		-56,368	-32,524
Dividends paid		*-37,053*	*-34,921*
Exceptional dividends paid		*-30,862*	*0*
Dividends received from the equity accounted companies		*11,547*	*2,397*
Increase in share capital		0	0
Net increase in borrowings		-30,150	-4,814
Treasury share movements		-2,538	639
NET CASH FROM (USED IN) FINANCING ACTIVITIES (C)		**-89,056**	**-36,699**
Impact of exchange rate changes (D)		**-1,050**	**1,817**
INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**-19,257**	**63,749**
OPENING BALANCE	(27)	**-119,003**	**-55,254**
CLOSING BALANCE	(27)	**99,746**	**119,003**

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).

Somfy is the world leader in motors and controls for openings and closures in homes and buildings. Its main markets are France which accounted for 28.6% of sales for the last trading year, Southern Europe (19.6%), Germany (14.8%), Northern Europe (14.0%) and America (10.5%).

On 5 March 2007, the Management Board of Somfy SA approved the consolidated financial statements of the Group for the 12 month financial year ended 31 December 2006. The Group had €846,548 thousand in assets at 31 December 2006 and realised a Group net profit and net profit of €121,895 thousand and €121,614 thousand respectively.

ACCOUNTING RULES AND METHODS

A. PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Compliance with accounting standards

In application of European Regulation 1606/2002 of 19 July 2002 on international standards, Somfy group consolidated financial statements for the financial year ended 31 December 2006 were prepared in accordance with the financial information international standards ("IFRSs") applicable at that date, as approved by the European Union at the date of preparation of these financial statements.

Somfy group elected to apply IAS 39 "Financial instruments: recognition and measurement" and IAS 32 "Financial instruments: disclosure and presentation" from 1 January 2004.

Accounting rules and methods are identical to those used in the preparation of the consolidated financial statements at 31 December 2005, except for the following standards, amendments and interpretations adopted by the European Union and whose application became compulsory from 1 January 2006:

- amendments to IAS 19 "Employee benefits" on actuarial differences, group plans and disclosures. Somfy group did not elect to recognise actuarial differences under equity;
- amendments to IAS 39 "Financial instruments" on the fair value option and cash flow hedges relating to future intra-group transactions;
- amendments to IAS 21 "Effects of changes in foreign exchange rates" on net investments in foreign subsidiaries;
- IFRIC 4 interpretation on conditions to determine whether an arrangement contains a lease;
- IFRIC 5 interpretation "Rights to interests arising from decommissioning, restoration and environmental. rehabilitation funds";
- IFRIC 6 interpretation "Liabilities arising from participating in a specific market – waste electrical and electronic equipment".

Somfy group did not opt for the early application at 31 December 2006 of standards which became compulsory after 1 January 2007. Therefore, the Group did not apply early the following options, interpretations or standards which became compulsory after 31 December 2006:

- amendments to IAS 1 relating to share capital disclosures,
- IFRS 7: "Financial instruments disclosures",
- IFRS 8: "Operating segments",
- IFRIC 7 interpretation "Applying the restatement approach under IAS 29",
- IFRIC 8 interpretation "Scope of IFRS2",
- IFRIC 9 interpretation "Reassessment of embedded derivatives",
- IFRIC 10 Interpretation "Interim financial information and impairment",
- IFRIC 11 Interpretation "Group and treasury share transactions",
- IFRIC12 Interpretation "Service concessions arrangements".

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.

Consolidated financial statements – Basis for preparation

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

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

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

The financial year end of all companies is 31 December.

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

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

Judgements and estimates

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

The major items of the financial statements that may be the object of estimates are as follows:
- amortisation of goodwill and intangible assets whose measurement is based in particular on future cash flow, discount rate and net realisable value assumptions (Note 12 to the consolidated financial statements);
- retirement commitments whose measurement is based on a number of actuarial assumptions (Note 23 to the consolidated financial statements);
- provisions for liabilities and charges;
- measurement of options associated with stock option plans granted to employees.

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

B. CONSOLIDATION SCOPE

Business combinations

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

Only identifiable liabilities complying with the recognition criteria of a liability of the acquired entity are recognised in the combination. Therefore, a restructuring liability is not recognised as a liability of the acquired entity if this entity does not have an actual obligation to carry out this restructuring at the date of acquisition.

Goodwill is measured as the difference between total identifiable assets, liabilities and contingent liabilities of the acquired entity, individually estimated at fair value, and the acquisition cost of the shares of the acquired entity.

Restatements of asset and liability values relating to acquisitions recognised on a provisional basis (due to expertise works in progress or supplementary analyses) are recognised as retrospective restatements of goodwill if they occur within the twelve months following the acquisition date.

Beyond this deadline, the impacts of restatements are directly recognised in profit or loss for the financial year, except for error corrections.

Newly acquired companies are consolidated from the date of effective control.

The acquisition of minority interests is currently not covered by IFRS standards. IASB's current reflections on the recognition of this type of transaction come within the framework of the expected amendments of IFRS 3 "Business combinations". Therefore, the Group retained the method applied in accordance with French regulations, in the absence of specific rules. In the case of the acquisition of additional interests in a subsidiary, the difference between the consideration paid and the book value of the acquired minority interest, as shown by the Group's consolidated financial statements before the acquisition, is recognised as goodwill.

In the current form of IAS 27 and IAS 32, these standards lead groups to record purchase commitments of minority interests as financial debts, offset by a reduction in minority interests and the possibility of an eventual additional goodwill.

The principle selected in terms of recognition of minority interest purchase is described in note r of the notes to the consolidated financial statements.

CONSOLIDATION METHODS

• Exclusive control

Companies are fully consolidated when the Group generally holds a majority investment (over 50% of the share capital is controlled) in them and are controlled by the Group. Control is defined as the power to govern the financial and operating policies of an affiliate so as to obtain benefits from its activities.

Control is generally deemed to exist when the Group holds over half of the voting rights of the controlled company. Financial statements of subsidiaries are included in the consolidated financial statements from the date of effective transfer, until control ceases to exist.

Minority shareholders' interests are included in the balance sheet under a separate headline called "minority interests". Minority interest share of net profit is presented separately in the income statement.

• Significant influence

Associates are companies over which the Group has significant influence on their financial and operating policy, but does not control.

Companies over which the Group has significant influence are consolidated using the equity method.
Goodwill from these entities is included in the carrying value of the investment.

The consolidation scope is presented in Note 33.

C. FOREIGN EXCHANGE TRANSLATION

Consolidated financial statements at 31 December 2006 were prepared in Euro, which is the parent company's functional currency. Each Group entity determines its functional currency and items included in the financial statements of each of these entities are measured in this functional currency.

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

All foreign currency denominated income statement transactions are translated at the exchange rate applicable on the transaction date. Foreign currency denominated amounts included in the balance sheet are translated at the exchange rate applicable at year-end. Resulting translation differences are recorded in the income statement.

When positions have been hedged, the derivative instrument is recognised in the balance sheet and the change in fair value is included in the income statement. The Group does not apply hedge accounting (see Note 22).

Translation of foreign subsidiary financial statements

The financial statements of Group companies which have a different functional currency to the parent company are translated using the "year-end rate" method, 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, with any differences on translation directly recorded in the consolidated financial statements equity section;
- translation differences relating to monetary items that are an integral part of net investments in foreign subsidiaries are recorded in equity as translation differences.

In the case an entity is disposed of, translation differences are recognised in income for the period.

No Group subsidiary operates in high inflation countries.

D. ACQUISITION GOODWILL

Acquisition goodwill is measured at cost, which is the difference between the cost of shares in consolidated companies and the purchaser's share of the fair value of identifiable assets, liabilities and contingent liabilities.

Acquisition goodwill is no longer amortised on a straight-line basis from 1 January 2004, but 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. Recognised writedowns can not be reversed.

Negative differences between the acquisition cost and the purchaser's share in the fair value of acquired identifiable assets, liabilities and contingent liabilities (negative goodwill) are directly recorded in income for the financial year, after verification of their amount.

Acquisition goodwill related to equity-accounted companies is posted to the "equity accounted investments" account.

E. INTANGIBLE ASSETS

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

Intangible assets primarily comprise:

Software

Internally developed software is recognised on the balance sheet when the following two conditions are met:
- it is probable that the future economic benefits attributable to the software will flow to the company, and
- its cost or value can be measured reliably.

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

Somfy owns two major types of software:

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

The five stages characterising the implementation of this type of IT projects are as follows:
- the "initialisation stage", ending in a decision to carry out or not an IT solution research to a specific issue,
- the "assessment" stage, ending in the choice of a solution, often the selection of a license,
- the "study" and "realisation" stages, resulting in a decision to implement the deployment of the solution,
- the "implementation" stage, ending in the transfer of the application to support services. This is the software roll-out.

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

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

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

Patents

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

Patents are amortised on a straight-line basis over their legal protection period. Patent renewal expenses are recognised as expenses for the financial year.

Development costs

Development costs are thus recognised as balance sheet assets when all criteria defined by IAS 38 are met:
- project technical feasibility;
- intention to complete the intangible asset so that it is available for use or sale;
- ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- availability of resources;
- the ability to reliably measure the expenditure attributable to the intangible asset during its development.

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

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

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

Capitalised development costs are amortised on a straight-line basis, depending on the useful life of the asset (5 or 10 years, depending on the type of product developed).

The value of projects in progress is recognised as an intangible asset in progress, until the "launch" stage, which marks the beginning of project roll-out.

No residual value is recognised at Group level to determine the basis for amortisation of intangible assets.

Subsequent expenditures are generally recognised as expenses for the financial year.

F. PROPERTY, PLANT AND EQUIPMENT (PPE)

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

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

Straight-line depreciation is used based on the following average useful lives:

- Buildings:	20 to 30 years
- Machinery and tools:	5 to 10 years
- Transport vehicles:	3 to 5 years
- Office furniture and equipment:	5 to 10 years
- Fittings and fixtures:	8 to 10 years.

The cost of each major maintenance set must be recognised in the PPE net book value for replacement of the asset purposes, if recognition criteria are met. The Group is generally not subject to this type of obligation at this stage.

Taking into account the nature of PPE held by Somfy, no significant component was identified.

Subsequent expenses may be capitalised if they comply with asset recognition criteria, as defined by IAS 16, in particular if it is probable that future economic benefits of the asset will flow to the company.

Asset residual values, useful lives and asset depreciation are reviewed, and amended if necessary, at each year-end.

PPE recoverable amounts are reviewed when events or changes in circumstances indicate that the book value may not be recovered.

PPE are derecognised at disposal or when no future economic benefit is expected from their use or disposal. Any profit or loss resulting from the derecognition of an asset (measured as the difference between the net proceeds of the sale and the book value of the asset) is included in the income statement for the year in which the asset is derecognised.

G. LEASES

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

Leases are classified as finance leases when the following major indicators are met (non-exhaustive list):
- the transfer of asset ownership at the expiration of the lease with purchase option,
- the option exercise conditions are such as to make the transfer of ownership highly likely at the expiration of the lease,
- the lease term is for the major part of the useful life of the asset according to the lessee's conditions of use,
- the present value of minimum lease payments approximates fair value of the leased asset at the conclusion of the contract.

Assets financed within the framework of finance leases primarily include real estate. They are booked, from the beginning of the contract, in property, plant and equipment at the lower of the fair value of leased assets and the present value of minimum payments in respect of the lease.

Payments made in respect of the lease are broken down between finance charges and debt repayment, in order to obtain a constant periodic rate of interest on the outstanding liability. Finance charges are directly recognised in the income statement.

PPE acquired through finance leases are depreciated over the same duration as described above, if the Group expects to gain ownership of the asset at the expiration of the contract. If not, the asset is depreciated on the basis of the shorter period of the asset useful life and the duration of the lease.

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

H. IMPAIRMENT TESTS

IAS 36 defines the procedures to be applied by a company to ensure that the net book value of its assets does not exceed their recoverable amount, that is the amount to be recovered from the use or the disposal of the assets.

Except for goodwill and intangible assets with an unlimited useful life, which require systematic annual impairment tests, the recoverable amount of an asset is estimated every time there is an indication that the asset may be impaired.
The recoverable amount of an asset is measured at the highest of its fair value, after deduction of disposal costs, and its value in use.

Fair value after deduction of disposal costs is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, after deducting disposal costs.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and its disposal at the end of its useful life.

Recoverable amount is estimated for each individual asset. If it is not possible to do so, assets are brought together in Cash Generating Units, whose recoverable amount is subsequently measured.

A Cash Generating Unit is the smallest group of assets to which the asset belongs that generates cash inflows, which are largely independent of the cash inflows from other assets or groups of assets.

Cash Generating Units (CGUs) have been identified within Somfy Group. They primarily comprise the Group's legal entities that were acquired through growth by acquisition transactions.

The recoverable amount of a CGU is measured at the higher of the fair value of its assets, after deduction of disposal costs, and their value in use.

The value in use is determined on the basis of cash flows estimated by plans and budgets of a maximum of 5 years. Cash flows beyond 5 years are extrapolated through the application of a constant or decreasing rate and discounted using long-term market rates before tax, which reflect market estimates of the time value of money and specific risks pertaining to these assets.

The recoverable amount is then compared to the book value of the CGU.

If this amount exceeds the net book value of the CGU at period end, no impairment is recognised.

However, if this amount is lower than the net book value, a goodwill impairment loss equal to the difference is recognised in priority against the acquisition goodwill. This impairment loss may not be reversed.

As for other PPE and intangible assets with a set useful life, a previously recognised impairment loss may be reversed if there has been a change in the estimates used to determine the recoverable amount of the asset since the last impairment loss was recognised. If this is the case, the asset book value is increased to match the recoverable amount. The book value increased following the reversal of an impairment loss may not exceed the book value that would have been measured, after deducting depreciation, if no impairment loss had been recognised for this asset over the previous financial years. Following the recognition of an impairment loss reversal, the depreciation charge is adjusted for future periods, so that the revised book value of the asset, after deducting its potential residual value, is equally spread over the remaining value in use.

I. FINANCIAL ASSETS

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

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

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

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

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

Assets held for sale:
These financial assets also include Group investments in the companies over which it neither has control, significant influence nor joint control. Corresponding dividends are recognised in the year they are paid.

These securities are considered as “held for disposal”.

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

If the fair value of these assets held for disposal 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 held for disposal may be impaired.

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

Loans and receivables:
They represent financial assets issued or acquired by the Group in return for a direct money consideration, goods or services given to a debtor. They are measured at amortised cost, using the effective interest rate method. Long-term loans and receivables, non interest-bearing or bearing a lower interest rate than market interest rate, are discounted if amounts are significant. Potential impairment losses are recognised in the income statement.

In addition, writedown charges are established when there is an objective indication that the value of the asset may have been impaired as a result of an event arising after its initial recognition.

This account is primarily comprised of guarantees and deposits paid to various lenders.

J. INVENTORY

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

The value of inventories and works in progress is impaired when their net realisable value is lower than their purchase or production cost.

Net realisable value is the estimated selling price under normal business conditions, after deducting estimated completion cost and estimated cost of sale.

K. TRADE AND OTHER RECEIVABLES

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

L. TREASURY SHARES

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

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

M. CASH AND MARKETABLE SECURITIES

Cash includes bank balances (bank assets and overdrafts) and cash in hand.

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

Other financial investments are classified as financial assets in current or non-current balance sheet items, according to their maturity date or nature.

N. PROVISIONS

This includes commitments with an uncertain maturity date or amounts resulting from restructuring operations, environmental risks, litigations or other risks.

A provision is established when the Group has a current obligation (legal or implied) resulting from a past event and when future cash outflows can be measured reliably.

A provision for restructuring is only be recognised when there is an obligation toward third parties, originating from a Management decision materialised before year-end by the existence of a detailed and formal plan, which has been announced to the personnel affected.

When the Group expects full or part repayment of the provision, the repayment is recognised as a separate asset but only if repayment is virtually certain.

The provision charge is taken to the income statement, net of any repayment.

In order to cover costs inherent in guarantees given to customers, the Group recognises a provision for charges. This provision represents the estimated amount, based on statistics of charges recognised in the past, of repairs during the guarantee period. At each year-end, this provision is reversed for the actual amount of services rendered recorded as expenses for the financial year.

If the impact of the time value of money is significant, provisions are discounted on the basis of a rate before tax which reflects, if necessary, the specific risks of the liability.

Where a provision is discounted, the increase in the provision relating to the discounting is recorded as an operating cost.

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

O. EMPLOYEE BENEFITS

As regards 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.

As for defined benefit plans relating to post-employment benefits, the cost of benefits are measured using the projected unit credit method.

According to this method, each period of service gives rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

The amount of future payments corresponding to benefits granted to employees are measured on the basis of salary increase, retirement age and death rate assumptions, then discounted to their present value on the basis of long term bond interest rates of prime issuers.

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

The different defined benefit plans are the following:
- retirement benefit plans (IFC) for all French companies, in compliance with applicable collective agreements,
- seniority awards paid after a certain number of years of service (French médailles du travail),
- "trattamento di fine rapporto" (Severance pay) (TFR) for Italian Companies,
- defined benefit pension plans in international subsidiaries (United States and Netherlands in particular).

In application of IAS 19, actuarial losses and gains related to experience and/or changes in actuarial assumptions are amortised in future charges of each company over the probable average remaining active life of employees, after application of a 10% corridor of the greater of the value of commitments and the value of plan assets.

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 are recognised immediately.

Commitments to be paid to employees on active duty in respect of seniority awards are recognised in the form of provisions.

The Group retained under IFRS the French GAAP treatment of individual training rights, in accordance with Notice n) 2004-F of 13 October 2004 of the CNC Emergency Committee in relation to the "Recognition of Individual Training Rights – ITR". Expenses incurred in respect of ITR are recognised as expenses for the period. Therefore, they do not give rise to any provisions. The number of hours at year-end of available training hours that have not been requested by employees is contained in the notes to the consolidated financial statements.

In the limited number of cases when these expenses cannot be considered as remuneration for future services, a provision is established in the financial statements for the financial year in respect of the resulting short term commitment, provided that the obligation toward the employee is probable or certain.

P. SHARE REMUNERATION

Some Group employees, including Directors, have received options giving them the right to acquire Somfy shares at a price fixed in advance.

Effective allocation of options is subject to conditions being fulfilled. Each beneficiary must be employed by the Group at the date options are exercised. For some employees, the ability to exercise options is also governed by the achievement of set objectives.

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

During the four-year rights vesting period, the fair value of options thus determined is amortised pro-rata to rights acquisition. This expense is posted to personnel costs and offset by an increase in equity. Upon exercise of the options, the exercise price received is recorded under cash and offset in equity.

The dilutive impact of outstanding options is reflected in the calculation of earnings per share.

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

Q. BORROWINGS

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

Borrowing interest is recognised as an expense for the financial year.

R. PURCHASE COMMITMENTS GIVEN TO MINORITY INTERESTS

The current provisions of IAS 27 and IAS 32 lead groups to record firm or conditional purchase commitments of minority interests in financial debt, offset by a reduction in minority interests.

The Group elected to recognise as goodwill the difference between the discounted fair value of the exercise price of the options and the amount of minority interest written off from equity.

This goodwill is restated every year for the change in the exercise price of the options and the change in minority interest. This is the accounting treatment that best reflects the actual transaction and which would be used if options were exercised today.

The results of current IFRIC and IASB studies might lead, in the future, to a different accounting treatment than described above.

S. INCOME TAX

Current tax

The income tax grouping agreement between Somfy SA and its directly and indirectly owned subsidiaries was renewed on 1 July 2002 for a further 5 years, beginning with the 6-month financial period ending 31 December 2002.

The following companies are party to this agreement at 31 December 2006: Somfy SA, Somfy SAS, Spirel SAS, Simu SAS, CMC SARL, Somfy Development SAS, Siminor Technologies Castres SARL, Domis SA, Domaster SAS.

Under this agreement, the difference between the sum of income taxes calculated for each company and the total for the tax integrated Group is accounted for as income in the Income Statement of the Group's holding company. When a subsidiary is no longer a member of the income tax integration group, Somfy SA compensates it in accordance with the jointly agreed exit procedures, taking into account the situation at that date.

Deferred income tax

Deferred tax assets and liabilities are measured at the income tax rate expected to apply to the financial year when the asset will be realised or the liability settled, on the basis of income tax rates (and tax regulations) adopted or quasi-adopted at year-end.

Deferred income tax arises from temporary differences between the book value of assets and liabilities and their values per Income Tax law.

Deferred income tax relating to tax losses of companies not included in the tax group or arisen prior to their inclusion in the tax grouping are recognised when the conditions defined by IAS 12 are met:

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

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

T. DERIVATIVE FINANCIAL INSTRUMENTS

The Group elected to apply IAS 32/39 standards from 1 January 2004.

According to this standard, derivatives considered as hedging items are recognised differently, depending on their classification as:
- fair value hedging,
- cash flow hedging
- hedging of a net investment made abroad.

All derivatives are measured at fair value. Fair value is either the market value for listed instruments, or a value provided by financial institutions in accordance with traditional criteria (over-the-counter market).

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

The Group elected not to apply hedging accounting. Fair value changes are thus directly recognised in financial income/loss.

The decision was motivated by the low impact on the Group's net assets, which does not justify the implementation of complex accountancy monitoring.

The fair value of derivatives is recognised in the balance sheet under "current financial assets" and "current financial liabilities".

U. NON-CURRENT ASSETS HELD FOR DISPOSAL

An entity must classify a non-current asset (or a group held for sale) as held for disposal if the fair value is recovered through a sale rather than through continuing use of the asset.

When assets are held for disposal in accordance with principles defined by IFRS 5, the Group measures these assets at the lower of their book value and fair value, after deducting disposal cost, and ceases to depreciate these assets. Assets and liabilities thus determined are recognised in a specific balance sheet item.

V. EARNINGS PER SHARE

Earnings per share are calculated by dividing the net profit for the financial period by the total number of shares in issue (number of shares issued net of treasury shares held).

The basic and diluted earnings per share figures are the same, as the Company has not issued any securities granting access to share capital.

W. 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 at delivery to final customers.

X. PROFIT FROM OPERATIONS

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

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

Profit from operations reflects company performance.

Y. FINANCIAL INCOME/EXPENSE

Financial income/expense comprises the following two items:

• **Net debt cost**

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

• **Other financial income/expense**

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

Z. SEGMENT INFORMATION

The sole segment information criteria selected is by geographical area. Currently, Management takes decisions on the basis of this strategic axis, using reporting by geographical areas as a key analysis tool. The geographical axis also matches the Group’s functional organisation.

Since somfy does not have separate business segments, only first level information is provided.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2006

1. HIGHLIGHTS AND CHANGES IN CONSOLIDATION SCOPE

Somfy made the acquisition at the end of the 2006 1st half-year of **Cotherm** within the framework of a leverage buy-out. Somfy's contribution to the transaction was €5.2 million. Somfy and J-P Serigny, head of the family managing the company, own 65% and 35% of Cotherm, respectively.
Cotherm is based in Vinay (Isère, France) and specialises in designing standard thermal regulation components. It generated 2005 sales of €22 million, of which 30% in France and 70% in more than 25 other countries.
Over the 2006 financial year, Cotherm contributed €10.5 million to goodwill, €13.0 million to borrowings from credit institutions and €13.9 million to sales for 6 months of operation.

Somfy signed a commitment to buy the minority interests, recognised as a financial liability and offset by a reduction in minority interests. The surplus between the value of the commitment and the amount of minority interests is posted to goodwill.

Somfy made the acquisition, through its subsidiary BFT SpA, of **SACS** in Italy, a company specialising in car park access systems (cash points, barriers…). It realised sales of €1.8 million in 2006 and has been included in the Group structure since 1 January 2006.

Somfy made the acquisition at the beginning of September 2006 of the German company **Stehle.** Stehle is a recognised participant in the solar protection motorisation and automatic operation market, in particular for outdoor Venetian blinds. This acquisition will enable Somfy to expand its offer, especially in Germany, Austria and Switzerland, thanks to a range of products adapted to these markets. The full-year sales guidance range from €4 to €5 million, for a €4.5 million investment by Somfy.

Somfy also signed an agreement with **Variosys** regarding the takeover of the company's operations under lease-management arrangement. This agreement may subsequently be turned into an acquisition in full. Variosys owns an exclusive proprietary technology for the centralised control of solar protection equipment for major service industry participants. Its offer complements that of Somfy, which is more suited to medium and small service industry customers.

The Italian company **Faac,** of which Somfy owns 34%, sold a land and a building located in Dublin to a pool of investors through its Irish subsidiary. The flourishing local market enabled Faac to realise a very high capital gain of €84.4 million after tax on this disposal.

Somfy includes additional net profit of €28.7 million in its 2006 results after consolidating its 34% stake in Faac in accordance with the equity method.
Somfy recognised a €7.3 million writedown in goodwill relating to its Italian subsidiary **Way,** whose sales growth rate may decline over the coming years.

2. SEGMENT INFORMATION

In application of IAS 14 « Segment Reporting », since Somfy Group operates in a single business segment, the company opted for segment information by geographical areas, based on where assets are established.

At 31 December 2006

In euro thousands	France	Germany	Northern Europe	Eastern and Central Europe	Southern Europe	Asia Pacific	America	Inter-area elimina-tions	Total
Segment sales (Turnover)	410,449	102,826	83,223	31,752	178,810	33,617	62,284	-247,790	655,171
Intra segment sales	*-213,720*	*-3,960*	*-335*	*-281*	*-29,212*	*-29*	*-253*	*247,790*	*0*
Segment profit/loss (profit from operations)	80,123	3,452	9,485	2,246	28,721	1,766	4,648	-4,199	126,242
Investment in equity accounted companies	29	-	-	-	41,668	-	-	-	41,697
Segment net profit	78,736	1,796	7,251	2,247	52,835	760	3,348	-25,078	121,895
Segment assets*	369,220	36,533	40,457	15,778	234,059	30,685	36,082	-116,759	646,055
Segment assets held for sales **	48,255	-	-	34	10	-	-	-	48,299
Equity accounted companies	270	-	-	-	151,924	-	-	-	152,194
Segment liabilities	207,468	23,735	25,161	8,103	66,273	13,797	15,395	-104,679	255,253
Segment investments	18,267	613	392	316	7,523	6,925	1,397	0	35,433
Segment asset amortisations	-13,403	-1,390	-521	-445	-3,100	-491	-931	0	-20,281

* Without financial assets available for sale.
** This item primarily comprises the fair value of Agta Record shares.

Most eliminations are carried out between France, where production facilities are located, and other areas.

At 31 December 2005

In euro thousands	France	Germany	Northern Europe	Eastern and Central Europe	Southern Europe	Asia Pacific	America	Inter-area elimina-tions	Total
Segment sales (Turnover)	358 506	88 500	72 238	29 241	151 456	30 082	57 855	-196 716	591 162
Intra segment sales	*-177 822*	*-3 396*	*- 96*	*-27*	*-15 099*	*-16*	*-60*	*196 716*	*0*
Segment profit/loss (profit from operations)	71 236	3 260	9 497	2 457	21 846	3 030	6 318	-1 317	116 327
Investment in equity accounted companies	-	-	-	-	11 690	-	-	-	11 690
Segment net profit	106 925	2 261	7 366	1 729	24 946	2 339	3 545	-42 199	106 912
Segment assets*	322 585	32 720	35 081	14 596	217 739	28 624	34 649	-85 033	600 961
Segment assets held for sales **	41 566	-	-	35	-	-	-	-	41 601
Equity accounted companies	240	-	-	-	118 378	-	-	-	118 618
Segment liabilities	195 054	21 829	24 953	8 578	60 356	10 045	14 474	-74 358	260 931
Segment investments	36 019	436	586	475	7 391	527	1 009	-	46 443
Segment asset amortisations	-11 422	-1 413	-521	-383	-2 706	-323	-566	-	-17 334

* Without financial assets available for sale.
** This item primarily comprises the fair value of Agta Record shares.

Most eliminations are carried out between France, where production entities are located, and other areas.
Sales in France include the disposal of Devianne during the second half of 2005, which had a € 3,180 thousand impact on net profit for the period.

Transfer prices between geographical areas are established on the basis of an internal selling price measured according to the cost price of manufactured products. These prices are determined for the entire year.

The Group discloses detailed information on the basis of geographical segments by location of assets. It also has to provide sales figures according to the geographical location of customers.

In euro thousands	31/12/06	31/12/05	N/N-1	N/N-1 like for like basis
France	187,619	177,556	5.7%	3.4%
Germany	96,658	83,470	15.8%	15.5%
Northern Europe	91,912	81,373	13.0%	8.7%
Eastern and Central Europe	42,601	37,032	15.0%	12.1%
Southern Europe	128,695	112,351	14.5%	11.5%
Asia Pacific	38,662	35,446	9.1%	5.9%
America	69,024	63,934	8.0%	11.4%
TOTAL	**655,171**	**591,162**	**10.8%**	**8.9%**

3. OTHER OPERATING REVENUES

In euro thousands	31/12/06	31/12/05
Capitalised production cost	4,618	4,861
Services provided	1,742	2,388
Other revenues	581	662
Other operating revenues	**6,941**	**7,911**

Other revenues primarily include royalties and insurance payments received.
Production capitalised comprises development costs incurred during the year.

4. CURRENT PROVISION CHARGES

In euro thousands	31/12/06	31/12/05
Movements on provisions for liabilities and charges	43	633
Current provision charges (reversals)	**43**	**633**

The other provisions for inventories, the guarantee and the personnel were allocated to the related costs.

5. OTHER OPERATING CHARGES AND INCOME

In euro thousands	31/12/06	31/12/05
Movements on non-current provisions	-272	442
Other non-current items	232	-560
- *Non-current income*	*559*	*755*
- *Non-current charges*	*-327*	*-1 315*
Capital gains and losses on the disposal of fixed assets	-402	526
Goodwill writedown	-7 315	-
Other operating charges and income	**-7 757**	**408**

Somfy recognised a € 7.3 million writedown in goodwill relating to its Italian subsidiary WAY, whose sales growth rate may decline over the coming years.

6. FINANCIAL LOSS/PROFIT

In euro thousands	31/12/06	31/12/05
Net borrowing costs	-1,033	-991
- *Financial products from investments*	*2251*	*1,946*
- *Debt-related financial charges*	*-3,284*	*-2937*
Translation adjustment	160	-451
Dividends received	912	769
Net finance cost	**39**	**-673**

7. CURRENT AND DEFERRED TAX

7.1. TAX PROOF

In euro thousands	31/12/06	31/12/05
Profit before tax	118,524	116,062
Merger loss related to holding company reorganisation	-2,904	-35,472
Share of expenses and charges on dividends	1,176	2,369
Goodwill writedown after impairment test	7,315	-
Other	2,001	-553
Permanent differences	7,588	-33,656
Profit taxable at reduced rate*	-10,035	-9,203
Profit taxable at current rate	116,077	73,203
Income tax rate in France	34.40%	34.40%
Theoretical income tax payable at current rate	39,930	25,182
Taxes at reduced rate*	1,555	-
Difference with other countries tax rates	-3,356	-1,680
Unrecognised tax losses of prior years	-232	253
Impact of tax rate differences	-3,588	-1,427
Tax credits	-878	-430
Other taxes and miscellaneous	1,307	695
Group income tax payable	38,326	24,020
Effective income tax rate	32.34%	20.70%
- current income tax	37,693	20,236
- deferred income tax	633	3,784

* Royalties at a lower rate of 15.5 %.

The apparent income tax rate amounts to 32.34% (compared with 20.70% in 2005), when it took into account non-recurrent tax savings.

CAPITALISED AND USED TAX LOSSES

As a matter of prudence, deferred income tax benefits arising from tax losses of companies not included in the income tax integration or prior to entering the tax integration group, have not been recognised where the prospect of recovery is uncertain. These amounted to €9,030 thousand in 2006 and €thousand 9 709 in 2005 (tax losses at the standard rate).
No deferred tax assets were recognised in 2006 in respect of tax losses arising during the current or previous financial years.

7.2. INCOME TAX DIRECTLY RECOGNISED IN SHAREHOLDERS' EQUITY

In euro thousands	31/12/06	31/12/05
Deferred tax liabilities		
– Assets available for sales	1,721	1,077
– Equity accounted companies	800	800
TOTAL	**2,521**	**1,877**

The difference between the fair value and historical cost of assets available for sales has a direct impact in reserves and related tax liabilities.

7.3. ANALYSIS BY NATURE

In euro thousands	31/12/06 Assets	31/12/05 Assets
Restatement of temporary differences including:	8,722	7,594
– Deferred tax assets related to changes in provision methods	*2,188*	*1,923*
– Deferred tax assets related to pensions	*2,162*	*1,908*
– Deferred tax assets related to tax and social security payments	*1,856*	*1,793*
Deferred tax on Intra-Group margin	8,122	6,951
Other	68	50
TOTAL	**16,912**	**14,595**

In euro thousands	31/12/06 Liabilities	31/12/05 Liabiblities
Restatement of temporary differences including:	29,384	25,032
– Deferred tax liabilities related to changes in depreciation rates	*12,093*	*11,757*
– Deferred tax liabilities related to leases	*5,537*	*4,714*
– Deferred tax liabilities related to the capitalisation of development costs	*3,412*	*1,926*
Deferred tax on Intra-Group margin	1,021	1,052
Deferred tax on elimination of Intra-Group provisions	333	220
TOTAL	**30,738**	**26,304**

8. EARNINGS PER SHARE

In euro thousands	31/12/06	31/12/05
Net profit – Group share (in € thousands)	121,614	106,921
Total number of shares issued (1)	7,836,800	7,836,800
Treasury shares (2)	127,307	121,564
Number of shares used for calculation (1) – (2)	7,709,493	7,715,236
Earnings per share – Basic (euro)	**15.77**	**13.86**
Earning per share – Diluted (euro)	**15.77**	**13.86**

There was no change in the number of shares comprising the share capital.

In euro thousands	31/12/06	31/12/05
Net profit of discontinued activities (€ thousands)	–	3,180
Total number of shares issued (1)	7,836,800	7,836,800
Treasury shares (2)	127,307	121,564
Number of shares used for calculation (1)–(2)	7,709,493	7,715,236
Earnings per share of discontinued activities – Basic (euro)	**–**	**0.41**
Earnings per share of discontinued activities – Diluted (euro)	**–**	**0.41**

There exists no financial instrument that has a diluting effect on the shares of Somfy SA. In fact, stock options granted are purchase options and do not give rise to the issue of new shares.

9. BUSINESS COMBINAISON AND GOODWILL

In euro thousands	Amount 31/12/05	Change in scope	Depreciation	Translation adjustment	Amount 31/12/06
BFT SpA	76,660	847	–	–	77,507
Simu SAS	1,862	–	–	–	1,862
WAY SRL	7,315	–	-7,315	–	0
Cotherm Participation	0	10,470	–	–	10,470
Stehle	0	1,379	–	–	1,379
Domis	1,091	–	–	–	1,091
Lian Da	578	5,171	–	-56	5,693
Other	309	–	–	12	321
TOTAL	**87,815**	**17,867**	**-7,315**	**-44**	**98,323**
Gaviota & Simbac SL (*)	9,068	–	–	–	9,068
Faac SpA (*)	1,243	–	–	–	1,243
TOTAL	**98,126**	**17,867**	**-7,315**	**-44**	**108,634**

* Goodwill arising on equity accounted companies is recorded under the heading “equity accounted company”.

In euro thousands	Amount 31/12/04	Change in scope	Depreciation	Translation adjustment	Amount 31/12/05
BFT SpA	76,660	–	–	–	76,660
Simu SAS	1,862	–	–	–	1,862
WAY SRL	7,315	–	–	–	7,315
Domis	1,091	–	–	–	1,091
Lian Da	–	578	–	–	578
Other	322	–	–	-13	309
TOTAL	**87,250**	**578**	**0**	**-13**	**87,815**
Gaviota & Simbac SL (*)	9,068	–	–	–	9,068
Faac SpA (*)	1,243	–	–	–	1,243
TOTAL	**97,561**	**578**	**-**	**-13**	**98,126**

* Goodwill arising on equity accounted companies is recorded under the heading “equity accounted company”.

At the end of first semester 2006, Somfy SA acquired the company **Cotherm** within the framework of a leverage buy-out. Somfy's contribution to the transaction was €5.2 million. Somfy and J-P Serigny, head of the family managing the company, own 65% and 35% of Cotherm, respectively.
Conformity with the standards had a positive impact of €0.8 million on the net assets of Cotherm.
Over the 2006 financial year, Cotherm contributed €10.5 million to goodwill, €3.4 million to net intangible assets, €13.0 million to borrowings from credit institutions and €13.9 million to sales for 6 months of operation.

Somfy signed a commitment to buy the minority interests, recognised as a financial liability and offset by a reduction in minority interests. The surplus between the value of the commitment and the amount of minority interests is posted to goodwill.

At the beginning of year 2006, Somfy made the acquisition, through its subsidiary BFT SpA, of **SACS** in Italy, a company specialising in car park access systems (cash points, barriers…). It realised sales of €1.8 million in 2006 and has been included in the Group structure since 1 January 2006.

Somfy made the acquisition at the beginning of September 2006 of the German company **Stehle.** Stehle is a recognised participant in the solar protection motorisation and automatic operation market. The investment by Somfy amounts to €4,5 M and the goodwill is of €1,4 M.

Lian Da, a company established in 2005, purchased a clientele base in 2006 which was treated as additional goodwill.

The cost of acquisition, including related expenses, was fully funded by the Group.

Additional information on these acquisitions is included in Note 27.3

Following an impairment test, Somfy recognised a €7.3 million writedown in goodwill relating to its Italian subsidiary **Way,** whose sales growth rate may decline over the coming years.

10. INTANGIBLE FIXED ASSETS

In euro thousands	Development costs	Patents and brands	Software	Other	Work in progress and advance payments	Total 2006
Gross value at 1 January	**103**	**5,209**	**21,273**	**680**	**6,838**	**34,103**
Acquisitions	–	484	537	43	4,770	5,834
Disposals	–	–	−90	−9	–	−99
Impact of changes in foreign exchange rates	–	−377	−69	−15	–	−461
Impact of changes in scope	–	–	385	–	–	385
Other movements	2,932	30	1,668	−64	−4,565	1
At 31 December	**3,035**	**5,346**	**23,704**	**635**	**7,043**	**39,763**
Accumulated amortisation at 1 January	**−12**	**−1,605**	**−13,051**	**−353**	**–**	**−15,021**
Amortisation charges for the financial year	−326	−434	−2,227	−57	–	−3,044
Disposals	–	–	89	–	–	89
Impact of changes in foreign exchange rates	–	110	60	3	–	173
Impact of changes in scope	–	–	−365	–	–	−365
Other movements	–	90	−94	2	–	−2
At 31 December	**−338**	**−1,839**	**−15,588**	**−405**	**–**	**−18,170**
Net value at 31 December	**2,697**	**3,507**	**8,116**	**230**	**7,043***	**21,593**

* Of which 6,883 K€ of current development expenses.

In euro thousands	Development costs	Patents and brands	Software	Other	Work in progress and advance payments	Total 2005
Gross value at 1 January	**–**	**4,648**	**20,195**	**447**	**2,932**	**28,222**
Acquisitions	12	249	322	138	5,149	5,870
Disposals	–12	–59	–499	–58	–	–628
Impact of changes in foreign exchange rates	–	485	87	24	11	607
Impact of changes in scope	–	–	–	–	–	–
Other movements	103	–114	1,168	129	–1,254	32
At 31 December	**103**	**5,209**	**21,273**	**680**	**6,838**	**34,103**
Accumulated amortisation at 1 January	**–**	**–1,225**	**–11,229**	**–298**	**–**	**–12,752**
Amortisation charges for the financial year	–12	–372	–2,157	–48	–	–2,589
Disposals	–	44	450	16	–	510
Impact of changes in foreign exchange rates	–	–104	–69	–6	–	–179
Impact of changes in scope	–	–	–	–	–	–
Other movements	–	52	–46	–17	–	–11
At 31 December	**–12**	**–1,605**	**–13,051**	**–353**	**–**	**–15,021**
Net value at 31 December	**91**	**3,604**	**8,222**	**327**	**6,838***	**19,082**

* Of which 5,496K€ of current development expenses.

Development costs complying with the criteria of IAS 38 are capitalised and are considered as internally generated intangible assets. At 31 December 2006, development costs amounted to €9 918 thousands, of which nearly 70% was recognised as work in progress and was thus not amortised, since products had not reached the pre-production stage. Research and development costs of €23,2 million were recognised as charges for the financial year. There are no contractual agreements for the acquisition of intangible fixed assets. There are no other intangible assets with an undetermined useful life.

11. PROPERTY, PLANT AND EQUIPMENT (PPE)

11.1. PROPERTY, PLANT AND EQUIPMENT BY NATURE

In euro thousands	Land	Buildings	Machinery and tools	Other	Work in progress and advance payments	Total 2006
Gross value						
at 1 January	**11,982**	**86,823**	**124,623**	**31,649**	**10,296**	**265,373**
Acquisitions	–	1,825	6,943	4,939	10,171	23,878
Disposals	−165	−63	−2,003	−1,669	–	−3,900
Impact of changes						
in foreign exchange rates						
Impact of changes	−9	−52	−305	−423	−29	−818
in scope	480	1,275	7,594	1,653	34	11,036
Other movements	–	3,187	12,408	−3,683	−12,111	−199
At 31 December	**12,288**	**92,995**	**149,260**	**32,466**	**8,361**	**295,370**
Accumulated						
amortisation						
at 1 January	**−108**	**−25,808**	**−75,201**	**−21,780**	**–**	**−122,897**
Depreciation charges						
for the financial year	−5	−3,176	−11,169	−3,128	–	−17,478
Disposals	–	60	1,584	1,326	–	2,970
Impact of changes						
in foreign exchange rates	–	35	198	236	–	469
Impact of changes	–	−4	−5,335	−1,163	–	−6,502
in scope	–	−348	−2,223	2,757	–	186
Other movements						
At 31 December	**−113**	**−29,241**	**−92,146**	**−21,752**	**–**	**−143,252**
Net value						
at 31 December	**12,175**	**63,754**	**57,114**	**10,714**	**8,361**	**152,118**

In euro thousands	Land	Buildings	Machinery and tools	Other	Work in progress and advance payments	Total 2005
Gross value at 1 January	**10,736**	**62,998**	**117,016**	**36,243**	**6,938**	**233,931**
Acquisitions	1,368	16,194	8,226	3,950	10,836	40,574
Disposals	−163	−1,846	−4,079	−3,119	−2	−9,209
Impact of changes in foreign exchange rates	−3	−44	263	637	33	886
Impact of changes in scope	–	–	–	–	–	0
Other movements	44	9,521	3,197	−6,062	−7,509	−809
At 31 December	**11,982**	**86,823**	**124,623**	**31,649**	**10,296**	**265,373**
Accumulated amortisation at 1 January	**−103**	**−19,907**	**−69,747**	**−25,817**	**–**	**−115,574**
Depreciation charges for the financial year	−6	−2,576	−9,470	−2,695	–	−14,747
Disposals	1	1,125	3,510	2,636	–	7,272
Impact of changes in foreign exchange rates	–	17	−178	−378	–	−539
Impact of changes in scope	–	–	–	–	–	0
Other movements	–	−4,467	684	4,474	–	691
At 31 December	**−108**	**−25,808**	**−75,201**	**−21,780**	**0**	**−122,897**
Net value at 31 December	**11,874**	**61,015**	**49,422**	**9,869**	**10,296**	**142,476**

Significant PPE (buildings, machinery and tools) used have no book value equal to zero.

11.2. LEASE PROPERTY, PLANT AND EQUIPEMENT

In euro thousands	2006	2005
Gross value		
Land	5,137	5,137
Buildings	48,940	46,843
Technical installations, material and tools	1,076	1,076
TOTAL	**55,153**	**53,056**
Cumulated depreciation		
Land	–	–
Buildings	−11,923	−10,299
Technical installations, material and tools	−529	−421
TOTAL	**−12,452**	**−10,720**
Net value at 31 December	**42,701**	**42,336**

The maturity date of undiscounted and discounted minimum payments relating to the finance leases can be analysed as follows:

In euro thousands	Undiscounted 2006 liability	Discounted 2006 liability
Less than one year	5,366	4,275
1 to 5 years	18,037	14,862
More than 5 years	8,643	8,113
TOTAL	**32,046**	**27,250**

In euro thousands	Undiscounted 2005 liability	Discounted 2005 liability
Less than one year	5,106	4,144
1 to 5 years	16,664	14,506
More than 5 years	11,748	10,570
TOTAL	**33,518**	**29,220**

11.3. SURETIES

At 31 December 2006, the Group no longer had any PPE given as guarantees for bank debts.

12. IMPAIRMENT TESTS

At 31 December 2006, as in any year or in any occasion there is an indication that the value of assets may have been impaired, Somfy Group reassessed acquisition goodwill related to Cash Generating Units, in accordance with the IAS 36. The Group defines CGU's based on how acquisition goodwill, whose economic benefits are expected to flow to the Group, is monitored.

The recoverable amount of CGU's is the higher of the fair value of assets after deducting disposal costs and the value in use. Value in use is measured using the Discounted Cash Flow method (cash flow calculated over 6 years)

Cash flows were measured based on long-term budgets and plans.

Cash flows were projected over several years by introducing specific growth rates that are consistent with Group historical growth rates.

The growth rate selected for infinite cash flow projections was 1.8%.

The cash flow discount rate in 2006 and 2005 was determined in particular on the basis on market data (9% for European companies and 11% for companies operating in the US).

Except for Way, the discounted value appears higher than the CGU net book value at 31 December 2006.

At 31 December 2006, the discounted value of the Way CGU became lower than its net book value. The balance of goodwill of €7.3 million was thus fully written down. This loss in value is due mainly to increased competition in all segments of Way's entry-level products. This may be reflected in a stagnation in product volumes as well as a tightening of margins. No other asset was written down.

Similarly, no impairment loss was recorded during the financial year for assets with a definite useful life, which are independent from other assets.

13. EQUITY ACCOUNTED COMPANIES

In euro thousands	At 31/12/06	At 31/12/05
Opening share of equity	118,618	118,222
Changes in consolidation scope*	–	−12,332
Fair value movements**	3,533	3,848
Share of net profit for the financial year	41,697	11,690
Dividends paid	−11,547	−2,945
Translation adjustment	−107	135
Closing share of equity**	**152,194**	**118,618**

* Disposal of Devianne Group in 2005.
** Fair value relates to assets available for sale by FAAC (K€ 30 764 in 2005 and K€34 297 in 2006) and deferred tax related to a tax impact (€800 thousand loss in 2005 and 2006).

The "equity accounted companies" item almost fully comprises the Faac and Gaviota-Simbac groups.

The share in the profit for the year is inflated by a significant capital gain of €84.4 million after tax on the disposal of land and buildings realised by Faac, the Italian subsidiary that is equity accounted. Somfy has thus included additional profit of €28.7 million in its 2006 results in respect of its 34% share.

In euro thousands	31/12/06	31/12/05
Faac, 34 % held by the Group		
Sales	154,939	137,518
Profit from operations	32,562	30,570
Net profit (Group share)	115,132	26,472
Total assets	406,560	309,789
Shareholders' equity (Group share)	390,640	272,035
Residual acquisition goodwill	1,243	1,243

In euro thousands	31/12/06	31/12/05
Gaviota –Simbac, 46,5% held by the Group		
Sales	77,350	70,304
Profit from operations	9,286	9,178
Net profit	5,427	5,785
Total assets	65,620	53,911
Total assets	18,916	33,497
Residual acquisition goodwill	9,068	9,068

An assessment of the investment in Faac was conducted in 2005 by an independent expert. It confirmed the recoverable amount of this asset.

14. FINANCIAL ASSETS

In euro thousands	31/12/06	31/12/05
Assets available for sales	75,443	54,167
*- Investments in uncontrolled companies **	*46,298*	*36,919*
*- Marketable securities **	*29,145*	*17,248*
Loans **	899	1,124
Others	1,973	1,798
Non-current and current financial assets	**78,315**	**57,089**
Due within 1 year	27,242	12,586
Non-current financial assets	**51,073**	**44,503**

* The difference between the fair value and the acquisition price of assets available for sales was K€13 952 in 2005 (k€12 875 net of deferred tax) and K€22 402 in 2006 (K€20 682 net of deferred tax).
** Including a K€153 and K€138 provision at 31/12/06 and 31/12/05, respectively.

Financial assets due within one year comprise marketable securities.
The "other" item primarily relates to guarantees and deposits.

Agta Record, of which the Group held 24.89% at 31 December 2006, does not meet the conditions required to be equity accounted. Currently, Somfy owns over 20% of Agta Record but has no significant influence in this company, for the following reasons:

- it has no representative in the Board of Directors,
- it does not take part in the policy determination process,
- no transactions occurred between Somfy and Agta Record.

Therefore, the Agta Record investment is considered as available for sale and is measured at fair value at year-end. Changes in fair value are directly recognised in equity. Fair value amounted to €45,9 million at 31 December 2006.

15. INVENTORIES

In euro thousands	31/12/06	31/12/05
Gross values		
Raw material and other supplies	29,484	24,215
Finished products and merchandise	62,615	50,039
TOTAL	**92,099**	**74,254**
Provisions	**-8,795**	**-8,136**
Net value	**83,304**	**66,118**

In euro thousands	Value at 31/12/05	Net provision charges	Translation adjustment	Other movements	Value at 31/12/06
Provisions on inventories	-8,136	1,227	104	-1,990	-8,795

16. TRADE RECEIVABLES

In euro thousands	31/12/06	31/12/05
Gross value	127,086	109,720
Provision	-5,550	-4,628
Net value	**121,536**	**105,092**

In euro thousands	Value at 31/12/05	Net provision charges	Translation adjustment	Other movements	Value at 31/12/06
Trade receivables provision	- 4 628	-592	28	-358	-5,550

Trade receivables include receivables due within one year.

17. OTHER RECEIVABLES

In euro thousands	31/12/06	31/12/05
Gross values		
Personnel receivables	774	485
Other tax receivables (including VAT)	6,350	5,675
Accrued expenses	3,379	3,127
Other receivables*	3,677	1,684
TOTAL	**14,180**	**10,971**

* The «other receivables» item primarily includes receivables and advance payments on non-current assets.

Other receivables classified as "current" are receivables due within one year.

18. CASH AND CASH EQUIVALENTS

In euro thousands	31/12/06	31/12/05
Cash	50,659	61,345
Cash equivalents	49,387	60,971
TOTAL	**100,046**	**122,316**

Cash equivalents primarily include deposits with a maturity date of less than 3 months and euro monetary UCITS.

The average return rate is near 3,0 %.

19. PROVISIONS

19.1. NON-CURRENT PROVISIONS

In euro thousands	Provisions for guarantees	Provisions for litigations	Provisions for liabilities and other risks	Total 2006
At 1 January	3,860	50	2,247	6,157
Charges	243	–	164	407
Used reversals	–	–50	–208	–258
Unused reversals	–	–	–229	–229
Impact of translation adjustment	–27	–	–7	–34
Other movements	–	101	36	137
At 31 December	**4,076**	**101**	**2,003**	**6,180**

The net provision charges of used or unused reversals impacted the operating current income for €265 thousands and the financial result for – €345 thousands.

19.2. CURRENT PROVISIONS

In euro thousands	Provisions for guarantees	Provisions for litigations	Provisions for liabilities and other risks	Total 2006
At 1 January	1,900	1,611	1,942	5,453
Charges	177	593	100	870
Used reversals	–	–290	–1,070	–1,360
Unused reversals	–	–107	–240	–347
Impact of translation adjustment	–18	–	–6	–24
Other movements	72	–285	213	0
At 31 December	**2,131**	**1,522**	**939**	**4,592**

The net provision charges of used or unused reversals impacted the operating current income by €940 thousands and the other operating revenue and charges by – €103 thousands.

20. FINANCIAL DEBTS

20.1. ANALYSIS BY CATEGORIES

In euro thousands	31/12/06	31/12/05
Borrowings from credit institutions	18,444	31,896
Lease borrowings	27,250	29,220
Misc. Borrowings and financial debts	1,634	1,089
Non-current and current financial debts	**47,328**	**62,205**
Due within one year	10,143	24,175
Current financial debts	**37,185**	**38,030**

20.2. ANALYSIS BY MATURITY

In euro thousands	31/12/06	31/12/05
Within 1 year	10,146	24,175
1 to 5 years	23,762	17,428
Over 5 years	13,420	20,602
TOTAL	**47,328**	**62,205**

20.3. ANALYSIS BY RATE TYPE

In euro thousands	31/12/06	31/12/05
Variable rate *(Rate swaps and caps for M€ 14,8)*	44,699	61,132
Fixed rate	1,017	-
No rate	1,612	1,073
TOTAL	**47,328**	**62,205**

The average debt cost is about 4.2%.

20.4. ANALYSIS BY CURRENCY

In euro thousands	31/12/06	31/12/05
Euros	42,799	55,320
USD	2,210	3,070
CAD	0	2,921
Other	2,319	894
TOTAL	**47,328**	**62,205**

20.5. BORROWINGS SECURED BY COLLATERAL

At 31 December 2006, no debt was secured by collateral.

20.6. COVENANTS

At 31 December 2006, Somfy SA had a total of €120 million in confirmed medium-term loan facilities with five banks, not used. Funds made available under this arrangement are subject to an undertaking by Somfy SA to comply with the financial covenants relating to the financial structure of the Group (debt/equity ratio) and its repayment capability (financial debt, cash flow ratio). All covenants were complied with at 31 December 2006.

21. ANALYSE OF NET CASH SURPLUS

In euro thousands	31/12/06	31/12/05
Financial debts	47,328	62,205
Financial assets	30,120	18,373
- Marketable securities	*29,242*	*17,248*
- Other	*878*	*1,125*
Cash and cash equivalents	100,046	122,316
Net cash surplus	**82,838**	**78,484**

22. RISK MANAGEMENT

Translation risks

Somfy Group is exposed to translation risks by intra-group sales of manufactured products from France to other countries (denominated in local currencies) and by the translation into recognition currency (Euro) of subsidiary financial statements at balance sheet date.
However, over 70% of consolidated sales are generated in the Euro zone.
Derivative instruments primarily comprise foreign exchange contracts and foreign currency options.

The Group elected not to apply hedging accounting. Fair value changes are thus directly recognised in financial income/expense.
The decrease in value of the US dollar at 31 December 2006 ($ 1.3170 to €1), compared to the highest rate of 31 December 2005 ($ 1.179 to €1) accounted for most of the increase in the fair value of hedging instruments. These amounted to €602 thousand at 31 December 2006 compared to - €133 thousand at 31 December 2005, being a positive impact of + €735 thousand on net profit.

31/12/06	Hedging of balance sheet items	Hedging of off-balance sheet items	Total in euro thousands	Fair value in euro thousands	Types
AUD	1,711	1,013	2,724	13	Short hedge, Accumulator
CHF	508	3,330	3,838	27	Short hedge, Accumulator, option
GBP	849	5,684	6,533	-59	Short hedge
JPY	1,128	0	1,128	97	Short hedge
SEK	656	4,906	5,562	-66	Short hedge
USD	4,342	10,064	14,406	590	Short hedge, Accumulator
	9,194	**24,997**	**34,191**	**602**	

31/12/05	Hedging of balance sheet items	Hedging of off-balance sheet items	Total in euro thousands	Fair value in euro thousands	Types
AUD	1,346	494	1,840	2	Short hedge
CHF	706	1,144	1,850	46	Short hedge
GBP	1,060	1,992	3,052	33	Short hedge, Accumulator
HKD	491	0	491	8	Short hedge
JPY	958	372	1,330	195	Short hedge, Accumulator
PLN	662	0	662	-115	Short hedge
SGD	63	0	63	-3	Short hedge
USD	1,541	11,373	12,914	-299	Short hedge, Accumulator, Vanilla option
	6,827	**15,375**	**22,202**	**-133**	

Interest rate risk

The majority of Group company financial debt carries a variable rate. Interest rate hedges had a nominal value of €14,8 million at 31 December 2006 against €35 million at 31 December 2005.

The fair value of swaps represented a liability of €85 thousand in 2006, compared to a liability of €88 thousand in 2005.

The Group does not hedge fixed rates against variable rates.

Liquidity risk

Group financing essentially relies on leases and medium-term credit facilities, which are only occasionally used due to the high level of Group net cash.
The Group does not use revolving credits or securitise its receivables.

Deposit risk

Due to the allocation of its marketable security portfolio, The Group is not exposed to the share price fluctuation risk, except for treasury shares. Treasury shares held by the parent company are deducted from reserves. Thus, they have no impact on Group net profit.

Other Somfy SA and Damartex shares held by the equity accounted Faac are retained in the equity value of this sub-group and thus contribute to consolidated reserves.

23. EMPLOYEE BENEFITS

As regards 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. Changes between the 2005 and 2006 financial years may be analysed as follows:

Retirement commitments - FRANCE

In euro thousands	Benefit obligation	Plan assets	Net initial obligation	Net amount recognized in financial statements	Un-recognized past service cost
31 December 2005	**5,294**	**-1,289**	**4,005**	**4,005**	0
Net periodic pension cost:	**-24**	**-70**	**-94**	**636**	-730
- Service cost and interest cost	-24	0	-24	-24	-
- Expected return on assets	0	-70	-70	-70	-
- Amortisation of past service cost	0	0	0	730	-730
Employer's contribution	**0**	**-459**	**-459**	**-459**	0
Paids to participant	**-152**	**152**	**0**	**0**	-
Past service cost recognized in the year	**2,783**	**0**	**2,783**	**0**	2,783
Translation adjustments	0	0	0	0	-
Changes in consolidation scope	453	-44	409	409	-
31 December 2006	**8,354**	**-1,710**	**6,644**	**4,591**	2,053

In euro thousands	Benefit obligation	Plan assets	Net initial obligation	Net amount recognized in financial statements	Un-recognized net actuarial gains/losses
1 January 2005	**4,129**	**-1,315**	**2,814**	**2,814**	0
Net periodic pension cost:	**1,242**	**-38**	**1,204**	**1,204**	0
- Service cost and interest cost	1,242	0	1,242	1,242	0
- Expected return on assets	0	- 38	-38	-38	0
- Amortisation of actuarial amount	0	0	0	0	0
Employer's contribution	**0**	**0**	**0**	**0**	0
Paids to participant	**-77**	**64**	**-13**	**-13**	0
Net gain/loss recognized in the year	**0**	**0**	**0**	**0**	0
Translation adjustments	0	0	0	0	0
Changes in consolidation scope	0	0	0	0	0
31 December 2005	**5,294**	**-1,289**	**4,005**	**4,005**	0

Retirement commitments - OTHERS

In euro thousands	Benefit obligation	Plan assets	Net initial obligation	Net amount recognized in financial statements	Un-recognized net actuarial gains/losses
31 December 2005	**14,198**	**-12,189**	**2,009**	**967**	**1,042**
Net periodic pension cost:	**1,800**	**-626**	**1,174**	**1,256**	**-82**
- Service cost and interest cost	1,800	0	1,800	1,800	0
- Expected return on assets	0	-626	-626	-626	0
- Amortisation of actuarial amount	0	0	0	82	-82
Employer's contribution	**0**	**-318**	**-318**	**-318**	**0**
Paids to participant	**-58**	**30**	**-28**	**-28**	**0**
Net actuarial gain/loss recognized in the year	**745**	**-231**	**514**	**0**	**514**
Translation adjustments	-671	457	-214	-85	-129
Changes in consolidation scope	867	-867	0	0	0
31 December 2006	**16,881**	**-13,744**	**3,137**	**1,792**	**1,345**

In euro thousands	Benefit obligation	Plan assets	Net initial obligation	Net amount recognized in financial statements	Un-recognized net actuarial gains/losses
1 January 2005	**12,597**	**-10,568**	**2,029**	**1,183**	**845**
Net periodic pension cost:	**939**	**-465**	**474**	**514**	**-40**
- Service cost and interest cost	939	0	939	939	0
- Expected return on assets	0	-465	-465	-465	0
- Amortisation of actuarial amount	0	0	0	40	-40
Employer's contribution	**0**	**-292**	**-292**	**-292**	**0**
Paids to participant	**-198**	**-262**	**-460**	**-460**	**0**
Net actuarial gain/loss recognized in the year	**121**	**-18**	**103**	**0**	**103**
Translation adjustments	634	-498	136	2	134
Changes in consolidation scope	105	-85	20	20	0
31 December 2005	**14,198**	**-12,189**	**2,009**	**967**	**1,042**

Employee seniority awards

In euro thousands	31/12/05	Cost	Benefits paid	Change in cons. Scope	31/12/06
Actuarial commitments	1,270	-195	-25	-	1,050

In euro thousands	31/12/04	Cost	Benefits paid	Change in cons. Scope	31/12/05
Actuarial commitments	1,070	257	-57	-	1,270

TFR – Trattamento Di Rapporto

In euro thousands	31/12/05	Cost	Benefits paid	Change in cons. Scope	31/12/06
Commitments	2,923	780	-478	-	3,225

In euro thousands	31/12/04	Cost	Benefits paid	Change in cons. Scope	31/12/05
Commitments	2,517	781	-375	-	2,923

Actuarial differences at 31 December 2006 amounted to €1,345 thousand, compared to €1,042 thousand, at 31 December 2005.

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

The cost of past service amounted to €2,053 thousand at 31 December 2006 and was amortised over the time that the corresponding rights are acquired by the employees. The impact will be around €700 thousand per year.
The impact of defined benefits had a €2,477 thousand impact on personnel costs in the income statement.

The main assumptions used in calculations are the following:

At 31 december	2006	2005
Discount rate		
France	4.0%	4.0%
Germany	5.00%	5.00%
United States	6.00%	6.00%
Italy	n/a	n/a
Others	2.0%- 5.0%	2.0%- 5.0%
Long term yield expected from pension plan assets		
France	3.5%	3.0%
Germany	5 % - 6%	5% - 6%
United States	6.00%	6.00%
Italy	n/a	n/a
Others	2.3% - 4.5%	2.3% - 4.5%
Future salary increases		
France	2.80%	2.2% - 3.0%
Germany	1.00%	1.00%
United States	2.00%	2.00%
Italy	n/a	n/a
Others	2.5% - 3.5%	2.5% - 3.5%

Except for specific cases, the individual right to training does not result in a provision in the consolidated financial statements. The rights in this respect were 19,278 hours at 31 December 2005 compared to 47,598 hours at the end of 2006. Rights used during the year were insignificant.

24. OTHER DEBTS

In euro thousands	31/12/06	31/12/05
Social security liabilities	41,061	33,233
Tax liabilities	8,298	7,579
Accrued revenue	744	1,093
Dividends payable	0	31,347
Others*	1,894	4,423
TOTAL	**51,997**	**77,675**

* The «others» item primarily includes debts related to non-current assets.

Other debts classified as "current" are debts due within one year.

25. SHARE-BASED PAYMENTS

Stock options are measured at the market value at the date of allocation. They are subsequently amortised in the income statement for the period when rights are vested to employees (5 years). This is applicable to all plans granted as from 7 November 2002. The charge for the financial year is measured by an external expert for the three plans concerned (2002, 2003 and 2006 plans).

A new plan was set up in 2006 for 36,200 Somfy share purchase options at a price of €185. Vesting of these options is subject to the achievement of conditions. Every beneficiary must be employed within the Group at the date of exercise of their options. In addition, for some of them, the right to exercise part of their options is also conditional on the achievement of predefined objectives.

At 31 december 2006, the cost is €505 thousand and is accounted in "personnel expenses" (€265 thousand in 2005)

Plan date	Number of beneficiaries	Number of shares allocated	Restated number of shares*	Option exercice price (in euro)	Restated option exercice price * (in euro)	Option expiry date
29/09/00	69	38,780	9,694	75.00	62.84	31/01/07
17/07/01	51	21,000	9,299	78.00	65.35	31/01/08
05/12/02	54	20,300	18,859	100.00	97.70	31/01/09
01/12/03	62	20,150	20,242	128.00	125.05	31/01/10
31/03/06	96	36,200	-	185.00	-	31/03/11

* Adjustments following the scission of the Damart Group and following the exceptional reserves distribution on Dec. 27th, 2005.

The following movements on share option plans arose in 2005 and 2006:

	2006		2005	
	Number of options	Weighted average exercise price (in euro)	Number of options	Weighted average exercise price (in euro)
Options outstanding at 1 January	**60,983**	**96.10**	**86,335**	**87.50**
Options granted	37,710	181.36	-	-
Options cancelled	-359	109.43	-1,681	90.99
Options exercised	-16,777	65.25	-23,671	65.11
Options non-exercised at year-end	**81,557**	**140.68**	**60,983**	**96.10**
Options exercisable at year-end	**25,269**	**88.44**	**22,833**	**65.36**

At 31 december 2006, the unexercised option plans are the following:

Plan dated	Exercise price (in euro)	Number of options	Number of days remaining before option expiry date
29/09/00	62.84	1,386	31
17/07/01	65.35	6,188	396
05/12/02	97.70	17,695	762
01/12/03	125.05	20,088	1,127
03/04/06	185.00	36,200	2,647

26. ANALYSIS OF EQUITY

	31/12/06	31/12/05
Total number of shares	7,836,800	7,836,800
Treasury shares	127,307	121,564
Par value	€ 1	€ 1
Dividend per share submitted for approval	€ 5.20	€ 4.80

The voting right attached to the shares is proportional to the capital that they represent. Each share of the company entitles its holder to one vote.

A voting right that is double that conferred on shares, considering the share capital they represent, 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 financial year preceding that of each Meeting.

Shareholders' equity is analysed as follows:

In euro thousands	31/12/06	31/12/05
Share capital	7,837	7,837
Legal reserve	791	791
Share premium	1,866	1,866
Translation adjustment	-471	2,259
Other reserves*	459,540	380,501
Net profit for the year	121,614	106,921
Equity (Group share)	**591,177**	**500,175**

* The impact of treasury shares and fair value is detailed in equity variation statement.

27. ANALYSIS OF CASH FLOW STATEMENT

27.1. CASH AND CASH EQUIVALENTS

In euro thousands	31/12/06	31/12/05
OPENING BALANCE	**119,003**	**55,254**
Opening cash and cash equivalents	122,316	57,158
Bank overdrafts	-3,313	-1,904
CLOSING BALANCE	**99,746**	**119,003**
Closing cash and cash equivalents	100,046	122,316
Bank overdrafts	-300	-3,313

27.2. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment debts and receivables are now classified under investment activities and represent - 1.0 M€ at 31 December 2006 against 0.9 M€ in 2005.
In 2006, the intangible asset acquisitions include market part purchases effected particularly by the LianDa subsidiary and booked under item « Goodwill » in the balance sheet.

During the 2005 financial year, the Group acquired intangible non-current assets and PPE for a total amount of M€ 40.6, of which M€ 10.8 was financed by lease-borrowings.

27.3. SUBSIDIARY ACQUISITIONS AND DISPOSALS, NET OF SUBSIDIARY CASH AND CASH EQUIVALENTS

At 31 December 2006, this item was primarily affected by the acquisition of Cotherm.
The fair value of acquired assets and liabilities were the following:

In euro thousands	
Acquisition goodwill	12,795
Net non-current assets	4,635
Inventories	7,035
Trade receivables	7,021
Other receivables	1,236
Cash	5,011
Borrowings	-17,085
Trade payables	-3,868
Other debts and provisions	-6,576
Minority interests	-56
Total acquisition cost	**10,148**
Less: acquired cash	-5,011
Cash flow resulting from the acquisition after deduction of acquired cash	**5,137**

At 31 December 2005, this item was primarily affected by the disposal of Devianne. In fact, Somfy disposed of its investment in Devianne Group, after having concurrently purchased an additional 52.6% of its share capital so that Devianne Group was fully-owned by the Group. These transactions had an overall impact of €18,392 thousand on the cash flow statement.

28. OFF-BALANCE SHEET COMMITMENTS

Group off-balance sheet commitments are analysed as follows:

Commitments given

In euro thousands	31/12/06	31/12/05
Guarantees and pledges given *	24,600	26,966
Interest over the remaining term of loans	7,967	5,010
Rents over the remaining term of leases	6,490	8,291
Hedging on copper	149	262
Foreign exchange forward sale contracts	24,997	15,375
TOTAL	**64,054**	**55,642**

* Including a €24.6 million deposit pledged by Somfy SA in relation to a loan repaid early in 2004, which will not be released until 2007, the final maturity initially provided in the contract.

Interest to be paid over the remaining term of loans are solely calculated for loans with known maturity dates, not for short-term lines of credit with occasional drawings.

Commitments received

In euro thousands	31/12/06	31/12/05
Guarantees and pledges received	1,000	3,000
Unused lines of credit	130,704	95,069
TOTAL	**131,704**	**98,069**

Complex commitments

HDI earn-out option was renegotiated in December 2006. HDI agreed to pay former shareholders a share of royalties billed and for which payments were received in respect of the use of patents, for a minimum amount of US$ 300 thousand for 4 years. Due to royalty billing prospects over the next few years, this commitment was not deemed as constituting an additional liability at 31 December 2006, since the US$ 300 thousand amount will be offset by royalties billed.

29. INFORMATION ON ENVIRONMENTAL RISKS

Somfy SA group's major production sites only undertake assembly work, which does not generate any pollution. Accordingly, the Group is not exposed to any significant environmental risk. Nevertheless, selective sorting procedures have been adopted at all sites and measures to reduce the consumption of energy (heating and electricity) have been implemented at the main production plant in Cluses in France.

Against this background, no provision was required for environmental risks.

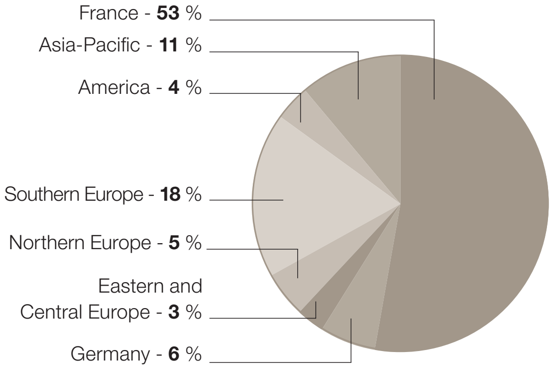
30. WORKFORCE INFORMATION

30.1. AVERAGE WORKFORCE

Somfy SA group's average workforce size at 31 December 2006, with temporary and part-time employees recorded on a fulltime equivalents basis, was as follows:

	31/12/06	31/12/05
Average workforce	4,179	3,383

30.2. WORKFORCE ANALYSIS BY GEOGRAPHICAL AREAS



31. INFORMATION ON RELATED PARTIES

Related parties include:
- the parent company,
- entities that exercise joint control or have significant influence over the entity,
- subsidiaries,
- associate companies,
- joint-ventures,
- management Board and Management Committee members.

31.1. TRANSACTIONS WITH ASSOCIATE COMPANIES

Associate companies are companies over which the Group has significant influence and which are consolidated using the equity method. Transactions with associate companies are carried out at market prices.

In euro thousands	31/12/06	31/12/05
Sales	4,578	4,958
Other revenues	469	475
Purchases of good	3,327	2,830
Other charges	79	117
Interest received	23	41
Trade receivables	1,704	1,717
Trade payables	589	644
Loans	800	1,050

31.2. GROSS REMUNERATION OF MANAGEMENT AND SUPERVISORY BOARD MEMBERS

In euro thousands	31/12/06	31/12/05
Short term employee benefits	1,814	1,671
Post-employment benefits*	127	-
Share-based remuneration	81	43

* Incl. past services cost.

Share-based remuneration represents the cost of the 2002, 2003 and 2006 stock option plans granted to Directors.

Post-employment benefits correspond to costs in respect of the new supplementary pension plan set up in 2006 by CMC (SARL) and which benefits two members of the Management Board.

32. POST-BALANCE SHEET EVENTS

In February 2007, Somfy signed an agreement with the shareholders in PD Technologies Ltd to purchase this company in full. This English company manufactures garage door detection sensors and realised sales of £ 3 million over the last published financial year

33. CONSOLIDATION SCOPE

Consolidated and equity accounted companies at 31 December 2006:

Company name	Head office	% controlled 31/12/06	% held 31/12/06	% held 31/12/05
Somfy SA	74300 Cluses (France)	(Parent company)		
Fully consolidated companies				
Somfy SAS	74300 Cluses (France)	100.00	100.00	100.00
Spirel SAS	73660 St Rémy de Maurienne (France)	100.00	100.00	100.00
Somfy GmbH	Rottenburg (Germany)	100.00	100.00	100.00
Somfy Ges.mb H.	Elsbethen-Glasenbach (Austria)	100.00	100.00	100.00
Somfy KFT	Budapest (Hungary)	100.00	100.00	100.00
Somfy Sp zoo	Varsovie (Poland)	100.00	100.00	100.00
Somfy Spol sro	Praha (Czech Republic)	100.00	100.00	100.00
Somfy AB	Limhamn(Sweden)	100.00	100.00	100.00
Somfy BV	Hoofddorp (Netherlands)	100.00	100.00	100.00
Somfy Systems Inc.	Cranbury NJ (United States)	100.00	100.00	100.00
Somfy Italia SRL	Trezzano sul Naviglio (Italy)	100.00	100.00	100.00
Somfy AG	Bassersdorf (Switzerland)	100.00	100.00	100.00
Somfy K.K.	Yokohama (Japan)	100.00	100.00	100.00
Somfy Espana SA	Barcelone (Spain)	100.00	100.00	100.00
NV Somfy SA	Zaventem (Belgium)	100.00	100.00	100.00
Somfy Middle East Co Ltd	Limassol (Republic of Cyprus)	100.00	100.00	100.00
Somfy Ltd	Yeadon (England)	100.00	100.00	100.00
Somfy PTY Ltd	Rydalmere (Australia)	100.00	100.00	100.00
Somfy Joo	Séoul (Korea)	100.00	100.00	100.00
Somfy PTE Ltd	Singapour	100.00	100.00	100.00
Somfy Co Ltd	Hong Kong	100.00	100.00	100.00
Lian Da	Zhejiang (China)	80.00	80.00	80.00
Somfybat SNC	74300 Cluses (France)	100.00	100.00	100.00
Somfy Maroc SARL	Casablanca (Marocco)	100.00	100.00	100.00
Somfy Hellas SA	Athenes (Greece)	100.00	100.00	100.00
Somfy Mexico SA DE CV	Edo de Mex. (Mexique)	100.00	100.00	100.00
Somfy Brazil LTDA	Sao Paulo (Brazil)	100.00	100.00	100.00
Somfy India Pvt Ltd	New Dehli (India)	100.00	100.00	100.00
Simu SAS	70100 Gray (France)	100.00	100.00	100.00
Simu U.S.A. Inc	Boca Raton FL (United States)	100.00	100.00	100.00
SIMU GmbH	Iserlohn (Germany)	100.00	100.00	100.00
Simu RT SPOL SRO	Zlin (Czech Republic)	100.00	100.00	100.00
Somfy ULC	Halifax (Canada)	100.00	100.00	100.00
Hal en Co BV	Maastricht (Netherlands)	100.00	100.00	100.00
WAY SRL	Galliera Bologne (Italy)	100.00	100.00	100.00
Siminor Technologies Castres SARL	81100 Castres (France)	100.00	100.00	100.00
Domis SA	74150 Rumilly (France)	100.00	100.00	100.00
Harmonic Design	Californie 91355 (United States)	100.00	100.00	100.00
Sisa Home Automatisation LTD	Rishone Le Zion (Israel)	100.00	100.00	100.00
Somfy China LTD	Shanghai (China)	100.00	100.00	100.00
Somfy Russie LLC	Moscou (Russia)	100.00	100.00	100.00
SITEM	Tunis (Tunisia)	100.00	100.00	100.00
SITEM Services	Tunis (Tunisia)	100.00	100.00	100.00
Domaster SAS	Cluses (France)	100.00	100.00	100.00
Somfy Ev Otomasyon Sistemleri Ticalet Ltd Sti	Usküd (Turkey)	100.00	100.00	100.00
Sun Protection Technology Gmbh	Frankfurt (Germany)	100.00	100.00	-
Stehle Hungaria Bt	Györ (Hungary)	100.00	100.00	-
DSG	Mouscron (Belgium)	99.98	99.98	99.98
BFT SpA	Schio (Italy)	100.00	100.00	100.00
SARL Automatismes BFT France SAS	Lyon (France)	100.00	100.00	100.00
Automatismo BFT centro SL	Barcelone (Spain)	98.70	98.70	95.06
BFT Torantriebssysteme Gmbh	Furth (Germany)	60.00	60.00	60.00
BFT Automation UK Limited	Stockport (England)	100.00	100.00	100.00
BFT Benelux SA	Nivelles (Belgium)	100.00	100.00	100.00
BFT Adria d.o.o.	Croatia	75.00	75.00	75.00
BFT US Inc.	Boca Raton FL (United States)	100.00	100.00	-
BFT Polska Sp.zoo	Warszawa (Poland)	100.00	100.00	-
Bebarmatic-Sacs Srl	Borgo Valsugana (Italy)	66.85	66.85	-
Cotherm Participation SA	38470 Vinay (France)	65.00	65.00	-
Cotherm Développement SA	38470 Vinay (France)	65.00	65.00	-
Cotherm SAS	38470 Vinay (France)	65.00	65.00	-
Cotherm Tunisie Sarl	Ben Arous (Tunisia)	65.00	65.00	-
M&M components Ltd	Suffolk (England)	61.75	61.75	-
Cotherm North America	Warwick (United States)	50.00	50.00	-
Equity accounted consolidated companies				
Faac SpA	Bologne (Italy)	34.00	34.00	34.00
Gaviota Simbac SL	Sax Alicante (Spain)	46.50	46.50	46.50
Simbac SpA	Mezzago (Italy)	46.50	46.50	46.50
BFT France	Marseille (France)	30.00	30.00	30.00

Summary of Somfy SA statutory accounts

ASSETS

In euro thousands	31/12/06 Net	31/12/05 Net
NON-CURRENT ASSETS		
Intangible assets	0	5
Property, plant and equipment	0	0
Financial assets	423,828	415,867
Total	**423,828**	**415,872**
CURRENT ASSETS		
Inventories	0	0
Trade receivables	326	478
Other receivables	10,971	20,744
Marketable securities	76,603	70,634
Cash	6,096	1,050
Total	**93,997**	**92,906**
TOTAL ASSETS	**517,825**	**508,778**

LIABILITIES

In euro thousands	31/12/06	31/12/05
EQUITY		
Share capital	7,837	7,837
Share premium	1,866	1,866
Reserve	320,240	261,356
Profit for the year	89,937	97,012
Total	**419,881**	**368,071**
Provisions for liabilities and charges	1,167	1,291
LIABILITIES		
Loans and financial debt	2	22,225
Trade receivables	501	1,152
Other	96,273	116,039
Total	**96,777**	**139,416**
TOTAL EQUITY AND LIABILITIES	**517,825**	**508,778**

INCOME STATEMENT

In euro thousands	31/12/06	31/12/05
Sales	3,216	4,807
Other operating revenues		
Other costs:		
– Personnel	*–6,206*	*–6,300*
– Taxes and duties	*–466*	*–592*
– Advertising	*–55*	*–37*
– Net operating costs	*0*	*0*
– Royalties payable	*–5,685*	*–5,671*
Amortisation, depreciation and provisions	–5	1,198
OPERATING LOSS	**–2,995**	**–295**
Financial income	90,000	115,436
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	**87,004**	**115,141**
Exceptional income/(expense)	323	–34,077
PROFIT BEFORE TAX	**87,327**	**81,064**
Income tax	2,610	15,948
NET PROFIT	**89,937**	**97,012**

NOTES TO SOMFY SA FINANCIAL STATEMENTS*

The financial year had a duration of 12 months, from 1 January 2006 to 31 December 2006.

ACCOUNTING RULES AND METHODS

The annual report for the period ended at 31 December 2006, was established in accordance with French 1999 National Accounting Code standards

General accounting conventions were applied in accordance with the prudence concept and in compliance with basic assumptions:
- going concern,
- continuity in the application of accounting methods from one financial year to another, with the exception of the change described below,
- independence of financial years and compliance with general rules of annual report preparation and presentation.

The basic method selected for evaluation of accounting items is the historical cost method.
Since the financial year ended at 30 June 1998, investments in fully controlled companies have been equity accounted.

In addition, pursuant to the derogation of regulation CRC 2005-09, the company elected to maintain the periods of use previously applied for amortisation/depreciation of non-current assets that cannot be split into components.

SHARES IN CONTROLLED COMPANIES

The equity accounting method enables Somfy SA to record the share of equity, before allocation of the share of profit the parent company is entitled to, as the value of shares held in each fully controlled and fully consolidated company.
Equity is determined after adjustment for harmonisation carried out for consolidation. The net amount of first consolidation non-allocated difference is then added to equity.
An equity accounting difference at 31 December 2006, amounting to €155.6 million was accounted directly to equity.

* Detailed Somfy SA accounts are available upon request to Mme Meynard at the company registered office: 50, avenue du Nouveau Monde – F 74300 Cluses.

MARKETABLE SECURITIES

Gross value of marketable securities is evaluated at purchase cost (excluding additional expenses) or at the value at which it is transferred.

Investments securities are evaluated on the basis of stock exchange prices at 31 December 2006 and a provision is established when these prices are below purchase value.

TREASURY SHARES

Treasury shares are solely destined to be allocated to employees as part of a share purchase plan. These shares have been recorded in account 502 under «Treasury shares»

RECEIVABLES DUE FROM INVESTMENTS AND OTHER RECEIVABLES

Receivable balances are valued at their nominal value. A provision for writedown is established when realisable value is below book value.
When the net assets of investments that are not subject to equity accounting becomes negative, a provision for writedown is established in relation to the above realisable value.

OPERATING ELEMENTS

At 31 December 2006, sales by Somfy SA were €3.2 million. The operating profit was €-2.9 million against €-0.3 million in 2005, but it included a provision reversal for trade litigation.

FINANCIAL ELEMENTS

The financial income of parent company Somfy SA essentially comprises dividends received from its subsidiaries for an amount of €90.7 million.

NET PROFIT

Net profit thus amounted to €89.9 million, including a gain of €2.6 million related to the French fiscal group. The gain in 2005 included a non-recurring tax saving as a result of a legal reorganisation with an impact of €13.4 million.

TAX GROUPING

The income tax grouping agreement between Somfy SA and its directly and indirectly owned subsidiaries was renewed on 1 July 2002 for a further 5 years, beginning with the 6-month financial period ending 31 December 2002 as a result of the change of balance sheet date to 31 December.

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 Somfy SA, the Group's holding company. At 31 December 2006, a tax benefit of €2.6 million was realised pursuant to this agreement for the financial period under review.

Tax savings generated through losses transferred from loss-making subsidiaries are considered as tax income. When a subsidiary is no longer a member of the income tax integration group, Somfy SA compensates it in accordance with the jointly agreed exit procedures, taking into account the situation at that date.

To date, no tax losses carried forward are available.

SOMFY SA SHARE SUBSCRIPTION OPTION PLANS

There are currently five share subscription option plans. Their main features are described in note 2.

Following the contribution of part of Somfy SA assets, as well as the distribution on 1 July 2002 of 7,713,691 DAMARTEX shares, price and number of share subscription options were restated in accordance with provisions of Articles 174-12 and 174-13 of the Decree dated 23 March 1967.

NOTE 1 - FINANCIAL COMMITMENTS

€ thousands	31/12/06 Net	31/12/05 Net
Sureties, deposits received	1,000	1,000
Unused credit lines	125,000	82,800
Total	**126,000**	**83,800**
Sureties, deposits given	27,542	33,661
Interests on loans outstanding	–	23
Total	**27,542**	**33,684**

NOTE 2 - STOCK-OPTIONS

SHARE SUBSCRIPTION OPTIONS AFTER ADJUSTMENT FOLLOWING THE SCISSION OF THE GROUP AND FOLLOWING THE EXCEPTIONAL DISTRIBUTION OF RESERVES ON DECEMBER 27, 2005 (€)

Plan date	Number of beneficiaries	Number of options allocated	Adjusted number of options	Option exercise price (in euro)	Adjusted option exercise price (in euro)	Maturity option exercise date
29/09/2000	69	38,780	9,694	75.00	62.84	31/01/2007
17/07/2001	51	21,000	9,299	78.00	65.35	31/01/2008
05/12/2002	54	20,300	18,859	100.00	97.70	31/01/2009
01/12/2003	62	20,150	20,242	128.00	125.05	31/01/2010
31/03/2006	96	36,200	36,200	185.00	185.00	31/03/2011

OPTIONS NOT YET EXERCISED

Plan date	Exercise price of option (in euro)	Number of options outstanding	Number of days remaining before option expiry date
29/09/2000	62.84	1,386	31
17/07/2001	65.35	6,188	396
05/12/2002	97.70	17,695	762
01/12/2003	125.05	20,088	1,127
03/04/2006	185.00	36,200	2,647

MOVEMENTS IN OPTIONS PLANS

	2006		2005	
	Number of options	Weighted average exercise (in euro)	Number of options	Weighted average exercise (in euro)
Options outstanding at 1st January	60,983	96.10	86,335	87.50
Options granted	37,710	181.36	-	-
Options cancelled	-359	109.43	-1,681	90.99
Options exercised	-16,777	65.25	-23,671	65.10
Options not exercised at year-end	**81,557**	**140.68**	**60,983**	**96.10**
Options exercisable at year-end	**25,269**	**88.44**	**22,833**	**65.36**

NOTE 3 -CHANGES IN EQUITY

€ thousands	Balance at 31/12/05 before allocation of profit	Allocation of profit 31/12/05	Movements in 2006	Balance at 31/12/06 before allocation of profit	Proposed allocation of 2006 profit	Balance at 31/12/06 after allocation of profit
Share capital	7,837	-	-	7,837	-	7,837
Share premium	1,866	-	-	1,866	-	1,866
Revaluation reserve	163,076	-	-1 567	161,509	-	161,509
Legal reserve	791	-	-	791	-	791
Regulated reserves	0	-	-	0	-	0
Other reserves	96,254	60,630	485	157,369	49,757	207,126
Retained earnings	1,235	-1 235	571	571	-571	0
Profit for the year	97,012	-97,012	89,937	89,937	-89,937	0
Regulated provisions	0	-	0	0	-	0
	368,071	-37,617	89,427	419,881	-40,751	379,129
			CHANGE			
Equity after allocation	330,455	-	48,675	-	-	379,129

Legal documents

STATUTORY AUDITOR'S REPORT ON SOMFY SA FINANCIAL STATEMENTS

Dear shareholders,

In execution of our mandate conferred to us by your General Meeting, we hereby present you our report for the financial year ended 31 December 2006, regarding the following:
- our audit of the accompanying Somfy SA company financial statements;
- our observations on the audit;
- specific legal verifications and disclosures.

Financial statements have been prepared by the Management Board. It is our responsibility to express an opinion, on the basis of our audit.

OPINION ON THE FINANCIAL STATEMENTS

We have conducted our audit in accordance with French Generally Accepted Auditing Standards. These standards require that we plan to obtain reasonable assurance on whether the consolidated financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audit provides a reasonableness basis for our opinion.
We certify that the financial statements are in accordance with the French rules and principles, and give a true and fair view of the results for the year just ended as well as the financial position and the assets of the company at the end of this year

AUDIT OBSERVATIONS

In application of Article L. 823-9 of the French Commercial Code regarding Statutory Auditors' observations, we wish to bring to your attention the following matters:
- As specified in the note entitled "Investments" in the notes to the financial statements and in accordance with opinion n° 34 of the Conseil National de la Comptabilité, Somfy SA has historically selected the equity method of recognition of investments in fully controlled companies. The securities eligible as part of this option are in respect of fully consolidated companies, whose historic acquisition cost was € 257.5 million.
- The equity value of these investments amounted to € 413,1 million at 31 December 2006, thus having a favourable impact on the Somfy SA company's equity of € 155,6 million at that date;

Our review of these matters was performed within the framework of our statutory audit of the annual financial statements, and accordingly contributed to the issuance of our unqualified audit opinion in the first part of this Report.

SPECIFIC VERIFICATION AND INFORMATION

We have also proceeded with specific verifications required by law, in accordance with professional standards applicable in France.
We have no observations to make with regard to:
- the fairness of information provided in the Management Board report and its consistency with annual financial statements, as well as with documents presented to the shareholders regarding the financial position and annual financial statements,
- the sincerity and agreement with the financial statements of information provided in the report by the Management Board and in documents addressed to shareholders on the financial position and the financial statements.

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, April 16th, 2007

The Auditors

CDL	**ERNST & YOUNG Audit**
Dominique Ledouble	**Daniel Mary-Dauphin**

Legal documents

STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS

Dear shareholders,

As Statutory Auditors to your Company, we present to you our Report on the Regulated Agreements.
Pursuant to Article L. 225-88 of the Commercial Code, we were advised of agreements and commitments that were approved beforehand by your Supervisory Board.
It is not our responsibility to search for the potential existence of other agreements, but, on the basis of information given to us, to inform you of the key features of those that we have been made aware of, without having to pass judgement on their usefulness and validity. It is your responsibility, pursuant to Article R.225-58 of the French Commercial Code, to assess whether it is in your interest that these agreements be entered into prior to your approval.
We have carried out the work according to the professional standards in France: these standards require diligence procedures to verify the agreement of the information given to us with the base documents from which it was prepared.

Commitment related to the establishment of a pension plan by the CMC Company

PERSONS CONCERNED

MM. Wilfrid Le Naour and Nicolas Duchemin.

NATURE AND OBJECT

Supplementary pension plan Article 39 open to employees of the CMC company, members of the management committee with 15 years service.

TERMS AND CONDITIONS

This contract, authorised on 31 May 2006, gives the right to an additional pension of 0.75% of annual salary, multiplied by the number of years service, with a ceiling of twenty years and a maximum of 15% of the reference salary, this corresponds to the average remuneration for the last four years excluding exceptional bonuses and profit-sharing.
In addition, pursuant to the Commercial Code, we have been informed that the following agreement, approved in a prior year, continued in force during the last year.

Agreement with Somfy S.A.S., Spirel S.A.S., Simu S.A.S., Somfy development S.A.S., CMC S.A.R.L., Domis S.A., Domaster S.A.S., Siminor Technologies Castres S.A.R.L.

NATURE AND OBJECT

Tax grouping agreement.

TERMS AND CONDITIONS

Your company authorised the signature of a tax grouping agreement on 28 June 2002, for which your company is the leading company of a tax group. This tax grouping agreement continued throughout the year and was renewed on 4 December 2006 for a period of five years with effect from 1 January 2007.
We have carried out the work according to professional standards in France: these standards require diligence procedures to verify the agreement of the information given to us with the base documents from which it was prepared.

Paris and Lyon, April 16th, 2007

The Auditors

CDL
Dominique Ledouble

ERNST & YOUNG Audit
Daniel Mary-Dauphin

STATUTORY AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

Dear shareholders,

In execution of our mandate conferred to us by your General Meeting, we have audited the accompanying consolidated financial statements of the Somfy company, for the year ended 31 December 2006.

The consolidated financial statements have been prepared by the Board of Directors. It is our responsibility to express an opinion, on the basis of our audit.

OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have conducted our audit in accordance with French Generally Accepted Auditing Standards with the exception of one point described in the following paragraph. These standards require that we plan to obtain reasonable assurance on whether the consolidated financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and the significant 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.

The consolidated financial statements of the FAAC group were approved by its Board of Directors after our report was issued. As a result, the valuation of FAAC under the equity accounted method was carried out on the basis of preliminary financial statements.
Subject to this, we certify that the consolidated financial statements for the year are in accordance with IFRS as adopted by the European Union and give a true and fair view of the assets, financial position and profit of the group constituted by the persons and entities included in the consolidation

AUDIT OBSERVATIONS

In application of Article L. 823-9 of the French Commercial Code regarding Statutory Auditors' observations, we wish to bring to your attention the following matters:
- Notes d) and 9) of the notes to the financial statements details the rules and accounting methods relating to the recognition and evaluation of acquisition goodwill. We have reviewed the evaluation methods used by your company and verified the resulting calculations. As part of our review of these estimates, we have assured ourselves of the reasonableness of selected assumptions and resulting estimates.

Our review of these matters was performed within the framework of our statutory audit of the consolidated financial statements, and accordingly contributed to the issuance of our unqualified audit opinion in the first part of this Report.

SPECIFIC VERIFICATIONS

We have also proceeded with a verification of information relating to the Group, as presented in the Directors' Report, in accordance with professional standards in France.
With the possible incidence of the points disclosed above, we have no observations to make with regard to the fairness of such information and its consistency with the consolidated financial statements.

Paris and Lyon, April 16th, 2007

The Auditors

CDL	**ERNST & YOUNG Audit**
Dominique Ledouble	**Daniel Mary-Dauphin**

STATUTORY AUDITORS' REPORT, PREPARED IN APPLICATION OF THE LAST PARAGRAPH OF ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE, ON THE SOMFY COMPANY'S SUPERVISORY BOARD CHAIRMAN'S REPORT RELATING TO INTERNAL CONTROL PROCEDURES PERTAINING TO THE PREPARATION AND TREATMENT OF ACCOUNTING AND FINANCIAL INFORMATION

Dear shareholders,

As Statutory Auditors to your Company, and in application of the provisions of the last paragraph of Article L. 225-235 of the Commercial Code, we present to you our report on your Company's Chairman Report in accordance with Article L. 225-68 of the French Commercial Code for the year ended 31 December 2006.

It is the responsibility of the Chairman to present in his Report, in particular, the conditions governing the preparation and organisation of the Supervisory Board's work, as well as the internal control procedures implemented within the Company.

It is our responsibility to communicate to you any observations we may have concerning information and declarations contained in the Chairman's Report regarding internal control procedures relating to the preparation and processing of financial and accounting information.

We have performed our work in accordance with French professional standards. These standards require the implementation of due diligence procedures in order to understand the accuracy of the information given in the Chairman's Report, concerning the internal control procedures relative to the preparation and processing of financial and account information. This diligence consists of:

- undertaking the objectives and general organisation of internal controls, as well as the internal control procedure relating to the preparation and processing of financial and accounting information, as presented in the Chairman's Report;
- examine the understanding of the adequacy and effectiveness of these procedures, and notably consider the relevance of the evaluation process used and tests carried out;
- carry out additional tests to our audit work on the financial statements that we considered necessary, relative to the design and operations of these procedures, in order to corroborate the information provided and statements made in this respect in the report of the Chairman.

On the basis of our work, we have no observations to make on the description of internal control procedures relating to the preparation and processing of financial and accounting information, as contained in the Chairman's Report, prepared in accordance with the provisions of the last paragraph of Article L. 225-68 of the French Commercial Code.

Paris and Lyon, April 16th, 2007

The Auditors

CDL	**ERNST & YOUNG Audit**
Dominique Ledouble	**Daniel Mary-Dauphin**

Legal documents
Supervisory Board report

Dear shareholders,

The Management Board has convened this Annual General Meeting in order to submit for your approval the Group's financial statements for the year just ended.

In accordance with Article L 225-68 of the Commercial Code, the Management Board has kept us periodically informed of transactions through the presentation of quarterly reports.

The Management Board submitted to us, for verification and control purposes, the company's financial and consolidated statements at 31 December 2006, which you are requested to validate today.

The Management Board also provided us with the report, which has just been presented to you.

We hereby submit to you our observations on these financial statements and on this report, in accordance with the above-mentioned Article L 225-68.

The content of this report reflects information that was regularly provided to us during the financial year just ended, marked by the establishment of a presence in new countries and the expansion of the offering. We were also provided with timely information in respect of all factors concerning the acquisition of SACS, Stehle and Variosys as well as the agreements to complete the Cotherm LBO.

Consolidated sales were €655.2 million, an increase of 10.8%, due to the marketing efforts to gain market shares and satisfactory market conditions.

All geographical areas were included in this performance. Sustained sales in the second half led to an acceleration in growth in Germany (+15.8%), Southern Europe (+14.5%), Northern Europe (+13%) as well as Central and Eastern Europe (+15%) and a recovery in sales in Asia-pacific (+9.1%). America, despite an economic slowdown in the same period, ended the year with an 8% growth.

As concerns results, profit from operations was down by 8.5% to €126.2 million : it represents 19.3% of sales. The net profit had the benefit of an increase in the contribution from equity accounted companies and thus grew 14% to €121.9 million.

The report of the Management Board also provides all information required by regulations in force. The report of the Management Board confirmed the soundness of the financial position that included a cash surplus of €82.8 million, enabling the Management Board to propose the distribution of a net dividend of €5.20 per share, that is an increase of 8,3 %.

In addition, you will be requested to vote successively on the composition of the Supervisory Board and to authorise the Management Board to set up a new share buyback programme.

You will be submitted proposed resolutions to that effect, in line with the agenda.

We do not have any specific observations to formulate as regards the various documents that have been brought to your attention. Therefore, we ask you to adopt the proposed resolutions.

The Supervisory Board.

Legal documents
Proposed resolutions

ANNUAL GENERAL MEETING OF 15 MAY 2007

FIRST RESOLUTION

The General Meeting, having considered the reports of the Management Board, the Supervisory Board, the Chairman of the Supervisory Board and the Statutory Auditors, and the financial statements for the year ended 31 December 2006, approves these reports and financial statements as they were submitted, as well as the transactions reflected in these accounts or summarised in these reports.

As a result, it grants a full discharge to the Directors, with no reserve, for the execution of their duties and to the Statutory Auditors for the execution of their audit in the said year.

SECOND RESOLUTION

The General Meeting, having considered the reports of the Management Board, the Supervisory Board and the Statutory Auditors on the consolidated financial statements, approves the consolidated financial statements for the financial year ended 31 December 2006, as presented, which resulted in a Group net profit of €121,614,000, as well as the transactions reflected in these accounts or summarised in these reports.

THIRD RESOLUTION

The Management Board proposes to allocate the Company net profit for the year ended 31 December 2006

Amounting to:	€ 89,937,373.20
increased by retained earnings:	€ 571,440.00
thus totalling:	**€ 90,508,813.20**
as follows:	
- allocation to shareholders of a net dividend per share of €4.80, or €4.80 X 7,836,800 shares	€ 40,751,360.00
- transfer to available reserve	€ 49,757,453.20
	€ 90,508,813.20

A net dividend of €5,20 will be distributed for each share of a nominal of €1, and this caries the right to a tax abatement per share granted to individuals subjected to income tax in France, in accordance with Article 158-3-2° of the General Taxation Code.
The shares held by the company at the time of payment are not entitled to dividends, with the corresponding amounts transferred to retained earnings.
The dividend will be payable from 24 May 2007 at the counter of paying institutions.

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

Financial year ending	**31/12/03**	**31/12//04**	**31/12/05**
Number of shares eligible for dividends*	7,698,420	7,710,185	7,717,750
Par value	€ 1	€ 1	€ 1
Total distributed dividends	€ 32,333,364.00	€ 35,466,851.00	€ 37,045,200.00
Dividend per share			
– Net amount	€ 4.20	€ 4.60	€ 4.80
– 50% tax credit	€ 2.10	**	**
– Gross amount	€ 6.30	€ 4.60	€ 4.80

* Excluding treasury shares held by Somfy SA with no right to dividend.
** The dividend paid in respect of the financial year ended 31 December 2004 and 2005 did not carry a tax credit but a tax abatement was granted to individuals subjected to income tax in France, in accordance with Article 158-3-2° of the General Taxation Code.

FOURTH RESOLUTION

The General Meeting, having considered the special report of the Statutory Auditors on the agreements covered by Article L 225-86 and subsequent of the French Commercial Code, approves this report and formally records that no agreement was concluded during the financial year.

FIFTH RESOLUTION

The General Meeting decides to set the global amount of fees to be shared among Supervisory Board members at €35,000 for the current financial year, in accordance with Article 20 of the Bylaws.

SIXTH RESOLUTION

The General Meeting, noting that the terms of office as members of the Supervisory Board of Jean DESPATURE, Jean-Pierre DEVIENNE, Jean-Bernard GUILLEBERT, Xavier LEURENT, Anthony STAHL and the JPJ company represented by Victor DESPATURE will expire this date and with the knowledge of the decision expressed by Jean-Pierre DEVIENNE and the JPJ company not to seek a new term of office, renews:

- Jean DESPATURE,
- Jean-Bernard GUILLEBERT,
- Xavier LEURENT,
- Anthony STAHL,

as members of the Supervisory Board, for a period of six years, which is until the close of the Annual General Meeting called to consider the financial statements for the year ended 31 December 2012.

The General Meeting notes as a result the cessation of duties as members of the Supervisory Board of Jean-Pierre DEVIENNE and the JPJ company whose permanent representative is Victor DESPATURE.

SEVENTH RESOLUTION

The General Meeting appoints Victor DESPATURE residing at 14, rue Pierre et Marie Curie in PARIS (75005) as member of the Supervisory Board, for a period of six years, which is until the close of the Annual General Meeting called to consider the financial statements for the year ended 31 December 2012.

EIGHTH RESOLUTION

The General Meeting, having considered the report of the Management Board, the special report on the share buyback programme and the description of the new programme, authorises the Management Board to acquire company shares under the conditions provided by Articles L.225-209 and subsequent of the Commercial Code and that of the European Regulation n° 2273/2003 of 22 December 2003, with a view to carry out the following:
- stimulate the market for the share and ensure liquidity via an investment services provider within a liquidity contract that conforms to the AFEI ethics charter recognised by the Autorité des Marchés Financiers;
- ensure the coverage of option plans to purchase shares granted to employees and senior executives of the Group or to enable the granting of free shares to the benefit of employees and senior executives of the Group.

The General Meeting sets, for shares with a nominal value of €1, a maximum purchase price of €290, excluding expenses and commission, and the number of shares that may be repurchased at 10% of the share capital of this day, being 783,680 shares for a maximum amount of €227,267,200.

The acquisition, disposal or transfer of shares may be made at any time, including a period of a public offer, and by any means on the market, or principal to principal, including by acquisition or disposal of blocks with no limit on this means of the share of the buyback programme.

Shareholders will be informed every year by the Management Board, at the General Meeting, of the precise allocation of shares acquired to the various objectives pursued for all shares repurchased as well as any subsequent reallocations. The General Meeting notes the information provided by the Management Board in its report.

This authorisation is given for a period of eighteen months with effect from today. It fully replaces the authorisation granted to the Management Board by the Combined General Meeting of 31 May 2006 concerning the previous share buyback programme.

The General Meeting confers all powers to the Management Board, with the facility to sub-delegate, to decide and implement the present authorisation, to set, if necessary, the terms and approve the conditions, to carry out the share buyback programme, and notably to issue stock exchange instructions, conclude all agreements, make all declarations to the Autorité des Marchés Financiers and any other organisation, complete all formalities and, in general, do everything that is required.

NINTH RESOLUTION

The Combined General Meeting grants all powers to the bearer of copies or extracts of the present minutes to complete all formalities required by law.

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