2009 ANNUAL REPORT

IMAGINING A WORLD OF COMFORT

somfy

CONTENTS

ANTICIPATION DRIVES OUR DEVELOPMENT AND POSITIONS US AS A LEADER, AUTOMATING BUILDINGS SO AS TO ADAPT TO PEOPLE'S EVOLVING NEEDS IN TERMS OF COMFORT.

OUR **GLOBAL/LOCAL** ORGANIZATIONAL STRUCTURE PROVIDES A SOLID BASIS FOR STRATEGIC DIALOGUE BETWEEN OUR DEVELOPMENT AND SALES TEAMS, AND PROPELS THE GROUP ALONG ITS PATH OF INNOVATION.

OUR FINANCIAL, TECHNOLOGICAL AND INDUSTRIAL **INDEPENDENCE** ENSURES THAT WE ARE ABLE RAPIDLY TO DEPLOY BUSINESS MODELS SPECIFICALLY GEARED TO EACH COUNTRY AND EACH MARKET, AND THAT WE CAN LOOK TO THE FUTURE WITH CONFIDENCE.

THIS IS WHY, IN 2009, SOMFY STRENGTHENED THE FUNDAMENTALS OF ITS DEVELOPMENT MODEL IN ORDER TO FURTHER ENHANCE ITS **GROWTH**.

"ESTABLISHING A PRESENCE IN A NEW COUNTRY MEANS ADAPTING TO THE CONTEXT AND TO LOCAL HABITS."

FRANCISCO TELLITUD GENERAL MANAGER, SOMFY MEXICO AND SOUTH AMERICAN MARKETS.

THE ENGINEERING SCHOOL
AT THE NATIONAL AUTONOMOUS
UNIVERSITY OF MEXICO, MEXICO CITY,
MEXICO

CREATOR OF NEW IDEAS

In emerging markets, the construction industry often remains somewhat unstructured. The first challenge is to form a network of manufacturers and installers who can deliver a quality service to as many end-users as possible. In Mexico, Somfy Activities has shown the way with the development of the automatic solar protection market. In this vast country, where long distances are a daily reality, its sales teams have put in place a fleet of trucks that serve as advanced mobile mini-warehouses of stock, but also as showrooms and training rooms that can go right to where the installers are. To support their professional development, Somfy offers a 24-hour technical support line. Every year, these installers help establish Somfy's products as solutions in terms of comfort and energy savings in the home and the workplace.

"BEING THE LEADER IN MY REGION MEANS I HAVE TO IDENTIFY NEW TRENDS AHEAD OF THE MARKET, AND TRAIN MY TEAM ON AN ONGOING BASIS."

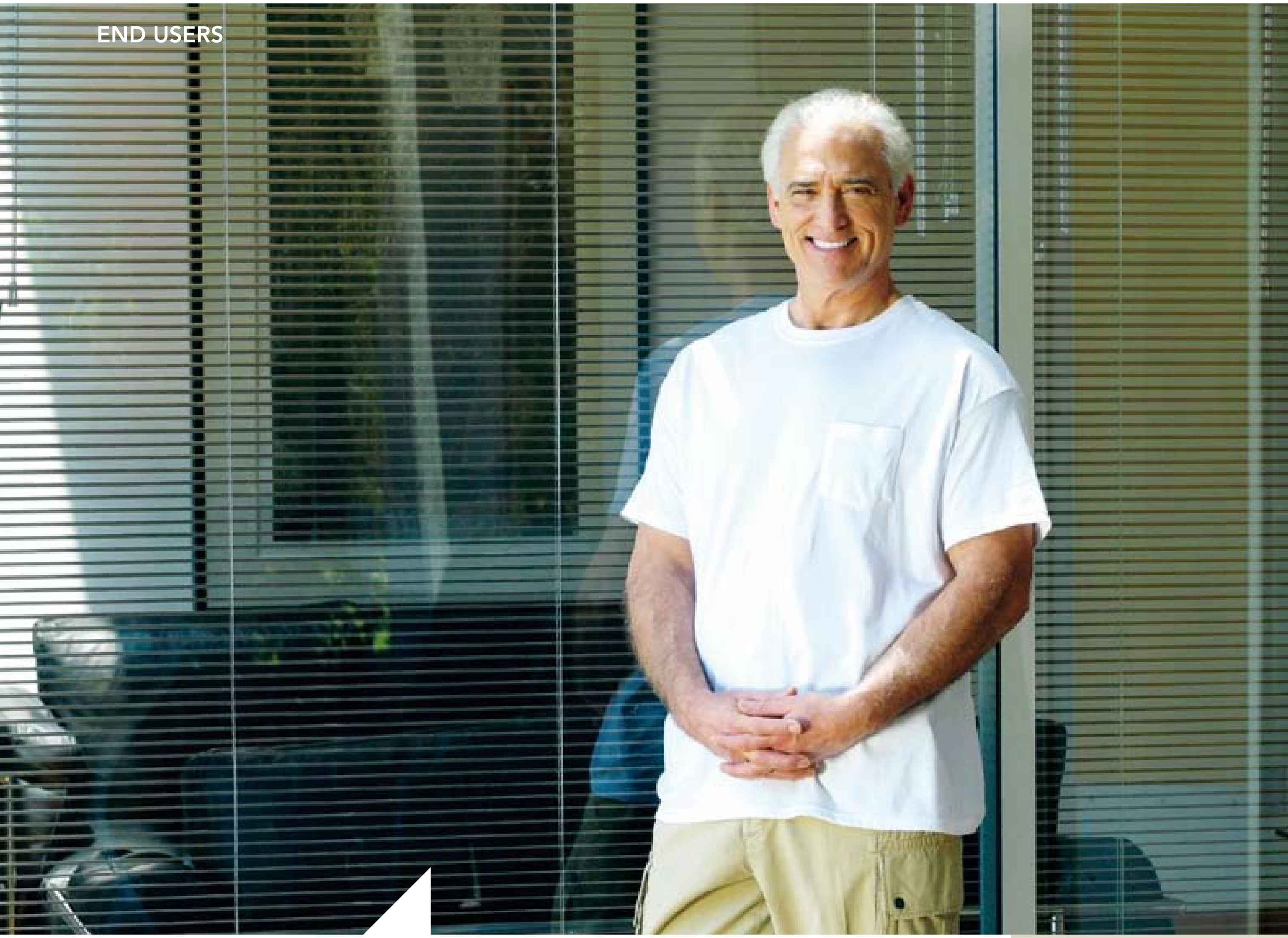
PASCAL VIGNON SOMFY EXPERT INSTALLER,
CO-DIRECTOR OF FOUR CHABANEL FIXTURES AND FITTINGS
STORES IN THE DRÔME AND ARDÈCHE REGIONS OF FRANCE.

CO

CHABANEL SHOWROOM,
VALENCE, FRANCE

OMMUNICATOR OF KNOWLEDGE

Technological innovation has triggered a change in the installer's skillset. Expertise in both joinery and electricity is now required, and the role of adviser/installer involves ongoing training. With the Internet now being used as a specification tool, it has become a necessary showcase to attract consumers. Somfy Activities helps its network of approved Expert installers to perform well by giving them previews of the products and services that will form the markets of the future. Each new launch is accompanied by customized training. In 2009, this partnership helped Chabanel achieve its growth objectives: thanks to the innovative online services and support available at www.somfy.fr, but also through the support of Somfy's newly formed sales team dedicated to builders of new housing in the region.



"THE AUTOMATIC CONTROL SYSTEMS IN MY HOME ARE ONLY USEFUL IF THEY IMPROVE MY DAILY LIFE AND FIT IN WITH MY WAY OF LIVING."

ANDRÉ VAILLANT OWNER OF A TEST HOUSE IN LYON, FRANCE, FITTED WITH THE TAHOMA INTERFACE.

ANDRÉ VAILLANT'S HOUSE,
LYON, FRANCE

FACILITATOR OF LIFE

Because home automation takes up the new challenges in the building industry – energy savings, allowing the elderly to live at home, secure access – it should not be limited to high-end homes. Somfy Activities has developed its new generation of home automation with more emphasis on service solutions that are easy to use and install in new homes and renovations. With TaHoma, Somfy offers end users a new service that allows them to control, oversee and program all Somfy motorized solutions, either from home or remotely, as well as other compatible products such as roof windows and lighting. From a computer or smart phone, end users simply connect to a secure website where they can manage their home via a simple, intuitive and user-friendly interface, creating settings for different times of day in a few clicks, or responding to unexpected circumstances if necessary.

"THE NEW THERMAL STANDARDS ARE PUSHING US TO INNOVATE, IN ORDER TO PRESERVE FREEDOM IN BUILDING DESIGN AND APPEARANCE."

ROGÉRIO BUENO ARCHITECT, WHO IS USING SOMFY'S BIOCLIMATIC FAÇADE SOLUTIONS ON A CURRENT PROJECT IN BRAGA, PORTUGAL.

THE FUTURE HEALTHCARE CENTER, O POVERELLO, WHERE CONSTRUCTION STARTED IN 2009 IN BRAGA, PORTUGAL

ACCELERATOR OF PROGRESS

The tightening of thermal standards has placed glazed facades at the heart of the challenge to achieve good energy performance for buildings. In this context, architects have to find solutions to control thermal exchange through walls. When designing the O Poverello healthcare center in Braga, Portugal, Rogério Bueno had to take one major constraint into account: the uneven terrain, which required a long south-facing building with a vast front. To regulate sunlight entering patients' rooms and common areas, the architect has used Somfy systems (software, timers, sensors, etc.) so that the solar protection solutions provide a perfect interface between the weather outside and the desired comfort inside. To preserve the architectural integrity of the existing chapel, Somfy has also designed a special motorized system for its triangular windows.

ONE GROUP, TWO BRANCHES, AND A DUAL GROWTH STRATEGY

Understanding trends and staying ahead. The development of Somfy's core business is driven by a simple objective: to anticipate and respond to people's need for comfort through the automatic control of openings and closures in homes and buildings. Somfy's automatic solutions increase both well-being and energy savings: they are now used in homes, offices and public spaces, and are constantly finding new applications in daily lives.

Huting down new growth areas. Through its innovative solutions, the Somfy Activities branch underpins the performance of its customers and of specifiers. To meet the needs of the residential and commercial sectors, Somfy deploys a segmented sales strategy that is adapted to each country. The customization of automated settings and the options of remote control systems afforded by new technologies are key areas of growth.

Investing in the long term. For 40 years, Somfy's profitable growth strategy has been strongly supported by innovation, geographical expansion and the optimization of production facilities. This effort to consolidate the Group over the long term led to the creation of the Somfy Participations branch in 2008. Somfy Participations' vocation is to leverage the Group's investments in other industrial companies, by providing them with both financial and industrial backing. To boost its intrinsic growth potential, the Somfy Activities branch is speeding up its development projects, both organic and external, and is exploring new related and complementary fields of activity.

SOMFY ACTIVITIES, THE GROUP'S CORE BUSINESS

€666.5m
SALES IN 2009

4,450
EMPLOYEES

3 activities
ORGANIZED BY APPLICATION:
- Shutter and Awning
- Window and Blind
- Door and Gate

65%
SALES GENERATED OUTSIDE FRANCE

52 countries
IN 9 BUSINESS AREAS

76 entities
AND 13 BRANCH OFFICES

4 brands
SOMFY, BFT, SIMU, MINGARDI

220 million
END USERS WORLDWIDE

30,000
PROFESSIONAL CUSTOMERS WORLDWIDE

SOMFY PARTICIPATIONS, THE INVESTMENT BRANCH

€94.2m
SALES IN 2009

3
INVESTMENT CRITERIA:
- industrial companies in a period of transition
- activities offering strong growth potential
- an understanding of their business models and a shared entrepreneurial values.

8 companies
IN WHICH
Somfy either has a minority holding alongside family shareholders or corporate investors, or is the majority shareholder.

SOMFY GROUP INDICATORS

SALES
(€ million)

Group published sales rose by 1.5%, with Somfy Activities contributing €666.5 million, and Somfy Participations €94.2 million.

For Somfy Activities, the results for 2009 on a like-for-like basis were down 3.7%; there was however a return to growth as the year went by, with +4.5% in Q4.

For Somfy Participations, the three fully consolidated subsidiaries saw their results decline over the year, although two of them, Zurflüh Feller and Cotherm, achieved growth in the fourth quarter. At the end of the year Sirem managed to curb the negative trend displayed over the previous months.

CURRENT OPERATING RESULT
(€ million)

Current operating result remained stable, at €124.1 million. The gross margin was maintained due to better purchasing conditions and the optimization of production facilities. Measures were also taken to reduce overheads. However, Somfy kept up the level of its R&D investments, in order to strengthen its position. Current operating result also benefited from the full-year consolidation of Zurflüh Feller and Sirem.

Current operating result totalled €114.7 million for Somfy Activities, a slight drop of 2.7%.

NET RESULT
(€ million)

Published net result rose by 2.4% to €87.6 million.

The significant improvement in the financial result (due in particular to the inclusion of FAAC dividends) partly offset non current items, which were affected by industrial restructuring and goodwill depreciation.

INVESTMENT IN TANGIBLE AND INTANGIBLE ASSETS (€ million)

At €30.2 million, the level of investment in tangible and intangible assets fell steeply in 2009.

CASH FLOW
(€ million)

The Group improved its cash flow by €19.1 million thanks to the increase in its net income and the steep rise in expenses calculated for the period (provision for industrial restructuring, goodwill depreciation).

NET FINANCIAL DEBT
(€ million)

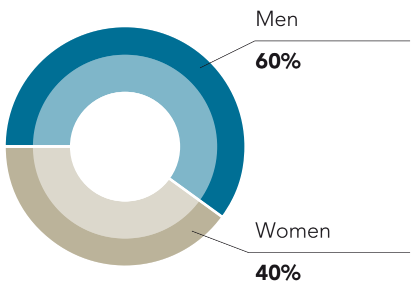
The year 2009 generated cash, which enabled Somfy to move from a net financial debt of €76.4 million to a net financial surplus of €13.0 million.
Part of the debt (€51.7 million), chargeable to LBO operations, is without recourse. The net financial surplus notably includes a mezzanine loan (€53.7 million) agreed by Somfy SA for CIAT.

SALES BY REGION

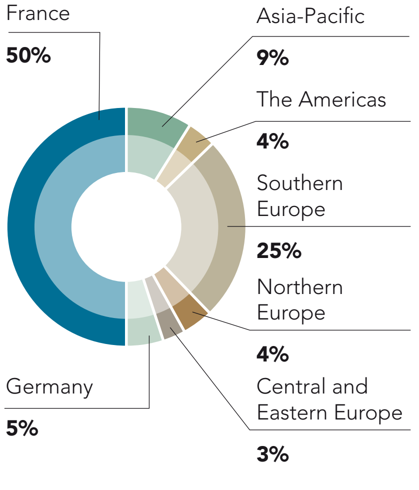
€ thousand	2009	2008	N/N-1 change	N/N-1 change on like-for-like basis
France	203,504	200,830	1.3%	1.2%
Germany	101,257	95,717	5.8%	5.6%
Northern Europe	83,383	92,035	-9.4%	-6.1%
Central and Eastern Europe	52,503	54,822	-4.2%	0.1%
Southern Europe	126,120	139,446	-9.6%	-12.2%
Asia Pacific	42,532	43,166	-1.5%	-3.7%
Americas	57,242	64,988	-11.9%	-14.4%
Somfy Activities	**666,541**	**691,004**	**-3.5%**	**-3.7%**
Somfy Participations	**94,236**	**58,349**	**61.5%**	**-7.5%**
Somfy Consolidated	**760,777**	**749,353**	**1.5%**	**-4.0%**

TOTAL HEADCOUNT

HEADCOUNT BY GENDER



HEADCOUNT BY REGION



HEADCOUNT BY AGE GROUP

"VERY SOLID RESULTS IN A TIME OF CRISIS"

MESSAGE FROM **PAUL GEORGES DESPATURE** CHAIRMAN OF THE MANAGEMENT BOARD

Despite the crisis, Somfy produced a solid financial performance, which features a slight increase in sales and stable current operating income. This performance is due to the excellent responsiveness of Somfy Activities, which took remedial measures in 2008, but also to the success of Somfy Participations in supporting its companies' major efforts to reduce their debts.

2009 also provided strong proof of the effectiveness of Somfy's development strategy, with our new products playing an important role in helping Somfy Activities withstand the crisis.

In 2010, in a market that continues to be difficult and uncertain, Somfy Activities will step up its investments in the strategic areas on which our future business will be built. While continuing to focus on product innovation, we will consolidate the presence of our sales teams on the ground, particularly in emerging markets. We will also continue to invigorate our customer network by offering new services, and we will expand our advertising to further enhance the reputation of the Somfy brand. This year, the solidity of our balance sheet has also led us to allocate a specific budget to development, by testing a number of targeted projects with an objective of medium- to long-term profitability. Our priority will be to explore new distribution and service channels that could generate future growth.

In 2009, our long-term strategic vision also led us to restructure our European industrial facilities in order to maintain our competitiveness. In line with our values, Somfy carried out this restructuring in an exemplary manner as far as employee support was concerned.

Through this decision, we are clearly stating our wish to retain an industrial base in France and to ensure it is competitive enough to have a long-term future.

Lastly, Somfy has decided to invest in the Olympic movement by becoming Official Partner to the French National Olympic and Sporting Committee and to Annecy's bid to host the 2018 Winter Olympics. Since 2005, Somfy has backed successful France's biathlon team, whose truly Olympian sport reflects the same values of performance, commitment and solidarity among its champions.

"2009 PROVES THE RELEVANCE OF OUR INNOVATION STRATEGY"

INTERVIEW WITH **JEAN-PHILIPPE DEMAËL** CEO OF SOMFY ACTIVITIES

Although it achieved solid results, 2009 was Somfy Activities' first year without growth. What lessons have you learnt from the year?
The first thing is how solid the Somfy Activities model is. Overall, it allowed us to achieve a much better result than the markets. This is particularly true on our longstanding territories, like France and Germany, as well as with our traditional application, Shutter & Awning, where Somfy continued to win market share. Another reason to be pleased about 2009 is the highly robust nature of our most recent activity, Door and Gate, where our sales were down 3%, whereas the market contracted by an average of 11%.

OUR TRADITIONAL MARKETS HELD THEIR GROUND

The second point to make is that our strategy of anticipation and innovation really does work. With €4 million in 2007 and €15 million in 2008, the share of our new products in our sales amounted to €65 million in 2009. Along with the cost-cutting measures, it was this ever-increasing contribution that enabled us to generate a sound level of results in 2009.
In consequence, we can take away two lessons from this performance: the strength of Somfy's business model on its mature markets, and the effectiveness of our strategy to expand our field of activity.
By continuing to raise our profile in solutions for commercial buildings and Door & Gate applications, we have been better able to withstand the crisis than many of our competitors. In 2009, these markets played their role in slowing down negative growth.

31%

THE CONTRIBUTION OF RTS MOTORS TO TOTAL SALES CONTINUED TO GROW IN 2009

The crisis did speed up some underlying trends on our markets. What steps did you have to take to adapt?
The emergence of a new low-cost competitor, the bursting of the real-estate bubble, particularly in Spain, and the individualization of users' needs are all aspects that we need to take into account in our strategy to achieve profitable growth. This is why 2009 was a year in which we consolidated our fundamentals.

To strengthen our ability to anticipate, we have created a new entity, Somfy Initiative, which will allow us to move more quickly into associated and complementary activities. In 2009, this incubator for innovative projects worked on responses that Somfy might have for the ageing population, a major issue for housing in coming years. In an evolving context, rapid strategic responses are a key success factor, which from 2010 will benefit from the optimized efficiency of our global/local matrix organization.
Finally, in terms of entry-level products, the increasing pace of the arrival of new players, notably from Asia, has led us to restructure our industrial facilities in Europe. The transfer of the production of components to our assembly plants is essential if we are to protect our competitiveness in this strategic segment.

ACCELERATING THE DIVERSIFICATION OF BUSINESS MODELS

Somfy's development is based largely on anticipation and innovation. How have you continued to build future growth?
Firstly, we have maintained our investments in product development in order to encourage the cycle of innovation. In fact, 2010 will be very active in terms of launching new products. On a commercial level, we have accelerated the diversification of our business models to provide a better and more differentiated response to each market segment.
In 2009, Somfy Activities also pursued its external growth, with five acquisitions and some new shareholdings which have either broadened the scope of our three business activities or strengthened their positions.

€65 million

IN SALES OF NEW PRODUCTS IN 2009, COMPARED TO €15 MILLION IN 2008

What is the outlook for your markets in 2010?
The recovery that began in the second half of 2009 remains relatively uncertain, at least until 2011. The area of uncertainty that still impacts behavior on the renovation market, and the increased pressure on sales prices, means that we remain cautious in our outlook.
In this context, when the market is not naturally leading our growth, my belief is that we have all the assets required to outperform the market, thanks to our product and commercial innovation.

"2009 was a year in which we consolidated our fundamentals."

"DESPITE THE CRISIS, THE COMPANIES IN WHICH WE'VE INVESTED HAVE PROGRESSED"

INTERVIEW WITH **WILFRID LE NAOUR** CEO OF SOMFY PARTICIPATIONS

€365.8m

RE-VALUED NET ASSET VALUE OF OUR SHAREHOLDINGS AT DECEMBER 31, 2009.

8 COMPANIES IN THE PORTFOLIO

What has the impact of the crisis been on companies in which Somfy is a shareholder?

They have all seen their business affected, to a greater or lesser degree. In line with our promise to support our companies, the Somfy Participations team has been particularly active with its managerial support, based on the principle of prioritizing cash and keeping sight of strategic plans. In times of crisis, companies in the LBO phase often commit the error of focusing solely on reducing costs, and neglect their development objectives.

Despite a sometimes substantial fall in sales, none of our companies has experienced financial difficulties. In fact, they have succeeded in paying off a large portion of their loans. They have all implemented temporary measures and some have even made the structural adjustments required for their future projects. At the same time, these companies have remained focused on their strategic goals, and some have launched major development plans. Gaviota, CIAT and Sirem have made acquisitions or taken shareholdings in companies in order to strengthen their fundamentals. Cotherm and ZF have continued to boost their organic growth through ambitious projects.

How would you summarize this first full year of activity?

I am happy with the work done, both by the companies' management teams and by Somfy Participations. As a shareholder, our role is to create a favorable environment to allow them to continue to implement their strategies. This objective has been achieved. Internally, we have progressed with the management of our shareholdings, notably by appointing an investment manager for each company and by holding regular business reviews. This year, for the first time, we are publishing a re-valued net asset value for our shareholdings, which reflects our organization's maturity.

In 2010, in a market context that remains poor for most of our companies, we will continue to support our portfolio of existing shareholdings. We are also studying opportunities for new investments.

CONSTANTLY REINVENTING OUR MARKETS

To respond to the range of comfort requirements, our R&D teams are constantly consolidating our technical advantage. Guided both by social issues relating to buildings and by the changing face of our markets, product innovation opens up new potentials and makes our traditional applications more attractive. External growth is essential to drive our innovation cycle, and it increases the scope of our activities. In 2009, our diversified positions and our ability to sustain our customers' performance in a difficult context enabled Somfy Activities to generate solid results.

IN 2009
26 PATENT APPLICATIONS
AND MORE THAN 40 PRODUCT LAUNCHES

SHUTTER & AWNING

the whole house moves

Despite a difficult year on the entry-level segment, RTS technology and sales of automatic controls continued to rise, driven by new energy-saving and thermal comfort solutions.

17

PRODUCT LAUNCHES

+25%

INCREASE IN NEW PRODUCTS SHARE OF SHUTTER & AWNING SALES.

Somfy's roller shutter business was affected by the crisis on the new home market, but it recorded a healthy level of activity on the renovation market, with its special wireless and high added-value products. In its awnings business, which suffered from the reduction in household budgets, the success of new automatic devices (sensors, controls, etc.) enabled it to generate additional sources of profit.

TOWARDS A NEW RANGE OF FEATURES

Successfully launched in 2009, the Dynamic Insulation™[1] packs symbolize Somfy's desire to derive new advantages from automation. Based on RTS[2] wireless technology, this combination of automatic systems (solar and temperature sensors, clock) ensures that roller shutters and blinds are always in the right position. This gives the user optimum light and heat conditions in summer and winter, and tangible savings on heating and electricity. In line with Somfy's role as business getter, these automatic solutions have also enabled installers in the joinery and closures sectors to make inroads into the energy-savings segment. On the new home market, the new Dynamic Insulation™[1] concept has also appealed to builders of detached family homes and manufacturers of products that incorporate Somfy motors.

OUR AMBITION: TO MAKE HOME AUTOMATION ACCESSIBLE

Driven by the YeSseo range of motors and automatic controls, the commercial development of Somfy's home automation solutions will benefit from a fresh impetus with the launch at the end of 2010 of TaHoma, a new Internet interface. With this box, compatible with all ADSL boxes on the market, YeSseo's automatic controls can send information on their status and operation to computers and smart phones, and can also be controlled remotely. In 2009, the French subsidiary was commissioned by the Group to define the service offer for end users and customers that will be associated with this new product. TaHoma was presented at the end of 2009 at the Batimat trade fair in Paris, and received a very warm welcome from installers. Thanks to this interface, a complete home automation system will cost much less than a traditional one. For its YeSseo home automation range, Somfy uses a wireless communications protocol, io-homecontrol®[3] which is also

1. **Dynamic insulation™** is a 100% Somfy concept, based on automatic roller shutters and solar protection, that offers energy savings and optimum thermal comfort.
2. **RTS:** Radio Technology Somfy® is an exclusive Somfy system using secure radio technology to control all openings in the house. It is easy to use, and RTS controls and motors are fully compatible.

AN EXTRA ROOM

In 2009, Somfy created value on its awnings market. The new heating and lighting rails that extend the season on the patio create a new year-round living space. These products are compatible with all products in the RTS wireless range: they are fitted with intensity regulators, and can also be included in the lifestyle and energy-saving settings of Home Motion(4).

used by other manufacturers of systems for the home. In 2009, an eighth partner, CIAT, joined io-homecontrol®(3), bringing its expertise in heat pumps.

WIDENING THE SCOPE OF HOME MOTION(4)

In 2009, Somfy continued to broaden its offer to meet the wide range of demands for home equipment. Its acquisition of a 40% holding in Axis, a French company specializing in motors for swinging shutters, has allowed it to extend the field of application for its automatic solutions.

Compatible with Somfy's RTS(2) solutions, this new range will be available from 2010, through installers.

The new Oximo WireFree RTS(2) motor is designed to adapt to constraints posed by renovation projects: being battery powered, it does not require any wiring to be installed. Successfully launched in Germany and France, it will be rolled out across Europe in 2010. ●

"In 2009, Somfy updated the technology of its traditional activity by developing products to complement its motors."

3. io-homecontrol®: a radio technology shared with other major brands in the building industry. This two-way technology can be used to control all aspects of the home (openings, heating, roof windows, air conditioning, etc.), and displays status information on the remote control.
4. Home Motion: designed by Somfy, Home Motion controls openings in the home using Somfy's motors, controls and automatic systems, and offers greater ease of use, security, energy savings and comfort in our daily lives.

WINDOW & BLIND

bringing the best of the weather inside

In this pioneering activity related to energy savings and the well-being of residents, Somfy has performed substantially better than the markets, proving the effectiveness of a winning strategy that combines innovation, specification, and the anticipation of future thermal standards.

In 2009, the decline of investments in the new building sector slowed down business growth on what are traditionally the most dynamic markets: the United States, Asia and South America. Somfy responded by speeding up the deployment of its dynamic façade solutions in France, Germany and Scandinavia. This success confirms both its legitimacy as a key player in building energy performance and the intrinsic potential of this activity, even outside emerging markets, which remain a strong source of growth in interior blind applications.

+42%

GROWTH IN WINDOW & BLIND SALES ON THE HOSPITALITY MARKET.

PARTNERSHIPS SPEED UP THE DEPLOYMENT OF BIOCLIMATIC FACADES

To optimize the energy efficiency of large commercial and residential buildings requires, the management of all the equipment involved needs to be coordinated. In 2009, to meet the need for combined solutions, Somfy strengthened its partnerships with other international manufacturers. This was achieved mainly with leading players in the lighting and home automation sectors, aimed at the upmarket residential and hotel segments. These partnerships are regarded by architects as a decisive factor, and they have led to many new contracts being won. In most subsidiaries, they have also resulted in joint communication plans and training schemes for our partners' customers.

At the development stage, this co-operation between manufacturers also helped to achieve compatibility between the different communication protocols.

NEW SIMULATION TOOLS MAKE SPECIFYING EASIER

The commercial building sector features a large number of specifiers (architects, engineers and contractors), which means that continuous efforts have to be made to devise promotional tools for the end user. In 2009, Somfy incorporated shadow calculation into its energy-saving simulation software. The benefits of bioclimatic façades can now be seen in a tangible way, window by window, taking into account the aspect of the building and the changing light and shade throughout the day and the seasons.

A SINGLE CONTROL
FOR ALL EQUIPMENT

Designed for the upmarket residential segment, the new HTI (Home Technology Integration)[1] interfaces mean that Somfy's motors are compatible with all centralized control systems. Occupants can control their solar protection and all electrical systems in the home from a single device.

"In 2009, Somfy positioned itself to be the preferred brand for climate management inside buildings."

Somfy has also developed a similar tool for each type of end product, through partnerships with most interior blind manufacturers on the market.

SOMFY DEVELOPS ITS EXPERTISE BY SECTOR

In addition to the different climatic constraints of the regions of the world, the commercial sector poses a wide variety of problems related to the activities of building occupants.

In 2009 Somfy launched a series of specific marketing tools for hotels, having been active in the sector for ten years through the automation of interior blinds and curtains. The acquisition of Energy Eye™, a company specializing in energy-saving solutions for the hospitality sector, will increase the Group's ability to serve this buoyant market. Based in San Diego, Energy Eye™ designs automatic presence detection systems for hotel rooms, which operate as part of a network with the air-conditioning thermostats. ●

1. **Home Technology Integration** combines different technologies and solutions for automating and controlling a wide range of applications and systems (audio-video, lighting, heating, ventilation, air conditioning, security, interior blinds, etc.).

DOOR & GATE

developing applications that communicate with the user

The Door & Gate market

shrank by 10% on average in Europe, yet Somfy has performed well in what is its most recent activity, thanks to its multi-channel positioning and its innovative security products.

In 2009, Somfy's Door & Gate activity took full advantage of its portfolio of complementary brands (Somfy, BFT and Simu) to win market share and outperform the residential and commercial access markets.
These good results also reward the efforts made to develop value-added solutions for access and security management.

13

PRODUCT LAUNCHES

26.4%

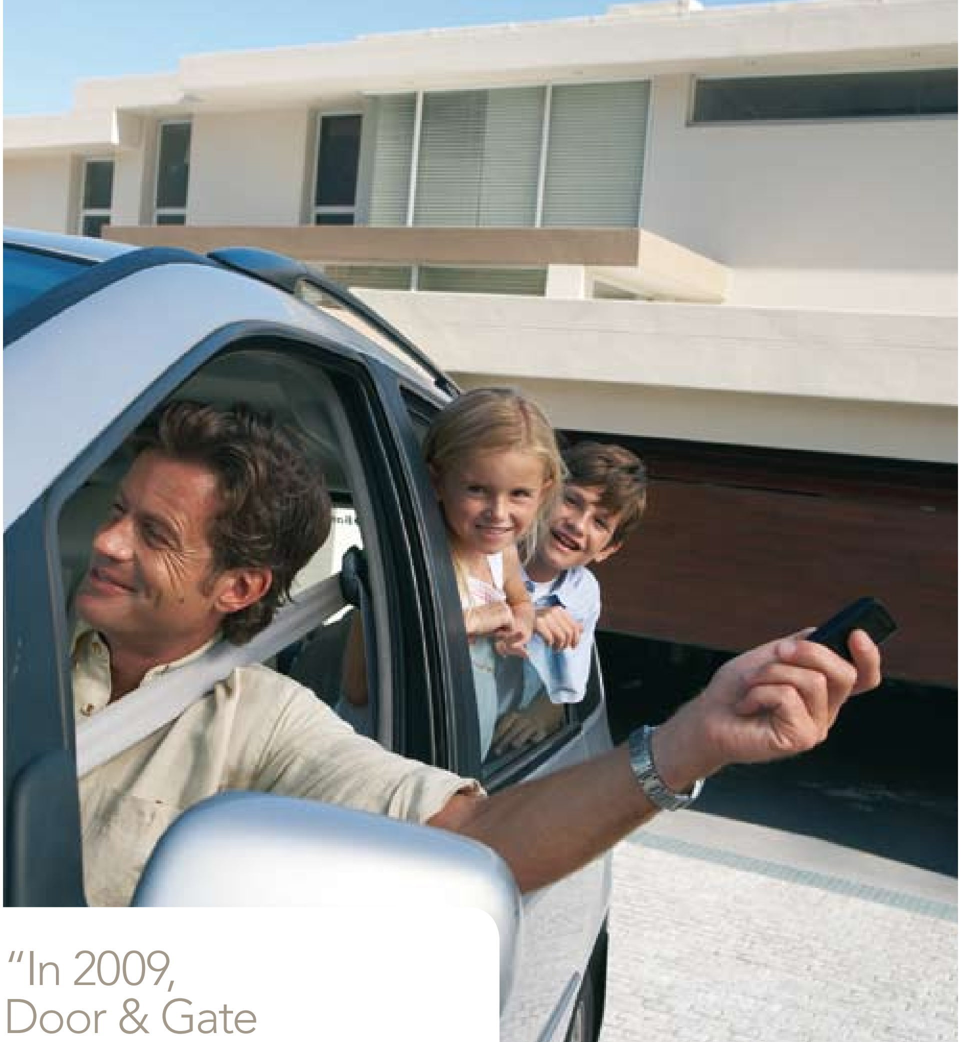
OF SALES GENERATED BY SOMFY'S NEW PRODUCTS IN 2009. OVERALL SALES OF ALARMS ROSE BY 30% OVER THE YEAR.

SOMFY IMPOSES ITS BRAND ON THE RESIDENTIAL MARKET...

In France, Somfy's product development plans in the past few years have allowed it to increase its market share in all distribution networks. Among professional installers and manufacturers, this performance reflects the excellent response to the special "100% Pro" offers launched at the end of 2007, which serve all closure configurations in the home, with reliable, simple motors and automatic controls. Because it is compatible with Somfy's other wireless RTS[1] applications, the professional offer is now fully integrated with the Home Motion[2] solutions.
The new Protexiom range of wireless intruder alarms responds to people's concerns about security, and has proved popular with DIY superstore customers, for it is easy to install and use. Protexiom allows users to access their alarm system remotely to check that all closures are properly locked. For the year, overall sales of alarms rose by 30%.

... AND SETS OUT TO CONQUER THE EUROPEAN MARKET

In 2009, the Somfy brand successfully pursued its commercial deployment outside France, and achieved good results in Poland, Greece, Morocco and the Netherlands.
To adapt its offer to the specific needs of opening systems in each market, the Door & Gate business was supported by a network of six R&D centers, each specialized in a particular application.



"In 2009, Door & Gate consolidated the foundations of its strategic ambition: to catch up with its competitors and overtake them."

BFT CONSOLIDATES ITS DISTRIBUTION...

Distributed in more than 120 countries, the BFT brand strengthened its fundamentals on its mature European markets. In Italy, where the brand is up against fierce competition, its teams re-energized its commercial links with their wholesale electrician customers, which enabled it to prevent erosion of market share. In France, BFT pursued its strategy to acquire its distributors in order to establish control over its network. In Spain, the acquisition of Pujol, a manufacturer and distributor of motors, enabled BFT to extend its territorial coverage with 16 additional sales outlets, and to create new opportunities for its products with a potential 2,000 additional customers.

... AND WIDENS THE SCOPE OF SOMFY ACTIVITIES

In 2009, BFT took over the Italian company O&O, which specializes in automated urban access, enabling Somfy to broaden its field of activity and gain footholds on new segments, such as security companies and public institutions. Its rising bollards for road use meet the growing demand for urban access control solutions in Western Europe, due to the desire to protect the environment of city centers. ●

1. RTS: Radio Technology Somfy® is an exclusive Somfy system using secure radio technology to control all openings in the house. It is easy to use, and RTS controls and motors are fully compatible.
2. Home Motion: designed by Somfy, Home Motion controls openings in the home using Somfy's motors, controls and automatic systems, and offers greater ease of use, security, energy savings and comfort in our daily lives.

SECURING HOMES AT A DISTANCE

Protexiom, Somfy's new range of intruder alarms, uses the Internet to its full advantage. With its secure access system, users can activate or deactivate their alarms, read a report of events, and even programme the activation of roller shutters and lighting, all from their computer.

PROTEXIOM 600

INDUSTRY & LOGISTICS

more competitive, more innovative

Industry & Logistics, the cornerstone around which its profitable growth objective is constructed, underwent far-reaching structural changes in 2009. The goal is to meet the required levels of competitiveness on the entry-level segment, and to support the development of value offers.

7 PRODUCTION SITES

8,500 PRODUCT REFERENCES

1 INTERNATIONAL LOGISTICS CENTER IN BONNEVILLE

A PRIORITY: TO OFFER COMPETITIVE ENTRY-LEVEL PRODUCTS

In 2009, the crisis speeded up the rise of low-cost competition from emerging markets on the entry-level market, which is a strategic lever for controlling mature markets. To improve its cost structure and become more competitive in this segment, Somfy took the decision in October 2009 to restructure its European industrial facilities.

This decision takes effect in 2010, and will affect two production sites: Saint-Rémy-de-Maurienne (France), operated by the Spirel subsidiary, and the two factories in Bologna (Italy) which produce Asa and Mingardi brand motors.

In France, Spirel produces stators, the stationary part of the rotating motor. Despite rationalization efforts in the past few years, the site has not been sufficiently competitive and its profitability has continued to decline. From April 2010, half of its stator production will be transferred to the motor assembly plants at Cluses and Gray, in France. The other half will still be produced at the Saint-Rémy-de-Maurienne plant, and to ensure the site has a secure future, Somfy Activities has signed a supply contract for four years. This transfer to the Cluses and Gray factories aims to bring the production and assembly of components together on the same site. It will improve productivity by reducing manufacturing times, and generate savings on indirect expenses through better inventory management. This measure will also help to optimize quality and speed up innovation. The assembly site at Cluses (Garette) works directly with Somfy's main R&D center, located at the Méca 2 site close by.

The Italian sites at Bologna, which focus on entry-level offers, saw a sharp decline in volumes produced in 2009, and as of summer 2010, their activity will be brought together at a single site in order to optimize the cost structure.

OPTIMUM QUALITY THROUGHOUT THE LIFECYCLE

The quality promise attached to Somfy's products is a key factor in ensuring that Somfy stands out from the competition. In 2009 it was further enhanced by the deployment of an integrated approach that takes into account all aspects of customers and end users' perception of quality, from design to after-sales. The process includes the results of satisfaction surveys conducted in France and Germany.

A NEW ORGANIZATION TO ENSURE RAPID STRATEGIC RESPONSES

2009 also saw the decision to change Somfy's industrial structure, in order to support the growth and performance of its three activities. As of the second half of 2010, they will take on the operational responsibility for the production sites that serve their fields of applications. By limiting the number of interfaces, this measure will speed up product development and optimize quality. The Group Industry and Logistics Department continues to steer the Somfy Activities industrial model, and retains control over its implementation, in order to maintain overall industrial coherence. ●

50

LOGISTICAL WAREHOUSES THROUGHOUT THE WORLD

"In 2009, Somfy strengthened the fundamentals of its industrial model, which ensures that it constantly sharpens its competitive edge on all market segments."

ACTIVATING ALL OUR LOCAL ENERGIES

Our distribution structure enables us to react quickly and flexibly. Our local teams monitor local market trends closely, and they drive the Group's strategy of commercial and territorial gain through their expertise on the ground. In each country, they manage our application and brand activity by deploying business models geared to the specific demands of each market. In 2009, this commercial structure, focused on performance and an international outlook, ensured that Somfy Activities took full advantage of all sources of growth.

220 MILLION END USERS
30,000 CUSTOMERS WORLDWIDE

DISTRIBUTION

sales teams in close touch with the market's needs

In 52 countries, sales teams are responsible for the performance of all of Somfy Activities' applications. In a difficult market context, they have proved they can respond and adapt quickly, in order to reposition themselves on the most profitable segments and strengthen their role as business getters.

52 COUNTRIES

IN MATURE MARKETS, WE CONTINUE TO DRIVE OUR NETWORKS

On its mature markets, which are mainly European, Somfy Activities makes the most of its complementary distribution networks:

- the Somfy Expert installers, who provide the brand's local presence for end users;
- manufacturers of Powered By Somfy end products[1], who are our strategic key accounts in terms of sales volumes, and who also enable Somfy to supply major building projects, particularly in the new home sector;
- DIY superstores which, in some countries, sell door and gate solutions specifically designed for installation by the end user.

In 2009, this solid, well-balanced positioning helped to offset the effects of the crisis. Faced with a more pronounced decline in activity in the new home sector, sales forces redirected their efforts towards installers working on renovation projects. Boosted by ongoing communications campaigns, Somfy's brand reputation also helped sales in DIY stores.

SUPPORTING OUR CUSTOMERS' GROWTH

At the same time as they were launching increasingly high-performance products, the distribution subsidiaries used commercial innovations to step up their role as business getters for customers. Installers are seeing their role evolve towards one of support and service, notably through Somfy's online stores, whose main objective is to attract traffic to Somfy Experts. Partner manufacturers benefit from Somfy's increasingly segmented sales strategy, which enables them to expand their clientele. On the market for new homes and some commercial buildings, they fulfill the contracts to supply end products[1] with integrated motors.

1. **End product:** a finished product incorporating Somfy applications.

"Partner manufacturers enjoy Somfy's increasingly segmented sales strategy, which helps them expand their clientele."

STRUCTURING DISTRIBUTION NETWORKS IN EMERGING MARKETS

In emerging markets, strengthening Somfy's positions means first and foremost deploying its window and blind solutions but also its Door & Gate applications, whose product offer for retailers represents an entry point to many developing countries. In this context, the challenge for distribution subsidiaries is both to form networks of installer partners to serve the residential and commercial building markets, and also to accelerate the introduction of business models adapted to the different players in the commercial sector. This requires specification, training activities and partnerships with other manufacturers operating on the building energy performance sector. ●

76 ENTITIES

13 BRANCH OFFICES

SOMFY EXPERT CONFERENCE, ITALY

FRANCE

our testing ground

In 2009, the robustness of the French market confirmed the solidity of the Somfy Activities model in its mature markets. It also proved the worth of the commercial innovations launched in France in order to constantly enhance the benefits available to customers and end users.

In 2009, the French subsidiary took maximum advantage of its traditional multi-network (assemblers, installers, distributors) positioning. Its sales registered significant growth among installers (+5%) and superstores (+30%), where its new range of Protexiom interactive alarms was a great success.

SERVICES FOR END USERS SUPPORTS VALUE CREATION

As a B2B player with a mission to fulfill requirements for user comfort, Somfy has a duty to combine its role of business getter with its promise to end users of quality and simplicity. In 2009, this dual approach saw the Somfy Assistance service, previously in the trial phase, deployed nationwide. Available to visitors to Somfy.fr on the website homepage, this service

RFF (FRENCH RAILWAY INFRASTRUCTURE) REGIONAL CONTROL CENTER, DIJON, FRANCE
SOMFY SOLUTION: Animeo BS + Premium with RTS radio control

resolves operating issues and breakdowns of openings in the home, whether they are Somfy branded or not. It is operated by a team of Somfy technicians who undertake the first diagnosis free of charge, and if necessary make an appointment with the nearest Somfy Assistance installer. This service provides essential support for the development of Home Motion solutions[1], and also aims to attract new customers to Somfy's professional installers. Over the year, two out of three visits have led to a quote for additional work. End users benefit from quick, effective and transparent assistance, as charges are made on a fixed basis. At the end of 2009, 80 independent professionals were approved by Somfy Assistance. The objective is to rapidly expand the coverage of this network.
Launched in 2009, the "e-counter" service allows Internet users to collect their purchases from one of the 300 Somfy Experts who offer this service. It also enables the network of Somfy Expert installers to benefit from the traffic generated by the Somfy France merchant site, which sells products that complement those of its professional customers. There are two aims: to increase the business prospects of installers, and capture the major potential of online sales through a local physical presence and the advisory role of Somfy Experts. In time, Somfy France aims to turn these contact points into France's number one home automation network.

"In 2009, our role as business getter consolidated our control over our distribution."

32%

IN 2009, SPONTANEOUS SOMFY BRAND RECOGNITION WAS UP 3 POINTS AMONG FRENCH CONSUMERS

A SEGMENTED APPROACH TO WIN NEW MARKETS

In France, the low level of motorization in new detached homes makes this segment a potential source of major growth for Somfy. In 2009, the subsidiary put together a dedicated team to market to construction companies and supply the appropriate customer marketing tools. The Dynamic Insulation™ solutions and the YeSseo home automation range have already gained a following among a number of French construction companies. This new market also allows Somfy to consolidate its role of business getter among its manufacturer customers who, ultimately, carry out the work.
In the commercial building sector, the introduction of a dedicated team has also proved a success. The activation of the new network of electrician customers has resulted in significant growth of Animeo solutions for bioclimatic façades (80% of the sales of the Animeo range). ●

1. Home Motion: designed by Somfy, Home Motion controls openings in the home using Somfy's motors, controls and automatic systems, and offers greater ease of use, security, energy savings and comfort in our daily lives.

GERMANY AND CENTRAL EUROPE

the key to growth: being close to the customer

In Germany, Austria and Switzerland, the growth in business has been accompanied by an increased market share. This performance reflects our sales teams' ability to listen and anticipate, and support the development of their customers' business.

A WINNING FORMULA: TECHNICAL EFFICIENCY AND PRODUCTIVITY GAINS

To consolidate its positions on these mature markets, where awning and roller shutter applications dominate, Somfy has to constantly resharpen its competitive edge. In 2009, this approach took the form of ilmo, the first plug-and-play motor that requires no reconfiguration. Easy to install and with its instant automatic configuration, ilmo offers major productivity gains for assemblers and installers. Designed for the specific needs of Central and Eastern Europe, the adapted version of ilmo (40 WT) had an immediate impact among key accounts.
Somfy Germany also helped the evolving buying practices of its installer customers by making available a dedicated online ordering platform. The increased flexibility and time savings it offers have appealed to Somfy Experts, more than half of whom have already ordered in this way. The aim is to triple its volume of business in 2010.

+5.6%

INCREASE IN SALES FOR GERMANY IN 2009

DYNAMIC INSULATION™ PACK

THE MARKETS CONTINUE TO INCREASE IN VALUE

In 2009, Somfy stepped up its commercial presence among installers in order to speed up the deployment of its automatic controls with built-in wireless. The launch of Dynamic Insulation™ packs in Switzerland was supported by information days and the certification of 31 specialists, helping this energy-saving solution make a successful entry on the market. In Germany Somfy has teamed up with several industrial customers for shared awareness-raising programmes, in order to impose automatic control as standard across all markets. Strong growth in Venetian blind motors, which are very popular in Germany, Austria and Switzerland, also allowed Somfy to bolster its position on this market.

"Solid partnerships with our customers have produced concerted action on growth markets."

BROADENING OF CUSTOMER BASE

Somfy continued to extend and diversify its network of distributors and specifiers in order to accelerate the deployment of new applications in its three activities. In Austria, a joint marketing campaign with a manufacturer encouraged the specification of blind applications among decorators. Somfy Austria has also joined forces with a leading electrical goods distributor to run a promotional campaign targeted at electricians, highlighting the additional sales potential offered by Home Motion[1] automatic controls. ●

EASTERN EUROPE still strong

In this vast zone of 27 countries, Somfy Activities serves both established and emerging markets.

The sharp fall seen on the new build market in Russia, however, weighed heavily on sales, which were down by 7.6%. Somfy responded quickly, shoring up market share by using tactical brands when demand for entry-level products began to rise. In Poland, where the market is already mature and Somfy has a solid multi-channel positioning, the business posted strong growth in all applications, especially in Somfy-brand Door & Gate products, which were successfully introduced in 2009. ●

1. **Home Motion:** designed by Somfy, Home Motion controls openings in the home using Somfy's motors, controls and automatic systems, and offers greater ease of use, security, energy savings and comfort in our daily lives.

NORTHERN EUROPE

Time to innovate

In a very depressed market which has impacted the solar protection activity, Somfy has maintained high market share in Northern Europe by repositioning its teams on the growth segments of energy efficiency and home automation.

HERMITAGE AMSTERDAM, AMSTERDAM, NETHERLANDS
Somfy solution: Animeo KNX façade management system

+14.8%

SALES GROWTH FOR COMMERCIAL BUILDING SOLUTIONS

A classic "pleasure purchase" item, awning motorization has inevitably been hit by the fall in consumer spending.
This is a high-volume market in Northern Europe, and Somfy Activities recorded a 6.1% fall in sales.

EXPLOITING ENVIRONMENTAL AWARENESS

Scandinavians are highly eco-conscious, a fact that the distribution subsidiaries have exploited with their rapid deployment of the sales force and resources aimed at the commercial building market. Interest in bioclimatic façade solutions has been steadily increasing, and was spurred by specification training for architects and real-estate investors, who were informed about energy savings and visual and thermal comfort.
In order to accelerate operational deployment, the field teams have stepped up their partnership with façade manufacturers who use Somfy solutions in their finished products.

HOME MOTION[1] IS ON ITS WAY

This part of the world, where automatic controls and control points already account for a quarter of total sales, provides fertile ground for home automation.
The Belgian market responded very favorably to YeSseo products in 2009, after their joint launch with the applications of seven other partner manufacturers of the io-homecontrol®[2] communication protocol.
On the British high-end housing segment, Somfy created a stir with the market launch of its HTI[3] interface solutions, which ensure interoperability between its automatic controls and other smart home controls such as heating, lighting, video projection, etc. A marketing campaign aimed at installers and centralized systems integrators highlighted the advantages of automatic controls for interior solar protection.

1. **Home Motion:** designed by Somfy, Home Motion controls openings in the home using Somfy's motors, controls and automatic systems, and offers greater ease of use, security, energy savings and comfort in our daily lives.
2. **io-homecontrol®:** a radio technology shared with other major brands in the building industry. This two-way technology can be used to control all aspects of the home (openings, heating, roof windows, air conditioning, etc.), and displays status information on the remote control.
3. **Home Techology Integration** integrates the various technologies and solutions used for automatic control of various applications and devices (audio and video, lighting, heating, ventilation, air conditioning, security, blinds, etc.).

BURJ DUBAI, DUBAI

SOUTHERN EUROPE

between competitiveness and profitability

Despite a good performance in solar protection applications, Somfy struggled to offset the sharp fall in the Spanish roller shutter activity. On these very competitive markets, the key to renewed growth will be balanced management of Somfy's multibrand platform.

VOLUMES FALL BUT VALUE HOLDS OUT IN SPAIN

With a strong positioning on the Spanish new homes market, Somfy was hard hit by the collapse in housing starts. Despite the fall in sales of roller shutters, Somfy remained highly profitable thanks to the strong penetration of its added-value radio motors.

In advance of a lasting contraction in the roller shutter market, Somfy is creating growth conditions for blind solutions, focusing on the set-up of a network of customer decorators, and in order to combat the fierce price competition at entry-level, it is capitalizing on its tactical brands to be more competitive and to generate profitable growth.

18.9%

SHARE OF THE SOUTHERN EUROPEAN MARKET IN SOMFY ACTIVITIES' SALES

THE OTHER MARKETS REMAIN ON COURSE

Sales of interior applications remained strong in Italy and Greece, both of which are mainly residential markets less exposed to fluctuations in new builds.

This allowed Somfy to increase market share, especially among its Italian customers who work on international construction projects. On these territories, the subsidiaries are intensifying their training offer to installers in order to increase the penetration rate of automatic controls with integrated radio and to kickstart the Home Motion[1] segment. Somfy has a solid customer network and strong brand awareness in Israel, where business continued to grow strongly.

MIDDLE EAST & AFRICA

For the first time since it moved into the region twenty years ago, Somfy Activities posted a fall in sales, owing to the overall market slowdown. Already stiff competition from the Chinese intensified with the economic crisis, using a low-cost strategy to bring some products into the mainstream. Somfy Activities' tactical brands will adopt a stronger position at entry level, while the Group continues to push the penetration of its Somfy-brand added-value products (automatic controls, Home Motion[1], energy-saving solutions in the commercial sector), which still have a bright future in this region.

1. **Home Motion:** designed by Somfy, Home Motion controls openings in the home using Somfy's motors, controls and automatic systems, and offers greater ease of use, security, energy savings and comfort in our daily lives.

AMERICAS

growth potential remains intact

Despite the impact on their growth dynamic, the subsidiaries in the Americas are continuing to position themselves to harness the significant market for interior solar protection applications in homes and commercial buildings.

THE WEST BUILDING OF THE VANCOUVER CONVENTION CENTRE, CANADA
Somfy solution: Somfy motorized interior solar shades, controlled by Somfy Digital Network equipment

8.6%

SHARE OF THE AMERICAS MARKET IN SOMFY ACTIVITIES' SALES

The recession had a stronger impact on Somfy's activity in North America than in Europe, especially in new builds. The fall in sales of interior blind applications, the region's main activity, was very pronounced in the decoration market (Sonesse silent motors and WireFree products). Sales campaigns in this region are generally aimed at architects and decorators, so the subsidiaries rapidly turned their sales forces to installer customers. This responsiveness led to strong growth in new motorization offers for curtains (Glystro range) in homes and hotels. In Central and South America, business suffered from the slowdown in the commercial building sector, especially in Brazil and Mexico.

DRIVING TECHNOLOGICAL EVOLUTION

North America is solar protection territory, and its growth potential for the blinds activity is all the more considerable given that only 3% of all blinds are currently motorized.
In order to position itself as a central player on this market, Somfy has pursued its strategy of innovation. The North American subsidiary launched a new interface (ILT-ZWave) for the middle and top of the range in the homes segment. With this product, Sonesse silent motors are compatible with the products of 160 other partner companies of the American Z-Wave interoperability protocol. The aim is to accelerate the adoption of Home Motion[1] solutions in the network of installers and integrators of centralized systems.
The takeover of US company Energy Eye™, specialized in the central management of energy consumption in hotel rooms (air conditioning, heating, lighting), strengthened Somfy's expertise on this sector, which saw positive growth in 2009.

ASIA-PACIFIC

the top of the range drives differentiation

This region returned to growth at the end of the year and competition is strong. The sales teams continue to promote awareness of the Somfy brand in order to consolidate its position on the high-end commercial and housing segments.

In 2009, the economic crisis exacerbated the polarization of the Asian markets, which now consist of entry-level products, supplied by local manufacturers, and high added-value products, of which Somfy is the only brand present. In response to this development, the subsidiaries have stepped up the activation of tactical brands in their sales strategies, especially the LianDa offer, produced in the Group's Chinese factory. With well established positions in some countries, such as Australia, Japan and South Korea, Somfy has continued to raise its profile on the high-end segment with increased presence among professional customers and specifier training.

A PIONEERING APPROACH TO COMMERCIAL APPLICATIONS AND BLINDS

In 2009, Somfy managed to exploit the upside of the high-end homes segment by forming partnerships that allowed it to position itself on the Home Motion[1] market. In many Asian countries, the automatic control of sun protection is a perfect response to local expectations, especially WireFree and silent Sonesse motors. Glystro motors for curtains are increasingly popular in luxury hotels, while dynamic façade solutions for commercial buildings are now well established in South-East Asia, and represent a significant springboard for growth across the entire Asia-Pacific region. Air-conditioning is widely used in this part of the world, and the management of natural light and night ventilation are efficient ways to reduce the need to generate cold. In 2009, in order to improve its scientific and technical understanding of bioclimatic façades in the tropics, Somfy launched a case study of a building located in Thailand.

1. **Home Motion:** designed by Somfy, Home Motion controls openings in the home using Somfy's motors, controls and automatic systems, and offers greater ease of use, security, energy savings and comfort in our daily lives.

SHANGHAI ECO-HOUSE, CHINA
SHANGHAI WORLD EXPO
Somfy solution: motors with sun sensors for ecological curtain

6.4%

SHARE OF ASIA-PACIFIC MARKETS IN SOMFY ACTIVITIES' SALES

RESPONSIBILITIES

Because Somfy's ambition is embodied in its men and women, our social, economic and environmental commitments are closely related to their needs and interests. The gradual deployment of an integrated Sustainable Development policy in all our daily actions and behavior at work expresses the determination of Somfy's employees to turn the Group into an exemplary business. Our activities bring us face to face with today's environmental and social challenges, and as such, they impose a responsibility both to drive progress in buildings and to turn this progress into value for our stakeholders.

THE AUTOMATIC CONTROL
OF SUN PROTECTION
AND ROLLER SHUTTERS
REDUCES THE NEED FOR
AIR CONDITIONING BY 28%.

ENERGY SAVINGS

affirming our legitimacy

As world leader in motors for awnings and roller shutters, Somfy has been committed for several years to increasing the contribution of automatic control to the overall energy performance of buildings. There are two main environmental challenges: equipping our current energy-hungry homes, and creating new office buildings that offer high energy efficiency.

THREE SKILLS GENERATING ENERGY SAVINGS

- Dynamic Insulation™ (1)
- Daylight management
- Natural ventilation

Dynamic Insulation™ (1) can reduce the interior temperature in homes by 9°C in summer, and save up to 10% on heating in winter. Bioclimatic façade solutions in commercial buildings cut the total energy requirement (for electricity, air conditioning and heating) by 20-40%, depending on the type of climate and the equipment used.

IMPROVING UNDERSTANDING OF THE ADVANTAGES AND DESIGN METHODS

Somfy Activities is a pioneer in the management and exploitation of climate inside buildings. Its "Somfy for Bioclimatic Façades" programme collaborates with a network of partner universities and uses its pilot buildings to pursue its research. In addition to variables such as size, occupant activity, etc., research is currently focusing on the climatic environment, especially heat and humidity, in order to adapt solutions to the climate of each region.

RAISING AWARENESS

After the papers and brochures published in 2008, Somfy has continued to promote the efficiency of its offer with a training initiative involving all players in the construction industry including architects, manufacturers of glass and motorized end products and installers.
The aim is to circulate the available scientific literature on the effectiveness of automatic control. In 2009, Somfy launched a website on bioclimatic homes (www.isolation-dynamique.fr) aimed at consumers, while a special site (www.somfyarchitecture.fr) dedicated to specifiers — architects, engineers and contractors—has been completely redesigned.

ACCELERATING DEPLOYMENT

In France, the energy advantages of automatic roller shutters have been validated by the *Réglementation Thermique 2005* regulation, and the work qualifies for the government's zero-interest eco-loan. In 2009, Somfy stepped up its lobbying of the public authorities in order to obtain the inclusion of Dynamic Insulation™(1) in the forthcoming EU thermal regulations. The company therefore took part in the work group responsible for formalizing this Directive for the European organization EuroACE, representing around thirty other manufacturers of efficient equipment for improving energy performance in buildings. ●

1. **Dynamic Insulation™** is a 100% Somfy concept, which automates roller shutters and sun protection in order to save energy and provide optimal thermal comfort.

"Bioclimatic façade solutions in commercial buildings cut the total energy requirement (for electricity, air conditioning and heating) by 20-40%, depending on the type of climate and the equipment used."

SOLUTIONS FOR ALL CLIMATES

Somfy has launched a case study in Thailand on the advantages of bioclimatic façade solutions in the tropics. The results of its research, conducted in a pilot building in partnership with an Asian firm of architects, will be shared with all Somfy teams located in tropical regions.

CORPORATE commitment in action

After conducting a CSR (Corporate Social Responsibility) diagnosis and a Carbon Footprint® at the Cluses sites in 2008, Somfy Activities took concrete steps to reduce its environmental impact in 2009.

ECO-AMBASSADOR NETWORK'S LOGO

GREEN ACTIONS GUIDE FOR SOMFY SAS PERSONNEL

In line with EU targets, Somfy Activities has pledged to reduce its greenhouse gas emissions by 20% by 2020. In 2009, it began by implementing 21 measures, with effectiveness indicators, on its four sites at Cluses and Bonneville in the Haute-Savoie region of France. Somfy's industrial activity is based on assembly, which does not require procedures with a severe effect on the environment, so action focused on three priorities: internal practices, transportation of goods and employees.

IMPLEMENTATION OF ENVIRONMENTAL MANAGEMENT

In order to make sure that this action is extended to all departments, Somfy has created a network of eco-ambassadors who are also charged with collecting suggestions from the employees. For office supplies and freight, both incoming and outgoing, environmental criteria have been integrated in the choice of product and service provider. Employees must now either travel by train to direct destinations within Europe or justify their preference for air travel. With half of the personnel expressing an interest in a shuttle service between Cluses (1,400 employees) and neighboring towns, a feasibility study is underway. An awareness-raising day was also held to convince employees to adopt green actions in the workplace (lighting, recycling, etc.).

PROGRESS IN GREEN PRODUCT DESIGN

In 2009, Somfy also launched a plan to reduce the environmental footprint of its products throughout their life cycle, aiming for implementation in 2011 with the arrival of its new-generation offer.

A PEP (*Profil Environnemental de Produit*, or environmental product profile) programme was therefore set up to analyze their energy performance. Buyers at the plants and the designers at the Cluses Meca 2 center, the Group's main R&D center, have been trained in environmentally friendly design.

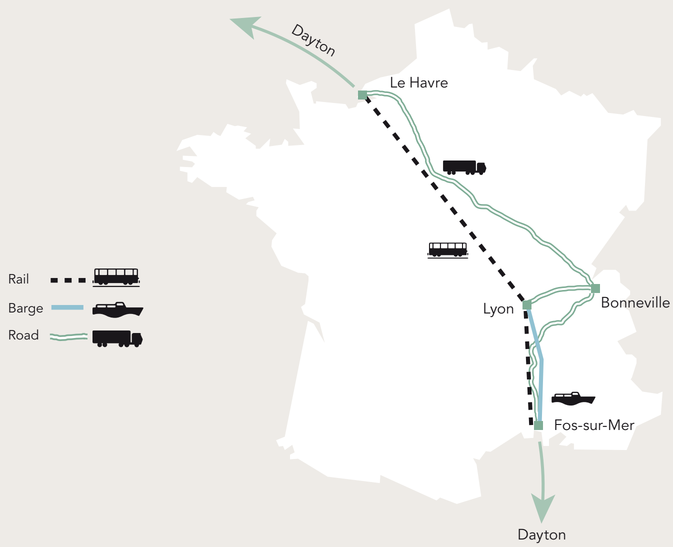
70%

REDUCTION IN ENERGY CONSUMPTION FOR SOME MOTORS ON STANDBY

5 SOMFY SITES HAVE ALREADY CONDUCTED A CARBON FOOTPRINT®

Close-up: a Somfy container travels from Bonneville to Dayton, USA

To send a container to Somfy Systems in Dayton in the United States, Somfy has the choice between several routes for the transport between Bonneville and a sea port.



INITIAL SOLUTION

1 Bonneville — Fos-sur-Mer — Dayton | Fast and flexible solution

OTHER ROUTES STUDIES TO REDUCE GHG* EMISSIONS

2 Bonneville — Lyon — Fos-sur-Mer — Dayton | 24% fewer GHG* emissions transport time: 1 extra day**

3 Bonneville — Lyon — Fos-sur-Mer — Dayton | 18% fewer GHG* emissions transport time: 1 extra day** subject to the weather

4 Bonneville — Le Havre — Dayton | 15% fewer GHG* emissions transport time: 1 extra day**

SELECTED SOLUTION

2 Bonneville — Lyon — Fos-sur-Mer — Dayton | 24% fewer GHG* emissions transport time: +1 extra day**

Using this analysis and taking account of price, the decision was made to take the goods by rail and road to the port at Fos-sur-Mer, cutting greenhouse gas emissions by 24%. The route has been operational since February 22nd, 2010.

* GHG: greenhouse gases ** For the whole of the France-US journey

MANAGEMENT

adapting while maintaining our values

In 2009, Somfy opted to preserve the Group's profitable growth in the medium and long term, in the interest of job security. It adapted its industrial model to market developments without compromising its human values and social responsibility.

SOMFY STAFF AT WORK

INTERNAL SOLUTIONS FOR EMPLOYEES AT SPIREL

In October 2009, Somfy declared its intention of transferring half of the production of the Spirel site (at Saint-Rémy-de-Maurienne in France) to its plants at Cluses and Gray, both in France. From the earliest stages, Somfy made every effort to produce a thorough, ambitious redundancy scheme. The 115 employees (of the total of 222) whose jobs will be cut at the Spirel site have all been offered jobs at Cluses or Gray, with support for spousal transfer. In order to enable those who were unable or did not wish to remain at Somfy to embark rapidly on a structured personal project, the Group implemented a job-saving scheme based on individual support. All employees concerned were offered a voluntary redundancy plan, ranging from financial support for entrepreneurs and training.

UNIVERSAL SUPPORT FOR PERFORMANCE

In 2009, as business slowed down, Somfy pursued the cost control measures implemented with the first signs of the economic downturn in the second half of 2008. In France it imposed a pay freeze and focused on internal mobility, which covered two of every three vacancies. This essential step did not undermine morale, however, and employees worked hard to exploit markets with potential and find new sources of growth.

SOMFY EMPLOYEES
AT WORK

The Group continued its intensive training programme, especially courses designed to strengthen employee empowerment and the capacity to delegate and share experiences, qualities that are all essential if Somfy is to achieve its ambition of worldwide growth.

EMPLOYEE-DRIVEN INNOVATION

In early 2009, the in-house contest "Your dreams, our projects" produced a huge response, and the quality of the ideas submitted demonstrates the creativity and the entrepreneurial spirit of Somfy employees that drive Somfy's ability to anticipate the expectations of customers and end users. Over 650 project ideas for Somfy's future were submitted, from all departments and from all over the world. The jury selected eight innovative projects, which will be launched in 2010.

26,500
HOURS OF TRAINING PROVIDED IN 2009

4,450
EMPLOYEES AT SOMFY ACTIVITIES

A CORPORATE CODE OF ETHICS

In 2009, Somfy drafted a Code of Ethics, covering Group-wide social, business and governance practices, for circulation to all employees in 2010.

SOMFY FOUNDATION

sharing our expertise in buildings

Somfy Foundation, has been involved in emergency reconstruction ever since its creation in 2004, and now intends to extend its contribution to major societal issues surrounding habitation, within its field of expertise and with the aim of improving people's housing.

Somfy Foundation
for a better home in a better planet

The Group Foundation, which has focused on homes and housing since 2007, has defined four fields of action that will be gradually launched as partnership opportunities arise:

- habitat security, with continued funding for the humanitarian projects of Emergency Architects;
- the provision of comfort and independence for the elderly and people with reduced mobility, by supporting projects for automatic control of equipment in the home;
- support for scientific research into environmentally friendly buildings;
- technological innovation applied to the preservation of our cultural heritage.

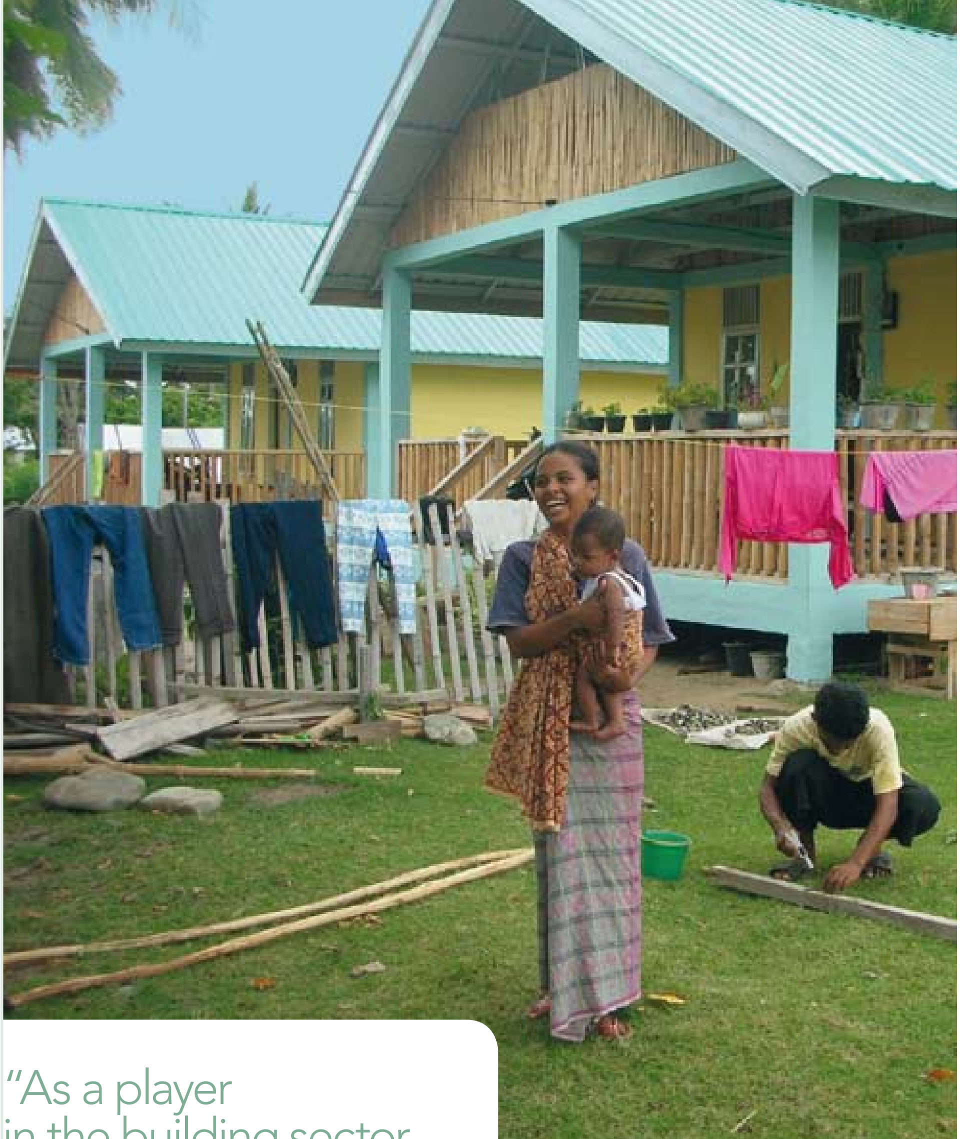
RELIABLE HOUSING WITH EMERGENCY ARCHITECTS

Since 2004, the Somfy Foundation has been a loyal partner to the Emergency Architects Foundation, providing annual funding for its rebuilding and support for people in regions suffering the aftermath of natural disasters or war. In addition to the NGO's emergency rehousing operations, it also offers training to local architects and reconstruction in keeping with local practices and environmental constraints, which corresponds perfectly to the Somfy Foundation's wish to contribute actively to a more reliable, greener habitat.

FOUR PROGRAMMES FUNDED IN 2009

The Somfy Foundation funded four Emergency Architects missions, including two that consisted of evaluation prior to the launch of an operation.

During the summer, on the request of the International Organization for Migration (IOM), Emergency Architects evaluated the funding required to rehouse displaced people from the rural Nariño region of Columbia, fleeing attacks by armed groups in control of the coca trade.



“As a player in the building sector, it is a priority for our Foundation to improve access to safe, environmentally friendly housing for everybody.”

POST-TSUNAMI RECONSTRUCTION PROGRAMME, SIGLI, INDONESIA

The operation is currently underway, and will involve the building of new houses for 71 families, and material and technical support for the implementation of small production units that will enable these people to find a way to earn a living quickly. On the island of Sumatra in Indonesia, where Emergency Architects have been working since the tsunami in December 2004, the Somfy Foundation again offered its support for the emergency intervention after the September 2009 earthquake. In the region of Padang, financial support helped to rehabilitate two schools. After an earthquake hit the Ica region of Peru in July 2007, the Somfy Foundation funded a new phase of earthquake-resistant housing construction.

SEEING YOUR PROJECT THROUGH TO THE END

In France, the Somfy Foundation has successfully completed the partnership it began with CREA (research center on high-altitude ecosystems) in 2004 on the Phénoclim project. Phénoclim was both a scientific and an educational programme in which members of the public were invited to measure the impact of climate change on the flora of the mountain environment. Somfy engineers designed and produced 60 autonomous stations to measure air and ground temperature, in partnership with three technical and professional colleges from the local area.

SOMFY PARTICIPATIONS

The branch was created in January 2008 to help to achieve the Group's ambition of profitable, lasting growth by selectively investing in manufacturing companies that operate outside the scope of Somfy's core business. The staff at Somfy Participations draws on its expertise acquired in the Group to leverage these holdings by supporting the management and the development of the companies in which it holds a stake. Despite the crisis, the growth in the value of the existing portfolio in 2009 confirmed our strategy of investments driven by an approach that is both financial and entrepreneurial.

INVESTING IN THE GROUP'S LONG-TERM CONSOLIDATION

2009 confirmed Somfy Participations' strategy and positioning as a capital investor. The twofold objective was to reduce the debt of the companies and to speed up their strategic projects.

The branch focused on build-up operations and the expansion of the existing portfolio. Despite its significant, high-quality deal flow, the company did not make any new investments.

A SUCCESSFUL INITIATIVE TO SUPPORT THE COMPANIES

Almost all the companies in the portfolio saw a slump in their activity under the impact of the crisis in the building industry. The staff at Somfy Participations therefore played a very active role in supporting management with the aim of both maintaining financial balance and achieving development targets.

This cooperation helped to support the cost-cutting measures taken by the companies by providing methods and technical assistance, and purchasing benchmarks in particular, which harnessed the skills of the Somfy Group. Despite a sometimes severe drop in revenue, all the companies significantly reduced their debt and improved their cash flow.

SPEEDING UP STRATEGIC PROJECTS

The organization of regular business reviews also helped to maintain momentum in achieving the strategic priorities defined before the crisis. True to its role as a shareholder, Somfy Participations made sure that the companies had the resources and the skills required to grow.

Despite the difficult climate, all companies completed developments that are important for their future growth, from acquisitions to consolidate their expertise (Sirem, Gaviota-Simbac, CIAT) to the extension of their fields of activity.

€94.2m

SALES FOR SOMFY PARTICIPATIONS IN 2009.

ADDING VALUE TO THE EXISTING PORTFOLIO

In 2009 Somfy Participations published the re-evaluated net assets of the equity invested in its current portfolio of companies, for the first time since it was created in January 2008. On 31 December 2009, its assets were worth €365.8 million.

The priority for Somfy Participations in 2010 will be to continue adding value to its holdings by taking action to support the companies. The branch will also look into any new opportunities to make further acquisitions that occur on the market.

“Majority or minority stakes in eight industrial companies with strong growth potential”

THE SOMFY PARTICIPATIONS PORTFOLIO

Company	Activity	Holding	1st shares
agta record	Automatic doors for commercial and industrial buildings.	32.95%	2000
Babeau-Seguin	Builder of individual homes.	9.14%	2008
CIAT	Equipment for air conditioning, air purification, heat exchanges and renewable energy heating for the residential, commercial and industrial sectors.	40.0%	2008
Cotherm	Thermal regulation components (thermostats) for water heaters and electric heating systems, and thermal programming and regulation solutions for a variety of applications.	65.0%	2006
FAAC	Gate and garage door systems and automatic controls for professional installers.	34.0%	1990
Gaviota-Simbac	Components and motors for roller shutters and awnings for assemblers and manufacturers.	46.5%	2001
Sirem	Geared motors, pumps and the associated electronic controls for industry and water-based applications.	87.53%	2008
Zurflüh-Feller	Components and accessories for roller shutter manufacturers and distributors.	100.0%	2008

COMPANIES IN THE PORTFOLIO

AGTA RECORD

Holding: 32.95%

€228.5m
2008 SALES

€24.9m
2008 COR[1]

1,735
2008 HEADCOUNT

With subsidiaries and partners in more than 50 countries, Switzerland's agta record is one of the main players in the European pedestrian and automatic sliding doors markets. Alongside manufacturing and sales, its activities also include installation and maintenance.

In 2009, the company weathered the crisis well, with a 2.4% drop in sales at a constant exchange rate. The 8% growth in sales of the maintenance and services activity, which accounts for slightly more than one third of agta record's global sales, softened the blow of the recession on the North American (18% fall in the United States) and European markets.

The fourth quarter slump was the result of the consistent slowdown in orders observed since February 2009, which appeared to bottom out in October. agta record remains cautious about its outlook for 2010.

BABEAU SEGUIN

Holding: 9.14%

€113.6m
ESTIMATED 2009 SALES

€10.5m
ESTIMATED 2009 COR[1]

275
2009 HEADCOUNT

This new group came into being following the merger, in July 2008, of the two house builders Batilor and Babeau Seguin. In 2009, the group is expected to post consolidated sales of almost €114 million, with operating profit of €10.5 million and net result of almost €6.6 million, before including the financial costs generated by the LBO debt. The group is France's fourth largest player on the individual housing market, ranking first in the East of the country. Active in more than 16 departments, it delivered almost 1,200 houses in 2009 and operates 30 branch offices, manned by 275 employees.

The group demonstrated a strong capacity to withstand tough market conditions, with an estimated drop in sales in 2009 of just 10% compared to the preceding year, and similar

1. COR: Current operating result.

margins. While the end of 2008 and the beginning of 2009 saw a significant drop in activity, the group has returned to satisfactory levels of sales since March 2009, with a notable turnaround in the second half of the year.
The group closed a total of 1,120 sales in the financial year, up 3% from 2008, with a last quarter that progressed by 83% compared to the same period in 2008.

In mid-January 2010, the operating companies had a positive cash flow of about €19 million, compared to the residual LBO debt of €25 million of the acquiring holding company, Financière Performance.

The difficult market conditions also provide the group with an opportunity. After buying out the Lorraine company CMDC, which was in the hands of the administrators, at the end of 2008, it recently acquired Maison Concept, based near Tours, which makes about 60 sales per year, under extremely favorable financial conditions.
These two transactions should boost the group's sales by about €8 million in 2010.

CIAT

Holding: 40.0%

€303.8m
2009 SALES

€12.5m
2009 COR[1]

2,503
2009 HEADCOUNT

Present in 70 countries, CIAT is one of the top suppliers of air conditioning, air treatment, heat exchange and heat pump equipment. The consolidation of its leadership in France and its growth strategy in Europe and Asia are based on a combination of three fields of expertise: comfort in range-topping buildings, air quality and the optimization of energy consumption.

In 2009, CIAT was faced with a slowdown on all its markets, resulting in a drop in sales of 17%. But by taking measures to cut costs, and thanks to the favorable impact of raw materials prices, CIAT managed to maintain its 2008 margin ratios.

Driven by the momentum of the commercial sector and strong activity in the healthcare sector, its traditional activity in medium- and high-powered equipment weathered the storm well. CIAT's performance in these sectors significantly outstripped the performance of the market and consolidated its position in all applications in all segments.
The results of its activity in major projects support its strategy of beeing present in the very early stages of the process (architects, engineers, etc.) and an approach that delivers global solutions capable of regulating all the benefits (energy, comfort, air). Despite its growth being hampered by the slowdown in new construction projects, CIAT continued to consolidate its fundamentals on the emerging heat pump market in the residential sector.
In 2009, CIAT also continued to roll out its internal home-focused organization that will be finalized in 2010.

On a market that will remain weak in 2010, CIAT plans to continue to look for opportunities in high-growth segments by pursuing its international growth strategy, with the creation of a distribution subsidiary in Australia.

COTHERM

Holding: 65.0%

€25.0m
2009 SALES

€2.7m
2009 COR[1]

553
2009 HEADCOUNT

Europe's leading supplier of thermostats for electric water heaters, Cotherm is also active on the electric heater market and in a number of niche sectors (coffee machines, saunas, boilers, etc.).

With a strong international business, representing 75% of the company's activity, Cotherm experienced a year of contrasts in 2009, resulting in a 13.5% slump in sales. The severe slump in the electric heating business, which was exposed to the real estate crisis in Spain, was offset by the performance on the electric water heater market, which is traditionally stable. This sector reaped the rewards of the success of the new range of renewable energy thermostats with wholesaler customers.

Product innovation, one of Cotherm's priorities for growth, continued to benefit from sustained investment. 2009 saw the finalization of the new generation of thermostats that will accompany the deployment of water heaters complying with the European Union's future energy performance label. Due for release in 2011, this new range, called iQuaflex, has already been warmly welcomed by customers.

GAVIOTA-SIMBAC

Holding: 46.5%

€55.2m
2009 SALES

€4.4m
2009 COR[1]

297
2009 HEADCOUNT

Located in Sax, Spain, Gaviota-Simbac specializes in the manufacture of components and motors for roller shutters and, more recently, awnings.

In 2009, Gaviota-Simbac's activity was again hit by the crisis on the domestic real estate market. But the sharp drop in sales of 20.1% had a limited impact on results, which remained stable compared to 2008 after the implementation of cost-cutting measures and a drive to grow sales on international markets, where the company set up several production and distribution units in Lebanon and Morocco in 2009. Gaviota-Simbac's awning activity, which grew rapidly in 2009, has been consolidated by the acquisition of a holding in Romalux, a Spanish awning manufacturer and distributor.

1. COR: Current operating result.

SIREM

Holding: 87.53%

€17.3m
2009 SALES

€0.5m
2009 COR(1)

159
2009 HEADCOUNT

Sirem, which makes gear motors, pumps and the associated electric drive systems, services many markets in two major sectors: water and manufacturing.

In 2009, every one of Sirem's activities was impacted by the global slump in the markets. After a record 2008, its traditional milk tank market was hit by the crisis, as was the business in motorized rollers for advertising hoardings and check-out conveyors. In the water sector, the balneotherapy business suffered the consequences of the collapse of the Spanish market. But, thanks to the launch of a new variable-frequency pump and the success of the joint venture concluded in 2008 with a manufacturer of electronics for balneotherapy applications, Sirem continued to consolidate its leadership in Europe.

The company also won new market share for its swimming pool applications (pumps and motors for pool covers), which have started to grow promisingly on international markets. In the first full year of its activity on the spa market, Sirem has met its targets and the Aquadolce brand was successfully launched in France and Belgium. In an effort to continue to fully exploit the strong growth potential of this application, Sirem also took over Sodim at the end of 2009, in order to "Europeanize" its spa range and pursue its strategic project in the wellness sector.

ZURFLÜH-FELLER

Holding: 100.0%

€53.1m
2009 SALES

€7.8m
2009 COR(1)

376
2009 HEADCOUNT

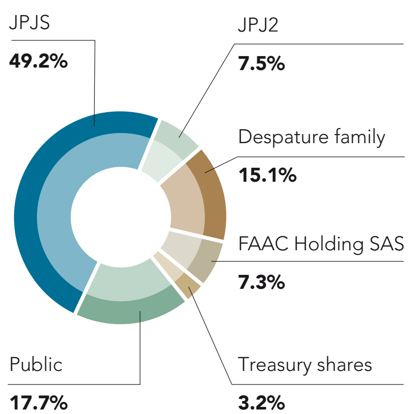
Zurflüh-Feller, which occupies a leading position on the French market, makes components and accessories for roller shutters (fasteners, belt drivers, winches, cranks, etc.).

After seeing a sharp drop in activity in the first half of the year, and a second half in line with 2008, the company's sales dropped by 10.7% in 2009. This relatively good performance on a very weak roller shutter market was driven by the renovation activity, product innovation and the consolidation of the company's position elsewhere in Europe, where Zurflüh-Feller's sales grew by 3.5%. The measures taken to cope with the crisis, including the optimization of the purchasing, production and quality processes, enabled the company to remain financially solid and to protect its margin ratios in 2009.

In 2010, Zurflüh-Feller intends to further its growth by pursuing a targeted international development policy and meeting to new needs for innovation in its roller shutter application in response to the European thermal regulations.

INVESTOR RELATIONS

BREAKDOWN OF CAPITAL
(in %)



NET DIVIDEND
(per share, in €, at December 31)

NET EARNINGS
(per share, in €, at December 31)

CAPITAL
At December 31, 2009, Somfy's capital amounted to €7,836,800, divided into 7,836,800 shares with a nominal value of €1, fully paid up and all in the same class.
The company has not issued any securities giving rights to capital. Stock options that may be exercised after December 31, 2009 are purchase options.
As authorized, the company owned 249,909 Somfy shares at December 31, 2009.

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

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

2010 FINANCIAL CALENDAR

January 22
Release of Q4 2009 quarterly sales

February 25
Supervisory Board

February 26
Financial information meeting 2009 full-year results

April 23
Release of Q1 2010 quarterly sales

April 30
Release of 2009 consolidated accounts

May 11
Supervisory Board

May 12
Annual General Meeting

July 23
Release of Q2 2010 quarterly sales

August 30
Supervisory Board

August 31
Release of consolidated accounts for 1st half 2010

August 31
Financial information meeting Results, S1 2010

October 22
Release of Q3 2010 quarterly sales

November 10
Supervisory Board

ORGANIZATION

SUPERVISORY BOARD

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

AUDIT COMMITTEE

Jean-Bernard Guillebert, Victor Despature

REMUNERATION COMMITTEE

Jean-Bernard Guillebert, Victor Despature

MANAGEMENT BOARD

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

AUDITORS

Ernst & Young Audit
Ledouble

FOR FURTHER INFORMATION:

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Group Financial Director
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Fax: (33) 4 50 40 19 61
E-mail: eblanchard@dsgsomfy.com
www.somfyfinance.com

FINANCIAL REPORT

FINANCIAL REPORT

OVERVIEW OF THE CONSOLIDATED FINANCIAL STATEMENTS

€ millions	31/12/09	31/12/08*
Sales	760.8	749.4
Current operating result	124.1	124.2
Operating result	104.7	120.5
Net result	87.6	85.6
Net result - Group share	88.2	84.9
Cash flow	143.0	123.9
Investments in tangible and intangible assets	30.2	47.7
Amortisation and depreciation	-37.1	-28.0
Shareholders' equity	719.0	670.3
Net financial debt	-13.0	76.4
Non-current assets	754.8	749.2
Average workforce	5,353	5,081

** Goodwill on Zurflüh Feller, Sirem and CIAT (equity accounted) had been determined provisionally in the 2008 financial statements. Supplementary review over goodwill has been performed in the period after acquisition, which has led to restatement at 31 December 2008.*

MANAGEMENT BOARD REPORT TO THE COMBINED GENERAL MEETING OF 12 MAY 2010

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 2009.

Changes in Group structure

Somfy Activities acquired:

- through its subsidiary BFT SpA, the Italian company **O&O**, which manufactures lifting gates, rising bollards and automated sliding doors. Somfy acquired 62.5% of the share capital at a price of €4.9 million. As regards the remaining 37.5%, the parties agreed to a call and respectively put option. O&O was consolidated from the date of acquisition, (January 2009), and contributed €3.5 million to Somfy Group sales and €7.0 million to goodwill for the year to 31 December 2009.
- through its US subsidiary HDI, the assets of **Energy Eye**, a Californian manufacturer of energy saving systems for the accommodation industry. Somfy invested USD 2.0 million. This company was consolidated from the acquisition date (May 2009) and contributed €0.8 million to Group sales and €0.2 to goodwill for the year to 31 December 2009.
- 40% of the share capital of **Oxygen Sarl (Astélia)** for €1.6 million. This company, which is equity-accounted, has developed an emergency alerting system for elderly people who live at home. A call and respectively put option was included in the contract, concerning 50% in 2013 and 10% in 2019. Oxygen contributed €1.4 million equity value at 31 December 2009.
- **Pujol Spain** and **Pujol Portugal**, through its subsidiary Somfy Spain, for €9.3 million. These companies, manufacturers of motors and automation systems for doors and gates, were consolidated from the date of acquisition, (October 2009), and contributed €1.7 million to Somfy Group's sales and €9.0 million to goodwill for the year to 31 December 2009.
- 40% of the share capital of the French company **Axis**, for €0.3 million. Axis was equity accounted in Somfy Group's consolidated financial statements from the date of acquisition, (October 2009). This French company specializes in motors for shutters and contributed €0.3 million equity value at 31 December 2009.

Somfy Participations acquired:

- a 100% stake of **SODIM,** through its subsidiary Sirem International, for €0.7 million. SODIM produces tubs for baths and spas. SODIM was consolidated from December 2009. A provisional negative goodwill of €0.2 million was recognized in the income statement on the line "impairment of goodwill and amortisation of allocated intangible assets".

On 1 January 2008, Somfy recognized the loss of significant influence in FAAC and decided, as a result, to exclude this company from its consolidation scope. Somfy reflected the contribution of FAAC dividends which amounted to €6.1 million in its financial result for the year to 31 December 2009. The FAAC dividends distributed during 2008 were eliminated at the Somfy Group consolidation level as they originated from the 2007 consolidated results.

Highlights

- On 7 October 2009, Somfy Group announced its intention to reorganize its stator production in France. The foreseen reorganization reflects **Spirel's** ongoing and structural difficulties, its need for technology and industrial equipment upgrades and to adapt to market challenges (increasing power of emerging markets developing higher value-added products). The project foresees the phasing out of a portion of stator production from the Saint-Rémy-de-Maurienne (Savoie) site, operated by Spirel and its integration in the French engine assembly factories of Somfy in Cluses (Haute-Savoie) and Gray (Haute-Saône). Somfy is committed to a plan safeguarding jobs for half of Spirel's workforce. A reorganization provision of €12.7 million has been recorded in the financial statements at 31 December 2009.
- Somfy wrote off 50% (€3.5 million) of the goodwill value of the Chinese company **LianDa**. The accumulated losses along with the short and medium term outlook led to this revision of the business plan.

  A provision of €2.0 million was made against the equity value of **Gaviota-Simbac** at 30 June 2009 as the value determined with the discounted cash flow methods fell below the value reflected in Somfy Group's financial statements. Due to the slump in the Spanish market, Gaviota-Simbac saw its sales fall by 14.3% in the year to 31 December 2008 and 27% in the first half of 2009.

Similarly, a provision of €1.9 million (its entire value) was made against **Firstinnov**, an equity accounted company consolidated in Somfy Activities, due to a change in product regulation.

- A provisional one-year allocation of goodwill resulting from the acquisition of **Zurflüh Feller** was recorded in the 2008 financial statements. Additional work was carried out within the timeframe of one year. The residual goodwill after the final allocation amounted to €17.1 million. The 2008 financial statements have been restated accordingly. The impact on the results published in the 2008 financial statements was a negative €665 thousand before tax, and a negative €436 thousand after tax impact.
- A provisional one-year allocation of goodwill resulting from the acquisition of **Sirem** was recorded in the 2008 financial statements. Additional work was carried out within the timeframe of one year. The residual goodwill after the final allocation amounted to €8.0 million. The 2008 financial statements have been restated accordingly without any impact on the results published at 31 December 2008.
- A provision against the equity value of the **CIAT** group was made in the 2008 financial statements. Further work has been executed during the year and the final value of the equity amounted to €37.3 million. The 2008 financial statements have been restated accordingly. The impact on the results published at 31 December 2008 was a negative €385 thousand (in the results of subsidiaries accounted for on an equity basis).

Accounting Changes

CHANGES IN THE PRESENTATION OF THE INCOME STATEMENT

In order to improve the quality of information provided, the presentation has changed compared to Somfy Group's income statement at 31 December 2008. Two changes were made:

- Addition of a widely used aggregate within Somfy Group: **EBITDA**, which represents current operating result before current intangible asset amortisation, PPE depreciation and excluding provisions for current liabilities and charges.
- Incorporation of intangible asset write-downs allocated as part of business combinations (IFRS 3) under "goodwill impairment". Since the value of this impairment had significantly increased due to the various acquisitions made by the Group, it had become important to exclude them from current operating result in order to retain a true and fair view of the Group's financial performance.

APPLICATION OF HEDGE ACCOUNTING TO INTEREST RATE HEDGES

As of 1 January 2009, Somfy Group has chosen to apply hedge accounting for financial instruments that meet the criteria defined by IFRS. This option only relates to interest rate hedges (primarily swaps of variable rates against fixed rates). These instruments are used by Somfy to hedge the liabilities of LBO transactions.
As "Cash flow hedge" as per IAS 39, fair value hedges of interest rates recognized as eligible for hedge accounting are recognized in equity for the effective portion. The negative impact on equity at 31 December 2009 was €1,044 thousand, being a negative €690 thousand net of deferred tax. The fair values of hedging foreign exchange and interest rates not eligible for accounting hedges are recognized in financial result.

Presentation of Financial Statements

PARENT COMPANY FINANCIAL RESULTS

For the year to 31 December 2009, Somfy SA sales were €2.9 million. Financial result amounted to €85.1 million, including €83.2 million in dividends paid by its subsidiaries in respect of their net profit for the year to 31 December 2008.

Net result amounted to €83.7 million including €3.9 million income from tax consolidation.

CONSOLIDATED FINANCIAL STATEMENTS

Sales

Group sales amounted to €760.8 million for the year just ended, an increase of 1.5% in real terms, although a decrease of 4.0% on a like-for-like basis. The decrease was due to the particularly difficult international situation, notably in the first part of the year. The financial and economic recession has had a serious impact on the construction and building material sectors. A situation that logically affected Somfy Activités but also Somfy Participations as a result of its different subsidiaries diverse activities. The second part of the year was impacted by the continuing dismal conditions but helped by a positive base effect, and saw a growth of 4.3% on a like-for-like basis in the fourth quarter.

- The **Somfy Activities** branch reported sales of €666.5 million. This is a decrease of 3.7% on a like-for-like basis over the full financial year, reflecting varying trends in its operations and geographies.

In 2009 Somfy performed well in its difficult segment of doors and gates. Conversely, the market's entry-level segments for blinds and shutters felt stiff competition from Asian manufacturers. In terms of geographic scope, the contrasting results are notable; three areas closed the year up and four down. France, Germany and Central Europe improved during the year. Asia-Pacific and northern Europe, however, reported a decline despite a return to growth in the fourth quarter. America and southern Europe only managed to limit their downward trend over the last quarter and finished the year down significantly.

- The **Somfy Participations** branch reported sales of €94.2 million. This is down 7.5% on a like-for-like basis over the full financial year, and up 2.0% in the fourth quarter. The three fully consolidated subsidiaries added to the overall decline during the year. Zurflüh Feller and Cotherm have returned to growth in the fourth quarter. Sirem only managed to reduce the negative trend of the previous months at the end of the year.

€ thousands	31/12/09	31/12/08	Change Y/Y-1	Change Y/Y-1 like-for-like
France	203,504	200,830	1.3%	1.2%
Germany	101,257	95,717	5.8%	5.6%
Northern Europe	83,383	92,035	-9.4%	-6.1%
Eastern and Central Europe	52,503	54,822	-4.2%	0.1%
Southern Europe	126,120	139,446	-9.6%	-12.2%
Asia-Pacific	42,532	43,166	-1.5%	-3.7%
Americas	57,242	64,988	-11.9%	-14.4%
SOMFY ACTIVITIES	**666,541**	**691,004**	**-3.5%**	**-3.7%**
Somfy Participations	94,236	58,349	61.5%	-7.5%
SOMFY CONSOLIDATED	**760,777**	**749,353**	**1.5%**	**-4.0%**

Results

Group current operating result remained virtually stable at €124.1 million.

- **Somfy Activities** current operating result was down from €118.0 million to €114.7 million, being 17.2% of sales.

This decline masks a strong performance in gross margin, the result of improved purchasing conditions, production tool optimisations, and reduced overhead costs as a result of short-term measures. However, research and development budgets have remained at high levels to reinforce the Group's positioning, notably in the residential automation and energy-consumption optimization system niches.
Likewise, several acquisitions and tactical equity positions have been undertaken during the year (Astelia, in domestic automation solutions, Axis, in motorized components for shutters, Energy Eye (U.S), for energy consumption optimisation systems, O&O (Italy), in control mechanisms for urban access and sliding gates, Pujol (Spain), in motors for doors and gates).

- **Somfy Participations** current operating result increased to €9.4 million, from €6.3 million in the previous financial year.

This increase reflects the full-year consolidation of Zurflüh Feller and Sirem companies, acquired during the course of the previous year.

The Group net profit increased by 2.4% to €87.6 million. This reflects a significant improvement in financial result, due notably to the recognition of FAAC dividends. Conversely, the non-recurring items have been impacted by industrial restructuring projects and the writedown of goodwill.

The contribution of equity accounted subsidiaries (-€2.0 million) was impacted by €3.9 million of impairment charges.

Financial position

The net financial surplus stood at €13.0 million at year-end and net shareholders' equity at €719.0 million.

Segment reporting at 31 December 2009

€ thousands	Somfy Activités	Somfy Participations	Other	Intra-segment	Consolidated
Segment sales	666,571	95,405	-	-1,199	760,777
Current operating result	114,742	9,449	-140	-	124,050
Share of profit of equity accounted companies	-2,306	284	-	-	-2,023
Cash flow	120,913	23,538	-1,474	-	142,977
Investments in tangible and intangible assets	26,678	3,511	-	-	30,189
Goodwill	110,697	35,728	-	-	146,425
Net intangible and tangible assets	197,805	64,644	-	-	262,449
Shares of non consolidated companies	198	198,583	-	-	198,781
Equity accounted companies	1,604	57,043	-	-	58,647

Valuation of Somfy Participations Portfolio

Methodology

The net asset value at December 2009 is the sum total of the financial assets owned by Somfy Participations. Financial assets defined as bonds are valued at their nominal value including accrued interest. Regarding investments consolidated fully or equity accounted for, and assets available for sale, the assessment methods chosen are:

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

Market Peer Multiples method:

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

Discounted cash flow method (DCF):

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

Choice of Method:

Where the company being evaluated is mature in its market, its enterprise value is calculated by averaging the market peer multiples valuation and the discounted cash flow valuation.
To evaluate companies where the bulk of future growth depends on new markets (resulting from a change of strategy), the enterprise value is calculated with the DCF method.
This multiple criteria analysis notably takes into account Somfy's intrinsic knowledge of its equity and its approach to medium-term investment.
The enterprise valuation is increased or decreased by non-operating items, assessed at their net book value or market value if it can be reliably determined and the net debt, to obtain the recalculated value of 100% of the subsidiary. Debts are valued at their nominal value plus accrued interest. The equity stake value in the net assets is obtained by applying the percentage of ownership by Somfy at the date of valuation. A minority discount is applied for certain subsidiaries with minority shareholding and/or reduced controls.

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

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

Somfy Participations portfolio valuation at 31 December 2009

€ millions	Valuation at 31 December 2009
Equity portfolio	309.4
Mezzanine portfolio	56.4
TOTAL PORTFOLIO	**365.8**

Post-balance sheet events

As part of the action to adopt the production facilities started in 2009 by Somfy Activités, a second measure concerning the Way production company started in the first half of 2010. No estimate can be made of the expected costs, however, the impact will be significantly lower than the costs arising from the first restructuring plan, that affected the 2009 financial statements.

Outlook

The current economic and competitive environment leads the Group to remain cautious in the coming quarters.

The 2009 reorganization of Somfy Activities' industrial facilities will be finalized in 2010. This will complete the proposed transfer of a portion of the French stator production to the Cluses and Gray sites.

Similarly, the Group will continue to make, and even increase in some areas, the necessary investments and acquisitions to complete its product portfolio and distribution networks thereby enabling it to consolidate its position, enter new markets and territories, and thus come out of the crisis stronger.

Somfy Participations is to carry out a selective investment policy that creates value, targeting industrial businesses whose business model the Group understands and which share the same values. The priority will be to support the development of the recently acquired companies and to enhance the existing portfolio of investments, while carefully considering the opportunities that present themselves on the market.

Information on the distribution of capital and holdings

DISTRIBUTION OF CAPITAL (ARTICLE L. 233-13 OF THE FRENCH COMMERCIAL CODE)

Shareholders owning more than 5% of the share capital or controlling more than 5% of voting rights at 31 December 2009:

	Number of Shares	% share capital	Number of voting rights	% voting rights*
JPJ-S SCA**	3,858,802	49.24	7,717,604	59.33
JPJ 2 SA	584,889	7.46	584,889	4.50
Despature Family	1,183,711	15.10	1,849,631	14.22
FAAC Holding SAS	571,400	7.29	1,142,800	8.78
Northern Trust	558,703	7.13	558,703	4.29

* Based on share capital comprising 7,836,800 shares at 31 December 2009 representing 13,008,699 voting rights, in accordance with Article 223-11 of AMF general regulations.
** There is a binding agreement between JPJ-S SCA and members of the Despature family.

Changes to this list during the year 2009 are described below in the section "Disclosure of shareholding threshold crossings pursuant to Article L. 223-7 of the French Commercial Code".

RECIPROCAL HOLDINGS
(ARTICLES L. 233-29 AND R.233-19 OF THE FRENCH COMMERCIAL CODE)

There are no reciprocal holdings as defined by current regulations.

SHAREHOLDERS' AGREEMENTS

Actions in concert and pre-emption agreement

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

Collective retention agreements

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

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

BYLAW PROVISIONS RELATING TO MULTIPLE VOTING RIGHTS
(EXCERPT OF ARTICLE 28)

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

DISCLOSURE OF SHAREHOLDING THRESHOLD CROSSINGS, PURSUANT TO ARTICLE L. 223-7 OF THE FRENCH COMMERCIAL CODE

On 29 December 2009, the company JPJ-S crossed the 5%, 10%, 15%, 20%, 25% and 1/3 threshold in share capital and voting rights and 50% of voting rights in Somfy SA. It then held 3,858,802 Somfy shares, representing 7,717,604 voting rights, which is 49.24% of the share capital and 62.19% of voting rights, based on a share capital of 7,836,800 shares, representing 12,410,184 voting rights under the 2nd paragraph of Article 223-11 of the General Regulations of the French Financial Markets Authority (AMF).
This threshold crossing resulted from the split on 29 December 2009 of JPJ into two distinct limited companies with shares (JPJ-D and JPJ-S), resulting notably in the contribution of 3,858,802 Somfy shares held by JPJ to JPJ-S.
The JPJ-S company threshold crossing of one third of the capital and voting rights of Somfy SA, was subject to a decision on 1 December 2009, by the AMF to waive the filing of a project for public offer. This decision was published in the Decision and Information 209C1471 and posted on its website on 7 December 2009.

BYLAW PROVISIONS RELATING TO THRESHOLD CROSSINGS
(EXCERPT OF ARTICLE 12)

Any individual or legal entity, acting alone or in concert, who comes to hold a number of shares representing a proportion of the share capital or voting rights, equal to or exceeding 1%, or a multiple thereof, including above the threshold declarations prescribed by law or regulations, must inform the company of the total number of shares and voting rights they hold, as well as the securities providing access in time to the capital and voting rights potentially attached by registered letter with acknowledgement of receipt, within five stock market trading days of the shareholding threshold being crossed.
The disclosure obligation also applies when the shareholding and voting rights thresholds are crossed downwards, if applicable.
The sanctions provided by law in the event of non compliance with the requirement to declare the crossing of legal thresh-

olds also apply in the event of non declaration of crossing of thresholds provided by the present bylaws, on the request, recorded in the minutes of the General Meeting, of one or a number of shareholders holding at least 5% of the capital or voting rights of the Company.
At the time of the next General Meeting, the Management Board will propose to shareholders to remove the requirement in the bylaws relative to the crossing of the thresholds and to proceed at the same time to simply delete the last three paragraphs of Article 12 of the bylaws.

INFORMATION ON THE PURCHASE OF OWN SHARES (ARTICLE L. 225-211 OF THE FRENCH COMMERCIAL CODE)

The Company has implemented several successive treasury share purchase programmes. The most recent programme was launched in 2009; it was authorised by the Annual General Meeting of 13 May 2009 and had the following objectives:
- to stimulate the market and provide liquidity by way of an investment services provider within a liquidity contract that conforms to the Ethics Charter of AMAFI recognised by the "Autorité des Marchés Financiers" (French financial markets authority);
- to cover option plans to purchase shares granted to employees and senior executives of the Group or to enable the allocation of free shares to employees and senior executives of the Group.

During the financial year, on the basis of the authorisations given by the General Meetings of 2008 and 2009, the Management Board made use of the authorisation thus granted and bought 3,310 shares at an average price of €130.72, sold 4,352 shares at an average price of €161.06 and allocated 6,279 shares at an average price of €78.54 in respect of exercised options. There were no trading expenses.
The 3,310 shares acquired were exclusively allocated to authorised liquidity objectives.
No other shares were re-allocated for objectives other than those initially specified.
The company held 249,909 shares at 31 December 2009, representing 3.19% of the capital, the value of the purchase price of the share amounted to €163.76 for a nominal value of €1 each, representing a total nominal value of €249,909.
The Management Board will submit for the shareholders' approval a new treasury share purchase plan for a period of eighteen months. This plan would replace the current programme, which will be terminated early. It would allow management to purchase up to 10% of the shares of the company on the day of the next Meeting; the main objectives of the programme would be:
- to stimulate the market and provide liquidity by way of an investment services provider within a liquidity contract that complies with the Ethics Charter of AMAFI recognized by the "Autorité des Marchés Financiers";
- to cover option plans to purchase shares granted to employees and senior executives of the Group or to enable the allocation of free shares to employees and senior executives of the Group;
- to return the shares purchased and use them subsequently in exchange or as consideration for possible acquisitions, it being noted that shares acquired to this effect may not exceed 5% of the Company's share capital;
- to proceed with the possible cancellation of shares acquired subject to the authorisation to be granted by the General Meeting for a period of twenty four months which is until 11 May 2012.

In addition, to the extent that one of the objectives of this share buyback programme is designed to enable the cancellation of shares purchased by the Company, the Management Board will request the General Meeting for an authorisation to cancel, at its own discretion, on one or more occasion, within the limit of 10% of the share capital calculated on the day of decision to cancel, less any shares cancelled during the previous 24 months, the shares that the Company holds or will hold as a result of repurchases carried out pursuant to Article 225-109 of the Commercial Code as well as concurrently reducing the share capital.

INFORMATION ON INVESTMENTS AND CONTROLLED COMPANIES

- Investments in French companies during the financial year ending 31 December 2009 (Article L. 233-6 of the French Commercial Code):

	Direct control		Indirect control	
Company name	Number of shares	% share capital	Number of shares	% share capital
Oxygen	3,065 membership shares	40.0	-	-
Axis	333 shares	40.0	-	-
Overkiz	-	-	48,160 shares held by Somfy SAS*	80.0
SODIM	-	-	52,000 shares held by Sirem International**	100.0

** Somfy SAS is fully held by Somfy SA.*
***Sirem International is fully held by Financière Nouveau Monde, itself 87.53% owned subsidiary of Somfy SA.*

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

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

(Article L. 225-100-3 of the French Commercial Code)

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

- the capital structure and all direct or indirect holdings known of Somfy SA and all relevant information that are described under "Information on the distribution of capital and holdings";
- there are no bylaws restrictions on the exercise of voting rights, except the penalty of deprivation of voting rights for the non declaration of crossing thresholds laid out by the bylaws (see extracts of Article 12 on the bylaws);
- there are no securities with special control rights, aside from the existence of double voting rights enjoyed by fully paid shares registered under the same nominative shareholder for at least four years (see excerpt from Article 28 of the bylaws);
- covenants and other commitments signed between shareholders that could lead to restrictions on transfer of shares and exercise of voting rights have been referred to in the "Shareholders' Agreements";
- rules governing the appointment and replacement of Management Board members and any bylaws amendments are provided for in Articles 15 and 30 of the bylaws reproduced below:

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

  The Management Board is composed of a minimum of two and no more than 5 members who may or may not be shareholders.

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

  "No person aged over 65 may be appointed to the Management Board. Members of the Management Board upon reaching 65 shall step down at the Supervisory Board's next meeting.

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

  Board Members can be re-elected.

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

  The Supervisory Board must fill Board vacancies within a two-month time frame should the number of Directors fall below the minimum required by the bylaws.

  Otherwise, any interested party may ask the President of the Commercial Court, acting in chambers, to make this temporary appointment. The person thus appointed may, at any time be replaced by the Supervisory Board.

  Management Board Members or Chief Executive Officer may only be dismissed by the Annual General Meeting or by the Supervisory Board. If dismissal is decided without just cause, it may give rise to damages.

  In the case where an individual holds an employment contract with the company, the revocation of his/her functions purely as a Management Board Member or Chief Executive Officer will not terminate this contract".

  At the next General Meeting, the Management Board will propose to shareholders to increase the age limit for members of the Management Board from 65 to 70 years and as a result, revise Article 15 of the bylaws.

  As of January 2009, the Management has recorded the departure of one of its members, Nicolas Duchemin, on 8 June 2009.

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

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

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

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

Information on the terms and conditions of retention of shares allocated free to senior executives (Article L. 225-197-1 II paragraph 4 of the French Commercial Code)

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

Information on appointments held and remuneration received during the financial year

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

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

The Supervisory Board met on 12 November 2009 and reappointed the Management Board members whose terms were due to expire. These appointments took effect on 27 November 2009, for a period of 4 years.

The Management Board is therefore composed as follows:

- **Paul Georges DESPATURE – Chairman of the Management Board**

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

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

- profit growth (average annual growth of current operating result over two years),
- return on capital employed (average ROCE over two years),
- coverage ratio (net borrowings/cash flow at 31 December).

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

The contract grants a contingent right to a differential supplementary pension, called “Article 39”, which is a function of beneficiaries’ length of service (a minimum of 15 years) and a reference salary defined as the average of the three best years after application of the CNAV revaluation coefficients.

With over 35 years 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, as Damart System ICC, which became DSG SA, employs him. The commitments of this contract and corresponding assets are outsourced to an insurance company. Future commitments are fully covered by the managed assets of the scheme, measured at their fair value. This old scheme has been closed and no longer accepts any new members. It is consistent with the AFEP-MEDEF recommendations of 6 October 2008.

The Supervisory Board on 12 November 2009 drawing the consequences of the application of the AFEP-MEDEF recommendations decided to end the cummulation of an employment contract and term of office for the Chairman of the Management Board. The termination of the employment contract will occur on 30 June 2010 and will give rise to payment of compensation for retirement set by the Collective Agreement. The end of the cummulation of employment also gives rise to a revision of the remuneration for the term of office, that the Supervisory Board had set with effect from this maturity at €200,000. To comply with the recommendation of transparency on remuneration, this revision was made public in the annual report published at the time of the decision of the Board. It will be repeated in the regulated agreements for 2010.

- **Wilfrid LE NAOUR – Chief Executive Officer Somfy Participations**

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

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

- profit growth (average annual growth of current operating result over two years),
- return on capital employed (average ROCE over two years).

The results for the year just ended appear in the summary table (page 73). With effect from 2010, the fixed annual total remuneration of Wilfrid LE NAOUR has been set at €353,500.

- **Jean-Philippe DEMAEL – Chief Executive Officer Somfy Activities**

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

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

- profit growth (average annual growth of current operating result over two years),
- return on capital employed (average ROCE over two years).

The results for the year just ended appear in the summary table (page 73). With effect from 2010, the fixed annual total remuneration of Jean-Philippe DEMAEL has been set at €343,000.

The company CMC (SARL) established a supplementary pension plan in 2006. This plan applies to Directors and III-C-position Executives, as well as Managers benefiting from an employment contract, in accordance with the categories defined by the French Convention Collective Nationale des Ingénieurs et Cadres de la Métallurgie.
The plan grants a contingent right to supplementary pension, pursuant to the so-called “Article 39”, which is a function of the seniority of the beneficiary (a minimum of 15 years). The right to supplementary pension is acquired at a rate of 0.75% per year of service and cannot exceed 15% of the potential beneficiary’s reference salary. The reference salary is defined as the average of the best 3 years after applying CNAV re-evaluation coefficients. Based on estimates setting at 35% the future rate of replacement provided by the compulsory pension plans when the related population reaches retirement age, this plan should enable increasing the rate to 35 + 15 = 50% of the reference salary for beneficiaries whose career within the Group lasted 20 years or more.
Commitments of the plan and corresponding assets have been outsourced to an insurance company. Future commitments are fully covered by plan assets under management, which were measured at fair value. This plan is consistent with the AFEP-MEDEF recommendations of 6 October 2008.
Management Board members likely to be concerned by the plan are Wilfrid Le NAOUR and Jean-Philippe DEMAEL.

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

For each member of the Management Board, and with effect from 2010, the Board revised the scale of determination of the variable part of the remuneration. This will now be calculated through the combination of three criteria:

- increase in current operating result, measured as average growth over 2 years;
- the level of Return on Capital Employed, measured as its average value over 2 years;
- sales growth, measured as sales increase, and a differential with the sales increase of a benchmark group of 9 companies considered comparable.

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

- **Jean DESPATURE**

– Member of the Supervisory Board of Damartex

- **Victor DESPATURE**

– Chairman of the Supervisory Board of SCA Boulinvest, Soparthlon B, JPJ-D and JPJ-S
– Chairman and Chief Executive Officer of MCSA
– Chairman of SAS MCSA - 2 E
Member of the Supervisory Board of Damartex
– Representative of MCSA, Chairman of SAS Sipem, Celerc and ADC
– Permanent Representative of SCA Cimoflu, member of the Supervisory Board of SCA Soparchan B
– Manager of SC Sopardic, Horatio, Point du Jour, Soparboul, Vicma, Devin-VD, SARL MCSA – Tunis and SCI Le Maréchal, Pouzaint and CJP

- **Jean-Bernard GUILLEBERT**

– Vice-Chairman of the Supervisory Board of Auchan and Damartex Groups
– Director of Adéo Group

- **Xavier LEURENT**

– Member of the Supervisory Board of Damartex
– Manager of Fidep

- **Anthony STAHL**

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

REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

Summary of remuneration and options allocated

	2008	2009
Paul Georges DESPATURE Chairman of the Management Board		
Remuneration due	606,000	656,000
Value of options allocated	0	0
Value of performance shares	0	0
Total	**606,000**	**656,000**
Wilfrid LE NAOUR Member of the Management Board		
Remuneration due	475,461	482,577
Value of options allocated	102,300	0
Value of performance shares	0	0
Total	**577,761**	**482,577**
Jean-Philippe DEMAEL Member of the Management Board (from 01/01/2009)		
Remuneration due	0	444,932
Value of options allocated	0	0
Value of performance shares	0	0
Total	**0**	**444,932**
Jean-Bernard GUILLEBERT Chairman of the Supervisory Board		
Remuneration due	34,500	42,300
Value of options allocated	0	0
Value of performance shares	0	0
Total	**34,500**	**42,300**

	2008	2009
Jean DESPATURE Member of the Supervisory Board		
Remuneration due	7,960	4,000
Value of options allocated	0	0
Value of performance shares	0	0
Total	**7,960**	**4,000**
Victor DESPATURE Member of the Supervisory Board		
Remuneration due	23,060	14,800
Value of options allocated	0	0
Value of performance shares	0	0
Total	**23,060**	**14,800**
Xavier LEURENT Member of the Supervisory Board		
Remuneration due	7,960	4,000
Value of options allocated	0	0
Value of performance shares	0	0
Total	**7,960**	**4,000**
Anthony STAHL Member of the Supervisory Board		
Remuneration due	6,960	3,000
Value of options allocated	0	0
Value of performance shares	0	0
Total	**6,960**	**3,000**

Procedure to set the Directors' remuneration

The remuneration of management detailed below is proposed by the Remuneration Committee. It is considered by experts annually and conforms to market practices. Taking into account the AFEP-MEDEF recommendations on Directors' remuneration for listed companies, the Remuneration Committee defines and submits the various components of remuneration as well as the criteria for allocation of the variable part of the Directors' remuneration, for approval by the Supervisory Board.

Individual remuneration summary

In euros	2008 amounts due	2008 amounts paid	2009 amounts due	2009 amounts paid
Paul Georges DESPATURE				
Chairman of the Management Board				
Fixed remuneration	456,000	456,000	456,000	456,000
Variable remuneration	150,000	411,135	200,000	150,000
Exceptional remuneration	0	0	0	0
Attendance fees	0	0	0	0
Benefits in kind	0	0	0	0
Total	**606,000**	**867,135**	**656,000**	**606,000**
Wilfrid LE NAOUR				
Member of the Management Board				
Fixed remuneration	344,879	348,157	344,879	342,205
Variable remuneration	80,000	135,000	100,000	80,000
Exceptional remuneration	44,257	44,257	31,782	31,782
Attendance fees	0	0	0	0
Benefits in kind	6,325	6,325	5,916	5,916
Total	**475,461**	**533,739**	**482,577**	**459,903**
Jean-Philippe DEMAEL				
Member of the Management Board (from 01/01/2009)				
Fixed remuneration	0	0	335,000	334,377
Variable remuneration	0	0	80,000	62,000
Exceptional remuneration	0	0	25,264	25,264
Attendance fees	0	0	0	0
Benefits in kind	0	0	4,668	4,668
Total	**0**	**0**	**444,932**	**426,309**
Jean-Bernard GUILLEBERT				
Chairman of the Supervisory Board				
Fixed remuneration	0	0	0	0
Variable remuneration	0	0	0	0
Exceptional remuneration	0	0	0	0
Attendance fees	34,500	34,500	42,300	42,300
Benefits in kind	0	0	0	0
Total	**34,500**	**34,500**	**42,300**	**42,300**

In euros	2008 amounts due	2008 amounts paid	2009 amounts due	2009 amounts paid
Jean DESPATURE				
Member of the Supervisory Board				
Fixed remuneration	0	0	0	0
Variable remuneration	0	0	0	0
Exceptional remuneration	0	0	0	0
Attendance fees	7,960	7,960	4,000	4,000
Benefits in kind	0	0	0	0
Total	**7,960**	**7,960**	**4,000**	**4,000**
Victor DESPATURE				
Member of the Supervisory Board				
Fixed remuneration	0	0	0	0
Variable remuneration	0	0	0	0
Exceptional remuneration	0	0	0	0
Attendance fees	23,060	23,060	14,800	14,800
Benefits in kind	0	0	0	0
Total	**23,060**	**23,060**	**14,800**	**14,800**
Xavier LEURENT				
Member of the Supervisory Board				
Fixed remuneration	0	0	0	0
Variable remuneration	0	0	0	0
Exceptional remuneration	0	0	0	0
Attendance fees	7,960	7,960	4,000	4,000
Benefits in kind	0	0	0	0
Total	**7,960**	**7,960**	**4,000**	**4,000**
Anthony STAHL				
Member of the Supervisory Board				
Fixed remuneration	0	0	0	0
Variable remuneration	0	0	0	0
Exceptional remuneration	0	0	0	0
Attendance fees	6,960	6,960	3,000	3,000
Benefits in kind	0	0	0	0
Total	**6,960**	**6,960**	**3,000**	**3,000**

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

In euros	2008	2009
Jean-Bernard GUILLEBERT	34,500	42,300
Victor DESPATURE	23,060	14,800
Jean DESPATURE	7,960	4,000
Xavier LEURENT	7,960	4,000
Anthony STAHL	6,960	3,000

During the next Meeting, €80,000 for attendance fees will be proposed to shareholders for the year 2010.

Options exercised during the financial year

	Plan number	Plan date	Number of options	Exercice price	Date allocated
Wilfrid LE NAOUR	13	1/12/03	1,285	125.05	2003

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

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

Information on transactions performed by Directors during the financial year

(Article 223-26 AMF general regulations)

The Company is aware that various buying and selling transactions falling within the scope of Article L. 621-18-2 of the French Monetary and Financial Code, have been carried out for the respective amounts of €1,476,000 and €8,964,352 during the past financial year.

Corporate Governance

AUDIT COMMITTEE

The mission of the Audit Committee, which currently comprises 2 members, Mr. Jean-Bernard GUILLEBERT and Mr. Victor DESPATURE, is to ensure the relevance and consistency of accounting policies and methods used in the preparation of the consolidated and parent company accounts, and to verify that internal procedures regarding the collection and control of information ensure this.
Since its creation in 2002, the Audit Committee met at least at each half year and annual closing. During the financial year ended 31 December 2009, the Audit Committee met on five occasions and one absence was noted.
The Internal Audit Department is under the supervision of the Audit Committee and reports to the Chairman of the Management Board. This department comprises the Internal Audit Officer and two auditors, and carries out audits that evaluate the correct application of accounting principles and organisation and systems implemented in the audited entities. The Internal Audit Officer submits a report on his activities to the Audit Committee twice yearly.
An audit assignment schedule is established annually together with Somfy SA's management. It is subject to approval by the Management Board and validation by the Audit Committee. In addition, emergency assignments not included in the audit schedule may be carried out during the year upon a request from the Management Board or from the Audit Committee.
Generally speaking, the assignments carried out by Internal Audit provide an independent assessment of the efficiency of each entity's internal control system. If necessary, entities are informed of the shortcomings identified in their internal audit and recommendations are issued to them.
To date, virtually all Group subsidiaries have been the subject of such an audit and a large part of them was audited several times (follow-up audits and control of action plan implementation following the issue of recommendations). In 2009, 16 subsidiaries were the subject of a field audit.

REMUNERATION COMMITTEE

The mission of the Remuneration Committee, which comprises 2 members, Mr. Jean-Bernard GUILLEBERT and Mr. Victor DESPATURE, is to submit proposals to the Supervisory Board, notably concerning the amount and methods of calculation of remuneration of executive officers and senior management and offer opinion on attendance fees.
The Committee engages a specialized firm in senior management remuneration, which informs them of the generally applied practices in comparable companies.
The remuneration Committee met four times during the year ending 31 December 2009.

INDEPENDENCE OF THE MEMBERS OF THE SUPERVISORY BOARD

As provided by the AFEP/MEDEF framework and the Supervisory Board's internal regulations, the Board has assessed the independence of its members.
Based on the independence criteria suggested by the AFEP/MEDEF framework, the Supervisory Board notes that, to date, an independent member of the Board is a member who has no relationship of any nature whatsoever with Somfy SA or its management, or with a company consolidated by Somfy group, that may affect his/her freedom of judgment, and who meets the following criteria:
- he/she is not an employee or has not held a general management position within the Group, and has not been or held such a position during the last five years,
- is not, directly or indirectly, a significant customer, supplier, investment or finance banker of Somfy SA or its Group, or for which Somfy SA or its Group represent a significant share of his/her business activity,

- is not closely related to any shareholder or Director,
- has not been a Statutory Auditor of a Group company over the past five years,
- is not a shareholder, or controls any shareholder who holds, individually or in concert, more than 10% of the share capital or voting rights at Somfy SA's general meetings.

In light of these criteria, the Supervisory Board considered that only Jean-Bernard Guillebert qualified as an independent member. The latter provides Somfy Group with all his experience in the fields of finance, management and risk monitoring.

Information on Research and Development activities

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

In 2009, Somfy Group focused its development on the materialisation of realistic and affordable home automation. Concrete yet simple solutions offered by Sunis RTS or Thermosunis RTS, such as combining a sunlight probe and thermostat, demonstrate affordable home automation. Similarly, Tahoma's new interface, presented at Batimat in November lauded for its ease of use, enables individuals to set their own parameters for io-homecontrol equipment.

In the world of commercial construction, Somfy's innovative solutions included the "Dynamic Insulation" concept to meet today's new thermal regulations and environmental requirements. Sunscreens, a key element of bioclimatic facades, allow automatic interior and exterior climate control exchanges improving the energy performance of buildings and the comfort of their occupants.

Meanwhile, Somfy worked to strengthen its product offering and technological knowledge through acquisitions. The Door & Gate business entered the urban access market through its acquisition of Italian company O&O, which specializes in the design and manufacturing of bollards. The integration of Energy Eye in the United States improved its offering of energy consumption optimization systems for the hotel industry.

In 2009, these new products and innovations, protected by 30 patents, generated sales of €65 million, compared to €15 million in 2008 and €4 million in 2007, strongly reflecting the relevance of the research and development group's investment strategy.

Information on employee shareholding

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

At 31 December 2009, the *FCPE Somfy (Somfy Investment Fund Scheme)* held 50,144 Somfy shares amounting to 0.64% of the Company's share capital.

Information on the environmental impact of Company operations

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

Following the 2008 Carbon Testing, an action plan to reduce greenhouse gas emissions (GHGs) across all Somfy SAS activities was developed. The plan, covering 21 steps items, forms an innovative and pragmatic approach to reconciling economic performance while limiting environmental impact. Accordingly, a key objective is to reduce energy consumption throughout a motor/engines' lifecycle: in its manufacturing process by reducing the amount of raw materials required, and in its use by reducing consumption while running or on standby.

The action plan also focuses on freight transport (making up 23% CO_2) with the creation of a tool that calculates GHG emissions produced by the transit of goods and the inclusion of sustainability criteria in procurement activity.

As for staff travel, use of public transport doubled in 2009 and the number of videoconferences increased 400%. In addition, the proximity of seminar locations was prioritized to minimize travel requirements by participants.

Concerning waste, in 2009 as Special Industrial Waste such as oils and solvents have been under ongoing scrutiny and effort, the focus was on ordinary industrial waste such as paper. By rationalizing the number of providers, harmonizing sorting systems and establishing individual sorting skips, recycling efforts at Somfy reached 65% with a target of 90 to 95%.

Lastly, Somfy has created the Eco-Ambassadors, a network of colleagues committed to promoting sustainable development in the field and on a daily basis. They are the spokespeople and guardians of the eco-attitude at their sites and within their services.

CONSUMPTION TABLE

	Quantity	Value € thousands
Water (m^3)	53,531	103
Electricity (KMW)	23,161	1,744
Copper (Tons)	1,008	6,753

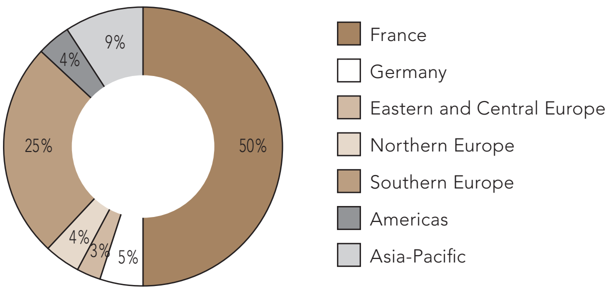
Information on the impact of Group activities on its employees

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

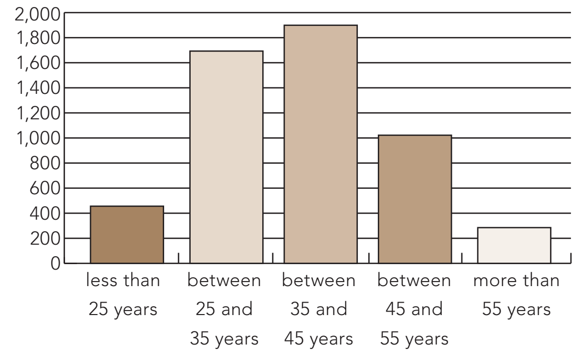
In anticipation of a difficult economic cycle, the Group put several measures in place with a social impact. In agreement with its unions, Somfy SAS implemented a salary and hiring freeze during 2009. The teams showed their responsiveness and involvement, clearly demonstrating a commitment to, and confidence in the fundamentals of the Group.
The "Your Dreams are Our Projects" initiative was launched in February 2009 to stimulate a spirit of innovation and to reward any short to medium term implemented projects.
The success of the initiative was immediate as demonstrated by the contributions received from all business lines and subsidiaries (48 participated) submitting 650 projects. 100 "dreams" were identified of which 8 were rewarded. The key themes focused on encouraging creativity, improving quality of life of employees and the commitment to sustainable development.
Moreover, facing increased competition from emerging markets, especially in entry-level products, the Group implemented a project to upgrade its industrial equipment in order to safeguard its competitiveness. The project began in 2009 with a reorganization of Spirel (Savoie) by transferring a portion of its stator production to Cluses (Haute-Savoie) and Gray (Haute- Saône). 107 of the 222 jobs will be maintained at Saint-Rémy-de-Maurienne. Aware of its social responsibility, the Group is offering positions in its French factories to any adversely impacted Spirel employee and has established a comprehensive and ambitious Employment Safeguard Plan, to enable staff not wishing to participate in the proposed internal transfers, to find jobs expediently and with better conditions.

A FEW FIGURES

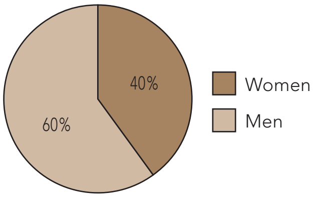
Workforce analysis by geographic zone



Workforce analysis by age



Workforce analysis men/women



Information on delegations relating to share capital increases and other authorisations

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

The Management Board benefits from the following delegation of authority:

	Date of General Meeting	Authorisation expiry date	Authorised amount	Amount of authorised amount used during the year to 31 December 2009	Residual amount at 31 December 2009
Authorisation to issue stock options	Extraordinary General Meeting 13 May 2009	12 July 2012	1.5% of share capital	None	1.5% of share capital
Authorisation to grant existing free shares	Extraordinary General Meeting 13 May 2009	12 July 2012	1.5% of share capital	None	1.5% of share capital
Authorisation to proceed to shares buyback	Ordinary General Meeting 13 May 2009	12 November 2010	6.75% of share capital	0.03% of share capital	6.72% of share capital

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

Information on the terms of payment (Article L. 441-6-1 of the French Commercial Code)

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

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

Information on other risks

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

Somfy Group uses hedging instruments provided by its usual banking partners to hedge its exposure to interest rate, foreign exchange and raw material risks.
These risks result from:

- Operational activities: production (hedges on copper included in motors), trading (intra-group foreign currency-denominated invoicing of finished products manufactured by trading subsidiaries outside the Euro zone),
- Financing (interest rate hedge on Somfy Participations' LBO debt and on medium term borrowings entered into finance Somfy SA's working capital requirements).

The instruments used are primarily vanilla swaps, forward sales and various other currency options. The amounts hedged only relate to ongoing or future transactions resulting from the Somfy's normal business.
According to IFRS, all derivative financial instruments are measured at fair value. Fair value is either the market value for listed instruments, or a value provided by financial institutions in accordance with traditional criteria (over-the-counter market).
As of 1 January 2009 Somfy Group elected to apply hedge accounting for financial instruments meeting the criteria defined by IFRS. This option is only on interest rate hedges (mainly floating rate swap against fixed rate), instruments that Somfy used to cover debts related to the LBO fixtures.
With regard to "cash flow hedge" under IAS 39, the fair values of interest rate hedges recognized as eligible for hedge accounting are recognized in equity for the effective portion. The fair values of hedging currency and interest rates that are not eligible for hedge accounting are recognized in the financial results.
As part of the transposition of the Markets in Financial Instruments Directive that came into force on 1 November 2007, Somfy SA and its French subsidiaries opted for the "individual clients" category.

INFORMATION ON THE TERMS OF INTEREST RATE RISK

Somfy Participations' LBO package liabilities are hedged, in accordance with contract terms and conditions, by standard rate swaps (swap of variable rates for fixed rates) hedging against an increase of more than 150 basis points in EURIBOR 3 months, compared to the rate at availability date. At 31 December 2009, 89% of LBO liabilities were hedged.
Each LBO liability is subject to compliance with covenants set by contract at the time the finance packages are negotiated.
At 31 December 2009, covenants may be summarized as follows:
- ratios complied with by Cotherm and Zurflüh Feller;
- ratios not complied with by Sirem but with waiver obtained before 31 December 2009.

At 31 December 2009, Somfy SA availed of 3-year credit lines totalling €137.5 million from 4 banking institutions, of which €12.0 million had been drawn down at year-end. In that respect, interest rate hedges were implemented for a nominal non-amortisable amount of €20 million.
The granting of facilities was subject to commitments given by Somfy SA to those banks that it would comply with two financial ratios, relating to:
- the Group's financial structure (net borrowings to equity), and
- its coverage ratio (net borrowings to cash flow).
- Both ratios were met at the 31 December 2009 balance sheet date.

FOREIGN EXCHANGE RISK

Somfy's exposure to foreign exchange risk is related to a portion of intra-Group sales of manufactured products originating from France (these sales being denominated in local currencies).
Over 75% of consolidated sales is realised in the Euro zone.
Derivative financial instruments are primarily comprised of forward exchange contracts and foreign exchange options.
The Group elected not to apply hedging accounting for foreign exchange hedging. Fair value changes are thus directly recognized in financial result/expense.
The fair value of hedging instruments amounted to a negative €476 thousand at 31 December 2009, compared to a negative €1,178 thousand at 31 December 2008, being an impact of €702 thousand on net profit.

RAW MATERIAL RISK

Somfy hedged against the volatility in the price of raw materials that are significantly used in its motors, through:
- early placing of firm orders from its suppliers, depending on market conditions,
- partial hedges on copper for a notional quantity of 240 tons which were settled in the financial year 2009.

SHARE RISK

The Group has been exposed to equity risk on treasury shares, with their loss in value, due to the fall in the markets, causing the recognition of a tax-deductible provision of €11.2 million. The corresponding €3.9 million deferred tax charge was posted to reserves.

LEGAL RISKS

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

INSURANCE – RISK COVERAGE

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

Risks insured by these two policies include, fire, explosions, lightning, smoke, emissions, steam, impacts from airborne objects, electrical risks, storms, snow, hail, water damage, frost, machine breakage, IT equipment theft, natural disasters and other non designated events.
- General civil liability relating to monetary consequences of insured entity's liability following physical injury, property damage or moral prejudice caused to a third party during or in relation to Group operations.
- Directors' civil liability.
- Transported goods insurance.
- In addition, credit insurance contracts, both in France and internationally, enable the Group to limit the impact of customer bad debts. About 50% of sales are thus insured.

COUNTRY RISKS

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

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

The financial statements at 31 December 2009 do not include any non-allowable charges with regard to the income tax base, as defined by Articles 39-4 and 223 IV of the General Tax Code.

Allocation of net profit

The Management Board proposes	
to allocate the net profit of	€83,681,150.76
for the year ended 31 December 2009,	
increased by retained earnings of	€1,221,801.60,
for a total of	**€84,902,952.36,**
as follows:	

allocation to shareholders of a net dividend of €4.80

• per share being €4.80 x 7,836,800 shares	€37,616,640.00
• transfer to available reserve	€47,286,312.36
	€84,902,952.36

A net dividend of €4.80 will be distributed for each share with a nominal value of €1, and this carries the right to a tax abatement per share granted to individuals subject to income tax in France, in accordance with Article 158-3-2 of the General Tax Code.

Shares held by the company on the dividend payment date are not entitled to dividends, with the corresponding amounts of unpaid dividends being transferred to retained earnings. The dividend will be payable on 27 May 2010; the shares must be held on 21 May 2010 to benefit from the dividend.

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

Financial year ending	31/12/2006	31/12/2007	31/12/2008
Number of shares eligible*	7,612,749	7,583,022	7,582,258
Par value	€1	€1	€1
Total distributed dividends	€39,586,294.80	€41,706,621.00	€36,394,838.40
Dividends per share	€5.20	€5.50	€4.80

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

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

Stock market developments and performance

During the 2009 financial year the Somfy share price increased by 12.28%. At 31 December 2008, the last trading day before the close of the previous financial year, the share price was €114 compared to €128 at 31 December 2009.
This increase is due both to a general recovery in the financial markets and an upward revision of price targets by analysts with particular emphasis on the impact on sales and current operating result of the Group 2009.
Based on the share price at 31 December 2009 and taking into account a net dividend of €4.80, the Somfy share yielded 3.75%
The market for the share recorded a monthly trading extreme of 37,400 and 1,907 per month with a monthly average of 12,932 shares against 16,455 shares the previous year.

The Management Board

CHAIRMAN'S REPORT ON INTERNAL CONTROL AND CORPORATE GOVERNANCE

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

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

I – Corporate Governance

COMPOSITION OF CORPORATE GOVERNANCE BODIES

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

1. Composition of the Management Board

Management Board members are appointed by the Supervisory Board in accordance with legal provisions.
At 31 December 2009, the Management Board was chaired by Paul Georges DESPATURE, Wilfrid LE NAOUR, Chief Executive Officer of Somfy Participations and Jean-Philippe DEMAEL, Chief Executive Officer of Somfy Activités, are members of the Management Board.

2. Composition of the Supervisory Board

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

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

** Independent member according to the definition of independence adopted by the Company.*

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

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

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

1. Independence of the members of the Supervisory Board

A group of family shareholders holds a majority stake in Somfy SA.
As provided by the AFEP/MEDEF framework, the Board has assessed the independence of its members.
Based on the independence criteria suggested by the AFEP/MEDEF framework, the Supervisory Board notes that, to date, an independent member of the Board is a member who has no relationship of any nature whatsoever with Somfy SA or its management, or with a company consolidated by Somfy Group, that may affect his/her freedom of judgement, and who meets the following criteria:

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

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

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

2. Operation of the Supervisory Board

Company bylaws, updated to take account of the recent legal or regulatory changes by the Extraordinary General Meeting of 13 May 2009, define and specify the terms and conditions governing the composition of the Supervisory Board. The main provisions are the following:
Supervisory Board members, the numbers of which can never fall below the legal threshold or exceed the legal ceiling, are appointed in accordance with the conditions specified by law for a term of office of six years.
All outgoing Supervisory Board members can be re-appointed.
The term of office of a Supervisory Board member ceases at the end of the shareholders' Ordinary General Meeting called to approve the financial statements for the previous financial year and held in the year the term of office of the said member of the Supervisory Board expires.
No one can be appointed member of the Supervisory Board, if, being over seventy five years old, his appointment leads to over a third of the number of members of the Supervisory Board over that age.

The Supervisory Board meets at least once quarterly on an agenda drafted by the Chairman. It met four times over 2009 and one absence was noted.

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

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

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

The Supervisory Board requests from the Management Board and Management, as often as required, any information or analysis it deems necessary, or a presentation on any specific subject.
Pursuant to the law, so that the commitment to deposits, sureties or guarantees are validly provided by the company, the Supervisory Board provides guidelines to the Management Board. Where a commitment does not meet these conditions, the authorisation of the Board is required in every case.

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

For Somfy Activités:

- Every quarter, highlights by brand and operation
- Information on the acquisition targets, both in France and abroad
- Group Industrial Plan
- Changes to the Group organisation.

For Somfy Participations:

- Every quarter, highlights by shareholding line
- Information on the acquisition candidates by shareholding line concerned.

3. Committees established by the Supervisory Board

Audit Committee

The Audit Committee currently comprises 2 members: Victor DESPATURE and Jean-Bernard GUILLEBERT. Jean-Bernard GUILLEBERT is independent in accordance with the above mentioned criteria and competent in financial and accounting matters taking account of his professional background.
Its mission is to ensure the relevance and permanence of accounting methods adopted for the preparation of consolidated and parent company financial statements, and verify that information collection and internal control procedures meet this objective.
It is informed of the steps taken by the Statutory Auditors as part of their legal audit assignment, ensures the latter's independence and is active in their selection.
The Audit Committee supervises the internal audit department and validates the annual audit plan. It proposes, directs and ensures the follow-up of internal audit assignments.
Since its creation, it has met at each half-year and year-end.
During the 2009 financial year, the audit Committee met on five occasions, and one absence was noted.
During the various Audit Committee meetings, the Chief Financial Officer presented the financial position of the Group, the accounting options adopted, the risk exposure and the

off-balance sheet commitments. Internal Audit presented the results of audits carried out and the audit plan.

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

In addition, the Statutory Auditors communicate every year to the Audit Committee a declaration of independence, and an update of the information described in Article L. 820-3 detailing the services carried out by the members of the network to which the Statutory Auditors are affiliated as well as the services carried out in respect of due diligence directly related to the assignment.
As concerns the work methods: pursuant to the recommendations of the AMF, a minimum time period for the examination of the financial statements was met to enable the Audit Committee to use the possibility of calling on external experts, as well as interviewing the Chief Financial Officer, the Statutory Auditors and the Internal Audit Manager.

Remuneration Committee

The Remuneration Committee currently comprises 2 members: Victor DESPATURE and Jean-Bernard GUILLEBERT. Its mission is to submit proposals to the Supervisory Board, in particular in respect of Directors' and senior management remuneration amount and calculation procedures and to provide advice on the amount of attendance fees.
The Committee calls on a firm specialised in the subject of senior executive remuneration, that provides advice on the practices that are generally applied in companies of a comparable size.
During the year just ended, it met four times. The level of attendance by the members was 100%.
The Remuneration Committee particularly made the proposals concerning:

- the fixed and variable remuneration of members of the Management Board;
- changes to be made to the supplementary pension schemes for senior executives and members of the Management Board;
- changes that occurred during the year to the composition of the Management Board.

CORPORATE GOVERNANCE FRAMEWORK

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

However, the following provisions were eliminated for the reasons described below:

- The Supervisory Board expressed a reservation in relation to cumulating a term of office as a director and a contract of employment. In fact, the Board wishes, in the Company's interest, to retain its capacity to determine, on a case by case basis, the most suitable terms and conditions for each executive concerned, in order in particular to avoid the extra expense that a breach or non-concession of a contract of employment may cause. This reservation would apply both to directors in office, upon renewing their terms of office, and to the appointment of new directors, either from within or outside the Group. In any event, the Board will ensure, as in the past, that the levels of remuneration and benefits granted to directors remain broadly in line with those granted by companies of a similar profile, based on performance and the achievement of objectives, which are sources of motivation.
- Similarly, the independence of Supervisory Board members, as defined in this Code in respect of the criteria of a maximum term of office of twelve years or the fact of not being or having been a director of the Group during the last five years, can not fully be transposed to Somfy SA's historic model, as a company in which a group of family shareholders holds a majority shareholding. Board members who are also members of this family are very much involved in the Group and the quality of Board deliberations is guaranteed by the social and financial interest they have in the Company.
- The proportion of independent members of 1/3 of the Board and 2/3 required for the Audit Committee as well as the recommendation on the length of terms of office are not met for the same reasons of being inappropriate to the shareholding structure.
- In the same line, the term of office of Board members, set at a maximum of four years in the corporate governance framework, will remain set at six years within Somfy SA, as stipulated in its bylaws. Given their specific situation, as indicated above, Board members are committed in the long term, with the objective of creating value for all Somfy SA stakeholders.
- The company has not to date set up an Appointment Committee, nor entrusted this assignment to the Remuneration Committee.
- Lastly, for timing reasons, the Audit Committee has not implemented the selection procedure for Statutory Auditors by way of a call for tenders for those expiring on 31 December 2009.

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

A process of evaluating the work of the Board was set up in 2007. This was followed by action plans implemented during 2008 and 2009.
Six subjects were thus covered (Authority, Composition, Structure and specialised Committees, Functioning and work of the Board, Role and responsibilities, Term of office). This revealed evidence of certain areas for improvement, notably in the definition of rules relative to the composition of the Board (size, mix of expertise and other key qualities) or in the training likely to enrich the contribution of members.
Next year, there will be a further evaluation of the work of the Board.

REMUNERATION AND BENEFITS OF SENIOR EXECUTIVES

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

Directors' remuneration, which is detailed in the Management Board report, is proposed by the Remuneration Committee. It is revised each year on the basis of expert advice and is in line with the Market.

A. Remuneration of members of the Supervisory Board

The General Meeting sets the global amount of attendance fees.
The Supervisory Board shares the said fees according to their attendance to Board meetings and Audit and Remuneration Committees.

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

B. Remuneration of senior executives

At 31 December 2009, the remuneration of the members of the Management Board comprised a fixed part and a variable part and these amounts are reviewed annually.
The variable part is based on the achievement of objectives that take account of the increase in profit and the return on capital employed.
This is combined with qualitative criteria and, for the Chairman of the Management Board, includes the level of debt.
For reasons of confidentiality, the qualitative criteria that were pre-determined are not made public. This qualitative part of the variable remuneration enables any particular circumstances to be taken into account.

The variable remuneration may not exceed a maximum expressed as a percentage of the fixed remuneration.
During the year just ended, the variable part of remuneration that was paid to members of the Management Board was set at between 18% and 33% of the fixed remuneration of the beneficiaries.

Other benefits, approved by the Supervisory Board, comprise:

- share options plans, which will be the subject of a special report prescribed by Article L. 225-184 of the French Commercial Code. The Chairman of the Management Board does not benefit from the Group's share option plans.
  During the year just ended, no stock option or performance plans were allocated;
- so-called "Article 39" supplementary retirement scheme for members of the Management Board, senior executives and directors of the Group. This scheme was set up by the CMC company (SARL) in 2006.
  The Chairman of the Management Board benefits from a separate supplementary pension scheme, named "Article 39" put into place in 1983 for the benefit of senior and executive officers of the Group. This scheme was subscribed by Damart System ICC, a company that has now become DSG SA. It is now closed and no longer accepts new entrants; it was replaced by CMC (SARL) that now takes new entrants in the category of beneficiaries designated by contract.

2. Conditions of shareholders participation in General Meetings

Following the Extraordinary General Meeting of 13 May 2009, the following provisions were incorporated into the bylaws:

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

• The presence of the shareholder cancels all proxy or distance voting.

3. Elements liable to have an impact in the event of a public offer

The disclosures referred to by Article L. 225-100-3 of the French Commercial Code relating to elements liable to have an impact in the event of a public offering are published in the paragraph entitled "Elements liable to have an impact in the event of a public offering" of the Management Report prepared by the Management Board in respect of the financial year ended 31 December 2009.

II – Internal control

INTERNAL CONTROL PROCEDURES IMPLEMENTED BY THE COMPANY

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

The internal control function, inspired by the AMF framework that is available at www.amf-france.org, has the following purpose:

- to ensure that management action or the completion of transactions as well as the behaviour of personnel is in line with the framework defined by the Management Board under the control of the Supervisory Board in conditions defined by the bylaws, applicable laws and regulations, and by the internal values, standards and rules of the company;
- to verify that the accounting, financial and management information reported to the Management Board and Supervisory Board or to Committees formed within them, fairly reflect the operations and position of the company by checking their reliability, traceability and availability;
- to prevent and control the risks arising from the business and the risk of errors or frauds, particularly in the accounting and financial areas;
- to secure the property, plant and equipment and intangible assets.

Thus, it ensures: a) the compliance with laws and regulations; b) the application of instructions and directions set by General Management or the Management Board; c) the correct functioning of the internal processes of the company, notably those concerning the safeguarding of its assets; d) the reliability of financial information. It does not provide an absolute guarantee against any human error.

As concerns Somfy Participations, it should be noted that the companies in which Somfy SAS has invested as part of LBO projects and where it holds a majority shareholding are Cotherm Participations SA, NMP SAS (Zurflüh Feller) and Financière Nouveau Monde SA (Sirem).
As concerns financial investments, the attention given by Somfy SA to these companies related particularly to the financial statements of companies and notably, compliance with banking covenants as well as a follow up of their strategies.
In the event that areas of progress are identified in other domains by the Management of the company or Somfy SA, the latter proposes to the company concerned the resources or contacts to contribute to its development.
In this respect, Internal Audit may form part of the resources provided.

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

2. Internal control structures

Supervisory Board

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

Internal audit

Under the supervision of the Audit Committee, the internal audit department reports to the Chairman of the Management Board.
The department, comprising a manager of Internal Audit, and two auditors, carries out audits that evaluate the correct application of accounting principles, the organisation and systems put in place on the entity subject to audit.
An annual audit plan, prepared together with the Management of Somfy SA is approved by the Management Board then validated by the Audit Committee. The assignments included in the audit plan provide an effective independent appreciation of the system of internal control in each entity.
Where appropriate, the principal weaknesses identified in internal control are reported and recommendations are issued. A follow up of the implementation of recommendations is made between one or two years after the release of the final report.
In addition, urgent assignments that were not provided for in the audit plan may be carried out during the year on the request of the Management Board or the Audit Committee.
Twice a year, the internal audit manager presents a report on the activities of the department to the Management Board and the Audit Committee.

3. Key elements of the internal control process

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

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

Strategic, budgetary and reporting process

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

The overall budget is prepared as part of a repetitive process involving all Group players. It is the result of the consolidation of local budgets.
After approval by the General Management of the Group, every manager becomes responsible for meeting his/her budget.

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

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

In addition, three three-year plans, in line with Group strategy and revised annually, are led by Management. This is:
- a *product master plan* that relates to the development of the product offering;
- an industrial and logistics master plan for production facilities;
- a master plan for information systems.

Preparation of financial statements

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

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

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

This team relies on controllers based in each Business Area reporting to the Group in its 9 geographical areas.
In addition, each of the three Business Groups, also benefits from a dedicated controller.
Particular care was taken with risk analysis, through a review of asset provisions and provisions for liabilities and charges, as well as off-balance sheet commitments.
At each year-end, inventories are checked by either a complete physical stock-take or a rolling physical stocktaking procedure.
Trade receivables are the subject of credit risk analyses with respect to the measurement of provisions. In addition, the company hedges this risk by entering into insurance contracts, both in France and abroad.
Intra-group purchases, sales and balance sheet items are confirmed monthly. Inventory amounts originating from the Group are determined in all entities in order to eliminate internal profit margins on inventories.
A pre-closing meeting is organised 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 review of various contracts, deposits, sureties and guarantees also has the purpose of identifying off-balance sheet commitments.
The consolidation packages, including: balance sheet, income statement, all flow tables and related data, are then sent to the Consolidation department according to the predefined planning 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 equity justification, performs financial statement consolidation using dedicated software.
Consolidated financial statements are prepared in accordance with IFRS. In addition, options selected were presented to and approved by the Audit Committee.

Financial communication

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

IT systems

The BaaN integrated management package is now installed in most distribution subsidiaries, excluding Asia, where ERP Accpac was rolled out in all subsidiaries, including Japan at the end of 2009.

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

The completion of the budget, the monthly reporting, margin analysis by product family and the legal consolidation are carried out on the same platform (Hyperion), which improves the uniformity as well as facilitating the analysis of information.

In 2009, the migration from the GPAO Tolas tool to the BaaN Manufacturing model continued and concerned the Gray site for Simu SAS. In 2010, this same migration will take place for the Zriba site in Tunisia, the purpose being to integrate as far as possible all the production activities of the Somfy group (from procurement to distribution) with logistics and finance.

Internal audit monitoring

The monitoring of the Internal control ensures a better knowledge, communication and follow-up of risks and associated controls, is initiated through the following dedicated tools:
- An Intranet platform that brings together the data used, registered and collected by Internal Audit in terms of internal control.
- A self-assessment tool for subsidiaries including a list of key control points. Monitoring programmes are carried out on an annual basis. In 2009, two specific subjects were dealt with in depth : customer risk and inventory management. Other cross-group subjects with identified improvement potential will be included in the 2010 planning.
- Lastly, the year 2009 was partly dedicated to the selection and implementation of a software pack to follow up recommendations. It will notably enable Internal Audit to bring together all recommendations issued at the time an audit is carried out, for audited entities to input their corresponding action plans, and for the Group Internal Control cell to follow up their implementation. This tool will be fully operational from January 2010.

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

In addition, an Internal Control Committee, supervised by the Accounting- Management Control Department was entrusted in particular with the following missions:
- implementation of reliable internal control within the Group: making statutory and reporting data secure and reliable (risk identification, control procedure definition), and validate the Group's accounting and management procedures, while at the same time ensuring their feasibility within the IT systems;
- internal audit assignment follow-up: review of internal audit reports, identification of action plans to be implemented, action plan follow-up;
- organisation of a plan to make half-year closings more secure: subsidiary visit schedule, identification of matters requiring attention, review of visit reports and action plans follow-up.

This Committee met five times in 2009.

Analysis of risks

An analysis of Group risks conducted at the end of 2005 is the subject of regular updates. A link exists between the risks included in this analysis and the internal audit plan, when it is relevant.
Strategic risks are included in the bi-annual process of the Group's strategic review, and operational risks are followed up by Group executives to ensure the existence of action plans.

In 2009, the identification approach and the follow up of operational risks continued by including the managers of distribution entities throughout the Group.
In 2010, Internal Audit will support Management to formalise and regulate the process of updating the analysis (method, model documents, etc.), with the continuing objective of encouraging everyone to take responsibility for managing these risks.

Treasury Committee / Group cash management

The Treasury Committee comprises:
- Chief Executive Officer Somfy Participations
- Chief Financial Officer Somfy Group
- Administrative and Financial Manager Somfy Activités
- Financial Manager of holding companies
- Group treasurer.

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 Group is in the process of re-examining its procedures for managing exchange, interest rate and raw material risks. At the same time, a treasury charter is in the process of preparation.

Accreditations and quality procedures

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

A large number of Group personnel are thus involved in this process, including all technical services, as well as the R&D, purchasing, manufacturing, production, selling and logistics departments.

Internal quality audits are defined in the annual quality audit plan, as a function of company strategic direction and product plan; and to control the risks from operational processes. Corrective or preventive actions are managed within each operating or support department.

The list of operating and support processes coming within the scope of application of quality management, as well as indicators, reference documents and monitoring committees are defined in the company's quality manual.
Processes control is implemented through compliance with the provisions specified in the various items of the quality framework (Directives, procedures, departmental methodological guides, etc.) and the continuous improvement principle applied to each of them.
The management of the business is heavily committed to the quality approach of the business.

Risk coverage – Insurance

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

PROJECTS COMPLETED AND IN PROGRESS

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

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

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

This project started in 2009 by the selection of a package and its commissioning. This will continue in 2010 by the loading of the history of recommendations to the package and its regular use by the parties concerned.

This report was approved by the Supervisory Board on 25 February 2010.

The Chairman of the Supervisory Board

SOMFY SA FINANCIAL STATEMENTS FOR THE LAST FIVE YEARS

€ thousands	2005	2006	2007	2008	2009
1. Financial position at balance sheet date					
a) Share capital	7,837	7,837	7,837	7,837	**7,837**
b) Number of shares issued	7,836,800	7,836,800	7,836,800	7,836,800	**7,836,800**
c) Number of bonds convertible into shares	-	-	-	-	**-**
2. Overall result of current operations					
a) Sales before VAT	4,807	3,216	1,571	1,529	**2,880**
b) Profit before tax, depreciation and provisions	80,432	87,332	70,907	60,758	**79,256**
c) Income tax	15,948	2,610	2,998	9,485	**3,904**
d) Profit after tax, depreciation and provisions	97,012	89,937	72,275	56,778	**83,681**
e) Distributed profit	37,617	40,751	43,102	37,617	**37,617**
3. Results per share					
a) Profit after tax, but before depreciation and provisions	12.30	11.48	9.43	8.96	**10.61**
b) Profit after tax, depreciation and provisions	12.38	11.48	9.22	7.25	**10.68**
c) Dividend distributed per share	4.80	5.20	5.50	4.80	**4.80**
4. Workforce					
a) Number of employees	7	6	5	5	**7**
b) Total payroll	352	301	224	276	**303**
c) Amount paid in relation to social benefits (social security, charities, etc.)	120	103	67	81	**77**

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Income Statement

€ thousands	Notes	31/12/09	31/12/08*
Sales	**(3)**	**760,777**	**749,353**
Other operating income	(4)	10,028	8,618
Cost of sales		-248,310	-251,166
Employee expenses		-235,096	-225,480
External expenses		-127,257	-130,003
EBITDA		**160,142**	**151,322**
Amortisation		-34,472	-27,076
Charges/reversals to current provisions	(5)	-1,619	-50
CURRENT OPERATING RESULT		**124,050**	**124,196**
Other operating income and expenses	(6)	-13,792	-2,715
Impairment of goodwill and amortisation of allocated intangible assets	(11) (12)	-5,540	-1,004
OPERATING PROFIT		**104,718**	**120,477**
- Financial result from investments		*6,651*	*5,586*
- Financial expenses related to borrowings		*-7,707*	*-11,228*
Net servicing cost		-1,056	-5,642
Other financial result and expenses		7,443	-6,869
NET FINANCIAL RESULT	**(7)**	**6,387**	**-12,511**
INCOME BEFORE TAX		**111,105**	**107,966**
Income tax	(8)	-21,446	-23,869
Share of profit of equity accounted companies	(15)	-2,023	1,524
NET RESULT		**87,636**	**85,620**
Net result - Group share		88,176	84,913
Minority interests		-540	707
Basic earnings per share (**€**)	(9)	11.62	11.20
Diluted earnings per share (**€**)	(9)	11.51	11.08

* Goodwill on Zurflüh Feller, Sirem and CIAT (equity accounted) had been determined provisionally in the 2008 financial statements. Supplementary review over goodwill has been performed in the period after acquisition, which has led to restatement at 31 December 2008.

Consolidated Statement of Comprehensive Income

€ thousands	31/12/09	31/12/08
Net profit	**87,636**	**85,620**
Movement in gains and losses on translation of foreign currency	*2,163*	*-2,415*
Movement in fair value of available-for-sale assets	*-7,482*	*-14,076*
Movement in fair value of interest rate hedges	*-1,044*	*-*
Movement in actuarial gains and losses on employee benefits	*2,423*	*-2,142*
Movement in tax on income and expenses recognised directly in reserves	*-894*	*3,835*
Income and expenses recognised directly in reserves	**-4,834**	**-14,798**
Net profit for the year (1)	**82,802**	**70,822**
Group share	83,370	70,125
Attributable to minority interests (1)	-568	697

(1) Within the framework of the recognition of put options awarded to minority interests; minority interests are reclassified to liabilities in the amount of expected payments (-€ 527 thousand in 2009 and € 746 thousand in 2008).

Consolidated Balance Sheet - Assets

€ thousands	Notes	31/12/09 Net	31/12/08* Net
Non-current assets			
Goodwill	(11)	146,425	132,484
Intangible assets	(12)	52,739	52,626
Property, plant and equipment	(13)	209,710	213,515
Equity accounted companies	(15)	58,647	58,844
Financial assets	(16)	260,484	261,949
Other receivables	-	4,200	3,619
Deferred tax assets	(8)	21,912	26,130
Employee benefits	(27)	705	34
Derivative instruments	(26)	0	0
		754,821	**749,200**
Current assets			
Inventory	(17)	100,083	107,688
Trade receivables	(18)	134,194	141,264
Other receivables	(19)	13,125	12,636
Current tax assets	(20)	10,724	21,523
Financial assets	(16)	1,768	27,887
Derivative instruments	(26)	150	523
Cash and cash equivalents	(21)	67,872	54,168
		327,917	**365,688**
TOTAL ASSETS		**1,082,738**	**1,114,888**

* Goodwill on Zurflüh Feller, Sirem and CIAT (equity accounted) had been determined provisionally in the 2008 financial statements. Supplementary review over goodwill has been performed in the period after acquisition, which has led to restatement at 31 December 2008.

Consolidated Balance Sheet - Equity and liabilities

€ thousands	Notes	31/12/09	31/12/08*
Shareholders' equity			
Share capital		7,837	7,837
Share premium		1,866	1,866
Other reserves		621,146	575,989
Profit for the year		88,176	84,913
Group share		**719,026**	**670,603**
Minority interest		- 12	- 256
TOTAL		**719,014**	**670,347**
Non-current liabilities			
Non-current provisions	(22)	9,477	7,768
Other financial liabilities	(23)	77,916	132,957
Other liabilities	-	13,151	8,888
Employee benefits	(27)	13,129	16,919
Deferred tax liabilities	(8)	50,938	48,793
Derivative instruments	(26)	3,196	2,653
		167,807	**217,978**
Current liabilities			
Current provisions	(22)	18,531	6,449
Other financial liabilities	(23)	38,388	81,206
Trade payables	-	76,710	76,546
Other liabilities	(28)	59,378	56,957
Tax liabilities	-	2,284	3,395
Derivative instruments	(26)	626	2,011
		195,917	**226,564**
TOTAL LIABILITIES		**1,082,738**	**1,114,888**

* Goodwill on Zurflüh Feller, Sirem and CIAT (equity accounted) had been determined provisionally in the 2008 financial statements. Supplementary review over goodwill has been performed in the period after acquisition, which has led to restatement at 31 December 2008.

Consolidated Statement of changes in equity

€ thousands

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

(1) Share capital is comprised of 7,836,800 shares with a par value of €1. No changes occurred between 2008 and 2009.
(2) Changes in consolidation scope, foreign exchange rate differences on profit included in equity.

€ thousands

	Capital (1)	Share premium	Treasury shares	Gain/loss on available-for-sale assets	Actuarial differences	Interest rate hedges
AT 31 DECEMBER 2007	**7,837**	**1,866**	**-36,020**	**41,631**	**-1,380**	**0**
Income and expenses recorded during the year	-	-	-	-14,076	-2,142	-
Treasury share transactions	-	-	-5,617	-	-	-
Dividends	-	-	-	-	-	-
Other movements (2)	-	-	-	-	-	-
AT 31 DECEMBER 2008	**7,837**	**1,866**	**-41,637**	**27,555**	**-3,522**	**0**

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

Deferred tax	Changes in foreign exchange rate	Consolidated reserves and net profit	Total shareholders' equity	Minority interest	Total shareholders' equity (Group share)
3,336	**-6,098**	**681,010**	**670,347**	**-256**	**670,603**
-894	2,163	88,163	83,329	-41	83,370
-	-	644	1,406	0	1,406
-	-	-36,392	-36,392	-5	-36,387
-	-	324	324	290	34
2,442	**-3,935**	**733,749**	**719,014**	**-12**	**719,026**

Deferred tax	Changes in foreign exchange rate	Consolidated reserves and net profit	Total shareholders' equity	Minority interest	Total shareholders' equity (Group share)
-499	**-3,683**	**637,783**	**647,535**	**102**	**647,433**
3,835	-2,415	84,874	70,076	-49	70,125
-	-	386	-5,231	0	-5,231
-	-	-41,722	-41,722	-12	-41,710
-	-	-311	-311	-297	-14
3,336	**-6,098**	**681,010**	**670,347**	**-256**	**670,603**

Consolidated cash flow statement

€ thousands	Notes	31/12/09	31/12/08*
Net profit		**87,636**	**85,620**
Depreciation and amortisation of assets (excluding current assets)		44,613	27,992
Charges to and reversals of provisions for liabilities		1,411	-136
Unrealised gains and losses on assets at fair value through profit or loss		-1,513	2,610
Unrealised foreign exchange gains and losses		-1,049	-378
Income and expenses related to stock options and employee benefits		3,475	3,920
Depreciation, amortisation, provisions and other non-cash items		**46,937**	**34,008**
Profit on disposal of assets and others		4,998	965
Share of net profit of associates		-1,865	-1,524
Deferred tax expense		5,271	4,863
Cash flow		**142,977**	**123,932**
Net cost of financial indebtedness (excluding non-cash items)		1,557	9,828
Dividends of non-consolidated companies		-7,952	-1,381
Tax expense (excluding deferred tax)		16,176	19,008
Change in working capital requirements	(31)	25,094	-6,802
Tax paid		-6,731	-37,823
NET CASH GENERATED FROM OPERATIONS (A)		**171,121**	**106,763**
Acquisition-related disbursements:			
- intangible assets and property, plant and equipment		-30,686	-35,483
- non-current financial assets		-1,167	-77,313
Disposal-related proceeds:			
- intangible assets and property, plant and equipment		514	1,361
- non-current financial assets		153	111
Change in current financial assets		24,945	2,333
Acquisition of companies, net of cash acquired	(10)	-20,071	-75,068
Dividends paid by associates		186	816
Dividends paid by non-consolidated companies		7,952	4,441
Interest received		2,173	3,505
NET CASH USED IN INVESTING ACTIVITIES (B)		**-16,001**	**-175,296**
Increase in loans		5,926	104,665
Reimbursement of loans		-104,065	-10,209
Net increase in share capital of the subsidiaries		696	153
Dividends paid		-36,392	-41,722
Movement on Treasury shares		908	-5,632
Interest paid		-8,379	-14,641
NET CASH GENERATED (USED IN) FINANCING ACTIVITIES (C)		**-141,307**	**32,614**
Impact of changes in foreign exchange rates on cash and cash equivalents (D)		**1,417**	**-885**
NET CASH INFLOW (OUTFLOW) (A+B+C+D)		**15,230**	**-36,804**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**(31)**	**51,744**	**88,548**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**(31)**	**66,974**	**51,744**

* Goodwill on Zurflüh Feller, Sirem and CIAT (equity accounted) had been determined provisionally in the 2008 financial statements. Supplementary review over goodwill has been performed in the period after acquisition, which has led to restatement at 31 December 2008.

Notes to the consolidated financial statements

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

On 24 February 2010, the Management Board of Somfy SA approved the consolidated financial statements of the Somfy SA Group for the 12 month financial year ended 31 December 2009, and it is specified that the Group had a balance sheet total of €1,082,738 thousand and realised a consolidated net profit of €87,636 thousand (Group share: €88,176 thousand).

Accounting rules and methods

A. BASIS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements – Basis for preparation

Consolidated financial statements are presented in Euro. All amounts are rounded to the nearest thousand of Euro, unless otherwise specified.
Financial statements were prepared according to the historical cost principle, except for a number of asset and liability 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 consolidation principles.

Compliance with accounting standards

In application of European Regulation 1606/2002 of 19 July 2002 on international standards, Somfy group consolidated financial statements for the financial year ended 31 December 2009 were prepared in accordance with the financial information international standards ("IFRS") applicable at that date, as approved by the European Union at the date of preparation of these financial statements.

New standards and ongoing interpretations

Accounting rules and methods are identical to those used in the preparation of the consolidated financial statements at 31 December 2008, except for the following standards, amendments and interpretations adopted by the European Union, applicable from 1 January 2009 and which had a limited impact on the Group's financial statements for the year:
- Revised IAS 23 "Borrowing costs",
- Revised IAS 1 "Presentation of financial statements",
- Amendments to IFRS 2 "Vesting conditions and cancellations",
- Amendments to IAS 32 "Financial instruments puttable at fair value and obligations arising on liquidation",
- Amendments to IFRS 1/IAS 27 " Cost of an investment in a subsidiary, jointly controlled entity or associate",
- Amendment to IFRIC 9 and IAS 39 "Reassessment of embedded derivatives",
- Improvements to IFRS (May 2008) – except for IFRS 5, applicable from 1 July 2009,
- IFRIC 11 interpretation "Group and treasury share transactions",
- IFRIC 13 interpretation "Customer loyalty programmes",
- IFRIC 14 interpretation "The limit on a defined benefit asset, minimum funding requirements and their interaction",
- IFRIC 15 interpretation "Agreements for the construction of real estate".

The Group had opted for the early adoption at 1 January 2008 of IFRS 8 "Operating segments", which replaced IAS 14 "Business segments".

The application of revised IAS 1 had a limited impact on the presentation of the financial statements at 31 December 2009. The Group had actually opted on 31 December 2008 to recognise actuarial differences in reserves and had presented the SORIE; the latter was replaced by the "Statement of comprehensive income" at 31 December 2009.

Only the statement of changes in equity was affected in light of the revised standard. The impacts of the restatements on reserves were allocated by nature (movement in fair value of AFS, actuarial differences on pension commitments, related deferred tax, etc.).

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

- Revised IFRS 3 "Business combinations" applicable from 1 July 2009,
- Revised IAS 27 "Consolidated and separate financial statements" applicable from 1 July 2009,
- Amendments to IAS 32 "Financial instruments – Classification of rights issues" applicable from 1 February 2010,
- Amendment to IAS 39 "Eligible hedged items" applicable from 1 July 2009,
- IFRIC 12 interpretation "Service concession arrangements" applicable from 30 March 2009,
- IFRIC 16 interpretation "Hedges of a net investment in a foreign operation" applicable from 1 July 2009,
- IFRIC 17 interpretation "Distributions of non-cash assets to owners" applicable from 31 October 2009,
- IFRIC 18 interpretation "Transfers of assets from customers" applicable from 31 October 2009.

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

- Revised IAS 24 "Related party disclosures" applicable from 1 January 2011,
- IFRS 9 "Financial instruments" applicable from 1 January 2013,
- Amendments to IFRS (April 2009) applicable from 1 January 2010,
- Amendments to IFRS 2 "Group cash-settled share-based payment transactions" applicable from 1 January 2010,
- Amendment to IFRIC 14 "The limit on a defined benefit asset, minimum funding requirements and their interaction",
- IFRIC 19 interpretation "Extinguishing financial liabilities with equity instruments".

The Group is currently conducting analyses on the practical consequences of these new regulations and their impact on financial statements.
A number of these standards are likely to change or be subject to interpretation with potentially retrospective application. These amendments may cause the Group to subsequently change IFRS restated consolidated financial statements.

Application of hedge accounting to interest rate hedges

Somfy group decided to apply **hedge accounting** to financial instruments meeting the criteria defined by IFRS from 1 January 2009. This option only relates to interest rate hedges (primarily swaps of variable rates against fixed rates). These instruments are used by Somfy to hedge the liabilities of LBO transactions.
The principle used on recognition is specified in paragraph U. The negative impact on equity at 31 December 2009 was €1,044 thousand, being a negative €690 thousand net of deferred tax.

Change in income statement presentation method

In order to improve the quality of information provided, the following two changes to the presentation of Somfy group's income statement have been introduced since 31 December 2008:

- Addition of a widely used aggregate within Somfy group: **EBITDA**, which represents current operating result before current intangible asset amortisation, PPE depreciation and excluding provisions for current liabilities and charges,
- Incorporation of intangible asset writedowns allocated as part of business combinations (IFRS 3) under "goodwill impairment". Since the value of this impairment had significantly increased due to the various acquisitions made by the Group, it had become important to exclude them from current operating result in order to retain a true and fair view of the Group financial performance.

Assumptions and estimates

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

- impairment of goodwill and intangible assets and property, plant and equipment, whose measurement is based in particular on future cash flow, discount rate and net realisable value assumptions (Note 14 to the consolidated financial statements),

- retirement commitments whose measurement is based on a number of actuarial assumptions (Note 27 to the consolidated financial statements),
- provisions for liabilities and charges, notably the provision calculated in respect of ITR (Individual Training Right), the value of which is an estimate of expected expense, based on outstanding rights at year-end,
- measurement of options associated with stock option plans granted to employees (Note 29 to the consolidated financial statements).

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

B. CONSOLIDATION SCOPE

Business combinations

When a company is incorporated in the consolidation scope, the identifiable assets, liabilities and contingent liabilities, complying with IFRS recognition criteria, of the acquired entity are recognised at fair value measured at the date of acquisition, except for non-current assets classified as assets held for sale, which are recognised at the fair value net of disposal costs.
Only identifiable liabilities complying with the recognition criteria of a liability of the acquired entity are recognised in the combination. Therefore, a restructuring liability is not recognised as a liability of the acquired entity if this entity does not have an actual obligation to carry out this restructuring at the date of acquisition.
Goodwill is measured as the difference between total identifiable assets, liabilities and contingent liabilities of the acquired entity, individually estimated at fair value, and the acquisition cost of the shares of the company concerned.
Restatements of asset and liability values relating to acquisitions recognised on a provisional basis (due to expertise works in progress or supplementary analyses) are recognised as retrospective restatements of goodwill if they occur within the twelve months following the acquisition date.
Beyond this deadline, the impacts of restatements are directly recognised in profit or loss for the financial year, except for error corrections.
Newly acquired companies are consolidated from the date of effective control.
The acquisition of minority interests is currently not covered by IFRS standards. At 31 December 2009, the Group continued to apply the method recommended in French texts.
In the case of the acquisition of additional interests in a subsidiary, the difference between the consideration paid and the book value of the acquired minority interest, as shown by the Group's consolidated financial statements before the acquisition, is recognised as goodwill.

In the current form of IAS 27 and IAS 32, these standards lead groups to record purchase commitments of minority interests as financial debts, offset by a reduction in minority interests and the possibility of an eventual additional goodwill.
The principle selected in terms of recognition of minority interest purchase is described in paragraph S.
The revision to the standard published by the IASB on 10 January 2008, adopted by the EU on 15 June 2009, indicates that, acquisitions of minority interests are to be treated in accordance with IAS 27; this recognises that this additional acquisition should be taken directly to equity. This accounting treatment will apply to financial periods starting from 1 July 2009 and it will not have a retrospective application.

Consolidation methods

Exclusive control

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

Joint control

Companies over which the Group has control jointly with a limited number of partners based on a contractual agreement are proportionally consolidated.
Their assets, liabilities, revenues and charges are consolidated proportionally to Somfy's equity interest.

Significant influence

Associates are companies over which the Group has significant influence on their financial and operating policies, but does not control them.
Companies over which the Group has significant influence are consolidated using the equity method.

Goodwill from these entities is included in the carrying value of the investment.
The consolidation scope is presented in Note 37 of the consolidated financial statements.

C. FOREIGN EXCHANGE TRANSLATION

Consolidated financial statements at 31 December 2009 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.

Translation of foreign subsidiaries financial statements

The financial statements of Group companies which have a different functional currency to the parent company are translated into euro, as follows:
- assets and liabilities, including goodwill and adjustments related to consolidation fair value are translated into Euro at the year-end exchange rate;
- income and expenses are translated at the average exchange rate for the period, provided significant variations in the exchange rates do not call this method into question;
- differences on translation arising are directly recorded in the consolidated financial statements equity section.

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

D. ACQUISITION GOODWILL

Acquisition goodwill is measured at cost, which is the difference between the cost of shares in consolidated companies and the purchaser's share of the net fair value of identifiable assets, liabilities and contingent liabilities.
Acquisition goodwill 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 (indices of loss of value). Recognised writedowns cannot be reversed.
Acquisition goodwill related to equity accounted companies is posted to the "equity accounted investments" account.

E. INTANGIBLE ASSETS

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

Software:

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

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

Somfy owns two major types of software:

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

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

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

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

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

Patents:

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

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

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

Development costs:

Development costs are recognised as balance sheet assets when all criteria defined by IAS 38 are met:
- project technical feasibility,
- intention to complete the intangible asset so that it is available for use or sale,
- ability to use or sell the intangible asset,
- 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, validates 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 from the date of commissioning (4 or 10 years, depending on the type of product developed).
The value of projects in progress is recognised as an intangible asset in progress, until the "launch" stage, which marks the beginning of project rollout.
No residual value is recognised at Group level to determine the basis for amortisation of intangible assets.
Subsequent expenditures are generally recognised as expenses for the financial year.

Customer relationships:

Customer relationships are recognised as assets on the balance sheet in business acquisitions. These intangible assets are amortised over their estimated value in use.

F. PROPERTY, PLANT AND EQUIPMENT (PPE)

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

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

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

Taking into account the nature of PPE held by Somfy, no significant component was identified.
Subsequent expenditure may be capitalised if it complies with asset recognition criteria, as defined by IAS 16, in particular if

it is probable that future economic benefits of the asset will flow to the company. These criteria are considered prior to the commitment to the cost.
Asset residual values, useful lives and asset depreciation are reviewed, and amended if necessary, at the end of each year.
PPE recoverable amounts are reviewed when events or changes in circumstances indicate that the book value may not be recovered.
PPE are derecognised at disposal or when no future economic benefit is expected from their use or disposal. Any profit or loss resulting from the derecognition of an asset (measured as the difference between the net proceeds of the sale and the book value of the asset) is included in the income statement for the year in which the asset is derecognised.

G. LEASES

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

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

Assets financed within the framework of finance leases primarily include real estate. They are recorded, from inception of the contract, in property, plant and equipment at the lower of the fair value of leased assets and the present value of minimum payments in respect of the lease.
Payments made in respect of the lease are broken down between finance charges and debt repayment, in order to obtain a constant periodic rate of interest on the outstanding liability. Finance charges are directly recognised in the income statement.

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

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

H. IMPAIRMENT TESTS

IAS 36 defines the procedures to be applied by a company to ensure that the net book value of its assets does not exceed their recoverable amount, that is the amount to be recovered from the use or the disposal of the assets.
Except for goodwill and intangible assets with an unlimited useful life, which require systematic annual impairment tests, the recoverable amount of an asset is estimated every time there is an indication that the asset may be impaired.
The recoverable amount of an asset is measured at the higher of its fair value, after deduction of disposal costs, and its value in use.
Fair value after deduction of disposal costs is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, after deducting disposal costs.
Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and its disposal at the end of its useful life.
A recoverable amount is estimated for each individual asset. If it is not possible to do so, assets are brought together in Cash Generating Units (CGUs), whose recoverable amount is subsequently measured.
A Cash Generating Unit is the smallest group of assets to which the asset belongs that generates cash inflows, which are largely independent of the cash inflows from other assets or groups of assets.
Cash Generating Units (CGUs) have been identified within Somfy Group. They primarily comprise the Group's legal entities that were acquired through growth by acquisition transactions.
The recoverable amount of a CGU is measured at the higher of the fair value of its assets, after deduction of disposal costs, and their value in use.
The value in use is determined on the basis of cash flows estimated by plans and budgets for a maximum of 5 years. Cash flows beyond 5 years are extrapolated through the application of a constant or decreasing rate and discounted using long-term market rates after tax, which reflect market estimates of the time value of money and specific risks pertaining to these assets. In certain cases, cash flows can be estimated over longer periods, to be justified CGU by CGU.

The recoverable amount is then compared to the book value of the CGU.
If this amount exceeds the net book value of the CGU at period end, no impairment is recognised.
However, if this amount is lower than the net book value, an impairment loss equal to the difference is recognised in priority against the acquisition goodwill. This impairment loss may not be reversed.
As for other PPE and intangible assets (excluding goodwill) with a set useful life, a previously recognised impairment loss may be reversed if there has been a change in the estimates used to determine the recoverable amount of the asset since the last impairment loss was recognised. If this is the case, the asset book value is increased to match the recoverable amount. The book value increased following the reversal of an impairment loss may not exceed the book value that would have been measured, after deducting depreciation, if no impairment loss had been recognised for this asset over the previous financial years. Following the recognition of an impairment loss reversal, the depreciation charge is adjusted for future periods, so that the revised book value of the asset, after deducting its potential residual value, is equally spread over the remaining value in use.

I. FINANCIAL ASSETS

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

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

Assets held to maturity

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

Assets measured at fair value by way of the income statement

They represent assets held for transaction purposes, meaning assets acquired by the company with a view to dispose of them in the short term. They are measured at fair value and fair value variances are recognised in the income statement.
In particular, marketable securities complying with the definition of financial assets held for transaction purposes are measured at fair value at year-end and recognised as current financial assets. Fair value variances are recognised in the income statement.

Assets available for sale

Group investments in the companies over which it neither has control, significant influence nor joint control are recognised as financial assets available for sale.
These securities are measured at fair value at year-end and fair value variances are directly recognised in equity. Amounts recognised in equity are reclassified to the income statement on the disposal of assets.
Corresponding dividends are recognised in the year they are paid.
If the fair value of these assets available for sale happens to be lower than the acquisition cost, a provision for writedown is established and recognised in the income statement when there is an objective indication that the value of these assets available for sale may be impaired.
Financial assets available for sale are classified as non-current financial assets, except for those with a maturity date of less than 12 months at year-end, which are classified as current financial assets.

Loans and receivables

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

J. INVENTORY

Materials, supplies and finished goods are valued at their purchase or production cost, as appropriate.
In particular, inventory cost measurement takes into account the following items:

- gross value of raw materials and supplies include the purchase price and ancillary expenses;
- expenses incurred to bring inventories to the place they are located, and in the condition they are in, are integrated in inventory procurement cost;
- manufactured products are measured at production cost, which includes consumables, direct and indirect production expenses and depreciation charges of assets used in the manufacturing process;
- intra-group profits included in inventories are eliminated;
- borrowing costs are not included in the cost of inventory.

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

K. CUSTOMERS AND OTHER RECEIVABLES

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

L. TREASURY SHARES

The Group holds treasury shares for the following purposes:

- stimulate the market for the share and ensure its liquidity by way of an investment services provider within a liquidity contract that conforms with the AMAFI ethics charter recognised by the Autorité des Marchés Financiers,
- cover stock option plans to purchase shares granted to employees and senior executives of the Group or to grant free shares to the benefit of employees and senior executives of the Group.

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

M. CASH AND CASH EQUIVALENTS

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

N. PROVISIONS

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

When the Group expects full or part repayment of an expense that was the subject of a provision, by way of the existence of an insurance contract for instance, the repayment is recognised as a separate asset but only if repayment is virtually certain.
The provision charge is taken to the income statement, net of any repayment.

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

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

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

O. EMPLOYEE BENEFITS

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

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

For defined benefit plans relating to post-employment benefits, the cost of benefits is measured using the projected unit credit method.
According to this method, the rights to benefits are allocated to periods of service depending on the plan's formula for acquisition of rights, by taking account of a straight line effect where the rate of acquisition of rights is not uniform to the periods of subsequent service.
The amount of future payments corresponding to benefits granted to employees are measured on the basis of salary increase, retirement age and death rate assumptions, then discounted to their present value on the basis of long term bond interest rates of prime issuers.
These plans are either financed – their assets being managed separately and independently from the Group, or not – their commitments being recognised in the balance sheet under "employee commitments".

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

On 1 January 2008, the Group adopted, with retroactive effect, the method provided for by IAS 19 "Employee benefits – Actuarial gains and losses, group plans and disclosures" that allows for the immediate recognition of all actuarial differences, net of tax, to reserves.
The cost of past services is recognised as an expense on a straight-line basis over the average remaining time before corresponding rights are acquired by employees. If benefit rights have already been acquired at the adoption or change of a pension plan, the cost of past services is recognised immediately.

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

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

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

P. SUPPLIERS AND OTHER PAYABLES

Suppliers and other payables are recognised at their nominal value.

Q. SHARE-BASED PAYMENTS

Some Group employees, including Directors, receive options giving them the right to acquire Somfy shares at a price fixed in advance. The Group does not grant warrants to subscribe for shares.
Effective allocation of options is subject to conditions being fulfilled.
Each beneficiary must be employed by the Group at the date options are exercised. For some employees, the ability to exercise options is also governed by the achievement of predetermined objectives.
Fair value is determined according to the Black & Scholes model.
During the rights vesting period, the fair value of options thus determined is split pro-rata to rights acquisition. This expense is posted to personnel costs and offset by an increase in equity. Upon exercise of the options, the exercise price received is recorded under cash and offset in equity.
The dilutive impact of outstanding options is reflected in the calculation of earnings per share.
Pursuant to the transition provisions of this standard, only option plans allocated after 7 November 2002 were

recognised in accordance with the above described principle and subjected to measurement.

R. BORROWINGS

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

S. PURCHASE COMMITMENTS GIVEN TO 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.
In light of the lack of precision in the new revised standards, it is our opinion that the recognition of "goodwill in progress" will no longer be permitted, to the extent that goodwill recognition at the time control is assumed will be final: only the recognition of the liability, offset against equity, will be possible.

T. INCOME TAX

Current tax

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

The following companies are party to this agreement at 31 December 2009: Somfy SA, Somfy SAS, Spirel SAS, Simu SAS, CMC SARL, Somfy Development SAS, Domis SA, NMP SAS, Zurflüh Feller Holding SAS, Zurflüh Feller SAS, Zurflüh Feller Montage EURL, MSD EURL, CERF EURL, Automatismes BFT France SAS and BFT Languedoc SAS.

Under this agreement, the difference between the sum of income taxes calculated for each company and the total for the tax integrated group is accounted for as income in the Income Statement of the Group's holding company.

When a subsidiary is no longer a member of the income tax integration group, Somfy SA compensates it in accordance with the jointly agreed exit procedures, taking into account the situation at that date.

Deferred income tax

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

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

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

U. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

As referred to in Paragraph A, Somfy Group decided to apply hedge accounting to the financial instruments that meet the criteria defined by IFRS from 1 January 2009.
The effective portion of the fair value of interest rate hedges deemed eligible for hedge accounting, as “cash flow hedges” in the meaning of IAS 39, was thus recognised under equity.

The fair value of foreign exchange hedge instruments, as well as interest rate hedge instruments ineligible for hedge accounting was taken to the financial result.

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

V. NON-CURRENT ASSETS HELD FOR DISPOSAL

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

W. EARNINGS PER SHARE

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

X. INCOME FROM ORDINARY ACTIVITIES

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

Y. OPERATING RESULTS

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

Other operating revenues and charges correspond to exceptional, infrequent, non-recurring and significant items at the level of the Group’s consolidated performance. They include capital gains and losses on the disposal of assets, restructuring costs and provisions that may disrupt the current operating result comparability.
Current operating result reflects company performance.
As specified in Paragraph A, the presentation of Somfy Group’s income statement has changed since 31 December 2008: a line was added for EBITDA and intangible asset writedowns allocated as part of business combinations (IFRS 3) were included under “goodwill impairment”.

Z. NET FINANCIAL RESULT

Net financial result comprises the following two items:

Net cost of debt

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

Other financial result/expense

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

AA. SEGMENT REPORTING

The Group deemed it appropriate to opt for the early adoption of IFRS 8 on 1 January 2008.
The Group will now present the relevant indicators based on two operating segments: “Somfy Activities” and “Somfy Participations”.

Notes to the consolidated financial statements at 31 december 2009

1. Changes in Group structure

Somfy Activités acquired:

- the Italian company **O&O** through its subsidiary BFT SpA. O&O produces lifting gates, rising bollards and automated sliding doors. Somfy acquired 62.5% of the share capital for an acquisition price of €4.9 million. Concerning the remaining 37.5%, the parties agreed on a call and respectively a put option. This company is consolidated from January 2009 and contributed €3.5 million to Group sales and €7.0 million to goodwill at 31 December 2009.
- the assets of **Energy Eye**, Californian manufacturer of energy optimisation systems for the hotel industry, through its American subsidiary HDI, for USD2.0 million. This company is consolidated from May 2009 and contributed €0.8 million to Group sales and €0.2 million to goodwill at 31 December 2009.
- 40% of the share capital of **Oxygen Sarl (Astélia)** for €1.6 million. This equity accounted company has developed an alarm system for the housebound elderly. The parties agreed on a call and respectively a put option for a further 50% in 2013 and 10% in 2019. The carrying value of the investment is €1.4 million at 31 December 2009.
- **Pujol Spain** and **Pujol Portugal** through its subsidiary Somfy Spain for €9.3 million. The companies manufacture automation systems and motors for gates and doors. These companies are consolidated from October 2009 and contributed €1.7 million to Group sales and €9.0 million to goodwill at 31 December 2009.
- 40% of the share capital of the French company **Axis** for €0.3 million. This equity accounted company, consolidated from October 2009, is specialised in the motorisation of shutters. The carrying value of the investment is €0.3 million at 31 December 2009.

Somfy Participations acquired:

- **SODIM**, manufacturer of bath and shower cubicles, through its subsidiary Sirem International. Sirem International acquired 100% of the share capital for an acquisition price of €0.7 million. SODIM is consolidated from December 2009 and negative goodwill of €0.2 million has provisionally been recognised in the income statement on the line "Impairment of goodwill and amortisation of allocated intangible assets".

At 1 January 2008, Somfy took note of the loss of significant influence in FAAC and decide to exclude this company from its consolidated scope. Consequently Somfy retained FAAC dividends in its financial result at 31 December 2009 in the amount to €6.1 million. The FAAC dividends received during 2008 had been eliminated on consolidation as they had been accounted for in the 2007 consolidated income statement.

2. Significant events

- Somfy announced on 7 October 2009 its intention of reorganising its stator production in France. The reorganisation envisaged was due to the continuing and structural difficulties of **Spirel** and to the necessary changes to technologies and production facilities to market challenges (increase in scale of players from emerging countries, the development of products with high added value). The project provides for the gradual shutdown of part of the stator production on the Saint-Rémy-de-Maurienne (Savoie) site, operated by Spirel and its integration within the French motor assembly factories of Somfy in Cluses (Haute-Savoie) and Gray (Haute-Saône). Somfy is committed to establishing a plan to safeguard employment for half of Spirel's workforce. A €12.7 million provision was recognised in the financial statements at 31 December 2009 in relation to this restructuring.
- Somfy impaired 50% (€3.5 million) of the value of goodwill of the Chinese company **LianDa** (see notes 11 and 14 for the accounting treatment). The accumulated losses, as well as the short and medium term profitability outlook led to a review of the business plan.
  A €2.0 million provision was recognised in relation to equity investment in **Gaviota-Simbac** (approximately 10% of its value) at 30 June 2009 because the value determined under the Discounted Cash Flow method was less than the carrying value in the Somfy Group financial statements. The decline in Gaviota-Simbac sales was due to the gloomy Spanish market. Gaviota-Simbac sales declined by 14.3% at 31 December 2008 and by 27% over the fist half-year 2009.
  Likewise, **Firstinnov**, an equity accounted company within Somfy Activities, was subject to a €1.9 million provision (i.e. its entire value) due to a change in product regulations.
- Somfy group decided to apply **hedge accounting** to financial instruments meeting the criteria defined by IFRS from 1 January 2009. This option only relates to interest rate hedges (primarily swaps of variable rates against fixed rates). These instruments are used by Somfy to hedge the liabilities of LBO transactions. The effective portion of the fair value of interest rate hedges deemed eligible for hedge accounting, as "cash flow hedges" in the meaning of IAS 39, was thus recognised

under equity. The impact on equity at 31 December 2009 was (€1,044 thousand), or (€690 thousand) net of deferred tax. The fair value of foreign exchange hedge instruments, as well as interest rate hedge instruments ineligible for hedge accounting was taken to the financial result.

- Goodwill in relation to the acquisition of Zurflüh Feller group had been provisionally recorded within the 2008 annual financial statements. Supplementary work has been carried out within the 1-year allocation timeframe.

The final residual goodwill thus amounted to €17.1 million. The 31 December 2008 financial statements have been restated for these amendments. The impact on the published net profit at 31 December 2008 was (€665 thousand) before tax and (€436 thousand) after tax (see note 10 which discusses the details of the allocation recorded).

- Goodwill in relation to the acquisition of **Sirem** group had been provisionally recorded within the 2008 annual financial statements. Supplementary work has been carried out within the one-year allocation timeframe.

The final residual goodwill thus amounts to €8.0 million. The 31 December 2008 financial statements have been restated for these amendments with no impact on the published net profit at 31 December 2008 (see note 10 which discusses the details of the allocation recorded).

- The carrying value of the **CIAT** group had been evaluated provisionally within the 2008 annual financial statements. Supplementary work has been carried out within the one-year allocation timeframe.

The final carrying value amounts to €37.3 million. The financial statements at 31 December 2008 have been restated for these amendments. The impact on the net profit published at 31 December 2008 was (€385 thousand), posted as share of profit of equity accounted companies (see note 10 which discusses the details of the allocation recorded).

3. Segment reporting

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

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

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

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

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

AT 31 DECEMBER 2009

€ thousands	Somfy Activities	Somfy Participations	Other	Inter-Segment	Consolidated
Segment sales	666,571	95,405	-	-1,199	760,777
Segment profit (current operating result)	114,742	9,449	-140	-	124,050
Share of net profit of equity-accounted companies	-2,306	284	-	-	-2,023
Cash flow	120,913	23,538	-1,474	-	142,977
Intangible asset and PPE investments	26,678	3,511	-	-	30,189
Goodwill	110,697	35,728	-	-	146,425
Net intangible assets and PPE	197,805	64,644	-	-	262,449
Not consolidated investments	198	198,583	-	-	198,781
Equity accounted companies	1,604	57,043	-	-	58,647

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

AT 31 DECEMBER 2008

€ thousands	Somfy Activities	Somfy Participations	Other	Inter-Segment	Consolidated
Segment sales	691,008	58,888	-	-543	749,353
Segment profit (current operating result)	117,984	6,273	-61	-	124,196
Share of net profit of equity-accounted companies	-260	1,784	-	-	1,524
Cash flow	117,378	4,735	1,819	-	123,932
Intangible asset and PPE investments	41,186	6,466	-	-	47,652
Goodwill	96,465	36,019	-	-	132,484
Net intangible assets and PPE	197,297	68,844	-	-	266,141
Not consolidated investments	65	204,230	-	-	204,295
Equity accounted companies	1,944	56,899	-	-	58,844

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

INTANGIBLE AND PROPERTY, PLANT AND EQUIPMENT BY ASSET LOCATION

€ thousands	31/12/09	31/12/08
France	116,954	120,936
Germany	8,558	9,347
Northern Europe	2,695	2,768
Easterm & Central Europe	1,987	2,132
Southern Europe	57,869	54,046
Asia Pacific	3,892	3,788
Americas	5,850	4,280
SOMFY ACTIVITIES	**197,805**	**197,297**
Somfy Participations	64,644	68,844
CONSOLIDATED SOMFY	**262,449**	**266,141**

SALES BY CUSTOMER LOCATION

€ thousands	31/12/09	31/12/08	Variance N/N-1	Variance N/N-1 at constant rate
France	203,504	200,830	1.3%	1.2%
Germany	101,257	95,717	5.8%	5.6%
Northern Europe	83,383	92,035	-9.4%	-6.1%
Eastern & Central Europe	52,503	54,822	-4.2%	0.1%
Southern Europe	126,120	139,446	-9.6%	-12.2%
Asia Pacific	42,532	43,166	-1.5%	-3.7%
Americas	57,242	64,988	-11.9%	-14.4%
SOMFY ACTIVITIES	**666,541**	**691,004**	**-3.5%**	**-3.7%**
Somfy Participations	94,236	58,349	61.5%	-7.5%
CONSOLIDATED SOMFY	**760,777**	**749,353**	**1.5%**	**-4.0%**

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

4. Other operating income

€ thousands	31/12/09	31/12/08
Fixed asset production	3,968	3,414
Provision of services	2,016	2,354
Other revenues	4,044	2,850
OTHER OPERATING REVENUES	**10,028**	**8,618**

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

5. Current provision depreciation

€ thousands	31/12/09	31/12/08
Charges/reversals of provisions for liabilities and charges	-1,619	-50
CHARGES TO CURRENT PROVISIONS	**-1,619**	**-50**

Other depreciation to provisions related to inventory, guarantees, customer accounts and employees have been allocated to the related charges.
The increase in provision charges is mainly due to product litigation.

6. Other operating income and expenses

€ thousands	31/12/09	31/12/08
Charges/reversal to non-current provisions	-12,231	-1,108
Other non-current items	-710	-627
– *Non-current income*	*844*	*816*
– *Non-current expense*	*-1,555*	*-1,443*
Net loss on disposal of assets	-851	-980
OTHER OPERATING INCOME AND EXPENSE	**-13,792**	**-2,715**

At 31 December 2009, charges to non-current provisions relate to the restructuring of Spirel in the amount of €12.7 million.

7. Net financial result

€ thousands	31/12/09	31/12/08
Net borrowing cost	-1,056	-5,642
– *Financial result from investments*	*6,651*	*5,586*
– *Financial expenses related to borrowings*	*-7,707*	*-11,228*
Effect of foreign currency translation	-822	-3,195
Other	8,265	-3,674
FINANCIAL RESULT	**6,387**	**-12,511**

At 1 January 2008, Somfy took notice of the loss of significant influence in FAAC and decide to exclude this company from its consolidated scope. Consequently Somfy retained FAAC dividends in its net financial result at 31 December 2009 in the amount to €6.1 million, included in other components of the net financial result.

At 31 December 2009, the increase in net financial result is essentially related to the FAAC dividends, the increased interest on the mezzanine debenture granted to CIAT over the full year, the reduction in long term debenture and interest rates, the reduction in unrealised gains on foreign currency hedges and as a result of the 2008 net financial result including a loss relating to the settlement of an equity swap contract on non-Group shares of -€4.8 million.

8. Current and deferred taxes

8.1. TAX PROOF

€ thousands	31/12/09	31/12/08
Profit before tax	**111,105**	**107,966**
Expenses on dividends	*2,094*	*2,155*
Dividends from non-consolidated companies	*-7,951*	*-1,382*
Other	*4,172*	*1,737*
Permanent differences	**-1,685**	**2,510**
Net profit taxed at reduced rate*	**-13,895**	**-13,419**
Net profit taxable at standard rate	**95,525**	**97,057**
Tax rate in France	*34.40%*	*34.40%*
Tax charge recalculated at the French standard rate	**32,861**	**33,388**
Tax at reduced rate*	**2,153**	**2,080**
Difference in standard rate in foreign countries	*-16,415*	*-12,913*
Tax losses for the year, unrecognised in previous periods, deficits used	*2,115*	*1,084*
Effect of the rate difference	**-14,300**	**-11,829**
Tax credits	**-1,085**	**-1,096**
Other taxes and miscellaneous	**1,817**	**1,326**
Group tax	**21,446**	**23,869**
Effective rate	*19.30%*	*22.11%*
Current tax:	**16,176**	**19,006**
Deferred tax:	**5,270**	**4,863**

* Royalties taxed at reduced rate (15.5%)

The significant reduction in effective rate is essentially as a result of a drive in production outside of Europe.

Capitalised and used losses

Deferred tax losses relating to companies outside the tax group or originated before entering the tax group, have not been capitalised when it is unlikely that future taxable income will offset them. Such deficits amount to €15,142 thousand in 2009 and €12,831 thousand in 2008 (at the standard rate).

No deferred tax assets have been recorded in 2009 on tax losses occurring during the year or in previous years.

8.2. DEFERRED TAXES INCLUDED DIRECTLY IN SHAREHOLDERS' EQUITY

€ thousands	31/12/09	31/12/08
Deferred tax assets		
- Actuarial gains and losses on employee benefits	482	1,416
- Interest rate hedges	354	-
Deferred tax liabilities		
- Available-for-sale financial assets	2,245	2,349
NET DEFERRED TAX	**-1,409**	**-933**

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

Deferred tax related to the tax deductibility of the treasury shares provision amounts to €3.9 million and was recognised directly from net profit to reserves, and thus does not affect the Group shareholder's equity.

8.3. ANALYSIS BY NATURE

€ thousands	31/12/09 Asset	31/12/08 Asset	Income Statement impact
Deferred tax on restatements related to IFRS standards and temporary differences, including:	16,188	17,594	-1,395
– *Adjustments to employee benefits*	*3,940*	*4,501*	*164*
– *Adjustments resulting from provision methods*	*3,017*	*2,621*	*281*
– *Fair value adjustments*	*2,307*	*2,738*	*-315*
– *Adjustments on the fair value of hedging instruments*	*1,303*	*1,492*	*-544*
– *Adjustments resulting from acquisition expenses*	*1,134*	*1,420*	*-286*
– *Adjustments due to tax and social security liabilities*	*1,033*	*1,833*	*-800*
Deferred taxation on intra-group margin	5,724	8,536	-2,944
TOTAL	**21,912**	**26,130**	**-4,338**

€ thousands	31/12/09 Liability	31/12/08 Liability	Income Statement impact
Deferred tax on restatements related to IFRS standards and temporary differences, including:	48,050	46,019	828
– *Adjustments related to the fair value of property, plant and equipment*	*12,885*	*13,198*	*-456*
– *Adjustments due to changes in depreciation rates*	*10,496*	*11,436*	*-462*
– *Adjustments related to leases*	*8,249*	*7,562*	*687*
– *Adjustments from the capitalisation of development costs*	*5,929*	*4,878*	*1,051*
– *Adjustment resulting from the tax deductability of the Treasury shares provision*	*0*	*0*	*-901*
Deferred tax on intra-group margin	1,083	959	114
Deferred tax on the elimination of intra-group provisions	226	298	-72
Deferred tax on acquisition expenses	1,579	1,517	62
TOTAL	**50,938**	**48,793**	**932**

9. Earnings per share

Earnings per share	31/12/09	31/12/08
Net profit - Group share (€ thousands)	88,176	84,913
Total number of shares (1)	7,836,800	7,836,800
Treasury shares* (2)	249,909	257,230
Number of shares used in calculation (1)-(2)	7,586,891	7,579,570
BASIC EARNINGS PER SHARE (€)	**11.62**	**11.20**

* Representing the total Treasury shares held by Somfy SA.

Diluted earnings per share	31/12/09	31/12/08
Net profit - Group share (€ thousands)	88,176	84,913
Total number of shares (1)	7,836,800	7,836,800
Treasury shares* * (2)	177,199	176,452
Number of shares used in calculation (1)-(2)	7,659,601	7,660,348
DILUTED EARNINGS PER SHARE (€)	**11.51**	**11.08**

** Excluding treasury shares allocated to share option plans.

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

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

10. Business combinations and acquisition of minority interests

Acquisitions during 2009

Somfy Activités acquired:

- the Italian company **O&O** through its subsidiary BFT SpA. O&O produces lifting gates, rising bollards and automated sliding doors. This company is consolidated from January 2009 and contributed €7.0 million to goodwill at 31 December 2009.
- the assets of **Energy Eye**, Californian manufacturer of energy optimisation systems for the hotel industry, through its American subsidiary HDI. This company is consolidated from May 2009 and contributed €0.2 million to goodwill at 31 December 2009.

• 40% of the share capital of **Oxygen Sarl (Astélia)**. This equity accounted company has developed an alarm system for the house bound elderly. The carrying value of the investment is €1.4 million at 31 December 2009.
• **Pujol Spain** and **Pujol Portugal** through its subsidiary Somfy Spain. The companies manufacture automation systems and motors for gates and doors. These companies are consolidated from October 2009 and contributed €9.0 million to goodwill at 31 December 2009. An earn-out of €2.2 million has been recorded in goodwill.
• 40% of the share capital of the French company **Axis** for €0.3 million. This equity accounted company, consolidated from October 2009, is specialised in the motorisation of shutters. The carrying value of the investment is €0.3 million at 31 December 2009.

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

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

€ thousands	Fair value recognised at the date of acquisition Somfy Activities
Goodwill	13,895
Net intangible assets	2,447
Net tangible assets	1,100
Net financial assets	54
Deferred tax asset	145
Inventory	2,932
Trade receivables	2,635
Other current receivables	205
Other current financial assets	4
Cash and cash equivalents net	-310
Non-current provisions	-155
Other non-current financial liabilities	-392
Other non-current liabilities	-3,197
Employee benefits	-355
Deferred tax liability	-367
Current provisions	-54
Other current financial liabilities	-463
Trade payables	-1,308
Other current liabilities	-717
Current tax liabilities	-92
Equity accounted companies	0
Minority interest	-27
Acquisition cost	15,980
Less: cash acquired	310
CASH FLOW FROM ACQUISITION NET OF CASH ACQUIRED	**16,290**

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

Somfy Participations acquired:
• **SODIM**, manufacturer of bath and shower cubicles, through its subsidiary Sirem International. SODIM is consolidated from December 2009 and negative goodwill of €0.2 million has provisionally been recognised in the income statement on the line "Impairment of goodwill and amortisation of allocated intangible assets".

The net cash flow impact of this acquisition was -€542 thousand.

Net cash flows are also impacted by the payment of an earn-out clause to PD Technology Ltd (€145 thousand) and Zurflüh Feller (€2 million) and by the purchase of the minority interests of SACS (€166 thousand) and Cotherm M&M (€45 thousand).

Acquisitions during 2008

Somfy Activities acquired four distributors through its subsidiary BFT SpA:

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

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

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

Somfy Participations acquired:

- **Zurflüh Feller**, on 17 July 2008, within the framework of a leveraged buyout. For Somfy the acquisition required an outlay of €29.0 million of capital.
- **87.53 %** of **Sirem**, on 3 October 2008 within the framework of a leveraged buy-out. For Somfy the acquisition required an outlay of €5.9 million of capital and €2.3 million of mezzanine debt.

The allocation of goodwill on Zurflüh Feller and Sirem had been established provisionally in the 2008 annual financial statements. Supplementary review of the allocation has been performed wihin the one-year allocation timeframe.

The impacts on the net assets of Zurflüh Feller and Sirem are as follows:

€ thousands	Shareholders' equity before restatements	Restatements	Shareholders' equity after restatements
Net intangible assets	237	26,640	26,877
Net tangible assets	40,544	-6,947	33,597
Net financial assets	89		89
Deferred tax asset	1,049	2,508	3,557
Inventory	11,612		11,612
Other current receivables	27,959		27,959
Current financial assets	442		442
Cash and cash equivalents net	5,886		5,886
Non-current and current provisions	-852	-332	-1,184
Deferred tax liabilities	-2,563	-9,093	-11,656
Non-current and current financial liabilities	-59,073		-59,073
Other non-current and current liabilities	-26,072		-26,072
Minority interests	853	-556	297
	111	**12,220**	**12,331**
	ACQUISITION PRICE		34,845
	ACQUISITION COSTS		2,615
	FINAL GOODWILL		**25,129**

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

€ thousands	Fair value at acquisition date Zurflüh Feller	Fair value at acquisition date Sirem
Goodwill	17,144	7,985
Net intangible assets	20,044	6,833
Net tangible assets	28,360	5,237
Net financial assets	73	16
Other non-current receivables	0	0
Deferred tax asset	3,285	272
Inventory	7,271	4,341
Trade receivables	19,246	5,901
Other current receivables	1,247	826
Current tax assets	0	739
Other current financial assets	0	442
Cash and cash equivalents net	6,859	-973
Non-current provisions	-1,072	-79
Other non-current financial liabilities	-40,664	-16,458
Other non-current liabilities	-2,028	0
Employee benefits	-527	-121
Deferred tax liabilities	-8,647	-3,009
Current provisions	-33	0
Other current financial liabilities	-1,742	-209
Trade payables	-11,590	-3,628
Other current liabilities	-5,413	-1,581
Current tax liabilities	-306	-878
Equity accounted companies	0	0
Minority interest	0	297
Acquisition costs	31,507	5,953
Debentures granted by Somfy	0	2,300
Total acquisition cost	31,507	8,253
Less: cash acquired	-6,859	973
CASH FLOW FROM ACQUISITION NET OF CASH ACQUIRED	**24,648**	**9,226**

Further, **Somfy Participations** acquired 40% of CIAT Group on 23 July 2008, within the framework of a leveraged buy-out. The cash paid was €34,600 thousands and €1,857 thousands of acquisition-related expenses, being a total of €36,457 thousands million. Somfy Participations also granted a debenture loan of €48.0 million to CIAT, which impacts the cash flow statement through payments linked to acquisitions of non-current financial assets.
Following the evaluation of CIAT's intangible and tangible assets, the final carrying value at 31 December 2008 is as follows:

€ thousands	Equity accounted value before restatements	Restatements	Equity accounted value after restatements
Equity accounted value	37,651	-385	37,266
	37,651	**-385**	**37,266**

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

The amortisation of intangible assets recognised within the framework of consolidation has impacted the net profit published at 31 December 2008 as follows:

€ thousands	
Published net result at 31 December 2008	86,442
Effect of consolidation of Zurflüh Feller	-436
Effect of consolidation of CIAT	-385
Restated net result at 31 December 2008	85,620

11. Goodwill

€ thousands	Value
AT 1 JANUARY 2008	**101,539**
Changes in scope of consolidation	29,849
Changes in foreign exchange rate	-152
Other movements	1,248
AT 31 DECEMBER 2008	**132,484**
Changes in scope of consolidation	16,097
Changes in foreign exchange rate	270
Other movements	1,160
Charge for impairment	-3,586
AT 31 DECEMBER 2009	**146,425**

12. Intangible assets

€ thousands	Alloted intangible assets	Development costs	Patents & brands	Software	Other	In progress and advance payment	Total
Gross value							
at 1 January	**31,469**	**14,127**	**2,385**	**26,988**	**730**	**4,124**	**79,823**
Additions	28	6	118	902	356	4,228	5,639
Disposals	-	-352	-85	-356	-4	-	-797
Effect of change in foreign exchange rates	-10	-	-	7	6	-3	-1
Change in scope of consolidation	2,378	-	4	80	148	31	2,641
Other movements	-	1,333	-	2,607	-	-3,906	33
AT 31 DECEMBER 2009	**33,865**	**15,114**	**2,421**	**30,229**	**1,236**	**4,474**	**87,338**
Accumulated amortisation							
at 1 January	**-2,384**	**-4,198**	**-1,140**	**-18,965**	**-510**	**0**	**-27,197**
Amortisation charge for the year	-2,194	-2,513	-93	-2,660	-181	-	-7,641
Disposals	-	-	85	310	4	-	399
Effect of change in foreign exchange rates	50	-	-	-11	-4	-	35
Change in scope of consolidation	-	-	-3	-68	-123	-	-194
Other movements	1	-	354	-3	-354	-	-2
AT 31 DECEMBER 2009	**-4,527**	**-6,711**	**-797**	**-21,396**	**-1,168**	**0**	**-34,600**
NET AMOUNT AT 31 DECEMBER 2009	**29,338**	**8,403**	**1,624**	**8,833**	**67**	**4,474***	**52,739**

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

€ thousands	Alloted intangible assets	Development costs	Patents & brands	Software	Other	In progress and advance payment	Total
Gross value							
at 1 January	**0**	**11,138**	**6,655**	**25,313**	**646**	**2,571**	**46,323**
Additions	240	216	53	2,380	69	4,100	7,058
Disposals	-	-132	-35	-1,849	-21	-	-2,037
Effect of change in foreign exchange rates	-94	-	-115	9	-23	1	-222
Change in scope of consolidation	27,000	356	150	1,045	41	47	28,639
Other movements	4,323	2,549	-4,323	90	17	-2,595	61
AT 31 DECEMBER 2008	**31,469**	**14,127**	**2,385**	**26,988**	**730**	**4,124**	**79,823**
Accumulated amortisation							
at 1 January	**0**	**-1,627**	**-2,241**	**-17,358**	**-474**	**0**	**-21,700**
Amortisation charge for the year	-1,004	-2,412	-140	-2,263	-83	-	-5,901
Disposals	-	118	34	1,611	21	-	1,784
Effect of change in foreign exchange rates	-46	-	8	-17	11	-	-43
Change in scope of consolidation	-	-277	-136	-943	-	-	-1,356
Other movements	-1,334	-	1,334	5	15	-	20
AT 31 DECEMBER 2008	**-2,384**	**-4,198**	**-1,140**	**-18,965**	**-510**	**0**	**-27,197**
NET AMOUNT AT 31 DECEMBER 2008	**29,085**	**9,929**	**1,245**	**8,023**	**220**	**4,124***	**52,626**

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

Development expenses fulfilling the criteria of IAS 38 are capitalised as internally generated in intangible assets. At 31 December 2009 their gross value is €18,935 thousand, of which €3,821 thousand is in progress.

The amount of research and development expenses recognised during the year is €36.5 million (net of fixed asset production).

There are no contractual commitments to purchase in intangible assets.

Alloted intangible assets comprise €24.6 million of customer relationships, €2.2 million licenses, €1.2 million software, €1.0 million brands (indefinite life) and €0.3 million of goodwill at 31 December 2009.

13. Property, plant and equipment

13.1. PROPERTY, PLANT AND EQUIPMENT BY TYPE

€ thousands	Land	Buildings	Plant, machinary and tools	Other	In progress and advance payment	Total
Gross value						
at 1 January	**17,961**	**117,647**	**221,132**	**41,726**	**10,508**	**408,973**
Additions	77	1,199	6,971	3,155	13,148	24,550
Disposals	-4	-428	-4,109	-2,608	-	-7,149
Effect of change in foreign exchange rates	-	13	-212	188	-27	-37
Change in scope of consolidation	63	670	1,192	1,130	30	3,085
Other movements	157	8,089	8,179	431	-17,132	-276
AT 31 DECEMBER 2009	**18,255**	**127,190**	**233,152**	**44,022**	**6,527**	**429,147**
Accumulated depreciation						
at 1 January	**-121**	**-36,563**	**-132,280**	**-26,494**	**0**	**-195,459**
Depreciation charge for the year	-27	-4,926	-19,953	-4,118	-	-29,024
Disposals	4	343	3,677	2,158	-	6,182
Effect of change in foreign exchange rates	-	-7	94	-135	-	-48
Change in scope of consolidation	-	-14	-447	-873	-	-1,334
Other movements	-108	-	286	68	-	246
AT 31 DECEMBER 2009	**-252**	**-41,167**	**-148,622**	**-29,395**	**0**	**-219,436**
NET AMOUNT AT 31 DECEMBER 2009	**18,003**	**86,023**	**84,530**	**14,627**	**6,527**	**209,710**

€ thousands	Land	Buildings	Plant, machinary and tools	Other	In progress and advance payment	Total
Gross value						
at 1 January	**12,244**	**95,414**	**157,506**	**36,741**	**13,593**	**315,498**
Additions	4,646	4,128	12,450	4,047	15,323	40,594
Disposals	-165	-711	-6,661	-2,772	-	-10,309
Effect of change in foreign exchange rates	30	147	305	-377	44	149
Change in scope of consolidation	466	7,995	49,675	3,574	1,673	63,383
Other movements	740	10,674	7,857	513	-20,125	-341
AT 31 DECEMBER 2008	**17,961**	**117,647**	**221,132**	**41,726**	**10,508**	**408,973**
Accumulated depreciation						
at 1 January	**-115**	**-32,264**	**-97,002**	**-22,980**	**0**	**-152,361**
Depreciation charge for the year	-159	-4,321	-13,613	-4,034	-	-22,127
Disposals	-	41	5,921	2,259	-	8,221
Effect of change in foreign exchange rates	-	-124	-133	258	-	1
Change in scope of consolidation	153	146	-27,628	-2,125	-	-29,454
Other movements	-	-43	176	128	-	261
AT 31 DECEMBER 2008	**-121**	**-36,563**	**-132,280**	**-26,494**	**0**	**-195,459**
NET AMOUNT AT 31 DECEMBER 2008	**17,840**	**81,084**	**88,851**	**15,232**	**10,508**	**213,515**

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

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

13.2. PROPERTY, PLANT AND EQUIPMENT UNDER FINANCE LEASES

€ thousands	31/12/09	31/12/08
Gross value		
Land	10,074	10,074
Buildings	62,795	62,797
Buildings in progress	777	-
Plant, machinary and tools	21,870	20,066
TOTAL	**95,516**	**92,937**
Accumulated depreciation		
Land	-	-
Buildings	-17,586	-15,470
Plant, machinery and tools	-8,591	-6,664
TOTAL	**-26,177**	**-22,134**
NET AMOUNT AT 31 DECEMBER	**69,340**	**70,803**

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

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

€ thousands	Liabilities 2008 undiscounted	Liabilities 2008 discounted
Less than 1 year	9,561	7,498
Between 1 and 5 years	24,956	19,829
More than 5 years	18,919	15,191
TOTAL	**53,436**	**42,517**

13.3. SURETIES

A portion of the loan taken by Cotherm SAS (€1.5 million at 31 December 2009) intended to finance the extension of a building in Vinay was secured on several buildings in the amount of €0.5 million.

14. Impairment tests

At 31 December 2009, every year or every time that indications of impairment exist, the Somfy group, in conformity with the requirements of IAS 36, re-examines the value of goodwill associated with Cash Generating Units. The Group defines Cash Generating Units based on the manner from which it will obtain future economic benefits.
The recoverable value of the cash generating units is the higher of the fair value of the assets reduced by costs to sell and its value in use. The value in use is obtained using the Discounted Cash Flow method.
Cash flows are evaluated based on budgets and 3 year forecasts for companies which are on a known and regulated market. Generally these are companies whose strategies are not expected to change greatly. On the other hand, the period is extended to 5 years for companies on emerging markets with growth potential, for which maturity is further away. A time horizon of 5 years is also used for companies which have been significant impacted by crisis and which are likely to take this long to recuperate their historic profit trends.
These cash flows have been projected over several years using specific growth rates which are in line with the Group's historic growth rates. The growth rate used to project cash flows to infinity was 2%.
This rate is consistent with the long term inflation rate relevant to the countries concerned.
The discount rate used corresponds to the weighted average cost of capital and reflects the expected return on invested capital (equity and liabilities necessary to finance operations). It is calculated based on the financial data extracted from a sample of comparable companies, comprising listed companies operating in the same business segment as the companies to be valued.
The 2009 cash flow discount rate was 10% to 10.5% for European companies and 12.2% for the Chinese company.
The 2008 cash flow discount rate was 10% for European companies and 12.2% for the Chinese company.
During 2009, impairment tests led to the recognition of €3.5 million of depreciation on Lian Da and €1.9 million on Firstinnov, companies which are part of Somfy Activities and €2.0 million on Gaviota-Simbac, a company which is part of Somfy Participations (see significant events).
Concurrently, no indication of impairment was noted over the financial year in relation to assets with an unspecified life whose use is independent from other assets.

Sensitivity analysis

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

A variation of (0.5%) in growth rate to infinity resulted in recoverable values for two cash generating units (Sirem and CIAT) of slightly less than their carrying value.
No impairment has been recorded at 31 December 2009. However, business plans are deemed to lack aggressiveness since the 3-year plan only forecasts a return to the sales levels of 2007 and 2008 from 2012 onwards.
Somfy is applying extra care, follow-up and support to these companies in order to help them enjoy renewed growth within a shorter timeframe.

15. Equity accounted companies

€ thousands	31/12/09	31/12/08
Equity accounted companies at the beginning of the year	58,844	153,049
Change in scope of consolidation*	1,958	36,187
Share of profit of equity accounted companies	1,865	1,524
Other**	-39	-131,191
Dividends paid	-186	-816
Changes in foreign exchange rate	93	90
Charge for impairment***	-3,888	-
EQUITY ACCOUNTED COMPANIES AT THE END OF THE YEAR	**58,647**	**58,844**

* Acquisition of 40% of the CIAT group in 2008 and 40% of Axis and Oxygen (Astelia) in 2009.
** De-consolidation of FAAC from 1 January 2008, from now on considered to be an available-for-sale asset.
*** € 2.0 million Gaviota Simbac and €1.9 million Firstinnov.

€ thousands	31/12/09	31/12/08
CIAT held at 40%		
Sales*	303,761	365,781
Current operating result*	12,454	24,253
Net profit (group share)*	2,574	10,121
Total net assets	341,335	372,462
Equity accounted value	38,409	37,266

* The figures presented represent 12 months of operations.
The CIAT group was acquired at the beginning of July 2008 and thus the contribution to net profit for 6 months of operations for 2008 is €1,795 thousand at 40% (€718 thousand).

€ thousands	31/12/09	31/12/08
Gaviota -Simbac held at 46.5%		
Sales	55,226	69,121
Current operating result	4,415	4,678
Net profit (group share)	2,680	2,293
Total net assets	58,864	59,696
Equity accounted value	18,633	19,633

16. Financial assets

€ thousands	31/12/09	31/12/08
Available-for-sale financial assets	198,899	231,706
– *Non-consolidated shares*	*198,781*	*204,295*
– *Marketable securities*	*118*	*27,411*
Mezzanine loans *	53,750	49,717
Loans **	7,007	6,139
Other	2,597	2,274
NON-CURRENT & CURRENT FINANCIAL ASSETS	262,252	289,836
Due within one year	1,768	27,887
NON-CURRENT FINANCIAL ASSETS	**260,484**	**261,949**

* Somfy granted a mezzanine loan to CIAT with a par value of €48.0 million and €4.0 million (2008: €1.7 million) of capitalised interest to be repaid in 2016.
** Including a 3 year loan granted by Somfy SA to CIAT with a par value of €5.0 million and €0.1 million (2008: €0.1 million) of capitalised interest.

The significant reduction in current financial assets is as a result of the sale of nearly all of the investments held by Somfy SA during the first half of 2009, to enable the repayment of drawings on credit lines.

Non-consolidated shares essentially comprise:

- An investment in 34% of the share capital of FAAC. This company was equity accounted until 1 January 2008 and is now considered as an available-for-sale asset valued at €123. 9 million (level 3 as defined by IFRS 7, valuation method based on comparable quoted companies and discounted future cash flows).
- An investment in 32.95% of the share capital of agta record, valued at €70.1 million at 31 December 2009 based on the quoted market price (level 1 as defined by IFRS 7).

Available-for-sale financial assets and marketable securities are recorded at fair value. Realised capital gains were €20.1 million at 31 December 2009 (€17.8 million net of deferred tax) compared to €27.6 million at 31 December 2008 (€25.2 million net of deferred tax). The decline in fair values over the period was thus -€7.5 million and was recognised directly in shareholders' equity (-€7.4 million net of deferred tax).

Financial assets which may be realised within one year are classed as marketable securities.

"Other" essentially includes deposits and guarantees.

17. Inventory

€ thousands	31/12/09	31/12/08
Gross		
Raw materials and other supplies	37,311	41,318
Finished goods and merchandise	72,883	74,934
Total	**110,194**	**116,252**
Provisions	**-10,111**	**-8,564**
NET	**100,083**	**107,688**

€ thousands	Value 31/12/08	Net Charges	Exchange rate movement	Other movements	Value 31/12/09
Inventory provisions	-8,564	-1,241	-14	-291	-10,111

18. Customers

€ thousands	31/12/09	31/12/08
Gross value	142,694	147,667
Provision	-8,499	-6,403
Net value	**134,194**	**141,264**

€ thousands	Value 31/12/08	Charges	Used reversals	Unused reversals	Exchange rate movement	Other movements	Value 31/12/09
Customers	-6,403	-3,784	1,686	314	-39	-272	-8,499

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

€ thousands	Not overdue	Overdue between				Total
		0 to 3 months	3 to 6 months	6 to 9 months	greater than 9 months	
Customers	106,688	23,709	4,586	2,602	5,109	142,694

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

19. Other receivables

€ thousands	31/12/09	31/12/08
Gross value		
Receivables from employees	638	1,188
Other taxes (including VAT)	6,691	6,443
Prepaid expenses	4,196	3,932
Other receivables	1,599	1,073
TOTAL	**13,125**	**12,636**

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

20. Current tax

The decrease in "current tax asset" relates to a receivable created in 2008 (€14 million) following a taxable profit of less than the progress payments made.

21. Cash and cash equivalents

€ thousands	31/12/09	31/12/08
Cash	47,286	37,343
Cash equivalents	20,586	16,825
CASH AND CASH EQUIVALENTS	**67,872**	**54,168**

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

The average interest rate is approximately 1.42%.

22. Provisions

22.1. NON-CURRENT PROVISIONS

€ thousands	Provisions for guarantees	Provisions for litigation	Provisions for employee liability	Provisions for risks and charges	Total 2009
At 1 January	**3,432**	**1,669**	**704**	**1,963**	**7,768**
Expenses	-	1,291	55	710	2,056
Used reversals	-81	-	-3	-11	-95
Unused reversals	-	-289	-	-22	-311
Impact of variations in foreign exchange rate	-1	-	-	5	4
Other movements	-	-	155	-100	55
AT 31 DECEMBER	**3,350**	**2,671**	**911**	**2,545**	**9,477**

The net reversals (used and unused) impact current operating result by €1,176 thousand and other operating income and expenses by €474 thousand.

22.2. CURRENT PROVISIONS

€ thousands	Provisions for guarantees	Provisions for litigation	Provisions for risks and charges	Total 2009
At 1 January	**2,687**	**835**	**2,927**	**6,449**
Expenses	116	449	13,124	13,689
Used reversals	-	-237	-988	-1,225
Unused reversals	-	-137	-453	-590
Impact of variations in foreign exchange rate	4	-7	-8	-11
Other movements	54	236	-71	219
AT 31 DECEMBER	**2,861**	**1,139**	**14,531**	**18,531**

Charged to provisions for risks include €12.7 million related to the reorganisation of Spirel.

The net reversals (used and unused) impact current operating result by €459 thousand and other operating income and expenses by €11,416 thousand.

23. Financial liabilities

23.1. ANALYSIS BY CATEGORY

€ thousands	31/12/09	31/12/08
Borrowings from credit institutions	79,103	170,863
Lease commitments	36,975	42,517
Other borrowings and financial liabilities	227	783
NON-CURRENT & CURRENT FINANCIAL LIABILITIES	**116,304**	**214,163**
Due within one year	38,388	81,206
NON-CURRENT FINANCIAL LIABILITIES	**77,916**	**132,957**

The year ended 2009 generated cash inflows, which has allowed the Group to significant reduce its financial liabilities.
At 31 December 2008, Zurflüh Feller was not in compliance with its covenants. As a result, the leveraged buy-out debt (€32.0 million) had been recognised as a current financial liability. These covenants were renegotiated with the lead bank during the first half of 2009, resulting in the reclassification of the debt as non-current at 31 December 2009.

23.2. ANALYSIS BY MATURITY

€ thousands	31/12/09	31/12/08
Less than one year	38,388	81,206
Between 1 to 5 years	45,703	108,781
More than 5 years	32,213	24,176
TOTAL	**116,304**	**214,163**

23.3. ANALYSIS BY RATE

€ thousands		31/12/09	31/12/08
Variable rate	*€65.8 million swaps*	105,744	201,555
Fixed rate		10,343	12,042
Non-interest bearing		218	566
TOTAL		**116,304**	**214,163**

Average cost of debt is approximately 1.54%.

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

23.4. ANALYSIS BY CURRENCY

€ thousands	31/12/09	31/12/08
Euros	112,105	208,550
USD	1,037	1,067
Other	3,162	4,546
TOTAL	**116,304**	**214,163**

23.5. SECURED LIABILITIES

At 31 December 2009, the liabilities entered into within the framework of leveraged buy-outs, representing €51.7 million, were secured on the shares of the purchased target companies.
Further, the loan (€2.3 million) which Cotherm entered into to finance the extension of its building in Vinay was the object of:

- a €1.0 million guarantee granted by a third party (Udimec);
- a mortgage over various buildings in the amount of €0.5 million.

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

23.6. COVENANTS

At 31 December 2009, Somfy SA has a total of €137.5 million medium term loan facilities available with 4 banks, of which €12.0 million have been drawn. Funds made available by the credit institutions are subject to Somfy's SA commitment to comply with financial covenants (financial debt/ shareholder's equity ratio) based on the Group's financial structure and its ability to repay. Somfy SA was in compliance with all of these covenants at 31 December 2009.

Since 2006, Somfy has completed three acquisitions within the framework of leveraged buy-outs which are fully consolidated into the Somfy financial statements. Each loan entered into with credit institutions is subject to compliance with contractually agreed covenants. At 31 December 2009, Cotherm and Zurflüh Feller were in compliance with their covenants. Sirem is not in compliance with its covenants at the year end 2009. A waiver has been obtained from the banks at 31 December 2009, thus the debt continues to be classified as a non-current financial liability.

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

At 31 December 2008, Zurflüh Feller was not in compliance with its ratios. In compliance with IAS 1, the leveraged buy-out debt had been recognised as a current financial liability. These ratios were renegotiated with the lead bank during the first half of 2009.

24. Analysis of net debt

€ thousands	31/12/09	31/12/08
Financial liabilities	116,304	214,163
Financial assets	61,422	83,574
– *Marketable securities*	*118*	*27,411*
– *Mezzanine loans**	*53,750*	*49,717*
– *Other*	*7,554*	*6,446*
Cash and cash equivalents	67,872	54,168
NET FINANCIAL DEBT	**-12,990**	**76,421**

(–) Net financial surplus.
* Somfy granted a mezzanine loan to CIAT with a par value of €48.0 million and €4.0 million (2008: €1.7 million) of capitalised interest to be repaid in 2016.

25. Financial instruments recognised in the balance sheet

€ thousands	Amount at 31/12/09	Loans and receivables	Available-for-sale assets (Fair value recognised in reserves)	Held for trading (Fair value recognised in income)	Fair value (Fair value recognised in reserves)	Fair value (Fair value recognised in income)
Assets						
– Non-current financial assets	260,484	61,703	198,781	-	-	-
– Current financial assets	1,768	1,650	118	-	-	-
– Current derivative instruments	150	-	-	-	-	150
– Cash and cash equivalents	67,872	57,949	-	9,923	-	-
Liabilities						
– Non-current financial liabilities	77,916	77,916	-	-	-	-
– Non-current derivative instruments	3,196	-	-	-	1,880	1,316
– Current financial liabilities	38,388	38,388	-	-	-	-
– Current derivative instruments	626	-	-	-	-	626

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

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

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

26. Risk management

FOREIGN EXCHANGE RISK

Somfy is exposed to foreign exchange risk through intra-group sales of products manufactured in France (these sales are denominated in local currencies). However over 75% of consolidated sales are generated in the Euro zone

Foreign currency denominated assets represent 10% of net assets at 31 December 2009. Consequently a variation in foreign exchange rates would not have a significant impact on net assets.

Derivative financial instruments principally consist in forward currency contracts and foreign currency options.

The Group does not apply hedge accounting. Movements in fair value are thus recognised directly in net financial result/(loss). These amounted to (€476 thousand) at 31 December 2009 compared to (€1,178 thousand) at 31 December 2008, impacting net financial result/(loss) by €702 thousand.

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

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

INTEREST RATE RISK

The majority of the Group companies' financial liabilities are at variable rate. Interest rate hedges had a nominal value of €65.8 million at 31 December 2009 compared to €59.1 million in 2008.
Liabilities entered into within the framework of leveraged buy-outs are hedged in conformity with contractual obligations.

The fair value of swaps represented a net liability of €3,196 thousand in 2009, compared to a net liability of €2,653 thousand in 2008, being an impact of (€501 thousand) in net financial result/(loss) and (€1,044 thousand) in reserves.

The Group does not hedge fixed rates against variable rates.

LIQUIDITY RISK

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

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

INVESTMENT RISK

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

SHARE RISK

At 31 December 2009, the Somfy Group was not exposed to any share risk.

CREDIT RISK

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

27. Employee benefits

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

On 1 January 2008, the Group adopted, with retroactive effect, the so-called "SORIE" method provided for by IAS 19 "Employee benefits - actuarial gains and losses, group plans and disclosures", which allows for the immediate recognition of all actuarial differences, net of deferred tax, to reserves.

At 31 December 2009 actuarial differences recognised in reserves amount to (€616 thousand), i.e. (€1,099 thousand) in liabilities "employee benefit commitments" and €483 thousand in deferred taxes).

Movements between 2008 and 2009 may be explained as follows:

EMPLOYEE BENEFITS – FRANCE

€ thousands	Projected benefit obligation	Plan Assets	Net opening obligation	Balance sheet position	Past service cost
31 December 2008	**11,329**	**-4,322**	**7,007**	**5,967**	**1,040**
Net expenses for the period:	**871**	**-158**	**713**	**912**	**-199**
– *Current service cost and finance cost*	*871*	-	*871*	*871*	-
– *Return on plan assets*	-	*-158*	*-158*	*-158*	-
– *Amortisation of actuarial gains and losses and past service cost*	-	-	-	*199*	*-199*
– *Employee contributions*	-	-	-	-	-
Contributions paid	**-**	**-2,299**	**-2,299**	**-2,299**	**-**
Benefits paid	**-774**	**769**	**-5**	**-5**	**-**
Actuarial gains & losses/Past service costs	**-960**	**143**	**-817**	**-716**	**-101**
Movements in foreign exchange rates	**-**	**-**	**-**	**-**	**-**
Movements in scope of consolidation	**39**	**-**	**39**	**39**	**-**
31 DECEMBER 2009	**10,505**	**-5,867**	**4,638**	**3,898**	**740**

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

EMPLOYEE BENEFITS – OTHER

€ thousands	Projected benefit obligation	Plan Assets	Net opening obligation	Balance sheet position
31 December 2008	**19,708**	**-13,436**	**6,272**	**6,272**
Net expenses for the period:	**1,212**	**-396**	**816**	**816**
- Current service cost and finance cost	*692*	*-*	*692*	*692*
- Return on plan assets	*520*	*-*	*520*	*520*
- Amortisation of actuarial gains and losses and past service cost	*-*	*-307*	*-307*	*-307*
- Employee contributions	*0*	*-89*	*-89*	*-89*
Contributions paid	**-2**	**-993**	**-995**	**-995**
Benefits paid	**-347**	**208**	**-139**	**-139**
Actuarial gains & losses/Past service costs	**-678**	**-1,047**	**-1,725**	**-1,725**
Movements in foreign exchange rates	**-271**	**176**	**-95**	**-95**
Movements in scope of consolidation	**-**	**-**	**0**	**0**
31 DECEMBER 2009	**19,622**	**-15,488**	**4,134**	**4,134**

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

LONG-SERVICE AND JUBILEE AWARDS

€ thousands	31/12/08	Cost	Benefits paid	Changes in scope of consolidation	31/12/09
Discounted debt	**1,300**	**-30**	**-30**	**21**	**1,261**

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

TFR- TRATTAMENTO DI RAPPORTO (SEVERANCE PAY PROVISION)

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

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

The impact of defined benefits on the income statement impacted employee expenses by €1,728 thousand.

The main actuarial assumptions used are as follows:

At 31 December	2009	2008
Discount rate		
France	4.0-5.0%	4.0-5.0%
Germany	5.00%	5.00%
United States	6.00%	6.00%
Other	4.0-5.0%	4.0-5.0%
Long-term yield expected from pension plan assets		
France	2.0-4.4%	2.4-4.4%
Germany	5%-6%	5%-6%
United States	6.00%	6.00%
Other	2.4% - 4.5%	2.3%-4.5%
Future salary increases		
France	1.0-3.5%	1.0-3.5%
Germany	1.00%	1.00%
United States	2.00%	2.00%
Other	1.0-3.0%	1.0-2.0%

The sensitivity of the gross retirement benefit commitment based on a variation of +1%/-1% in discount rate is -14.6% / +18.4% respectively.

The individual training right gave rise at 31 December 2009 to the recognition of a provision of €682 thousand. Rights in respect of training increased to 183,802 hours at 31 December 2009 compared to 151,308 hours at the 2008 year end. The amount of hours used during the year was insignificant.

28. Other liabilities

€ thousands	31/12/09	31/12/08
Social security liabilities	46,969	44,706
Tax liabilities	8,268	7,250
Deferred income	525	633
Other*	3,615	4,368
TOTAL	**59,378**	**56,957**

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

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

29. Share-based payments

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

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

At 31 December 2009 the cost was €497 thousand and was recognised in employee expenses (€405 thousand in 2008).

Plan date	Number of beneficiaries	Number of options allocated originally	Adjusted number of exercisable options*	Exercise price (€)	Adjusted exercise price* (€)	Option expiry date
01/12/2003	62	20,150	20,088	128.00	125.05	31/12/2010
31/03/2006	96	36,200	29,292	185.00	-	31/03/2011
02/04/2008	112	29,550	29,550	155.00	-	31/01/2014

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

Movements in share option plans in 2008 and 2009 are as follows:

	2009		2008	
	Number of options	Weighted average exercise price (€)	Number of options	Weighted average exercise price (€)
Unexercised options at January 1	**80,778**	**156.08**	**60,416**	**154.92**
Options granted	-	-	29,550	155.00
Options cancelled	-1,789	97.70	-5,058	185.00
Options exercised	-6,279	111.46	-4,130	95.85
UNEXERCISED OPTIONS AT YEAR END	**72,710**	**161.37**	**80,778**	**156.08**
OPTIONS EXERCISABLE AT YEAR END	**13,868**	**125.05**	**21,936**	**118.93**

At 31 December 2009, unexercised options are as follows:

Plan date	Exercise price (€)	Number of unexercised options	Remaining life to option maturity (days)
01/12/2003	125.05	13,868	365
31/03/2006	185.00	29,292	455
02/04/2008	155.00	29,550	1,492

30. Proposed dividends

	31/12/09	31/12/08
Total number of shares	7,836,800	7,836,800
Treasury shares	249,909	257,230
Par value	€1	€1
Proposed dividend	€4.80	€4.80

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

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

31. Analysis of cash flow statement

31.1. CASH AND CASH EQUIVALENTS

€ thousands	31/12/09	31/12/08
CASH AT THE BEGINNING OF THE YEAR	**51,744**	**88,548**
Cash and cash equivalents	54,168	89,398
Bank overdrafts	-2,424	-850
CASH AT THE END OF THE YEAR	**66,974**	**51,744**
Cash and cash equivalents	67,872	54,168
Bank overdrafts	-898	-2,424

31.2. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Receivables and liabilities related to intangible assets and property, plant and equipment are included in investment activities in the cash flow statement and represented (€1.2 million) at 31 December 2009, compared to €0.9 million in 2008.

During 2009 the Group acquired intangible assets and property, plant and equipment totalling €30.2 million, of which €0.7 million was made through finance leases.

31.3. CHANGE IN WORKING CAPITAL REQUIREMENTS

€ thousands	31/12/09	31/12/08
Net decrease/(increase) in net inventory	11,110	535
Net decrease/(increase) in net customers	11,702	10,702
Net (decrease)/increase in suppliers	-1,784	-15,942
Net movement in other receivables and payables	4,066	-2,097
CHANGE IN WORKING CAPITAL REQUIREMENTS	**25,094**	**-6,802**

32. Off-balance sheet commitments

The Group's commitments comprise the following:

COMMITMENTS GRANTED:

€ thousands	31/12/09	31/12/08
– Guarantees and pledges granted	6,400	4,024
– Interest over the remaining terms of loans	14,394	21,596
– Rental payments remaining on operating leases	18,485	20,447
– Copper forward calls	1,217	3,380
– Foreign currency forward calls	19,254	25,513
TOTAL	**59,750**	**74,960**

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

COMMITMENTS RECEIVED:

€ thousands	31/12/09	31/12/08
– Guarantees, deposits and pledges received	20,454	19,392
– Unused credit lines	134,076	84,888
TOTAL	**154,530**	**104,280**

33. Environmental information

The majority of our production sites undertake assembly work only, which, by its nature, does not generate pollution.

The Group is therefore not exposed to any significant environmental risk. Nevertheless, selective sorting procedures are adopted at each site and measures to reduce energy consumption (heating, electricity) have been implemented at our main production plant in Cluses, France.

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

34. Employee information

34.1. AVERAGE HEADCOUNT

Somfy Group's workforce at 31 December 2009, including temporary and part-time employees recorded on a full-time equivalent basis, is as follows:

	31/12/09	31/12/08
Average workforce	5,353	5,081

35. Related party disclosures

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

35.1. TRANSACTIONS WITH ASSOCIATES

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

€ thousands	31/12/09	31/12/08
Sales	3,075	3,655
Other income	324	367
Purchase of goods	2,180	1,914
Other charges	71	29
Interest received	4,142	1,858
Customers	2,059	2,091
Suppliers	698	360
Loans	6,611	5,919
Mezzanine loans	53,750	49,717

35.2. GROSS REMUNERATION OF MANAGEMENT AND SUPERVISORY BOARD MEMBERS.

€ thousands	31/12/09	31/12/08
Short term benefits	1,492	1,632
Post employment benefits*	139	113
Share-based payments	75	55

* including past service costs

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

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

36. Subsequent events

In line with steps initiated in 2009 by Somfy Activités to downsize production capacities, a second chapter involving the Way company was launched in the first half-year 2010. No estimates of expected costs can be made, but the impact will be markedly less than the costs of the first restructuring plan, which had an adverse impact on the 2009 financial statements.

37. Scope of consolidation at 31 December 2009

All the companies have a year end of 31 December.

Company name	Head office	% control 31/12/09	% interest 31/12/09	% interest 31/12/09
Somfy SA	74300 Cluses (France)	(Parent)	(Parent)	(Parent)
Fully consolidated companies				
Somfy SAS	Cluses (France)	100.00	100.00	100.00
Spirel SAS	St-Rémy-de-Maurienne (France)	100.00	100.00	100.00
CMC SARL	Cluses (France)	100.00	100.00	100.00
Somfybat SNC	Cluses (France)	100.00	100.00	100.00
Domis SA	Rumilly (France)	100.00	100.00	100.00
Domaster SAS	Cluses (France)	100.00	100.00	100.00
SITEM SARL	Tunis (Tunisia)	100.00	100.00	100.00
SITEM Services	Tunis (Tunisia)	100.00	100.00	100.00
Somfy Ltd	Yeadon (England)	100.00	100.00	100.00
PD Technology Ltd	Bradford (England)	100.00	100.00	100.00
Somfy PTY Ltd	Rydalmere (Australia)	100.00	100.00	100.00
NV Somfy SA	Zaventem (Belgium)	100.00	100.00	100.00
Somfy Brazil LTDA	Sao Paulo (Brazil)	100.00	100.00	100.00
Somfy GmbH	Rottenburg (Germany)	100.00	100.00	100.00
Sun Protection Technology GmbH	Rottenburg (Germany)	-	-	100.00
Stehle Hungaria bt	Györ (Hungary)	-	-	100.00
Somfy GmbH	Elsbethen-Glasenbach (Austria)	100.00	100.00	100.00
Somfy KFT	Budapest (Hungary)	100.00	100.00	100.00
Somfy Sp zoo	Warsaw (Poland)	100.00	100.00	100.00
Somfy Spol sro	Prague (Czech Republic)	100.00	100.00	100.00
SC Somfy SRL	Brasov (Romania)	100.00	100.00	100.00
Somfy Russia LLC	Moscow (Russia)	100.00	100.00	100.00
Somfy Latvia SIA	Riga (Latvia)	100.00	100.00	100.00
Somfy Joo	Seoul (Korea)	100.00	100.00	100.00
Somfy Italia SRL	Trezzano sul Naviglio (Italy)	100.00	100.00	100.00
Somfy BV	Hoofddorp (Netherlands)	100.00	100.00	100.00
Somfy Espana SA	Barcelona (Spain)	100.00	100.00	100.00
Pujol Muntalà SA	Barcelona (Spain)	100.00	100.00	-
Pujol LDA	Esmoriz (Portugal)	100.00	100.00	-
Somfy Systems Inc.	Cranbury NJ (United States)	100.00	100.00	100.00
Somfy AG	Bassersdorf (Switzerland)	100.00	100.00	100.00
Somfy AB	Limhamn (Sweden)	100.00	100.00	100.00
Somfy PTE Ltd	Singapore	100.00	100.00	100.00
Somfy Co Ltd	Hong-Kong	100.00	100.00	100.00
Somfy China LTD	Shanghai (China)	100.00	100.00	100.00
LianDa	Zhejiang (China)	80.00	80.00	80.00
Somfy Middle East Co Ltd	Limassol (Cyprus)	100.00	100.00	100.00
Sisa Home Automatisation LTD	Rishone Le Zion (Israel)	100.00	100.00	100.00

Company name	Head office	% control 31/12/09	% interest 31/12/09	% interest 31/12/09
Somfy Morrocco SARL	Casablanca (Morrocco)	100.00	100.00	100.00
Somfy Hellas SA	Athens (Greece)	100.00	100.00	100.00
Somfy Ev Otomasyon Sistemleri Ticalet Ltd Sti	Usküd (Turkey)	100.00	100.00	100.00
Somfy Mexico SA DE CV	Edo de Mex. (Mexico)	100.00	100.00	100.00
Somfy K.K.	Yokohama (Japan)	100.00	100.00	100.00
Somfy India Pvt Ltd	New Dehli (India)	100.00	100.00	100.00
Somfy ULC	Halifax (Canada)	100.00	100.00	100.00
Harmonic Design	California (United States)	100.00	100.00	100.00
Energy Eye	California (United States)	100.00	100.00	-
Simu SAS	Gray (France)	100.00	100.00	100.00
Simu USA Inc	Boca Raton FL (United States)	-	-	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
WAY SRL	Galliera Bologne (Italy)	100.00	100.00	100.00
Siminor Technologies Castres SARL	Castres (France)	-	-	100.00
Overkiz SAS	Archamps (France)	80.00	80.00	-
DSG	Mouscron (Belgium)	100.00	100.00	100.00
BFT Spa	Schio (Italy)	100.00	100.00	100.00
Automatismes BFT France SAS	Lyon (France)	100.00	100.00	100.00
BFT Group Italiberica de Automatismos SL	Barcelona (Spain)	98.70	98.70	98.70
BFT Torantriebssysteme Gmbh	Furth (Germany)	60.00	60.00	60.00
BFT Automation UK Limited	Stockport (England)	100.00	100.00	100.00
BFT Benelux SA	Nivelles (Belgium)	100.00	100.00	100.00
BFT Adria d.o.o.	Croatia	75.00	75.00	75.00
BFT US Inc.	Boca Raton FL (United States)	100.00	100.00	100.00
BFT Polska Sp.zoo	Warsaw (Poland)	100.00	100.00	100.00
BFT Portugal SA	Coimbra (Portugal)	100.00	100.00	100.00
BFT Gates systems Limited	Berkshire (England)	100.00	100.00	100.00
SACS SRL	Borgo Valsugana (Italy)	83.42	83.42	66.85
BFT Languedoc SAS	Nîmes (France)	100.00	100.00	100.00
BFT Sud-Ouest SAS	Toulouse (France)	90.00	90.00	90.00
BFT Australia	Sydney (Australia)	100.00	100.00	100.00
BFT Czech Republic	Prague (Czech Republic)	100.00	100.00	100.00
BFT Piemonte	Dronero (Italy)	70.00	70.00	70.00
BFT France SAS	Marseille (France)	100.00	100.00	100.00
O&O	Corregio (Italy)	62.50	62.50	-
BFT Veneto	Schio (Italy)	100.00	100.00	-
Cotherm Participation SA	Vinay (France)	65.00	65.00	65.00
Cotherm Développement SA	Vinay (France)	100.00	65.00	65.00
Cotherm SAS	Vinay (France)	100.00	65.00	65.00
Cotherm Tunisia Sarl	Ben Arous (Tunisia)	100.00	65.00	65.00
M&M components Ltd	Suffolk (England)	100.00	65.00	61.75

Company name	Head office	% control 31/12/09	% interest 31/12/09	% interest 31/12/09
Cotherm North America	Warwick (United States)	50.00	32.50	32.50
NMP SAS	Cluses (France)	100.00	100.00	100.00
Zurflüh Feller Holding SAS	Autechaux Roide (France)	100.00	100.00	100.00
Zurflüh Feller SAS	Autechaux Roide (France)	100.00	100.00	100.00
Zurflüh Feller Montage EURL	Autechaux Roide (France)	100.00	100.00	100.00
CERF EURL	Autechaux Roide (France)	100.00	100.00	100.00
Financière Nouveau Monde SA	Miribel (France)	87.53	87.53	87.53
Sirem International SA	Miribel (France)	100.00	87.53	87.53
Sirem SAS	Miribel (France)	100.00	87.53	87.53
Aqua System Design SAS	Miribel (France)	100.00	87.53	87.53
Sirem Immobilier SNC	Miribel (France)	100.00	87.53	87.53
SODIM	Pagny-le-Château (France)	100.00	87.53	-
Equity-accounted companies				
Gaviota Simbac SL	Sax Alicante (Spain)	46.50	46.50	46.50
Simbac Spa	Mezzago (Italy)	46.50	46.50	46.50
Gaviota Simbac Middle East Sal	Zouk Mosbeh (Liban)	23.25	23.25	-
Gaviota Simbac SL - Succursal EM Portugal	Vila Verde (Portugal)	46.50	46.50	-
Firstinnov	Montesson (France)	40.00	40.00	40.00
Ciat	Culoz (France)	40.00	40.00	40.00
Oxygen Sarl (Astélia)	Lyon (France)	40.00	40.00	-
Axis	Darnetal (France)	40.00	40.00	-

PARENT COMPANY FINANCIAL STATEMENTS

I – Balance sheet as at 31 December 2009

BALANCE SHEET ASSETS

€ thousands	31/12/09 Net	31/12/08 Net
NON-CURRENT ASSETS		
Intangible assets	1	1
Property, plant and equipment	0	0
Financial assets	627,714	602,148
TOTAL	**627,714**	**602,148**
CURRENT ASSETS		
Inventory and work-in-progress	0	0
Trade receivables	494	312
Other receivables and prepaid expenses	17,571	23,166
Marketable securities	29,681	55,487
Bank and cash	1,180	1,846
TOTAL	**48,927**	**80,811**
TOTAL ASSETS	**676,641**	**682,960**

BALANCE SHEET EQUITY AND LIABILITIES

€ thousands	31/12/09	31/12/08
SHAREHOLDERS' EQUITY		
Share capital	7,837	7,837
Share premium, merger reserves, contribution	1,866	1,866
Reserves	451,330	422,220
Profit for the year	83,681	56,778
TOTAL	**544,714**	**488,702**
PROVISIONS FOR LIABILITIES AND CHARGES	**2,995**	**3,097**
LIABILITIES		
Loans and financial liabilities	12,912	103,114
Trade payables	668	1,100
Other liabilities and deferred income	115,352	86,946
TOTAL	**128,932**	**191,161**
TOTAL LIABILITIES	**676,641**	**682,960**

II – Income Statement as at 31 December 2009

€ thousands	31/12/09	31/12/08
Net sales	2,880	1,529
Other income	662	335
Other expenses:	-8,788	-9,433
Personnel	*-517*	*-436*
Taxes and duties	*-52*	*-49*
Net operating expenses	*-8,219*	*-8,948*
Charges/reversals of provisions	0	-716
OPERATING LOSS	**-5,245**	**-8,285**
NET FINANCIAL RESULT	**85,148**	**56,476**
CURRENT OPERATING RESULT BEFORE TAX	**79,902**	**48,191**
EXCEPTIONAL EXPENSES	**-125**	**-897**
PROFIT BEFORE TAX	**79,777**	**47,293**
Income tax	3,904	9,485
NET PROFIT	**83,681**	**56,778**

III – Allocation of 2009 profit

€ thousands	
Opening balance	
Profit carried forward	1,221,801.60
Net profit for the year	83,681,150.76
	84,902,952.36

En euros	
Allocation	
Dividends	37,616,640.00
Other reserves	47,286,312.36
	84,902,952.36

IV – Notes to the financial statements of Somfy SA

The financial statements have been prepared for the 12 month period from 1 January 2009 to 31 December 2009.

A – SIGNIFICANT EVENTS

Somfy SA acquired:

- 40% of the share capital of Oxygen Sarl (Astélia) for €1.6 million. This company has developed an alert system for older people who live at home. A call option and corresponding put option was provided in the contract for 50% and 10% of the share capital in 2013 and 2019 respectively.
- 40% of the share capital of the French company Axis, for €0.3 million. This French company specializes in motors for shutters.

In addition, Somfy announced on 7 October 2009 its intention of reorganising its stator production in France. The reorganisation envisaged was due to the continuing and structural difficulties of Spirel and to the necessary changes to technologies and production facilities to market challenges (increase in scale of players from emerging countries, the development of products with high added value). The project provides for the gradual shutdown of part of the stator production on the Saint-Rémy-de-Maurienne (Savoie) site, operated by Spirel and its integration within the French motor assembly factories of Somfy in Cluses (Haute-Savoie) and Gray (Haute-Saône). Somfy is committed to establishing a plan to safeguard employment for half of Spirel's workforce. The equity value of Spirel in the financial statements of Somfy SA has gone from a positive €1.3 million to a negative €10.4 million.

Also, Firstinnov, 40% held and not equity accounted in the parent company financial statements, has a provision restablished for €2.2 million due to a change in product regulations.

B – ACCOUNTING FRAMEWORK

The 2009 financial statements are presented in accordance with current French legislation as defined by the French Chart of Accounts and with the general principles thereof.

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

and complies with the general rules of preparation and presentation of annual financial statements.
The historic cost method has been applied to all accounting entries.
Since the period ended 30 June 1998, investments in exclusively-controlled subsidiaries have been accounted for using the equity method.
Moreover, in application of the dispensations of ruling CRC 2005-09, the Company has chosen to maintain the useful lives previously applied for depreciation purposes for inseparable non-current assets.

Investments

The equity method of accounting allows the recognition of the equity stake in each of the wholly-owned and fully consolidated subsidiaries before allocation of net profit attributable to the parent company. Shareholders' equity is determined after restatements made during consolidation to align accounting policies. The net difference not allocated by the initial consolidation is added. An equity-method reserve amounting to €185.4 million at 31 December 2009, has been directly recognised in shareholders' equity.

Debentures and other securities

The initial recognition comprises acquisition cost, less associated expenses. When the estimated realisable value is lower than cost, an impairment provision is recorded for the difference. The estimated realisable value itself is determined with reference to the principles defined by the PCG (French Chart of Accounts).
Interest falling due on bonds is capitalised at each year end.

Marketable securities

The gross value of marketable securities comprises purchase price less associated costs or transfer value. Marketable securities are valued at their stock exchange quoted price at 31 December 2009 and are impaired when this is less than cost.

Treasury Shares

Treasury shares are reserved solely for allocation to employees within the framework of share option plans and are classified in account 502 "treasury shares".

Treasury shares allocated to share option plans are valued on a plan by plan basis at the lower of cost or exercise price of the call option.
Shares not yet allocated to plans or which have expired, are valued at the lower of their average acquisition cost or closing quoted price.

Accounts receivable from investments and other receivables

Accounts receivable are carried at par value. A provision for impairment is recorded when their estimated realisable value falls below carrying value.
When the net assets of non-equity accounted investments become negative, a provision for impairment is recorded with reference to the above estimated realisable value.

Foreign currency transactions

Foreign currency denominated income and expenses are recorded at their equivalent value at the transaction date. Foreign currency denominated debt, receivables and cash are recognised on the balance sheet at their exchange rate at the end of the year. The resulting difference from the translation of foreign currency debt and receivables at the year end rate is recognised in the balance sheet as "Translation adjustment".
Unrealised foreign exchange losses resulting from the net exchange gain or loss recorded on assets and liabilities at the balance sheet date are recorded as a provision for foreign exchange losses.

Borrowings and debt from credit institutions

Borrowings and debt from credit institutions are recorded net on the balance sheet. Accrued interest is recorded on the balance sheet with the related borrowings. At 31 December 2009, the Company was in compliance with all financial covenants imposed by banks on its borrowing facilities.

Interest rate hedges

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

The following are recognised at year end:
- Accrued interest on interest rate hedges,
- The unrealised loss resulting from the recognition at fair value of financial instruments for which a provision for interest rate risk has been established.

Operating results

At 31 December 2009, Somfy SA sales were €2.9 million, an increase compared to the previous year. Operating loss was €(5.2) million, compared to €(8.3) million in 2008, primarily as a result of non recurring expenses incurred in respect of acquisitions made by Somfy SA in 2008.

Financial results

Financial result of the Somfy SA holding company was €85.1 million compared to €56.5 million in 2008.
The increase in financial result is due to the increase in dividends received in the period, a release of the impairment provision for treasury shares not to be allocated to stock option plans (€2 million), a release in respect of the fair values of interest rates hedges (€0.6 million) that was included in provisions for liabilities. In addition, the interest on bank debt declined following the reduction in debt and was largely offset by the interest on the bonds (mezzanine) that Somfy SA granted to CIAT and to Financière Nouveau Monde. The financial result of 2008 was adversely affected by the €4.8 million loss on unwinding an equity swap contract for non-group securities.

Net profit

The net profit was thus €83.7 million, after inclusion of an income tax income of €3.9 million from income tax consolidation.

Income tax consolidation

The income tax consolidation arrangement signed between Somfy SA and its direct and indirect subsidiaries was renewed on 1 January 2007 for a further 5 year period, until 31 December 2012.

In accordance with the arrangement, the difference calculated between the income tax chargeable on the combined profits of the tax group and the sum of the Group companies' individual tax charges, may be credited to Somfy SA, the Group's parent company. Pursuant to this arrangement an income of €3.9 million was realised at 31 December 2009.
Tax savings resulting from the transfer of losses from subsidiaries are considered to be tax income.
Should a subsidiary cease to be a member of the tax group, they will be compensated by Somfy SA in accordance with jointly-agreed exit methodology, taking into account the situation at that date.
Currently there are no available tax losses.

Zurflüh Feller Holding, Zurfluh-Feller SAS, Zurflüh Feller Montage, MSD , CERF, Automatismes BFT France and BFT Languedoc joined the tax group in 2009.

Somfy SA Share Option Plans

There are currently three share option plans in existence, the key features of which are disclosed in note 16.
An adjustment was made to the price and number of share options awarded, in accordance with the requirements of articles 174-12 and 174-13 of the decree of March 1967, following the partial contribution of Somfy SA assets and the distribution on 1 July 2002 of 7,713,691 DAMARTEX shares to shareholders.

C – NOTES

Note 1: Gross non-current assets

€ thousands	Gross value 31/12/08	Increase	Decrease	Merger movements	Other movements	Gross value 31/12/09
Intangible assets	**209**	**0**	**0**	**0**	**0**	**209**
Property, plant and equipment	**2**	**0**	**0**	**0**	**0**	**2**
Investments	**602,188**	**28,422**	**- 655**	**0**	**0**	**629,954**
Equity investments	538,334	17,343	- 25	-	-	555,852
Receivables from associates and related companies	10,290	6,134	- 621	-	-	15,804
Other	1,477	424	- 9	-	-	1,892
Debenture loans	52,086	4,321	-	-	-	56,406
	602,398	**28,422**	**- 655**	**0**	**0**	**630,164**

The increase in investments is due to equity investments of €2 million, and share capital increases for €6 million as well as new loans extended to subsidiaries. The increase in other investments is due to the capitalised interest on the bonds to the benefit of the companies acquired LBO.
The historic value of equity accounted securities amounted to €370.5 million. The goodwill is thus €185.4 million, an increase of €8.7 million

Note 2: Amortisation and depreciation

€ thousands	Gross value 31/12/08	Increase	Decrease	Merger movements	Other movements	Gross value 31/12/09
Intangible assets	**208**	**0**	**0**	**0**	**0**	**208**
Concessions, patents, licences	208	-	-	-	-	208
Property, plant and equipment	**2**	**0**	**0**	**0**	**0**	**2**
	210	**0**	**0**	**0**	**0**	**210**

Note 3: Balance sheet provisions

€ thousands	Gross value 31/12/08	Increase	Reversals used	Reversals not used	Merger movements	Other movements	Gross value 31/12/09
Regulated provisions	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Provisions for liabilities and charges	**3,097**	**1,334**	**-1,435**	**0**	**0**	**0**	**2,995**
Impairment provisions	**13,929**	**2,200**	**-2,619**	**0**	**0**	**0**	**13,509**
On investments	40	2,200	-	-	-	-	2,240
On miscellaneous receivables	0	-	-	-	-	-	0
On marketable securities	13,889	-	-2,619	-	-	-	11,269
	17,026	**3,534**	**-4,054**	**0**	**0**	**0**	**16,504**

Note 4: Analysis of maturity of receivables

€ thousands	Total	Less than one year	More than one year
Non-current asset receivables			
Accounts receivable from invested companies	15,804	0	15,804
Other financial assets	1,892	0	1,892
Debenture	56,406	0	56,406
Current asset receivables			
Trade receivables	494	494	0
Miscellaneous receivables*	17,483	14,820	2,663
Prepaid expenses and foreign exchange differences	88	88	0
	92,168	**15,402**	**76,765**

* including € 7,608 thousand of intra-group current accounts in particular stemming from implementation of cash pooling at Group level.

Note 5: Analysis of maturity of payables

€ thousands	Total	Less than one year	1 to 5 years	More than 5 years
Liabilities				
Loans and related payables to credit institutions	12,912	12,912	0	0
Miscellaneous loans and financial payables	0	0	0	0
Operating liabilities				
Trade payables and related	668	668	0	0
Tax and social contributions	166	166	0	0
Other payables*	114,898	114,898	0	0
Deferred income and foreign exchange differences	288	288	0	0
	128,932	**128,932**	**0**	**0**

* including € 103,454 thousand of intra-group current accounts in particular stemming from the implementation of cash pooling at Group level.

Note 6: Analysis of operations of associates and investee entities

€ thousands	
Investments	555,852
Accounts receivable related to investments	15,804
Debenture	56,406
Loans and financial payables	0
Financial result (interest and dividends)	87,789
Finance expense (interests)	- 421
Receivables	7,864
Payables	114,828

Note 7: Movement in Shareholders' equity

€ thousands	Balance at 31/12/08 before allocation of net profit	Allocation of net profit 31/12/2008	2009 movements	Balance at 31/12/09 before allocation of net profit	Allocation of 2009 net profit	Balance at 31/12/09 after allocation of net profit
Share capital	7,837	-	-	7,837	-	7,837
Share premium and merger reserves	1,866	-	-	1,866	-	1,866
Revaluation reserve	182,570	-	8,726	191,296	-	191,296
Legal reserve	791	-	-	791	-	791
Regulated reserves	0	-	-	0	-	0
Other reserves	237,464	20,557	-	258,021	47,286	305,308
Retained earnings	1,396	-1,396	1,222	1,222	-1,222	0
Net profit	56,778	-56,778	83,681	83,681	-83,681	0
Tax-regulated provisions	0	-	-	0	-	0
	488,702	**-37,617**	**93,629**	**544,714**	**-37,617**	**507,098**
			Movement			
SHAREHOLDERS' EQUITY AFTER ALLOCATION	**451,085**		**56,012**			**507,098**

Note 8: Deferred income

€ thousands	
Dividends	0
Accrued interest on cash accounts	3
Government, tax and duties	3,882
Other	28

Note 9: Accrued expenses

€ thousands	
Accrued loan interest	3
Suppliers, invoices not received	357
Employees, statutory bodies, government, duties and taxes	134
Miscellaneous	69
Attendance fees	1

Note 10: Share capital

€	Number of shares	par value
– Shares		
At the beginning of the year	7,836,800	1.0
At the end of the year	7,836,800	1.0
– Convertible bonds and similar securities	-	-

Note 11: Sales breakdown

€ thousands	
France	2,280
European Union	281
Rest of the world	319
TOTAL	**2,880**

Note 12 - Financial commitments

€ thousands	31/12/09	31/12/08
- Guarantees and deposits received	20,817	1,960
- Unused borrowing facilities	125,500	76,250
TOTAL COMMITMENTS RECEIVED	**146,317**	**78,210**

€ thousands	31/12/09	31/12/08
– Guarantees and deposits granted in respect of investments	7,850	7,189
– Other guarantees and deposits	3,400	3,400
– Interest on outstanding loans	3	122
TOTAL COMMITMENTS GIVEN	**11,254**	**10,711**

Note 13: Securitised debt

€ thousands	
No loans or liabilities from credit institutions	0

Note 14: Directors' remuneration

€ thousands	
Remuneration	
– to members of the Management Board	65
– to members of the Supervisory Board	68
Pension	N/A

Note 15: Staff at 31 December 2009

	Men	Women	Total
Executives	4	2	6

Note 16: Share option plans at 31 December 2009

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

Plan date	Number of beneficiaries	Number of options granted	Adjusted number of options	Exercise price	Adjusted exercise price	Closing date
01/12/2003	62	20,150	**20,088**	128.00	**125.05**	31/12/2010
31/03/2006	96	36,200	**29,292**	185.00	**185.00**	31/03/2011
02/04/2008	112	29,550	**29,550**	155.00	**155.00**	31/01/2014

Analysis of unexercised options

Plan date	Exercise price	Number of exercisable options	Time remaining to option maturity (days)	Plan maturity date
01/12/2003	125.05	13,868	**365**	31/12/2010
31/03/2006	185.00	29,292	**455**	31/03/2011
02/04/2008	155.00	29,550	**1,492**	31/03/2014

Movement in share option plans

	2009		2008	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Unexercised options at 1 January	80,778	156.08	60,416	154.92
Options granted			29,550	
Options cancelled	-1,789		-5,058	
Options exercised	-6,279		-4,130	
Unexercised options at end of year	**72,710**	**161.37**	**80,778**	**156.08**
Exercisable options at end of year	**13,868**	**125.05**	**21,936**	**118.93**

Note 17: Treasury shares

€ thousands		31/12/08	Increase	Reduction	Transfer	31/12/09
Stocks options	€ thousands	40,421	0	-493	0	39,928
	number	*250,106*	*0*	*-6,279*	*0*	*243,827*
Liquidity contracts	€ thousands	1,215	433	-701	0	947
	number	*7,124*	*3,310*	*-4,352*	*0*	*6,082*
Treasury shares	€ thousands	0	0	0	0	0
	number	*0*	*0*	*0*	*0*	*0*
TOTAL TREASURY SHARES	**€ thousands**	**41,636**	**433**	**-1,194**	**0**	**40,875**
	number	***257,230***	***3,310***	***-10,631***	***0***	***249,909***

Note 18: List of Companies belonging to the tax group

Somfy SA	Parent company	Cluses
Somfy SAS		Cluses
Spirel SAS		St-Rémy-de-Maurienne
Simu SAS		Gray
Somfy Development SAS		Cluses
CMC SARL		Cluses
Domis SA		Rumilly
NMP SAS		Cluses
BFT France		Marseille
BFT Languedoc		Nîmes
Zurflüh Feller Holding		Autechaux Roide
Zurflüh Feller SAS		Autechaux Roide
Zurflüh Feller Montage		Autechaux Roide
MSD		Autechaux Roide
Cerf		Autechaux Roide

Note 19: Breakdown of income tax at 31 December 2009

€ thousands	Net profit	Tax		
		Basis	Rate	Total
1.Current result				
Net profit	79,902	79,902		27,486
Tax adjustments				
– long term capital gains and losses		0		0
– income from investments		-79,052		-27,194
– other		-2,255		-776
Theoretical tax		*-1,405*	*34.4 %*	*-483*
2.Exceptional profit				
Net profit	-125	-125		-43
Tax adjustments				
– long term capital gains and losses		-148	0	-51
– deductions		0		0
– resinstatements		474		163
Theoretical tax		*200*	*34.4 %*	*69*
Total theoretical tax		**-1,205**		**-414**
Tax paid by tax group companies				8,879
Tax charge/income from the tax group				-4,974
Tax charge/relief from previous periods				
NET PROFIT				**83,681**

	Before tax	Tax	After tax
Current result	79,902	483	80,386
Exceptional loss	-125	-69	-194
	79,777	**414**	**80,191**
Tax charge/income from the tax group			-4,974
Tax paid by tax group companies			8,879
Tax charge/relief from previous periods			0
Theoretical tax			-414
NET PROFIT			**83,681**

Note 20: Subsidiaries and investments

€ thousands	Share capital and premium	Reserves and retained earnings before allocation of net profit	Share of capital held %	Profit or loss (-) for the last financial year	Sales	Dividends received
Subsidiaries (at least 34% of share capital held by the company)						
Cotherm	8,000	1,956	64.99%	3,135	0	3,400
DSG	4,250	-469	99.90%	266	0	0
Somfy SAS	20,000	69,013	100.00%	24,433	307,493	20
Spirel	56	3,168	100.00%	-7,840	15,829	0
CMC	8	712	100.00%	843	0	0
Somfybat	6,830	6,138	100.00%	796	0	0
Somfy Development	5,906	-3,686	100.00%	262	454	293
Somfy Ltd	142	1,714	100.00%	-142	10,059	0
Somfy PTY Limited	298	2,841	100.00%	1,396	9,178	0
Somfy N.V.	348	3,038	100.00%	780	19,771	0
Somfy Brasil Ltda	74	1,100	99.00%	259	4,757	0
Somfy GmbH	1,500	8,193	100.00%	2,410	94,883	350
Somfy Kft	866	-426	100.00%	-156	2,191	0
Somfy SPOL SRO	-15	410	100.00%	397	7,729	0
Somfy Sp.Zoo	151	2,425	100.00%	529	4,164	0
Somfy Roumanie	60	-33	100.00%	-49	458	0
Somfy JOO	264	3,166	100.00%	316	4,376	0
I-Blind	3,050	-2,945	100.00%	-55	2,834	0
Somfy Italia	2,000	24,196	95.00%	969	17,242	0
Somfy Espana SA	93,100	2,470	100.00%	1,554	17,592	0
Somfy Systems Inc.	8,948	14,488	100.00%	-65	37,966	0
Somfy AG	32	1,541	100.00%	1,770	14,574	0
Somfy AB	82	1,446	100.00%	34	11,229	0
Somfy PTE Ltd	528	736	100.00%	486	2,884	0
Somfy Co Ltd	199	913	100.00%	377	4,567	0
Lian Da	7,076	-4,336	80.00%	-4,519	4,202	0
Somfy Middle East Co Ltd	72	9,775	100.00%	2,525	17,990	0

€ thousands	Share capital and pre-mium	Reserves and retained earnings before allocation of net profit	Share of capital held %	Profit or loss (-) for the last financial year	Sales	Dividends received
Somfy Mexico SA DE CV	28	1,175	99.75%	311	3,131	0
Somfy K.K.	244	1,433	100.00%	-446	7,368	0
Promofi BV	91	-14,626	100.00%	16,942	0	17,000
Simu SAS	5,000	14,743	99.99%	4,536	58,174	0
Somfy ULC Canada	2,299	598	85.30%	618	4,100	0
Gaviota	4,548	19,677	46.50%	2,248	41,163	0
Firstinnov	50	91	40.00%	-519	0	0
NMP SAS	29,326	0	100.00%	0	0	0
Yorkshire Technology Ltd & Control	21	41	100.00%	51	1,055	0
CIAT Group	84,305	0	40.00%	0	0	0
Financière Nouveau Monde	8,425	-666	87.53%	-464	0	0
Arve Finance	2,500	0	40.00%	-50	0	0
Somfy SIA	519	333	100.00%	-193	713	0
Oxygen	1,646	-140	40.00%	-527	272	0
Somfy Pty Limited South Africa	244	0	100.00%	0	0	0
Axis	399	-120	39.97%	0	0	0
Simu RT	379	334	100.00%	-87	966	0

€ thousands	
Loans and advances granted to the companies above, not yet repaid	14,801
Total guarantees granted to the companies above	7,850
Dividends paid by companies above during the year	75,236

Note 21: Investments at 31 December 2009

€ thousands		Gross value	Net value	Quoted value
1. Investments				
29,995	shares DSG	4,218	4,218	-
119,994	shares Vimart	63	23	-
1,000,000	shares Somfy SAS	8,286	8,286	-
30,000	shares Somfy GmbH	4,555	4,555	-
3,000	shares Somfy AB	534	534	-
1,500	shares Promofi BV	1,084	1,084	-
230	shares Somfy Systems Inc.	10,167	10,167	-
1,900,000	shares Somfy Italia SRL	2,271	2,271	-
50	shares Somfy AG	152	152	-
660	shares Somfy K.K.	194	194	-
35,000	shares Somfy Espana SA	93,161	93,161	-
13,995	shares Somfy N.V.	334	334	-
35,999	shares Somfy Middle East Co Ltd	72	72	-
100,000	shares Somfy Ltd	144	144	-
499,999	shares Somfy PTY Limited	350	350	-
80,000	shares Somfy JOO	460	460	-
200,000	shares Somfy PTE Ltd	514	514	-
2,051,721	shares Somfy Development	21,665	21,665	-
3,500	shares Spirel	1,374	1,374	-
500	shares CMC	8	8	-
2,099,990	shares Somfy Co Ltd	213	213	-
1	share Somfy SPOL	152	152	-
7,570	shares Somfy Sp.Zoo	1,423	1,423	-
1	share Somfy Kft	869	869	-
399	shares Somfy Mexico SA DE CV	44	44	-
269,000	shares Somfy Brasil Ltda	149	149	-
250,000	shares Simu SAS	23,937	23,937	-
51,000	shares FAAC SPA	17,373	17,373	-
1	share Somfy India	320	320	-
4,393,928	shares agta record	45,780	45,780	70,083
544	shares Gaviota	22,157	22,157	-
426,825	shares I-Blind	3,207	3,207	-
44,000	shares Lian Da	5,821	5,821	-
51,994	shares Cotherm Participations	5,200	5,200	-
21,348	shares Somfy SRL Roumanie	60	60	-
2,380	shares Somfy ULC Canada	1,679	1,679	-
700	shares Yorkshire Technology Ltd and Control	2,230	2,230	-
320	shares First Innov	2,200	0	-
29,326	shares NMP SAS	29,326	29,326	-
270,000	shares Financière Performance	2,700	2,700	-
33,600,000	shares CIAT Group	33,600	33,600	-
5,894,996	shares Financière Nouveau Monde	7,295	7,295	-

€ thousands		Gross value	Net value	Quoted value
1,000	shares Arve Finance	1,000	1,000	-
3,663	shares Somfy SIA	822	822	-
3,065	shares Oxygen	1,600	1,600	-
2,600,000	shares Somfy PTY Afrique du Sud	231	231	-
333	shares Axis	350	350	-
860	Somfy Simu RT	860	860	-
379,449	shares Somfybat	10,280	10,280	-
		370,484	**368,244**	**70,083**

	Gross value	Net value	Quoted value
2. Portfolio investments	-	-	-
3. Marketable securities			
Treasury shares	40,875	29,681	29,681
Other marketable securities	0	0	0
	40,875	29,681	29,681

LEGAL DOCUMENTS

Statutory Auditors' Report on Somfy SA's financial statements

Dear Shareholders,
In execution of our mandate conferred to us by your General Meeting, we thereby present you our report, for the financial year ended 31 December 2009, on:
- our audit of the accompanying Somfy SA company financial statements;
- the justification of our assessments;
- specific legal verifications and disclosures.

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

I. OPINION ON THE FINANCIAL STATEMENTS

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

II. JUSTIFICATION OF ASSESSMENTS

In application of Article L. 823-9 of the 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 €370.5 million.
- The equity value of these investments amounted to €555.8 million at 31 December 2009, thus having a favourable impact on the Somfy SA company's equity of €185.4 million at that date.

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

III. SPECIFIC VERIFICATIONS AND INFORMATION

We have also proceeded with specific verifications required by law, in accordance with professional standards in France.
We have no observations to make with regard to the fairness and agreement with the financial statements of information provided in the Management Board Report and the documents to shareholders on the financial position and financial statements of the Company.
As concerns the information provided pursuant to Article L. 225-102-1 of the Commercial Code on remuneration and benefits provided to Directors as well as commitments given in their favour, we have verified their agreement with the financial statements or with the data used in the preparation of these financial statements and, where appropriate, with the information collected by your Company from its parent company(ies) or subsidiaries. On the basis of this work, we confirm the accuracy and fairness of this information.
In application of the Law, we have assured ourselves that information relating to shareholdings and the identity of entities or individuals holding shares and voting rights has been communicated to you in the Management Board report.

Paris and Lyon, 27 April 2010
The Statutory Auditors

LEDOUBLE S.A.
Frédéric Ledouble

ERNST & YOUNG Audit
Sylvain Lauria

Statutory Auditors' special Report on regulated agreements and commitments

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

AGREEMENTS AND COMMITMENTS AUTHORISED DURING THE FINANCIAL YEAR

In application of Article L. 225-58 of the Commercial Code, we were informed of the agreements and commitments subject to prior approval by your Supervisory Board.
It is not our responsibility to search for the potential existence of other agreements and commitments, but, on the basis of information given to us, to inform you of the key features of those that we have been made aware of, without having to pass judgement on their usefulness and validity. It is your responsibility, pursuant to Article R. 225-58 of the Commercial Code, to assess whether it is in your interest that these agreements be entered into.
We carried out the due diligence we deemed necessary in the light of the professional standards of *Compagnie nationale des Commissaires aux comptes* relative to this assignment. Such due diligence consisted in verifying that the information we were given was consistent with the information disclosed in their source documents.

1. WITH THE C.M.C. COMPANY

Persons concerned

Jean Philippe Demaël, Nicolas Duchemin and Wilfrid Le Naour.

Nature and object

Supplementary pension plan Article 39 open to employees of the CMC company, members of the management committee with 15 years service, established in 2006 and modified by the Supervisory Board on 13 May 2009.

Terms and conditions

This contract gives the right to an additional pension of 0.75% of annual salary, multiplied by the number of years service, with a ceiling of twenty years and a maximum of 15% of the reference salary, this corresponds to the average remuneration for the best three years of remuneration limited to ten Annual Ceilings of Social Security excluding exceptional bonuses and profit-sharing.

2. WITH THE DSG COMPANY

Person concerned

Paul Georges Despature.

Nature and object

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

Terms and conditions

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

3. WITH THE NMP S.A.S. COMPANY

Person concerned

Wilfrid Le Naour.

Nature and object

Overriding tax consolidation agreement between your company and NMP S.A.S (the company that acquired Zurflüh Feller Holding S.A.S.) with effect from 1 January 2009.

Terms and conditions

NMP S.A.S. remains with the Somfy SA tax consolidation, but it strengthened its rights with this overriding tax consolidation agreement under ordinary law whereby Somfy SA reallocates annually to NMP S.A.S. the tax saving it would have benefited from, if it had been the head of tax consolidation group. This agreement was authorised by the Supervisory Board on 12 November 2009.

Nature and object

Compensation to NMP S.A.S. as part of the tax consolidation.

Terms and conditions

Allocation of €326,000 to NMP S.A.S. in respect of compensation by your company to the loss incurred by NMP S.A.S. with the tax consolidation. This agreement was authorised by the Supervisory Board on 26 February 2009.

AGREEMENTS AND COMMITMENTS APPROVED IN PRIOR YEARS WHOSE EXECUTION CONTINUED DURING THE YEAR

In addition, pursuant to the Commercial Code, we were informed of the agreements and commitment, approved in prior years, that continued in force during the most recent year.

WITH THE SOMFY SAS, SPIREL S.A.S., SIMU S.A.S., SOMFY DEVELOPMENT S.A., C.M.C. S.A.R.L., DOMIS S.A., DOMASTER S.A., ZURFLÜH FELLER S.A.S., ZURFLÜH FELLER HOLDING S.A.S, ZURFLÜH FELLER MONTAGE E.U.R.L., CERF E.U.R.L., MSD E.U.R.L., AUTOMATISMES BFT FRANCE S.A.S., BFT FRANCE S.A.R.L. AND BFT LANGUEDOC S.A.S COMPANIES.

Nature and object

Income tax consolidation agreement.

Terms and conditions

Your company authorised the signature of a tax consolidation agreement on 28 June 2002, for which your company is the leading company of a tax group. This tax consolidation agreement continued throughout the year and was renewed in December 2006 for a period of five years with effect from 1 January 2007.

Paris and Lyon, 27 April 2010
The Statutory Auditors

LEDOUBLE S.A.
Frédéric Ledouble

ERNST & YOUNG Audit
Sylvain Lauria

Statutory Auditors' Report on the consolidated financial statements

Dear Shareholders,
In execution of our mandate conferred to us by your General Meeting, we present our report for the year ended 31 December 2009, on :
- our audit of the accompanying Somfy SA consolidated financial statements;
- the justification of our assessments;
- specific legal verification.

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

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have conducted our audit in accordance with French Generally Accepted Auditing Standards. These standards require that we plan to obtain reasonable assurance on whether the consolidated financial statements are free from material misstatement. An audit includes examining, on a test basis or other method of selection, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and the financial estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
We certify that the consolidated financial statements for the year are in accordance with IFRS as adopted by the European Union and give a true and fair view of the assets, financial position and profit of the Group constituted by the persons and entities included in the consolidation.
Without calling into question the above opinion, we draw your attention to the following matters:
- the notes 2 "Significant Events" and 10 "Business combinations and acquisition of minority interests" in the notes to the consolidated financial statements that disclose both the final allocation of the acquisition price of identifiable assets and liabilities of the Zurflüh Feller group and the Sirem group, and the final valuation of the equity value of the CIAT group, and the resulting retrospective restatements to the consolidated financial statements at 31 December 2008;
- the note "Accounting rules and methods, a) Basis for preparation of the consolidated financial statements" of the notes to the consolidated financial statements describes the new standards and interpretation that Somfy SA applied with effect from 1 January 2009 and which includes the change in accounting method relative to the presentation of the income statement.

II. JUSTIFICATION OF ASSESSMENTS

In application of the provisions of Article L. 823-9 of the Commercial Code regarding Statutory Auditors' observations, we wish to bring to your attention the following matters:
As part of our assessment of the accounting rules and principles implemented by your Company, we verified the fairness of the above mentioned changes in accounting policy and the fairness of their presentation.
Notes H) and 14) of the notes to the consolidated financial statements detail the rules and accounting methods relating to the recognition and evaluation of acquisition goodwill. We have reviewed the evaluation methods used by your company and verified the resulting calculations. As part of our review of these estimates, we have assured ourselves of the reasonableness of selected assumptions and resulting estimates.
Our review of these matters was performed within the framework of our statutory audit of the consolidated financial statements, and accordingly contributed to the issuance of our unqualified audit opinion in the first part of this Report .

III. SPECIFIC VERIFICATION

We have also proceeded with a verification of information relating to the Group, as presented in the Management Board report, in accordance with professional standards in France .
We have no observations to make with regard to the fairness of such information and its consistency with the consolidated financial statements.

Paris and Lyon, 27 April 2010
The Statutory Auditors

LEDOUBLE S.A.
Frédéric Ledouble

ERNST & YOUNG Audit
Sylvain Lauria

Statutory Auditors' Report prepared in application of Article L. 225-235 of the French Commercial Code, on the Report of the Chairman of the Supervisory Board of Somfy SA

Dear Shareholders,

As Statutory Auditors to Somfy SA, and in application of the provisions of the last paragraph of Article L. 225-235 of the Commercial Code, we present to you our report on your Company Chairman's Report in accordance with Article L. 225-68 of the Commercial Code for the year ended 31 December 2009.

It is the responsibility of the Chairman to submit his Report for approval by the Supervisory Board, including the internal control and risk management procedures implemented within the Company and the other disclosures required by Article L. 225-68 of the Commercial Code on corporate governance procedures.

It is our responsibility:

- to communicate to you any observations we may have concerning the information contained in the Chairman's Report regarding internal control procedures and the management of risks relating to the preparation and processing of financial and accounting information and
- certify that this report includes all other disclosures required by Article L. 225-68 of the Commercial Code, it being specified that is not our responsibility to verify the fairness of these disclosures.

We have carried out our work according to the professional standards in France.

INFORMATION CONTAINED IN THE CHAIRMAN'S REPORT, CONCERNING THE INTERNAL CONTROL PROCEDURES AND MANAGEMENT OF RISKS RELATIVE TO THE PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION

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

- becoming aware of the internal control procedures and management of risks relative to the preparation and processing of financial and accounting information supporting the information presented in the Chairman's report as well as existing documentation;
- becoming aware of the work leading to the preparation of this information and the existing documentation;
- determining whether major deficiencies in the internal control relating to the preparation and processing of accounting and financial information that we have revealed as part of our assignment are appropriately dealt with in the Report of the Chairman.

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

OTHER INFORMATION

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

Paris and Lyon, 27 April 2010
The Statutory Auditors

LEDOUBLE S.A.
Frédéric Ledouble

ERNST & YOUNG Audit
Sylvain Lauria

Statutory Auditors' Report on the reduction of share capital by the cancellation of shares purchased

Dear Shareholders,

As Statutory Auditors of Somfy SA and in completion of our assignment pursuant to Article L. 225-209, paragraph 7 of the Commercial Code in the event of a reduction of share capital by cancellation of shares purchased, we have prepared the present report to inform you of our understanding of the causes and terms and conditions of the foreseen reduction in capital.

We have carried out diligence we considered necessary with regard to professional standards of the Compagnie nationale des commissaires aux comptes in respect of this assignment. This consisted of examining whether the causes and terms and conditions of the foreseen reduction in share capital are correct.

This transaction is part of the purchase by your Company of up to 10% of its share capital, of its own shares, pursuant to Article L. 225-209 of the Commercial Code. This authorisation to purchase is proposed, in addition, for approval by your General Meeting and will be given for a period of eighteen months.

Your Management Board requests you delegate it, for a period of twenty four months, in respect of the implementation of the authorisation to purchase by your Company its own shares, all powers to cancel, up to 10% of its share capital, per period of twenty four months, the shares thus purchased.

We have no observation on the causes and terms and conditions of the foreseen share capital reduction, noting that this can only be carried out to the extent your Meeting approves the transaction beforehand, for your Company to purchase its own shares.

Paris and Lyon, 27 April 2010

The Statutory Auditors

LEDOUBLE S.A.	ERNST & YOUNG Audit
Frédéric Ledouble	Sylvain Lauria

Supervisory Board Report

Ladies and Gentlemen,

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

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

The Management Board submitted to us, for verification and control purposes, the company's financial statements and consolidated statements at 31 December 2009 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.

Consolidated sales were €760.8 million, an increase of 1.5% in actual terms and 4.0% on a like-for-like basis.

The Somfy Activités branch reported sales of €666.5 million. France, Germany and Central Europe reported growth in the year. Asia-pacific and Northern Europe however declined in the year despite a return to growth in the fourth quarter. America and Southern Europe were only able to limit the downward trend in the last quarter and ended the year with a significant decline.

Somfy Participations reported sales of €94.2 million. The three fully consolidated subsidiaries recorded a decline in the year. Two of them Zurflüh Feller and Cotherm, returned to growth in the fourth quarter. Sirem only managed to offset at the end of the year the negative trend noted in the previous months.

As concerns results, current operating result was €124.1 million, being 16.3% of sales.

Somfy Activités current operating result was €114.7 million in 2009, a decline of 2.7% compared to 2008. This masked a good level of gross margin and a reduction in general expenses. The research and development budgets were maintained at a high level in order to support the Group's advance. A number of acquisitions and tactical investments were made during the year.

Somfy Participations, which benefits from the full-year consolidation of Zurflüh Feller and Sirem, generated current operating result that increased by €3.1 million.

The consolidated net profit amounted to €87.6 million which takes account of a significant increase in financial result due notably to the recognition of dividends from FAAC. However, non-current factors were affected by the industrial reorganisation projects.

Net financial surplus was €13.0 million at the end of the year and shareholders equity was €719.0 million.

On this basis and taking account of the current economic climate, the Management Board will propose the distribution of a net dividend of €4.80 per share.

The report of the Management Board also provides all information required by regulations in force.

In addition, you will be requested to authorise the Management Board to set up a new share buyback programme, to proceed with the appointment of Principal and Substitute Auditors following the expiry of their terms of office and to decide on various changes to the bylaws.

You will be submitted proposed resolutions to that effect, in line with the agenda.

We do not have any specific observations to formulate as regards the various documents that have been brought to your attention. Therefore, we ask you to adopt the proposed resolutions.

The Supervisory Board.

Proposed Resolutions
Combined General Meeting of 12 May 2010

ORDINARY SESSION

First resolution
(Approval of 2009 parent company financial statements)

The General Meeting, having considered the reports of the Management Board, the Supervisory Board, the Chairman of the Supervisory Board and the Statutory Auditors, and the financial statements for the year ended 31 December 2009, approves these reports and financial statements as they were submitted, as well as the transactions reflected in these accounts or summarised in these reports.

As a result, it grants a full discharge to the Directors, with no reserve, for the execution of their duties and to the Statutory Auditors for the execution of their audit in the said year.

Second resolution
(Approval of 2009 consolidated financial statements)

The General Meeting, having considered the reports of the Management Board, the Supervisory Board and the Statutory Auditors on the consolidated financial statements, approves the consolidated financial statements for the financial year ended 31 December 2009, as presented, which resulted in a Group net profit of €88,176,000, as well as the transactions reflected in these accounts or summarised in these reports.

Third resolution
(Allocation of 2009 net profit and dividend)

The General Meeting proposes to allocate the Company net profit for the year ended 31 December 2009 of €83,681,150.76, increased by retained earnings of €1,221,801.60, thus totalling €84,902,952.36 as follows:

• allocation to shareholders of a net dividend per share of €4.80, being €4.80 x 7,836,800 shares	€37,616,640.00
• transfer to available reserve	€47,286,312.36
	€84,902,952.36

A net dividend of €4.80 will be distributed for each share with a nominal value of €1, and this carries the right to a tax abatement per share granted to individuals subject to income tax in France, in accordance with Article 158-3-2 of the General Tax Code.

The shares held by the company at the time of payment of dividend rights are not entitled to dividends, with the corresponding amounts not paid in respect of these shares being transferred to retained earnings.

The dividend will be payable from 27 May 2010. Shares must have been registered on 21 May 2010 to benefit from the payment of this dividend.

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

Financial years ending	31/12/2006	31/12/2007	31/12/2008
Number of shares eligible for dividends*	7,612,749	7,583,022	7,582,258
Par value	€1	€1	€1
Total distributed Dividends	€39,586,294.80	€41,706,621.00	€36,394,838.40
Dividend per share	€5.20	€5.50	€4.80

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

The dividends are wholly eligible for the rebate permitted by Article 158-3-2° of the General Tax Code.

Fourth resolution
(Regulated agreements)

The General Meeting, having considered the special report of the Statutory Auditors on the agreements covered by Article L. 225-86 and subsequent of the Commercial Code, approves these agreements therein as well as their terms and conditions of execution.

Fifth resolution
(Reappointment of Ledouble SA and Ernst & Young as Statutory Auditors)

The General Meeting proposes to reappoint:
• Ledouble SA, Principal Statutory Auditors,
• Ernst & Young, Principal Statutory Auditors.

The Principal Statutory Auditors are appointed until the General Meeting to be held in 2016, to consider the financial statements for the year ended 31 December 2015.

Sixth resolution
(Appointment of CFCA and Auditex as substitute Statutory Auditors)

The General Meeting proposes to appoint:
- CFCA (36 avenue Hoche – 75008 Paris), substitute Statutory Auditors,
- Auditex (11 allée de l'Arche – Faubourg de l'Arche – 92400 Courbevoie), substitute Statutory Auditors.

The substitute Statutory Auditors are appointed until the Annual General Meeting to be held in 2016, to consider the financial statements for the year ended 31 December 2015.

Seventh resolution
(Setting Directors' attendance fees for the 2010 financial year)

The General Meeting decides to set the global amount of attendance fees to be shared among Supervisory Board members at €80,000 for the current financial year, in accordance with Article 20 of the bylaws.

Eighth resolution
(Company's authorisation to purchase its own shares)

The General Meeting, having considered the report of the Management Board and the description of the new programme, authorises the Management Board to acquire company shares under the conditions provided by Articles L. 225-209 and subsequent of the Commercial Code and that of the European Regulation n° 2273/2003 of 22 December 2003, with a view to carry out the following:
- stimulate the market for the share and ensure liquidity via an investment services provider within a liquidity contract that conforms to the AMAFI ethics charter recognised by the Autorité des Marchés Financiers;
- ensure the coverage of option plans to purchase shares granted to employees and senior executives of the Group or allow the allocation of free shares for the benefit of employees and senior executives of the Group;
- retain shares purchased and subsequently exchange them or use them within the framework of acquisitions, recognising that shares acquired to that end may not exceed 5% of the Company's share capital;
- ultimately cancel shares acquired, subject to authorisation granted by the current Extraordinary General Meeting of shareholders in its ninth resolution.

Share purchases may be enacted by all means, including by means of acquiring blocks of shares and at all times considered by the Management Board.
These transactions may notably take place during a period of public offering in the meaning of Article 232-15 of the AMF's general regulation if, on the one hand, the offering is fully settled in cash and, on the other hand, the repurchase transactions take place within the framework of the pursuit of the accomplishment of a project in progress and that they are not likely to cause the offer to fail.

The General Meeting sets, for shares with a nominal value of €1, a maximum purchase price of €200, 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 €156,736,000.
The acquisition, disposal or transfer of shares may be made by all methods on the market or principal to principal, including by acquisition or disposal of blocks with no limit on this means on the share of the buyback program.
Transactions may be carried out at any time, in compliance with applicable regulations at the time of the transactions considered.
Shareholders will be informed every year by the Management Board, at the General Meeting, of the precise allocation of shares acquired to the various objectives pursued for all shares repurchased as well as any subsequent reallocations. The General Meeting notes the information concerning shares repurchased during the year just ended and their related allocation by the Management Board in its report.
This authorisation is given for a period of eighteen months with effect from today. It fully replaces the authorisation granted to the Management Board by the Annual General Meeting of 13 May 2009 concerning the previous share buyback program.

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 program, 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.

EXTRAORDINARY SESSION

Ninth resolution
(Management Board's authorisation to cancel shares bought back by the Company within the framework of the conditions of Articles L. 225-209 of the Commercial Code)

The General Meeting, having considered the report of the Management Board and the report of the Statutory Auditors:

- Grants the authority to the Management Board to cancel shares, based upon its own decision, either once or several times, within a limit of 10% of capital, calculated on the day on which the cancellation decision is made, reduced by the shares cancelled during the previous 24 months, the shares which the Company holds or could hold following share buybacks exercised within the framework of Articles L. 225-209 of the Commercial Code as well as to reduce share capital with appropriate agreement in conformity with the legal and regulatory provisions in force.
- Sets the term of this authorisation at 24 months from the current Meeting, being until 11 May 2012.
- Grants the Management Board with all powers required to carry out the necessary actions for such cancellations and pro rata reductions of share capital, to modify the Company's bylaws as a result and fulfil all of the required formalities.

Tenth resolution
(Modification of Article 8 entitled "Changes to share capital")

The General Meeting, having fulfilled the conditions of quorum and majority of Extraordinary General Meetings, proposes to replace the last phrase of paragraph 5 of Article 8 of the bylaws relating to the reducible subscription of shares by the following: "Shareholders may also be permitted to subscribe reducibly to shares under the relevant legal provisions".
The remainder of this article remains unchanged.

Eleventh resolution
(Modification of Article 9 entitled "Release of shares")

The General Meeting, having fulfilled the conditions of quorum and majority of Extraordinary General Meetings, proposes to replace paragraph 3 of Article 9 of the bylaws relating to information methods of subscribers by the following text: "Capital calls are communicated to subscribers at least fifteen days in advance of the date at which each payment is due, in the form and under the conditions set by the Management Board". The remainder of this article remains unchanged.

Twelfth resolution
(Repeal of the statutory information obligation relating to threshold crossings and modification of Article 12 "Rights and obligations attached to shares")

The General Meeting, having fulfilled the conditions of quorum and majority of Extraordinary General Meetings, proposes to repeal the information obligation in the bylaws relating to threshold crossings and, as a result, to withdraw the last three paragraphs of Article 12 of the bylaws. The remainder of this article remains unchanged.

Thirteenth resolution
(Amendment to the age limit for Management Board members and modification of Article 15 entitled "Management Board")

The General Meeting, having fulfilled the conditions of quorum and majority of Extraordinary General Meetings, proposes to raise the age limit applicable to Management Board members from 65 to 70 and, as a result, to modify paragraph 3 of Article 15 of the bylaws as follows: "The age limit on Management Board appointments is 70. Any Management Board member attaining the said age will be deemed to resign at the end of the next Supervisory Board meeting." The remainder of this article remains unchanged.

Fourteenth resolution
(Modification of Article 19 entitled "Organisation – Function – Powers of the Supervisory Board")

The General Meeting, having fulfilled the conditions of quorum and majority of Extraordinary General Meeting, proposes to withdraw paragraphs 2 and 3 of the section relating to exceptions from consideration for the calculation of a quorum and the majority of Supervisory Board members participating in Board meetings by videoconference or telephone and to replace the text of the first paragraph by "the audit and inspection of the parent company and consolidated financial statements".

Fifteenth resolution
(Powers for formalities)

The General Meeting grants all powers to the bearer of copies or extracts of the present minutes to complete all formalities required by law.

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Statement of the person responsible for the annual financial report

I certify that, to my knowledge, the financial statements for the year just ended were established in accordance with professional accounting standards applicable in France and give a fair view of the assets, financial situation and performance of the Company and of all companies included in the consolidation scope, and that the enclosed Management Report gives a true view of the business situation, performance and financial situation of the Company and of all companies included in the consolidation, as well as a description of main risks and uncertainties encountered.

Cluses, 24 February 2010

Paul Georges DESPATURE
Chairman of the Management Board
of Somfy SA

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