ANNUAL **FINANCIAL REPORT**
2014

SOMFY

Message from the Management Board

Pierre RIBEIRO, Jean Guillaume DESPATURE and Jean-Philippe DEMAËL.

Somfy experienced two significant organisational evolutions in 2014. In December, the demerger of the Group's two divisions, Somfy Activities and Somfy Participations, resulted in the creation of Edify and its listing on the Luxembourg Stock Exchange. Somfy is now refocused on its core business. It has become a pure player again and will remain so. This demerger led to a change in our governance. Paul Georges Despature and Wilfrid Le Naour left the Management Board and joined Edify's Board of Directors as Chairman and Chief Executive Officer, respectively. Somfy's Management Board is now composed of Jean-Philippe Demaël, Chief Executive Officer, who has become Chairman and two new members: Pierre Ribeiro, Chief Financial Officer, and Jean Guillaume Despature. This development is however in line both with the principles of governance and with the entrepreneurial culture that guide Somfy's strategy: a long-term vision, an ambition to achieve profitable growth and a desire for independence.

In 2014, Somfy's performance was in line with our forecasts. In an unfavourable market, results remained solid, despite business that varied greatly between countries and a more challenging second half. Somfy's current operating result grew by 3.7% thanks firstly to the increase in sales (up 6.4%) and secondly, to the efforts to control expenses made for several half-years. The demerger impacted the level of debt which remains utterly reasonable and in no way impairs Somfy's ability to finance its future projects.

Within a market that remains uncertain, we firmly believe that innovation is and will remain a determining factor in the Group achieving profitable growth. 2014 confirmed the emergence of the Connected Home market. Somfy anticipated this evolution by investing in this market nearly five years ago. This enabled us to introduce several "breakthrough" products to the market in early 2015, which consolidate our technological lead, and which will support the growth of all our strategic segments. For 2015, our roadmap is clear: continue to innovate, to manage our fixed costs, and invest in the Somfy brand that constitutes one of the Group's main assets.

The Management Board

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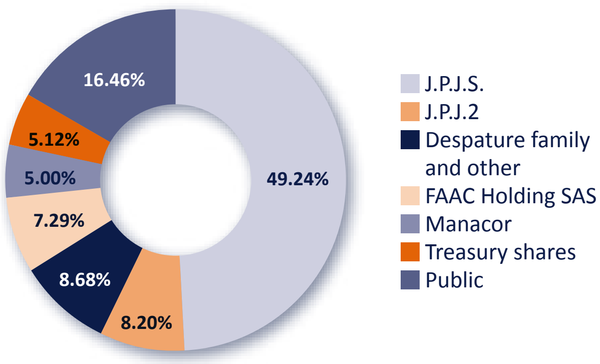
Breakdown of capital (in %)



Capital

At 31 December 2014, Somfy SA capital amounted to €7,836,800, divided into 7,836,800 shares with a nominal value of €1, fully paid up and all in the same class.
The company has not issued any securities giving right to capital. Stock options that may be exercised after 31 December 2014 are purchase options. As authorized, the company owned 401,457 Somfy SA shares at 31 December 2014.

Gross dividend

Per share, in €

Net profit

Per share, in €

Listing

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

Contract

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

2015 financial calendar

28 January	Release of Quarterly Turnover (Q4 2014)
5 March	Meeting on Financial Information – Annual results 2014
22 April	Release of consolidated statements of Full-year 2014
22 April	Release of Quarterly Turnover (Q1 2015)
13 May	Annual General Meeting
22 July	Release of Quarterly Turnover (Q2 2015)
2 September	Release of consolidated statements of Half-year 2015
2 September	Release of Half-year results and conference call
21 October	Release of Quarterly Turnover (Q3 2015)

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/ ORGANISATION

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/ ORGANISATION

Supervisory Board

Chairman:
Michel ROLLIER

Vice-Chairman:
Victor DESPATURE

Members:
Paule CELLARD
Jean DESPATURE
Victor DESPATURE
Xavier LEURENT
Valérie PILCER
Michel ROLLIER
Anthony STAHL

Audit Committee

Chairman:
Victor DESPATURE

Members:
Paule CELLARD
Victor DESPATURE
Valérie PILCER

Remuneration Committee

Chairman:
Michel ROLLIER

Members:
Victor DESPATURE
Michel ROLLIER

Management Board

Chairman:
Jean-Philippe DEMAËL

Group CFO:
Pierre RIBEIRO

Member:
Jean Guillaume DESPATURE

Auditors

ERNST & YOUNG ET AUTRES
LEDOUBLE SA

For further information

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www.somfyfinance.com

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/ OVERVIEW OF THE CONSOLIDATED **FINANCIAL STATEMENTS**

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/ OVERVIEW OF THE CONSOLIDATED **FINANCIAL STATEMENTS**

€ millions	**31/12/14**	**31/12/13***
Net sales	981.7	922.8
Current operating result**	149.7	144.3
Operating result	125.9	133.1
Net profit of continuing operations	91.9	92.4
Net profit of operations held for sale or distribution	– 53.8	8.4
Consolidated net profit	38.1	100.8
Net profit – Group share	38.0	99.5
Cash flow	148.4	132.1
Net investments in property, plant and equipment and intangible assets	45.5	49.6
Amortisation and depreciation charges**	– 39.7	– 35.3
Shareholders' equity	570.4	929.8
Net financial debt***	199.9	– 94.2
Non-current assets	648.6	914.7
Net assets held for sale	90.4	–
Average workforce	7,994	7,135

** The financial statements have been restated following the allocation of the acquisition cost of Giga and Garen Automação and the application of IFRS 5.*
*** Including amortisation charges relating to intangible assets allocated following acquisitions for an amount of -€3.1 million in both 2014 and 2013.*
**** (–) Net financial surplus.*
Takes into account liabilities related to put options granted to holders of non-controlling interests and earn-out of €45.9 million in 2014 and €45.4 million in 2013, unlisted bonds receivables of €73.4 million in 2013 and deferred payments of a financial nature of €5.5 million in 2014 and €4.9 million in 2013.

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/ MANAGEMENT BOARD **REPORT**

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/ MANAGEMENT BOARD **REPORT** TO THE COMBINED GENERAL MEETING OF 13 MAY 2015

Ladies and Gentlemen,

In accordance with legal and regulatory provisions in force, the Management Board has convened you here in order to inform you on the management of your company and its subsidiaries and to submit for your approval the financial statements for the year ended 31 December 2014.

Somfy Group is the global leader in opening and closing automation for both residential and commercial buildings.

Highlights of the year

DEMERGER AND QUOTATION OF SOMFY PARTICIPATIONS

At its meeting of 14 May 2014, the Supervisory Board unanimously decided to study the demerger of the Group into two entities, Somfy Activities and Somfy Participations, as proposed by the Management Board. The Management Board considered that more than six years after its creation, Somfy Participations had acquired the necessary maturity and experience to develop its activities autonomously.

The Supervisory Board meeting of 13 October 2014, having considered the report of the independent expert (Valphi) on the transfer value of the assets and the fairness of the financial conditions of the transaction, unanimously approved the terms of the demerger of the Group's two business divisions, Somfy Activities and Somfy Participations.

As part of this transaction, on 29 October 2014 Somfy SA **transferred the assets of Somfy Participations (Gaviota Simbac, Zurflüh-Feller, Sirem, Pellenc and Sofilab 4), with the exception of CIAT and FAAC securities**, to the public limited company (société anonyme) Edify, governed by Luxembourg law, which was created on 16 September 2014 for the purposes of the transaction.

The value of Edify at the end of the transfer was €253 million. It is divided into 5,060,620 shares and is made up of €192 million and €61 million for the equity portfolio and the balance of other financial assets (receivables, cash and cash equivalents) respectively.

At its meeting of 27 November 2014, the General Meeting adopted all the resolutions submitted for its approval. It has thus ratified the separation of the Group's two business divisions and decided to make an exceptional distribution of reserves with shareholders having the choice of receiving either a cash payment or shares in the company Edify.

At the General Meeting, Somfy's majority shareholder confirmed its decision to opt for payment in Edify shares.

The amount of €50 per Somfy share for payment in cash was established based on the value of Edify, set at €253 million and divided into 5,060,620 shares comprising the share capital of said company.

The firm Valphi, acting as independent expert, believed the financial conditions of the transaction to be fair for Somfy shareholders in a report dated 9 October 2014, annexed to the prospectus for admitting Edify shares to official listing and trading on the organised Euro MTF market of the Luxembourg stock exchange, available via Somfy's website (www.somfy.com).

Edify shares were admitted for trading on the Luxembourg market on the same date as the distribution was paid, namely 19 December 2014.

Prior to the demerger, **Somfy Participations** performed the following legal transactions:

- In June 2014, **acquisition of 5.89% of the share capital of Lacroix**, a French company specialised in the manufacture of wooden, cardboard, plastic and composite packaging;
- In July 2014, **acquisition of 68.4% of the share capital of Usines Métallurgiques de Vallorbe** (UMV) in the canton of Vaud in Switzerland, one of the world leaders in the manufacture of high quality files for use in many industries such as forestry, jewellery and watchmaking;
- In December 2014, **acquisition of the bare ownership of 51.36% of the share capital of Pellenc SA.** At 31 December 2014, Somfy Participations owns the full ownership of 48.4% of shares in Pellenc SA.

The aforementioned Lacroix, Usines Métallurgiques de Vallorbe and Pellenc SA securities were incorporated into the transfer to Edify as detailed above.

The demerger has been accounted for as a distribution of non-cash assets in accordance with the IFRIC 17 interpretation. The Group took the view that, although the demerger was an operation under common control, the recognition principles could be applied. The financial impact of this transaction was a loss of €60.9 million, which was recognised in the income statement under the "Net profit of operations held for sale or distribution" heading, in accordance with IFRS 5. This loss is mainly attributable to the holding company discount applied to the assets transferred to Edify, in accordance with the independent expert's valuation.

CIAT DISPOSAL PROCESS

On 23 July, **Somfy SA** received a firm offer from **United Technologies Corporation** to acquire its equity investment in the share capital of **CIAT Group**, a specialist in the air treatment and heat transfers of buildings.

The bid was subject to several conditions precedent, namely consultation with CIAT Group's works council (favourable opinion issued on 28 October 2014), approval by CIAT Group following this consultation and the authorisation of the supervisory bodies governing this type of transaction (last authorisations received in December 2014).

The definitive transfer took place on 5 January 2015. The transaction is worth approximately €117 million, including €38 million related to the acquisition price of the securities, excluding costs, and €79 million for the redemption of the CIAT bond issue originally subscribed to by Somfy SA.

The CIAT Group interest dates from 2008 for its initial portion and on the day of the transfer represented 46.1% of the share capital of CIAT Group.

APPLICATION OF IFRS 5 – ASSETS HELD FOR SALE OR DISTRIBUTION

The Group presented the demerger transaction and the disposal of CIAT as operations distributed or held for sale, in accordance with IFRS 5 – Non-current assets held for sale or distribution.
The profit/(loss) from these operations is presented on a separate line of the income statement, "Net profit from operations distributed and held for sale", and has been restated in the cash flow statement and the income statement for all periods published.
The assets and liabilities of "operations distributed and held for sale" are shown on separate lines of the Group's balance sheet, without restatement of previous periods.

IMPAIRMENT OF GOODWILL

Somfy Activities impaired the goodwill of **BFT** Group, **Giga** and **Garen Automação** for a total of €24.3 million and its equity investment in **Neocontrol** for €0.5 million at 31 December 2014, given the outlook of these subsidiaries.

TAX AUDITS

Somfy SAS was subject in 2013 to a tax audit in relation to the 2009 and 2010 financial years. The main adjustment related to the transfer price policy implemented between a subsidiary of Somfy SA, Somfy SAS and a number of distribution subsidiaries.
During the second half of 2013, Somfy SAS, with the assistance of its legal advisers, accepted to enter talks with the tax authorities in order to reach an outcome acceptable to all parties.
The Group considered it probable that Somfy SAS would be compelled to accept part of the additional tax assessment thus notified and had therefore recognised a liability of €8.4 million in the financial statements for the year ended 31 December 2013.
During the first half of 2014, Somfy SAS and the tax authorities agreed on the amount of this additional assessment. Somfy SAS thus recorded a liability equal to the provision recognised in the financial statements at 31 December 2013.

Somfy SA has been subject to a tax audit in relation to the 2010 and 2011 financial years. A liability of €3.1 million had been provisioned in the 2013 annual financial statements. During the first half of 2014, Somfy SA and the tax authorities agreed on the amount of this additional assessment, which was identical to the provision recognised in the financial statements at 31 December 2013.

CONTINGENT LIABILITIES

Somfy Mexico SA, the Group's Mexican subsidiary, has been subject to a tax audit by the tax authorities in relation to foreign trade matters. The proposed tax adjustment amounts to €1.7 million, primarily related to customs duties. Somfy Mexico has appealed to the Mexican tax authorities, which confirmed its opinion at the end of September 2013. Following this reply, Somfy Mexico has appealed to the administrative court. The Group considers that the arguments put forward by the tax authorities remain disputable and is confident in the likelihood that this ruling will be overturned. Therefore, the Group qualified the risk as a contingent liability and no provision was recognised at 31 December 2014.

On 6 January 2014, **Somfy SA** was summoned to appear before the Regional Court of Albertville to seek annulment of the transfer of the company **Spirel**, which took place in 2010. Having had their first summons rejected by the Regional Court of Albertville, Spirel's employees served a new summons on 27 June 2014. The hearings should take place in 2015. Somfy SA disputes the arguments put forward by counsel for the Spirel employees, believes it has complied with its obligations and remains confident of its chances of receiving a favourable ruling. Therefore, the Group qualified the risk as a contingent liability and no provision was recognised at 31 December 2014.

CHANGES IN GROUP STRUCTURE

The scope was impacted by the demerger of the Group into two entities, Somfy Activities and Somfy Participations as detailed in the section "Demerger and quotation of Somfy Participations".
The Group made no major acquisitions during the 2014 financial year, other than those referred to in the same section.

Presentation of financial statements

PARENT COMPANY DATA

For the year to 31 December 2014, Somfy SA generated sales of €1.8 million. Net financial income amounted to €165.5 million, including €140.9 million in dividends paid by the subsidiaries in respect of their net profit for the year to 31 December 2013. Net extraordinary expense totalled €38.7 million.
Net profit was €104.6 million, after inclusion of an income tax charge of €13.8 million.

CONSOLIDATED DATA

SALES

Group sales were €981.7 million for the financial year just ended, an increase of 6.4% on a restated basis and 4.8% on a like-for-like basis.
The strongest increases were recorded in Central and Eastern Europe, as well as in Southern Europe and Northern Europe, reflecting the recovery in the Iberian Peninsula, Benelux, the UK and Scandinavia.
Significant increases were also recorded in Germany, Asia-Pacific, despite the slowdown in growth and the postponement of projects in China, and in the Americas, in spite of the dip noted during the year due to the deteriorating situation in Brazil and a high level of baseline in the US.
Only France ended the financial year on a negative note, as a result of the sluggish economic environment and a weak property sector.

SALES BY CUSTOMER LOCATION

€ thousands	31/12/14	31/12/13	Change N/N–1	Change N/N–1 like-for-like
France	245,694	250,936	– 2.1%	– 2.1%
Germany	153,162	144,797	5.8%	5.8%
Northern Europe	95,706	87,769	9.0%	8.4%
Central and Eastern Europe	95,009	85,025	11.7%	14.1%
Southern Europe, Middle East and Africa	174,342	161,880	7.7%	9.2%
Asia-Pacific	96,933	94,080	3.0%	5.0%
Americas	120,883	98,331	22.9%	2.2%
SOMFY CONSOLIDATED	**981,731**	**922,818**	**6.4%**	**4.8%**

RESULTS

The Group's current operating result was €149.7 million for the financial year, an increase of 3.7% on a restated basis, and represented 15.3% of sales.
The recorded increase is attributable to sales growth and a sustained industrial margin. It also reflected contained cost increases despite the integration of recently-acquired companies and ongoing strategic investment (innovation, sales force and marketing).
Consolidated net profit totalled €38.1 million, adversely impacted by a non-recurring operational expense of €23.9 million, corresponding to goodwill impairment, and the net loss of €53.8 million from operations held for sale or distribution, primarily attributable to the overall holding company discount applied to assets transferred to Edify, in accordance with the independent expert's valuation.
Net profit of continuing operations remained stable at €91.9 million and cash flow grew by 12.3% compared with the 2013 restated amount to €148.4 million.

FINANCIAL STRUCTURE

Shareholder's equity declined from €929.8 million to €570.4 million during the financial year and the net cash surplus of €94.2 million turned into net financial debt of €199.9 million, €120.5 million after deducting the debenture loan granted to CIAT.
The changes noted are closely related to movements associated with the demerger. They do not compromise the strength of the balance sheet, as testified by the gearing ratio, which equates to 35.0% based on published figures and 21.1% after restatement for the aforementioned debenture loan receivable.
The net financial debt corresponds to the difference between financial assets and financial liabilities. Notably it takes into account unlisted bonds receivable, issued by certain companies in which shares are held or related entities, earn-out on acquisitions, liabilities relating to options granted to minority shareholders in fully-consolidated companies and deferred settlements of a financial nature. Not included are securities in non-controlling equity investments, convertible bonds, deposits & guarantees and government grants.
The net financial debt is detailed in note 21 to the consolidated financial statements.

SEGMENT REPORTING AT 31 DECEMBER 2014

€ thousands	Somfy Activities	Somfy Participations	Other	Inter-segment	Consolidated
Segment sales	981,731	–	–	–	981,731
Segment current operating result	150,307	–	– 559	–	149,748
Net profit/(loss) of operations sold or held for sale	–	– 53,795	–	–	– 53,795
Share of net profit/(loss) of associates	– 428	–	–	–	– 428
Cash flow	151,974	–	– 3,588	–	148,386
Net investments in intangible assets and PPE	45,463	–	–	–	45,463
Goodwill	188,377	–	–	–	188,377
Net intangible assets and PPE	273,554	–	–	–	273,554
Non-controlling equity investments	222	–	145,522	–	145,744
Investments in associates	1,680	–	–	–	1,680
Net assets held for sale	–	90,392	–	–	90,392

Post-balance sheet events

The composition of the Management Board changed as of 1 January 2015 and is now as follows:
– Jean-Philippe Demaël, Chairman of the Management Board,
– Pierre Ribeiro, Group Chief Financial Officer,
– Jean Guillaume Despature, member of the Management Board.

On 5 January 2015, Somfy SA finalised the sale of its equity interest in CIAT Group. Pursuant to IFRS 5, the capital gain realised by this sale will be recognised in the 2015 financial year.

On 19 January 2015, through its subsidiary Somfy Brazil, Somfy Activities exercised its purchase option to buy an additional 10% of the share capital of Neocontrol for €0.3 million taking its equity investment to 61%. A mutual put/call option remains for the acquisition of the residual 39%, exercisable by 2017. This company is consolidated by the equity method due to the existence of a shareholders' agreement placing the shareholders in a position of joint control.

Outlook

The slowdown noted at the end of the previous financial year, notably in France, is set to continue over the first six months of the current year, mainly due to the impact of the unfavourable base effect. It should only be partly offset by the recovery noted in Northern and Southern Europe and renewed competitiveness related to the decline of the Euro.
Against this backdrop, efficiency improvement plans will be maintained, with the investment effort primarily directed at innovation. The entry of Somfy to the Board of Directors of Thread, a connected home platform initiated by Nest, represents an additional step towards connectivity of the Group's devices.
At the end of February, the tri-annual industry trade show was held in Stuttgart, Germany (R&T 2015). The numerous innovations presented by Somfy, the result of the investment effort made over the last few years, were very favourably received by industry players. They will enable the Group to consolidate its positions and conquer new markets over the coming years.

Information on the distribution of share capital and holdings

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

To the best of the company's knowledge, the distribution of share capital and voting rights is as follows:

Shareholding structure at 31/12/2014	Number of shares	% share capital	Theoretical voting rights	Voting rights at AGMs	% voting rights at AGMs
J.P.J.S. SCA	3,858,802	49.24%	7,717,604	7,717,604	57.23%
J.P.J.2 SA	643,005	8.20%	1,267,463	1,267,463	9.40%
Manacor	391,900	5.00%	749,086	749,086	5.56%
Despature family and other	679,942	8.68%	1,209,418	1,209,418	8.97%
Total action in concert*	**5,573,649**	**71.12%**	**10,943,571**	**10,943,571**	**81.16%**
FAAC Holding SAS**	571,400	7.29%	1,142,800	1,142,800	8.48%
Treasury shares	401,457	5.12%	401,457	–	0.00%
Other shareholders	1,290,294	16.46%	1,397,740	1,397,740	10.37%
TOTAL	**7,836,800**	**100.00%**	**13,885,568**	**13,484,111**	**100.00%**

** The identity of controlling individuals is detailed in the section "Disclosure of shareholding threshold crossings pursuant to Article L. 233-7 of the Commercial Code".*
*** FAAC Holding SAS is controlled by FAAC SpA, itself controlled by the Archdiocese of Bologna (Italy).*

In November 2010, Silchester International Investors, acting on behalf of funds under its management, declared that on 1 November 2010 it had a holding of 595,775 shares representing 7.60% of the share capital of Somfy SA. Due to the lack of disclosure of whether upward or downward threshold crossings, this company is still presumed to hold between 5% and 10% of Somfy SA's share capital.
No shareholder other than those mentioned above holds, directly or indirectly, alone or in concert with others, more than 5% of the share capital or voting rights of the company.
Changes to this list during the 2014 financial year are described below in the section "Disclosure of shareholding threshold crossings pursuant to Article L. 233-7 of the Commercial Code".

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

There are no reciprocal holdings as defined by current regulations.

ACTION IN CONCERT AND RETENTION AGREEMENTS

ACTION IN CONCERT

On 3 June 2013, the limited partnership with share capital J.P.J.S., the limited companies J.P.J.2 and Manacor, the simplified joint stock company Somplus and certain members of the Despature family concluded a shareholders agreement constituting an action in concert between them, in relation to the company Somfy SA.
The main clauses of the agreement provide:
Action in concert: the parties confirm their wish to act in concert within the meaning of Article L. 233-10 of the Commercial Code to implement a common policy with regard to Somfy SA. To that end, the parties undertake to make every effort and to consult one another, before every vote in the General Meeting of Somfy SA shareholders on resolutions relating to the appointment of members of the Supervisory Board or modification of the mode of administration or management of the company and any transaction in the capital of Somfy SA with a view to establishing a common position.

Maintaining the equity holding: the parties undertake to maintain their overall equity holding in Somfy SA at more than 50% of the share capital and voting rights of this company.
Duration: these undertakings are made for a period of ten years from the signature of the agreement, namely 3 June 2013. Any decision to reduce the term of the agreement will be made by a ¾ majority of the Somfy SA shares held by the parties, it being understood that in the case of separation of the shares, the voting right will belong to the usufructuary.

COLLECTIVE RETENTION AGREEMENTS

The company is aware of 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, signed on 30 December 2009 by several shareholders, including Management Board members Paul Georges Despature, Wilfrid Le Naour and Jean-Philippe Demaël, as well as Supervisory Board members Jean Despature, Victor Despature, Xavier Leurent and Anthony Stahl, in accordance with Article 885 I bis of the General Tax Code, for a period of two years from 30 December 2009, automatically extended indefinitely after this two-year period.
In addition, the company is aware of seven collective retention agreements relating to between 49.24% and 54.23% of the Somfy SA company share capital, signed on 9 and 22 April 2010 by several shareholders, including Management Board members Paul Georges Despature, Jean-Philippe Demaël and Wilfrid Le Naour in accordance with Article 787 B of the General Tax Code, for a two-year period from the date of registration and automatically extended indefinitely after this period, unless one of the signatories gives notice of termination to other signatories.
The company is aware of a collective retention agreement relating to 50.15% of the Somfy SA company share capital, signed on 6 March 2013 by several shareholders, including Management Board member Paul Georges Despature, in accordance with Article 787 B of the General Tax Code, for a two-year period from the date of registration and automatically extended indefinitely after this period, unless one of the signatories gives notice of termination to other signatories.
Lastly, the company is aware of:
– A collective retention agreement relating to a total of 49.32% of the Somfy SA company share capital, signed on 10 October 2013 by several shareholders, including Management Board members Paul Georges Despature, Jean-Philippe Demaël and Wilfrid Le Naour, and Supervisory Board Chairman Michel Rollier, in accordance with Article 787 B of the General Tax Code, for a two-year period from the date of registration;
– A collective retention agreement relating to a total of 49.24% of the Somfy SA company share capital, signed on 31 October 2014 by several shareholders, including Management Board members Paul Georges Despature and Jean-Philippe Demaël in accordance with Article 787 B of the General Tax Code, for a two-year period from the date of registration.

BYLAWS PROVISIONS RELATING TO MULTIPLE VOTING RIGHTS (Excerpt of Article 29 of the bylaws)

"The voting right attached to shares is proportional to the capital that they represent. All shares have the same par value and entitle their owner to one vote.
A voting right that is double that conferred on other shares is allocated to all fully paid shares that have been duly registered for at least four years in the name of the same shareholder at the end of the calendar year preceding that of each General Meeting.
In the case of a capital increase by the capitalisation of reserves, profits or issue premiums, registered shares granted free of charge to a shareholder in exchange for existing shares, which already benefit from this right, will be entitled to the same double voting right.
All shares converted into bearer shares or whose ownership has been transferred shall lose their entitlement to a double voting right, except in instances provided for by law."

DISCLOSURE OF SHAREHOLDING THRESHOLD CROSSINGS DURING THE 2014 FINANCIAL YEAR, PURSUANT TO ARTICLE L. 233-7 OF THE COMMERCIAL CODE

By letter received by the AMF on 9 January 2015, supplemented by a letter received on 15 January 2015, the limited company Manacor[1] (11 avenue Emile Reuter, L-2420 Luxemburg) declared for regularisation purposes that it had, on 31 December 2014, following an allocation of double voting rights, individually crossed over the threshold of 5% of voting rights in Somfy and held individually, at that date and to date, 391,900 Somfy shares representing 749,086 voting rights, equating to 5.0008% of the share capital and 5.39% of the voting rights in this company[2].
On this occasion, the shareholders' agreement between Paul Georges Despature, his children and the companies J.P.J.S.[3] and J.P.J.2[4] under their control, the company Manacor, the company Somplus[5] and certain members of the Despature family[6], stated that it had not crossed any threshold and that at 14 January 2015 it held 5,573,649 Somfy shares representing 10,943,571 voting rights, equating to 71.12% of the share capital and 78.81% of the voting rights in this company, broken down as follows:

	Number of shares	% share capital	Number of voting rights	% voting rights
J.P.J.S.[3]	3,858,802	49.24	7,717,604	55.58
J.P.J.2.[4]	643,005	8.20	1,267,463	9.13
Despature family[6]	639,493	8.16	1,139,603	8.21
Manacor[1]	391,900	5.00	749,086	5.39
Somplus[5]	37,266	0.48	66,692	0.48
Paul Georges Despature and his children	3,183	0.04	3,123	0.02
TOTAL CONCERT	**5,573,649**	**71.12**	**10,943,571**	**78.81**

1. Company (registered office: 11 A, boulevard Prince Henri, L-1724 Luxembourg, Grand Duchy of Luxembourg) controlled by Thierry Despature.
2. Based on a share capital comprising 7,836,800 shares representing 13,885,568 voting rights, in application of paragraph 2 of Article 223-11 of the General Regulations.
3. Company (registered office: 25 avenue Fosse-aux-Chênes, 59100 Roubaix) controlled by Paul Georges Despature.
4. Company (registered office: 11 A, boulevard Prince Henri, L-1724 Luxembourg, Grand Duchy of Luxembourg) controlled by Paul Georges Despature and his children.
5. J.P.J.S. holds 69% of the share capital of Somplus, with the balance being owned by seven senior executives of Somfy.
6. Namely: Monique Delcourt (and her children), Jean Despature (and his children), Marie-Christiane Devienne (and her children), Anthony Stahl and the limited liability company PBA SARL which he controls, Françoise Leurent (and her children), Victor Despature (and his children), Chantal Ibled (and her children), Jean Despature and the limited company Yainville which he controls and Patrick Despature and the limited company Compagnie Financière Industrielle which he controls.

The company is not aware of any other threshold crossings.

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

The company has implemented several successive share buyback programmes. The most recent buyback programme was launched in 2014; it was authorised by the Combined General Meeting of 14 May 2014, and had the following objectives:

– To stimulate the secondary market or ensure the liquidity of the Somfy SA share, by way of an investment services provider within a liquidity contract that complies with the Ethics Charter of AMAFI recognised by the "Autorité des Marchés Financiers";
– To retain the shares purchased and subsequently exchange them or use them within the framework of potential acquisitions, recognising that shares acquired to that end may not exceed 5% of the company's share capital;
– To ensure the coverage of stock option plans and/ or free share allocation plans (or similar) granted to employees and/or corporate officers of the Group, as well as all other shares allocated under a company or group savings scheme (or similar), in relation to employee profit-sharing and/or any other form of allocation to employees and/ or corporate officers of the Group;
– To cover marketable securities giving right to the allocation of shares in the company, in accordance with current regulations;
– To proceed with the possible cancellation of shares acquired, subject to the authorisation granted by the General Meeting of shareholders of 14 May 2014 in its sixth resolution, sitting in extraordinary session.

These transactions could notably be carried out at times of a takeover bid, in compliance with the applicable legislative provisions.

The maximum purchase price was set at €330 per share, with the maximum amount of the share buyback programme set at €258,614,400.

During the financial year just ended, on the basis of the authorisations given by the General Meetings of 2013 and 2014, the company bought back 26,638 shares at an average price of €234.34, sold 26,934 shares at an average price of €233.19 and transferred 10,857 shares at an average price of €172.01 in relation to the exercise of share purchase options and 120 shares in relation to the final allocation of free shares.

All of the 26,638 shares acquired were allocated to the liquidity objective. No shares were re-allocated for objectives other than those initially specified.

The company held 401,457 of its own shares at 31 December 2014, representing 5.12% of the capital; the value of the purchase price of the share amounted to €179.38 for a nominal value of €1 each, representing a total nominal value of €401,457 (€566 for the liquidity contract, €112,254 to be retained for future acquisition transactions and €288,637 for option plans to purchase shares and/or free share allocation plans).

The Management Board will submit a new treasury share purchase plan for a period of 18 months for shareholders' approval. This plan would replace the current programme, which would be terminated early. It would allow management to purchase up to 10% of the shares of the company, if necessary restated for any potential capital increase or decrease transactions that may be carried out over the timeframe of the programme. The objectives of this programme would be:

– To stimulate the secondary market or ensure the liquidity of the Somfy share, by way of an investment services provider within a liquidity contract that complies with the Ethics Charter of AMAFI recognised by the "Autorité des Marchés Financiers";
– To retain the shares purchased and subsequently exchange them or use them as payment within the framework of potential acquisitions;
– To ensure the coverage of stock option plans and/ or free share allocation plans (or similar) granted to employees and/or corporate officers of the Group, as well as all other shares allocated under a company or group savings scheme (or similar), in relation to employee profit-sharing and/or any other form of allocation to employees and/ or corporate officers of the Group;
– To cover marketable securities giving right to the allocation of shares in the company, in accordance with current regulations;
– To proceed with the possible cancellation of shares acquired, subject to the authorisation granted by the General Meeting of Shareholders of 14 May 2014 in its sixth resolution, sitting in extraordinary session.

The company would reserve the right to use options or derivative instruments, in accordance with applicable regulations.

We propose to set the maximum purchase price at €330 per share. The maximum value of the transaction, taking account of the 401,457 treasury shares held at 31 December 2014, is therefore set at €126,133,590.

INFORMATION ON INVESTMENTS AND CONTROLLED COMPANIES

Investments in French companies during the financial year ending 31 December 2014 (Article L. 233-6 of the Commercial Code):

Company name	Direct control		Indirect control	
	Number of shares	% share capital	Number of shares	% share capital
Pellenc SA	–	–	1,368,834 shares held by Provence Nouveau Monde SAS*	52.53**
Sipalax 2***	32,432 shares	5.89	–	–

** Provence Nouveau Monde SAS was wholly-owned by Somfy SA.*
*** Bare ownership of 51.36% of share capital acquired. 48.4% of the share capital already held in full ownership.*
**** Holding company of Lacroix Emballages.*

Securities in these companies formed part of the transfer to Edify as described in the paragraph "Highlights of the year".

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

Elements liable to have an impact in the event of a public offering
(Article L. 225-100-3 of the Commercial Code)

Under existing regulations, the following may have an impact in the event of a public offering:
– The capital structure and all direct or indirect holdings known of Somfy SA and all relevant information that is described under "Information on the distribution of share capital and holdings";
– There are no bylaw restrictions to the exercise of voting rights;
– There are no securities carrying special voting rights, aside from the existence of double voting rights enjoyed by fully paid shares registered under the same named shareholder for at least four years (see excerpt from Article 29 of the bylaws);
– Voting rights attached to Somfy SA shares held by personnel through FCPE Actions Somfy (Somfy Investment Fund Scheme) are exercised by a representative appointed by the Supervisory Board of the FCPE to represent it at the Annual General Meeting;
– Commitments signed between shareholders that could lead to restrictions on the transfer of shares and exercise of voting rights have been referred to in the "Action in concert and retention agreements" section;
– Rules governing the appointment and replacement of Management Board members and any bylaw amendments are respectively provided for in Articles 15 and 31 of the bylaws reproduced below:

BYLAW PROVISIONS RELATING TO THE APPOINTMENT AND REPLACEMENT OF MEMBERS OF THE MANAGEMENT BOARD (ARTICLE 15)

"The Management Board is composed of a minimum of two and a maximum of five members who may or may not be shareholders.
In accordance with and for the period provided for by the law, the Supervisory Board will appoint Management Board members, determine their number, appoint the Chairman of the Management Board and determine their remuneration.
No person aged over 70 may be appointed to the Management Board. Upon reaching this age, members of the Management Board are deemed to have resigned at the Supervisory Board's next meeting.
The Supervisory Board is authorised to assign the powers of the Chairman of the Management Board, as conferred by law, to one or more members of the Management Board who carry the title of Chief Executive Officer.
Management Board members can be re-elected.
In case of a vacancy, a replacement shall be appointed for the time remaining until re-election of the Management Board.
If a Management Board member seat is vacant, the Supervisory Board must change the number of seats it had previously set or fill the vacancy within a two month timeframe so that the number of Directors does not fall below the minimum required by the bylaws. Otherwise, any interested party may ask the President of the Commercial Court, acting in chambers, to make this temporary appointment. The person thus appointed may, at any time, be replaced by the Supervisory Board.
Management Board members or the Chief Executive Officer may only be dismissed by the Annual General Meeting or by the Supervisory Board. If dismissal is decided without just cause, it may give rise to damages. In the case where an individual holds an employment contract with the company, the revocation of his/her functions purely as a Management Board member or Chief Executive Officer will not terminate this contract."

BYLAW PROVISIONS RELATING TO BYLAW AMENDMENTS (EXCERPT OF ARTICLE 31)

"Only an Extraordinary General Meeting can modify the company's bylaws in all its provisions. Nevertheless it cannot increase shareholders liabilities with the exception of transactions resulting from an exchange or regrouping of shares properly decided and executed.
It requires a two-thirds majority of votes of present or represented shareholders, including shareholders who voted by mail";
– Concerning powers, the Management Board has no delegations except those described under the sections "Information on delegations relating to share capital increases and other authorisations" and "Information on the buyback of own shares";
– Agreements concluded by the company that may be altered or terminated upon a change of control of the company are as follows: contracts signed between Somfy SA and credit institutions concerning credit facilities granted require the latter to inform the said banks of all projects related to a significant change in its shareholding, notably those resulting in a transfer of control to a new company;
– There are no particular agreements providing for benefits upon termination of the term of office of a Management Board member.

Information on the terms and conditions of retention of shares allocated free of charge to executive corporate officers
(Article L. 225-197-1 II section 4 of the Commercial Code)

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

Information on appointments held and remuneration received during the financial year
(Article L. 225-102-1 of the Commercial Code)

At 31 December 2014, the Management Board was composed as follows:

Name	Position	Date appointed	Date term ends
Paul Georges Despature	Chairman	27 November 2013	26 November 2017
Jean-Philippe Demaël	Member	27 November 2013	26 November 2017
Wilfrid Le Naour	Member	27 November 2013	26 November 2017

There was no change to the Management Board during the 2014 financial year.
A change in the composition of the Management Board took place on 1 January 2015, as detailed in the paragraph "Post-balance sheet events" in this report.

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

PAUL GEORGES DESPATURE
Chairman of the Management Board

– Chairman of the Supervisory Board of Damartex SA,
– Chairman of the Remuneration Committee of Damartex SA,
– Chairman of the Board of Directors of Edify SA,
– Member of the Audit Committee of Damartex SA,
– Member of the Supervisory Board of CIAT Group SA,
– Director of FAAC SpA and Compagnie Industrielle d'Applications Thermiques SA,
– Manager of CMC SARL.

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

For confidentiality reasons, the level of achievement of these variable remuneration quantitative criteria set by the Supervisory Board is not disclosed.

Details of remuneration paid during the financial year just ended are included in the summary table (page 21).

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

WILFRID LE NAOUR
Chief Executive Officer of Somfy SA, Somfy Participations branch

– Chairman of the Supervisory Board of Financière Nouveau Monde SA and Direction Marty Holding – DMH SA,
– Observer of NMP SAS,
– Chairman of Provence Nouveau Monde SAS,
– Chairman of the Board of Directors of FDS Financière Développement Suisse SA,
– Member of the Supervisory Board of CIAT Group SA,
– Director of Gaviota Simbac SL, Gaviota Simbac Middle East SAL, FAAC SpA, Compagnie Industrielle d'Applications Thermiques SA, Pellenc SA and Edify SA,
– Manager of Somfy GmbH.

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

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

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

For confidentiality reasons, the level of achievement of these variable remuneration quantitative criteria set by the Supervisory Board is not disclosed.

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

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

Details of remuneration paid during the financial year just ended are included in the summary table (page 21).

JEAN-PHILIPPE DEMAËL
Chief Executive Officer of Somfy SA, Somfy Activities branch

– Chairman of Somfy SAS,
– Chairman of the Advisory Office of Fondation d'Entreprise Somfy pour mieux habiter la planète,
– Director of Hong Kong CTLT Trade Co. Limited, New Unity Limited, Somfy Middle East Co. Limited, and endowment fund "Les Petites Pierres",
– Member of the Advisory Committee of Somfy Brasil Ltda,
– Manager of Somfy GmbH.

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

– Profit growth (average annual growth of current operating result over two years),
– Return on capital employed (average ROCE over two years),
– Business development, measured by sales growth and by its differential with the sales growth of a range of reference points comprised of nine companies considered to be comparable.

For confidentiality reasons, the level of achievement of these variable remuneration quantitative criteria set by the Supervisory Board is not disclosed.

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

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

Details of remuneration paid during the financial year just ended are included in the summary table (page 21).

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

The plan grants a contingent right to supplementary pension, pursuant to the so-called "Article 39", which is dependent on the length of service of the beneficiary (a minimum of 15 years). The right to a supplementary pension is acquired at a rate of 0.75% per year of service and cannot exceed 15% of the potential beneficiary's reference salary. The reference salary is defined as the average of the best three years after applying CNAV re-evaluation coefficients. Based on estimates setting at 35% the future rate of replacement provided by the compulsory pension plans when the affected population reaches retirement age, this plan should enable the rate to increase to 35 + 15 = 50% of the reference salary for beneficiaries whose career within the Group lasted 20 years or more.

Commitments of the plan and corresponding assets have been outsourced to an insurance company. Future commitments are fully covered by plan assets under management, which were measured at fair value.

Member of the Management Board concerned: Jean-Philippe Demaël, potential beneficiary of this pension plan.

In relation to his employment contract prior to his appointment to the Management Board, Jean-Philippe Demaël also benefits from CMC SARL so-called "Article 83" defined contribution pension plan, applicable to Senior Executives as well as Managers benefiting from an employment contract, for whom the portion of contributions payable by the company represents 6.25% of remuneration, limited to the tranche B cap applicable to the Senior Executives' regime.

For members of the Management Board who had benefited from stock options until then, the new constraints introduced by the Law of 3 December 2008 have led the Supervisory Board to exclude them from future allocations of performance-based shares and stock options. However, the Board deemed it necessary to continue giving perspective to their contribution and bring their interest as much as possible in line with those of the shareholders and other managers, as in the past. Therefore, it was decided to grant them variable remuneration

based on identical performance conditions to those used for allocating performance-based shares to Management. No payments were made in this respect during the financial year.
It should be noted that the Chairman of the Management Board has always been excluded from stock option and performance-based share allocations and is therefore not concerned by this decision.

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

PAULE CELLARD
Member of the Supervisory Board

- Member of the Audit Committee of Somfy SA,
- Member of the Supervisory Board of Damartex SA,
- Chairman of the Audit Committee of Damartex SA,
- Member of the Remuneration Committee of Damartex SA,
- Director and Member of the Audit Committee of Crédit Agricole Private Banking Luxembourg.

JEAN DESPATURE
Member of the Supervisory Board

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

VICTOR DESPATURE
Vice-Chairman of the Supervisory Board

- Chairman of the Audit Committee of Somfy SA,
- Member of the Remuneration Committee of Somfy SA and Mobilis SAS,
- Chairman and Chief Executive Officer of MCSA SA,
- Chairman of the Supervisory Board of SCA J.P.J.D., J.P.J.S., Valorest, Acanthe, Cimofat and SC Soderec,
- Member of the Supervisory Board of Mobilis SAS,
- Permanent representative of MCSA SA: Chairman of SAS MCSA-CELERC, MCSA-SIPEM and MCSA-SET,
- Manager of SARL MCSA-Tunis and SC Vicma, Devin-VD and Le Maréchal,
- Director of Edify SA.

XAVIER LEURENT
Member of the Supervisory Board

- Vice-Chairman and member of the Supervisory Board of Damartex SA,
- Manager of FIDEP.

VALÉRIE PILCER
Member of the Supervisory Board

- Member of the Audit Committee of Somfy SA.

MICHEL ROLLIER
Chairman of the Supervisory Board

- Chairman of the Remuneration Committee of Somfy SA,
- Chairman of the Supervisory Board of Michelin,
- Chairman and Chief Executive Officer of Siparex Associés,
- Director of Lafarge,
- Chairman of the Audit Committee of Lafarge.

ANTHONY STAHL
Member of the Supervisory Board

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

No change to the composition of the Supervisory Board took place during the 2014 financial year.

Regarding the composition of the Supervisory Board, shareholders at the next General Meeting will be asked to:
- Renew Anthony Stahl's term of office as a member of the Supervisory Board for a period of four years, namely until the end of the General Meeting to be held in 2019 to approve the financial statements for the year just ended;
- Appoint, as a replacement for Xavier Leurent, Bernard Hours as a member of the Supervisory Board for a period of four years, namely until the end of the General Meeting to be held in 2019 to approve the financial statements for the year just ended.

Bernard Hours graduated from the Hautes Études Commerciales (HEC Paris) business school in 1978. He began his career at Unilever in 1979 as Product and Brand Manager. In 1985, he joined Danone Group in the marketing division at Kronenbourg. Between 1989 and 2001, he successively became Sales Director at Évian and Director of Marketing for Danone France before taking up the role of Chairman of Danone Hungary in 1994 and Danone Germany in 1996, and finally Chairman of LU (biscuit manufacturing) in France in 1998. In November 2001, Bernard Hours was appointed Vice-Chairman of the Fresh Dairy Products Division, becoming Chairman in March 2002.
From 1 January 2008, Bernard Hours held the position of Deputy Chief Executive Officer of Danone, responsible for the Group's four operating divisions: Fresh Dairy Products, Waters, Early Life Nutrition and Medical Nutrition, as well as R&D (Research and Development). As of 1 October 2014, when there was a change in governance, Bernard Hours stood down from his role as Deputy Chief Executive Officer of Danone. Bernard Hours has been sitting on the Boards of Directors of Essilor as an independent director since 2009 and Verlinvest as a non-executive director since 2015.
Furthermore, the Board considers that he fulfils all the independence criteria of the Middlenext Code and can therefore be described as independent.

REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

SUMMARY TABLE OF REMUNERATION

€	Attendance fees 2014	Fixed remuneration 2014	Variable remuneration 2014 (*)	Benefits in kind 2014
Members of the Management Board				
Paul Georges Despature Chairman of the Management Board	–	220,000	246,000	–
Jean-Philippe Demaël	–	430,000	298,294	4,668
Wilfrid Le Naour	–	390,000	180,000	4,044
Members of the Supervisory Board				
Michel Rollier	3,900	50,000 (**)	–	–
Paule Cellard	13,000	–	–	–
Jean Despature	6,600	–	–	–
Victor Despature	17,400	–	–	–
Xavier Leurent	6,600	–	–	–
Valérie Pilcer	14,600	–	–	–
Anthony Stahl	– (***)	–	–	–

(*) Variable remuneration paid in 2014.
(**) Remuneration as Chairman of the Supervisory Board.
(***) No longer wishes to receive attendance fees in respect of this term of office.

OPTIONS ALLOCATED AND EXERCISED DURING THE FINANCIAL YEAR

The Chairman of the Management Board is not a beneficiary of option plans or performance-based shares.
During the financial year, no member of the Management Board received options or performance-based shares, nor benefited from performance-based shares that became available to them.

PROCEDURE FOR SETTING THE REMUNERATION OF CORPORATE OFFICERS

The remuneration of Management detailed above is proposed by the Remuneration Committee. It is revised each year on the basis of expert advice and is in line with the market.
The Remuneration Committee, having considered the Middlenext recommendations on the remuneration of executive corporate officers of listed companies, submits for approval to the Supervisory Board the various components of remuneration and the criteria for allocating the variable share of corporate officers' remuneration, so that their remuneration may be fixed. The variable remuneration criteria for each member of the Management Board are noted above in the section "Appointments held by Management Board members and remuneration received from Somfy SA and subsidiaries under its control".
At the General Meeting of 13 May 2015, it will be proposed to the shareholders to increase attendance fees to be apportioned between the members of the Supervisory Board from €100,000 to €150,000 for the 2015 financial year and until otherwise specified.
The Supervisory Board apportions attendance fees among its members in proportion to their attendance at Board meetings and Audit Committee and Remuneration Committee meetings.
The Chairman of the Supervisory Board receives specific remuneration in relation to his duties as Chairman.

INFORMATION ON TRANSACTIONS PERFORMED BY DIRECTORS DURING THE FINANCIAL YEAR (ARTICLE 223-26 OF AMF GENERAL REGULATIONS)

The company is aware that various transactions falling within the scope of Article L. 621-18-2 of the Monetary and Financial Code have been carried out during the past financial year.

PURCHASES (€)

Registrant and nature of transaction	Amount
PBA, related to Anthony Stahl, Member of the Supervisory Board	7,721,405
J.P.J.2, related to Paul Georges Despature, Chairman of the Management Board	13,898,542
Acquisition	21,619,947
TOTAL PURCHASES	**21,619,947**

SALES (€)

Registrant and nature of transaction	Amount
Persepolis, related to Paul Georges Despature, Chairman of the Management Board	37,062,819
Disposal	37,062,819
TOTAL SALES	**37,062,819**

Corporate governance

AUDIT COMMITTEE

The Audit Committee currently comprises three members: Victor Despature, Committee Chairman, Valérie Pilcer and Paule Cellard.
The Committee's mission is to monitor the preparation of the financial information and the efficiency of internal control and risk management systems. It is also informed of due diligence carried out by the Statutory Auditors in their legal assignment to audit the parent company and consolidated financial statements, ensures the latter's independence and is involved in their selection.
The Audit Committee supervises the work of Internal Audit and approves the annual audit plan. It proposes, directs and ensures the follow-up of Internal Audit assignments.
Since its creation, it has met at each half-year and year-end balance sheet date.
During the 2014 financial year, the Audit Committee met on four occasions with all members in attendance.
Under the supervision of the Audit Committee, the Internal Audit Department reports to the Chairman of the Management Board, and by delegation to the Group's Chief Financial Officer.
The Department, comprising the Internal Audit Officer and the equivalent of 3.5 full-time auditors, carries out audits that evaluate the correct application of accounting principles, the organisation and the systems put in place within the entity subject to audit.
An annual audit plan, prepared together with the Management of Somfy Group, is approved by the Management Board and then validated by the Audit Committee. The assignments included in the audit plan provide an independent assessment of the efficiency of the system of internal control in each entity.
Where appropriate, the principal weaknesses identified in internal control are reported to Management and recommendations are issued. A follow-up of the implementation of recommendations is made twice a year. A report is presented to the Management Board and to the Audit Committee each year.
In addition, urgent assignments that were not provided for in the audit plan may be carried out during the year at the request of the Management Board or the Audit Committee.
Twice a year, the Internal Audit Officer presents a report on the activities of the Department to the Management Board and to the Audit Committee.

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises two members: Michel Rollier, Committee Chairman (independent member) and Victor Despature. Its mission is to submit proposals to the Supervisory Board, in particular in respect of the amount and calculation of corporate officers' remuneration and to provide advice concerning the amount of attendance fees.
At least once a year, the Committee calls on a firm specialised in the subject of senior executive remuneration, which provides advice on the practices that are generally applied in companies of a comparable size.
During the year just ended, it met three times. The rate of attendance by the members was 100%.
The members of the Remuneration Committee report verbally to the Supervisory Board on their work and on the opinions they have issued, thus helping the Board to prepare and make decisions in terms of corporate officers' remuneration.

INDEPENDENCE OF THE MEMBERS OF THE SUPERVISORY BOARD

As provided by the Middlenext framework, the Board has assessed the independence of its members.
Based on the independence criteria suggested by the Middlenext framework, the Supervisory Board notes that, to date, an independent member of the Board is a member who has no relationship of any nature whatsoever with Somfy SA or its management, or with a company consolidated by the Somfy Group, that may affect his/her freedom of judgement, and who meets the following criteria:
– Is not and has not been an employee or executive corporate officer of Somfy SA or any other Group company during the last three years;
– Is not a significant customer, supplier or banker of Somfy SA or its Group, or for which Somfy SA or its Group represents a significant share of his/her business activity;
– Is not a significant shareholder of Somfy SA;
– Is not closely related to a corporate officer or major shareholder;
– Has not been a statutory auditor of Somfy SA over the past three years.
In light of these criteria, the Supervisory Board considered that Paule Cellard, Valérie Pilcer, and Michel Rollier qualified as independent members.

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

In 2014, the "Research and Development" teams were involved in developing several major innovations, to be unveiled in early 2015 at the R+T international trade show taking place in Stuttgart.
In the rolling shutters segment, Somfy has developed a new motor, the RS 100 which is intended to gradually replace the traditional LT 50 range, and therefore to make up almost a third of the Group's sales. This major venture will result in a motor that offers innovations and benefits at all stages of the chain: for the user, the installer and the industrial manufacturer.
Development efforts in the field of interior blinds focused on silence, with the introduction of the Ultra Silence motor. The ambition is to anticipate the future needs of consumers initially in North America and then around the world.
By being more attentive to customers' feedback, Somfy has designed for these blind and rolling shutter markets, a new range of control solutions, in particular through the Nina range of controls, completely redesigned in terms of design and interface.
Innovation has also focused on the Access Division with ongoing research on interoperability between its products (Access and other Somfy equipment) and also thanks to the first solutions that can be connected to the Internet.
In 2014, the Group continued to develop the "connected" sector, firstly by increasing the amount of equipment operated by the TaHoma interface such as heating or lighting, and secondly by proposing a more affordable offer that can be connected with the first device, Connexoon.
It should be noted that the TaHoma application is used by 95% of customers on a daily basis and a third of its usage is outside the home, demonstrating that developing these new technologies is responding to a genuine and significant trend in living spaces.
In addition and in this area, Somfy, in collaboration with regional authorities, set up a research project on improving energy efficiency, the human/building interface, the COMETE project (ClOud pour la Maison intelligente et l'EfficaciTé Énergétique – Cloud for the smart home and energy efficiency). The aim in particular is to create smarter calculation algorithms.
The Group has created a first design centre for curtain markets in China. China makes up 60% of this market's global sales, and it is the first time that Somfy has set up a development centre outside France.
These numerous innovations were protected by 40 new patents in 2014, taking the overall patent portfolio to 1,783.

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

At 31 December 2014, the FCPE Somfy (Somfy Investment Fund Scheme) held 43,550 Somfy SA shares amounting to 0.56% of the company's share capital.

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

A POLICY OF SUSTAINABLE DEVELOPMENT INTEGRATED INTO THE SOMFY GROUP STRATEGY

In 2014, the Somfy Group continued to share with its employees a culture of responsibility that underpins its Sustainable Development policy.

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

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

In the field of housing, Somfy Group sought to help improve living environments, by meeting peoples' growing expectations in terms of comfort, security, saving energy and maintaining their independence, by acting responsibly and ensuring that natural resources are preserved.

Several principles help ensure the implementation of these strategic policies:

- A continuous improvement plan measured by indicators,
- The establishment of a structured dialogue with the stakeholders: customer satisfaction survey, measuring employee commitment, investor and shareholder relations policy, active participation both internationally and locally with working groups and organisations on industry issues,
- Regular and transparent communication.

Somfy Group's Sustainable Development policy addresses the high expectations of its customers and all its stakeholders, be they the development of environmentally friendly solutions, or social or societal commitments.

GOVERNANCE

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

Since 2008, Somfy has had a Sustainable Development Department. It reports to the Group's Operations Department. Its missions are to guide the implementation of the Group's environmental commitments.

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

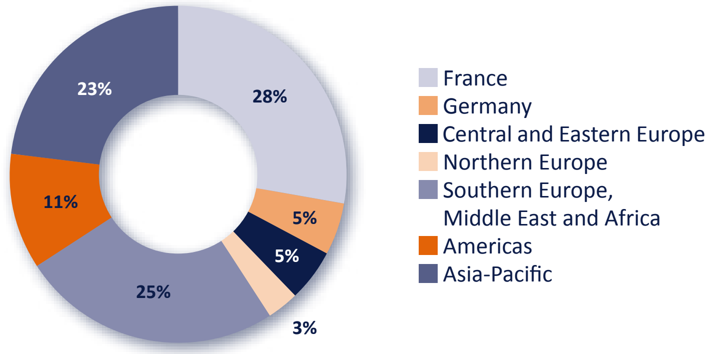
The Communications Department has the task of guiding the implementation of Somfy's commitments relating to societal matters. In this regard, the Group Communications Director is a member of the Somfy Foundation Governing Board, the main driving force of the Group's citizenship policy, and whose main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

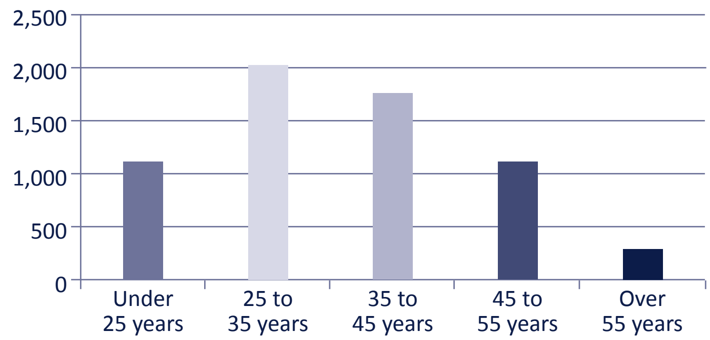
The Strategic Committee for Sustainable Development brings together the Sustainable Development Director, the Group Human Resources Director and the Group Communications Director. Its mission is to ensure the coherent implementation of the three lines of Somfy's Sustainable Development strategy: Planet, Employees and Society.

SOCIAL INFORMATION

CONTEXTUAL DATA

At 31 December 2014, total Group workforce was 6,250 people and was analysed as follows:





CLARIFICATION REGARDING SCOPE

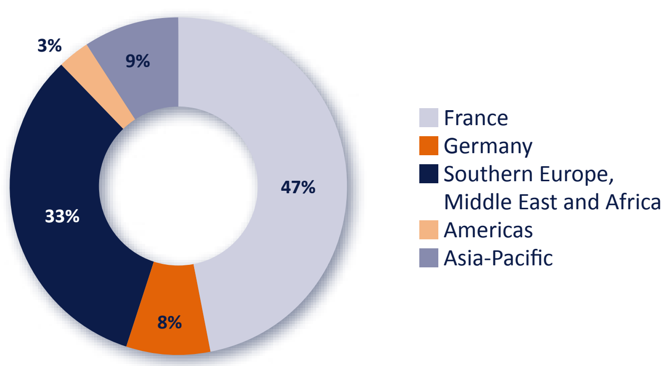
Restated for the exit of the companies Sirem and Zurflüh-Feller as part of the demerger of the Group's two divisions, Somfy Activities and Somfy Participations, which was completed in December 2014, the 2013 scope included 3,257 people, representing 53% of the Group's workforce.

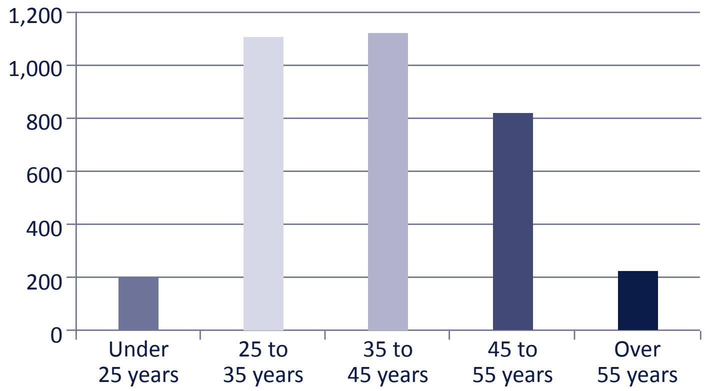
Three new companies were added to the 2014 report - two in Italy and one in China, which increases the number of companies covered by the 2014 report to ten and includes 3,468 employees (up 6.48% vs. 2013), representing 55.5% of the Group's total workforce.

The 2014 scope covers 73% of the Group's industrial staff.

Across the Group, employee expenses amounted to €286.9 million at 31 December 2014, compared with €270.4 million at 31 December 2013 at constant scope.

These companies are located on four continents (Europe, Africa, Asia and America) and in six countries (France, Germany, Italy, Tunisia, China and USA).





Note: It should be noted that the expanded analysis scope of the social data would temporarily render any comparison with data from the previous report difficult.
Some companies were excluded from the scope of this report. This situation is related to the existence of very low workforces in certain organisations (distribution subsidiaries spread out over vast geographic areas such as Russia or South America), or the lack of Human Resources information systems designed for collecting data easily.
To overcome this last difficulty, an international information system is currently being deployed within the Group's main entities, its aim in the long run being to cover all Somfy regions and companies.

WORKFORCE UNDER NEW SCOPE DURING 2014*

	2013	2014	Change
Number of men	1,727	1,735	0.5%
Number of women	1,735	1,733	– 0.1%
TOTAL	**3,462**	**3,468**	**0.2%**
< 25 years old	168	198	17.9%
≥ 25 and < 35 years old	1,183	1,108	– 6.3%
≥ 35 and < 45 years old	1,110	1,120	0.9%
≥ 45 and < 55 years old	780	812	4.1%
≥ 55 years old	221	230	4.1%
TOTAL	**3,462**	**3,468**	**0.2%**

** WAY, Somfy Italia and Somfy China employees were added to 2013 data to enable the two financial years to be compared.*

The workforce within the 2014 CSR scope remained stable in comparison with 2013.
The male to female staff ratio within the scope remained stable with a 50/50 balance.
Implementation of the recruitment policy continued leading to growth of almost 18% in the number of young workers under the age of 25. With the exception of the ≥ 25 and < 35 year old range, the other ages ranges grew thanks to the rising age of workers.

A RESPONSIBLE SOCIAL POLICY

The Group's Social Responsibility policy is to primarily support Somfy Group's transformation in its continued international expansion, in creating new markets and increasing its innovation activity.
In 2014, the Group continued to deploy its Human Resources roadmap along three main lines:
– Commitment,
– Skills and employability,
– Performance.

All the initiatives deployed are aimed at developing the Group's "Employer" brand to simultaneously make it a lever to create both commitment and external attractiveness.

AREA: COMMITMENT

Preamble

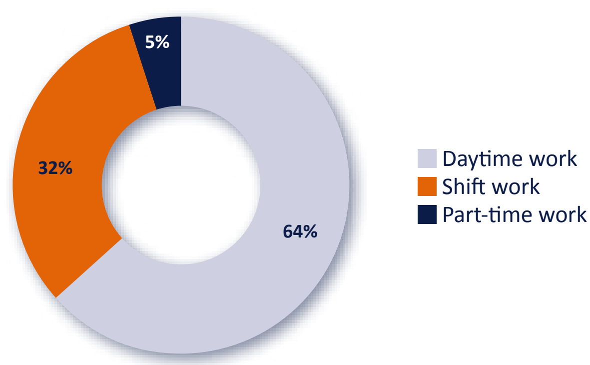
The measures deployed help to provide both direction to the collective project and consistency to maintain and strengthen commitment within the teams.

Work organisation

In all the companies within the scope, the average working week complies with the applicable local legislation and varies between 35 and 40 hours of work per week.
The options for individual arrangements vary according to country and site activity. Such arrangements are better developed in Europe and in non industrial activities.

Workforce analysis by shift

Type of shift	31/12/14	%
Daytime work	2,215	64%
Shift work	1,094	32%
Part-time work	159	5%
TOTAL	**3,468**	**100%**



Organisation by shift schedule is predominant at our production sites. Depending on the sites it varies between 25 and 90% of the workforce. Overall, shift-based organisation concerns 32% of the scope's workforce, a slight decline compared with 2013 data.
It should be noted that at the six industrial sites covered by this report, night work is a temporary working arrangement in case of production peaks.
Collective working hours can vary depending on production plans and business opportunities. This flexibility is essential in adapting to market needs.

Social relations

Social dialogue is an important element in regulating the collective organisation of work. The company wishes to enhance its quality and role.
All the companies comply with the local laws and agreements connected with their activities.
Although not all have union representatives, social dialogue is guaranteed or implemented through meetings and/or communication with staff representative bodies or with employees directly.
New ways of facilitating dialogue were introduced, in particular in France with an opportunity for more direct contact with production staff (consultation process at Intervalle Court – AIC –).

Certain companies concluded new agreements in 2014 or amendments to agreements concluded in previous years.
The main agreements and amendments signed related to:
– Salary increases and other salary-related benefits (France and Italy),
– The extra supplementary pension schemes Art.83 and PERCO (France),
– The allocation and management arrangements for bonus incentives and profit-sharing (France),
– The allocation of exceptional bonuses (France and Tunisia),
– Gender equality and solidarity (France),
– Employee training (France, Italy),
– Generational contract and Forward Planning of Employment and Skills (France),
– Social dialogue framework (France),
– Safety, environment and corporate regulation (China).
Social dialogue is a way of making Somfy Group's social frame of reference progress and informing employees about the Group's position and its development and transformation areas.

Health and safety

Most of the companies have an occupational health department and internal safety functions, notably strengthened in France by the support of Company Doctors and specialists in ergonomics.

Significant efforts have been made in many countries to reduce the exposure to risks of employees and temporary workers and to improve their working conditions. In France, a safety manager was appointed to coordinate and strengthen our preventive measures. In addition, an IT tool for the management and control of the comprehensive risk assessment document has been selected and will be rolled out in 2015. The 2014 bonus incentive agreement for Somfy SAS included a target related to the reduction of the severity rate of accidents.

Frequency and severity rate indicators
In 2014, it should be noted that despite all the initiatives that were undertaken or strengthened, the frequency of accidents at work slightly increased overall for the main companies within the scope. Conversely, for the most part the severity rate improved. To confirm this analysis, it can be noted that the number of accidents at work increased by 11% in 2014 but the number of days' absence fell by 20%.
Preventive actions had an effect on the severity but they must be continued in 2015 in order to reverse the frequency trend. The European industrial structure has set itself reduction targets for its frequency rate effective from 2015.
It should be noted that the safety criterion was listed as the highest satisfaction criterion during the last social barometer of commitment within the Group. This strength must however be maintained since results in this field are never permanently achieved.

	Somfy GmbH		SITEM*		Somfy SAS*		Simu SAS*		Consolidated**	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
Frequency rate	5.83	7.56	18.24	17.13	6.59	7.37	7.59	12.99	10.41	10.97
Severity rate	0.1	0.07	0.18	0.12	0.33	0.25	0.13	0.18	0.24	0.18

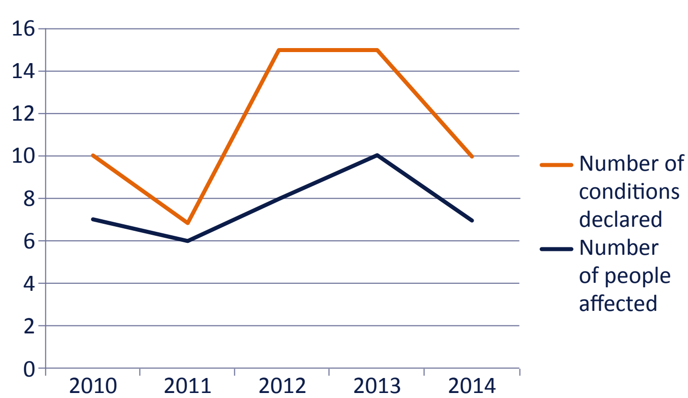
** Variances with data published in 2013 are due to corrections.*
*** 2013 data has been restated compared with previously published data to take changes in scope into account.*

Regarding Somfy SAS, initiatives dedicated to safety training represented a quarter of the 2014 training investment (6,854 hours out of a total 27,564 hours).
The average rate of absenteeism was 3.1% for the entire reporting scope, a significant decline compared with 2013.
Work related accidents and occupational diseases are monitored, and preventive action implemented, by dedicated working groups or specially appointed employee representative bodies, according to country (HSWCC in France for example).
Subjects connected to the issues of psycho-social risks (PSR), Musculo-Skeletal Disorders (MSD) and more generally life in the workplace were covered by several initiatives in France in 2014 (creation of a PSR steering committee, implementation of a monitoring network, training of employees and managers in the management of stress and of emergencies, training in movements and posture and workstation ergonomics, rest and relaxation initiatives, job rotation in production, cutting road risks, company restaurant, sustainable development initiatives, etc.).
They will continue in 2015 with the aim of signing an agreement within the field of the Disability policy and the quality of work life.
Moreover, in connection with legal obligations, the company has, in France, begun an initial appraisal assessing how demanding the work is in order to implement preventive measures as part of the comprehensive risk assessment document.
With regard to occupational diseases, the main issues recognised are linked to Musculo-Skeletal Disorders (MSD) in a context of handling and repetitive movements.

The number of people affected by a recognised occupational disease has decreased compared with 2012 and 2013. The frequency of recognition of these occupational diseases justifies the specific preventive measures currently being rolled out in France.

Monitoring of Somfy SAS trends in occupational diseases

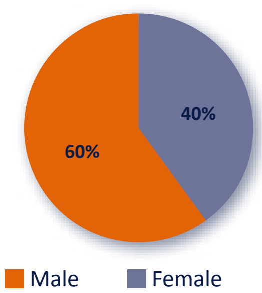
	2010	2011	2012	2013	2014
Number of conditions declared	10	7	15	15	10
Number of people affected	7	6	8	10	7



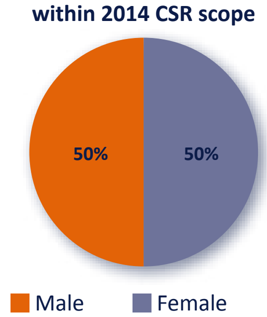
Equal treatment

In terms of professional equality, taking into account developments in legislation, the French companies have signed agreements or action plans committing them to action in the field of professional equality. An initial review of these agreements highlighted positive developments in terms of increasing diversity and the rate of managerial staff.
Progress remains slow and must be pursued. An amendment to the Somfy SAS agreement implemented a solidarity support scheme for situations involving seriously ill children.
In addition, partners connected with the payment of the apprenticeship tax were asked to sign gender equality charters to encourage them to move forward with us on the issue.
The male to female staff ratio within the scope remained stable with a 50/50 balance. It should be noted that across the Group scope, this workforce ratio is 60% men and 40% women. This variation can be explained by the presence in the 2014 CSR scope of three major production sites with overwhelmingly female staff (Cluses, SITEM and LianDa).

Analysis of Group workforce



Analysis of workforce within 2014 CSR scope



In the area of disability, the majority of the Group's companies are subject to local regulations with which they comply.
Some take additional action, often with the support of specialist agencies, to improve the working conditions of any employees affected by specific health problems, their continued employment remaining an ongoing priority.
Several measures, such as adapting workstations or working hours, adapting premises, or support in terms of restructuring or reclassification can be seen.
Regarding recruitment, the publication of employment offers on specialist sites, participation in disability forums, partnerships with specialist agencies, etc., all create greater potential for recruiting disabled people.
In Somfy SAS, an audit of practices was launched at the end of 2014. Its findings will allow the foundations of a Disability agreement to be built in 2015, to go further than the Disability friendly initiatives undertaken for several years now.
More broadly, Somfy Group and its employees are keen to respect the men and women affected by its activities.
This is reflected in a commitment to:
– Respect differences, improve diversity and reject discrimination;
– Ensure the health, safety and decent working conditions for the company's employees and partners;
– Seek to develop the skills and employability of staff;
– Seek the professional development of employees;
– Guarantee constructive social dialogue.
An Ethics Charter will be rolled out in 2015, and will cover these commitments in full.
Somfy Group has a network of Human Resources Managers extending across the entire scope covered by this report. One of their main roles is to ensure the respect of Human Rights, particularly examining within their scope rights and concerns relating to racial discrimination, torture, enforced disappearances, disabled people and the rights of women, children, migrants, minorities and indigenous peoples.

In addition, academies for leadership and management training that are currently being rolled out within the Group are equally concerned by the performance requirement in relation to employees and looking after them.

Commitment survey

In late 2014, the Group conducted a new survey on commitment covering its entire worldwide scope. This commitment extends beyond just team satisfaction and constitutes a key factor for the company's success. The Group return rate for this survey was 79%.
The overall results were provided to all management and employees.
At Group level, the commitment rate grew by 3% in comparison with the previous score, rising from 48% in 2012 to 51% in 2014.
In one part of the Group's entities, a very significant improvement was seen in the commitment rate.
The satisfaction rate for the levers identified in 2012 as priorities for commitment increased. They related to performance and remuneration management.
Action plans implemented after Somfyscope 2012 led to an increase in satisfaction for priority levers. Two of them, career opportunities and remuneration, remain key levers for improving the rate of commitment.
Amongst the other priorities identified in 2014 were policies and procedures, employee benefits, and the image of the company and the Group.
The results of the survey offered positive feedback regarding the transformation processes taking place within Somfy.
Somfy's strengths are safety, relationships with colleagues, how interesting the work is, and the work/life balance.
Managers will be responsible for implementing and monitoring an action plan with their teams (>10 people) and thereby helping to strengthen the commitment of Somfy Group employees.

AREA: EMPLOYABILITY AND SKILLS

Preamble

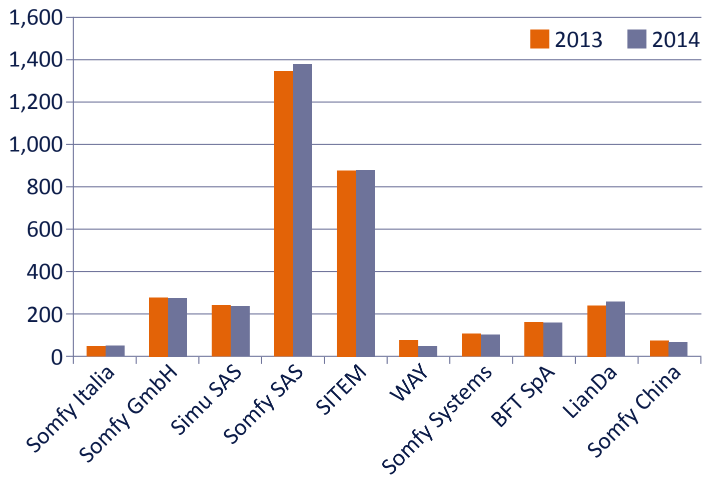
All the initiatives are undertaken to ensure that the skills of Group employees are matched with the organisation's needs and to ensure the employability of staff.

Employment

During the 2014 financial year, staff numbers within the scope of analysis remained relatively stable. Recruitment numbers of 302 were offset by a similar number of exits from the scope, with 289 departures, 22 of which were redundancies or dismissals (8%). It should be noted that the company wanted to focus on internal mobility. As such, in France, more than 50% of positions were filled via internal mobility.

Change in workforce

	2013	2014	Change
Somfy Italia	49	51	2
Somfy GmbH	279	277	– 2
Simu SAS	243	238	– 5
Somfy SAS	1,347	1,380	33
SITEM	879	881	2
WAY	79	50	– 29
Somfy Systems	108	103	– 5
BFT SpA	162	161	– 1
LianDa	241	259	18
Somfy China	75	68	– 7
	3,462	**3,468**	**6**



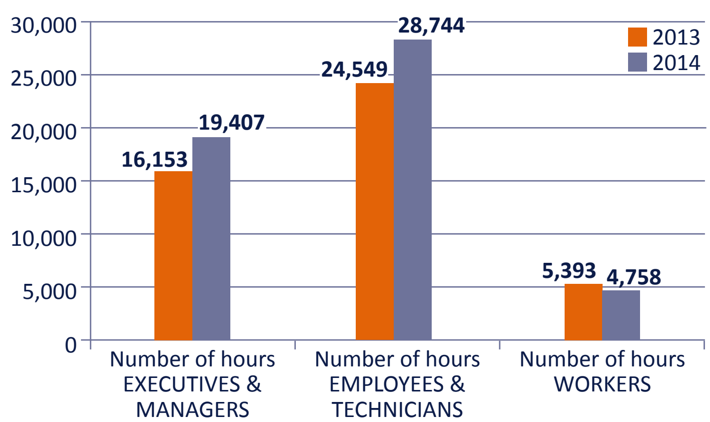
Training

Investment in training focused on initiatives likely to help the Group achieve its transformation objectives, in order to act in a more agile, prompt and simple way both collectively and individually, and to support cooperation and performance.

Total CSR scope

Number of training hours CSR scope	2013*	2014
Number of hours EXECUTIVES & MANAGERS	16,153	19,407
Number of hours EMPLOYEES & TECHNICIANS	24,549	28,744
Number of hours WORKERS	5,393	4,758
TOTAL	**46,094**	**52,908**

** 2013 data has been restated compared with previously published data to take changes in scope into account.*

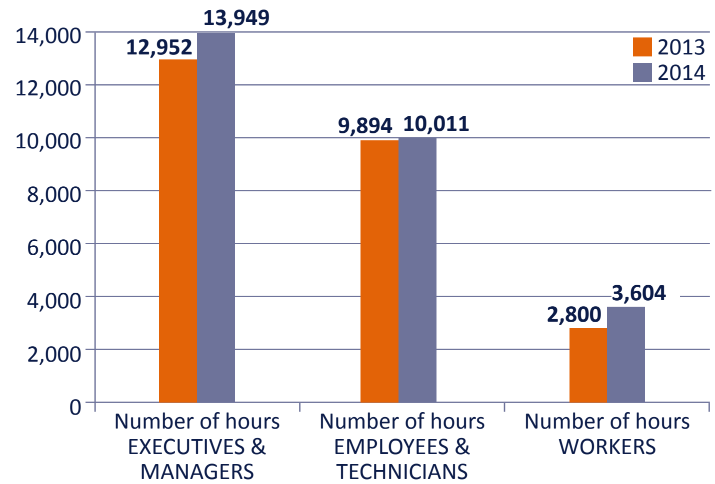


The overall number of training hours rose by 15% in comparison with the previous year, in favour of Managers and Executives and Employees and Technicians. The number of training hours received by Workers fell by approximately 12%.

2014 CSR scope major policies
The major areas of focus concerned management, communication, stress management, project management, the Lean project, quality, safety and the environment, and the development of professional expertise.

Total Somfy SAS

Number of training hours Somfy SAS	2013	2014
Number of hours EXECUTIVES & MANAGERS	12,952	13,949
Number of hours EMPLOYEES & TECHNICIANS	9,894	10,011
Number of hours WORKERS	2,800	3,604
TOTAL	**25,646**	**27,564**



The overall number of training hours rose by 7.5% in comparison with the previous year, in favour of Workers and Managers and Executives.

2014 Somfy SAS major policies
The major areas of focus concerned working practices, job skills, languages and intercultural skills, employee health and safety, quality, and project management.

Jobs and Skills Planning and Generations

Over the course of 2014, the company focused on Marketing skills and those related to the digital world.
At the end of 2014, the Group implemented a new round of strategic discussions in order to draw up its road map for 2015-2020. Once these key areas have been outlined, the operational managers and HR managers will be able to extrapolate the consequences within the capabilities observatories at both qualitative and quantitative level.
124 people benefited from the HORIZON mechanism introduced in France to support employees in relation to analysing and securing their career path.

Academy – Leadership and management

Somfy Group has continued to deploy its management academy focused on strengthening leadership and team management. This training programme began in 2013 globally with two pilot groups, one for France and one International. In 2014, two new groups of managers were formed. To date, approximately 60 managers out of the 170 targeted have received training or are currently being trained in the new management model that the company is seeking to develop.
This course, aimed at Managers' Managers, strives to strengthen our ability to adapt to internal and external change, and to encourage transformation by sharing a common managerial language and practices.
The Management Committees of the various entities have adopted the processes and tools identified during this course, and have deployed them at an operational level within their teams.
This dual approach encourages the adoption of managerial practices best suited to our organisation's challenges.

AREA: PERFORMANCE

Preamble

The Group's aim is to strengthen the culture of individual and collective performance whilst adhering to its values.

Project to overhaul the Performance Review

A new mechanism to monitor performance was established during 2014 and rolled out to a pilot group over late 2014/early 2015, integrating cross entity targets to promote cooperation and a closer link between performance and bonus. It will be rolled out in full in 2016 after all managers have been trained.
The impact of the new performance development system will ensure quality and uniformity in the rollout of an appraisal system and process which:

- Expressly informs employees of the requirements and priorities related to their position (permanent tasks);
- Defines Group performance targets by entity, individual and management team;
- Explains the level of expectation in terms of skills and behaviours via a clear and common frame of reference;
- Establishes a clear link between performance and remuneration: individual increase measured against performance of permanent role and bonus measured against annual targets;
- Interacts with other HR processes (remuneration, training, career management);
- Training managers in a SMART definition of targets and in how to conduct the various interviews;
- Offering support to managers in the assessment of employees in the event of a particular concern (poor performance, behavioural problem, etc.).

Talent Review

The Talent Review process is currently being revised in order to improve career management. It will include the introduction of succession planning, the identification of potential and key roles and lastly, the construction of personalised development plans.

Remuneration: project to categorise management positions (Grading)

In 2014, Somfy established a first reporting level for management positions within the Group's structure through the intermediary of a Mercer assessment methodology (International Position Evaluation).
The implementation of Grading will enable to help:

- Ensure the fairness on an internal basis and competitiveness on an external basis of remuneration;
- Promote remuneration of talents that is consistent, competitive, attractive and loyalty building;
- Structure variable remuneration programmes.

The implementation of Grading will enable the provision of clear information on the rules for employees' eligibility for the different components of the remuneration packages and on the employee benefits in place, whilst providing managers with a common tool to monitor their management teams (remuneration and career management).
In 2015, the ongoing project will involve:

- Pursuing the assessments for the N-3 members of the Executive Committee;
- Analysing the internal equity of remunerations within Somfy's gradings;
- Comparing Somfy's remuneration levels with market practices;
- Constructing a grading based salary structure;
- Defining the rules of governance;
- Communicating with managers.

International Human Resources Information System: IHRIS

The Group has set up an International Human Resources Information System able to monitor key HR processes in support of Somfy Group's business goals. These processes notably concern staff monitoring, performance management, team reviews, succession planning, remuneration packages, etc.
This Human Resources Information System (HRIS) will help to build and develop an HR culture that is shared far beyond the HR community, and to provide management with new decision making aids.
The creation of this HRIS involved a foundation of personal and professional data, the operational implementation of which took place throughout the 2014 financial year.
Its gradual rollout across all Group companies will continue for between two and five years depending on the scope.
A working application on performance reviews and the management of targets was prepared during the second half of 2014 and will be gradually rolled out from January 2015.
Additional applications will be under consideration in the second half of 2015 and will form the basis of a progressive international deployment plan over the next few years so that the information system increasingly adds value for Group management and employees.

The Human Resources roadmap remained ambitious. The desire to make Somfy a great experience for its employees be leveraging the values of boldness, respect, openness and lastly proximity will be highlighted when it meets the future economic and social project currently under development.

ENVIRONMENTAL INFORMATION

NATURE OF ACTIVITIES, ASSOCIATED RISKS AND MEASURES TAKEN

The activities of the sites are of tertiary, industrial and logistical natures.
Industrial sites mainly perform product assembly operations from plastic and metallic components and circuit boards sourced from outside the sites. Assembly operations do not produce gas emissions, liquid releases or substances discharges, with the exception of packing waste and possible manufacturing scrap which are subject to selective sorting and recovery.
There are no machine operations generating waste material.
There is no specific noise pollution generated by the industrial sites affecting local residents. Indeed, operations are situated inside the buildings and mainly consist of the assembly of small parts.
The different sites located within French territory are subject to classification levels compliant with French legislation in relation to pollution or nuisance risks that these facilities are likely to create.
The sites are subjected to an authorisation scheme for storage in covered warehouses and a registration scheme for compression facilities and installation of accumulators for recharging fork-lift trucks.
There are no facilities that correspond to the maximum level, "Authorisation with encumbrances – (AS)3" commonly known as "SEVESO".

Conclusions on the nature of activities, associated risks and measures

For these reasons, the risk of air, soil, water and noise pollution is low or non-existent. This report does not therefore provide any information on these subjects.
In relation to these risks of pollution or nuisance that Somfy Group's sites are likely to create and the preventive measures introduced, the amount of provisions and guarantees for environmental risks is nil.
Given this low level of environmental risk on these sites, there are no specific resources deployed. The measures introduced are managed by the facilities departments of the sites.

GENERAL ENVIRONMENTAL POLICY

Somfy has a Sustainable Development Department. This department integrates the resources and skills necessary for the completion of projects that come under the heading "Planet". It oversees a network of 35 eco-ambassadors who support, in each sector, the introduction of measures resulting from the Sustainable Development policy.
In 2014, Somfy continued to pursue the environmental policy objectives that were redefined in 2013.
The Carbon Test© completed in 2012 identified as a priority work on electricity consumption and the use of raw materials; this priority remained unchanged in 2014.
In 2014, the growing number of requirements of our markets and regulations reinforced the need to better understand the substances used in our products.
The eco-design of products was therefore identified as a **priority area**.
In 2014, the new requirements for eco-design defined in 2013 were integrated into the specifications of new products. These requirements cover three topics:
– Controlled greenhouse gas emissions,
– Materials selected for their low impact on health and the environment,
– An available statement of the environmental impacts in line with the PEP ecopassport® programme to which Somfy has signed up. This programme, developed by the electricity industry, defines a standardised method for making environmental declarations in accordance with international regulations (ISO 14025 & ISO 14040s).
As such, in 2014, an initial range of Somfy products were granted a PEP ecopassport®. They were part of the "motor controller" product range for controlling motors in commercial buildings. The information contained in this PEP ecopassport® has been independently verified by Bureau Veritas CODDE.
Specific initiatives regarding internal communication were carried out, aimed at Research and Development teams in particular, for the purpose of including these eco-design requirements in all stages of product creation.
In 2013, Somfy implemented actions in favour of collection and processing networks for end-of-life products in the professional sector, representing the majority of the volumes put on the market:
– In France, through a contract signed with RECYLUM, an organisation authorised to process professional WEEE. This is the result of an industry approach in which Somfy was a stakeholder;
– In Germany, through registration with the "ElektroAltgeraete Register".
In 2014, Somfy continued in its efforts in this area through working within the various professional bodies to improve the industry.
In 2014, Somfy Group continued to introduce eco-gestures and eco-practices:
– A 100% electric vehicle was used for distributing mail between the various sites in the Haute-Savoie region in France, in an area subject to an Air Quality Protection Plan;
– Initial measures were introduced under the partnership with Corabio and the target of serving 5% local and organic products in Somfy's company restaurant in Cluses was achieved in June 2014;
– A Somfy Paper Charter was developed and published in order to promote and make systematic the use of recycled paper for various purposes (office printing, brochures, sales documentation, product manuals, etc.);
– The continued reuse of laptop computers across Somfy SAS: 580 products handled in 2014 including 383 computers. The update and removal of computer data is performed by a company promoting the employment of disabled people. These computers and various accessories are then reused, thereby breathing new life into them. In 2014, 89% of the equipment was reusable, with the remaining 11 sent for recycling;
– Continued use of the car pooling site in Haute-Savoie. More than 120 Somfy employees use this private community to easily find a co-driver amongst their colleagues;
– Somfy Germany has introduced working instructions and related training for its production staff in relation to sorting waste;
– The SITEM factory located in Tunisia has led several initiatives regarding reducing and processing waste and to promote energy efficiency:
  • Replacement of cardboard packaging with reusable containers;
  • Approximately 50 people were involved in working groups or training on processing production waste and energy efficiency;
  • An energy performance assessment was made with measures taken in relation to the performance of compressors and turning off air conditioning overnight;
– In Italy, procedures have been established for the WAY factory regarding waste collection and storage and measures were introduced to reduce heat and lighting consumption;
– In the US, Somfy Systems has installed light sensors to change lighting consumption;
– In Italy, BFT has a structure involving "expert" operators who relay instructions about sorting and reducing waste in manufacturing areas. This happens through monthly meetings and general communication with staff. Measures have also been implemented in relation to eco-design with priority accorded to reducing the energy consumption of products, to packaging and recyclable oils.
Internal communication initiatives continued in 2014 in support of corporate initiatives. They took the form of articles in the various in-house magazines, both in video and paper format (for example, in the in-house magazine "Imagine" printed in five languages and available to all Somfy employees), specific events or information meetings at the sites.
Topics discussed included, amongst others:
– The presentation of our eco-design policy: its incorporation into projects, its technical criteria, its formats and aims,
– Receipt of the first PEP ecopassport®,
– The sorting of waste in production areas in Somfy's various factories.

POLLUTION AND WASTE MANAGEMENT

	31/12/2013 Published	31/12/2013 Restated scope*	2014/2013 Change on restated scope	2014 Additions to the scope	31/12/2014 Total scope
TOTAL (TONNES)	**2,368**	**1,910**	**129**	**82**	**2,121**
Non-hazardous waste (Tonnes)	2,186	1,889	120	76	2,085
Hazardous waste (Tonnes)	182	21	9	6	37
Recovered waste (Tonnes)	1,844	1,523	275	78	1,876
% of waste recovered	77%				88%

** Exit of Zurflüh-Feller and Sirem from the scope.*

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

SUSTAINABLE USE OF RESOURCES

Water

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

	31/12/2013 Published	31/12/2013 Restated scope*	2014/2013 Change on restated scope	2014 Additions to the scope	31/12/2014 Total scope
Water consumption (m^3)	52,605	47,678	6,468	1,205	55,351

** Exit of Zurflüh-Feller and Sirem from the scope.*

99% of waste water is discharged into public treatment networks.
There was an 8,000 m^3 overconsumption of water across Somfy SAS, which corresponded to exceptional fire safety works at a logistics site.

Energy

The companies use gas, network electricity and heating oil. Energy consumption is primarily linked to the heating and air conditioning of the premises.

	31/12/2013 Published	31/12/2013 Restated scope*	2014/2013 Change on restated scope	2014 Additions to the scope	31/12/2014 Total scope
Gas consumption (KWh)	19,221,291	13,901,288	– 2,755,662	513,506	11,659,131
Electricity consumption (KWh)	23,405,445	12,931,029	– 392,668	583,289	13,121,650
Heating oil (KWh)	69,751	69,751	6,166	61,568	137,484
TOTAL (KWh)	**42,696,487**	**26,902,068**	**– 3,142,165**	**1,158,362**	**24,918,266**

** Exit of Zurflüh-Feller and Sirem from the scope.*

SITEM conducted an energy audit of its buildings and in this way implemented initiatives to improve the performance of its compressors and reduce overnight air conditioning consumption.
Simu SAS carried out insulation works in its industrial buildings and modernisation of the heating systems in its workshops.
High efficiency boilers were installed at the Somfy SAS site in Cluses, France.

LAND USE

There are no mining operations on any Somfy's sites.
Our plants have HOSHIN or 5S workshops in order to optimise the footprint of the sites. A team of specialists, integrated into the Group's Industrial Management, is dedicated to leading these projects at the Group's plants.

CLIMATE CHANGE

Our industrial activities do not present any risks linked to climate change, whether they relate to the growing scarcity of water, rising sea levels or the rise in temperature.
CO_2 emissions from our operations totalled 5,838 tonnes in 2014. They included electricity, gas and mineral fuel emissions.

PROTECTION OF BIODIVERSITY

No site is located within or bordering a protected area that requires specific measures.
Nevertheless, Somfy SAS owns several sites in the heart of the French Alps, near Mont Blanc. Somfy Group wants to act to protect the mountain's eco-systems and is involved in local initiatives such as the "Club d'Entreprises pour la Montagne et son Développement Durable" (CEM2D) (Club of businesses supporting the mountain and its sustainable development). A charter was notably developed in 2013.

SOCIETAL INFORMATION

TERRITORIAL, ECONOMIC AND SOCIAL IMPACT OF COMPANY ACTIVITIES

Employment and regional development

Leader in its fields of activity, Somfy Group contributes to local employment in all the areas where it is located. The new industrial site SOPEM in Poland opened in 2013 created 138 new jobs. 98% of positions, including most supervisory roles, have been filled by Polish employees.
In Tunisia, the production company SITEM continued its recruitment policy and currently employs a workforce of 881.
In 2014, Somfy Group continued to create jobs in France and particularly in the Rhône-Alpes region, where its business has traditionally been located. Somfy Group is a provider of direct employment in its research and development centres, its production facilities and the service entities located throughout France. Somfy Group also contributes indirectly to job creation via its subcontractors and suppliers.

On neighbouring and local populations

In order to promote regional development, Somfy Group has committed to support the daily life of schools and higher education establishments in the Rhône-Alpes region. In this way, Somfy Group is a founding member of the Partner Companies Club of the Universities of Savoie ("Club des Entreprises Partenaires des Universités de Savoie").
In 2014, Somfy Group welcomed students from this university on work placement or work-study contracts.
Since 2012, Somfy Group has chaired the Board of the Ecole Polytech Annecy Chambéry; the University of Savoie's engineering school. In 2014, Somfy was involved in the renewal application for the authority to issue engineering degrees before the *Commission des Titres d'Ingénieur* (Commission for Engineering Qualifications), as well as in defining the school's strategic policy directions.

Somfy Group is heavily involved in Competitiveness Centres and technology clusters active in the Arve valley (Haute-Savoie), where the Group's historical sites are located. Somfy Group is an active participant in Mont-Blanc Industries, the Competitiveness Centre; Thésame, the technological network for mechatronics businesses, the Public Interest Group MIND, an innovative Franco-Swiss platform specialised in the field of mechatronics.
In 2014, Somfy Group launched the research and development project COMETE (ClOud pour la Maison intelligente et l'EfficaciTé Énergétique/ Cloud for the smart home and energy efficiency), whose purpose is to develop home automation systems aimed at improving the energy efficiency of buildings. The project brings together eight partners, businesses and research laboratories from the Rhône-Alpes region. COMETE is financially supported by the State, the Rhône-Alpes Region, the Haute-Savoie and Isère departmental councils, and the Communauté de Communes (federation of local councils) of Grésivaudan. After three years of this project's development, Somfy Group believes that COMETE will lead to the creation of 40 local jobs.
A sponsor of the French Biathlon Teams since 2005, Somfy Group sought to exercise its responsibilities towards athletes by helping them to prepare for their post sporting careers. 2014 saw the launch of the Somfy Ski Talents programme, whose aim is to support young skiers selected in combination with the French Skiing Federation, in order to help them prepare for their future professional life. With the help of companies and the General Council of the Haute-Savoie region, Somfy Group created the organisation Rebondir, to support the region's athletes in their career transition.

RELATIONSHIPS WITH PEOPLE OR ORGANISATIONS INTERESTED IN THE COMPANY'S ACTIVITIES

The Group detailed its strategy towards its stakeholders based on the analysis of the concerns and expectations of each. In 2014, Somfy Group maintained a regular and constructive dialogue with priority stakeholders and in particular its employees, shareholders, investors, customers, suppliers and regional authorities.
As part of the Group's Human Resources policy, several tools to promote dialogue are implemented with employees at a collective and individual level: satisfaction and commitment surveys, and individual interviews and employee appraisals. The 2014 edition of the Group employee satisfaction survey 2014 achieved a response rate of 79%. The employee commitment indicator rose three percentage points in comparison with the in-house survey conducted in 2012. In 2014, unions and management held wide-ranging negotiations in order to define the basis for a framework agreement on facilitating social dialogue.
In relation to shareholders, compliance with governance rules ensures a structured dialogue on the Group's performance targets and its strategy. For investors, Somfy Group rolled out throughout the year an action plan to provide them with reliable and high quality information.
The Suppliers Quality System includes an information and exchange mechanism covering topics including social and environmental responsibility.
Being responsive to professional customers and end users is a strategic priority for Somfy Group and it is structured within a programme called "Customer First". For each customer profile, Somfy Group has developed dialogue activities – studies, surveys, training, services – tailored to the expectations of these stakeholders.
Involved in the development of the areas in which the Group is located, Somfy Group has promoted dialogue in France with the various levels of public decision-making to contribute to structured policies in the areas of education, the use of research and sustainable development or to support cultural and sporting projects for local people.

SUB-CONTRACTING AND SUPPLIERS

Suppliers and sub-contracting are important for Somfy Group due to the nature of its industrial activity which is essentially assembly. Indeed, all the components that form part of the composition of the products are purchased components.
In order to make progress in relation to responsible purchasing, Somfy Group, in collaboration with other manufacturers, has developed a maturity frame of reference in relation to collective and responsible purchasing: this framework incorporates the central issues of the standard, ISO 26000.
This work was carried out within the framework of PEAK, a business Research and Training network aimed at developing collaborative customer supplier relationships.
Somfy Group has begun to introduce measures to make sure that its suppliers and sub-contractors are socially and environmentally responsible. Thus, Somfy has auditors who assess suppliers prior to their admittance to the panel. These audits are conducted on the basis of a questionnaire that includes questions on the following topics:
– Existence of an environmental policy,
– Planning to ensure that products conform to environmental requirements,
– Existence of a health and safety policy and consideration of ergonomic and safety aspects in the design of workstations.
These questions are rated, with the ratings forming part of the final assessment score of the supplier. If significant variations are discovered, relating for example to safety in the workplace, Somfy Group may ask the supplier to take corrective action.
For every component developed by a supplier, Somfy Group requests a written undertaking relating to the European Directives REACH and ROHS.
In accordance with the regulations adopted by the US Securities and Exchange Commission in 2012, Somfy Group implemented its duty of diligence in respect of its supply chain, in order to ensure that the supplies used in its products do not contain any "conflict minerals".

FAIR PRACTICES

Somfy Group seeks to respect the regulations of the countries in which it operates in relation to organisation of work, whilst subscribing to the principles and objectives of the fundamental conventions of the International Labour Organisation (ILO). As such, the Group's Ethics Charter, finalised in 2014, specifically reaffirms the fact that the company rejects all illegal child labour and the use of forced labour, seeks to establish constructive social dialogue and rejects all forms of discrimination and corruption, whether active or passive.
In 2015, this Ethics Charter will be published in 14 languages, to facilitate the adoption of the Group's Ethics Charter by all its employees.

MEASURES PROMOTING CONSUMER HEALTH AND SAFETY

Ensuring the safety of the users of its products is a top priority for Somfy Group. Alongside other leading companies in the electrical industry and the building shutters sector, Somfy Group is heavily involved in standardisation in order to ensure that the good safety practices implemented in relation to product development are maintained. This action operates on an international (IEC standards), European (CENELEC and CEN standards) or local (UL standard for the United States for example) scale. To show that its products comply with safety standards, Somfy Group's products are accredited by independent bodies in its different territories (VDE, NF, SASO, UL, etc.).
Somfy Group ensures that its products comply with the standards and requirements in place within its markets through a Quality Management system. To control the performance and safety of its product installations, Somfy Group has developed a network of expert installers throughout the areas in which the Group is located. These specialists benefit from professional training to help ensure that the products are installed under optimum safety conditions both for the installer and users. In 2014, the Somfy France Training Centre trained 2,500 professionals (installers, manufacturers, distributors and integrators).
Every product is accompanied by installation and usage instructions.

A CITIZEN'S POLICY INVOLVING EMPLOYEES

Through the Somfy Foundation, the Group is pursuing its civic action in its field of business where it is strongest: the fight against poor housing,

in keeping with the strategic mission to improve living environments driven by Somfy.
In 2014, the Foundation's budget of €400,000 was used to finance three major programmes:
– Confirmation of support for the Emmaüs France charity, with the renewal for the fourth consecutive year of an annual agreement providing for a financial contribution to Emmaüs communities' building rehabilitation projects, in order to improve the living and working conditions of the people employed by this charity. In 2014, three communities were supported in Cernay, Saint Herblain and Paris;
– The development of the online crowd funding platform created in 2013 (www.lespetitespierres.org) enabling anyone to donate to community projects in the area of access to decent housing. A year after its launch, the "Petites Pierres" platform has enabled 25 projects to be funded, for a total sum of €250,000. The association Admical, which brings together those involved in sponsorship in France, granted the Social Innovation Award to the Petites Pierres initiative;
– Continuation of a participation programme for Somfy Group employees, "Time for Others" ("Un Temps pour les Autres"). This programme provides associations with the skills and drive of Somfy Group employees by offering the latter the opportunity to take part, during working hours, in solidarity action days on behalf of associations. In 2014, employees had the chance to be involved in 38 solidarity days, with 81 people taking part.

In December 2014, the Somfy Foundation launched an international programme to support the fight against poor housing. Called "A House is a Home", it corresponds to Somfy's drive to assume its civic responsibility in all the countries in which the Group operates. With an agreement signed with the NGO Habitat for Humanity, a first initiative was launched in Brazil for families with inadequate housing.

METHODOLOGY NOTE

REPORTING PROTOCOL

Somfy Groups' CSR reporting protocol is the reference guide for all those involved in CSR reporting within the Group. It is drawn up in French and English. Its purpose is to define all the Group's CSR indicators along with their method of calculation, and to describe the procedures for their collection and for reporting in order to promote the consistency and comparability of data. This document is distributed to and applied at all levels of data preparation and reporting. The reporting protocol is updated annually to take into account Group developments.
The CSR reporting protocol also serves as a reference framework for the external verification of data, in accordance with Article L. 225-102-1 of the Commercial Code ("Grenelle 2" law). It is available on request from Head Office.

SELECTION OF INDICATORS

Somfy Group's indicators were defined by the CSR officers for each area in line with the Group's CSR strategy and the resulting social, environmental and societal objectives. They facilitate the monitoring of the CSR policy's progress in each of the improvement areas identified by the Group and the transparent communication of the Group's CSR performance in this report.
The indicators used comply with the Grenelle II decree and are based on the general principles of the GRI (Global Reporting Initiative) guidelines.

COLLECTION, INTERNAL CONTROL AND CONSOLIDATION

The collection of CSR indicators is ensured by the CSR officers within their respective fields of expertise. They rely on their network of local experts who provide the data.
The CSR officers are also responsible for the consistency and plausibility of the data prior to its consolidation in order to generate the Group indicators included in the CSR section of the management report.

REPORTING PERIOD

The data collected covers the period from 1 January to 31 December 2014.
Depending on the indicators, it can relate to:
– An annual consolidation of the data from 01/01/2014 to 31/12/2014,
– The data measured at 31/12/2014.
Where historical information is available, data is reported on the last two closed financial years.

REPORTING SCOPE

Companies which are controlled by the Group and fully consolidated within the financial reporting scope are included within the financial reporting scope. The concept of control means the power to govern the financial and operational policies of an affiliated company so as to benefit from its operations. Control is generally deemed to exist where the Group holds more than half of the controlled company's voting rights.
Newly acquired companies are integrated into the reporting scope following a probationary period necessary for the introduction of reporting.
Companies which were sold during the financial year are not included within the reporting scope.

Specifics of the scope for 2014 reporting:

The reporting scope taken into account for the 2014 financial year was restricted to the following entities:
– Somfy SAS (France),
– Simu SAS (France),
– SITEM SARL (Tunisia),
– LianDa (China),
– Somfy China Co Ltd (China),
– Somfy GmbH (Germany),
– Somfy Systems Inc. (US),
– BFT SpA (Italy),
– Somfy Italia SRL (Italy),
– WAY SRL (Italy).
The Somfy Participations division was the subject of a demerger in December 2014. Since Zurflüh-Feller and Sirem form part of the scope that was sold, they are therefore not included in 2014 reporting.
For reasons of organisation and access to information, certain Group companies have not yet been included. For future years, the Group wishes to use perimeters that are more relevant depending on the topics covered and is setting itself the short-term objective of incorporating all the companies that it fully owns.
It may be recalled that the 2013 reporting scope included the following companies:
– Somfy SAS (France),
– Simu SAS (France),
– Sirem (France),
– Zurflüh-Feller (France),
– SITEM SARL (Tunisia),
– LianDa (China),
– Somfy GmbH (Germany),
– Somfy Systems Inc. (US),
– BFT SpA (Italy).

METHODOLOGY LIMITATIONS

The methodologies used for the reporting of certain CSR indicators may present limitations due to:
– Particularities of local legislation in the various countries in which the Group is located,
– Lack of availability of information on certain perimeters,
– Use of estimates in the absence of assessment tools,
– Practicalities of collecting and processing data.

CROSS-REFERENCE TABLE

Cross-reference table with Decree 2012-557 of 24 April 2012

Social information	**Pages**
Workforce	
Total workforce and employee distribution by gender, age and geographic region	23, 24 and 26
Recruitment and redundancies	24 and 26
Remuneration and its evolution	23
Work organisation	
Organisation of working hours	24
Absenteeism	25
Social relations	
Organisation of social dialogue	24
Collective bargaining agreements	25
Health and safety	
Health and safety at work	25
Review of agreements signed with trade unions or employee representatives in terms of health and safety at work	25
Frequency and severity of work accidents, and occupational diseases	25
Training	
Training policies	27
Total number of training hours	27
Equal opportunity	
Measures taken to promote gender equality	26
Measures taken to promote the employment and integration of disabled employees	26
Anti-discrimination policy	26
Promotion of and compliance with ILO fundamental conventions	31
Environmental information	**Pages**
General environmental policy	
Company organisation to take into account environmental issues and environmental assessment and certification processes	29
Training and employee information actions conducted in relation to environmental protection	29
Resources allocated to avoiding environmental risks and pollution	28
Amount of provisions and guarantees for environmental risks	28
Pollution and waste management	
Measures to prevent, reduce or remediate air, water and land emissions that seriously damage the environment	29
Measures to reduce, recycle and dispose of waste	29
Taking into account noise pollution and, where relevant, all types of pollution specific to a particular activity	28
Sustainable use of resources	
Use and supply of water in line with local constraints	30
Use of raw materials and measures taken to make more efficient use of them	29
Energy consumption and measures taken to improve energy efficiency and the use of renewable energy sources	30
Use of land	30
Climate change	
Emissions of greenhouse gasses	30
Adaptation to the consequences of climate change	30
Protection of biodiversity	
Measures taken to safeguard or increase biodiversity	30

Cross-reference table with Decree 2012-557 of 24 April 2012

Societal information	Pages
Territorial, economic and social impact of the company's activities	
On employment and regional development	30
On neighbouring or local populations	30 and 31
Relationships with stakeholders	
Conditions of dialogue with stakeholders	31
Acts of partnership or sponsorship	31 and 32
Sub-contracting and suppliers	
Taking into account social and environmental issues in purchasing policies	31
Significance of sub-contracting and inclusion of social and environmental responsibilities in relationships with suppliers and sub-contractors	31
Fair practices	
Measures taken to avoid corruption	31
Measures taken to safeguard the health and safety of consumers	31
Other measures taken to safeguard human rights	26

Information on delegations relating to share capital increases and other authorisations (Article L. 225-100 of the Commercial Code)

The Management Board benefits from the following authorisations:

	Date of AGM	Date authorisation expires	Authorised amount	Used during the financial year ended 31 December 2014	Residual amount at 31 December 2014
Authorisation to issue stock options	Extraordinary General Meeting 15 May 2012	14 July 2015	1.5% of share capital on date of first allocation	Nil	1.5% of share capital on date of first allocation
Authorisation to grant existing free shares	Extraordinary General Meeting 15 May 2012	14 July 2015	1.5% of share capital on date of decision to allocate	Nil	1.5% of share capital on date of decision to allocate
Authorisation to buy back shares	Ordinary General Meeting 14 May 2014	13 November 2015	10% of share capital	0.3% of share capital	4.88% of share capital*
Authorisation to cancel the shares bought back by the company	Extraordinary General Meeting 14 May 2014	13 May 2016	10% of share capital on date of decision to cancel	Nil	10% of share capital on date of decision to cancel

** Note that the number of treasury shares may not exceed 10% of the share capital. Since the number of treasury shares held at 31 December 2014 represented 5.12% of the share capital, the company could not (at this date) buy back more than 4.88% of its share capital.*

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

The General Meeting of 13 May 2015 will be asked to renew the authorisations regarding the allocation of purchase options and existing free shares which expire on 14 July 2015, according to the terms and conditions set out below:

AUTHORISATION TO BE GRANTED TO THE MANAGEMENT BOARD TO ALLOCATE STOCK OPTIONS TO EMPLOYEES AND/OR CERTAIN CORPORATE OFFICERS (ninth resolution)

You are therefore asked to renew the authorisation granted to the Management Board, for a period of 38 months, to grant stock options to employees, to certain categories of employees, and/or corporate officers as defined by law, of the company or related companies or affiliated economic interest groups under the conditions of Article L. 225-180 of the Commercial Code.

The total number of options that may be granted by the Management Board under this authorisation may not entitle beneficiaries to purchase more than 1.5% of the share capital outstanding on the date of this General Meeting, it being specified that this limit would count towards the total number of shares that may be granted free of charge by the Management Board under the following authorisation.

The purchase price of the shares by the beneficiaries would be set on the date options would be granted by the Management Board, pursuant to Article L. 225-177 paragraph 4 and Article L. 225-179 paragraph 2 of the Commercial Code, and might not be lower than the average closing price of the last 20 trading days of the share on Euronext Paris preceding the date options would be allocated

The term of the options set by the Management Board may not exceed a period of six years from their date of allocation.

As such, the Management Board would have, within the limits set above, all necessary powers to determine the other conditions and arrangements for the allocation of the options and their exercise and notably to set the conditions under which the options will be granted and to approve the list or categories of beneficiaries as provided for above, to set the period(s) during which the options thereby granted may be exercised and generally do anything that may be required in this regard.

This new authorisation would terminate in advance the existing authorisation with the same purpose.

AUTHORISATION TO BE GRANTED TO THE MANAGEMENT BOARD TO ALLOCATE EXISTING SHARES FREE OF CHARGE TO EMPLOYEES AND/OR TO CERTAIN CORPORATE OFFICERS (tenth resolution)

You are also asked to authorise the Management Board, for a period of 38 months, to effect, under Article L. 225-197-1 of the Commercial Code, the free allocation of existing shares.

The beneficiaries of these allocations may be:

– Employees of the company or companies directly or indirectly related to it within the meaning of Article L. 225-197-2 of the Commercial Code,
– Corporate officers meeting the conditions of Article L. 225-197-1 of the Commercial Code.

The number of shares that may be granted free of charge by the Management Board by virtue of this authorisation may not exceed 1.5% of the share capital outstanding on the date of this General Meeting, it being specified that this limit would count towards the total number of shares that may be issued following the exercise of options to be granted by Management Board under the above authorisation.

The allocation of shares to the beneficiaries would be final at the end of a vesting period, the duration of which will be set by the Management Board. This period may not be less than the minimum period provided for by the law. The beneficiaries would subsequently have to retain these shares for a period set by the Management Board, which may not be less than the minimum period provided for by the law. The total of the vesting and retention periods may not be less than the minimum period provided for by the law.

As an exception, the final allocation would take place before the end of the vesting period in the event of the beneficiary's infirmity corresponding to the second or third category referred to in Article L. 341-4 of the Social Security Code.

The Management Board would thereby have, within the limits set above, all necessary powers to set the conditions and, where necessary, the criteria for the allocation of the shares; to determine the identity of the beneficiaries of the free shares from the people who fulfil the conditions set above as well as the number of shares to be granted to each of them; to acquire the shares required as part of the share buyback programme and to allot them to the allocation plan; to determine, where necessary, the impact on the rights of beneficiaries of transactions modifying the share capital or likely to impact the value of the shares to be allocated and realised during the vesting period; to take all appropriate measures to ensure compliance with the retention obligation, if necessary, required of beneficiaries; and generally, do anything within the framework of current regulations that may be required by the implementation of this regulation.

This new authorisation would terminate in advance the existing authorisation with the same purpose.

Moreover, you are asked to approve a PEE (Company Savings Plan) authorisation as part of the triennial obligation, with no authorisation having been submitted to shareholders since the General Meeting of 15 May 2012, in accordance with the terms and conditions detailed hereafter:

DELEGATION OF AUTHORITY TO INCREASE THE SHARE CAPITAL FOR THE BENEFIT OF MEMBERS OF A COMPANY SAVINGS PLAN (eleventh resolution)

Also submitted to you will be an authorisation to increase the share capital for the benefit of members of a Company Savings Plan, in order to comply with the provisions of the second paragraph of Article L. 225-129-6 of the Commercial Code, under which terms the Extraordinary General Meeting must vote, at least every three years, on a resolution to increase the share capital under the conditions provided for by Articles L. 3332-18 and subsequent of the Labour Code.

As part of this authorisation, you are asked to allow the Management Board to increase the share capital on one or more occasions through the issue of ordinary shares or marketable securities giving access to the share capital of the company to benefit members of one or more company or Group savings plans set up by the company and/or affiliated French or foreign companies under the conditions of Article L. 225-180 of the Commercial Code and Article L. 3344-1 of the Labour Code.

In application of the provisions of Article L. 3332-21 of the Labour Code, the Management Board may provide for the allocation, to the beneficiaries, of free shares to be issued or already issued, or other shares granting access to the share capital of the company to be issued or already issued, in respect of (i) the employer's contribution that may be paid pursuant to the regulations relating to company or group savings plans, and/or (ii), where applicable, the discount.

In accordance with the law, the General Meeting would cancel the pre-emption rights of shareholders.

The maximum nominal amount of capital increases that may be carried out through the use of this authorisation would be €500,000, this amount being independent of any other limit set by other delegations to increase capital. An additional number of ordinary shares to be issued in order to maintain, in accordance with the law and any potential applicable contractual provisions that provide for other cases of adjustment, the rights of the holders of the marketable securities granting access to the company's equity securities would be added to this amount where necessary.

This authorisation would last for a period of 26 months.

It is specified that, in accordance with the provisions of Article L. 3332-19 of the Labour Code, the price of the shares to be issued may not be more than 20% (or 30% when the lock-up period provided for by the plan under Articles L. 3332-25 and L. 3332-26 of the Labour Code is

greater than or equal to ten years) less than the average of the share's opening prices quoted during the 20 stock exchange sessions preceding the Management Board's decision relating to the share capital increase and the issue of the corresponding shares, nor higher than this average. The Management Board would have, within the limits set above, the necessary powers notably to set the conditions of the issue(s), record the completion of the resulting capital increases, amend the bylaws accordingly, charge, at its sole discretion, the costs of the capital increases against the related premiums and deduct from such amount the sums necessary to take the statutory reserve to one tenth of the new share capital after each increase, and more generally, do whatever is necessary in such matters.
Nevertheless, inasmuch as this authorisation appears neither relevant nor timely, the Management Board suggests that you reject it.

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

At 31 December 2014 as at 31 December 2013, there were no liabilities due but unpaid to Somfy SA suppliers.
Trade receivables specific to Somfy SA's activity represent payment terms generally less than forty-five days from the end of the month.

Information on risks
(Article L. 225-100 of the Commercial Code)

FINANCIAL RISKS

The main financial risks to which the Somfy Group is exposed are foreign exchange, interest rate, liquidity and investment risks.
According to IFRS, all derivative financial instruments are measured at their fair value. Fair value is either the market value for listed instruments, or a value provided by financial institutions in accordance with traditional criteria (over-the-counter market). The amounts covered exclusively relate to current or future transactions within the framework of Somfy Group's normal business activities.
As part of the transposition of the MIF Directive that came into force on 1 November 2007, Somfy SA and its French subsidiaries opted for the "individual clients" category.

FOREIGN EXCHANGE RISK

Somfy Group's exposure to foreign exchange risk is primarily related to its operational activities (intragroup sales of manufactured products distributed by commercial subsidiaries outside the Euro zone and purchases denominated in local currencies).
At comparable terms and conditions, the Group gives priority to natural hedges (foreign currency purchases related to sales in the same currency). The derivative financial instruments implemented are forward exchange and NDF (non deliverable forward) contracts.
The management of foreign exchange risk is covered in note 23 to the consolidated financial statements.

INTEREST RATE RISK

Somfy Group is exposed to risks associated with the effect of fluctuations in interest rates. Interest rate risk is managed at the Group level, based on consolidated debt and taking into consideration market conditions. The main objective of the interest rate risk management policy is to control the Group's financing cost.
At 31 December 2013, the hedging instruments were mainly implemented in the companies within the Somfy Participations group to hedge liabilities entered into within the framework of the LBO.
Due to the demerger of Somfy Activities and Somfy Participations in December 2014, at the reporting date, the Group no longer had interest rate hedging instruments.
The management of the interest rate risk is covered in note 23 to the consolidated financial statements.

LIQUIDITY RISK

Somfy Group must have permanent access to the necessary financial resources to allow it to finance its day-to-day activities and its investments. The Group's liquidity risk primarily arises from the obligation to repay its existing debt, the funding of its future resource requirements and observance of its financial ratios.
Funds made available by the credit institutions are subject to Somfy's SA commitment to comply with two types of financial covenants based on:
– The Group's financial structure (net financial debt/shareholder's equity) and,
– Its ability to repay (net financial debt/cash flow and net financial debt/EBITDA).
For CIAT, the LBO liability is subject to compliance with covenants contracted at the time the finance packages were negotiated.
The management of liquidity risk is covered in note 23 to the consolidated financial statements.
Credit facilities and compliance with covenants are detailed in note 20.6 to the consolidated financial statements.

INVESTMENT RISK

The Group's exposure to investment risk is related to its cash surplus deposited with banks.
The management of investment risk is covered in note 23 to the consolidated financial statements.

RAW MATERIAL RISKS

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

SHARE RISKS

The Group is exposed to equity risk on treasury shares. Given the share price, it was not necessary to record a provision for writedown at 31 December 2014.

LEGAL RISKS

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

INSURANCE – RISK COVERAGE

Somfy Group covers the main risks with the following insurance policies:
– "Property damage", covering buildings and their contents (equipment, goods, IT equipment) up to the maximum amount of damage likely to be incurred;
– "Resulting loss of profit",
Risks insured by these two policies include fire, explosions, lightning, smoke, emissions, steam, impacts from airborne objects, electrical risks, storms, snow, hail, water damage, frost, machine breakage, IT equipment theft, natural disasters and other non-designated events;

– "General civil liability relating to monetary consequences of an insured entity's liability following physical injury, property damage or moral prejudice caused to a third party during or in relation to its operations";
– "Directors' civil liability";
– "Transported goods";
– In addition, credit insurance contracts, both in France and internationally, mitigate the consequences of customer default. Approximately 50% of total sales are covered by such contracts.

COUNTRY RISK

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

CLIMATE RISK

Due to the nature of the products marketed (notably motors for blinds), Somfy Group's activity is partly connected to weather conditions, in particular during the first half of the year, during which sales of motors for blinds are concentrated.

CUSTOMER CREDIT RISK

Customer credit risk is linked to the receivables portfolio and the sometimes challenging economic environment in certain parts of the world. Nevertheless, customer profile, the Group's international geographic presence and the credit insurance cover help to mitigate this risk.
The analysis of credit risk is covered in note 16 to the consolidated financial statements.

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

The financial statements for the financial year ended 31 December 2014 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 €104,595,986.28 for the year ended 31 December 2014, increased by retained earnings of €22,147,574.40, to a total of €126,743,560.68, as follows:

– Allocation to shareholders of a gross dividend of €5.20 per share, being €5.20 × 7,836,800 shares	€40,751,360.00
– Transfer to optional reserve	€85,992,200.68
	€126,743,560.68

A gross dividend of €5.20 will be distributed for each share with a par value of €1, and this carries the right to a tax rebate granted to individuals subject to income tax in France, in accordance with Article 158-3-2° of the General Tax Code.
Shares held by the company on the ex-dividend date are not entitled to dividends, with the corresponding amount of unpaid dividends being transferred to retained earnings.
The dividend will be payable on 4 June 2015; the shares must be held on 2 June 2015 (ex-dividend date) to benefit from the dividend.

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

Financial years ended	31/12/2011	31/12/2012	31/12/2013
Number of shares eligible*	7,403,866	7,410,756	7,435,853
Par value	€1	€1	€1
Total dividends paid	€38,500,103.20	€35,571,628.80	€38,666,435.60
Dividends per share	€5.20	€4.80	€5.20

** Number of shares comprising the share capital, excluding treasury shares held by Somfy SA with no right to dividend.*
Dividends are fully eligible for the tax rebate and no other revenue was paid for the 2011, 2012 and 2013 financial years.

Moreover, it is noted that the General Meeting of Shareholders held on 27 November 2014 decided the exceptional distribution of €391,840,000 which was taken from the "General Reserve", it being specified that each Somfy share conferred entitlement to either one Edify SA share or a cash payment of €50, according to the shareholder's preference. When it concerned individual shareholders resident in France for tax purposes, this exceptional distribution was eligible for the 40% rebate provided for by Article 158-2-3 of the General Tax Code.

Regulated agreements

Please note that no new agreements of the same nature as those referred to in Articles L. 225-86 and subsequent of the Commercial Code were concluded during the 2014 financial year.

Stock market performance

During the 2014 financial year, the Somfy SA share price increased by 12.43%. At 31 December 2013, the last trading day before the close of the previous financial year, the share price was €185, compared with €208 at 31 December 2014.
Based on this last share price and taking account of a gross dividend per share of €5.20, the Somfy SA share yielded 2.5%.
The market for the share recorded a monthly trading volume high of 35,589 and low of 11,268 per month, with a monthly average of 21,184 shares, compared with 11,107 shares the previous year.

Amendments to the bylaws

The Annual General Meeting of 13 May 2015 will be asked to make the following amendments to the bylaws, under the terms of two specific resolutions:
Amendment in the bylaws of Article 22 "Regulated agreements and commitments"
It will be proposed to shareholders to align the second paragraph of Article 22 of the bylaws "*Regulated Agreements and Commitments*" with Article L. 225-87 of the Commercial Code as amended by Order n°2014-863 of 31 July 2014 and to amend it as follows, the rest of the article remaining unchanged:
"*These provisions do not apply in the cases provided for by the law.*"
Amendment in the bylaws of Article 27 "Access to Meetings"
It will be proposed to shareholders to align the third paragraph of Article 27 of the bylaws "Access to General Meetings" with Article R. 225-85 of the Commercial Code as amended by Decree n°2014-1466

of 8 December 2014 and to amend it as follows, the rest of the article remaining unchanged:

"*The right to participate in General Meetings is contingent upon the shareholder providing proof of his/her identity and the registration of the securities in his/her name (or in the name of the intermediary recorded on their behalf if he/she resides abroad) at midnight Paris time on the second working day preceding the Meeting, either in a nominative account or in the records of bearer shares held by an authorised intermediary.*"

Your Management Board asks you to approve the resolutions submitted to your vote, with the exception of the eleventh resolution (authorisation to increase the share capital for the benefit of members of a company savings plan).

The Management Board

05
/ SUPERVISORY BOARD CHAIRMAN'S REPORT

05
/ SUPERVISORY BOARD CHAIRMAN'S REPORT

Pursuant to Article L. 225-68 of the Commercial Code, we remind you of Somfy SA's corporate governance principles and inform you of developments and procedures established in relation to internal control and risk management.
The company's Financial and Legal Departments and its Internal Audit Department are the major contributors to the preparation of this report under the authority of the Chairman of the Supervisory Board.
This report was forwarded to the Statutory Auditors, submitted to the Audit Committee of 2 March 2015 for review, and to the Supervisory Board on 4 March 2015 for approval.

Corporate governance

CORPORATE GOVERNANCE CODE

Somfy SA refers to the Middlenext corporate governance code for listed companies issued in December 2009 (the Middlenext Code hereafter), available at: www.middlenext.com.
The Supervisory Board meeting of 27 February 2012 decided to adopt the Middlenext Code in place of the AFEP/ MEDEF corporate governance code for listed companies, as it considered that its recommendations and guidelines were better suited to the company, particularly in view of its share ownership structure, with family shareholders owning more than 50% of the share capital and voting rights.

COMPOSITION OF CORPORATE GOVERNANCE BODIES

Somfy SA is a French limited company (société anonyme), whose organisation is based on the "Management Board and Supervisory Board" formula, which entrusts company management to the former under supervision of the latter.

COMPOSITION OF THE MANAGEMENT BOARD

Management Board members are appointed by the Supervisory Board in accordance with legal provisions.
At 31 December 2014, the Management Board was chaired by Paul Georges Despature; Wilfrid Le Naour – CEO, Somfy Participations and Jean-Philippe Demaël – CEO, Somfy Activities, were members of the Management Board and CEOs.
As part of the separation of the Group's two lines of business, marked by the creation of Edify SA last September, the latter receiving all of Somfy Participations' assets in the form of a transfer, with the exception of CIAT and FAAC securities, the governance of Somfy SA has changed.
Thus, Paul Georges Despature and Wilfrid Le Naour have resigned from their positions as respectively, member and Chairman of the Management Board, and member of the Management Board and CEO of Somfy Participations, with effect from 31 December 2014.
Paul Georges Despature and Wilfrid Le Naour have been appointed Chairman of the Board of Directors and CEO of Edify respectively.

And, as of 1 January 2015, the Management Board of Somfy SA is composed of Jean-Philippe Demaël, Chairman of the Management Board, Jean Guillaume Despature and Pierre Ribeiro, the latter also being CFO.
The terms of office of the members of the Management Board expire on 26 November 2017, the date on which the Management Board is renewed.

COMPOSITION OF THE SUPERVISORY BOARD

The Somfy SA Supervisory Board consists of seven members:

Name	Position	Date appointed/renewed	Date term ends
Michel Rollier*	Chairman	(Member of the Supervisory Board: 15 May 2012/ Chairman of the Supervisory Board: 16 May 2013)	2018 AGM
Victor Despature	Vice-Chairman	16 May 2013	2017 AGM
Paule Cellard*	Member	16 May 2013	2017 AGM
Jean Despature	Member	16 May 2013	2017 AGM
Xavier Leurent	Member	16 May 2013	2015 AGM
Anthony Stahl	Member	16 May 2013	2015 AGM
Valérie Pilcer*	Member	18 May 2011	2017 AGM

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

There was no change to the composition of the Supervisory Board during the last financial year and as of the date of this report (31 January 2015). The list of other appointments held outside Somfy SA is included in the Management Board report in accordance with disclosures required by Article L. 225-102-1 of the Commercial Code.

Male and female representation on the Board

The Board consists of seven members, including two women, and complies with minimum female representation on the Board as required by current legislation. The company intends to continue to comply with subsequent application requirements introduced by the Law of 17 January 2011 relating to the equal representation of men and women in governance bodies. At its meeting of 6 November 2014, the Board carried out an assessment of its operation and its work, with no specific issues being raised.

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

The Supervisory Board performs its control mission in accordance with the conditions prescribed by law.
A Chairman and a Vice-Chairman are elected from among its members, and they may call meetings of the Supervisory Board by any means, including verbally.

INDEPENDENCE OF THE MEMBERS OF THE SUPERVISORY BOARD

A group of family shareholders holds the majority stake in Somfy SA.
As provided by the Middlenext framework, the Board has assessed the independence of its members.
Based on the independence criteria suggested by the Middlenext framework, the Supervisory Board notes that, to date, an independent member of the Board is a member who has no relationship of any nature whatsoever with Somfy SA or its management, or with a company consolidated by the Somfy Group, that may affect his/her freedom of judgement, and who meets the following criteria:
- Is not and has not been an employee or executive corporate officer of Somfy SA or any other Group company during the last three years;
- Is not a significant customer, supplier or banker of Somfy SA or its Group, or for which Somfy SA or its Group represents a significant share of his/her business activity;
- Is not a significant shareholder of Somfy SA;
- Is not closely related to a corporate officer or major shareholder;
- Has not been a statutory auditor of Somfy SA over the past three years.

In light of these criteria, the Supervisory Board considered that Paule Cellard, Valérie Pilcer, and Michel Rollier qualified as independent members. The Board noted that there was no business relationship between the independent members and Somfy Group.
Paule Cellard provides Somfy Group with international experience in the fields of finance and risk monitoring and compliance. Valérie Pilcer provides Somfy Group with experience in the fields of finance and risk monitoring. Michel Rollier provides Somfy Group with industrial and international experience gained with the Michelin Group particularly in the fields of finance, strategy and marketing.
The other members of the Supervisory Board are members of the family and therefore have a family code of ethics, which reinforces the shared respect for the shareholders' agreement. Moreover, their own individual substantial investment naturally motivates their long-term commitment to the Group, their aim being the creation of value on a sustainable basis for all the stakeholders of Somfy SA.

Summary table:

Independent members of the Supervisory Board	Michel Rollier	Paule Cellard	Valérie Pilcer	Explanation in the event of non-compliance
Is not and has not been an employee or an executive corporate officer of the company or any other Group company during the last three years	X	X	X	
Is not a significant customer, supplier or banker of the company or its Group, or for which the company or its Group represents a significant share of his/her business activity*	X	X	X	
Is not a significant shareholder of the company	X	X	X	
Is not closely related to a corporate officer or major shareholder	X	X	X	
Has not been a statutory auditor of the company over the previous three years	X	X	X	
Conclusion on independence	Independent	Independent	Independent	

** Where necessary, the materiality of relationships may be debated and the assessment criteria clarified at a Board meeting. To date, no business relationship exists.*

OPERATION OF THE SUPERVISORY BOARD

The company bylaws define and specify the terms and conditions governing the composition of the Supervisory Board. The main provisions are the following:
Supervisory Board members, the number of which can never fall below the legal threshold nor exceed the legal limit, are appointed in accordance with the conditions specified by law for a term of office of four years. By exception and solely to enable the implementation or maintenance of staggered terms of office, the Ordinary General Meeting may appoint one or more members of the Supervisory Board for a term of one, two or three years.
All outgoing Supervisory Board members may be reappointed.
The term of office of a Supervisory Board member ceases at the end of the Shareholders' Ordinary General Meeting called to approve the financial statements for the financial year just ended and held in the year that the term of office of the said member of the Supervisory Board expires.
No one may be appointed as a member of the Supervisory Board, if, being over 75 years old, his/her appointment leads to over a third of the members of the Supervisory Board being over that age.
The Supervisory Board meets at least once quarterly on an agenda drafted by its Chairman. It met six times during 2014 and the rate of attendance was 100% except for one meeting not attended by one member.
At each ordinary meeting, the Management Board presents a report on the operations and results of the Group and its major subsidiaries for the quarter just ended. A detailed income statement with commentary is presented by the Management Board for every half-year and annual closing. In addition, the Supervisory Board receives a monthly sales report.
Within 90 days following the end of each financial year, parent company and consolidated financial statements approved by the Management Board are sent to the Supervisory Board for review.
The Board then presents its observations on the report of the Management Board as well as on the financial statements to the General Meeting.
For the approval of the half-year financial statements, only the consolidated financial statements are prepared and submitted to the Supervisory Board within three months of interim closing.
The Chairman of the Supervisory Board also benefits from monthly meetings with the Chairman of the Management Board on the current operations of the Group.
The Supervisory Board asks the Management Board and Management to provide any information or analysis they deem necessary or a presentation on any specific subject.
In accordance with the law, the Supervisory Board provides guidelines to the Management Board so that commitments to deposits, sureties or guarantees are validly provided by the company. The authorisation of the Supervisory Board is required in every case where a commitment does not meet these conditions.
The rules of operation of the Supervisory Board are specified in the Supervisory Board's internal regulations, which are available on the company's website.
The Board's internal regulations also include provisions aimed at preventing and managing conflicts of interest.
In this respect, internal regulations specify that should a situation arise where there appears to be a conflict of interest between corporate and direct or indirect personal interests, or the interests of the shareholder or group of shareholders he/she represents, or which may be perceived as such, the Board member concerned must:
– Inform the Board of this conflict of interest as soon as he/she becomes aware of it;
– Take all appropriate action in relation to exercising his/her term of office.

Depending on the case, he/she therefore shall:
– Abstain from voting on the relevant deliberation;
– Refrain from attending Board meetings during the period he/she is in a position of conflict of interest;
– Resign from his/her duties as a member of the Board.

The Board member may be held liable for failing to comply with these abstention and non-attendance rules.
Furthermore, the Chairman of the Board is not obliged to disclose information or documentation relating to the matter in dispute to member(s) whom he has strong grounds of suspecting are in a position of conflict of interest within the meaning of this paragraph, and will inform the Supervisory Board of this act of non-disclosure.
The principal subjects discussed at meetings of the Supervisory Board during the year were the following:
– Analysis and appraisal of the Group's organisational project which involves dividing Somfy SA's lines of business into two distinct companies; transfer by Somfy SA to a new company (Edify SA) of the assets which make up the Somfy Participations business, with the exception of the FAAC SpA and CIAT Group SA securities; review of the independent expert report; approval of the proposed exceptional

distribution; approval of the submission to admit Edify SA shares for trading on the Euro MTF market of the Luxembourg stock exchange and of the initial share price,
– Presentation of the draft Group Ethics Charter,
– Regular updates of ongoing tax, social security and customs duties inspections within the Group,
– Review of the policy regarding equality in the workplace and equal pay,
– Review of Audit Committee reports,
– Findings of the Remunerations Committee,
– Allocation of attendance fees,
– Update on the assessment of the Board's operation and work.

For Somfy Activities:
– Quarterly highlights by brand and operation,
– Analysis of and lessons from past acquisitions,
– Presentation of acquisition projects,
– Presentation of the main budget priorities for 2015,
– Update on the "2015 Let's project"; presentation of "2020 Let's project",
– Presentation of the Asia & Americas BMA and China focus,
– Presentation of the Home & Building strategy and the major new products to be presented at R+T 2015,
– Human resources: update on gender equality.

For Somfy Participations:
– Quarterly presentation of results and highlights by shareholding,
– Presentation of planned equity investments,
– Purchase of a controlling interest in Usines Métallurgiques de Vallorbe, purchase of a minority interest in Lacroix Emballages,
– Planned disposal of shareholding in CIAT Group SA,
– Focus on Pellenc; project to change the equity relationship with Pellenc SA – purchase of the usufruct of the entire share capital of Pellenc SA,
– Presentation of the updated business plan and strategy,
– Analysis of the stock exchange indices over five years as a benchmark to assess the financial performance of Somfy Participations.

COMMITTEES ESTABLISHED BY THE SUPERVISORY BOARD

Audit Committee

With regard to the Audit Committee, the company applies the recommendations of the AMF's working group chaired by Mr Poupart Lafarge at the Audit Committee meeting of 22 July 2010. The recommendations in respect of the composition and chairmanship of the Committee, the competence of its members and definitions of their independence, the operation (information, evaluation and reporting on the work undertaken), as well as the recommendations relating to the execution of its legal responsibilities have been followed.
The follow-up on the effectiveness of the internal control and risk management systems has also been carried out.
In 2014, as part of its assignment relating to risks, the Audit Committee monitored risks and updated the risk mapping at an extraordinary meeting of the Audit Committee, during which the Internal Audit Officer presented the relevant information.
The Audit Committee currently comprises three members: Victor Despature, Committee Chairman, Paule Cellard and Valérie Pilcer. Paule Cellard and Valérie Pilcer are independent members in accordance with the aforementioned criteria.
Victor Despature has accounting expertise. He was a Chartered Accountant and an Auditor from 1983 to 2000. Since then, he served as the General Manager of a major family-owned group from 2002 to 2006 and as the Chairman of the Legal Committee from 2002 to 2008. He is currently Chairman of the Supervisory Board of this family-owned group since 2012 and member of the Remuneration Committee since 2000. He has also been managing a medium-sized company in the aeronautic sub-contracting sector since 2000.
Valérie Pilcer, a graduate of the Paris École des Mines, was entrusted with various operational management duties by Société Générale from 1987, in both the international financial market division and in the Group Risk Management Department. She joined the Oddo Group in 2008 as Chief Risk Officer and then independent consulting company Pilcer & Associés in 2011. In 2012, she joined the MACIF Group as Head of Risk Management and the OFI Group's Executive Committee as Director of Innovation, Methods and Processes. Her expertise also extends to the financial field, with substantial experience in risk management.
Paule Cellard, graduate of ESC Paris (Business School) and with a master's degree from the Paris Assas Law School, has held various operational roles in Corporate and Investment Banking, notably as Chief Executive Officer of Indosuez Private Banking Services from 2006 to 2009, then Global Head of Compliance at Crédit Agricole Corporate and Investment Bank until 2012. Since November 2012, she has been a Director and member of the Audit Committee of Crédit Agricole Private Banking Luxembourg and has founded the consulting firm KLEFI CONSEIL. She has expertise in the financial field and strong experience in risk management.
The Committee's mission is to monitor the preparation of the financial information and the efficiency of internal control and risk management systems. It is also informed of due diligence carried out by the Statutory Auditors in their legal assignment to audit the parent company and consolidated financial statements, ensures the latter's independence and is involved in their selection.
The Audit Committee supervises the work of Internal Audit and approves the annual audit plan. It proposes, directs and ensures the follow-up of Internal Audit assignments.
Since its creation, it has met at each half-year and year-end balance sheet date.
During the 2014 financial year, the Audit Committee met on four occasions with all members in attendance.
During the various Audit Committee meetings, the Chief Financial Officer presented the financial position of the Group, the accounting options adopted, the risk exposure and significant off-balance sheet commitments; Internal Audit presented the results of audits carried out, the annual audit plan and the results of the risk mapping update.
Pursuant to Article L. 823-16 of the Commercial Code, the Statutory Auditors presented their general work programme as well as the various tests they carried out; the changes that they felt should be made to the financial statements or other accounting documents before their approval, along with any relevant comments about the valuation methods used in their preparation; possible irregularities and errors discovered and the findings leading to the above observations and corrections on the results of the period compared with those of the previous period.
In addition, every year the Statutory Auditors communicate to the Audit Committee a declaration of independence and an update of the information described in Article L. 820-3 detailing the services carried out by the members of the network to which the Statutory Auditors are affiliated, as well as the services carried out in respect of due diligence directly related to the assignment.
With regard to the work methods: pursuant to the recommendations of the AMF, a minimum time period for the examination of the financial statements was complied with to enable the Audit Committee to avail of the option of using external experts, as well as interviewing the Chief Financial Officer, the Statutory Auditors and the Internal Audit Officer.
Minutes of each Audit Committee meeting are provided to the Supervisory Board so that it is aware of matters discussed.

Remuneration Committee

The Remuneration Committee currently comprises two members: Michel Rollier, Committee Chairman (independent member), and Victor Despature. Its mission is to submit proposals to the Supervisory Board, in particular in respect of the amount and calculation of corporate officers' remuneration and to provide advice concerning the amount of attendance fees.

At least once a year, the Committee calls on a firm specialised in the subject of senior executive remuneration, which provides advice on the practices that are generally applied in companies of a comparable size.
During the year just ended, it met three times. The rate of attendance by the members was 100%.
The members of the Remuneration Committee report verbally to the Supervisory Board on their work and on the opinions they have issued, thus helping the Board to prepare and make decisions in terms of corporate officers' remuneration.

REMUNERATION AND BENEFITS OF CORPORATE OFFICERS

PRINCIPLES AND RULES DRAWN UP BY THE SUPERVISORY BOARD TO DETERMINE THE REMUNERATION AND ALL BENEFITS GRANTED TO CORPORATE OFFICERS

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

Remuneration of members of the Supervisory Board

The General Meeting sets the overall amount of attendance fees.
The Supervisory Board members share the said fees on a pro rata basis according to their attendance at meetings of the Board and the Audit and Remuneration Committees: €1,100 per member per meeting of the Supervisory Board, €1,600 per member per meeting of the Audit Committee and €1,300 per member per meeting of the Remuneration Committee.
The Chairman of the Supervisory Board receives specific compensation in relation to his duties as Chairman. This remuneration is fixed and was last revised at the Board meeting of 16 May 2013.

Remuneration of members of the Management Board

The members of the Management Board, with the exception of the Chairman, have an employment contract.
It has become apparent to the company that, in order to attract and retain talent, members of the Management Board, with the exception of the Chairman, must enjoy the protection guaranteed by an employment contract.
At 31 December 2014, the remuneration of the members of the Management Board comprised a fixed part and a variable part. These amounts are reviewed annually.
The variable part is based on the achievement of objectives that take account of quantitative criteria specific to the scope of operations covered:
For the Chief Executive Officer of Somfy Activities, this includes profit growth, measured by the average growth in COR (Current Operating Result) over two years; the profitability of capital used, measured by the average level of ROCE (Return On Capital Employed) over two years; and lastly, business development, measured by sales growth and by its differential with the sales growth of a range of benchmarks consisting of nine companies deemed to be comparable.
For the Chief Executive Officer of Somfy Participations, this includes growth in the net asset value of investments; the coefficient of achievement of annual budgets; and lastly, the improvement in the financial position of the Somfy Participations division.
For the Chairman of the Management Board, this includes the performance of both divisions, Somfy Activities and Somfy Participations, weighted by the contribution of each division to the Group's net profit. An additional specific criterion measures the level of Group debt.
This process is accompanied by qualitative criteria. For confidentiality reasons the expected level of achievement of quantitative criteria, as well as the qualitative criteria, which are predetermined, are not publicly disclosed.
Other benefits, approved by the Supervisory Board and which can be granted, comprise:

– The potential allocation of stock options or performance-based shares, which is the subject of a special report as prescribed by Articles L. 225-184 and L. 225-197-4 of the Commercial Code. During the year just ended, no stock option plans were set up. A performance-based share plan was established in February 2014 for the benefit of certain of the Group's senior executives. Corporate officers do not benefit from this plan;
– A so-called "Article 39" supplementary retirement scheme for senior managers and senior executives of the Group, set up by CMC SARL. Jean-Philippe Demaël, member of the Management Board, is a potential beneficiary of this pension scheme, which is described in more detail under "Information on appointments held and on remuneration received during the financial year" in the Management Board report to the Combined General Meeting of 13 May 2015;
– Benefits in kind consisting of the use of a company car, as well as profit sharing, employee shareholding and contributions to the Group savings scheme in force within CMC SARL for holders of an employment contract. Members of the Management Board concerned: Jean-Philippe Demaël and Wilfrid Le Naour. Their value is separately disclosed in the Management Board report, just as the remuneration mentioned in this report is disclosed in its entirety and includes the salaries paid under employment contracts.

The position of the Chairman of the Management Board was different during the year just ended as he did not benefit from either stock options or performance-based shares. He was only remunerated in his capacity as Board member, without any other particular benefits, and had no employment contract.

CONDITIONS OF SHAREHOLDERS' PARTICIPATION IN GENERAL MEETINGS

The bylaws allow for the following arrangements:
– All shareholders have a right to attend General Meetings and participate in their deliberations, in a personal capacity or by proxy;
– They may vote remotely. If the Management Board or Supervisory Board provides for this at the time of notice of the meeting, all shareholders may also participate in General Meetings by video-conference or by any communication means that enable their identification according to the terms and conditions set out by the law and regulations and that are specified in the notice of the meeting; the shareholder will, in this case, be deemed to be present for the calculation of quorum and majority;
– The right to participate in Meetings is contingent upon the shareholder providing proof of his/her identity and the registration of the securities in his/her name (or in the name of the intermediary recorded on their behalf if he/she resides abroad) at midnight Paris time on the second working day preceding the Meeting, either in a nominative account or in the records of bearer shares held by an authorised intermediary, and this in one of the places mentioned in the notice of the meeting. The next General Meeting will be asked to bring the company's bylaws into line with these new provisions arising from Decree n°2014-1466 of 8 December 2014 which amended Article R. 225-85 of the Commercial Code;
– The attendance of the shareholder cancels all proxy or remote voting.

ELEMENTS LIABLE TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFERING

The disclosures referred to by Article L. 225-100-3 of the Commercial Code relating to elements liable to have an impact in the event of a public offering are published in the paragraph entitled "Elements liable to have an impact in the event of a public offering" of the Management report prepared by the Management Board in respect of the financial year ended 31 December 2014.

Internal control

INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES IMPLEMENTED BY THE COMPANY

COMPANY OBJECTIVES IN RESPECT OF INTERNAL CONTROL

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

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

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

It cannot provide an absolute guarantee against human error.

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

With regard to financial investments, the attention given by Somfy SA to these companies relates particularly to their financial statements, in particular compliance with their banking covenants as well as a follow-up of their strategies.

In the event that areas of progress are identified in other domains by the Management of the company or Somfy SA, the latter proposes to the company concerned the resources or contacts to contribute to its development.

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

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

INTERNAL CONTROL STRUCTURES

Supervisory Board

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

Internal Audit

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

The Department, comprising the Internal Audit Officer and the equivalent of 3.5 full-time auditors, carries out audits that evaluate the correct application of accounting principles, the organisation and the systems put in place within the entity subject to audit.

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

Where appropriate, the principal weaknesses identified in internal control are reported and recommendations are issued. A follow-up of the implementation of recommendations is made twice a year. A report is presented to the Management Board and to the Audit Committee each year.

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

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

KEY ELEMENTS OF INTERNAL CONTROL PROCEDURES

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

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

Strategic, budgetary and reporting processes

The preparation of the budget is part of an annual strategic process involving all the Activities, Business Areas and Business Units as well as the Divisions, which define their own key objectives, in line with the strategic guidelines set by General Management.

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

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

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

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

In addition, three three-year plans, in line with Group strategy and revised annually, are overseen by Management. They include:

- A product master plan that relates to the development of the product range,
- An industrial and logistics master plan for production facilities,
- A master plan for information systems.

Preparation of financial statements

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

It resulted in the definition and implementation within all subsidiaries of a Group chart of accounts, as well as the definition and implementation of the main management procedures (inventories, non-current assets, trade receivables, etc.), which are formalised in the Group Procedure Manual relayed through and updated on the Group's 'Teepee' intranet.

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

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

The Group team responsible for the development and control of financial statements comprises the Group Financial Department and the Financial Department of Somfy Activities, represented by its manager, and comprising:

– The consolidation team,
– The central financial control team.

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

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

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

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

At each year-end, inventories are verified either through a complete physical stock-take or by a rolling physical stocktaking procedure.

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

Intragroup purchases, sales and balance sheet items are confirmed monthly.

Inventory amounts originating from the Group are determined in all entities in order to eliminate internal profit margins on inventories.

A pre-closing meeting is organised each half-year with the Legal Department to identify all liabilities and possible or stated litigation and to calculate, with reference to the progress of cases, corresponding provisions for liabilities and charges.

The review of various contracts, deposits, sureties and guarantees also serves to identify off-balance sheet commitments.

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

Financial statements control

The Consolidation Department, after verifying the completeness of financial information, the proper application of closing procedures and restatements, performing the intragroup account reconciliations and verifying the net equity justification, performs financial statement consolidation using dedicated software.

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

Financial communication

Following their approval by the Supervisory Board, the half-year and full-year financial statements are presented to the financial community under the auspices of the SFAF (French financial analyst society) and published in a report posted on the financial issuer's website (www.somfyfinance.com) as well as on a regulatory business publishing network (www.lesechos-comfi.fr).

The other disclosures required by the Transparency Directive, in particular quarterly information and reports on internal control and corporate governance are also posted on these two websites. Relevant information relating to the company's business activities is presented to the Audit Committee.

IT systems

The BaaN integrated management package is installed in most distribution subsidiaries, excluding Asia, where ERP Accpac has been rolled out in the majority of cases.

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

Completion of the budget, monthly reporting, margin analysis by product family and legal consolidation are all carried out on the same platform (Hyperion), which improves uniformity and facilitates the analysis of information.

The BaaN Manufacturing module has been installed at the Group's main production sites (Cluses, Gray, Zriba, Bologna) including Krakow, Poland in the Group's new factory which began operating at the start of 2014.

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

Lastly, the Ariane tool, which helps manage and monitor general expenses liabilities, was also rolled out at Somfy SAS, SITEM and Simu.

Internal control monitoring

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

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

An Internal Control Committee is held once every two month to discuss the latest audit reports issued and other matters, such as year-end visits or training programmes to be provided to financial controllers for instance.

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

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

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

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

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

Lastly, the Internal Control Department is also responsible for the central monitoring of risks and the update of risk mapping, in collaboration with the Internal Audit Department specifically in relation to the methodology.

Mapping of risks

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

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

The mapping of Group risks is updated every year. In 2013, the methodology for identifying operational risks changed. This mapping will

now be carried out during the first quarter (post budgetary planning) to include the inputs resulting from this process into the year. A risk owner is appointed for each operational risk.
Strategic risks are examined during the biannual process of the Group's strategic review.
Where relevant, a connection is made between the risks included in this mapping and the internal audit plan.
The results of this risk evaluation are presented each year to the Executive Committee, as well as to the Management Board and the Audit Committee.

Treasury Committee/Group Treasury

The Group Treasury Department reports to the Group's Chief Financial Officer.
The Group Treasury Department is responsible for carrying out transactions in cash management, financing and managing risks of a financial or banking nature related to the Group's operations.
It has a duty to warn the Group's Chief Financial Officer, the Treasury Committee or the Management Board of developments in the relevant markets and the fair assessment of risks.
A Treasury Committee meeting is held each month, chaired by the Group's Chief Financial Officer, to review:
– Deposits,
– Funding,
– The Group's net debt,
– Off-balance sheet banking commitments,
– Foreign exchange positions,
– The Group's cash and debt positions (current and forecast),
– Miscellaneous items: ongoing acquisitions, follow up of late payments, guaranties/securities, Group loans,
– The Group's net financial income/(expense) (twice annually).
This Committee comprises:
– The Chief Financial Officer of Somfy Group,
– The Chief Financial Officer of Somfy Activities,
– The Chief Financial Officer of Somfy Participations,
– The Financial Manager of holding companies,
– The Group Treasurer,
– The Treasurer.
Members of the Management Board are ex-officio members and have a standing invitation to Committee meetings.
The role of the Treasury Committee is twofold:
– Strategic: to define the overall policy in terms of Group Cash Management, financing, interest and exchange rate and deposit risk management. They also include the follow-up of Group subsidiaries' equity balance sheet items;
– Operational: to guarantee the regular monitoring of Group Cash Management. These are detailed in a monthly trend chart.
The rules and procedures relating to Somfy Group's Cash Management have been formalised in the Cash Management Charter, which covers the following:
– Ethics,
– Liquidity/exchange rate/interest rate risk,
– Deposit of excess cash,
– Counterparty risk,
– Governance.
This charter was subject to a quality review in the second half of 2013.
A Group Treasury Charter was also introduced on 1 November 2013 to define best practices and list in a single document the guidelines that ensure the secure, economical and efficient management of financing and deposit operations, and more generally of cash management within the Somfy Group.
This Group Treasury Charter is applicable to all subsidiaries controlled directly or indirectly by Somfy SA and specifies their roles and responsibilities regarding the management of their financing, deposits, banking flows and more broadly speaking their cash management transactions.

An international cash pooling project was launched in mid-2014. It will be implemented during 2015.

Accreditations and quality procedures

The Somfy Group has been implementing an approach to Quality Management by following ISO 9001 processes since 1995.
Companies that are currently ISO 9001-certified by Lloyd Register Quality Assurance (LRQA), or by other local organisations, are Somfy SAS, Simu SAS, WAY (merger of Asa and Mingardi), SITEM, Harmonic, Somfy GmbH, Somfy BV, BFT SpA, LianDa and Domis.
These companies represent the vast majority of the operations consolidated by the Group.
The whole personnel of these companies are thus involved in this process, including the R&D Department, as well as the Purchasing, Manufacturing, Production, Sales and Logistics Departments.
Internal quality audits are implemented in accordance with an annual audit plan, defined according to the company's strategic priorities and in a manner so as to review the risks inherent in operational processes.
Corrective or preventive actions are managed within each operating or support department.
The list of operational and support processes falling within the scope of application of Quality Management, as well as their indicators, reference documents and monitoring committees, are defined in the company's quality manual.
Process control is implemented through compliance with the requirements specified in the various parts of the quality framework (guidelines, procedures, departmental methodological guides, etc.) and the continuous improvement principle applied to each of them.
The Quality approach is a key area of the Group's strategy and the Management of the company is committed to its rollout and monitoring.

Risk coverage – Insurance

The Group risk prevention and protection policy is determined by Corporate Services, in collaboration with insured entities and in partnership with its brokers and insurers. The vast majority of facilities are insured by Group policies which include direct risks (fire, theft, etc.), loss of profit, general civil liability (including corporate officers' civil liability) and transport of goods. Other units and risks are covered by insurance policies that fall within the remit of local managers, and if necessary, with the support of Corporate Services.

PROJECTS COMPLETED AND IN PROGRESS

Projects carried out in 2014 relating to internal control and risk management included:
– Developing a tool called Dashboard Supply Chain, which allows the performance of the supply chain to be measured centrally and consistently, from departure from the factory to arrival at the distribution subsidiaries. This application is also designed to be an operational management tool for local logistics coordinators. The scope involved to date comprises subsidiaries managed under BaaN ERP, i.e. mainly sites located within the EMEA and North America region;
– Initiating the introduction of an Ethics Charter enabling the Group to formally set out its principles of ethical conduct to ensure their operational application. This document applies to all Group employees, and where relevant also refers to other existing charters and procedures. An Ethics Committee has also been introduced, as have local ethics officers for each of the Group's business areas and reporting scopes. Deployment and training initiatives began at the end of 2014 and will continue over the first half of 2015.

The Chairman of the Supervisory Board

06

/ SOMFY SA FINANCIAL RESULTS **FOR THE LAST FIVE YEARS**

06
/ SOMFY SA FINANCIAL RESULTS FOR THE LAST FIVE YEARS

€ thousands	2010	2011	2012	2013	2014
1. Financial position at the 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) Net sales	3,759	2,126	2,976	2,734	1,815
b) Profit before tax, amortisation, depreciation and provision charges	54,672	156,484	101,664	55,317	100,934
c) Income tax	306	3,706	2,984	– 4,555	– 13,835
d) Profit after tax, amortisation, depreciation and provision charges	54,642	128,982	87,034	62,455	104,596
e) Distributed profit	40,751	40,751	37,617	40,751	40,751
3. Earnings per share					
a) Earnings per share after tax, but before amortisation, depreciation and provision charges	7.02	20.44	13.35	6.48	11.11
b) Earnings per share after tax, amortisation, depreciation and provision charges	6.97	16.46	11.11	7.97	13.35
c) Dividend distributed per share	5.20	5.20	4.80	5.20	5.20
4. Workforce					
a) Number of employees at end of year	10	8	7	6	6
b) Total payroll	428	547	738	577	856
c) Amount paid in relation to employee benefits (Social Security, charities, etc.)	129	186	347	215	316

07
/ CONSOLIDATED FINANCIAL STATEMENTS

07

/ CONSOLIDATED FINANCIAL **STATEMENTS**

CONSOLIDATED INCOME STATEMENT

€ thousands	Notes	31/12/14	31/12/13*
Sales	(3)	981,731	922,818
Other operating income	(4)	15,944	14,056
Cost of sales		– 360,903	– 337,628
Employee expenses		– 286,902	– 270,363
External expenses		– 163,123	– 150,613
EBITDA		**186,747**	**178,269**
Amortisation and depreciation charges	(11) & (12)	– 32,825	– 30,031
Charges to/reversal of current provisions		– 776	– 420
Gains and losses on disposal of non-current operating assets		– 279	– 420
EBITA		**152,868**	**147,399**
Amortisation of allocated intangible assets	(11)	– 3,119	– 3,062
CURRENT OPERATING RESULT		**149,748**	**144,336**
Other operating income and expenses	(5)	424	– 4,882
Impairment of goodwill	(10)	– 24,295	– 6,395
OPERATING RESULT		**125,877**	**133,059**
– Financial income from investments		*922*	*1,101*
– Financial expenses related to borrowings		*– 4,831*	*– 2,884*
Cost of net financial debt		– 3,908	– 1,783
Other financial income and expenses		– 2,382	– 2,839
NET FINANCIAL INCOME/(EXPENSE)	**(6)**	**– 6,290**	**– 4,622**
PROFIT BEFORE TAX		**119,587**	**128,438**
Income tax	(7)	– 27,291	– 36,083
Share of net profit/(loss) of associates	(13)	– 428	59
NET PROFIT OF CONTINUING OPERATIONS		**91,869**	**92,413**
NET PROFIT OF OPERATIONS HELD FOR SALE OR DISTRIBUTION	**(9)**	**– 53,795**	**8,373**
CONSOLIDATED NET PROFIT		**38,074**	**100,786**
Attributable to: Group share		37,964	99,492
Attributable to: Non-controlling interests		110	1,294
Basic earnings per share (€)	**(8)**	**5.11**	**13.40**
Diluted earnings per share (€)	**(8)**	**5.10**	**13.37**

** The financial statements have been restated following the determination of the fair value of Giga's and Garen Automação's assets and liabilities and the application of IFRS 5 (see note 2).*

Consolidated statement of comprehensive income

€ thousands	31/12/14	31/12/13*
Net profit for the year	38,074	100,786
Movement in gains and losses on translation of foreign currency	7,994	– 6,412
Movement in fair value of assets available for sale	–	14,500
Movement in fair value of interest rate hedges	–	675
Movement in fair value of foreign currency hedges	– 259	– 55
Movement in tax on items that may be reclassified to profit or loss	97	– 8,056
Items that may be reclassified to profit or loss	**7,832**	**653**
Movement in actuarial gains and losses	– 2,027	1,645
Movement in tax on items that will not be reclassified to profit or loss	807	– 856
Items that will not be reclassified to profit or loss	**– 1,220**	**789**
Items of other comprehensive income directly recognised in equity	**6,612**	**1,442**
Total comprehensive income for the year**	**44,686**	**102,228**
Attributable to: Group share	44,576	100,934
Attributable to: Non-controlling interests**	110	1,294

** The financial statements have been restated following the determination of the fair value of Giga's and Garen Automação's assets and liabilities and the application of IFRS 5 (see note 2).*

*** The difference in the net profit with the consolidated statement of changes in equity is due to the change in the value of put options granted to holders of non-controlling interests: -€0.1 million at 31 December 2014 and -€1.4 million at 31 December 2013.*

Consolidated balance sheet – Assets

€ thousands	Notes	31/12/14 Net	31/12/13* Net
Non-current assets			
Goodwill	(10)	188,377	225,372
Net intangible assets	(11)	44,919	69,532
Net property, plant and equipment	(12)	228,635	243,053
Investments in associates	(13)	1,680	109,881
Financial assets	(14)	148,359	230,521
Other receivables		344	446
Deferred tax assets	(7)	36,203	35,870
Employee benefits	(24)	49	49
Total Non-current assets		**648,565**	**914,723**
Current assets			
Inventories	(15)	142,389	141,336
Trade receivables	(16)	150,201	157,796
Other receivables	(17)	20,702	19,164
Current tax assets	(7)	16,393	5,407
Financial assets	(14)	748	884
Derivative instruments	(22)	1	–
Cash and cash equivalents	(18)	102,587	136,496
Total Current assets		**433,021**	**461,082**
Assets held for sale or distribution	**(9)**	**109,532**	**–**
TOTAL ASSETS		**1,191,118**	**1,375,805**

** The financial statements have been restated following the determination of the fair value of Giga's and Garen Automação's assets and liabilities (see note 2). In accordance with IFRS 5, the 2013 balance sheet has not been restated.*

Consolidated balance sheet – Equity and liabilities

€ thousands	Notes	31/12/14	31/12/13*
Shareholders' equity			
Share capital		7,837	7,837
Share premium		1,866	1,866
Other reserves		522,487	820,973
Net profit for the year		37,964	99,492
Group share		**570,154**	**930,168**
Non-controlling equity interests		210	– 364
Total shareholders' equity		**570,364**	**929,805**
Non-current liabilities			
Non-current provisions	(19)	21,640	18,722
Other financial liabilities	(20)	63,127	78,030
Other liabilities		1,705	1,763
Employee benefits	(24)	20,180	18,639
Deferred tax liabilities	(7)	51,556	66,600
Derivative instruments		–	938
Total Non-current liabilities		**158,208**	**184,692**
Current liabilities			
Current provisions	(19)	7,869	19,888
Other financial liabilities	(20)	240,297	39,417
Trade payables		91,754	100,213
Other liabilities	(25)	90,997	95,159
Tax liabilities	(7)	12,233	6,604
Derivative instruments	(22)	255	28
Total Current liabilities		**443,406**	**261,309**
Liabilities related to assets held for sale or distribution	**(9)**	**19,140**	**–**
TOTAL EQUITY AND LIABILITIES		**1,191,118**	**1,375,805**

** The financial statements have been restated following the determination of the fair value of Giga's and Garen Automação's assets and liabilities (see note 2). In accordance with IFRS 5, the 2013 balance sheet has not been restated.*

Consolidated statement of changes in equity

€ thousands	Share capital (1)	Share premium	Treasury shares	Gain/loss on fair value of assets available for sale	Actuarial gains and losses	Interest rate hedges	Foreign currency hedges
At 31 December 2013	**7,837**	**1,866**	**– 72,971**	**17,370**	**– 9,816**	**– 6**	**40**
Total comprehensive income for the year	–	–	–		– 2,027	–	– 259
Treasury share transactions	–	–	958	–	–	–	–
Dividends (3)	–	–	–	–	–	–	–
Changes to the consolidation scope	–	–	–	–	1,129	6	–
Other movements (4)	–	–		–	321	–	–
At 31 December 2014	**7,837**	**1,866**	**– 72,013**	**17,370**	**– 10,393**	**–**	**– 220**

(1) Share capital comprises 7,836,800 shares with a par value of €1. No changes occurred in 2014.
(2) The subsequent fair values of liabilities related to put options granted to holders of non-controlling interests are recognised under equity.
(3) Including a €371.8 million exceptional distribution of reserves related to the demerger.
(4) Changes in consolidation scope, foreign exchange gains and losses on equity transactions.

€ thousands	Share capital (1)	Share premium	Treasury shares	Gain/loss on fair value of assets available for sale	Actuarial gains and losses	Interest rate hedges	Foreign currency hedges
At 31 December 2012	**7,837**	**1,866**	**– 74,390**	**2,870**	**– 11,461**	**– 681**	**94**
Total comprehensive income for the year	–	–	–	14,500	1,645	675	– 55
Treasury share transactions	–	–	1,974	–	–	–	–
Dividends	–	–	–	–	–	–	–
Other movements (2)	–	–	– 555	–	–	–	–
At 31 December 2013	**7,837**	**1,866**	**– 72,971**	**17,370**	**– 9,816**	**– 6**	**40**

(1) Share capital comprises 7,836,800 shares with a par value of €1. No changes occurred in 2013.
(2) Changes in consolidation scope, foreign exchange gains and losses on equity transactions.
(3) The subsequent fair values of liabilities related to put options granted to holders of non-controlling interests are recognised under equity.

Expenses related to acquisitions of non-controlling interests	Movements in put options (2)	Deferred tax	Changes in foreign exchange rates	Consolidated reserves and net profit	Total shareholders' equity	Non-controlling interests	Total equity (Group share)
– 2,369	**– 4,014**	**– 2,355**	**1,216**	**993,006**	**929,805**	**– 364**	**930,168**
–	–	904	7,994	37,977	44,589	13	44,576
–	–	–	–	1,107	2,065	–	2,065
–	–	–	–	– 410,443	– 410,443	–	– 410,443
–		– 381	–	– 196	558	558	–
–	3,678	– 78	–	– 131	3,790	2	3,788
– 2,369	**– 336**	**– 1,910**	**9,210**	**621,320**	**570,364**	**210**	**570,154**

Expenses related to acquisitions of non-controlling interests	Movements in put options (3)	Deferred tax	Changes in foreign exchange rates	Consolidated reserves and net profit	Total shareholders' equity	Non-controlling interests	Total equity (Group share)
– 2,369	**– 8,515**	**6,041**	**7,628**	**934,254**	**863,175**	**– 382**	**863,557**
–	–	– 8,912	– 6,412	99,404	100,846	– 88	100,934
–	–	–	–	545	2,519	–	2,519
–	–	–	–	– 35,692	– 35,692	–	– 35,692
–	4,501	516	–	– 5,505	– 1,043	106	– 1,149
– 2,369	**– 4,014**	**– 2,355**	**1,216**	**993,006**	**929,805**	**– 364**	**930,168**

Consolidated cash flow statement

€ thousands	Notes	31/12/14	31/12/13*
Consolidated net profit		**38,074**	**100,786**
Net profit of operations held for sale or distribution		53,795	– 8,373
Net profit of continuing operations		**91,869**	**92,413**
Depreciation and amortisation of assets (excluding current assets)		60,025	38,714
Charges to and reversals of provisions for liabilities		677	2,522
Unrealised gains and losses related to fair value movements		– 32	30
Unrealised foreign exchange gains and losses		– 330	3,551
Income and expenses related to stock options and employee benefits		3,584	1,892
Depreciation, amortisation, provisions and other non-cash items		**63,924**	**46,709**
Profit on disposal of assets and others		272	105
Share of net profit/(loss) of associates		428	– 59
Deferred tax expense		– 8,108	– 7,067
Cash flow		**148,386**	**132,101**
Cost of net financial debt (excluding non-cash items)		3,908	1,840
Dividends of non-consolidated companies		–	– 2,721
Tax expense (excluding deferred tax)		35,399	43,151
Change in working capital requirements	(28)	– 16,323	8,688
Tax paid		– 50,177	– 38,188
NET CASH FLOW FROM OPERATING ACTIVITIES (A)		**121,192**	**144,871**
Acquisition-related disbursements:			
– intangible assets and property, plant and equipment		– 45,982	– 50,353
– non-current financial assets		– 603	– 212
Disposal-related proceeds:			
– intangible assets and property, plant and equipment		519	750
– non-current financial assets		1,686	5
Change in current financial assets		240	1,822
Acquisition of companies, net of cash acquired		– 2,234	– 8,440
Disposal of companies, net of cash disposed		–	330
Dividends paid by associates		– 1	–
Dividends paid by non-consolidated companies		187	2,721
Interest received		511	709
NET CASH FLOW FROM INVESTING ACTIVITIES (B)		**– 45,676**	**– 52,668**
Increase in loans		218,135	9,793
Reimbursement of loans		– 6,853	– 14,588
Other transactions with non-controlling interests		–	– 1,242
Net increase in shareholders' equity of subsidiaries		1	–
Dividends and interim dividends paid		– 38,666	– 24,258
Movement in treasury shares		1,879	2,347
Interest paid		– 4,665	– 2,882
NET CASH FLOW FROM FINANCING ACTIVITIES (C)		**169,831**	**– 30,830**
Net cash flow from operations held for sale or distribution	(9)	– 278,141	2,387
Impact of changes in foreign exchange rates on cash and cash equivalents (D)		2,313	– 3,538
NET CHANGE IN CASH AND CASH EQUIVALENTS (A + B + C + D)		**– 30,482**	**60,221**
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR	**(28)**	**130,657**	**70,435**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**(28)**	**100,175**	**130,657**

** The financial statements have been restated following the determination of the fair value of Giga’s and Garen Automação’s assets and liabilities and the application of IFRS 5 (see note 2).*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Somfy SA is a company governed by a Management Board and a Supervisory Board, listed on the Eurolist of Euronext Paris (Compartment A, ISIN code: FR 0000120495). Somfy Group is specialised in the automation and control of openings and closures in residential and commercial buildings (automation of blinds, shutters, curtains, screens, doors, gates, etc.). The head office is based in Cluses, Haute-Savoie.
On 27 February 2015, the Management Board approved the consolidated financial statements of the **Somfy Group** for the 12-month financial year ended 31 December 2014. Total assets were €1,191,118 thousand and the consolidated net profit was €38,074 thousand (Group share: €37,964 thousand).

ACCOUNTING RULES AND METHODS

A. BASIS FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS – BASIS FOR PREPARATION

The consolidated financial statements are presented in thousands of Euros. All amounts are rounded to the nearest thousand of Euros, unless otherwise specified.
The financial statements have been prepared in accordance with the historical cost principle, except for a number of assets and liabilities that were measured at fair value, in particular in relation to derivative instruments.
Consolidated financial statements include the financial statements of **Somfy SA** and its subsidiaries at 31 December of each year. The financial statements of subsidiaries are prepared for the same reference period as the parent company and on the basis of homogeneous accounting methods.
The financial year-end of all companies is 31 December.

COMPLIANCE WITH ACCOUNTING STANDARDS

In application of European Regulation 1606/2002 of 19 July 2002 on international accounting standards, the Somfy Group's consolidated financial statements for the financial year ended 31 December 2014 have been prepared in accordance with the international financial reporting standards ("IFRS") applicable at that date, as approved by the European Union at the date of preparation of these financial statements.

NEW STANDARDS AND INTERPRETATIONS IN FORCE

Standards, amendments and interpretations applicable within the European Union with effect from annual periods beginning on or after 1 January 2014

The Group has applied the following standards, amendments and interpretations as of 1 January 2014 at the latest:

IFRS 10 – Consolidated financial statements and revised IAS 27 – Separate financial statements:
IFRS 10 replaces the former IAS 27 – Consolidated and separate financial statements and the former SIC 12 interpretation – Consolidation – Special purpose entities. This standard introduced a new definition for control based on power, exposure (and rights) to variable returns and the ability to affect those returns through its power;

IFRS 11 – Joint arrangements and revised IAS 28 – Investments in associates and joint ventures:
IFRS 11 and revised IAS 28 replace IAS 31 – Interests in joint ventures and IAS 28 – Investments in associates, as well as interpretation SIC 13 – Jointly controlled entities – Non-monetary contributions by venturers. The definition of joint control is based on the existence of a contractual agreement and unanimous consent of the parties sharing control. These standards primarily provide two separate accounting treatments, as IFRS 11 removed the proportional consolidation method applicable to jointly controlled entities:
– Joint arrangements that qualify as joint operations, since they give rights to assets and obligations with respect to liabilities, are recognised proportionally to the share of assets, liabilities, income and expenses controlled by the Group in accordance with the contractual agreement. A joint operation may be conducted via a simple contract or via a jointly controlled legal entity;
– Joint arrangements that qualify as joint ventures, since they provide only a right to net assets, are now consolidated using the equity method;

IFRS 12 – Disclosure of interests in other entities:
This standard covers all disclosures to be made when an entity holds interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities, irrespective of the level of control or influence exercised over the entity;

Amendments to IFRS 10, 11 and 12 – Transition guidance:
These amendments provide clarification regarding the transition guidance for IFRS 10 and reduce the comparative information that needs to be presented by limiting adjustments to prior-period figures. In addition, as regards disclosures for unconsolidated structured entities, the amendments removed the obligation to present comparative information for periods prior to the period in which IFRS 12 is applied for the first time;

Amendment to IAS 32 – Offsetting financial assets and financial liabilities:
This amendment clarifies offsetting rules;

Amendment to IAS 36 – Recoverable amount disclosures for non-financial assets:
This amendment concerns disclosures on the recoverable amount of impaired assets where that amount is based on fair value less costs of disposal;

Amendment to IAS 39 – Novation of derivatives and continuation of hedge accounting:
This amendment concerns the possibility of continuing hedge accounting in circumstances in which a derivative designated as a hedge instrument is subject to novation from one counterparty to a central counterparty as a result of new laws or regulations, providing certain conditions are met (in this context, the novation of a derivative is the replacement of the original counterparty of the contract with a new counterparty).
These new standards did not have a material impact on the Group's results and financial position.

Standards and interpretations not yet applicable in the European Union

• Text adopted by the European Union

IFRIC 21 – Levies:
This standard specifies that the obligating event for the recognition of the liability related to the various taxes, duties and other levies that do not fall within the scope of IAS 12 depends on the provisions of the relevant legislation, irrespective of the calculation base period.
The European Union has stated that this text must be applied to annual periods beginning on or after 17 June 2014 (resulting in it being applied by the Group as of 1 January 2015) as opposed to 1 January 2014 according to the IASB.

• Texts not adopted by the European Union

Subject to their being definitively adopted by the European Union, the standards and amendments to standards presented below apply on the following dates according to the IASB:

IFRS 9 – Financial instruments: classification and measurement and subsequent amendments to IFRS 9 and IFRS 7: application date not yet known:
This is the first of three parts of IFRS 9 – Financial instruments intended to replace IAS 39 – Financial instruments – Recognition and measurement. The first part concerns the classification and measurement of financial instruments. The effects of the application of this standard cannot be analysed independently of the other two parts that have not yet been published, which should address the impairment of financial assets and hedge accounting respectively;

IFRS 15 – Revenue from contracts with customers: applicable from 1 january 2017:
IFRS 15 replaces IAS 11 – Construction contracts and IAS 18 – Revenue and the corresponding interpretations: IFRIC 13 – Customer loyalty programmes, IFRIC 15 – Agreements for the construction of real estate, IFRIC 18 – Transfers of assets from customers and SIC 31 – Revenue – Barter transactions involving advertising services.
This standard sets out the principles for recognising revenue from contracts with customers (except contracts covered by specific standards such as leases, insurance contracts and financial instruments). The basic principle is that revenue recognition should describe the transfer of goods or services to a customer, in an amount that reflects the payment that the entity expects to receive in return for those goods or services. The accounting standards-setter has identified five stages for implementing this standard:
– Identifying the contract(s) with a customer;
– Identifying the performance obligations in the contract;
– Determining the transaction price;
– Allocating the transaction price to the performance obligations in the contract;
– Recognising revenue as the entity satisfies a performance obligation.
The new standard will also improve disclosures required in the notes, provide an application guide for transactions that were not fully dealt with before (e.g. revenue from services and contract adjustments) and improve the application arrangements for contracts with multiple elements;

Amendments to IFRS 11 – Accounting for acquisitions of interests in joint operations: applicable from 1 January 2016:
This published amendment gives details about how to recognise acquisitions of interests in a joint venture whose activity constitutes a business within the meaning of IFRS 3 – Business combinations.
For these acquisitions, an entity must apply the accounting principles relating to business combinations under IFRS 3 and other IFRS that do not contradict the provisions of IFRS 11. It must also provide information required for business combinations in the notes. This applies at the time an interest is initially acquired, and at the time of any subsequent acquisitions.
In that case, the entity must:
– Measure identifiable assets and liabilities at fair value;
– Expense acquisition-related costs in the period in which these costs were incurred and the services received;
– Recognise deferred tax generated by the initial recognition of assets and liabilities as required by IFRS 3 and IAS 12 (Income taxes) for business combinations (except for deferred tax resulting from the initial recognition of goodwill);
– Recognise under goodwill any surplus in the consideration transferred relative to the net amount of identifiable assets acquired or liabilities assumed on the acquisition date;
– Perform an impairment test at least once per year on the cash generating units to which goodwill has been allocated;

Amendments to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortisation: applicable from 1 January 2016:
IAS 16 and IAS 38 both involve the principle whereby the basis for depreciation/amortisation corresponds to the consumption of future economic benefits embodied in an asset. The IASB has stated that using a revenue-based method for depreciation/amortisation is not appropriate, since revenue generated by a business that includes the use of an asset involves factors other than the consumption of economic benefits embodied in that asset.
The IASB has also stated that revenue is, in general, presumed to be an inappropriate basis for measuring the consumption of economic benefits embodied in an intangible asset. However, this presumption may be rebutted in certain limited circumstances;

Amendments to IAS 19 – Defined benefit plans: employee contributions: applicable from 1 July 2014:
This amendment applies to contributions from employees or third parties to defined-benefit plans. The aim of the amendment is to simplify the recognition of contributions that are independent of the number of years of employee service, such as employee contributions calculated on the basis of a fixed percentage of salary. These contributions may be recognised as a reduction in service cost in the period in which the service is rendered, instead of being attributed to periods of service;

Annual improvements to IFRS – 2010-2012 and 2011-2013 cycles: applicable from 1 July 2014:
In December 2013, the IASB published the Improvements to IFRS 2010-2012 and 2011-2013 as part of its annual process of reviewing and improving standards. The main amendments are as follows:
– IFRS 2 – Share-based payment: clarification of the notion of “vesting condition”;
– IFRS 3 – Business combinations: accounting for contingent consideration in a business combination;
– IFRS 8 – Operating segments: disclosures regarding the criteria for the aggregation of operating segments and the reconciliation of the total of the reportable segments’ assets to the entity’s assets;
– IFRS 13 – Fair value measurement: clarification of the notion of fair value concerning short-term receivables and payables;
– IAS 16 – Property, plant and equipment and IAS 38 – Intangible assets: application of the revaluation method;
– IAS 24 – Related party disclosures: clarification of the notion of services performed by “key” management personnel;
– IFRS 3 – Business combinations: scope exclusion for joint ventures;
– IFRS 13 – Fair value measurement: offsetting possibilities for a portfolio of financial assets and liabilities;
– IAS 40 – Investment property: clarifying the interrelationship between IFRS 3 and IAS 40 to determine the extent to which the acquisition of a building can be analysed as a business combination within the meaning of IFRS 3.
The Group has not applied any of these new standards or amendments in advance and is in the process of assessing the impact resulting from their first-time application, with the exception of IFRS 9, since the Group is waiting for the final and complete version of the standard to be published.

JUDGMENTS AND ESTIMATES

The preparation of consolidated financial statements in accordance with IFRS standards requires Management to make a number of estimates and assumptions which affect the book value of certain asset, liability, income and expense items, and certain information provided in the notes to the financial statements. Due to the inherently uncertain nature of these assumptions, actual results may differ from these estimates. The Group reviews its estimates and assessments on a regular basis to take past experience into account and incorporate factors considered relevant under current economic conditions.
The major items of the financial statements that may be subject to estimates are as follows:

– The impairment of goodwill and intangible assets and property, plant and equipment, whose measurement is specifically based on future cash flow, discount rate and net realisable value assumptions (note 10 to the consolidated financial statements),
– Retirement commitments, whose measurement is based on a number of actuarial assumptions (note 24 to the consolidated financial statements),
– Provisions for liabilities and charges,
– The measurement of options associated with stock option plans and free share allocations granted to employees (note 26 to the consolidated financial statements).

As part of the preparation of these consolidated annual financial statements, the main judgments made and the main assumptions used by Management have been updated with the latest indicators used for the closing of the accounts at 31 December 2014. During the financial year, the accounting treatment of the demerger of the Group was the main topic requiring Management to exercise its judgment. Details are provided in note 1.1.
At 31 December, Somfy Group reviews its performance indicators and, if necessary, carries out impairment tests if there is any indication that an asset may have been impaired.
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 of the acquired entity are measured 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.
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 transferred consideration (acquisition price) measured at fair value of the assets received.
At the date of the control acquisition and for each business combination, the Group can opt for the partial goodwill method (limited to the equity interest acquired by the Group) or for the full goodwill method. If it opts for the full goodwill method, minority interests are measured at fair value and the Group recognises goodwill on all identifiable assets and liabilities.
Business combinations prior to 1 January 2010 have been treated in accordance with the partial goodwill method, which was the only method applicable until that date.
In the case of a business combination achieved in stages, the previously held equity interest is remeasured at fair value at the acquisition date. The difference between the fair value and the net book value of this investment is recognised directly in operating result.
Restatements of asset and liability values relating to acquisitions recognised on a provisional basis (due to expertise work in progress or supplementary analyses) are recognised as retrospective restatements of goodwill if they occur within twelve months following the acquisition date.
Beyond this deadline, the impacts of restatements are directly recognised in profit or loss for the financial year, except for error corrections.
In addition, earn-out payments are included in the acquisition cost at their fair value at the acquisition date and regardless of their probability. During the valuation period, subsequent adjustments are offset against goodwill where they relate to facts and circumstances that existed at the acquisition date. If not, and after the end of this period, adjustments to earn-out payments are recognised directly in the income statement, unless the earn-out payments are offset against an equity instrument.
Newly-acquired companies are consolidated from the date of effective control or investment.

CONSOLIDATION METHODS

Exclusive control

Companies are fully consolidated when they are controlled by the Group. The concept of control means the power to govern the financial and operational policies of an affiliated company so as to obtain benefits from its activities.
Control is generally deemed to exist where the Group holds more than half of the controlled company's voting rights. Financial statements of subsidiaries are included in the consolidated financial statements from the date of effective control transfer, until control ceases to exist.
Minority shareholders' interests are included in the balance sheet under a separate headline called "non-controlling interests". Non-controlling interests' share of net profit is presented separately in the income statement as an allocation of profit for the period.

Joint control and significant influence

Companies over which the Group exercises control jointly with a limited number of partners based on a contractual agreement are consolidated using the equity method.
Associates are companies over which the Group has significant influence on their financial and operating policies, but does not control them.
Companies over which the Group has significant influence are consolidated using the equity method.
Acquisition expenses are recorded in the cost of acquisition of the shares.
The consolidation scope is presented in note 34 to the consolidated financial statements.

C. FOREIGN EXCHANGE TRANSLATION

The consolidated financial statements at 31 December 2014 have been prepared in Euros, which is the parent company's functional currency.
Each Group entity determines its functional currency and items included in the financial statements of each of these entities are measured in this functional currency.

RECOGNITION OF FOREIGN CURRENCY DENOMINATED TRANSACTIONS IN THE FINANCIAL STATEMENTS OF CONSOLIDATED COMPANIES

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

TRANSLATION OF FOREIGN SUBSIDIARIES' FINANCIAL STATEMENTS

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

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

D. ACQUISITION GOODWILL

Acquisition goodwill is measured using the method described in section B. Acquisition goodwill is subject to impairment tests at least once annually, or more frequently when events or changes in circumstances indicate that the goodwill has been impaired (indication of impairment, see section H). Recognised impairment cannot be reversed.
Acquisition goodwill related to equity-accounted companies is posted to the "Investments in associates" account. Impairment recorded on the equity-accounted value may be reversed in the event of a significant recovery in the value of the equity investment.

E. INTANGIBLE ASSETS

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

SOFTWARE

Internally-developed software is recognised on the balance sheet when the following two conditions are met simultaneously:
– It is probable that the future economic benefits attributable to the software will flow to the company, and
– Its cost or value can be measured reliably.
Conditions defined by IAS 38 in terms of development cost capitalisation must also be met (including project technical feasibility, intention to complete the software and availability of resources).
Somfy Group owns two major types of software:
1 – Software subject to a five-stage development project and rolled out in several countries is amortised on a straight-line basis over ten years.
The five stages characterising the implementation of this type of IT projects are as follows:
– The "initialisation" stage, ending in a decision to carry out or not an IT solution research to meet a specific issue,
– The "assessment" stage, ending in the choice of a solution, often the selection of a licence,
– The "study" and "realisation" stages, resulting in a decision to implement the rollout of the solution,
– The "implementation" stage, ending in the transfer of the application to support services. This is the software rollout.
This software is particularly related to the rollout of IT systems.
Development expenses incurred during the "study" and "realisation" stages may be capitalised if all criteria defined by IAS 38 are complied with.
2– Ready-to-use software, that is software whose operation by Somfy Group is not subject to a five-stage project. It is amortised on a straight-line basis over four years.

PATENTS

Only acquired patents and related filing expenses are capitalised.
Patents are amortised on a straight-line basis over their legal protection period.
Costs of renewal of patents are included in costs for the year.

DEVELOPMENT COSTS

Development costs are recognised as balance sheet assets when all criteria defined by IAS 38 are met:
– Project technical feasibility,
– Intention to complete the intangible asset so that it is available for use or sale,
– Ability to use or sell the intangible asset,
– Generation of future economic benefits,
– Availability of resources,
– Ability to reliably measure the expenditure attributable to the intangible asset during its development.

Only development costs generated by projects dedicated to the development of new products and conducted in five stages are capitalised, as follows:
– The "assessment" stage, consisting in the production of assessment elements enabling the Group to make the decision to launch the project or not;
– The "pre-study" stage, whose objective is to select technical solutions, validate product feasibility and the marketing strategy to place the product on the market;
– The "study" stage, which enables to set the definition of the product, as well as industrial and marketing resources;
– The "realisation" stage, which consists in qualifying the product, establishing industrial resources in production facilities, as well as marketing resources. This stage also defines project closing criteria;
– The "launch" stage, featuring product manufacturing and the qualification of industrial and marketing resources.
The first two stages, entitled "assessment" and "pre-study" are research phases. Expenses incurred are thus recognised as costs for the financial year.
Development expenses incurred during the "study" and "realisation" stages may be capitalised if all criteria defined by IAS 38 are complied with.
Capitalised development costs are amortised on a straight-line basis, depending on the useful life of the asset from the date of its commissioning (four to ten years, depending on the type of product developed).
The value of projects in progress is recognised as an intangible asset in progress, until the "launch" stage, which marks the beginning of project rollout.
No residual value is recognised at Group level to determine the basis for amortisation of intangible assets.
Subsequent expenditures are generally recognised as expenses for the financial year.

CUSTOMER RELATIONSHIPS

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

BRANDS

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

F. PROPERTY, PLANT AND EQUIPMENT (PPE)

Except for business combinations, PPE assets are initially recorded at their acquisition or production cost, which includes the purchase price and all costs necessary to make the assets operational.
Current maintenance costs are recognised as expenses for the financial year.
Straight-line depreciation is used based on the following average useful lives:
– Buildings: 20 to 30 years,
– Machinery and tools: 5 to 10 years,
– Transport vehicles: 3 to 5 years,
– Office furniture and equipment: 5 to 10 years,
– Fittings and fixtures: 8 to 10 years.
Taking account of the nature of PPE held by Somfy Group, no significant component was identified.
Subsequent expenditures may be capitalised if they comply with asset recognition criteria, as defined by IAS 16, in particular if it is probable that the future economic benefits of the asset will flow to the company. These criteria are considered prior to incurring the cost.

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

G. LEASES

• Leases that transfer virtually all the risks and rewards incident to ownership to the lessee are classified as **finance leases**.
These leases are classified as finance leases when the following major indicators are met (non-exhaustive list):
– Transfer of asset ownership at expiry of the lease with purchase option;
– The option exercise conditions are such as to make the transfer of ownership highly likely at the expiration of the lease;
– The lease term is for the major part of the useful life of the asset according to the lessee's conditions of use;
– The present value of minimum lease payments is close to the fair value of the leased asset at the conclusion of the contract.
Assets financed within the framework of finance leases primarily include real estate. They are recorded, from inception of the contract, in property, plant and equipment at the lower of the fair value of leased assets and the present value of minimum payments in respect of the lease.
Payments made in respect of the lease are broken down between finance charges and debt repayment, in order to obtain a constant periodic rate of interest on the outstanding liability. Finance charges are directly recognised in the income statement.
PPE acquired through finance leases are depreciated over the same periods as described above where the Group expects to gain ownership of the asset at the expiry of the contract. If not, the asset is depreciated on the basis of the shorter period of the asset useful life and the duration of the lease.
• Leases classified as **operating leases** are not restated and lease payments are recognised as expenses for the financial year, spread if required on a straight-line basis.

H. IMPAIRMENT TESTS

IAS 36 defines the procedures to be applied by a company to ensure that the net book value of its assets does not exceed their recoverable amount, that is the amount to be recovered from the use or the disposal of the assets.
Except for goodwill and intangible assets with an indefinite life, which require systematic annual impairment tests at year-end, the recoverable amount of an asset is estimated every time there is an indication that the asset may be impaired.
A recoverable amount is estimated for each individual asset. If it is not possible to do so, assets are brought together in Cash Generating Units (CGUs), whose recoverable amount is subsequently measured.
A Cash Generating Unit is the smallest group of assets to which the asset belongs, which generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.
CGUs have been identified within the Somfy Group. They primarily comprise the Group's legal entities that have been acquired through merger and acquisition transactions.
An impairment test involves comparing the recoverable amount of the CGU with its book value. 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.
If the recoverable 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.

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.
The value in use is determined on the basis of cash flows estimated by plans and budgets for a maximum of five years. Cash flows beyond five years are extrapolated through the application of a constant or decreasing rate and discounted using long-term market rates after tax, which reflect market estimates of the time value of money and specific risks pertaining to these assets. In certain cases, cash flows can be estimated over longer periods, to be justified CGU by CGU.
For intangible assets (excluding goodwill) and PPE with a set useful life, a previously recognised impairment loss may be reversed if there has been a change in the estimates used to determine the recoverable amount of the asset since the last impairment loss was recognised. If this is the case, the asset book value is increased to match the recoverable amount. The book value that has been increased following the reversal of an impairment loss may not exceed the book value that would have been measured, after deducting amortisation or depreciation, if no impairment loss had been recognised for this asset over the previous financial years. Following the recognition of an impairment loss reversal, the amortisation or depreciation charge is adjusted for future periods, so that the revised book value of the asset, after deducting its potential residual value, is evenly spread over the remaining value in use.

I. FINANCIAL ASSETS

Financial assets are classified in four categories according to their nature and the purpose of ownership:
– Assets held to maturity,
– Assets measured at fair value by way of the income statement,
– Assets available for sale,
– Loans and receivables (excluding trade receivables).
Financial assets are initially recognised at historical cost, which corresponds to the fair value of the purchase price, increased by acquisition costs.

ASSETS HELD TO MATURITY

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

ASSETS MEASURED AT FAIR VALUE BY WAY OF THE INCOME STATEMENT

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

ASSETS AVAILABLE FOR SALE

Group investments in companies over which it neither has control, nor significant influence, nor joint control, are recognised as financial assets available for sale in accordance with IAS 39.
These securities are measured at fair value at year-end and fair value variances are directly recognised in equity where their fair value is not less than their historical value over a long period of time. Amounts thus

recognised in equity are reclassified to the income statement on the disposal of assets.
Corresponding dividends are recognised in financial income in the year they are paid.
If the fair value of these assets available for sale falls below 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. INVENTORIES

Inventories are valued at their procurement cost, determined using the weighted average cost method.
In particular, inventory cost measurement takes into account the following items:
– The gross value of raw materials and supplies includes the purchase price and ancillary expenses;
– Expenses incurred to bring inventories to the place they are located, and in the condition they are in, are integrated in inventory procurement cost;
– Manufactured products are measured at production cost, which includes consumables, direct and indirect production expenses and depreciation charges of assets used in the manufacturing process;
– Intragroup profits included in inventories are eliminated;
– Borrowing costs are not included in the cost of inventory.
The value of inventories and work in progress is impaired when their net realisable value is lower than their book value.
Net realisable value is the estimated selling price under normal business conditions, after deducting estimated completion costs and estimated selling expenses.

K. TRADE AND OTHER RECEIVABLES

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

L. EQUITY

TRANSACTIONS BETWEEN SHAREHOLDERS

In the event of acquisition of additional interests in a subsidiary, the difference between the price paid and the book value of non-controlling interests acquired and any related acquisition costs is recognised according to revised IFRS 3 as a reduction of the Group's consolidated shareholders' equity, and vice versa in case of disposal of interests without loss of control.

TREASURY SHARES

The Group holds treasury shares for the following purposes:
– To stimulate the secondary market or ensure the liquidity of the Somfy SA share, by way of an investment services provider within a liquidity contract that complies with the Ethics Charter of AMAFI recognised by the "Autorité des Marchés Financiers";
– To retain the shares purchased and subsequently exchange them or use them within the framework of potential acquisitions, recognising that shares acquired to that end may not exceed 5% of the company's share capital;
– To ensure the coverage of stock option plans and/or free share allocation plans (or similar) granted to employees and/or corporate officers of the Group, as well as all other shares allocated under a company or group savings scheme (or similar), in relation to employee profit-sharing and/or any other form of allocation to employees and/or corporate officers of the Group;
– To cover marketable securities giving right to the allocation of shares in the company, in accordance with current regulations;
– To proceed with the possible cancellation of shares acquired.
Treasury shares directly held by the Group or through a liquidity contract are eliminated from equity.
On their disposal, the consideration received for the disposal of treasury shares is directly recognised as an increase of Group equity, no gain or loss is thus recognised in net profit/loss for the financial year.

M. CASH AND CASH EQUIVALENTS

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

N. PROVISIONS

This includes commitments with an uncertain maturity date or amounts resulting from restructuring operations, litigations or other risks.
A provision is established when the Group has a current obligation (legal or constructive) resulting from a past event and when future cash outflows can be measured reliably.
The Group is party to a number of litigation and arbitration proceedings with third parties or with the tax authorities of certain countries in the normal course of its business. Provisions are recorded for these proceedings when a legal, contractual or constructive obligation exists at the end of the reporting period with respect to a third party, it is probable that an outflow of resources embodying economic benefits will be required in order to settle the obligation with no consideration in return, and a reliable estimate can be made of this obligation.
Similarly, if the Group has uncertainties concerning the tax treatment it has adopted in respect of certain events or transactions, provisions are recognised if it is probable that the Group's tax liabilities would be reassessed in the event of a tax audit.
A provision for restructuring is recognised when there is an obligation toward third parties, originating from a Management decision materialised before year-end by the existence of a detailed and formal plan, which has been announced to the personnel affected or their representatives.
When the Group expects full or part repayment of an expense that was the subject of a provision, by way of the existence of an insurance contract for instance, the repayment is recognised as a separate asset but only if repayment is virtually certain.
The provision charge is taken to the income statement, net of any repayment.
In order to cover costs inherent in guarantees given to customers, the Group recognises a provision for charges. This provision represents the

estimated amount, based on statistics of charges recognised in the past, as a result of repairs during the guarantee period. At each year-end, this provision is reversed for the actual amount of services rendered recorded as expenses for the financial year.

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

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

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

O. 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. These benefits have been measured.

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

For defined benefit plans relating to post-employment benefits the cost of benefits is measured using the projected unit credit method.

According to this method, the rights to benefits are allocated to periods of service depending on the plan's formula for acquisition of rights, by taking account of a straight line effect where the rate of acquisition of rights is not uniform to the periods of subsequent service.

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

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

The different defined benefit plans are the following:

– Retirement benefit plans (IFC) for all French companies, in compliance with applicable collective agreements,

– Defined benefit pension plans in international subsidiaries (United States in particular).

All actuarial differences are immediately recognised, net of deferred tax, in reserves.

Past service costs, designating the increase in an obligation arising from the introduction of a new plan or changes to an existing plan, are expensed immediately.

Expenses relating to this type of plan are recognised under employee expenses and financial expense.

Curtailments, settlements and past service costs are recognised in current operating result or "Other financial income and expenses" according to their nature. The provision recognised in the balance sheet corresponds to the present value of the obligations calculated as described above, less the fair value of plan assets.

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 gains and losses are recognised as expenses.

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

A provision was established for expenses incurred in respect of ITR (Individual Training Right). This commitment, which only concerns French companies, was estimated based on several factors (cost per hour, number of hours accumulated by employees, probability of ITR being claimed by personnel, etc.). With effect from 1 January 2015, the ITR will be replaced by the PTA (Personal Training Account), which will be financed by a contribution based on salaries. The ITR hours not used by employees at 31 December 2014 may be used until 1 January 2021. Pending further legislation concerning the financing of the ITR as from 1 January 2015, the provision for the commitment has been restated at its present value and retained in the financial statements for the year ended 31 December 2014.

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

P. TRADE AND OTHER PAYABLES

Trade and other payables are recognised at their nominal value.

Q. SHARE-BASED PAYMENTS

Some Group employees, including senior executives, have received the right to the allocation of free shares, subject to the achievement of certain performance conditions, and options entitling them to acquire Somfy SA shares at a price fixed in advance. The Group does not grant warrants to subscribe for shares.

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

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

During the rights vesting period, the fair value of options and free shares thus determined is split in proportion to the acquisition of rights. This expense is posted to personnel costs and offset by an increase in equity.

Upon exercise of the options, the exercise price received is recorded under cash and offset in equity.

The dilutive impact of outstanding options and free shares is reflected in the calculation of diluted earnings per share.

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

R. BORROWINGS AND BORROWING COSTS

Upon initial recognition, loans and other interest-bearing debts are measured at fair value, increased by transaction costs that are directly attributable to the issuance of the liability. Fair value generally equals the amount of cash received.

Issuing charges and premiums are taken into consideration in measuring amortised cost according to the effective rate method. Therefore, they are recognised in the income statement on an actuarial basis over the duration of the liability.

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

S. PURCHASE COMMITMENTS GIVEN TO NON-CONTROLLING INTERESTS

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

– Under equity, for transactions arising after 1 January 2010,

– Under goodwill, for transactions arising before 1 January 2010.

T. INCOME TAX

CURRENT TAX

The income tax consolidation agreement between Somfy SA and its directly and indirectly owned subsidiaries was renewed on 1 January 2013 for an indefinite period of time.
The following companies are party to this agreement at 31 December 2014: Somfy SA, Somfy SAS, Simu SAS, CMC SARL, SEM-T SASU, Domis SA and Automatismes BFT France SAS.
Under this agreement, the difference between the sum of income taxes calculated for each company and the total of the tax integrated group is accounted for as income in the income statement of the Group's holding company.
Should a subsidiary cease to be a member of the tax consolidation, it will be compensated by Somfy SA in accordance with a jointly-agreed exit methodology, taking account of the situation at that date.

DEFERRED TAX

Deferred tax assets and liabilities are measured at the income tax rate expected to apply to the financial year when the asset will be realised or the liability settled, on the basis of income tax rates (and tax regulations) adopted or virtually adopted at year end.
Deferred tax is recognised for the temporary differences between the book value of assets and liabilities and its tax value and restatements made on consolidation to conform to Group accounting standards (extended concept of deferred tax calculation).
Deferred tax relating to tax losses of companies not included in the tax consolidation or that have arisen prior to their inclusion in the tax consolidation are recognised when the conditions defined by IAS 12 are met:
– The entity has sufficient taxable temporary differences with a single tax authority and for the same entity, which will generate taxable amounts against which unused tax losses and tax credits can be offset before they expire;
– It is likely that the entity will generate taxable profits before unused tax losses and tax credits expire;
-– Unused tax losses result from identifiable causes, which will probably not reoccur;
– Opportunities related to the entity tax management will generate taxable profits for the financial year during which unused tax losses and tax credits can be allocated.
If it is unlikely that the entity will make sufficient profits to allocate unused tax losses or tax credits, deferred tax assets are not recognised.

CVAE

The CVAE tax charge is classified as income tax charge in order to provide a more relevant information with respect to comparison, given prevailing market practice.

INVESTMENT TAX CREDIT

The treatment of investment tax credits is not specifically addressed under IFRS.
A number of criteria need to be assessed on a case-by-case basis to ascertain whether to recognise the investment tax credit as income tax (IAS 12) or as a grant (IAS 20).
These criteria include the non-refundable nature or not of the tax credit should taxable profits be sufficient, the specific nature or not of the investment, the taxable nature or not of the tax credit and the number of requirements for eligibility for the tax credit.

U. DERIVATIVE FINANCIAL INSTRUMENTS

All derivative financial instruments are measured at their fair value. Fair value is either the market value for listed instruments, or a value provided by financial institutions in accordance with usual criteria (over-the-counter market).
Derivative financial instruments primarily comprise foreign exchange contracts and interest rate swaps.
As for the fair value of interest rate hedges, the effective portion of the fair value of foreign currency hedges recognised as eligible for hedge accounting is recognised in shareholders' equity.
The fair value movements in foreign currency and interest rate hedging instruments ineligible for hedge accounting are recognised in net financial income/expense.
The fair value of derivative instruments is recognised in the balance sheet under specific items: "current and non-current asset derivative instruments" or "current and non-current liability derivative instruments" depending on the nature of the hedged good.

V. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurements are specified by level in accordance with the following fair value hierarchy:
– The instrument is quoted on an active market (level 1);
– Measurement requires the use of valuation techniques drawing on observable data, either directly (prices) or indirectly (as derived from prices) (level 2);
– At least one significant component of fair value is based on non-observable data (level 3).
The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service or regulatory agency, and those prices represent regularly occurring market transactions. These instruments are classified as level 1.
The fair values of financial instruments that are not traded in an active market (e.g. over-the-counter derivatives) are determined using valuation techniques. These different valuation techniques maximise the use of observable market data, where available, and rely little on the Group's estimates. The instrument is classified as level 2 if all elements required to calculate the fair value of an instrument are observable.
If one or more of the principal calculation elements is not based on observable market data, the instrument is classified as level 3.

W. NON-CURRENT ASSETS (OR GROUPS THEREOF) HELD FOR SALE OR DISTRIBUTION AND DISCONTINUED OPERATIONS

In accordance with IFRS 5 – Non-current assets held for sale or distribution, an entity must classify a non-current asset (or group thereof) as held for sale if the book value is recovered principally through a sale rather than through continuing use.
Within the meaning of the standard, the term disposal covers sales, distributions and exchanges of assets for other assets. The non-current asset or group of non-current assets held for sale must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, and its sale must be highly probable.
For a sale to be regarded as highly probable, the following criteria must be met:
– The appropriate level of management must be committed to a disposal plan;
– An active programme to locate a buyer and complete the plan must have been initiated;
– The asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value;
– The disposal must be reliably expected to be completed within 12 months from the reclassification of the assets to be disposed of or exchanged;
– The actions required to complete the plan must indicate that it is unlikely that significant changes will be made or that the plan will be withdrawn.

Prior to their reclassification as "Assets held for sale or distribution", the non-current asset or assets and liabilities of the disposal group are measured in accordance with their respective applicable standards. Following reclassification as "Assets held for sale or distribution", the non-current asset or group of assets is measured at the lower of its book value and its fair value less costs to sell, an impairment loss being recognised where relevant. Once an asset has been reclassified as a non-current assets held for sale or distribution, it is no longer depreciated or amortised.
In the event of the disposal of a subsidiary resulting in loss of control, all of the subsidiary's assets and liabilities are classified as assets or liabilities "held for sale" on the balance sheet under the headings "Assets held for sale or distribution" and "Liabilities related to assets held for sale or distribution", provided the IFRS 5 classification criteria are met.
Income statement and cash flow statement items relating to these distributed or held for sale operations are disclosed separately in the financial statements for all periods presented.
Balance sheet items are classified as assets and liabilities held for sale without restatement of the comparative year.

X. 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 allocated at the closing to stock options plans or free shares allocations guarantee a dilutive effect on the calculation of diluted earnings per share. The Group has not issued any securities giving future access to capital.

Y. 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.

Z. OPERATING RESULT

Current operating result is defined as the difference between:
– Operating result including all revenues and charges, except those generated from finance activities, equity-accounted companies, discontinued operations, operations held for disposal or income tax, and,
– Other operating income and expenses.
Other operating income and expenses relate to factors that are unusual, abnormal, infrequent and particularly significant, which could mislead the understanding of the Group's consolidated performance. These notably include the capital gains and losses on asset disposals, restructuring costs and provisions of a nature liable to affect the understanding of the current operating result.
Current operating result reflects company performance.
The amortisation of intangible assets allocated as part of business combinations is included in current operating result.

AA. NET FINANCIAL INCOME/(EXPENSE)

Net financial income/(expense) comprises the following two items:
– Net cost of financial debt
Includes all income/expense from net financial debt or cash surplus constituents over the period, including income/loss on interest rate hedges.
– Other financial income and expenses
Include income and expenses of a financial nature but neither of an operational nature nor a constituent of the cost of net financial debt.

BB. SEGMENT REPORTING

The Group is organised in three segments:
– **Somfy Activities** which includes the companies whose operations come within the scope of Somfy Group's two businesses "Home & Building" and "Access";
– **Somfy Participations** which is dedicated to investing in industrial companies outside Somfy Group's core business. This division held interests in Gaviota Simbac, Zurflüh-Feller, Sirem, Pellenc, Lacroix, UMV and Sofilab 4, which were the subject of a distribution at the end of 2014. The division also held the CIAT shares, which were in the process of being sold at 31 December 2014;
– **Other** which comprises the financing costs and exchange gains or losses that cannot be directly associated with one of the other two segments and also includes the value of the equity investment in FAAC, a company in which the Group does not have a controlling interest, as well as the corresponding management costs.
Given the demerger of Somfy Activities and Somfy Participations at the end of 2014 and the disposal, currently in progress, of the equity investments in CIAT, the Group retained the "Activities" and "Participations" operating segments in respect of 2014 pending the revision of its operational monitoring system. The disclosure of segment information will be amended accordingly as from 2015.
No difference exists between the accounting policies applied by the segments presented and the accounting policies applied by the Group.

Notes to the consolidated financial statements at 31 December 2014

NOTE 1: HIGHLIGHTS OF THE YEAR

NOTE 1.1: DEMERGER AND QUOTATION OF SOMFY PARTICIPATIONS

At its meeting of 14 May 2014, the Supervisory Board unanimously decided to study the demerger of the Group into two entities, Somfy Activities and Somfy Participations, as proposed by the Management Board. The Management Board considered that more than six years after its creation, Somfy Participations had acquired the necessary maturity and experience to develop its activities autonomously.
The Supervisory Board meeting of 13 October 2014, having considered the report of the independent expert (Valphi) on the transfer value of the assets and the fairness of the financial conditions of the transaction, unanimously approved the terms of the demerger of the Group's two business divisions, Somfy Activities and Somfy Participations.
As part of this transaction, on 29 October 2014 Somfy SA **transferred the assets of Somfy Participations (Gaviota Simbac, Zurflüh-Feller, Sirem, Pellenc and Sofilab 4), with the exception of CIAT and FAAC securities**, to the public limited company (société anonyme) Edify, governed by Luxembourg law, which was created on 16 September 2014 for the purposes of the transaction.
The value of Edify at the end of the transfer was €253 million. It is divided into 5,060,620 shares and is made up of €192 million and €61 million for the equity portfolio and the balance of other financial assets (receivables, cash and cash equivalents) respectively.
At its meeting of 27 November 2014, the General Meeting adopted all the resolutions submitted for its approval. It has thus ratified the separation of the Group's two business divisions and decided to make an exceptional distribution of reserves with shareholders having the choice of receiving either a cash payment or shares in the company Edify.

At the General Meeting, Somfy's majority shareholder confirmed its decision to opt for payment in Edify shares.

The amount of €50 per Somfy share for payment in cash was established based on the value of Edify, set at €253 million and divided into 5,060,620 shares comprising the share capital of said company.

The firm Valphi, acting as independent expert, believed the financial conditions of the transaction to be fair for Somfy shareholders in a report dated 9 October 2014, annexed to the prospectus for admitting Edify shares to official listing and trading on the organised Euro MTF market of the Luxembourg stock exchange, available via Somfy's website (www.somfy.com).

Edify shares were admitted for trading on the Luxembourg market on the same date as the distribution was paid, namely 19 December 2014.

Prior to the demerger, **Somfy Participations** performed the following legal transactions:

– In June 2014, **acquisition of 5.89% of the share capital of Lacroix**, a French company specialised in the manufacture of wooden, cardboard, plastic and composite packaging;

– In July 2014, **acquisition of 68.4% of the share capital of Usines Métallurgiques de Vallorbe** (UMV) in the canton of Vaud in Switzerland, one of the world leaders in the manufacture of high quality files for use in many industries such as forestry, jewellery and watchmaking;

– In December 2014, **acquisition of the bare ownership of 51.36% of the share capital of Pellenc SA**. At 31 December 2014, Somfy Participations owns the full ownership of 48.4% of shares in Pellenc SA.

The aforementioned Lacroix, Usines Métallurgiques de Vallorbe and Pellenc SA securities were incorporated into the transfer to Edify as detailed above.

The demerger has been accounted for as a distribution of non-cash assets in accordance with the IFRIC 17 interpretation. The Group took the view that, although the demerger was an operation under common control, the recognition principles could be applied. The financial impact of this transaction was a loss of €60.9 million (see note 9), which was recognised in the income statement under the "Net profit of operations held for sale or distribution" heading, in accordance with IFRS 5. This loss is mainly attributable to the holding company discount applied to the assets transferred to Edify, in accordance with the independent expert's valuation.

NOTE 1.2: CIAT DISPOSAL PROCESS

On 23 July, **Somfy SA** received a firm offer from **United Technologies Corporation** to acquire its equity investment in the share capital of **CIAT Group**, a specialist in the air treatment and heat transfers of buildings.

The bid was subject to several conditions precedent, namely consultation with CIAT Group's works council (favourable opinion issued on 28 October 2014), approval by CIAT Group following this consultation and the authorisation of the supervisory bodies governing this type of transaction (last authorisations received in December 2014).

The definitive transfer took place on 5 January 2015. The transaction is worth approximately €117 million, including €38 million related to the acquisition price of the securities, excluding costs, and €79 million for the redemption of the CIAT bond issue originally subscribed to by Somfy SA.

The CIAT Group interest dates from 2008 for its initial portion and on the day of the transfer represented 46.1% of the share capital of CIAT Group.

NOTE 1.3: APPLICATION OF IFRS 5 – ASSETS HELD FOR SALE OR DISTRIBUTION

The Group presented the demerger transaction (see §1.1) and the disposal of CIAT (see §1.2) as operations distributed or held for sale, in accordance with IFRS 5 – Non-current assets held for sale or distribution.

The profit/(loss) from these operations is presented on a separate line of the income statement, "Net profit from operations distributed and held for sale", and has been restated in the cash flow statement and the income statement for all periods published.

The assets and liabilities of "operations distributed and held for sale" are shown on separate lines of the Group's balance sheet, without restatement of previous periods.

NOTE 1.4: IMPAIRMENT OF GOODWILL

Somfy Activities impaired the goodwill of **BFT** Group, **Giga** and **Garen Automação** for a total of €24.3 million (see note 10) and its equity investment in **Neocontrol** for €0.5 million at 31 December 2014 (see notes 10 and 13), given the outlook of these subsidiaries.

NOTE 1.5: TAX AUDITS

Somfy SAS was subject in 2013 to a tax audit in relation to the 2009 and 2010 financial years. The main adjustment related to the transfer price policy implemented between a subsidiary of Somfy SA, Somfy SAS and a number of distribution subsidiaries.

During the second half of 2013, Somfy SAS, with the assistance of its legal advisers, accepted to enter talks with the tax authorities in order to reach an outcome acceptable to all parties.

The Group considered it probable that Somfy SAS would be compelled to accept part of the additional tax assessment thus notified and had therefore recognised a liability of €8.4 million in the financial statements for the year ended 31 December 2013.

During the first half of 2014, Somfy SAS and the tax authorities agreed on the amount of this additional assessment. Somfy SAS thus recorded a liability equal to the provision recognised in the financial statements at 31 December 2013.

Somfy SA has been subject to a tax audit in relation to the 2010 and 2011 financial years. A liability of €3.1 million had been provisioned in the 2013 annual financial statements. During the first half of 2014, Somfy SA and the tax authorities agreed on the amount of this additional assessment, which was identical to the provision recognised in the financial statements at 31 December 2013.

NOTE 1.6: CONTINGENT LIABILITIES

Somfy Mexico SA, the Group's Mexican subsidiary, has been subject to a tax audit by the tax authorities in relation to foreign trade matters. The proposed tax adjustment amounts to €1.7 million, primarily related to customs duties. Somfy Mexico has appealed to the Mexican tax authorities which confirmed its opinion at the end of September 2013. Following this reply, Somfy Mexico has appealed to the administrative court. The Group considers that the arguments put forward by the tax authorities remain disputable and is confident in the likelihood that this ruling will be overturned. Therefore, the Group qualified the risk as a contingent liability and no provision was recognised at 31 December 2014.

On 6 January 2014, **Somfy SA** was summoned to appear before the Regional Court of Albertville to seek annulment of the transfer of the company **Spirel**, which took place in 2010. Having had their first summons rejected by the Regional Court of Albertville, Spirel's employees served a new summons on 27 June 2014. The hearings should take place in 2015. Somfy SA disputes the arguments put forward by counsel for the Spirel employees, believes it has complied with its obligations and remains confident of its chances of receiving a favourable ruling. Therefore, the Group qualified the risk as a contingent liability and no provision was recognised at 31 December 2014.

NOTE 1.7: CHANGES IN GROUP STRUCTURE

The scope was impacted by the demerger of the Group into two entities, Somfy Activities and Somfy Participations, as detailed in note 1.1.

The Group made no major acquisitions during the 2014 financial year, other than those referred to in the same section.

NOTE 2: RESTATEMENT OF PREVIOUSLY-PUBLISHED FINANCIAL STATEMENTS

Previously-published financial statements have been restated following the application of IFRS 5 and the determination of the fair value of Giga's and Garen Automação's assets and liabilities.

NOTE 2.1: CLASSIFICATION OF ASSETS HELD FOR SALE OR DISTRIBUTION (IFRS 5)

As described in note 1.1., the Group has identified the following operations as meeting the criteria for classification as operations discontinued, sold or held for sale or distribution.

– Sirem, Zurflüh-Feller, Gaviota Simbac, Pellenc, Lacroix, UMV and Sofilab 4: these companies were the subject of a distribution at the end of 2014;
– CIAT: this company was in the process of being sold at 31 December 2014.

By contrast, the interests in FAAC are still held by the Group and classified as available-for-sale financial assets.

In accordance with IFRS 5, the income statement and cash flow statement previously published have been restated. The balance sheet has not been restated.

For the purposes of comparability with future financial years, the discontinued operations have been treated as fully deconsolidated. The annual financial statements are therefore presented before elimination of the transactions carried out between the continuing operations and the operations sold or distributed.

The effects on the 2013 financial statements of the restatements in respect of the "operations discontinued, sold or held for sale or distribution" are as follows:

Income statement for the 2013 financial year

€ thousands	Distributed operations* 31/12/13	Operations held for sale** 31/12/13	Operations distributed or held for sale 31/12/13
Sales	77,281	–	77,281
Other operating income	3,532	–	3,532
Cost of sales	– 26,630	–	– 26,630
Employee expenses	– 28,538	–	– 28,538
External expenses	– 13,022	–	– 13,022
EBITDA	**12,623**	**–**	**12,623**
Amortisation and depreciation charges	– 5,589	–	– 5,589
Charges to/reversal of current provisions	508	–	508
Gains and losses on disposal of non-current operating assets	– 195	–	– 195
EBITA	**7,347**	**–**	**7,347**
Amortisation of allocated intangible assets	– 1,602	–	– 1,602
CURRENT OPERATING RESULT	**5,745**	**–**	**5,745**
Other operating income and expenses	123	–	123
Impairment of goodwill	– 647	–	– 647
OPERATING RESULT	**5,221**	**–**	**5,221**
– Financial income from investments	*5,877*	–	*5,877*
– Financial expenses related to borrowings	*– 1,264*	–	*– 1,264*
Cost of net financial debt	4,613	–	4,613
Other financial income and expenses	– 59	–	– 59
NET FINANCIAL INCOME/(EXPENSE)	**4,554**	**–**	**4,554**
PROFIT BEFORE TAX	**9,775**	**–**	**9,775**
Income tax	– 2,841	–	– 2,841
Share of net profit/(loss) of associates	3,385	– 1,945	1,440
NET PROFIT OF OPERATIONS HELD FOR SALE OR DISTRIBUTION	**10,318**	**– 1,945**	**8,373**
Attributable to: Group share	10,406	– 1,945	8,462
Attributable to: Non-controlling interests	– 88	–	– 88

** Sirem, Zurflüh-Feller, Gaviota Simbac, Pellenc and Sofilab 4.*
*** CIAT.*

Cash flow statement for the 2013 financial year

€ thousands	Distributed operations 31/12/13	Operations held for sale 31/12/13
Net profit of operations distributed or held for sale	**10,318**	**– 1,945**
Depreciation and amortisation of assets (excluding current assets)	4,120	–
Charges to and reversals of provisions for liabilities	– 1,594	–
Unrealised gains and losses related to fair value movements	– 74	–
Unrealised foreign exchange gains and losses	107	–
Income and expenses related to stock options and employee benefits	208	–
Depreciation, amortisation, provisions and other non-cash items	**2,767**	–
Profit on disposal of assets and others	2,935	–
Share of net profit/(loss) of associates	– 3,385	1,945
Deferred tax expense	299	–
Cash flow	**12,935**	**–**
Cost of net financial debt (excluding non-cash items)	– 2,827	–
Tax expense (excluding deferred tax)	2,747	–
Change in working capital requirements	3,159	–
Tax paid	– 1,354	–
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	**14,660**	**–**
Acquisition-related disbursements:		
– intangible assets and property, plant and equipment	– 5,303	–
– non-current financial assets	– 1,047	–
Disposal-related proceeds:		
– intangible assets and property, plant and equipment	56	–
– non-current financial assets	9,054	–
Change in current financial assets	5,407	–
Dividends paid by associates	376	21
Interest received	185	–
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	**8,728**	**21**
Increase in loans	229	–
Reimbursement of loans	– 5,802	–
Net increase in shareholders' equity of subsidiaries	– 510	–
Dividends and interim dividends paid	– 11,708	– 21
Interest paid	– 3,209	–
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	**– 21,000**	**– 21**
Impact of changes in foreign exchange rates on cash and cash equivalents (D)	– 1	–
NET CHANGE IN CASH AND CASH EQUIVALENTS (A + B + C + D)	**2,387**	**–**
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR	**9,816**	**–**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**12,201**	**–**

NOTE 2.2: ALLOCATION OF ACQUISITION COST – GIGA AND GAREN AUTOMAÇÃO

The financial statements at 31 December 2013 have been restated following the determination of the fair value of Giga's and Garen Automação's assets and liabilities.
Since Garen Automação had been acquired at 31 December 2013, this work did not affect the 2013 consolidated net profit.
The published financial statements for the year ended 31 December 2013 have been restated in respect of the following:

Income statement

€ thousands	
Published net profit for the year to 31 December 2013	**101,201**
Amortisation charges of fair values calculated for Giga	– 491
Deferred tax on fair value amortisation charges calculated for Giga	75
Restated net profit for the year to 31 December 2013	**100,786**

Balance sheet

Assets

€ thousands	31/12/13 Published Net	Allocation of Giga's and Garen Automação's acquisition cost	31/12/13 Net
Non-current assets			
Goodwill	227,159	– 1,788	225,372
Net intangible assets	65,764	3,767	69,532
Net property, plant and equipment	244,316	– 1,263	243,053
Investments in associates	109,881	–	109,881
Financial assets	230,521	–	230,521
Other receivables	446	1	446
Deferred tax assets	35,518	352	35,870
Employee benefits	49	–	49
Total Non-current assets	**913,653**	**1,070**	**914,723**
Current assets			
Inventories	141,393	– 57	141,336
Trade receivables	158,050	– 254	157,796
Other receivables	19,234	– 70	19,164
Current tax assets	5,407	–	5,407
Financial assets	884	–	884
Cash and cash equivalents	136,496	–	136,496
Total Current assets	**461,464**	**– 382**	**461,082**
TOTAL ASSETS	**1,375,117**	**688**	**1,375,805**

Equity and liabilities

€ thousands	31/12/13 Published	Allocation of Giga's and Garen Automação's acquisition cost	31/12/13
Total shareholders' equity	**928,641**	**1,163**	**929,805**
Non-current liabilities			
Non-current provisions	18,078	644	18,722
Other financial liabilities	79,872	– 1,842	78,030
Other liabilities	1,763	–	1,763
Employee benefits	18,639	–	18,639
Deferred tax liabilities	65,181	1,420	66,600
Derivative instruments	938	1	938
Total Non-current liabilities	**184,471**	**221**	**184,692**
Current liabilities			
Current provisions	19,888	–	19,888
Other financial liabilities	39,417	–	39,417
Trade payables	100,213	–	100,213
Other liabilities	95,855	– 696	95,159
Tax liabilities	6,604	–	6,604
Derivative instruments	28	–	28
Total Current liabilities	**262,005**	**– 696**	**261,309**
TOTAL EQUITY AND LIABILITIES	**1,375,117**	**688**	**1,375,805**

NOTE 3: SEGMENT REPORTING

The Group is organised in three segments:

– **Somfy Activities** which includes the companies whose operations come within the scope of Somfy Group's two businesses "Home & Building" and "Access";

– **Somfy Participations** which is dedicated to investing in industrial companies outside Somfy Group's core business. This division held interests in Gaviota Simbac, Zurflüh-Feller, Sirem, Pellenc, Lacroix, UMV and Sofilab 4, which were the subject of a distribution at the end of 2014. The division also held the CIAT shares, which were in the process of being sold at 31 December 2014;

– **Other** which comprises the financing costs and exchange gains or losses that cannot be directly associated with one of the other two segments and also includes the value of the equity investment in FAAC, a company in which the Group does not hold a controlling interest, as well as the corresponding management costs.

AT 31 DECEMBER 2014

€ thousands	Somfy Activities	Somfy Participations	Other	Inter-segment	Consolidated
Segment sales	981,731	–	–	–	981,731
Segment current operating result	150,307	–	– 559	–	149,748
Net profit/(loss) of operations sold or held for sale	–	– 53,795	–	–	– 53,795
Share of net profit/(loss) of associates	– 428	–	–	–	– 428
Cash flow	151,974	–	– 3,588	–	148,386
Net investments in intangible assets and PPE	45,463	–	–	–	45,463
Goodwill	188,377	–	–	–	188,377
Net intangible assets and PPE	273,554	–	–	–	273,554
Non-controlling equity investments	222	–	145,522	–	145,744
Investments in associates	1,680	–	–	–	1,680
Net assets held for sale	–	90,392	–	–	90,392

AT 31 DECEMBER 2013

€ thousands	Somfy Activities	Somfy Participations	Other	Inter-segment	Consolidated
Segment sales	922,818	–	–	–	922,818
Segment current operating result	144,574	–	– 238	–	144,336
Net profit/(loss) of operations sold or held for sale	–	8,373	–	–	8,373
Share of net profit/(loss) of associates	59	–	–	–	59
Cash flow	139,102	–	– 7,001	–	132,101
Net investments in intangible assets and PPE	49,603	–	–	–	49,603
Goodwill	203,835	21,537	–	–	225,372
Net intangible assets and PPE	264,072	48,512	–	–	312,584
Non-controlling equity investments	143	152,705	–	–	152,848
Investments in associates	2,070	107,811	–	–	109,881

SEGMENT INFORMATION ON OPERATIONS DISTRIBUTED OR HELD FOR SALE

The distributed operations included Zurflüh-Feller, Sirem, Pellenc, Gaviota Simbac, Sofilab 4, UMV and Lacroix, whilst CIAT was in the process of being sold. The segment information on operations distributed or held for sale was determined in accordance with the consolidation methods and ownership percentages applicable on the distribution date or at the end of the reporting period.

	31/12/14	31/12/13
Segment sales	75,111	77,281
Segment current operating result	7,157	5,745
Share of net profit/(loss) of associates	6,653	3,385
Cash flow	9,733	12,935

NET INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT BY ASSET LOCATION

€ thousands	31/12/14	31/12/13
France	113,353	114,917
Germany	10,923	10,448
Northern Europe	1,936	2,404
Central and Eastern Europe	24,809	15,108
Southern Europe, Middle East and Africa	57,013	57,881
Asia-Pacific	53,715	45,552
Americas	11,805	17,762
SOMFY ACTIVITIES (CONTINUING OPERATIONS)	**273,554**	**264,072**
SOMFY PARTICIPATIONS	–	48,512
SOMFY CONSOLIDATED	**273,554**	**312,584**

SALES BY CUSTOMER LOCATION

€ thousands	31/12/14	31/12/13	Change N/N–1	Change N/N–1 like-for-like
France	245,694	250,936	– 2.1%	– 2.1%
Germany	153,162	144,797	5.8%	5.8%
Northern Europe	95,706	87,769	9.0%	8.4%
Central and Eastern Europe	95,009	85,025	11.7%	14.1%
Southern Europe, Middle East and Africa	174,342	161,880	7.7%	9.2%
Asia-Pacific	96,933	94,080	3.0%	5.0%
Americas	120,883	98,331	22.9%	2.2%
CONTINUING OPERATIONS	**981,731**	**922,818**	**6.4%**	**4.8%**

NOTE 4: OTHER OPERATING INCOME

€ thousands	31/12/14	31/12/13
Capitalised production	3,649	4,690
Provision of services	2,746	3,068
Other income	9,550	6,298
OTHER OPERATING INCOME	**15,944**	**14,056**

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

NOTE 5: OTHER OPERATING INCOME AND EXPENSES

€ thousands	31/12/14	31/12/13
Charge to/reversal of non-current provisions	1,710	1,964
Other non-current items	– 1,293	– 6,779
– Non-current income	*50*	*293*
– Non-current expenses	*– 1,343*	*– 7,070*
Net gain/(loss) on disposal of assets	7	– 68
OTHER OPERATING INCOME AND EXPENSES	**424**	**– 4,882**

Other operating income and expenses were not material for the year to 31 December 2014.
At 31 December 2013, the balance of the other operating income and expenses primarily included residual impacts from the Somfy SAS tax adjustment and a loss from the Cypriot subsidiary.

NOTE 6: NET FINANCIAL INCOME/(EXPENSE)

€ thousands	31/12/14	31/12/13
Cost of net financial debt	– 3,908	– 1,783
– Financial income from investments	*922*	*1,101*
– Financial expenses related to borrowings	*– 4,831*	*– 2,884*
Effect of foreign currency translation	– 2,126	– 4,816
Other	– 256	1,977
NET FINANCIAL INCOME/(EXPENSE)	**– 6,290**	**– 4,622**

The change in net financial income/(expense) was primarily due to the absence of dividends received from FAAC in 2014, compared with €2.7 million at 31 December 2013. They are recognised under the "Other" caption in net financial income/(expense).

NOTE 7: CURRENT AND DEFERRED TAX

NOTE 7.1: TAX PROOF

€ thousands	31/12/14	31/12/13
Profit before tax of continuing operations	**119,587**	**128,438**
Share of expenses on dividends	*841*	*1,635*
Dividends of non-consolidated companies	*–*	*– 2,720*
Goodwill impairment	*20,542*	*4,195*
Reclassification of CVAE to Income tax	*– 3,194*	*– 2,597*
Reclassification of CICE to Employee expenses	*– 1,964*	*– 1,234*
Reclassification of CIR to Other operating income	*– 3,509*	*– 3,645*
Other	*– 60*	*2,967*
Permanent differences	12,656	– 1,399
Net profit taxed at reduced rate*	– 21,981	– 20,604
Net profit taxable at standard rate	110,262	106,435
Tax rate in France	*38.00%*	*38.00%*
Tax charge recalculated at the French standard rate	41,900	40,445
Tax at reduced rate*	3,759	3,489
*Difference in standard rate in foreign countries***	*– 22,642*	*– 26,366*
Tax losses for the year, unrecognised in previous periods, deficits used	*1,315*	*4,059*
Effect of the rate difference	– 21,327	– 22,307
Tax credits***	– 4,518	– 4,843
Other taxes and miscellaneous****	7,477	19,299
Group tax	**27,291**	**36,083**
Effective rate	***22.82%***	***28.09%***
Current tax:	35,399	43,150
Deferred tax:	– 8,108	– 7,067

** Royalties taxed at reduced rate (17.1%).*
*** In 2014, the main contributing countries were Tunisia (€17.1 million) where the tax charge was nil, Germany (€0.9 million), other European countries (€1.8 million) and countries of the Middle East (€1.2 million).*
**** Including SOPEM tax credit of €4.5 million in 2014 and €4.6 million in 2013.*
***** Other taxes and miscellaneous notably include CVAE for €3.1 million in 2014 and €2.6 million in 2013, the 3% contribution on dividends of €1.2 million in 2014 and €1.1 million in 2013, and the tax audits of Somfy SAS generating a provision of €8.4 million in 2013.*

As at 31 December 2013, the analysis of the accounting treatment of SOPEM's investment tax credit, conducted in accordance with the criteria specified in Section T of the accounting rules and methods, led the Group to consider that this tax credit falls within the scope of IAS 12. This tax credit was therefore recognised as a tax income. In order to avail of this tax credit, SOPEM has to comply with a number of commitments, such as a minimum investment value, a minimum number of people employed at the site and a deadline for completion of the investment (30 June 2020).

Current tax assets and liabilities

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

Retained losses capitalised and used

Deferred tax relating to losses of companies excluded from the tax consolidation or which arose before their inclusion in the tax consolidation was not capitalised where it was deemed unlikely that future taxable profits will be sufficient to absorb unused previous tax losses. The value of such losses was €36.1 million at the end of 2014 at the standard tax rate and is identical to that at the end of 2013.
No significant deferred tax assets were recognised in 2014 in relation to tax losses arising during the financial year or in previous years.

NOTE 7.2: DEFERRED TAX DIRECTLY TAKEN TO EQUITY

€ thousands	31/12/14	31/12/13
Deferred tax assets		
– Actuarial gains and losses on employee benefits	3,674	3,248
– Foreign currency hedges	81	–
– Miscellaneous	178	257
Deferred tax liabilities		
– Financial assets available for sale	5,843	5,843
– Interest rate hedges	–	1
– Foreign currency hedges	–	16
NET DEFERRED TAX	**– 1,910**	**– 2,355**

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

NOTE 7.3: ANALYSIS BY NATURE

€ thousands	31/12/14 Assets	31/12/13 Assets	Income statement impact	IFRS 5 impact of changes in consolidation scope
Deferred tax on restatements related to IFRS standards and temporary differences, including:	27,504	27,852	4,396	– 5,407
– Restatements to employee benefits	*4,295*	*4,478*	*67*	*– 643*
– Restatements resulting from provision methods	*4,334*	*4,987*	*– 627*	*–*
– Restatements due to tax and social liabilities	*3,983*	*4,046*	*259*	*– 517*
– Restatements due to SOPEM tax credits	*8,943*	*4,649*	*4,540*	*–*
– Fair value restatements	*–*	*1,864*	*– 6*	*– 1,858*
– Restatements on the fair value of hedge instruments	*97*	*331*	*– 12*	*– 320*
– Restatements resulting from acquisition expenses	*387*	*619*	*– 5*	*– 227*
Deferred tax on intragroup margins	8,699	8,018	548	– 50
Deferred tax on the elimination of intragroup provisions	–	–	–	–
TOTAL	**36,203**	**35,870**	**4,944**	**– 5,457**

€ thousands	31/12/14 Liabilities	31/12/13 Liabilities	Income statement impact	IFRS 5 impact of changes in consolidation scope
Deferred tax on restatements related to IFRS standards and temporary differences, including:	47,733	62,090	– 3,336	– 10,968
– Restatements related to the fair value of non-current assets	*6,664*	*13,788*	*– 68*	*– 7,056*
– Restatements related to leases	*9,791*	*10,825*	*370*	*– 1,405*
– Restatements due to changes in amortisation and depreciation rates	*2,436*	*4,208*	*– 1,911*	*–*
– Restatements from the capitalisation of development costs	*13,292*	*12,263*	*1,204*	*– 175*
Deferred tax on intragroup margins	1,294	1,208	68	–
Deferred tax on the elimination of intragroup provisions	1,831	1,727	104	–
Deferred tax on acquisition expenses	698	1,576	–	– 878
TOTAL	**51,556**	**66,600**	**– 3,164**	**– 11,846**

NOTE 8: EARNINGS PER SHARE

Basic earnings per share	31/12/14	31/12/13
Net profit - Group share (€ thousands)	37,964	99,492
Total number of shares (1)	7,836,800	7,836,800
Treasury shares* (2)	401,457	412,730
Number of shares used in calculation (1) – (2)	7,435,343	7,424,070
BASIC EARNINGS PER SHARE (€)	**5.11**	**13.40**

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

Diluted earnings per share	31/12/14	31/12/13
Net profit - Group share (€ thousands)	37,964	99,492
Total number of shares (1)	7,836,800	7,836,800
Treasury shares** (2)	389,987	397,198
Number of shares used in calculation (1) – (2)	7,446,813	7,439,602
DILUTED EARNINGS PER SHARE (€)	**5.10**	**13.37**

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

Treasury shares acquired by Somfy SA and allocated to share option plans and free share plans at the balance sheet date contribute towards diluted earnings per share.
The number of shares comprising the share capital has not been modified.

NOTE 9: OPERATIONS DISTRIBUTED OR HELD FOR SALE

During the second half of the year, the Group finalised the demerger of its two operating divisions "**Somfy Activities**" and "**Somfy Participations**" (see note 1.1.).
Throughout all of the periods presented, the operations distributed or held for sale included Zurflüh-Feller, Sirem, Pellenc, Gaviota, Lacroix, UMV, Sofilab 4 and CIAT.
The acquisitions of UMV and Lacroix during the year did not affect the periods presented since they have been accounted for since their acquisition in accordance with IFRS 5.
The income statement and cash flow statement items relating to these operations distributed or held for sale are presented on a separate line.
The balance sheet items classified as "operations held for sale" are presented on a separate line within assets and liabilities with no restatement in respect of the preceding year.
The assets and liabilities in respect of the "distributed operations" are not presented on separate lines in the Group's balance sheet.
The interests in FAAC are still held by the Group (classified as available-for-sale financial assets which were not distributed under the terms of the demerger).

The "Assets and liabilities of operations held for sale" comprised:

Equity value of CIAT Group securities	29,574
CIAT bond	79,400
Other	558
ASSETS HELD FOR SALE OR DISTRIBUTION	**109,532**

Additional contribution on distribution	11,153
Other tax liabilities	6,389
Other	1,598
LIABILITIES RELATED TO ASSETS HELD FOR SALE OR DISTRIBUTION	**19,140**

The impacts on the income statement and cash flow statement of the "operations held for sale" were:

On the income statement

DEMERGER TRANSACTION	**– 60,942**
Loss on demerger transaction	– 47,849
Additional contribution on distribution	– 11,906
Other	– 1,187
CIAT	**7,147**
Share of associates	2,307
Financial interest on bonds, net of tax	5,094
Other	– 254
NET LOSS OF OPERATIONS HELD FOR SALE OR DISTRIBUTION	**– 53,795**

On the cash flow statement

NET CASH FLOW BEFORE DEMERGER	**– 149,399**
Acquisitions (UMV, Pellenc, Lacroix)	– 102,254
Edify capital increase	– 50,031
Other cash flows	2,886
NET CASH FLOW FROM DEMERGER TRANSACTION	**– 128,742**
Cash dividend	– 118,746
Cash and cash equivalents of distributed companies - opening balance	– 11,489
Other cash flows	1,493
NET CASH FLOW FROM OPERATIONS DISTRIBUTED OR HELD FOR SALE	**– 278,141**

NOTE 10: GOODWILL AND IMPAIRMENT TESTS

NOTE 10.1: GOODWILL

€ thousands	Value
AT 1 JANUARY 2013	**209,951**
Changes in scope of consolidation	24,624
Changes in foreign exchange rates	– 4,371
Other movements	10
Charge for impairment	– 4,842
AT 31 DECEMBER 2013	**225,372**
Changes in scope of consolidation	–
Changes in foreign exchange rates	5,071
Other movements	13
Charge for impairment*	– 20,542
Impact related to assets held for sale or distribution	– 21,537
AT 31 DECEMBER 2014	**188,377**

** Goodwill impairment on the income statement totalled €24.3 million and also included the impairment of the goodwill allocated to Giga's customer relationships of €3.8 million.*

NOTE.10.2.: IMPAIRMENT TESTS

At 31 December 2014, as at every year-end or every time that indications of impairment exist, the Somfy Group, in accordance with the section H of the accounting rules and methods, re-examined the value of goodwill associated with Cash Generating Units.

For the purpose of impairment tests, goodwill generated on the acquisition of Dooya has been allocated to each Cash Generating Unit and group of Cash Generating Units liable to derive economic benefits from this business combination.

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

– To the Dooya CGU, for the portion of economic benefits that is directly attributable to it. This goodwill is monitored in the local currency;

– To a combination of CGUs belonging to the Somfy Activities division, for the portion of economic benefits that will flow to this CGU. This goodwill is monitored in Euros.

Cash flows are evaluated based on budgets and three-year forecasts for companies which operate in a market they know and understand well. Generally these are companies whose strategies are not expected to change greatly. On the other hand, the period is extended to five years for companies in emerging markets, for which the growth potential and maturity are further away.

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

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

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

In 2014, cash flow discount rates, determined from market data, were 10% to 10.5% for the European CGUs, 16.5% to 17% for the Brazilian CGUs and 13% for the Chinese CGUs.

In 2013, cash flow discount rates, determined from market data, were 10% to 11% for the European CGUs, 15.5% to 16% for the Brazilian CGUs and 13% for the Chinese CGUs.

Breakdown of the goodwill of the main CGUs and details of the main assumptions used for each CGU at 31 December 2014:

€ thousands	Gross value	Impairment	Net value	Discount rate	Rate of growth to infinity
BFT	96,101	– 13,601	82,500	10.5%	2.0%
O&O	6,904	– 6,904	–		
Domis	1,091	–	1,091	10.0%	2.0%
Axis/Somfy SAS	1,153	–	1,153	10.0%	2.0%
Giga	3,928	– 3,928	–	17.0%	3.5%
Garen	16,235	– 7,328	8,907	16.5%	3.5%
Stor'm	505	–	505	10.0%	2.0%
Pujol	5,680	– 5,680	–		
Dooya	92,014	–	92,014	13.0%	2.5%
LianDa	9,217	– 9,217	–		
Simu	1,862	–	1,862	10.0%	2.0%
Energy Eye	1,007	– 1,007	–		
Other	344	–	344	10.0%	2.0%
TOTAL FULLY-CONSOLIDATED COMPANIES	**236,041**	**– 47,664**	**188,377**		

Somfy Activities recognised a partial impairment provision in respect of the goodwill of **BFT** Group (€12.8 million during 2014): its business plan had to be revised in the light of the growth outlook of the most recent acquisitions.

Similarly, Brazil is experiencing a slowdown in its economy. In this context, the growth prospects of the recent acquisitions have been lowered. The Group has updated the business plan of its equity investments and recognised impairment provisions in respect of the goodwill of:

– **Giga**: an impairment provision has been recognised for the full amount of this company's unallocated goodwill, i.e. BRL 12.6 million (€4.1 million at 31 December 2014), and for the full amount of the goodwill allocated to its customer relationships, i.e. BRL 11.7 million (€3.8 million at 31 December 2014);
– **Garen Automação**: an additional impairment provision has been recognised totalling BRL 11.6 million (€3.7 million at 31 December 2014);
– And **Neocontrol**: an impairment provision was recognised in respect of its value under the equity method totalling BRL 1.6 million (€0.5 million over the financial year).

For companies for which impairment was recognised, the revised business plan is based on the assumptions of a slight recovery in the economic environment in 2015 and 2016, particularly in Europe.

No indication of impairment was noted on other Group CGUs at 31 December 2014.

Furthermore, no impairment was necessary in relation to assets with an unspecified life and the use of which is independent from other assets.

Sensitivity analysis

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

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

– A one and a half percentage point increase in the discount rate could result in a €4.7 million impairment of Dooya's goodwill.
  A one percentage point decrease in the EBITDA to sales ratio of the last year used in the calculation of the terminal value would not have required any writedown;
– The goodwill of BFT was impaired by €12.8 million, a half a percentage point increase in the discount rate would have required an additional writedown of €7.8 million.
  A one percentage point decrease in the EBITDA to sales ratio used in the calculation of the terminal value would have required an additional writedown of €5.6 million;
– An additional impairment provision totalling €3.7 was recognised in respect of Garen's goodwill during the year. The accumulated impairment provision was €7.3 million at the end of 2014. A one and a half percentage point increase in the discount rate could result in the need to recognise additional impairment of €2.8 million.
  A one percentage point decrease in the EBITDA to sales ratio used in the calculation of the terminal value would have required an additional writedown of €0.7 million;
– Giga's goodwill was written off in full during the year in the amount of €4.1 million.

NOTE 11: INTANGIBLE ASSETS

€ thousands	Allocated intangible assets	Development costs	Patents and brands	Software	Other	In progress and advance payments	Total
Gross value at 1 January 2014	58,914	24,213	7,333	38,892	1,515	10,561	141,427
Acquisitions	–	–	75	1,030	27	4,595	5,728
Disposals	–	–	–	– 619	– 29	–	– 648
Changes in foreign exchange rates	2,594	–	422	173	5	–	3,193
Changes in scope of consolidation	– 26,640	– 1,019	– 133	– 2,049	–	– 485	– 30,326
Other movements	– 66	9,265	66	519	–	– 9,784	–
AT 31 DECEMBER 2014	**34,801**	**32,459**	**7,764**	**37,945**	**1,518**	**4,887**	**119,375**
Accumulated amortisation at 1 January 2014	– 21,114	– 16,819	– 2,036	– 30,874	– 1,052	–	– 71,895
Amortisation charge for the year	– 6,872	– 2,700	– 336	– 2,908	– 112	–	– 12,929
Disposals	–	–	–	559	13	–	572
Changes in foreign exchange rates	– 1,075	–	– 50	– 122	– 1	–	– 1,248
Changes in scope of consolidation	8,675	598	130	1,641	–	–	11,044
Other movements	50	–	– 61	– 5	17	–	–
AT 31 DECEMBER 2014	**– 20,336**	**– 18,921**	**– 2,353**	**– 31,709**	**– 1,136**	**–**	**– 74,455**
NET VALUE AT 31 DECEMBER 2014	**14,466**	**13,538**	**5,410**	**6,236**	**382**	**4,887***	**44,919**

** Of which €2.9 million is in progress development costs.*

€ thousands	Allocated intangible assets	Development costs	Patents and brands	Software	Other	In progress and advance payments	Total
Gross value at 1 January 2013	54,946	22,454	6,874	36,339	1,575	7,009	129,197
Acquisitions	–	306	174	1,447	134	5,737	7,798
Disposals	–	– 28	– 38	– 200	– 215	–	– 481
Changes in foreign exchange rates	– 1,580	– 1	– 138	– 265	– 9	–	– 1,993
Changes in scope of consolidation	5,548	–	461	864	30	–	6,903
Other movements	–	1,481	–	707	–	– 2,184	3
AT 31 DECEMBER 2013	**58,914**	**24,213**	**7,333**	**38,892**	**1,515**	**10,561**	**141,427**
Accumulated amortisation at 1 January 2013	– 14,581	– 14,202	– 2,109	– 27,828	– 1,203	–	– 59,923
Amortisation charge for the year	– 6,864	– 2,230	– 331	– 3,046	– 110	–	– 12,581
Disposals	–	28	36	159	153	–	376
Changes in foreign exchange rates	332	1	6	133	14	–	485
Changes in scope of consolidation	–	–	–	– 252	–	–	– 252
Other movements	–	– 415	362	– 41	94	–	–
AT 31 DECEMBER 2013	**– 21,114**	**– 16,819**	**– 2,036**	**– 30,874**	**– 1,052**	**–**	**– 71,895**
NET VALUE AT 31 DECEMBER 2013	**37,800**	**7,394**	**5,297**	**8,017**	**463**	**10,561***	**69,532**

** Of which €9.5 million is in progress development costs.*

Development expenses fulfilling the criteria of IAS 38 are capitalised and deemed as internally-generated intangible assets. At 31 December 2014, the gross value of these assets was €35.3 million, of which €2.9 million was in progress and the net value was €16.4 million.
The amount of research and development expenses recognised during the year was €53.6 million (net of capitalised production).
There are no contractual commitments to purchase intangible assets.
Allocated net intangible assets comprised €14.3 million in customer relationships and €0.2 million in patents at 31 December 2014.

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

NOTE 12.1: PROPERTY, PLANT AND EQUIPMENT BY TYPE

€ thousands	Land	Buildings	Plant, machinery and tools	Other	In progress and advance payments	Total
Gross value at 1 January 2014	22,657	136,325	265,774	55,178	42,127	522,060
Acquisitions	704	953	12,157	5,504	19,760	39,079
Disposals	– 8	– 23	– 8,276	– 2,005	–	– 10,311
Changes in foreign exchange rates	– 88	1,928	1,921	1,000	280	5,041
Changes in scope of consolidation	– 2,779	– 10,580	– 65,179	– 3,427	– 1,307	– 83,272
Other movements	2,138	32,179	11,075	112	– 45,505	–
AT 31 DECEMBER 2014	**22,625**	**160,782**	**217,472**	**56,363**	**15,354**	**472,597**
Accumulated depreciation at 1 January 2014	– 712	– 58,209	– 180,723	– 39,363	–	– 279,008
Depreciation charge for the year	– 136	– 6,252	– 15,092	– 5,288	–	– 26,767
Disposals	–	13	7,770	1,813	–	9,596
Changes in foreign exchange rates	2	– 111	– 1,074	– 640	–	– 1,823
Changes in scope of consolidation	501	3,327	47,689	2,524	–	54,041
Other movements	–	119	– 16	– 104	–	–
AT 31 DECEMBER 2014	**– 345**	**– 61,113**	**– 141,446**	**– 41,057**	**–**	**– 243,962**
NET VALUE AT 31 DECEMBER 2014	**22,280**	**99,669**	**76,026**	**15,306**	**15,354**	**228,635**

€ thousands	Land	Buildings	Plant, machinery and tools	Other	In progress and advance payments	Total
Gross value at 1 January 2013	19,046	131,263	251,989	53,904	17,560	473,762
Acquisitions	2,115	1,239	8,522	5,100	34,921	51,898
Disposals	–	– 242	– 8,758	– 4,007	–	– 13,008
Changes in foreign exchange rates	– 276	– 640	– 2,101	– 1,045	– 323	– 4,384
Changes in scope of consolidation	1,701	3,454	7,574	761	302	13,792
Other movements	71	1,250	8,547	465	– 10,333	–
AT 31 DECEMBER 2013	**22,657**	**136,325**	**265,774**	**55,178**	**42,127**	**522,060**
Accumulated depreciation at 1 January 2013	– 567	– 52,693	– 169,279	– 37,431	–	– 259,970
Depreciation charge for the year	– 145	– 5,706	– 18,433	– 5,702	–	– 29,986
Disposals	–	212	8,041	3,375	–	11,629
Changes in foreign exchange rates	–	56	796	627	–	1,479
Changes in scope of consolidation	–	– 99	– 1,848	– 212	–	– 2,159
Other movements	–	20	1	– 21	–	–
AT 31 DECEMBER 2013	**– 712**	**– 58,209**	**– 180,723**	**– 39,363**	**–**	**– 279,008**
NET VALUE AT 31 DECEMBER 2013	**21,945**	**78,115**	**85,051**	**15,815**	**42,127**	**243,053**

There is no significant property, plant and equipment (buildings, machinery and tools) in continuing use, with a net book value of zero.
There are no contractual commitments to purchase property, plant and equipment.

NOTE 12.2: PROPERTY, PLANT AND EQUIPMENT UNDER FINANCE LEASES

€ thousands	Land	Buildings	Plant, machinery and tools	Total
Gross value at 1 January 2014	9,243	40,577	20,650	70,470
Acquisitions	–	–	–	–
Disposals	–	–	– 62	– 62
Changes in foreign exchange rates	–	–	– 2	– 2
Changes in scope of consolidation	– 463	– 3,682	– 19,234	– 23,379
Other movements	–	–	–	–
AT 31 DECEMBER 2014	**8,780**	**36,895**	**1,352**	**47,027**
Accumulated depreciation at 1 January 2014	–	– 12,561	– 14,261	– 26,822
Depreciation charge for the year	–	– 1,220	– 73	– 1,293
Disposals	–	–	62	62
Changes in foreign exchange rates	–	–	1	1
Changes in scope of consolidation	–	815	13,088	13,903
Other movements	–	–	– 6	– 6
AT 31 DECEMBER 2014	**–**	**– 12,966**	**– 1,188**	**– 14,154**
NET VALUE AT 31 DECEMBER 2014	**8,780**	**23,929**	**164**	**32,873**

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

€ thousands	Undiscounted 2014 debt	Discounted 2014 debt
1 year or less	3,026	2,555
Between 1 and 5 years	7,713	6,568
5 years or more	4,464	3,723
TOTAL	**15,203**	**12,846**

€ thousands	Undiscounted 2013 debt	Discounted 2013 debt
1 year or less	3,200	2,795
Between 1 and 5 years	9,525	8,233
5 years or more	6,099	5,115
TOTAL	**18,824**	**16,143**

NOTE 13: INVESTMENTS IN ASSOCIATES

€ thousands	31/12/14	31/12/13
Investments in associates at the beginning of the year	109,881	109,517
Change in scope of consolidation and other*	– 80,750	– 205
Share of profit/(loss) of associates**	– 428	1,499
Net loss of operations held for sale	2,308	–
Dividends paid	–	– 286
Changes in foreign exchange rates	242	– 644
Assets held for sale	– 29,574	–
INVESTMENTS IN ASSOCIATES AT THE END OF THE YEAR	**1,680**	**109,881**

** In 2014: of which impact of the exit of distributed entities.*
In 2013: change of consolidation method for Stor'm.
*** In 2014: the investment in Neocontrol was impaired by €0.5 million (this impairment is included in share of profit/(loss) of associates).*

At 31 December 2014, "Investments in associates" consisted exclusively of the investment in Neocontrol.
For the purposes of the impairment test on the investment in Neocontrol, a discount rate of 21.50% and a growth rate to infinity of 3.5% were used. A €0.5 million impairment provision was recognised during the financial year. A two percentage point increase in the discount rate could result in the need to recognise additional impairment of €0.3 million. Likewise, a one percentage point decrease in the EBITDA to sales ratio used in the calculation of the terminal value would have required an additional writedown of €0.1 million.

NOTE 14: FINANCIAL ASSETS

€ thousands	Financial assets available for sale	*Non-controlling equity investments**	*Marketable securities*	Unlisted bonds**	Loans	Other	Current and non-current financial assets	Due within 1 year	Non-current financial assets
At 1 January 2014	152,937	*152,848*	*89*	74,757	1,323	2,387	**231,404**	884	**230,521**
Increase	7,451	*7,402*	*49*	6,018	1,535	448	**15,452**	415	**15,037**
Decrease	– 1,689	*– 1,689*	–	–	– 635	– 203	**– 2,527**	– 655	**– 1,872**
Changes in foreign exchange rates	5	*5*	–	–	24	98	**127**	39	**89**
Changes in scope of consolidation	– 12,822	*– 12,822*	–	– 1,375	– 1,412	– 341	**– 15,950**	65	**– 16,015**
Assets held for sale	–	–	–	– 79,400	–	–	**– 79,400**	–	**– 79,400**
AT 31 DECEMBER 2014	**145,882**	***145,744***	***138***	**–**	**836**	**2,389**	**149,107**	**748**	**148,359**

**In 2013, non-controlling equity interests in distributed companies represented €7.1 million.*
*** The subordinated bond issued by CIAT (€73.4 million at 31 December 2013) was reclassified as "Assets held for sale or distribution".*

Non-controlling equity investments notably include a 34% investment in the share capital of FAAC, valued at €145.5 million (level 3 as defined by IFRS 7). This valuation was made in accordance with the discounted cash flow method taking into account an illiquidity discount of 30%.
Financial assets available-for-sale and marketable securities are recorded at fair value.
Financial assets realisable within one year comprise short term deposits and loans to companies over which Somfy Group has significant influence.
"Other" essentially includes deposits and guarantees.

NOTE 15: INVENTORIES

€ thousands	31/12/14	31/12/13
Gross value		
Raw materials and other supplies	53,385	53,397
Finished goods and merchandise	100,196	98,794
Total	**153,581**	**152,191**
Provisions	**– 11,191**	**– 10,855**
NET VALUE*	**142,389**	**141,336**

** The companies distributed at the end of 2014 represented a net amount of €10.4 million at 31 December 2013.*

€ thousands	Value 31/12/13	Net charges	Exchange rate movements	Change in consolidation scope	Other movements	Value 31/12/14
Inventory provisions	– 10,855	– 1,416	– 227	1,311	– 4	– 11,191

NOTE 16: TRADE RECEIVABLES

€ thousands	31/12/14	31/12/13
Gross value	168,712	172,185
Provision	– 18,512	– 14,389
NET VALUE*	**150,201**	**157,796**

** The companies distributed at the end of 2014 represented a net amount of €11.6 million at 31 December 2013.*

€ thousands	Value 31/12/13	Charges	Used reversals	Unused reversals	Exchange rate movements	Change in consolidation scope	Other movements	Value 31/12/14
Provision for bad debts	– 14,389	– 6,288	1,533	– 18	– 50	545	155	– 18,512

At 31 December 2014, the maturity profile of trade receivables was as follows:

€ thousands	Not overdue	Overdue between				Total
		0 to 3 months	3 to 6 months	6 to 9 months	More than 9 months	
Trade receivables	115,232	23,646	8,318	4,418	17,098	168,712

There is limited customer credit risk on Spanish, Portuguese and Greek subsidiaries. They represent 6.0% of total trade receivables of the Group. Credit insurance contracts, both in France and internationally, mitigate the consequences of customer default. Approximately 50% of total sales are covered by such contracts.

NOTE 17: OTHER CURRENT RECEIVABLES

€ thousands	31/12/14	31/12/13
Gross value		
Receivables from employees	1,191	1,211
Other taxes (including VAT)	7,865	9,032
Prepaid expenses	5,259	4,061
Other receivables	6,388	4,861
TOTAL*	**20,702**	**19,164**

** The companies distributed at the end of 2014 represented an amount of €1.7 million at 31 December 2013.*

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

NOTE 18: CASH AND CASH EQUIVALENTS

€ thousands	31/12/14	31/12/13
Cash	98,509	78,403
Cash and cash equivalents	4,079	58,093
CASH AND CASH EQUIVALENTS*	**102,587**	**136,496**

** The companies distributed at the end of 2014 represented an amount of €13.2 million at 31 December 2013.*

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

NOTE 19: PROVISIONS

NOTE 19.1: NON-CURRENT PROVISIONS

€ thousands	Provisions for guarantees	Provisions for litigation	Provision for employee liability	Provisions for liabilities and charges	Total 2014
At 1 January 2014	4,918	1,504	529	11,771	18,722
Charges	453	1,315	38	460	2,266
Used reversals	–	– 884	– 61	– 30	– 975
Unused reversals	–	– 438	–	– 176	– 614
Changes in foreign exchange rates	88	–	–	270	358
Changes to the consolidation scope	–	– 610	–	– 201	– 811
Other movements	– 1	2,697	– 2	–	2,694
AT 31 DECEMBER 2014	**5,458**	**3,584**	**504**	**12,094**	**21,640**

The change in non-current provisions was primarily due to the change in the consolidation scope (effect of the demerger) and the reclassification from current to non-current of provisions for disputes over quality.
The charges net of reversals (used and unused) impacted the current operating result by a negative €0.7 million.

NOTE 19.2: CURRENT PROVISIONS

€ thousands	Provisions for guarantees	Provisions for litigation	Provisions for liabilities and charges	Total 2014
At 1 January 2014	4,032	4,234	11,622	19,888
Charges	399	213	1,986	2,599
Used reversals	–	– 592	– 10,708	– 11,300
Unused reversals	–	– 315	– 141	– 456
Changes in foreign exchange rates	102	–	36	138
Changes to the consolidation scope	– 50	–	– 253	– 303
Other movements	1	– 2,700	2	– 2,697
AT 31 DECEMBER 2014	**4,484**	**840**	**2,545**	**7,869**

The change in current provisions was primarily due to the reversal of a provision in relation to a tax dispute at Somfy SAS (€8.4 million) following an agreement reached with the tax authorities during the first half of 2014 (see Highlights), and to the reclassification from current to non-current of provisions for disputes over quality.
The charges net of reversals (used and unused) impacted current operating result by a negative €0.7 million, other operating income and expenses by a positive €1.5 million and income tax by a positive €8.4 million.

NOTE 20: FINANCIAL LIABILITIES

NOTE 20.1: ANALYSIS BY CATEGORY

€ thousands	Borrowings from credit institutions	Lease commitments	Other borrowings and financial liabilities*	Bank overdrafts	Current and non-current financial liabilities	Due within 1 year	Non-current financial liabilities
At 1 January 2014	43,946	16,143	51,518	5,839	**117,447**	39,417	**78,030**
New/reimbursement of borrowings	214,304	– 2,277	– 745	– 1,743	**209,539**	206,730	**2,809**
Impact of the revaluation of put options	–	–	– 3,678	–	**– 3,678**	–	**– 3,678**
Changes in foreign exchange rates	1,892	21	4,636	27	**6,576**	1,915	**4,661**
Changes in scope of consolidation	– 23,574	– 1,041	– 141	– 1,710	**– 26,466**	– 13,819	**– 12,647**
Other movements	–	–	6	–	**6**	6,054	**– 6,048**
AT 31 DECEMBER 2014	**236,568**	**12,846**	**51,597**	**2,413**	**303,424**	**240,297**	**63,127**

** Including liabilities related to put options granted to holders of non-controlling interests and earn-out of €45.9 million at 31 December 2014 and €45.4 million at 31 December 2013 and deferred settlements of €5.5 million at 31 December 2014 and €4.9 million at 31 December 2013.*
The main amount relates to the put option granted to minority interests in Dooya of €42.6 million at 31 December 2014, compared with €33.9 million at 31 December 2013, which may be exercised as of the end of 2015.
The subsequent fair values of liabilities related to put options granted to holders of non-controlling interests are recognised under equity.

NOTE 20.2: ANALYSIS BY MATURITY

€ thousands	31/12/14	31/12/13
1 year or less*	240,297	39,417
Between 1 and 5 years*	59,355	72,866
5 years or more*	3,772	5,164
TOTAL	**303,424**	**117,447**

** Including liabilities related to put options granted to holders of non-controlling interests and earn-out of €45.9 million at 31 December 2014 and €45.4 million at 31 December 2013 and deferred settlements of €5.5 million at 31 December 2014 and €4.9 million at 31 December 2013.*

NOTE 20.3: ANALYSIS BY RATE

€ thousands	31/12/14	31/12/13
Variable rate	224,017	57,577
Fixed rate	27,961	9,390
Non-interest bearing*	51,446	50,480
TOTAL	**303,424**	**117,447**

** Including liabilities related to put options granted to holders of non-controlling interests and earn-out of €45.9 million at 31 December 2014 and €45.4 million at 31 December 2013 and deferred settlements of €5.5 million at 31 December 2014 and €4.9 million at 31 December 2013.*

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

NOTE 20.4: ANALYSIS BY CURRENCY

€ thousands	31/12/14	31/12/13
Euro*	225,091	47,720
Other*	78,333	69,727
TOTAL	**303,424**	**117,447**

** Including liabilities related to put options granted to holders of non-controlling interests and earn-out of €45.9 million at 31 December 2014 and €45.4 million at 31 December 2013 and deferred settlements of €5.5 million at 31 December 2014 and €4.9 million at 31 December 2013.*

NOTE 20.5: SECURED LIABILITIES

At 31 December 2013, certain securities in Somfy Participations companies had been pledged against Somfy SA liabilities subscribed without recourse under the LBO framework totalling €23.3 million.
As a result of the demerger of Somfy Activities and Somfy Participations in December 2014, the Group is no longer bound by these pledges.

NOTE 20.6: COVENANTS

At 31 December 2014, Somfy SA had a total of €255.3 million in medium-term loan facilities (confirmed credit lines) with seven banks, €206.1 million was drawn down. Funds made available by the credit institutions are subject to Somfy SA commitment to comply with financial covenants based on the Group's financial structure (net financial debt/shareholder's equity) and its ability to repay (net financial debt/cash flow and net financial debt/EBITDA). Somfy SA was in compliance with all of these covenants at 31 December 2014.
Somfy SA also had overdraft facilities totalling €43 million not used at 31 December 2014.
CIAT, 46.1%-owned by the Group, consolidated using the equity method and classified in accordance with IFRS 5 at 31 December 2014, had a debt which was subject to covenants and repaid in full on 5 January 2015 in connection with the buyback by UTC.

NOTE 21: ANALYSIS OF NET FINANCIAL DEBT

The net financial debt corresponds to the difference between financial assets and financial liabilities. Notably it takes into account unlisted bonds receivable, issued by certain companies in which shares are held or related entities, earn-out on acquisitions, liabilities relating to options granted to minority shareholders in fully-consolidated companies and deferred settlements of a financial nature. Not included are securities in non-controlling equity investments, convertible bonds, deposits & guarantees and government grants.

€ thousands	31/12/14	31/12/13
Financial liabilities included in net financial debt calculation*	303,423	117,369
Financial assets included in net financial debt calculation*	974	75,042
– Marketable securities	*138*	*89*
*– Unlisted bonds***	*–*	*73,443*
– Loans	*836*	*1,323*
– Miscellaneous	*–*	*187*
Cash and cash equivalents	102,587	136,496
NET FINANCIAL DEBT	**199,862**	**– 94,169**
NET FINANCIAL DEBT BEFORE UNLISTED BONDS RECEIVABLE	**199,862**	**– 20,726**

(–) Net financial surplus

** Including liabilities related to put options granted to holders of non-controlling interests and earn-out of €45.9 million at 31 December 2014 and €45.4 million at 31 December 2013 and deferred settlements of €5.5 million at 31 December 2014 and €4.9 million at 31 December 2013.*
*** Somfy SA subscribed to a subordinated bond (mezzanine) issued by CIAT with a nominal value of €48.0 million to be repaid in 2016. Capitalised interest amounted to €5.5 million for the year to 31 December 2013. The receivable thus amounted to € 73.4 million. This bond was reclassified as "Assets held for sale or distribution".*

NOTE 22: FINANCIAL INSTRUMENTS RECOGNISED IN THE BALANCE SHEET

€ thousands	Amount at 31 December 2014	Loans and receivables	Assets available for sale *(Fair value recognised in reserves)*	Assets held for trading *(Fair value recognised in income statement)*	Fair value *(Fair value recognised in reserves)*	Fair value *(Fair value recognised in income statement)*
Assets						
Non-current financial assets	148,359	2,477	145,882	–	–	–
Current financial assets	748	748	–	–	–	–
Current derivative instruments	–	–	–	–	–	–
Cash and cash equivalents	102,587	101,486	–	1,101	–	–
Liabilities						
Non-current financial liabilities	63,127	18,216	–	–	44,911	–
Non-current derivative instruments	–	–	–	–	–	–
Current financial liabilities	240,297	239,265	–	–	1,032	–
Current derivative instruments	255	–	–	–	255	–

€ thousands	Amount at 31 December 2013	Loans and receivables	Assets available for sale *(Fair value recognised in reserves)*	Assets held for trading *(Fair value recognised in income statement)*	Fair value *(Fair value recognised in reserves)*	Fair value *(Fair value recognised in income statement)*
Assets						
Non-current financial assets	230,521	77,584	152,937	–	–	–
Current financial assets	884	884	–	–	–	–
Current derivative instruments	–	–	–	–	–	–
Cash and cash equivalents	136,496	133,789	–	2,707	–	–
Liabilities						
Non-current financial liabilities	78,030	32,750	–	–	45,280	–
Non-current derivative instruments	938	–	–	–	842	96
Current financial liabilities	39,417	39,267	–	–	150	–
Current derivative instruments	28	–	–	–	28	–

The method for determining the fair value of non-current financial assets (non-consolidated shares) is disclosed in note 14.
The fair value of derivative instruments and cash equivalents is established with reference to observable market data (level 2 defined by IFRS 7).
The current and non-current financial liabilities measured at fair value consisted mainly of put options granted to holders of non-controlling interests and earn-outs (see note 20.1).
There has been no change in the method of determining fair value for any category during the period.

NOTE 23: RISK MANAGEMENT

FOREIGN EXCHANGE RISK

Somfy Group is primarily exposed to foreign exchange risk through intragroup sales of manufactured products distributed by commercial subsidiaries outside the Euro zone (these sales are denominated in local currencies) and purchases denominated in local currencies.
Almost 60% of consolidated Group sales are generated in the Euro Zone.
Foreign currency denominated assets represent 20% of total assets at 31 December 2014. Consequently, a variation in foreign exchange rates would not have a significant effect on total assets.

At comparable terms and conditions, the Group gives priority to natural hedges (foreign currency purchases related to sales in the same currency). The derivative financial instruments implemented are forward exchange and NDF (non deliverable forward) contracts.
Since 1 July 2010, Somfy Group has applied hedge accounting to foreign currency hedging instruments. The effective portion of fair value movements is therefore taken to equity and the ineffective portion is recognised in net financial expense.
The impact of the effective portion of hedges at 31 December 2014 was a negative €259 thousand on equity (a negative €161 thousand net of deferred tax) and €32 thousand on profit and loss (transfer from equity).
The ineffective portion of hedges was nil at 31 December 2013 and 2014.

31/12/14	Hedging of balance sheet items	Hedging of off-balance sheet items	Total *€ thousands*	Fair value *€ thousands*	Types
AUD	1,300	169	1,469	23	Forward sale
CAD	252	1,487	1,740	– 11	Forward sale
CHF	652	7,838	8,490	– 83	Forward sale
CNY	– 449	–	– 449	15	Forward purchase and forward contract without delivery
GBP	935	3,242	4,177	– 91	Forward sale
HKD	585	1,366	1,951	– 118	Forward sale
ILS	1,047	1,390	2,437	45	Forward sale
INR	190	224	414	– 7	Forward sale
JPY	615	502	1,117	49	Forward sale
KRW	768	215	983	– 34	Forward sale and forward contract without delivery
RUB	106	–	106	2	Forward sale
SEK	162	1,305	1,467	30	Forward sale
SGD	230	666	896	– 13	Forward sale
TRY	1,142	1,206	2,348	1	Forward sale
USD	–	1,573	1,573	– 74	Forward sale
ZAR	–	589	589	10	Forward sale
	7,535	**21,773**	**29,308**	**– 255**	

31/12/13	Hedging of balance sheet items	Hedging of off-balance sheet items	Total *€ thousands*	Fair value *€ thousands*	Types
AUD	834	582	1,416	76	Forward sale
BRL	–	– 2,000	– 2,000	– 186	Forward purchase
CAD	290	–	290	10	Forward sale
CHF	2,013	3,502	5,515	– 38	Forward sale
CNY	– 967	– 455	– 1,422	– 11	Forward purchase and forward contract without delivery
GBP	1,768	1,135	2,903	– 31	Forward sale
HKD	564	–	564	14	Forward sale
ILS	619	1,982	2,601	– 1	Forward sale
JPY	770	–	770	78	Forward sale
KRW	697	1,055	1,751	– 3	Forward sale and forward contract without delivery
SEK	1,077	1,406	2,483	63	Forward sale
SGD	–	116	116	1	Forward sale
	7,664	**7,323**	**14,987**	**– 28**	

INTEREST RATE RISK

The majority of the Group companies' financial liabilities is at variable rate.
The Group applies hedge accounting to interest rate hedge instruments. The effective portion of fair value movements is therefore taken to equity and the ineffective portion is recognised in net financial expense.
At 31 December 2013, the hedging instruments were mainly implemented in the companies within the Somfy Participations group to hedge liabilities entered into within the framework of the LBO.
Due to the demerger of Somfy Activities and Somfy Participations in December 2014, at the reporting date, the Group no longer had interest rate hedging instruments.
The fair value of swaps represented a net liability of €0.9 million in 2013 with no impact on equity at 31 December 2014.
The Group does not hedge fixed rates against variable rates.

LIQUIDITY RISK

Group financing essentially relies upon leases and medium-term credit facilities.
Some debts are subject to compliance with covenants. The covenants are detailed in note 20.6.
The Group does not use any revolving credit facilities and does not securitise its assets.
The Group has access to confirmed medium-term bank facilities, some of which are undrawn to date (see note 20.6).

INVESTMENT RISK

Given the composition of its marketable securities portfolio (interest bearing current accounts and term deposits) and the amounts involved, the Group's exposure to investment risk is low.

NOTE 24: EMPLOYEE BENEFITS

In respect of pension plan commitments, the Group contributes to pension plans or grants benefits to employees on retirement in compliance with the rules and regulations in place in each country.
The Group recognises actuarial gains and losses in reserves, net of deferred tax, in accordance with the method referred to in IAS 19 - Employee benefits – Actuarial gains and losses, group plans and disclosures.
At 31 December 2014, actuarial differences recognised in reserves amounted to a negative €6.8 million (i.e. a negative €10.4 million in "Employee benefits" and a positive €3.6 million in deferred tax).
Movements between 2013 and 2014 can be analysed as follows:

RETIREMENT BENEFITS – FRANCE

€ thousands	Projected benefit obligation	Plan assets	Net initial obligation	Balance sheet position
31 DECEMBER 2013	**14,860**	**– 4,151**	**10,709**	**10,709**
Net expense for the period:	1,312	– 93	1,219	1,219
– Current service cost and financial cost	*1,312*	–	*1,312*	*1,312*
– Return on plan assets	–	*– 93*	*– 93*	*– 93*
– Amortisation of gains and losses and past service cost	–	–	–	–
– Employee contributions	–	–	–	–
Contributions paid	–	–	–	–
Benefits paid	– 1,229	1,229	–	–
Actuarial gains & losses/Past service cost	1,205	18	1,223	1,223
Changes in consolidation scope	– 3,023	1,134	– 1,889	– 1,889
31 DECEMBER 2014	**13,125**	**– 1,863**	**11,262**	**11,262**

€ thousands	Projected benefit obligation	Plan assets	Net initial obligation	Balance sheet position
31 DECEMBER 2012	**16,054**	**– 5,747**	**10,307**	**10,307**
Net expense for the period:	349	– 172	177	177
– Current service cost and financial cost	*349*	–	*349*	*349*
– Return on plan assets	–	*– 172*	*– 172*	*– 172*
– Amortisation of gains and losses and past service cost	–	–	–	–
– Employee contributions	–	–	–	–
Contributions paid	–	–	–	–
Benefits paid	– 1,760	1,760	–	–
Actuarial gains & losses/Past service cost	217	9	226	226
Changes in consolidation scope	–	–	–	–
31 DECEMBER 2013	**14,860**	**– 4,151**	**10,709**	**10,709**

RETIREMENT BENEFITS – OTHER COUNTRIES

€ thousands	Projected benefit obligation	Plan assets	Net initial obligation	Balance sheet position
31 DECEMBER 2013	**14,433**	**– 10,809**	**3,624**	**3,624**
Net expense for the period:	1,255	– 348	907	907
– Current service cost and financial cost	*1,255*	*99*	*1,354*	*1,354*
– Return on plan assets	–	*– 447*	*– 447*	*– 447*
– Amortisation of gains and losses	–	–	–	–
– Employee contributions	–	–	–	–
Contributions paid	–	– 760	– 760	– 760
Benefits paid	– 223	–	– 223	– 223
Actuarial gains and losses	1,131	– 336	795	795
Changes in foreign exchange rates	1,423	– 1,375	48	48
Changes in consolidation scope	–	–	–	–
31 DECEMBER 2014	**18,019**	**– 13,628**	**4,391**	**4,391**

€ thousands	Projected benefit obligation	Plan assets	Net initial obligation	Balance sheet position
31 DECEMBER 2012	**15,250**	**– 8,939**	**6,311**	**6,311**
Net expense for the period:	771	– 221	550	550
– Current service cost and financial cost	*771*	–	*771*	*771*
– Return on plan assets	–	*– 285*	*– 285*	*– 285*
– Amortisation of gains and losses	–	–	–	–
– Employee contributions	–	*64*	*64*	*64*
Contributions paid	–	– 859	– 859	– 859
Benefits paid	– 214	–	– 214	– 214
Actuarial gains and losses	– 678	– 1,193	– 1,871	– 1,871
Changes in foreign exchange rates	– 696	403	– 293	– 293
Changes in consolidation scope	–	–	–	–
31 DECEMBER 2013	**14,433**	**– 10,809**	**3,624**	**3,624**

LONG SERVICE AND JUBILEE AWARDS

€ thousands	31/12/13	Cost	Benefits paid	Changes in consolidation scope and foreign exchange rates	31/12/14
Actuarial liabilities	1,639	254	– 26	4	1,871

€ thousands	31/12/12	Cost	Benefits paid	Changes in consolidation scope and foreign exchange rates	31/12/13
Actuarial liabilities	1,575	130	– 51	– 15	1,639

TFR – TRATTAMENTO DI FINE RAPPORTO (ITALIAN SEVERANCE PAY PROVISION)

€ thousands	31/12/13	Cost	Benefits paid	Changes in consolidation scope	31/12/14
Liabilities	2,618	1,019	– 1,119	89	2,607

€ thousands	31/12/12	Cost	Benefits paid	Changes in consolidation scope	31/12/13
Liabilities	2,756	997	– 1,161	26	2,618

The impact of defined benefits on the income statement impacted employee expenses by €2.1 million.

The main actuarial assumptions used are as follows:

At 31 december	2014	2013
Discount rate		
France	2.0%	3.0%
Germany	2.5%	3.5%
United States	3.8%	4.6%
Other	1.0 – 3.9%	3.0 – 3.9%
Long-term yield expected from plan assets		
France	2.0 – 2.8%	2.9 – 3.0%
Germany	0.0%	0.0%
United States	4.6%	3.6%
Other	2.4 – 4.8%	2.4 – 3.0%
Future salary increases		
France	1.8 – 3.0%	1.8 – 3.0%
Germany	0.0%	0.0%
United States	2.0%	2.0%
Other	2.5 – 10.0%	2.0 – 10.0%

The sensitivity of the gross retirement benefit commitment based on a variation of +0.5%/-0.5% in discount rate is -6.24%/+6.84%, respectively. At 31 December 2014, the Individual Training Right (ITR) gave rise to the recognition of a provision of €0.3 million (the provision in respect of the distributed companies totalled €0.2 million). Rights in respect of ITR were 162,730 hours at 31 December 2014 compared with 209,567 hours at the 2013 year-end (the distributed companies accounted for a total of 52,227 hours at 31 December 2013). The amount of rights used during the year was not material.

NOTE 25: OTHER LIABILITIES

€ thousands	31/12/14	31/12/13
Social liabilities	72,128	70,969
Tax liabilities	9,816	8,867
Deferred income	680	732
Fixed assets suppliers	6,258	7,955
Other	2,115	6,636
TOTAL*	**90,997**	**95,159**

** The companies distributed at the end of 2014 represented an amount of €6.5 million at 31 December 2013.*

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

NOTE 26: SHARE-BASED PAYMENTS

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

Plan date	Number of beneficiaries	Number of options granted originally	Adjusted number of exercisable options*	Exercise price of option (€)	Option expiry date
31/03/06	9	36,200	6,157	185.00	31/03/14
02/04/08	50	29,550	24,475	155.00	31/01/14

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

Movements in share option plans in 2013 and 2014 were as follows:

	2014		2013	
	Number of options	Weighted average exercise price (€)	Number of options	Weighted average exercise price (€)
Unexercised options at 1 January	15,532	166.89	30,632	161.03
Options granted	–	–	–	–
Options cancelled	– 4,675	155.00	– 1,000	155.00
Options exercised	– 10,857	172.01	– 14,100	155.00
UNEXERCISED OPTIONS AT YEAR-END	**–**	**–**	**15,532**	**166.89**
OPTIONS EXERCISABLE AT YEAR-END	**–**	**–**	**15,532**	**166.89**

At 31 December 2014, all plans had been exercised:

Plan date	Exercise price (€)	Number of unexercised options	Time remaining to option maturity (days)
NIL			

At its meeting of 21 February 2014, the Management Board of Somfy SA decided to allocate Somfy SA shares, free of charge, to 154 beneficiaries. The acquisition of these free shares is subject to beneficiaries remaining employed by the Group and to business performance conditions based on internal financial criteria.
At 31 December 2014, the free share position was as follows:

Plan date		Number of beneficiaries	Number of shares granted	Price per share (€)	Allocation date	Vesting date	Shares cancelled	Shares exercised	Number of shares exercisable at 31/12/14
21/02/14	Residents	86	7,270	179.92	30/06/16	01/07/18	–	–	7,270
21/02/14	Non-residents	68	4,320	169.86	30/06/18	N/A	–	– 120	4,200
		154	**11,590**				**–**	**– 120**	**11,470**

NOTE 27: PROPOSED DIVIDENDS

	31/12/14	31/12/13
Total number of shares	7,836,800	7,836,800
Treasury shares	401,457	412,730
Par value	€1	€1
Proposed dividends	€5.20	€5.20

The voting right attached to shares is proportional to the capital that they represent. Each share carries the right to a single vote.
Certain shares are entitled to a double voting right, providing they are fully paid up and have been registered in nominative form for at least four years in the name of the same shareholder at the end of the calendar year preceding each General Meeting.

NOTE 28: ANALYSIS OF CASH FLOW STATEMENT

NOTE 28.1: CASH AND CASH EQUIVALENTS

€ thousands	31/12/14	31/12/13
CASH AT THE START OF THE YEAR	**130,657**	**70,435**
Cash and cash equivalents	136,496	86,797
Bank overdrafts	– 5,839	– 16,362
CASH AT THE END OF THE YEAR	**100,175**	**130,657**
Cash and cash equivalents	102,587	136,496
Bank overdrafts	– 2,413	– 5,839

NOTE 28.2: 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 decreased by €1.0 million in the year ended 31 December 2014 compared with an increase of €3.9 million in 2013.
During 2014, the Group acquired intangible assets and property, plant and equipment totalling €44.9 million, compared with €54.3 million in 2013.

NOTE 28.3: CHANGE IN WORKING CAPITAL REQUIREMENTS

€ thousands	31/12/14	31/12/13
Net decrease/(increase) in inventory	– 8,186	– 8,748
Net decrease/(increase) in trade receivables	16	– 10,507
Net (decrease)/increase in trade payables	– 5,911	13,878
Net movement in other receivables and payables	– 2,243	14,065
CHANGE IN WORKING CAPITAL REQUIREMENTS	**– 16,323**	**8,688**

NOTE 29: OFF-BALANCE SHEET COMMITMENTS

The Group's commitments comprise the following:

COMMITMENTS GRANTED

€ thousands	31/12/14	31/12/13
Guarantees, deposits and pledges granted	4,328	10,127
Interest over the remaining terms of loans	3,734	5,534
Rental payments outstanding on operating leases	22,267	23,794
Copper forward purchase	7,895	8,730
Foreign currency forward sale	21,773	7,323
Commitments to funds investments	–	5,020
TOTAL	**59,996**	**60,528**

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	31/12/14	31/12/13
Guarantees, deposits and pledges received	2,204	17,081
Unused credit lines	56,730	126,581
TOTAL	**58,934**	**143,662**

Somfy Group also received an uncapped asset and liability guarantee from Giga's sellers.

COMMITMENTS TO ACQUIRE ADDITIONAL SHARES IN COMPANIES NOT FULLY-CONSOLIDATED

In August 2012, Somfy Activities made a 51% equity investment in Neocontrol. The transaction provides for a first mutual put/call option exercised on 19 January 2015 for 10% of the share capital, and a second option for the remaining 39% exercisable in 2017.

COMMITMENTS TO SALE SHARES IN COMPANIES NOT FULLY-CONSOLIDATED

Somfy SA is currently involved in the sale of the CIAT Group shares to United Technologies Corporation (see Highlights and Post-balance sheet events).

NOTE 30: ENVIRONMENTAL INFORMATION

The majority of the production sites undertake assembly work only, which, by its nature, does not generate pollution. The Group is therefore not exposed to any significant environmental risk. Nevertheless, selective sorting procedures are adopted at each site and measures to reduce energy consumption (heating, electricity) have been implemented at the main production plant in Cluses, France.
As a result, no provision for environmental risk is required.

NOTE 31: EMPLOYEE INFORMATION

AVERAGE WORKFORCE

Somfy Group's workforce at 31 December 2014, including temporary and part-time employees recorded on a full-time equivalent basis, was as follows:

	31/12/14	31/12/13
Average workforce*	7,994	7,753

** The fully-consolidated companies in 2013 and distributed at the end of 2014 represented an average workforce of 618.*

NOTE 32: 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.

NOTE 32.1: TRANSACTIONS WITH ASSOCIATES

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

€ thousands	31/12/14	31/12/13
Sales	227	1,018
Other income	269	172
Purchase of goods	5,232	1,999
Other expenses	17	38
Interest received	5,972	6,021
Trade receivables	1,313	2,034
Trade payables	928	319
Borrowings	100	10
Accrued interest	–	–
Bonds	79,400	73,443

NOTE 32.2: GROSS REMUNERATION OF MANAGEMENT AND SUPERVISORY BOARD MEMBERS

€ thousands	31/12/14	31/12/13
Short term benefits	1,773	1,405
Post-employment benefits	71	67

Post-employment benefits relate to costs incurred in respect of the supplementary pension plan implemented in 2006 by CMC SARL from which one member of the Management Board benefits.

NOTE 33: POST-BALANCE SHEET EVENTS

On 5 January 2015, Somfy SA finalised the sale of its equity interest in CIAT Group. Pursuant to IFRS 5, the capital gain realised by this sale will be recognised in the 2015 financial year.

On 19 January 2015, through its subsidiary Somfy Brazil, Somfy Activities exercised its purchase option to buy an additional 10% of the share capital of Neocontrol for €0.3 million taking its equity investment to 61%. A mutual put/call option remains for the acquisition of the residual 39%, exercisable by 2017. This company is consolidated by the equity method due to the existence of a shareholders' agreement placing the shareholders in a position of joint control.

NOTE 34: SCOPE OF CONSOLIDATION

Company name	Head office	% control 31/12/14	% interest 31/12/14	% interest 31/12/13
Somfy SA	74300 Cluses (France)	(parent company)	(parent company)	(parent company)
Fully-consolidated companies				
Somfy SAS	Cluses (France)	100.00	100.00	100.00
CMC EURL	Cluses (France)	100.00	100.00	100.00
Somfybat SNC	Cluses (France)	100.00	100.00	100.00
Domis SA	Rumilly (France)	100.00	100.00	100.00
Stor'm	Saint Clair de la Tour (France)	100.00	100.00	100.00
SITEM SARL	Zaghouan (Tunisia)	100.00	100.00	100.00
SITEM Services	Zaghouan (Tunisia)	100.00	100.00	100.00
SOPEM	Krakow (Poland)	100.00	100.00	100.00
Somfy Ltd	Yeadon (UK)	100.00	100.00	100.00
Yorkshire Technology	Bradford (UK)	100.00	100.00	100.00
Somfy PTY Ltd	Rydalmere (Australia)	100.00	100.00	100.00
Somfy Automation Services PTY	Rydalmere (Australia)	100.00	100.00	100.00
NV Somfy SA	Zaventem (Belgium)	100.00	100.00	100.00
Somfy Brazil LTDA	Sao Paulo (Brazil)	100.00	100.00	100.00
Somfy Columbia SAS	Bogota (Colombia)	100.00	100.00	100.00
Somfy Chili	Chile	100.00	100.00	100.00
Giga Indústria e Comércio de Produtos de Segurança Eletrônica S.A.	Santa Rita do Sapucaí (Brazil)	51.00	51.00	51.00
GABR Participações LTDA	Sao Paulo (Brazil)	100.00	100.00	100.00
Garen Automação S/A	Garça (Brazil)	100.00	100.00	100.00
Somfy GmbH	Rottenburg (Germany)	100.00	100.00	100.00
DomoCES GmbH	Rottenburg (Germany)	100.00	100.00	100.00
HIMOTION BV	Leiden (Netherlands)	100.00	100.00	100.00
Somfy GmbH	Elsbethen-Glasenbach (Austria)	100.00	100.00	100.00
Somfy KFT	Budapest (Hungary)	100.00	100.00	100.00
Somfy Sp zoo	Warsaw (Poland)	100.00	100.00	100.00
Somfy Spol sro	Prague (Czech Republic)	100.00	100.00	100.00
SC Somfy SRL	Brasov (Romania)	100.00	100.00	100.00
Somfy LLC	Moscow (Russia)	100.00	100.00	100.00
Somfy SIA	Riga (Latvia)	100.00	100.00	100.00
Somfy LLC	Kiev (Ukraine)	100.00	100.00	100.00
Somfy Bulgaria AD	Sofia (Bulgaria)	100.00	100.00	100.00
Somfy Joo	Seoul (Korea)	100.00	100.00	100.00
Somfy Italia SRL	Milan (Italy)	100.00	100.00	100.00
Somfy BV	Hoofddorp (Netherlands)	100.00	100.00	100.00
Somfy España SA	Barcelona (Spain)	100.00	100.00	100.00
Automatismos Pujol SL	Barcelona (Spain)	100.00	100.00	100.00

Company name	Head office	% control 31/12/14	% interest 31/12/14	% interest 31/12/13
Pujol Redutores de Velocidade LDA	Esmoriz (Portugal)	100.00	100.00	100.00
Sistemi Automatici Pujol SRL	Pavona (Italy)	100.00	100.00	100.00
Somfy Systems Inc.	Cranbury NJ (US)	100.00	100.00	100.00
Somfy AG	Bassersdorf (Switzerland)	100.00	100.00	100.00
Somfy Nordic AB	Limhamn (Sweden)	100.00	100.00	100.00
Somfy PTE Ltd	Singapore	100.00	100.00	100.00
Somfy Thailand	Bangkok (Thailand)	100.00	100.00	100.00
Somfy Taiwan Co Ltd	Taipei (Taïwan)	100.00	100.00	100.00
Asian Capital International LTD	Hong Kong	100.00	100.00	100.00
Sino Global International Holdings LTD	Hong Kong	100.00	100.00	100.00
Sino Link Trading LTD	Hong Kong	100.00	100.00	100.00
Hong Kong CTLT Trade Co. LTD	Hong Kong	70.00	70.00	70.00
Dooya China	Ningbo (China)	70.00	70.00	70.00
New Unity LTD	Hong Kong	70.00	70.00	70.00
Ningbo Sleepwell Co Ltd	Ningbo (China)	70.00	70.00	–
Somfy Co Ltd	Hong Kong	100.00	100.00	100.00
Somfy China Co Ltd	Shanghai (China)	100.00	100.00	100.00
LianDa	Zhejiang (China)	95.00	95.00	95.00
Baixing Co Ltd	Ningbo (China)	70.00	70.00	70.00
Herzborg Technology	Ningbo (China)	70.00	70.00	70.00
Somfy Middle East Co Ltd	Limassol (Republic of Cyprus)	100.00	100.00	100.00
Somfy Egypt	Cairo (Egypt)	100.00	100.00	100.00
Sisa Home Automatisation Ltd	Rishone Le Zion (Israel)	100.00	100.00	100.00
Somfy Maroc SARL	Casablanca (Morocco)	100.00	100.00	100.00
Somfy Hellas SA	Acharnae (Greece)	100.00	100.00	100.00
Somfy Ev Otomasyon Sistemleri Ticaret Ltd Sti	Istanbul (Turkey)	100.00	100.00	100.00
Somfy South Africa (PTY) Limited	Durban (South Africa)	100.00	100.00	100.00
Somfy Tunisie	Tunis (Tunisia)	100.00	100.00	100.00
Somfy Tunisie Services	Tunis (Tunisia)	50.00	50.00	50.00
Somfy Mexico SA DE CV	Tlalnepantla (Mexico)	100.00	100.00	100.00
Somfy K.K.	Yokohama (Japan)	100.00	100.00	100.00
Somfy India Pvt Ltd	New Dehli (India)	100.00	100.00	100.00
PROMOFI BV	Hoofddorp (Netherlands)	100.00	100.00	100.00
FIGEST BV	Leiden (Netherlands)	100.00	100.00	100.00
Somfy ULC	Halifax (Canada)	100.00	100.00	100.00
Harmonic Design	Poway (US)	100.00	100.00	100.00
Energy Eye	Poway (US)	100.00	100.00	100.00
Simu SAS	Gray (France)	100.00	100.00	100.00
Simu GmbH	Iserlohn (Germany)	100.00	100.00	100.00
WAY SRL	Galliera (Italy)	100.00	100.00	100.00

Company name	Head office	% control 31/12/14	% interest 31/12/14	% interest 31/12/13
Overkiz SAS	Archamps (France)	80.00	80.00	80.00
SEM-T	Cluses (France)	100.00	100.00	100.00
DSG	Mouscron (Belgium)	100.00	100.00	100.00
TTMD SA	Geneva (Switzerland)	100.00	100.00	100.00
BFT SpA	Schio (Italy)	100.00	100.00	100.00
Automatismes BFT France SAS	Saint-Priest (France)	100.00	100.00	100.00
BFT Group Italiberica de Automatismos SL	Barcelona (Spain)	98.70	98.70	98.70
BFT Torantriebssysteme GmbH	Furth (Germany)	100.00	100.00	100.00
BFT Automation UK Limited	Stockport (UK)	100.00	100.00	100.00
BFT Benelux SA	Nivelles (Belgium)	100.00	100.00	100.00
BFT Adria d.o.o.	Drazice (Croatia)	75.00	75.00	75.00
BFT Polska Sp.zoo	Warsaw (Poland)	100.00	100.00	100.00
SACS SRL	Trento (Italy)	100.00	100.00	100.00
BFT US Inc.	Boca Raton (US)	100.00	100.00	100.00
BFT Portugal SA	Coimbra (Portugal)	100.00	100.00	100.00
BFT Gates systems Limited	Berkshire (UK)	100.00	100.00	100.00
BFT Australia	Sydney (Australia)	100.00	100.00	100.00
BFT CZ Sro	Prague (Czech Republic)	100.00	100.00	100.00
BFT Piemonte	Dronero (Italy)	90.00	90.00	90.00
O&O	Corregio (Italy)	100.00	100.00	100.00
BFT Veneto	Schio (Italy)	100.00	100.00	100.00
BFT Anatolia	Istanbul (Turkey)	100.00	100.00	100.00
BFT Istanbul	Istanbul (Turkey)	100.00	100.00	100.00
BFT Greece	Athens (Greece)	100.00	100.00	100.00
BFT Eire	Dublin (Ireland)	100.00	100.00	100.00
BFT Gulf	Dubai (United Arab Emirates)	100.00	100.00	100.00
BFT China	Shanghai (China)	100.00	100.00	100.00
BFT Romania	Bucarest (Romania)	100.00	100.00	100.00
BFT New Zealand	New Zealand	100.00	100.00	100.00
BFT Sud Est	Saint Laurent du Var (France)	100.00	100.00	100.00
BFT Lazio S.r.l.	Rome (Italy)	60.00	60.00	60.00
TRS Standard S.r.l.	Verona (Italy)	60.00	60.00	60.00
NMP SAS	Cluses (France)	–	–	100.00
Zurflüh-Feller Holding SAS	Autechaux Roide (France)	–	–	100.00
Zurflüh-Feller SAS	Autechaux Roide (France)	–	–	100.00
Zurflüh-Feller Montage EURL	Autechaux Roide (France)	–	–	100.00
CERF EURL	Autechaux Roide (France)	–	–	100.00
Financière Nouveau Monde SA	Miribel (France)	–	–	87.53
Sirem SAS	Miribel (France)	–	–	87.53
Aqua System Design SAS	Miribel (France)	–	–	87.53

Company name	Head office	% control 31/12/14	% interest 31/12/14	% interest 31/12/13
Sirem Immobilier SNC	Miribel (France)	–	–	87.53
Sodim	Pagny le Château (France)	–	–	87.53
Equity-accounted companies				
Gaviota Group	Sax (Spain)	–	–	46.50
CIAT Group	Culoz (France)	–	–	46.10
Pellenc Group	Pertuis (France)	–	–	47.23
Neocontrol	Belo Horizonte (Brazil)	51.00	51.00	51.00

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Balance sheet at 31 December 2014

BALANCE SHEET – ASSETS

€ thousands	31/12/14 Net	31/12/13 Net
NON-CURRENT ASSETS		
Intangible assets	1	1
Property, plant and equipment	–	–
Financial assets	470,515	564,704
Total Non-current assets	**470,515**	**564,705**
CURRENT ASSETS		
Inventories and work in progress	–	–
Trade receivables	5,967	825
Other receivables and accruals	24,710	22,684
Marketable securities	70,707	88,418
Cash and cash equivalents	5,440	3,660
Total Current assets	**106,823**	**115,587**
TOTAL ASSETS	**577,339**	**680,292**

BALANCE SHEET – EQUITY AND LIABILITIES

€ thousands	31/12/14	31/12/13
SHAREHOLDERS' EQUITY		
Share capital	7,837	7,837
Merger and issue premium	1,866	1,866
Reserves	122,251	470,239
Net profit	104,596	62,455
Total Shareholders' equity	**236,550**	**542,397**
Provisions for liabilities and charges	**5,345**	**6,680**
LIABILITIES		
Borrowings and financial liabilities	257,815	2,440
Trade payables	1,488	2,828
Other payables and accruals	76,142	125,946
Total Liabilities	**335,445**	**131,215**
TOTAL EQUITY AND LIABILITIES	**577,339**	**680,292**

Income statement for the year ended 31 December 2014

€ thousands	31/12/14	31/12/13
Net sales	1,815	2,734
Other income	5,890	1,397
Other expenses:	– 16,037	– 10,175
Personnel expenses	*– 1,173*	*– 792*
Taxes and duties	*– 384*	*– 138*
Net operating expenses	*– 14,481*	*– 9,245*
Royalties paid	–	–
Amortisation, depreciation and provision charges/reversals	–	–
OPERATING RESULT	**– 8,333**	**– 6,044**
Net financial income	**165,459**	**77,637**
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	**157,126**	**71,593**
Net extraordinary expense	**– 38,695**	**– 4,582**
PROFIT BEFORE TAX	**118,431**	**67,010**
Income tax	– 13,835	– 4,555
NET PROFIT	**104,596**	**62,455**

Proposed allocation of 2014 profit

€	
Source	
Retained earnings from prior years	22,147,574.40
Net profit for the year	104,595,986.28
	126,743,560.68

€	
Allocation	
Dividends	40,751,360.00
Optional reserves	85,992,200.68
	126,743,560.68

Notes to the Somfy SA financial statements

The financial statements have been prepared for the 12-month period from 1 January 2014 to 31 December 2014.

A – SIGNIFICANT EVENTS OF THE FINANCIAL YEAR

At its meeting of 14 May 2014, the Supervisory Board unanimously decided to study the demerger of the Group into two entities, Somfy Activities and Somfy Participations, as proposed by the Management Board. The Management Board considered that more than six years after its creation, Somfy Participations had acquired the necessary maturity and experience to develop its activities autonomously.

The Supervisory Board meeting of 13 October 2014, having considered the report of the independent expert (Valphi) on the transfer value of the assets and the fairness of the financial conditions of the transaction, unanimously approved the terms of the demerger of the Group's two business divisions, Somfy Activities and Somfy Participations.

As part of this transaction, on 29 October 2014 Somfy SA transferred the assets of Somfy Participations (Gaviota Simbac, Zurflüh-Feller, Sirem, Pellenc and Sofilab 4), with the exception of CIAT and FAAC securities, to the public limited company (société anonyme) Edify, governed by Luxembourg law, which was created on 16 September 2014 for the purposes of the transaction.

The value of Edify at the end of the transfer was €253 million. It is divided into 5,060,620 shares and is made up of €192 million and €61 million for the equity portfolio and the balance of other financial assets (receivables, cash and cash equivalents) respectively.

At its meeting of 27 November 2014, the General Meeting adopted all the resolutions submitted for its approval. It has thus ratified the separation of the Group's two business divisions and decided to make an exceptional distribution of reserves with shareholders having the choice of receiving either a cash payment or shares in the company Edify.

At the General Meeting, Somfy's majority shareholder confirmed its decision to opt for payment in Edify shares.

The amount of €50 per Somfy share for payment in cash was established based on the value of Edify, set at €253 million and divided into 5,060,620 shares comprising the share capital of said company.

The firm Valphi, acting as independent expert, believed the financial conditions of the transaction to be fair for Somfy shareholders in a report dated 9 October 2014, annexed to the prospectus for admitting Edify shares to official listing and trading on the organised Euro MTF market of the Luxembourg stock exchange, available via Somfy's website (www.somfy.com).

Edify shares were admitted for trading on the Luxembourg market on the same date as the distribution was paid, namely 19 December 2014.

Prior to the demerger, Somfy Participations performed the following legal transactions:
– In June 2014, acquisition of 5.89% of the share capital of Lacroix, a French company specialised in the manufacture of wooden, cardboard, plastic and composite packaging;
– In July 2014, acquisition of 68.4% of the share capital of Usines Métallurgiques de Vallorbe (UMV) in the canton of Vaud in Switzerland, one of the world leaders in the manufacture of high quality files for use in many industries such as forestry, jewellery and watchmaking;
– In December 2014, acquisition of the bare ownership of 51.36% of the share capital of Pellenc SA. At 31 December 2014, Somfy Participations owns the full ownership of 48.4% of shares in Pellenc SA.

The aforementioned Lacroix, Usines Métallurgiques de Vallorbe and Pellenc SA securities were incorporated into the transfer to Edify as detailed above.
The financial impact of this transaction is the following:

€ millions	Total
Capital loss on the transfer of equity securities*	– 37.7
Reversals to provisions for writedown of transferred financial assets**	14.5
Additional contribution on distribution***	– 11.9
Other impacts	– 1.0
	– 36.1

** Recognised in net extraordinary expense.*
*** Recognised in net financial income.*
**** Recognised in income tax.*

B – CONTINGENT LIABILITY

On 6 January 2014, Somfy SA was summoned to appear before the Regional Court of Albertville to seek annulment of the transfer of the company Spirel, which took place in 2010. Having had their first summons rejected by the Regional Court of Albertville, Spirel's employees served a new summons on 27 June 2014. The hearings should take place in 2015. Somfy SA disputes the arguments put forward by counsel for the Spirel employees, believes it has complied with its obligations and remains confident of its chances of receiving a favourable ruling. As a result, the risk is qualified as a contingent liability and therefore no provision was recognised for this dispute at 31 December 2014.

C – ACCOUNTING RULES AND METHODS

The 2014 financial statements are presented in accordance with current French legislation as defined by the French Chart of Accounts and having considered ARC regulation n° 2014-03 of 5 June 2014 related to the new French chart of accounts.
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 accounting methods from one year to the next,
– Separate accounting periods,
and in compliance with the general rules for the preparation and presentation of annual financial statements.
The method used to value the items in the accounts is the historical cost method.

EQUITY INVESTMENTS

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

OTHER SECURITIES

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

MARKETABLE SECURITIES

The gross value of marketable securities comprises their purchase price less related expenses or their transfer value. Marketable securities are valued at their average quoted stock exchange price over the month of December 2014 and are impaired when this is lower than cost.
At 31 December 2014, marketable securities totalled €70.6 million, comprising:
– Treasury shares of €72 million,
– A provision of €1.4 million, for the writedown of treasury shares.

TREASURY SHARES

Pursuant to the authorisation granted to the Management Board by the Combined General Meeting of 14 May 2014, treasury shares are retained for the following purposes:
– To stimulate the secondary market or ensure the liquidity of the Somfy SA share, by way of an investment services provider within a liquidity contract that complies with the Ethics Charter of AMAFI recognised by the "Autorité des Marchés Financiers";
– To retain the shares purchased and subsequently exchange them or use them within the framework of potential acquisitions, recognising that shares acquired to that end may not exceed 5% of the company's share capital;
– To ensure the coverage of stock option plans and/or free share allocation plans (or similar) granted to employees and/or corporate officers of the Group, as well as all other shares allocated under a company or group savings scheme (or similar), in relation to employee profit-sharing and/or any other form of allocation to employees and/or corporate officers of the Group;
– To cover marketable securities giving right to the allocation of shares in the company, in accordance with current regulations;
– To proceed with the possible cancellation of shares acquired, subject to the authorisation granted by the General Meeting of Shareholders of 14 May 2014 in its sixth resolution, sitting in extraordinary session.

These shares are classified in account 502 "Treasury shares". Income or losses on treasury share transactions are thus recognised as net financial income/expense.
Treasury shares to be granted to employees and allocated to stock option or free share plans are valued on a plan-by-plan basis at the lower of acquisition cost or exercise price of the call option.
Shares not yet allocated to plans or which have lapsed are valued at the lower of the average purchase price of all these shares or the average quoted stock exchange price over the month of December 2014.
Shares bought and sold to ensure the liquidity and to stimulate the secondary market and shares purchased to be retained and subsequently exchanged are valued at the lower of the average purchase price of all these shares or the average quoted stock exchange price over the month of December 2014.

SOMFY SA STOCK OPTION AND FREE SHARE ALLOCATION PLANS

At 31 December 2014, there were no more existing stock option plans.
In addition, at its meeting on 21 February 2014 the Management Board of Somfy SA decided to allocate Somfy SA shares, free of charge, to 154 beneficiaries. The acquisition of these free shares is subject to beneficiaries remaining employed by the Group and to business performance conditions based on internal financial criteria.

ACCOUNTS RECEIVABLE FROM EQUITY INVESTMENTS, BONDS RECEIVABLE AND OTHER RECEIVABLES

Receivables are carried at their nominal value. A provision for impairment is recorded when their estimated realisable value falls below carrying value and based upon the probability of their recovery.
When the equity of investments become negative, a provision for impairment is recorded with reference to the above estimated realisable value.
Accrued interest on bonds receivables are capitalised at each year-end.

FOREIGN CURRENCY DENOMINATED TRANSACTIONS

Foreign currency denominated income and expenses are recorded at their equivalent value at the transaction date. Foreign currency denominated debts, receivables and cash are recognised in the balance sheet at their exchange rate on the balance sheet date. The difference resulting from the translation of foreign currency debts and receivables at the balance sheet date exchange rate is recognised in the balance sheet as a "Translation adjustment".
At 31 December 2014, "asset" and "liability" translation adjustments of €3.7 thousand and -€1.1 thousand respectively, were classified under the captions "Other receivables and accruals" and "Other payables and accruals".
Unrealised foreign exchange losses resulting from the net exchange position by currency recorded on assets and liabilities at the balance sheet date are recorded as a provision for foreign exchange losses.

BORROWINGS AND DEBTS FROM CREDIT INSTITUTIONS

Borrowings and debts from credit institutions are recorded on the balance sheet at their net value. Accrued interest is recorded on the balance sheet with the related borrowings.
At 31 December 2014, 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,
– A provision for interest rate risk was established for the unrealised loss resulting from the recognition at fair value of financial instruments whose nature as a hedge cannot be demonstrated.

OPERATING ITEMS

Somfy SA sales for the year to 31 December 2014 were €1.8 million, lower than in the previous year. The operating loss was €8.3 million, compared with €6.0 million in 2013.

FINANCIAL ITEMS

The net financial income of the Somfy SA holding company was €165.5 million, compared with €77.6 million in 2013.
The growth in net financial income was due to the €77.4 million increase in dividends received over the period.
Furthermore, interest on bank debt grew due to the increase in debt but were largely offset by interest on debenture loans (mezzanine) granted by Somfy SA to CIAT, Financière Nouveau Monde and Garen.

NET EXTRAORDINARY EXPENSE

The net extraordinary expense totalled €38.7 million. It includes a capital loss of €37.7 million on the transfer of equity securities to Edify and takes into account the reversal in the provision for risk on the tax inspection to which Somfy SA was subject, the inspection resulting during the course of the financial year with an amount in line with the provision.

NET PROFIT

The net profit was thus €104.6 million, after an income tax charge of €13.8 million.

TAX CONSOLIDATION

The tax consolidation agreement signed between Somfy SA and its direct and indirect subsidiaries was renewed on 1 January 2013 for an indefinite period of time.
In accordance with the agreement, the difference calculated between the income tax chargeable on the combined profits of the tax consolidation and the sum of the Group companies' individual tax charges is credited to Somfy SA, the Group's parent company. At 31 December 2014, tax savings resulting from the transfer of losses from subsidiaries are considered to be tax income.
Should a subsidiary cease to be a member of the tax consolidation, it will be compensated by Somfy SA in accordance with a jointly-agreed exit methodology, taking account of the situation at that date.
Currently there are no available Group tax losses to be used.

POST-BALANCE SHEET EVENT

On 23 July, Somfy SA received a firm offer from United Technologies Corporation to acquire its equity investment in the share capital of CIAT Group, a specialist in the air treatment and heat transfers of buildings.
The bid was subject to several conditions precedent, namely consultation with CIAT Group's works council (favourable opinion issued on 28 October 2014), approval by CIAT Group following this consultation and the authorisation of the supervisory bodies governing this type of transaction (last authorisations received in December 2014).
The definitive transfer took place on 5 January 2015. The transaction is worth approximately €114 million, including €34.8 million related to the acquisition price of the securities, excluding costs, and €79 million for the redemption of the CIAT bond issue originally subscribed to by Somfy SA.
The CIAT Group interest dates from 2008 for its initial portion and on the day of the transfer represented 44.49% of the share capital of CIAT Group.

CONSOLIDATING ENTITY

The consolidating entity is the J.P.J.S. company.

D – NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS AT 31 DECEMBER 2014

NOTE 1: GROSS NON-CURRENT ASSETS

€ thousands	Gross value 31/12/13	Increase	Decrease	Merger movements	Other movements	Gross value 31/12/14
Intangible assets	**215**	**–**	**–**	**–**	**–**	**215**
Property, plant and equipment	**2**	**–**	**–**	**–**	**–**	**2**
Financial assets	**611,333**	**133,031**	**– 3,187**	**–**	**– 240,237**	**500,940**
Equity investments	506,771	113,030	– 2,230	–	– 219,418	398,153
Receivables from equity investments	12,808	5,515	– 725	–	– 5,091	12,507
Other financial assets	3,143	6,962	– 233	–	– 9,848	24
Bonds	88,611	7,525	–	–	– 5,881	90,255
	611,549	**133,031**	**– 3,187**	**–**	**– 240,237**	**501,156**

The increase in financial assets is due to capital increases of €113 million.
The increase in other financial assets is due to capitalised interest on bonds granted to companies acquired by LBO and the investment in Sofilab 4 totalling €6.6 million.
Amounts included in the "Other movements" column correspond to assets transfered to Edify as part of the demerger.

NOTE 2: AMORTISATION AND DEPRECIATION

€ thousands	Amount at 31/12/13	Charges	Reversals	Merger movements	Other movements	Amount at 31/12/14
Intangible assets	**214**	**–**	**–**	**–**	**–**	**214**
Concessions, patents and licences	214	–	–	–	–	214
Property, plant and equipment	**2**	**–**	**–**	**–**	**–**	**2**
	216	**–**	**–**	**–**	**–**	**216**

NOTE 3: BALANCE SHEET PROVISIONS

€ thousands	Amount at 31/12/13	Charges	Reversals used	Reversals unused	Merger movements	Other movements	Amount at 31/12/14
Regulated provisions	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Provisions for liabilities and charges	**6,680**	**5,345**	**– 6,680**	**–**	**–**	**–**	**5,345**
Writedown provisions	**47,967**	**9,225**	**– 25,386**	**–**	**–**	**–**	**31,807**
On financial assets	46,628	7,919	– 24,122	–	–	–	30,425
On miscellaneous receivables	–	–	–	–	–	–	–
On marketable securities	1,339	1,306	– 1,264	–	–	–	1,382
	54,647	**14,570**	**– 32,065**	**–**	**–**	**–**	**37,151**

NOTE 4: ANALYSIS OF MATURITY OF RECEIVABLES

€ thousands	Total	Less than 1 year	More than 1 year
Non-current receivables			
Receivables from equity investments	12,507	4,160	8,347
Other financial assets	24	–	24
Bonds issued	90,255	79,400	10,855
Current receivables			
Trade receivables	5,967	5,967	–
Miscellaneous receivables*	20,981	20,981	–
Prepaid expenses and translation adjustment	3,729	3,729	–
	133,463	**114,237**	**19,226**

** Including €19,850 thousand of intragroup current accounts, primarily originating from the implementation of cash pooling at Group level.*

NOTE 5: ANALYSIS OF MATURITY OF PAYABLES

€ thousands	Total	Less than 1 year	1 to 5 years	More than 5 years
Liabilities				
Loans and borrowings from credit institutions	207,922	207,922	–	–
Miscellaneous loans and borrowings	49,893	49,893	–	–
Operating liabilities				
Trade payables and related items	1,488	1,488	–	–
Other liabilities*	75,002	75,002	–	–
Deferred income and translation adjustment	1,141	1,141	–	–
	335,445	**335,445**	**–**	**–**

** Including €67,399 thousand of intragroup current accounts, primarily originating from the implementation of cash pooling at Group level.*

NOTE 6: TRANSLATION ADJUSTMENTS ON FOREIGN CURRENCY DENOMINATED DEBTS AND RECEIVABLES

	Asset side impact		Liability side impact
€ thousands	Total	Provision for liability	Total
Bonds	3,217	3,217	–
Receivables from equity investments	429	429	1,141
Miscellaneous receivables	–	–	–
Financial debts	63	63	–
	3,710	**3,710**	**1,141**

NOTE 7: ANALYSIS OF OPERATIONS OF RELATED COMPANIES AND EQUITY INVESTMENTS

€ thousands	Total
Equity investments	398,153
Receivables from equity investments	11,903
Bonds issued	90,255
Borrowings and financial liabilities	49,893
Financial income (interest and dividends)	148,711
Financial expenses (interest)	– 94
Receivables	23,280
Liabilities	67,569

NOTE 8: STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

€ thousands	Balance at 31/12/13 before allocation of net profit	Allocation of net profit for the year to 31/12/13	2014 movements	Balance at 31/12/14 before allocation of net profit	Proposed allocation of 2014 net profit	Balance at 31/12/14 after allocation of net profit
Share capital	7,837	–	–	7,837	–	7,837
Share premium	1,866	–	–	1,866	–	1,866
Revaluation reserve	5,929	–	–	5,929	–	5,929
Legal reserve	791	–	–	791	–	791
Regulated reserves	–	–	–	–	–	–
Other reserves	461,475	23,749	– 391,840	93,384	85,992	179,376
Retained earnings	2,045	– 2,045	22,148	22,148	– 22,148	–
Net profit	62,455	– 62,455	104,596	104,596	– 104,596	–
Regulated provisions	–	–	–	–	–	–
	542,397	**– 40,751**	**– 265,096**	**236,550**	**– 40,751**	**195,799**
	Change					
SHAREHOLDERS' EQUITY AFTER ALLOCATION	**501,646**		**– 305,847**			**195,799**

NOTE 9: DEFERRED INCOME

€ thousands	
Dividends	541
Accrued interest on cash accounts	–
Trade receivables, invoices to be issued	38
Government, tax and duties	618
Other	512

NOTE 10: ACCRUED EXPENSES

€ thousands	
Accrued loan interest	161
Trade payables, invoices not received	929
Employees, statutory bodies, government, duties and taxes	11,010
Miscellaneous	90
Attendance fees	9

NOTE 11: SHARE CAPITAL

€	Number of shares	Par value
Shares		
At the start of the year	7,836,800	1.0
At the end of the year	7,836,800	1.0
Convertible bonds and similar securities	–	–

NOTE 12: SALES BREAKDOWN

€ thousands	
France	1,059
European Union	438
Non-EU	318
TOTAL	**1,815**

NOTE 13: FINANCIAL COMMITMENTS

€ thousands	31/12/14	31/12/13
Guarantees and deposits received	2,204	829
Unused credit facilities	49,121	119,563
TOTAL COMMITMENTS RECEIVED	**51,325**	**120,392**

€ thousands	31/12/14	31/12/13
Guarantees and deposits given	3,979	7,075
Interest on outstanding loans	–	–
Commitments to funds investments	–	2,984
TOTAL COMMITMENTS GIVEN	**3,979**	**10,059**

NOTE 14: SECURITISED DEBT

€ thousands	
Borrowings and debts from credit institutions	–

NOTE 15: DIRECTORS' REMUNERATION

€ thousands	
Remuneration allotted	
– to members of the Management Board	476
– to members of the Supervisory Board	112
Pension commitments subscribed	N/A

NOTE 16: WORKFORCE SIZE AT 31 DECEMBER 2014

	Male	Female	Total
Managers & executives	4	2	6

NOTE 17: STOCK OPTION AND FREE SHARE PLANS AT 31 DECEMBER 2014

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

Plan date	Number of beneficiaries	Number of options granted	Adjusted number of options	Exercise price of options	Option expiry date
			NIL		

Analysis of unexercised options

Plan date	Exercise price (€)	Number of unexercised options	Time remaining to option maturity (days)	Plan maturity date
		NIL		

Movements in stock option plans

	2014		2013	
	Number of options	Weighted average exercise price (€)	Number of options	Weighted average exercise price (€)
Unexercised options at 1 January	15,532	166.89	30,632	161.03
Options granted	–	–	–	–
Options cancelled	– 4,675	155.00	– 1,000	155.00
Options exercised	– 10,857	172.01	– 14,100	155.00
UNEXERCISED OPTIONS AT THE END OF THE YEAR	**–**	**–**	**15,532**	**166.89**
EXERCISABLE OPTIONS AT THE END OF THE YEAR	**–**	**–**	**15,532**	**166.89**

Free share plans

Plan date		Number of beneficiaries	Number of shares granted	Price per share (€)	Allocation date	Vesting date	Shares cancelled	Shares exercised	Number of shares exercisable at 31/12/14
21/02/14	Residents	86	7,270	179.92	30/06/16	01/07/18	–	–	7,270
21/02/14	Non-residents	68	4,320	169.86	30/06/18	N/A	–	– 120	4,200
		154	**11,590**				**–**	**– 120**	**11,470**

The plan of 21 February 2014 is subject to beneficiaries remaining employed by the Group and to business performance conditions based on internal financial criteria.

NOTE 18: TREASURY SHARES

€ thousands		**31/12/13**	**Increase**	**Decrease**	**Transfer**	**31/12/14**
Stock options and free shares	€ thousands	51,539	–	– 919	–	50,620
	number	*299,614*	–	*– 10,977*	–	*288,637*
Liquidity contract	€ thousands	153	6,242	– 6,281	–	115
	number	*862*	*26,638*	*– 26,934*	–	*566*
Shares retained for potential acquisitions	€ thousands	21,279	–	–	–	21,279
	number	*112,254*	–	–	–	*112,254*
Treasury shares	€ thousands	–	–	–	–	–
	number	–	–	–	–	–
TOTAL TREASURY SHARES	**€ thousands**	**72,971**	**6,242**	**– 7,200**	**–**	**72,013**
	number	***412,730***	***26,638***	***– 37,911***	**–**	***401,457***

NOTE 19: LIST OF COMPANIES INCLUDED IN THE TAX CONSOLIDATION

Somfy SA	Parent company	Cluses
Somfy SAS		Cluses
Simu SAS		Gray
CMC SARL		Cluses
Domis SA		Rumilly
Automatismes BFT France SAS		Lyon
SEM-T SASU		Cluses

NOTE 20: BREAKDOWN OF INCOME TAX AT 31 DECEMBER 2014

	Result	Tax		
€ thousands		**Base**	**Rate**	**Amount**
1.Current result				
Net profit for the year	157,126	157,126	–	59,708
Tax adjustments				
– Long-term capital gains and losses	–	–	–	–
– Income from equity investments	–	– 133,850	–	– 50,863
– Other	–	– 3,972	–	– 1,509
Theoretical tax	–	*19,304*	*38.0%*	*7,336*
2.Extraordinary result				
Net loss for the year	– 38,695	– 38,695	–	– 14,704
Tax adjustments				
– Long-term capital gains and losses	–	–	–	–
– Deductions	–	– 34,690	–	– 13,182
– Reinstatements	–	58,505	–	22,232
Theoretical tax	–	*– 14,880*	*38.0%*	*– 5,654*
Total theoretical tax	**–**	**4,424**	**–**	**1,681**
Tax paid by tax consolidation companies	–	–	–	9,004
Tax charge/income for the tax consolidation	–	–	–	– 8,645
Contribution on distributed earnings	–	–	–	– 12,313
Tax charge/relief from previous periods	–	–	–	– 1,881
NET PROFIT	**–**	**–**	**–**	**104,596**

€ thousands	**Before tax**	**Tax**	**After tax**
Current result	157,126	– 7,336	149,790
Extraordinary result	– 38,695	5,654	– 33,041
	118,431	**– 1,681**	**116,749**
Tax charge/income for the tax consolidation	–	–	– 8,645
Tax paid by tax consolidation companies	–	–	9,004
Contribution on distributed income	–	–	– 12,313
Tax charge/relief from previous periods	–	–	– 1,881
Theoretical tax	–	–	1,681
NET PROFIT	**–**	**–**	**104,596**

NOTE 21: SUBSIDIARIES AND INVESTMENTS

€ thousands	Share capital and premium	Reserves and retained earnings before allocation of net profit	Share of capital held (%)	Profit/loss for the last financial year	Sales	Dividends received
Subsidiaries (at least 34% of share capital held by the company)						
DSG	4,250	– 230	99.90%	380	–	–
Somfy SAS	20,000	46,564	100.00%	28,688	365,120	100
CMC	8	– 950	100.00%	148	–	–
Somfybat	6,830	9,820	100.00%	1,404	–	–
Somfy Ltd	146	1,052	100.00%	333	10,573	–
Somfy PTY Limited	306	1,500	100.00%	1,236	9,882	–
Somfy N.V.	348	38	100.00%	1,379	24,555	–
Somfy Brasil Ltda	4,838	– 1,963	99.62%	– 2,625	8,902	–
Somfy GmbH	1,500	5,691	100.00%	6,680	129,995	–
Somfy Kft	787	– 275	100.00%	107	2,962	–
Somfy SPOL SRO	177	283	100.00%	1,258	11,549	–
Somfy Sp.Zoo	132	2,460	100.00%	1,062	17,533	–
Somfy SRL Romania	307	– 216	100.00%	41	806	–
Somfy JOO	314	3,604	100.00%	730	6,876	–
Somfy Italia SRL	2,000	6,864	95.00%	1,393	17,468	–
Somfy España SA	93,100	– 3,081	100.00%	6,584	16,235	5,000
Somfy Systems Inc.	8,786	12,389	100.00%	2,386	51,275	–
Somfy AG	30	987	100.00%	1,753	23,425	–
Somfy AB	71	903	100.00%	1,093	11,476	–
Somfy PTE Ltd	533	471	100.00%	188	3,653	–
Somfy Co Ltd	10,423	1,497	100.00%	403	5,986	–
LianDa	6,960	– 17,027	95.00%	778	18,681	–
Somfy Middle East Co Ltd	62	9,365	100.00%	1,743	25,866	–
Somfy Mexico SA DE CV	27	1,400	99.75%	– 586	4,486	–
Somfy K.K.	205	1,680	100.00%	489	9,456	–
Promofi BV	91	10,212	100.00%	47,818	–	47,750
Simu SAS	5,000	6,210	100.00%	6,498	68,412	500
Somfy ULC Canada	904	249	100.00%	909	6,155	–
CIAT Group	84,340	– 23,758	44.49%	9,254	–	5,942
Arve Finance	3,010	– 2,165	50.17%	710	–	134
Somfy SIA	521	– 383	100.00%	2	1,577	–
Somfy Pty Limited South Africa	410	237	100.00%	301	1,713	–
Somfy Colombia	28	54	100.00%	– 80	1,018	–
Domis	1,115	98	99.99%	1,375	10,947	–
Somfy Russia	915	– 389	100.00%	– 671	6,516	–
Sisa Automation	249	3,351	100.00%	1,102	9,774	–
Somfy Turkey	832	1,374	99.85%	1,291	9,041	–

€ thousands	Share capital and premium	Reserves and retained earnings before allocation of net profit	Share of capital held (%)	Profit/loss for the last financial year	Sales	Dividends received
Asian Capital	108,538	15,066	100.00%	– 4,716	–	–
Somfy Morocco	196	170	100.00%	224	4,507	–
Somfy Hellas	750	1,907	100.00%	98	5,562	–
Somfy India	1,566	– 200	99.99%	– 62	2,659	–
Somfy Bulgaria	102	– 22	99.90%	30	722	–
Stor'm	8	433	100.00%	54	956	–
Somfy Thailand	306	276	99.98%	242	1,432	–
Somfy Ukraine	321	– 265	100.00%	– 25	384	–
Somfy Service Tunisia	99	– 15	50.00%	– 3	–	–
Somfy Chile	82	– 34	99.00%	– 24	–	–
Somfy Egypt	140	– 13	99.91%	–	–	–
SOPEM	30,894	3,456	100.00%	3,333	11,295	–
Giga Security SA	4,066	90	51.00%	– 4,166	10,823	–
Gabr Participacao	3,139	– 347	99.99%	– 46	–	–

€ thousands	
Loans and advances granted to the companies above, not yet repaid	10,240
Total guarantees granted to the companies above	2,954
Dividends paid by the companies above during the year	140,510

NOTE 22: EQUITY INVESTMENTS AT 31 DECEMBER 2014

€ thousands	Gross value	Net value	Quoted value
1. Equity investments			
29,995 DSG shares	4,218	4,218	–
119,994 Vimart shares	63	23	–
1,000,000 Somfy SAS shares	8,286	8,286	–
30,000 Somfy GmbH shares	4,555	4,555	–
3,000 Somfy AB shares	534	534	–
394 Promofi BV shares	1,084	1,084	–
230 Somfy Systems Inc. shares	10,167	10,167	–
1,900,000 Somfy Italia SRL shares	2,271	2,271	–
50 Somfy AG shares	152	152	–
660 Somfy K.K. shares	194	194	–
35,000 Somfy España SA shares	93,161	93,161	–
13,995 Somfy N.V. shares	334	334	–
35,999 Somfy Middle East Co Ltd shares	72	72	–
100,000 Somfy Ltd shares	144	144	–
500,000 Somfy PTY Limited shares	350	350	–
80,000 Somfy JOO shares	460	460	–
1,100,000 Somfy PTE Ltd shares	514	514	–
500 CMC shares	8	8	–
2,099,990 Somfy Co Ltd shares	10,734	10,734	–
1 Somfy SPOL SRO share	1,012	1,012	–
676 Somfy Sp.Zoo shares	1,423	1,423	–
1 Somfy Kft share	1,865	592	–
399 Somfy Mexico SA DE CV shares	44	44	–
6,692,000 Somfy Brasil Ltda shares	5,163	2,643	–
250,000 Simu SAS shares	23,937	23,937	–
51,000 FAAC SpA shares	17,373	17,373	–
3,584,299 Somfy India shares	1,550	1,550	–
52,250 LianDa shares	7,307	–	–
124,274 Somfy SRL Romania shares	311	119	–
100,000 Somfy ULC Canada shares	333	333	–
37,375,202 CIAT Group shares	36,818	34,821	–
1,510,000 Arve Finance shares	1,510	778	–
3,663 Somfy SIA shares	822	–	–
4,728,000 Somfy Pty Limited South Africa shares	387	387	–
71,408 Somfy Colombia shares	30	–	–
2,499,999 Somfy Hellas shares	750	750	–
22,000 Somfy Morocco shares	202	202	–
85,825 Domis shares	3,068	3,068	–

€ thousands		Gross value	Net value	Quoted value
1	Somfy Russia share	950	950	–
14,000,000	Sisa Automation shares	270	270	–
16,776	Somfy Turkey shares	875	875	–
1,175,891	Asian Capital shares	102,133	102,133	–
999	Somfy Bulgaria shares	102	102	–
500	Stor'm shares	839	839	–
9,998	Somfy Thailand shares	304	304	–
1	Somfy Ukraine share	330	39	–
1,000	Somfy Service Tunisia shares	52	52	–
30,690	Somfy Chile shares	83	–	–
1,099	Somfy Egypt shares	153	153	–
104,000	SOPEM shares	30,831	30,831	–
8,999,100	Gabr Participacao shares	3,016	–	–
948,600	Giga Security SA shares	6,728	28	–
379,449	Somfybat shares	10,280	10,280	–
		398,153	**373,149**	**–**

€ thousands	Gross value	Net value	Quoted value
2. Portfolio investments	–	–	–
3. Marketable securities			
Treasury shares	72,013	70,707	83,503
Marketable securities	–	–	–
	72,013	**70,707**	**83,503**

09

/ LEGAL DOCUMENTS

09 / LEGAL DOCUMENTS

Statutory Auditors' report on the parent company financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby report for the financial year ended 31 December 2014 on:
– Our audit of the accompanying Somfy SA company financial statements,
– The justification of our assessments,
– The specific legal verifications and disclosures.
The parent company financial statements have been prepared by the Management Board. It is our responsibility to express an opinion on the basis of our audit.

I. OPINION ON THE FINANCIAL STATEMENTS

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

II. JUSTIFICATION OF ASSESSMENTS

In application of Article L. 823-9 of the Commercial Code regarding the justification of our assessments, we wish to bring to your attention the following matters:
The note to the parent company financial statements entitled "Equity investments" sets out the accounting rules and methods relating to the valuation of equity investments at year-end. We have reviewed the valuation methods used by your company and resulting calculations. As part of our assessment of these estimates, we have verified the reasonableness of selected assumptions and resulting estimates.
Our review of these matters was performed as part of our statutory audit of the annual financial statements, and accordingly contributed to the issuance of our unqualified audit opinion stated in the first part of this report.

III. SPECIFIC VERIFICATIONS AND INFORMATION

We have also proceeded with the specific verifications required by law, in accordance with professional standards in France.
We have no observation to make with regard to the fairness of information provided in the Management Board report and its consistency with the financial statements, and on the documents provided to shareholders on the financial position and financial statements of the company.
As regards the information provided pursuant to Article L. 225-102-1 of the Commercial Code on remuneration and benefits provided to corporate officers as well as commitments given in their favour, we have verified their consistency with the financial statements or with the data used in the preparation of these financial statements and, where appropriate, with the information collected by your company from its parent company(ies) or subsidiaries. On the basis of this work, we confirm the accuracy and fairness of this information.
In application of the law, we have assured ourselves that information relating to shareholdings and the identity of entities or individuals holding shares and voting rights has been communicated to you in the Management Board report.

Paris and Lyon, 21 April 2015
The Statutory Auditors

LEDOUBLE
Agnès Piniot

ERNST & YOUNG et Autres
Sylvain Lauria

Statutory Auditors' special report on regulated agreements and commitments

To the Shareholders,

As Statutory Auditors to your company, we hereby report on regulated agreements and commitments.
It is our responsibility to inform you, on the basis of information given to us, of the key features and terms and conditions of the agreements and commitments which we were made aware of or discovered as part of our assignment. It is not our responsibility to comment on their usefulness and validity or to search for other such agreements and commitments. It is your responsibility, pursuant to the provisions of Article R. 225-58 of the Commercial Code, to assess the interest of concluding these agreements and commitments with a view to their approval.
Furthermore, it is our responsibility, if applicable, to inform you of disclosures required by Article R. 225-58 of the Commercial Code relative to the execution, during the year just ended, of agreements and commitments already approved by the General Meeting.
We carried out the due diligence we deemed necessary in accordance with the professional standards of the Compagnie Nationale des Commissaires aux Comptes relative to this assignment. These standards require us to verify that the information given to us was consistent with the underlying documents.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL BY THE GENERAL MEETING

We hereby inform you that we have not been advised of any agreements or commitments authorised during the financial year that required approval from the General Meeting pursuant to Article L. 225-86 of the Commercial Code.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING

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

1. WITH SOMFY SAS, SIMU SAS, CMC SARL, DOMIS SA, SEM-T SAS AND AUTOMATISMES BFT FRANCE SAS

Persons concerned

Jean-Philippe Demaël (for companies within the scope of the BFT business via Somfy Spain and for Somfy SAS) and Paul Georges Despature (for CMC SARL)

Nature and purpose

Tax consolidation agreement

Terms and conditions

On 28 February 2013, your Supervisory Board authorised the signing of a tax consolidation agreement on 1 March 2013, for an indefinite period of time, for which your company is the head of the tax consolidation group.
Your company recognised an income of €193,618 during the financial year in respect of this agreement.

2. WITH CMC SARL

Person concerned

Jean-Philippe Demaël

Nature and purpose

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

Terms and conditions

This contract gives a contingent right to an additional pension of 0.75% of the reference salary, multiplied by the number of years of service, with a ceiling of 20 years and a maximum of 15% of the reference salary, which corresponds to the average remuneration for the best three years of remuneration limited to ten Annual Ceilings of Social Security, excluding exceptional bonuses, incentive bonus and profit-sharing and after applying the salary and social contribution indexing coefficients defined by the Caisse Nationale d'Assurance Vieillesse (CNAV).
Your company did not recognise any expense during the financial year in relation to this agreement.

Paris and Lyon, 21 April 2015
The Statutory Auditors

LEDOUBLE
Agnès Piniot

ERNST & YOUNG et Autres
Sylvain Lauria

Statutory Auditors' report, prepared in application of Article L. 225-235 of the Commercial Code, on the report of the Chairman of the Supervisory Board of Somfy SA

To the Shareholders,

As Statutory Auditors to Somfy SA, and in compliance with the provisions of Article L. 225-235 of the Commercial Code, we hereby report on your company Chairman's report in accordance with Article L. 225-68 of the Commercial Code for the year ended 31 December 2014.

It is the responsibility of the Chairman to prepare and submit to the Supervisory Board for approval, a report on the internal control and risk management procedures implemented by the company and other disclosures required by Article L. 225-68 of the Commercial Code, in particular in relation to corporate governance procedures.

It is our responsibility:

– To communicate to you any observations we may have concerning the information contained in the Chairman's report regarding internal control procedures and the management of risks relating to the preparation and processing of financial and accounting information, and
– To certify that this report includes all other disclosures required by Article L. 225-68 of the Commercial Code, it being specified that is not our responsibility to verify the fairness of these disclosures.

We have carried out our work in accordance with the professional standards applicable in France.

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

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

– Obtaining an understanding of the internal control procedures and management of risks relative to the preparation and processing of financial and accounting information supporting the information presented in the Chairman's report as well as existing documentation;
– Obtaining an understanding of the work leading to the preparation of this information and the existing documentation;
– Determining whether major deficiencies in internal control relating to the preparation and processing of accounting and financial information that we have revealed as part of our assignment are appropriately dealt with in the Chairman's report.

On the basis of our work, we have no observation to make on the description of the internal control procedures and the management of risks relating to the preparation and processing of financial and accounting information, as contained in the report of the Chairman of the Supervisory Board, prepared in accordance with the provisions of Article L. 225-68 of the Commercial Code.

OTHER INFORMATION

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

Paris and Lyon, 21 April 2015
The Statutory Auditors

LEDOUBLE	ERNST & YOUNG et Autres
Agnès Piniot	Sylvain Lauria

Statutory Auditors' report on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby report for the financial year ended 31 December 2014 on:

– Our audit of the accompanying Somfy SA consolidated financial statements,
– The justification of our assessments,
– The specific legal verification.

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

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have conducted our audit in accordance with French Generally Accepted Auditing Standards. These standards require that we plan our audit to obtain reasonable assurance on whether the consolidated financial statements are free from material misstatement. An audit includes examining, on a test basis or other method of selection, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and the significant estimates made, 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 consolidated financial statements for the year have been prepared in accordance with IFRS as adopted by the European Union and give a true and fair view of the assets, financial position and profit of the Group constituted by the persons and entities included in the consolidation.

Without qualifying the above opinion, we draw your attention to notes 1, 2 and 9 to the consolidated financial statements, which describe the accounting treatment of the asset distribution transaction and the impacts on the financial statements at 31 December 2014 of IFRS 5 – Non-current assets held for sale and discontinued operations.

II. JUSTIFICATION OF ASSESSMENTS

In application of Article L. 823-9 of the Commercial Code regarding the justification of our assessments, we wish to bring to your attention the following matters:

As part of our assessment of the accounting rules and principles implemented by your Group, we verified the appropriateness of the accounting treatment of the above-mentioned asset distribution transaction and the application of the above-mentioned IFRS 5, as well as the fairness of their presentation.

Notes D, H and 10 to the consolidated financial statements detail the accounting rules and methods relating to the recognition and evaluation of goodwill. We have reviewed the valuation methods used by your Group and resulting calculations. As part of our assessment of these estimates, we have verified the reasonableness of selected assumptions and resulting estimates.

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

III. SPECIFIC VERIFICATION

We have also proceeded with a verification of information relating to the Group, as presented in the Management Board report, in accordance with professional standards applicable in France.

We have no observation to make with regard to the fairness of such information and its consistency with the consolidated financial statements.

Paris and Lyon, 21 April 2015
The Statutory Auditors

LEDOUBLE
Agnès Piniot

ERNST & YOUNG et Autres
Sylvain Lauria

Independent verifier's report on consolidated social, environmental and societal information presented in the management report

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our quality as an independent verifier accredited by the COFRAC[1], under the number n° 3-1050, and as a member of the network of one of the Statutory Auditors of the company Somfy SA, we present our report on the consolidated social, environmental and societal information established for the year ended on the 31 December 2014, presented in the section "Social and Environmental Reporting" of the management report, hereafter referred to as the "CSR Information," pursuant to the provisions of the Article L. 225-102-1 of the French Commercial Code (Code de Commerce).

RESPONSIBILITY OF THE COMPANY

It is the responsibility of the Management Board to establish a management report including CSR Information referred to in the Article R. 225-105-1 of the French Commercial Code (Code de Commerce), in accordance with the protocols used by the company (hereafter referred to as the "Criteria"), and of which a summary is included at the end of the section "Social and Environmental Reporting" and next to the indicators published on a case-by-case basis.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions in the Article L. 822-11 of the French Commercial Code (Code de Commerce). In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

RESPONSIBILITY OF THE INDEPENDENT VERIFIER

It is our role, based on our work:
– To attest whether the required CSR Information is present in the management report or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of the Article R. 225-105 of the French Commercial Code (Code de Commerce) (Attestation of presence of CSR Information);
– To express a limited assurance conclusion, that the CSR Information, overall, is fairly presented, in all material aspects, in accordance with the Criteria.

Our verification work was undertaken by a team of four people between October 2014 and April 2015 for an estimated duration of ten weeks.
We conducted the work described below in accordance with the professional standards applicable in France and the Order of 13 May 2013 determining the conditions under which an independent third-party verifier conducts its mission, and in relation to the opinion of fairness and the limited assurance report, in accordance with the international standard ISAE 3000[2].

1. ATTESTATION OF PRESENCE OF CSR INFORMATION

We obtained an understanding of the company's CSR issues, based on interviews with the management of relevant departments, a presentation of the company's strategy on sustainable development based on the social and environmental consequences linked to the activities of the company and its societal commitments, as well as, where appropriate, resulting actions or programmes.
We have compared the information presented in the management report with the list as provided for in the Article R. 225-105-1 of the French Commercial Code (Code de Commerce).
In the absence of certain consolidated information, we have verified that the explanations were provided in accordance with the provisions in Article R. 225-105-1, paragraph 3, of the French Commercial Code (Code de Commerce).
We verified that the information covers the consolidated perimeter, namely the entity and its subsidiaries, as aligned with the meaning of the Article L. 233-1 and the entities which it controls, as aligned with the meaning of the Article L. 233-3 of the French Commercial Code (Code de Commerce) with the limitations specified in the section "Social and Environmental Reporting" of the management report, notably a reporting perimeter covering 55.5% of the Group's total staff.
Based on this work, and given the limitations mentioned above we confirm the presence in the management report of the required CSR information.

2. LIMITED ASSURANCE ON CSR INFORMATION

Nature and scope of the work

We undertook around ten interviews with the people responsible for the preparation of the CSR Information in the different departments, in charge of the data collection process and, if applicable, the people responsible for internal control processes and risk management, in order to:
– Assess the suitability of the Criteria for reporting, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, if relevant, industry standards;
– Verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information, in relation to the characteristics of the company, its social and environmental issues, its strategy in relation to sustainable development and industry best practices.

1. Scope available at www.cofrac.fr
2. ISAE 3000 – Assurance engagements other than audits or reviews of historical information

For the CSR Information which we considered the most important[3]:

– At the level of the consolidating entity, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and consistency with the other information presented in the management report;
– At the level of the representative selection of entities that we selected[4], based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample selected therefore represented on average 32% of the total workforce and between 24% and 35% of the quantitative environmental information.

For the other consolidated CSR information, we assessed their consistency in relation to our knowledge of the company.

Finally, we assessed the relevance of the explanations provided, if appropriate, in the partial or total absence of certain information taking into account, if relevant, professional best practices.

We consider that the sample methods and sizes of the samples that we considered by exercising our professional judgment allow us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely eliminated.

Conclusion

Based on our work, we have not identified any significant misstatement that causes us to believe that the CSR Information, taken together, has not been fairly presented, in compliance with the Criteria.

Paris-La Défense, 20 April 2015

French original signed by:
L'Organisme Tiers Indépendant
ERNST & YOUNG et Associés

Christophe Schmeitzky
Associé Développement durable

Bruno Perrin
Associé

3. Environmental and Societal information: general environmental policy, water consumption, discharges and treatment, energy consumption, non-hazardous and hazardous waste production and treatment, measures undertaken to enhance resource efficiency, territorial, economic and social impact (employment, regional development, impact on regional and local populations), importance of subcontracting and the consideration of environmental and social issues in purchasing policies and relations with suppliers and subcontractors, partnership or sponsorship.

Social information: employment (total headcount and breakdown, hiring and terminations, remunerations and their evolution), absenteeism, health and safety at the work place, work accidents, notably their frequency and their severity, as well as occupational diseases, training policies, number of hours of training, measures undertaken for gender equality.

4. Subsidiaries Simu SAS and SITEM SARL (Tunisia).

Statutory Auditors' report on the authorisation to allocate stock options

To the Shareholders,

As Statutory Auditors of your company and in compliance with the assignment set forth in Articles L. 225-177 and R. 225-144 of the Commercial Code, we hereby report on the authorisation for the allocation of stock options for the benefit of employees, certain categories of employees, and/or corporate officers as defined by law, of the company or related companies or affiliated economic interest groups under the conditions of Article L. 225-180 of the Commercial Code, which is submitted for your approval.
On the basis of its report, your Management Board proposes that it be authorised to allocate stock options for a period of 38 months.

It is the responsibility of the Management Board to prepare a report on the reasons for the allocation of the proposed stock options and on the proposed methods used to determine the purchase price. Our role is to issue an opinion on the proposed methods to determine the purchase price of the shares.
We carried out the due diligence we deemed necessary in accordance with the professional standards of the Compagnie Nationale des Commissaires aux Comptes relative to this assignment. These procedures consisted of verifying that the methods proposed to determine the purchase price of the shares are included in the Management Board's report and are in accordance with laws and regulations.
We have no observations to make on the proposed terms and conditions to set the purchase price of the shares.

Paris and Lyon, 21 April 2015
The Statutory Auditors

LEDOUBLE
Agnès Piniot

ERNST & YOUNG et Autres
Sylvain Lauria

Statutory Auditors' report on the authorisation to allocate existing shares or shares to be issued free of charge

To the Shareholders,

As Statutory Auditors to your company and in compliance with the assignment set forth in Article L. 225-197-1 of the Commercial Code, we hereby report on the draft authorisation to allocate existing shares or shares to be issued free of charge for the benefit of employees and/or corporate officers of your company, which is submitted for your approval.
On the basis of its report, your Management Board proposes that it be authorised to allocate existing shares or shares to be issued free of charge for a period of 38 months.

It is the responsibility of the Management Board to prepare a report on this transaction, which it intends to effect. Our role is to issue observations, if any, on the information disclosed to you on the planned transaction.
We carried out the due diligence we deemed necessary in accordance with the professional standards of the Compagnie Nationale des Commissaires aux Comptes relative to this assignment. These procedures consisted of verifying that the terms and conditions being considered and included in the Management Board's report comply with legal provisions.
We have no observations to make on the information provided in the Management Board report relating to the planned transaction to authorise the allocation of shares free of charge.

Paris and Lyon, 21 April 2015
The Statutory Auditors

LEDOUBLE
Agnès Piniot

ERNST & YOUNG et Autres
Sylvain Lauria

Statutory Auditors' report on the increase in share capital reserved for members of a company savings plan

To the Shareholders,

As Statutory Auditors to your company and in compliance with the assignment set forth in Articles L. 225-135 and subsequent of the Commercial Code, we hereby report on the proposal to delegate to the Management Board the authority to decide a share capital increase, by issuing ordinary shares with waiver of the pre-emption right, reserved for employees of your company or companies related to it under Article L. 225-180 of the Commercial Code, for up to €500,000, a transaction which is submitted for your approval.

This share capital increase is submitted for your approval pursuant to Articles L. 225-129-6 of the Commercial Code and Article L. 3332-18 and subsequent of the Labour Code.

On the basis of its report, the Management Board asks you to delegate to it the authority to decide a share capital increase and to waive your pre-emption right to the ordinary shares to be issued for a period of 26 months. Where appropriate, the Management Board shall set the terms and conditions of this transaction.

It is the role of the Management Board to prepare a report in accordance with Articles R. 225-113 and R. 225-114 of the Commercial Code. Our role is to give our opinion on the fairness of the financial information drawn from the financial statements, on the proposed waiver of the pre-emption right and on certain other information concerning the issue, as included in this report.

We carried out the due diligence we deemed necessary in accordance with the professional standards of the Compagnie Nationale des Commissaires aux Comptes relative to this assignment. These procedures consisted in reviewing the information set out in the Management Board related to this transaction and the methods used for determining the issue price of the shares.

Subject to a subsequent review of the terms and conditions of any share capital increase as may be decided, we have nothing to report regarding the terms and conditions for determining the issue price of ordinary shares as set out in the Management Board's report.

As the final terms and conditions according to which the share capital increase would be carried out have not yet been set, we do not express an opinion on the share capital increase and, as a result, on the proposal to waive your pre-emption right.

Pursuant to Article R. 225-116 of the Commercial Code, we shall prepare an additional report at such time as your Management Board uses this authorisation.

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Supervisory Board report

Ladies and Gentlemen,

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

Pursuant to Article L. 225-68 of the Commercial Code, the Management Board has kept us periodically informed on company transactions through the presentation of quarterly reports.

For verification and control purposes, the Management Board has also submitted to us the parent company financial statements and consolidated financial statements at 31 December 2014, which you are requested to approve today.

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

We hereby submit to you our observations on these financial statements and on this report pursuant to the provisions of the above-mentioned Article L. 225-68.

The content of this report fairly reflects information that was regularly provided to us during the financial year just ended.

Group sales were €981.7 million for the financial year just ended, an increase of 6.4% on a restated basis and 4.8% on a like-for-like basis.

The strongest increases were recorded in Central and Eastern Europe, as well as in Southern Europe and Northern Europe, reflecting the recovery in the Iberian Peninsula, Benelux, the UK and Scandinavia.

Significant increases were also recorded in Germany, Asia-Pacific, despite the slowdown in growth and the postponement of projects in China, and in the Americas, in spite of the dip noted during the year due to the deteriorating situation in Brazil and a high level of baseline in the US.

Only France ended the financial year on a negative note, as a result of the sluggish economic environment and a weak property sector.

The Group's current operating result was €149.7 million for the financial year, an increase of 3.7% on a restated basis, and represented 15.3% of sales.

The recorded increase is attributable to sales growth and a sustained industrial margin. It also reflected contained cost increases despite the integration of recently-acquired companies and ongoing strategic investment (innovation, sales force and marketing).

Consolidated net profit totalled €38.1 million, adversely impacted by a non-recurring operational expense of €23.9 million, corresponding to goodwill impairment, and the net loss of €53.8 million from operations held for sale or distribution, primarily attributable to the overall holding company discount applied to assets transferred to Edify, in accordance with the independent expert's valuation.

Net profit of continuing operations remained stable at €91.9 million and cash flow grew by 12.3% compared with the 2013 restated amount to €148.4 million.

Shareholder's equity declined from €929.8 million to €570.4 million during the financial year and the net cash surplus of €94.2 million turned into net financial debt of €199.9 million, €120.5 million after deducting the debenture loan granted to CIAT.

The changes noted are closely related to movements associated with the demerger[1]. They do not compromise the strength of the balance sheet, as testified by the gearing ratio, which equates to 35.0% based on published figures and 21.1% after restatement for the aforementioned debenture loan receivable.

On that basis, the Management Board will propose the payment of a gross dividend of €5.20 per share, unchanged from that paid for the previous financial year.

The report of the Management Board also provides all information required by existing regulations.

In addition, you will be requested to authorise the Management Board to set up a new share buyback programme and to make use of the mechanisms for allocating share purchase options and free shares. You will also be asked, in accordance with legislation, to vote on the delegation of authority to be granted to the Management Board to increase the share capital, through the issue of ordinary shares and/or transferable securities giving access to the share capital with waiver of the preferential subscription right in favour of participants in a company saving plan in application of Articles L. 3332-18 and subsequent of the French Labour Code, it being specified that the Management Board, which does not wish to be vested with this delegation with a dilutive effect, proposes to reject this resolution. Lastly, you will be requested to vote on the renewal of the term of office of a member of the Supervisory Board and the appointment of a new member of the Supervisory Board in replacement of a member of the Supervisory Board who does not wish to have his term of office renewed, on the increase of the annual allocation of attendance fees for the members of the Supervisory Board as well as various amendments to the bylaws for the purposes of alignment.

Draft resolutions, in line with the agenda, will be submitted for your approval.

We do not have any specific observations to make as regards the various documents that have been brought to your attention. Therefore, we ask you to adopt the proposed resolutions, except for the eleventh resolution.

The Supervisory Board

1. The General Meeting of 27 November 2014 ratified the separation of the Group's two business divisions, Somfy Activities and Somfy Participations, and decided to make an exceptional distribution of reserves with shareholders having the choice of receiving either a cash payment or shares in the company Edify. The distribution thus proposed gave rise to the allocation of 4,809,484 Edify shares and cash payments to 2,626,063 Somfy shares. Payment occurred on 19 December, concurrently with the admission of the Edify shares to trading on the Euro MTF organised market of the Luxembourg Stock Exchange.

ORDINARY SESSION

FIRST RESOLUTION – Approval of the parent company financial statements for the year ended 31 December 2014

The General Meeting, having considered the reports of the Management Board and the observations of the Supervisory Board, the Chairman of the Supervisory Board and the Statutory Auditors on the financial statements for the year ending 31 December 2014, approves the financial statements, as submitted, which show a net profit of €104,595,986.28.

SECOND RESOLUTION – Approval of the consolidated financial statements for the year ended 31 December 2014

The General Meeting, having considered the reports of the Management Board, the Chairman of the Supervisory Board and the Statutory Auditors on the consolidated financial statements for the year ending 31 December 2014, approves the financial statements, as submitted, which show a net profit (Group share) of €37,964,000.00.

THIRD RESOLUTION – Allocation of net profit for the year and setting of dividend

The General Meeting approves the following allocation of net profit for the financial year ended 31 December 2014, proposed by the Management Board:

Source	
– Net profit for the financial year	€104,595,986.28
– Retained earnings	€22,147,574.40
Allocation	
– Optional reserves	€85,992,200.68
– Dividends	€40,751,360.00

The General Meeting notes that the overall gross dividend per share is set at €5.20, with the amount thus distributed being wholly eligible for the 40% tax rebate referred to in Article 158-3-2° of the General Tax Code.
The ex-dividend date is set at 2 June 2015.
The dividend will be paid on 4 June 2015.
It is specified that if the company holds a number of treasury shares at the ex-dividend date, the amounts corresponding to unpaid dividends in respect of these shares will be transferred to retained earnings.
Pursuant to the provisions of Article 243 (ii) of the General Tax Code, the General Meeting notes that it was reminded that the following dividends were paid during the last three financial years:

Financial year	Revenues eligible for tax rebate		Revenue not eligible for tax rebate
	Cash dividends	Other distributed earnings	
2011	€38,500,103.20* being €5.20 per share	–	–
2012	€35,571,628.80* being €4.80 per share	–	–
2013	€38,666,435.60* being €5.20 per share	–	–

** Does not include unpaid dividends attributable to treasury shares and transferred to retained earnings.*

Moreover, it is noted that the General Meeting of Shareholders held on 27 November 2014 decided the exceptional distribution of €391,840,000.00, which was deducted from the "General Reserve", it being specified that each Somfy share conferred entitlement to either one Edify SA share or a cash payment of €50.00, according to the shareholder's preference. When it concerned individual shareholders resident in France for tax purposes, this exceptional distribution was eligible for the 40% rebate provided for by Article 158-2-3 of the General Tax Code.

FOURTH RESOLUTION – Special report of the Statutory Auditors on regulated agreements and commitments - Noting the absence of new agreements

The General Meeting, having considered the special report of the Statutory Auditors mentioning the absence of new agreements of the type referred to in Articles L. 225-86 and subsequent of the Commercial Code, simply acknowledges this fact.

FIFTH RESOLUTION – Renewal of the term of office of Anthony Stahl as member of the Supervisory Board

The General Meeting decides to renew the term of office of Anthony Stahl as member of the Supervisory Board for a period of four years, which will expire at the end of the General Meeting called in 2019 to approve the financial statements for the year just ended.

SIXTH RESOLUTION – Appointment of Bernard Hours to replace Xavier Leurent as member of the Supervisory Board

The General Meeting decides to appoint Bernard Hours, with an address at Sloterkade 10hs – 1058 HD Amsterdam (Netherlands), to replace Xavier Leurent as member of the Supervisory Board for a period of four years, which will expire at the end of the General Meeting called in 2019 to approve the financial statements for the year just ended.

SEVENTH RESOLUTION – Setting attendance fees allocated to members of the Supervisory Board

The General Meeting decides to increase the overall amount of attendance fees to be shared among Supervisory Board members from €100,000.00 to €150,000.00.
This decision applies to the current financial year and will remain in force until further notice.

EIGHTH RESOLUTION – Authorisation to be granted to the Management Board for the buyback by the company of its own shares pursuant to Article L. 225-209 of the Commercial Code

The General Meeting, having considered the report of the Management Board, authorises the latter, for a period of 18 months and in accordance with Articles L. 225-209 and subsequent of the Commercial Code, to buy back company shares, on one or several occasions as it deems appropriate, up to a maximum of 10% of the number of shares comprising the share capital, restated if necessary to take account of any increase or reduction in share capital that may take place during the timeframe of the programme.
This authorisation supersedes the authorisation granted to the Management Board by the fifth resolution to the General Meeting of 14 May 2014, sitting in ordinary session.

Acquisitions may be carried out for the following objectives:
– To stimulate the secondary market or ensure the liquidity of the Somfy SA share, by way of an investment services provider within a liquidity contract that complies with the Ethics Charter of AMAFI recognised by the "Autorité des Marchés Financiers";
– To retain the shares purchased and subsequently exchange them or use them as payment within the framework of potential acquisitions;
– To ensure the coverage of stock option plans and/or free share allocation plans (or similar) granted to employees and/or corporate officers of the Group, as well as all other shares allocated under a company or group savings scheme (or similar), in relation to employee profit-sharing and/or any other form of allocation to employees and/or corporate officers of the Group;
– To cover marketable securities giving right to the allocation of shares in the company, in accordance with current regulations;
– To proceed with the possible cancellation of shares acquired, subject to the authorisation granted by the General Meeting of Shareholders of 14 May 2014 in its sixth resolution, sitting in extraordinary session.

Such share purchases may be effected by all means, including by means of acquiring blocks of shares and at any times considered appropriate by the Management Board.

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

The maximum purchase price is set at €330.00 per share. In case of a share capital transaction, in particular a share split, reverse share split or allocation of free shares, the abovementioned price will be restated in the same proportions (a multiplier coefficient equal to the number of shares comprising the share capital before the transaction divided by the number of shares following the transaction).

The maximum value of the transaction, taking account of the 401,457 treasury shares held at 31 December 2014, is therefore set at €126,133,590.

The General Meeting confers all powers to the Management Board to proceed with these transactions, set their terms and conditions, conclude all agreements and fulfil all of the required formalities.

EXTRAORDINARY SESSION

NINTH RESOLUTION – Authorisation to be granted to the Management Board to allocate stock options to employees and/or certain corporate officers

The General Meeting, having considered the report of the Management Board and the special report of the Statutory Auditors:

1) Authorises the Management Board, under the provisions of Articles L. 225-177 to L. 225-185 of the Commercial Code, to grant, on one or more occasions and for the benefit of the beneficiaries indicated below, options giving the right to purchase existing shares of the company originating from buybacks carried out under the conditions set out by law;

2) Sets the term of this authorisation at 38 months starting from the day of this General Meeting;

3) Decides that the beneficiaries of these options may only be:
– On the one hand, employees, or certain employees or certain categories of staff, either employed by Somfy or, if applicable, companies or related economic interest groups according to the terms and conditions set out by Article L. 225-180 of the Commercial Code,
– On the other hand, corporate officers that fall under the conditions set forth by Article L. 225-185 of the Commercial Code;

4) Decides that the total number of options that may be granted by the Management Board under this authorisation may not entitle beneficiaries to purchase more than 1.5% of the share capital outstanding on the date of this Meeting, it being specified that this limit will count towards the total number of shares that may be granted free of charge by the Management Board under the following authorisation;

5) Decides that the purchase price of the shares by the beneficiaries will be set on the date options are granted by the Management Board, pursuant to Article L. 225-177 paragraph 4 and Article L. 225-179 paragraph 2 of the Commercial Code, and may not be lower than the average closing price of the last 20 trading days of the share on Euronext Paris preceding the date options are allocated;

6) Decides that no options may be granted:
– During the ten stock exchange trading sessions preceding and following the date on which the consolidated financial statements are made public,
– During the inclusive period between the date on which the company's management bodies become aware of information that, if made public, may have a significant impact on the company's share price, and the date falling ten trading sessions after this information is made public,
– Fewer than 20 trading sessions following the ex-dividend date conferring entitlement to a dividend or capital increase;

7) Delegates full power to the Management Board to set other terms and conditions for the granting and exercising of options, and especially to:
– Set the terms and conditions under which options will be granted and determining the list or categories of beneficiaries as provided for above; set, if need be, conditions of seniority that beneficiaries must meet; decide the terms and conditions under which the price and number of shares must be adjusted, especially in cases provided for in Articles R. 225-137 to R. 225-142 of the Commercial Code;
– Set the period or periods in which options can be exercised, it being specified that the term of these options cannot exceed six years from the date they are granted;
– If necessary, provide the right to temporarily suspend the exercise of options for a maximum of three months if financial transactions involving the exercise of rights attached to shares are carried out;

8) Takes note that this authorisation supersedes all prior authorisations for the same purpose.

TENTH RESOLUTION – Authorisation to be granted to the Management Board to allocate existing shares free of charge to employees and/or certain corporate officers

The General Meeting, having considered the report of the Management Board and the special report of the Statutory Auditors, authorises the Management Board to proceed, pursuant to Articles L. 225-197-1 and L. 225-197-2 of the Commercial Code, with the allocation, on one or more occasions, of existing ordinary shares of the company for the benefit of:
– Employees of the company or companies directly or indirectly related to it within the meaning of Article L. 225-197-2 of the Commercial Code,
– And/or corporate officers meeting the conditions set forth by Article L. 225-197-1 of the Commercial Code.

The total number of shares that may be granted free of charge may not exceed 1.5% of the share capital outstanding on the date of this General Meeting, it being specified that this limit will count towards the total number of shares that may be issued following the exercise of options to be granted by Management Board under the above authorisation.

The allocation of shares to the beneficiaries will be final at the end of a vesting period, the duration of which will be set by the Management Board. This period may not be less than the minimum period provided for by the law. The beneficiaries will subsequently have to retain these shares for a period set by the Management Board, which may not be less than the minimum period provided for by the law. The total of the vesting and retention periods may not be less than the minimum period provided for by the law.

The Management Board is granted full authority to:
– Set the conditions and, if need be, the criteria for the allocation of the shares;
– Determine the identity of beneficiaries as well as the number of shares to be allocated to each of them;

– If applicable:
- Purchase the required shares within the framework of the share buyback programme and transfer them to the allocation plan;
- Determine the effect of transactions modifying the share capital or liable to impact the value of the shares granted and carried out during the vesting and retention periods on the beneficiaries' entitlements, and consequently modify or adjust, if need be, the number of shares allocated to preserve the beneficiaries' entitlements;
- Take all appropriate measures to ensure that beneficiaries comply with the required retention obligation;
- And generally do whatever the implementation of this authorisation will require in accordance with applicable legislation.

This authorisation is granted for a period of 38 months starting from the date of this General Meeting.
It supersedes all prior authorisations for the same purpose.

ELEVENTH RESOLUTION – Delegation of authority to be granted to the Management Board to increase the share capital through the issue of ordinary shares and/or marketable securities granting access to share capital with cancellation of the pre-emption right for members of a company savings plan pursuant to Articles L. 3332-18 and subsequent of the Labour Code

The General Meeting, having considered the report of the Management Board and the special report of the Statutory Auditors, and acting in accordance with Articles L. 225-129-6, L. 225-138-1 and L. 228-92 of the Commercial Code and L. 3332-18 and subsequent of the Labour Code:
1) Delegates authority to the Management Board, if it deems it appropriate and at its sole discretion, to increase the share capital on one or more occasions through the issue of ordinary shares and/or marketable securities granting access to equity securities to be issued by the company for members of one or several savings plans of the company and/or the French or international entities related to it in accordance with Article L. 225-180 of the Commercial Code and Article L. 3344-1 of the Labour Code;
2) Cancels, in favour of these persons, the shareholders' pre-emption right to subscribe to shares that may be issued under this delegation;
3) Sets the term of this authority to 26 months, starting from the date of this General Meeting;
4) Limits the maximum nominal amount of the increase or increases that can be carried out through the use of this authorisation to €500,000.00, this amount being independent of any other limit set by other delegations to increase capital. An additional number of ordinary shares to be issued in order to maintain, in accordance with the law and any potential applicable contractual provisions that provide for other cases of adjustment, the rights of the holders of the marketable securities granting access to the company's equity securities will be added to this amount where necessary;
5) Decides that the price of shares to be issued, under 1) of this delegation, may not be either inferior by more than 20%, or 30% where the retention period stipulated by the plan under Articles L. 3332-25 and L. 3332-26 of the Labour Code is no less than ten years, to the average opening price of the share during the 20 trading days prior to the decision of the Management Board regarding the increase in share capital and the issue of corresponding shares, nor exceed this average;
6) Decides, in application of the provisions of Article L. 3332-21 of the Labour Code, that the Management Board may provide for the allocation, to the beneficiaries defined in the first paragraph above, of free shares to be issued or already issued, or other shares granting access to the share capital of the company to be issued or already issued, in respect of (i) the employer's contribution that may be paid pursuant to the regulations relating to company or group savings plans, and/or (ii), where applicable, the discount;
7) Takes note that this delegation supersedes all prior delegations for the same purpose.
The Management Board may or may not implement this delegation and take all the necessary steps and fulfil all the necessary formalities.

TWELFTH RESOLUTION – Alignment of bylaws

The General Meeting, having taken note of the Management Board's report, will bring the bylaws into line with legal and regulatory provisions and to this end has decided:
1) Regarding the agreements covered by the procedure for regulated agreements:
– To align the second paragraph of Article 22 of the bylaws "Regulated Agreements and Commitments" with Article L. 225-87 of the Commercial Code as amended by Order n°2014-863 of 31 July 2014 and to amend it as follows, the rest of the article remaining unchanged: *"These provisions do not apply in the cases provided for by the law."*
2) Regarding the conditions of shareholder admission to General Meetings:
– To align the third paragraph of Article 27 of the bylaws "Access to General Meetings" with Article R. 225-85 of the Commercial Code as amended by Decree n°2014-1466 of 8 December 2014 and to amend it as follows, the rest of the article remaining unchanged:
"The right to participate in General Meetings is contingent upon the shareholder providing proof of his/her identity and the registration of the securities in his/her name (or in the name of the intermediary recorded on their behalf if he/she resides abroad) at midnight Paris time on the second working day preceding the Meeting, either in a nominative account or in the records of bearer shares held by an authorised intermediary."

THIRTEENTH RESOLUTION – Powers for formalities

The General Meeting grants all powers to the bearer of copies or extracts of the present minutes to complete all the filing and publication formalities required by law.

Statement of the person responsible for the annual financial report

I certify that, to my knowledge, the financial statements for the year just ended were established in accordance with professional accounting standards applicable in France and give a fair view of the assets, financial situation and performance of the company and of all companies included in the consolidation scope, and that the enclosed Management Report gives a true view of the business situation, performance and financial situation of the company and of all companies included in the consolidation, as well as a description of main risks and uncertainties encountered.

Cluses, 22 April 2015

Pierre Ribeiro
Group CFO

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