SOMFY
BETTER LIVING FOR ALL

Smart living

Half-Year Financial Report 2018

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2018 HALF-YEAR BUSINESS REPORT

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2018 HALF-YEAR BUSINESS REPORT

KEY FIGURES

€ millions	30/06/18	30/06/17*	% change
Sales	586.1	570.6	+2.7%
Current operating result	104.0	106.5	-2.3%
Net profit from continuing operations	80.6	84.7	-4.9%
Net profit from operations treated in accordance with IFRS 5**	2.6	-1.2	N/S
Consolidated net profit	83.2	83.5	-0.4%
Net investments in intangible assets and property, plant and equipment	29.1	27.3	+6.6%
Cash flow	101.7	106.5	-4.5%
Net financial debt***	-124.0	-60.7	—

(-) Net financial surplus.
** The financial statements have been restated following the determination of the fair value of Myfox's assets and liabilities and the reclassification of Dooya pursuant to IFRS 5 (see note 4 to the consolidated financial statements).*
*** Dooya (see note 5 to the consolidated financial statements).*
**** 2017 excluding Dooya for comparison purposes.*

Somfy is the global leader in automated opening and closing systems for both residential and commercial buildings, and a key player in the connected home.

SALES GROWTH BY CUSTOMER LOCATION

Restated Group sales (excluding Dooya) were €586.1 million for the first half of 2018, an increase of 2.7% comprising growth of 3.5% in the first quarter and 2.1% in the second quarter. It was impacted by a negative exchange rate effect of €14.5 million. Its growth was therefore 5.2% on a like-for-like basis over the first six months, including 6.3% in the first quarter and 4.3% in the second quarter.

The difference in growth recorded in relation to previous half-years was due not only to the high level of the comparison base[(1)], but also to less favourable business conditions in certain territories, notably France (diminishing effect of tax incentives related to energy transition), the United States (protectionist measures and restructuring of the main commercial partner) and the Middle East (instability of the economic and political environments).

The trend did however remain buoyant in several regions[(2)], particularly in France, Asia-Pacific (excluding China), Central & Eastern Europe and Central & South America (up 7.0%, 9.0%, 9.6% and 9.3% respectively on a like-for-like basis over the half-year). Conversely, the situation was challenging in Germany, North America, Africa-Middle East and China (up 2.4%, 1.8% and 0.9% and down 4.4% respectively on a like-for-like basis over the half-year).

CHANGE IN CURRENT OPERATING RESULT

Current operating result stood at €104.0 million over the first half-year, down 2.3% on a comparable consolidation method and represented 17.7% of sales.

This decline was mainly due to a stronger euro in the face of major currencies.

Based on a comparable consolidation method and on a like-for-like basis, current operating result totalled €112.6 million, an increase of 5.7%, and stood at 18.8% of sales.

The change recorded reflects an increase in gross margin, resulting both from the stabilisation of selling prices and the offsetting of increases in the price of raw materials *via* productivity gains. It also reflects higher operating costs due to stepped-up strategic investments (intensification of the digitalisation process, strengthening of research and distribution teams, etc.).

(1) Group sales growth (excluding Dooya) on a like-for-like basis was 7.2% over the first half of 2016 and 8.2% over the first half of 2017.
(2) Africa & the Middle East, Germany, Central & South America, Asia-Pacific, China, Central & Eastern Europe, Northern Europe, Southern Europe and France are the geographic regions used to analyse and monitor sales. Their respective sales are calculated based on customer location and therefore the destination of the sales.

CHANGE IN NET PROFIT

Net profit remained stable at €83.2 million, and was largely unaffected by the change in Dooya's treatment. It takes into account non-recurring operational and financial items of no material value, a small positive contribution from activities treated according to IFRS 5 (Dooya) and a knock-on increase in the tax rate as a result of the one-off nature of the tax reliefs recorded last year.

NET FINANCIAL DEBT

The net financial debt is defined and detailed in note 10.2.3 to the condensed consolidated interim financial statements.
The Group had a net cash surplus[(1)] of €104.6 million at the end of December 2017, compared to €124.0 million at the end of June 2018.
This improvement was due to the cash flow remaining at a high level, equating to €101.7 million over the first half-year, and to the change in the consolidation method of Dooya.

OUTLOOK

More than half of Somfy's sales are generated in the first half of the year.
Market conditions should remain largely unchanged over the second part of the financial year and lead, on a like-for-like basis, to an increase in sales similar to that seen over the first half of the year.
The investment effort will be pursued in parallel, particularly in strategic areas, and will therefore continue to impact results in similar proportions to those seen over the first part of the year. Conversely, a lower currency impact should be recorded if the euro maintains its current value against major currencies.

HIGHLIGHTS

CHANGE IN DOOYA'S POSITION AND CONSOLIDATION METHOD WITHIN THE GROUP

Somfy has held a 70% interest in Dooya, the Chinese leader in tubular motors, since 2010 and has a call option on the remaining 30%, exercisable from 2035. Governance alongside the minority shareholder in the company was implemented upon acquisition, with Somfy having majority representation on the Dooya Board of Directors.
Since then, Dooya has grown at a sustained rate while remaining highly profitable. Its sales increased from €35 million in 2010 to €163 million in 2017 and its current operating margin fluctuated between 6 and 7% over the period, except last year, as a result of higher raw material prices and significant industrial and commercial investments.
Under the influence of Somfy, the company has focused on the Chinese domestic market, where it now holds a leading position, but has consequently been less active than its main local competitors in international markets in which it has significant potential due to its positioning.

For this reason, the Group wished to clarify its brand policy and has decided to:

- focus on Somfy and related brands (Simu, BFT, Asa, etc.), spearheads of the connected building market, in order to stimulate their innovation capacity and consolidate their positioning and performance in the various market segments;
- manage Dooya as an independent entity, in partnership with the minority shareholder, to enable it to develop separately, particularly at international level, and adapt as effectively as possible to its own competitive environment.

In this way, the Group intends to revitalise and consolidate the foundation of its main brand, Somfy, while securing Dooya's position and thus preserve the value of its investment in the company.

New rules of governance have been adopted for this purpose without involving any changes to the capital structure but consolidating the minority shareholder's role with joint control over the company. Pursuant to IFRS 10 and 11, these changes resulted in Dooya being excluded from full consolidation scope and its consolidation under the equity accounting method at its fair value as determined by an independent expert.
Dooya is deemed to be a Cash Generating Unit of material significance within the Group by virtue of its size and standing on both the Chinese and export markets. It is also the only Group entity operating under the Dooya brand. For this reason and given the change in governance detailed above, it meets the IFRS 5 criteria for classification as "Discontinued Operations". The Group has replaced the term "Discontinued Operations" with the term "Operations treated in accordance with IFRS 5" throughout this half-year financial report, terminology that is more appropriate to the transaction.
Pursuant to IFRS 5, the 2018 and 2017 financial statements have been restated to enable periods to be compared.
The impacts of the change in consolidation method are detailed in notes 4 and 5 to the consolidated financial statements.

PURCHASE OF THE REMAINING 49% OF THE SHARE CAPITAL OF IHOME

On 21 June 2018, Somfy acquired the remaining 49% of the share capital of **iHome Systems** for €1.0 million, a transaction recognised in advance in the financial statements at 31 December 2017. Following this transaction, there was no change in control and this company remains fully consolidated.

EXERCISE OF THE NEOCONTROL CALL OPTION

Somfy exercised its call option on 20 January 2018, and purchased the remaining 39% interest in **Neocontrol,** in which it previously held a 61% interest, and which was recognised *via* the equity method at an amount of BRL 2.5 million, *i.e.* approximately €0.6 million. Somfy has therefore taken control of Neocontrol, in which it now holds 100% of the capital, and now fully consolidates the company.
The goodwill is €0.4 million. Neocontrol contributed little to Group sales during the six months to 30 June 2018 (€0.3 million). The balance sheet impact of the transaction is not material.

(1) The net cash surplus corresponds to the difference between cash and cash equivalents and financial liabilities.

CHANGES TO THE CONSOLIDATION SCOPE

—

Apart from the transactions discussed above, there were no major changes to the consolidation scope during the first half of 2018.

RENEGOTIATION OF MYFOX'S EARNOUT

—

Negotiations with the former shareholders of Myfox were finalised on 26 July 2018 in order to redefine both the amount of the earnouts and their maturity. They resulted in a €9.7 million reduction in financial liabilities. Simultaneously, a goodwill impairment was recorded for €9.7 million.

CONTINGENT LIABILITIES

—

The dispute between **Spirel** employees and **Somfy SA** is still ongoing before the Albertville District Court. The employees seek annulment of the transfer of the Spirel securities, which took place in 2010, and to have Somfy SA ordered to pay them damages for the alleged deliberate bankruptcy of Spirel and non-material damage caused as a result of the anxiety, disappointment and vexation they considered to have been victim of, for a total of approximately €8.2 million. In April 2017, the Court ruled in favour of Somfy SA, dismissing the employees' claims. However, the plaintiffs immediately appealed this decision. The hearings are scheduled for the second half of 2018.

In addition, during 2016 the liquidator of the company Spirel also sought to have Somfy SA ordered to refund advances of €2.9 million paid by the AGS (Guarantee Fund for the payment of salary claims) in the event the disposal was declared null and void.

Initial proceedings before the Labour Court – involving the employees contesting the grounds for their dismissal and claiming damages of a substantially similar amount to that sought before the District Court – were dismissed in November 2016. The employees applied to the Albertville Labour Court once again in early July 2017. The hearings scheduled for early 2018 have been postponed until the second half of 2018.

These factors do not alter the Group's risk evaluation. Therefore, it continues to qualify these risks as contingent liabilities and no provision was recognised in relation to these disputes at 30 June 2018.

On 5 January 2015, **Somfy SA** transferred its 46.1% equity investment in the share capital of CIAT Group to **United Technologies Corporation**. On 31 March 2016, United Technologies Corporation filed a claim against the sellers of the CIAT shares under the liability guarantee for a total of €28.6 million (Somfy's share being €13.2 million). The Group considers these requests to be unfounded, and insufficiently detailed and justified. In mid-November 2017, UTC brought an action against the sellers before the Paris Commercial Court for the liability guarantee. The hearings are scheduled to take place in 2018.

As the process currently stands, the Group continues to contest the entirety of UTC's demands and remains confident regarding the outcome of this dispute. It has qualified the risk as a contingent liability and no provision was recognised at 30 June 2018.

At 30 June 2018, Somfy SA's financial statements include a receivable for a deferred settlement in relation to the sale of the CIAT shares for the sum of €9.7 million with payment spread until 2019. In early July 2017, Somfy SA and the other sellers brought an action against UTC before the Paris Commercial Court seeking the fulfilment of the acquisition contract and the settlement of the deferred payments falling due. The hearings are also scheduled for the second half of 2018. Somfy SA remains confident regarding the settlement of these sums and therefore no provision in relation to these receivables was recognised at 30 June 2018.

POST BALANCE SHEET EVENT

Excluding the renegotiation of Myfox's earnouts referred to in the "Highlights" section, no material post balance sheet event has occurred since 30 June 2018.

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2018 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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2018 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

€ thousands	Notes	30/06/18 6 months	30/06/17* 6 months
Sales	(7.1)	586,148	570,623
Other operating income		8,583	9,024
Cost of sales		-209,698	-205,566
Employee expenses		-174,684	-163,756
External expenses		-87,128	-84,076
EBITDA		**123,222**	**126,249**
Amortisation and depreciation charges	(8.2) & (8.3)	-19,010	-19,427
Charges to/reversal of current provisions		-159	-201
Gains and losses on disposal of non-current operating assets		-33	-164
CURRENT OPERATING RESULT		**104,020**	**106,457**
Other operating income and expenses	(7.2)	9,456	-302
Impairment of goodwill	(7.2) & (8.1.1)	-9,700	—
OPERATING RESULT		**103,776**	**106,155**
– Financial income from investments		*475*	*921*
– Financial expenses related to borrowings		*-1,119*	*-1,065*
Cost of net financial debt		-644	-144
Other financial income and expenses		-1,854	-4,605
NET FINANCIAL EXPENSE	**(10.1)**	**-2,498**	**-4,748**
PROFIT BEFORE TAX		**101,278**	**101,407**
Income tax	(14)	-20,707	-16,472
Share of net profit/(loss) from associates	(15)	-4	-204
NET PROFIT FROM CONTINUING OPERATIONS		**80,568**	**84,730**
NET PROFIT FROM OPERATIONS TREATED IN ACCORDANCE WITH IFRS 5	**(4) & (5)**	**2,630**	**-1,195**
CONSOLIDATED NET PROFIT		**83,198**	**83,535**
Attributable to Group share		83,276	84,168
Attributable to Non-controlling interests		-79	-633
Basic earnings per share (€)	**(9.2)**	**2.42**	**2.45**
Diluted earnings per share (€)	**(9.2)**	**2.42**	**2.45**

** The financial statements have been restated following the determination of the fair value of Myfox's assets and liabilities and the reclassification of Dooya pursuant to IFRS 5 (see note 4).*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ thousands	30/06/18	30/06/17*
Net profit for the period	**83,198**	**83,535**
Movement in gains and losses on translation of foreign currency	-3,449	-1,357
Movement in fair value of foreign currency hedges	-563	307
Movement in tax on items that may be reclassified to profit or loss	193	-105
Items that may be reclassified to profit or loss	**-3,819**	**-1,155**
Movement in actuarial gains and losses	—	—
Movement in tax on items that will not be reclassified to profit or loss	—	—
Items that will not be reclassified to profit or loss	**—**	**—**
Items of other comprehensive income	**-3,819**	**-1,155**
Total comprehensive income for the period	**79,379**	**82,380**
Attributable to Group share	79,457	83,013
Attributable to Non-controlling interests	-79	-633

** The financial statements have been restated following the determination of the fair value of Myfox's assets and liabilities (see note 4).*

CONSOLIDATED BALANCE SHEET – ASSETS

€ thousands	Notes	30/06/18 Net	31/12/17 Net
Non-current assets			
Goodwill	(8.1.1)	96,807	196,842
Net intangible assets	(8.2)	37,044	45,765
Net property, plant and equipment	(8.3)	234,991	272,014
Investments in associates and joint ventures	(15)	132,872	939
Financial assets	(10.2.1)	4,070	5,405
Other receivables	(7.5.1)	2,093	2,107
Deferred tax assets		24,188	25,010
Employee benefits		178	183
Total Non-current assets		**532,245**	**548,265**
Current assets			
Inventories	(7.4)	184,440	184,707
Trade receivables		210,805	173,482
Other receivables	(7.5.2)	24,229	32,397
Current tax assets		26,290	29,406
Financial assets	(10.2.1)	663	900
Derivative instruments – assets		125	596
Cash and cash equivalents		174,540	212,834
Total Current assets		**621,092**	**634,320**
TOTAL ASSETS		**1,153,337**	**1,182,585**

Pursuant to IFRS 5, the balance sheet at 31 December 2017 was not restated following the reclassification of Dooya (IFRS 5).

CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES

€ thousands	Notes	30/06/18	31/12/17
Shareholders' equity			
Share capital		7,400	7,400
Share premium		1,866	1,866
Other reserves		748,665	601,414
Net profit for the period		83,276	159,912
Group share		**841,207**	**770,592**
Non-controlling interests		52	73
Total Shareholders' equity		**841,259**	**770,665**
Non-current liabilities			
Non-current provisions	(12.1.1)	9,267	11,751
Other financial liabilities	(10.2.2)	11,901	33,516
Other liabilities		1,399	1,893
Employee benefits		24,226	23,573
Deferred tax liabilities		15,523	15,455
Total Non-current liabilities		**62,317**	**86,188**
Current liabilities			
Current provisions	(12.1.2)	6,166	7,727
Other financial liabilities	(10.2.2)	38,767	76,852
Trade payables		105,960	135,005
Other liabilities		88,544	102,442
Tax liabilities		10,213	3,707
Derivative instruments – liabilities		112	—
Total Current liabilities		**249,762**	**325,733**
TOTAL EQUITY AND LIABILITIES		**1,153,337**	**1,182,585**

Pursuant to IFRS 5, the balance sheet at 31 December 2017 was not restated following the reclassification of Dooya (IFRS 5).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ thousands	Share capital*	Share premium	Treasury shares	Changes in foreign exchange rates	Consolidated reserves	Total shareholders' equity	Non-controlling interests	Total equity (Group share)
AT 31 DECEMBER 2017	**7,400**	**1,866**	**-99,270**	**6,383**	**854,285**	**770,665**	**73**	**770,592**
Total comprehensive income for the period	—	—	—	-3,449	82,828	**79,379**	-79	**79,457**
Treasury share transactions	—	—	-512	—	657	**145**	—	**145**
Dividends	—	—	—	—	-44,645	**-44,645**	—	**-44,645**
Other movements**	—	—	—	-7,198	42,914	**35,716**	58	**35,658**
AT 30 JUNE 2018	**7,400**	**1,866**	**-99,782**	**-4,264**	**936,039**	**841,259**	**52**	**841,207**
AT 31 DECEMBER 2016	**7,400**	**1,866**	**-99,054**	**9,522**	**738,037**	**657,771**	**252**	**657,520**
Total comprehensive income for the period	—	—	—	-1,357	**83,737**	**82,380**	-633	**83,013**
Treasury share transactions	—	—	411	—	728	**1,139**	—	**1,139**
Dividends	—	—	—	—	-41,909	**-41,909**	—	**-41,909**
Other movements**	—	—	—	—	-4,928	**-4,928**	559	**-5,487**
AT 30 JUNE 2017	**7,400**	**1,866**	**-98,643**	**8,165**	**775,665**	**694,453**	**178**	**694,275**

* *Share capital comprises 37,000,000 shares with a par value of €0.20 each.*

** *Other movements include changes to the consolidation scope, exchange rate differences on capital transactions, as well as liabilities and subsequent changes in liabilities corresponding to put options granted to holders of non-controlling interests. The figure for the first half of 2018 mainly corresponded to the impact of the deconsolidation of the put option related to the Dooya shareholding. This item also includes the reclassification in "Equity – Group share" of the portion of comprehensive income attributable to non-controlling interests covered by a put option.*

Liabilities corresponding to put options granted to holders of non-controlling interests are recognised against the non-controlling interests covered by the put options and Group share of equity for the balance. Subsequent changes to liabilities are recognised under "Equity – Group share".

CONSOLIDATED CASH FLOW STATEMENT

€ thousands	Notes	30/06/18 6 months	30/06/17* 6 months
Consolidated net profit		**83,198**	**83,535**
Net profit from operations treated in accordance with IFRS 5		-2,630	1,195
Net profit from continuing operations		**80,568**	**84,730**
Depreciation and amortisation of assets (excluding current assets)		27,207	18,577
Charges to/reversals of provisions for liabilities		196	-631
Unrealised gains and losses related to fair value movements		-9,629	-436
Unrealised foreign exchange gains and losses		1,529	3,989
Income and expenses related to stock options and employee benefits		2,362	-466
Depreciation, amortisation, provisions and other non-cash items		**21,665**	**21,033**
Profit on disposal of assets and others		3	164
Share of net profit/(loss) from associates		4	204
Deferred tax expense		-580	346
Cash flow		**101,661**	**106,478**
Cost of net financial debt (excluding non-cash items)		644	144
Tax expense (excluding deferred tax)		21,288	16,127
Change in working capital requirements	(11.2)	-66,911	-59,871
Tax paid		-12,450	-17,079
NET CASH FLOW FROM OPERATING ACTIVITIES (A)		**44,233**	**45,798**
Acquisition-related disbursements:			
– intangible assets and property, plant and equipment		-29,718	-27,422
– non-current financial assets		-819	-1,099
Disposal-related proceeds:			
– intangible assets and property, plant and equipment		629	125
– non-current financial assets		—	4,400
Change in current financial assets		3,218	509
Acquisition of companies, net of cash acquired		-1,442	—
Interest received		175	200
NET CASH FLOW FROM INVESTING ACTIVITIES (B)		**-27,956**	**-23,287**
Increase in loans		73	33
Reimbursement of loans		-1,038	-1,159
Dividends and interim dividends paid		-44,707	-41,909
Movement in treasury shares		-482	1,055
Interest paid		-1,118	-1,070
NET CASH FLOW FROM FINANCING AND CAPITAL ACTIVITIES (C)		**-47,273**	**-43,051**
Net cash flow from operations treated in accordance with IFRS 5 (D)	(4) & (5)	-20,340	118
Impact of changes in foreign exchange rates on cash and cash equivalents (E)		-681	-878
NET CHANGE IN CASH AND CASH EQUIVALENTS (A + B + C + D + E)		**-52,017**	**-21,299**
CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	**(11.1)**	**212,564**	**126,249**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**(11.1)**	**160,547**	**104,950**

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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: FR0013199916). Somfy is the global leader in automated opening and closing systems for both residential and commercial buildings, and a key player in the connected home. The head office is based in Cluses, Haute-Savoie, France.
Somfy SA is a 52.65% subsidiary of the French company J.P.J.S.
The condensed consolidated IFRS financial statements of the **Group** at 30 June 2018 have been prepared by the Management Board on 29 August 2018. Total assets were €1,153,337 thousand and consolidated net profit €83,198 thousand (Group share: €83,276 thousand).

NOTE 1 HIGHLIGHTS

NOTE 1.1 CHANGE IN DOOYA'S POSITION AND CONSOLIDATION METHOD WITHIN THE GROUP

Somfy has held a 70% interest in Dooya, the Chinese leader in tubular motors, since 2010 and has a call option on the remaining 30%, exercisable from 2035. Governance alongside the minority shareholder in the company was implemented upon acquisition, with Somfy having majority representation on the Dooya Board of Directors.
Since then, Dooya has grown at a sustained rate while remaining highly profitable. Its sales increased from €35 million in 2010 to €163 million in 2017 and its current operating margin fluctuated between 6 and 7% over the period, except last year, as a result of higher raw material prices and significant industrial and commercial investments.
Under the influence of Somfy, the company has focused on the Chinese domestic market, where it now holds a leading position, but has consequently been less active than its main local competitors in international markets in which it has significant potential due to its positioning.

For this reason, the Group wished to clarify its brand policy and has decided to:

- focus on Somfy and related brands (Simu, BFT, Asa, etc.), spearheads of the connected building market, in order to stimulate their innovation capacity and consolidate their positioning and performance in the various market segments;
- Manage Dooya as an independent entity, in partnership with the minority shareholder to enable it to develop separately, particularly at international level, and adapt as effectively as possible to its own competitive environment.

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The impacts of the change in consolidation method are detailed in notes 4 and 5.

NOTE 1.2 PURCHASE OF THE REMAINING 49% OF THE SHARE CAPITAL OF IHOME

On 21 June 2018, Somfy acquired the remaining 49% of the share capital of **iHome Systems** for €1.0 million, a transaction recognised in advance in the financial statements at 31 December 2017. Following this transaction, there was no change in control and this company remains fully consolidated.

NOTE 1.3 EXERCISE OF THE NEOCONTROL CALL OPTION

Somfy exercised its call option on 20 January 2018, and purchased the remaining 39% interest in **Neocontrol,** in which it previously held a 61% interest, and which was recognised *via* the equity method at an amount of BRL 2.5 million, *i.e.* approximately €0.6 million. Somfy has therefore taken control of Neocontrol, in which it now holds 100% of the capital, and now fully consolidates the company.
The goodwill is €0.4 million. Neocontrol contributed little to Group sales during the six months to 30 June 2018 (€0.3 million). The balance sheet impact of the transaction is not material.

NOTE 1.4 CHANGES TO THE CONSOLIDATION SCOPE

Apart from the transactions discussed above, there were no major changes to the consolidation scope during the first half of 2018.

NOTE 1.5 RENEGOTIATION OF MYFOX'S EARNOUTS

Negotiations with the former shareholders of Myfox were finalised on 26 July 2018 in order to redefine both the amount of the earnouts and their maturity. They resulted in a €9.7 million reduction in financial liabilities. Simultaneously, a goodwill impairment was recorded for €9.7 million.

NOTE 1.6 CONTINGENT LIABILITIES

The dispute between **Spirel** employees and **Somfy SA** is still ongoing before the Albertville District Court. The employees seek annulment of the transfer of the Spirel securities, which took place in 2010, and to have Somfy SA ordered to pay them damages for the alleged deliberate bankruptcy of Spirel and non-material damage caused as a result of the anxiety, disappointment and vexation they considered to have been victim of, for a total of approximately €8.2 million. In April 2017, the Court ruled in favour of Somfy SA, dismissing the employees' claims. However, the plaintiffs immediately appealed this decision. The hearings are scheduled for the second half of 2018.

In addition, during 2016 the liquidator of the company Spirel also sought to have Somfy SA ordered to refund advances of €2.9 million paid by the AGS (Guarantee Fund for the payment of salary claims) in the event the disposal was declared null and void.
Initial proceedings before the Labour Court – involving the employees contesting the grounds for their dismissal and claiming damages of a substantially similar amount to that sought before the District Court – were dismissed in November 2016. The employees applied to the Albertville Labour Court once again in early July 2017. The hearings scheduled for early 2018 have been postponed until the second half of 2018.
These factors do not alter the Group's risk evaluation. Therefore, it continues to qualify these risks as contingent liabilities and no provision was recognised in relation to these disputes at 30 June 2018.

On 5 January 2015, **Somfy SA** transferred its 46.1% equity investment in the share capital of CIAT Group to **United Technologies Corporation.** On 31 March 2016, United Technologies Corporation filed a claim against the sellers of the CIAT shares under the liability guarantee for a total of €28.6 million (Somfy's share being €13.2 million). The Group considers these requests to be unfounded, and insufficiently detailed and justified. In mid-November 2017, UTC brought an action against the sellers before the Paris Commercial Court for the liability guarantee. The hearings are scheduled to take place in 2018.
As the process currently stands, the Group continues to contest the entirety of UTC's demands and remains confident regarding the outcome of this dispute. It has qualified the risk as a contingent liability and no provision was recognised at 30 June 2018.
At 30 June 2018, Somfy SA's financial statements include a receivable for a deferred settlement in relation to the sale of the CIAT shares for the sum of €9.7 million with payment spread until 2019. In early July 2017, Somfy SA and the other sellers brought an action against UTC before the Paris Commercial Court seeking the fulfilment of the acquisition contract and the settlement of the deferred payments falling due. The hearings are also scheduled for the second half of 2018. Somfy SA remains confident regarding the settlement of these sums and therefore no provision in relation to these receivables was recognised at 30 June 2018.

NOTE 2 POST BALANCE SHEET EVENT

Excluding the renegotiation of Myfox's earnouts referred to in the "Highlights" section, no material post balance sheet event has occurred since 30 June 2018.

NOTE 3 ACCOUNTING RULES AND METHODS

NOTE 3.1 COMPLIANCE WITH ACCOUNTING STANDARDS

In application of European regulation 1606/2002 of 19 July 2002, the Group condensed consolidated financial statements have been prepared in accordance with IFRS (International Financial Reporting Standards) published by the IASB (International Accounting Standards Board), as adopted by the European Union at 30 June 2018.
These standards are available on the IASB website at https://www.ifrs.org/issued-standards/.
The condensed consolidated interim financial statements have been prepared in accordance with the international financial reporting standard IAS 34 ("Interim financial reporting"). They do not contain all disclosures and notes included in the full-year financial statements. As a result, they must be read in conjunction with the Group's consolidated financial statements at 31 December 2017.
The Group's consolidated financial statements for the year ended 31 December 2017 are available from the Group's website www.somfyfinance.com and upon request from head office.

NOTE 3.2 JUDGEMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires Management to make a number of judgments, estimates and assumptions liable to affect the values of certain assets, liabilities, and income and expense items in the financial statements, and certain information provided in the notes to the financial statements. Due to the inherently uncertain nature of the assumptions, actual results may differ from 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.
As part of the preparation of these consolidated interim financial statements, the main judgments made and the main assumptions (described in the 2017 annual financial statements) used by Management have been updated based on the latest indicators available.
At 30 June, the Group reviews its performance indicators and, if necessary, carries out impairment tests if there is any indication that an asset may have been impaired.

NOTE 3.3 NEW APPLICABLE STANDARDS AND INTERPRETATIONS

Note 3.3.1 Standards, amendments and interpretations applicable within the European Union from the financial year beginning on or after 1 January 2018

The Group has applied the following standards, amendments and interpretations as of 1 January 2018 at the latest:

Standards	Content	Application date
IFRS 9	Financial Instruments	Applicable from 1 January 2018
IFRS 15	Revenue from Contracts with Customers	Applicable from 1 January 2018
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions	Applicable from 1 January 2018
Amendments to IFRS 15	Clarifications to IFRS 15	Applicable from 1 January 2018
Annual improvements to IFRS	2014-2016 cycle – excluding the amendment to IFRS 12 applicable from 2017	Applicable from 1 January 2018
IFRIC 22	Foreign Currency Transactions and Advance Considerations	Applicable from 1 January 2018

IFRS 15 “Revenue from Contracts with Customers”, which supersedes IAS 11 “Construction Contracts” and IAS 18 “Revenue”, lays down accounting principles for the recognition of revenue based on an analysis completed in five successive steps:

- identify the contract;
- identify the various performance obligations, *i.e.* list the distinct goods or services the seller is committed to supply to the purchaser;
- determine the total price of the contract;
- allocate the total price to each performance obligation;
- recognise revenue when a performance obligation is satisfied.

Somfy conducts its business activities in a sector involving the production and marketing of electrical equipment for the opening, closing, and securing of homes and buildings. Given that sales of equipment usually represent the only performance obligation provided for by IFRS 15, revenue is recognised in most cases at the time when control over the goods is transferred to the purchaser, *i.e.* when the delivery or dispatch is effective.

Projects that combine products and services are the most likely to be affected by the application of IFRS 15. However, given the insignificance of said transactions (services account for 0.40% of total sales), they did not have a major impact on the Group’s financial statements. Somfy shall nevertheless provide additional information in the notes to the full-year financial statements. The Group has selected the aggregate impact transition method, which had no impact on the opening balance sheet at 1 January 2018.

IFRS 9 “Financial Instruments”, which replaces IAS 39 “Financial Instruments: Recognition and Measurement”, includes revised provisions regarding the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new hedge accounting obligations, and broadens the scope of financial instruments eligible for hedge accounting. Its application had no material impact on the Group’s financial statements. Specifically, cash flow hedge relationships that were classified as efficient under IAS 39 remain classified as hedge relationships following the application of IFRS 9. It may also be noted that the method used for calculating provisions for trade receivables used by the Group at 31 December 2017 was already compliant with IFRS 9 requirements.

Other new standards have not had a material impact on the Group’s results and financial position.

Note 3.3.2 Standards and interpretations whose application is not yet mandatory

Standards	Content	Application date
IFRS 16	Leases	Applicable from 1 January 2019
Amendment to IFRS 9	Prepayment Features with Negative Compensation	Applicable from 1 January 2019
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures	Applicable from 1 January 2019 according to the IASB, not yet approved by the EU
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement	Applicable from 1 January 2019 according to the IASB, not yet approved by the EU
Amendments to the Conceptual Framework in IFRS Standards	Conceptual Framework	Applicable from 1 January 2020 according to the IASB, not yet approved by the EU
Annual improvements to IFRS	2015-2017 cycle	Applicable from 1 January 2019 according to the IASB, not yet approved by the EU
IFRIC 23	Uncertainty over Income Tax Treatments	Applicable from 1 January 2019 according to the IASB, not yet approved by the EU

The Group did not opt for the early application of any of these new standards or amendments and is currently assessing the impact resulting from their initial application.

Detailed information is available on the following website: https://www.ifrs.org.

IFRS 16 “Leases”, which replaces IAS 17 “Leases”, and its related interpretations, introduces a single model for the recognition of lease contracts by the lessee, which requires the recognition of the assets and liabilities for all lease contracts, except for those with a term of less than 12 months, or those where the value of the underlying asset is low, for which exemptions exist. The beneficiary of the contract must recognise a usage right in their balance sheet assets, in consideration for a financial debt in balance sheet liabilities, if the asset included in the lease contract is identifiable and they control the use of this asset Furthermore, a portion the lease expense from these lease contracts must be recognised under depreciation charges in the operating result, while a portion must be recognised as financial expenses in the net financial result.

The restatement of lease contracts will lead to an increase in operating result, financial expenses, non-current assets and financial liabilities. It is not expected to have any material impact on shareholders’ equity and net profit.

Analysis of the impact of IFRS 16 “Leases” is ongoing within the Group. The impact of this new standard is expected to particularly concern the property lease contracts relating to Somfy’s various worldwide facilities. The Group has launched a data-gathering process relating to its lease contracts, in order to analyse their components, and quantify the impact. At the same time, the Group is consulting various software publishers, in order to find a software package that processes lease contracts in accordance with IFRS 16. The transition processes have not yet been approved at this stage. The Group will be applying this standard as from 1 January 2019.

For information purposes, the amount of the leases still payable at 31 December 2017 was €30.5 million where operating lease contracts are concerned. The operating lease expense amounted to €18.8 million for the 2017 financial year.

NOTE 4 RESTATEMENT OF PREVIOUSLY-PUBLISHED FINANCIAL STATEMENTS

The previously published financial statements have been restated following the allocation of the acquisition cost of Myfox and the application of IFRS 5.

NOTE 4.1 ALLOCATION OF THE ACQUISITION COST OF MYFOX

The financial statements at 30 June 2017 have been restated following the allocation of the acquisition cost of Myfox.

Details on the restatement of the historical data are provided below:

INCOME STATEMENT

€ thousands	30/06/17 Published	Allocation of Myfox acquisition cost	30/06/17 Published after allocation of Myfox acquisition cost
EBITDA	**129,493**	**—**	**129,493**
Amortisation and depreciation charges	-23,205	-420	-23,625
CURRENT OPERATING RESULT	**106,200**	**-420**	**105,779**
OPERATING RESULT	**105,897**	**-420**	**105,477**
NET FINANCIAL EXPENSE	**-5,265**	**—**	**-5,265**
PROFIT BEFORE TAX	**100,632**	**-420**	**100,212**
Income tax	-16,473	—	-16,473
Share of net profit/(loss) from associates	-204	—	-204
CONSOLIDATED NET PROFIT	**83,955**	**-420**	**83,535**
Attributable to Group share	84,588	-420	84,168
Attributable to Non-controlling interests	-633	—	-633

CASH FLOW STATEMENT

€ thousands	30/06/17 Published	Allocation of Myfox acquisition cost	30/06/17 Published after allocation of Myfox acquisition cost
Consolidated net profit	**83,955**	**-420**	**83,535**
Depreciation and amortisation of assets (excluding current assets)	22,355	420	22,775
Depreciation, amortisation, provisions and other non-cash items	**24,809**	**420**	**25,229**
Cash flow	**108,956**	**—**	**108,956**
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	**46,862**	**—**	**46,862**
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	**-29,032**	**—**	**-29,032**
NET CASH FLOW FROM FINANCING AND CAPITAL ACTIVITIES (C)	**-37,459**	**—**	**-37,459**
Impact of changes in foreign exchange rates on cash and cash equivalents (D)	-1,670	—	-1,670
NET CHANGE IN CASH AND CASH EQUIVALENTS (A + B + C + D)	**-21,299**	**—**	**-21,299**
CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	**126,249**	**—**	**126,249**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**104,950**	**—**	**104,950**

NOTE 4.2 APPLICATION OF IFRS 5

As detailed in note 1.1, the governance of Dooya has changed, which has resulted in its exit from the fully-consolidated scope and its consolidation under the equity method.

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

The effects of applying IFRS 5 to the financial statements at 30 June and 31 December 2017 are as follows:

INCOME STATEMENT

€ thousands	30/06/17 Published after allocation of Myfox acquisition cost	Reclassi-fication of Dooya in accordance with IFRS 5	30/06/17 Restated	31/12/17 Published	Reclassi-fication of Dooya in accordance with IFRS 5	31/12/17 Restated
Sales	643,499	-72,875	570,623	1,246,573	-157,222	1,089,351
Other operating income	9,063	-39	9,024	18,908	-185	18,723
Cost of sales	-244,969	39,403	-205,566	-484,571	85,405	-399,166
Employee expenses	-179,116	15,360	-163,756	-364,653	40,062	-324,591
External expenses	-98,983	14,907	-84,076	-200,313	29,711	-170,602
EBITDA	**129,493**	**-3,244**	**126,249**	**215,944**	**-2,229**	**213,715**
Amortisation and depreciation charges	-23,625	4,198	-19,427	-46,445	8,276	-38,169
Charges to/reversal of current provisions	-7	-194	-201	439	22	461
Gains and losses on disposal of non-current operating assets	-82	-82	-164	-1,535	231	-1,304
CURRENT OPERATING RESULT	**105,779**	**678**	**106,457**	**168,403**	**6,301**	**174,704**
Other operating income and expenses	-302	—	-302	-218	—	-218
Impairment of goodwill	—	—	—	—	—	—
OPERATING RESULT	**105,477**	**678**	**106,155**	**168,185**	**6,301**	**174,486**
– Financial income from investments	*922*	—	*921*	*1,631*	*-4*	*1,627*
– Financial expenses related to borrowings	*-1,454*	*389*	*-1,065*	*-3,085*	*824*	*-2,261*
Cost of net financial debt	-532	389	-144	-1,454	820	-634
Other financial income and expenses	-4,733	129	-4,605	-4,403	398	-4,005
NET FINANCIAL EXPENSE	**-5,265**	**517**	**-4,748**	**-5,857**	**1,218**	**-4,639**
PROFIT BEFORE TAX	**100,212**	**1,195**	**101,407**	**162,328**	**7,519**	**169,847**
Income tax	-16,473	1	-16,472	-3,095	-892	-3,987
Share of net profit/(loss) from associates	-204	—	-204	-1,491	—	-1,491
NET PROFIT FROM CONTINUING OPERATIONS	**83,535**	**1,195**	**84,730**	**157,742**	**6,626**	**164,368**
NET PROFIT FROM OPERATIONS TREATED IN ACCORDANCE WITH IFRS 5	**—**	**-1,195**	**-1,195**	**—**	**-6,627**	**-6,627**
CONSOLIDATED NET PROFIT	**83,535**	**—**	**83,535**	**157,742**	**—**	**157,742**
Attributable to Group share	84,168	—	84,168	159,912	—	159,912
Attributable to Non-controlling interests	-633	—	-633	-2,170	—	-2,170

CASH FLOW STATEMENT

€ thousands	30/06/17 Published after allocation of Myfox acquisition cost	Reclassification of Dooya in accordance with IFRS 5	30/06/17 Restated	31/12/17 Published	Reclassification of Dooya in accordance with IFRS 5	31/12/17 Restated
Consolidated net profit	**83,535**	**—**	**83,535**	**157,742**	**—**	**157,742**
Net profit from operations treated in accordance with IFRS 5	—	1,195	1,195	—	6,627	6,627
Net profit from continuing operations	**83,535**	**1,195**	**84,730**	**157,742**	**6,627**	**164,368**
Depreciation and amortisation of assets (excluding current assets)	22,775	-4,198	18,577	43,440	-8,277	35,163
Charges to/reversals of provisions for liabilities	-633	2	-631	-607	217	-391
Unrealised gains and losses related to fair value movements	-436	—	-436	-601	—	-601
Unrealised foreign exchange gains and losses	3,989	—	3,989	6,359	—	6,359
Income and expenses related to stock options and employee benefits	-466	—	-466	1,790	—	1,790
Depreciation, amortisation, provisions and other non-cash items	**25,229**	**-4,196**	**21,033**	**50,381**	**-8,060**	**42,321**
Profit on disposal of assets and others	82	82	164	1,846	-231	1,615
Share of net profit/(loss) from associates	204	—	204	968	—	968
Deferred tax expense	-95	440	346	-2,831	1,232	-1,600
Cash flow	**108,956**	**-2,478**	**106,478**	**208,106**	**-432**	**207,673**
Cost of net financial debt (excluding non-cash items)	532	-389	144	1,454	-820	634
Tax expense (excluding deferred tax)	16,568	-441	16,127	5,929	-340	5,589
Change in working capital requirements	-61,426	1,555	-59,871	-9,905	-11,714	-21,618
Tax paid	-17,768	689	-17,079	-19,562	1,102	-18,459
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	**46,862**	**-1,064**	**45,798**	**186,021**	**-12,203**	**173,819**
Acquisition-related disbursements:						
– intangible assets and property, plant and equipment	-33,258	5,836	-27,422	-65,801	9,025	-56,776
– non-current financial assets	-1,109	10	-1,099	-1,536	11	-1,526
Disposal-related proceeds:						
– intangible assets and property, plant and equipment	306	-181	125	1,309	-562	746
– non-current financial assets	4,400	—	4,400	9,795	—	9,795
Change in current financial assets	429	80	509	687	190	877
Dividends paid by non-consolidated companies	—	—	—	8	—	8
Interest received	200	—	200	387	-4	382
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	**-29,032**	**5,745**	**-23,287**	**-55,152**	**8,660**	**-46,492**
Increase in loans	5,982	-5,949	33	4,925	-4,863	61
Reimbursement of loans	-1,159	—	-1,159	-2,113	—	-2,113
Net increase in shareholders' equity of subsidiaries	—	—	—	5	—	5
Dividends and interim dividends paid	-41,909	—	-41,909	-41,909	—	-41,909
Movement in treasury shares	1,055	—	1,055	271	—	271
Interest paid	-1,428	358	-1,070	-3,089	823	-2,266
NET CASH FLOW FROM FINANCING AND CAPITAL ACTIVITIES (C)	**-37,459**	**-5,592**	**-43,051**	**-41,911**	**-4,040**	**-45,951**
Net cash flow from operations treated in accordance with IFRS 5 (D)	—	118	118	—	6,527	6,527
Impact of changes in foreign exchange rates on cash and cash equivalents (E)	-1,670	793	-878	-2,642	1,056	-1,587
NET CHANGE IN CASH AND CASH EQUIVALENTS (A + B + C + D + E)	**-21,299**	**—**	**-21,299**	**86,316**	**—**	**86,316**
CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	**126,249**	**—**	**126,249**	**126,249**	**—**	**126,249**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**104,950**	**—**	**104,950**	**212,564**	**—**	**212,564**

NOTE 5 OPERATIONS TREATED IN ACCORDANCE WITH IFRS 5 – MAJOR IMPACTS

New rules of governance within Dooya have been adopted (see note 1.1) without involving any changes to the capital structure but consolidating the minority shareholder's role with joint control over the company. Pursuant to IFRS 10 and 11, these changes resulted in Dooya being excluded from full consolidation scope and its consolidation under the equity accounting method at its fair value as determined by an independent expert.

Dooya is deemed to be a Cash Generating Unit of material significance within the Group by virtue of its size and standing on both the Chinese and export markets. It is also the only Group entity operating under the Dooya brand. For this reason and given the change in governance detailed above, it meets the IFRS 5 criteria for classification as "Discontinued Operations". The Group has replaced the term "Discontinued Operations" with the term "Operations treated in accordance with IFRS 5" throughout this half-year financial report, terminology that is more appropriate to the transaction.

The impacts of the application of IFRS 5 at 30 June 2018 are as follows:

BALANCE SHEET

The shareholding in Dooya is now equity-accounted for a fair value of €131.5 million.

At 31 December 2017, the put option granted to the Dooya minority shareholders was recognised under financial liabilities for €55.1 million. At 30 June 2018, the financial liabilities now integrate only the derivative related to the put option, the amount of which is equal to the difference between the contractual value of the option and the underlying fair value determined by the independent expert. The value of the derivative stood at €16.6 million.

In terms of equity, deconsolidation of the put option had a positive impact of €35.8 million on reserves, which breaks down as follows:

€ thousands	30/06/18
Deconsolidation of the put option (*via* reserves)	55,096
Minority interests' share of Dooya reserves	-12,092
Reclassification of foreign currency translation reserves	-7,198
CHANGE IN RESERVES RELATED TO THE DOOYA TRANSACTION	**35,806**

INCOME STATEMENT

Net profit from operations treated in accordance with IFRS 5 is broken down as follows:

€ thousands	30/06/18 6 months
Fair value revaluation of Dooya shares	16,200
Fair value of the derivative	-16,600
Reclassification of foreign currency translation reserves	7,198
Share of Dooya's H1 2018 profit	-4,168
NET PROFIT FROM OPERATIONS TREATED IN ACCORDANCE WITH IFRS 5	**2,630**

CASH FLOW STATEMENT

At 30 June 2018, the item "Net cash flow from operations treated in accordance with IFRS 5" equated to the opening cash position of Dooya.

NET FINANCIAL DEBT

The change in Dooya's consolidation method had a positive impact of €42.1 million on the net cash surplus. It is detailed as follows:

€ thousands	30/06/18
Deconsolidation of Dooya's net financial debt (opening balance)	58,654
Fair value of the derivative (put option)	-16,600
CHANGE IN NET CASH SURPLUS RELATED TO THE DOOYA TRANSACTION	**42,054**

The net financial debt is defined and detailed in note 10.2.3.

Additional information on the shareholding in Dooya is provided in note 15.1 relating to investments in associates and joint ventures.

NOTE 6 SEGMENT REPORTING

Somfy includes entities whose business comes under the “Home & Building”, “Access Automation” and “Connected Solutions” applications and is structured in two geographic regions.
The geographic location of assets is used as sole segment reporting criterion. Management makes its decisions based on this strategic focus using reporting by geographic region as its key analysis tool.
The two geographic regions are:
- Europe, Middle East & Africa (EMEA);
- Asia & Americas (A&A).

AT 30 JUNE 2018

€ thousands	Europe, Middle East & Africa	Asia & Americas	Intra-regional eliminations	Consolidated
Segment sales	529,188	101,425	-44,464	**586,148**
Intra-segment sales	-30,227	-14,237	44,464	**—**
Segment sales – Contribution to sales	498,960	87,188	—	**586,148**
Segment current operating result	98,000	6,020	—	**104,020**
Net profit from operations treated in accordance with IFRS 5	—	2,630	—	**2,630**
Share of net profit/(loss) from associates	-4	—	—	**-4**
Cash flow	96,706	4,956	—	**101,661**
Net investments in intangible assets and PPE	28,311	778	—	**29,089**
Goodwill	94,285	2,522	—	**96,807**
Net intangible assets and PPE	264,108	7,928	—	**272,036**
Investments in associates and joint ventures	708	132,164	—	**132,872**

AT 30 JUNE 2017

€ thousands	Europe, Middle East & Africa	Asia & Americas	Intra-regional eliminations	Consolidated
Segment sales	506,403	105,167	-40,946	**570,623**
Intra-segment sales	-29,565	-11,381	40,946	**—**
Segment sales – Contribution to sales	476,838	93,785	—	**570,623**
Segment current operating result	96,508	9,949	—	**106,457**
Net profit from operations treated in accordance with IFRS 5	—	-1,195	—	**-1,195**
Share of net profit/(loss) from associates	—	-204	—	**-204**
Cash flow	99,678	6,800	—	**106,478**
Net investments in intangible assets and PPE	25,961	1,337	—	**27,297**
Goodwill*	104,508	93,076	—	**197,584**
Net intangible assets and PPE*	247,133	61,955	—	**309,088**
Investments in associates and joint ventures*	722	872	—	**1,594**

** In accordance with IFRS 5, the balance sheet items detailed above have not been restated.*

NOTE 7 PERFORMANCE-RELATED DATA

NOTE 7.1 SALES BY CUSTOMER LOCATION

The application at 1 January of IFRS 15 “Revenue from Contracts with Customers” and its impacts are detailed in note 3.3.1.

This presentation by customer location is supplemented by our segment reporting pursuant to IFRS 8, which is based on the geographic regions in which our assets are based, namely Europe, Middle East & Africa (EMEA) and Asia & Americas (A&A).

€ thousands	30/06/18 6 months	30/06/17 6 months	Change N/N-1	Change N/N-1 like-for-like
France	174,675	163,295	7.0%	7.0%
Germany	89,975	87,868	2.4%	2.4%
Northern Europe	63,532	61,157	3.9%	5.1%
Central & Eastern Europe	63,447	58,641	8.2%	9.6%
Southern Europe	64,044	61,496	4.1%	4.9%
Africa & Middle East	38,298	40,930	-6.4%	0.9%
Asia-Pacific (excl. China)	25,190	24,878	1.3%	9.0%
China	6,024	6,610	-8.9%	-4.4%
North America	49,413	54,042	-8.6%	1.8%
Central & South America	11,550	11,705	-1.3%	9.3%
TOTAL SALES	**586,148**	**570,623**	**2.7%**	**5.2%**

NOTE 7.2 OTHER OPERATING INCOME AND EXPENSES

€ thousands	30/06/18 6 months	30/06/17 6 months
Charge to/reversal of non-current provisions	30	-185
Other non-current items	9,396	-117
– *Non-current income*	*9,765*	*17*
– *Non-current expenses*	*-369*	*-134*
Net gain/(loss) on disposal of non-current assets	30	—
OTHER OPERATING INCOME AND EXPENSES	**9,456**	**-302**
IMPAIRMENT OF GOODWILL	**-9,700**	**—**

The renegotiations on the earnouts related to Myfox (see note 1.5) resulted in the recognition of a non-current income of €9.7 million (adjustment of the financial debt). Simultaneously, a goodwill impairment was recorded for €9.7 million.

NOTE 7.3 ALTERNATIVE PERFORMANCE MEASURES

Note 7.3.1 Current operating margin

Current operating margin, which corresponds to current operating result as a proportion of sales (COR/Sales), is an interesting performance indicator as it reflects operating profitability.

€ thousands	30/06/18 6 months	30/06/17 6 months
Current operating result	104,020	106,457
Sales	586,148	570,623
CURRENT OPERATING MARGIN	**17.7%**	**18.7%**

NOTE 7.4 INVENTORIES

€ thousands	30/06/18	31/12/17 Restated for operations treated in accordance with IFRS 5	31/12/17
Gross values			
Raw materials and other supplies	61,151	53,609	65,562
Finished goods and merchandise	135,055	122,023	131,127
Total	**196,206**	**175,632**	**196,689**
Provisions	**-11,766**	**-11,280**	**-11,982**
NET VALUES	**184,440**	**164,352**	**184,707**

€ thousands	Value 31/12/17	Net charges	Exchange rate movements	Changes in consolidation scope and method	Value 30/06/18
Inventory provisions	-11,982	-493	41	668	**-11,766**

The change of consolidation method mainly concerns Dooya (see note 1.1).

NOTE 7.5 OTHER NON-CURRENT AND CURRENT RECEIVABLES

Note 7.5.1 Other non-current receivables

€ thousands	30/06/18	31/12/17 Restated for operations treated in accordance with IFRS 5	31/12/17
Gross values			
Other operating receivables	6	4	4
Other non-operating receivables	2,087	2,102	2,102
TOTAL	**2,093**	**2,107**	**2,107**

The item “Other non-operating receivables” notably includes non-current receivables on the disposal of CIAT totalling €2.1 million at both 30 June 2018 and 31 December 2017.

Note 7.5.2 Other current receivables

€ thousands	30/06/18	31/12/17 Restated for operations treated in accordance with IFRS 5	31/12/17
Gross values			
Receivables from employees	700	611	4,103
Other taxes (including VAT)	5,012	8,870	9,470
Prepaid expenses	8,766	6,549	6,896
Other receivables	9,751	10,723	11,928
TOTAL	**24,229**	**26,753**	**32,397**

The item "Other receivables" notably includes current receivables on the disposal of CIAT totalling €7.6 million at both 30 June 2018 and 31 December 2017.

NOTE 8 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

NOTE 8.1 GOODWILL AND IMPAIRMENT TESTS

Note 8.1.1 Goodwill

€ thousands	Value
At 1 January 2018	196,842
Impact of changes in consolidation scope and method	-90,027
Impact of changes in foreign exchange rates	-307
Charge for impairment	-9,700
AT 30 JUNE 2018	**96,807**

The change in consolidation method resulted in a €90.5 million reduction for Dooya and a €0.5 million increase for Neocontrol (see notes 1.1 and 1.3).
The charge for impairment related to Myfox (see note 1.5).

Note 8.1.2 Impairment tests

The revision of the Myfox business plan led to the recognition of goodwill impairment of €9.7 million at 30 June 2018.
For the purpose of the impairment test, a discount rate of 14.0% and a growth rate to infinity of 2.0% were used.
No indication of impairment was noted on other Group CGUs at 30 June 2018 as part of the review of material intangible 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:

- half a percentage point increase in the discount rate could result in the need to recognise an additional €1.7 million impairment of Myfox's goodwill. A one and a half percentage point decrease in the EBITDA to sales ratio used in the calculation of the terminal value would have required an additional impairment of €2.1 million.

NOTE 8.2 OTHER INTANGIBLE ASSETS

€ thousands	Allocated intangible assets	Development costs	Patents and brands	Software	Other	In progress and advance payments	Total
Gross value at 1 January 2018	29,963	42,926	8,267	48,549	2,294	7,694	**139,693**
Acquisitions	—	8	15	623	28	4,497	**5,172**
Disposals	-260	—	—	-200	-2	—	**-461**
Impact of changes in foreign exchange rates	-29	-10	1	-11	—	-1	**-50**
Impact of changes in consolidation scope and method	-19,861	86	-4,072	-374	—	—	**-24,220**
Other movements	—	2,599	—	907	315	-3,825	**-4**
AT 30 JUNE 2018	**9,813**	**45,609**	**4,212**	**49,496**	**2,635**	**8,365**	**120,129**
Accumulated amortisation at 1 January 2018	-19,928	-29,892	-3,577	-38,671	-1,860	—	**-93,928**
Amortisation charge for the period	-585	-1,751	-219	-1,618	-49	—	**-4,222**
Disposals	140	—	—	201	1	—	**341**
Impact of changes in foreign exchange rates	17	10	-3	13	1	—	**38**
Impact of changes in consolidation scope and method	13,902	-86	737	132	—	—	**14,685**
Other movements	—	—	-3	3	—	—	**1**
AT 30 JUNE 2018	**-6,453**	**-31,719**	**-3,065**	**-39,940**	**-1,908**	**—**	**-83,085**
NET VALUE AT 30 JUNE 2018	**3,360**	**13,890**	**1,147**	**9,556**	**727**	**8,365***	**37,044**

** Of which development expenses in progress amounting to €5.7 million.*

The change of consolidation method mainly concerns Dooya (see note 1.1).

NOTE 8.3 PROPERTY, PLANT AND EQUIPMENT

€ thousands	Land	Buildings	Plant, machinery and tools	Other	In progress and advance payments	Total
Gross value at 1 January 2018	22,525	176,070	269,925	74,600	31,053	**574,173**
Acquisitions	83	216	2,507	2,355	17,174	**22,336**
Disposals	—	-49	-2,214	-2,915	—	**-5,178**
Impact of changes in foreign exchange rates	-255	-822	-1,084	-235	-230	**-2,626**
Impact of changes in consolidation scope and method	—	-27,166	-11,718	-11,920	-6,585	**-57,389**
Other movements	330	9,310	8,658	1,710	-20,004	**4**
AT 30 JUNE 2018	**22,683**	**157,558**	**266,075**	**63,594**	**21,408**	**531,319**
Accumulated depreciation at 1 January 2018	-832	-82,406	-168,861	-50,061	—	**-302,159**
Depreciation charge for the period	-116	-2,809	-8,891	-2,970	—	**-14,787**
Disposals	—	47	2,100	2,519	—	**4,666**
Impact of changes in foreign exchange rates	27	29	246	56	—	**359**
Impact of changes in consolidation scope and method	—	4,765	5,352	5,478	—	**15,595**
Other movements	—	—	—	-1	—	**-1**
AT 30 JUNE 2018	**-921**	**-80,373**	**-170,054**	**-44,979**	**—**	**-296,328**
NET VALUE AT 30 JUNE 2018	**21,762**	**77,185**	**96,021**	**18,615**	**21,408**	**234,991**

The change of consolidation method mainly concerns Dooya (see note 1.1).

NOTE 9 DIVIDENDS AND EARNINGS PER SHARE

NOTE 9.1 DIVIDENDS

The gross dividend proposed at the AGM of 16 May 2018 called to approve the 2017 financial statements was €1.30. It was paid on 5 June 2018.

NOTE 9.2 EARNINGS PER SHARE

Basic earnings per share	30/06/18 6 months	30/06/17 6 months
Net profit – Group share (€ thousands)	83,276	84,168
Total number of shares (1)	37,000,000	37,000,000
Treasury shares* (2)	2,656,504	2,651,211
Number of shares used in calculation (1)-(2)	34,343,496	34,348,789
EARNINGS PER SHARE (€)	**2.42**	**2.45**

** Representing all treasury shares held by Somfy SA.*

Diluted earnings per share	30/06/18 6 months	30/06/17 6 months
Net profit – Group share (€ thousands)	83,276	84,168
Total number of shares (1)	37,000,000	37,000,000
Treasury shares** (2)	2,656,504	2,587,236
Number of shares used in calculation (1)-(2)	34,343,496	34,412,764
DILUTED EARNINGS PER SHARE (€)	**2.42**	**2.45**

*** Free shares are excluded.*

Diluted earnings per share takes into account shares allocated free of charge in determining the "number of shares used in calculation".

NOTE 10 FINANCIAL ITEMS

NOTE 10.1 NET FINANCIAL INCOME/(EXPENSE)

€ thousands	30/06/18 6 months	30/06/17 6 months
Cost of net financial debt	-644	-144
– *Financial income from investments*	*475*	*921*
– *Financial expenses related to borrowings*	*-1,119*	*-1,065*
Effect of foreign currency translation	-3,233	-5,115
Other	1,379	510
NET FINANCIAL EXPENSE	**-2,498**	**-4,748**

Net financial expense was €2.5 million for the six months to 30 June 2018, compared with an expense of €4.7 million for the period to 30 June 2017. The improvement was due to an increase in unrealised exchange rate effects on foreign currency receivables and payables (mainly USD and TRY) and by a higher reversal of the provisions on Garen's financial assets in 2018 (€1.5 million in 2018 compared with €0.9 million in 2017).

NOTE 10.2 FINANCIAL ASSETS AND LIABILITIES

Note 10.2.1 Financial assets

€ thousands	Financial assets (Fair value recognised in reserves)	Loans	Deposits and guarantees	Other	Current and non-current financial assets	Realisable within 1 year	Non-current financial assets
At 1 January 2018	1,148	2,095	2,989	73	**6,305**	900	**5,405**
Increase	671	1	286	—	**958**	140	**818**
Decrease	—	-3,801	—	—	**-3,801**	-3,358	**-443**
Net change in provisions	—	1,502	—	—	**1,502**	—	**1,502**
Impact of changes in foreign exchange rates	22	2	-8	—	**16**	5	**11**
Impact of changes in consolidation scope and method	—	—	-457	-70	**-527**	-407	**-120**
Other movements	—	282	—	—	**281**	3,384	**-3,102**
AT 30 JUNE 2018	**1,842**	**79**	**2,810**	**3**	**4,734**	**663**	**4,070**

Financial assets available for sale are recorded at fair value.
Financial assets realisable within one year mainly comprise short-term deposits.
The change of consolidation method mainly concerns Dooya (see note 1.1).

Note 10.2.2 Financial liabilities

€ thousands	Borrowings from credit institutions	Lease commit-ments	Other borrowings and financial liabilities	Total liabilities from financing activities	Bank overdrafts	Current and non-current financial liabilities	Due within 1 year	Non-current financial liabilities
At 1 January 2018	20,081	6,148	83,870	**110,099**	269	**110,368**	76,852	**33,516**
Increase in borrowings	72	—	—	**73**	13,719	**13,792**	13,719	**73**
Reimbursement of borrowings	-100	-582	-357	**-1,038**	-361	**-1,399**	-1,092	**-307**
Total cash movements	**-28**	**-582**	**-356**	**-966**	**13,358**	**12,392**	**12,627**	**-234**
Impact of the revaluation of put options	—	—	108	**108**	—	**108**	—	**108**
Impact of changes in foreign exchange rates	-21	—	342	**321**	365	**686**	280	**406**
Impact of changes in consolidation scope and method	-18,500	—	-44,661	**-63,162**	—	**-63,162**	-58,026	**-5,136**
Other movements	—	—	-9,724	**-9,724**	—	**-9,724**	7,035	**-16,759**
Total non-cash movements	**-18,521**	**—**	**-53,936**	**-72,457**	**365**	**-72,092**	**-50,712**	**-21,380**
AT 30 JUNE 2018	**1,532**	**5,566**	**29,578**	**36,676**	**13,993**	**50,668**	**38,767**	**11,901**

The subsequent fair values of liabilities corresponding to put options granted to holders of non-controlling interests are recognised in equity.
Other borrowings and financial liabilities include the debt relating to the put options granted to the holders of non-controlling interests and to earnouts, which amounted to €29.1 million at 30 June 2018 and €78.1 million at 31 December 2017, as well as deferred settlements of €5.2 million at 31 December 2017.
At 30 June 2018, the put option granted to the Dooya minority shareholders included a derivative whose value (€16.6 million) was equal to the difference between the contractual value of that option and its underlying fair value as determined by an independent expert.
The change of consolidation method mainly concerns Dooya (see note 1.1) and explains the majority of the change in financial liabilities.
Other movements relate to the revaluation of earnouts concerning Myfox (see note 1.5).

Note 10.2.3 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, earnouts 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, deposits & guarantees and government grants.

€ thousands	30/06/18	31/12/17 Restated for operations treated in accordance with IFRS 5	31/12/17
Financial liabilities included in net financial debt calculation	50,658	31,364	110,358
Financial assets included in net financial debt calculation	79	2,164	2,164
– *Marketable securities*	—	—	—
– *Loans*	*79*	*2,095*	*2,095*
– *Miscellaneous*	—	*70*	*70*
Cash and cash equivalents	174,540	192,493	212,834
NET FINANCIAL DEBT	**-123,960**	**-163,294**	**-104,640**
Liabilities related to put options and earnouts	29,072	22,982	78,077
Other financial liabilities	—	—	5,267
RESTATED NET FINANCIAL DEBT	**-153,032**	**-186,276**	**-187,984**

(-) Net financial surplus.

NOTE 11 ANALYSIS OF CASH FLOW STATEMENT

NOTE 11.1 CASH AND CASH EQUIVALENTS

€ thousands	30/06/18 6 months	30/06/17 6 months
CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	**212,564**	**126,249**
Cash and cash equivalents at the start of the period	212,834	133,847
Bank overdrafts	-269	-7,598
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**160,547**	**104,950**
Cash and cash equivalents at the end of the period	174,540	110,544
Bank overdrafts	-13,993	-5,594

NOTE 11.2 CHANGE IN WORKING CAPITAL REQUIREMENTS

€ thousands	30/06/18 6 months	30/06/17 6 months
Net decrease/(increase) in inventory	-21,345	-9,923
Net decrease/(increase) in trade receivables	-63,950	-72,338
Net (decrease)/increase in trade payables	18,138	21,722
Net movement in other receivables and payables	246	667
CHANGE IN WORKING CAPITAL REQUIREMENTS	**-66,911**	**-59,871**

NOTE 12 PROVISIONS AND CONTINGENT LIABILITIES

—

NOTE 12.1 PROVISIONS

Note 12.1.1 Non-current provisions

€ thousands	Provisions for guarantees	Provisions for litigation	Provision for employee liability	Provisions for liabilities and charges	Total 2018
At 1 January 2018	6,105	1,225	429	3,992	**11,751**
Charges	41	360	23	136	**560**
Used reversals	—	-346	—	—	**-346**
Unused reversals	—	-18	—	—	**-18**
Impact of foreign exchange rates	-19	-2	—	2	**-19**
Changes in consolidation scope and method	-512	—	—	-2,148	**-2,660**
Other movements	—	—	—	—	**—**
AT 30 JUNE 2018	**5,615**	**1,219**	**452**	**1,982**	**9,267**

The change of consolidation method mainly concerns Dooya (see note 1.1).

Note 12.1.2 Current provisions

€ thousands	Provisions for guarantees	Provisions for litigation	Provisions for liabilities and charges	Total 2018
At 1 January 2018	5,267	312	2,148	**7,727**
Charges	—	7	145	**152**
Used reversals	-231	-11	-634	**-876**
Unused reversals	—	—	-35	**-35**
Impact of foreign exchange rates	-5	-2	-3	**-11**
Changes in consolidation scope and method	-791	—	—	**-791**
Other movements	—	—	—	**—**
AT 30 JUNE 2018	**4,239**	**306**	**1,621**	**6,166**

The change of consolidation method mainly concerns Dooya (see note 1.1).

NOTE 12.2 CONTINGENT LIABILITIES

All of the Group's contingent liabilities are set out in the Highlights.

NOTE 13 WORKFORCE

—

The Group's average workforce at 30 June 2018, including temporary and part-time employees recorded on a full-time equivalent basis, was as follows:

	30/06/18	**30/06/17**
Average workforce	6,320	6,063

The average workforce at 30 June 2017 was restated to exclude the Dooya workforce (2,865 people) for comparison purposes.

NOTE 14 INCOME TAX

€ thousands	30/06/18 6 months	30/06/17 6 months
Profit before tax from continuing operations	**101,278**	**101,407**
Share of expenses on dividends	*1,819*	*1,473*
Reclassification of CVAE to Income tax	*-1,844*	*-1,682*
Reclassification of CICE to Employee expenses	*-1,061*	*-1,199*
Reclassification of CIR to Other operating income	*-2,465*	*-2,609*
Other	*61*	*2,402*
Permanent differences	-3,490	-1,614
Net profit taxed at reduced rate	-17,990	-15,914
Net profit taxable at standard rate	79,799	83,878
Tax rate in France	*34.43%*	*34.43%*
Tax charge recalculated at the French standard rate	27,475	28,879
Tax at reduced rate	2,788	2,467
Difference in standard rate in foreign countries	*-13,058*	*-13,306*
Tax losses for the year, unrecognised in previous periods, deficits used	*1,230*	*939*
Effect of the rate difference	-11,827	-12,367
Tax credits	-1,323	-1,841
Other taxes and miscellaneous	3,594	-665
Group tax	**20,707**	**16,472**
Effective rate	***20.45%***	***16.24%***

The results taxed at a **reduced rate** involve royalties, which were taxed at 15.5% (unchanged from 2017).
The main countries that contributed to the **difference in the tax rate** were Tunisia (€7.7 million), Germany (€0.4 million), other European countries (€3.6 million) and Middle Eastern countries (€0.5 million).
Tax credits were primarily affected by the SOPEM tax credit (Poland): €1.3 million at 30 June 2018 compared with €1.6 million at 30 June 2017.
Other taxes and miscellaneous items include in particular the French Corporate Value-Added Contribution (CVAE), which amounted to €1.8 million at 30 June 2018 compared with €1.7 million at 30 June 2017. In 2017, this item also included a total of €4.4 million in corporate income tax relief.
Restated for non-recurring items (tax rebates on companies), the effective tax rate was 20.59% at 30 June 2017.

NOTE 15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES, AND RELATED PARTIES

NOTE 15.1 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

€ thousands	30/06/18	31/12/17
Investments in associates at the beginning of the year	425	1,880
Changes in consolidation scope and method	131,708	193
Share of profit/(loss) from associates	-4	-1,491
Dividends paid	—	-85
Changes in foreign exchange rates	743	-73
INVESTMENTS IN ASSOCIATES AT THE END OF THE PERIOD	**132,872**	**425**
of which Investments in associates and joint ventures	132,872	939
of which Other non-current liabilities	—	514

“Investments in associates and joint ventures” consists of investments in Dooya and Arve Finance.
The change of consolidation method mainly concerns Dooya (see note 1.1).
Somfy exercised its call option and acquired the remaining 39% interest in the share capital of Neocontrol, which is now fully consolidated.

Dooya's major aggregates are as follows:

€ thousands	**30/06/18**	**30/06/17**
Income statement		
Sales	83,400	75,481
Current operating result	-5,626	-678
Net profit	-5,839	-1,195

€ thousands	**30/06/18**	**31/12/17**
Balance sheet		
Non-current assets	53,104	54,118
Current assets	87,772	75,729
Non-current liabilities	7,144	9,153
Current liabilities	96,498	78,257
Shareholders' equity	37,234	42,438

€ thousands	**30/06/18**	**30/06/17**
Cash flow statement		
Net cash flow from operating activities	-3,900	1,064
Net cash flow from investing activities	-2,617	-5,745
Net cash flow from financing and capital activities	6,732	5,592

NOTE 15.2 RELATED PARTIES

Associates are companies over which the Group has a significant influence or joint control and which are consolidated using the equity method. Transactions with related parties are made on arm's length terms.
Group purchases from Dooya totalled €4.0 million at 30 June 2018, €5.6 million at 31 December 2017 and €2.6 million at 30 June 2017. Group trade payables with Dooya stood at €2.0 million at 30 June 2018, €1.1 million at 31 December 2017 and €1.4 million at 30 June 2017.
Transactions with other related parties involved negligible amounts.

NOTE 16 LIST OF CONSOLIDATED ENTITIES

Company name	Head office	% control 30/06/18	% interest 30/06/18	% interest 31/12/17
Somfy SA	74300 Cluses (France)	(parent company)	(parent company)	(parent company)
Fully-consolidated companies				
Somfy Activités SA	Cluses (France)	100.00	100.00	100.00
CMC SARL	Cluses (France)	100.00	100.00	100.00
Somfybat SNC	Cluses (France)	100.00	100.00	100.00
Domis SA	Rumilly (France)	100.00	100.00	100.00
SITEM SARL	Zaghouan (Tunisia)	100.00	100.00	100.00
SITEM Services SARL	Zaghouan (Tunisia)	100.00	100.00	100.00
SOPEM	Krakow (Poland)	100.00	100.00	100.00
Somfy Eastern Europe Area SP. Zoo	Warsaw (Poland)	100.00	100.00	100.00
Somfy Ltd	Yeadon (UK)	100.00	100.00	100.00
Somfy PTY Ltd	Rydalmere (Australia)	100.00	100.00	100.00
Somfy Automation Services PTY Ltd	Rydalmere (Australia)	100.00	100.00	100.00
NV Somfy SA	Zaventem (Belgium)	100.00	100.00	100.00
Somfy Brazil LTDA	Sao Paulo (Brazil)	100.00	100.00	100.00
Neocontrol	Belo Horizonte (Brazil)	100.00	100.00	—
Neocontrol US LLC	Orlando (US)	100.00	100.00	—
Somfy Columbia SAS	Bogota (Colombia)	100.00	100.00	100.00
Somfy Argentina	Buenos Aires (Argentina)	100.00	100.00	100.00
GABR Participações LTDA	Sao Paulo (Brazil)	100.00	100.00	100.00
Somfy 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	Tărlungeni (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	Seongnam (Korea)	100.00	100.00	100.00
Somfy Italia SRL	Milan (Italy)	100.00	100.00	100.00
Somfy Nederland 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
Automatismos Pujol Portugal Lda	Rio de Mouro (Portugal)	100.00	100.00	100.00
Sistemi Automatici Pujol SAP 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 Sweden AB	Malmö (Sweden)	100.00	100.00	100.00
Somfy Norway AS	Skedsmokorset (Norway)	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

Company name	Head office	% control 30/06/18	% interest 30/06/18	% interest 31/12/17
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
Somfy Asia-Pacific Co Ltd	Hong Kong	100.00	100.00	100.00
Dooya China	Ningbo (China)	—	—	70.00
Shanghai Zhengshang Co., ltd	Shanghai (China)	—	—	70.00
Shanghai Branch	Shanghai (China)	—	—	70.00
Hui Gong Intelligence Technology LTD	Shanghai (China)	—	—	70.00
New Unity LTD	Hong Kong	—	—	70.00
Dooya Sun Shading Technology Co. Ltd	Ningbo (China)	—	—	70.00
Ningbo Sleepwell Co Ltd	Ningbo (China)	—	—	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
Herzborg Technology	Ningbo (China)	—	—	70.00
Shanghai Goodnight	Ningbo (China)	—	—	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 Automation 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
Syservmex	Tlalnepantla (Mexico)	100.00	100.00	100.00
Somfy K.K.	Tokyo (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 LLC USA	Dover (US)	100.00	100.00	100.00
Somfy ULC	Halifax (Canada)	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
Overkiz SAS	Metz-Tessy (France)	96.63	96.63	96.63
Overkiz Asia Co. Limited	Hong Kong	96.63	96.63	96.63
Opendoors SAS	Cluses (France)	100.00	100.00	100.00
iHome Systems (Asia Limited)	Hong Kong	100.00	100.00	51.00
iHome Systems (Thailand) Co. Ltd	Bangkok (Thailand)	100.00	100.00	51.00
Intelligent Home Systems (MY) Sdn. Bhd	Kuala Lumpur (Malaysia)	100.00	100.00	51.00
iHome Systems (SG) Pte. Ltd	Singapore	100.00	100.00	51.00

Company name	Head office	% control 30/06/18	% interest 30/06/18	% interest 31/12/17
Somfy Protect by Myfox SAS	Labège (France)	100.00	100.00	100.00
SEM-T SASU	Cluses (France)	100.00	100.00	100.00
DSG Coordination Center SA	Geneva (Switzerland)	100.00	100.00	100.00
TTMD SA	Geneva (Switzerland)	—	—	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	Granollers (Spain)	99.02	99.02	99.02
BFT Antriebssysteme GmbH	Oberasbach (Germany)	100.00	100.00	100.00
BFT Automation UK Ltd	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)	100.00	100.00	100.00
BFT Polska Sp zoo	Zielonka (Poland)	100.00	100.00	100.00
BFT Americas Inc.	Boca Raton (US)	100.00	100.00	100.00
BFT Portugal SA	Coimbra (Portugal)	100.00	100.00	100.00
BFT Automation (South) Ltd	Swindon (UK)	100.00	100.00	100.00
BFT Automation Australia PTY	Sydney (Australia)	100.00	100.00	100.00
BFT CZ Sro	Prague (Czech Republic)	100.00	100.00	100.00
O&O SRL	Correggio (Italy)	100.00	100.00	100.00
BFT Veneto SRL	Schio (Italy)	100.00	100.00	100.00
BFT Otomasyon Kapi	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 Automation Ireland	Dublin (Ireland)	100.00	100.00	100.00
BFT Automation Systems PTL	Hyderabad (India)	51.00	51.00	51.00
Nord Logistica E Servizi SRL	Schio (Italy)	100.00	100.00	100.00
BFT Middle East FZO	Dubai (United Arab Emirates)	100.00	100.00	100.00
BFT Auto Gate and Door (Shanghai) Co. Ltd	Shanghai (China)	100.00	100.00	100.00
BFT Gates and Doors SRL	Bucharest (Romania)	100.00	100.00	100.00
BFT Automation New Zealand	Auckland (New Zealand)	100.00	100.00	100.00
BFT Sud Est SAS	Saint Laurent du Var (France)	100.00	100.00	100.00
BFT Automatech Italia SRL	Verona (Italy)	100.00	100.00	100.00
Equity-accounted companies				
Arve Finance	Cluses (France)	50.17	50.17	50.17
Neocontrol	Belo Horizonte (Brazil)	—	—	61.00
Neocontrol US LLC	Orlando (US)	—	—	61.00
Hong Kong CTLT Trade Co. LTD	Hong Kong	70.00	70.00	—
Dooya China	Ningbo (China)	70.00	70.00	—
Shanghai Zhengshang Co., ltd	Shanghai (China)	70.00	70.00	—
Shanghai Branch	Shanghai (China)	70.00	70.00	—
Hui Gong Intelligence Technology LTD	Shanghai (China)	70.00	70.00	—
New Unity LTD	Hong Kong	70.00	70.00	—
Dooya Sun Shading Technology Co. Ltd	Ningbo (China)	70.00	70.00	—
Ningbo Sleepwell Co Ltd	Ningbo (China)	70.00	70.00	—
Baixing Co Ltd	Ningbo (China)	70.00	70.00	—
Herzborg Technology	Ningbo (China)	70.00	70.00	—
Shanghai Goodnight	Ningbo (China)	70.00	70.00	—

03
STATUTORY AUDITORS' REPORT ON THE 2018 INTERIM FINANCIAL REPORT

03

STATUTORY AUDITORS' REPORT ON THE 2018 INTERIM FINANCIAL REPORT

To the Shareholders,

In compliance with the assignment entrusted to us at your General Meeting and pursuant to Article L. 451-1-2 III of the Monetary and Financial Code, we have proceeded with:

- a limited review of the accompanying condensed consolidated interim financial statements of the company Somfy SA, for the period from 1 January to 30 June 2018;
- a review of the information disclosed in the half-year business report.

Your Management Board is responsible for the preparation of the condensed consolidated interim financial statements. It is our responsibility to express an opinion on these financial statements on the basis of our limited review.

OPINION ON THE FINANCIAL STATEMENTS

We have conducted our limited review in accordance with professional auditing standards applicable in France. A limited review consists principally of making inquiries of persons responsible for financial and accounting matters and applying analytical procedures. The scope is substantially less than an audit conducted in accordance with professional auditing standards applicable in France. Consequently, this review can only provide reasonable assurance, to a lesser degree than an audit, as to whether the interim financial statements are free of material misstatements.

Based on our limited review, nothing has come to our attention that would challenge the compliance of the condensed consolidated interim financial statements with IAS 34 – a standard of the IFRS framework relating to interim financial reporting as adopted within the European Union.

SPECIFIC VERIFICATION

We have also verified the information disclosed in the half-year business report commenting on the condensed consolidated interim financial statements, which were the subject of our limited review.

We have no observation to make with regard to the fairness of such information and its consistency with the condensed consolidated interim financial statements.

Lyon, 4 September 2018
The Statutory Auditors

KPMG Audit
A division of KPMG SA
Stéphane Devin
Partner

ERNST & YOUNG et Autres
Sylvain Lauria
Partner

04
STATEMENT FROM THE INDIVIDUAL RESPONSIBLE FOR THE 2018 HALF-YEAR FINANCIAL REPORT

04
STATEMENT FROM THE INDIVIDUAL RESPONSIBLE FOR THE 2018 HALF-YEAR FINANCIAL REPORT

I certify that, to the best of my knowledge, the condensed consolidated interim financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the net equity position, financial position and financial performance of the company and all companies included in the consolidation, and that the half-year business report gives a true and fair view of the significant events that occurred during the first six months of the financial year, their impact on the financial statements, the main transactions carried out between related parties, as well as a description of the major risks and uncertainties for the remaining six months of the financial year.

Cluses, 4 September 2018

Pierre RIBEIRO
Group CFO

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Cover photo: Getty Images

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