



WWW.UWVaUg_Wf 2007

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This reference document was filed with the l'Autorité des marchés financiers on May 20 2008 in accordance with article 212-13 of the AMF's general regulations. It can be used to support a financial operation if it is supplemented by an operation note signed by the AMF.

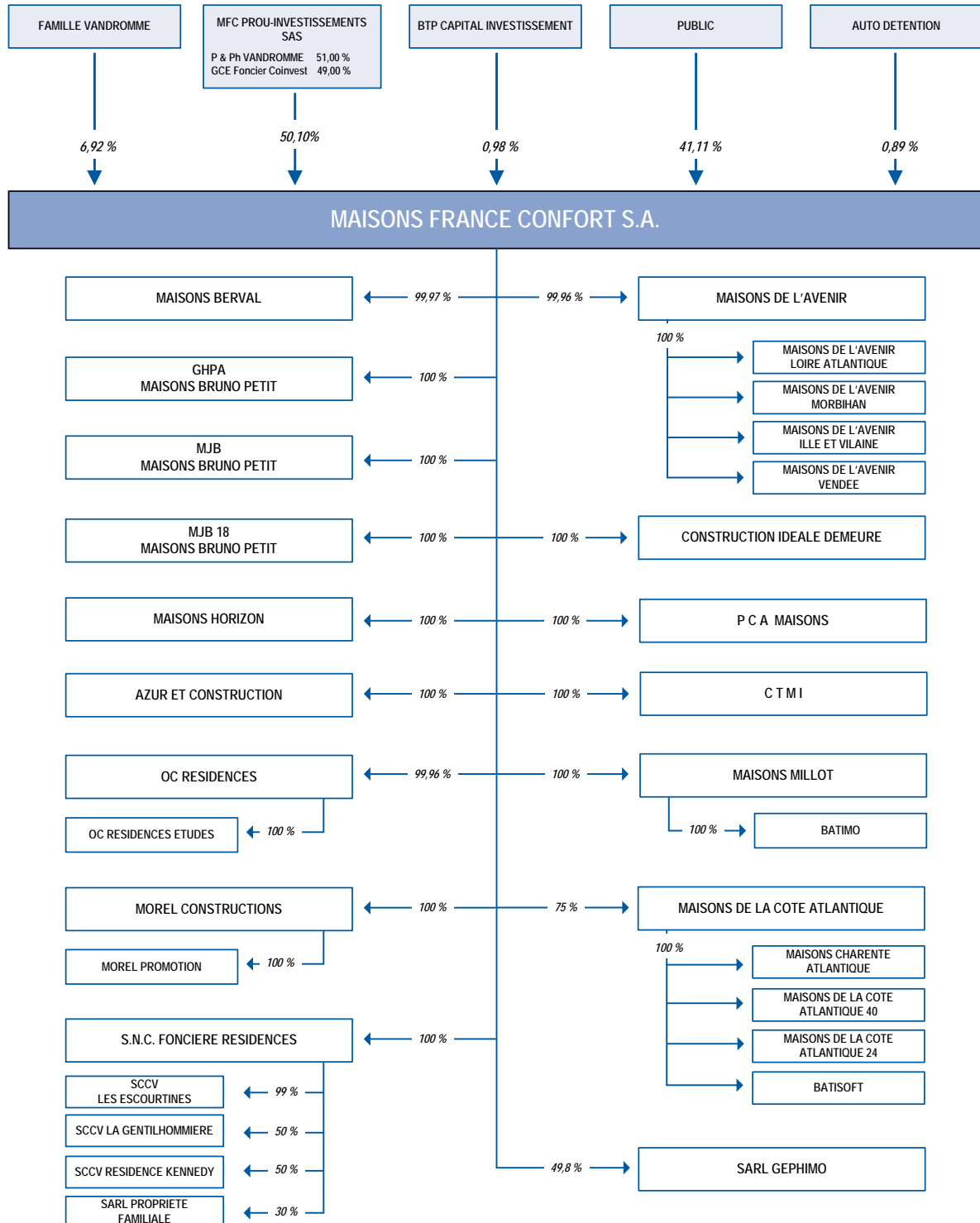
In accordance with Article 28 of the European regulation n° 809/2004 of April 29 2004, the reader is referred to the previous information reference document concerning certain information :

1. The consolidated financial statements for the fiscal year closed on December 31 2005 and the Statutory Auditors' report relating to it, appearing on pages 50 to 80 of the reference document filed with the Autorité des Marchés Financiers on May 22 2006 under the number D06-0428.
2. The consolidated financial statements for the fiscal year closed on December 31, 2006 and the Statutory Auditors' report relating to it, appearing on pages 52 to 80 of the reference document filed with the Autorité des Marchés Financiers on May 11 2007 under the number D07-0440"

INFORMATION ON THE GROUP

1 . PRESENTATION OF THE GROUP

1.1. Management chart as of March 31 2008



1.2. Table of subsidiaries

Data in €K

| Company | Activity | Acquisition | Turnover * | | Net income * | |
|---------------------------------|-------------------|-------------|------------|--------|--------------|-------|
| | | | 2006 | 2007 | 2006 | 2007 |
| Foncière Résidences (Group) | Real estate agent | | 9,918 | 13,015 | 317 | 332 |
| Maisons de l'Avenir (Group) | Construction | 01/01/00 | 60,755 | 55,600 | 3,423 | 3,537 |
| OC Résidences | Construction | 11/07/00 | 32,083 | 32,863 | 2,466 | 2,330 |
| Maisons Berval | Construction | 01/05/01 | 10,389 | 12,445 | 888 | 1,167 |
| GHPA Maisons B. Petit | Construction | 01/07/02 | 13,822 | 15,191 | 707 | 685 |
| MJB Maisons B. Petit (Group) | Construction | 01/07/03 | 16,402 | 17,718 | 1,548 | 1,666 |
| Maisons Horizon | Construction | 01/10/04 | 15,739 | 18,646 | 1,068 | 1,142 |
| Azur & Construction | Construction | 01/04/05 | 11,919 | 11,768 | 863 | 972 |
| Constructions Idéale Demeure | Construction | 03/10/05 | 11,479 | 11,988 | 778 | 784 |
| Maisons Côte Atlantique (Group) | Construction | 01/01/06 | 39,025 | 49,382 | 2,799 | 2,709 |
| Millot (Group) | Construction | 01/10/06 | 3,333 | 11,043 | 220 | 729 |
| PCA Maisons | Construction | 01/04/07 | | 6,052 | | 544 |
| Morel Constructions (Groupe) | Construction | 01/10/07 | | 3,781 | | 144 |

* Figures corresponding to the consolidation period in the MAISONS FRANCE CONFORT Group's consolidated accounts

1.3. History

The MAISONS FRANCE CONFORT Group was founded in 1919 and is one of France's most important builders of single family detached homes, and the second national developer (source: 2003 survey of homebuilders carried out by Caron Marketing).

The restructuring in the trade and the crisis in the early 1990s, navigated by the Company without pecuniary losses, have rationalised the market. Furthermore, the tightening regulation has enabled surviving mid-size players like MAISONS FRANCE CONFORT to take advantage of the situation.

Since the, MAISONS FRANCE CONFORT has constantly increased its turnover, consolidating its position as a natural leader in the trade due to the company's age, the continuity of family management, and its role in trade and industry associations.

1.4. Our Trade

MAISONS FRANCE CONFORT sells and builds built-to-order detached family homes (with the land being purchased separately by the customer).

The houses are presented in a catalogue and then, contrary to the housing estate or subdivision development sector ("villages" in which the land is sold as part of the development, together with the house on it, whose main features are standard), the plans are adapted and personalised for each customer by means of powerful CAD (Computer Assisted Design) applications enabling a great degree of product flexibility. The catalogues are designed around a centralised concept, but include regional variants in order to take local architectural constraints and styles into account.

SNC FONCIERE RESIDENCES, a subsidiary of MAISONS FRANCE CONFORT is in charge of managing small operations (2 to 20 houses) under the VEFA (*Ventes en l'État Futur d'Achèvement*, Sale of property for future completion) classification. Its business volume is marginal (€13 million turnover in 2007

) but complementary to that of the custom or built-to-order sector, particularly in suburban areas where residential building land is scarce.

The national brand names are :

- MAISONS FRANCE CONFORT
- MAISONS BALENCY
- MAISONS DE MANON

The regional brand names are :

- ◆ BENOIST CONSTRUCTION
- ◆ JFR
- ◆ MAISONS DE L'AVENIR
- ◆ OC RÉSIDENCES
- ◆ MAISONS BERVAL
- ◆ MAISONS BRUNO PETIT
- ◆ MAISONS HORIZON
- ◆ AZUR & CONSTRUCTION
- ◆ CONSTRUCTIONS IDEALE DEMEURE
- ◆ MAISONS COTE ATLANTIQUE
- ◆ MAISONS MARCEL MILLOT
- ◆ MAISONS PERFORMANCE
- ◆ PCA MAISONS
- ◆ MAISONS TRADILIGNES
- ◆ MAISONS AQUARELLES
- ◆ MAISONS NATURE HABITAT
- ◆ BRAND MAISONS INDIVIDUELLES
- ◆ LES MAISONS CLIO ALSACE

The national and regional brand names owned by the Group are registered at the I.N.P.I., the French intellectual property registry.

The Group's policy is to concentrate its sales and promotion efforts on the national brands, apart from specific regional opportunities. This differentiation, has a dual benefit :

- on the competitive level,
- as regards the product itself, as Balency has a higher class connotation and enjoys strong popularity.

Only 2 brands acquired in takeovers in the early 1990's will disappear, but only gradually because the Group, although preferring to emphasise the national brands, nonetheless does not wish to waste sales opportunities. The other brands which have been integrated into the Group since 2000, will retain their identities given their strong popularity as regional leader.

The retail prices, excluding the land, of the Group's houses vary between €42K and €589K including taxes, with the average selling price being €115K including taxes for an average living area of 100 m².

For the end consumer, a transaction in the Ile-de-France region around Paris, or in the Provence Alpes Côte d'Azur region, including the plot of land, generally costs between €250/300K (with an average plot of 550 m² [0.14 acres]) and, in the provinces, between €140 and 200K (average plot of 850 m² [0.21 acres])

1.5. The Group's internal organization and resources

1.5.1. The Parent Company's role

The parent company is a service company. Each subsidiary is independent in the Group's organisation and the services provided for subsidiaries are not paid for, apart from a partial centralisation of cash flow, stipulated in agreements, nor invoicing of head office costs which are paid for by the parent company in full.

1.5.2. Marketing

• Sales force

MAISONS FRANCE CONFORT is represented in the Normandy, Île-de-France, Centre, Burgundy, Franche-Comté, Rhône-Alpes, PACA, Languedoc-Roussillon and Midi-Pyrénées regions. Group employees are responsible for 60% of sales, with 40% being contributed by independent exclusive commission based sales agents. The advantage of this organisational structure is a certain degree of flexibility if an economic slowdown occurs. In addition, the independent exclusive sales agents are particularly highly motivated. Finally, MAISONS FRANCE CONFORT organises sales training seminars on technical and regulatory changes.

The whole of MAISONS FRANCE CONFORT's sales force is broken down as follows :

- Employees : around 140 sales persons.
- Sales agents : around 90 sales persons.

At the subsidiary level, the implementation and the method of marketing of the homes may be summed up as follows:

| Company | Sites | Sales force |
|-------------------------------------|-----------------------------|-----------------|
| Maisons de l'Avenir | Bretagne / Vendée | 90 % employees |
| OC Résidences | Midi-Pyrénées / Languedoc | 100 % employees |
| Maisons Berval | Ile de France | 100 % employees |
| GHPA Maisons B. Petit | Sud Ouest | 100 % employees |
| MJB Maisons B. Petit | Centre | 100 % employees |
| Maisons Horizon | Lorraine | 100 % employees |
| Azur & Construction | PACA | 90 % employees |
| Constructions Idéale Demeure (CID) | Centre | 100 % employees |
| Maisons de la Côte Atlantique (MCA) | Aquitaine | 80 % employees |
| Maisons Marcel Millot | Limousin / Creuse / Corrèze | 90 % employees |
| PCA Maisons | Var | 95 % employees |
| Morel Constructions | Loire Atlantique / Vendée | 90 % employees |

In all, the MAISONS FRANCE CONFORT group employed 1,220 employees on 31/12/07 including 298 salaried sales agents.

• Values

The sales staff at the heart of the customer relationship

More than just sellers, the sales staff have become real advisers for customers who need to be assisted in their decisions and actions. They find land for the customers and help them arrange financing.

The very strict legislative environment governing the individual home construction business means that the sales teams must be abreast of the latest technical, regulatory and environmental developments in order to reassure potential owners.

Continual training for teams

Specific training has therefore been set up for sales people to enhance quality and enable MAISONS FRANCE CONFORT's indisputable assets in terms of innovation, quality / price ratio to be emphasized

The trade is changing and adopting a more professional structure. It is important that this change is orchestrated by setting up management courses for sales managers.

The fight for quality and customer satisfaction for a lasting relationship

The relationship with the customer lasts from the first contact by Internet, at trade fairs, show homes or simply by telephone, up until the customer's house is delivered, i.e. 18 months in addition to the 10 year construction guarantee. MAISONS FRANCE CONFORT must be as close as possible during this time, assist them in their actions, and share the great joy of achieving their life project: build their own home which will house and protect their family.

'When you are searching for perfection, you discover that it is a moving target' (Fisher, George), this is one of MAISONS FRANCE CONFORT's mottos in satisfying its customers, which is assessed by surveys to evaluate and improve this action.

• Marketing tools

Design / costing software

MAISONS FRANCE CONFORT has developed an automatic costing application for houses internally. It is therefore possible to compile a costing of a house from a pre-plan very quickly, without risk of error.

This very user-friendly software, which has been developed very pragmatically with sales persons and sales controllers, has improved the company's professionalism. Each project is costed to the closest euro, and is very reassuring for customers who see the costing of the project change instantaneous according to their requirements.

Internally, this software tool has increased time saving for sales people and sales controllers, the reliability of the costing, and professionalism.

Pre-planning software

Pre-planning design software has been deployed in the sales agencies, coupled with this costing software, which enables the plans to be drawn in 3D and to virtually site the customer's project on the plot.

A growing reputation with an ideal Internet referencing

The www.maisons-france-confort.fr web site which is systematically amongst the first sites for 'Individual Homes Builder' (out of more than 3 million pages found) in search engines, combined with strong communication, enables almost 45,000 separate visitors per month obtain information and advice on having a house built by the Group, and over 3,000 visitors per month leave use their full names, addresses and contact numbers for information requests, i.e. more than 100 a day.

• International

International sales people to open our borders

MAISONS FRANCE CONFORT positioned on the buoyant foreign investment niche in 2005. There has been a big craze amongst British people and North European people in general for France for 3 years now. Real estate investment is one of the factors besides the culture, weather and gastronomy, which are attractive for Europeans. The sharp rise in house prices has enabled mortgages to be increased; the price of houses doubled in Great Britain between 1993 and 2003, increasing to €174K on average. The owners have been able to benefit from this increase to increase their mortgages, and realize gains without having to sell their property

The average price of houses in Ireland has increased to €250 K. For this price, a house in the Dublin suburbs transforms into MAISONS FRANCE CONFORT villas with swimming pool in certain parts of the Luberon. The initial attraction for British people were the famous 'old buildings', which are now becoming increasingly difficult to find, and therefore more expensive. The price of new houses is competitive by 30 to 40% compared to old houses in some sectors.

Welcome to France...Confort "

MAISONS FRANCE CONFORT has set up a packaged offer dedicated to non-residents 'MFC Welcome Pack' which comprises a team of 7 sales representatives dedicated to the favoured geographical sectors: Normandy, Brittany, the Dordogne, the Gers and the whole of the 'French Riviera', from Collioure to Menton. This offer goes from the land search to mounting the operation with banking partners such as the HSBC. The contracts and the descriptions are naturally translated into English.

Since, MAISONS FRANCE CONFORT has been present at all of the major housing exhibitions devoted to housing in France: London, Birmingham, Harrogate and soon Brussels, as well as in the main media: 'French Property News', 'Living France'. About 120 contracts were signed through this offer in 2007. The cosmopolitan teams comprising 1 English person, 1 Dutch person, 1 Norwegian, 1 Canadian 1 Spaniard, and 2 bilingual French people, means that new prospectations can be envisaged.

1.5.3. Implantations

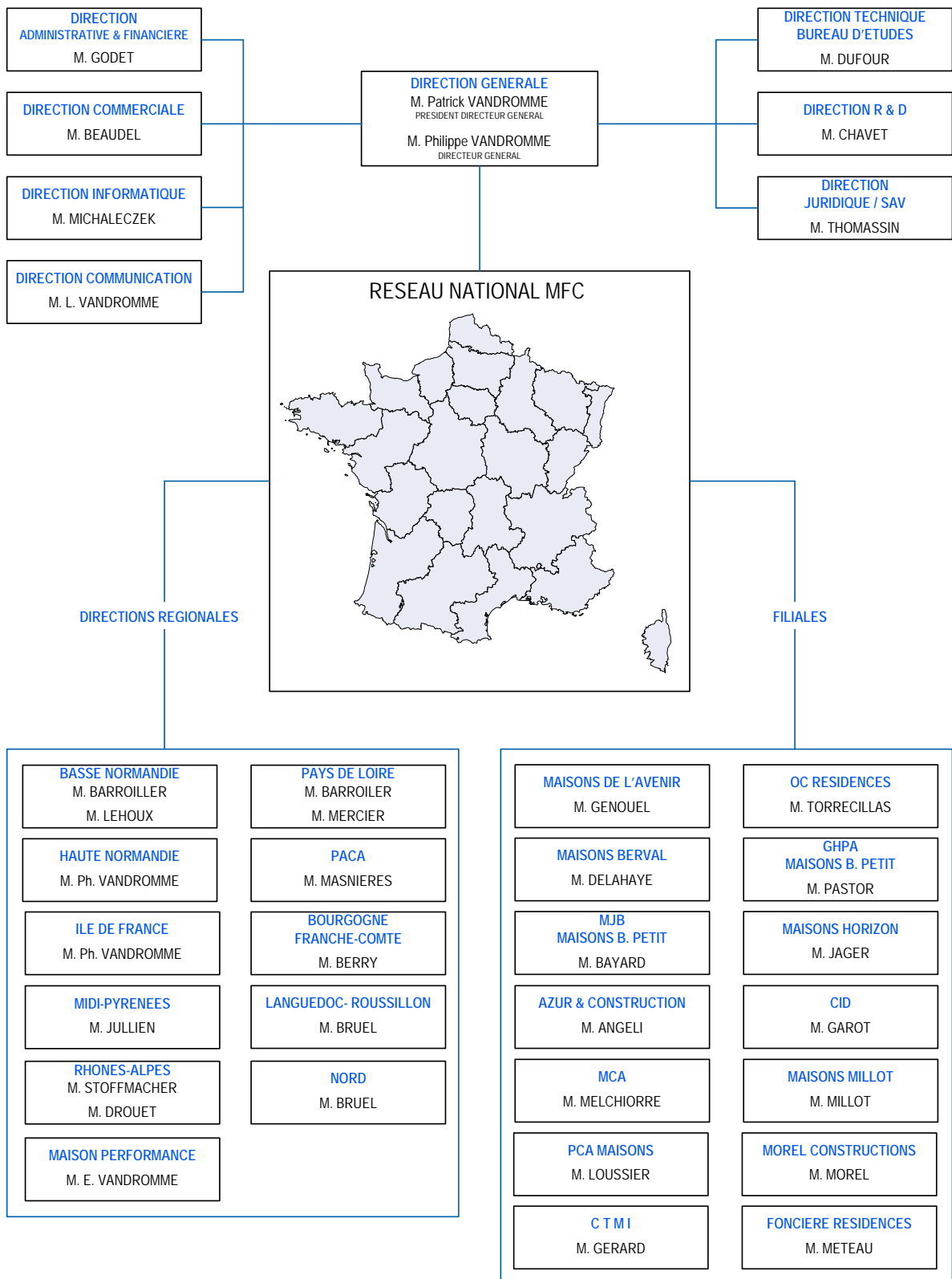
Property belonging to the Group on December 31 2007.

The property belonging to the Group represents around 108,000 m² of land, including 19,000 m² of buildings.

The sales offices and technical centres (excluding show homes) are rented and accounted as operating expenses. These premises do not belong either to the VANDROMME family, or to the MAISONS FRANCE CONFORT Group.



1.6. Operational Diagram



2 . BUSINESS ACTIVITY

2.1. Significant data

Changes in key indicators

| (Quantitative data) | 2005 | 2006 | 2007 |
|-----------------------------------|-------------|-------------|-------------|
| Changes in orders | 5,133 | 6,145 | 6,290 |
| Changes in openings | 3,538 | 4,793 | 4,762 |
| Changes in ongoing building sites | 2,573 | 3,525 | 3,615 |

Financial data

| Concise profitability table | 2006 | 2007 |
|---|-------------|-------------|
| (Figures in € millions, IFRS standards) | | |
| Turnover | 425.0 | 489.4 |
| Operating result | 30.9 | 35.2 |
| Financial result | 0.6 | 0.9 |
| Net income | 20.7 | 23.6 |
| <i>Of which minority interests</i> | - | |

Sustained level of business :

The Group continued its intense growth policy during 2007 in 2 areas:

◆ External :

On April 1, 2007, the Group acquired 100% of PCA Maisons, a well-established business since 1987 in the Provence Cote d'Azur region in the Var (83). It includes 3 agencies in this department and sells about one hundred homes per year.

At the end of September, 2007, the Morel Constructions Group rejoined Maisons France Confort which acquired 100% of its capital. Created 30 years ago and located in Loire Atlantique and in Vendee with 7 agencies, this company uses 3 brands: Maisons Tradiligne (luxury line), Maisons Aquarelle, (medium line) and Maison Nature Habitat (wood frame and brick mix).

◆ Internal:

In addition to acquisitions made in 2007 which resulted in a growth of its national presence, Maisons France Confort opened, in the accounting period, 24 new agencies in regions with strong potential such as the North (not covered until now) and the South-West. These investments in the commercial network increase overall to 5 M€ assigned in 2007 and 2008. Special effort was made to cover the North region with the opening of business offices and the hiring of 48 associates. Presently, Maisons France Confort has a homogenous sales network which covers most of the priority zones. This coverage is a very significant competitive asset which allows the Group to ensure regular growth.

In 2007, the net sales turnover grew overall by 15%. This growth, with a constant scope, is 14%.

The Group's business activity was realised exclusively on the French territory mainly in the following regions ; Provence-Alpes Côte d'Azur, Rhône-Alpes, Brittany, Pays de la Loire, Ile-de-France, Centre, Normandy, Midi-Pyrénées, Languedoc, Bourgogne, Franche-Comté, Lorraine, Aquitaine, Charentes and Limousin.

The Group's profitability

The Group's operating income totals €35.2 M December 31, 2007 compared to €30.9 M the previous year, i.e. an increase of 14%.

Financial income

The Group's financial income works out at €0.9M on 31/12/2007, compared to € 0.6M the previous year. Good management of surplus cash flow and the reduced cost of financing acquisitions explain this change.

Net income

Net income before tax totals €23.6 M compared to €20.7M in 2006, i.e. an increase of + 14 %.

Summarizing table of the equity capital, cash flow, and indebtedness

| In €M : IFRS standards | 2006 | 2007 |
|-------------------------------|-------------|-------------|
| Shareholders' equity | 58.8 | 74.0 |
| Investments and cash | 69.4 | 69.6 |
| Financial liabilities | 26.9 | 41.5 |
| Net indebtedness | -42.5 | -28.1 |
| Gearing | -72% | -38% |

Available cash of €69.6M and a net cash position of € 28.1M will enable the Group to continue its internal or external growth.

2.2. Investment policy

The investments, excluding acquisitions, made by the Group, mainly through self financing, are broken down as follows:

| Items in €K | 2006 | 2007 |
|---|--------------|--------------|
| Computer software | 202 | 125 |
| Trademarks, business assets and lease right | 109 | 139 |
| Land, buildings and show homes | 576 | 589 |
| Other fixed assets (including fixed assets in progress) | 2,961 | 2,880 |
| Total | 3,848 | 3,733 |

Main investments in 2007

Creation of the new MAISONS FRANCE CONFORT internet site,
Migration of the MAISONS FRANCE CONFORT accounting tool,
Construction of the MAISON PERFORMANCE workshop and acquisition of the assembly tables,
Construction of the new exhibition pavilions: Maisons Performance, Beaucaire, Bagnois sur Cèze etc.
Renovation of the display pavilions (Coignières, Moisselles etc.),
Installations, organisation for the opening of the Group's new points of sale,
Follow-up of the upgrades to the IT equipment.

2.3. Research and development activity

IT

The internal development of SISCA, a new client file management software package, destined to replace the current system, is being finalised. Today, 3 IT professionals are working on this. This application will be up and running at the beginning of the fourth trimester of 2008.

In addition to the first technical module developed in 2006 and operational since 2007, various modules will be added: prospect follow-up, file administration monitoring etc.

The integration with SISCA of an Electronics Document Management system is being studied. It will allow an electronic attachment, to each client file, of all the pertinent information: administrative documents, invoices, worksite photos etc.

Since the beginning of 2008, the contents on the internet site (www.maisons-france-confort.com), the Maisons France Confort portal, has been modified to include the new home offering for 15 euros/day, photovoltaic options. New functionalities have been added: option to monitor, in each region, the stages of construction of the worksites as they are being developed; improvement of the search module for home models, addition, in most of the sites, of explanatory videos.

CAD

With over twenty years' experience in the computer-assisted design field, and automatic printouts of quantity surveys and disbursements, MAISONS FRANCE CONFORT has had a strategy of installing new software for its sales force, since 2005. All the catalogue plans are now available on computer file format.

The Graphic publisher permits adjustments, and changes made to plans to be quickly visualised.

In parallel, the design offices have been equipped with powerful Internet communication tools to encourage exchanges with our growing European clientele. These tools permit plans to be transmitted, projects to be visualized in three D and speed up the final design of the plans.

The optimization of our constructions' adaptation to the ground as well as a complete control of costs generated is now possible thanks to the deployment of "Digital Ground Modelisation" during 2006. It enables all the lasting modifications necessary for installing a project to be visualized and quantified.

Quality

Quality inside the MAISONS FRANCE CONFORT Group is reflected by the management's and its team's determination to mobilize and catalyse commitment so that the quality initiative forms part of each action performed by the company. The management and its team lead by example through internal and external actions. In addition, they reward the efforts and quality successes of individuals and teams by setting up challenges and remuneration based on the quality indicators.

The Group's strategy systematically integrates a Quality policy by deploying these objectives in all the Group's functions. These individualized and evaluated objectives enable us to define the strategy and the action plans which are necessary for increasing our quality criteria.

The staff is kept regularly informed of the Group's strategy, its quality initiative and its results, through our internal newsletters, the circulation of quality indicators and awareness and information meetings.

Internal procedures have been established from the sale to the delivery of a house. Self-control documents and a computer chain have been developed to control the quality of the company's products and services. As an example, a specific internal procedure details a list of over 400 control points included in technical works follow-up specifications (a document developed by MAISONS FRANCE CONFORT) for internal use only. These controls are of several kinds. They verify that the works have been performed properly in accordance with good professional practices, or perform a dimensional control to ensure concordance with the construction drawings, or check that the quality of fitting equipment accords with our instruction sheets.

A satisfaction questionnaire is also systematically sent to each customer with a prepaid envelope. The results of the customer satisfaction assessments are analysed to identify new areas where progress can be made. In addition, every year, IPSOS is instructed to contact the customers who have not returned the customer survey.

3 . MARKET AND COMPETITION

3.1. The Market and Competition

General points

For a more detailed quantitative analysis the reader may refer to the study carried out by the ANIL (Agence Nationale pour l'Information Logements, French National Housing Information Agency) in "Habitat Actualités" from which the figures mentioned in the following paragraphs are extracted, except where other sources are mentioned. The reader may also consult the statistics of the Ministry of Ecology, Development and Sustainable Management (quick info DAEI-SES.SITADEL).

The single-family detached home construction sector consists of the following business lines:

- Construction of turnkey single family detached homes under contracts corresponding to the **general sector and classified as "separate detached"**.
- Construction of turnkey single family detached homes in a subdivision development setting corresponding to the **housing estate sector** (similar to the Kaufman & Broad "villages").

Summary of housing construction in France (homes for which a Notice of Construction Start had been submitted)

| In thousands of dwellings | True S/F detached | Mkt Share | S/F Estate | Mkt share | Collective | Mkt share | Total |
|---------------------------|-------------------|-----------|----------------|-----------|-----------------|-----------|----------------|
| 1995 | 113.0 0.5% | 39.9% | 30.3 -6.5% | 10.7% | 140.1 -8.1% | 49.4% | 283.4 -4.6% |
| 1996 | 123.2 9.0% | 45.2% | 26.4 -12.9% | 9.7% | 122.7 -12.4% | 45.1% | 272.3 -4.0% |
| 1997 | 126.9 3.0% | 47.0% | 27.8 5.3% | 10.3% | 115.4 -6.0% | 42.7% | 270.1 -0.8% |
| 1998 | 134.8 6.2% | 48.0% | 31.0 11.5% | 11.0% | 115.3 0.0% | 41.0% | 281.1 4.1% |
| 1999 | 152.7 13.3% | 48.1% | 35.1 13.2% | 11.1% | 129.7 12.5% | 40.8% | 317.5 12.8% |
| 2000 | 167.0 9.6% | 55.1% | 32.0 -9.8% | 10.6% | 104.0 -15.2% | 34.3% | 303.0 -2.0% |
| 2001 | 157.2 -5.9% | 53.7% | 33.6 5.0% | 11.5% | 102.0 -2.0% | 34.8% | 292.8 -3.5% |
| 2002 | 157.3 0.1% | 53.5% | 34.5 2.8% | 11.7% | 102.3 0.6% | 34.8% | 294.1 0.6% |
| 2003 | 157.8 0.3% | 51.7% | 34.9 0.4% | 11.4% | 112.4 10.5% | 36.8% | 305.1 3.7% |
| 2004 | 173.2 9.8% | 49.8% | 41.8 19.8% | 12.0% | 132.8 18.1% | 38.2% | 347.8 14.0% |
| 2005 | 179.8 3.8% | 45.8% | 49.1 14.8% | 12.5% | 163.5 22.5% | 41.7% | 392.4 12.2% |
| 2006 | 181.4 1.0% | 45.1% | 49.2 0.1% | 12.3% | 171.3 4.6% | 42.6% | 401.9 2.4% |
| 2007 | 183.2 -1.3% | 44.2% | 49.1 -5.3% | 11.8% | 182.4 3.1% | 44.0% | 414.7 0.1% |

*Beginning from January 1, 2007, these figures will include data relative to the departments and regions of Outre-mer.

Source : Bulletin DAEI-SES ; SITADEL/Ministry of Ecology, Development and Sustainable Management..

N.B : Usually, within public statistical approaches, a distinction is made between transactions that are:

- Authorised: Following issuance of a building permit
- Begun: Following declaration of opening of a construction site by the project owner at the local Town Hall

Only started operations reflect the actual market situation; it should also be noted that, unless the project is abandoned, generally between 7 and 9 months elapse between the start and end of construction. However, since 2003 we have recorded a strong increase in multi-family units, owing to the increase in social housing (HLMs, "moderate rental housing") and also to the effects of the ROBIEN Act then BORLOU, for investment in rental properties, which fully benefited the "detached single family home estate" sector in 2004 and 2005, in order to become stabilised

in 2007. The accessibility law imposed technical constraints on rental buildings for permits dated from January 1, 2007 in the matter of parking and enlargement of hallways

The construction of turnkey single family detached homes is a sector that is undergoing structural development. Access to home ownership remains a major priority for the French population (87% of French people want to live in detached homes – TNS Sofres Survey - January 2007 -). This traditional factor is reinforced by lack of safety and security and neighbourhood problems in large estates, and the rise in rents and ancillary costs, which are causing the French to turn towards a safe and secure single family habitat where the cost of access compares favourably to the cost of renting.

The Increase in the solvency of less affluent households and with easier access to credit: steady rates, longer loan periods, loans at 0%, deductibility of loan interest, PASS FONCIER, the builder of individual housing (separate and grouped), has been very steady for several years (+62% for separate and community detached and +30% for the collective since 1995).

Structured detached single family homebuilders have become more than just builders of houses; they are now true **service businesses** offering a complete range of solutions to buyers, ranging from the choice of the plot (purchased directly by the client), to the customisation of the plans and their integration in the site, the planning application and filing procedures to financing options.

Finally, the leaders in the business also offer a comprehensive range of ancillary services (removals, insurance, alarms, inside and outside fitted units, etc.).

The custom or built-to-order single-family detached home sector enjoys a major advantage: visibility. A construction project develops as follows (timings given are average):

| | |
|--|--------------------|
| Order taking – Go ahead for work (i.e. building permit, financing and plot signed) | 8.0 months |
| Go ahead for work – opening of building site | 2.0 months |
| Duration of construction (all trades) | 8.5 months |
| TOTAL | 18.5 months |

The financing plans implemented for private individuals means that there is very little financial, property or commercial risk, as construction is only started once all loans are granted and signed for.

Construction of a single family detached home is a momentous decision for a household. In fact, the cost represents, on average, three or four years of earnings.

The demand

(Source: DAEI-SES; SITADEL/Ministry of Ecology, Development and Sustainable Management.)

The single family detached home market suffered the full brunt of the unprecedented property crisis in the early 1990s.

This crisis, caused by high interest rates (subsidised loans were at almost 10% and free loans reached 14%) and unreasonable speculation, reached its climax in 1993. Only 122,000 single family detached homes (custom + estate sector) were started during that year compared to 165,000 in 1987.

Since then, the market has recovered, and single family detached home starts have continued to increase and stabilised at around 190,000 single family detached homes per year between 1999 and 2003. Between 2004 and 2006 this figure continued to increase but it stabilised in 2007 at 232,000. (Source : Bulletin DAEI-SES ; SITADEL/Ministry of Ecology, Development and Sustainable Management).

The market's dynamics are based on three fundamental trends:

1. A desire to leave city centres for peripheral areas

The feeling of existential insecurity intensifying in cities and suburbs is leading the French to reject collective housing and to search out the peace and quiet of peri-urban and rural communities (from 1995 to 2005, the share of individual houses built in the rural environment, i.e. villages of less than 5,000 inhabitants, increased from 47% to 60% - Source Caron Marketing).

Single family detached homes, the habitat of choice of the French, now more than ever fulfils these expectations. Over 87% of households prefer individual rather than collective housing. (Source TNS Sofres – January 2007).

2. Access to home ownership made possible

Thanks to sustained low interest rate levels and the extension of loan repayment periods to 30 and even 40 years, most households with monthly revenues of between €1,700 and €3,000 can, depending on the regions, afford to buy a house. In the provinces, the plot and house reimbursement expense is close to the cost of renting.

Conversely, the scarcity of land and its high cost have acted as a brake on the growth of the market in periurban areas, for some years. The first decreases in lot prices were reported in 2007.

However, this situation is counterbalanced by the recent fascination of the French for truly rural areas, and by an increase in the supply of "micro plots" for town houses, where the price of land is affordable.

3. Demography and household composition (source INSEE, the French National Statistics Office)

They have changed radically in recent years with an annual increase in the number of households of 1.2% per year since 1975, caused by the ageing population and divorces; the size of households decreased from 2.88 persons/ family in 1975 to 2.3 persons in 2005. (Sources: 1975 to 1990 surveys, estimates from the 1999 survey, SITADEL, the 2005 survey, INSEE and SESP).

This basic trend will continue in future years with an annual growth in the number of households close to 250,000/year.

There will be about 24% additional households in France between 1999 and 2030, and consequently 24% extra housing, although the population will only have increased by 9%.

A survey by the University of Paris Dauphine / Crédit Foncier (November 2006) also indicates that the annual housing requirements will be 500,000 between 2005 and 2010 and 470,000 up to 2020.

Changes in the activity

Since 1996, the development of the business activity in the sector has been sustained by:

1. The fall in interest rates

The trend of low interest rates has had a strong impact on demand. A slight hike in interest rates would only have a small impact on the decision to purchase, as potential purchasers are more sensitive to the monthly instalment concept than interest rates. In addition, several banking groups now offer very long term loans (25 to 35 years) to their first time buyer customers (young families who are purchasing for the first time).

2. The Launch of the Zero Rate Loan (PTZ) (decree n°95-1064 of September 29, 1995)

This has played an important catalyzing role in the boom in the market, revealing a strong potential demand, which had not previously shown itself. After having their solvency curtailed by inadequate housing finance subsidies, families in the low-income brackets have returned to the market.

The "Urban Renewal Solidarity" Act includes a section on housing aid policy, which continues the policy of the zero rate loans in public subsidy schemes (the new article L 301-2 of the Construction and Dwelling Code). However, it must be noted that a study by Professor Michel Mouillart of the University in Paris (who is considered to be a specialist on housing financing in France) shows that the potential loss if the PTZ were cut, would only be around 10,000 dwellings per year, i.e. around 3.5 % of the market.

The Government has recently stressed its wish for everyone to become homeowners with a new zero percent loan law which came into force on February 1, 2005, the main aspects of which are as follows :

- The geographical zones were redefined in accordance with the Robien Act for a better fit with the market.
- The resource ceilings were re-evaluated.
- Increase in the amounts of the New 0 % interest Loan (compared to the previous law) according to the make up of the family and the project's geographical area.
- The prolongation of certain loan periods (partially differed New 0 % Loan increased from 20 to 21 years and from 16.5 to 17 years) to encourage families on the lowest incomes.
- - Opening a 0 % loan for old properties.

The loan amount at 0% was doubled on January 1, 2007.

3. The incessant price increases in "old properties" and rents

which has mainly been seen in the large conurbations and which, particularly for old properties (+ 98 % in 10 years and + 60 % for new properties according to Le Monde on 11/11/2005), now makes it impossible for the majority of families to acquire their home, and is creating a strong demand for rented accommodation and an increase in rents.

4. The rise in insecurity in France

which is encouraging families to choose detached houses, away from the large conurbations and suburbs.

5. Loan Interest Deductibility

In August, 2007, the Tepa law (work, employment and purchasing power) established the principle of a tax credit in the form of deductible interest on loans taken out for new and old housing which is used as a principal residence for the buyer. For each of five years, the buyer can deduct 20% of the interest amount with a limit of 3,750 euros for a single person and 7,500 euros for couples (common imposition), with an increase of 500 euros per dependent. The finance law for 2008 has brought the tax credit rate to 40% for loan interest paid in the first year.

6. The Law concerning the "National Housing Commitment"

In the face of increasing real estate prices over the last ten years and, as a consequence, the difficulty of more and more growth in the number of first-time buyers, students, modest-income families and retired people who are looking to live or to access property, access to a decent dwelling for all has become one of the major activities of the State. The law which governs the national commitment to dwellings, enforced in July, 2006, carries several themes of which, notably, are measures designed to favour the accession of modest housing.

- institution of a TVA of 5.5% for new social property purchases in urban renewal quarters defined by the National Agency of Urban Renewal,
- possibility for the renter of a social dwelling to become owner of his dwelling by the progressive purchase of portions of his habitat,
- increase of a maximum of 15,000 euros of loan amounts at a rate of 0 until December 31, 2010 for access to ownership of housing situated in the upper levels of social housing resources.
- option of using, at departure, the return of capital from a PERP (retirement savings plan) for a first-time housing purchase.
- option for municipal governments who wish to install an information booth for access to ownership (information about housing sale projects for renters, information on social accession operations for ownership in the community etc).

One of the principal objectives of this law is to increase the housing offer. One of the priorities is also to favour the assignment of social housing.

7. The "PASS-FONCIER" provision which is effected by the "Owner of my home for 15 € per day"

The "PASS-FONCIER" provision comes from an agreement between the State, the 1% housing and the Deposit and Consignment Office signed on December 20, 2006 for four years beginning from 01/01/2007. The objective is to favour new acquisitions of first-time principal residence by limiting the initial cost of the operation to the single cost of the construction by neutralising the price of the land. The latter is made available of the household access for the complete duration of the reimbursement of the loans take out for the construction, for the purposes of a construction lease with privileged conditions. This advantage is reserved to operations agreed with the first-time buyers whose revenues are less than the PLSA minimum levels and it benefits from a local collective assistance.

The rectifying financial law for 2007 strengthens the provision by benefiting the detached housing accession operations with a TVA rate of 5.5% (instead of 19.6%)

The Ministry of Housing and Towns wanted to assemble the local communities and the professionals who are motivated to offer, thanks to this provision, to first-time buyers with a modest income, the largest possible choice of housing and financial solutions, adapted to their needs, for a budget of 15 € maximum per day after the deduction of personal housing assistance, without any other personal contributions except for acquisition and mortgage fees.

The Offer

In 2007 (source SITADEL of the Ministry of Ecology, Development and Sustainable Management), work had been started on close to 232,351 "community and individual" detached homes.

The large groups specialised in the public sector construction area are in principle not well suited to a market whose regional peculiarities, particularly architectural, are significant, unless they set up subsidiaries and/or regionalise for this business line.

In actual fact, the large groups tend, rather, to try to implement global supply strategies. However, these strategies do not answer the criteria of single-family demand. As a consequence, the sector remains in the hands of small and medium sized enterprises and industries that are better equipped to satisfy the demand. On the other hand, they are usually local companies without the resources to develop further.

The market rationalised considerably after the crisis of the early 1990s. Firstly, between 1992/1993 Vivendi (formerly CGE) took over numerous medium-sized market players, and secondly the legislation was greatly strengthened, favouring structured builders of a certain financial size : the obligation to provide technical insurance policies (works damage), down payment reimbursement and performance guarantees (guarantee of delivery at the agreed price and deadline), changes in technical regulations (thermal, acoustic, air) and the complexity involved in obtaining building permits (landscaping aspects, integration into the site), and the new obligation to guarantee payment for sub-contractors (since 01/11/04).

Currently there are some 3,000 companies specializing in the construction of single-family detached homes in France. The preponderance of SMEs is very clear in the sector trade. This is due to the fact that the markets are essentially regional. The sector is characterised by strong fragmentation (see table below)

The custom built single family detached home market – Changes in the supply structure

| | 1996 | 1998 | 2000 | 2002 | 2004 | 2006 |
|--------------------------------|-------|-------|-------|-------|-------|-------|
| Number of builders | 3,689 | 4,220 | 3,921 | 3,388 | 3,120 | 3,000 |
| Large builders > 100 | | | | | | |
| Number | 87 | 105 | 145 | 157 | 164 | 193 |
| Market share | 32% | 36% | 41% | 45% | 47% | 50% |
| Average sized builders | | | | | | |
| Number | 690 | 820 | 830 | 805 | 850 | 820 |
| Market share | 36% | 35% | 33% | 31% | 35% | 30% |
| Small builders < 20 | | | | | | |
| Number | 2,912 | 3,295 | 2,946 | 2,426 | 2,106 | 1,987 |
| Market share | 32% | 29% | 26% | 24% | 18% | 20% |

Data source: Annual census of single family detached homebuilders carried out by Caron Marketing. Builders are defined by the use of the 1990 Contract, also known as CCMI, as opposed to other sectors, such as: Site management, Construction markets, Owner construction, Architects.

Market fragmentation has strongly declined over the last 11 years: the market share of structured builders producing more than 100 homes per year has increased from 32% to 50%, and the number of small builders (less than 20 homes per year) has fallen from 2,912 to 1,987, now making up only 20% of the market, and technical, commercial and financial changes are accelerating these concentrations.

The SMEs building fewer than 20 homes/year represent 66% of companies (68% in 2004), but only account for 20% of the single family detached home market.

27% of companies build between 20 and 100 homes per year and account for 30% of the single family detached home market (35% in 2004).

193 structured builders build more than 100 homes/ year and represent 6% of all building companies, but account for 50%, or half of the single family detached home market.

Only this last group has prospects for growth in view of the increasing complexity both of the techniques used and of the administrative (building permits), commercial (sales force, marketing techniques) and technical (new materials, new regulations) aspects. Thus these companies are tending to merge or form alliances, corresponding to the wishes of the trade's large peripheral players, such as materials, energy and credit suppliers, who prefer partnerships with nationwide entities.

This phenomenon of concentration has been accentuated by the obligation since November 1st 2004 for builders to provide their subcontractors with a payment guarantee.

The industry has undergone some interesting changes, including the fact that the number of structured builders producing more than 100 homes per year has increased from 87 to 193 and from 32% to 50% in terms of market share in the past 11 years.

MAISONS FRANCE CONFORT's market positioning

MAISONS FRANCE CONFORT is the currently the 2nd largest national builder of custom or built-to-order single family detached houses.

Changes in the French market

| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006* | 2007* |
|-----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Opening of building sites | | | | | | | | | | | |
| Built to order sector (in '000's) | 126.9 | 134.8 | 152.7 | 167.0 | 157.2 | 157.3 | 157.8 | 173.4 | 179.8 | 185.6 | 183.2 |
| Growth (%) | 3.0 | 6.2 | 13.3 | 9.6 | (5.9) | 0.1 | 0.3 | 10.1 | 3.8 | 1.0 | (1.3) |
| MFC Group (in units) | 817 | 981 | 1,300 | 2,046 | 2,170 | 2,590 | 2,719 | 3,251 | 3,538 | 4,793 | 4,762 |
| Growth (%) | 25.9 | 20.1 | 32.5 | 58.2 | 6.1 | 19.4 | 5.0 | 19.6 | 8.8 | 35.5 | (0.0) |
| MFC market share (in %) | 0.64 | 0.73 | 0.85 | 1.23 | 1.38 | 1.65 | 1.76 | 1.87 | 1.97 | 2.58 | 2.60 |

*Beginning in January 1, 2006, these figures will include the data relative to the departments and regions of Outre-mer.

(Sources: DAEI-SES Bulletin; SITADEL/Ministry of Ecology, Development and Sustainable Management)

With 4,762 construction sites opened under the custom or built-to-order option in 2007, MAISONS FRANCE CONFORT is continuing to win market share, but only represents 2.60% of the overall national market. Of the 74 French Départements where the Group is currently represented, market share of sales is 4.9% on average with peak in certain Départements reaching 28% in Indre, and 16% in the Tarn and the Var departments.

Construction sites opened by FONCIERE RESIDENCES under the housing estate contract type were marginal and not representative in 2007 (16 VEFA (for future completion) sites delivered).

3.2. Trade Regulation

The single-family detached house building activity is defined in the Act of December 19, 1990 which is codified under articles L 231-1 and following of the French Construction and Housing Code (CCH).

It automatically applies, without any contractual exception possible, to any person who builds structures to be used as dwellings or mixed professional and housing use, and involving no more than two dwellings homes for the same project owner.

The system is as follows: the customer who in this case is a non professional project owner, owns the land and instructs the builder to build his/her single detached house on the land.

In this system, the builder does not sell the land although the builder can of course assist the search for the land. This is the "built to order detached home" system.

MAISONS FRANCE CONFORT can also act as the seller and not the builder if it purchases the land, builds and sells land and houses for future completion. This is what is currently called an estate development operation where the seller controls the programme it is marketing.

When performing its activity, MAISONS FRANCE CONFORT is obliged to comply with numerous laws whether as a builder for a private project owner or a developer, i.e. a professional project owner.

MAISONS FRANCE CONFORT must comply with the applicable town planning regulations, set out in the local development plans drawn up by the local authorities (land use plan, mixed development zone). These rules notably concern the height of buildings, and the distance between each building.

The principles for positioning buildings on building plots, the possible exceptions to these rules and principles, the external appearance of the buildings, the insertion in the site and compliance with the ABF's directives (Architecte des Bâtiments de France).

MAISONS FRANCE CONFORT must also comply with the applicable environmental legislation, and heat, acoustic, and individual sewage regulations in particular.

As a seller and builder of housing products, MAISONS FRANCE CONFORT is subject to ordinary sales law, building contracts legislation and consumer law. Thus, the Act of 31st December 1989 (the Neiertz Act) grants non professional purchasers a right to withdraw within seven days of receiving the final contract or the preliminary contract if one exists, by recorded delivery letter with acknowledgement of receipt, the contract only becoming final after this period has expired (article L.271.1. of the CCH).

The legislation on sales in future state of completion contains a certain number of public policy provisions to protect purchasers. The main provisions are the obligation to conclude a final contract including conditions precedent connected to the customer's assessment that the project and the reserved plot conform with the provisions of the deed of sale, the obligation to keep the reserving party's deposit in an escrow account, the obligation to conclude the contract of sale in notarized form, the obligation to provide a completion guarantee (usually a bank guarantee), and the obligation to respect the framework schedule for drawdown of funds. MAISONS FRANCE CONFORT has never been faced with termination in the past due to the project not complying with the provisions of the final contract of sale.

When selling single custom or built to order detached houses, MAISONS FRANCE CONFORT is obliged, under the Act of December 19, 1990 which lays down the obligations in the building contract, to provide its customers with a deposit repayment guarantee and a guarantee of delivery at the agreed price and deadlines, issued by an insurer approved to this end who provides a performance bond for each building site.

In addition, MAISONS FRANCE CONFORT is subject to the rules relating to the liability affecting any person involved in construction (two-year and ten-year building guarantees).

The legislation has established a principle of presumption of liability weighing on any builder for damage, even which results from a defect in the soil, which threatens the solidity of the structure or which affects one of its constituent parts or one of its equipment elements, making it unfit for its purpose. This ten-year building guarantee is compulsorily covered by insurance for all builders. Purchasers also benefit from a two-year guarantee for items of equipment which are separate from the building. They can make their claim for repair directly to MAISONS FRANCE CONFORT which will itself turn against the party responsible for the construction defect.

This guarantee provision is supplemented by a compulsory loss insurance which was instituted by the Act n° 78-12 of January 4, 1978, the "construction work damages" insurance. The customer, or the builder on its behalf, must take out this insurance before the building site's works start. It guarantees the payment of repair works for damage coming under the ten-year guarantee mandatorily taken out by builders, regardless of liability issues. This prefinancing insurance therefore enables a project owner to be indemnified very rapidly.

This insurance covers the costs of repair, including demolition works, earth removal, any taking down or dismantling works, which may be required after an appraisal. After this indemnification, the insurers generally turn to the building companies responsible or their insurers in order to recover the sums paid.

MAISONS FRANCE CONFORT is therefore covered by a ten-year constructor's liability insurance for homes built by its subcontractors called "CNR" insurance for "constructeurs non réalisateurs" (indirect builders) .

This insurance covers the payment of the repair works for the construction which the Group, in its capacity as the indirect builder, has contributed to, if it is held liable under the presumption set out in articles 1792 and following of the Civil Code concerning building works and within the limits of this liability.

Since November 1, 2004, the builders of individual houses governed by the Act of December 19, 1990, must either deliver a payment guarantee or a payment delegation accepted by the project owner to their subcontractor.

One specificity :
The impact of the public decision on financing

The Government has long been involved in assisting people to become homeowners.

This action is reflected in two ways: setting up of an assisted sector and an administrative financing system which supplements the private sector. In addition, a statute called the "ROBIEN" Act which was amended in 2003 assists the building of rented accommodation.

3.3. Financial assistance

Housing subsidies - The 0% rate interest loan

These subsidies help buyers obtain loans at below market rates. This helps the financing process by reducing the financial burden for the borrower. These subsidies are entirely funded by the French government.

As from 1 October 1995, the state-subsidised loans known as PAP loans have been replaced by a new very advantageous system of loans granted at a 0% interest rate and with long repayment periods, including, in some cases, capital repayment deferred for up to 15 years and 6 months.

Contrary to PAP loans, these loans are available from all lenders and are referred to as PTZ, the French acronym for "prêt à taux zéro", (zero per cent interest rate loan).

These loans (with an average amount of €16,500) have injected new life into the single family detached home sector for a number of years now, despite a drop in beneficiaries for this type of loan in 2004 but which rose in 2005.

A new zero rate loan was brought in on February 1st 2005. Although one of the leading objectives is to extend it to old property, the Government has made other changes with the 'new property market' in mind, in order to dynamise the market, make buying a principal residence easier, encourage families to purchase their first home, enlarge the beneficiaries targeted, and keep abreast of developments in the market. (See paragraph 2 of the sector's position in the economy).

The maximum amount of the zero rate loan was increased by a maximum of 10,000 to 15,000€ as a function of the zone (A, B or C) and as a function of the number of people in the household if the latter build or acquire a new home and respect the social housing resource caps and receive a property purchase subsidy from the local authority covering their home.

Personal subsidies

These means of assistance are available only after the property has been purchased. Households receive a subsidy to help reduce the burden of rent or mortgage repayments. The system is intended to (mainly) provide support to young households in particular during the years when their resources are in theory lower when the family is growing. These personal subsidies are financed by the social security and welfare system, state budgets and a contribution from businesses.

Managed financing

In addition to the subsidies it provides, the French government also intervenes on the market by regulating part of it, thus creating an intermediary channel between the private and social sector markets.

One of the main objectives of the French authorities is to channel housing financing through the banking sector. The Housing saving account developed from 1965 with this goal in mind, with the aim of channelling the savings of households towards the purchase of their principal residence.

This formula has been supplemented by loans that do not benefit from property-linked subsidies but which are regulated in the sense that their rate may not exceed a ceiling regularly set by the State on the basis of rates prevailing on the bond market.

When subsidised loans are not available, borrowers still have recourse to standard property purchase loans, also known as "free (private) market (sector)" loans.

These loans are based on monthly reimbursements over periods of between 2 and 20 years, or even 35 years for young first time buyers. When the borrower is having a home built, he or she can generally take advantage of deferred capital reimbursement for a certain period of time.

The 'ROBIEN' provisions

This tax instrument to assist the construction of rented housing instituted by Act No. 98-1266 of 30 December 1998 created a new status of "approved lessor" on 1 January 1999, replacing the Périssol amortisation system with which it overlapped until 31 August 1999. This status (which is permanent) concerns not only the owners of new rental properties benefiting from an accelerated amortisation system, but also the owners of older housing property, who are granted a higher lump sum deduction on revenues derived from real estate property.

Significant improvements have been made to the system (now called the ROBIEN system) which came into effect on April 3 2003, involving, in particular, the removal of the ceiling placed on resources and the increase in ceilings imposed on rents.

The effect of these taxation measures has been particularly significant for the collective housing and estate sectors, which have benefited from them.

The custom or built-to-order detached single family home sector (MAISONS FRANCE CONFORT'S sector) has not been significantly impacted by this market to date. However, new single family detached homes is a market that is likely to grow over the next few years if the system continues. MAISONS FRANCE CONFORT intends to develop this market niche and at the end of 2002, proposed a Rented Home offer in the Midi-Pyrénées region, which has gradually extended to other regions (Brittany, Normandy, Rhône-Alpes). 8% of the orders taken in 2007, were rental investments. Most of the time, these are "first-time investors": young entrepreneurs who want are seeking tax exemptions through real estate and not real estate developers.

UPDATED TABLE OF THE SYSTEM

| | |
|--|---|
| Effective date | Applicable under the vote of the DDUHC (Divers dispositions relatives à l'urbanisme, à l'habitat et à la construction, Miscellaneous Town Planning, Housing and Construction Provisions) Act, with retroactive effect from 3 April 2003, in particular for certain regulatory measures. |
| Beneficiaries | Physical persons investing directly in rental property or through tax-exempt companies (Société Civile Immobilière, Real Estate Partnership), SCPI (Société Civile de Placement Immobilier, Real Estate Investment Partnership etc) |
| Housing covered | New or old, subject to certain renovation conditions, located in France, rented unfurnished as principal residence. Possibility of renting to parents or grand parents or children or grand children |
| Minimum rental period | 9 years for a new home |
| Tenant's resources | No rental ceilings |
| Rent | Rent ceilings set at 90% of market rent in new housing in difficult areas experiencing a scarcity of rental housing |
| Zoning for the application of rental ceilings | 3 zones : Zone A = Greater Paris conurbation, Côte d'Azur, the area around Geneva (€21.02 m ²) Zone B = Île de France outside zone A, conurbations of +50 000 inhab. and some coastal and border areas (€14.61/m ²) Zone C = Remainder of the French territory (€10.51m ²) |
| Taxation method | Amortisation of the purchase price at 8% for the first five years and then at 2.5% for the next four years. At the end of 9 years and up to 15 years, option to continue amortisation at 2.5% per year. Lump sum deduction rate for rents : 6% Charging financial deficits against global income limited to €10,700/year. |

ROBIEN 2006

New changes to the system have reduced the amortisation to 9 years, with a new distribution of 6% over the first seven years and the 4% over the last 2 years. In all, the amortisation totals 50% over the 9 years. The rental ceilings have been divided into four zones (Zone A = €21.02/m², Zone B1 = €14.61/m², Zone B2 = €11.95/m² and Zone C = €8.76/m²) from 01/09/2006. Lastly, the lump sum relief on rental income has been replaced by the total deductibility of the real costs.

The BORL00 provisions

In order to fight against rising rents and the shortage of accommodation, this provision takes over from the ROBIEN with the following differences:

- Amortisation of 6% over 7 years, then 4% for 2 years and 2.5% for six years i.e. 65% over 15 years.
- Obligation to rent the property for a minimum of 9 years to a tenant, as their main residence.
- The rent cannot exceed 70% of the market price and a resources ceiling for tenants has been set up in accordance with intermediary rental loans (PLI). In return, the owner benefits from a lump sum tax deduction of 40%.

According to the Ministry, profitability ranges between 5.7 and 9% if the investment is made with a social rental loan (PLS) over 15 years.

The PASS FONCIER

This mechanism which came into force on January 1, 2007 between the State, the 1% Accommodation and the Caisse des Dépôts et Consignations (CDC), enables a purchaser to purchase a residence in two phases, by separating the purchase of the house from the purchase of the land. The purchaser can repay the house first (over a maximum of twenty-five years) before starting to repay the land. If problems arise, the purchase can become the tenant of the land for fifteen years. 20,000 households a year should benefit from the Pass-Foncier between 2007 and 2010 (Source www.borloo-de-robien.com).

“Owner of my own home for 15 € per day” ®

The Ministry of Housing and Towns wanted to assemble the local communities and motivated professionals to offer to first-time buyers with modest incomes, thanks to this provision, the largest possible choice of housing and financial solutions, adapted to their needs, for a budget of 15 € maximum per day after deductions of personal housing assistance without any personal contributions other than acquisition and mortgage fees.

It is for this reason that, on February 21, 2008, a charter was signed which is targeted at promoting new accession of these households:

- in detached housing, in the individual sector, in CCMI as well as grouped (excluding co-owned),
- for a maximum of 15 € per day after deduction of personal housing assistance,

The construction may take place on all suitable land (surface conditions must be respected) and not only on land loaned by the community.

This charter governs households who:

1. are eligible for “achat en deux temps” purchases in the framework of the PASS-FONCIER® provision and, in particular, those which consist of at least three people and for which the monthly net income is between 1,500 and 2,100 € per month,
2. want to buy new (VEFA – in future sales) or to construct a detached home, in the single or community sector (excluding co-ownership).

Three criteria must be fulfilled in order to benefit from this provision.

- to be first-time buyer of the principal residence in the sense of the payment of a new loan at 0% (article 244 section J of the General Tax code),

- have access to resources less than the minimum resources of the rent-access social loan (PSLA) determined by the decree on March 27, 2007.

| Number of people in the household | Zone A | Zones B and C |
|-----------------------------------|----------|---------------|
| 1 | 27,638 € | 23,688 € |
| 2 | 35,525 € | 31,588 € |
| 3 | 40,488 € | 36,538 € |
| 4 | 44,425 € | 40,488 € |
| 5 | 48,363 € | 44,425 € |
| Additional people | 0 € | 0 € |

- to benefit from social accession ownership assistance (subvention or improvement of the loan) assigned by one or more local communities in the housing area.

The loan is for a term of 18 to 25 years for the house and 10 to 15 years for the land (a total duration of 40 years maximum), it being noted that the household benefits at all moments throughout the duration of the construction loan from the purchase option which is applied to the land.

The house must meet the acceptable technical criteria and will be subject to a TVA of 5.5%.

3.4. The competition

As collective, estate and single family detached housing are highly compartmentalised market segments that are quite disparate especially from the point of view of economic risk, the nature of the customers, the structure and financing, any comparison between these three sectors is necessarily a highly delicate matter.

Builders of single family detached homes

The GEOXIA group (ex MI SA), a former subsidiary of CGIS, Vivendi's real estate division, and the first company in the sector, was underwent a management buyout in 1999 and 2003, and the management's interest in the capital was strengthened in 2006. The Group sold 10,007 houses in 2007 realizing turnover of €740 million (includes all activities and renovation). The Group's main brands are Maison Phénix, Maison Familiale, Maison Catherine Mamet, Maison Castor and Demeures de la Côte d'Argent, Maisons Clairlande, Rouquié Constructions, Maison Minor and Bati Conseil.

The TRECOBAT TREGUER Group, a significant regional player in Britain, markets approximately 1,000 homes per year. With a staff of 320 employees, the group has realised a sales turnover of 112 M€. in 2007.

IGC, the largest builder of detached homes in the South-West of France had a sales turnover of 98 M€ in 2006.

Maisons Pierre, a builder in the Ile de France, in the West and South-West region, sold more than 1,800 homes in 2006.

The C.G.I.E. network groups some thirty completely independent builders with brands such as Demeures de Province and Maisons Challenger, and built approximately 3,727 homes in 2007.

The Maisons d'en France network belongs to the various French Caisses du Crédit Immobilier [similar to Building Societies], and includes approximately 30 companies under the MAISONS D'EN FRANCE brand which are completely independent. In total they marketed 3,727 homes in 2007.

The MIKIT network with around 100 franchisees, all independent, building approximately 2,500 homes per year on the basis of a specific product, the "ready-to-finish" home, where the customer is responsible for the installation of partitions and non-load bearing walls, tiling, and management of finishing sub-contractors.

Other house builders

Nexity is a major player on the housing market, and realizes 73% of its turnover as a developer of detached houses and flats. The Group has been listed in category A of Euronext since 22/10/2004.

Kaufman & Broad, a listed company in the United-States, listed its French subsidiary on the Premier Marché of the Paris stock market in February 2000. It is a large developer which is only involved in a custom-built sector.

AST Construction, a listed company, is a Lyon based developer but also a builder of individual custom-built houses and housing estates.

4 . RISK FACTORS

4.1. Risks inherent in the business activity

Cyclical nature of the activity

The construction world is generally subject to a low seasonal production during the winter period (January/ February) due to weather conditions and year-end holidays, and also during summer (Holidays in August). Although less sensitive than the collective housing construction sector, which is exposed to the risk of finished product inventories, and estate sector development, which at the very least is subject to the risk of carrying the value of the land, the construction of single family detached homes tends to encounter annual fluctuations correlating primarily with changes in purchasing power and the confidence of households, their expectations in connection with employment, and changes in interest rates. However, several factors act as shock absorbers, limiting the amplitude of variances, in particular the longer mortgage loan reimbursement periods and the government subsidies, which show a trend towards permanence. In addition, the order book is a very important bellwether which, in view of the period of time required for completion of a contract (18.5 months on average) provides a reliable outlook on changes in the economic environment.

MAISONS FRANCE CONFORT has organised its business in a way that enables it to navigate economic lows without major difficulties, by marketing through independent agents (1/3 of its sales realized by independent agents, and outsourcing over 90% of services).

In addition, the Company would have ample opportunity to recover order books or building sites in progress from defaulting builders, if there was a downturn in the market.

As well as its financial resources, Maisons FRANCE CONFORT has good experience in this area (having taken over MAISONS JFR, MAISONS BALENCY and MAISONS BENOIST CONSTRUCTION in 1993 and 1994).

Competitive risks

The single-family detached home construction business is highly competitive as the technical costs of entry into the market are low. Competition occurs when purchasing land, setting the sale prices, and hiring subcontractors. The competition comes from French regional and local builders.

However, because of strong communication and the confidence they naturally inspire, builders developing a national brand are in a better commercial position than the small players. They have gradually improved their market share over the last ten years (see table on page 16).

Regulatory risks

MAISONS FRANCE CONFORT is also obliged to comply with numerous regulations when carrying out its business, which are tending to become more complex, especially thermal regulations. Thus, tighter regulations involving environmental construction standards and the delivery of building permits could negatively impact the profitability of single-family detached homebuilders and their operating results. Nonetheless, larger builders such as MAISONS FRANCE CONFORT are more adaptable and have recourse to significant technical and financial resources enabling them to be much more reactive than the small independent operators.

Similarly, the changes in tax regulations, and more particularly the elimination of certain tax advantages, can have important consequences on the real estate market, and therefore an impact on the financial position of the operators active in that market.

However, MAISONS FRANCE CONFORT is currently only marginally affected by such measures, which apply primarily to the rental property sector, which represents 8.0% of its production.

In addition, the risk of an increase in long term interest rates or of contingencies related to the application of zero rate loans, which would reduce the number of potential buyers, is diminished, firstly by the recent increase in repayment periods, which can spread over 25 and 30 years (thus reducing monthly repayments) and, secondly by variable rate loans which become more attractive when the level of fixed rates is higher. Nevertheless, a big increase in long-term rates would lead to a downturn in the market.

The risks of a land shortage

The scarcity of building land in recent years has increased land prices. This increase has been particularly felt around the large conurbations, but to a lesser extent in the provinces and around medium-sized cities and villages, where a large part of MAISONS FRANCE CONFORT's building activity occurs.

The public authorities have been aware of this problem, which is linked more to regulation and the difficulties of implementing the SRU [Solidarité et Renouveau Urbain, Urban Solidarity and Renewal] Act than to land availability (France is one of the countries with the lowest habitation density in Europe), and have stated their intention to release land reserves. The main difficulty encountered is connected to the decline in the number of plots of land available for housing estates, which has fortunately been mitigated by the number of individual plots sold directly by their owners.

In the last three years, first-time buyers have been moving towards the small peripheral agglomerations around large cities. Today (source Caron Marketing 2005) 60% of single detached family houses are built in towns of less than 5,000 inhabitants, and 13% in towns with populations of between 5,000 and 20,000 inhabitants.

Technical risks

MAISONS FRANCE CONFORT usually investigates the quality of the land through its surveying division, to determine the risks linked to the nature of the soil. Nevertheless, the Group could encounter soil quality problems during or after construction work, which can involve additional costs.

This risk is covered by civil liability insurance for design or layout errors (with a limit of €600 K per year.) Only the deductible is payable by the Company.

A specialised firm systematically performs a soil survey for all VEFA (Ventes en l'État Futur d'Achèvement, Sale of property for future completion), with, if necessary, a special foundations study, which releases the Group from all direct liability.

Provisions for technical risks are constituted each year depending on the number of claims in process.

Pollution risks

This risk is entirely marginal in our industry, as the land belongs to the customers.

Risks connected with suppliers and subcontractors

MAISONS FRANCE CONFORT's business is based on a multitude of subcontractors (over 3,000) and suppliers, none of whom is linked to the Company by an exclusive contract. However, MAISONS FRANCE CONFORT's large size and its reputation shields the Company relatively well from the risk of labour scarcity or supplies at peak economic periods.

The obligation for builders to supply a payment guarantee to subcontractors since November 1, 2004 is also an additional trump card for MAISONS FRANCE CONFORT.

Customer risk

MAISONS FRANCE CONFORT's customers are essentially private individuals whose construction financing must mandatorily be confirmed (letter of commitment for loan and borrower's notarised signature) before the project site is opened. No construction begins before proof of 100% financing (including the deposit or downpayment, which must be attested by a bank) is provided. This, and the fact that all payments are made by cheque or by bank wire transfer, means that the risk of payment default is practically non-existent. Annual Bad Debt Provisions are around €150K, or approximately 0.03% of turnover.

Risks connected to archaeological discoveries

These risks do not affect builders of single detached houses, as they do not own the land. They mainly apply to developers during renovation or building construction works in city centres.

4.2. The risks specific to the Group

Interest rate risks

Fluctuations in the interest rates have little impact on the Group's financial results, as the whole of its indebtedness is at a fixed rate.

Foreign-exchange risks

MAISONS FRANCE CONFORT performs its activity exclusively in France. There are no assets or monetary liabilities denominated in foreign currency on the closing date. There is therefore no foreign-exchange risk.

Credit and counterparty risks

The bank loans contracted by MAISONS FRANCE CONFORT Group do not include a financial ratio clause or any advance maturity clause connected to rating.

With regards to its placements, MAISONS FRANCE CONFORT Group contracts with first rate counterparties in order to limit the counterparty risk.

Share risks €K

| (Amount in €K) | Own shares | Liquidity contract | Total |
|--|------------|--------------------|-------|
| Assets position | 243 | 540 | 783 |
| Actual price : Rate on 31.12.07 (€44.24) | 2,314 | 495 | 2,809 |

Liquidity risks

Loans are contracted at a fixed rate.

As the business generates surplus financing, the Group invests surplus cash the major part of the year.

Risk of order cancellations

The cancellation rate remained stable in 2007. The cancellations did not impact the MAISONS FRANCE CONFORT Group's profit and loss statement, as the expenses activated in the IRFS referential are recoverable if orders are cancelled.

4.3. Insurance and Cover of risks

Description of insurance policies purchased by the MFC Group

As of today, the insurance policies purchased by the Group were as follows:

- downpayment reimbursement guarantee: Unlimited with the main guarantor; ceiling of between €1 and €3 million for other guarantors
- Delivery guarantee: Unlimited with the main guarantor; ceiling of between €17 and €50 million for other guarantors
- Project damage insurance: Reconstruction value, no ceiling
- Construction site all risks insurance: Ceiling €140K for each event of loss
- 10-year liability insurance: €302K for each event of loss
- Civil liability insurance: €9.031K ceiling for each event of loss
- Vehicle fleet: All risks with excess or deductible €0.2K
- Goods transport insurance: €1.5 to 7.6K for each event of loss
- IT all risks insurance: €1,588K for each event of loss
- Professional multi-risk insurance, in particular industrial risks: Ceiling €12,300K for the Alençon site

The abovementioned figures refer to MAISONS FRANCE CONFORT, each subsidiary negotiates its own contracts on overall identical criteria. In 2007, the overall amount of incentives which were claimed as expenses rose to 5.516 M€.

The global amount of premiums paid by the Group in 2007 was €5 516K.

Description of the level of cover

As the Company's and the Group's business mainly consists of individual work sites, all of which are covered by the Construction Site All Risks, 10-year liability and civil liability policies, the only potential loss that could be envisaged relates to the potential amount of excess or deductible payments MAISONS FRANCE CONFORT would have to bear in the event of absence of recourse against subcontractors. In the event of a serious event of loss, MAISONS FRANCE CONFORT would only be exposed to the cost of an excess or deductible payment of ten times the base excess or deductible.

These guarantees have been insured for substantial amounts which correspond to the risks incurred as well as the insurance market capacity.

4.4. Litigation and extraordinary events

To date there have been no extraordinary events or litigation that may have had, in the recent past, or may in the future have a significant impact on the Group's business, financial position, earnings, net worth or prospects.

4.5. Intellectual Property

On December 31 2007, MAISONS FRANCE CONFORT became the owner of its brand names, and there is no dependency in this regard.

5. RECENT TRENDS AND OUTLOOK

5.1. Development Strategy

Internal growth strategy

MAISONS FRANCE CONFORT believes it has true potential for internal growth by reinforcing its presence in the regions where it is already represented, and especially in those where it has established itself most recently, in order to complete its regional network.

MAISONS FRANCE CONFORT also intends to expand its activities, by capillarity, from its current locations into neighbouring Departments, a mode of development which does not require heavy investment in technical structures which will be provided by neighbouring centres in a first instance.

This internal growth strategy will enable Maisons FRANCE CONFORT to increase its relatively small market share, which averages out at 4.9% for each Department where it operates. MAISONS FRANCE CONFORT's market share is 8% in 18 Departments, between 5 and 8% in 17 departments and less than 5% in 39 Departments. The market shares are calculated on the number of 2007 sales realized with a detached houses construction contract (Source Caron Marketing - SISAM). As an example, if the Group were to attain at least 5% of the market share in the 39 departments which they have not yet achieved, the gain, in terms of sales, would be more than 2,000 homes each year.

External growth strategy

The Company was created in 1919 and has been under family management for four generations, with the last 2 generations dedicated exclusively to single family detached home construction.

This experience and involvement in the industry, with a permanent presence on the Professional Committee of the UNCFMI (the Union Nationale des Constructeurs de Maisons Individuelles, or National Association of Single Family Detached Home Builders) have provided MAISONS FRANCE CONFORT and its management with a certain name recognition and prestige that enable the Company to implement a unifying approach in its relationships with the best performers in the sector.

Therefore, beside its internal expansion, MAISONS FRANCE CONFORT is hoping to complete its presence in promising regions in the market from regional developments and migratory flows in the coming years, through external growth, thus favouring economies of scale.

13 important external acquisitions have already been made in the last 8 years. Taking into account the quality and the experience of the subsidiary presidents, the General Management of the Group has decided to strengthen their involvement in the development of their business area. Thus, they could not only pursue the acceleration of their corporate growth but they could also achieve an average external growth (approx. 50 homes/year) in their region (and in adjacent areas) with a manager who wants to leave the company in order to retire. Thanks to this approach, Maisons France Confort is offering many new positions.

The search for complimentary products for the Company's existing range

In periurban areas in which demand is critical, it is becoming increasingly difficult to build custom-built homes due to the shortage of land and the authorities' preference for subdivision development operations.

To respond to this demand without losing market share on developing markets, the MAISONS FRANCE CONFORT Group is carrying out small operations (2 to 20 homes) under the VEFA (sales for future completion) system through its subsidiary FONCIERE RESIDENCES, thus limiting the asset portfolio risk and spinning off the land commitment (as such plots are always located in strong demand areas).

FONCIERE RÉSIDENCES' turnover was €13 millions in 2007, compared to €9.9 millions in 2006.

This expansion in the Company's range of products will mean that the Company can reach other segments, besides first time buyers, such as the growing senior citizen and rental investment clientele.

Creation of a department dedicated to taking over the projects of defaulting builders

This department was created at the end of 2001 to complete the building sites of defaulting builders with the participation of the Guarantors who deliver performance and completion guarantees within the scope of the 1990 Act governing construction contracts.

This department is currently in abeyance due to the sector's good performance and the lack of significant defaults by companies.

5.2. Prospects for growth

The prospects for growth of the first-time buyers segment for lower income bracket households with the current product range is limited: the 'core target' will reduce and its 'action rate' cannot grow ad infinitum. This generates two needs, namely to broaden the potential customer base to include additional target groups and to prepare the product range for a change in market conditions

The need to seek out new 'niche' markets

- The "Performance house"

This house presents 3 kinds of challenges: addressing a new mass-market, anticipating legislative changes and improving productivity by reducing building times, without increasing the worksite structures.

The first-time buyer market for individual houses has experienced a 38% increase in the overall project cost (land + house) in the last 10 years (source Moniteur of 11/11/2005) resulting in a slow erosion of the lower income bracket segment, which has fallen from a 34% to a 28% market share in 7 years.

The challenge is, therefore, to offer an alternative solution to the greatest number by re-thinking the technicalities of the housing product. The first objective in meeting these challenges is to market the 'performance' house at a sale price of -15% compared to our traditional offer, in order to reach households with average monthly revenues of approximately €1,700.

46% of the French population have monthly incomes of approximately €1,700 today. Out of this population, only 2 households in 1000 a year become property owners, representing 14% of the housing market (Source: Caron Marketing). The establishment of the price of this 'performance house', which is a house ready to live in, will create a market of 36,000 houses a year, by being affordable for households with monthly incomes of €1,700.

The 'performance' house is a project which the Group has been developing for almost 2 years with a pool of partners consisting of Arcelor, Knauf, EDF and Isover. A third prototype was built at the end of 2005 to test the technical choices and to confirm construction time. Construction time of 4 months was confirmed, i.e. a gain of 53% compared to the same house using concrete blocks, an improvement in thermal performances with a gain of 30% compared to the 2005 Thermal Regulations, and, finally, conformity to the earthquake-resistance regulations.

The 2006 and 2007 objectives were:

- Optimising the plans and the architectural definition dedicated to this performance house;
- The creation of marketing tools: catalogues, communications;
- The development of a specific financing offer with the Crédit Foncier;
- the creation of a dedicated internet site,
- the marketing launch since May, 2007 (Caen and Alençon)
- the construction of a mounting unit in Alençon.

The 2008 objectives are as follows:

- the opening of show homes in Alençon and in Mans;
- the expansion of the marketing effort of this offer to the areas adjacent to that of the headquarters

The "performance" house is an innovative concept with an exceptional technique/quality ratio. This range will therefore complete MAISONS FRANCE CONFORT's offer with a positioning at the lower end of the market.

- the Open range

Maisons France Confort showed its innovative spirit again by launching a personalized housing concept over the whole of the South of France (and soon for the North) on January 31, 2007. With the Open range, the new owner can choose the style of his/her façade (Provençale, Design, Elégance), choose a single story or a two-story house and select the internal layout using a package of additional services included in the basic price (High Tech, Balnéo, Déco). The living area can also be customized (additional bedroom, second bathroom, parental suite...).

The slogan for the launch reflects the addressed need "With Open, become the owner of a house which suites you for less than €100,000". With this new range, Maisons France Confort is positioning itself on an under-exploited market segment of first-time buyers, and meeting new environmental requirements while, at the same time, increasing productivity.

- The "Senior Home"

They will represent the main part of the increase in the number of households: + 130,000/year.

The period of retirement is getting longer and uncertainties over pensions are encouraging cautious behaviour, at 50 years, 40% of households are still tenants or housed free of charge.

A second catalogue and communication devoted to this customer base were launched in March 2005. A specific catalogue was created for the South of France in 2006. In 2007, Senior Homes accounted for 16% of the MFC Group's sales.

Functional and evolutionary, the Senior Home was awarded the 2006 UNCFMI Gold Medal for innovative homes.

- The "rental home"

At present, 75% of the new rental property supply is based on collective housing, although 75% of the demand would be more favourable to single family detached homes ! The annual deficit in the offer is around 20,000 homes.

This type of product can also be integrated into the Seniors' target group, who will invest in a rental property to be used as a primary residence later. The rental home represents 8% of the Group's sales in 2007. The rental house product will continue to be developed in 2008.

- The "Working Home"

We are entering the post-industrial era in which salaried employment will gradually give way to self-employed work (telecommuting will increase the magnitude of this phenomenon). The separation between work and home will no longer exist, but it is necessary to invent a new kind of structure that will allow for this combination of activities.

- The "top-of-the-range home"

This market is currently in full expansion due to the rarity of this type of dwelling amongst older properties and the clientele refocusing on the top-of-the-range for second purchases after making a big capital gain on the sale of their first property, permitting a bigger second investment.

- The "loft style' home"

The 'starter plus' offer was launched in the Midi-Pyrénées in January 2005 and is aimed at younger executives (26 -35 years) who have not necessarily found what they are looking for amongst more 'traditional' homes and who want a 'loft style' home on small plots close to their place of work.

The catalogue was launched on CD ROM at the beginning of 2005 in order to satisfy this young clientele, and will be proposed in regions or towns with strong economic growth.

- The "bioclimatic house"

This range, which was launched in the Midi-Pyrénées region in 2005, encourages the design of a detached house which satisfies ecological constraints whilst emphasizing comfort, modernity and elegance. The MAISONS FRANCE CONFORT Group has therefore positioned itself as a Designer of Lasting Comfort. This product has received a number of awards:

- The gold medal in the Project/Innovation category for the EDF's 2005 Vivrelec trophies and The Public prize awarded by the constructors of detached houses, industrialists and journalists,
- The UNCFMI's Gold house in the Nature G category ('2005 innovative house' challenge).

-the EEC house

An offer called "Welcome Pack" was launched at the end of 2005 and really took off in 2006 and 2007. It is intended for foreigners who wish to move to France either in a second home or for retirement. This offer is provided by team of eight bilingual sales people whose aim is to offer a global service to English speaking households: the search for land, financing (notably with HSBC).

The Group attends the main housing exhibitions in Great-Britain. In 2007, the EEC houses represented 2% of the Group's sales.

The necessity of offering complimentary services to purchasers through the "CUSTOMER SERVICE PACK" OFFER

The sales offer at the services level is only partial at the present time and is essentially based on the ONE SHOT. The goal is therefore to widen this offer but also to make it recurrent by creating customer loyalty and by enhancing the customer file. The aim is to use services engineering to create a set of packaged offers broken down into four large families:

- Installation,
- Internal fitting and layout,
- External fitting and layout,
- Subscriptions.

This services engineering enables an attractive winner / winner offer to be created by negotiating a commercial advantage for customers by favouring partners' offers, whilst receiving remuneration as a business contributor.

The tools for this relational marketing are now ready and a first range of partners' offers has already been proposed: insurance with AXA, kitchens with Mobalpa, above ground swimming pools with Exoitique'eau, closed-circuit television systems with EPS, chimneys by René Brisach, blinds by Store Roche, home automation from Somfy and Delta Dore.

These services packs are enriched as the negotiations progress, and are therefore a commercial offer by proposing complimentary offers.

This range of offers was completed in 2007 by agreements made with EDF and GDF which allowed Maisons France Confort to become an "Energy Underwriter".

The need to re-qualify the product range in its functional aspects:

Needs also evolve on a qualitative basis, which implies a functional development of the product range. For the years to come, we forecast 6 important directions for this development.

1. "Reassurance"

The safety and security motivation is a growing factor, regardless of age and social category of the households; physical security and safety for assets and people, but also an economic safety net, and, above all, an existential "reassurance" that goes hand in hand with the cocooning mentality.

2. Savings

The search for savings is being replaced by concepts of savings in use: ease and time saving in using and cleaning.

3. Health

Health, environmental and sustainable development notions will become more important in people's motivation systems.

4. Flexibility

The layout of the living area, the comfort criteria change with age and family composition. Once the basic qualitative needs are taken care of, the demand will focus on the product's capability to adapt to the needs of the moment.

5. Productivity

For the supply side, the reduction in the working week and of the inconvenience created by a building site are essential elements compared to the inflexibility of the professional labour component. A development of the fitting component seems inescapable.

6. Town Planning

Single-family detached homes are developed under the demand for individual household demand. However, the social and political environment seeks to counter these effects. The intervention of public authorities in issues such as re-densification or architectural quality will inevitably result in changes to the product.

Sustainable Development in the Business Core

Truly a challenge for future generations, sustainable development must be a competitive activity in the design of the Group's product offerings. In addition to dedicated offers such as the "Bioclimatic house", the Group intends:

- to, more generally, offer homes which respect the environment (in terms of construction as well as the impacts of the clientele)
- to adapt the offer in order to allow clients to enjoy energy savings
- to promote the use of renewable energies

It is, thus, that the Group has especially performed the following:

- created in 2007 the "Builder Citizen Charter" which is a real commitment in a progressive dynamic at the core of the company, at the environmental impact level and at the business and social levels.
- signed a partnership with EDF (New Energy Response) for photovoltaic equipment for detached homes which will produce their own electrical power.

Supply strategy

The current supply system involving thousands of local companies working on an artisan business model will not be able to adapt to future changes with concentrating around a few nationwide leaders, capable of:

- Investing in product studies in niche growth areas,
- Developing substantial economies of scale in the procurement of materials and new industrialised construction methods,
- Making additional services such as insurance, alarms with video surveillance, telephony, satellite packages, etc ...available to their customers
- Initiating a "major media" communication effort,
- Specializing the sales forces to reach widely differing customer bases (notably seniors, investors).

It can already be observed that in the course of the last few years builders' growth has been very proportionate to their size, for example, over 10 years (1994/2004): >+80% for the largest builders, -5% for mid-size builders and -51% for small builders and craftsmen (Source: Caron Marketing). Finally, the real estate leadership MAISONS FRANCE CONFORT hopes to develop will enable the company to answer to the needs of the City Homes, Senior Homes and Rental Homes markets, directly linked to the location of building land.

Only builders with a sufficient organisational structure will be able to provide a coherent response to these new requirements.

5.3. 2008 Targets

Order Book :

Orders taken by the Group in 2007

| (€M) | 2006 ORDERS * | 2007 ORDERS* | CHANGE |
|------------------|---------------|--------------|--------|
| Quantity | 6,145 | 6,290 | +2.4% |
| Value net of VAT | 569.8 | 603.7 | +6.0% |

* orders recorded before cancellation

Building sites in progress

| (€M) | 2006 | 2007 | VARIATION |
|----------|-------|-------|-----------|
| Quantity | 3,525 | 3,615 | +2.6% |

Review of Objectives::

MAISONS FRANCE CONFORT is currently the number 2 national builder of custom detached family homes in France (source UNCFMI - Caron Marketing).

Strong visibility, a leading position, a reinforced geographic network, sector concentration, ability to anticipate new regulations and the needs of households, offers customised to each client, a new industrial partnership: such as the Maisons France Confort assets in order to continue to gain market share and thus ensure sustained growth in the years to come.

In 2008, the dynamics of the Group will lead to a pursuit of greater performance with a growth objective of 10% of the business and increased profitability.

Thanks to its financial stability, Maisons France Confort will pursue its external growth policies in the region belonging to the headquarters and in the subsidiary regions, thus affirming it as the sector's regrouping point.

FINANCIAL INFORMATION

1 . THE BOARD OF DIRECTORS REPORT TO THE COMBINED ORDINARY AND EXTRAORDINARY GENERAL MEETING OF MAY 23 2008

Dear Shareholders,

- We have convened you to this combined Ordinary and Extraordinary General Meeting in accordance with the law and the provisions of our Memorandum and Articles of Association to ask you to rule on the accounts for the fiscal year closed on December 31, 2007.
- The convocations to this meeting were properly performed and the documents stipulated by the legislation in force were sent to you or made available to you within the deadlines fixed.
- This document were sent to the Works Council.

1.1. The report on ordinary matters

The purpose of the report is to present our Company's position and our Group's position to you.

1.1.1. The Group's business activity

The activity of the Group as a whole during the past fiscal year

The Group whose business activity we are describing to you comprises the following companies :

| Company name | Business activity | Consolidation date |
|--------------------------------------|---------------------------------------|--------------------|
| Maisons France Confort S.A. | Construction | Parent Company |
| Maisons de L'avenir | Construction | 01/01/2000 |
| Maisons de l'Avenir Loire Atlantique | Construction | 27/12/2002 |
| Maisons de l'Avenir Ille et Vilaine | Construction | 09/12/2005 |
| Maisons de l'Avenir Morbihan | Construction | 20/12/2005 |
| Maisons de l'Avenir Vendée | Construction | 04/10/2006 |
| OC Résidences | Construction | 11/07/2000 |
| OC Résidences Etudes | Office of Studies | 21/11/2007 |
| Maisons BERTVAL | Construction | 11/05/2001 |
| GHPA (Bruno Petit) | Construction | 11/07/2002 |
| MJB (Bruno Petit) | Construction | 11/07/2003 |
| MJB 18 (Bruno Petit) | Construction | 06/09/2004 |
| Maisons Horizon | Construction | 01/10/2004 |
| Azur et construction | Construction | 01/04/2005 |
| Constructions Idéale Demeure | Construction | 01/10/2005 |
| Maisons de la Côte Atlantique | Construction | 01/01/2006 |
| Maisons Charentes Atlantique | Construction | 01/01/2006 |
| Maisons Côte Atlantique 40 | Construction | 24/10/2006 |
| Maisons Côte Atlantique 24 | Construction | 12/02/2007 |
| Maisons MILLOT SAS | Construction | 01/10/2006 |
| PCA Maisons | Construction | 01/04/2007 |
| MOREL Constructions | Construction | 01/10/2007 |
| MOREL Promotion | Real Estate Promotion | 01/10/2007 |
| Bati Soft Aquitaine | Construction | 01/01/2006 |
| Batimo | Construction | 01/10/2006 |
| Foncière Résidences | Real estate development/ Estate agent | 02/04/2001 |
| SCCV Le Jardin des Escourtines | Real estate development | 01/10/2003 |
| SCCV La Gentilhommière | Real estate development | 19/09/2005 |
| SCCV Résidence KENNEDY | Real estate development | 13/04/2004 |
| S.A.R.L. Propriété Familiale | Real estate development | 01/06/2006 |
| S.A.R.L. GEPHIMO | Real estate development | 01/01/2005 |

Significant information shown by the accounts

Our simplified consolidated profit and loss statement is summarized as follows :

| (amounts in €K) | 31/12/2007 | 31/12/2006 | Change | |
|------------------|----------------|----------------|---------------|--------------|
| | | | €K | % |
| Turn over | 489,421 | 424,982 | 64,439 | 15.2% |
| Operating income | 35,161 | 30,932 | 4,229 | 13.7% |
| Financial Income | 888 | 559 | 329 | 58.9% |
| Profit | 23,640 | 20,669 | 2,971 | 14.4% |
| Group share | 23,638 | 20,672 | 2,966 | 14.3% |
| Minority share | 2 | -2 | 4 | > 100 % |

Our business in 2007 again grew sharply, with the Group's consolidated accounts showing turnover of €489,421K, an increase of 15.2%. Business is increased by 10.8% on a like for like basis.

The operational margin remains stable at €35,161K, i.e. an increase of 13.7% compared to 2006.

This change is accentuated at the net income level, reaching a record level of €23,640K, an increase of 14.4% on 2006.

The acquisition of PCA Maisons and the Morel Constructions Group has contributed to the overall profitability in the 2007 fiscal year.

We will ask you to approve these accounts.

Changes in financial elements

Our simplified balance sheet is summarized as follows:

| (Amounts in K€) | 31/12/2007 | 31/12/2006* |
|--|----------------|----------------|
| Non current assets | 49,945 | 37,371 |
| Inventories | 11,646 | 7,952 |
| Customer receivables and other receivables | 156,695 | 126,995 |
| Cash flow | 69,636 | 69,374 |
| Total assets | 287,922 | 241,692 |
| Shareholders' equity | 73,978 | 58,761 |
| Minority interests | 5 | 13 |
| Non current financial debts | 25,504 | 18,528 |
| Current financial debts | 188,435 | 164,391 |
| Total liabilities | 287,922 | 241,692 |

* 75% of "Maison de la Côte Atlantique" was acquired by the Group in February, 2006. The remaining 25% has been the object of a unilateral purchase promise to be carried out between April 30 and June 30 in 2011. The appendix of consolidated accounts relative to the closed fiscal period on December 31, 2006 speaks of the impossibility for the Group to evaluate the price increase, it being determined from predicted items whose reliability was deemed to be insufficient on the settlement date of the accounts. From this fact, the companies which make up the MCA sub-group have been integrated overall into the 2006 consolidated accounts while retaining an interest rate of 75% and the future debt has not been evaluated in the accounts. The financial items in the possession of the Group on December 31, 2007 allow it to estimate the future debt with a satisfactory degree of certainty and to allow for the correction of the integration percentage bringing it to 100%. The 2006 accounts have, therefore, been corrected.

Non current assets total €49,945K, an increase of 34%; the increase of this item mainly comes from:

- change in the "Acquisition Discrepancies" posting after the acquisition of PCA Maisons and the Morel Constructions Group,
- Group investments in 2007.

The €3,694K increase in the inventories item is connected with the acquisition of land (mainly due to the activity of our estate promotion subsidiary: FONCIERE RESIDENCES).

Receivables total €156,695 Kan increase of 23.39%. This increase comes from the changes in the activity and the scope of consolidation during the fiscal year.

Net cash flow (active cash flow / current bank accommodation) is positive at the close of the fiscal year by €61,957K compared to €67,545K in 2006.

Non current liabilities are €25,504K, a change of €6,976K associated with:

- financing of new acquisitions during the fiscal period,
- re-configuration of the acquisition agreement debt for the 25 % remaining of the MCA group.

Current liabilities total €188,435 an increase of 14,6%.

The Group's global activity during the past fiscal year

Highlights

Strategic Investment Policy

The 2007 fiscal year was marked by a strategic investment policy which strengthened the development of the Group.

The Group reaffirmed itself as an acquirer.

In 2007, Maisons France Confort pursued its external growth policy thus demonstrating its ability to unite quality businesses.

In April, 2007, the Group acquired 100% of PCA Maisons' capital, a recognised company since 1987 in the Provence Côte d'Azur region. Included in the Var (83), it includes 3 agencies in this department and approximately one hundred homes sold per year.

At the end of September, 2007, the Morel Constructions Group rejoined Maisons France Confort which has acquired 100% of its capital. Created 30 years ago and present in Loire Atlantique and in Vendée with 7 offices, this company has 3 brands: Maisons Tradiligne (luxury line), Maisons Aquarelle (average line) and Maison Nature Habitat (wood frame and brick mixture).

The managers of these two companies retain their positions.

With these two acquisitions, Maisons France Confort strengthens its geographical coverage in the Var (one of the most dynamic departments in the market), in Loire Atlantique and has installed itself in a significant manner in Vendée, the largest builder in France in terms of the number of homes constructed.

In 7 years, Maison France Confort has made approximately 12 acquisitions, thus accelerating its development. The actual experience acquired by the Group in this field, its capacity to integrate and the management tools used, allow them to help the companies they acquire and to increase their economic and financial performance.

Successful launch of Maisons Performances.

Marketed since May 15, 2007, the Maisons Performances line covers a market of 36,000 homes/year. After two years of validation, thanks to its steel structure and an interior/exterior double-insulation system, these detached homes respond to a growing need (net incomes of approximately 700 €/month) who seek to acquire a detached home which has good quality and exceptional pricing.

- 15% less expensive than a traditional home
- 30% energy savings
- 4 to 5 months construction time (as opposed to 9 months traditionally)

In 2007, Maisons France Confort invested, in its Alençon site, an amount of 200 K€ in production tooling for this new line. In light of the success that it has had on the first 2 points of sale (Caen and Alençon), Maisons Performances will soon be launched on other regions.

Strengthening of the Geographic Network

In addition to the acquisitions made in 2007, which has led to its national growth, Maisons France Confort has opened 24 new offices in regions with strong potential such as the North (not covered until now) and the South-West. These investments in the commercial network increase overall to 5M€ in 2007 (2M€) and 2008 (3M€). A special effort was made to cover the North region with the opening of commercial offices and the hiring of 48 associates. At present, Maisons France Confort uses a homogenous sales force network which covers the priority zones almost entirely. This coverage is a very important competitive asset which allows the Group to ensure a regular corporate growth.

In spite of these important commercial changes in the fiscal period, mainly achieved in the second semester, Maisons France Confort retains an excellent level of profitability in the 2007 fiscal period.

Strengthening of the operational links with the Groupe Caisse d'Epargne.

At the end of 2007, the Groupe Caisse d'Epargne and the shareholders of the MFC PI family holding, who control the Groupe Maisons France Confort, have signed an agreement which strengthens the operational links between the two entities which have existed for a long time.

This agreement led to a minor participation, 49% maximum at the core of MFC PI, by GCE Foncier Coinvest (detained 51% by the Caisse Nationale des Caisses d'Epargne and 49% by the Credit Foncier).

For the Groupe Caisse d'Epargne, this agreement complete its line of real estate and also disengages the income synergies in the financing activities, cautions and guarantees, as well as sales of detached homes. It also facilitates the development of new projects such as, for example, diagnostics and specifications or urban management.

For Maisons France Confort, this industrial partnership offers the opportunity of benefiting from the Groupe Caisse d'Epargne agency network and from developing synergies in terms of financing, sales of detached homes, investment products, land searches, partnerships with real estate agency networks and communities.

Progress and Difficulties

Corporate growth during the fiscal period remains stable with a sales turnover, excluding new acquisitions, of 479 M€, exceeding the announced objective and outperforming the market (2007 worksite openings have been reduced by 1.3 % - Source: Ministry of Equipment / Sitadel).

The approved fiscal period has reported, for the entire group, a maintenance of our margin in spite of the weight of business expenses relative to the opening of new points of sale during this period.

In spite of a depressed 2007 market (-5.8% - Source: Caron Markemetron 12/07), the orders in 2007 for the Group have increased to 6,290 homes (+2.4%) representing a value of 604 M€ excluding tax (+6%).

Finally, we have been favoured by a change in the BT 01 index (on which our contracts are indexed) whose peak in 2007 was increased to 3.39 % (at the end of 11/2007).

Research and Development Activity

At the core of MAISONS FRANCE CONFORT SA, the Research and Development department is pursuing the following missions:

- to promote the development of our new "industrialised" product launched during the period.
- to develop quality control for the purpose of improving client satisfaction, shortening the worksite delays and increasing margins
- to develop the product offering and especially:
 - "open house" line
 - "performance" housing
 - client "pack services"
 - "senior" housing
 - rental housing
 - "junior+" housing
 - Bioclimatic housing

Important events since the closure

To ensure our external growth, our Group has made acquisitions, with the effect on January 1, 2008, of C.T.M..I. implanted in the East region where it has 3 points of sale in Strasbourg, Colmar and Mulhouse and it uses the Maisons Clio and Brand Maisons Individuelles brands.

Future Developments and Forecasts

Including the strategic actions initiated in 2007 and which will continue in 2008 and, in spite of a more difficult market, the Group maintains favourable development forecasts for 2008.

This growth dynamic will also be helped by:

- the pursuit of external, quality growth at the mother company level as well as at the subsidiary level,
- the orders taken in 2007 which increased to 6,290 homes (+2.4%) represent a value of 604 M€ excluding taxes (+6%). The latter, as in previous years, has greatly outperformed the market (-5.8% - Source : Caron Markemetron 12/07)

Thus, for 2008, Maisons France Confort confirms its foundations and, already, its growth objective of 10% with the maintenance of increased profitability.

The strategic investments being used, the concentration of the profession, the ability of the group to respond to the continuous development of regulations and to the needs of households, the important synergies developed with the Groupe Caisse d'Épargne which allow Maisons France Confort to continue to win greater market share and to ensure sustained growth in the years to come.

Our Subsidiaries' Business Activity

As in the past, the Parent company pays all of the Group's costs.

All our subsidiaries are consolidated for tax purposes apart from the MCA sub-group which MAISONS FRANCE CONFORT only holds 75% of (for PCA Maisons, Morel Constructions and Batimo, the option will take effect for the first time for the fiscal year starting January 1, 2008).

Our subsidiaries' activity is summarized in the following table:

Table summarizing the business activity of MAISONS FRANCE CONFORT Group
(Amounts given in €K)

| Name | Form | % | Holding Connection | 2007 Turnover | 2007 Current Result | 2007 Net result | Note |
|---------------------------------------|----------|---------|--|---------------|---------------------|-----------------|--------|
| MAISONS DE L'AVENIR | S.A.S. | 99.97% | Direct | 19,554 | 14.8% | 4,030 | > 100% |
| MAISONS DE L'AVENIR LOIRE ATLANTIQUE | S.A.S. | 99.97% | Indirect (100 % Maisons de l'Avenir) | 8,344 | -18.4% | 1,070 | -21.5% |
| MAISONS DE L'AVENIR ILLE ET VILLAINNE | S.A.S. | 99.97% | Indirect (100 % Maisons de l'Avenir) | 16,681 | -19.9% | 1,654 | 3.7% |
| MAISONS DE L'AVENIR MORBIHAN | S.A.S. | 99.97% | Indirect (100 % Maisons de l'Avenir) | 10,419 | -18.2% | 1,033 | 6.1% |
| MAISONS DE L'AVENIR VENDEE | S.A.S. | 99.97% | Indirect (100 % Maisons de l'Avenir) | 777 | > 100% | 39 | > 100% |
| OC RESIDENCES | S.A.S. | 99.96% | Direct | 32,878 | 2.5% | 3,517 | -5.8% |
| OC RESIDENCES ETUDES | S.A.R.L. | 99.96% | Indirect (100 % OC Residences) | 0 | | -1 | -1 |
| MAISONS BERVAL | S.A.S. | 99.97% | Direct | 12,445 | 10.8% | 1,764 | 21.0% |
| GHPA | S.A.S. | 100.00% | Direct | 15,191 | 9.9% | 1,025 | -2.9% |
| MJB | S.A.S. | 100.00% | Direct | 13,197 | 9.9% | 1,970 | 14.6% |
| MJB 18 | S.A.S. | 100.00% | Direct | 4,537 | 2.7% | 533 | -8.7% |
| MAISONS HORIZON | S.A.S. | 100.00% | Direct | 18,646 | 18.5% | 1,714 | 7.7% |
| AZUR & CONSTRUCTION | S.A.S. | 100.00% | Direct | 11,768 | -1.3% | 1,409 | 12.4% |
| CONSTRUCTIONS IDEALE DEMEURE | S.A.S. | 100.00% | Direct | 11,988 | 4.4% | 1,160 | -2.0% |
| FONCIERE RESIDENCES | S.N.C. | 100.00% | Direct (99 %) Indirect (1 % MJB) | 12,803 | 45.4% | 513 | > 100% |
| LE JARDIN DES ESCOURTINES | S.C.C.V. | 99.00% | Indirect (99 % Foncière Résidences) | 0 | -99.8% | -14 | -79.1% |
| RESIDENCE KENNEDY | S.C.C.V. | 50.00% | Indirect (50 % FONCIERE RESIDENCES) | 0 | | 15 | -89.8% |
| LA GENTILHOMMIERE | S.C.C.V. | 50.00% | Indirect (50 % Foncière Résidences) | 427 | -79.4% | 158 | -22.1% |
| PROPRIETE FAMILIALE | S.A.R.L. | 29.95% | Indirect (29.95 % Foncière Résidences) | 3,715 | | 183 | 127 |
| GEPHIMO | S.A.R.L. | 49.80% | Direct | 1,752 | 69.4% | 180 | 54.6% |
| MAISONS DE LA COTE ATLANTIQUE | S.A.S. | 75.00% | Direct | 41,482 | 7.3% | 4,797 | -0.3% |
| MAISONS CHARENTE ATLANTIQUE | S.A.S. | 75.00% | Indirect (100 % MCA) | 6,549 | > 100% | 581 | > 100% |
| MAISONS DE LA COTE ATLANTIQUE 40 | S.A.S. | 75.00% | Indirect (100 % MCA) | 218 | | -645 | 68 |
| MAISONS DE LA COTE ATLANTIQUE 24 | S.A.S. | 75.00% | Indirect (100 % MCA) | 926 | | -345 | 0 |

Table summarizing the business activity of MAISONS FRANCE CONFORT Group
(Amounts given in €K)

| Name | Form | % | Holding Connection | 2007 Turnover | 2007 Current Result | 2007 Net result | Note |
|---------------------|----------|---------|---|---------------|---------------------|-----------------|--------|
| BATISOFT | S.A.R.L. | 75.00% | Indirect (100 % MCA) | 3,785 | -1.8% | -178 | > 100% |
| MILLOT SAS | S.A.S. | 100.00% | Direct | 10,996 | > 100% | 1,072 | 151.6% |
| BATIMO | S.A.R.L. | 80.00% | Indirect (80 % Millot SAS) | 1,522 | 7.0% | 8 | > 100% |
| PCA MAISONS | S.A.S. | 100,00% | Direct | 6,027 | -34.9% | 803 | -57.9% |
| MOREL CONSTRUCTIONS | S.A.S. | 100,00% | Direct | 15,283 | -2.8% | 1,033 | 12.1% |
| MOREL PROMOTION | S.N.C. | 100,00% | Direct (0,2 %) Indirect (99,8 % MOREL C.) | 741 | > 100 | -6 | > 100% |

SAS = Simplified joint stock company
SARL = Limited company
SNC = Partnership
SCCV = Construction-sale company

- (1) Businesses increased during the fiscal period.
- (2) Civil business for real estate promotion created specifically for a real estate project whose implementation is achieved in the course of the fiscal period.
- (3) Business with no activity in 2006.
- (4) Companies created during the 2006 fiscal period.
- (5) Participation on October 1, 2006. No comparable data for MILLOT SAS, the accounts were closed on December 31, 2006, it being established during the 6 months and integrating the change in methodology associated with the integration into the Group.
- (6) Participation on April 1, 2007. Accounts established in the 9 months. No comparable data for PCA Maisons, the accounts were closed on March 31, 2007 were established in the 12 months and integrated the change of methodology associated with the integration into the Group.
- (7) Participation on October 1, 2007. The accounts indicated here-below correspond to a fiscal period of 12 months.

MAISONS FRANCE CONFORT S.A.'s own business activity

The main financial data for the fiscal year summarizes as follows:

| (Amount in €K) | 31/12/2007 | 31/12/2006 | Change | |
|-------------------|----------------|----------------|---------------|--------------|
| | | | €K | % |
| Turnover | 230,413 | 200,716 | 29,697 | 14.8% |
| Operating result | 11,340 | 6,749 | 4,591 | <-100% |
| Financial result | 15,135 | 8,937 | 6,198 | 69.4% |
| Result before tax | 26,475 | 15,686 | 10,789 | 68.8% |
| Net result | 20,687 | 11,417 | 9,270 | 81.2% |

MAISONS FRANCE CONFORT whose results we are asking you to approve, realized turnover of €230,413K, an increase of 14.8%, with net income of €20,687K, an increase of 81.2%.

We recall that the 2006 accounts have residual impacts associated with the application of the provisions of ruling 2004-06 of the Accounting Regulations Committee on the definition, accounting and evaluation of assets.

In order to ensure legibility of the financial information, pro forma accounts have been developed to include the 2006 balance sheet of Maisons France Confort. These accounts are included in note 17 of the annual accounts.

These pro-forma accounts can be summarized as follows:

| (Amounts in €K) | 31/12/2007 | 31/12/2006 | Change | |
|-------------------|----------------|----------------|---------------|--------------|
| | | | €K | % |
| Turnover | 230,413 | 200,716 | 29,697 | 14.8% |
| Operating result | 11,340 | 8,773 | 2,567 | 29.3% |
| Financial result | 15,135 | 8,937 | 6,198 | 69.4% |
| Result before tax | 26,475 | 17,711 | 8,764 | 49.5% |
| Net income | 20,687 | 12,744 | 7,943 | 62.3% |

The business profit has increased to 29%. This phenomenon is due to:

- a more significant dilution of our fixed fees including the development of our activity,
- a stability in depreciation of doubtful account receivables whereas the provision variation in 2006 has led to an expense of 225 K€
- variation in our After Sales provision which constitutes, in the fiscal period, a rebate for an amount of 360 K€ whereas in 2006 it represented an expense of 217 K€.

The increased reported financial profit comes from the collection of dividends from our subsidiaries relative to the results of the 2006 fiscal period and the growth of our financial products in cash pooling (+35 %).

Finally it must be stressed that the net income incorporates the recognition of a provision for employee profit sharing of 1.149 M€ in contrast with 892 K€ in 2006.

The main balance sheet data for MAISONS FRANCE CONFORT S.A. are summarized as follows :

| (amounts in €K) | 31/12/2007 | 31/12/2006 |
|--|----------------|----------------|
| Non-current assets | 60,602 | 44,375 |
| Inventories | 510 | 750 |
| Accounts receivables and other receivables | 194,694 | 159,961 |
| Cash flow | 24,516 | 23,129 |
| Total assets | 280,322 | 228,214 |
| Shareholders' equity | 58,187 | 45,548 |
| Provisions | 2,507 | 2,830 |
| Loans and financial debts | 24,554 | 17,303 |
| Down payments received on orders | 112,320 | 90,553 |
| Operating debts | 82,754 | 71,981 |
| Total liabilities | 280,322 | 228,214 |

The change in capitalized assets mainly comes from the purchase of PCA Maisons and MOREL Constructions as well as the provision by our company of an increase of capital to our subsidiary Foncière Résidences.

The change in receivables comes from the development of the business correlated to the change in down payments received on orders in progress.

Active cash remains largely positive at €24.516K. The change in financial indebtedness comes from new loans contracted to finance the new acquisitions during the fiscal year.

Our balance sheet structure continues to be healthy with shareholders' equity at the end of the fiscal year totalling €58.2M compared to €45.5M on 31/12/2006.

Changes and future prospects

Prospects for dynamic growth and an increase in results continued in 2008 basically thanks to maintaining an excellent level of order taking, which provides very good visibility for the business over the next 18 months.

Participation during the fiscal year

Acquisition of the PCA Maisons group.

On April 1, 2007, our company acquired 100% of the capital of Société Sud Promotion Investissements, shareholder of 100% of PCA Maisons, situated in the PACA region..

During the second semester in 2007, SPI and PCA were the object of a retroactive merger on April 1, 2007 with no impact on the consolidated group accounts.

Acquisition of the MOREL Constructions group.

On October 1, 2007, our company acquired 100% of the capital of MOREL Constructions, itself a shareholder of MOREL Promotion and Maisons Aquarelle, situated in Loire Atlantique and in Vendée.

During the last trimester in 2007, Maisons Aquarelle was pre-emptively dissolved after a complete transfer of its assets to its parent MOREL Constructions. This legal operation had no effect on the consolidated group accounts.

Miscellaneous information on the Group's business activity

- The company considers that there is no specific risk weighing on its business activity apart from the risks which could result from an unfavourable change in interest rates for housing loans to private individuals and those resulting from an increase in the prices of land which is likely to slow down the favourable trend in the market for building single detached homes.
- Risks incurred due to a change in interest rates, the exchange rates or the stock market price.
 - As the company does not have any international commitments or activities, there is no interest rate risk to be taken into account. Its financial commitments are low and contracted at a fixed rate, so that the interest rate exposure is nil. The stock market price has been marked by a drop mainly due to the sub-prime crisis in the second semester of 2007. The company possesses 52,305 treasury shares on today's date.

- The liquidity contract signed with the CIC group in which our company now possesses 100% of the interests, concerns 11,200 shares on December 31, 2007.
- The drop in the stock market that led to a low average acquisition price and the low number of certificates did not present any risk to the company..
- The company's negative indebtedness continues to be very favourable.

Financial debts of more than one year represent around 25 % of consolidated shareholders' equity, and is always contracted over a short term of 5 years maximum, and is used exclusively to finance external growth operations.

Off-balance sheet commitments

The off-balance sheet commitments are indicated in the notes to the accounts.

The employment consequences of the business activity

This information is dealt with in the notes to this report.

The business's environmental consequences

This information is dealt with in the notes to this report.

1.1.2 Results

We are asking you to approve the Company's consolidated accounts which close with a profit (Group share) of €23,638K and the company accounts which close with a profit of €20,687K.

Appropriation of the profit

- The appropriation of your company's profit we are proposing to you conforms with the law and to our Memorandum and Articles of Association.
- We propose that you appropriate the profit for the fiscal year which totals €20,686,562.45 as follows:

Origin:

| | |
|------------------------------|----------------|
| - Profit for the fiscal year | €20,686,562.45 |
| - Retained earnings | € 1,821,477.68 |

Appropriation:

| | |
|---------------------------------|----------------|
| - To shareholders, as dividends | € 9,435,126.48 |
| - To the ordinary reserve | € 9,448,090.35 |
| - To the retained earnings | € 3,624,823.30 |

| | | |
|---------------|------------------------|------------------------|
| TOTALS | € 22,508,040.13 | € 22,508,040.13 |
|---------------|------------------------|------------------------|

The dividend paid for each share is fixed at € 1.36.

The whole of the amount distributed is eligible for the 40% allowance referred to article 158-3-2° of the General Tax Code for people who satisfy the conditions stipulated in the said article.

Some people may opt for deductions at the rate of 18% for the purpose of, and according to, the conditions of article 117 of the general tax code.

Payment of dividends

- . This dividend will be distributed for payment by July 1, 2008 at the latest.
- . In addition, if the company holds some of its own shares when the dividend is distributed for payment, the sums corresponding to the unpaid dividends on these shares will be entered in the "Retained Earnings account"

Previous distributions of dividends

In accordance with article 243 as above of the General Tax Code, we are informing you that the following dividends were distributed per share during the last three fiscal years :

| For the year | Dividends eligible for the allowance for eligible persons | | Income not eligible for the allowance |
|--------------|---|--------------------------|---------------------------------------|
| | Dividends | Other income distributed | |
| 2004 | €4,046,929.25 (€1.75 per share) | None | None |
| 2005 | €6,035,705.91 (€0.87 per share) | None | None |
| 2006 | €8,116,983.81 (€1.17 per share) | None | None |

Non tax deductible charges (CGI 39-4)

Please approve the global amount of the expenses and charges referred to by articles 39-4 of the General Tax Code, i.e. the sum of € 289 and the corresponding tax, i.e. € 96.

1.1.3. The Company's share capital

The Company's share holding

The share capital is now divided into 6,937,593 shares.

We are informing you of the identity of people who, directly or indirectly on December 31, 2007, hold more than 5 % ; 10 %, 15 %, 20 %, 25 %, 33.33 %, 50 %, 66.66 %, 90 % and 95 % of the share capital or the voting rights at General Meetings:

| | |
|---|------------------|
| MFC PROU-INVESTISSEMENT | > 50 % |
| FIDELITY INTERNATIONAL LIMITED (FIL) | > 5 % |

Factors likely to have an impact in the event of a public offering (L. 225-100-3)

Under article L. 225-100-3, we point out the following factors likely to have an impact in the event of a public offering :

- There is no restriction in the articles of association on voting rights.
- To the company's knowledge, there are no agreements or other commitments signed between shareholders.
- There are no securities including special rights of control.
- There are no control mechanisms stipulated in any staff shareholding system with rights of control which are not exercised by this system.
- The rules of appointing and dismissing members of the Board of Directors are the statutory rules and the rules in the articles of association stipulated in article 13, described in paragraph 7.
- Current delegations of the Board of Directors' powers are described in paragraph 12 of this report (share buy-back programme) and in the capital increase delegations table in appendix 3.
- Our company's articles of association are modified in accordance with the statutory and regulatory provisions.
- There are no special agreements providing for indemnities if members of the Board of Directors cease exercising their functions.

Treasury shares

None of the Group's companies possess any shares in MAISONS FRANCE CONFORT.

Treasury shares in a share buyback plan

The Company did not realize any sales on the stock market between May 15, 2007 and February 29, 2008 (last information known on today's date) under the authorization granted and the objectives laid down by the General Meeting of May 15, 2007.

On February 29, 2008 the number of shares in the company's balance sheet assets is 52,305 with a value of €243K at an average purchase price of €4.65. These shares, with a global nominal value of €9.4 K, represents 0.75 % of the capital.

In addition, in the liquidity contract signed with CIC SECURITIES, in which the quote-part of the rights of the company is now 100 %, it proceeded, between March 1, 2007 and February 29, 2008 with:

- the acquisition of 165,109 shares for an average price of 55.54 € and a total amount of 9,170.6 k€ excluding negotiation fees,
- the transfer of 165,776 shares at an average price of 55.57 €, for a total amount of 9 212.1 k€, excluding negotiation fees.

On February 29, 2008 the company possesses 12,176 shares under the liquidity contract, valued at €676.3K, at the average stock market price. These shares, with a global nominal value of €2.2 K, represents 0.18 % of the capital in February 2008.

1.1.4. Board of directors and company agents

List of the mandates and duties performed by the agents

| Name of agent | Mandate in the company | Date of appointment or renewal | Date of end of mandate | Other functions in the company | Mandates and/or functions in another company (inside and outside group) |
|-----------------------------------|---------------------------------------|--------------------------------|------------------------|--------------------------------|--|
| Mr. Patrick VANDROMME | Chairman and CEO | 28/05/2002 | AGM 2008 | NONE | - CEO MAISONS DE L'AVENIR - CEO OC RESIDENCES - CEO MAISONS BERVAL - CEO GHPA - CEO MJB - CEO MJB 18 - CEO MAISONS HORIZON - CEO AZUR et CONSTRUCTION - CEO MCA - CEO MILLOT SAS - CEO PCA Maisons - Chairman MFC PROU- INVESTISSEMENTS |
| Mr. Philippe VANDROMME | Director and Executive Vice-President | 18/05/2004 | AGM 2010 | NONE | |
| Mr. Christian LOUIS VICTOR | Director | 15/05/2007 | AGO 2013 | NONE | - Chairman of the Directorate of NATIXIS GARANTIES - Chairman and CEO of Compagnie Européenne de GARANTIES Immobilières (CEGI) - Manager CEGI Vertriebsgesellschaft GmbH (Germany) - Chairman of the Board of SACCEF - Director of SOCAMAB Assurances - Manager of CLV Développement - Director of CIFA (Compagnie Immobilière et Financière d'Aquitaine) - Director of Financière Quarre SA - Director of PACEMETAL - Vice-President and Director of SURASSUR S.A., a Luxembourgian re-insurance company |
| Mr. Willi MUSSMANN | Director | 23/05/2006 | AGM 2012 | NONE | - Partner in a firm specializing in advising and managing companies |
| Ms. Gilberte DUC | Director | 28/05/2002 | AGM 2008 | NONE | |

Appointments, renewals

Please renew Mr Patrick VANDROMME and Mrs Gilberte DUC's terms of office for a period of six years which will expire in 2014 during the General Meeting which rules on the accounts for the past fiscal year.

Directors' fees

The amount of the attendance fees will be maintained at their current level in subsequent fiscal years, unless a decision is made to the contrary.

The individual amount of fees allocated to directors is shown in the table below.

The main part of the attendance fees are awarded to Mrs DUC as the oldest member, and the balance is distributed to the other members of the board.

Directors' remuneration

| Company agents (whatever the duration of the mandate during the fiscal year) | In the company | | In controlled companies | | |
|---|--|----------------------------|-------------------------|--------------|------------------|
| | For the mandate | Other remuneration | Benefits in kind | Remuneration | Benefits in kind |
| Mr. Patrick VANDROMME Chairman and CEO | 2007 Salary €122 k 2006 profit-sharing paid in 2007 €642 k | Directors' fees €915 | NONE | NONE | NONE |
| Mr. Philippe VANDROMME Executive Vice-President | 2007 salary €104 k | Directors' fees €915 | NONE | NONE | NONE |
| Mrs. Gilberte DUC Director | NONE | Directors' fees €12,500 | NONE | NONE | NONE |
| Mr. Christian LOUIS VICTOR Director | NONE | Directors' fees €1,982 | NONE | NONE | NONE |
| Mr. Willi MUSSMANN Director | NONE | Directors' fees €1,982 | NONE | NONE | NONE |

The values given are gross values.

The Chairman of the Board of Directors receives fixed and bonus remuneration.

The company has not made any special undertakings concerning payments which could be owed to company agents for ceasing or changing their functions.

1.1.5 The corporate governance policy

Method of General Management

We remind you that the Board of Directors entrusted the General management to the Chairman of the Board of Directors, Mr. Patrick VANDROMME, at its meeting of May 28, 2002.

Mr Philippe VANDROMME was appointed as Executive vice-president.

Description of the company's corporate governance policy

The size of the company and its very family-based capitalistic structure have resulted in a limited application of the recommended rules for corporate government.

Independent directors :

Two independent directors sit on the Board of Directors who together represent 40 % of its members and who have no dealings of any kind whatsoever with the company, its group or its management which could compromise its freedom or judgement.

The number of shares which must be held by a director :

At the present time the number of shares which must be held by the directors is stipulated in the Memorandum and Articles of Association.

The number of directors elected by the employees :

There are no directors elected by the employees.

The Board's internal rules :

The Board adopted internal rules during its proceedings on MARCH 27, 2003, which compel the directors to refrain from competing with the company, obliges them to disclose any conflict of interest, to obtain documentation, prevent insider trading, and give precise details on how the Board operates.

The activities of the committees during the past fiscal year :

The Company's size and structure and the small number of directors means that the Board has not created any committees.

Securities transactions

Directors have not performed any securities transactions.

1.1.6. Authorisation to attribute stock and/or share purchase options

The combined Ordinary and Extraordinary General Meeting which met on May 26, 2005 authorized the Board of Directors to allocate stock and/or share purchase options.

This authorization was not used during the approved fiscal year.

1.1.7. Employees

The employees do not have any interest in the capital as defined in article 225-102 of the Commercial Code at the close of the fiscal year.

1.1.8. Statutory auditors

The mandate of the commissioner for the account-holders of SOCOGEC IN EXTENSO is going to expire at the present meeting. We are suggesting to not renew it and to replace them with DELOITTE located at 185 avenue Charles de Gaulle à Neuilly sur Seine (92524), for a period of six fiscal periods which will expire in 2014 at the general assembly called to preside over the accounts of the previous fiscal period.

The mandate of the substitute commissioner of accounts, Monsieur Dominique FILOCHE, is also going to expire at the present meeting. Monsieur FILOCHE, having transferred his professional business is not seeking renewal and we suggest naming BEAS located at 7,9 Villa Houssay à Neuilly sur Seine (92200), as a replacement for a duration of six terms which will expire in 2014 at the general assembly called to preside over the accounts of the previous term.

1.1.9. Regulated agreements

We are asking you to approve the agreements referred to in article L 225- 38 of the Commercial Code which have been regularly properly approved by the Board of Directors.

Your statutory auditors are presenting them to you and will provide all the relevant information on them in their special report which will be read to you in a few moments.

No new agreements have been authorized since the close of fiscal year.

To conclude, we ask you to totally discharge your Board of Directors from its management for the fiscal year closed on December 31, 2007 as well as to your Statutory Auditors for performing their mission as they describe in their general report.

1.1.10. Miscellaneous points : Authorization for a share buy-back programme by the company

We are proposing that you grant the Board of Directors the necessary powers for eighteen months to buy back up to 4% of the shares comprising the share capital on one or several occasions at times which they will define.

This authorisation terminates the authorisation which the Ordinary General Meeting of May 15, 2007 gave the Board of Directors.

Acquisitions can be made to:

- Co-ordinate the secondary market or the liquidity of the MAISONS FRANCE CONFORT share through a liquidity contract with an investment service provider in accordance with the AFEI's Code of Conduct Charter recognised by the AMF,
- Conserve the shares purchased and subsequently exchange them, use them as payment for possible external growth operations. However, the shares acquired for this purpose cannot exceed 5 % of the company's capital,
- Provide coverage for the stock option plans and other ways of allotting shares to the Group's employees and/or agents under the terms and in accordance with the conditions stipulated by law, notably regarding sharing the company's results in a company saving scheme or by the free allotment of shares,
- Provide coverage for securities giving an entitlement to the allotment of company's shares within the scope of the current legislation,
- Possibly cancel the acquired shares subject to the authorisation to be granted by this present shareholders General Meeting in its seventh extraordinary resolution.

These share buybacks can be performed by any means, including by acquiring blocks of shares, at the times the Board of Directors will decide, including during a takeover bid within the limits of the stock market regulation. However, the company does not intend using derivative products.

The maximum purchase price is fixed at €100 per share.

The maximum amount of the operation is therefore fixed at € 27,750,372.

1.2. Report on the extraordinary agenda

1.2.1 Authorisation to reduce the capital

We are asking you to rule extraordinarily to authorise your Board of Directors to cancel up to 4% of the shares which the company holds or will hold following the share buybacks performed within the scope of article L 225 - 209 of the Commercial Code i.e. 277,503 shares, on one or several operations, and to reduce the share capital by this amount under the provisions and regulations in force.

1.2.2 Authorisations to increase the capital

The authorisations given to your Board of Directors to increase the share capital and maintain or cancel the preferential subscription right by the General Meeting of May 23 2006 are valid until July 23 2008.

We suggest renewing the necessary authority to the Board of Directors to increase capital.

These authorisations have the objective of giving to the council, within the time regulated by law, all latitude to proceed, at the time of his choice, with the issuing of shares and/or all transferable securities which give access, immediately or on maturity, to a portion of the company's business capital.

The nominal amount of these capital increases must not exceed 312,500 €. This amount will include the nominal amount of the supplementary shares to be issued in order to preserve, in accordance with the law, the rights of the transferable securities which give access, upon maturity, to a capital portion.

These issues may be made with or without preferred subscription rights of the shareholders. We specify that, in all cases of public issue without preferred subscription offerings, the Board of Directors may give the shareholders the option of subscribing with priority.

The price of the existing shares will be determined in accordance with the law..

These delegations may be presented as a public purchase or exchange offering under the reservation that the decision to proceed with the capital increase is not taken before the offering is made.

It is possible to give the council the necessary powers to make all capital increases with a single decision by the incorporation of bonds and/or reserves or by an increase of the nominal or creation of new shares.

1.2.3 Increase in the share capital reserved for members of a Company Saving Scheme

The authorisation conferred on our Board of Directors to increase capital, by applying the provisions of article L.225-129 VII and L125-138 of the Commercial Code and the article L.443-5 of the Employment Code, was renewed in 2005 for 26 months expiring on July 15, 2009. There is, therefore, no further need to renew.

1.2.4 Authorisation to grant options

Similarly, the authorisation granted to the Board of Directors to grant options within the scope of the provisions of articles L.225-177 to L.225-185 of the Commercial Code was renewed in 2005 for a period of 38 months expiring on July 26, 2008.

We suggest renewing it.

1.2.5 Authorisation to increase the share capital to remunerate contributions in kind (renewal)

As the authorisation given to the Board of Directors in 2007 for 26 months expires on July 15, 2009. There is, therefore, no need to renew.

1.2.6 Authorisation to grant free shares to staff members (and/or certain company agents) (in progress)

The authorisation to the Board of Directors to allocate free shares staff members and/or certain company agents granted in 2005 expires on July 26, 2008, and need not be renewed.



Your Board asks you to vote for the resolutions put to you and thanks you for your confidence in it.

THE BOARD OF DIRECTORS

NOTE 1

ON THE EMPLOYMENT DATA CONCERNING THE BUSINESS ACTIVITY

Data concerning MAISONS FRANCE CONFORT SA

1. The Company's staff on 31 December 2007 : 631 divided between
27 Fixed-term contracts and 604 permanent contracts.
2. As of 1 January 2004, the work week was set at 35 hours further to agreement with staff representatives.
3. Remunerations amounted to €17,296k compared to €16,297k, i.e. + 6%, and the corresponding social security charges amounted to €9,534 k compared to €9,251k.
4. **Training**: Training expenses amounted €387 K, to €426K in 2006 .
5. **Disabled workers**: The Company complies with all relevant provisions regarding the employment of disabled workers.
6. **Social and welfare services**: €153K was paid to the Works Council in 2007, compared to €93K in 2006.
7. Subcontracting totalled €112,8 million representing 49% of turnover.

The subcontracting works are the subject of subcontracting contracts, which include the international Labour Organisation's fundamental provisions.

Data for MAISONS FRANCE CONFORT Group

1. The Group's total workforce on December 31 2007: 1,220 divided between:
37 fixed term and 1,183 permanent contracts
2. The remuneration totalled €38,933 K compared to €35,089 K, i.e. + 10.95% (this remuneration includes the profit-sharing provision in the 2007 accounts of €1,149K). The corresponding social security charges totalled €19,920 K compared to €18,473 K.
3. Subcontracting totalled €231,2 M, representing 47.2% of the turnover. The subcontracting works are the subject of subcontracting contracts which include the international Labour Organisation's fundamental provisions.

NOTE 2

ON THE ENVIRONMENTAL EFFECTS OF THE COMPANY'S ACTIVITIES

The Environmental effects of the Company's activities

The Company's activities are not in principle affected by environmental risk, as the land belongs to the customers.

Nonetheless, in our activity we believe that our Company contributes to the quality of the environment by adapting our models to the relevant regional architecture.

In parallel, the Group is committed to Sustainable Development, and has created the "Citizen Builder Charter". This charter has the objective of implementing a progressive dynamic within the heart of the company at the environmental impact level, the business level and the social level.

Not wishing to resume construction of "ecological" homes, the Group has decided to be more ambitious and has committed itself to the "6 Citizen Commitments" using an annual "Action Plan" which was put in place in 2008 :

- 1 – To reduce waste, energy consumption and CO² emissions within the company
- 2 – To sensitise the associates, partners and clients to the needs of the environment
- 3 – To suggest homes which respect the environment and to promote renewable forms of energy
- 4 – To apply transparent and monitored quality control for improved client satisfaction
- 5 – To anticipate and to respect the technical, environmental, commercial and financial regulations,
- 6 – To support and develop "citizen" actions,

This company project involves all the Group's members including employees, business agents, subcontractors, distributors, suppliers and subsidiaries.

It is, in this way, that we are monitoring the use of construction materials, both by the Group's companies and by subcontractors, strictly complies with the relevant regulations. Furthermore we consider that the quality of the materials used in building our homes contributes to 'sustainable' development

Lastly with Bioclimatic homes, we keep on promoting new energies and clean energies' (solar panels, collection of rainwater etc).

In addition, we perform a thermal optimisation study for each building

NOTE 3

TABLE OF DELEGATIONS OF AUTHORITY TO INCREASE CAPITAL WHICH ARE STILL VALID

| In € | Date of the EGM | Period of validity (months) | Date of expiration of the delegation | Authorised amount | Increases in previous years | Increases during period | Residual amount on date of table |
|---|-----------------|-----------------------------|--------------------------------------|-------------------|-----------------------------|-------------------------|----------------------------------|
| Authorisation to increase the capital maintaining the Preferential subscription right (PSR) | 23/05/06 | 26 | 23/07/08 | €312,500 | 0 | 0 | €312,500 |
| Authorisation to increase the capital suppressing the PSR | 23/05/06 | 26 | 23/07/08 | €312,000 | 0 | 0 | €312,500 |
| Authorisation to increase the capital suppressing the PSR for up to 10% of the capital and setting the subscription price | NO | | | | | | |
| Authorisation to increase the capital suppressing the PSR in favour of members of a company savings scheme | 15/05/07 | 26 | 15/07/09 | €37,500 | 0 | 0 | €37,500 |
| Authorisation to increase the capital with suppressing the PSR in favour of... (A category of people) | NO | | | | | | |
| Authorisation to increase the capital to pay for a share contribution | 15/05/07 | 26 | 15/07/09 | €125,000 | 0 | 0 | €125,000 |
| Authorisation to issue stock options | 26/05/05 | 38 | 26/07/08 | - | - | - | - |
| Authorisation to allot free shares to be issued | 26/05/05 | 38 | 26/07/08 | €37,500 | 0 | 0 | €37,500 |

MAISONS FRANCE CONFORT S.A.'s results for the last five fiscal years

| NATURE OF DATA | 2003 FISCAL YEAR | 2004 FISCAL YEAR | 2005 FISCAL YEAR | 2006 FISCAL YEAR | 2007 FISCAL YEAR |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| I - Capital at the end of the fiscal year | | | | | |
| Capital | 1,250,000 | 1,250,000 | 1,250,000 | 1,250,000 | 1,250,000 |
| Number of existing ordinary shares | 2,312,531 | 2,312,531 | 6,937,593 | 6,937,593 | 6,937,593 |
| Number of existing non-voting preferred dividend shares | | | | | |
| Maximum number of future shares to be created: | | | | | |
| - By conversion of bonds | | | | | |
| - By exercise of subscription rights | | | | | |
| II. Operations and results of the fiscal year | | | | | |
| Turnover before taxes | 138,351,830 | 153,684,394 | 181,306,556 | 200,715,854 | 230,413,001 |
| Profit/(Loss) before taxes and employee profit sharing and allocation to depreciation, amortisation and provisions | 8,438,475 | 13,697,577 | 10,069,641 | 16,603,868 | 28,469,788 |
| Tax on profits | 1,322,101 | 1,788,432 | -177,244 | 3,152 200 | 4,202,735 |
| Employee profit sharing due for the fiscal year | 298,820 | 367,467 | 0 | 891,939 | 1,149,447 |
| Profit/(Loss) before taxes and employee profit sharing and allocation to depreciation, amortisation and provisions | 6,073,717 | 10,250,550 | 11,230,507 | 11,416,735 | 20,686,562 |
| Profit distributed | 2,312,531 | 4,046,929 | 6,035,706 | 8,116,984 | 9,435,126 |
| III. Earnings per share | | | | | |
| Profit/(Loss) after taxes and employee profit sharing but before allocation to depreciation, amortisation and provisions | €2.94 | €4.99 | €1.48 | €1.81 | 3.33 € |
| Profit/(Loss) after taxes employee profit sharing and allocation to depreciation, amortisation and provisions | €2.62 | €4.43 | €1.62 | €1.65 | 2.98 € |
| Dividend per share (a) | €1.00 | €1.75 | €0.87 | €1.17 | 1.36 € |
| IV. Staff | | | | | |
| Average headcount for the fiscal year | 344 | 355 | 442 | 525 | 587 |
| Total payroll expense for the fiscal year | 7, 894, 674 | 8,308,574 | 9,365,861 | 16,296,540 | 17,295,573 |
| Amounts paid in connection with social benefits for the reporting year (social security, welfare benefits, etc.) | 4,865,834 | 5,273,221 | 6,560,140 | 9,250,549 | 9,533,506 |

The Statutory Auditors' special report on the regulated agreements

Fiscal year closed on December 31 2007

Dear Ladies and Gentlemen,

As your company's statutory auditors, we are obliged to present a report to you on the regulated agreements we have been informed of.

1 Agreements authorised during the fiscal year

We are not responsible for searching for the existence of agreements but for explaining, on the basis of information given to us, the characteristics and principal terms of the agreements we have been informed of, although we are not required to pronounce on their utility or merits. Under the terms of Article R.225-31 of the Commercial Code, you are responsible for evaluating the benefit from concluding these agreements, before deciding whether to approve them.

We have not been informed of any agreement referred to in article L. 225-38, and L.225-42-1 of the Commercial Code.

2 Agreements approved during previous fiscal years, which continued during the past fiscal year

In addition, under the application of the Commercial Code, we were informed that the following agreements which were approved in previous fiscal years, continued to be performed during the last fiscal year.

- Nature and purpose:
Life annuity in return for a prior real estate acquisition.
- Terms and conditions:
Your company paid Mrs. DUC, director, €9,147 during the past fiscal year.

We performed our work in accordance with the professional standards applicable in France. The standards require that we implement actions to verify whether information given to us concords with the basic documents it comes from.

The Statutory Auditors
Alençon and Caen, April 30 2008

KPMG Audit
Department of KPMG S.A.

In extenso - Socogec

Thierry LEFEVRE Yves GOUHIR
Partner Partner

Alain MUELLE Eric PIOU
Partner Partner

2. CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31 2007

BALANCE SHEET

| ASSETS (in €K) | <i>Note</i> | 31/12/2007 | 31/12/2006 |
|---|----------------------------|-------------------|-------------------|
| | | Net | Net |
| Intangible assets | <i>2.5 & 4.1</i> | 1,978 | 1,851 |
| Goodwill | <i>2.6 & 4.2</i> | 33,638 | 24,072 |
| Tangible fixed assets | <i>2.7 & 4.3</i> | 12,023 | 9,585 |
| Holdings in affiliated companies | <i>2.2 & 4.4</i> | 555 | 466 |
| Other financial assets | <i>2.4, 2.10 & 4.5</i> | 778 | 631 |
| Deferred taxes | <i>2.16 & 4.6</i> | 973 | 766 |
| NON CURRENT ASSETS | | 49,945 | 37,371 |
| Inventory and work in progress | <i>2.8 & 4.7</i> | 11,646 | 7,952 |
| Accounts receivable | <i>2.9, 2.10 & 4.8</i> | 101,197 | 82,504 |
| Other accounts receivable | <i>4.9</i> | 55,045 | 44,492 |
| Current tax assets | <i>2.16</i> | 454 | 0 |
| Cash and cash equivalents | <i>2.4 & 4.10</i> | 69,636 | 69,374 |
| TOTAL CURRENT ASSETS | | 237,977 | 204,321 |
| TOTAL ASSETS | | 287,922 | 241,692 |
| LIABILITIES (in €K) | | | |
| | <i>Note</i> | 31/12/2007 | 31/12/2006 |
| | | Net | Net |
| Share capital | <i>2.11 & 4.11</i> | 1,250 | 1,250 |
| Premiums and reserves | <i>2.11 & 4.11</i> | 49,090 | 36,840 |
| Consolidated profit for the fiscal year | <i>2.11 & 4.11</i> | 23,638 | 20,671 |
| Total shareholders' equity Group share | | 73,978 | 58,761 |
| Outside Group interests in the reserves | <i>2.11 & 4.11</i> | 3 | 15 |
| Outside Group interests in the income | <i>2.11 & 4.11</i> | 2 | -2 |
| Minority interests' share of shareholders' equity | | 5 | 13 |
| TOTAL SHAREHOLDERS' EQUITY | | 73,983 | 58,774 |
| Deferred tax liabilities | <i>2.16 & 4.12</i> | 44 | 80 |
| Financial debts - share of more than 1 year | <i>4.13</i> | 25,356 | 18,380 |
| Non current provisions | <i>2.12 & 4.14</i> | 103 | 67 |
| TOTAL NON CURRENT LIABILITIES | | 25,504 | 18,528 |
| Current provisions | <i>2.12 & 4.15</i> | 4,822 | 4,343 |
| Short-term financial debts | <i>4.13</i> | 16,152 | 8,555 |
| Debts on contracts in progress | <i>2.13 & 4.16</i> | 8,158 | 9,872 |
| Trade payables | <i>4.17</i> | 92,581 | 80,063 |
| Current tax liabilities | <i>2.16</i> | 1,841 | 5,510 |
| Other tax and social security debts | <i>4.18</i> | 64,241 | 54,825 |
| Other current creditors | <i>4.19</i> | 640 | 1,222 |
| TOTAL CURRENT LIABILITIES | | 188,435 | 164,391 |
| TOTAL LIABILITIES | | 287,922 | 241,692 |

The data for 31/12/2006 was the object of detailed reporting in paragraph 2 of the consolidated accounts appendix.

PROFIT AND LOSS STATEMENT

| (K€) | Note | 31/12/2007 | | 31/12/2005 | | CHANGE | |
|--|-----------------------|----------------|----------------|----------------|----------------|---------------|---------------|
| | | K€ | % CA | K€ | % CA | €K | % |
| Turnover | 2.13 & 5.1 | 489,421 | 100.00% | 424,982 | 100.00% | 64,439 | 15.16% |
| Other revenue from activities | | 237 | 0.05% | 128 | 0.03% | 109 | 85.27% |
| Purchases consumed | 5.2 | -389,961 | -79.68% | -334,785 | -78.78% | -55,176 | 16.48% |
| Staff costs | 5.3 | -58,852 | -12.02% | -53,562 | -12.60% | -5,290 | 9.88% |
| Taxes and charges | 5.4 | -3,981 | -0.81% | -3,564 | -0.84% | -417 | 11.71% |
| Depreciation expenses | | -1,737 | -0.35% | -1,289 | -0.30% | -448 | 34.79% |
| Net provision expenses | 4.15 & 5.5 | 54 | 0.01% | -821 | -0.19% | 875 | -106.63% |
| Other operating revenues and charges | | -19 | 0.00% | -157 | -0.04% | 138 | -87.95% |
| OPERATING RESULT | | 35,161 | 7.18% | 30,932 | 7.28% | 4,229 | 13.67% |
| Cost of financial indebtedness | 2.15 | -1,308 | -0.27% | -964 | -0.23% | -344 | 35.65% |
| Income from cash and cash equivalents | 2.15 | 2,196 | 0.45% | 1,523 | 0.36% | 673 | 44.21% |
| FINANCIAL RESULT | 5.6 | 888 | 0.18% | 559 | 0.13% | 329 | 58.99% |
| Tax charge | 2.16 & 5.7 | -12,497 | -2.55% | -10,852 | -2.55% | -1,645 | 15.16% |
| NET RESULT OF CONSOLIDATED COMPANIES | | 23,552 | 4.81% | 20,639 | 4.86% | 2,913 | 14.11% |
| Percentage of result from companies accounted by the equity method | | 89 | 0.02% | 30 | 0.01% | 59 | 195.14% |
| PROFIT | | 23,640 | 4.83% | 20,669 | 4.86% | 2,971 | 14.38% |
| Group profit | | 23,638 | | 20,671 | | 2,967 | 14.35% |
| Non Group profit | | 2 | | -2 | | 4 | |
| Earnings per share (in €) | 2.17 | | | | | | |
| - Net earnings per share | | 3,44 | | 3,00 | | 0,44 | 14.67% |
| - Net diluted earnings per share | | 3,44 | | 3,00 | | 0,44 | 14.67% |

CASH FLOW TABLE

| (In €K) | Fiscal year 2007 | Fiscal year 2006 |
|--|---------------------|---------------------|
| Net consolidated income (including minority interests) | 23,640 | 20,669 |
| +/- Net depreciation and provision expenses (including those connected to current interests) | 1,835 | 1,727 |
| +/- Deferred gains and losses connected to changes in fair value | | |
| +/- Calculated expenses and revenues linked to stock, options and similar | | |
| +/- Other calculated revenues and expenses | | |
| +/- Capital gains or losses on sales | 9 | 2 |
| +/- Profits and losses on dilution | | |
| +/- Percentage of income connected to companies accounted by the equity method | -89 | -30 |
| - Dividends (non consolidated shares) | | |
| Cash flows from operations before costs of net financial indebtedness and tax | 25,395 | 22,368 |
| + Net cost of financial indebtedness | -1,309 | -558 |
| +/- Tax charges (including deferred taxes) | 12,497 | 10,852 |
| Cash flows from operations before costs of net financial indebtedness and tax (A) | 36,583 | 32,662 |
| - Taxes paid (B) | -12,743 | -11,467 |
| +/- Change in working capital requirement connected to the business (C) | -15,598 | 4,872 |
| CASH FLOW GENERATED BY THE BUSINESS (D) = (A + B + C) | 8,242 | 26,067 |
| - Outflows connected to purchases of tangible and intangible assets | -3,732 | -3,848 |
| + Encashment connected to sales of tangible and intangible assets | 147 | 110 |
| - Outflows connected to purchase of financial assets | -162 | -134 |
| + Encashment connected to sales of financial assets | 60 | 956 |
| +/- Impact of changes in the scope of consolidation | -8,430 | -15,941 |
| | -2,271 | |
| + Dividends received | | |
| +/- Changes in loans and advances granted | 28 | |
| + Investment subsidies received | | |
| +/- Other flows connected to investment operations | | |
| NET CASH FLOWS CONNECTED TO INVESTMENT OPERATIONS (E) | -14,359 | -18,857 |
| + Sums received from the shareholders during increases of capital | | |
| - paid by the parent company's shareholders | | |
| - paid by the minority interests of consolidated companies | | |
| + Sums received when stock options were exercised | | |
| +/- Buybacks and re-sales of treasury shares | -372 | 444 |
| - Dividends distributed for payment during the fiscal year | | |
| - Dividends paid to the parent company's shareholders | -8,048 | -5,983 |
| - Dividends paid to the minority interests of consolidated companies | -2 | -2 |
| + Encashment connected to new loans | 14,639 | 19,507 |
| - Loan redemption (including lease financing contract) | -6,998 | -4,236 |
| - Net financial interest paid (including financing lease contracts) | 1,309 | 558 |
| +/- Other flows connected to financing operations | | |
| NET CASH FLOWS CONNECTED TO FINANCING OPERATIONS (F) | 528 | 10,288 |
| +/- Impact of the changes in the foreign currency rates (G) | | |
| CHANGE IN NET CASH FLOW (D + E + F + G) | -5,589 | 17,498 |
| CASH POSITION AT THE START OF THE YEAR | 67,545 | 50,047 |
| +/- Change in the cash flow | -5,588 | 17,498 |
| CASH FLOW AT THE CLOSE OF THE FISCAL YEAR | 61,957 | 67,545 |
| <i>Of which active cash flow</i> | <i>69,636</i> | <i>69,374</i> |
| <i>Of which passive cash flow</i> | <i>-7,679</i> | <i>-1,829</i> |

TABLE OF CHANGES IN SHAREHOLDERS' EQUITY

| (In €K) | Capital | Reserves connected to the share capital | Treasury shares | Reserves and consolidated income | Income recorded directly in shareholders' equity | Total group share | Minority interests | Total |
|---|--------------|---|-----------------|----------------------------------|--|-------------------|--------------------|---------------|
| Shareholders' equity as of 31/12/2005 | 1,250 | 7,021 | -771 | 36,127 | - | 43,627 | 5 | 43,632 |
| Treasury share operations | | | 444 | | | 444 | | 444 |
| Dividends | | | | -5,983 | | -5,983 | -1 | -5,984 |
| 2006 result of the consolidated group | | | | 20,205 | | 20,205 | 698 | 20,903 |
| Change of scope | | | | | | 0 | 1,062 | 1,062 |
| Published shareholders' equity on 31/12/2006 | 1,250 | 7,021 | -327 | 50,350 | 0 | 58,294 | 1,763 | 60,057 |
| Error Correction on 31/12/06 | | | | 468 | | 468 | -1,750 | -1,283 |
| Shareholders' equity reported on 31/12/2006 | 1,250 | 7,021 | -327 | 50,817 | 0 | 58,761 | 13 | 58,774 |
| Treasury share operations | | | -372 | | | -372 | | -372 |
| Dividends | | | | -8,048 | | -8,048 | -2 | -8,050 |
| 2007 result for the consolidated group | | | | 23,638 | | 23,638 | 2 | 23,640 |
| Change of scope | | | | | | | -8 | -8 |
| Shareholders' equity on 31/12/2007 | 1,250 | 7,021 | -699 | 66,406 | 0 | 73,978 | 5 | 73,983 |

NOTES TO THE CONSOLIDATED ACCOUNTS

1 DECLARATION OF CONFORMITY AND BASIS FOR PREPARING THE FINANCIAL STATEMENTS

1.1 Entity presenting the financial statements

MAISONS FRANCE CONFORT S.A. is a company domiciled in France. Its registered office is at 2, route d'Ancinnes – 61000 ALENCON.

The Company's consolidated financial statements for the fiscal year closed as of December 31, 2006 include the Company and its subsidiaries (the whole called "the Group") and the Company's share in affiliated or jointly controlled companies.

The Group's activity mainly involves building detached houses.

1.2 Declaration of conformity

The consolidated financial statements were established in accordance with the IFRS as adopted in the European Union. There is no deviation for the Group from the IFRS standards as issued by the ASB.

The financial statements were authorized by the Board of Directors on March 25, 2008 and will be submitted for approval at the next Regular General Assembly on May 23, 2008

1.3 Basis for preparing the financial statements

The consolidated financial statements are presented in euros which is the Company's operational currency. All the financial data in euros are rounded up to the closest thousands of euros.

They are prepared in accordance with the historical cost convention apart from certain financial assets and liabilities which are valued at their fair value (mainly investment securities). The methods used to evaluate fair values are examined in note 2.3.

Preparing the financial statements in accordance with the IFRS requires the management exercising judgement to make the estimations and the assumptions which have an impact on the application of the accounting methods and on the amounts of the assets and liabilities, the revenues and expenses. The real values can differ from the estimated values

The underlying estimates and assumptions are re-examined continuously.

The impact of changes in the accounting estimate is accounted during the period of the change and all subsequent periods affected.

More specifically, the information on the main sources of uncertainty concerning estimates and judgements to apply the accounting methods, which have a more significant impact on the amounts accounted in the financial statements, are described in the following notes :

- the evaluation of work in progress for construction contracts (note 2.13),
- loss and contingency provisions (note 2.12),
- depreciation tests for goodwill and other intangible items (note 4.1 & 4.2).

2 ACCOUNTING PRINCIPLES AND METHODS

The accounting methods described below were applied permanently to all the periods presented in the consolidated financial statements, uniformly for all the Group's entities.

2.1 Development of the accounting rules and methods

The following standards and interpretations, with mandatory application beginning on January 1, 2007 and appearing in the Journal Officiel de l'Union européenne at the annual account closure date, were applied for the first time in the 2007 accounting period:

New standards, amendments and interpretations which have an impact on the Group accounts:

- the amendment to IAS 1 which concerns information on capital is to be supplied. In this amendment to IAS 1, the Group explains its policy concerning management of its equity capital (note 4.11).
- the IFRS 7 standard "Financial Instruments – Information to be supplied" (note 4.8 and note 6.3).

New standards, amendments and interpretations which have no impact on the Group accounts:

- the IFRIC 7 interpretation "Application of the reprocessing approach within IAS 29 relative to hyperinflation"
- the IFRIC 8 interpretation "Field of Application of IFRS 2 – Payment based on actions"
- the IFRIC 9 interpretation "Re-examination of the embedded derivatives"

2.2 Consolidating method

Subsidiaries

The companies over which MAISONS FRANCE CONFORT exercises exclusive control are consolidated by the global consolidation method.

Control is presumed to exist when the parent company directly or indirectly holds the power to direct the financial and operational policies of a company in order to benefit from its activities.

The subsidiaries are included in the consolidation scope from the date on which the control is effectively transferred to the Group and sold subsidiaries are excluded from the consolidation scope from the date of the loss of control.

The Group accounts interests over which it exercises exclusive control using the global consolidation method: the subsidiary's assets, liabilities, revenues and expenses are consolidated 100 % and the portion of the shareholders' equity and the net income attributable to minority shareholders is shown separately in the consolidated balance sheet and profit and loss statement in minority interests.

Joint ventures

Joint ventures are interests belonging to MAISONS FRANCE CONFORT where the power to direct the financial and operational policies is contractually shared with one or several parties, none of whom exercises exclusive control.

The Group accounts its interests in controlled entities jointly in accordance with the proportional consolidation method: the consolidated financial statements include the Group's percentage interest in the assets, liabilities, revenues and charges the Group line by line, with similar items in its financial statements, from the date on which joint control is obtained up to the date it finishes.

Affiliated companies

The associated companies are interests which the Group exercises a notable influence over, i.e. has the power to participate in the company's financial and operational policies without controlling it.

Notable influence is presumed when the parent company directly or indirectly holds an interest which is at least equal to 20 % of the entity's voting rights.

The Group accounts its investments in associated companies in accordance with the equity method : the Group's interest in the affiliated company is accounted in the balance sheet ("Affiliated Company Participation" posting) and the profit and loss statement for the amount which reflects the Group's percentage in the net assets and in the affiliated company's income, from the date on which notable influence is exercised up until the date it ends.

Transactions eliminated in the consolidated financial statements

The balance sheet balances, losses and deferred gains, the revenues and expenses resulting from intra-group transactions are eliminated when the consolidated financial statements have been prepared.

The deferred gains resulting from transactions with affiliated companies and jointly controlled companies are eliminated for the value of the Group's interests in the entity.

Unrealised losses are eliminated the same way as unrealised profits, providing they do not represent a loss of value.

2.3 Foreign currency

Transactions in foreign currency

Transactions in foreign currency are recorded by applying the exchange rate in force on the date of the transaction.

There are no monetary assets or liabilities denominated in foreign currency on the date of the close.

Financial statements of activities abroad

The Group does not have any activity abroad.

2.4 Financial Instruments

Non derivative financial instruments

Non derivative financial instruments include placements in equity securities and loans, receivables and other debts, cash and cash equivalents, loans and borrowings, and suppliers and other creditors.

Non derivative financial instruments are recognized at fair value, increased by directly attributable transaction cost for instruments which are not at fair value through profit and loss. Non derivative financial instruments are valued as described below, after initial accounting.

A financial instrument is accounted if the Group becomes a party to the instrument's contractual provisions. Financial assets are derecognized if the Group's contractual rights to receive the cash flows connected to the financial assets expire or if the Group transfers the financial asset to another party without keeping control on most of the risks and advantages of it. The "normalized" purchases and sales of financial assets are accounted on the transaction date, i.e. the date on which the Group undertakes to purchase or sell the asset. Financial liabilities are derecognized if the Group's obligations specified in the contract expire or have been extinguished or cancelled.

Cash and cash equivalents include cash and demand deposits. Bank overdrafts repayable on demand which form an integral part of the Group's cash management are a component of cash and cash equivalents for the requirements of the cash flow table.

The accounting of financial income and expenses is analyzed in note 2.15.

Held-to-maturity investments

If the Group intends and has the capacity to hold the securities until maturity, they are classified as held-to-maturity investments. After initial recognition, the held to maturity investments are evaluated at the depreciated cost in accordance with the effective rate method reduced by any impairment losses.

Available-for-sale financial assets

The Group's equity security investments and certain security investments are classified as available-for-sale assets. After their initial recognition, they are valued at fair value and any variation is accounted directly in shareholders' equity, apart from impairment losses and translation differences for available for sale monetary elements. If these assets are derecognized, the total profits or losses accounted in shareholders' equity are transferred to the result.

Financial assets at fair value through profit or loss

An instrument is classified as an asset at fair value through profit and loss if it is held for trading or designated as such when it is first recognized. Financial instruments are designated at fair value through profit or loss if the Group manages these assets and takes purchase and sale decisions based on their fair value. On initial recognition, the directly attributable transaction costs are accounted in the result when they are incurred. Financial instruments at fair value through profit or loss are valued at fair value, and any variation resulting from this is recognized in the result.

Others

Other non derivative financial instruments are valued at the depreciated cost in accordance with the effective rate method, reduced by impairment losses. Transactions in foreign currency are recorded by applying the exchange rate in force on the date of the transaction.

Derivative financial instruments

The Group does not use any derivative financial instruments as it does not have any foreign exchange or rate exposure.

Composite financial instruments

The Group does not use any composite financial instruments.

The Group does not use any composite financial instrument.

Common shares

The incidental costs directly attributable to issuing common shares or stock options are recognized as a reduction from shareholders' equity.

Preference shares

All the shares in the company share capital are common shares.

Buyback of equity securities

If the Group buys back its equity securities, the amount of the consideration paid, including directly attributable costs, is recognized as a reduction of shareholders' equity. The bought back securities are classified as treasury shares and deducted from shareholders' equity.

2.5 Intangible assets

The intangible fixed assets acquired by the Group are valued at their acquisition cost, reduced by the running total of the amortization and possible impairments in value.

They basically include trademarks and assimilated rights, lease renewal rights as well as computer software programmes.

They are amortized in accordance with the straight-line method over their useful life span, apart from certain trademarks with indefinite life span held by the Group, which are not depreciated.

2.6 Goodwill

Goodwill (including negative goodwill) results from the acquisition of subsidiaries, joint ventures and affiliated companies.

Acquisitions before January 1, 2004

During its transition to IFRS, the Group chose to only restate corporate Groupings which occurred from January 1, 2004. The goodwill for acquisitions before January 1, 2004 is the net amount recognized in accordance with the Group's previous accounting reference.

Acquisitions after January 1, 2004

The goodwill for corporate acquisitions after January 1, 2004 represents the difference between the acquisition cost and the Group's interest in the net fair value of assets, liabilities and possibly identifiable acquired assets. If a negative goodwill results from this, it is immediately recognized in the result.

Acquisitions of minority interests

The goodwill resulting from the acquisition of a subsidiary's minority interest is the difference between the additional investment cost and the book value of the net assets acquired on the exchange date.

Subsequent valuation

Goodwill is valued at cost, reduced by total impairment losses. The book value for goodwill for companies accounted for by the equity method is included in the interest book value.

2.7 Tangible fixed assets

Accounting and valuation

A tangible asset is valued at cost reduced by the total depreciation (see below) and the total impairment losses (see accounting method described in 2.10). The cost of intangible assets on January 1, 2004, date of transition to IFRS was determined with reference to their net book value on this date. There was no revaluation of real estate.

The cost includes the expenses directly attributable to acquiring the assets. The cost of an asset produced by the Group for itself includes the cost of raw materials, direct labour, initial estimation, and if necessary the costs of dismantling and moving the fixed asset and repairing the site where it was located, and an appropriate percentage of general production costs.

When the components of tangible assets have different useful lives, they are recognized as separate tangible assets (major components) and an appropriate portion of the overall production fees.

When the components of the tangible capital assets have different useful life-spans, they are treated as distinct, tangible capital assets (major components).

Rented assets

The contracts for renting tangible fixed assets which transfer almost all the benefits and risks inherent in owning the assets to the Group are recognised in the balance sheet, if the rental contract begins at the rented assets' fair value or at the discounted value of the minimum payments for each rental if this is lower.

The rental payments are broken down between the financial expense and the amortization of the debt. Financial expenses are recorded in the "Cost of net financial indebtedness" item in the profit and loss statement

Subsequent costs

The cost of replacing a component of a tangible asset is recognized at this asset's book value if it is probable that the future economic benefits associated with this asset will go to the Group and its cost can be valued reliably. The costs of daily cleaning and maintenance are recognized in expenses at the time they are incurred.

Depreciation

Depreciation is recognized in expenses in accordance with the straight-line method over the useful life span estimated for each component of a tangible asset.

Rented assets are depreciated over the length of the lease contract or their useful life span, whichever is insured. Land is not depreciated. The estimated useful lives for the period in progress and the comparative period are as follows :

| Type of asset | Method | Duration |
|--|---------------|---------------|
| Constructions on own land | Straight-line | 40 years |
| Constructions on land belonging to another | Straight-line | Term of lease |
| Equipment and tooling | Straight-line | 5 to 8 years |
| General installations | Straight-line | 5 to 10 years |
| Transport equipment | Straight-line | 3 to 4 years |
| Office equipment | Straight-line | 3 to 5 years |
| Office furniture | Straight-line | 8 to 10 years |

The depreciation methods, useful life spans and the residual values are revised at each closing.

2.8 Inventories and work in progress

Inventories are valued at their production cost or the net realization value if this is lower. The net realization value is the estimated sale price in the normal course of business reduced by the estimated completion costs and the estimated costs for realizing the sale.

Inventories are mainly constituted of land as well as the inventory for the Alençon joinery workshop.

2.9 Construction contracts in progress

Construction contracts in progress are accounted in accordance with the method explained in paragraph 2.13. These contracts appear :

- in the assets if the balance of the contract is debit (theoretical invoicing in advance higher than the calls for funds),
- in the liabilities if the balance of the contract is credit (theoretical invoicing on advancement below draw downs of funds).

2.10 Impairment

Financial assets

The Group considers that a financial asset is impaired if there are objective indications that one or more events have had a negative impact on the estimated future cash flows for the asset.

The impairment loss for a financial asset valued at the depreciated cost corresponds to the difference between its carrying value and the value of estimated future cash flows discounted at the original effective rate for the financial assets. The impairment loss of an available-for-sale financial asset is calculated with reference to its current fair value.

An impairment test is performed on an individual basis, for each significant financial asset. The other assets are tested in Groups with similar credit risk characteristics.

Impairment losses are recognized in the results. All cumulated losses for available-for-sale assets which were previously accounted in shareholders' equity is transferred to the result.

The impairment loss is recovered if the recovery can be objectively connected to an event arising after the impairment is recognized. The recovery is accounted in the result for financial assets value at the depreciated cost and available for sale assets represented by debt security. The recovery for available for sale assets represented by equity securities is accounted directly in shareholders' equity.

Non financial assets

The book values of the Group's assets, inventories and the deferred tax debit are examined on each closing date in order to assess whether there is any indication at an asset has suffered an impairment in value. If such an indicator exists, the recoverable value of the asset is estimated

The recoverable value for goodwill, intangible fixed assets with indefinite useful lives or intangible fixed assets which are not yet ready to be put into service, are estimated on each closing date.

An impairment in value is accounted if the book value of an asset or its cash generating unit is more than its recoverable value. Impairments in value are accounted in the profit and loss statement.

An impairment in value which is recognized for a cash generating unit is firstly earmarked to reduce the book value of any goodwill allocated to the cash generating unit (to the group of units), then to reducing the book value of other assets of the unit (of the group of units) pro-rata to the book value of each asset the unit possesses (of the group of units).

An impairment test on goodwill and intangible fixed assets with indefinite useful lives was performed on January 1, 2004, the transition date to IFRS, even if there was nothing to indicate that these assets had suffered an impairment in value.

Calculating the recoverable value

The recoverable value of an asset or a cost generating unit is the higher of its going concern value and the fair value reduced by selling costs.

In order to assess the going concern value, future estimated cash flows are discounted at the rate, before tax, which reflects the market's current assessment of the time value of money and the asset's specific risks.

Recovering the impairment loss

An impairment loss recognized in goodwill cannot be recovered. For other assets, the Company assesses at each closing date whether there is an indication that the impairment losses recognized during prior periods have reduced or no longer exist. An impairment loss is recovered if there is a change in the estimation used to determine the recoverable value. The recoverable value of an asset, increased by recovering a loss in value must not be higher than the book value which would have been calculated net of depreciation, if no impairment in value had been recognised.

2.11 Consolidated shareholders' equity

If the Group purchases its own shareholders' equity instruments, the amount of the counterpart paid including the directly attributable costs is accounted as a variation of shareholders' equity. The purchased shares are categorized as treasury shares and deducted from the shareholders' equity.

2.12 Provisions

A provision is accounted in the balance sheet if the Group has a current legal or implicit obligation resulting from a past event where it is likely that an outflow of resources representing economic benefits will be required to extinguish the obligation.

If the time value effect is significant, the provision is calculated by discounting the expected future cash flows at a rate, before tax, reflecting the market's current valuation of the time value of the money and if appropriate, the specific risks of this liability.

The Group does not recognize provisions :

For guarantees (10 year and 30 year)

Under the terms of the construction contract (article 4-4), the Group is insured against the financial consequences of its professional liability which it could incur under the application of articles 1792 and following and 2270 of the Civil Code.

The all-risks contracts taken out provide :

- A ten-year liability cover as defined by articles 1792 and 1792.2 of the Civil Code for building works which the Group performs, either in the capacity as the building lessor or as subcontractor,
- The civil liability cover for the civil liability which the Group may incur due to losses caused to a third party before or after acceptance of the works or following an error in installing the structure which it performs in his capacity as developer,
- Cover before acceptance of the works against structure's collapsing, attacks, storms, natural disasters.

We are only responsible for paying the deductibles per loss under these contracts. Any deductibles which may be owed are recorded in the contingency account.

Our Group has never been implicated or the subject of a judgment concerning thirty-year civil liability.

For termination losses

Recall that termination losses are almost nonexistent. In addition, the average construction time (9 months) and the uniformity of the contracts restrict such a risk.

For default by subcontractors

The Group uses subcontractors to build almost all its houses.

The conclusion of a subcontracting contract is subject to the Group's internal procedures requiring the supply of a ten-year insurance certificate.

If a loss arises, the subcontractor's liability is systematically implicated by our insurance, which explains the lack of provisions.

An explanation note concerning each type of provision accounted is detailed under the note which provides details of the change in this item.

2.13 Revenues : recognition of turnover

The major part of the Group's turnover comprises the revenue from selling single detached houses resulting from a building contract.

Building contracts

When the result of a building contract can be reliably estimated, the revenue and the contract cost are accounted in the profit and loss statement in accordance with the contract's degree of advancement.

The results are realized in accordance with the proportional performance method from the date of the building site's programming (financing certificate, ownership of land and building permit obtained).

The percentage of advancement is determined on the basis of the actual costs incurred (to the extent that they constitute a correct evaluation of the work

performed) compared to the total budgeted costs which are periodically discounted, including the costs which are directly attributable to building sites. These costs include :

- The sales costs connected with the contracts for agents and employed representatives
- The technical costs connected with obtaining building permits
- Subcontracting
- Materials
- Insurance for the building site
- The direct production labour.

The turnover which is calculated for each building site is compared to the instalments and down payments received from customers in order to calculate a debit or credit balance for each building site which will be accounted for the balance sheet assets or liabilities.

Complete provisions are entered before any losses on termination, calculated on the basis of global cost in the fiscal year in which they are recorded. It must be remembered that such an eventuality is extremely rare.

2.14 Payments for ordinary rental contracts

Payments for ordinary rental contracts

The payments for ordinary rental contracts are accounted as expenses on a straight-line basis over the duration of the rental contract.

The benefits received form an integral part of the total net of rental expenses and are accounted in the result in accordance with the same rule.

The minimum payments for a lease-financing contract are broken down into financial expense and paying the debt.

The financial expense is allocated to each period covered by the leasing contract in order to obtain a constant periodical interest rate to apply to the balance of the outstanding debt.

Conditional payments are recognized by modifying the minimum payments over the period remaining to run on the contract if the adjustment of the amount of the rent is confirmed.

2.15 Financial income and expenses

The net financial result corresponds to the cost of gross financial indebtedness reduced by cash income, cash equivalents and cash management assets.

The cost of gross financial indebtedness comprises :

- the gross interest charges relating to the current and non current financial debt,
- amortization of financial assets or liabilities valued at the amortized cost,
- the results from hedging rates,
- the revenue and expenses which may be connected with accounting financial loans and debts at their fair value,

Cash income, cash equivalents and financial assets from cash management comprise :

- the interest income and expenses on cash, cash equivalents and financial assets from cash management,
- the income from cash equivalents and financial assets from cash management,
- the income and expenses on sales and variations in the fair value of cash equivalents and financial assets from cash management.

Cash discounts are deducted from the corresponding purchases and are therefore accounted in operating income.

Interest expenses are accounted in expenses for the fiscal year during which they are incurred.

The posting is mainly composed of interest charges related to the Group loans.

The financial products are almost exclusively composed of cash-pooling products.

2.16 Corporation tax

The corporation tax (expense or revenue) comprises the tax due expense (revenue) and the deferred tax expense (revenue). The tax is accounted in the result unless it is connected to elements which are directly accounted in shareholders' equity, in which case it is accounted as shareholders' equity.

The tax payable is :

- the estimated amount of the tax due for the taxable profit for a period, calculated by using the tax rates which are adopted or almost adopted on the closing date,
- any adjustment of the amount of payable tax for previous periods.

The deferred tax is calculated according to the balance sheet approach of the liability method of tax allocation for all the timing differences between the book value of the assets and liabilities and their tax basis.

Deferred tax is not recorded for the following elements :

- non tax deductible goodwill,
- the initial accounting of an asset or liability in a transaction which is not a grouping of companies and which does not affect the accounting profit or the taxable profit.
- the timing differences connected to interests in subsidiaries insofar as they will not invert in the foreseeable future.

The evaluation of deferred tax debits and credits is based on the way that the Group is expecting to recover or to settle the book value of assets and liabilities, by using the tax rates which are adopted or almost adopted on the closing date.

A deferred tax debit is only accounted if it is likely that the group will have future taxable profits which this asset can be attributed to.

Deferred tax credits are reduced if it is no longer likely that there will be sufficient taxable profit available. Additional tax which results from the distribution of dividends is accounted when the dividends are accounted in the liabilities.

2.17 Net earnings per share

The Group presents earnings for its basic ordinary shares and diluted shares.

The earnings per basic share are calculated by dividing the attributable results to the Company's ordinary shareholders by the weighted average number of ordinary shares in circulation during the period.

2.18 Industrial sector information

A sector is a separate component of the Group which is involved in either supplying connected products or services (business sector), or in supplying products or services in a specific economic environment (geographical sector) and which is exposed to profitability risks which differ from those in other sectors.

Our Group's business activity is limited to real estate development, the sales and results of which are related in note 5.1.

Our Group's business activity is exclusively restricted to France in departments which are not exposed to different risks or profitability and therefore it is unnecessary to provide information for each business sector.

2.19 New standards and interpretations not yet applied

New standards, amendments and interpretations are not yet in force for the accounting periods which were closed on December 31, 2007 and were not applied in the preparation of the consolidated financial statements:

- IFRS 8 "Operational Sectors" introduces the "management approach" to establish the sector information. IFRS 8, which will be mandatory for the Group's 2009 financial statements, requires that the note concerning the sector information be based on the internal reporting which is regularly examined by the Group's principal operational decision-maker, in order to evaluate the performance of each sector and to allocate resources to them.
- the revised IAS 23 "Borrowing Costs" deletes the option of posting borrowing fees as expenses and requires that a tangible asset consists of the asset cost, the borrowing costs directly attributable to

the acquisition, the construction or the production of a qualified asset. Application of the revised IAS 23 will be mandatory in the Group's 2009 financial statements and will constitute a change in accounting methods for the Group. In accordance with the temporary provisions, the Group will apply the revised IAS 23 to qualified assets for which the incorporation of borrowing costs will begin on the start date imposed by the standard.

- IFRIC 11 "IFRS 2- Intra-group Transactions based on shares" requires that an agreement whose payment is based on shares in which an entity receives products or services in exchange for assignment of its own equity capital instruments which be accounted as a transaction whose payment is based on shares and which are paid in equity capital instruments, independent of the manner by which the entity obtains the equity capital instruments. The application of IFRIC 11 will be mandatory in the Group's 2008 financial statements, in a retroactive manner. It should not have any impact on the consolidated financial statements.
- IFRIC 12 "Service Provision Agreements" gives indications on some questions associated with the accounting and evaluation of provision agreements from the public sector public to the private sector. IFRIC 12, whose application will be mandatory in the Group's 2008 financial statements, must not have any impact on the consolidated financial statements.
- IFRIC 13 "Client Loyalty Programs" processes the accounting by the entities which use or participate in any manner, with loyalty programs for their clients. The interpretation concerns the loyalty programs by which the client can use credits by the assignment of free products or services or rebates. IFRIC 13, which will be mandatory in the Group's 2009 financial statements should not have any impact on the financial statements.
- IFRIC 14 "IAS 19- Upper limit of an asset given in exchange for defined provisions, minimum financing obligations and their interactions" clarifies the date at which the reimbursements or the reduction in future quotations concerning the assets for a defined provision system are considered as available and provides specifications on the impact of the minimum financial obligation (OFM) on these assets. The interpretation also processes the point at which an OFM can generate a liability. IFRIC 14 will be mandatory, in a retroactive manner, in the Group's 2008 financial statements. It should not have any impact on the consolidated financial statements.

Significant events which have an impact on the consolidated accounts established on December 31, 2007

75% of "Maison de la Côte Atlantique" was acquired by Group on February, 2006. The remaining 25% yet to be acquired is the object of a unilateral purchase promise to be executed between April 30 and June 30, 2011.

The appendix of consolidated accounts for the period which closed on December 31, 2006 indicates the impossibility for the Group to evaluate the additional cost, the latter being determined from forecasted items whose accuracy was deemed to be insufficient on the date of the financial reports. From this fact, the companies which consist of the MCA sub-group have been incorporated overall into the 2006 consolidated accounts while retaining an interest rate of 75% and the future debt has not been evaluated in the financial statements.

The financial items owned by the Group on December 31, 2007 allow it to estimate the future debt with a satisfactory degree of certainty and to be able to correct the percentage of integration by taking it to 100%.

The impact of this error correction is detailed in the table below:

IMPACTS ON THE BALANCE SHEET

| (K€) | 31/12/2006 | | | 30/06/2006 | | |
|--|-------------------|------------------|---------------|-------------------|------------------|---------------|
| | Before correction | After correction | IMPACT | Before correction | After correction | IMPACT |
| ASSETS | | | | | | |
| Goodwill | 17,314 | 24,072 | 6,758 | 15,567 | 22,325 | 6,758 |
| Various Accounts Receivable | | | | | | |
| TOTAL ASSET IMPACT | | | 6,758 | | | 6,758 |
| LIABILITIES | | | | | | |
| Group's Equity Capital | 58,294 | 58,761 | 467 | 48,121 | 48,511 | 390 |
| Minority interest in equity capital | 1,763 | 13 | -1,750 | 1,558 | 4 | -1,554 |
| Long-term financial liabilities – more than one year | 11,417 | 18,380 | 6,963 | 10,353 | 17,214 | 6,861 |
| Short-term financial liabilities | 7,477 | 8,555 | 1,078 | 8,138 | 9,199 | 1,061 |
| TOTAL LIABILITY IMPACT | | | 6,758 | | | 6,758 |

IMPACTS ON THE PROFIT

| (K€) | 31/12/2006 | | | 30/06/2006 | | |
|----------------------------|-------------------|------------------|-------------|-------------------|------------------|-------------|
| | Before correction | After correction | IMPACT | Before correction | After correction | IMPACT |
| PROFIT | | | | | | |
| Cost of the financial debt | -731 | -964 | -233 | -373 | -488 | -115 |
| TOTAL IMPACT RESULT | | | -233 | | | -115 |

IMPACTS ON THE CASH FLOW TABLE

| (K€) | 31/12/2006 | | | 30/06/2006 | | |
|--|-------------------|------------------|---------------|-------------------|------------------|---------------|
| | Before correction | After correction | IMPACT | Before correction | After correction | IMPACT |
| Impact of scope changes | -8,133 | -15,941 | -7,808 | -6,521 | -14,329 | -7,808 |
| TOTAL IMPACT ON THE NET CASH FLOW ASSOCIATED WITH INVESTMENT OPERATIONS | | | -7,808 | | | -7,808 |
| Collection associated with new loans | 11,464 | 19,506 | 8,042 | 8,065 | 15,988 | 7,923 |
| Net financing Interest paid (including financing loan) | 792 | 558 | -234 | 463 | 348 | -115 |
| TOTAL IMPACT ON THE NET CASH FLOW ASSOCIATED WITH FINANCING OPERATIONS | | | 7,808 | | | 7,808 |
| TOTAL IMPACT ON THE CHANGE IN THE NET CASH | | | 0 | | | 0 |

3 INFORMATION ON THE SCOPE OF CONSOLIDATION

3.1 List of consolidated companies as of December 31 2007

| Company name | Activity | Registered Office | ID n° | % Interest | Conso Method |
|--------------------------------------|----------------------|--|-------------------|------------|--------------|
| Maisons France Confort | Construction | 2, rte d'Ancinnes - 61000 ALENCON | 095 720 314 00012 | 100.00 | Parent |
| Maisons de L'avenir | Construction | 19, rue Jean Jaures - 29000 QUIMPER | 329 626 261 00021 | 99.97 | GC |
| Maisons de l'Avenir Loire Atlantique | Construction | Chemin des Martinets - 44000 ORVAULT | 444 593 172 00018 | 99.97 | GC |
| Maisons de l'Avenir Ile et Vilaine | Construction | 32b, rue de Rennes -35510 CESSON SEVIGNE | 487 606 626 00017 | 99.97 | GC |
| Maisons de l'Avenir Morbihan | Construction | 36, rue Jean Oberlé – 56000 VANNES | 487 421 349 00019 | 99.97 | GC |
| Maisons de l'Avenir Vendée | Construction | 14, rue Claude Chappe – 85000 LA ROCHE SUR YON | 492 101 720 00018 | 99.97 | GC |
| OC Résidences | Construction | 160, av Ch. de Gaule - 81100 CASTRES | 328 252 671 00024 | 99.96 | GC |
| OC Résidences Etudes | Office of Studies | 160, av Ch. de Gaule 81100 CASTRES | 501 029 565 00014 | 99,96 | IG |
| Maisons BERVAL | Construction | La Haute Borne - 77100 MAREUIL LES MEAUX | 348 279 381 00019 | 99.97 | GC |
| GHPA (M. Bruno Petit) | Construction | Route de Lourdes - 65290 JUILLAN | 349 124 693 00012 | 100.00 | GC |
| MJB (Bruno Petit) | Construction | 360 avenue de la Châtre - 36000 CHATEAURoux | 404 481 491 00029 | 100.00 | GC |
| MJB 18 (Bruno Petit) | Construction | 56, rue Marcel Haegelen - 18000 BOURGES | 451 406 854 00021 | 100.00 | GC |
| Maisons Horizon | Construction | 3bis, rue du Canal - 57950 MONTIGNY LES METZ | 379 434 459 00044 | 100.00 | GC |
| Maisons Millot | Construction | Arrenes 23210 BENEVENT L'ABBAYE | 329 693 279 00054 | 100,00 | IG |
| Azur et construction | Construction | rue Charles Dullin - 13500 MARTIGUES | 395 037 187 00030 | 100.00 | GC |
| Constructions Idéale Demeure | Construction | 305, rue Giraudeau - 37000 TOURS | 390 836 112 00024 | 100.00 | GC |
| Maisons de la Côte Atlantique | Construction | 110, av. du Peyrou - 33370 ARTIGUES PRES BORDEAUX | 335 185 146 00024 | 75.00 | GC |
| Maisons Charentes Atlantique | Construction | 5, rue Pierre et Marie Curie - 17100 SAINTES | 451 406 912 00027 | 75.00 | GC |
| Maisons Côte Atlantique 40 | Construction | 816, av. du Marechal Foch – 40000 MONT DE MARSAN | 492 440 409 00026 | 75.00 | GC |
| Maisons Côte Atlantique 24 | Construction | La Cavaille Nord 24100 BERGERAC | 494 150 352 00016 | 100,00* | IG |
| PCA Maisons | Construction | Route de la Seyne 83190 OLLIOULES | 340 743 632 00077 | 100,00 | IG |
| MOREL Constructions | Construction | 18 Rue Gabriel Poirion 85600 BOUFFERE | 311 570 444 00159 | 100,00 | IG |
| MOREL Promotion | Construction | 18 Rue Gabriel Poirion 85600 BOUFFERE | 320 259 450 00049 | 100,00 | IG |
| Bati Soft Aquitaine | Construction | 110, av. du Peyrou 33370 ARTIGUES PRES BORDEAUX | 480 081 140 00018 | 100.00 | GC |
| Batimo | Construction | Arrenes 23210 BENEVENT L'ABBAYE | 424 328 037 00017 | 100.00 | GC |
| Foncière Résidences | Real estate agent | 2, bvd de Strasbourg 94130 NOGENT SUR MARNE | 421 221 987 00017 | 100.00 | GC |
| SCCV Le Jardin des Escourtines | Property development | 2, bvd de Strasbourg 94130 NOGENT SUR MARNE | 450 280 896 00017 | 99.00 | GC |
| SCCV La Gentilhommière | Property development | 2, bvd de Strasbourg 94130 NOGENT SUR MARNE | 484 199 146 00016 | 50.00 | PC |
| SCCV Résidence KENNEDY | Property development | 29, rue des Montées 45100 ORLEANS | 453 009 532 00012 | 50.00 | PC |
| S.A.R.L. Propriété Familiale | Property development | 3, rue des Archers 91150 ETAMPES | 308 277 789 00035 | 29.95 | EM |
| S.A.R.L. GEPHIMO | Property development | 28, avenue de Chanzy 95130 FRANCONVILLE | 408 494 870 00012 | 49.80 | EM |

* 75% holdings with a buyback commitment of 25 % - Consolidated to 100 % in accordance with the IFRS 3 standard

GC = Global consolidation IP = Proportional consolidation EM = Equity Method

3.2 New acquisitions during the 2007 fiscal year

The changes in the consolidation period during the 2006 fiscal year, described below, do not significantly affect the comparability of MAISONS FRANCE CONFORT Group's consolidated financial statements. The table below summarizes the acquisitions made during the fiscal year:

| Company name | Activity | Date of acquisition | % acquired | Note |
|-------------------------------|--------------|---------------------|------------|-------|
| Sud Promotion Investissements | Holding | 01/04/2007 | 100,00 | 3.2.1 |
| PCA Maisons | Construction | 01/04/2007 | 100,00 | 3.2.1 |
| MOREL Constructions | Construction | 01/10/2007 | 100,00 | 3.2.2 |
| MOREL Promotion | Construction | 01/10/2007 | 100,00 | 3.2.2 |
| Maisons Aquarelle | Construction | 01/10/2007 | 100,00 | 3.2.2 |

3.2.1 Acquisition of the PCA Maisons group

On April 1, 2007, Maisons France Confort acquired 100% of the capital of Sud Promotion Investissements, owner of 100% of PCA Maisons, situated in the PACA region. During the second semester of 2007, SPI and PCA were the object of a retro-active merger on April 1, 2007 with no impact on the group's consolidated accounts. The key figures for the period from April 1 to December 31, 2007 for this subsidiary are as follows (K€) :

| | |
|------------------|------------|
| Sales Turnover | : 6 052 K€ |
| Operating Result | : 781 K€ |
| Net Result | : 544 K€ |

3.2.2 Acquisition of the MOREL Constructions group

On October 1, 2007, Maisons France Confort acquired 100% of the capital of MOREL Constructions, itself an owner of MOREL Promotion and Maisons Aquarelle, situated in Loire Atlantique and in Vendée. During the last trimester in 2007, Maisons Aquarelle was pre-emptively dissolved after a complete transfer of its assets to its parent MOREL Constructions. This judicial operation had no impact on the group's consolidated accounts. The key figures for the last trimester of 2007 for this subsidiary are as follows (K€) :

| | |
|------------------|------------|
| Sales Turnover | : 3 781 K€ |
| Operating Result | : 198 K€ |
| Net Result | : 144 K€ |

* data for the sub-group composed of MOREL Constructions and MOREL Promotion

Cash Flow in the acquired assets and liabilities

The table below illustrates the impacts of these acquisitions on the Group's treasury.

IMPACT OF FINANCIAL INVESTMENTS ON THE CASH FLOW

| (in thousands of euros) | TOTAL |
|----------------------------------|---------------|
| Treasury and equivalents | 3,893 |
| Other assets | 19,355 |
| Other liabilities | (18,218) |
| Net acquired asset (A) | 5,030 |
| <i>Goodwill (B)</i> | 7,290 |
| Disbursements (A) + (B) * | 12,320 |
| Acquired Treasury | (3,893) |
| Net Disbursements | 8,427 |

* Portion financed by a loan: 11 800 K€

3.2.3 Acquisition of 20% of Batimo

During its acquisition by the group on October 1, 2006, Maisons Millot retained 80% of S.A.R.L. BATIMO, a construction company for who deal exclusively with Millot. During the second semester of 2007, Millot acquired the remaining 20% and thus retained 100% of the capital of BATIMO. This operation had no impact on the Group's consolidated accounts.

3.3 Other scope changes which have no impact on the consolidated accounts

Creation of new structures

Within the body of our internal development, a new structure was created in order to strengthen our presence in a department where the Group was not previously present: "MAISONS DE LA COTE ATLANTIQUE 24" in the department of Dordogne.

In addition, the OC Résidences subsidiary created the "OC Résidences Etudes" structure in order to regroup the study office functions for the OC Résidences' own business.

4 NOTES ON THE CONSOLIDATED BALANCE SHEET

4.1 Intangible fixed assets

| Gross | Development costs | Licenses, patents and similar rights | Other intangible assets | Total |
|---|-------------------|--------------------------------------|-------------------------|--------------|
| 01/01/2006 | - | 785 | 1,558 | 2,344 |
| Changes in the scope of consolidation | - | 60 | 32 | 92 |
| Investments and other increases | - | 202 | 109 | 311 |
| Sales and misc. reductions | - | (14) | (10) | (25) |
| 31/12/2006 | - | 1,033 | 1,689 | 2,722 |
| 2007 flows | | | | |
| Changes in the scope of consolidation | - | 146 | | 146 |
| Investments and other increases | - | 125 | 139 | 263 |
| Sales and misc. reductions | - | (8) | | (8) |
| 31/12/2007 | - | 1,295 | 1,828 | 3,123 |
| Amortization, depreciation, and impairment in value | Development costs | Licenses, patents and similar rights | Other intangible assets | Total |
| 01/01/2006 | - | 645 | 63 | 709 |
| Changes in the scope of consolidation | - | 48 | - | 48 |
| Sales and misc. reductions | - | (9) | - | (9) |
| Expenses and write backs | - | 109 | 14 | 123 |
| 31/12/2006 | - | 794 | 77 | 871 |
| 2007 flows | | | | |
| Changes in the scope of consolidation | - | 118 | | 118 |
| Sales and misc. reductions | - | | | - |
| Expenses and write backs | - | 168 | (12) | 156 |
| 31/12/2007 | - | 1,079 | 65 | 1,145 |
| Net | Development costs | Licenses, patents and similar rights | Other intangible assets | Total |
| 31/12/2006 | | 239 | 1,612 | 1,851 |
| 31/12/2007 | | 215 | 1,763 | 1,978 |

The trademarks and lease rights, which are not used, were totally depreciated for their acquisition value
The value recognised in the balance sheet for intangible assets, which continued to be exploited by the group, is established by :

Sales during the fiscal year of trademarks and businesses,
The sites for the lease rights.

4.2 Goodwill

Change in the line item's net value on 31/12/2007

| Gross | Gross Value | Depreciation | Net value |
|-----------------------------------|---------------|--------------|---------------|
| 01/01/2006 | 9,634 | - | 9,634 |
| Changes in scope of consolidation | 14,438 | - | 14,438 |
| Impairment in value (expense) | - | - | - |
| 31/12/2006 | 24,072 | - | 24,072 |
| 2007 flows | | | |
| Changes in scope of consolidation | 9,566 | - | 9,566 |
| Impairment in value (expense) | - | - | - |
| 31/12/2007 | 33,638 | - | 33,638 |

Distribution of the Goodwill per cash generating unit (CGU)

| Goodwill Net | 31/12/2007 | 31/12/2006 |
|-------------------------------|-------------------|-------------------|
| Maisons de l'avenir | 1,347 | 1,347 |
| OC Résidences | 1,000 | 1,000 |
| Maisons BÉRAL | 731 | 731 |
| GHPA | 601 | 601 |
| MJB | 1,104 | 1,104 |
| Maisons Horizon | 1,211 | 1,211 |
| Azur & Construction | 1,572 | 1,572 |
| Constructions Idéale Demeure | 2,068 | 2,068 |
| Maisons de la Côte Atlantique | 14,870 | 12,599 |
| Maisons MILLOT | 1,844 | 1,839 |
| PCA Maisons | 4,189 | |
| MOREL Constructions | 3,101 | |
| TOTAL | 33,638 | 24,072 |

The change in the amount of the Goodwill reported for Maisons de la Côte Atlantique comes from the re-evaluation of the remaining 25% to be acquired. The latter was determined as a function of the financial statements from 2006 to 2010. The counterpart for this re-evaluation is in the "financial debts" entry.

The portion of this re-evaluation which is associated with the payment of the debt was entered as a financial expense.

At the present, except for PCA Maisons, the acquisitions of all the subsidiaries of the Maisons France Confort group were made with a firm, fixed price. These acquisitions, nevertheless, provide a liability guarantee. No liability guarantees have been activated at the present.

The depreciation tests to which this Goodwill has been subjected in accordance with note 2-10 have not been made to appear as a loss in value on December 31, 2007.

The method of determining the recoverable value of the CGU, to which the discrepancies have been assigned, is detailed here-after.

The recoverable value of an asset or of a cash-generating unit is the higher value between their useful value and their fair market value reduced by sales expenses.

- To evaluate the useful value, the company proceeds with an estimate of the future cash flows.

The future cash flow projections were determined by the DCF method. This calculation was made on the basis of cash flow projections for a period of five years after the issue of plans and budgets approved by the management while including, for the first 18 months, the existing orders at the end of December, 2007. Cash flows beyond the foreseeable horizon (2 years) were extrapolated using an assumption of stability.

The terminal value was calculated using the data for year 5 with depreciation at infinity.

An depreciation rate 10.97 % was used

- The company evaluates the fair market value based on the last transactions.

A sensitivity analysis of the calculation to changes in the key parameters has not yielded any probable scenarios in which the useful value of the CGU becomes less than its book value

4.3 Tangible assets

The movements in the gross value of tangible fixed assets and corresponding depreciation during the fiscal year can be summarised as follows :

| Gross | Land and buildings | Plant property and equipment | Other tangible assets | Fixed assets in progress | Total |
|---|---------------------------|-------------------------------------|------------------------------|---------------------------------|---------------|
| 01/01/2006 | 6,404 | 558 | 4,868 | 402 | 12,232 |
| Transfers between items and others | 504 | (73) | 73 | (504) | - |
| Changes in the scope of consolidation | 164 | 185 | 961 | 312 | 1,622 |
| Investments and other increases | 576 | 54 | 1,865 | 1,042 | 3,537 |
| Sales and masc. reductions | - | (8) | (681) | - | (689) |
| 31/12/2006 | 7,648 | 716 | 7,086 | 1,252 | 16,702 |
| Including lease financing | - | - | 169 | - | 169 |
| 2007 flows | | | | | |
| Transfers between items and others | 1,867 | | 40 | (1,907) | (0) |
| Changes in the scope of consolidation | 223 | 63 | 921 | | 1,207 |
| Investments and other increases | 589 | 96 | 1,695 | 1,089 | 3,469 |
| Sales and masc. reductions | (1) | (20) | (563) | (2) | (585) |
| 31/12/2007 | 10,326 | 855 | 9,179 | 432 | 20,793 |
| Including lease financing | - | - | 169 | - | 169 |
| Amortization, depreciation, and value impairment | Land and buildings | Plant property and equipment | Other tangible assets | Fixed assets in progress | Total |
| 01/01/2006 | 2,457 | 336 | 3,111 | - | 5,904 |
| Transfers between items and others | | | | - | |
| Changes in the scope of consolidation | 103 | 59 | 469 | - | 631 |
| Investments and other increases | - | (6) | (599) | - | (605) |
| Sales and masc. reductions | 157 | 93 | 937 | - | 1,187 |
| 31/12/2006 | 2,716 | 482 | 3,919 | - | 7,117 |
| Including lease financing | - | - | 169 | - | 169 |
| 2007 flows | | | | | |
| Transfers between items and others | | | | | |
| Changes in the scope of consolidation | 58 | 25 | 420 | - | 503 |
| Sales and masc. reductions | | | | - | - |
| Expenses and write backs | 223 | 105 | 822 | - | 1,150 |
| 31/12/2007 | 2,997 | 612 | 5,161 | - | 8,770 |
| Including lease financing | - | - | 169 | - | 169 |
| Net | Land and buildings | Plant property and equipment | Other tangible assets | Fixed assets in progress | Total |
| 31/12/2006 | 4,932 | 234 | 3,167 | 1,252 | 9,585 |
| Including lease financing | - | - | - | - | - |
| 31/12/2007 | 7,329 | 243 | 4,019 | 432 | 12,023 |
| Including lease financing | - | - | - | - | - |

4.4 Interests in affiliated companies

The 'shares accounted for by the equity method' item in the balance sheet is broken down as follows:

| (thousands of € euros) | GEPHIMO | Family owned | TOTAL |
|---------------------------------------|----------------|---------------------|--------------|
| 01/01/2006 | 71 | - | 71 |
| Changes in the scope of consolidation | 365 | - | 365 |
| Percentage of the income | | 30 | 30 |
| 31/12/2006 | 436 | 30 | 466 |
| Changes in the scope of consolidation | - | - | - |
| Percentage of the income | 51 | 38 | 89 |
| 31/12/2007 | 487 | 68 | 555 |

The table below summarises the financial information relating to the investments in the affiliated companies:

| (thousands of € euros) | GEPHIMO | Family owned |
|--------------------------|--------------|--------------|
| Non current assets | 5 | - |
| Current assets | 3,121 | 5,405 |
| TOTAL ASSETS | 3,126 | 5,405 |
| Shareholders' equity | 304 | 1,346 |
| Non current liabilities | 1,691 | 305 |
| Current liabilities | 1,130 | 3,755 |
| TOTAL LIABILITIES | 3,126 | 5,405 |
| Turnover | 1,752 | 3,715 |
| Operating income | 278 | 217 |

4.5 Other financial assets

| Gross | Non consolidated interests | Loans | Other financial assets | Total |
|--|----------------------------|------------|------------------------|----------------|
| 01/01/2006 | 5 | 132 | 359 | 496 |
| Transfers between items | (5) | - | - | (5) |
| Changes in the scope of consolidation | 183 | 769 | 70 | 1,021 |
| Investments and other increases | - | 26 | 108 | 134 |
| Sales and misc. reductions | (183) | (777) | (47) | (1,007) |
| 31/12/2006 | 0 | 150 | 489 | 640 |
| 2007 flows | | | | |
| Transfers between items | | | | - |
| Changes in the scope of consolidation | | 21 | 45 | 66 |
| Investments and other increases | | 56 | 162 | 218 |
| Sales and misc. reductions | | (84) | (60) | (145) |
| 31/12/2007 | 0 | 142 | 636 | 778 |
| Amortization, depreciation, impairment | Non consolidated interests | Loans | Other financial assets | Total |
| 31/12/2006 | - | - | 9 | 9 |
| 2007 flows | | | | |
| Changes in the scope of consolidation | | | | - |
| Investments and other increases | | | | - |
| Sales and misc. reductions | | | (9) | (9) |
| 31/12/2007 | - | - | | |
| Net | Non consolidated interests | Loans | Other financial assets | Total |
| 31/12/2006 | 0 | 150 | 481 | 631 |
| 31/12/2007 | 0 | 142 | 636 | 778 |

4.6 Non current tax assets

| Deferred tax debits | 31/12/2007 | 31/12/2006 |
|---------------------------|------------|------------|
| Non deductible provisions | 276 | 235 |
| Employee profit-sharing | 396 | 307 |
| Loss activation | 33 | 33 |
| Security purchase costs | 212 | 157 |
| Others | 55 | 34 |
| TOTAL | 973 | 766 |

4.7 Inventories and work in progress

The inventories to December 31, 2007 as well as the change in their gross value compared to the previous year is as follows:

| Inventories | 31/12/2007 | | | 31/12/2006 | | |
|-------------------------------|---------------|---------------|---------------|--------------|---------------|--------------|
| | Gross | Loss in value | Net | Gross | Loss in value | Net |
| Land | 11,077 | - | 11,077 | 7,608 | (77) | 7,531 |
| Raw material joinery workshop | 510 | - | 510 | 421 | - | 421 |
| Work in progress | 59 | - | 59 | - | - | - |
| TOTAL | 11,646 | - | 11,646 | 8,030 | (77) | 7,952 |

4.8 Accounts receivable

| Customer | 31/12/2007 | | | 31/12/2006 | | |
|---|----------------|----------------|----------------|---------------|----------------|---------------|
| | Gross | Loss in value | Net | Gross | Loss in value | Net |
| Customer receivables on contracts in progress (net) | 88,674 | - | 88,674 | 71,121 | - | 71,121 |
| Down payments received | 14,214 | (1,691) | 12,523 | 12,840 | (1,457) | 11,383 |
| TOTAL | 102,888 | (1,691) | 101,197 | 83,961 | (1,457) | 82,504 |

| Breakdown of receivables on contracts in progress | 31/12/2007 | 31/12/2006 | Change |
|---|---------------|---------------|---------------|
| Customer receivables on contracts in progress | 285,919 | 235,978 | 49,940 |
| Down payments received | (201,460) | (170,180) | (31,280) |
| Balance | 84,459 | 65,799 | 18,660 |
| Debit balances (assets) | 88,674 | 71,121 | 17,553 |
| Credit balances (liabilities) | (4,215) | (5,322) | 1,107 |

| Due-date schedule for non-depreciated accounts receivables | < 1 month | 30 to 60 days | 60 to 90 days | > 90 days |
|--|-----------|---------------|---------------|-----------|
| Clients on December 31, 2007 | 9,663 | 389 | 342 | 967 |

4.9 Miscellaneous debts

The 'miscellaneous debts' item to December 31, 2007 and its change compared to the previous fiscal year is shown as follows

| (K€) | 31/12/2007 | 31/12/2006 | Change | <i>Of which changed scope of consolidation</i> |
|--|---------------|---------------|-----------------|--|
| State – VAT debts | 43,001 | 35,557 | + 7,444 | + 1,839 |
| State – Other receivables | 28 | 95 | - 67 | + 12 |
| Agents/sales reps instalments on portfolio sales | 6,433 | 5,976 | + 457 | + 235 |
| Other debtors | 5,582 | 2,864 | + 2,718 | + 154 |
| TOTAL MISCELLANEOUS DEBTS | 55,045 | 44,492 | + 10,553 | + 2,240 |

4.10 Cash and cash equivalents

This item is broken down as follows :

| (K€) | 31/12/2007 | 31/12/2006 | Change |
|-----------------------|---------------|---------------|--------------|
| Investment securities | 48,981 | 50,777 | - 1,796 |
| Cash | 20,655 | 18,597 | + 2,058 |
| TOTAL CASH | 69,636 | 69,374 | + 262 |

4.11 Consolidated shareholder's equity

MAISONS FRANCE CONFORT SA's share capital as of December 31 2007 was comprised of 6,937,593 ordinary shares, fully paid up with a nominal value of €0.18.

| (K€) | 31/12/2007 | 31/12/2006 |
|-----------------------------------|---------------|---------------|
| Share capital | 1,250 | 1,250 |
| Premium | 7,021 | 7,021 |
| Legal reserve | 125 | 125 |
| Regulatory reserve | | |
| Group reserves | 40,123 | 29,241 |
| Retained earnings | 1,821 | 453 |
| Group profit | 23,638 | 20,671 |
| TOTAL SHAREHOLDERS' EQUITY | 73,978 | 58,761 |

The changes in this item were detailed in the 'changes in shareholders equity' table

Changes in shareholders' equity not transiting through the profit and loss statement

| (€K) | 31/12/2007 | 31/12/2006 | Variation |
|--|--------------|--------------|-------------|
| Treasury shares (1) | (372) | (327) | (45) |
| Financial instruments for hedging cash flows | - | - | - |
| Conversion reserve | - | - | - |
| Share payments | - | - | - |
| TOTAL | (372) | (327) | (45) |

(1) The reserve of treasury shares includes the cost of the company shares held by the Group.

The variations seen during the fiscal year come from:

- Purchase and sale movements to coordinate the sale price,
- An expense provision accounted in MAISONS FRANCE CONFORT's accounts, neutralized in the consolidated shareholders' equity, aiming to cover the company's cost in 2009 for allocating 3,400 free shares to the company's employees following the Board of Directors' decisions dated March 27, 2007.

MAISONS FRANCE CONFORT held 63,505 treasury shares valued at €783K on 31/12/2007.

Dividends

The amount of dividends paid by the parent company is as follows:

| | Fiscal year 2007 | Fiscal year 2006 | Fiscal year 2005 |
|-----------------------------------|---------------------|---------------------|---------------------|
| Dividend paid (€K) | 8,117,0 | 5,982,6 | 4,013,0 |
| I.e. by ordinary shares (€ euros) | 1.17 | 0.87 | 0.58 |

* including dividends paid on own shares

The amount of the dividend which will be proposed to the General Meeting which approves the accounts for the fiscal year closed on December 31, 2007 will total €1.36 per share.

Management of Equity Capital

The Group manages its capital within a balanced financial policy which is designed, at the same time, to preserve its continuity of use, its capacity for investment in value-added projects, and to remunerate the shareholders in an attractive manner.

This policy has led MAISONS FRANCE CONFORT to establish successive shareholder gearing and remuneration objectives. These objectives are detailed below:

- concerning the debt, systematic recourse to borrowing for the purposes of preserving external financial growth as long as the credit grant conditions for the Group remain favourable. In addition, the gearing will be maintained, in the medium term, to a negative level in the current market conditions,
- The Board of Directors reserves the option of carrying the distribution rate, as required, beyond 40% of the Group's consolidated income. In addition, each year, the Board of Directors will examine the possibility of additional remuneration to the shareholders as a function of anticipated cash-flow and Group investment projects.

4.12 Deferred tax credits

| Deferred tax credits | 31/12/2007 | 31/12/2006 |
|-----------------------|------------|------------|
| Approach by component | 44 | 73 |
| Others | | 7 |
| TOTAL | 44 | 80 |

4.13 Net financial debt

The concept of net financial debt, as defined by the Group can be detailed as follows

| Net financial debt | 31/12/2007 | 31/12/2006 |
|----------------------------------|-----------------|-----------------|
| Cash and cash equivalents | 69,636 | 69,374 |
| Cash management financial assets | - | - |
| Active cash flow (A) | 69,636 | 69,374 |
| Non current financial debts | 25,356 | 18,380 |
| Current financial debts | 16,152 | 8,555 |
| Gross indebtedness (B) | 41,508 | 26,935 |
| Net indebtedness (B)-(A) | (28,128) | (42,439) |

The Group's net financial debt is distributed as follows per category and due day on December 31, 2007:

| (€K) | Balance 31/12/2007 | Share - 1 year | From 1 to 5 years | + 5 years |
|------------------------------------|-----------------------|-------------------|-------------------|--------------|
| Loans with financial institutions | 21,606 | 6,126 | 15,147 | 334 |
| Bank accommodation | 7,679 | 7,679 | | |
| Profit-sharing funds | 1,399 | 164 | 1,235 | |
| Accrued interest | 60 | 60 | | |
| Other loans and financial debts | 10,763 | 2,122 | 8,641 | |
| TOTAL FINANCIAL LIABILITIES | 41,508 | 16,152 | 25,022 | 334 |

All the loans were contracted in € (no foreign exchange risk exposure)

All the loans were contracted at a fixed interest rate

4.14 Non current provisions

Concurrent provisions are constituted by the provisions for retirement payments for employees. The change in this item is broken down as follows:

| (€K) | Staff benefits |
|--------------------------|----------------|
| 01/01/2006 | 59 |
| Changes in consolidation | 82 |
| Allowances | |
| Write-backs used | (74) |
| 31/12/2006 | 67 |
| 2007 flow | |
| Changes in consolidation | 36 |
| Write-backs used | |
| Write-backs not used | |
| 31/12/2007 | 103 |

The Group out-sources the management of its retirement payments to an insurance company. This outsourced management does not exonerate the Group from its legal or implicit obligation to pay. The commitments made were evaluated on 31/12/2006 in accordance with the retrospective method for the credit units planned with the end of career salary (in accordance with the IAS 19 standard) the characteristics of which are as follows:

| | |
|------------------------------|--|
| Annual salary increase rate | : 2% |
| Mortality table used | : INSEE 2007 (French national Statistics Office) |
| Discounting rate applied | : 5.48 % |
| Departure assumption applied | : Voluntary departure at average age of 63 |
| Turnover rate used | : Slow turnover |
| Employer's charges rate used | : 42 % (Clerks/Managers) - 30 % (Sales reps) |

The calculation of the commitment at 31/12/2007 totals €1,403 K. The valuation of the dedicated fund managed by an outside organization totals €1,300 K on 31/12/2007.

4.15 Current provisions

| (€K) | Disputes, litigation (1) | After sales | Other provisions | Total |
|---------------------------------------|-----------------------------|--------------|---------------------|--------------|
| 01/01/2006 | 1,929 | 1,622 | 87 | 3,638 |
| Conversion differences | - | - | - | - |
| Transfers between captions and others | - | - | - | - |
| Changes in the Scope of consolidation | 80 | 128 | - | 208 |
| Expenses | 1,269 | 1,344 | - | 2,614 |
| Write backs used | (1,062) | (967) | (87) | (2,116) |
| Write backs not used | - | - | - | - |
| 31/12/2006 | 2,216 | 2,127 | 0 | 4,344 |
| 2007 flows | | | | |
| Conversion differences | - | - | - | - |
| Transfers between captions and others | - | - | - | - |
| Changes in the Scope of consolidation | 265 | 113 | - | 378 |
| Expenses | 1,426 | 1,308 | - | 2,733 |
| Write backs used | (1,046) | (1,587) | - | (2,633) |
| Write backs not used | - | - | - | - |
| 31/12/2007 | 2,860 | 1,961 | 0 | 4,822 |

(1) including :

| | |
|---------------------------------|-------|
| - Building site provisions | 2,714 |
| - Industrial dispute provisions | 92 |
| - Other dispute provisions | 55 |

These provisions were not the subject of any financial discounting due to their short-term nature (insignificant nature)

No possibly significant liabilities (disputes likely to result in an outflow of resources) had been identified on the date the accounts closed.

The current provisions notably include:

Provisions for disputes

These are evaluated for the probable outflows of resources caused by ongoing trials or disputes whose causative event existed on the date of the close. Provisions for disputes and litigation include the estimated disbursements for the disputes, litigation and claims by third parties. They also include the charges for disputes of a social or tax nature.

The “After-Sales Service” provisions

These provisions are intended to cover the additional costs to the Group for a period of around 3 to 4 years after receipt of the building site. This provision is based on the turnover multiplied by a statistical rate established on the basis of the after-sales service expenses recorded in previous fiscal years.

This statistical rate is calculated each year from the after-sales service reference information specific to each company in the Group.

4.16 Debts on contracts in progress

| (€K) | 31/12/2007 | 31/12/2006 | Variation |
|---|--------------|--------------|----------------|
| Customer down payments in work in progress | 4,215 | 5,322 | - 1,107 |
| Customer down payments on work in progress | 3,943 | 4,550 | - 607 |
| TOTAL DEBTS ON CONTRACTS IN PROGRESS | 8,158 | 9,872 | - 1,714 |

4.17 Trade payables and associated accounts

| (€K) | 31/12/2007 | 31/12/2006 | Change | <i>Of which change in the scope of consolidation</i> |
|---------------------|---------------|---------------|-----------------|--|
| Suppliers' accounts | 70,884 | 63,546 | + 7,338 | + 4,311 |
| Notes payable | 21,698 | 16,517 | + 5,181 | |
| TOTAL | 92,581 | 80,063 | + 12,518 | + 4,311 |

4.18 Tax and social security debts

| (K€) | 31/12/2007 | 31/12/2006 | Change | <i>Of which change in the scope of consolidation</i> |
|--|---------------|---------------|----------------|--|
| Status - VAT accounts | 49,350 | 40,925 | + 8,425 | + 2,046 |
| Status – Business taxes | 1,841 | 5,510 | - 3,669 | + 248 |
| Status – other debts | 1,998 | 2,064 | - 66 | + 101 |
| Employees and social security | 12,893 | 11,836 | + 1,057 | + 389 |
| TOTAL TAX AND SOCIAL SECURITY DEBTS | 66,083 | 60,335 | + 5,748 | + 2,784 |

The tax and social security debts are mainly composed of the VAT on future invoices for work in progress (cannot be set off against the VAT on down payments received). The change in this item is therefore directly connected to the business activity.

4.19 Other creditor accounts

| (K€) | 31/12/2007 | 31/12/2006 | Change | <i>Of which change in the scope of consolidation</i> |
|-----------------|------------|--------------|--------------|--|
| Insurance | 358 | 998 | - 640 | + |
| Other creditors | 282 | 224 | + 58 | + 63 |
| TOTAL | 640 | 1,222 | - 582 | + 63 |

4.20 Receivables and debts maturity dates

| (K€) | 1 YEAR AT MOST | MORE THAN 1 YEAR | TOTAL |
|-------------------------------|----------------|------------------|---------|
| Customers and other debtors | 156,695 | - | 156,695 |
| Suppliers and other creditors | 167,462 | - | 167,462 |

5 NOTES ON THE CONSOLIDATED PROFIT AND LOSS STATEMENT

5.1 Breakdown of the turnover

| (K€) | 31/12/2007 | 31/12/2006 |
|-----------------------|----------------|----------------|
| Sales of houses | 487,255 | 422,415 |
| Services | 2,166 | 2,567 |
| TOTAL TURNOVER | 489,421 | 424,982 |

The Group's real estate development activity is marginal. The turnover in the fiscal year for this activity totals €13,015 K. The 2007 income for this activity is €332K.

5.2 Consumed purchases

| (K€) | 31/12/2007 | 31/12/2006 |
|--------------------------------------|----------------|----------------|
| Raw materials | 106,546 | 89,209 |
| Other purchases and external charges | 283,415 | 245,576 |
| TOTAL PURCHASES CONSUMED | 389,961 | 334,785 |

5.3 Staff expenses

| (K€) | 31/12/2007 | 31/12/2006 |
|-----------------------------|---------------|---------------|
| Salaries and pay | 37,769 | 35,089 |
| Social security expenses | 19,920 | 18,473 |
| Employee Profit-Sharing | 1,163 | 0 |
| TOTAL STAFF EXPENSES | 58,852 | 53,562 |

5.4. Taxes and charges

The tax and charges burden appearing in this item principally involves the business tax and the solidarity contribution tax (Organic tax).

5.5 Allowance with net provisions

The formation of this posting during the period is as follows:

| (K€) | Allowances | Write-backs | Net |
|------------------------|--------------|--------------|-------------|
| Current Provisions | 2,733 | 2,633 | 100 |
| Non-current Provisions | | | - |
| Asset Depreciation | 578 | 732 | (154) |
| 31/12/2007 | 3,311 | 3,365 | (54) |

5.6 Financial Statement

This post is detailed as follows:

| (K€) | 31/12/2007 | 31/12/2006 |
|--|--------------|--------------|
| Interest on loans and related | 1,226 | 916 |
| Interests on participation funds | 74 | 49 |
| Depreciation provision allowances for financial assets | 8 | |
| TOTAL COST OF THE FINANCIAL DEBT | 1,308 | 964 |
| Investment Products | 2,196 | 1,424 |
| Write-backs of provisions for depreciation of financial assets | | 99 |
| TOTAL CASH PRODUCTS AND EQUIVALENTS | 2,196 | 1,523 |
| FINANCIAL RESULT | 888 | 559 |

5.7 Tax burden on profits

| Details of the tax burden | 31/12/2007 | 31/12/2006 |
|---------------------------|---------------|---------------|
| Current tax burden | 12,714 | 11,467 |
| Deferred tax | (217) | (616) |
| Total tax burden | 12,497 | 10,852 |

The deferred tax rate, retained for the financial period which closed on December 31, 2007, is 34.43 % (common law rate).

RATIONALISATION OF THE TAX RATE

| | 31/12/2007 | 31/12/2006 |
|---|---------------|---------------|
| Group net result | 23,638 | 20,671 |
| Adjustments | | |
| Tax on the income | 12,497 | 10,852 |
| Result placed in equivalence | (89) | (30) |
| Minority Interest | 2 | (2) |
| Net income before income taxes and minority interest | 36,049 | 31,491 |
| Legal Tax Rate in France | 33.33% | 33.33% |
| Effects of permanent deferral | 0.39% | 0.35% |
| Business Contribution | 0.95% | 0.98% |
| Other net differences | 0.00% | -0.20% |
| Actual Tax Rate Imposed | 34.67% | 34.46% |

6 OTHER INFORMATION

6.1 Off balance sheet

| Commitments given | Payments owed by period | | | TOTAL |
|-------------------------|-------------------------|-------------------|------------|--------------|
| | -1 year | From 1 to 5 years | + 5 years | |
| Guarantees and sureties | | | 390 | 390 |
| Other commitments | 1,137 | 2,989 | | 4,126 |
| TOTAL | 1,137 | 2,989 | 390 | 4,516 |

| Commitments received | Payments owed by period | | | TOTAL |
|-------------------------|-------------------------|-------------------|-----------|---------------|
| | -1 year | From 1 to 5 years | + 5 years | |
| Guarantees and sureties | 42,380 | 0 | 0 | 42,380 |
| Other commitments | 1,225 | 3,225 | 0 | 4,450 |
| TOTAL | 43,605 | 3,225 | 0 | 46,830 |

The commitments received are mainly constituted by the payment guarantees for subcontractors granted by a pool of banks in return for an annual payment calculated in accordance with the Group's subcontractor's liability.

6.2 The Group's average workforce

| | 31/12/2007 | 31/12/2006 |
|-----------------------------|--------------|--------------|
| Managers | 121 | 92 |
| Sales representatives | 298 | 230 |
| White / blue collar workers | 801 | 719 |
| AVERAGE WORKFORCE | 1,220 | 1,041 |
| Men | 863 | 740 |
| Woman | 357 | 301 |

6.3 Management of financial risks

Interest rate exposure

The Group's financial result is little affected by changes in interest rates as the whole of the indebtedness is at a fixed rate.

Foreign exchange risk

MAISONS FRANCE CONFORT Group performs its activity exclusively in France. There are no assets or monetary liabilities denominated in foreign currency on the date of the close, therefore there is no foreign exchange risk.

Liquidity Risk

The liquidity risk corresponds to the risk wherein the Group finds it difficult to honour its debts when they become due. The Group's liquidity risk management approach is to ensure, as much as possible, that it always has sufficient liquidity to honour its liabilities, when they become due, without incurring unacceptable losses or bringing harm to the Group's reputation.

Recall that the Group is almost exclusively involved with the construction of detached homes governed by detached home construction contracts. The main characteristics of this activity are:

- the absence of land stock, the latter being acquired directly by the client,
- a good visibility of the orders extending up to 18 months,
- the absence of stock of finished products, the launch of a construction necessarily implying the prior ratification of a sales contract and the removal of all the suspensive conditions (client's attestation of ownership of the land, construction permit obtained and client financing accepted by the bank),
- financing of the home by the client as the work proceeds according to the payment schedule defined by the construction and habitation code.

The operational business of the Group which, in general, allows the freeing up of excess cash and the cash pooling made by the Group is easily convertible into cash.

In addition, the strong variability of the Group costs (principally associated with sub-contracting) provides it with a good degree of flexibility in a fluctuating market.

This excludes, however, the potential impact of extreme circumstances such as reversal of the long-term markets which cannot reasonably be predicted.

Credit and counterparty risk

The bank loan contracted by MAISONS FRANCE CONFORT Group does not include any financial ratio clause or anticipated maturity connected with rating.

MAISONS FRANCE CONFORT Group only contracts investments with first rate counterparties in order to limit the counterparty risk.

6.4 Information on related parties

Remuneration of senior corporate executives

The remuneration paid to the two senior corporate executives (2 company agents) in the 2007 fiscal year totals €870K which is broken down as follows :

| | |
|------------------|---------|
| Remuneration | : €868K |
| Benefits in kind | : NONE |
| Attendance fees | : €2K |

In addition, the outsourced share of this sum connected to the end of year severance pay obligations for these senior corporate executives' totals €137 K.

The directors do not foresee any remuneration based on the payment by stock and there is no contract which specifies severance indemnity (except for the "retirement" indemnities calculated in accordance with the collective agreement applicable to MAISONS FRANCE CONFORT).

Transactions with other related parties

The only transaction with the other related parties concerns the bookkeeping costs invoiced to the 'MFC PROU-INVESTISSEMENTS' family holding company by MAISONS FRANCE CONFORT for an annual amount of 1,000 € euros.

6.5 Events after the closure of the accounts

Acquisition of the 100% of the capital of C.T.M.I.

As part of its external growth strategy, the Group made the acquisition with effect on January 1, 2008 of C.T.M.I. which is located in the East region where it has 3 points of sale in Strasbourg, Colmar and Mulhouse and uses the Maisons Clio and Brand Maisons Individuelles brands.

3. STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED ACCOUNTS

Dear Ladies and Gentlemen the shareholders,

We have audited the consolidated accounts of Maisons France Confort S.A. for the fiscal year closed on December 31, 2007 as appended to this report, in performance of the assignment which was entrusted to us by your General Meeting.

Your Board of Directors drew up the consolidated accounts. We are responsible for giving an opinion on these accounts based on our audit.

1. Opinion on the consolidated accounts

We performed our audit in accordance with professional standards applicable in France. These standards require that we can perform the necessary actions to obtain the reasonable assurance that the consolidated accounts are free of any significant misstatements. The audit involves examining the probative elements justifying the data contained in these accounts, by sampling. It also involves evaluating the accounting principles followed and the significant estimates made to draw up the accounts and assessing the overall presentation. We consider that our controls provide a reasonable basis for the opinion expressed below.

We hereby certify that the consolidated accounts for the fiscal year, with respect to the IFRS referential as has been adopted in the European Union, are regular and honest, and portray a true picture of the assets and liabilities, the financial position as well as the result of the Group which is constituted by the persons and entities included in the consolidation.

Without calling the opinion expressed above into question, we draw your attention to the note in the appendix entitled "Significant events which impact the consolidated reports established on December 31, 2007", which mentions an error correction concerning the accounting of the unilateral purchase promise by Maisons France Confort S.A. for the remaining 25% of the capital of Maison de la Côte Atlantique. We would also draw your attention to its impact on the balance sheet, income statements and cash flow tables completed on June 30, 2006 and on December 31, 2006.

2. Justification for the evaluations

With regards to application of the provisions of article L.823-9 of the Commercial Code concerning the justification for our evaluations we are informing you of the following information:

- The paragraph entitled "Significant events which impact the consolidated reports dated December 31, 2007" in 2 of the consolidated reports appendix details the error correction which led to a modification of the balance sheet, income statement and cash flow table dated June 30, 2006 and December 31, 2006.

During our evaluation of your company's accounting principles, we had to evaluate the source of this error correction. We have validated the adjustment value resulting from this correction and the process used in the consolidation for its incorporation into the records. We have examined the information given for this purpose in this note in the consolidated accounts appendix.

- Maisons France Confort processes the products and costs of the construction contracts using the modalities described in note 2.13 in the financial status. The result thus reported as a function of progress of the contracts is dependent upon estimates of the results at completion of the current worksites.

On the basis of the information disclosed to us, our work involved assessing the data and the assumptions on which the evaluations of the results on termination of these contracts are based, checking the calculations made by the company, comparing the evaluation of the results on termination with previous periods with corresponding production, and examining the procedures by the management for approving these estimates.

The company systematically performs an impairment of value test on goodwill and intangible assets with an indefinite life and also evaluates the impairment of value index, if one exists, on long-term assets, using the methods described in notes 2.10 and 4.2 of the financial statements. We examined the way this impairment value test is applied and the cash flow forecasts and the assumptions used and we checked that the above notes provide appropriate information.

Notes 2.12 and 4.15 to the financial statements mention the judgements and significant estimates, which the management uses for provisions. We examined the procedures used in Maisons France Confort, which enables them to be identified, value and translated into the accounts.

We evaluated the approach used by the Group, on the basis of the information available today and performed tests sampling to check the application of these methods.

Our assessments enabled us to ascertain the reasonable nature of these estimates.

These assessments form part of our audit of the consolidated accounts as a whole and therefore contributed to forming our opinion which is expressed in the first part of this report.

3. Specific verification

In addition, we also checked the information given in the Group's management report, in accordance with the professional standards applicable in France. We have no comments to make on their accuracy or their concordance with the consolidated accounts.

Alençon and Caen, April 30 2008

The Statutory Auditors

KPMG Audit
Department of KPMG S.A.

Thierry LEFEVRE
Partner

Yves GOUHIR
Partner

In extenso - Socogec

Alain MUELLE
Partner

Eric PIOU
Partner

LEGAL AND STOCK MARKET INFORMATION

1 . GENERAL INFORMATION ON THE COMPANY AND ITS SHARE CAPITAL

Company name (article 2 of the memorandum and articles of association)

MAISONS FRANCE CONFORT (MFC)
(formerly M. F.C. Prout Frères SA)

Registered office

2, route d'Ancinnes - 61000 Alençon

Legal form

A Public Limited Company under French law, with a Board of Directors, governed by articles L210-1 to L248 -1 of the Commercial Code and the decree of March 23 1967.

The Company, first founded in 1919 as a general partnership, was transformed into a Limited Liability Company on 2 January 1950, and later into a Public Limited Company on 1 May 1979.

Nationality

French

Date of the constitution and the duration of the Company

The Company was constituted for a period of 99 years counting from its registration at the Commercial and Companies Registry of Alençon.

MAISONS FRANCE CONFORT shall come to the end of its life on 1 May 2078, except for extension or early dissolution resolved by the Extraordinary General Meeting.

Corporate objects (article 3 of the Memorandum and Articles of Association)

The Company's objects are :

- To trade in any and all construction materials;
- The design, marketing, manufacture and execution by means of employing all trades, coordination, and project management for custom or built-to-order single family detached homes, the development or sale of property for future completion, the above applying to all buildings in general;
- The purchase, fitting out or landscaping, renovation and resale of all types of land and buildings,
- The provision of information technology and consulting services, the operation of networked sites linked to the abovementioned activities;
- and, generally, all commercial, industrial and financial, real and personal property transactions relating directly or indirectly to the abovementioned object and likely to contribute to its development, all to the extent permitted by legislation in effect from time to time.

Trade and Companies' register

RCS Alençon B 095 720 314

NAF business activity code

4120A

Repositories of documentation and information on the Company

The Memorandum, Articles of Association and By-laws, Financial Statements and Annual Reports and Minutes of General Meetings may be consulted at the registered head office and headquarters of MAISONS FRANCE CONFORT.

Fiscal year (article 17 of the Memorandum and Articles of Association)

The Company's fiscal year begins on 1 January and ends on 31 December.

Thresholds and limits

Except for the legal thresholds and limits defined by Article L 233-7 of the French Commercial Code, the Company has not set up legal limitations that are subject to reporting.

Distribution of profits according to the Company's Memorandum and Articles of Association (Article 18 of the Memorandum and Articles of Association)

The difference between the income and the expenses recorded in the fiscal year after deduction of amortisation, depreciation and provisions constitutes the profit or loss for the fiscal year.

Five per cent of the profit, reduced, if applicable, by prior losses carried forward, is retained to constitute the legal reserve fund. This retention is no longer mandatory once the reserve fund reaches a sum equal to one tenth of the Company's share capital. It is reinstated whenever, for any reason whatsoever, the reserve drops below the one-tenth level.

The profit to be distributed consists of the profit for the fiscal year reduced by prior period losses and the abovementioned allocation to legal reserves, and increased by prior period profits carried forward.

This profit is placed at the disposal of the General Meeting which, acting upon a proposal from the Board of Directors, may carry it forward, allocate it to special or general reserve funds or distribute it to the shareholders as a dividend.

In addition, the Meeting may decide the allocation to distribution of amounts withdrawn from reserves at its disposal; in this case, the resolution must explicitly indicate the reserve accounts from which the withdrawals are made. However, the dividend is preferably created from the distributable profits for the fiscal year.

Gains or losses on revaluation are not available for distribution, but may be capitalised in whole or in part.

The Meeting is empowered to grant each shareholder, for all or part of the dividend or for payments on account of dividends for distribution, an option between payment in currency or in shares for the dividends or payments on account of dividends.

Identifiable bearer shares (Article 9 of the Memorandum and Articles of Association)

Pursuant to Articles L 228-2 and L 228-3 of the French Commercial Code, the Company is entitled to request at any time from the SICOVAM (Société Interprofessionnelle pour la Compensation des Valeurs Mobilières, Interprofessional Securities Compensation Company) the name, in the case of natural persons, or, in the case of a legal person, the denomination, nationality and address of the holder of such bearer shares granting immediate or future voting rights in the Company's Meetings of Shareholders, as well as the number of shares held by each such person, and, if applicable, the restrictions potentially applying to such shares in return for payment.

General Meetings

Shareholder Meetings are called and deliberate subject to the conditions stipulated by law and the Company's by-laws.

They take place at the Company's registered office, headquarters, or at any other place located in the same French department.

Every shareholder is entitled to participate in General Meetings, or to appoint a proxy to represent him or her, regardless of the number of shares held, provided that such shares are fully paid up and registered in his or her name at least five days before the date of the Meeting. The Board of Directors may reduce this period by means of a general measure applicable to all shareholders.

Any shareholder owning shares of any given category may participate in the Special Shareholder Meetings concerning that category, in accordance with the conditions set out below. Votes are cast either by raising of hands or by roll-call. Secret ballots can be held, in accordance with a method to be determined by the Meeting, only at the request of members representing, the majority required to vote on the resolution in question either on their own name or in their capacity as proxies.

Each member of the Meeting is entitled to as many votes as the number of shares he or she owns or represents, without limitation, subject to the provisions of company statute or legal stipulations potentially restricting the exercise of such right.

Whenever a certain number of shares are required to exercise a given right, it shall be the responsibility of shareholders not owning the required number of shares to make for the necessary grouping arrangements.

Double voting rights

Every shareholder is entitled to as many votes as he or she owns or represents shares, without limitation, subject to the restrictions provided by law.

The Memorandum and Articles of Association do not stipulate entitlement to double voting rights.

Share capital

The Company's share capital is €1,250,000 divided into 6,937,593 ordinary, fully paid up shares. The total number of voting rights as of 31/12/2007 is 6,937,593 excepting treasury shares.

Potential rights over the share capital

There are no potential rights over the capital.

Authorised un-issued capital

Stock issuance resolutions

The Combined General Meeting of May 23 2006 authorised the Board of Directors, with a power of delegation to the Chairman, to issue shares granting immediate or future access to the Company's capital over a period of 26 months, in France or on foreign markets, in French Francs or in Euros or the exchange value of such amounts in other currencies or currency units, granting immediate or future access to the Company's capital. Such issuances may be made with or without preferential subscription rights and may not result in a capital increase of more than €312,500, apart from adjustments connected in particular, with the incorporation profits, reserves or premiums, into the Company's capital, reserving the rights of holders of stocks or bonds.

Stock options

Not applicable.

Other securities granting access to the Company's capital

There are no other securities granting access to the Company's capital

Table of the changes in capital since MAISONS FRANCE CONFORT was transformed into a Public Company (S.A.)

| Date | Nature of the operation | Nominal value | Increase in capital | Issue premium and contribution | Number of shares issued | Total amount of share capital | Number of shares |
|-------------------------|--|---------------|---------------------|--------------------------------|-------------------------|-------------------------------|------------------|
| Amount in Francs | | | | | | | |
| 27/11/78 | Transformation of the company | 250 | | | | 900,000 | 3,600 |
| 08/04/81 | Incorporation | 250 | 600,000 | | 2,400 | 1,500,000 | 6,000 |
| 08/04/81 | Cash increase in capital | 250 | 1,000,000 | | 4,000 | 2,500,000 | 10,000 |
| 07/11/94 | Incorporation | 250 | 2,500,000 | | 10,000 | 5,000,000 | 20,000 |
| 07/11/94 | Cash increase in capital | 250 | 666,750 | 333,375 | 2,667 | 5,666,750 | 22,667 |
| 07/12/98 | Conversion of convertible bonds * | | 500,000 | 500,000 | 2,000 | 6,166,750 | 24,667 |
| 21/04/00 | Increase in capital through the issue premium | | 392,820 | -392,820 | | 6,559,570 | 24,667 |
| Amount in Euros | | | | | | | |
| 21/04/00 | Conversion in Euros (deletion of the reference to the nominal value) | | | | 1,825,358 | 1,000,000 | 1,850,025 |
| 21/04/00 | Increase in capital (Stock market listing) | | 250,000 | 7,381,349 | 462,506 | 1,250,000 | 2,312,531 |
| 15/07/05 | Division of the nominal share clue by 3 | | | | 4,625,062 | 1,250,000 | 6,937,593 |

* Convertible bonds subscribed by BTP Capital Investissement when it entered the capital in 1994, and sold to the MFC PROUGESTION family holding company in 1998.

2 . SHAREHOLDING / STOCK MARKET

2.1. Distribution of the capital and voting rights as of February 29 2008

MAISONS FRANCE CONFORT's is to the company's knowledge, distributed as follows on February 29 2008: :

| Shareholders | Shares | | Vote | |
|--------------------------------|------------------|---------------|------------------|---------------|
| | Number | % | Number | % |
| MFC PROU-INVESTISSEMENTS*** | 3,475,800 | 50.10 | 3,475,800 | 50.57 |
| Patrick VANDROMME | 111,504 | 1.61 | 111,504 | 1.62 |
| Pascal VANDROMME | 49,795 (BO)* | 0.72 | 49,795 (BO) | 0.72 |
| Aline VANDROMME | 242,050 (BO) | 3.49 | 242,050 (BO) | 3.52 |
| Jean VANDROMME | 291,845 (TFL)** | | 291,845 | |
| BTP CAPITAL INVESTISSEMENT**** | 68,000 | 0.98 | 68,000 | 0.99 |
| Public & divers | 2,925,963 | 42.18 | 2,925,963 | 42.57 |
| Treasury shares | 64,481 | 0.93 | | 0,00 |
| TOTAL | 6,937,593 | 100.00 | 6,872,445 | 100.00 |

*BO = Bare Owner

** TFL = Tenant for Life

*** MFC PROU-INVESTISSEMENTS = Holding management company for the VANDROMME family

**** BTP CAPITAL INVESTISSEMENT = Venture capital company (Groupe Crédit Coopératif) entered MFC's capital in 1994

Fidelity International Ltd (FIL) announced that, on August 27, 2007, it surpassed the 5% voting right threshold of MAISONS FRANCE CONFORT.

AMIRAL GESTION announced that, on March 13, 2008, it surpassed the 5 % voting right threshold of MAISONS FRANCE CONFORT.

To the company's knowledge, no shareholders. other than those mentioned above, hold more than 5% of the capital and voting rights and no shareholders agreement exists.

- Option plans: The company has not implemented option plans.
- Shareholders agreement: None.
- Potential capital security: None.

| | % shares | % voting rights |
|-------------------|--------------|-----------------|
| Management bodies | 1.61 | 1.62 |
| Company employees | Less than 1% | Less than 1% |

Approximate number of shareholders : more than 4,000.

2.2. Percentage changes in the shareholding over 3 years

| Shareholders | 31/12/2005 | | 31/12/2006 | | 31/12/2007 | |
|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Shares | Voting Rights | Shares | Voting Rights | Shares | Voting Rights |
| MFC PROU-INVESTISSEMENTS | 50.10% | 50.53% | 50.10% | 50.58% | 50.10% | 50.57% |
| Patrick VANDROMME | 1.61% | 1.62% | 1.61% | 1.62% | 1.61% | 1.62% |
| Pascal VANDROMME | 2.04% (NO)* | 2.06% (NO)* | 2.13% (NO)* | 2.15% (NO)* | 0.72% (NO)* | 0.72% (NO)* |
| Aline VANDROMME | 3.82% (NO) | 3.85% (NO) | 3.54% (NO) | 3.57% (NO) | 3.49% (NO) | 3.52% (NO) |
| Jean VANDROMME | 5.86% (LI)** | 5.91% (LI)** | 5.67% (LI)** | 5.72% (LI)** | 4.21% (LI)** | 4.25% (LI)** |
| BTP CAPITAL INVESTISSEMENT | 1.21% | 1.22% | 1.01% | 1.02% | 0.98% | 0.99% |
| Public & other | 40.36% | 40.72% | 40.68% | 41.06% | 42.18% | 42.57% |
| Self-owned | 0.86% | 0.00% | 0.94% | 0.00% | 0.93% | 0.00% |
| TOTAL | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

* NO = new-ownership

** LI = life interest (usufruit)

2.3. Shareholders' agreements and accords

As far as the company is aware, there are no agreements relating to the shares or the company's voting rights, which the Autorité des Marchés Financiers (Stock Market regulator) should have been informed of in accordance with article L.233-11 of the Commercial Code.

2.4. The market for the share

The share has been listed on the Second Marché of Euronext since May 30 2000. Listing procedure: €16.5 . Listing of 693,759 shares including new 462,506 shares and 231,253 old ones. OPF on 20% of the shares available for the market. Guaranteed placement of 80 % of the shares available for the market. The nominal value of the share was divided by 3 on July 15 2005

| | Number of shares exchanged | Price (€) | | Capital exchanged |
|--------------|----------------------------|-----------|--------|-------------------|
| | | Highest | Lowest | |
| Years | | | | |
| 2000 | 217,647 | 5.50 | 3.86 | 1,055,575 |
| 2001 | 525,627 | 5.80 | 3.60 | 2,588,222 |
| 2002 | 972,747 | 7.33 | 4.17 | 5,577,995 |
| 2003 | 1,150,704 | 11.76 | 4.50 | 9,710,222 |
| 2004 | 3,063,141 | 23.26 | 9.95 | 48,917,433 |
| 2005 | 2,839,369 | 47.25 | 22.40 | 96,734,060 |
| 2006 | 2,261,867 | 63.00 | 42.50 | 117,851,594 |
| 2007 | 2,615,615 | 69.64 | 42.64 | 158,139,228 |
| Month | | | | |
| 01 - 2007 | 138,885 | 59.80 | 55.35 | 8,085,030 |
| 02 - 2007 | 360,307 | 67.45 | 58.45 | 23,076,800 |
| 03 - 2007 | 249,632 | 64.85 | 55.60 | 14,813,015 |
| 04 - 2007 | 152,217 | 64.50 | 59.65 | 9,567,119 |
| 05 - 2007 | 196,768 | 68.48 | 61.30 | 12,853,424 |
| 06 - 2007 | 338,644 | 69.64 | 63.66 | 23,026,861 |
| 07 - 2007 | 109,348 | 69.49 | 59.00 | 7,100,065 |
| 08 - 2007 | 291,148 | 65.79 | 57.00 | 17,698,583 |
| 09 - 2007 | 268,254 | 62.20 | 51.50 | 15,195,485 |
| 10 - 2007 | 93,357 | 62.36 | 54.21 | 5,495,370 |
| 11 - 2007 | 216,687 | 57.50 | 50.36 | 11,733,346 |
| 12 - 2007 | 200,368 | 53.60 | 42.64 | 9,494,131 |
| 01 - 2008 | 397,317 | 46.91 | 30.12 | 14,625,036 |
| 02 - 2008 | 159,222 | 41.00 | 32.51 | 5,780,772 |
| 03 - 2008 | 232,523 | 34.04 | 30.00 | 7,368,278 |

2.5. Dividends over 5 years

| Fiscal year closed on | Total net amount distributed (€) | Net dividend | Tax credit |
|-----------------------|----------------------------------|--------------|------------|
| December 31 2007 | 9,435,126.48 ⁽¹⁾ | 1.36 | |
| December 31 2006 | 8,116,983.81 | 1.17 | |
| December 31 2005 | 6,035,705.91 | 0.87 | |
| December 31 2004 | 4,046,929.25 | 1.75 | 0.88 |
| December 31 2003 | 2,312,531.00 | 1.00 | 0.50 |

(1) Dividend proposed to the General Meeting of May 15 2007

In accordance with the statutory provisions, the dividends and interim dividends are time barred after a period of 5 years, and go to the State.

3 . CORPORATE GOVERNANCE

3.1. Board of Directors

Chairman and Chief Executive

Patrick VANDROMME

Renewed on May 28 2002, for a term of office which expires at the end of the General Meeting which rules on the accounts for the fiscal year closed on December 31 December 2007.

Other functions in the Group :

- CEO of MAISONS DE L'AVENIR
- CEO of OC RESIDENCES
- CEO of MAISONS Berval
- CEO of GHPA (MAISONS BRUNO PETIT)
- CEO of MJB (MAISONS BRUNO PETIT)
- CEO of SAS MJB18
- CEO of SAS MAISONS HORIZON
- CEO of AZUR & CONSTRUCTION
- CEO of Sté MAISONS DE LA COTE ATLANTIQUE
- CEO of MILLOT SAS
- CEO of Sté PCA Maisons
- Chairman of SAS MFC PROU-INVESTISSEMENTS

Executive Vice-president

Philippe VANDROMME

Appointed Executive vice-president for an indefinite period.

Appointed director on May 18 2004 for a term of office which expires at the end of the General meeting, which rules on the accounts for the fiscal year closed on December 31 2009.

Directors

Christian LOUIS-VICTOR

Renewed on May 15 2007 for a term of office, which expires at the end of the General Meeting, which rules on the accounts for the fiscal year closed on December 31 2013.

- Chairman of the Directorate of NATIXIS GARANTIES
- Chairman and Chief executive officer of Compagnie Européenne de Garanties Immobilières (CEGI)
- Manager of CEGI Vertriebsgesellschaft GmbH (Germany)
- Chairman of the Board of Directors of SACCEF
- Directors of SOCAMAB Assurances
- Manager of CLV Développement
- Director of CIFA (Compagnie Immobilière et Foncière d'Aquitaine)
- Director of Financière Quarre SA
- Director of PACEMETAL
- - Vice-President and Director of SURASSUR S.A., a Luxembourgian re-insurance company

Gilberte DUC

Renewed on May 28 2002 for a term of office, which expires at the end of the General Meeting, which rules on the accounts for the fiscal year closed on December 31 2007.

Willi MUSSMANN

Appointed as a director on May 23 2006, for a term of office, which expires at the end of the General Meeting, which rules on the accounts for the fiscal year closed on December 31 2012. (Partner in a company, which specialises in advising and managing companies)

3.2. The operation of the Board

Meetings

The Board of Directors met four times during 2007.

Special provisions

Internal rules were adopted by the Board meeting on March 27, 2003 which in particular compel the directors to refrain from competing with the company, allows them to obtain documentation, requires them to reveal any conflict of interest, prohibits insider trading and gives precise details of the Board's operations.

Committees

No committees have been created because of the company's size and structure and the small number of directors.

Remuneration

The global amount of remuneration received by the Executive Committee for 2007 totals €868K – excluding travelling.

The global amount of attendance fees awarded to the Board of Directors in 2007 totals €18,294.

Regulated agreements

They appear in the Statutory Auditors' Special report.

No agreement has been concluded since the close.

Loans granted

No loan has been granted nor any guarantee agreed.

Pledges, guarantees and sureties

These guarantees appear in the Notes to the Consolidated Accounts page 74.

Options

There is no stock option or share subscription plan in favour of directors.

Staff

- Gain sharing: none
- Profit sharing: legal system - profit-sharing agreement of December 19 1996
- Amount of the sums earmarked in the last 5 years in K€ :

| | |
|------|-------|
| 2007 | 1,149 |
| 2006 | 892 |
| 2005 | 0 |
| 2004 | 367 |
| 2003 | 299 |

Off balance sheet commitments

See details in the notes to the Consolidated Accounts page 74.

4 . THE CHAIRMAN'S REPORT TO THE ORDINARY AND EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF MAY 23 20088

Dear shareholders,

As required by law, I am reporting to you on the conditions for preparing and organizing the Board of Directors' works as well as the internal control procedures set up in your company.

I have notably consulted with the Administrative and Financial Directors and with the Statutory Auditors in order to prepare this task.

1. Preparation and organization of the Board of Directors' works:

I remind you that the Board is comprised of five members:

- Mr. Patrick VANDROMME is the Chairman and Chief Executive Officer, and he does not perform any other professional activities apart from his responsibilities on professional bodies governing the construction of single detached Houses.
- Mr. Philippe VANDROMME who is the Executive Vice-President. He is also the Technical Director for the Normandy and the Ile-de-France Regions.
- Mrs. Gilberte DUC, member of the founding family.
- Mr. Willi MUSSMANN, an independent director who is also a management consultant to companies.
- Mr. Christian LOUIS VICTOR, an independent director who also holds positions as the Director of insurance and reinsurance companies and financial companies.

The small number of directors notably due to the essentially family nature of the company, has resulted in the Board of Directors foregoing the creation of committees.

The independent directors are chosen in view of their knowledge of the professional environment of the company's business and their personal expertise in managing companies.

The two works' council representatives are convened to all the Board's meetings, and they regularly attend.

The Statutory Auditors are convened to all the Board of Directors' meetings and participate on it. Generally at least one of the two statutory auditors attends the meeting and in the majority of cases the two auditors are present.

Convening letters are sent at least eight days in advance, apart from exceptions, and the directors are previously informed of the forecasted timetable for Board meetings at the start of the year.

Meetings are generally held at the registered office, however a meeting is held in PARIS at least once a year in order to facilitate the attendance of participants, Parisian directors and managing directors of subsidiaries who are asked to present their company's activities at the meeting which is held to close the parent company's accounts.

The Board met FOUR times during 2007.

The physical presence of the members is desired at meetings and this is effective as the Board's internal rules do not allow for use of videoconference means.

The Board members have been very assiduous in attending Board's meetings and there has been no notable absenteeism.

No meeting was held at the request of the directors

The Chairman forwards the necessary information or documents to the members of the Board to prepare meetings.

The Chairman will communicate all additional information and documents, which a member of the Board may require if requested.

2. Internal control procedures

2.1. The objectives

MAISONS FRANCE CONFORT Group has an internal control system to guarantee and encourage :

- Quality financial information
- Protection and safeguard of assets
- Improvement of results
- Compliance with the laws and regulations in force.

Like any control system, the existing system in the company cannot provide an absolute guarantee that the risks of errors and fraud are totally eliminated.

2.2. The general organization of the Internal Control

2.2.1. Responsibility for the system :

The Chairman, M. Patrick VANDROMME, has a predominant role in defining the areas of internal control and for supervising the setting up of the different elements comprising it. This responsibility is delegated to the managing directors of each subsidiary.

From an operational point of view the following persons are responsible for setting up the procedures and controlling them :

Technical management : at the head office : Mr Philippe DUFOUR; in the regions : Regional Directors and branch directors

Administrative and Financial management : Mr. Jean Christophe GODET

IT management : Mr. Boris MICHALECZEK

Research and Development management : Mr. Herve CHAVET

After-sales and litigation management : Mr. Alain THOMASSIN

Sales management : Mr. Steve BEAUDEL.

who report directly to the Chairman.

The company does not have a department dedicated to internal control at the present time which is responsible for performing checks on its behalf inside the company as well as the subsidiaries.

Each subsidiary has independent control over its sales, employment and financial management in compliance with the rules laid down by the group.

The internal control staff has been reinforced considerably over the last three years by:

- the recruitment, at the end of 2005, of Mr. Jean-Christophe GODET who is responsible for numerous controls related to the subsidiaries, for ensuring the correct application of the new IFRS standards which have been imposed upon the group and for auditing the acquisition of companies which the group intends to acquire,
- the arrival, at the beginning of 2006, of Mr. Frédéric BONVILLAIN who is responsible for strengthening the following items:
 - the process of updating our monthly business data,
 - procedures for reconciling material and human investments with the budgetary data.
- the recruitment, in the beginning of the 2nd semester in 2007, of Mr. Mickaël CHANCEREL as Administrative Director and Associate Finance Officer, whose principal mission is the financial monitoring of the subsidiaries (development of the budgets in cooperation with the CEO of each subsidiary, validation of the trimestrial situations and creation of the consolidated reports).

2.2.2 Delegation of authorities :

The Chairmen of the subsidiary companies have the widest powers to act in the company's interest, within the scope of their corporate mandate.

Mr. Philippe VANDROMME performs the Executive Vice President's functions inside MAISONS FRANCE CONFORT.

2.3.3 Charter and procedures :

The Group has started drawing up an internal procedures manual.

The Group's accounting principles, consolidation procedures and reporting tools for subsidiaries are the subject of a manual for subsidiaries and the consolidation department.

An IT charter was drawn up during the 2nd six months of 2006.

MAISONS FRANCE CONFORT has developed the "Citizen Builder" charter. This charter has the objective of specifying a common development strategy for the promotion of the quality and performance of the company's products as well as the improvement of employment conditions and prevention of environmental risks.

The citizen commitments are clearly and firmly expressed. They are the foundations of the overall company strategy:

- to act in a transparent manner through the dissemination of pertinent information,
- to act as a responsible company,
- to act by involving the partners and suppliers to continue to respond to clients requests by providing them with all the Group's expertise and, especially, to provide homes that are "clean, safe to live in, and accessible to all".

This is a common company-wide project which MAISONS FRANCE CONFORT S.A is deploying with its associates, subcontractors, distributors and suppliers. The subsidiaries are also invited to join in a logical development of their professionalism and their performance.

2.3. Financial reporting controls and procedures

The heart of the Group's internal control is based on the procedures which are intended to verify the reliability of the accounts and the other financial information used by the management and communicated to investors.

2.3.1. Budgetary procedure

The budgetary procedure is an essential tool for making our Regional directors and the Chairmen of our subsidiaries accountable.

Each region and subsidiary draws up a budget each year under the responsibility of our management control service/departments which is presented to the Board of Directors at the start of the year.

2.3.2 Reporting

Business data

The business data from our regions and our subsidiaries are centralized in our management chart each month (orders, openings, acceptances, etc.).

This information is analysed by the "Management control" department before it is communicated to the administrative and financial management.

The directors and chairmen of subsidiaries are questioned on the changes found if this is necessary.

Accounting positions

An accounting position for each entity comprising the MAISONS FRANCE CONFORT's Group is established quarterly. These positions were reconciled with the budgets that were established at the beginning of the year.

These reports enable the performance of the subsidiaries and regions and the profit centres to be measured and to identify any problems in order to deal with them during the year.

Information and authorizations

The cash position is permanently monitored, independently of the monthly reporting system, which enables the assessment of operational results to be fed back.

Investments in equipment and human resources are systematically subject to an authorization procedure and are reconciled with the information planned in the budget.

Audits by Statutory Auditors

Finally our Statutory Auditors regularly carry out audits inside each of the subsidiaries and the Regional Management.

These audits are the subject of a written report to the General Management.

2.4. Other significant controls and procedures

The aim of the procedures which are in force inside the Group is also to protect the company's key processes : the sale and the construction of single detached houses as defined under the terms of the act of December 19, 1990, codified under articles L231 - 1 and following of the Construction and Housing Code (CCH).

It includes :

- The validation of construction contracts by the branch manager : control of the financial terms of the sale and recording a contract, taking out guarantees.
- Controlling the technical and legal quality of the subcontractors, their financial terms for intervening and their insurance cover.
- Technically following up the building site to ensure that it is performed properly enabling drawdowns of funds to be issued in accordance with the contract.
- Managing customer accounts in liaison with the financing organizations.
- Monitoring construction costs and margins during and at the end of the work.
- The terms and conditions for final acceptance of a building : acceptance report, settling possible disputes, final invoicing.

The risks connected to MAISONS FRANCE CONFORT group's professional liability are covered by a "construction company all risks" insurance policy taken out with the AXA company.

The risks covered by an insurance policy are described more fully in the "Risk factors" note in the Reference Document.

Within the framework of prolonging the process for identifying the areas of progress, which can be made in internal control, we have set up a procedure for inspections performed by the head office staff on the building sites in all of the Group's companies.

A report is drawn up of these surprise inspections which is sent to the Regional Management or to the Management of the subsidiary concerned.

These inspections are part of the QUALITY initiative which we have initiated for building sites. The purpose of this quality initiative is to :

- Improve building site construction times,
- Comply with and improve forecasted margins,
- Raise reserves on acceptance,
- Keep debit balances to a minimum,
- Shorten encashment times,
- Customer satisfaction.

2.5. Future outlook for internal control

The development of our new SISCA software package has greatly contributed to the improvement of our internal control procedures for MAISONS FRANCE CONFORT S.A.

The first technical module was developed and put into practice in 2006 (after the worksite opening reception). The administrative client file monitoring module (monitoring of the signing of the sales contract at the worksite opening) was developed throughout 2007 and the beginning of 2008.

The development of this new software has facilitated the involvement of all company employees (at the headquarters and in the regional offices) and the review all the internal control procedures in order to secure the risk areas related to our business.

SISCA will be operational at the end of 2008 and will be progressively installed beginning in 2009 in the entire group of subsidiaries.

The internal control environment remains in continual development.

2.6. Compiling consolidated accounts

A consolidation is performed at each half-year.

The consolidated accounts are audited by the company's auditors before they are disclosed.

A manual of new accounting procedures was drawn up for the transition to the new IFRS referential which is intended for MAISONS FRANCE CONFORT and its subsidiaries.

3. Principles for the determination of the remuneration of company representatives

The Board of Directors determines the amount of remuneration and benefits of all kinds which are granted to the corporate officers.

4. Limits on the Chief executive's powers

The Board of Directors has not limited the powers of the Chief Executive or the Executive Vice President.

The Chairman of the Board of Directors,
Patrick VANDROMME.

Statutory Auditor's report on the accounts drawn up in accordance with article L. 225-235 of the Commercial Code, on the report of the Chairman of the Board of Maisons France Confort S.A., on the internal control procedures when compiling and processing accounting and financial data

Fiscal year closed on December 31 2007

Dear Ladies and Gentlemen the shareholders,

In our capacity as the Statutory Auditors of Maison France Confort SA and under the application of the provisions of the last subparagraph of article L.225-235 of the Commercial Code, we are presenting our report to you on your Chairman's report, in accordance with article L.225-37 of the Commercial Code for the fiscal year closed on December 31, 2007.

The Chairman is responsible for reporting on the conditions for preparing and organising the Board of Directors works and the internal control procedures set up inside the company, in his report.

We must inform you of any observations we may have on the information given in the Chairman's report on the control procedures for validating and processing accounting and financial information.

We performed our works in accordance with the professional accounting standards which are applicable in France. They require that we implement actions to assess the accuracy of the information contained in the Chairman's report on the internal control procedures for compiling and processing accounting and financial information. This action notably involves:

- an examination of the internal control procedures for the reporting and the processing of accounting and financial information supporting the information presented in the President's report as well as the existing documentation;
- an examination of the work which has led to the reporting of this information and of the existing documentation;
- a decision as to major deficiencies in the internal control relative to the development and processing of the accounting and financial information which we may have encountered in the course of our mission are appropriate for inclusion in the president's report.

Based on these works, we have no comments to make on any of the information concerning the company's internal control procedures for compiling and processing accounting and financial information contained in the Chairman of the Board of Directors' report, established under the application of the last sub paragraph of article L.225-37 of the Commercial Code

Alençon and Caen, April 30 2008

The Statutory Auditors

KPMG Audit
Department of KPMG S.A.

In extenso - Socogec

Thierry LEFEVRE
Partner

Yves GOUHIR
Partner

Alain MUELLE
Partner

Eric PIOU
Partner

5 . RESOLUTIONS PUT TO THE ORDINARY AND EXTRAORDINARY GENERAL MEETING OF MAY 23 2008

ORDINARY RESOLUTIONS

FIRST RESOLUTION - APPROVAL OF THE ACCOUNTS

The General Meeting, after reading the Board of Directors and Statutory Auditors' report on the fiscal year closed on December 31, 2007, approves the annual accounts closed on this date showing a profit of € 20,686,562.45 as presented to it.

SECOND RESOLUTION - APPROVAL OF THE CONSOLIDATED ACCOUNTS

The General Meeting, after considering the Board of Directors and Statutory Auditors' report on the consolidated accounts to December 31, 2007, approves these accounts which show a profit of €23,640,231 as presented to it.

THIRD RESOLUTION - APPROVAL OF THE AGREEMENTS

Ruling on the special report which was presented to it on the agreements of articles L.225-38 and following of the Commercial Code, the General Meeting approves the agreements which are mentioned in it.

FOURTH RESOLUTION - APPROPRIATION OF THE RESULT

The General Meeting decides on the Board of Directors' proposal to appropriate the profit as follows:

Origin :

| | |
|------------------------------|----------------|
| - Profit for the fiscal year | €20,686,562.45 |
| - Retained earnings | €1,821,477.68 |

Appropriation :

| | |
|------------------------------------|---------------|
| - to the shareholder, as dividends | €9,435,126.48 |
| - to the ordinary reserve | €9,448,090.35 |
| - to the retained earnings | €3,624,823.30 |

TOTALS

| | |
|-----------------------|-----------------------|
| €22,508,040.13 | €22,508,040.13 |
|-----------------------|-----------------------|

Amounts - Payments – Dividend Fiscal System

The unit dividend is 1.36 euros. The dividends paid in cash will be paid after July 1, 2008. This dividend is eligible, for physical persons fiscally living in France, at the reduced price specified in 2° of article 158-3-2° of the general tax code. Some physical persons may opt for automatic tax deductions at a rate of 18% for the purposes and conditions specified in article 117 quarter of the general tax code.

In accordance with the provisions of article 243 (as above) of the general tax code, we disclose to you that in the course of the last three fiscal periods, the distribution of dividends per share was as follows:

| For the fiscal year | Income eligible for the allowance for qualified persons | | Other income ineligible for the allowance |
|---------------------|---|--------------------------|---|
| | Dividends | Other income distributed | |
| 2004 | €4,046,929.25 (€1.75 per share) | None | None |
| 2005 | 6,035,705.91 (€0.87 per share) | None | None |
| 2006 | 8,116,983.81 (€1.17 per share) | None | None |

FIFTH RESOLUTION – RENEWING MR CHRISTIAN LOUIS VICTOR’S TERM OF OFFICE.

The General Meeting, at the proposal of the Board of Directors, decides to renew, for a duration of 6 years which will expire in 2014 at the ordinary General Assembly called to examine the reports of the past fiscal period, the director mandates of:

- Mr. Patrick VANDROMME, living in Saint Germain du Corbeis (61000) 10, rue des Bruyères,
- Mrs. Gilberte DUC, living in Alençon (61000), 4, route d’Ancinnes.

SIXTH RESOLUTION – NOMINATION OF AN ACTING STATUTORY AUDITOR AS A REPLACEMENT FOR IN EXTENSO SOCOGEC

The General Assembly, at the suggestion of the Board of Directors, decides to name, for a duration of six fiscal periods, i.e. up to the outcome of the annual ordinary General Assembly to be held in 2014 and called to examine the accounts for the year 2013, in the position of acting auditor, DELOITTE, located at 185 avenue Charles de Gaulle à Neuilly sur Seine (92524) as a replacement for IN EXTENSO SOCOGEC.

DELOITTE, who did not verify, during the course of the last two financial periods, any transfer transactions or mergers in the company and companies that it audits in the scope of article L.233-16 of the Business Code, has accepted its role.

SEVENTH RESOLUTION – NOMINATION OF A SUBSTITUTE STATUTORY AUDITOR

The General Assembly, at the suggestion of the Board of Directors, decides to name, in the position of substitute statutory auditor for a duration of six fiscal periods, as a replacement for Mr. Dominique FILOCHE who must discontinue his professional role:

BEAS, located at 7,9, Villa Houssay à Neuilly sur Seine (92200), who will exercise, as required, his mandate whenever DELOITTE is unable to do so.

EIGHTH RESOLUTION – SHARE BUYBACK PROGRAM

The General Assembly, with full knowledge of the report from the Board of Directors authorises the latter, for a period of eighteen months, in accordance with articles L. 225-209 and following of the Business Code, to proceed with the purchase, once or many times, at the times that they deem necessary, of company shares limited to 4% of the number of shares which make up the company capital which is, on the basis of the current capital, 277,503 shares.

This authorisation replaces the authorisation given to the Board of Directors by the ordinary General Assembly on May 15, 2007.

The acquisitions may be made in order to:

- ensure the stimulation of the secondary market and the liquidity of the MAISONS FRANCE CONFORT share by the mediation of an investment service provider via a liquidity contract in accordance with the charter of the AFEI code of ethics imposed by the AMF,
- conserve the shares purchased and their subsequent placement on the exchange or in payment in the possible operations of external growth, it being specified that the shares acquired for this purpose must not exceed 5% of the company capital,
- to ensure the coverage of the share purchase option plans and other forms of share allocation to employees and/or company representatives of the group under the conditions and in accordance with the modalities specified by law, especially, for the purpose of contribution to the company profits under a company savings plan or by free assignment of the shares,
- to ensure the coverage of the value of transferable securities which give right to assignment of company shares in accordance with the current regulations,
- to proceed with the possible cancellation of the acquired shares, under the reservation of the authorisation to confer by the present General Assembly of shareholders in its ninth resolution in an extraordinary character.

These share purchases may be performed by all means, including by block acquisition, and at the times that the Board of Directors deems necessary, including during a public offering within the limits of the stock market regulations. In any case, the company does not intend to recover derivative products.

The maximum purchase prices is fixed at 100 euros per share. In the case of operation on the capital especially of division or re-grouping of share or free assignment of share, the aforementioned amount will be adjusted in the same proportions (multiplying coefficient equal to the relation between the number of shares making up the capital before the operation and the number of shares after the operation).

The maximum amount of the operation is thus fixed at 27,750,372 €.

The General Assembly confers all authority to the Board of Directors for the purpose of proceeding with these operations, to decree the conditions and the modalities, to ratify all necessary agreements and to complete all the necessary formalities.

EXTRAORDINARY RESOLUTIONS

NINTH RESOLUTION – DELEGATION FOR THE REDUCTION OF CAPITAL WITHIN THE SHARE BUYBACK PROGRAM

The General Assembly, in full knowledge of the report from the Board of Directors and the report from the statutory auditors:

- 1/ gives the Board of Directors the authority to cancel, at its own discretion, once or several times, in the limit of 4% of the capital, which is 277,503 shares, the shares which the company holds after buybacks made in accordance with article L.225-209 of the Business Code as well as to reduce the business capital accordingly in compliance with the legal provisions and regulations in force,
- 2/ The duration of the validity of the present authorisation is fixed at 24 months, beginning from the present assembly, which extends it to May 23, 2010,
- 3/ gives all the necessary powers to the Board of Directors to implement the necessary operations of such cancellations and corresponding reductions of the business capital, to modify, as a consequence, the business status and to execute all the necessary formalities.

TENTH RESOLUTION – DELEGATION OF THE INCREASE OF CAPITAL WITH MAINTENANCE OF THE PRE-EMPTIVE SUBSCRIPTION RIGHTS

The General Assembly, having examined the Board of Director's report and, in accordance with the provisions of the Business Code, especially of article L. 225-129-2 therein, :

- 1/ Delegates to the Board of Directors authority to proceed with the increase of capital, once or several times, in the proportions and times that it deems necessary:
 - a/ by emission, either in euros, or in foreign currencies or in any other currency unit established by reference to a set of currencies, of ordinary shares and/or transferable securities which give immediate or term access, at any time or at a fixed date, to ordinary company shares or, in accordance with article L 228-93 of the business code, of any other company which possesses, directly or indirectly, more than half of its capital, whether it be by subscription, conversion, exchange, reimbursement, presentation of a bond or any other manner;
 - b/ and/or by incorporation of the capital of bonuses, reserves, profits and any other items, in the form of the assignment of free shares or increase of the nominal value of existing shares;
- 2/ The duration of the validity of the present delegation is fixed at twenty-six months beginning from and including the day of the present Assembly.
- 3/ Decides to fix, as follows, the authorised limits of the issued amounts in case of use, by the Board of Directors, of the present delegation of authority:

The overall nominal amount of shares which might be issued within the present authorisation must not be greater than 312,500 € and must not, as a consequence, bring the capital to an amount greater than 1,562,500 €.

The ceiling thus fixed includes the overall nominal value of supplementary shares which might possibly be issued in order to preserve, in accordance with the law, the rights of owners of the transferable securities which provide access to the capital.

In addition, to this ceiling will be imputed the overall nominal amount of the shares which may be issued, directly or otherwise, from the following resolution.
- 4/ In the case of use by the Board of Directors of the present delegation of authority for issues targeted in 1/a/ here-above:
 - a/ decides that the issues will be reserved, by preference, to the shareholders who have irrevocable subscription rights,

- b/ decides that, if the irrevocable subscription rights, and as the case may be, excess share subscription rights, have not absorbed the complete issue, the Board of Directors may use options specified by law and, especially, may offer to the public all or part of the unsubscribed shares,
 - c/ regarding all incorporation of the capital of bonuses, reserves, profits or any other items, decides that, as required, the rights to fractions of shares are not negotiable and the corresponding shares will be sold, the sums coming from the sale being allocated to the holders of the rights within the timeframe fixed by law,
- 5/ decides that the Board of Directors will use, within the limits described here-above, the necessary powers to establish the conditions of the issues, to report the resulting capital increase, to proceed with the corresponding modification of the status, to impute, at its own initiative, the fees for the increase of capital onto the amount of bonuses which pertain thereto and to withdraw from this amount the sums necessary to bring the statutory reserves to one-tenth of the new capital after each increase and, more generally, to do whatever is necessary in these matters.
- 6/ decrees that the present delegation replaces all previous delegations which may have been written the same purpose.

ELEVENTH RESOLUTION – DELEGATION FOR AN INCREASE OF CAPITAL WITH SUPPRESSION OF THE PRE-EMPTIVE SUBSCRIPTION RIGHTS

The General Assembly, having taken knowledge of the report from the Board of Directors and of the special report from the statutory auditors and, in accordance with the provisions of the Business Code, especially article L 225-129-2 therein, :

- 1/ Delegates to the Board of Directors authority to proceed with the increase of capital, once or many times, in the proportions and in the times that it deems necessary, on the French and/or international markets, by making a public offering, by the issue, either in euros, or in foreign currencies or in any other accounting unit established by reference to a set of currencies, of ordinary shares and/or transferable securities which give immediate or term access, at any time or at a fixed time, to ordinary shares of the company whether it be by subscription, conversion, exchange, reimbursement, presentation of a bond or any other manner; it being specified that these assets may be issued to remunerate the certificates which are brought to the Company for a public offering exchange on the certificates which meet the conditions fixed by article L 225-148 of the Business Code.
- In accordance with article L 228-93 of the Business Code, the transferable securities to be issued may provide access to ordinary shares of all companies which possess, directly or indirectly, more than half of its capital or of which it possesses, directly or indirectly, more than half of its capital.
- 2/ The duration of validity of the present delegation is fixed at twenty-six months from, and including, the day of the present assembly.
- 3/ Decides to fix, as follows, limits on the amounts of authorised issues in the case where the Board of Directors uses the present delegation of powers:
- The overall nominal amount of the ordinary shares which may be issued under the present delegation must not be greater than 312,500 € and must not, as a consequence, bring the capital to an amount greater than 1,562,500 €. In addition, to this ceiling, will be added the overall nominal amount of shares issued under the present resolution.
- 4/ decides to suppress the preferential right of subscription of the shareholders which are the object of the present resolution, while leaving the Board of Directors with the option to give the shareholders a priority right in accordance with the law.
- 5/ decides that the sum returning, or which will be returned, to the company for each ordinary share issued under the present delegation of authority, after taking into account, in the case of issues of equity warrants, at the issue price of the aforementioned shares, will be at least equal to the minimum required by the legal and regulatory provisions applicable at the time when the Board of Directors will make use of this delegation.
- 6/ decides that, in the case of issue of certificates called to remunerate shareholders brought for a public exchange offering, the Board of Directors will make use of, within the limits fixed here-above, the necessary powers to determine the list of certificates brought to the exchange, to establish the conditions of issue, the exchange rate as well as, if required, the amount of the cash compensation to be paid, and to determine the modalities of the issue.

7/ decides that the Board of Directors will make use of, within the limits fixed here-above, the powers which are necessary especially to establish the conditions of the issue(s), to report the resulting increase in capital, to proceed with the corresponding modification of the status, to impute, at its own initiative, the capital increase expenses on the amount of the associated compensations and to withdraw from this amount the sums necessary to bring the statutory reserves to one-tenth of the new capital after each increase, and, more generally, to do whatever is necessary in these matters.

8/ takes note that the present delegation replaces all previous delegations which appertain to the same matter.

TWELFTH RESOLUTION – AUTHORISATION TO INCREASE THE AMOUNT OF ISSUES IN THE CASE OF SURPLUS DEMAND

For each share issue decided by applying the tenth and eleventh resolutions, the number of shares to be issued may be increased in accordance with the conditions specified in article L 225-135-1 of the Business Code and within the limits of the ceilings fixed by the assembly, when the Board of Directors determines a surplus demand.

THIRTEENTH RESOLUTION – AUTHORISATION TO ISSUE SHARE OPTIONS

The General Assembly, in full knowledge of the report from the Board of Directors and of the special report from the statutory auditors:

- 1/ authorises the Board of Directors, within the provisions of articles L 225-177 to L.225-185 of the Business Code, to authorise, once or many times, to the profit of the beneficiaries identified here-after, options which give the right to the subscription of company shares to be issued or to the purchase of existing company shares which come from buybacks made in accordance with the conditions specified by law, this authorisation being given to the Board of Directors for a duration of 38 months beginning today,
- 2/ decides that the beneficiaries of these options will be:
 - on one hand, the employees, or some of them, or some categories of personnel,
 - on the other hand, business agents defined by law, such as MAISONS FRANCE CONFORT as well as companies and economic interest groups which are associated with it in the conditions of article L.225-180 of the Business Code,
- 3/ decides that, if subscription options are granted, the price of the shares subscribed by the beneficiaries will be determined on the day when the options are authorised by the Board of Directors and may not be less than 80% of the average of the share values as determined on the PARIS stock exchange over the 20 stock exchange sessions preceding the day when the subscription options will be authorised,
- 4/ decides that, if purchase option are granted, that the price of the shares purchased by the beneficiaries will be established on the day when the options are authorised by the Board of Directors and may not be less than 80% of the average share price as determined on the PARIS stock exchange over 20 stock exchange sessions preceding the day when the purchase options are authorised, neither can they be less than 80% of the average purchase price of shares held by the company in accordance with articles L 225-208 and/or L 225-209 of the Business Code,
- 5/ decides that no subscription or purchase option may be authorised less than 20 stock exchange sessions after the detachment of a coupon from the shares which gives the right to a dividend or to an increase of capital,
- 6/ takes note that the present authorisation brings, to the profit of the beneficiaries of the subscription options, express renunciation of the shareholders' preferential subscription rights to shares which will be issued as the options are exercised,
- 7/ delegates all the powers to the Board of Directors necessary to establish the other conditions and modalities of the assignment of options and of their use and, especially, to:
 - establish the conditions in which the options are authorised and decide the list or the categories of beneficiaries; establish the conditions of seniority which these beneficiaries must satisfy; decide the conditions in which the price and the number of shares may be adjusted, especially under the conditions specified in articles R 225-137 to R 225-142 of the Business Code,
 - establish the fiscal period(s) for the options thus authorised, it being specified that the duration of the options must not exceed a period of 5 years beginning from their date of assignment,
 - make allowance for the option of temporarily suspending the exercise of options for a maximum duration of 3 months in the case of financial operations which involve the exercise of a right associated with the shares,
 - perform or have performed all the actions and formalities which might be required for the use of the present authorisation, to modify the status and, in general, to do whatever is necessary,

- at its sole discretion and if it deems appropriate, to impute the business capital increase expenses to the amount of the compensations associated with these increases and to withdraw from this amount the sums which are necessary to bring the statutory reserves to one-tenth of the new capital after every increase.

FOURTEENTH RESOLUTION – TO GIVE THE BOARD OF DIRECTORS THE AUTHORISATION TO FREELY ASSIGN SHARES TO EMPLOYEES AND/OR CERTAIN BUSINESS PROXIES

The extraordinary General Assembly, in full knowledge of the report from the Board of Directors and of the special report from the statutory auditors, authorises the Board of Directors to proceed with, one or more times, in accordance with articles L 225-197-1 and L 225-197-2 of the Business Code, the assignment of ordinary company shares, existing or yet to be issued, to the profit of:

- personnel of the company or of companies which are, directly or indirectly, associated with it in accordance with article L 225-197-2 of the Business Code or certain categories among them,
- and/or business proxies who meet the conditions established by article L. 225-197-1 of the Business Code.

The total number of shares thus freely assigned must not exceed 3% of the existing business capital on the day of the first assignment decided by the Board of Directors.

The assignment of shares to the beneficiaries will be confined to an acquisition period with a minimum duration of two years. In addition, the beneficiaries must keep the assigned shares for a minimum period of two years.

The Board of Directors has the option to increase the length of these two periods.

In addition, all authority is given to it in order to allow it to:

- establish the conditions and, as required, the share assignment criteria,
- determine the identity of the beneficiaries as well as the number of shares assigned to each of them,
- determine the impact on the rights of the beneficiaries, operations which change the capital or may affect the value of the shares which are assigned and transferred during the acquisition and holding periods and, as a consequence, to modify and/or adjust, if necessary, the number of assigned shares in order to preserve the rights of the beneficiaries,
- as required:
 - to determine the existence of sufficient reserves and to proceed, during each assignment, with the bank transfer to a safekeeping reserve account of the sums necessary for the liberation of the new shares which are to be assigned,
 - determine, when the time comes, the capital increase(s) by incorporation of the reserves, compensations or benefits which correspond to the issue of new shares which have been freely assigned,
 - proceed with the necessary share acquisitions for the share redemption program and to assign them to the distribution plan,
 - take all the measures necessary to ensure the fulfilment of the obligation of the beneficiaries to hold the shares,
 - in general, to do, in accordance with existing laws, all that the execution of the present authorisation will make necessary.

The present authorisation brings express renunciation of the shareholders to their rights to the portion of reserves, compensations and benefits, to be incorporated into the capital in order to allow the liberation of assigned shares.

This delegation is given for a duration of thirty-eight months beginning from the day of the present assembly.

FIFTEENTH RESOLUTION – FORMALITIES

The General Assembly gives authority to the carrier of a duplication, a copy or of an extract of the present minutes for the purpose of fulfilling all the deposition and publication formalities required by law.

PERSONS RESPONSIBLE FOR THE REFERENCE DOCUMENT AND FOR AUDITING THE FINANCIAL STATEMENTS

1. THE PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

Mr. Patrick VANDROMME

Chairman of the Board of Directors and Chief Executive of MAISONS FRANCE CONFORT

2. ATTESTATION BY THE PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

"I certify, after having taken all reasonable measures to this end, that to my knowledge, the information contained in this reference document conforms to the true position and do not include any omission which is likely to alter its range.

I certify, to the best of my knowledge, that the accounts have been created in accordance with the applicable accounting standards and provide a faithful representation of the assets, the financial situation and of the profits of the company and of the group of companies which are included in the consolidation, and that the management report attached here-to presents an accurate summary of the development of the business, of the profits and of the financial situation of the company and the group of companies included in the consolidation as well as a description of the associated risks and uncertainties.

I have received an "end of work" letter, from the statutory auditors, in which they say they have proceeded with the verification of information related to the financial situation and the accounts given in the present document as well as with the reading of the entire document."

Patrick VANDROMME
Chairman of the Board of Directors and Chief Executive Officer

3. PERSON RESPONSIBLE FOR AUDITING THE ACCOUNTS AND CERTIFICATE FROM THE STATUTORY AUDITORS

Statutory Auditors

KPMG Audit

Company represented by Mr. Thierry LEFEVRE & M. Yves GOUHIR
4, rue Alfred Kastler – 14053 CAEN CEDEX

Appointed on July 13 1999 and renewed for the last time by the Ordinary and Extraordinary General meeting of May 26 2005 for six fiscal years expiring at the end of the Ordinary General Meeting ruling on the accounts closed on December 31 2010.

IN EXTENSO SOCOGEC

Company represented by Mr. MUELLE & Mr. Eric PIOU
BP 321 – 61000 ALENCON CEDEX

Appointed on July 13 1999 and renewed for the last time by the Ordinary and Extraordinary General meeting of May 28 2002 for six fiscal years expiring at the end of the Ordinary General Meeting ruling on the accounts closed on December 31 2007.

Deputy Statutory Auditors

Eric THOUVENEL

1, rue Claude Bloch – BP 5093 – 14078 CAEN
CEDEX

Appointed on May 26 2005 for 6 fiscal years expiring
at end of the Ordinary General Meeting which rules on
the accounts closed on December 31 2010.

Dominique FILOCHE

BP 321 – 61000 ALENCON CEDEX

Appointed on July 13 1999 and renewed for the last
time by the Ordinary and Extraordinary General
Meeting of May 28 2002 for six fiscal years expiring
at the end of the Ordinary General Meeting which rules
on the accounts closed on December 31 2007.

Fees for the statutory auditors and members of their networks employed by the Group in 2007

| | 2007 | | | | | | 2006 | | | | | |
|--|------------|---------------|------------|---------------|----------|---------------|------------|---------------|------------|---------------|----------|---------------|
| | KPMG Audit | | SOCOGEC | | Others | | KPMG Audit | | SOCOGEC | | Others | |
| | K€ | % | K€ | % | K€ | % | K€ | % | K€ | % | K€ | % |
| Statutory auditors, certification, examination of the individual and consolidated accounts | 155 | 95.4% | 154 | 98.1% | 7 | 100.0% | 135 | 92.5% | 131 | 92.9% | 6 | 100.0% |
| Associated work* | 8 | 4.6% | 3 | 1.9% | 0 | 0.0% | 11 | 7.5% | 10 | 7.1% | | 0.0% |
| TOTAL | 163 | 100.0% | 157 | 100.0% | 7 | 100.0% | 146 | 100.0% | 141 | 100.0% | 6 | 100.0% |

* Concerning the work associated with the acquisition of companies

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