Half-yearly financial report

as of June 30, 2007

legrand

www.legrandelectric.com

Page

1
RESPONSIBILITY FOR THE HALF-YEARLY FINANCIAL REPORT 3
1.1 - Person responsible for the half-yearly financial report 4
1.2 - Statutory auditors 4
1.3 - Financial information 5

2
HALF YEAR REPORT FOR THE SIX MONTHS ENDED JUNE 30, 2007 7
2.1 - Introduction 8
2.2 - Overview 8
2.3 - Recent events 9
2.4 - Comparison of first-half results in 2006 and 2007 10
2.5 - Related party transactions 16
2.6 - Risks and uncertainties 16
2.7 - Prospects 16

3
INTERIM CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2007 17
Consolidated statement of income 18
Consolidated balance sheet 19
Consolidated statement of cash flows 21
Consolidated statement of changes in equity 22
Notes to the interim consolidated financial statements 23

4
STATUTORY AUDITORS' REPORT ON INTERIM CONSOLIDATED ACCOUNTS 63
Statutory auditors' report on interim consolidated accounts 64

1 RESPONSIBILITY FOR THE HALF-YEARLY FINANCIAL REPORT

1.1 - Person responsible for the half-yearly financial report 4

1.1.1 - Name and position of the person responsible for the half-yearly financial report 4

1.1.2 - Responsibility statement 4

1.2 - Statutory auditors 4

1.2.1 - Principal statutory auditors 4

1.2.2 - Deputy statutory auditors 5

1.3 - Financial information 5

1.3.1 - Person responsible for financial information 5

1.3.2 - Indicative financial information calendar 5

1
2
3
4

1.1 - Person responsible for the half-yearly financial report

1.1.1 - Name and position of the person responsible for the half-yearly financial report

Mr Gilles Schnepp, Chairman and Chief Executive Officer of Legrand, a French société anonyme, with a share capital of €1,078,773, 504, whose registered office is at 128, avenue du Maréchal de Lattre de Tassigny, 87 000 Limoges and whose registration number is 421 259 615 RCS Limoges, hereafter the "Company".

1.1.2 - Responsibility statement

"I hereby certify, having taken all reasonable steps to confirm it,, that, to the best of my knowledge, the accounts set out in chapter 3 of this half-yearly financial report are prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities and financial position and profit or loss of Legrand and the undertakings in the consolidation taken as a whole.

I also hereby certify that the interim management report set out in Chapter 2 of this half-yearly financial report includes a fair review of the information referred to in Article 222-6 of the General Regulation of the French market authority (Autorité des marchés financiers), namely the material events that occurred in the first six months of the financial year and their impact on the interim accounts as well as a description of the principal risks and uncertainties for the remaining six months of the year and an account of the main related-party transactions.".

Gilles Schnepp

Chairman and Chief Executive Officer

1.2 - Statutory auditors

1.2.1 - Principal statutory auditors

PricewaterhouseCoopers Audit

Member of the Regional Body of Statutory Auditors in Versailles ("*Compagnie régionale de Versailles*")

Represented by Gérard Morin

Crystal Park

63, rue de Villiers

92208 Neuilly-sur-Seine

Appointed deputy statutory auditor at the general shareholders' meeting of June 6, 2003, became principal statutory auditor following the merger between Pricewaterhouse and Coopers & Lybrand Audit, and renewed as principal statutory auditor at the general shareholders' meeting of March 2, 2004 for a term of six fiscal years. Its appointment shall expire at the end of the general shareholders' meeting convened to vote upon the financial statements for the year ending on December 31, 2009.

Deloitte & Associés

Member of the Regional Body of Statutory Auditors in Versailles ("*Compagnie régionale de Versailles*")

Represented by Dominique Descours

185, avenue Charles de Gaulle

BP 136

92524 Neuilly-sur-Seine Cedex

Appointed principal statutory auditor at the general shareholders' meeting of December 21, 2005 for a term of six fiscal years. Its appointment shall expire at the end of the general shareholders' meeting convened to vote upon the financial statements for the year ending on December 31, 2010.

1.2.2 - Deputy statutory auditors

Mr **Yves Nicolas**

Member of the Regional Body of Statutory Auditors in Versailles ("*Compagnie régionale de Versailles*")

Crystal Park

63, rue de Villiers

92208 Neuilly-sur-Seine

Appointed deputy statutory auditor at the general shareholders' meeting of March 2, 2004 for a term of six fiscal years. Its appointment shall expire at the end of the general shareholders' meeting convened to vote upon the financial statements for the year ending on December 31, 2009.

BEAS

Member of the Regional Body of Statutory Auditors in Versailles ("*Compagnie régionale de Versailles*")

7-9, Villa Houssay

92524 Neuilly-sur-Seine Cedex

Appointed deputy statutory auditor at the general shareholders' meeting of December 21, 2005 for a term of six fiscal years. Its appointment shall expire at the end of the general shareholders' meeting convened to vote upon the financial statements for the year ending on December 31, 2010.

1.3 - Financial information

1.3.1 - Person responsible for financial information

Mr **Patrice Soudan**

Address: 82, rue Robespierre, 93170 Bagnolet

Tel: + 33 (0)1 49 72 52 00

Fax: + 33 (0)1 43 60 54 92

1.3.2 - Indicative financial information calendar

Financial information reported to the public by the Company will made available on the Company's web site (www.legrandelectric.com).

For indicative purposes only, the Company's financial information calendar up to the next annual General meeting, should be as follows:

- 2007 nine-month results: November 8, 2007;
- 2007 annual results: February 7, 2008;
- 2008 first-quarter results: May 7, 2008;
- General Meeting of Shareholders: May 22, 2008.

2 HALF YEAR REPORT FOR THE SIX MONTHS ENDED JUNE 30, 2007

2.1 - Introduction 8

2.2 - Overview 8

2.3 - Recent events 9

2.4 - Comparison of first-half results in 2006 and 2007 10

2.5 - Related party transactions 16

2.6 - Risks and uncertainties 16

2.7 - Prospects 16

2.1 - Introduction

The following review of our financial position and the results of operations should be read in conjunction with our consolidated financial statements and the related notes for the six-month period ended June 30, 2007 as set out in chapter 3 of this half-yearly financial report and other information included in the Reference Document *(document de référence)* filed with the French *Autorité des marchés financiers* (AMF) on April 23, 2007, under number R.07.0038. Our financial statements were prepared in accordance with International Financial Reporting Standards, as adopted by the European Union. This review also includes forward-looking statements based on assumptions about our future business. Our actual results could differ materially from those contained in these forward-looking statements.

All percentages may be calculated on non-rounded figures and, therefore, may vary from percentages calculated on rounded figures.

2.2 - Overview

We are one of the principal worldwide manufacturers of products and systems for low-voltage electrical installations and data networks used in residential, commercial and industrial buildings. We are a "pure-player", focused on developing, manufacturing and marketing a complete range of control and command, cable management, energy distribution and Voice, Data and Image ("VDI") products. We market our products under internationally recognized brand names, including *Legrand*, *Bticino* and *Ortronics*, as well as well-known local brands. We have commercial and industrial facilities in more than 60 countries and sell a wide range of products, consisting of more than 130,000 catalogue items, in more than 180 countries. In 2006, we had consolidated net sales of €3,736.8 million of which 75% were generated outside France. In addition, in 2006, approximately 22% of our net sales were generated in emerging markets.

We report our financial position and results of operations on the basis of five geographic zones which correspond to the regions of origin of invoicing. Information concerning the results of operations and financial positions for each of these five geographic zones is presented for the first six months of 2007, 2006 and 2005 in Note 26 to our consolidated financial statements as set out in chapter 3 of this half-yearly financial report. Each zone represents either a single country or the consolidated results of a number of countries and distinct markets. These five geographic zones are:

- France;
- Italy;
- Rest of Europe (principally Spain, Portugal, Greece, Turkey, the United Kingdom, Germany, Belgium, the Netherlands, Austria, Poland, and Russia);
- United States and Canada; and
- Rest of the World (principally Brazil, Mexico, Chile, Costa Rica, Colombia, China, India, South Korea, Egypt, and Australia).

Since local market conditions are the determining factor in our performance and net sales by zone, the consolidated financial information for multi-country zones does not always accurately reflect financial performance in each of the national markets. In fact, operations with our geographic zones vary significantly from one country to the next. Furthermore, products may be manufactured and sold locally or imported from or exported to another Group entity. These factors may distort the comparisons between the results of the different geographic zones. Consequently, with the exception of information relating to net sales, the discussion of our results below focuses primarily on our consolidated results, with references to national markets where they have a material impact on our consolidated accounts.

2.3 - Recent events

Since the beginning of 2007, Legrand has actively pursued its strategy for acquisition-driven growth and has announced self-financed acquisitions of three companies:

- in January, HPM, number two for wiring devices in Australia and New Zealand. HPM reported annual sales of approximately €100 million in 2006, of which nearly 88% was generated in Australia and will round out the group's positions in the Asia-Pacific area. Conversely, Legrand's ranges in protection, cable management, VDI and access control will effectively extend HPM's product offering and market coverage. Present in Sidney, Melbourne and Auckland, HPM employs 875 people including a sales force of around 200;
- also in January, UStec, specialized in complete solutions for Voice, Data and Image networks for residential buildings which reported annual sales of approximately $12 million in 2006. UStec's catalog of over 500 products will round out Legrand's presence on the US home automation market, where the group is achieving growth rates of around 20%. UStec's offering, focused on the top of the range, makes it the ideal complement for OnQ, the market leader for structured wiring. Based in Rochester, New York, UStec distributes its products through a network of 750 specialized distributors;
- in July, Kontaktor, the Russian leader for air circuit breakers and molded-case circuit breakers, a transaction subject to the approval of competent authorities. Integration of Kontaktor will complement Legrand's number-two place for modular circuit breakers and, by the same token, its robust presence on this rapidly expanding market, where it also ranks first in wiring devices as well as first in plastic trunking. Based in Oulianovsk to the southeast of Moscow, Kontaktor counts over 2,400 employees and reported sales of €35 million in 2006.

During the first six months of 2007, Legrand maintained the momentum of product innovation with over twenty new ranges launched over the period, among them:

- control and command: Celiane, Mosaic and Batibox programs in wiring devices, a major success in France since their launch in January 2007, Zunis wiring devices in South Korea, Shim Lock and Tamper Resistant wiring devices in the United States, new energy-saving controls for emergency lighting and a new line of presence detectors from The Watt Stopper in the United States;
- energy distribution: Stop and Go circuit breakers with automatic rearming in France, Italy and Spain, and the Plugtail GFCI offering in the United States;
- cable management: the new floor-cabling offering for the Mosaic program in France and the Datamatix offering in Spain;
- VDI: Mighty Mo® cabinets in the United States.

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3
4

2.4 - Comparison of first-half results in 2006 and 2007

	Legrand Six months ended as of June 30	
(in € millions)	**2007**	**2006**
Net sales	**2,095.7**	**1,893.3**
Operating expenses		
Cost of sales	(1,034.0)	(939.8)
Administrative and selling expenses	(546.0)	(496.2)
Research and development costs	(107.8)	(120.2)
Other operating income (expense)	(63.4)	(54.1)
Operating profit	**344.5**	**283.0**
Finance costs	(68.6)	(89.7)
Financial income	15.5	15.8
Exchange gains and losses	8.4	21.7
Loss on extinguishment of debt	0.0	(109.0)
Finance costs and other financial income and expense, net	**(44.7)**	**(161.2)**
Share of profit of associates	0.6	0.5
Profit before tax	**300.4**	**122.3**
Income tax expense	(104.3)	(57.7)
Profit for the period	**196.1**	**64.6**
Attributable to:		
– Equity holders of Legrand	**195.2**	**63.3**
– Minority interests	**0.9**	**1.3**

The table below presents the calculation of our adjusted operating profit (defined as operating profit adjusted for purchase accounting adjustments relating to the acquisition of Legrand France in 2002 and impairment of goodwill) for the periods under review:

	Legrand Six months ended as of June 30	
(in € millions)	**2007**	**2006**
Profit for the period	**196.1**	**64.6**
Income tax expense	104.3	57.7
Share of profit of associates	(0.6)	(0.5)
Loss on extinguishment of debt	0.0	109.0
Exchange gains and losses	(8.4)	(21.7)
Financial income	(15.5)	(15.8)
Finance costs	68.6	89.7
Operating profit	**344.5**	**283.0**
Purchase accounting for acquisition of Legrand France	31.3	43.4
Impairment of goodwill	0.0	0.0
Adjusted operating profit	**375.8**	**326.4**
Restructuring charges	14.3	9.0
Recurrent adjusted operating profit	**390.1**	**335.4**

Net sales

Our consolidated net sales increased by 10.7% to €2,095.7 million during the first six months of 2007, compared to €1,893.3 million during the first six months of 2006, reflecting:

- an 8.6% increase in net sales, excluding the effects of changes in the scope of consolidation and using constant exchange rates;
- a 1.8% decrease in net sales relating primarily to unfavorable fluctuations in exchange rates (principally for the dollar against the euro) during the period; and
- a 3.8% increase in net sales relating primarily to changes in the scope of consolidation in 2007 compared to 2006. These changes concerned in particular the consolidation of Shidean, Vantage, Cemar, UStec and of HPM for five months.

The increase in net sales, excluding the effects of changes in the scope of consolidation and using constant exchange rates, reflects an increase in net sales in all zones, excepting the United States and Canada zone where net sales were almost maintained at the same level. Emerging countries continued to show strong growth with an overall rise in sales close to 18% in the first half of 2007. The contribution of these markets to total group sales also continued upward to reach 22% in the first half of 2007 compared with 20% in the same period of 2006.

Excluding the effects of changes in the scope of consolidation and using constant exchange rates, the growth in net sales by zone of destination (local market of the end customer) from the first six months of 2007 to the first six months of 2006 was as follows:

France	+ 7.3%
Italy	+ 9.1%
Rest of Europe	+ 14.6%
United States and Canada	- 0.8%
Rest of the World	+ 12.3%
TOTAL	**+ 8.6%**

France. Net sales in France increased by 7.5% during the first half of 2007 to €529.1 million, compared to €492.4 million during the first half of 2006, supported by the success of new wiring-device ranges Celiane, Mosaic and Batibox. This resulted principally from a 7.3% increase in net sales excluding the effects of changes in the scope of consolidation and using constant exchange rates.

Italy. With market conditions generally favorable in the first half of 2007, net sales in Italy increased by 7.5%, to €402.6 million, compared to €374.6 million during the first half of 2006, with all product families doing well. This increase resulted principally from a 9.1% increase in net sales excluding the effects of changes in the scope of consolidation and using constant exchange rates combined with a – 1.5% negative impact due to an accounting reclassification.

Rest of Europe. Net sales in the Rest of Europe zone increased by 14.6% to €446.8 million during the first half of 2007, compared to €389.8 million during the first half of 2006. This increase resulted principally from a 14.6% increase in net sales excluding the effects of changes in the scope of consolidation and using constant exchange rates combined with a 0.3% decrease in net sales due to unfavorable fluctuations in exchange rates. Net sales excluding the effects of changes in the scope of consolidation and using constant exchange rates showed double-digit growth in Spain, Switzerland, Greece and Turkey and growth rate exceeding 25% in Eastern European countries with very good performances in particular in Russia, Poland, Romania, Slovakia and Ukraine.

United States and Canada. Net sales in the United States and Canada zone decreased by 4.6%, to €319.9 million during the first half of 2007, compared to €335.3 million during the first half of 2006. This resulted from a slight 0.8% decrease in net sales, excluding the effects of changes in the scope of consolidation and using constant exchange rates combined with an unfavorable exchange rate effect of 7.5%, partially offset by the positive impact of the consolidation of Vantage and UStec. Although the residential market has not shown any sign of recovery and in spite of a challenging basis for year-on-year comparisons, the group maintained sales performance at constant scope of consolidation and exchange rates for the first half of 2007 at a level comparable with that of the same period in 2006. This was partly attributable to continued strong pace in sales of high value added systems (lighting controls, residential automation, energy-saving devices for commercial buildings).

Rest of the World. Net sales in the Rest of the World zone increased by 31.9%, to €397.3 million during the first half of 2007, compared to €301.2 million during the first half of 2006. This resulted from a 12.3% increase in net sales, excluding the effects of changes in the scope of consolidation and using constant exchange rates, which reflected very good performances in nearly all countries of this zone combined with the positive impact of the consolidation of Shidean, Cemar and of HPM for 5 months, which was partially offset by an unfavorable exchange rate effect of 2.9%.

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3
4

The table below presents the components of changes in our net sales by **destination zone** (local market of the end customer).

Net sales € millions, except %	1st six months 2006	1st six months 2007	Total change	Changes in scope of consolidation	Organic growth[1]	Exchange rate effect
France	492.4	529.1	7.5%	0.2%	7.3%	0.0%
Italy	374.6	402.6	7.5%	- 1.5%[2]	9.1%	0.0%
Rest of Europe	389.8	446.8	14.6%	0.3%	14.6%	- 0.3%
USA/Canada	335.3	319.9	- 4.6%	4.0%	- 0.8%	- 7.5%
Rest of the World	301.2	397.3	31.9%	21.0%	12.3%	- 2.9%
CONSOLIDATED TOTAL	**1,893.3**	**2,095.7**	**10.7%**	**3.8%**	**8.6%**	**- 1.8%**

[1] *Excluding the effects of changes in the scope of consolidation and using constant exchange rates.*
[2] *Due to an accounting reclassification.*

The table below presents the components of changes in our net sales by **origin** of invoicing.

Net sales € million, except %	1st six months 2006	1st six months 2007	Total change	Changes in scope of consolidation	Organic growth[1]	Exchange rate effect
France	568.5	616.9	8.5%	0.0%	8.5%	0.0%
Italy	394.4	429.5	8.9%	- 1.5%[2]	10.5%	0.0%
Rest of Europe	364.1	408.1	12.1%	0.0%	12.4%	- 0.3%
USA/Canada	340.4	326.8	- 4.0%	4.3%	- 0.5%	- 7.5%
Rest of the World	225.9	314.4	39.2%	28.2%	12.5%	- 3.5%
CONSOLIDATED TOTAL	**1,893.3**	**2,095.7**	**10.7%**	**3.8%**	**8.6%**	**- 1.8%**

[1] *Excluding the effects of changes in the scope of consolidation and using constant exchange rates.*
[2] *Due to an accounting reclassification.*

Operating expenses

COST OF SALES

The consolidated cost of sales increased by 10.0% to €1,034.0 million during the first half of 2007 compared to €939.8 million for the first half of 2006. Cost of sales as a percentage of net sales decreased slightly from 49.6% during the first six months of 2006 to 49.3% during the first six months of 2007.

Excluding the effects of changes in the scope of consolidation, the rise in the cost of sales resulted primarily from increases in:

- the volume of raw materials and components consumed due to higher net sales and a growing resort to subcontracting;
- the price of raw materials and components; and
- production expenses due to higher sales volume.

This increase in production expenses has been partially offset by continuing efforts to raise productivity and the pursuit of restructuring operations.

ADMINISTRATIVE AND SELLING EXPENSES

The consolidated administrative and selling expenses increased by 10.0% to €546.0 million in the first half of 2007, compared to €496.2 million in the first half-year of 2006. At constant scope of consolidation, this increase is attributable to:

- a continuing reinforcement of the group's market presence in all geographic zones, particularly in the United States and the Rest of the World zone. As a result, the average marketing and sales headcount increased by around 3% at constant scope of consolidation from the first six months of 2007 to the first six months of 2006; and
- higher sales and administrative expenses reflecting levels of activity.

As a percentage of net sales, consolidated administrative and selling expenses remained nearly unchanged at 26.1% in the first six months of 2007 compared to 26.2% in the first six months of 2006.

RESEARCH AND DEVELOPMENT EXPENSES

In accordance with IAS 38 "Intangible Assets", since January 1, 2004, we have implemented an internal measurement and accounting system for development expenses to be recognized as intangible assets. On this basis, €12.2 million in development expenses were capitalized during the first half of 2007 compared to €12.8 million during the first half of 2006. Amortization charges for capitalized development expenses amounted to €4.1 million during the first six months of 2007 after €1.6 million in the first six months of 2006.

Research and development expenditure totaled €107.8 million during the first half of 2007 and €120.2 million during the first half of 2006, which notably included the amortization of intangible assets relating to the acquisition of Legrand France.

Excluding the purchase accounting charge relating to the acquisition of Legrand France and including capitalized development expenses, research and development expenses amounted to €87.1 million during the first half-year of 2007, compared to €90.8 million during the first half of 2006.

During the first six months of 2007, Legrand launched over twenty new products ranges.

	Calculation of research and development expenses six months ended June 30	
(in € millions)	2007	2006
Research and development expenses	(107.8)	(120.2)
Amortization of revalued intangible assets relating to the acquisition of Legrand France	28.8	40.6
Depreciation expense for capitalized development expenses	4.1	1.6
Research and development expenses, excluding amortization and amortization of revalued intangible assets relating to the acquisition Legrand France	**(74.9)**	**(78.0)**
Capitalized development expenses	(12.2)	(12.8)
Research and development expenditure for the period	**(87.1)**	**(90.8)**

OTHER OPERATING INCOME (EXPENSE)

During the first half-year of 2007, other operating income and expenses increased by 17.2%, to €63.4 million, compared to €54.1 million during the same period in 2006. This resulted principally from an increase in restructuring charges associated with reorganization projects notably in Italy and Australia.

Operating profit

Our consolidated operating profit increased by 21.7% to €344.5 million during the first half of 2007 compared to €283.0 million during the first half of 2006. This resulted primarily from:

- a 10.7% increase in net sales; and
- a 10.3% decrease in research and development costs due to accelerated amortization of intangible assets relating to the acquisition of Legrand France;

partially offset by:

- a 10.0% increase in cost of sales;
- a 10.0% increase in administrative and selling expenses;
- a 17.2% increase in other operating expenses.

Overall, consolidated operating profit as a percentage of net sales showed a strong rise from 14.9% during the first half of 2006 to 16.4% during the first half of 2007.

1
2
3
4

Adjusted operating profit

We define adjusted operating profit as operating profit adjusted for purchase accounting charges recorded in connection with the acquisition of Legrand France in 2002 and impairment of goodwill. Our adjusted operating profit increased by 15.1% to €375.8 million in the first half of 2007 compared to €326.4 million in the first half of 2006. This resulted from:

- an 11.1% increase to €122.6 million in France during the first half of 2007 compared to €110.4 million during the first half of 2006, representing 19.9% of net sales in the first six months of 2007 compared to 19.4% in the first six months of 2006;
- a 18.4% increase to €133.4 million in Italy during the first half of 2007 compared to €112.7 million during the first half of 2006, representing 31.1% of net sales in the first six months of 2007 and 28.6% of net sales in the first six months of 2006;
- an increase in most countries in the Rest of Europe zone, including Spain, Portugal, Greece, the United Kingdom and Russia, which more than offset unfavorable changes in the Netherlands and Turkey;
- an increase in most countries in the Rest of the World zone, including Brazil, China, Singapore, India, Colombia, Venezuela and Mexico, which more than offset a decrease due to restructuring charges in Australia.

These increases were partially offset by:

- a slight decrease of 3.0% in the United States and Canada, due to market conditions and the negative impact of exchange rates, to €36.1 million in the first half of 2007 compared to €37.2 million in 2006. As a percentage of net sales, adjusted operating profit in this zone was maintained and represented 11.0% of net sales in the first six months of 2007 compared to 10.9% in the first six months of 2006. This demonstrates the group's capacity to adapt when market conditions are unfavorable.

Overall, adjusted consolidated operating profit as a percentage of net sales showed a strong rise from 17.2% in the first six months of 2006 compared to 17.9% in the first half of 2007.

Net finance costs

Our consolidated net finance costs decreased by 28.1% during the first half of 2007 to €53.1 million compared to €73.9 million during the first half of 2006. Our net finance costs amounted to 2.5% of net sales in the first six months of 2007, compared to 3.9% in the first six months of 2006. The decrease in net finance costs was primarily due to lower level of indebtedness, as well as the more favorable financing conditions obtained after refinancing of debt during the first quarter of 2006.

Exchange gains and losses

Exchange gains amounted to €8.4 million during the first six months of 2007 compared to €21.7 million exchange gains during the first six months of 2006, which was primarily due to an exceptional exchange gain of €30.4 million relating to the redemption of high-yield notes.

Income tax expense

Our consolidated income tax expense amounted to €104.3 million during the first half of 2007 compared to €57.7 million during the first half of 2006. This increase is mainly due to the increase in operating profit, as well as a €109 million loss on extinguishment of debt which had an unfavorable impact on pre-tax profit for the first six months of 2006.

Net profit

Our consolidated net profit more than tripled, amounting to €196.1 million in the first half of 2007 compared to €64.6 million in the first half of 2006. This very strong increase results from:

- a €61.5 million increase in operating profit;
- a €20.8 million decrease in net finance costs; and
- a €109.0 million loss on extinguishment of debt having impacted the results of the first six months of 2006

partially offset by:

- a €13.3 million decrease resulting from exchange gains and losses; and
- a €46.6 million increase in income taxes.

Cash flow

The table below summarizes our cash flow for the six-months periods ended June 30, 2007 and June 30, 2006:

	Legrand Six months ended June 30	
(in € millions)	2007	2006
Net cash provided by operating activities	202.0	238.6
Net cash used in investing activities	(151.9)	(121.1)
Net cash (used in) provided by financing activities	(33.8)	(62.7)
Increase (decrease) in cash and cash equivalents	16.2	44.1
Capital expenditure and capitalized development costs	(73.8)	(74.8)

For a description of our cash flow, see the consolidated statement of cash flow in our consolidated financial statements.

NET CASH PROVIDED BY OPERATING ACTIVITIES

Net cash provided by operating activities decreased to €202.0 million at June 30, 2007 compared to €238.6 million at June 30, 2006. This decrease of €36.6 million for the first half of 2007 is primarily due to an increase of the changes in current operating assets and liabilities (which comparison basis as of December 31, 2006 was particularly low at 11.7% of net sales), and to an exceptional foreign currency cash gain of €30.4 million during the first half-year of 2006 which impacted favorably the cash flow from operations (defined as net cash provided from operations, plus or minus changes in current operating assets or liabilities) of this period. The cash flow from operations increased by 7.0%, amounting to €330.2 million as of June 30, 2007, compared to €308.5 million excluding the exceptional foreign currency cash gain (€338.9 million including the exceptional foreign currency cash gain) as of June 30, 2006.

NET CASH USED IN INVESTING ACTIVITIES

Net cash used in investing activities for the period ended June 30, 2007, amounted to €151.9 million, compared to €121.1 million for the period ended June 30, 2006, investments in consolidated entities having increased to €83.3 million in the first half of 2007 compared to €60.4 million in the first half of 2006.

Capital expenditure and capitalized development expenses amounted to €73.8 million for the period ended June 30, 2007 (including €12.2 million related to capitalized development expenses), showing a slight decrease of 1.3% from the €74.8 million capital expenditures and capitalized development expenses during the period ended June 30, 2006 (including €12.8 million related to capitalized development expenses).

NET CASH PROVIDED BY OR USED IN FINANCING ACTIVITIES

Net cash used in financing activities amounted to €33.8 million during the first half of 2007, including dividends amounting to €133.1 million and purchases of treasury shares amounting to €103.3 million. This compares with €62.7 million net cash used in financing activities in 2006, which included a €109.0 million loss on extinguishment of debt arising from the early redemption of the high-yield notes.

Debt

Our gross debt (defined as the sum of long-term and short-term borrowings, including TSDIs, commercial paper, and bank overdrafts) amounted to €2,057.3 million as of June 30, 2007, compared to €2,115.3 million as of June 30, 2006. Cash and cash equivalents amounted to €195.4 million as of June 30, 2007, compared to €177.7 million as of June 30, 2006. Total net debt (defined as gross debt less cash and cash equivalents) amounted to €1,861.9 million as of June 30, 2007, compared to €1,937.6 million, as of June 30, 2006.

The ratio of consolidated net debt to consolidated shareholders' equity was 87% as of June 30, 2007, compared to 98% as of June 30, 2006.

As of June 30, 2007, gross aggregate indebtedness consisted principally of:

- €287.1 million under the Yankee Bonds;
- €721.4 million under the 2006 credit facility;
- €220.0 million under the private placement carried out in May 2007; and
- €828.8 million of other debt, consisting principally of commercial paper and other borrowings.

2.5 - Related party transactions

Investors are requested to refer to Note 25 to the consolidated financial statements for the six-month period ended June 30, 2007, as set out in chapter 3 of this half-yearly financial report which details information relating to corporate officers.

2.6 - Risks and uncertainties

Investors are requested to refer to chapter 3 of the Reference Document *(document de référence)* filed with the French *Autorité des marchés financiers* (AMF) on April 23, 2007, under number R.07.0038. The main risk factors that could unfavorably impact the group's financial results are described and measured therein, and Legrand considers that none other significant risk emerged during the six-month period ended June 30, 2007.

2.7 - Prospects

On those bases, Legrand remains very confident in its capacity to at least achieve its target of 7 to 10% sales growth in 2007 - excluding the impact of exchange rates and with acquisitions contributing 3 to 4% for the current year - and to generate an adjusted operating margin at least equal to that recorded in 2006.

3 INTERIM CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2007

Consolidated statement of income	18
Consolidated balance sheet	19
Consolidated statement of cash flows	21
Consolidated statement of changes in equity	22
Notes to the interim consolidated financial statements	23

1
2
3
4

CONSOLIDATED STATEMENT OF INCOME

	Legrand Six months ended June 30		
(in € millions)	2007	2006	2005
Revenue (Note 1 (k))	**2,095.7**	**1,893.3**	**1,582.6**
Operating expenses			
Cost of sales	(1,034.0)	(939.8)	(797.0)
Administrative and selling expenses	(546.0)	(496.2)	(414.0)
Research and development costs	(107.8)	(120.2)	(118.8)
Other operating income (expense) (Note 20 (b))	(63.4)	(54.1)	(39.6)
Operating profit (Note 20)	**344.5**	**283.0**	**213.2**
Finance costs (Note 21 (b))	(68.6)	(89.7)	(102.2)
Financial income (Note 21 (b))	15.5	15.8	14.5
Exchange gains and losses (Note 21 (a))	8.4	21.7	(24.0)
Loss on extinguishment of debt (Note 15 (a))	0.0	(109.0)	0.0
Finance costs and other financial income and expense, net	(44.7)	(161.2)	(111.7)
Share of profit of associates	0.6	0.5	0.4
Profit before tax	**300.4**	**122.3**	**101.9**
Income tax expense (Note 22)	(104.3)	(57.7)	(41.1)
PROFIT FOR THE PERIOD	**196.1**	**64.6**	**60.8**
Attributable to:			
– Equity holders of Legrand	**195.2**	**63.3**	**59.6**
– Minority interests	**0.9**	**1.3**	**1.2**
Basic earnings per share *(euros)* (Notes 10 and 1 (s))*	0.726	0.281	0.314
Diluted earnings per share *(euros)* (Notes 10 and 1 (s))*	0.716	0.277	0.309

* *Basic and diluted earnings per share for first-half 2005 have been adjusted for the 1-for-4 reverse stock-split carried out on February 24, 2006. Reported first-half 2005 basic and diluted earnings per share, before the reverse stock-split, amounted to €0.078 and €0.077 respectively.*

The accompanying notes on pages 23 to 62 are an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

	Legrand		
(in € millions)	**June 30, 2007**	**December 31, 2006**	**December 31, 2005**
ASSETS			
Current assets			
Cash and cash equivalents (Note 1 (d))	195.1	178.9	133.2
Marketable securities (Note 9)	0.3	0.4	0.6
Income tax receivables	12.2	14.2	6.1
Trade receivables (Notes 1 (e) and 7)	807.2	620.8	563.2
Other current assets (Note 8)	139.3	132.2	127.5
Inventories (Notes 1 (i) and 6)	637.7	560.1	474.5
Other current financial assets (Note 24)	16.2	22.2	33.4
Total current assets	**1,808.0**	**1,528.8**	**1,338.5**
Non-current assets			
Intangible assets (Notes 1 (f) and 2)	1,814.9	1,840.0	1,861.3
Goodwill (Notes 1 (g) and 3)	1,692.3	1,633.2	1,780.0
Property, plant and equipment (Notes 1 (h) and 4)	775.3	789.2	833.6
Investments in associates (Note 5)	11.2	10.5	9.5
Other investments (Note 5)	5.4	5.0	4.1
Deferred tax assets (Notes 1 (j) and 22)	80.5	124.6	61.5
Other non-current assets	4.6	4.8	4.6
Total non-current assets	**4,384.2**	**4,407.3**	**4,554.6**
TOTAL ASSETS	**6,192.2**	**5,936.1**	**5,893.1**

The accompanying notes on pages 23 to 62 are an integral part of these financial statements.

1
2
3
4

	Legrand		
(in € millions)	June 30, 2007	December 31, 2006	December 31, 2005
LIABILITIES AND EQUITY			
Current liabilities			
Short-term borrowings (Note 18)	792.0	790.7	319.3
Income tax payable	41.6	32.7	22.3
Trade payables	500.9	454.4	377.0
Short-term provisions and other current liabilities (Note 19)	482.4	436.8	406.9
Other financial liabilities (Note 24)	64.1	66.6	59.9
Total current liabilities	**1,881.0**	**1,781.2**	**1,185.4**
Non-current liabilities			
Deferred tax liabilities (Notes 1 (j) and 22)	661.7	663.9	720.3
Long-term provisions and other non-current liabilities (Note 16)	108.1	109.8	134.0
Provisions for pensions and other post-employment benefits (Notes 1 (q) and 17)	134.7	147.6	139.7
Long-term borrowings (Note 15)	1,265.3	1,055.5	1,803.3
Subordinated perpetual notes (Note 13)	0.0	9.5	28.5
Related party borrowings (Note 14)	0.0	0.0	1,334.8
Total non-current liabilities	**2,169.8**	**1,986.3**	**4,160.6**
Equity			
Share capital (Note 10)	1,081.8	1,078.8	759.4
Retained earnings (Note 12 (a))	1,191.3	1,217.6	(157.1)
Translation reserves (Note 12 (b))	(137.1)	(136.6)	(64.3)
Equity attributable to equity holders of Legrand	2,136.0	2,159.8	538.0
Minority interests	5.4	8.8	9.1
Total equity	**2,141.4**	**2,168.6**	**547.1**
TOTAL LIABILITIES AND EQUITY	**6,192.2**	**5,936.1**	**5,893.1**

The accompanying notes on pages 23 to 62 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Legrand 6 months ended June 30		
(in € millions)	2007	2006	2005
Profit for the period	**196.1**	**64.6**	**60.8**
Reconciliation of profit for the period to net cash provided by operating activities:			
– Depreciation expense (Note 20 (a))	67.1	69.6	70.5
– Amortization expense (Note 20 (a))	37.5	48.4	55.0
– Amortization of development costs (Note 20 (a))	4.1	1.6	0.2
– Amortization of finance costs	0.7	1.2	1.5
– Loss on extinguishment of debt	0.0	109.0	0.0
– Changes in deferred taxes	34.7	2.6	1.2
– Changes in other non-current assets and liabilities	3.6	(0.6)	9.3
– Share of profit of associates	(0.6)	(0.5)	(0.4)
– Exchange (gain)/loss, net	(9.7)	16.7	17.1
– Other adjustments	(1.3)	26.6	9.2
(Gains)/losses on sales of assets, net	(1.9)	0.6	2.6
(Gains)/losses on sales of securities, net	(0.1)	(0.9)	0.0
Changes in operating assets and liabilities:			
Inventories	(40.5)	(39.1)	(34.4)
Trade receivables	(159.8)	(132.2)	(111.8)
Trade payables	39.2	69.5	40.2
Other operating assets and liabilities	32.9	1.5	6.7
Net cash provided by operating activities	**202.0**	**238.6**	**127.7**
Net proceeds from sales of fixed assets	7.2	15.5	2.1
Capital expenditure	(61.6)	(62.0)	(49.3)
Development costs capitalized during the period	(12.2)	(12.8)	(10.7)
Changes in non-current financial assets and liabilities	(0.5)	(1.5)	(0.1)
Proceeds from sales of marketable securities	0.1	0.1	24.6
Purchases of marketable securities	0.0	0.0	(0.7)
Acquisitions of subsidiaries, net of the cash acquired (Note 3)	(83.3)	(60.4)	(31.1)
Investments in non-consolidated entities	(1.6)	0.0	(57.0)
Net cash used in investing activities	**(151.9)**	**(121.1)**	**(122.2)**
– Proceeds from issues of share capital (Note 10)	3.0	866.7	0.0
– Purchase of treasury shares and liquidity contract transactions	(103.3)	0.0	0.0
– Dividends paid to equity holders of Legrand	(133.1)	(110.6)	0.0
– Dividends paid by Legrand subsidiaries	(2.6)	(1.7)	(1.0)
– Reduction of subordinated perpetual notes	(9.5)	(9.5)	(20.2)
– Proceeds from new borrowings and drawdowns	277.1	2,195.1	120.1
– Repayment of borrowings	(70.0)	(2,992.0)	(100.0)
– Debt issuance costs	(0.5)	(6.1)	0.0
– Loss on extinguishment of debt	0.0	(109.0)	0.0
– Increase (reduction) in bank overdrafts	5.1	104.4	11.1
Net cash (used in)/provided by financing activities	**(33.8)**	**(62.7)**	**10.0**
Effect of exchange rate changes on cash and cash equivalents	(0.1)	(10.7)	6.5
Increase in cash and cash equivalents	**16.2**	**44.1**	**22.0**
Cash and cash equivalents at the beginning of the period	178.9	133.2	68.3
Cash and cash equivalents at the end of the period	**195.1**	**177.3**	**90.3**
Items included in cash flows from operating activities:			
– Interest paid during the period	52.0	76.5	78.3
– Income taxes paid during the period	48.4	37.1	30.5

The accompanying notes on pages 23 to 62 are an integral part of these financial statements.

1
2
3
4

1
2
3
4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in € millions)	Equity attributable to equity holders of Legrand				Minority interests	Total equity
	Share capital	Retained earnings	Translation reserves	Total		
As of December 31, 2005	**759.4**	**(157.1)**	**(64.3)**	**538.0**	**9.1**	**547.1**
Profit for the period		252.0		252.0	3.2	255.2
Dividends paid		(110.6)		(110.6)	(3.2)	(113.8)
Issue of share capital (Note 10)	319.4	1,257.7		1,577.1		1,577.1
IPO costs		(21.8)		(21.8)		(21.8)
Stock options		5.0		5.0		5.0
Net income (expense) recognized directly in equity		(7.6)	(72.3)	(79.9)	(0.3)	(80.2)
As of December 31, 2006	**1,078.8**	**1,217.6**	**(136.6)**	**2,159.8**	**8.8**	**2,168.6**
Profit for the period		195.2		195.2	0.9	196.1
Dividends paid		(133.1)		(133.1)	(2.6)	(135.7)
Issue of share capital (Note 10)	3.0			3.0		3.0
Purchase of treasury shares and liquidity contract transactions		(103.3)		(103.3)		(103.3)
Stock options		2.5		2.5		2.5
Net income (expense) recognized directly in equity		12.4	(0.5)	11.9	(1.7)	10.2
As of June 30, 2007	**1,081.8**	**1,191.3**	**(137.1)**	**2,136.0**	**5.4**	**2,141.4**

Net income (expense) recognized directly in equity

(in € millions)	June 30, 2007	December 31, 2006	December 31, 2005
Actuarial gains and losses (Notes 1 and 1 (q))	13.9	(12.3)	-
Deferred taxes on actuarial gains and losses	(1.5)	4.7	-
Translation reserves (Note 12 (b))	(2.2)	(72.6)	(80.8)
TOTAL	**10.2**	**(80.2)**	**(80.8)**

The accompanying notes on pages 23 to 62 are an integral part of these financial statements

Notes to the interim consolidated financial statements

Notes' index

Note 1 -	Accounting policies	26
Note 2 -	Intangible assets (Note 1 (f))	31
Note 3 -	Goodwill (Note 1 (g))	33
Note 4 -	Property, plant and equipment (Note 1 (h))	34
Note 5 -	Investments in associates and other investments	38
Note 6 -	Inventories (Note 1 (i))	38
Note 7 -	Trade receivables (Note 1 (e))	38
Note 8 -	Other current assets	38
Note 9 -	Marketable securities	39
Note 10 -	Share capital and earnings per share	39
Note 11 -	Stock option plans, free shares plan and Employee profit-sharing	40
Note 12 -	Retained earnings and translation reserves	43
Note 13 -	Subordinated perpetual notes (TSDIs)	43
Note 14 -	Related party borrowings	44
Note 15 -	Long-term borrowings	44
Note 16 -	Long-term provisions and other non-current liabilities	47
Note 17 -	Pension and other post-employment benefit obligations (Note 1 (q))	47
Note 18 -	Short-term borrowings	50
Note 19 -	Short-term provisions and other current liabilities	50
Note 20 -	Analysis of certain expenses	51
Note 21 -	Finance costs and other financial income and expense, net	51
Note 22 -	Income tax expense (current and deferred)	52
Note 23 -	Contingencies and commitments	54
Note 24 -	Derivative financial instruments and financial risk management	54
Note 25 -	Information relating to corporate officers	57
Note 26 -	Information by geographical segment (Note 1(r))	58
Note 27 -	Quarterly data – non-audited	61
Note 28 -	Subsequent events	62

GENERAL INFORMATION

Legrand (formerly Legrand Holding SA) ("the Company") and its subsidiaries (together "Legrand" or "the Group") represent one of the world's leading international manufacturers of products and systems for low-voltage electrical installations and data networks used in residential, commercial and industrial buildings.

The Group has manufacturing and/or distribution subsidiaries and offices in more than 60 countries, and sells its products in some 180 national markets. Its key markets are France, Italy and the United States, which accounted for approximately 61% of revenue (by customer location) in 2006 (2005: 64%; 2004: 66%).

The Company is a société anonyme (public limited company) incorporated and domiciled in France. Its registered office is located at 128, avenue du Maréchal de Lattre de Tassigny, 87000 Limoges (France).

The base prospectus (document de base) prepared in connection with the Company's stock market flotation was registered with the French securities regulator (Autorité des Marchés Financiers – "AMF") on February 21, 2006 under No. I.06-009 and the offering circular (note d'opération) was approved by the AMF on March 22, 2006 under visa No. 06.082. Trading in Legrand shares on Eurolist by Euronext™ Paris began on April 7, 2006.

The interim consolidated financial statements for the six months ended June 30, 2007 should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2006 as set out in the registration document filed with the AMF under No. R.07 0038 on April 23, 2007.

These interim consolidated financial statements were approved by the Board of Directors on July 25, 2007.

LIST OF CONSOLIDATED COMPANIES

The consolidated financial statements comprise the financial statements of Legrand and its 138 subsidiaries. The largest operating subsidiary, Legrand France, is wholly owned by Legrand. All of Legrand France's operating subsidiaries are also wholly owned. All Legrand Group subsidiaries are fully consolidated, except for Alborz Electrical Industries in Iran which is accounted for by the equity method.

The main fully consolidated subsidiaries as of June 30, 2007, all of which are over 99%-owned, are as follows:

French subsidiaries	
Baco	
Groupe Arnould	
ICM Group	
Inovac	
Legrand France	
Legrand SNC	
Planet-Wattohm	
Ura	
Foreign subsidiaries	
Anam Legrand	South Korea
Bticino	Italy
Bticino de Mexico	Mexico
Bticino España	Spain
Bufer Elektrik	Turkey
Electro Andina	Chile
GL Eletro-Eletronicos Ltda	Brazil
HPM Industries	Australia
Legrand Polska	Poland
Legrand	Germany
Legrand	Italy
Legrand	Greece
Legrand Electric	United Kingdom
Legrand Electrica	Portugal
Legrand Electrique	Belgium
Legrand España	Spain
Legrand India	India
Legrand	Russia
Legrand	Australia
Luminex	Colombia
Ortronics	United States
Pass & Seymour	United States
Rocom	Hong Kong
TCL International Electrical	China
TCL Building Technology	China
The Watt Stopper	United States
The Wiremold Company	United States
Van Geel Legrand	Netherlands
Vantage	United States
Zucchini	Italy

The main changes in the scope of consolidation in first-half 2007 compared with the first half of 2006 were the addition of Vantage, Cemar, Shidean, HPM and UStec.

These acquisitions are described below:

Vantage

Vantage, the USA's second largest manufacturer of high-end lighting control and specialist of home automation equipment, was acquired in September 2006. Based in Orem, Utah, the company reported 2005 revenue of some $20 million. It was consolidated for the first time as of December 31, 2006 and contributed to consolidated profit as from January 1, 2007.

Cemar

In April 2006, Legrand acquired Cemar, Brazil's leading manufacturer of consumer units and industrial enclosures. Based in Caxias, in southern Brazil, Cemar had 2005 revenue of some €28 million with 400 employees. It was consolidated for the first time as of June 30, 2006 and contributed to consolidated profit as from July 1 of that year.

Shidean

In January 2006, Legrand acquired 51% of the capital of Shidean, China's leading manufacturer of audio and video door entry systems. Based in Shenzen, the company reported 2005 revenue of some €15 million with over 900 employees. Shidean was consolidated as of June 30, 2006 based on estimated data but had no impact on the Group's income statement for first-half 2006. However, it was consolidated in the Group's published financial statements as of December 31, 2006, which led to a retroactive impact on the consolidated income statement as from January 1, 2006.

HPM

In January 2007, Legrand acquired HPM, the second largest electrical products supplier in Australia and New Zealand. With operations in Sydney, Melbourne and Auckland, HPM reported 2006 revenue of some €100 million with 875 employees. HPM was consolidated as of June 30, 2007. It has contributed to consolidated profit since February 1, 2007.

UStec

In January 2007, Legrand acquired the assets of UStec, a supplier specialized in complete solutions for Voice, Data and Image networks for residential buildings. Based in the State of New York, UStec reported annual revenue of some $12 million in 2006. UStec was consolidated for the first time as of March 31, 2007 and has contributed to consolidated profit since January 19, 2007.

NOTE 1 - ACCOUNTING POLICIES

As a company incorporated in France, Legrand is governed by French company law, including the provisions of the Commercial Code.

The interim consolidated financial statements for the six months ended June 30, 2007 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs) and the related IFRIC interpretations applicable at June 30, 2007, as adopted by the European Union, without modification. They have also been prepared in accordance with IAS 34 – Interim Financial reporting.

Since January 1, 2007 the Group has applied the Amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures (Note 10), and IFRS 7, Financial Instruments: Disclosures (Note 24).

New IFRS pronouncements published by the International Accounting Standards Board (IASB) and applicable to the Group are set out in Note 1v.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 1u.

The consolidated financial statements have been prepared using the historical cost convention, except for certain classes of assets and liabilities that are measured using a different method in accordance with IFRS. The classes concerned are mentioned in the notes below.

Until December 31, 2005, actuarial gains and losses on pension and other post-employment benefit obligations arising from experience adjustments and changes in actuarial assumptions were fully charged or credited to the income statement. Effective from January 1, 2006, the Group elected to recognize all actuarial gains and losses directly in equity, as allowed under IAS 19, paragraph 93A s (amended). As the effect of applying this new method was not material, no related adjustments were made to the 2005 income statement.

a) Basis of presentation and acquisition of Legrand France

Prior to December 10, 2002, Legrand (formerly Legrand Holding SA) had no significant operations of its own. On December 10, 2002 it acquired 98% of the outstanding share capital of Legrand France, followed by the remaining 2% on October 2, 2003, leading to the formation of the Legrand Group.

The acquisition price and related fees and commissions, representing a total of €3,748 million, were allocated primarily to trademarks and developed technology.

b) Consolidation

Subsidiaries controlled by the Group are fully consolidated. Control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are consolidated from the date when control is transferred to the Group. They are deconsolidated from the date on which control ceases.

The only subsidiaries excluded from the scope of consolidation are newly formed or recently acquired companies. The aggregate non-current assets of such companies represented around €2 million and the aggregate revenue less than €5 million in first-half 2007.

Associates are entities over which the Group has significant influence but not control. Significant influence is generally considered to be exercised when the Group holds 20 to 50% of the voting rights. Investments in associates are initially recognized at cost and are subsequently accounted for by the equity method.

All subsidiaries that are controlled by the Group directly or indirectly are consolidated. All intra-Group transactions are eliminated.

c) Foreign currency translation

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in euros (the Company's "functional currency" and the "presentation currency").

Foreign currency transactions are translated into the presentation currency using the exchange rate on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement under the heading "Exchange gains and losses".

Assets and liabilities of Group companies whose functional currency is different from the presentation currency are translated using the exchange rate at the balance sheet date. Statements of income are translated using the average exchange rate for the period. Gains or losses arising from the translation of the financial statements of foreign subsidiaries are recognized directly in equity, under "Translation reserves", until the entities are fully sold.

d) Cash and cash equivalents

Cash and cash equivalents consist of cash, short-term deposits and all other financial assets with an original maturity not in excess of three months. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Marketable securities are not considered as cash equivalents.

Bank overdrafts are considered to be a form of financing and are therefore included in short-term borrowings.

e) Trade receivables

Trade receivables are recognized at fair value. A provision for impairment is recorded when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

f) Intangible assets

In accordance with IAS 36 – Impairment of Assets, when events or changes in the market environment indicate that an intangible asset or item of property, plant and equipment may be impaired, the item concerned is tested for impairment to determine whether its carrying amount is greater than its recoverable amount, defined as the higher of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the use and subsequent sale of the asset.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses on intangible assets with finite useful lives may be reversed in subsequent periods if there is objective evidence that the impairment no longer exists or has decreased, provided that the increased carrying amount of the asset attributable to the reversal of the impairment loss does not exceed the carrying amount that would have been determined (net of amortization) had no impairment loss been recognized for the asset in prior periods.

Costs incurred for the Group's principal development projects (relating to the design and testing of new or improved products) are recognized as intangible assets when it is probable that the project will be a success, considering its technical, commercial and technological feasibility, and where said costs can be measured reliably. Capitalized development costs are amortized from the starting date of the sale of the product on a straight-line basis over the period in which the asset's future economic benefits are consumed, not to exceed 10 years.

Other development expenditures are recognized as an expense as incurred.

Developed technology is amortized on an accelerated basis, in a manner that reflects the pattern in which the assets' economic benefits are consumed.

Trademarks with finite useful lives are amortized:

- over 20 years when management considers that the trademarks may be threatened by a competitor in the long term but does not intend to replace them in the near future and is confident that they will contribute to consolidated cash flows for at least 20 years;
- over 10 years when management plans to gradually replace them by other major trademarks owned by the Group.

Trademarks that have an indefinite useful life are not amortized but are tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Trademarks are classified as having an indefinite useful life when they have been in use for more than ten years and management believes they will contribute indefinitely to future consolidated cash flows because it plans to continue using them indefinitely.

Amortizable assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

g) Goodwill

Goodwill is tested for impairment annually, in the fourth quarter of each year, and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

For impairment testing purposes, goodwill is allocated to a cash-generating unit (CGU), corresponding to the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Within the Legrand Group, CGUs are defined as corresponding to individual countries.

The need to record an impairment loss is assessed by comparing the carrying amount of the CGU's assets and liabilities, including goodwill, and their recoverable amount, defined as the higher of fair value less costs to sell and value in use.

Value in use is estimated based on discounted cash flows for the next three to five years and a terminal value calculated by discounting data for the final year. The cash flow data used for the calculation is generally taken from the most recent budgets approved by the Group. Cash flows beyond the projection period are estimated by applying a stable growth rate to subsequent years. Post-tax expected cash flows are discounted using a post-tax rate specific to each country.

Fair value less costs to sell is management's best estimate of the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognized when the carrying amount is less than the recoverable amount. In accordance with IAS 36, impairment losses recognized on goodwill are irreversible.

h) Property, plant and equipment

Land, buildings, machinery and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Impairment tests are performed annually and whenever events or changes in circumstances indicate that the assets' carrying amount may not be recoverable.

Assets acquired under lease agreements that transfer substantially all of the risks and rewards of ownership to the Group are capitalized on the basis of the present value of

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future minimum lease payments and are depreciated over the shorter of the lease period or the asset's useful life determined in accordance with Group policies (see below).

Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets; the most commonly adopted useful lives are the following:

Light buildings	25 years
Standard buildings	40 years
Machinery and equipment	8 to 10 years
Tooling	5 years
Office furniture and equipment	5 to 10 years

The depreciable amount of assets is determined after deducting their residual value when the amounts involved are material.

Each part of an item of property, plant and equipment with a useful life that is significantly different to the useful lives of other parts is depreciated separately.

Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

i) Inventories

Inventories are measured at the lower of cost and net realizable value, with cost determined principally on a first-in, first-out (FIFO) basis. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

j) Deferred taxes

In accordance with IAS 12, deferred taxes are recognized using the liability method for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and deferred tax liabilities are offset when the entity has a legally enforceable right of offset and they relate to income taxes levied by the same taxation authority.

k) Revenue recognition

Revenues from the sale of goods are recognized when all of the following conditions have been satisfied: (i) the significant risks and rewards of ownership of the goods have been transferred to the buyer; (ii) the seller retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (iii) the amount of revenue can be measured reliably; (iv) it is probable that the economic benefits associated with the transaction will flow to the seller; and (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably. For the Group, this policy results in the recognition of revenue when title and the risk of loss are transferred to the buyer, which is generally upon shipment.

The Group offers certain sales incentives to customers, consisting primarily of volume rebates and cash discounts. Volume rebates are typically based on three, six, and twelve-month arrangements with customers, and rarely extend beyond one year. To the extent that the volume of a customer's future purchases can be reasonably estimated based on historical evidence, the Group recognizes the rebates on a monthly basis as a reduction in revenue from the underlying transactions that reflect progress by the customer towards earning the rebate, with a corresponding deduction from the customer's trade receivables balance.

l) Fair value of financial instruments

The carrying amounts of cash, short-term deposits, trade receivables, trade payables, accrued expenses and short-term borrowings approximate their fair value because of these instruments' short maturities. For short-term investments, comprised of marketable securities, fair value corresponds to the securities' market price. The fair value of long-term borrowings is estimated on the basis of interest rates currently available for issuance of debt with similar terms and remaining maturities. The fair value of interest rate swap agreements is the estimated amount that the counterparty would receive or pay to terminate the agreements, and is calculated as the present value of the estimated future cash flows.

m) Derivative financial and commodity instruments

Group policy consists of not entering into any transactions of a speculative nature involving financial instruments. All transactions in these instruments are entered into exclusively for the purpose of managing or hedging currency or interest rate risks, and changes in the prices of raw materials. For this purpose, the Group periodically enters into contracts such as swaps, caps, options, futures and forward contracts, according to the nature of its exposure.

Derivatives are initially recognized at fair value at the contract inception date and are subsequently remeasured at fair value at each reporting date. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedge, and if so, the nature of the item being hedged.

Although derivative instruments are used to hedge risks, the Group has opted not to apply the hedge accounting technique defined in IAS 39 but to measure all of these instruments at fair value in the balance sheet, with changes in fair value recognized in the income statement. The resulting gains and losses are recognized in "Other financial income and expense" for interest rate hedges, in "Exchange gains and losses" for hedges of foreign currency transactions and in "Other operating income and expense" for commodity hedges.

The fair values of derivative instruments used for hedging purposes are disclosed in Note 24.

n) Environmental and product liability

In accordance with IAS 37, the Group recognizes losses and accrues liabilities relating to environmental and product liability matters. A loss is recognized if available information indicates that it is probable and reasonably estimable. In the event that a loss is neither probable nor reasonably estimable but remains possible, the contingency is disclosed in the notes to the consolidated financial statements.

Losses arising from environmental liabilities are measured on a best-estimate basis, case by case, based on available information.

Losses arising from product liability issues are estimated on the basis of current facts and circumstances, past experience, the number of claims and the expected cost of administering, defending and, in some cases, settling such claims.

As part of its application of interpretation IFRIC 6 – Liabilities arising from Participating in a Specific Market: Waste Electrical and Electronic Equipment, the Group complies with the European Union Directive on waste electrical and electronic equipment either by paying financial contributions to a recycling platform or by making end-users responsible for returning equipment for recycling. The related costs are recognized when the underlying services are rendered.

o) Share-based payment transactions

The Group operates equity-settled, share based compensation plans.

The cost of stock options is measured at the fair value of the award on the grant date, using either the Black & Scholes option pricing model or the binomial model, and is recognized in the income statement on a straight-line basis over the vesting period with a corresponding adjustment to equity. Changes in the fair value of stock options after the grant date are not taken into account.

In accordance with IFRS 2, only the cost of options granted after November 7, 2002 that had not yet vested at January 1, 2005 is measured and recognized in profit.

p) Transfers of financial assets

In accordance with IAS 39, financial assets are derecognized when the associated cash flows and substantially all the related risks and rewards have been transferred.

q) Pension and other post-employment benefit obligations

(a) Pension obligations

Group companies operate various pension plans. The plans are funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Contributions are recognized as an expense for the period of payment. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in current and prior periods.

Defined benefit plans

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and end-of-career salary. The liability recognized in the balance sheet for defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date, as adjusted for unrecognized past service costs, less the fair value of plan assets. Past service cost is recognized in the income statement on a straight-line basis over the average remaining service lives of employees.

Until December 31, 2005, actuarial gains and losses on pension and other post-employment benefit obligations arising from experience adjustments and changes in actuarial assumptions were fully charged or credited to the income statement. Effective from January 1, 2006 the Group elected to recognize all actuarial gains and losses directly in equity, as allowed under IAS 19, paragraph 93As (amended). If this accounting option had been applied for the six months ended June 30, 2005, it would have had the effect of increasing operating profit by €2.3 million and profit for the period by €1.6 million. As this effect is not considered material, the income statement for the six months ended June 30, 2005 has not been adjusted to reflect the new policy.

Defined benefit obligations are calculated annually using the projected unit credit method. This method takes into account estimated years of service at retirement, final salaries, life expectancy and staff turnover, based on actuarial assumptions. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of investment grade corporate bonds that are denominated in the currency in which the benefits will be paid and which have terms to maturity approximating the period to payment of the related pension liability.

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(b) Other post-employment benefit obligations

Some Group companies provide post-employment healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining with the company up to retirement age and completion of a minimum service period. The related cost is determined on an actuarial basis and recognized in the income statement over employees' remaining service lives.

(c) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan from which it cannot withdraw, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

r) Segment information

The Group is organized by country for management purposes and by geographical segment for internal reporting purposes. Each geographical segment is determined according to the regions of origin of invoicing which are France, Italy, Rest of Europe, United States and Canada, and Rest of the World.

s) Basic and diluted earnings per share

Basic earnings per share are calculated by dividing profit attributable to equity holders of Legrand by the average number of ordinary shares outstanding during the period.

Diluted earnings per share are computed by dividing profit attributable to equity holders of Legrand by the average number of ordinary shares outstanding plus the number of dilutive potential ordinary shares.

t) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Other borrowing costs are recognized as an expense for the period in which they were incurred.

u) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that are reflected in the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events, that are believed to be reasonable under the circumstances.

(a) Impairment of goodwill and intangible assets

Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually in accordance with the accounting policy described in Notes 1.f and 1.g. Intangible assets with finite useful lives are amortized over their estimated useful lives and are tested for impairment when there is any indication that their recoverable amount may be less than their carrying amount.

Judgments regarding the existence of indications of impairment are based on legal factors, market conditions and operational performance of the acquired businesses. Future events could cause the Group to conclude that an indication of impairment exists and that goodwill or other identifiable intangible assets associated with the acquired businesses are impaired. Any resulting impairment loss could have a material adverse effect on the consolidated financial condition and results of operations of the Group.

Recognition of goodwill and other intangible assets involves a number of critical management judgments, including:

- determining which intangible assets, if any, have indefinite useful lives and, accordingly, should not be amortized;
- identifying events or changes in circumstances that may indicate that an impairment has occurred;
- allocating goodwill to cash-generating units;
- determining the recoverable amount of cash-generating units in connection with annual impairment tests of goodwill;
- estimating the future discounted cash flows to be used for the purposes of periodic impairment tests of intangible assets with indefinite useful lives; and
- determining the recoverable amount of intangible assets with indefinite useful lives for the purposes of annual impairment tests.

The recoverable amount of an asset is based either on the asset's quoted market price in an active market, if available, or, in the absence of an active market, on discounted future cash flows from operations less investments. The determination of recoverable amount requires the use of certain assumptions and estimates. Other estimates using different, but still reasonable, assumptions could produce different results.

As of December 31, 2006, the Group applied the impairment test required under IAS 36 for all non-amortizable intangible assets using the assumptions and parameters described in Note 3.

(b) Accounting for income taxes

As part of the process of preparing the consolidated financial statements, the Group is required to estimate income taxes in each of the jurisdictions in which it operates. This involves estimating the actual current tax exposure and assessing temporary differences resulting from differing treatment of items such as deferred revenue for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are reported in the consolidated balance sheet.

The Group must then assess the probability that deferred tax assets will be recovered against future taxable profit. Deferred tax assets are recognized only when it is probable that taxable profit will be available against which the underlying deductible temporary difference can be utilized.

The Group has not recognized all of its deferred tax assets because it is probable that some of them will not be recovered before they expire. The amounts involved mainly concern operating losses carried forward and foreign income tax credits. The assessment is based on estimates of future taxable profit by jurisdiction in which the Group operates and the period over which the deferred tax assets are recoverable. If actual results differ from these estimates or the estimates are adjusted in future periods, the Group may need to adjust the value of deferred tax assets carried in the balance sheet.

(c) Other assets and liabilities based on estimates

Other assets and liabilities based on estimates include provisions for pensions and other post-employment benefits, impairment of trade receivables, inventories and financial assets, stock options, provisions for warranty costs and capitalized development costs.

v) New IFRS pronouncements

As of the date of approval of the interim consolidated financial statements, the following revised standard had been published by the IASB and adopted by the European Union but was not yet applicable:

IAS 23 – Borrowing costs

In March 2007, the IASB issued a revised IAS 23 – Borrowing Costs with a view to converging with US GAAP (FASB Statement No. 34). Under this revised standard, entities are required to capitalize borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset. Consequently, the option available in the previous version of IAS 23 of recognizing such borrowing costs immediately as an expense has been removed.

Application of this revised version of IAS 23 is mandatory for accounting periods beginning on or after January 1, 2009, although earlier application is permitted. The Group considers that it already applies this revised standard.

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NOTE 2 - INTANGIBLE ASSETS (NOTE 1 (F))

Intangible assets are as follows:

(in € millions)	June 30, 2007	December 31, 2006	December 31, 2005
Trademarks with indefinite useful lives	1,520.2	1,523.1	1,502.6
Trademarks with finite useful lives	52.7	49.7	48.8
Developed technology	132.2	161.4	244.6
Other intangible assets	109.8	105.8	65.3
	1,814.9	**1,840.0**	**1,861.3**

Trademarks can be analyzed as follows:

(in € millions)	June 30, 2007	December 31, 2006	December 31, 2005
At the beginning of the period	1,593.0	1,567.1	1,536.6
- Acquisitions	6.1	41.8	12.1
- Disposals	0.0	0.0	0.0
- Translation adjustment	(3.3)	(15.9)	18.4
	1,595.8	**1,593.0**	**1,567.1**
Less accumulated amortization	(22.9)	(20.2)	(15.7)
	1,572.9	**1,572.8**	**1,551.4**

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Developed technology can be analyzed as follows:

(in € millions)	June 30, 2007	December 31, 2006	December 31, 2005
At the beginning of the period	576.0	582.2	574.4
- Acquisitions	0.0	0.0	0.0
- Disposals	0.0	0.0	0.0
- Changes in scope of consolidation	0.0	0.0	0.0
- Translation adjustment	(1.4)	(6.2)	7.8
	574.6	**576.0**	**582.2**
Less accumulated amortization	(442.4)	(414.6)	(337.6)
	132.2	**161.4**	**244.6**

Amortization expense related to intangible assets (including capitalized development costs) amounted to €41.6 million for first-half 2007 (€50.0 million for first-half 2006; €55.2 million for first-half 2005) including amortization of trademarks and developed technology in first-half 2007 which breaks down as follows:

(in € millions)	Developed technology	Trademarks	Total
France	(15.4)	(0.9)	(16.3)
Italy	(7.7)	0.0	(7.7)
Rest of Europe	(2.1)	(0.2)	(2.3)
USA/Canada	(2.7)	(1.0)	(3.7)
Rest of the world	(0.9)	(0.7)	(1.6)
	(28.8)	**(2.8)**	**(31.6)**

Amortization expense for developed technology and trademarks for each of the next five accounting periods is expected to be as follows:

(in € millions)	Developed technology	Trademarks	Total
Second-half 2007	28.8	2.8	31.6
2008	46.1	5.4	51.5
2009	28.8	5.1	33.9
2010	17.3	4.6	21.9
2011	11.5	4.2	15.7

Other intangible assets can be analyzed as follows:

(in € millions)	June 30, 2007	December 31, 2006	December 31, 2005
Capitalized development costs	65.0	56.9	38.2
Software	13.4	14.0	11.6
Other	31.4	34.9	15.5
	109.8	**105.8**	**65.3**

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NOTE 3 - GOODWILL (NOTE 1 (G))

Goodwill can be analyzed as follows:

(in € millions)	June 30, 2007	December 31, 2006	December 31, 2005
TOTAL	**1,692.3**	**1,633.2**	**1,780.0**
of which:			
– France	591.4	589.1	613.2
– Italy	307.6	307.6	378.9
– Rest of Europe	137.8	137.7	137.6
– USA/Canada	306.7	311.2	308.8
– Rest of the world	348.8	287.6	341.5
	1,692.3	**1,633.2**	**1,780.0**

The geographic allocation of goodwill is based both on the acquired company's value – determined as of the date of the business combination – and on synergies with existing Group companies.

In the "Rest of Europe" and "Rest of the world" segments, no goodwill allocated on a final basis to a cash-generating unit exceeds 10% of the total.

Changes in goodwill can be analyzed as follows:

(in € millions)	June 30, 2007	December 31, 2006	December 31, 2005
At the beginning of the period	1,633.2	1,780.0	1,335.1
- Acquisitions	52.1	58.1	392.0
- Adjustments	9.7	(156.3)	0.0
- Translation adjustment	(2.7)	(48.6)	52.9
AT THE END OF THE PERIOD	**1,692.3**	**1,633.2**	**1,780.0**

In 2006, goodwill adjustments included the reversal of a deferred tax liability that had been recognized through goodwill in the balance sheet of an Italian entity at the time of the acquisition of Legrand in 2002.

For impairment testing purposes, goodwill has been allocated to various country units (cash-generating units), which represent the lowest level at which goodwill is monitored. These cash-generating units are tested for impairment annually, and whenever events or changes in circumstances indicate that their value may be impaired. The tests are performed by comparing the unit's carrying amount, including goodwill, with the value in use of the subsidiaries included in the cash-generating unit. Value in use corresponds to the present value of the future cash flows expected to be derived from the subsidiaries concerned.

The following impairment testing parameters were used as of December 31, 2006:

	Method for determining recoverable amount	Carrying amount of goodwill	Carrying amount of trademarks with an indefinite useful life	Value in use: Discount rate (post-tax)	Value in use: Growth rate to perpetuity
France		589.1	849.3	9%	2 to 3%
Italy		307.6	414.3	9%	2 to 3%
Rest of Europe	Value in use	137.7	137.3	9 to 11%	2 to 3%
USA/Canada		311.2	115.1	10%	2 to 3%
Rest of the world		287.6	7.1	9 to 14%	3 to 5%
		1,633.2	**1,523.1**		

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The following impairment testing parameters were used as of December 31, 2005:

	Method for determining recoverable amount	Carrying amount of goodwill	Carrying amount of trademarks with an indefinite useful life	Value in use: Discount rate (post-tax)	Value in use: Growth rate to perpetuity
France	Value in use	613.2	815.3	8%	2 to 3%
Italy	Value in use	378.9	414.3	8%	2 to 3%
Rest of Europe	Value in use	137.6	137.3	8 to 12%	2 to 3%
USA/Canada	Value in use	308.8	128.6	8%	2 to 3%
Rest of the world		341.5	7.1	8 to 12%	2 to 5%
		1,780.0	**1,502.6**		

No goodwill impairment loss was recognized in the periods ended June 30, 2007, December 31, 2006 or December 31, 2005.

Acquisitions of subsidiaries (net of cash acquired) came to €83.3 million in the first half of 2007 (€60.4 million for first-half 2006; €31.1 million for first-half 2005).

Purchase price allocation:

(in € millions)	6 months ended June 30, 2007	12 months ended December 31, 2006	12 months ended December 31, 2005
Trademarks	6.1	41.8	12.1
Deferred taxes on trademarks	(2.1)	(14.2)	(4.2)
Other intangible assets	-	22.5	-
Deferred taxes on other intangible assets	-	(7.4)	-
Goodwill	52.1	58.1	392.0

Under IFRS it is possible to allocate final fair values to the identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination up to twelve months after the acquisition date. Where such a final allocation has not been completed as of June 30 or December 31 of the year of acquisition, the related goodwill is consequently calculated on a provisional basis and adjusted in the subsequent period based on the final fair values determined.

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT (NOTE 1 (H))

a) Property, plant and equipment by geographical segment

Property, plant and equipment, including finance leases, were as follows as of June 30, 2007:

(in € millions)	June 30, 2007: France	Italy	Rest of Europe	USA/Canada	Rest of the world	Total
Land	23.9	5.5	15.2	2.6	20.1	67.3
Buildings	126.4	84.8	43.5	20.9	26.2	301.8
Machinery and equipment	131.3	79.1	36.1	23.3	40.8	310.6
Assets under construction and other	31.8	13.9	11.8	21.3	16.8	95.6
	313.4	**183.3**	**106.6**	**68.1**	**103.9**	**775.3**

Total property, plant and equipment includes €19.3 million corresponding to assets held for sale, which are measured at the lower of their carrying amount and fair value less costs to sell.

Property, plant and equipment, including finance leases, were as follows as of December 31, 2006:

	December 31, 2006					
(in € millions)	France	Italy	Rest of Europe	USA/Canada	Rest of the world	Total
Land	24.1	5.5	17.5	2.7	20.9	70.7
Buildings	131.5	86.1	44.0	21.0	26.2	308.8
Machinery and equipment	135.0	80.2	36.2	26.3	42.0	319.7
Assets under construction and other	33.7	8.3	13.5	21.8	12.7	90.0
	324.3	**180.1**	**111.2**	**71.8**	**101.8**	**789.2**

Property, plant and equipment, including finance leases, were as follows as of December 31, 2005:

	December 31, 2005					
(in € millions)	France	Italy	Rest of Europe	USA/Canada	Rest of the world	Total
Land	24.0	5.5	20.0	3.0	19.4	71.9
Buildings	134.9	89.5	64.0	24.6	25.1	338.1
Machinery and equipment	137.1	84.0	37.7	30.6	36.1	325.5
Assets under construction and other	34.7	6.3	16.6	29.0	11.5	98.1
	330.7	**185.3**	**138.3**	**87.2**	**92.1**	**833.6**

b) Analysis of changes in property, plant and equipment

Changes in property, plant and equipment in first-half 2007 can be analyzed as follows:

	Six months ended June 30, 2007					
(in € millions)	France	Italy	Rest of Europe	USA/Canada	Rest of the world	Total
Capital expenditures	18.9	17.2	7.5	4.9	8.2	56.7
Disposals (carrying amount)	(0.8)	(0.2)	(0.1)	(0.1)	(4.3)	(5.5)
Depreciation expense	(28.0)	(13.7)	(9.2)	(7.7)	(8.5)	(67.1)
Transfers and changes in scope of consolidation	(1.0)	(0.1)	(2.2)	0.8	4.0	1.5
Translation adjustment	0.0	0.0	(0.6)	(1.6)	2.7	0.5
	(10.9)	**3.2**	**(4.6)**	**(3.7)**	**2.1**	**(13.9)**

	Six months ended June 30, 2007						
(in € millions)	Capital expenditures	Transfers from "Assets under construction"	Disposals (carrying amount)	Depreciation expense	Transfers and changes in scope of consolidation	Translation adjustment	Total
Land	0.0	0.0	(0.8)	(0.3)	(2.2)	(0.1)	(3.4)
Buildings	2.1	2.4	(0.4)	(11.0)	0.2	(0.3)	(7.0)
Machinery and equipment	22.0	17.7	(3.9)	(47.7)	1.6	1.2	(9.1)
Assets under construction and other	32.6	(20.1)	(0.4)	(8.1)	1.9	(0.3)	5.6
	56.7	**0.0**	**(5.5)**	**(67.1)**	**1.5**	**0.5**	**(13.9)**

Changes in property, plant and equipment in 2006 can be analyzed as follows:

	Twelve months ended December 31, 2006					
(in € millions)	France	Italy	Rest of Europe	USA/Canada	Rest of the world	Total
Capital expenditures	48.6	22.8	15.3	14.3	17.7	118.7
Disposals (carrying amount)	(4.2)	(0.3)	(24.8)	(1.0)	(1.3)	(31.6)
Depreciation expense	(57.8)	(27.7)	(19.2)	(20.3)	(17.0)	(142.0)
Transfers and changes in scope of consolidation	7.0	0.0	1.4	0.5	17.2	26.1
Translation adjustment	0.0	0.0	0.2	(8.9)	(6.9)	(15.6)
	(6.4)	**(5.2)**	**(27.1)**	**(15.4)**	**9.7**	**(44.4)**

	Twelve months ended December 31, 2006						
(in € millions)	Capital expenditures	Transfers from "Assets under construction"	Disposals (carrying amount)	Depreciation expense	Transfers and changes in scope of consolidation	Translation adjustment	Total
Land	0.1	0.0	(2.6)	(1.1)	3.7	(1.3)	(1.2)
Buildings	4.5	12.5	(17.8)	(28.6)	4.6	(4.5)	(29.3)
Machinery and equipment	45.0	43.4	(9.9)	(95.1)	16.5	(5.7)	(5.8)
Assets under construction and other	69.1	(55.9)	(1.3)	(17.2)	1.3	(4.1)	(8.1)
	118.7	**0.0**	**(31.6)**	**(142.0)**	**26.1**	**(15.6)**	**(44.4)**

Changes in property, plant and equipment in 2005 can be analyzed as follows:

	Twelve months ended December 31, 2005					
(in € millions)	France	Italy	Rest of Europe	USA/Canada	Rest of the world	Total
Capital expenditures	38.2	21.5	15.1	15.4	13.0	103.2
Disposals (carrying amount)	(2.3)	(0.9)	(6.5)	(7.0)	(1.0)	(17.7)
Depreciation expense	(58.1)	(31.2)	(22.1)	(19.6)	(13.0)	(144.0)
Transfers and changes in scope of consolidation	(1.0)	33.1	8.6	0.4	7.3	48.4
Translation adjustment	0.0	0.0	1.2	12.0	14.5	27.7
	(23.2)	**22.5**	**(3.7)**	**1.2**	**20.8**	**17.6**

	Twelve months ended December 31, 2005						
(in € millions)	Capital expenditures	Transfers from "Assets under construction"	Disposals (carrying amount)	Depreciation expense	Transfers and changes in scope of consolidation	Translation adjustment	Total
Land	0.0	0.1	(1.9)	(0.5)	1.3	3.2	2.2
Buildings	4.1	4.4	(6.1)	(23.0)	33.1	8.3	20.8
Machinery and equipment	43.2	24.9	(7.3)	(101.8)	6.9	10.5	(23.6)
Assets under construction and other	55.9	(29.4)	(2.4)	(18.7)	7.1	5.7	18.2
	103.2	**0.0**	**(17.7)**	**(144.0)**	**48.4**	**27.7**	**17.6**

c) Property, plant and equipment include the following assets held under finance leases:

(in € millions)	June 30, 2007	December 31, 2006	December 31, 2005
Land	3.8	3.8	3.9
Buildings	29.7	35.9	32.6
Machinery and equipment	36.2	38.7	38.1
	69.7	**78.4**	**74.6**
Less accumulated depreciation	(40.4)	(44.3)	(41.2)
	29.3	**34.1**	**33.4**

d) Finance lease liabilities are presented in the balance sheets as follows:

(in € millions)	June 30, 2007	December 31, 2006	December 31, 2005
Long-term borrowings	10.0	9.3	16.1
Short-term borrowings	4.8	6.9	8.9
	14.8	**16.2**	**25.0**

e) Future minimum lease payments under finance leases are as follows:

(in € millions)	June 30, 2007	December 31, 2006	December 31, 2005
Due in less than one year	5.3	6.6	7.8
Due in one to two years	4.6	4.5	8.2
Due in two to three years	1.8	1.7	4.3
Due in three to four years	1.6	1.5	1.5
Due in four to five years	1.7	1.3	1.4
Due beyond five years	1.0	1.8	3.4
	16.0	**17.4**	**26.6**
Of which accrued interest	(1.2)	(1.2)	(1.6)
PRESENT VALUE OF FUTURE MINIMUM LEASE PAYMENTS	**14.8**	**16.2**	**25.0**

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NOTE 5 - INVESTMENTS IN ASSOCIATES AND OTHER INVESTMENTS

(in € millions)	June 30, 2007	December 31, 2006	December 31, 2005
Investments in associates	11.2	10.5	9.5

(in € millions)	June 30, 2007	December 31, 2006	December 31, 2005
Other investments	5.4	5.0	4.1

NOTE 6 - INVENTORIES (NOTE 1 (I))

Inventories are as follows:

(in € millions)	June 30, 2007	December 31, 2006	December 31, 2005
Purchased raw materials and components	235.1	199.3	171.7
Sub-assemblies, work in progress	120.9	110.5	93.4
Finished products	367.6	322.5	276.7
	723.6	**632.3**	**541.8**
Less impairment	(85.9)	(72.2)	(67.3)
	637.7	**560.1**	**474.5**

NOTE 7 - TRADE RECEIVABLES (NOTE 1 (E))

The Group derives over 95% of its revenue from sales to distributors of electrical equipment. The two largest distributors account for approximately 25% of consolidated net revenue.

(in € millions)	June 30, 2007	December 31, 2006	December 31, 2005
Trade accounts receivable	731.6	559.7	513.4
Notes receivable	101.5	90.4	79.4
	833.1	**650.1**	**592.8**
Less impairment	(25.9)	(29.3)	(29.6)
	807.2	**620.8**	**563.2**

NOTE 8 - OTHER CURRENT ASSETS

Other current assets are as follows:

(in € millions)	June 30, 2007	December 31, 2006	December 31, 2005
Employee advances	5.4	4.1	4.8
Other receivables	37.8	33.0	36.4
Prepayments	24.0	18.1	18.8
Prepaid and recoverable taxes other than on income	72.1	77.0	67.5
	139.3	**132.2**	**127.5**

NOTE 9 - MARKETABLE SECURITIES

Marketable securities are measured at fair market value. The carrying amount of marketable securities is close to their fair value.

NOTE 10 - SHARE CAPITAL AND EARNINGS PER SHARE

Changes in share capital up to June 30, 2007:

		Number of shares	Par value *(euros)*	Share capital *(euros)*	Premiums *(euros)*
As of December 31, 2005		759,350,900	1	759,350,900	
February 24, 2006	Reverse stock-split	189,837,725	4	759,350,900	
April 11, 2006	Public placement of new shares	43,689,298	4	174,757,192	688,106,444
April 11, 2006	Share issue underwritten by GP Financière New Sub 1 SCS, paid up by capitalizing related party borrowings	33,862,914	4	135,451,656	533,340,895
May 2, 2006	Employee share issue	2,303,439	4	9,213,756	36,279,164
As of December 31, 2006		269,693,376	4	1,078,773,504	1,257,726,503
June, 2007	Exercise of options under the 2003 plan	754,166	4	3,016,664	
As of June 30, 2007		270,447,542	4	1,081,790,168	1,257,726,503

Share capital consists exclusively of ordinary shares. On February 24, 2006, the par value of the shares was increased to €4.

On April 7, 2006, Legrand was floated on the Eurolist by Euronext™ Paris market, at an offering price of €19.75 per share for both the institutional and retail tranches. Proceeds from the related share issue amounted to €862.9 million.

Proceeds from the employee share issue carried out in conjunction with the IPO amounted to €36.4 million. The shares were issued at a 20% discount to the IPO price. The total €9.1 million discount was recognized in other operating expenses in the second quarter of 2006.

The aggregate proceeds from these two share issues amounted to €866.2 million, net of transactions costs of €33.1 million and were recognized in the December 31, 2006 accounts.

Following the share issues, the Company's two main shareholders, KKR and Wendel Investissement, each held around 30% of the share capital.

At the time of the IPO, certain shareholders gave an undertaking to hold their shares for periods ranging from 6 to 18 months (see description of the lock-up agreement in the offering circular (*note d'opération*) filed under No. 06.082 with the French securities regulator (AMF) on March 22, 2006).

In June 2007, 754,166 stock options granted under the 2003 plan (Note 11) were exercised, representing a capital increase of €3.0 million.

a) Share buyback program

On March 21, 2007, the Group implemented a share buyback program authorized by the General Meeting of Shareholders held on February 24, 2006, for an amount of up to €200 million. For full details, see the description filed with the AMF on March 21, 2007.

On May 15, 2007, the Company's shareholders authorized another share buyback program (see description filed with the AMF on May 3, 2007). The maximum aggregate purchase price for shares acquired under this program is €650 million. The authorization is valid from May 15, 2007 to November 15, 2008.

A total of 4,067,657 (representing €102,081,452) shares have been purchased under the above programs, for the following purposes:

- allocating 2,200,000 shares (representing €54,750,339) on the exercise of stock options;
- allocating 80,000 shares to a corporate mutual fund (representing €1,993,600) in connection with the Company's profit-sharing scheme;
- canceling 1,787,657 purchased shares (representing €45,337,513).

b) Liquidity contract

On May 29, 2007, the Group entered into a liquidity contract with a financial institution concerning the Company's ordinary shares listed on the Eurolist market of Euronext™ Paris. This liquidity contract complies with the Code of Ethics issued by the AFEI (French Association of Investment Firms) approved by the AMF on March 22, 2005. A total of €7.0 million has been allocated to the related liquidity account as of June 30, 2007. At the end of the period the Group held 47,330 shares (representing €1,250,035) thus balance of the liquidity account is €5.7 million in cash at the end of June 2007.

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c) Earnings per share

Earnings per share, calculated on the basis of the average number of shares outstanding during the period, are as follows:

	Six months ended June 30, 2007	Six months ended June 30, 2006	Six months ended June 30, 2005
Profit attributable to equity holders of Legrand *(in € millions)*	195.2	63.3	59.6
Number of ordinary shares outstanding at the period-end	270,447,542	269,693,376	189,837,725
Average number of ordinary shares outstanding during the period	268,746,085	225,078,188	189,837,725
Number of options outstanding at the period-end	4,023,995	2,663,529	2,866,129
Basic earnings per share *(euros)* (Note 1(s))*	0.726	0.281	0.314
Diluted earnings per share *(euros)* (Note 1(s))*	0.716	0.277	0.309
Dividend per share *(euros)*	0.500	0.410	0.000

* *Basic and diluted earnings per share for first-half 2005 have been adjusted to reflect the impact of the 1-for-4 reverse stock-split carried out on February 24, 2006. Reported basic and diluted earnings per share as of June 30, 2005, i.e. before the reverse stock-split, amounted to €0,078 and €0.077 respectively.*

In accordance with IAS 33, the 79,855,651 shares issued in conjunction with the IPO during the second quarter of 2006 were taken into account on a pro rata basis for the purpose of computing the average number of ordinary shares outstanding during the period. If those shares had been issued at January 1, 2006, basic and diluted earnings per share would have amounted to €0.235 and €0.232 respectively for the six months ended June 30, 2006.

In the first half of 2007, 754,166 shares were issued on exercise of stock options granted under the 2003 plan. These shares were taken into account from the issue date for the purpose of computing the average number of shares outstanding during the period, in accordance with IAS 33. If those shares had been issued at January 1, 2007, basic and diluted earnings per share would have amounted to €0.722 and €0.711 respectively for the six months ended June 30, 2007.

NOTE 11 - STOCK OPTION PLANS, FREE SHARES PLAN AND EMPLOYEE PROFIT-SHARING

a) Legrand stock option plans 2003-2004-2005

The Company has set up a stock option plan under which stock options may be granted to purchase a specified number of ordinary shares of the Company at an initial exercise price of €1.00 per share for options granted in 2003 and 2004, and €1.40 per share for options granted in 2005. At the General Meeting of February 24, 2006, shareholders decided to carry out a 1-for-4 reverse stock-split, leading to an increase in the shares' par value from €1 to €4. To take into account the effects of this change, the option exercise price was increased to €4 for options granted in 2003 and 2004 and to €5.60 for those granted in 2005. Following the IPO, outstanding options may be exercised in the coming years during the exercise periods set in the initial plans. The plans have now been closed and the 423,263 options not granted prior to the IPO will not now be granted. A total of 754,166 stock options were exercised in the first half of 2007. Outstanding options may be exercised in the coming years during the exercise periods set in the initial plan.

Information on stock options	2003 plan	2004 plan	2005 plan	Total
Date of Board of Directors Meeting	June 5, 2003	January 30, 2004	February 7, 2005	
Total number of shares that may be acquired on exercise of options	2,000,830	508,250	173,750	2,682,830
Of which number of shares that may be acquired by corporate officers	0	0	0	0
Vesting/exercise conditions	2/3 of the options vest 4 years after the grant date and must be exercised within 60 days of vesting; 1/3 of the options vest 5 years after the grant date and must be exercised within 60 days of vesting			
Exercise price	€4	€4	€5.60	
Options forfeited during the period 2006	(76,300)			(76,300)
Options exercised during first-half 2007	(754,166)	0	0	(754,166)
Options outstanding as of June 30, 2007	1,170,364	508,250	173,750	1,852,364

A total of 528,693 outstanding options were exercisable as of June 30, 2007. 980,504 options will become exercisable in 2008, 285,250 in 2009 and 57,917 in 2010.

If all these options were to be exercised, the Company's capital would be diluted by 0.7%.

b) Legrand 2007 free shares and stock option plans

(a) Free shares plan

On May 15, 2007, shareholders authorized the Board of Directors to grant free shares to certain employees or corporate officers of the Company and its subsidiaries, on one or several occasions. The total number of shares granted is capped at 5% of the capital including the shares to be issued on exercise of stock options.

Information on the free shares plan	2007 plan
Date of Board of Directors meeting	May 15, 2007
Total number of shares granted	533,494
Of which to corporate officers	26,427
Vesting conditions	After 2 or 4 years, except in the event of resignation or termination for willful misconduct
Free shares cancelled during the period	0
Total number of free shares outstanding at June 30, 2007	533,494

If all of these shares were to be definitively granted, the Company's capital would be diluted by 0.2%.

(b) 2007 stock option plan

On May 15, 2007, shareholders authorized the Board of Directors to grant stock options to certain employees or corporate officers of the Company and its subsidiaries, on one or several occasions, entitling them to subscribe new shares or purchase existing shares representing no more than 5% of the capital including the shares to be issued on exercise of options.

Information on stock options	2007 plan
Date of the Board of Directors meeting	May 15, 2007
Total number of options	1,638,137
Of which options granted to corporate officers	79,281
Vesting/exercise conditions	Options vest after 4 years, except in the event of resignation or termination for willful misconduct
Option exercise price	€25.20
Options cancelled during the period	0
Outstanding options at June 30, 2007	1,638,137

If all these options were to be exercised, the Company's capital would be diluted by 0.6%.

In accordance with IFRS 2, which requires the cost of stock options to be recognized in the financial statements, a charge of €2.5 million was recorded in first-half 2007 for all of these plans combined (notes 11(a) and 11(b)).

c) Legrand France stock option plans

In May 1999, the shareholders gave the Company a five-year authorization expiring in May 2004 to issue up to 700,000 options to purchase or subscribe to ordinary shares or preferred, non-voting shares. This option plan was open to all Group employees in France.

On December 13, 1999, the Company established a new plan for the purchase of ordinary shares, open to all Group employees in France who had completed the required period of service. The exercise price was equal to the average of the opening market prices quoted for the shares on the Paris stock exchange over the twenty trading days preceding the grant date. The options had a five-year vesting period and were exercisable between the fifth and seventh anniversaries of the grant date. Options were forfeited if the employee was dismissed for willful misconduct.

On November 21, 2000, the Company established a stock subscription plan open to all Group employees in France who had completed the required period of service. The exercise price is based on the opening market prices quoted for the shares on the Paris stock exchange over the twenty trading days preceding the grant date. The options had a five-year vesting period and are exercisable between the fifth and seventh anniversaries of the grant date.

On November 13, 2001, the Company established a stock subscription plan open to all Group employees in France who had completed the required period of service. The exercise price is based on the opening market prices quoted for the shares on the Paris stock exchange over the twenty trading days preceding the grant date. The options had a four-year vesting period and are exercisable between the fourth and seventh anniversaries of the grant date.

Holders of Legrand France stock options (other than options granted under the 2001 plan) are entitled to exchange the ordinary shares acquired upon exercise of the options for Schneider Electric shares pursuant to an undertaking provided by Schneider Electric to the option holders at the time of its public tender offer for Legrand France.

On December 10, 2002, Legrand and Schneider Electric entered into a call and put option agreement whereby Schneider Electric agreed that it would sell to Legrand, if Legrand so wished, and Legrand agreed to purchase, if Schneider Electric so wished, all Legrand France ordinary shares held by Schneider Electric as a result of the exercise of such options. The call option is exercisable by Legrand for a period of six months from the date on which Schneider Electric becomes the owner of record of the relevant Legrand France shares and the put option may be exercised by Schneider Electric six months and fifteen days after the date on which Schneider Electric becomes the owner of record of the relevant Legrand France shares and in no event later than twelve months after such date. Options for which the Legrand France shares are exchangeable for Schneider Electric shares have exercise periods that continue through and until November 2007.

The value and number of stock options were adjusted for the effects of the shareholder-approved distributions of retained earnings by Legrand France amounting to €375.0 million in 2003 and €675.0 million at the beginning of 2004.

At its meeting on November 2, 2005, the Board of Directors decided to offer a liquidity guarantee up to May 19, 2006 to holders of the 2001 stock options in the event that the Company was floated on the stock exchange. Following Legrand's flotation, the liquidity guarantee came into effect in the second quarter of 2006.

Type of plan	Subscription	
Date of grant	**2000**	**2001**
Type of shares under option	**Ordinary**	**Ordinary**
Number of grantees	8,999	9,122
Start date of exercise period	11/2005	11/2005
Expiry date of exercise period	11/2007	11/2008
Exercise price (in euros) before distribution of retained earnings	191.50	143.00
Exercise price (in euros) after distribution of retained earnings	140.19	104.68
NUMBER OF OPTIONS GRANTED	**124,240**	**178,766**
Options forfeited	(18)	
Balance as of December 31, 2002	**124,222**	**178,766**
New options issued on November 15, 2003 in connection with distribution of retained earnings	16,218	21,353
Options exercised		
Options forfeited	(372)	(372)
Balance as of December 31, 2003	**140,068**	**199,747**
New options issued on March 30, 2004 in connection with distribution of retained earnings	38,002	52,996
Options exercised		
Options forfeited	(9)	
Balance as of December 31, 2004	**178,061**	**252,743**
Options exercised	(38,265)	
Options forfeited	(95)	(95)
Balance as of December 31, 2005	**139,701**	**252,648**
Options exercised	(64,247)	(244,704)
Options forfeited	(240)	(465)
Balance as of December 31, 2006	**75,214**	**7,479**
Options exercised	(19,193)	
Options forfeited	(112)	
BALANCE AS OF JUNE 30, 2007	**55,909**	**7,479**

d) Employee profit-sharing

Under French law, the French entities in the Group are required to pay profit shares to employees when their after-tax profit exceeds a certain level. Amounts accrued are generally payable to employees after a period of five years and bear interest at negotiated rates ranging from 5 to 6%.

In addition to this obligation, a number of the Group's French entities and foreign subsidiaries have set up discretionary profit-sharing plans. Under these plans, employees receive a portion of the entity's profit calculated on the basis of predetermined formulas negotiated by each entity.

An accrual of €16.7 million was recorded in the first half of 2007 for statutory and discretionary profit-sharing plans (first-half 2006: €17.3 million; first-half 2005: €13.6 million).

NOTE 12 - RETAINED EARNINGS AND TRANSLATION RESERVES

a) Retained earnings

Consolidated retained earnings of Legrand and its subsidiaries totaled €1,191.3 million at June 30, 2007.

At that date, corporate distributable retained earnings of Legrand S.A. amounted to €1,953.1 million.

b) Translation reserves

As explained in Note 1 (c), the translation reserve reflects the effects of currency fluctuations on the financial statements of subsidiaries when they are translated into euros.

The translation reserve records the impact of fluctuations in the following currencies:

(in € millions)	June 30, 2007	December 31, 2006	December 31, 2005
US dollar	(135.4)	(132.0)	(79.5)
Other currencies	(1.7)	(4.6)	15.2
	(137.1)	**(136.6)**	**(64.3)**

The line "Other currencies" mainly concerns currencies of countries located in the "Rest of the world" and "Rest of Europe" segments as of June 30, 2007 and December 31, 2006, and the "Rest of Europe" segment as of December 31, 2005.

NOTE 13 - SUBORDINATED PERPETUAL NOTES (TSDIS)

In December 1990 and March 1992, Legrand France issued, at par, subordinated perpetual notes for a total of €457 million and €305 million, respectively.

The amortization of these two issues was fully completed as of February 2006 and March 2007, respectively.

Amortization of the residual carrying amount of the perpetual notes in the balance sheet is as follows:

(in € millions)	June 30, 2007	December 31, 2006	December 31, 2005
Due within one year	0.0	9.5	19.0
Due in one to two years	0.0	0.0	9.5
Due in two to three years	0.0	0.0	0.0
Due beyond three years	0.0	0.0	0.0
	0.0	**9.5**	**28.5**

The subordinated perpetual notes are subject to specific tax rules, the application of which was specified in the amended 2005 Finance Act voted by the French parliament in the fall of 2005. Under these rules, the total amount of interest provided for in the loan debenture is deductible only up to the amount of interest paid in the first twelve years on the principal issued by the Group.

Application of these rules led to a €110.0 million reduction in the Group's tax loss carryforwards in 2005 and a further €62.5 million reduction in the first half of 2007. This had no impact on the income statement as no deferred tax asset was recognized for these tax loss carryforwards.

NOTE 14 - RELATED PARTY BORROWINGS

In February 2003, the Company signed a related party borrowing worth €1,156.0 million of subordinated bonds issued by a subsidiary of the Group's ultimate parent company. As of December 31, 2005, the outstanding principal and interest amounted to €1,334.8 million.

On February 15, 2006, the Company repaid an amount of €177.9 million, using funds obtained under the 2006 Credit Facility. A further €504.4 million was repaid using the proceeds from the IPO and related employee share issue and the remaining €668.8 million was repaid in newly issued shares on April 11, 2006.

NOTE 15 - LONG-TERM BORROWINGS

Long-term borrowings can be analyzed as follows:

(in € millions)	June 30, 2007	December 31, 2006	December 31, 2005
Facility Agreement	612.6	668.7	731.7
High-yield notes	0.0	0.0	574.3
8½% debentures	287.1	294.5	329.6
Private placement	220.0	0.0	0.0
Other borrowings	150.3	97.1	178.2
	1,270.0	**1,060.3**	**1,813.8**
Debt issuance costs	(4.7)	(4.8)	(10.5)
	1,265.3	**1,055.5**	**1,803.3**

Long-term borrowings are denominated in the following currencies:

(in € millions)	June 30, 2007	December 31, 2006	December 31, 2005
Euro	752.6	605.1	1,457.4
US dollar	419.7	418.0	355.0
Other currencies	97.7	37.2	1.4
	1,270.0	**1,060.3**	**1,813.8**

Long-term borrowings can be analyzed by maturity as follows:

(in € millions)	June 30, 2007	December 31, 2006	December 31, 2005
Due in one to two years	146.5	174.9	292.5
Due in two to three years	130.5	151.2	173.7
Due in three to four years	134.4	149.6	426.9
Due in four to five years	330.3	271.7	4.5
Due beyond five years	528.3	312.9	916.2
	1,270.0	**1,060.3**	**1,813.8**

Average Interest rates (the rates shown for the 8½% debentures (Yankee bonds) take into account interest rate swaps) on borrowings are as follows:

Average interest rate	June 30, 2007	December 31, 2006	December 31, 2005
Facility Agreement	4.92%	3.86%	2.69%
High-yield notes	-	-	10.51%
8½% debentures	4.76%	4.68%	4.52%
Private placement	4.52%	-	-
Other borrowings	3.73%	3.15%	2.48%

With the exception of the 8½% debentures, management considers that the carrying amount of borrowings is close to their fair value.

These borrowings are secured as follows:

(in € millions)	June 30, 2007	December 31, 2006	December 31, 2005
Assets mortgaged or pledged as collateral	22.4	23.1	23.1
Guarantees given to banks	110.4	63.0	63.6
Legrand France shares pledged under the Facility Agreement	0.0	0.0	887.3
	132.8	**86.1**	**974.0**

a) Credit Facility

(a) 2004 Credit Facility

As of December 31, 2005, the Group owed €887.3 million on the €1.4 billion syndicated facility contracted in December 2004 ("the 2004 Credit Facility"). In January 2006, the 2004 Credit Facility was refinanced through a new €2.2 billion syndicated facility.

Upon repayment of the 2004 Credit Facility, the €10.5 million unamortized balance of related debt issuance costs was written off. This amount is reported under "Loss on extinguishment of debt" in the consolidated income statement.

(b) 2006 Credit Facility

On January 10, 2006, the Group signed a new €2.2 billion credit facility – the 2006 Credit Facility – with five mandated arrangers. Its purpose was (i) to refinance the €1.4 billion 2004 Credit Facility in its entirety, (ii) to retire the €574.2 million High Yield Notes issue, plus accrued interest on the notes and the €98.5 million early-repayment premium (recognized under "Loss on extinguishment of debt"), and (iii) to repay the €177.9 million portion of the subordinated shareholder loan corresponding to the vendor financing granted by Schneider at the time of acquisition of Legrand France, as required under the terms of the loan debenture in the event that the High Yield Notes are retired.

The 2006 Credit Facility comprises a €700.0 million Tranche A representing a multicurrency term loan repayable in semi-annual installments equal to 10% of the nominal amount between January 10, 2007 and July 10, 2010, with a final 20% installment due on January 10, 2011. It also includes a €1.2 billion Tranche B consisting of a revolving multicurrency facility utilizable through drawdowns and a €300.0 million Tranche C multicurrency facility repayable upon the Group's flotation on the stock market. Tranches A and B are five-year loans that can be rolled over for two successive one-year periods. Tranche C was a 364-day loan; it was repaid in full in April 2006 following the IPO.

On March 12, 2007, the Group exercised its option to extend the 2006 Credit Facility by one year. Consequently, the repayments of Tranche A will equal 7.78% of the nominal amount from July 2007 through July 2011 with a final 20% installment due on January 10, 2012.

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Repayments due under the Facility Agreement can be analyzed as follows by maturity as of December 31, 2005, December 31, 2006 and June 30, 2007:

(in € millions)	June 30, 2007	December 31, 2006	December 31, 2005
Due within one year (short-term borrowings)	108.8	138.8	155.6
Due in one to two years	89.4	137.6	155.6
Due in two to three years	109.0	137.6	155.6
Due in three to four years	108.7	138.3	420.5
Due beyond four years	305.5	255.2	0.0
	721.4	**807.5**	**887.3**

The successive Facility Agreements break down as follows:

(in € millions)	June 30, 2007	Maturity	Interest rate
Term Facility	610.4	2012	Euribor + 0.25
Revolving Facility	111.0	2012	Euribor + 0.25

(in € millions)	December 31, 2006	Maturity	Interest rate
Term Facility	687.6	2011	Euribor + 0.35
Revolving Facility	119.9	2011	Euribor + 0.35

(in € millions)	December 31, 2005	Maturity	Interest rate
Term Facility	622.3	2009	Euribor + 0.55
Revolving Facility	265.0	2009	Euribor + 0.55

b) High Yield Notes

In February 2003, the Company issued $350.0 million worth of 10.5% Senior Notes due 2013 and €277.5 million worth of 11.0% Senior Notes due February 15, 2013 (the "High Yield Notes"). The Company redeemed all the High Yield Notes on February 15, 2006 for a total amount of €672.7 million, including an early-redemption premium of €98.5 million which is reported under "Loss on extinguishment of debt" in the income statement.

c) 8½% Debentures (Yankee bonds)

On February 14, 1995, Legrand France issued $400.0 million worth of 8½% debentures due February 15, 2025, through a public placement in the United States. Interest on the debentures is payable semi-annually in arrears on February 15 and August 15 of each year, beginning August 15, 1995.

The debentures are not subject to any sinking fund and are not redeemable prior to maturity, except upon the occurrence of certain changes in the law requiring the payment of amounts in addition to the principal and interest. Should Legrand France be prevented by law from paying any such additional amounts, early redemption would generally be mandatory or, if such amounts could be paid, Legrand France may, at its option, redeem all – but not part – of the debentures in advance. Each debenture holder may also require Legrand France to redeem its debentures in advance upon the occurrence of a hostile change of control.

In connection with the issuance of the debentures, Legrand France also entered into an interest rate swap agreement (see Note 24b).

d) Private placement

On May 21, 2007, the Group carried out a structured private placement for a total of €220.0 million with French financial institutions. The related syndicated loan agreement was entered into for a period of six years and four months, expiring on September 21, 2013. At the same time, the Group entered into an interest rate swap agreement for the same amount and with the same maturity. This swap cannot be terminated without firstly redeeming the underlying debt in full.

Taking into account the swap, the applicable effective interest rate is the Euribor 3 months plus 0.45%.

e) Further minimum borrowing capacity

As of June 30, 2007, a further €1,089.0 million was available for borrowing under the Facility Agreement (Revolving Facility).

NOTE 16 - LONG-TERM PROVISIONS AND OTHER NON-CURRENT LIABILITIES

Long-term provisions and other non-current liabilities are as follows:

(in € millions)	June 30, 2007
At beginning of period	109.8
Changes in scope of consolidation	4.4
Increases	19.2
Reversals	(12.1)
Transfers to current liabilities	(12.0)
Reclassifications	(1.5)
Translation adjustment	0.3
	108.1

As of June 30, 2007, long-term provisions and other non-current liabilities comprise in particular provisions for claims and litigation (€11.9 million), provisions for restructuring (€13.6 million), statutory and discretionary profit-sharing reserves (€5.8 million) and provisions for taxes (€18.8 million).

NOTE 17 - PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS (NOTE 1 (Q))

(in € millions)	June 30, 2007	December 31, 2006	December 31, 2005
Retirement benefits in France*	34.2	36.5	26.0
Termination benefits in Italy*	54.0	53.5	53.3
Other post-employment benefits*	46.5	57.6	60.4
	134.7	**147.6**	**139.7**

* *These items represent the non-current portion of pension and other post-employment benefits for a total of €134.7 million (€147.6 million in 2006 and €139.7 million in 2005). The current portion of €7.6 million (December 31, 2006: €7.7 million; December 31, 2005: €9.6 million) is reported under "Other current liabilities". The total net liability recognized in the balance sheet is therefore €142.3 million (December 31, 2006: €155.3 million; December 31, 2005: €149.3 million) and is analyzed in Note 17 (a), which shows total liabilities of €277.7 million (December 31, 2006: €290.6 million; December 31, 2005: €282.8 million) less total assets of €135.4 million (December 31, 2006: €135.1 million; December 31, 2005: €133.5 million).*

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a) Analysis of pension and other post-employment benefit obligations

The aggregate current and non-current obligation under the Group's pension and other post-employment benefit plans, consisting primarily of plans in France, Italy, the United States and the United Kingdom, is as follows:

(in € millions)	June 30, 2007	December 31, 2006	December 31, 2005	December 31, 2004	December 31, 2003
Defined benefit obligation					
Projected benefit obligation at beginning of period	290.6	282.8	249.7	237.0	220.0
Acquisitions	0.0	0.2	3.4	0.0	0.0
Goodwill allocation	0.0	0.0	0.0	0.0	21.0
Service cost	9.5	18.2	17.7	17.5	22.4
Interest cost	5.5	10.3	8.8	10.4	8.3
Benefits paid	(10.0)	(23.5)	(17.2)	(25.2)	(22.6)
Employee contributions	0.0	0.4	0.6	0.4	0.0
Plan amendments	0.0	0.0	0.0	0.3	0.0
Actuarial loss/(gain)	(15.2)	13.0	6.6	6.9	4.8
Curtailments, settlements, special termination benefits	(0.6)	(0.8)	0.0	1.7	0.0
Past service cost	0.0	0.2	0.0	0.0	0.0
Translation adjustment	(2.1)	(10.2)	13.2	(5.3)	(16.9)
Other	0.0	0.0	0.0	6.0	0.0
Projected benefit obligation at end of period (I)	**277.7**	**290.6**	**282.8**	**249.7**	**237.0**
Unrecognized past service cost (II)	**0.0**	**0.2**	**0.0**	**0.0**	**0.0**
Fair value of plan assets					
Fair value of plan assets at beginning of period	135.1	133.5	109.9	110.8	108.0
Acquisitions	0.0	0.0	0.5	0.0	0.0
Expected return on plan assets	4.4	10.2	13.5	7.8	18.5
Employer contributions	2.7	8.2	8.2	9.7	5.6
Employee contributions	0.1	0.3	0.3	0.4	0.0
Benefits paid	(4.1)	(13.9)	(11.3)	(15.4)	(9.5)
Actuarial loss/(gain)	(1.3)	0.7	0.0	0.0	0.0
Translation adjustment	(1.5)	(3.9)	12.4	(3.4)	(11.8)
Fair value of plan assets at end of period (III)	**135.4**	**135.1**	**133.5**	**109.9**	**110.8**
Pension liability recognized in balance sheet (I) – (II) – (III)	**142.3**	**155.3**	**149.3**	**139.8**	**126.2**
Current liability	7.6	7.7	9.6	8.8	3.8
Non-current liability	134.7	147.6	139.7	131.0	122.4

Until year-end 2005, actuarial gains and losses arising from changes in actuarial assumptions were recognized in profit.

Effective from January 1, 2006, the Group elected to recognize all actuarial gains and losses directly in equity, as allowed under IAS 19, paragraph 93A s (amended). As the effect of applying this new method was not material, no related adjustments were made to the 2005 income statement.

Actuarial gains recognized in equity as of June 30, 2007 amounted to €13.9 million (€12.4 million after tax).

The impact on consolidated operating profit is as follows:

(in € millions)	Six months ended June 30, 2007	Twelve months ended December 31, 2006	Twelve months ended December 31, 2005
Service cost – rights acquired during the period	(9.5)	(18.2)	(17.7)
Service cost – cancellation of previous rights	0.0	0.0	0.0
Benefits paid (net of cancellation of liability recognized in prior periods)	0.0	0.0	0.0
Interest cost	(5.5)	(10.3)	(15.4)
Other	0.0	0.2	(0.6)
Expected return on plan assets	4.4	10.2	13.5
	(10.6)	**(18.1)**	**(20.2)**

The weighted-average allocation of pension plan assets was as follows as of June 30, 2007:

(in percentage)	France	United States and United Kingdom	Weighted total
Equity instruments	0.0	59.4	50.3
Debt instruments	0.0	31.8	27.0
Insurance funds	100.0	8.8	22.7
	100.0	**100.0**	**100.0**

b) Provisions for retirement benefits and supplementary pension benefits in France

The provisions recorded in the consolidated balance sheet concern the unvested entitlements of active employees. The Group has no obligation with respect to the vested entitlements of former employees, as the benefits were settled at the time of their retirement, either directly or through payments to insurance companies in full discharge of the liability.

In France, provisions recorded in the consolidated balance sheet amount to €42.4 million as of June 30, 2007 (December 31, 2006: €43.5 million; December 31, 2005: €34.7 million), corresponding to the difference between (a) the projected benefit obligation of €62.2 million as of June 30, 2007 (December 31, 2006: €64.0 million; December 31, 2005: €57.3 million), and (b) the fair value of the related plan assets of €19.8 million as of June 30, 2007 (December 31, 2006: €20.3 million; December 31, 2005: €22.6 million).

The projected benefit obligation is computed on the basis of staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. In France, the calculation was based on a salary increase rate of 3.0% and a discount rate of 5.25% in first-half 2007 (2006 and 2005: 3.0% and 4.5%, respectively). The provisions recorded in the consolidated balance sheet correspond to the portion of the total obligation remaining payable by the Group; this amount is equal to the difference between the total obligation recalculated at each balance sheet date, based on the actuarial assumptions described above, and the net residual value of the plan assets at that date.

c) Provisions for termination benefits in Italy

In accordance with employment legislation in force in Italy, provisions for termination benefits payable to employees when they leave the Group have been established in the accounts of the Italian companies in an amount of €59.0 million as of June 30, 2007 (December 31, 2006: €58.5 million; December 31, 2005: €58.4 million). The cumulative benefit is fixed by law and represents approximately one month's salary per year of service. Amounts attributed to each employee are revalued each year in accordance with a specific index published by the government. They are fully vested and are paid when an employee leaves the Group. The companies have no further liability toward the employee once the payment is made.

The projected benefit obligation is computed on the basis of staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. In Italy, the calculation was based on a salary increase rate of 3.0% and a discount rate of 4.3% in first-half 2007 (2006: 3.0% and 4.3%; 2005: 2.5% and 4.1%).

d) Provisions for retirement benefits and other post-employment benefits in the United States and the United Kingdom

In the United States and the United Kingdom, the Group provides pension benefits for employees and health care and life insurance for certain retired employees.

The related benefit obligations amounted to €142.7 million as of June 30, 2007 (December 31, 2006: €153.6 million; December 31, 2005: €154.6 million). This amount is covered by pension fund assets estimated at €110.2 million as of June 30, 2007 (December 31, 2006: €109.4 million; December 31, 2005: €106.1 million) and by provisions.

The projected benefit obligation is computed on the basis of staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. In the United Sates, the calculation was based on a salary increase rate of 4.3%, a discount rate of 5.8% and an expected return on plan assets of 8.8%. In the United Kingdom, the calculation was based on a salary increase rate of 4.3% and a discount rate of 5.8%.

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NOTE 18 - SHORT-TERM BORROWINGS

(in € millions)	June 30, 2007	December 31, 2006	December 31, 2005
Facility Agreement	108.8	138.8	155.6
8½% debentures	0.0	0.0	0.0
Commercial paper	294.0	226.9	0.0
Other short-term borrowings	389.2	425.0	163.7
	792.0	**790.7**	**319.3**

NOTE 19 - SHORT-TERM PROVISIONS AND OTHER CURRENT LIABILITIES

(in € millions)	June 30, 2007	December 31, 2006	December 31, 2005
Tax liabilities	91.7	81.5	80.8
Accrued employee benefits expense	159.4	151.5	133.4
Current portion of statutory profit-sharing	9.2	10.9	8.1
Payables related to fixed asset purchases	12.1	13.3	9.6
Accrued expenses	55.6	37.2	29.6
Accrued interest	36.2	33.8	48.5
Deferred revenue	12.1	4.9	1.7
Current portion of pension and other post-employment benefit obligations	7.6	7.7	9.6
Other	98.5	96.0	85.6
	482.4	**436.8**	**406.9**

NOTE 20 - ANALYSIS OF CERTAIN EXPENSES

a) Analysis of operating expenses

Operating expenses include the following categories of costs:

(in € millions)	Six months ended June 30, 2007	Six months ended June 30, 2006	Six months ended June 30, 2005
Raw materials and component costs	(625.7)	(552.1)	(440.1)
Salaries and payroll taxes	(524.1)	(495.9)	(440.4)
Employee profit-sharing	(16.7)	(17.3)	(13.6)
Total personnel costs	**(540.8)**	**(513.2)**	**(454.0)**
Depreciation expense	(67.1)	(69.6)	(70.5)
Amortization expense	(41.6)	(50.0)	(55.2)

As of June 30, 2007 the Group had 31,197 employees (June 30, 2006: 29,989; June 30, 2005: 25,993).

b) Analysis of other operating income and expense

(in € millions)	Six months ended June 30, 2007	Six months ended June 30, 2006	Six months ended June 30, 2005
Employee profit-sharing	(16.7)	(17.3)	(13.6)
Restructuring costs	(14.3)	(9.0)	(14.5)
IPO costs	0.0	(9.1)	0.0
Other	(32.4)	(18.7)	(11.5)
	(63.4)	**(54.1)**	**(39.6)**

NOTE 21 - FINANCE COSTS AND OTHER FINANCIAL INCOME AND EXPENSE, NET

a) Exchange gains and losses

(in € millions)	Six months ended June 30, 2007	Six months ended June 30, 2006	Six months ended June 30, 2005
Exchange gains and losses	8.4	21.7	(24.0)

Exchange gains and losses mainly concern long-term borrowings. The net gain for 2006 includes an exceptional €30.4 million exchange gain recognized in connection with the redemption of the Group's High-Yield Notes in February of that year.

b) Finance costs, net

(in € millions)	Six months ended June 30, 2007	Six months ended June 30, 2006	Six months ended June 30, 2005
Interest income	15.5	15.8	14.5
Finance costs	(69.8)	(88.8)	(122.6)
Change in fair value of financial instruments	1.2	(0.9)	20.4
	(68.6)	(89.7)	(102.2)
	(53.1)	**(73.9)**	**(87.7)**

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NOTE 22 - INCOME TAX EXPENSE (CURRENT AND DEFERRED)

Profit before taxes and share of profit of associates is as follows:

(in € millions)	Six months ended June 30, 2007	Six months ended June 30, 2006	Six months ended June 30, 2005
France	82.9	(49.9)	(38.0)
Outside France	216.9	171.7	139.5
	299.8	**121.8**	**101.5**

Income tax expense consists of the following:

(in € millions)	Six months ended June 30, 2007	Six months ended June 30, 2006	Six months ended June 30, 2005
Current taxes:			
France	0.9	(0.1)	(1.2)
Outside France	(76.2)	(53.3)	(44.3)
	(75.3)	(53.4)	(45.5)
Deferred taxes:			
France	(28.1)	6.2	17.8
Outside France	(0.9)	(10.5)	(13.4)
	(29.0)	(4.3)	4.4
Total income tax expense:			
France	(27.2)	6.1	16.6
Outside France	(77.1)	(63.8)	(57.7)
	(104.3)	**(57.7)**	**(41.1)**

The reconciliation of total income tax expense during the period to income tax calculated at the standard tax rate in France is as follows:

(Tax rate)	Six months ended June 30, 2007	Six months ended June 30, 2006	Six months ended June 30, 2005
STANDARD FRENCH INCOME TAX RATE	**34.43%**	**34.43%**	**34.93%**
Increases (reductions):			
- Effect of foreign income tax rates	(0.45%)	(0.53%)	(1.32%)
- Non-taxable items	0.65%	2.99%	5.55%
- Income taxable at specific rates	1.65%	0.74%	3.60%
- Other	(1.67%)	(9.87%)	(2.27%)
	34.61%	27.76%	40.49%
Impact on deferred taxes of:			
- Changes in tax rates	0.03%	-	-
- Recognition or non-recognition of deferred tax assets	0.16%	19.61%	0.00%
EFFECTIVE TAX RATE	**34.80%**	**47.37%**	**40.49%**

Deferred taxes recorded in the balance sheet result from temporary differences between the carrying amount of assets and liabilities and their tax base and can be analyzed as follows:

(in € millions)	June 30, 2007	December 31, 2006	December 31, 2005
Deferred taxes recorded by French companies	(352.1)	(322.6)	(350.8)
Deferred taxes recorded by foreign companies	(229.1)	(216.7)	(308.0)
	(581.2)	**(539.3)**	**(658.8)**
Origin of deferred taxes:			
- Depreciation of fixed assets	(36.0)	(36.7)	(97.0)
- Tax loss carryforwards	13.7	58.3	34.1
- Statutory profit-sharing	4.0	4.5	3.9
- Pensions and other post-employment benefits	19.8	21.6	20.3
- Subordinated perpetual notes	0.0	2.2	11.1
- Developed technology	(47.0)	(57.4)	(87.0)
- Trademarks	(558.8)	(558.8)	(551.6)
- Impairment losses on inventories and receivables	22.5	21.4	20.4
- Fair value adjustments to derivative instruments	(8.6)	(10.0)	(12.7)
- Translation adjustments	0.8	0.8	4.4
- Non-deductible provisions	29.4	23.2	13.6
- Margin on inventories	12.5	10.4	7.8
- Other	(33.5)	(18.8)	(26.1)
	(581.2)	**(539.3)**	**(658.8)**
- of which deferred tax assets	80.5	124.6	61.5
- of which deferred tax liabilities	(661.7)	(663.9)	(720.3)

Changes in deferred tax liabilities arising from depreciation of fixed assets in 2006 were mainly due to the reversal of a deferred tax liability that was recognized through goodwill in the balance sheet of an Italian entity at the time of the acquisition of Legrand in 2002.

Short and long-term deferred taxes can be analyzed as follows:

(in € millions)	June 30, 2007	December 31, 2006	December 31, 2005
Deferred taxes – short-term	40.8	35.1	36.1
Deferred taxes – long-term	(622.0)	(574.4)	(694.9)
	(581.2)	**(539.3)**	**(658.8)**

As of June 30, 2007, tax losses carried forward broke down as follows:

(in € millions)	June 30, 2007	December 31, 2006	December 31, 2005
Net recognized operating losses carried forward	43.1	176.7	103.7
Recognized deferred tax assets	13.7	58.3	34.1
Net unrecognized operating losses carried forward	170.4	226.7	393.5
Unrecognized deferred tax assets[1]	56.1	76.4	131.1
Total net operating losses carried forward	213.5	403.4	497.2

(1) Including €20 million that will be set off against goodwill if a deferred tax asset is recognized.

As explained in Note 13, the subordinated perpetual notes are subject to specific tax rules, the application of which was specified in the amended 2005 French Finance Act.

Application of these rules led to a €110.0 million reduction in the Group's tax loss carryforwards in 2005 and a further €62.5 million reduction in the first half of 2007.

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NOTE 23 - CONTINGENCIES AND COMMITMENTS

The Group is involved in a number of claims and legal proceedings arising in the normal course of business. In the opinion of management, all such matters have been adequately provided for or are without merit, and are of such nature that, should the outcome nevertheless be unfavorable to the Group, they would not have a material adverse effect on the Group's consolidated financial position or results of operations.

a) Legal proceedings

In October 2003, an action was brought against a subsidiary of the Group and two other major suppliers of back-wires in the United States alleging that one of the Group's products – a quick connect receptacle – is dangerous and should be withdrawn from the United States markets and all production should be discontinued. The Group disputes these allegations and has made a counterclaim, as it believes that the original claim is unsubstantiated. The quick connect receptacle has been sold in the United States for several years and during this period no accidents have been reported in connection with their use. In addition, management does not believe that the claimant has any evidence of loss and the claim does not refer to any loss or accidents from use of the receptacle. This action is currently being considered by the Superior Court of the State of California and the Charleston Division of the South Carolina District Court in relation to certain procedural matters. Although the Group believes the claims are unsubstantiated, it is currently too early to assess the eventual outcome of these proceedings.

b) Operating leases

The Group uses certain facilities under lease agreements and leases certain equipment. There are no special restrictions related to these operating leases. Future minimum lease payments under non-cancelable leases are detailed below:

(in € millions)	June 30, 2007	December 31, 2006	December 31, 2005
Due within one year	20.1	17.7	17.4
Due in one to two years	16.6	14.0	13.4
Due in two to three years	13.1	11.1	9.8
Due in three to four years	10.8	8.6	7.1
Due in four to five years	8.2	7.0	6.4
Due beyond five years	10.6	8.4	9.4
	79.4	**66.8**	**63.5**

c) Commitments to purchase property, plant and equipment

Commitments to purchase property, plant and equipment amounted to €7.2 million as of June 30, 2007.

NOTE 24 - DERIVATIVE FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group's cash management strategy is based on overall risk management principles and involves taking specific measures to manage the risks associated with interest rates, exchange rates, commodity prices and the investment of available cash. The Group does not conduct any trading in derivative financial instruments, in line with its policy of not carrying out any speculative transactions. All transactions involving financial instruments are conducted with the sole purpose of managing interest rate, exchange rate and commodity risks.

a) Market risk

Market risk is the risk of losses arising from negative changes in market rates and prices, such as interest and foreign exchange rates and commodity prices.

b) Interest rate risk

(in € millions)	June 30, 2007	December 31, 2006	December 31, 2005
Other current financial assets:	**16.2**	**22.2**	**33.4**
Mirror swaps and swaps on TSDI 2 & 3	0.0	1.6	8.2
Swaps on other borrowings	7.4	12.1	25.2
Caps[1]	8.8	8.5	0.0
Other financial liabilities:	**64.1**	**66.6**	**59.9**
Swaps on TSDI 2	0.0	8.1	26.4
Swaps on other borrowings	64.1	58.5	33.5

(1) As of December 31, 2005, caps were recorded as a deduction from "Long-term provisions and other non-current liabilities" for an amount of €4.9 million.

As part of an interest rate risk management policy aimed principally at managing the risk of an increase in interest rates, the Group has structured its debt into a combination of fixed and variable rate financing.

As of June 30, 2007, the breakdown of gross debt (excluding debt issuance costs) was as follows:

(in € millions)	June 30, 2007
Fixed rates	285.0
Variable rates	1,777.0

Interest rate risk mainly arises on assets and liabilities bearing variable rates of interest.

(a) Caps

Variable rate debt is hedged by interest rate instruments with maturities of no more than three years. These contracts are mainly caps, in line with the Group's policy of capping rises in interest rates while retaining the opportunity to benefit from more favorable rate changes.

The portfolio of caps on euro-denominated debt breaks down as follows:

June 30, 2007 (in € millions)			
Period covered	**Amount hedged**	**Benchmark rate**	**Average guaranteed rate including premium**
July 2007 – August 2007	960	Euribor 3 months	3.84%
September 2007 – March 2008	1,260	Euribor 3 months	4.04%
April 2008 – June 2008	900	Euribor 3 months	4.34%
July 2008	800	Euribor 3 months	4.35%
August 2008 – September 2008	600	Euribor 3 months	4.31%
October 2008 – March 2009	300	Euribor 3 months	3.94%

The portfolio of caps on dollar-denominated debt breaks down as follows:

	June 30, 2007 *(in $ millions)*		
Period covered	**Amount hedged**	**Benchmark rate**	**Average guaranteed rate including premium**
July 2007 – August 2007	200	Libor 3 months	5.39%
September 2007 – December 2007	270	Libor 3 months	5.36%
January 2008 – March 2008	70	Libor 3 months	5.25%

The Group's caps do not fulfill the criteria for the application of hedge accounting under IAS 39 and have therefore been measured at fair value, with changes in fair value recognized in profit. The effect of changes in fair value on consolidated profit was a €0.6 million loss in the first half of 2007 (first-half 2006: profit €3.2 million gain; first-half 2005: zero gain), recognized in "Financial income" (see Note 21b).

(b) Swaps

The Group has also entered into interest rate swaps with selected major financial institutions to hedge interest rate risks on its subordinated perpetual notes (TSDIs) and 8½% debentures. The fair value of these swap agreements is determined at each balance sheet date, based on rates implied in the yield curve at the reporting date; these implied rates may change, with an impact on cash flows.

Interest rate swaps on subordinated perpetual notes (Note 13)

In order to manage its exposure to interest rate fluctuations, the Group hedged its interest rate payment obligation on its subordinated perpetual notes (TSDIs) using interest rate swaps.

The notional amount of these swaps was linked to the capitalized amount of the TSDIs. The swaps and the TSDI 1 matured on the same date – December 19, 2005.

Interest rate swaps hedging subordinated securities *(in € millions)*	June 30, 2007	December 31, 2006	December 31, 2005
Notional amount	0.0	273.2	259.5
Swaps on TSDI subordinated perpetual notes issues (liabilities)	0.0	8.1	26.4
Mirror swaps and swaps on TSDI 2 & 3 (assets)	0.0	1.6	8.2

Interest rate swap on the 8½% debentures (Yankee bonds) (Note 15)

The purpose of this swap is to convert the fixed rate of interest payable to the holders of the debentures into a variable rate indexed on LIBOR through the entire life of the issue. The notional amount of the swap matches the amount of the debentures and the swap's fair value is exactly symmetrical to the fair value of the debentures.

As a result of this swap agreement, the effective interest rate on the debentures after the swap agreement is LIBOR plus 53 basis points, representing a rate of 4.76% as of June 30, 2007 (December 31, 2006: 4.68%).

At the beginning of February 2003, the Group entered into a cross currency swap with respect to the 8½% debentures fixing the interest rate payable on the $350.0 million principal amount at 4.6% per year. The remaining $50.0 million in principal continues to be at a variable rate (LIBOR plus 53 basis points).

In April 2003, a new agreement was signed through which the Group sold the tranche related to the 2008-2025 maturities. As a result, from February 2008 onwards, the Group will once again pay a fixed rate of 8½% Further interest rate swap arrangements may be entered into in the future, based on changes in market conditions.

Interest rate swap hedging the 8½% debentures	June 30, 2007	December 31, 2006	December 31, 2005
Notional amount *(USD, in millions)*	400.0	400.0	400.0
Swaps (assets) *(in € millions)*	7.4	12.1	25.2
Swaps (liabilities) *(in € millions)*	64.1	58.5	33.5

The swaps have been measured at fair value, with changes in fair value recognized in profit. The effect of changes in fair value on consolidated profit was a €1.8 million gain in the first half of 2007 (first-half 2006: €4.1 million loss; first-half 2005: €20.4 million gain), recognized in "Financial income" (see Note 21b).

c) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. It sets up natural hedges by matching costs and operating income in each of the Group's main operating currencies.

Residual amounts are hedged to limit the Group's exposure to fluctuations in the main currencies concerned.

d) Commodity risk

The Group is exposed to commodity risk arising from changes in the price of raw materials.

Derivative financial instruments have been set up for limited amounts and periods, to hedge part of the risk of unfavorable changes in the copper price.

e) Credit risk

The Group's financial derivatives contracts are held with major financial institutions that can reasonably be expected to comply with the terms of the agreements, thereby mitigating the credit risk from the transactions.

As explained in Note 7, a substantial portion of Group revenue is generated with two major distributors. Other revenue is essentially derived from distributors of electrical products but sales are diversified due to the large number of customers and their geographic dispersion. The Group mitigates its credit risk by establishing and performing regular reviews of individual credit limits for each customer, and constantly monitoring collection of its outstanding receivables.

Other financial instruments that may potentially expose the Group to a concentration of credit risk are principally cash equivalents and short-term investments. These assets are placed with financial institutions that are rated at least A1 by Standard & Poor's, and the Group constantly monitors the amount of credit exposure with any one financial institution.

f) Liquidity risk

The Group considers that effective liquidity risk management depends on having access to diversified sources of financing. This concept provides the basis for control processes within the Group.

NOTE 25 - INFORMATION RELATING TO CORPORATE OFFICERS

(in € millions)	June 30, 2007	June 30, 2006	June 30, 2005
Advances and loans to corporate officers	0.0	0.0	0.0
Compensation paid to corporate officers*	1.2	0.8	1.3

* *Compensation paid to executive officers and members of the Board of Directors who hold operating responsibilities within the Group.*

Under the 2007 free shares and stock option plans, corporate officers were granted 26,427 shares and 79,281 options.

Under the liquidity offer made to all holders of 2001 Legrand France stock options, corporate officers were paid a total amount of €2.2 million before taxes. At the time of the acquisition of Legrand France on December 10, 2002, the main corporate officers of the Group became indirect shareholders of Legrand. Amounts indirectly invested were paid at fair value.

At the time of the IPO, the main corporate officers became direct shareholders of Legrand.

A supplementary pension plan is available to members of the Group Executive Committee who form part of the pension plan set up for French employees. This plan provides beneficiaries with pension benefits equal to 50% of the average of the highest two years of compensation they received during the last three years worked with Legrand. To be eligible for the scheme the beneficiary must be at least 60 years of age and have been an employee of Legrand for at least ten years. If the beneficiary dies, 60% of the pension benefits revert to the surviving spouse.

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NOTE 26 - INFORMATION BY GEOGRAPHICAL SEGMENT (NOTE 1(R))

Legrand is one of the world's leading international manufacturers of products and systems for low-voltage electrical installations and data networks used in residential, commercial and industrial buildings. The following information by geographical segment corresponds to the Group's consolidated reporting system.

Six months ended June 30, 2007 *(in € millions)*	Geographical segments					Items not allocated to segments	Total
	Europe			USA/ Canada	Rest of the World		
	France	Italy	Others				
Total revenue	1,351.9	559.7	539.5	353.9	368.2		3,173.2
Less intra-Group transfers	(735.0)	(130.2)	(131.4)	(27.1)	(53.8)		(1,077.5)
Revenue	**616.9**	**429.5**	**408.1**	**326.8**	**314.4**		**2,095.7**
Cost of sales	(246.1)	(178.1)	(261.1)	(175.7)	(173.0)		(1,034.0)
Administrative and distribution costs, R&D	(234.2)	(112.7)	(108.9)	(110.1)	(87.9)		(653.8)
Other operating income and expenses	(30.6)	(13.1)	(1.9)	(8.2)	(9.6)		(63.4)
Operating profit	**106.0**	**125.6**	**36.2**	**32.8**	**43,9**		**344.5**
- of which depreciation expense	(28.1)	(13.5)	(9.0)	(7.7)	(8.4)		(66.7)
- of which amortization expense	(1.3)	(2.6)	(0.4)	(1.0)	(1.3)		(6.6)
- of which amortization of development costs	(2.7)	(1.4)	0.0	0.0	0.0		(4.1)
- of which Legrand post-acquisition expenses	(16.6)	(7.8)	(2.4)	(3.3)	(1.2)		(31.3)
- of which restructuring costs	(1.5)	(5.3)	(1.1)	(2.2)	(4.2)		(14.3)
Exchange gains and losses						8.4	8.4
Finance costs and other financial income and expense						(53.1)	(53.1)
Income tax expense						(104.3)	(104.3)
Minority interest and share of (loss)/profit of associates						(0.3)	(0.3)
Capital expenditure	20.4	19.3	7.7	5.9	8.3		61.6
Capitalized development costs	7.7	3.3	0.0	1.2	0.0		12.2
Total assets						6,192.2	6,192.2
Segment liabilities	365.6	247.4	153.4	96.0	120.9		983.3

Six months ended June 30, 2006 *(in € millions)*	Geographical segments					Items not allocated to segments	Total
	Europe			USA/ Canada	Rest of the World		
	France	Italy	Others				
Total revenue	1,262.6	506.2	471.6	362.0	282.8		2,885.2
Less intra-Group transfers	(694.1)	(111.8)	(107.5)	(21.6)	(56.9)		(991.9)
Revenue	**568.5**	**394.4**	**364.1**	**340.4**	**225.9**		**1,893.3**
Cost of sales	(220.6)	(175.7)	(229.9)	(191.5)	(122.1)		(939.8)
Administrative and distribution costs, R&D	(231.2)	(110.1)	(104.4)	(111.4)	(59.3)		(616.4)
Other operating income and expenses	(29.1)	(6.8)	(2.4)	(5.1)	(10.7)		(54.1)
Operating profit	**87.6**	**101.8**	**27.4**	**32.4**	**33.8**		**283.0**
- of which depreciation expense	(28.9)	(14.3)	(10.0)	(8.5)	(7.3)		(69.0)
- of which amortization expense	(2.1)	(2.2)	(0.5)	(0.5)	(0.3)		(5.6)
- of which amortization of development costs	(0.7)	(0.9)	0.0	0.0	0.0		(1.6)
- of which Legrand post-acquisition expenses	(22.8)	(10.9)	(3.2)	(4.8)	(1.7)		(43.4)
- of which restructuring costs	(1.4)	0.1	(1.5)	(1.6)	(4.6)		(9.0)
Exchange gains and losses						21.7	21.7
Finance costs and other financial income and expense						(73.9)	(73.9)
Income tax expense						(57.7)	(57.7)
Minority interest and share of (loss)/profit of associates						(0.8)	(0.8)
Capital expenditure	26.2	12.5	7.6	8.8	6.9		62.0
Capitalized development costs	9.5	3.3	0.0	0.0	0.0		12.8
Total assets						6,044.2	6,044.2
Segment liabilities	343.8	222.6	124.1	86.6	86.8		863.9

Six months ended June 30, 2005 *(in € millions)*	Geographical segments					Items not allocated to segments	Total
	Europe			USA/ Canada	Rest of the World		
	France	Italy	Others				
Total revenue	1,147.7	428.1	369.7	295.9	200.9		2,442.3
Less intra-Group transfers	(638.4)	(94.9)	(78.4)	(6.8)	(41.2)		(859.7)
Revenue	**509.3**	**333.2**	**291.3**	**289.1**	**159.7**		**1,582.6**
Cost of sales	(205.3)	(146.5)	(187.3)	(167.8)	(90.1)		(797.0)
Administrative and distribution costs, R&D	(210.3)	(101.6)	(82.7)	(94.5)	(43.7)		(532.8)
Other operating income and expenses	(22.4)	(2.7)	(2.2)	(7.2)	(5.1)		(39.6)
Operating profit	**71.3**	**82.4**	**19.1**	**19.6**	**20.8**		**213.2**
- of which depreciation expense	(29.8)	(14.9)	(9.8)	(9.7)	(5.7)		(69.9)
- of which amortization expense	(1.1)	(1.9)	(0.3)	(0.5)	(0.3)		(4.1)
- of which amortization of development costs	(0.2)	0.0	0.0	0.0	0.0		(0.2)
- of which Legrand post-acquisition expenses	(27.1)	(13.1)	(3.9)	(5.5)	(1.9)		(51.5)
- of which restructuring costs	(6.5)	0.2	(0.6)	(6.9)	(0.7)		(14.5)
Exchange gains and losses						(24.0)	(24.0)
Finance costs and other financial income and expense						(87.7)	(87.7)
Income tax expense						(41.1)	(41.1)
Minority interest and share of (loss)/profit of associates						(0.8)	(0.8)
Capital expenditure	15.6	12.7	7.5	7.2	6.3		49.3
Capitalized development costs	7.6	3.1	0.0	0.0	0.0		10.7
Total assets						5,685.9	5,685.9
Segment liabilities	316.9	169.7	104.5	78.5	69.9		739.5

NOTE 27 - QUARTERLY DATA – NON-AUDITED

a) Quarterly revenue by geographical segment – non-audited

	Legrand		
(in € millions)	1st quarter 2007	1st quarter 2006	1st quarter 2005
France	306.0	283.6	251.8
Italy	223.5	202.9	167.7
Rest of Europe	198.7	180.5	140.6
USA/Canada	158.8	163.6	130.5
Rest of the world	145.7	110.0	75.0
TOTAL	**1,032.7**	**940.6**	**765.6**

	Legrand		
(in € millions)	2nd quarter 2007	2nd quarter 2006	2nd quarter 2005
France	310.9	284.9	257.5
Italy	206.0	191.5	165.5
Rest of Europe	209.4	183.6	150.7
USA/Canada	168.0	176.8	158.6
Rest of the world	168.7	115.9	84.7
TOTAL	**1,063.0**	**952.7**	**817.0**

b) Quarterly income statements – non-audited

	Legrand		
(in € millions)	1st quarter 2007	1st quarter 2006	1st quarter 2005
REVENUE	**1,032.7**	**940.6**	**765.6**
Operating expenses			
Cost of sales	(507.3)	(465.4)	(379.5)
Administrative and selling expenses	(270.0)	(246.5)	(200.1)
Research and development costs	(54.8)	(60.5)	(58.8)
Other operating income (expense)	(31.2)	(26.5)	(21.2)
OPERATING PROFIT	**169.4**	**141.7**	**106.0**
Finance costs	(38.1)	(53.0)	(53.6)
Financial income	9.6	6.4	6.5
Exchange gains and losses	3.1	5.8	(11.9)
Loss on extinguishment of debt	0.0	(109.0)	0.0
Finance costs and other financial income and expense, net	(25.4)	(149.8)	(59.0)
Share of profit of associates	0.5	0.5	0.0
PROFIT BEFORE TAX	**144.5**	**(7.6)**	**47.0**
Income tax expense	(51.6)	(27.0)	(20.5)
PROFIT FOR THE PERIOD	**92.9**	**(34.6)**	**26.5**
Attributable to:			
- Equity holders of Legrand	**92.4**	**(35.3)**	**26.1**
- Minority interests	**0.5**	**0.7**	**0.4**

	Legrand		
(in € millions)	2nd quarter 2007	2nd quarter 2006	2nd quarter 2005
REVENUE	**1,063.0**	**952.7**	**817.0**
Operating expenses			
Cost of sales	(526.7)	(474.4)	(417.5)
Administrative and selling expenses	(276.0)	(249.7)	(213.9)
Research and development costs	(53.0)	(59.7)	(60.0)
Other operating income (expense)	(32.2)	(27.6)	(18.4)
OPERATING PROFIT	**175.1**	**141.3**	**107.2**
Finance costs	(30.5)	(36.7)	(48.6)
Financial income	5.9	9.4	8.0
Exchange gains and losses	5.3	15.9	(12.1)
Loss on extinguishment of debt	0.0	0.0	0.0
Finance costs and other financial income and expense, net	(19.3)	(11.4)	(52.7)
Share of profit of associates	0.1	0.0	0.4
PROFIT BEFORE TAX	**155.9**	**129.9**	**54.9**
Income tax expense	(52.7)	(30.7)	(20.6)
PROFIT FOR THE PERIOD	**103.2**	**99.2**	**34.3**
Attributable to:			
- Equity holders of Legrand	**102.8**	**98.6**	**33.5**
- Minority interests	**0.4**	**0.6**	**0.8**

NOTE 28 - SUBSEQUENT EVENTS

In July 2007, the Group announced the acquisition of Kontaktor, Russia's leading manufacturer of air circuit breakers and molded case circuit breakers. Based in Oulianovsk to the southeast of Moscow, Kontaktor reported 2006 sales of €35 million, with over 2,400 employees. The transaction is subject to approval by the anti-trust authorities.

4 STATUTORY AUDITORS' REPORT ON INTERIM CONSOLIDATED ACCOUNTS

Statutory auditors' report on interim consolidated accounts 64

1
2
3
4

Statutory auditors' report on interim consolidated accounts

Statutory auditors' review report on the first half-year financial information for 2007

To the Shareholders

LEGRAND
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87000 Limoges

In our capacity of statutory auditors and in accordance with the requirements of article L. 232-7 of the French Commercial Law (the Code de Commerce), we hereby report to you on:

- the review of the accompanying half-year consolidated financial statements of Legrand, for the period from January 1 to June 30, 2007;
- the verification of information contained in the half-year management report.

Pointing out the fact we have not performed any work on the quarterly financial information as disclosed in the Note 27.

These half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-year consolidated financial statements do not give a true and fair view of the assets and liabilities and of the financial position of the Group as at June 30, 2007 and of the results of its operations for the period then ended in accordance with IFRSs as adopted by the EU.

In accordance with professional standards applicable in France, we have also verified the information given in the interim half-year financial report commenting the half-year consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and [attention lacune apparente...]

Neuilly-sur-Seine, July 25, 2007
The Statutory Auditors

Deloitte et Associés
Dominique Descours

PricewaterhouseCoopers Audit
Gérard Morin

This is a free translation into English of the statutory auditor's review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

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