Half-Year Financial Report June 30, 2009

legrand®

HALF-YEARLY FINANCIAL REPORT

AS OF JUNE 30, 2009

1 RESPONSIBILITY FOR THE HALF-YEARLY FINANCIAL REPORT

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* whose registered office is at 128, avenue du Maréchal de Lattre de Tassigny, 87000 Limoges and whose registration number is 421 259 615 RCS Limoges, hereafter the "Company".

1.1.2 - Responsibility statement

"I hereby certify that, to the best of my knowledge, the full financial consolidated financial statements for the first half 2008 have been drawn up in accordance with the applicable set of accounting standards and fairly present the assets, the financial position and results of the Company and the businesses within the scope of consolidation and that management report appearing on page 4 of this half-yearly financial report fairly presents the material events that occurred in the first six months of the financial year and their impact on the interim accounts, the main related-party transactions as well as a description of the principal risks and uncertainties for the remaining six months of the financial year."

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 financial years. This appointment expires 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 financial years. This appointment expires 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 financial years. This appointment expires 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 financial years. This appointment expires 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. **Antoine Burel**

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 schedule

The financial information the Company discloses to the public will be available on the Company's web site (www.legrandelectric.com).

As an indication only, the Company's schedule for publication of financial information should be as follows:

- 2009 nine-month results: November 5, 2009;
- 2009 annual results: February 11, 2010;
- 2010 first-quarter results: May 6, 2010.

2 HALF YEAR REPORT FOR THE SIX MONTHS ENDED JUNE 30, 2009

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, 2009 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 22, 2009, under number R.09-025. 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 the principal worldwide manufacturer of products and systems for low-voltage electrical installations and data networks used where people live and work. As such, we develop, manufacture and market 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 general brand names, including *Legrand* and *Bticino*, as well as well-known local and specialist brands. We have commercial and industrial facilities in more than 70 countries and sell a wide range of products, consisting of almost 170,000 catalogue items, in nearly 180 countries. In 2008, we had consolidated net sales of €4,202.4 million, of which 76% were generated outside France. In addition, we have significantly strengthened our presence in the "Rest of the World" and "Rest of Europe" zones in recent years.

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 2009, 2008 and 2007 in Note 24 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, Venezuela, 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 within 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 results for 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

During the first six months of 2009, Legrand maintained the momentum of product innovation, launching a large number of new ranges including:

- the *LCS2* Voice-Data-Image line, confirming Legrand as a major player in connector technology and VDI systems.
- the *Arteor* range of wiring devices, which strengthens Legrand's geographical positioning in Asia in both residential and non-residential markets.

More new product launches are scheduled in the second half, including new lighting control systems.

2.4 - Comparison of first-half results in 2008 and 2009

	Legrand Six months ended as of June 30	
(in € millions)	**2009**	**2008**
Net sales	**1,812.1**	**2,166.0**
Operating expenses		
Cost of sales	(872.5)	(1,048.2)
Administrative and selling expenses	(505.0)	(586.5)
Research and development costs	(92.9)	(109.2)
Other operating income (expense)	(99.7)	(58.5)
Operating profit	**242.0**	**363.6**
Finance costs	(59.2)	(68.7)
Financial income	7.0	11.6
Exchange gains (losses)	(12.9)	32.5
Finance costs and other financial income and expense, net	**(65.1)**	**(24.6)**
Share of profit of associates	0.0	0.0
Profit before tax	**176.9**	**339.0**
Income tax expense	(68.4)	(105.0)
Profit for the period	**108.5**	**234.0**
Attributable to:		
– Legrand	**107.9**	**233.1**
– Minority interests	**0.6**	**0.9**

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) and our maintainable adjusted operating profit (i.e., excluding restructuring charges) for the periods under review:

	Legrand Six months ended as of June 30	
(in € millions)	**2009**	**2008**
Profit for the period	**108.5**	**234.0**
Income tax expense	68.4	105.0
Exchange gains (losses)	12.9	(32.5)
Financial income	(7.0)	(11.6)
Finance costs	59.2	68.7
Operating profit	**242.0**	**363.6**
Purchase accounting for acquisition of Legrand France	19.3	25.1
Impairment of goodwill	15.9	0.0
Adjusted operating profit	**277.2**	**388.7**
Restructuring charges	29.4	15.4
Recurrent adjusted operating profit	**306.6**	**404.1**

Net sales

Our consolidated net sales decreased by 16.3% to €1,812.1 million in the first six months of 2009, up from €2,166.0million in the first six months of 2008, reflecting:

- a 16.7% decline in net sales, excluding the effects of changes in the scope of consolidation and using constant exchange rates;
- an 0.1% decrease in net sales due to unfavorable fluctuations in exchange rates during the period ; and
- an 0.5% increase in net sales attributable to changes in the scope of consolidation. These changes concerned in particular the consolidation of Estap, HDL and Electrak over six months in 2009 compared with three months in 2008.

The deterioration observed on all our end markets over the period led to a decline in sales across all zones at constant scope of consolidation and using constant exchange rates. This situation was amplified by cutbacks in inventory by distributors.

Excluding the effects of changes in the scope of consolidation and using constant exchange rates, the change in net sales by destination (local market of the end customer) from the first six months of 2008 to the first six months of 2009 was as follows:

France	-9.9%
Italy	-25.7%
Rest of Europe	-22.0%
United States and Canada	-18.5%
Rest of the World	-9.8%
TOTAL	**-16.7%**

France. Net sales in France came to €476.0 million in the first half of 2008, down 10.7% from €533.1 million in the same period of 2008. The decline at constant scope of consolidation and exchange rates was 9.9%, reflecting a decrease in overall demand. Yet our strategy of trading up is paying off, and voice-data-image ranges showed good growth driven by very positive reactions to the new LCS2 line in particular.

Italy. Net sales in Italy were down 25.7% from €415.3 million in the first half of 2008 to €308.7 million in the first half of 2009. A decline in end markets, significant cuts in inventory, and changes in seasonal trends in distributors' inventory building combined for a 25.7% fall in sales at constant scope of consolidation and exchange rates. This reflects a decline in downstream sell-out by distributors of around 13%. For the rest of the year, changes in seasonal trends in inventory building observed in the first half should dissipate, tempering the overall impact of reductions in inventory. As in France, the positive impact of our trading up strategy is being confirmed.

Rest of Europe. Net sales in the Rest of Europe zone declined 26.4% from €482.7 million in the first half of 2008 to €355.2 million in the first half of 2009. This resulted from a 22.0% decrease in net sales at constant scope of consolidation and using constant exchange rates, while exchange rates had a negative impact of 6.8% and consolidation of Estap and Electrak over six months compared with three months in the first half of 2008 had a positive impact of 1.2%. Economic slowdown continued in both Western and Eastern Europe, despite signs that some countries were resisting better.

United States and Canada. Net sales in the United States and Canada were down 5.6% to €259.1 million in the first half of 2009 compared with €274.4 in the first half of 2008. This reflected an 18.5% fall in sales at constant scope of consolidation and exchange rates, while fluctuations in the US dollar had a positive impact of 14.7%. Times remain testing in both residential and commercial markets. Sales at Watt Stopper, number one for energy-efficient lighting controls, remained resilient.

Rest of the World. Net sales in the Rest of the World zone decreased by 10.3% from €460.5 million in the first half of 2008 to €413.1 million in the first half of 2009. This resulted from a 9.8% decline in net sales excluding the effects of changes in the scope of consolidation and using constant exchange rates, and a negative impact of 2.2% from exchange rates. A positive factor was the consolidation of HDL over six months as opposed to three months in the first half of 2008, which had a 1.7% impact. The resilience of several emerging economies in this region, among them China and India, helped limit the impact of the overall slowdown.

The table below shows a breakdown of changes in our net sales by **destination** (local market of the end customer).

Net sales € millions, except %	**1st six months 2008**	**1st six months 2009**	**Total change**	**Changes in scope of consolidation**	**Organic growth(1)**	**Exchange rate effect**
France	533.1	476.0	-10.7%	- 0.9%	- 9.9%	0.0%
Italy	415.3	308.7	- 25.7%	0.0%	- 25.7%	0.0%
Rest of Europe	482.7	355.2	- 26.4%	1.2%	- 22.0%	- 6.8%
USA/Canada	274.4	259.1	- 5.6%	1.0%	- 18.5%	14.7%
Rest of the World	460.5	413.1	- 10.3%	1.7%	- 9.8%	- 2.2%
CONSOLIDATED TOTAL	**2 166.0**	**1 812.1**	**- 16.3%**	**0.5%**	**- 16.7%**	**- 0.1%**

(1) *Excluding the effects of changes in the scope of consolidation and using constant exchange rates.*

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

Net sales € million, except %	**1st six months 2008**	**1st six months 2009**	**Total change**	**Changes in scope of consolidation**	**Organic growth(1)**	**Exchange rate effect**
France	607.2	525.1	- 13.5%	- 2.0%	- 11.7%	0.0%
Italy	439.1	332.5	- 24.3%	- 0.1%	- 24.2%	0.0%
Rest of Europe	451.1	332.4	- 26.3%	2.4%	- 22.3%	- 7.4%
USA/Canada	278.5	262.1	- 5.9%	0.7%	- 18.5%	14.7%
Rest of the World	390.1	360.0	- 7.7%	3,0%	- 8.1%	- 2.5%
CONSOLIDATED TOTAL	**2 166.0**	**1 812.1**	**- 16.3%**	**0.5%**	**- 16.7%**	**- 0.1%**

(1) *Excluding the effects of changes in the scope of consolidation and using constant exchange rates.*

The negative impact of changes in the scope of consolidation on business originated in France is attributable to the sale in June 2008 of activities belonging to ICM Group that were outside the core business of Legrand.

Operating expenses

COST OF SALES

The consolidated cost of sales fell by 16.8% from €1,048.2 million in the first half of 2008 to €872.5 million in the first half of 2009. Cost of sales as a percentage of net sales showed a decline from 48.4% in the first six months of 2008 to 48.1% in the first half of 2009.

The change in the cost of sales resulted primarily from:

- decreases in raw materials and components consumed due to the decline in sales;
- adaptation of production costs to lower sales volumes; and
- ongoing efforts to raise productivity.

At constant scope of consolidation and exchange rates, production costs were reduced by 20.5% from the first half of 2008 to the first half of 2009.

ADMINISTRATIVE AND SELLING EXPENSES

Administrative and selling expenses decreased by 13.9% to €505.0 million in the first half of 2009, compared to €586.5 million in the first half of 2008. This decline is primarily attributable to:

- ongoing adaptation of costs to preserve group profitability in a worsening economic environment. Efforts focused on all types of expense and were applied group-wide; and
- the impact of lower sales on certain types of expense, in particular transport and sales commissions.

At constant scope of consolidation and exchange rates, administrative and selling expenses declined 15.2% in the first six months of 2009 compared with the same period of 2008.

Expressed as a percentage of sales, administrative and selling expenses showed a limited increase from 27.1% in the first half of 2008 to 27.9% in the first half of 2009.

RESEARCH AND DEVELOPMENT EXPENSES

In accordance with IAS 38 "Intangible Assets", Legrand has implemented an internal measurement and accounting system for development expenses to be recognized as intangible assets. On this basis, €16.1 million in development expenses were capitalized during the first half of 2009 compared to €12.6 million in the first half of 2008. Amortization charges for capitalized development expenses amounted to €5.8 million in the first six months of 2009 after €4.7 million in the first six months of 2008.

Research and development expenditure totaled €92.9 million during the first half of 2009 after €109.2 million in the first half of 2008, figures which include 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 €88.8 million in the first half of 2008, compared to €94.4 million in the first half of 2008.

As a percentage of net sales, research and development expenses nonetheless showed an increase from 4.4% in the first six months of 2008 to 4.9% in the first six months of 2009, reflecting Legrand's ongoing emphasis on innovation and the development of new products.

During the first six months of 2009, Legrand launched several major new product lines, most notably the *LCS2* VDI line and the *Arteor* range of wiring devices.

	Calculation of research and development expenses in the six months ended June 30	
(in € millions)	**2009**	**2008**
Research and development expenses	(92.9)	(109.2)
Purchase accounting charge	14.4	22.7
Amortization of capitalized development expenses	5.8	4.7
Research and development expenses, excluding amortization and excluding amortization of revalued intangible assets relating to the acquisition of Legrand France	**(72.7)**	**(81.8)**
Capitalized development expenses	(16.1)	(12.6)
Research and development expenditure for the period	**(88.8)**	**(94.4)**

OTHER OPERATING INCOME (EXPENSE)

In the first six months of 2009, other operating expense totaled €99.7 million compared with €58.5 million in the same period of 2008. This was linked in particular to a strong rise in restructuring expense, primarily in the Rest of Europe and Rest of the World zones, related in turn to cost-cutting aimed at both preserving short-term profitability and optimizing the group's business model for the long term.

Legrand also reviewed the value of goodwill on its balance sheet and booked a €15.9 million charge for depreciation. Sensitivity tests were run and identified no other risks in current market conditions.

Operating profit

Our consolidated operating profit declined 33.4% from €363.6 million in the first half of 2008 to €242.0 million in the first half of 2008. This decrease resulted primarily from:

- a 16.3% decline in net sales ; and
- a rise in other operating expense

partly offset by:

- a 16.8% reduction in cost of sales ;
- a 13.9% reduction in administrative and selling expenses; and
- a 5.9% decrease in research and development expenses, excluding the impact of depreciation relating to the acquisition of Legrand France, and taking into account capitalized development expense.

Consolidated operating profit as a percentage of net sales declined to 13.4% in the first half of 2009 compared with 16.8% in the first half of 2008.

Adjusted operating profit and maintainable adjusted operating profit

We define adjusted operating profit as operating profit adjusted for amortization charges relating to the acquisition of Legrand France in 2002 and impairment of goodwill. Adjusted operating profit measured in this way fell back 28.7% from €388.7 million in the first half of 2008 to €277.2 million in the first half of 2009. This resulted from:

- an 18.9% decrease to €101.4 million in France during the first half of 2009 compared to €125.0 million in the first half of 2008, representing 19.3% of net sales in the first six months of 2009 compared to 20.6% in the first six months of 2008;
- a 37.5% decrease to €88.1 million in Italy during the first half of 2009 compared to €141.0 million during the first half of 2008, representing 26.5% of net sales in the first six months of 2009 compared to 32.1% of net sales in the first six

months of 2008;

- declines in most countries in the Rest of Europe zone, including in particular Spain, Portugal and Poland, due notably to high restructuring expense; and
- a decrease in certain countries in the Rest of the World zone, hit by the deterioration of economic activity as well as restructuring expense, particularly in Brazil, Chile, Mexico and Singapore. At the same time other countries in this zone showed an improvement in performance, notably China and India.

partly offset by:

- a 6.3% increase in the United States and Canada to €33.6 million for the first half of 2009 compared with €31.6 million in the same period of 2008. This increase was essentially attributable to a favorable impact of exchange rates. Nonetheless, as a percentage of net sales, adjusted operating profit in the zone also improved to represent 12.8% in the first six months of 2009 compared to 11.3% in the first six months of 2008, demonstrating the group's capacity to adapt to market conditions which remained poor in this zone.

Overall, adjusted consolidated operating profit as a percentage of net sales decreased to 15.3% in the first six months of 2009 compared with 17.9% in the first half of 2008. Given far more difficult economic conditions, Legrand demonstrated its capacity to adapt its cost base through aggressive cost cutting. The restructuring expense that these initiatives generated nonetheless had a marked negative impact on adjusted operating profit as a percentage of sales in the first half of the year.

Therefore, the maintainable adjusted operating profit (i.e., excluding restructuring charges) showed a lesser decrease representing 16.9% of net sales in the first six months of 2009 compared to 18.7% in the first six months of 2008.

Net finance costs

Consolidated net finance costs declined 8.6% to €52.2 million in the first half of 2009 compared with €57.1 million in the first half of 2008, representing 2.9% of net sales compared to 2.6% in the first six months of 2008. This decline was primarily due to the lower average level of indebtedness.

Exchange gains and losses

Exchange losses amounted to €12.9 million in the first six months of 2009 compared to €32.5 million exchange gains in the first six months of 2008. This change was essentially due to the euro's steep rise against the dollar during the first half of 2008, and decline in the first months of 2009.

Income tax expense

Consolidated income tax expense amounted to €68.4 million for the first half of 2009 compared to €105.0 million for the first half of 2008. This decrease mainly reflects the decline in operating profit.

Net profit

Our consolidated net profit declined 53.6% from €234.0 million in the first half of 2008 to €108.5 million in the first half of 2009. This decrease resulted from:

- a €121.6 million decrease in operating profit ; and
- a negative impact of €45.4 million in exchange gains and losses;

partly offset by:

- a €4.9 million decrease in net finance costs; and
- a €36.6 million decrease in income tax.

Cash flows

The table below summarizes our cash flows for the six-month periods ended June 30, 2009 and June 30, 2008:

	Legrand Six months ended June 30	
(in € millions)	**2009**	**2008**
Net cash provided by operating activities	247.9	145.4
Net cash (used in) provided by investing activities	(44.3)	(201.1)
Net cash (used in) provided by financing activities	(282.2)	48.2
Increase (reduction) in cash and cash equivalents	(83.0)	(18.5)
Capital expenditure and capitalized development costs	(57.2)	(71.1)

For a fuller presentation of our cash flows, see the consolidated statement of cash flow in our consolidated financial statements.

NET CASH PROVIDED BY OPERATING ACTIVITIES

Net cash provided by operating activities rose from €145.4 million at June 30, 2008 to €247.9 million at June 30, 2009. This increase of €102.5 million in the first half of 2009 is primarily due to a steep decline in the change in current operating assets and liabilities. Cash flow from operations (defined as net cash provided from operations, plus changes in current operating assets and liabilities) declined 28.0% from €306.3 million at June 30, 2008 to €220.6 million at June 30, 2009, reflecting a decline in operating profit over the period.

NET CASH PROVIDED BY OR USED IN INVESTING ACTIVITIES

Net cash used in investing activities for the six months ended June 30, 2009 amounted to €44.3 million, down from €201.1 million for the period ended June 30, 2008. This decline is primarily due to a decrease in investments in consolidated entities, down from €133.1 million in the first half of 2008 to €4.7 million in the first half of 2009.

Capital expenditure and capitalized development costs amounted to €57.2 million in the first half of 2009 (including €16.1 million related to capitalized development costs), showing a 19.5% decline from €71.1 million in the period ended June 30, 2008, a figure that includes €12.6 million related to capitalized development costs.

NET CASH PROVIDED BY OR USED IN FINANCING ACTIVITIES

Net cash used in financing activities amounted to €282.2 million in the first half of 2009, including dividends paid in a total amount of €182.8 million and sales of own shares amounting to €72.9 million. This compares with €48.2 million net cash provided by financing activities in the first half of 2008, an amount which included €180.0 million in dividends paid and €85.6 million in purchases of own shares.

Debt

Gross debt (defined as the sum of long-term and short-term borrowings, including commercial paper and bank overdrafts) amounted to €1,953.0 million at June 30, 2009, compared to €2,411.5 million at June 30, 2008. Cash and cash equivalents amounted to €171.5 million at June 30, 2009, compared to €202.9 million at June 30, 2008. Net debt (defined as gross debt less cash and cash equivalents) totaled €1,781.5 million at June 30, 2009 compared to €2,208.6 million at June 30, 2008.

The ratio of consolidated net debt to consolidated shareholders' equity was 81% at June 30, 2009 compared to 107% at June 30, 2008.

At June 30, 2009, aggregate gross indebtedness consisted principally of:

- €276.5 million in Yankee bonds;
- €839.5 million under the 2006 credit facility;
- €282.5million under bank loans taken out in May 2007 and March 2009; and
- €554.5 million in other debt, mainly commercial paper and other borrowings.

2.5 - Related party transactions

Readers should refer to Note 23 to the consolidated financial statements for the six-month period ended June 30, 2009, presented in chapter 3 of this half-year financial report, which details information relating to corporate officers.

2.6 - Risks and uncertainties

Readers should refer to chapter 3 of the Reference Document *(Document de référence)* filed with the French *Autorité des marchés financiers* (AMF) under number R.09-025, and to Note 22 to the consolidated financial statements presented in chapter 3 of this half-year financial report, which comments on the risk factors of a nature to adversely affect the group's position and risk management.

2.7 - Prospects

Considering these first-half results, assuming that economic conditions do not deteriorate further, and despite the unfavorable impact of traditional seasonal trends in the second half, Legrand is fully confident in its capacity to achieve its target for a maintainable adjusted operating margin of more than 14% in 2009.

3 INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2009

Consolidated Statement of Income

	Legrand		
	6 months ended June 30,		
(in € millions)	2009	2008	2007
Revenue (Note 1 (k))	**1,812.1**	**2,166.0**	**2,095.7**
Operating expenses			
Cost of sales	(872.5)	(1,048.2)	(1,034.0)
Administrative and selling expenses	(505.0)	(586.5)	(546.0)
Research and development costs	(92.9)	(109.2)	(107.8)
Other operating income (expense) (Note 18 (b))	(99.7)	(58.5)	(63.4)
Operating profit (Note 18)	**242.0**	**363.6**	**344.5**
Finance costs (Note 19 (b))	(59.2)	(68.7)	(68.6)
Financial income (Note 19 (b))	7.0	11.6	15.5
Exchange gains (losses) (Note 19 (a))	(12.9)	32.5	8.4
Finance costs and other financial income and expense, net	(65.1)	(24.6)	(44.7)
Share of profit of associates	0.0	0.0	0.6
Profit before tax	**176.9**	**339.0**	**300.4**
Income tax expense (Note 20)	(68.4)	(105.0)	(104.3)
Profit for the period	**108.5**	**234.0**	**196.1**
Attributable to:			
– Legrand	**107.9**	**233.1**	**195.2**
– Minority interests	**0.6**	**0.9**	**0.9**
Basic earnings per share *(euros)* (Notes 10 and 1 (s))	0.417	0.907	0.726
Diluted earnings per share *(euros)* (Notes 10 and 1 (s))	0.414	0.900	0.716

Statement of Comprehensive Income

	June 30,	June 30,	June 30,
(in € millions)	2009	2008	2007
Profit for the period	108.5	234.0	196.1
Actuarial gains and losses (Notes 1 (q) and 15)	(2.7)	1.2	13.9
Deferred taxes on actuarial gains and losses	0.6	(0.4)	(1.5)
Current taxes on share buybacks *	(0.2)	7.9	
Translation reserves	21.6	(43.9)	(2.2)
Total	**127.8**	**198.8**	**206.3**

* Tax benefit related to impairment losses on treasury shares recognized in the statutory financial statements.

The accompanying Notes are an integral part of these financial statements.

Consolidated Balance Sheet

	Legrand		
(in € millions)	**June 30, 2009**	**December 31, 2008**	**December 31, 2007**
ASSETS			
Current assets			
Cash and cash equivalents (Notes 1 (d) and 9)	171.4	254.4	221.1
Marketable securities (Note 9)	0.1	305.3	0.2
Income tax receivables	9.9	11.0	12.3
Trade receivables (Notes 1 (e) and 7)	601.6	621.7	646.2
Other current assets (Note 8)	120.0	139.8	145.5
Inventories (Notes 1 (i) and 6)	495.0	602.9	624.4
Other current financial assets (Note 22)	0.7	5.0	11.8
Total current assets	**1,398.7**	**1,940.1**	**1,661.5**
Non-current assets			
Intangible assets (Notes 1 (f) and 2)	1,795.2	1,772.7	1,784.3
Goodwill (Notes 1 (g) and 3)	1,852.2	1,854.3	1,815.9
Property, plant and equipment (Notes 1 (h) and 4)	690.0	722.2	756.7
Investments in associates (Note 5)	0.0	0.0	14.0
Other investments (Note 5)	6.6	13.1	8.3
Deferred tax assets (Notes 1 (j) and 20)	80.2	76.4	64.3
Other non-current assets	4.6	4.9	4.6
Total non-current assets	**4,428.8**	**4,443.6**	**4,448.1**
Total Assets	**5,827.5**	**6,383.7**	**6,109.6**

The accompanying Notes are an integral part of these financial statements.

(in € millions)	Legrand June 30, 2009	 December 31, 2008	 December 31, 2007
EQUITY AND LIABILITIES			
Current liabilities			
Short-term borrowings (Note 16)	404.9	401.3	654.7
Income tax payable	23.9	12.1	39.6
Trade payables	314.4	410.4	474.0
Short-term provisions and other current liabilities (Note 17)	472.5	508.4	497.9
Other current financial liabilities (Note 22)	1.5	0.0	86.9
Total current liabilities	**1,217.2**	**1,332.2**	**1,753.1**
Non-current liabilities			
Deferred tax liabilities (Notes 1 (j) and 20)	642.3	638.9	654.9
Long-term provisions and other non-current liabilities (Note 14)	62.9	62.5	81.0
Provisions for pensions and other post-employment benefits (Notes 1 (q) and 15)	147.6	144.1	125.1
Long-term borrowings (Note 13)	1,548.1	2,020.2	1,364.4
Total non-current liabilities	**2,400.9**	**2,865.7**	**2,225.4**
EQUITY			
Share capital (Note 10)	1,052.4	1,051.3	1,083.9
Retained earnings (Note 12 (a))	1,380.9	1,378.3	1,238.4
Translation reserves (Note 12 (b))	(228.1)	(249.4)	(194.0)
Equity attributable to equity holders of Legrand	2,205.2	2,180.2	2,128.3
Minority interests	4.2	5.6	2.8
Total equity	**2,209.4**	**2,185.8**	**2,131.1**
Total Liabilities and Equity	**5,827.5**	**6,383.7**	**6,109.6**

The accompanying Notes are an integral part of these financial statements.

Consolidated Statement of Cash Flows

	Legrand		
	6 months ended June 30,		
(in € millions)	**2009**	**2008**	**2007**
Profit for the period	**108.5**	**234.0**	**196.1**
Reconciliation of profit for the period to net cash provided by operating activities:			
– Depreciation expense (Note 18 (a))	64.1	67.1	67.1
– Amortization expense (Note 18 (a))	29.0	32.1	37.5
– Amortization of development costs (Note 18 (a))	5.8	4.7	4.1
– Amortization of finance costs	0.5	0.7	0.7
– Impairment of goodwill (Notes 3 and 18 (b))	15.9	0.0	0.0
– Changes in deferred taxes	(4.8)	(8.4)	34.7
– Changes in other non-current assets and liabilities	4.7	(5.1)	3.6
– Share of profit of associates	0.0	0.0	(0.6)
– Exchange (gain)/loss, net	1.2	(23.8)	(9.7)
– Other adjustments	0.1	4.0	(1.3)
(Gains)/losses on sales of assets, net	(4.4)	1.0	(1.9)
(Gains)/losses on sales of securities, net	0.0	0.0	(0.1)
Changes in operating assets and liabilities:			
– Inventories	128.4	(35.5)	(40.5)
– Trade receivables	32.6	(196.0)	(159.8)
– Trade payables	(100.2)	38.9	39.2
– Other operating assets and liabilities	(33.5)	31.7	32.9
Net cash provided by operating activities	**247.9**	**145.4**	**202.0**
Net proceeds from sales of fixed and financial assets	17.1	6.1	7.2
Capital expenditure	(41.1)	(58.5)	(61.6)
Capitalized development costs	(16.1)	(12.6)	(12.2)
Changes in non-current financial assets and liabilities	0.5	(0.3)	(0.5)
Acquisitions of subsidiaries, net of cash acquired (Note 3)	(4.7)	(133.1)	(83.3)
Investments in non-consolidated entities	0.0	(2.7)	(1.6)
Net cash used in investing activities	**(44.3)**	**(201.1)**	**(152.0)**
– Proceeds from issues of share capital and premium (Note 10)	1.3	2.1	3.0
– Sales (buybacks) of shares and transactions under the liquidity contract (Note 10)	72.9	(85.6)	(103.3)
– Dividends paid to equity holders of Legrand	(182.8)	(180.0)	(133.1)
– Dividends paid by Legrand subsidiaries	(1.6)	(1.1)	(2.6)
– Reduction of subordinated perpetual notes	0.0	0.0	(9.5)
– Proceeds from new borrowings and drawdowns	168.0	390.6	277.1
– Repayment of borrowings	(566.1)	(58.5)	(70.0)
– Debt issuance costs	(0.7)	0.0	(0.5)
– Proceeds from sales of marketable securities	305.2	0.0	0.1
– Increase (reduction) in bank overdrafts	(78.4)	(19.3)	5.1
Net cash (used in) provided by financing activities	**(282.2)**	**48.2**	**(33.7)**
Effect of exchange rate changes on cash and cash equivalents	(4.4)	(11.0)	(0.1)
Increase in cash and cash equivalents	**(83.0)**	**(18.5)**	**16.2**
Cash and cash equivalents at the beginning of the period	254.4	221.1	178.9
Cash and cash equivalents at the end of the period	**171.4**	**202.6**	**195.1**
Items included in cash flows :			
– Free cash flow	207.8	80.4	135.4
– Interest paid during the period	65.5	51.9	52.0
– Income taxes paid during the period	59.9	86.8	48.4

The accompanying Notes are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

(in € millions)	Share capital	Retained earnings	Translation reserves	TOTAL	Minority interests	Total equity
	Equity attributable to equity holders of Legrand					
As of June 30, 2007	**1,081.8**	**1,191.3**	**(137.1)**	**2,136.0**	**5.4**	**2,141.4**
Profit for the period		225.8		225.8	0.7	226.5
Income (expenses) recognized directly in equity, net		(5.7)	(56.9)	(62.6)	1.7	(60.9)
Total recognized income and expenses, net		*220.1*	*(56.9)*	*163.2*	*2.4*	*165.6*
Dividends paid					(0.4)	(0.4)
Issues of share capital (Note 10)	2.1			2.1		2.1
Share buybacks and transactions under the liquidity contract (Note 10)		(177.5)		(177.5)		(177.5)
Buyout of minority interests		0.0		0.0	(4.6)	(4.6)
Stock options		4.5		4.5		4.5
As of December 31, 2007	**1,083.9**	**1,238.4**	**(194.0)**	**2,128.3**	**2.8**	**2,131.1**
Profit for the period		233.1		233.1	0.9	234.0
Income (expenses) recognized directly in equity, net		8.7	(43.9)	(35.2)		(35.2)
Total recognized income and expenses, net		*241.8*	*(43.9)*	*197.9*	*0.9*	*198.8*
Dividends paid		(180.0)		(180.0)	(1.1)	(181.1)
Issues of share capital (Note 10)	2.1			2.1		2.1
Cancellation of shares acquired under the share buyback program (Note 10)	(36.5)	36.5		0.0		0.0
Share buybacks and transactions under the liquidity contract (Note 10)		(85.6)		(85.6)		(85.6)
Buyout of minority interests		0.0		0.0	1.8	1.8
Stock options		6.3		6.3		6.3
As of June 30, 2008	**1,049.5**	**1,257.4**	**(237.9)**	**2,069.0**	**4.4**	**2,073.4**
Profit for the period		116.8		116.8	0.7	117.5
Income (expenses) recognized directly in equity, net		(7.2)	(11.5)	(18.7)	1.3	(17.4)
Total recognized income and expenses, net		*109.6*	*(11.5)*	*98.1*	*2.0*	*100.1*
Dividends paid					(0.3)	(0.3)
Issues of share capital and premium (Note 10)	1.8			1.8		1.8
Sales (buybacks) of shares and transactions under the liquidity contract (Note 10)		0.1		0.1		0.1
Change in scope of consolidation					(0.5)	(0.5)
Stock options		11.2		11.2		11.2
As of December 31, 2008	**1,051.3**	**1,378.3**	**(249.4)**	**2,180.2**	**5.6**	**2,185.8**
Profit for the period		107.9		107.9	0.6	108.5
Income (expenses) recognized directly in equity, net		(2.3)	21.3	19.0	0.3	19.3
Total recognized income and expenses, net		*105.6*	*21.3*	*126.9*	*0.9*	*127.8*
Dividends paid		(182.8)		(182.8)	(1.6)	(184.4)
Issues of share capital and premium (Note 10)	1.1	0.2		1.3		1.3
Sales (buybacks) of shares and transactions under the liquidity contract (Note 10)		72.9		72.9		72.9
Change in scope of consolidation		0.3		0.3	(0.7)	(0.4)
Stock options		6.4		6.4		6.4
As of June 30, 2009	**1,052.4**	**1,380.9**	**(228.1)**	**2,205.2**	**4.2**	**2,209.4**

The accompanying Notes are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General information

Legrand ('the Company') and its subsidiaries (together 'Legrand' or 'the Group') are the global specialist in products and systems for electrical installations and information networks where people live and work.

The Group has manufacturing and/or distribution subsidiaries and offices in more than 70 countries, and sells its products in more than 180 national markets. Its key markets are France, Italy and the United States, which accounted for approximately 54% of annual revenue in 2008 (2007: 57%) and it has also considerably strengthened its presence in the Rest of the World and Rest of Europe regions in recent years.

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 Euronext™ Paris began on April 7, 2006.

The 2008 Registration Document was registered with the AMF on April 22, 2009 under no. R 09-025.

The consolidated financial statements were approved by the Board of Directors on July 28, 2009.

List of consolidated companies

The consolidated financial statements comprise the financial statements of Legrand and 148 subsidiaries. All Legrand Group subsidiaries are fully consolidated.

The main fully consolidated operating subsidiaries as of June 30, 2009 are as follows:

French subsidiaries:
Groupe Arnould
ICM Group
Inovac
Legrand France
Legrand SNC
Planet-Wattohm

Foreign subsidiaries:

Bticino	Italy
Bticino de Mexico	Mexico
EMB Electrical Industries SAE	Egypt
GL Eletro-Eletronicos Ltda	Brazil
HPM Industries	Australia
Kontaktor	Russia
Legrand	Greece
Legrand	Russia
Legrand Colombia	Colombia
Legrand Electric	United Kingdom
Legrand Electrica	Portugal
Legrand Electrical	China
Legrand Elektrik	Turkey
Legrand Electrique	Belgium
Legrand España	Spain
Legrand India	India
Legrand Polska	Poland
Legrand Zrt	Hungary
Ortronics	United States
Pass & Seymour	United States
Rocom	Hong Kong
Shidean	China
TCL International Electrical	China
TCL Wuxi	China
The Wiremold Company	United States
Ticino de Venezuela	Venezuela
Van Geel Legrand	Netherlands
Watt Stopper	United States
Zucchini	Italy

At June 30, 2009 Legrand wholly owned all of its subsidiaries except for (i) Alborz Electrical Industries Ltd (Iran), PT Supreme Elektro Kontak (Indonesia), Kontaktor (Russia), Legrand Polska (Poland), Shidean (China) and HPM Industries (Australia), which were all over 95%-owned; (ii) EMB Electrical Industries SAE (Egypt), which was 75%-owned; and (iii) Bticino (Thailand), in which the Company has a 51% interest.

The contributions to the consolidated balance sheets and income statements of companies acquired since January 1, 2007 were as follows:

2007	March 31	June 30	September 30	December 31
Cemar	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Shidean	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Vantage	3 months' profit	6 months' profit	9 months' profit	12 months' profit
HPM Industries	2 months' profit	5 months' profit	8 months' profit	11 months' profit
UStec	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Kontaktor			Balance sheet only	Balance sheet only
Macse				Balance sheet only
Alpes Technologies				Balance sheet only
TCL Wuxi				Balance sheet only

2008	March 31	June 30	September 30	December 31
Kontaktor	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Macse	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Alpes Technologies	3 months' profit	6 months' profit	9 months' profit	12 months' profit
TCL Wuxi	3 months' profit	6 months' profit	9 months' profit	12 months' profit
PW Industries	2 months' profit	5 months' profit	8 months' profit	11 months' profit
Estap		3 months' profit	6 months' profit	9 months' profit
HDL		3 months' profit	6 months' profit	9 months' profit
Electrak		3 months' profit	6 months' profit	9 months' profit

2009	March 31	June 30
Estap	3 months' profit	6 months' profit
HDL	3 months' profit	6 months' profit
Electrak	3 months' profit	6 months' profit

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 cover the 6 months ended June 30, 2009. They have been prepared in accordance with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and International Financial Reporting Interpretation Committee (IFRIC) interpretations applicable as of that date, as adopted by the European Union without modification, including IAS 34 – Interim Financial Reporting.

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 1 (u).

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

a) New standards whose application was compulsory as from January 1, 2009

Standards early-adopted by the Group

The Group early adopted IFRS 8 – Operating Segments from January 1, 2008 (Note 24). It also early adopted the amendment to IAS 23 – Borrowing Costs from the same date as it already included borrowing costs in the cost of qualified assets.

Standards adopted by the Group on June 30, 2009 affecting the presentation of the consolidated financial statements

As the Group presents full interim financial statements it applied the revised version of IAS 1 concerning the presentation of financial statements for the six months ended June 30, 2009.
The revised version of IAS 1 states that the statement of changes in equity can only be used to present owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in either one statement of comprehensive net income or in two statements (a separate net income statement and a statement of comprehensive income).
The Group has chosen to present two separate statements, which have been prepared in accordance with this revised standard.

Standards adopted by the Group on June 30, 2009 not affecting the consolidated financial statements

The amendments to (i) IFRS 2 – Share-based Payment, relating to vesting conditions and cancellations (adopted on December 16, 2008) and (ii) IAS 32 (Puttable Financial Instruments and Obligations Arising on Liquidation (adopted on January 21, 2009) did not affect the Group's consolidated financial statements for the six months ended June 30, 2009.

The following new interpretations also had no impact on the Group's consolidated financial statements:

IFRIC 12 – Service Concession Arrangements (adopted on March 25, 2009). This interpretation sets out the general principles applicable to recognizing and measuring obligations and rights relating to service concession arrangements.

IFRIC 13 – Customer Loyalty Programmes (adopted on December 16, 2008), which provides guidance on accounting for loyalty award credits granted to customers.

IFRIC 14 – IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (adopted on December 16, 2008). IFRIC 14 provides guidance on assessing the limit in IAS 19 – Employee Benefits on the amount of the surplus that can be recognized as an asset. This surplus corresponds to the fair value of the plan assets less the present value of the defined benefit obligation.

The new IFRS and IFRIC interpretations not yet approved by the European Union or whose application will be compulsory as from the 2010 fiscal year are presented in Note 1 (v).

b) Basis of 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 effective control is transferred to the Group. They are deconsolidated from the date on which control ceases.

The subsidiaries excluded from the scope of consolidation are all companies that were acquired or created only recently. In 2009, these companies represented combined non-current assets of around €5.0 million and combined revenue of less than €6.0 million.

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.

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, which is the Company’s functional and 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 of monetary assets and liabilities denominated in foreign currencies using the exchange rate at the balance sheet date are recognized in the income statement under the heading ‘Exchange gains (losses)’.

Assets and liabilities of Group entities 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 sold or substantially liquidated.

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 (defined as maturing in less than three months), 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 measured 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 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.
Fair value less costs to sell is the 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.
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 may be reversed in subsequent periods if the impairment has decreased, provided that the increased carrying amount of the asset does not exceed the amount that would have been determined had no impairment loss been recognized.

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 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 10 years when management plans to gradually replace them by other major trademarks owned by the Group.

- Over 20 years when management plans to replace them by other major trademarks owned by the Group only over the long term or when, in the absence of such an intention, management considers that the trademarks may be threatened by a major competitor in the long term.

Amortization of developed technology is recognized in the income statement under 'Research and development costs'.
Amortization of trademarks is recognized in the income statement under 'Administrative and selling expenses'.

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. Useful lives are reviewed at regular intervals, leading in some cases to trademarks classified as having an indefinite useful life being reclassified as trademarks with a finite useful life.

As Legrand's trademarks that are classified as having an indefinite useful life are used internationally, they each contribute to all of the Group's cash-generating units.

Trademarks 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 lowest level at which goodwill is monitored. 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.

In accordance with IAS 36, 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 of the projection period. The cash flow data used for the calculation is generally taken from the most recent medium-term business plans approved by the Group. Cash flows beyond the projection period are estimated by applying a stable growth rate to subsequent years.

The discount rate applied corresponds to the weighed average cost of capital, adjusted to reflect the risks specific to each cash-generating unit.

Fair value less costs to sell is the 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 future minimum lease payments and are depreciated over the shorter of the lease period and 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 for temporary differences between the tax bases of assets and liabilities and their carrying amount 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. Based on the trade of the current period, such rebates are recognized 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, accounts receivable, accounts payable, 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 qualifies for hedge accounting, and if so, the nature of the item being hedged.

Concerning hedges of a net investment in a foreign operation, the portion of the gain or loss on the hedging instrument that is deemed to be an effective hedge is recognized in equity, as required under paragraph 102 of IAS 39.

The currency risk on the Yankee bonds issued in US dollars (which themselves constitute a hedge of the Group's net investment in the US) was hedged through a swap in euros until 2008. The Group was therefore only able to account for these bonds under IAS 39.102 from the year following the expiry date of the swap, i.e. January 1, 2009. Consequently the unrealized foreign exchange gains and losses on the bonds have been recorded in "Translation reserves."

Although the Group's other derivative instruments are also used to hedge risks, it has opted not to apply the hedge accounting technique defined in IAS 39 but to measure all of these instruments at fair value through profit. 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 'Operating profit' for commodity hedges.

The fair values of derivative instruments used for hedging purposes are disclosed in Note 22.

n) Environmental and product liabilities

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 cases.

In accordance with IFRIC 6 - Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment, the Group manages waste equipment under the European Union Directive on waste electrical and electronic equipment by paying financial contributions to a recycling platform.

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 the Black & Scholes option pricing model or the binomial model, and is recognized in the income statement under 'Employee benefits expense' 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 and use 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 contribution and defined benefit 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 costs are recognized in the income statement on a straight-line basis over the average remaining vesting period.

The Group has elected to recognize all actuarial gains and losses outside profit or loss, in the statement of recognized income and expense, as allowed under IAS 19, paragraph 93A (amended).

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 have terms to maturity approximating the period to payment of the related pension liability.

(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 volunteers to leave 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. The geographical segments, determined according to the region of origin of invoicing, 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 net profit attributable to equity holders of Legrand by the average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by dividing net profit attributable to equity holders of Legrand by the average number of ordinary shares outstanding plus the number of dilutive potential ordinary shares at the balance sheet date.

The average number of ordinary shares outstanding used in these calculations has been adjusted for the share buybacks and sales carried out during the period.

t) Borrowing costs

In accordance with the revised version of IAS 23, 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 and 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, and 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 for the purposes of 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 impairment testing purposes.

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 that may be affected by changes in the Group's economic environment. Other estimates using different, but still reasonable, assumptions could produce different results.

(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 or prepaid expenses 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 from 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 not probable that some of them will 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 record a valuation allowance against 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 product liabilities and capitalized development costs.

v) New IFRS Pronouncements

As of the date when the consolidated financial statements were prepared, the following standards and interpretations published by the IASB were not yet applicable:

(a) Standards and interpretations adopted by the European Union

IFRIC 16 – Hedges of a Net Investment in a Foreign Operation

This interpretation – which was issued by the IASB in July 2008 and adopted by the European Union on June 4, 2009 – provides guidance to entities that hedge the foreign currency risk arising from net investments in foreign operations and wish to qualify for hedge accounting in accordance with IAS 39. It cannot be applied by analogy to types of hedge accounting other than hedges of net investments in foreign operations.

IFRIC 16 is applicable for annual periods beginning on or after June 30, 2009.

(b) Standards and interpretations published by the IASB and the IFRIC but not adopted by the European Union:

IFRS 3 (revised) – Business Combinations and IAS 27 (revised) – Consolidated and Separate Financial Statements

In January 2008, the IASB published a new standard on business combinations and a revised standard on consolidated financial statements, dealing mainly with the accounting treatment of changes in the scope of consolidation.

The revised standards focus on changes in control as a significant economic event and place greater emphasis on the use of fair value.

Adoption of IFRS 3 (revised) and IAS 27 (revised) is compulsory in the first annual period commencing on or after July 1, 2009. Earlier application is not permitted pending adoption by the European Union.

IFRIC 15 – Agreements for the Construction of Real Estate

This interpretation – which was published by the IASB in July 2008 – applies to the accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors.

IFRIC 15 is applicable for annual periods beginning on or after January 1, 2009, subject to adoption by the European Union.

IFRIC 17 – Distributions of Non-cash Assets to Owners

This interpretation – published by the IASB in November 2008 – applies to distributions of non-cash assets and distributions that give owners a choice of receiving either non-cash assets or a cash alternative. It provides guidance on the recognition and measurement of dividends payable and how entities should account for any difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable.

IFRIC 17 is applicable for annual periods beginning on or after July 1, 2009. It cannot be early adopted as it has not yet been approved by the European Union.

IFRIC 18 – Transfers of Assets from Customers

This interpretation – published in January 2009 – applies to the accounting for transfers of items of property, plant and equipment by entities that receive such transfers from their customers and is effective for annual periods beginning on or after July 1, 2009. Earlier application is not possible as it has not yet been adopted by the European Union.

Amendments to IFRS 7 – Improving Disclosures about Financial Instruments

The purpose of these amendments – published by the IASB in March 2009 – is to enhance disclosures about fair value measurements and liquidity risk relating to financial instruments.

Entities are required to apply these amendments for annual periods beginning on or after January 1, 2009, provided they are adopted by the European Union.

Amendments to IFRIC 9 and IAS 39 – Embedded Derivatives

In March 2009, the IASB published a document entitled Embedded Derivatives setting out amendments to IFRIC 9 – Reassessment of Embedded Derivatives and IAS 39 – Financial Instruments: Recognition and Measurement. The aim of the amendments is to clarify the accounting treatment of embedded derivatives for entities that make use of the amendment set out in "Reclassification of Financial Assets."

The amendments to IFRIC 9 and IAS 39 are required to be applied retrospectively for annual periods ending on or after June 30, 2009, provided they are adopted by the European Union.

The Group is currently reviewing all of these revised and amended standards to assess the changes that may be necessary to its disclosures.

2) Intangible assets (Note 1 (f))

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, to create the Group.

The purchase price of the shares in Legrand France and the related fees and commissions – representing a total of €3,748.0 million – were allocated primarily to trademarks and developed technology.

Intangible assets are as follows:

(in € millions)	**June 30, 2009**	**December 31, 2008**	**December 31, 2007**
Trademarks with indefinite useful lives	1,408.0	1,418.6	1,511.0
Trademarks with finite useful lives	200.3	161.1	54.3
Developed technology	42.9	57.4	102.7
Other intangible assets	144.0	135.6	116.3
	1,795.2	**1,772.7**	**1,784.3**

Following a review of useful lives as of December 31, 2008 and June 30, 2009, trademarks classified as having an indefinite useful life were reclassified as trademarks with a finite useful life (see Note 1 (f)).

Trademarks can be analyzed as follows:

(in € millions)	**June 30, 2009**	**December 31, 2008**	**December 31, 2007**
At the beginning of the period	1,617.2	1,590.4	1,593.0
- Acquisitions	34.5	23.7	12.2
- Disposals	0.0	0.0	0.0
- Translation adjustments	1.6	3.1	(14.8)
	1,653.3	1,617.2	1,590.4
Less accumulated amortization	(45.0)	(37.5)	(25.1)
At the end of the period	**1,608.3**	**1,579.7**	**1,565.3**

Developed technology can be analyzed as follows:

(in € millions)	**June 30, 2009**	**December 31, 2008**	**December 31, 2007**
At the beginning of the period	572.6	570.3	576.0
- Acquisitions	0.0	0.0	0.0
- Disposals	0.0	0.0	0.0
- Translation adjustments	(0.1)	2.3	(5.7)
	572.5	572.6	570.3
Less accumulated amortization	(529.6)	(515.2)	(467.6)
At the end of the period	**42.9**	**57.4**	**102.7**

Amortization expense related to intangible assets, including capitalized development costs, amounted to €34.8 million for first-half 2009 (€36.8 million for first-half 2008, €41.6 million for fist-half 2007).

Amortization of trademarks and developed technology in first-half 2009 breaks down as follows:

(in € millions)	**Developed technology**	**Trademarks**	**Total**
France	7.7	0.9	8.6
Italy	3.9	0.0	3.9
Rest of Europe	1.0	0.8	1.8
USA/Canada	1.4	4.2	5.6
Rest of the World	0.4	1.6	2.0
	14.4	**7.5**	**21.9**

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

(in € millions)	**Developed technology**	**Trademarks**	**Total**
Second-half 2009	14.4	7.9	22.3
2010	17.3	15.3	32.6
2011	11.5	14.8	26.3
2012	0.0	14.5	14.5
2013	0.0	14.5	14.5

Other intangible assets can be analyzed as follows:

(in € millions)	**June 30, 2009**	**December 31, 2008**	**December 31, 2007**
Capitalized development costs	101.1	90.9	70.5
Software	13.3	14.4	15.9
Other	29.6	30.3	29.9
	144.0	**135.6**	**116.3**

3) Goodwill (Note 1 (g))

Goodwill can be analyzed as follows:

(in € millions)	**June 30, 2009**	**December 31, 2008**	**December 31, 2007**
France	600.3	600.3	606.5
Italy	311.2	307.6	307.6
Rest of Europe	211.5	213.1	213.3
USA/Canada	307.3	307.6	285.1
Rest of the World	421.9	425.7	403.4
	1,852.2	**1,854.3**	**1,815.9**

The geographic allocation of goodwill is based on the acquired company's value, determined as of the date of the business combination, taking into account synergies with other Group companies.

In the 'Rest of Europe' and 'Rest of the World' regions, no final amount of goodwill allocated to a CGU (cash-generating unit) represents more than 10% of total goodwill.

Changes in goodwill can be analyzed as follows:

(in € millions)	**June 30, 2009**	**December 31, 2008**	**December 31, 2007**
At the beginning of the period	1,854.3	1,815.9	1,633.2
- Acquisitions	0.0	117.1	197.2
- Adjustments	(19.9)	(30.0)	22.2
- Impairment	(15.9)	0.0	0.0
- Translation adjustments	33.7	(48.7)	(36.7)
At the end of the period	**1,852.2**	**1,854.3**	**1,815.9**

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 CGU are tested for impairment annually, and whenever events or changes in circumstances indicate that their value may be impaired, by comparing their carrying amount, including goodwill, to their value in use.

Value in use corresponds to the present value of the future cash flows expected to be derived from the subsidiaries included in the cash-generating unit. As required by IAS 36, it is calculated by applying pre-tax discount rates to pre-tax future cash flows.

In accordance with the accounting policies described in Note 1 (g), goodwill was tested for impairment as of June 30, 2009.

The tests were based on updated estimates of future cash flows in order to reflect recent trends in the CGU's business activities and the reorganization plans that some of these units have implemented. The following discount rates and long-term growth rates were used:

			Value in use	
	Recoverable amount	**Carrying amount of goodwill**	**Discount rate (before tax)**	**Growth rate to perpetuity**
France		600.3	12.5%	2.5%
Italy		311.2	12.3%	2.5%
Rest of Europe	Value in use	211.5	11 to 15%	2.5 to 5%
USA/Canada		307.3	11.9%	3.25%
Rest of the World		421.9	10 to 18%	2.5 to 5%
		1,852.2		

Based on the tests, a €15.9 million impairment loss has been recognized in "Other operating income (expenses)".

In addition, to better assess the risk of goodwill impairment, sensitivity tests were performed on the discount rates and long-term growth rates, assuming an unfavorable 50 to 100-basis point change (depending on the region) in each of these two factors.

The following impairment testing parameters were used in the period ended December 31, 2008:

	Recoverable amount	Carrying amount of goodwill	Carrying amount of trademarks with an indefinite useful life	Value in use	
				Discount rate (before tax)	Growth rate to perpetuity
France		600.3	849.3	12.9%	2.5%
Italy		307.6	414.3	12.3%	2.5%
Rest of Europe	Value in use	213.1	137.3	12 to 16%	2.5 to 5%
USA/Canada		307.6	10.6	12.5%	2.5 to 5%
Rest of the World		425.7	7.1	12 to 23%	2.5 to 5%
		1,854.3	**1,418.6**		

No goodwill impairment losses were identified in the period ended December 31, 2008.

The following impairment testing parameters were used in the period ended December 31, 2007:

	Recoverable amount	Carrying amount of goodwill	Carrying amount of trademarks with an indefinite useful life	Value in use	
				Discount rate (before tax)	Growth rate to perpetuity
France		606.5	849.3	12.5%	2%
Italy		307.6	414.3	13%	2%
Rest of Europe	Value in use	213.3	137.3	10 to 12.5%	2 to 5%
USA/Canada		285.1	103.0	13%	2 to 5%
Rest of the World		403.4	7.1	12.5 to 19%	2 to 5%
		1,815.9	**1,511.0**		

No goodwill impairment losses were identified in the period ended December 31, 2007.

Acquisitions of subsidiaries (net of cash acquired) came to €133.1 million for first-half 2008, €83.3 million for first-half 2007.

For business combinations carried out in the last 12 months, the fair values of the identifiable assets acquired and liabilities and contingent liabilities assumed are determined on a provisional basis as of June 30 or December 31 of the acquisition year and goodwill recognized as of that date is therefore subject to adjustment the following year based on the final fair values.

Allocation of acquisition prices for the six months ended June 30, 2009, the 12 months ended December 31, 2008 and the 12 months ended December 31, 2007 has been as follows:

	6 months ended	**12 months ended**	
(in € millions)	**June 30, 2009**	**December 31, 2008**	**December 31, 2007**
- Trademarks	34.5	23.7	12.2
- Deferred taxes on trademarks	(8.2)	(6.4)	(3.9)
- Other intangible assets	-	-	-
- Deferred taxes on other intangible assets	-	-	-
- Goodwill	-	117.1	197.2

4) Property, plant and equipment (Note 1 (h))

a) Property, plant and equipment by geographic area

Property, plant and equipment, including finance leases, were as follows as of June 30, 2009:

	June 30, 2009					
(in € millions)	France	Italy	Rest of Europe	USA/ Canada	Rest of the World	Total
Land	23.4	5.5	12.4	2.2	6.3	49.8
Buildings	112.4	88.0	35.8	17.2	22.0	275.4
Machinery and equipment	105.3	78.2	32.2	14.6	47.3	277.6
Assets under construction and other	25.0	13.0	15.6	16.4	17.2	87.2
	266.1	**184.7**	**96.0**	**50.4**	**92.8**	**690.0**

Total property, plant and equipment includes €30.7 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, 2008:

	December 31, 2008					
(in € millions)	France	Italy	Rest of Europe	USA/ Canada	Rest of the World	Total
Land	24.2	5.5	14.2	2.2	6.1	52.2
Buildings	119.0	89.8	41.0	17.9	20.3	288.0
Machinery and equipment	116.2	82.0	32.7	15.9	45.0	291.8
Assets under construction and other	22.7	13.5	15.7	20.2	18.1	90.2
	282.1	**190.8**	**103.6**	**56.2**	**89.5**	**722.2**

Property, plant and equipment, including finance leases, were as follows as of December 31, 2007:

	December 31, 2007					
(in € millions)	France	Italy	Rest of Europe	USA/ Canada	Rest of the World	Total
Land	24.0	5.5	14.9	2.4	9.6	56.4
Buildings	124.2	83.6	43.0	20.0	18.7	289.5
Machinery and equipment	127.7	84.1	32.5	20.3	43.0	307.6
Assets under construction and other	35.0	22.8	12.5	20.0	12.9	103.2
	310.9	**196.0**	**102.9**	**62.7**	**84.2**	**756.7**

b) Analysis of changes in property, plant and equipment

Changes in property, plant and equipment in first-half 2009 can be analyzed as follows:

	June 30, 2009					
(in € millions)	France	Italy	Rest of Europe	USA/ Canada	Rest of the World	Total
Acquisitions	12.9	8.4	6.3	1.6	6.7	35.9
Disposals	(2.7)	(0.1)	(7.6)	(0.7)	(1.8)	(12.9)
Depreciation expense	(24.8)	(14.3)	(8.9)	(6.9)	(9.2)	(64.1)
Transfers and changes in scope of consolidation	(1.4)	(0.1)	2.6	(0.2)	0.6	1.5
Translation adjustments	0.0	0.0	0.0	0.4	7.0	7.4
	(16.0)	**(6.1)**	**(7.6)**	**(5.8)**	**3.3**	**(32.2)**

	June 30, 2009						
(in € millions)	Acquisitions	Transfers from 'Assets under construction'	Disposals	Depreciation expense	Transfers and changes in scope of consolidation	Translation adjustments	Total
Land	0.0	0.0	(2.7)	(0.3)	(0.1)	0.7	(2.4)
Buildings	3.2	1.8	(7.1)	(13.2)	0.9	1.8	(12.6)
Machinery and equipment	15.7	8.5	(1.5)	(42.6)	2.0	3.7	(14.2)
Assets under construction and other	17.0	(10.3)	(1.6)	(8.0)	(1.3)	1.2	(3.0)
	35.9	**0.0**	**(12.9)**	**(64.1)**	**1.5**	**7.4**	**(32.2)**

Changes in property, plant and equipment in 2008 can be analyzed as follows:

	December 31, 2008					
(in € millions)	France	Italy	Rest of Europe	USA/ Canada	Rest of the World	Total
Acquisitions	34.2	32.3	16.2	10.7	25.9	119.3
Disposals	(1.9)	(7.2)	(1.3)	(3.3)	(2.2)	(15.9)
Depreciation expense	(54.5)	(30.1)	(17.6)	(16.4)	(17.5)	(136.1)
Transfers and changes in scope of consolidation	(6.5)	(0.3)	12.5	0.2	8.9	14.8
Translation adjustments	0.0	0.0	(9.0)	2.2	(9.8)	(16.6)
	(28.7)	**(5.3)**	**0.8**	**(6.6)**	**5.3**	**(34.5)**

	December 31, 2008						
(in € millions)	Acquisitions	Transfers from 'Assets under construction'	Disposals	Depreciation expense	Transfers and changes in scope of consolidation	Translation adjustments	Total
Land	0.0	1.2	(1.2)	(0.6)	(2.5)	(1.1)	(4.2)
Buildings	23.4	14.4	(10.1)	(29.6)	4.8	(4.4)	(1.5)
Machinery and equipment	46.8	24.9	(3.5)	(90.2)	14.5	(8.3)	(15.8)
Assets under construction and other	49.1	(40.5)	(1.1)	(15.7)	(2.0)	(2.8)	(13.0)
	119.3	**0.0**	**(15.9)**	**(136.1)**	**14.8**	**(16.6)**	**(34.5)**

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

	December 31, 2007					
(in € millions)	France	Italy	Rest of Europe	USA/ Canada	Rest of the World	Total
Acquisitions	46.0	43.4	14.4	12.9	18.8	135.5
Disposals	(2.8)	(0.2)	(0.5)	(0.9)	(21.8)	(26.2)
Depreciation expense	(54.7)	(27.0)	(18.3)	(14.6)	(16.9)	(131.5)
Transfers and changes in scope of consolidation	(1.9)	(0.3)	(2.2)	0.8	4.3	0.7
Translation adjustments	0.0	0.0	(1.7)	(7.3)	(2.0)	(11.0)
	(13.4)	**15.9**	**(8.3)**	**(9.1)**	**(17.6)**	**(32.5)**

	December 31, 2007						
(in € millions)	Acquisitions	Transfers from 'Assets under construction'	Disposals	Depreciation expense	Transfers and changes in scope of consolidation	Translation adjustments	Total
Land	0.0	0.5	(10.9)	(0.5)	(2.2)	(1.2)	(14.3)
Buildings	7.4	7.9	(10.0)	(22.0)	1.0	(3.6)	(19.3)
Machinery and equipment	53.9	34.7	(4.4)	(93.3)	0.3	(3.3)	(12.1)
Assets under construction and other	74.2	(43.1)	(0.9)	(15.7)	1.6	(2.9)	13.2
	135.5	**0.0**	**(26.2)**	**(131.5)**	**0.7**	**(11.0)**	**(32.5)**

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

(in € millions)	**June 30, 2009**	**December 31, 2008**	**December 31, 2007**
Land	3.8	3.8	3.8
Buildings	37.8	37.4	27.3
Machinery and equipment	32.4	32.4	36.2
	74.0	73.6	67.3
Less accumulated depreciation	(38.2)	(37.7)	(40.3)
	35.8	**35.9**	**27.0**

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

(in € millions)	**June 30, 2009**	**December 31, 2008**	**December 31, 2007**
Long-term borrowings	20.7	21.5	19.2
Short-term borrowings	2.8	2.5	4.5
	23.5	**24.0**	**23.7**

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

(in € millions)	**June 30, 2009**	**December 31, 2008**	**December 31, 2007**
Due in less than one year	3.4	3.4	5.6
Due in one to two years	3.2	3.2	3.0
Due in two to three years	3.4	3.1	2.6
Due in three to four years	2.1	3.1	2.5
Due in four to five years	1.7	2.4	2.3
Due beyond five years	14.0	18.6	9.1
	27.8	33.8	25.1
Of which accrued interest	(4.3)	(9.8)	(1.4)
Present value of future minimum lease payments	**23.5**	**24.0**	**23.7**

5) Investments in associates and other investments

(in € millions)	**June 30, 2009**	**December 31, 2008**	**December 31, 2007**
Investments in associates (accounted for by the equity method)	0.0	0.0	14.0

The decrease in investments in associates as of December 31, 2008 was due to the full consolidation of Alborz Electrical Industries Ltd, which was previously accounted for by the equity method.

(in € millions)	**June 30, 2009**	**December 31, 2008**	**December 31, 2007**
Other investments	6.6	13.1	8.3

6) Inventories (Note 1 (i))

Inventories are as follows:

(in € millions)	**June 30, 2009**	**December 31, 2008**	**December 31, 2007**
Purchased raw materials and components	191.3	222.1	222.5
Sub-assemblies, work in progress	93.2	104.7	110.2
Finished products	309.3	364.5	369.4
	593.8	691.3	702.1
Less impairment	(98.8)	(88.4)	(77.7)
	495.0	**602.9**	**624.4**

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 27% of consolidated net revenue and no other distributor accounts for more than 5% of consolidated net revenue.

(in € millions)	**June 30, 2009**	**December 31, 2008**	**December 31, 2007**
Trade accounts receivable	540.2	569.8	568.5
Notes receivable	106.3	82.9	104.5
	646.5	652.7	673.0
Less impairment	(44.9)	(31.0)	(26.8)
	601.6	**621.7**	**646.2**

In the first-half of 2009, the Group entered into contracts of transfer of receivables whose terms qualify for derecognition in accordance with IAS 39, for an amount of €20.5 million as of June 30, 2009.

Past-due trade receivables can be analyzed as follows:

(in € millions)	**June 30, 2009**	**December 31, 2008**	**December 31, 2007**
Less than 3 months past due	54.9	82.8	70.8
From 3 to 12 months past due	19.5	18.6	13.9
More than 12 months past due	10.0	12.2	16.6
	84.4	**113.6**	**101.3**

Provisions for impairment of past-due trade receivables amounted to €38.0 million as of June 30, 2009 (€27.9 million as of December 31, 2008; €24.6 million as of December 31, 2007). These provisions break down as follows:

(in € millions)	**June 30, 2009**	**December 31, 2008**	**December 31, 2007**
Provisions for receivables less than 3 months past due	16.4	7.1	2.5
Provisions for receivables 3 to 12 months past due	11.6	8.6	7.4
Provisions for receivables more than 12 months past due	10.0	12.2	14.7
	38.0	**27.9**	**24.6**

8) Other current assets

Other current assets are as follows:

(in € millions)	**June 30, 2009**	**December 31, 2008**	**December 31, 2007**
Employee advances	5.1	3.1	3.7
Other receivables	32.7	41.6	47.8
Prepayments	19.1	18.9	18.5
Prepaid and recoverable taxes other than on income	63.1	76.2	75.5
	120.0	**139.8**	**145.5**

These assets are valued at historical cost and there are no events or special circumstances indicating that they may be impaired.

9) Cash and cash equivalents and marketable securities (Note 1 (d))

Cash and cash equivalents totaled €171.4 million at June 30, 2009 and corresponded to deposits with maturities of less than three months placed with front-ranking banks.

As of December 31, 2008, the Group held French Treasury bonds for a total value of €305.2 million which matured during the first quarter of 2009. The cash thus generated was used to repay short-term and long-term borrowings.

10) Share capital and earnings per share (Note 1 (s))

Share capital as of June 30, 2009 amounted to €1,052,386,716 represented by 263,096,679 ordinary shares with a par value of €4 each, for 423,386,239 voting rights.

Changes in share capital in June 30, 2009 were as follows:

	Number of shares	Par value	Share capital (euros)	Premiums (euros)
As of December 31, 2007	270,975,739	4	1,083,902,956	1,257,726,503
Exercise of options under the 2004 plan	338,781	4	1,355,124	
Cancellation of shares	(9,138,395)	4	(36,553,580)	(188,280,771)
Exercise of options under the 2003 plan	639,003	4	2,556,012	
As of December 31, 2008	262,815,128	4	1,051,260,512	1,069,445,732
Exercise of options under the 2004 plan	165,717	4	662,868	
Exercise of options under the 2005 plan	115,834	4	463,336	185,334
As of June 30, 2009	263,096,679	4	1,052,386,716	1,069,631,066

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

On March 5, 2008, the Board of Directors approved the cancellation of 9,138,395 shares acquired under the share buyback program. The €188,280,771 difference between the buyback price of the cancelled shares and their par value was deducted from the premium account.

Since February 24, 2006, fully paid-up shares registered in the name of the same shareholder for at least two years carry double voting rights.

In first-half 2009, 281,551 shares were issued upon exercise of stock options granted under the 2004 and 2005 plan (Note 11 (a)), resulting in a €1.1 million capital increase with a €0.2 million premium.

a) Share buyback program and transactions under the liquidity contract

A description of the current €500.0 million share buyback program was published by the Group on May 27, 2009.

Share buyback program

As of June 30, 2009, the Group held 965,647 shares under the program, acquired at a total cost of €21,205,997. These shares are being held for the following purposes:

- For allocation upon exercise of free shares (908,884 shares purchased at a cost of €19,791,463).

- For allocation to employees who choose to re-invest their profit-shares in Legrand stock through a corporate mutual fund (56,763 shares purchased at a cost of €1,414,534).

During first-half 2009, a total of 3,664,946 shares were sold for €53,106,093 including 3,641,709 shares that were initially allocated upon exercise of stock options and were subsequently re-allocated, as mentioned above.

Also during the period, 254,280 shares were allocated to employees under share grant plans as described in Note 11 (b).

Liquidity contract

On May 29, 2007, the Group appointed a financial institution to maintain a liquid market for its ordinary shares on the Euronext™ Paris market under a liquidity contract complying with the Code of Conduct issued by the AMAFI (French Financial Markets Association) approved by the AMF on March 22, 2005.

As of June 30, 2009, the Group held 452,000 shares under this contract, purchased at a total cost of €6,376,094.

During first-half 2009, a net 1,409,000 shares of Legrand stock were sold, generating proceeds, net of purchase costs, of €19,754,770.

b) Earnings per share

Basic and diluted earnings per share, calculated on the basis of the average number of ordinary shares outstanding during the period, are as follows:

	June 30, 2009	**June 30, 2008**	**June 30, 2007**
Profit attributable to equity holders of Legrand (*in € millions)*	107.9	233.1	195.2
Number of ordinary shares outstanding:			
- At the period-end	263,096,679	262,369,668	270,447,542
- Average for the period	258,464,349	256,962,747	268,746,085
Number of stock options and free shares at the period end	5,992,494	5,568,075	4,023,995
Sales (buybacks) of shares and transactions under the liquidity contract (net during the period)	5,328,226	(4,356,980)	(4,114,987)
Basic earnings per share *(euros)* (Note 1 (s))	0.417	0.907	0.726
Diluted earnings per share *(euros)* (note 1 (s)) *	0.414	0.900	0.716
Dividend per share *(euros)*	0.700	0.700	0.500

* Options granted under the 2008 Plan (1,980,757 options) and under the 2007 Plan (1,575,823 options) have not been taken into account in the calculation of diluted earnings per share as the options were out of the money as of June 30, 2009.

Also in accordance with IAS 33, the 281,551 shares issued in first-half 2009 upon exercise of stock options granted under the 2004 and 2005 plan, the net 5,328,226 shares bought back during the period were all taken into account on a pro rata temporis basis for the purpose of calculating the average number of ordinary shares outstanding during the period. If those shares had been issued and bought back on January 1, 2009, basic earnings per share and diluted earnings per share would have amounted to €0.412 and €0.409 respectively for the six months ended June 30, 2009.

Also in accordance with IAS 33, the 532,324 shares issued in first-half 2008 upon exercise of stock options granted under the 2003 and 2004 plans, the net 4,356,980 shares bought back during the period and the 9,138,395 shares cancelled during the period were all taken into account on a pro rata temporis basis for the purpose of calculating the average number of ordinary shares outstanding during the period. If those shares had been issued, bought back or cancelled on January 1, 2008, basic earnings per share and diluted earnings per share would have amounted to €0.911 and €0.904 respectively for the six months ended June 30, 2008.

In first-half 2007, the 754,166 shares issued upon exercise of stock options granted under the 2003 plan, and the net 4,114,987 shares bought back during the period were taken into account on a pro rata temporis basis for the purpose of computing the average number of ordinary shares outstanding during the period, in accordance with IAS 33. If those shares had been issued and bought back on January 1, 2007, basic earnings per share and diluted earnings per share would have amounted to €0.722 and €0.711 respectively for the six months ended June 30, 2007.

11) Stock option plans, free shares plans and employee profit-sharing

a) 2004 and 2005 Legrand stock option plans

The Company has set up a stock option plan under which 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 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 €1.00 to €4.00. To take into account the effects of this change, the option exercise price was increased to €4.00 for options granted in 2004 and to €5.60 for those granted in 2005.

In first-half 2009:

- 165,717 options granted under the 2004 plan were exercised. This plan expired on March 29, 2009,
- 115,834 options granted under the 2005 plan were exercised. The remaining 57,916 options will be exercisable no later than 2010.

Information on stock options	2004 Plan	2005 Plan	Total
Date of Board of Directors Meeting	January 30, 2004	February 7, 2005	
Total number of shares that may be acquired on exercise of options	508,250	173,750	682,000
Of which number of shares that may be acquired by corporate officers	*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		
Starting date of the exercise period for the first 2/3 of the options	January 30, 2008	February 7, 2009	
Starting date of the exercise period for the remaining 1/3 of the options	January 30, 2009	February 7, 2010	
Exercise price	€4.00	€5.60	
Options exercised during 2008	(338,781)		(338,781)
Options forfeited during 2008	(1,667)		(1,667)
Options exercised during first-half 2009	(165,717)	(115,834)	(281,551)
Options forfeited during first-half 2009	(2,085)		(2,085)
Options outstanding as of June 30, 2009	0	57,916	57,916

If all these options were to be exercised, the Company's capital would be diluted by less than 0.1%.

b) 2007, 2008 and 2009 Legrand free shares and stock option plans

Free share plans

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 is capped at 5% of the capital including the shares to be issued on exercise of stock options.

Information on the free shares plans	2007 Plan	2008 Plan	2009 Plan	Total
Date of Board of Directors Meeting	May 15, 2007	March 5, 2008	March 4, 2009	
Total number of shares granted	533,494	654,058	288,963	1,476,515
Of which to corporate officers	*26,427*	*47,077*	*23,491*	*96,995*
- Gilles Schnepp	*13,582*	*24,194*	*12,075*	*49,851*
- Olivier Bazil	*12,845*	*22,883*	*11,416*	*47,144*
Vesting conditions	After a maximum of 4 years, except in the event of resignation or termination for willful misconduct.			
Free shares cancelled during 2007	(8,695)			(8,695)
Free shares vested during 2008	(546)			(546)
Free shares cancelled during 2008	(8,298)	(6,145)		(14,443)
Free shares cancelled during first-half 2009	(2,084)	*(4,281)*		(6,365)
Free shares vested during first-half 2009	(253,880)	(400)		(254,280)
Total number of free shares outstanding as of June 30, 2009	259,991	643,232	288,963	1,192,186

If all these shares were to be definitively granted, the Company's capital would be diluted by 0.4%.

Stock option plans

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	2008 Plan	2009 Plan	Total
Date of Board of Directors Meeting	May 15, 2007	March 5, 2008	March 4, 2009	
Total number of options	1,638,137	2,015,239	1,185,812	4,839,188
Of which to corporate officers	*79,281*	*141,231*	*93,964*	314,476
- Gilles Schnepp	*40,745*	*72,583*	*48,300*	161,628
- Olivier Bazil	*38,536*	*68,648*	*45,664*	152,848
Vesting/exercise conditions	Options vest after a maximum of 4 years, except in the event of resignation or termination for willful misconduct.			
Starting date of the option exercise period	May 16, 2011	March 6, 2012	March 5, 2013	
End of the option exercise period	May 15, 2017	March 5, 2018	March 4, 2019	
Option exercise price	€25.20	€20.58	€13.12	
Options cancelled during 2007	(27,574)			(27,574)
Options cancelled during 2008	(27,468)	(20,439)		(47,907)
Options cancelled during 2009	(7,272)	(14,043)		(21,315)
Outstanding options as of June 30, 2009	1,575,823	1,980,757	1,185,812	4,742,392

If all these options were to be exercised, the Company's capital would be diluted by 1.8% (this maximum dilution does not take into account the exercise price of these options).

Valuation model applied to free share plans and stock option plans

The fair value of share-based payment instruments is measured at the grant date, using the Black & Scholes option-pricing model or the binomial model, based on the following assumptions:

Assumptions	2007 Plan	2008 Plan	2009 Plan
Risk-free rate	4.35%	3.40%	2.25%
Expected volatility	28.70%	30.00%	38.40%
Expected return	1.98%	3.47%	5.00%

In accordance with IFRS 2, which requires the cost of stock options to be recognized in the financial statements, a charge of €6.4 million was recorded for first-half 2009 (€6.3 million for first-half 2008; €2.5 million for first-half 2007) for all of these plans combined (Notes 11 (a) and 11 (b)).

c) 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.

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 €13.9 million was recorded in first-half 2009 for statutory and discretionary profit-sharing plans (first-half 2008: €16.8 million; first-half 2007: €16.7 million).

12) Retained earnings and translation reserves

a) Retained earnings

Consolidated retained earnings of Legrand and its subsidiaries as of June 30, 2009 amounted to €1,380.9 million.

As of the same date, the parent company – Legrand – had retained earnings of €1,809.5 million available for distribution.

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, 2009**	**December 31, 2008**	**December 31, 2007**
US dollar	(143.8)	(143.0)	(165.0)
Other currencies	(84.3)	(106.4)	(29.0)
	(228.1)	**(249.4)**	**(194.0)**

In accordance with Note 1 (m), the unrealized €3.0 million foreign exchange gain, as of June 30, 2009, on the Group's Yankee bonds denominated in US dollars was recognized under "Translation reserves."

13) Long-term borrowings

Long-term borrowings can be analyzed as follows:

(in € millions)	June 30, 2009	December 31, 2008	December 31, 2007
Facility Agreement	752.4	1,265.8	642.8
8 ½% debentures	276.5	279.2	263.0
Bank borrowing	282.5	220.0	220.0
Other borrowings	239.5	258.0	242.6
	1,550.9	**2,023.0**	**1,368.4**
Debt issuance costs	(2.8)	(2.8)	(4.0)
	1,548.1	**2,020.2**	**1,364.4**

Long-term borrowings are denominated in the following currencies:

(in € millions)	June 30, 2009	December 31, 2008	December 31, 2007
Euro	1,050.8	1,471.8	776.8
US dollar	347.8	423.1	505.5
Other currencies	152.3	128.1	86.1
	1,550.9	**2,023.0**	**1,368.4**

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

(in € millions)	June 30, 2009	December 31, 2008	December 31, 2007
Due in one to two years	198.3	202.0	156.3
Due in two to three years	122.7	129.5	147.7
Due in three to four years	597.6	116.0	115.0
Due in four to five years	296.3	1,239.6	119.2
Due beyond five years	336.0	335.9	830.2
	1,550.9	**2,023.0**	**1,368.4**

Average interest rates on borrowings are as follows (the rates shown for the 8½% debentures – 'Yankee bonds' – take into account interest rate swap up to their expiry date of February 2008):

	June 30, 2009	December 31, 2008	December 31, 2007
Facility Agreement	3.79%	4.69%	5.10%
8½% debentures	8.50%	8.25%	4.67%
Bank borrowing	3.58%	6.06%	4.99%
Other borrowings	3.67%	5.58%	3.78%

These borrowings are secured as follows:

(in € millions)	June 30, 2009	December 31, 2008	December 31, 2007
Assets mortgaged or pledged as collateral	20.0	21.2	17.8
Guarantees given to banks	166.7	180.4	155.0
	186.7	**201.6**	**172.8**

a) Credit Facility

2006 Credit Facility

On January 10, 2006, the Group signed a credit facility with five mandated arrangers.

Initially, this 2006 Credit Facility comprised notably (i) 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 and (ii) a €1.2 billion Tranche B consisting of a revolving multicurrency facility utilizable through drawdowns. Tranches A and B were originally five-year loans that could be rolled over for two successive one-year periods.

An initial installment of Tranche A equal to 10% of the nominal amount was paid in January 2007 and a second installment equal to 7.78% of the nominal amount was paid in July 2007. In March 2007 and November 2007, the Group exercised its option to extend the 2006 Credit Facility for two successive one-year periods, with the final installment becoming due in January 2013.

Consequently, the repayments in semi-annual installments of Tranche A are equal to 6.22% of the original nominal amount from January 10, 2008 to July 10, 2011, 7.12% of the original nominal amount on January 10, 2012, 6.02% of the original nominal amount on July 10, 2012 and 19.32% on January 10, 2013.

Repayments due under the Facility Agreement can be analyzed as follows by maturity as of June 30, 2009, December 31, 2008 and December 31, 2007:

(in € millions)	**June 30, 2009**	**December 31, 2008**	**December 31, 2007**
Due within one year (short-term borrowings)	87.1	87.1	87.2
Due in one to two years	87.1	87.1	85.3
Due in two to three years	93.4	87.1	87.0
Due in three to four years	571.9	92.0	87.1
Due in four to five years	0.0	999.6	92.0
Due beyond five years	0.0	0.0	291.4
	839.5	**1,352.9**	**730.0**

The Facility Agreement can be analyzed as follows:

(in € millions)	**June 30, 2009**	Maturity	Interest rate
Term Facility	444.9	2013	Euribor + 25bps
Revolving Facility	394.6	2013	Euribor / Libor + 25bps

(in € millions)	**December 31, 2008**	Maturity	Interest rate
Term Facility	488.5	2013	Euribor + 30bps
Revolving Facility	864.4	2013	Euribor / Libor + 30bps

(in € millions)	**December 31, 2007**	Maturity	Interest rate
Term Facility	573.8	2013	Euribor + 25bps
Revolving Facility	156.2	2013	Euribor / Libor + 25bps

The margin added to the Euribor/Libor is updated each semester depending on the value of the ratio net debt/maintainable EBITDA (net debt and maintainable EBITDA adjusted as defined in the loan agreements). The resulting interest rate is however contained between Euribor/Libor + 20bps and Euribor/Libor + 50bps.

b) 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 that expired in February 2008 (see Note 22 (a)).

c) Bank borrowing

As of June 30, 2009, bank borrowing comprised:

- a €220.0 million loan obtained on May 21, 2007 from a pool of French financial institutions. The loan is for a period of six years and four months, expiring September 21, 2013, and pays interest at the three-month Euribor plus 45 bps,

- a new €62.5 million loan obtained on March 12, 2009 from a pool of French financial institutions. The loan is for a period of five years, expiring March 12, 2014, and pays interest at the three-month Euribor plus 210 bps.

d) Unused credit lines

As of June 30, 2009, the Group had access to:

- Drawdown capacity of €730.4 million on Tranche B (revolving facility) of the 2006 Credit Facility considering the swingline facility intended to cover borrowings under the Group's commercial paper program (representing €75.0 million as of June 30, 2009).

- Two facilities representing:
  - €50.0 million, expiring on March 31, 2012,
  - €125.0 million, expiring on September 30, 2012.

14) Long-term provisions and other non-current liabilities

Changes in long-term provisions and other non-current liabilities are as follows:

(in € millions)	**June 30, 2009**
At beginning of period	62.5
Changes in scope of consolidation	0.3
Increases	7.3
Reversals	(9.5)
Transfers to current liabilities	(1.7)
Reclassifications	(0.3)
Translation adjustments	4.3
At the end of period	**62.9**

As of June 30, 2009 long-term provisions and other non-current liabilities comprise in particular provisions for claims and litigation (€12.6 million) and provisions for taxes (€16.8 million).

15) Pension and other post-employment benefit obligations (Note 1 (q))

(in € millions)	**June 30, 2009**	**December 31, 2008**	**December 31, 2007**
Retirement benefits in France*	39.3	38.1	34.6
Termination benefits in Italy*	46.7	49.4	51.5
Other post-employment benefits*	61.6	56.6	39.0
	147.6	**144.1**	**125.1**

* These items represent the non-current portion of pension and other post-retirement benefits for a total of €147.6 million as of June 30, 2009 (December 31, 2008: €144.1 million; December 31, 2007: €125.1 million). The current portion in the amount of €6.4 million as of June 30, 2009 (December 31, 2008: €6.4 million; December 31, 2007: €7.4 million) is reported under 'Other Current liabilities'. The total amount of those liabilities is therefore €154.0 million as of June 30, 2009 (December 31, 2008: €150.5 million; December 31, 2007: €132.5 million) and is analyzed in Note 15 (a), which shows total liabilities of €248.6 million as of June 30, 2009 (December 31, 2008: €240.5 million; December 31, 2007: €263.9 million) less total assets of €94.5 million as of June 30, 2009 (December 31, 2008: €89.9 million; December 31, 2007: €131.4 million), less unrecognized past service costs for €0.1 million (December 31, 2008 : €0.1 million).

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, 2009**	**December 31, 2008**	**December 31, 2007**	**December 31, 2006**	**December 31, 2005**
Defined benefit obligation					
Projected benefit obligation at beginning of period	240.5	263.9	290.6	282.8	249.7
Acquisitions	0.0	0.1	0.0	0.2	3.4
Goodwill allocation	0.0	0.0	0.0	0.0	0.0
Service cost	8.2	16.1	16.8	18.2	17.7
Interest cost	5.2	11.5	11.7	10.3	8.8
Benefits paid	(17.5)	(29.3)	(29.5)	(23.5)	(17.2)
Employee contributions	0.3	0.0	0.0	0.4	0.6
Plan amendments	0.0	0.0	0.0	0.0	0.0
Actuarial loss/(gain)	6.1	(7.5)	(11.0)	13.0	6.6
Curtailments, settlements, special termination benefits	(1.2)	0.2	(2.4)	(0.8)	0.0
Past service cost	(0.1)	0.0	(0.1)	0.2	0.0
Translation adjustments	7.1	(14.3)	(14.5)	(10.2)	13.2
Other	0.0	(0.2)	2.3	0.0	0.0
Projected benefit obligation at end of period (I)	**248.6**	**240.5**	**263.9**	**290.6**	**282.8**
Unrecognized past service cost (II)	**0.1**	**0.1**	**0.0**	**0.2**	**0.0**
Fair value of plan assets					
Fair value of plan assets at beginning of period	89.9	131.4	135.1	133.5	109.9
Acquisitions	0.0	0.0	0.0	0.0	0.5
Expected return on plan assets	3.1	8.2	9.1	10.2	13.5
Employer contributions	2.3	6.4	15.6	8.2	8.2
Employee contributions	0.3	0.5	0.3	0.3	0.3
Benefits paid	(9.7)	(13.3)	(16.3)	(13.9)	(11.3)
Actuarial (loss)/gain	3.4	(32.0)	(1.3)	0.7	0.0
Translation adjustments	5.2	(11.3)	(11.1)	(3.9)	12.4
Fair value of plan assets at end of period (III)	**94.5**	**89.9**	**131.4**	**135.1**	**133.5**
Liability recognized in the balance sheet (I) – (II) – (III)	**154.0**	**150.5**	**132.5**	**155.3**	**149.3**
Current liability	6.4	6.4	7.4	7.7	9.6
Non-current liability	147.6	144.1	125.1	147.6	139.7

Actuarial losses recognized in equity (total recognized income and expenses, net) as of June 30, 2009 amounted to €2.7 million (€2.1 million after tax).

The discount rates used were determined by reference to the yield on high quality bonds based on the following benchmark indices:

- Euro zone: iBoxx € Corporates AA 10+
- United Kingdom: iBoxx £ Corporates AA 15+
- United States: Citibank Pension Liability Index

Sensitivity tests were performed on the discount rates applied. According to the results of these tests, a 50-basis point decline in discount rates would lead to the recognition of additional actuarial losses of around € 14.0 million and would increase in proportion the value of the defined obligation at June 30, 2009.

The impact on profit is as follows:

(in € millions)	**June 30, 2009**	**June 30, 2008**	**June 30, 2007**
Service cost – rights acquired during the period	(8.2)	(8.0)	(9.5)
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	(5.2)	(5.6)	(5.5)
Other	1.3	0.0	0.0
Expected return on plan assets	3.1	4.1	4.4
	(9.0)	**(9.5)**	**(10.6)**

The weighted-average allocation of pension plan assets was as follows as of June 30, 2009:

(as a percentage)	France	United States and United Kingdom	Weighted total
Equity instruments	0.0	57.6	54.1
Debt instruments	0.0	31.3	29.4
Insurance funds	100.0	11.1	16.5
	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 €52.4 million as of June 30, 2009 (December 31, 2008: €50.4 million; December 31, 2007: €43.4 million), corresponding to the difference between the projected benefit obligation of €57.8 million as of June 30, 2009 (December 31, 2008: €61.4 million; December 31, 2007: €58.5 million) and the fair value of the related plan assets of €5.3 million as of June 30, 2009 (December 31, 2008: €10.9 million; December 31, 2007: €15.1 million), less unrecognized past service costs for €0.1 million (December 31, 2008 : €0.1 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 2.5%, a discount rate of 5.6% (2008 and 2007: 2.5% and 5.6%, 3.0% and 5.2%, respectively) and an expected return on plan assets of 4.0% (2008 and 2007: 4.0%). 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

The changes introduced in the Italian Act no.296 dated December 27, 2006 came into effect on January 1, 2007.

From this date, Italian termination benefit plans (*Trattamento di fine rapporto*, TFR) are qualified as defined contribution plans under IFRS.

Termination benefit obligations arising prior to January 1, 2007 continue to be accounted for under IFRS as defined benefit plans, but based on revised actuarial estimates that exclude the effect of future salary increases. The difference compared with the previous actuarial estimate has been treated as a plan curtailment in accordance with IAS 19 paragraph 109 and has been recognized in the second-half 2007 income statement under 'Other operating income' for an amount of €2.1 million. Actuarial gains and losses previously recognized in the statement of recognized income and expense have been reclassified in retained earnings, in accordance with IAS 19 (revised), paragraph 93A s.

The resulting provisions for termination benefits amount to €51.7 million as of June 30, 2009 (December 31, 2008: €54.4 million; December 31, 2007: €56.5 million).

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 €119.5 million as of June 30, 2009 (December 31, 2008: €110.0 million; December 31, 2007: €133.7 million). This amount is covered by pension fund assets estimated at €82.3 million as of June 30, 2009 (December 31, 2008: €76.1 million; December 31, 2007: €111.1 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 3.5%, a discount rate of 6.8% (3.5% and 6.3% in 2008 and 3.3% and 6.1% in 2007) and an expected return on plan assets of 7.5% (7.5% in 2008 and 8.0% in 2007). In the United Kingdom, the calculation was based on a salary increase rate of 4.4%, a discount rate of 6.2% (3.8% and 6.4% in 2008, 4.4% and 5.8% in 2007), and an expected return on plan assets of 6.7% (6.7% in 2008 and 2007).

16) Short-term borrowings

(in € millions)	**June 30, 2009**	**December 31, 2008**	**December 31, 2007**
Facility Agreement	87.1	87.1	87.2
Commercial paper	75.0	11.7	236.5
Other borrowings	242.8	302.5	331.0
	404.9	**401.3**	**654.7**

17) Short-term provisions and other current liabilities

(in € millions)	June 30, 2009	December 31, 2008	December 31, 2007
Tax liabilities	68.2	64.5	79.0
Accrued employee benefits expense	150.4	156.1	160.3
Current portion of statutory profit-sharing reserve	6.1	13.7	10.8
Payables related to fixed asset purchases	9.3	16.9	17.2
Accrued expenses	68.8	70.1	48.3
Accrued interest	25.8	38.6	36.0
Deferred revenue	7.7	10.2	8.5
Current portion of pension and other post-employment benefit obligations	6.4	6.4	7.4
Other current liabilities	129.8	131.9	130.4
	472.5	**508.4**	**497.9**

18) Analysis of certain expenses

a) Analysis of operating expenses

Operating expenses include the following categories of costs:

(in € millions)	June 30, 2009	June 30, 2008	June 30, 2007
Raw materials and component costs	(520.5)	(643.9)	(625.7)
Salaries and payroll taxes	(486.0)	(541.4)	(524.1)
Employee profit-sharing	(13.9)	(16.8)	(16.7)
Total personnel costs	**(499.9)**	**(558.2)**	**(540.8)**
Depreciation expense	(64.1)	(67.1)	(67.1)
Amortization expense	(34.8)	(36.8)	(41.6)

As of June 30, 2009 the Group had 29,593 employees on the payroll (June 30, 2008: 34,454; June 30, 2007: 31,197).

b) Analysis of other operating income and expense

(in € millions)	June 30, 2009	June 30, 2008	June 30, 2007
Employee profit-sharing	(13.9)	(16.8)	(16.7)
Restructuring costs	(29.4)	(15.4)	(14.3)
Impairment of goodwill	(15.9)	0.0	0.0
Other	(40.5)	(26.3)	(32.4)
	(99.7)	**(58.5)**	**(63.4)**

19) Finance costs and other financial income and expense, net

a) Exchange gains (losses)

(in € millions)	June 30, 2009	June 30, 2008	June 30, 2007
Exchange gains (losses)	(12.9)	32.5	8.4

In 2007, 2008 and 2009, exchange gains (losses) mainly resulted from changes in the euro/US dollar exchange rate.

b) Finance costs, net

(in € millions)	June 30, 2009	June 30, 2008	June 30, 2007
Interest income	7.0	11.6	15.5
Finance costs	(58.0)	(66.3)	(69.8)
Change in fair value of financial instruments	(1.2)	(2.4)	1.2
	(59.2)	(68.7)	(68.6)
	(52.2)	**(57.1)**	**(53.1)**

20) Income tax expense (current and deferred)

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

(in € millions)	June 30, 2009	June 30, 2008	June 30, 2007
France	43.7	100.5	82.9
Outside France	133.2	238.5	216.9
	176.9	**339.0**	**299.8**

Income tax expense consists of the following:

(in € millions)	**June 30, 2009**	**June 30, 2008**	**June 30, 2007**
Current taxes:			
France	(20.7)	(42.9)	0.9
Outside France	(60.3)	(79.5)	(76.2)
	(81.0)	(122.4)	(75.3)
Deferred taxes:			
France	5.7	9.9	(28.1)
Outside France	6.9	7.5	(0.9)
	12.6	17.4	(29.0)
Total income tax expense:			
France	(15.0)	(33.0)	(27.2)
Outside France	(53.4)	(72.0)	(77.1)
	(68.4)	**(105.0)**	**(104.3)**

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

(*Tax rate*)	**June 30, 2009**	**June 30, 2008**	**June 30, 2007**
Standard French income tax rate	**34.43%**	**34.43%**	**34.43%**
Increases (reductions):			
- Effect of foreign income tax rates	(2.91%)	(3.68%)	(0.45%)
- Non-taxable items	3.16%	0.15%	0.65%
- Income taxable at specific rates	1.87%	1.37%	1.65%
- Other	2.09%	(1.64%)	(1.67%)
	38.64%	30.63%	34.61%
Impact on deferred taxes of:			
- Changes in tax rates	0.00%	(0.02%)	0.03%
- Recognition or non-recognition of deferred tax assets	0.03%	0.38%	0.16%
Effective tax rate	**38.67%**	**30.99%**	**34.80%**

Non-taxable items at June 30, 2009 included the €15.9 million in goodwill impairment. Adjusted for this item, the effective tax rate would have been 35.47% for the period.

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, 2009**	**December 31, 2008**	**December 31, 2007**
Deferred taxes recorded by French companies	(354.9)	(360.3)	(377.9)
Deferred taxes recorded by foreign companies	(207.2)	(202.2)	(212.7)
	(562.1)	**(562.5)**	**(590.6)**
Origin of deferred taxes:			
- Depreciation of fixed assets	(88.8)	(79.6)	(57.8)
- Tax loss carryforwards	3.5	5.3	6.1
- Statutory profit-sharing	4.4	4.9	2.7
- Pensions and other post-employment benefits	19.5	21.0	15.2
- Developed technology	(14.5)	(19.3)	(34.6)
- Trademarks	(537.3)	(531.8)	(527.5)
- Impairment losses on inventories and receivables	28.8	22.1	19.7
- Fair value adjustments to derivative instruments	(5.2)	(5.3)	(6.9)
- Translation adjustments	0.1	0.1	0.7
- Non-deductible provisions	58.5	47.5	29.8
- Margin on inventories	14.7	16.4	13.6
- Other	(45.8)	(43.8)	(51.6)
	(562.1)	**(562.5)**	**(590.6)**
- Of which deferred tax assets	80.2	76.4	64.3
- Of which deferred tax liabilities	(642.3)	(638.9)	(654.9)

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

(in € millions)	**June 30, 2009**	**December 31, 2008**	**December 31, 2007**
Deferred taxes – short term	70.0	62.5	42.6
Deferred taxes – long term	(632.1)	(625.0)	(633.2)
	(562.1)	**(562.5)**	**(590.6)**

Tax losses carried forward broke down as follows:

(in € millions)	**June 30, 2009**	**December 31, 2008**	**December 31, 2007**
Net recognized operating losses carried forward	15.2	21.5	24.1
Recognized deferred tax assets	3.5	5.3	6.1
Net unrecognized operating losses carried forward	102.7	95.1	110.5
Unrecognized deferred tax assets	29.8	27.7	32.1
Total net operating losses carried forward	117.9	116.6	134.6

21) 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 should not have a material adverse effect on the Group's consolidated financial position or results of operations.

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 rental commitments under leases are detailed below:

(in € millions)	**June 30, 2009**	**December 31, 2008**	**December 31, 2007**
Due within one year	34.8	18.5	18.9
Due in one to two years	26.9	13.9	14.8
Due in two to three years	20.3	10.6	11.5
Due in three to four years	13.4	7.8	8.7
Due in four to five years	6.4	5.1	7.0
Due beyond five years	6.6	3.5	7.1
	108.4	**59.4**	**68.0**

Operating leases, which until December 31, 2008 concerned only property rentals, include all kinds of rentals as of June 30, 2009.

Commitments to purchase property, plant and equipment

Commitments to purchase property, plant and equipment amounted to €19.8 million as of June 30, 2009.

22) Derivative instruments and management of financial risks

The Group's cash management strategy is based on overall financial 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 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 and as such are limited in duration and value.

This strategy is centralized at Group level. Its implementation is deployed by the Financing and Treasury Department who recommends appropriate measures and implements them after they have been validated by the Corporate Finance Department and Group senior management. A detailed reporting system has been set up to permit permanent close tracking of the Group's positions and effective oversight of the management of the financial risks described in this note.

Current financial assets and liabilities are as follows:

(in € millions)	**June 30, 2009**	**December 31, 2008**	**December 31, 2007**
Other current financial assets	**0.7**	**5.0**	**11.8**
Swaps on other borrowings	0.0	0.0	4.6
Financial derivatives with a positive fair value	0.7	5.0	7.2
Other current financial liabilities	**1.5**	**0.0**	**86.9**
Swaps on other borrowings	0.0	0.0	86.9
Financial derivatives with a negative fair value	1.5	0.0	0.0

The change in other current financial liabilities between December 31, 2007 and December 31, 2008 was mainly due to the expiration of the swap hedging the 8½% debentures (Yankee bonds).

a) Interest rate risk

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

As of June 30, 2009 the breakdown of debt (excluding debt issuance costs) between fixed and variable rate was as follows:

(in € millions)	**June 30, 2009**
Fixed rates	319.5
Variable rates	1,636.3

Interest rate risk arises mainly from variable-rate financial assets and liabilities and is managed primarily through the use of hedging instruments.

Based on average debt in 2009 and the hedging instruments described below, the Group estimates that a 100-basis point increase in interest rates on variable-rate debt should not result in a decrease in annual profit before taxes of more than €9.8 million (2008: €11.0 million; 2007: €13.0 million).

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 setting an upper limit on 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, 2009 *(in € millions)*			
Period covered	Amount hedged	Benchmark rate	Average guaranteed rate including premium
July 2009 – September 2009	1,250.0	3-month Euribor	5.83%
October 2009 – December 2009	850.0	3-month Euribor	5.88%
January 2010 – February 2010	350.0	3-month Euribor	5.51%
March 2010	100.0	3-month Euribor	5.55%
April 2010 – March 2011	500.0	3-month Euribor	3.51%
April 2011 – March 2012	200.0	3-month Euribor	4.15%

The caps do not fulfill the criteria for the application of hedge accounting under IAS 39 and have therefore been measured at fair value and recognized in 'Other current financial assets', in an amount of €0.7 million at June 30, 2009 (December 31, 2008: €1.0 million; December 31, 2007: €6.5 million). The effect of changes in fair value on consolidated profit was a €1.2 million loss in first-half 2009 (first-half 2008: €0.8 million gain; first-half 2007: €0.6 million loss), recognized in 'Finance costs and other financial income and expense, net' (Note 19 (b)).

Interest rate swap on the 8½% debentures (Yankee bonds) (Note 13)

The Group has also entered into interest rate swap with selected major financial institutions to hedge interest rate risks on the 8½% debentures. The fair value of this swap agreement 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.

The swap expired at the end of February 2008, in line with the April 2003 novation agreement under which the Group sold the tranche corresponding to the contract's 2008-2025 maturities. When the swap expired, refinancing of €86.0 million was arranged, corresponding to the Group's liability under the currency swap component.

The swap's purpose was to convert the fixed rate of interest payable to the holders of the 8½% debentures into a variable rate indexed on LIBOR. The swap's notional amount matched the amount of the debentures and its fair value was exactly symmetrical to the debentures' fair value. As a result, the effective interest rate of the debentures after the swap agreement was LIBOR plus 53 basis points.

In addition, in 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 continued to be at a variable rate (LIBOR plus 53 basis points).

Since February 2008, when the swap expired, the Group has once again been paying 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, 2009**	**December 31, 2008**	**December 31, 2007**
Notional amount *(in USD millions)*	0.0	0.0	400.0
Swaps (assets) *(in € millions)*	0.0	0.0	4.6
Swaps (liabilities) *(in € millions)*	0.0	0.0	86.9

The swaps have been measured at fair value in the balance sheet, with changes in fair value recognized through profit. The changes in fair value had no net effect on consolidated profit in first-half 2009 (first-half 2008: €3.2 million loss; first-half 2007: €1.8 million gain), recognized in 'Finance costs and other financial income and expense, net' (Note 19 (b)).

b) Currency risk

The Group operates in international markets and is therefore exposed to risks through its use of several different currencies.

The table below presents financial assets (cash and marketable securities) and financial liabilities by currency as of June 30, 2009:

(in € millions)	**Assets** **Cash and marketable securities**	**Equity and liabilities** **Financial liabilities (before debt issuance costs)**
Euro	51.6	1,387.4
Dollar	34.0	362.6
Other currencies	85.9	205.8
	171.5	**1,955.8**

Natural hedges are set up by matching allocation of net debt and operating profit in each of the Group's main operating currencies.

If required, when acquisition of an asset is financed using a currency other than the functional currency of the country, the Group may enter into forward-contracts to hedge its exchange rate risk. As at June 30, 2009 the Group has set up forward contracts in Brazilian real and Australian dollar which have a fair value of an amount of €1.5 million.

The table below presents the breakdown of net sales and operating expenses by currency as of June 30, 2009:

(in € millions)	**Net sales**		**Operating expenses (excluding purchase accounting adjustments relating to the acquisition and goodwill impairment)**	
Euro	1,057.9	58.4%	889.9	58.0%
Dollar	262.1	14.5%	229.3	14.9%
Other currencies	492.1	27.1%	415.7	27.1%
	1,812.1	**100.0%**	**1,534.9**	**100.0%**

Natural hedges are set up by matching costs and operating income in each of the Group's main operating currencies.

Residual amounts are hedged by options to limit the Group's exposure to fluctuations in the main currencies concerned, such as the US dollar, the Singapore dollar, the British pound and the Russian ruble. These hedges are for periods of less than 18 months. They do not fulfill the criteria for the application of hedge accounting under IAS 39 and have therefore been measured at fair value and recognized in 'Other current financial assets', or a value of zero as of June 30, 2009 (December 31, 2008: €4.0 million; December 31, 2007: €0.7 million). These hedges did not have any impact in first-half 2009 (first-half 2008: €1.3 million loss; first-half 2007: €0.4 million loss), recognized in 'Exchange gains (losses)' (Note 19 (a)).

The Group estimates that, all other things being equal, a 10% increase in the exchange rate of the euro against all other currencies in first-half 2009 would have resulted in a decrease in net revenue of approximately €69.0 million (first-half 2008: €78.0 million) and a decrease in operating profit of approximately €8.0 million (first-half 2008: €10.0 million).

c) Commodity risk

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

Raw materials purchases amounted to around €483 million in 2008 (2007: €477 million; 2006: €454 million).
A 10% increase in the price of all the raw materials used by the Group would theoretically feed through to around a €48 million increase in annual purchasing costs. However, the Group believes that it could, circumstances permitting, raise the prices of its products in the short term to offset the resulting adverse impact.

Specific derivative financial instruments (options) were set up for limited amounts and periods, to hedge part of the risk of an unfavorable change in copper prices. These contracts ended in December 2008.

The Group did not set up any hedging contracts in first-half 2009.

d) Credit risk

Credit risk covers both:

- Risks related to outstanding customer receivables.
- Counterparty risks with financial institutions.

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.

Financial instruments that may potentially expose the Group to counterparty risk are principally cash equivalents, short-term investments and hedging instruments. These assets are placed with leading financial institutions approved by the Group, which constantly monitors the amount of credit exposure with any one financial institution.

e) Liquidity risk

The Group considers that managing liquidity risk depends primarily on having access to diversified sources of financing as to their origin and maturity and this represents the basis of its Group-level control processes.

Under the provisions of the 2006 Credit Facility described in Note 13 (a) and the loan agreement for the bank loan described in Note 13 (c), consolidated adjusted net debt/adjusted maintainable EBITDA (net debt and maintainable EBITDA adjusted as defined in the loan agreements) must be less than or equal to 3.50 at the end of every six-month period. This ratio is tracked monthly; as of June 30, 2009 it stood at 2.19.

The total amount of net debt (€ 1,781.5 million as of June 30, 2009) is fully financed by financing facilities expiring at the earliest in 2013 and at the latest in 2025. In addition, the Group has financing capacity in undrawn lines of credit (Note 13 (d)).

23) Information relating to corporate officers

At the time of 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 in 2006, the main corporate officers became direct shareholders of Legrand.

a) Short-term benefits

(in € millions)	**June 30, 2009**	**June 30, 2008**	**June 30, 2007**
Advances and loans to corporate officers	0.0	0.0	0.0
Compensation paid to corporate officers*	1.3	1.7	1.3
Compensation due to corporate officers**	0.5	0.5	0.5

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

Compensation paid includes all variable compensation payable at the beginning of the year in relation to the achievement of targets for the previous year.

** Compensation due for the base year to executive officers and members of the Board of Directors who hold operating responsibilities within the Group.

Compensation due corresponds to fixed compensation paid during the period. Variable compensation for the year in progress is determined by the Compensation Committee at its meeting held at the beginning of the following year and is based on the achievement of full-year targets.

b) Post-employment benefits

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.

c) Other long-term benefits

In accordance with the Collective Bargaining Agreement for Steel Workers (Convention Collective de la Métallurgie), at June 30, 2009 Olivier Bazil's employment contract provided for the payment of a retirement bonus representing a maximum amount of four months salary. At the same date he was also subject to the standard non-compete covenant corresponding to the provisions of the non-compete covenant defined in the Collective Bargaining Agreement for Steel Workers (Convention Collective de la Métallurgie). The enforcement of this covenant is left to the Group's discretion and would result in a payment to the executive officers in the amount of 50% of their base salary over a maximum period of two years.

On March 4, 2009, Gilles Schnepp informed the Board of Directors of his decision to terminate his employment contract. This decision resulted in the termination of the non-compete clause contained in said employment contract. The Board deemed that it would be in the Group's interest to sign a new 2-year non-compete agreement with Gilles Schnepp, which could only be enforced at the Group's discretion. If the Group decided to enforce this non-compete obligation, Gilles Schnepp would receive monthly compensation representing 50% of his average monthly fixed and variable salary received during the last 12 months prior to his departure from the Group.

d) End of contract indemnities

Except amounts due as retirement indemnities or because of the non-compete covenant as mentioned above, the executive officers do not benefit from any other commitment linked to salary, indemnities or benefits due or likely to be due because of termination of their contract of employment (*contrat de travail*), modifications to them or subsequent to them.
Provisions as defined in the Collective Bargaining Agreement for Steel Workers (Convention Collective de la Métallurgie) would apply should the Group choose to terminate Olivier Bazil's employment contract.

e) Share-based payment

Under the 2009 free share and stock option plans, corporate officers were granted 23,491 free shares and 93,964 options.

Under the 2008 free share and stock option plans, corporate officers were granted 47,077 free shares and 141,231 options.

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

24) Information by geographical segment (Note 1 (r))

Legrand is the global specialist in products and systems for electrical installations and information networks where people live and work. The following information by geographical segment corresponds to the Group's consolidated reporting system.

6 months ended June 30, 2009 *(in € millions)*	Geographical segments France	Europe Italy	Others	USA/ Canada	Rest of the world	Items not allocated to segments	Total
Total revenue	1,119.7	413.0	427.8	289.6	409.0		2,659.1
Less intra-group transfers	(594.6)	(80.5)	(95.4)	(27.5)	(49.0)		(847.0)
Revenue	**525.1**	**332.5**	**332.4**	**262.1**	**360.0**		**1,812.1**
Cost of sales	(192.4)	(147.6)	(202.4)	(130.9)	(199.2)		(872.5)
Administrative and selling expenses, R&D costs	(212.3)	(93.9)	(96.5)	(97.0)	(98.2)		(597.9)
Other operating income (expense)	(27.9)	(6.9)	(27.9)	(5.0)	(32.0)		(99.7)
Operating profit	**92.5**	**84.1**	**5.6**	**29.2**	**30.6**		**242.0**
- of which Legrand post-acquisition expenses	(8.9)	(4.0)	(1.3)	(4.4)	(0.7)		(19.3)
- of which goodwill impairment					(15.9)		(15.9)
Adjusted operating profit	**101.4**	**88.1**	**6.9**	**33.6**	**47.2**		**277.2**
- of which depreciation expense	(24.6)	(14.1)	(8.8)	(6.8)	(9.2)		(63.5)
- of which amortization expense	(1.4)	(3.2)	(1.3)	(1.9)	(2.5)		(10.3)
- of which amortization of development costs	(3.7)	(1.7)	0.0	(0.4)	0.0		(5.8)
- of which restructuring costs	(4.9)	(0.8)	(19.2)	3.2	(7.7)		(29.4)
Exchange gains (losses)						(12.9)	(12.9)
Finance costs and other financial income and expense						(52.2)	(52.2)
Income tax expense						(68.4)	(68.4)
Minority interest and share of (loss)/profit of associates						(0.6)	(0.6)
Net cash provided by operating activities						247.9	247.9
Net proceeds from sales of fixed and financial assets						17.1	17.1
Capital expenditure	(13.4)	(11.4)	(6.9)	(2.3)	(7.1)		(41.1)
Capitalized development costs	(11.8)	(2.8)	(0.1)	(1.2)	(0.2)		(16.1)
Free cash flow*						**207.8**	**207.8**
Total assets						5,827.5	5,827.5
Segment liabilities	304.0	152.1	111.0	82.7	137.1		786.9

* Free cash flow is defined as the sum of net cash provided by operating activities and net proceeds from sales of fixed and financial assets minus capital expenditure and capitalized development costs.

6 months ended June 30, 2008 *(in € millions)*	France	Geographical segments Europe Italy	Others	USA/ Canada	Rest of the world	Items not allocated to segments	Total
Total revenue	1,386.9	561.9	580.2	308.4	450.1		3,287.5
Less intra-group transfers	(779.7)	(122.8)	(129.1)	(29.9)	(60.0)		(1,121.5)
Revenue	**607.2**	**439.1**	**451.1**	**278.5**	**390.1**		**2,166.0**
Cost of sales	(210.3)	(183.9)	(282.8)	(141.6)	(229.6)		(1,048.2)
Administrative and selling expenses, R&D costs	(251.1)	(116.6)	(121.5)	(101.6)	(104.9)		(695.7)
Other operating income (expense)	(34.2)	(3.9)	(8.1)	(6.1)	(6.2)		(58.5)
Operating profit	**111.6**	**134.7**	**38.7**	**29.2**	**49.4**		**363.6**
- of which Legrand post-acquisition expenses	(13.4)	(6.3)	(2.0)	(2.4)	(1.0)		(25.1)
Adjusted operating profit	**125.0**	**141.0**	**40.7**	**31.6**	**50.4**		**388.7**
- of which depreciation expense	(28.6)	(14.9)	(8.1)	(6.5)	(8.6)		(66.7)
- of which amortization expense	(1.3)	(2.9)	(0.5)	(1.2)	(1.5)		(7.4)
- of which amortization of development costs	(3.0)	(1.5)	0.0	(0.2)	0.0		(4.7)
- of which restructuring costs	(2.5)	(0.6)	(5.8)	(2.1)	(4.4)		(15.4)
Exchange gains (losses)						32.5	32.5
Finance costs and other financial income and expense						(57.1)	(57.1)
Income tax expense						(105.0)	(105.0)
Minority interest and share of (loss)/profit of associates						(0.9)	(0.9)
Net cash provided by operating activities						145.4	145.4
Net proceeds from sales of fixed and financial assets						6.1	6.1
Capital expenditure	(17.0)	(19.0)	(7.3)	(5.2)	(10.0)		(58.5)
Capitalized development costs	(7.8)	(3.2)	(0.0)	(1.6)	(0.0)		(12.6)
Free cash flow*						**80.4**	**80.4**
Total assets						6,405.1	6,405.1
Segment liabilities	391.3	254.1	138.1	91.3	150.3		1,025.1

* Free cash flow is defined as the sum of net cash provided by operating activities and net proceeds from sales of fixed and financial assets minus capital expenditure and capitalized development costs.

.

6 months ended June 30, 2007 *(in € millions)*	France	Geographical segments Europe Italy	 Others	 USA/ Canada	 Rest of the world	Items not allocated to segments	 Total
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 selling expenses, R&D costs	(234.2)	(112.7)	(108.9)	(110.1)	(87.9)		(653.8)
Other operating income (expense)	(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 Legrand post-acquisition expenses	(16.6)	(7.8)	(2.4)	(3.3)	(1.2)		(31.3)
Adjusted operating profit	**122.6**	**133.4**	**38.6**	**36.1**	**45.1**		**375.8**
- 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 restructuring costs	(1.5)	(5.3)	(1.1)	(2.2)	(4.2)		(14.3)
Exchange gains (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)
Net cash provided by operating activities						202.0	202.0
Net proceeds from sales of fixed and financial assets						7.2	7.2
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)
Free cash flow*						**135.4**	**135.4**
Total assets						6,192.2	6,192.2
Segment liabilities	365.6	247.4	153.4	96.0	120.9		983.3

* Free cash flow is defined as the sum of net cash provided by operating activities and net proceeds from sales of fixed and financial assets minus capital expenditure and capitalized development costs.

25) Quarterly data – non-audited

a) Quarterly revenue by geographical segment (billing region) – unaudited

(in € millions)	1st quarter 2009	1st quarter 2008	1st quarter 2007
France	260.0	293.3	306.0
Italy	173.4	226.5	223.5
Rest of Europe	170.4	218.3	198.7
USA/Canada	132.5	136.0	158.8
Rest of the world	165.1	174.9	145.7
Total	**901.4**	**1,049.0**	**1,032.7**

(in € millions)	2nd quarter 2009	2nd quarter 2008	2nd quarter 2007
France	265.1	313.9	310.9
Italy	159.1	212.6	206.0
Rest of Europe	162.0	232.8	209.4
USA/Canada	129.6	142.5	168.0
Rest of the world	194.9	215.2	168.7
Total	**910.7**	**1,117.0**	**1,063.0**

b) Quarterly income statements – unaudited

(in € millions)	1st quarter 2009	1st quarter 2008	1st quarter 2007
Revenue	**901.4**	**1,049.0**	**1,032.7**
Operating expenses			
Cost of sales	(433.9)	(507.6)	(507.3)
Administrative and selling expenses	(262.0)	(288.0)	(270.0)
Research and development costs	(48.2)	(54.8)	(54.8)
Other operating income (expense)	(31.8)	(23.6)	(31.2)
Operating profit	**125.5**	**175.0**	**169.4**
Finance costs	(34.3)	(37.5)	(38.1)
Financial income	4.1	8.3	9.6
Exchange gains (losses)	(11.4)	25.5	3.1
Finance costs and other financial income and expense, net	(41.6)	(3.7)	(25.4)
Share of profit of associates	0.0	0.6	0.5
Profit before tax	**83.9**	**171.9**	**144.5**
Income tax expense	(27.2)	(57.8)	(51.6)
Profit for the period	**56.7**	**114.1**	**92.9**
Attributable to:			
- Equity holders of Legrand	**56.5**	**113.8**	**92.4**
- Minority interests	**0.2**	**0.3**	**0.5**

(in € millions)	2nd quarter 2009	2nd quarter 2008	2nd quarter 2007
Revenue	**910.7**	**1,117.0**	**1,063.0**
Operating expenses			
Cost of sales	(438.6)	(540.6)	(526.7)
Administrative and selling expenses	(243.0)	(298.5)	(276.0)
Research and development costs	(44.7)	(54.4)	(53.0)
Other operating income (expense)	(67.9)	(34.9)	(32.2)
Operating profit	**116.5**	**188.6**	**175.1**
Finance costs	(24.9)	(31.2)	(30.5)
Financial income	2.9	3.3	5.9
Exchange gains (losses)	(1.5)	7.0	5.3
Finance costs and other financial income and expense, net	(23.5)	(20.9)	(19.3)
Share of profit of associates	0.0	(0.6)	0.1
Profit before tax	**93.0**	**167.1**	**155.9**
Income tax expense	(41.2)	(47.2)	(52.7)
Profit for the period	**51.8**	**119.9**	**103.2**
Attributable to:			
- Equity holders of Legrand	**51.4**	**119.3**	**102.8**
- Minority interests	**0.4**	**0.6**	**0.4**

26) Subsequent events

No significant events occurred between June 30, 2009 and the date when these consolidated financial statements were prepared.

4 STATUTORY AUDITORS' REPORT ON INTERIM CONSOLIDATED ACCOUNTS

Statutory auditors' review report on the first half-year financial information for 2009

To the Shareholders,

LEGRAND
Société Anonyme
128, avenue du Maréchal de Lattre de Tassigny
87000 Limoges

In compliance with the assignment entrusted to us by your Annual General Meetings and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*) , we hereby report to you on:

- the review of the accompanying half-year consolidated financial statements of Legrand, for the six-month period ended June 30, 2009,
- the verification of the information contained in the half-year management report.

These half-year consolidated financial statements are the responsibility of the Board of Directors and have been prepared in a context of economic crisis with uncertain economic outlooks. Our role is to express a conclusion on these financial statements based on our review, mentioning that we have not performed any work on the quarterly information in note 25 of the half-year consolidated financial statements.

1. Conclusion on the financial statements

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, 2009, and of the results of its operations for the six-month period then ended, in accordance with IFRSs as adopted by the European Union.

Without qualifying our conclusion above, we draw your attention to the note 1.a) of the half-year consolidated financial statements presenting the effect of the application from January 1, 2009 of "IAS 1 revised" on Presentation of Financial Statements.

2. Specific verification

We have also verified the information given in the half-year management report on the half-year consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the half-year consolidated financial statements.

Neuilly-sur-Seine, July 28, 2009
The Statutory Auditors

PricewaterhouseCoopers Audit
Gérard Morin
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Deloitte & Associés
Dominique Descours
185, avenue Charles-de-Gaulle
92200 Neuilly-sur-Seine