www.legrand.com

Half-yearly financial report June 30, 2012

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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 located at 128 avenue du Maréchal de Lattre de Tassigny, 87000 Limoges, France, registered at the Limoges trade and companies register under the number 421 259 615, hereinafter referred to as “the Company”.

1.1.2 - Responsibility statement

“I hereby certify that, to the best of my knowledge, the full consolidated financial statements for the first half 2012 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 5 of the half-yearly financial report fairly presents the material events that occurred in the first six months of the financial year and their impact of 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 des commissaires aux comptes de Versailles)*

Represented par Gérard Morin
Crystal Park
63, rue de Villiers
92208 Neuilly-sur-Seine

Appointed Deputy Statutory Auditor at the Ordinary General Meeting of Shareholders 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 Ordinary General Meeting of Shareholders of May 27, 2010 for a term of six financial years. This appointment expires at the end of the Ordinary General Meeting of Shareholders convened to vote on the financial statements for the financial year ended December 31, 2015.

Deloitte & Associés

Member of the Regional Body of Statutory Auditors in Versailles
(*Compagnie régionale des commissaires aux comptes de Versailles)*

Represented par Jean-Marc Lumet
185, avenue Charles-de-Gaulle
BP 136
92524 Neuilly-sur-Seine Cedex

Appointed as Principal Statutory Auditor at the Ordinary General Meeting of Shareholders of December 21, 2005 and renewed as Principal Statutory Auditor at the Ordinary General Meeting of Shareholders of May 26, 2011, for a term of six financial years. This appointment expires at the end of the Ordinary General Meeting of Shareholders convened to vote on the financial statements for the financial year ended December 31, 2016.

1.2.2 - Deputy Statutory Auditors

Monsieur **Yves Nicolas**

Member of the Regional Body of Statutory Auditors in Versailles
(*Compagnie régionale des commissaires aux comptes de Versailles)*
Crystal Park
63, rue de Villiers
92208 Neuilly-sur-Seine

Appointed Deputy Statutory Auditor at the Ordinary General Meeting of Shareholders of March 2, 2004 and renewed as Deputy Statutory Auditor at the Ordinary General Meeting of Shareholders of May 27, 2010 for a term of six financial years. This appointment expires at the end of the Ordinary General Meeting of Shareholders convened to vote on the financial statements for the financial year ended December 31, 2015.

BEAS

Member of the Regional Body of Statutory Auditors in Versailles
(*Compagnie régionale des commissaires aux comptes de Versailles)*
7-9, Villa Houssay
92524 Neuilly-sur-Seine Cedex

Appointed Deputy Statutory Auditor at the Ordinary General Meeting of Shareholders of December 21, 2005 and renewed as Deputy Statutory Auditor at the Ordinary General Meeting of Shareholders of May 26, 2011 for a term of six financial years. This appointment expires at the end of the Ordinary General Meeting of Shareholders convened to vote on the financial statements for the financial year ended December 31, 2016.

1.3 - FINANCIAL INFORMATION

1.3.1 - Person responsible for financial information

Mr. **Antoine Burel**

Chief Financial Officer

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 to be disclosed to the public by the Company will be available from the Company's website (www.legrand.com).

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

- 2011 nine-month results: November 8, 2012;
- 2012 annual results: February 14, 2013.

2 HALF-YEAR REPORT FOR THE SIX MONTHS ENDED JUNE 30, 2012

2.1. INTRODUCTION

The following review of Legrand's financial position and the results of operations should be read in conjunction with the consolidated financial statements and the related notes for the six-month period ended June 30, 2012 as set out in chapter 3 of this half-yearly financial report and other information included in the Registration Document (*Document de référence*) filed with the French *Autorité des marchés financiers* (AMF) on April 5 2012, under number D.12-0291 and updated on May 11, 2012 under number D.12-0291-A01. The Company's financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the European Union. This review also includes forward-looking statements based on assumptions about the company's future business. Actual results could differ materially from those contained in these forward-looking statements.

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

2.2. OVERVIEW

Legrand is the global specialist in electrical and digital building infrastructures. The Group develops, manufactures and markets a complete range of control and command, cable management, energy distribution and Voice, Data and Image ("VDI") products and systems under internationally recognized general brand names, including *Legrand* and *Bticino*, as well as well-known local and specialist brands. Legrand has commercial and industrial facilities in more than 70 countries and sells a wide range of products, consisting of over 190,000 catalog items, in nearly 180 countries. In 2011, its consolidated net sales amounted to €4,250.1 million, of which 77% were generated outside France.

Legrand's financial position and results of operations are reported on the basis of five geographic zones that 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 2012 and 2011 in Note 24 to the consolidated financial statements 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 Russia, Turkey, Spain, Belgium, the United Kingdom, Poland, the Netherlands, Germany, Portugal, Greece and Austria);
- United States and Canada; and
- Rest of the World (principally Brazil, China, India, Australia, Mexico, Chile and Colombia).

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

2.3. RECENT EVENTS

During the first half and in keeping with its strategy of targeted, self-financed acquisitions of small and mid-size companies offering growth potential and strong market positions, Legrand announced three acquisitions:

- Numeric UPS, India's market leader in low- and medium-power UPS[1],
- Aegide, market leader in Voice-Data-Image cabinets for data centers in the Netherlands, and a front-running European contender in this market,
- Daneva[2], Brazil's leader in connection accessories.

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[1] UPS: Uninterruptible Power Supply
[2] A joint venture agreement has been signed and is subject to the approval of Brazil's competition authorities

The Group is thus continuing to strengthen its market positions, notably in new economies and new business segments.

Allowing for different dates for consolidation in Legrand's accounts, businesses acquired since July 2011 should boost 2012 group sales by around 4.5%.

Legrand is pursuing its innovation effort, one of its growth engines, with R&D spending representing close to 5% of sales and new products accounting for more than half of its investments. This has led to the launch of numerous new products since the beginning of the year, including:

- The Mingzhi surface-mounted wiring-device range in China,
- Home Network communication systems for home multimedia networks,
- New Sfera door-entry systems in Italy, soon to be deployed internationally,
- CCTV electronic security systems for the international market,
- Platinum floor sockets for European markets,
- The new generation of Practice flush-mounted emergency lighting units in France.

The group has continued to expand its existing offer by adding new functions, in particular to wiring device ranges that include Céliane and Arteor, and energy distribution offers such as Puissance[3].

2.4. COMPARAISON OF FIRST-HALF RESULTS IN 2011 AND 2012

	Legrand Six months ended June 30	
(in € millions)	**2012**	**2011**
Net sales	**2,223.7**	**2,107.8**
Operating expense		
Cost of goods sold	(1,051.3)	(981.0)
Administrative and selling expense	(605.1)	(570.7)
Research and development expense	(95.8)	(99.5)
Other operating income (expense)	(27.2)	(31.1)
Operating income	**444.3**	**425.5**
Finance costs	(51.0)	(46.5)
Financial income	10.5	12.1
Foreign exchange gains (losses)	(10.6)	10.7
Finance costs and other financial income and expense, net	**(51.1)**	**(23.7)**
Income before taxes	**393.2**	**401.8**
Income taxes	(123.8)	(135.0)
Net income for the period	**269.4**	**266.8**
Net income attributable to:		
– Legrand	**268.7**	**266.4**
– Minority interests	**0.7**	**0.4**

The table below presents the calculation of adjusted operating income (defined as operating income adjusted for amortization of the revaluation of intangible assets and for expense/income, relating both to acquisitions and, if applicable, for impairment of goodwill), and maintainable adjusted operating income (i.e., excluding restructuring charges) for the periods under review:

	Legrand Six months ended June 30	
(in € millions)	**2012**	**2011**
Net income for the period	**269.4**	**266.8**
Income taxes	123.8	135.0
Foreign exchange (gains) losses	10.6	(10.7)
Financial income	(10.5)	(12.1)
Finance costs	51.0	46.5
Operating income	**444.3**	**425.5**
Amortization and costs related to acquisitions	12.2	17.2
Impairment of goodwill	0.0	0.0
Adjusted operating income	**456.5**	**442.7**
Restructuring charges	4.6	13.2
Maintainable adjusted operating income	461.1	455.9

2.4.1. NET SALES

Consolidated net sales rose 5.5% to €2,223.7 million in the first six months of 2012, up from €2,107.8 million in the first six months of 2011, reflecting:

- a 5.4% rise due to changes in the scope of consolidation, reflecting Legrand's policy of targeted, self-financed acquisitions; and
- a 1.5% rise due to trends in exchange rates over the period;

partially offset by:

- a 1.3% organic[3] decline due to a high basis for comparison in the first half of 2011, particularly in France. Furthermore, expansion in new economies—where organic growth was over 5%—combined with a rise in sales in the United States offset trends observed in most mature markets in Europe.

Excluding the effects of changes in the scope of consolidation and using constant exchange rates, changes in net sales by destination (local market of the end customer) from the first six months of 2011 to the first six months of 2012 were as follows:

France	-2.9%
Italy	-12.8%
Rest of Europe	+0.2%
United States and Canada	+3.0%
Rest of the world	+3.2%
TOTAL	**-1.3%**

[3] Organic: at constant scope of consolidation and exchange rates.

France. Sales in France were down 2.7% in the first half of 2012 to €506.8 million compared with €520.9 million in the first half of 2011. This decrease came primarily from 2.9% decline in organic growth reflecting a high basis for comparison in the first half of 2011, resulting notably from major new-product launches. Restated for this demanding basis for comparison, sales in France were nearly unchanged, showing good resilience in areas in which Legrand holds solid market positions, including wiring devices and emergency lighting, which have seen healthy growth over the past two years.

Italy. Net sales in Italy were down 12.8% to €302.5 million in the first half of 2012, from €347.0 million in the first half of 2011. Sales to distributors (sell-in) were down 12.8%, but downstream sell-out of Legrand products by distributors was approximately 3 points higher than sell-in and thus stood at around -10%. In difficult market conditions, the group benefits from its robust leadership positions, especially in wiring devices.

Rest of Europe. Net sales in the Rest of Europe zone rose 2.7% to €401.3 million in the first half of 2012, up from €390.9 million in the first half of 2011. This increase reflects an 0.2% organic trend in sales, and the change in scope of consolidation had a positive impact of 3.2%, due primarily to the consolidation of Aegide in the Netherlands, which was partially offset by an unfavorable exchange-rate effect of 0.7%. The 0.2% organic trend reflects good performances in Russia and Eastern Europe in general, Turkey, Germany and Austria, which offset activities in Southern Europe (Spain, Portugal, Greece) that are still experiencing difficulties.

United States and Canada. Net sales in the United States/Canada zone rose 27.5% to €356.2 million in the first half of 2012, up from €279.4 million in the first half of 2011. This reflected organic growth of 3.0%, buoyed by good showings in wiring devices, wire-mesh cable management and home systems, a change in scope of consolidation that added 14.6% and corresponded mainly to the consolidation of Middle Atlantic Products, and a favorable exchange-rate effect of 8.0%. The residential market showed signs of improvement in the first half of the year, but is still well below historic levels, while non-residential activity has not yet recovered.

Rest of the World. Net sales in the Rest of the World zone rose 15.3% to €656.9 million in the first half of 2012, up from €569.6 million in the first half of 2011. This reflected 3.2% organic growth with good showings in India, China, Chile, Colombia, Saudi Arabia and South Africa; a positive impact of 10.3% from changes in scope of consolidation, due primarily to the consolidation of SMS in Brazil and Megapower in Malaysia; and a favorable exchange-rate effect of 1.3 %.

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

Net sales € millions, except %	**1st half 2011**	**1st half 2012**	**Total change**	**Change in scope of consolidation**	**Organic growth[1]**	**Exchange-rate effect**
France	520.9	506.8	-2.7%	0.2%	-2.9%	0.0%
Italy	347.0	302.5	-12.8%	0.0%	-12.8%	0.0%
Rest of Europe	390.9	401.3	2.7%	3.2%	0.2%	-0.7%
USA/Canada	279.4	356.2	27.5%	14.6%	3.0%	8.0%
Rest of the World	569.6	656.9	15.3%	10.3%	3.2%	1.3%
CONSOLIDATED TOTAL	**2,107.8**	**2,223.7**	**5.5%**	**5.4%**	**- 1.3%**	**1.5%**

[1] *At constant scope of consolidation and exchange rates*

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

Net sales **€ million, except %**	**1st half 2011**	**1st half 2012**	**Total change**	**Change in scope of consolidation**	**Organic growth(1)**	**Exchange-rate effect**
France	583.2	565.5	-3.0%	-0.5%	-2.5%	0.0%
Italy	368.2	316.8	-14.0%	0.0%	-14.0%	0.0%
Rest of Europe	381.7	394.3	3.3%	3.3%	0.8%	-0.8%
USA/Canada	284.2	362.4	27.5%	14.9%	2.7%	8.1%
Rest of the World	490.5	584.7	19.2%	12.4%	4.5%	1.5%
CONSOLIDATED TOTAL	**2,107.8**	**2,223.7**	**5.5%**	**5.4%**	**-1.3%**	**1.5%**

(1) At constant scope of consolidation and exchange rates

2.4.2. OPERATING EXPENSE

➢ COST OF GOODS SOLD

The consolidated cost of goods sold rose by 7.2% to €1,051.3 million in the first half of 2012, compared with €981.0 million in the first half of 2011, primarily due to:

- the rise in price for raw materials and components in the first half of 2012;
- the lower inventory build-up in the first half of 2012 compared with the first half of 2011;
- the exchange-rate effect, as the euro fell against several currencies; and
- consolidation of newly-acquired entities;

partially offset by:

- a decline in the volume of raw materials and components used due to the decline in production; and
- ongoing efforts to raise productivity and improve our processes.

As a percentage of net sales, cost of goods sold showed an increase from 46.5% in the first six months of 2011 to 47.3% in the first six months of 2012.

➢ ADMINISTRATIVE AND SELLING EXPENSE

Administrative and selling expense rose 6.0% to €605.1 million during the first half of 2012, up from €570.7 million in the first half of 2011. This increase is essentially attributable to:

- consolidation of new acquisitions;
- the impact of exchange rates, with the euro losing ground against several currencies; and
- strengthening of the Group's sales presence, especially in new economies.

More generally, at constant scope of consolidation and exchange rates, administrative and selling expense declined 0.9% in the first six months of 2012 compared with the same period of 2011.

Expressed as a percentage of sales, administrative and selling expense was largely unchanged, at 27.2% in the first half of 2012 compared with 27.1% in the first half of 2011.

➢ RESEARCH AND DEVELOPMENT EXPENSE

In accordance with IAS 38 “Intangible Assets”, Legrand has implemented an internal measurement and accounting system for development expense to be recognized as intangible assets. On this basis, €15.1 million in development expense was capitalized in the first half of 2012 compared with €15.5 million in the first half of 2011.

Research and development expense totaled €95.8 million in the first half of 2012 compared with €99.5 million in the first half of 2011.

Excluding the impact of the capitalization of development costs and purchase accounting charges relating to the acquisition of Legrand France, as well as the tax credit for research & development activities, research and development expense rose 7.6% to €108.2 million in the first half of 2012 (4.9% of net sales), compared with €100.6 million in the first half of 2011 (4.8% of net sales). This rise in research and development expense was due in part to ongoing efforts to enrich the group’s product offering and to the integration of newly-acquired businesses.

During the first half of 2012, Legrand actively pursued its commitment to innovation as a driver of organic growth. For a description of major new-product launches, see section 2.3 above.

	Calculation of research and development expenditure in the six months ended June 30	
(€ millions)	**2012**	**2011**
Research and development expense	(95.8)	(99.5)
Amortization related to acquisitions and R&D tax credit	(7.8)	2.2
Amortization of capitalized development expense	10.5	12.2
R&D expense before capitalized development expense	**(93.1)**	**(85.1)**
Capitalized development expense	(15.1)	(15.5)
Research and development expenditure for the period	**(108.2)**	**(100.6)**

➢ OTHER OPERATING INCOME AND EXPENSE

In the first six months of 2012, other operating expense totaled €27.2 million compared with €31.1 million in the same period of 2011. This change is linked in particular to a reduction in restructuring costs, notably in the Rest of Europe region.

2.4.3. OPERATING INCOME

Consolidated operating income rose 4.4% from €425.5 million in the first half of 2011 to €444.3 million in the first half of 2012. This increase resulted from:

- a 5.5% rise in net sales, including the consolidation of new acquisitions; and
- a 12.5% decline in other income and operating expense;

partly offset by:

- a 7.2% increase in cost of goods sold;
- a 4.6% rise in administrative, selling and research & development expense.

Consolidated operating income as a percentage of net sales was almost maintained, representing 20.0% in the first half of 2012 compared with 20.2% in the first half of 2011.

2.4.4. ADJUSTED OPERATING INCOME

Adjusted operating income is defined as operating income adjusted for amortization of the revaluation of intangible assets and for expense/income, relating both to acquisitions, and if applicable, for impairment of goodwill.

Adjusted operating income rose 3.1% from €442.7 million in the first half of 2011 to €456.5 million in the first half of 2012, reflecting gains in most geographical zones. Analyzed more closely, results were as follows by zone:

- a rise to €143.1 million in France during the first half of 2012 compared to €141.0 million in the first half of 2011, representing 25.3% of net sales in the first six months of 2012 compared to 24.2% in the first six months of 2011;
- a decline to €99.5 million in Italy during the first half of 2012 compared to €125.9 million during the first half of 2011, representing 31.4% of net sales in the first six months of 2012 compared to 34.2% of net sales in the first six months of 2011;
- a 24.0% increase in the Rest of Europe zone that set the figure for the first half of 2012 at €50.2 million or 12.7% of sales compared with €40.5 million or 10.6% of sales in the same period of 2011;
- a rise in the US and Canada to €52.4 million or 14.5% of sales in the first half of 2012, compared with €51.4 million or 18.1% of sales in the first half of 2011;
- a substantial 32.7% increase in the Rest of the World zone, setting the total at €111.3 million or 19.0% of sales in the first half of 2012, up from €83.9 million or 17.1% of sales in the first half of 2011.

In the first half of 2012, Legrand's adjusted operating margin stood at 20.5%. This good operating performance illustrates the quality and soundness of Legrand's market positions, the responsiveness of group teams to highly differentiated changes in business trends, and Legrand's ability to keep pricing management under control.

2.4.5. FINANCE COSTS AND FINANCIAL INCOME

Consolidated finance costs rose 9.7% in the first half of 2012 to €51.0 million compared with €46.5 million in the first half of 2011. Consolidated financial income represented €10.5 million in the first half of 2012 and €12.1 million in the first half of 2011. Expressed as a percentage of sales, net finance costs went from 1.6% during the first six months of 2011 to 1.8% during the first six months of 2012. The rise in financial income and expense is due, as anticipated, mainly to higher average debt and changes in the structure of Legrand's gross debt.

2.4.6. FOREIGN EXCHANGE GAINS AND LOSSES

Exchanges losses amounted to €10.6 million in the first six months of 2012, compared with gains of €10.7 million in the same period of 2011. This variation was principally attributable to the euro's change against other currencies (in particular the impact of this change on the valuation of inter-company loans, also reflected in an increase in translation reserves) given the decline of the euro in 2012 compared to a rise in 2011.

2.4.7. INCOME TAX EXPENSE

Consolidated income tax expense amounted to €123.8 million in the first half of 2012 compared with €135.0 million in the first half of 2011. This decline corresponds to a drop of around two points in the effective tax rate.

2.4.8. NET INCOME

Consolidated net income rose 1.0% from €266.8 million in the first half of 2011 to €269.4 million in the first half of 2012. This increase resulted from:

- an €18.8 million rise in operating income, including the consolidation of new acquisitions; and
- an €11.2 million decline in income tax;

partly offset by:

- an increase of €6.1 million in net finance costs; and

- the negative effect of foreign exchange gains and losses in an amount of €10.6 million in the first half of 2012 compared to a positive effect of €10.7 million in the first half of 2011.

2.4.9. CASH FLOWS

The table below summarizes cash flows for the six-month periods ended June 30, 2012 and June 30, 2011:

	Legrand Six months ended June 30	
(€ millions)	**2012**	**2011**
Net cash of operating activities	259.0	239.3
Net cash of investing activities*	(214.0)	(211.0)
Net cash of financing activities	(225.1)	254.0
Increase (reduction) in cash and cash equivalents	(178.2)	274.1
** of which capital expenditure and capitalized development costs*	*(48.3)*	*(60.9)*

For a full presentation of Legrand's cash flows, see the consolidated statement of cash flow in the Group's consolidated financial statements.

➢ NET CASH OF OPERATING ACTIVITIES

Net cash provided by operating activities stood at €259.0 million at June 30, 2012 compared with €239.3 million at June 30, 2011, an increase of €19.7 million due primarily to changes in current operating assets and liabilities. Changes in current operating assets and liabilities set cash used at €101.1 million in the first half of 2012 compared with €131.8 million in the same period of 2011, or a reduction of €30.7 million.

Cash flow from operations (defined as net cash of operating activities, plus changes in current operating assets and liabilities) represented €371.1 million at June 30, 2011 and €360.1 million at June 30, 2012, a trend linked primarily to fluctuations in other non-current operating assets and liabilities from one period to the next.

➢ NET CASH OF INVESTING ACTIVITIES

Net cash used in investing activities for the six months ended June 30, 2012 amounted to €214.0 million compared with €211.0 million for the period ended June 30, 2011. This increase mainly reflects increased investment in consolidated and non-consolidated entities, partly offset by a decline in capital expenditure.

Capital expenditure and capitalized development costs amounted to €48.3 million in the first half of 2012 (including €15.1 million in capitalized development costs), showing a 20.7% decline from €60.9 million in the period ended June 30, 2011, a figure that includes €15.5 million in capitalized development costs. Investment in new products represented over half of total capital expenditure and capitalized development costs in the first half of 2012.

➢ NET CASH OF FINANCING ACTIVITIES

Net cash provided by financing activities was a negative €225.1 million in the first half of 2012, including bonds issued in April 2012 for a total €400 million and dividends paid in a total amount of €245.0 million, as well as repayment of loans and reduction in overdrafts for a total of €384.3 million. This compares with a positive €254.0 million in the first half of 2011, including in particular a €400 million bond issue in March 2011 and the payment of dividends in an amount of €231.4 million.

2.4.10. DEBT

Gross debt (defined as the sum of long-term and short-term borrowings, including commercial paper and bank overdrafts) amounted to €1,798.6 million at June 30, 2012 compared to €1,881.5 million at June 30, 2011. Cash and cash equivalents amounted to €310.1 million at June 30, 2012, compared to €506.4 million at June 30, 2011. Net debt (defined as gross debt less cash and cash equivalents) totaled €1,488.5 million at June 30, 2012 compared to €1,375.1 million at June 30, 2011.

The ratio of consolidated net debt to consolidated shareholders' equity was 50% at June 30, 2012, unchanged from June 30, 2011.

At June 30, 2012, aggregate gross indebtedness consisted of:

- €1,106.1 million in bonds issued in February 2010, March 2011 and April 2012, this last bond being issued with a very competitive 3.38% coupon and a long 10-year maturity;
- €308.7 million in Yankee bonds;
- €177.4 million under the 2006 credit facility; and
- €206.4 million in other debt, mainly bank borrowings, bank overdrafts and financial debt linked to acquisitions.

2.5. RELATED PARTY TRANSACTIONS

Readers should refer to Note 23 to the consolidated financial statements for the six-month period ended June 30, 2012, 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 4 of the Registration Document (*Document de référence*) filed with the French Autorité des Marchés Financiers (AMF) on 5 April 2012 under number D.12-0291, and updated on May 11, 2012 under number D.12-0291-A01, and to Note 22 to the consolidated financial statements presented in chapter 3 of this half-year financial report for the period to June 30, 2012, which comments on the risk factors of a nature to adversely affect the group's position and risk management.

2.7. PROSPECTS

Based on first-half 2012 achievements and in the absence of marked worsening in the economic environment, Legrand confirms its targets for 2012:

- organic[4] growth in sales of about zero,
- adjusted operating margin equaling or exceeding 19% of sales, including acquisitions[5].

[4] Organic: at constant scope of consolidation and exchange rates.
[5] Small and medium-size bolt-on acquisitions.

3 INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2012

Consolidated Statement of Income

(in € millions)	Legrand 6 months ended June 30, 2012	2011
Revenue (Note 1 (k))	**2,223.7**	**2,107.8**
Operating expenses		
Cost of sales	(1,051.3)	(981.0)
Administrative and selling expenses	(605.1)	(570.7)
Research and development costs	(95.8)	(99.5)
Other operating income (expense) (Note 18 (b))	(27.2)	(31.1)
Operating profit (Note 18)	**444.3**	**425.5**
Finance costs (Note 19 (b))	(51.0)	(46.5)
Financial income (Note 19 (b))	10.5	12.1
Exchange gains (losses) (Note 19 (a))	(10.6)	10.7
Finance costs and other financial income and expense, net	(51.1)	(23.7)
Profit before tax	**393.2**	**401.8**
Income tax expense (Note 20)	(123.8)	(135.0)
Profit for the period	**269.4**	**266.8**
Attributable to:		
– Legrand	**268.7**	**266.4**
– Minority interests	**0.7**	**0.4**
Basic earnings per share *(euros)* (Notes 10 and 1 (r))	1.021	1.015
Diluted earnings per share *(euros)* (Notes 10 and 1 (r))	1.012	0.975

Statement of Comprehensive Income

(in € millions)	6 months ended June 30, 2012	June 30, 2011
Profit for the period	269.4	266.8
Items that may be reclassified subsequently to profit or loss		
Translation reserves (Notes 1 (l) and 12 (b))	13.1	(55.9)
Income tax relating to components of other comprehensive income (Note 20)	3.5	(7.8)
Items that will not be reclassified to profit or loss		
Actuarial gains and losses (Notes 1 (p) and 15)	(17.4)	1.7
Deferred taxes on actuarial gains and losses	5.9	(0.9)
Comprehensive income for the period	**274.5**	**203.9**

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

Consolidated Balance Sheet

(in € millions)	Legrand June 30, 2012	 December 31, 2011
ASSETS		
Current assets		
Cash and cash equivalents (Notes 1 (d) and 9)	310.1	488.3
Income tax receivables	35.9	15.0
Trade receivables (Notes 1 (e) and 7)	614.7	534.9
Other current assets (Note 8)	134.3	141.9
Inventories (Notes 1 (i) and 6)	638.8	601.0
Other current financial assets (Note 22)	0.8	0.2
Total current assets	**1,734.6**	**1,781.3**
Non-current assets		
Intangible assets (Notes 1 (f) and 2)	1,804.6	1,767.4
Goodwill (Notes 1 (g) and 3)	2,519.7	2,403.5
Property, plant and equipment (Notes 1 (h) and 4)	585.4	605.9
Other investments (Note 5)	1.3	0.9
Deferred tax assets (Notes 1 (j) and 20)	110.5	91.9
Other non-current assets	2.5	4.6
Total non-current assets	**5,024.0**	**4,874.2**
Total Assets	**6,758.6**	**6,655.5**

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

	Legrand	
	June 30,	December 31,
(in € millions)	2012	2011
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings (Notes 1 (s) and 16)	261.1	218.0
Income tax payable	31.0	31.3
Trade payables	486.2	435.0
Short-term provisions (Note 14)	110.4	107.3
Other current liabilities (Note 17)	445.7	483.9
Other current financial liabilities (Note 22)	0.2	2.0
Total current liabilities	**1,334.6**	**1,277.5**
Non-current liabilities		
Deferred tax liabilities (Notes 1 (j) and 20)	647.1	644.2
Long-term provisions (Note 14)	94.3	96.3
Other non-current liabilities	0.5	0.5
Provisions for pensions and other post-employment benefits (Notes 1 (p) and 15)	163.2	148.7
Long-term borrowings (Notes 1 (s) and 13)	1,537.5	1,539.1
Total non-current liabilities	**2,442.6**	**2,428.8**
Equity		
Share capital (Note 10)	1,054.7	1,053.6
Retained earnings (Note 12 (a))	2,083.2	2,064.3
Translation reserves (Note 12 (b))	(159.4)	(172.1)
Equity attributable to equity holders of Legrand	2,978.5	2,945.8
Minority interests	2.9	3.4
Total equity	**2,981.4**	**2,949.2**
Total Liabilities and Equity	**6,758.6**	**6,655.5**

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

Consolidated Statement of Cash Flows

(in € millions)	**Legrand** **6 months ended June 30,** **2012**	 **2011**
Profit for the period	**269.4**	**266.8**
Reconciliation of profit for the period to net cash provided of operating activities:		
– Depreciation expense (Note 18 (a))	51.6	55.0
– Amortization expense (Note 18 (a))	16.1	18.5
– Amortization of development costs (Note 18 (a))	10.5	12.2
– Amortization of finance costs	1.3	0.4
– Impairment of goodwill (Notes 3 and 18 (b))	0.0	0.0
– Changes in deferred taxes	2.3	2.7
– Changes in other non-current assets and liabilities	5.5	24.9
– Exchange (gains)/losses, net	6.3	(3.7)
– Other adjustments	0.6	(3.6)
(Gains)/losses on sales of assets, net	(3.5)	(2.1)
Changes in operating assets and liabilities:		
– Inventories	(25.3)	(73.3)
– Trade receivables	(61.9)	(90.3)
– Trade payables	43.2	63.8
– Other operating assets and liabilities	(57.1)	(32.0)
Net cash of operating activities	**259.0**	**239.3**
Net proceeds from sales of fixed and financial assets	5.5	6.1
Capital expenditure	(33.2)	(45.4)
Capitalized development costs	(15.1)	(15.5)
Changes in non-current financial assets and liabilities	(0.1)	0.4
Acquisitions of subsidiaries, net of cash acquired (Note 3) and investments in non-consolidated entities	(171.1)	(156.6)
Net cash of investing activities	**(214.0)**	**(211.0)**
– Proceeds from issues of share capital and premium (Note 10)	6.1	2.5
– Net sales (buybacks) of treasury shares and transactions under the liquidity contract (Note 10)	(9.9)	1.0
– Dividends paid to equity holders of Legrand	(245.0)	(231.4)
– Dividends paid by Legrand subsidiaries	(1.3)	0.0
– Proceeds from new borrowings and drawdowns	412.9	551.7
– Repayment of borrowings	(335.6)	(52.5)
– Debt issuance costs	(3.6)	(2.8)
– Proceeds from sales (purchases) of marketable securities	0.0	0.0
– Increase (reduction) in bank overdrafts	(48.7)	(14.5)
Net cash of financing activities	**(225.1)**	**254.0**
Effect of exchange rate changes on cash and cash equivalents	1.9	(8.2)
Increase in cash and cash equivalents	**(178.2)**	**274.1**
Cash and cash equivalents at the beginning of the period	488.3	232.3
Cash and cash equivalents at the end of the period (Note 9)	**310.1**	**506.4**
Items included in cash flows :		
– Free cash flow (Note 24)	216.2	184.5
– Interest paid during the period	50.9	39.7
– Income taxes paid during the period	137.1	117.9

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

Consolidated Statement of Changes in Equity

	Equity attributable to equity holders of Legrand				Minority interests	Total equity
(in € millions)	Share capital	Retained earnings	Translation reserves	TOTAL		
As of January 1, 2011	**1,052.6**	**1,810.7**	**(132.7)**	**2,730.6**	**5.4**	**2,736.0**
Profit for the period		266.4		266.4	0.4	266.8
Income (expenses) recognized directly in equity, net		(7.0)	(55.9)	(62.9)	0.0	(62.9)
Total recognized income and expenses, net		*259.4*	*(55.9)*	*203.5*	*0.4*	*203.9*
Dividends paid		(231.4)		(231.4)		(231.4)
Issues of share capital and premium	0.9	1.6		2.5		2.5
Net sales (buybacks) of shares and transactions under the liquidity contract		1.0		1.0		1.0
Change in scope of consolidation		(0.6)		(0.6)	(2.5)	(3.1)
Current taxes on share buybacks		(1.3)		(1.3)		(1.3)
Stock options		19.0		19.0		19.0
As of June 30, 2011	**1,053.5**	**1,858.4**	**(188.6)**	**2,723.3**	**3.3**	**2,726.6**
Profit for the period		212.2		212.2	0.3	212.5
Income (expenses) recognized directly in equity, net		3.8	16.5	20.3	0.0	20.3
Total recognized income and expenses, net		*216.0*	*16.5*	*232.5*	*0.3*	*232.8*
Dividends paid		0.0		0.0		0.0
Issues of share capital and premium	0.1	0.1		0.2		0.2
Net sales (buybacks) of shares and transactions under the liquidity contract		(0.3)		(0.3)		(0.3)
Change in scope of consolidation		(23.6)		(23.6)	(0.2)	(23.8)
Current taxes on share buybacks		0.2		0.2		0.2
Stock options		13.5		13.5		13.5
As of December 31, 2011	**1,053.6**	**2,064.3**	**(172.1)**	**2,945.8**	**3.4**	**2,949.2**
Profit for the period		268.7		268.7	0.7	269.4
Income (expenses) recognized directly in equity, net		(8.0)	12.7	4.7	0.4	5.1
Total recognized income and expenses, net		*260.7*	*12.7*	*273.4*	*1.1*	*274.5*
Dividends paid		(245.0)		(245.0)	(1.3)	(246.3)
Issues of share capital and premium (Note 10)	1.1	5.0		6.1		6.1
Net sales (buybacks) of shares and transactions under the liquidity contract (Note 10)		(9.9)		(9.9)		(9.9)
Change in scope of consolidation		(8.0)		(8.0)	(0.3)	(8.3)
Current taxes on share buybacks		0.8		0.8		0.8
Stock options (Note 11 (a))		15.3		15.3		15.3
As of June 30, 2012	**1,054.7**	**2,083.2**	**(159.4)**	**2,978.5**	**2.9**	**2,981.4**

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General information

Legrand (‘the Company’) and its subsidiaries (together ‘Legrand’ or ‘the Group’) are the global specialist in electrical and digital building infrastructures.

The Group has manufacturing and/or distribution subsidiaries and offices in more than 70 countries, and sells its products in about 180 countries. Its key markets are France, Italy, the United States, the Rest of Europe and the Rest of the World. The last two markets accounted for 48% of annual revenue in 2011, with a steadily rising contribution from the new economies (35% of the consolidated total in 2011).

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 2011 Registration Document was filed with the AMF on April 5, 2012 under no. D 12-0291, with an updated version filed on May 11, 2012 under no. D 12-0291-A01

The interim consolidated financial statements were approved by the Board of Directors on July 26, 2012.

List of consolidated companies

The consolidated financial statements comprise the financial statements of Legrand and 157 subsidiaries. All Legrand Group subsidiaries are fully consolidated.

The main fully consolidated operating subsidiaries as of June 30, 2012 are as follows:

French subsidiaries
Groupe Arnould
Legrand France
Legrand SNC

Foreign subsidiaries

Bticino	Italy
Bticino Chile Ltda	Chile
Bticino de Mexico SA de CV	Mexico
Cablofil Inc	United States
Electrical Industries SAE	Egypt
GL Eletro-Eletronicos Ltda	Brazil
HDL Da Amazonia Industria Electronica Ltda	Brazil
Indo Asian Electric PVT. LTD.	India
Inform Elektronik	Turkey
Kontaktor	Russia
Legrand	Russia
Legrand Colombia	Colombia
Legrand Electric	United Kingdom
Legrand Electrical	China
Legrand Elektrik	Turkey
Legrand Electrique	Belgium
Legrand España	Spain
Legrand Group Pty Ltd	Australia
Legrand India	India
Legrand Polska	Poland
Legrand Zrt	Hungary
Middle Atlantic Products Inc	United States
Ortronics Inc.	United States
Pass & Seymour Inc.	United States
Rocom	Hong Kong
Shidean	China
SMS Tecnologia Eletrônica Ltda	Brazil
TCL International Electrical	China
TCL Wuxi	China
WattStopper	United States
Wiremold Company	United States

At June 30, 2012 Legrand wholly owned all of its subsidiaries except for Alborz Electrical Industries Ltd, Kontaktor, Legrand Polska and Shidean, which were all over 95%-owned, and Megapower, which is 80%-held.

The contributions to the consolidated balance sheets and income statements of companies acquired since January 1, 2011 were as follows:

2011	March 31	June 30	September 30	December 31
Meta System Energy*	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Electrorack	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Intervox Systèmes		6 months' profit	9 months' profit	12 months' profit
Middle Atlantic Products Inc			4 months' profit	7 months' profit
SMS				5 months' profit
Megapower				Balance sheet only

* Balance sheet only as of December 31, 2010.

2012	March 31	June 30
Intervox Systèmes	3 months' profit	6 months' profit
Middle Atlantic Products Inc	3 months' profit	6 months' profit
SMS	3 months' profit	6 months' profit
Megapower	3 months' profit	6 months' profit
Aegide		4 months' profit
Numeric UPS		Balance sheet only

Companies consolidated in the first half of 2012 on the basis presented in the above tables contributed €136.0 million to consolidated revenue and €16.7 million to consolidated profit for the year.

The main acquisitions announced in first-half 2012 were as follows:

- In February, Legrand acquired Aegide, the market leader in VDI (Voice, Data, Image) cabinets for datacenters in the Netherlands and a front-running European contender in this market. Based near Eindhoven, Aegide has 170 employees.

- In February, Legrand announced the acquisition of Numeric UPS, India's market leader in low and medium power uninterruptible power supply (UPS) systems. Based mainly in Southeast India, Numeric UPS has eight production sites and a workforce of 2,500.

- In June, Legrand announced the signature of a joint venture agreement with Daneva, Brazil's leader in connection accessories. Subject to approval by local competition authorities, the transaction will involve the initial acquisition of 51% of Daneva's outstanding shares with an option to take full control from April 2014. Based near Sao Paulo, Daneva has nearly 500 employees.

In all, acquisitions of subsidiaries (net of cash acquired) and acquisitions of minority interests and investments in non-consolidated entities came to a total of €171.1 million in first half of 2012 (versus €156.6 million in the first half of 2011).

1) Accounting policies

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

The consolidated financial statements cover the 6 months ended June 30, 2012. They have been prepared in accordance with the International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretation Committee (IFRIC) interpretations adopted by the European Union and applicable or authorized for early adoption at June 30, 2012, 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 specific 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, amendments and interpretations

New standards, amendments and interpretations applied by the Group in 2012 that have no impact on its financial statements

Amendments to IFRS 7 – Financial Instruments: Disclosures

In October 2010, the IASB issued amendments to IFRS 7 entitled *Disclosures – Transfers of Financial Assets*. These amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets, and will require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of the reporting period.

These amendments are applicable to annual periods beginning on or after July 1, 2011.

New standards, amendments and interpretations that were early-applied by the Group in 2012

The Group has early applied the amendments to IAS 1 concerning the presentation of other comprehensive income (OCI). These amendments change the grouping of items presented in OCI. Items that could be reclassified (or "recycled") to profit or loss at a future point in time are to be presented separately from items that will never be reclassified, and income tax relating to components of OCI is to be allocated between items that may be reclassified and those that may not be reclassified.

New standards, amendments to standards or new interpretations not yet adopted by the European Union or not applicable to the Group until future periods

(1) Standards and interpretations adopted by the European Union:

Amendments to IAS 19 – Employee Benefits

In June 2011, the IASB published amendments to IAS 19 – Employee Benefits concerning the recognition of defined benefit plans. These amendments concern, in particular, elimination of the "corridor" method of accounting for actuarial gains and losses, the immediate recognition of all past service costs and the use of high quality corporate bond yields to determine the discount rate for calculating the net interest cost of employee benefit obligations to the exclusion of other benchmarks.

These amendments are applicable to annual periods beginning on or after January 1, 2013.

(2) Standards and interpretations not yet adopted by the European Union

IFRS 9 – Financial Instruments

In November 2009, the IASB published IFRS 9 – Financial Instruments to replace IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in IAS 39.

In October 2010, the IASB issued additions to IFRS 9 – Financial Instruments for financial liability accounting. Under the new requirements, which concern the classification and measurement of financial liabilities, an entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in the other comprehensive income (OCI) section of the income statement, rather than within profit and loss.

This standard, including the latest additions, will be applicable for annual periods beginning on or after January 1, 2015. Its early adoption is not possible as it has not yet been approved by the European Union.

Amendments to IAS 12 – Income Taxes

In December 2010, the IASB issued amendments to IAS 12 entitled *Deferred Tax: Recovery of Underlying Assets*. The amendments introduce a presumption that recovery of the carrying amount of an asset based on which deferred tax is measured will, normally, be through sale.

These amendments are applicable to annual periods beginning on or after January 1, 2012. Their early adoption is not possible as they have not yet been approved by the European Union.

New standards – Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests

In May 2011, the IASB issued new standards – IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements and IFRS 12 – Disclosure of Interests in Other Entities – as well as the resulting amendments to IAS 27, reissued as Separate Financial Statements, and IAS 28, reissued as Investments in Associates and Joint Ventures.

IFRS 10 – Consolidated Financial Statements introduces a single consolidation framework for all types of investee entities, based on the concept of control.

The new IFRS 11 – Joint Arrangements introduces new requirements in recognizing joint arrangements, with in particular the use of the equity method to account for joint ventures.

The new IFRS 12 – Disclosure of Interests in Other Entities integrates into a single standard the disclosures required for interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

IAS 27 and IAS 28 have been amended to bring them in compliance with the changes introduced by the issuance of IFRS 10, IFRS 11 and IFRS 12.

These new standards are applicable to annual periods beginning on or after January 1, 2013. Their early adoption is not possible as they have not yet been approved by the European Union.

IFRS 13 – Fair Value Measurement

In May 2011, IASB issued guidance for measuring fair value and for the related disclosures required in the notes to financial statements. The guidance is designed to establish a single framework for fair value measurement under IASs and IFRSs.

This new standard is applicable to annual periods beginning on or after January 1, 2013. Its early adoption is not possible as it has not yet been approved by the European Union.

Amendments to IAS 32 – Financial Instruments: Presentation
Amendments to IFRS 7 – Financial Instruments: Disclosures

In December 2011, the IASB published amendments to IAS 32 clarifying the rules for offsetting financial assets and liabilities, as well as amendments to IFRS 7 introducing new disclosure requirements for financial assets and liabilities.

The amendments to IAS 32 are applicable retrospectively and are effective for annual periods beginning on or after January 1, 2014. They may not be early adopted, as they have not been approved by the European Union.

The amendments to IFRS 7 are applicable retrospectively and are effective for annual periods beginning on or after January 1, 2013.

The Group is currently reviewing these standards, amendments and interpretations to assess their possible effect on its financial information.

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.

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 functional 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.

A receivable from or payable to a foreign Group entity, whose settlement is not planned nor likely to occur in the foreseeable future, is treated as part of the net investment in that entity. As a result, in compliance with IAS 21, translation gains and losses on such receivables or payables are recognized directly in equity, under “Translation reserves”.

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 costs that do not meet the definition of an intangible asset are recorded in research and development costs for the year in which they are 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 the Group'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 as described in Note 1 (g-2).

g) Goodwill

(1) Business combinations

In accordance with IFRS 3 (revised) – Business Combinations and IAS 27 (revised) – Consolidated and Separate Financial Statements:

- Changes in the percentage interest held in a controlled entity are recorded directly in equity without recognizing any additional goodwill.

- The cost of business combinations, as determined on the date when control is acquired, corresponds to the fair value of the acquired entities. As such, it does not include acquisition-related costs and expenses but does include contingent consideration at fair value.

- For each combination, the Group decides to use:

    i. Either the full goodwill method, whereby goodwill is the difference between a) the consideration paid to acquire the business combination plus the fair value of the non-controlling interests in the combination and b) the fair value at date of acquisition of the identifiable net assets acquired and liabilities assumed.

    ii. Or the partial goodwill method, whereby goodwill is the difference between a) the consideration paid to acquire the business combination and b) the fair value at date of acquisition of the identifiable net assets acquired and liabilities assumed, with non-controlling interests measured at the fair value of their share of the identifiable net assets.

(2) Impairment tests

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, to a group of countries whose markets have similar characteristics or to a group of economic regions managed as a single unit.

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, and other fixed assets 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:

Asset	Useful life
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 (of acquisition or production) or net realizable value, with cost determined principally on a first-in, first-out (FIFO) basis. The production 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) Valuation of financial instruments

(1) Hierarchical classification of financial instruments

Under the amended IFRS 7, financial instruments are classified in a three-level hierarchy based on the inputs used to measure their fair value, as follows:

- Level 1: quoted prices for similar instruments;
- Level 2: directly observable market inputs other than level 1 inputs;
- Level 3: inputs not based on observable market data.

(2) Measurement 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.

(3) Non-derivative financial instruments designated as hedges

Under IAS 39, non-derivative financial instruments may be designated as hedges only when they are used to hedge foreign currency risk and provided that they qualify for hedge accounting.

Accordingly, in the case of 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.

(4) Derivatives

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.

Accounting treatment of derivative instruments
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.

Put on non-controlling interests
In the particular case of puts written on non-controlling interests without no transfer of risks and benefits, the contractual obligation to purchase these equity instruments is recognized as a liability by adjusting equity in application of IAS 32. Any subsequent changes in the liability are recorded in equity.

Other derivative instruments
In the case of other derivative instruments, the Group analyses the substance of each transaction and recognizes any changes in fair value in accordance with IAS 39.

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

m) 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.

n) Share based payment transactions

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

The cost of stock options or performance shares 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.

o) 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.

p) Pension and other post-employment benefit obligations

(1) 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 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.

(2) 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 benefits are treated as post-employment benefits under the defined benefit scheme.

q) 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.

r) Basic and diluted earnings per share

Earnings per share are calculated in accordance with IAS 33 – Earnings Per Share.

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

Diluted earnings per share are calculated according to the treasury stock method, by dividing profit attributable to equity holders of Legrand by the weighted average number of ordinary shares outstanding during the period, plus the number of dilutive potential ordinary shares.

The weighted average number of ordinary shares outstanding used in these calculations is adjusted for the share buybacks and sales carried out during the period and does not take into account shares held in treasury.

s) Short- and long-term borrowings

Short- and long-term borrowings mainly comprise bonds and bank loans. They are initially recognized at fair value, taking into account any transaction costs directly attributable to the issue, and are subsequently measured at amortized cost, using the effective interest method.

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.

(1) 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.

(2) 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.

(3) 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 contingencies and charges, capitalized development costs, and any annual volume rebates offered to customers.

2) Intangible assets (Note 1 (f))

Intangible assets are as follows:

(in € millions)	**June 30, 2012**	**December 31, 2011**
Trademarks with indefinite useful lives	1,408.0	1,408.0
Trademarks with finite useful lives	225.1	191.3
Developed technology	0.0	0.0
Other intangible assets	171.5	168.1
	1,804.6	**1,767.4**

The Legrand and Bticino brands represent close to 98% of the total value of trademarks with indefinite useful lives.

Trademarks can be analyzed as follows:

(in € millions)	**June 30, 2012**	**December 31, 2011**
At the beginning of the period	1,686.6	1,674.1
- Acquisitions	39.3	7.4
- Adjustments	0.0	2.4
- Disposals	0.0	0.0
- Translation adjustments	4.4	2.7
	1,730.3	1,686.6
Less accumulated amortization	(97.2)	(87.3)
At the end of the period	**1,633.1**	**1,599.3**

In accordance with IAS 36, trademarks with indefinite useful lives are tested for impairment annually and whenever events or changes in circumstances indicate that their carrying amount may exceed their recoverable amount. There was no evidence of any such events or changes in circumstances in first-half 2012.

Developed technology can be analyzed as follows:

(in € millions)	**June 30, 2012**	**December 31, 2011**
At the beginning of the period	576.8	575.1
- Acquisitions	0.0	0.0
- Disposals	0.0	0.0
- Translation adjustments	1.1	1.7
	577.9	576.8
Less accumulated amortization	(577.9)	(576.8)
At the end of the period	**0.0**	**0.0**

Amortization expense related to intangible assets amounted to €26.6 million for first-half 2012, of which €8.8 million concerned trademarks, €10.5 million development costs and €7.3 million other intangible assets
Amortization expense related to intangible assets amounted to €30.7 million for first-half 2011.

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

(in € millions)	**Trademarks**
Second half of 2012	7.8
2013	15.7
2014	15.7
2015	15.7
2016	15.7

Other intangible assets can be analyzed as follows:

(in € millions)	**June 30, 2012**	**December 31, 2011**
Capitalized development costs	114.8	110.2
Software	15.9	15.8
Other	40.8	42.1
	171.5	**168.1**

3) Goodwill (Note 1 (g))

Goodwill can be analyzed as follows:

(in € millions)	**June 30, 2012**	**December 31, 2011**
France	640.5	639.6
Italy	366.8	366.8
Rest of Europe	287.3	260.9
USA/Canada	431.6	462.9
Rest of the World	793.5	673.3
	2,519.7	**2,403.5**

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, 2012**	**December 31, 2011**
At the beginning of the period	2,403.5	2,132.2
- Acquisitions	150.8	317.6
- Adjustments	(38.5)	(16.3)
- Impairment	0.0	(15.9)
- Translation adjustments	3.9	(14.1)
At the end of the period	**2,519.7**	**2,403.5**

Adjustments correspond to the difference between provisional and final goodwill.

For impairment testing purposes, goodwill has been allocated to various countries, grouping units (CGU: 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.

Goodwill arising on partial acquisitions has been measured using the partial goodwill method (note 1(g) (1)).

In accordance with IAS 36, goodwill is tested for impairment annually and whenever events or changes in circumstances indicate that its carrying amount may exceed its recoverable amount. There was no evidence of any such events or changes in circumstances in first-half 2012.

As required by IAS 36, the present value in use is calculated by applying pre-tax discount rates to pre-tax future cash flows.

The following impairment testing parameters were used in the period ended December 31, 2011:

			Value in use	
	Recoverable amount	**Carrying amount of goodwill**	**Discount rate (before tax)**	**Growth rate to perpetuity**
France		639.6	11.5%	2%
Italy		366.8	13.6%	2%
Rest of Europe	Value in use	260.9	8.5 to 15.1%	2 to 5%
USA/Canada		462.9	11.1%	3%
Rest of the World		673.3	12 to 20.3%	2 to 5%
		2,403.5		

For the year ended December 31, 2011, goodwill impairment has been recognized in an amount of €15.9 million, primarily due to the Spain CGU.

For business combinations, the fair values of the identifiable assets acquired and liabilities and contingent liabilities assumed are determined on a provisional basis. As a result, the related goodwill is subject to adjustment during the year following the provisional allocation.

Allocation of acquisition prices for the 6 months ended June 30, 2012, and the 12 months ended December 31, 2011 has been as follows:

(in € millions)	6 months ended June 30, 2012	12 months ended December 31, 2011
- Trademarks	39.3	7.4
- Deferred taxes on trademarks	-	(2.3)
- Other intangible assets	-	12.9
- Deferred taxes on other intangible assets	-	(4.0)
- Goodwill	150.8	317.6

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

a) Property, plant and equipment by geographic area

Property, plant and equipment, including finance leases, are as follows as of June 30, 2012:

			June 30, 2012			
(in € millions)	France	Italy	Rest of Europe	USA/ Canada	Rest of the World	Total
Land	19.7	4.6	12.5	2.6	9.0	48.4
Buildings	90.0	65.0	26.8	20.6	25.5	227.9
Machinery and equipment	69.7	65.5	25.3	14.5	62.4	237.4
Assets under construction and other	19.5	4.1	12.6	10.9	24.6	71.7
	198.9	**139.2**	**77.2**	**48.6**	**121.5**	**585.4**

Total property, plant and equipment includes €6.7 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, are as follows as of December 31, 2011:

			December 31, 2011			
(in € millions)	France	Italy	Rest of Europe	USA/ Canada	Rest of the World	Total
Land	19.8	4.6	12.4	2.5	8.9	48.2
Buildings	92.5	66.6	26.3	20.7	26.9	233.0
Machinery and equipment	72.5	68.7	25.2	14.7	64.6	245.7
Assets under construction and other	23.0	6.6	10.4	13.1	25.9	79.0
	207.8	**146.5**	**74.3**	**51.0**	**126.3**	**605.9**

b) **Analysis of changes in property, plant and equipment**

Changes in property, plant and equipment in first half of 2012 can be analyzed as follows:

	June 30, 2012					
(in € millions)	France	Italy	Rest of Europe	USA/ Canada	Rest of the World	Total
Acquisitions	7.8	5.1	5.3	1.7	8.9	28.8
Disposals	0.0	(0.1)	(0.1)	(0.4)	(1.0)	(1.6)
Depreciation expense	(16.5)	(12.3)	(6.9)	(4.7)	(11.2)	(51.6)
Transfers and changes in scope of consolidation	(0.2)	0.0	2.1	0.0	(1.0)	0.9
Translation adjustments	0.0	0.0	2.5	1.0	(0.5)	3.0
	(8.9)	**(7.3)**	**2.9**	**(2.4)**	**(4.8)**	**(20.5)**

	June 30, 2012						
(in € millions)	Acquisitions	Transfers from 'Assets under construction'	Disposals	Depreciation expense	Transfers and changes in scope of consolidation	Translation adjustments	Total
Land	0.0	0.1	0.0	(0.3)	0.0	0.4	0.2
Buildings	0.9	3.0	(1.1)	(10.0)	0.8	1.3	(5.1)
Machinery and equipment	12.5	11.9	0.5	(35.0)	0.9	0.9	(8.3)
Assets under construction and other	15.4	(15.0)	(1.0)	(6.3)	(0.8)	0.4	(7.3)
	28.8	**0.0**	**(1.6)**	**(51.6)**	**0.9**	**3.0**	**(20.5)**

Changes in property, plant and equipment in 2011 can be analyzed as follows:

	December 31, 2011					
(in € millions)	France	Italy	Rest of Europe	USA/ Canada	Rest of the World	Total
Acquisitions	23.1	20.2	11.3	6.0	35.3	95.9
Disposals	(0.3)	(7.9)	(0.6)	(0.5)	(1.8)	(11.1)
Depreciation expense	(40.5)	(24.3)	(14.4)	(9.2)	(22.6)	(111.0)
Transfers and changes in scope of consolidation	(0.9)	0.7	0.1	14.0	12.3	26.2
Translation adjustments	0.0	0.0	(3.9)	1.3	(4.9)	(7.5)
	(18.6)	**(11.3)**	**(7.5)**	**11.6**	**18.3**	**(7.5)**

	December 31, 2011						
(in € millions)	Acquisitions	Transfers from 'Assets under construction'	Disposals	Depreciation expense	Transfers and changes in scope of consolidation	Translation adjustments	Total
Land	0.1	0.1	(0.1)	(1.1)	1.0	(0.9)	(0.9)
Buildings	5.8	3.0	(5.1)	(23.1)	13.8	(1.6)	(7.2)
Machinery and equipment	44.3	24.1	(5.3)	(72.9)	14.1	(4.3)	0.0
Assets under construction and other	45.7	(27.2)	(0.6)	(13.9)	(2.7)	(0.7)	0.6
	95.9	**0.0**	**(11.1)**	**(111.0)**	**26.2**	**(7.5)**	**(7.5)**

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

(in € millions)	**June 30, 2012**	**December 31, 2011**
Land	2.3	2.3
Buildings	36.2	40.4
Machinery and equipment	31.6	31.2
	70.1	73.9
Less accumulated depreciation	(38.4)	(38.5)
	31.7	**35.4**

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

(in € millions)	**June 30, 2012**	**December 31, 2011**
Long-term borrowings	14.6	15.3
Short-term borrowings	2.0	2.6
	16.6	**17.9**

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

(in € millions)	**June 30, 2012**	**December 31, 2011**
Due in less than one year	2.3	2.9
Due in one to two years	2.0	2.3
Due in two to three years	1.5	1.5
Due in three to four years	1.5	1.4
Due in four to five years	1.5	1.4
Due beyond five years	9.9	10.7
	18.7	20.2
Of which accrued interest	(2.1)	(2.3)
Net present value of future minimum lease payments	**16.6**	**17.9**

5) Other investments

(in € millions)	**June 30, 2012**	**December 31, 2011**
Other investments	1.3	0.9

6) Inventories (Note 1 (i))

Inventories are as follows:

(in € millions)	June 30, 2012	December 31, 2011
Purchased raw materials and components	247.5	239.2
Sub-assemblies, work in progress	99.9	95.2
Finished products	399.7	372.0
	747.1	706.4
Less impairment	(108.3)	(105.4)
	638.8	**601.0**

7) Trade receivables (Note 1 (e))

In 2011, the Group derived over 95% of its revenue from sales to distributors of electrical equipment. The two largest distributors accounted for approximately 26% of consolidated net revenue and no other distributor accounted for more than 5% of consolidated net revenue.

(in € millions)	June 30, 2012	December 31, 2011
Trade accounts receivable	598.8	491.2
Notes receivable	77.7	103.9
	676.5	595.1
Less impairment	(61.8)	(60.2)
	614.7	**534.9**

The factoring contract terms qualify the receivables for derecognition under IAS 39. The amount derecognized as of June 30, 2012 was €35.0 million (€12.5 million as of December 31, 2011).

Past-due trade receivables can be analyzed as follows:

(in € millions)	June 30, 2012	December 31, 2011
Less than 3 months past due	66.7	67.7
From 3 to 12 months past due	17.3	16.1
More than 12 months past due	18.3	19.3
	102.3	**103.1**

Provisions for impairment of past-due trade receivables amounted to €51.9 million as of June 30, 2012 (€56.0 million as of December 31, 2011). These provisions break down as follows:

(in € millions)	**June 30, 2012**	**December 31, 2011**
Provisions for receivables less than 3 months past due	21.9	27.4
Provisions for receivables 3 to 12 months past due	11.7	9.3
Provisions for receivables more than 12 months past due	18.3	19.3
	51.9	**56.0**

8) Other current assets

Other current assets are as follows:

(in € millions)	**June 30, 2012**	**December 31, 2011**
Employee advances	3.9	4.4
Other receivables	27.3	26.5
Prepayments	25.0	20.3
Prepaid and recoverable taxes other than on income	78.1	90.7
	134.3	**141.9**

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 (Note 1 (d))

Cash and cash equivalents totaled €310.1 million as of June 30, 2012 and corresponded primarily to deposits with an original maturity not in excess of three months, as well as commercial paper (Note 22 (b-4)).

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

Share capital as of June 30, 2012 amounted to €1,054,703,708 represented by 263,675,927 ordinary shares with a par value of €4 each, for 288,595,486 voting rights.

Changes in share capital were as follows:

	Number of shares	Par value	Share capital (euros)	Premiums (euros)
As of December 31, 2011	263,388,995	4	1,053,555,980	1,071,588,642
Exercise of options under the 2007 plan	50,599	4	202,396	1,072,699
Exercise of options under the 2008 plan	236,333	4	945,332	3,918,401
As of June 30, 2012	263,675,927	4	1,054,703,708	1,076,579,742

Share capital consists exclusively of ordinary shares, each with a par value of €4.

Fully paid-up shares hold in registered form in the name of the same shareholder for at least two years carry double voting rights.

In the first half of 2012, 286,932 shares were issued under the 2007 and 2008 stock option plans, resulting in a €1.1 million capital increase with a €5.0 million premium.

a) Share buyback program and transactions under the liquidity contract

Share buyback program

As of December 31, 2011, the Group held 330,036 shares in treasury. During the first half of 2012, it acquired a further 420,000 shares, at a cost of €11,288,775, and has allocated 698,452 shares to employees under performance share plans.

As of June 30, 2012, the Group held 51,584 shares under the program, acquired at a total cost of €1,208,757. These shares are being held for the following purposes:

- For allocation upon exercise of performance share plans (46,663 shares purchased at a cost of €1,086,126).

- For allocation to employees who choose to re-invest their profit-shares in Legrand stock through a corporate mutual fund (4,921 shares purchased at a cost of €122,631).

Liquidity contract

On May 29, 2007, the Group appointed a financial institution to maintain a liquid market for its ordinary shares on the NYSE 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, 2012, the Group held 190,000 shares under this contract, purchased at a total cost of €4,787,411.

The number of shares held under the liquidity contract decreased by a net 40,500 in first-half 2012. These transactions led to a cash inflow of €1,390,964.

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, 2012	**June 30, 2011**
Profit attributable to equity holders of Legrand (*in € millions)*	A	268.7	266.4
Number of ordinary shares outstanding:			
- At the period-end		263,675,927	263,381,645
- O/w held in treasury		241,584	532,811
- Average for the period (excluding shares held in treasury)	B	263,050,276	262,560,152
- Average for the period after dilution (excluding shares held in treasury)	C	265,484,129	273,136,100
Number of stock options and performance share grants outstanding at the period end		10,346,340	10,575,948
Sales (buybacks) of shares and transactions under the liquidity contract (net during the period)		(379,500)	16,834
Shares allocated during the period under performance share plans		698,452	250,490
Basic earnings per share *(euros)* (Note 1 (r))	A/B	1.021	1.015
Diluted earnings per share *(euros)* (Note 1 (r))	A/C	1.012	0.975
Dividend per share *(euros)*		0.930	0.880

During the first half of 2012, the Group:

- Issued 286,932 shares under the 2007 and 2008 stock option plans,
- Transferred 698,452 shares under performance share plans,
- Bought back a net 379,500 shares.

These movements were taken into account on an accruals basis in the computation of the average number of ordinary shares outstanding during the period, in accordance with IAS 33. If the shares had been issued and bought back on January 1, 2012, basic earnings per share and diluted earnings per share would have amounted to €1.020 and €1.009 respectively for the six months ended June 30, 2012.

During the first half of 2011, the Group:

- issued 220,299 shares under the 2007 and 2010 stock option plans and the 2009 performance share plan,
- transferred 250,490 shares under performance share plans,
- sold a net 16,834 shares.

These movements were taken into account on an accruals basis in the computation of the average number of ordinary shares outstanding during the period, in accordance with IAS 33. If the shares had been issued and bought back on January 1, 2011, basic earnings per share and diluted earnings per share would have amounted to €1.014 and €0.974 respectively for the six months ended June 30, 2011.

11) Stock option plans, performance share plans and employee profit-sharing (Note 1 (n))

a) 2007 to 2012 Legrand performance share plans and stock option plans

Performance share plans

The Board of Directors meeting on March 7, 2012, approved a plan to grant 985,656 performance shares.

During the first half of 2012, 293,980 performance shares vested, all of which had been granted under the 2008 plan and 404,472 performance shares vested, all of which had been granted under the 2010 plan.

Information on performance share plans	**2008 Plan**	**2009 Plan**	**2010 Plan**	**2011 Plan**	**2012 Plan**
Date of Board of Directors Meeting	March 5, 2008	March 4, 2009	March 4, 2010	March 3, 2011	March 7, 2012
Total number of performance shares granted	654,058	288,963	896,556	1,592,712	985,656
Of which to corporate officers	*47,077*	*23,491*	*62,163*	*127,888*	*30,710*
- Gilles Schnepp	*24,194*	*12,075*	*38,373*	*65,737*	*30,710*
*- Olivier Bazil**	*22,883*	*11,416*	*23,790*	*62,151*	-
Vesting/exercise conditions	Shares vest after a maximum of 4 years, except in the event of resignation or termination for willful misconduct.				
Performance shares vested during 2008 and 2009	(400)	-			
Performance shares cancelled during 2008 and 2009	(16,050)	(6,281)			
Performance shares vested during 2010	(329,359)	(463)			
Performance shares cancelled during 2010	(2,908)	(3,845)	(21,358)		
Performance shares vested during 2011	(538)	(120,818)	(1,058)	(1,446)	
Performance shares cancelled during 2011	(7,358)	(7,972)	(21,635)	(34,090)	
Performance shares vested during 1st half 2012	(293,980)	-	(404,472)	-	
Performance shares cancelled during 1st half 2012	(3,465)	(1,012)	(5,597)	(12,090)	-
Total number of performance shares outstanding as of June 30, 2012	**0**	**148,572**	**442,436**	**1,545,086**	**985,656**

* Who stepped down as Vice-Chairman and Chief Operating Officer after the General Meeting of May 26, 2011.

If all these shares were to vest, the Company's capital would be diluted by 1.2%.

Stock option plans

During the first half of 2012, 50,599 options granted under the 2007 plan, 236,333 options granted under the 2008 plan were exercised.

Information on stock options	2007 Plan	2008 Plan	2009 Plan	2010 Plan
Date of Board of Directors Meeting	May 15, 2007	March 5, 2008	March 4, 2009	March 4, 2010
Total number of options	1,638,137	2,015,239	1,185,812	3,254,726
Of which to corporate officers	*79,281*	*141,231*	*93,964*	*217,646*
- Gilles Schnepp	*40,745*	*72,583*	*48,300*	*134,351*
*- Olivier Bazil**	*38,536*	*68,648*	*45,664*	*83,295*
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	March 5, 2014
End of the option exercise period	May 15, 2017	March 5, 2018	March 4, 2019	March 4, 2020
Option exercise price	€25.20	€20.58	€13.12	€21.82
Options cancelled during 2007, 2008 and 2009	(80,147)	(52,496)	(21,093)	
Options cancelled during 2010	(13,830)	(19,112)	(18,739)	(75,317)
Options exercised during 2010	(2,046)	(2,853)	(1,852)	-
Options cancelled during 2011	(10,643)	(31,760)	(33,552)	(75,713)
Options exercised during 2011	(100,965)	(1,614)	(732)	(3,703)
Options cancelled during 2012 1st half	(1,023)	(10,395)	(4,348)	(20,459)
Options exercised during 2012 1st half	(50,599)	(236,333)	-	-
Outstanding options as of June 30, 2012	**1,378,884**	**1,660,676**	**1,105,496**	**3,079,534**

* Who stepped down as Vice-Chairman and Chief Operating Officer after the General Meeting of May 26, 2011.

If all these options were to be exercised, the Company's capital would be diluted by a maximum of 2.7% (this is a maximum dilution as it does not take into account the exercise price of these options).

Valuation model applied to 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	2010 Plan
Risk-free rate	4.35%	3.40%	2.25%	2.91%
Expected volatility	28.70%	30.00%	38.40%	28.00%
Expected return	1.98%	3.47%	5.00%	3.20%

Options granted under all of these plans are considered as having a 5-year life.

In accordance with IFRS 2, a charge of €15.3 million was recorded for first half of 2012 (€19.0 million for first half of 2011) for all of these plans combined.

b) 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 €22.5 million was recorded in first-half 2012 for statutory and discretionary profit-sharing plans (first-half 2011: €18.0 million).

12) Retained earnings and translation reserves

a) Retained earnings

Consolidated retained earnings of Legrand and its subsidiaries as of June 30, 2012 amounted to €2,083.2 million.

As of the same date, the parent company – Legrand – had retained earnings of €1,431.6 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, 2012**	**December 31, 2011**
US dollar	(131.7)	(134.7)
Other currencies	(27.7)	(37.4)
	(159.4)	**(172.1)**

As explained in Note 1 (l), unrealized foreign exchange gains and losses on US dollar-denominated 8½% Debentures (Yankee bonds) are recognized in the translation reserve. In first-half 2012, €6.4 million was reduced to the translation reserve, resulting in a net balance of €27.8 million at June 30, 2012.

In addition, as indicated in Note 1 (c), translation gains and losses on receivables or payables treated as part of the net investment in the related foreign Group entity have been charged against "Translation reserves", in an amount of €3.8 million.

13) Long-term borrowings (Note 1 (s))

Long-term borrowings can be analyzed as follows:

(in € millions)	**June 30, 2012**	**December 31, 2011**
Facility Agreement	0.0	135.2
8 ½% debentures	308.7	302.1
Bonds	1,106.1	707.8
Bank borrowings	0.0	282.5
Other borrowings	134.1	120.5
	1,548.9	**1,548.1**
Debt issuance costs	(11.4)	(9.0)
	1,537.5	**1,539.1**

Long-term borrowings are denominated in the following currencies:

(in € millions)	**June 30, 2012**	**December 31, 2011**
Euro	1,188.7	1,108.6
US dollar	308.7	397.6
Other currencies	51.5	41.9
	1,548.9	**1,548.1**

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

(in € millions)	**June 30, 2012**	**December 31, 2011**
Due in one to two years	21.6	396.8
Due in two to three years	17.4	82.4
Due in three to four years	61.3	30.9
Due in four to five years	330.6	25.9
Due beyond five years	1,118.0	1,012.1
	1,548.9	**1,548.1**

Average interest rates on borrowings are as follows:

	June 30, 2012	**December 31, 2011**
Facility Agreement	0.78%	1.32%
8½% debentures	8.50%	8.50%
Bond	3.71%	3.98%
Bank borrowing	-	2.09%
Other borrowings	3.29%	5.08%

These borrowings are secured as follows:

(in € millions)	June 30, 2012	December 31, 2011
Assets mortgaged or pledged as collateral	6.5	7.6
Guarantees given to banks	223.0	203.8
	229.5	**211.4**

a) Credit Facility

(1) 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 2006 Credit Facility (Tranche A) can be analyzed as follows by maturity as of June 30, 2012, and December 31, 2011:

(in € millions)	June 30, 2012	December 31, 2011
Due within one year (short-term borrowings)	177.4	92.0
Due in one to two years	0.0	135.2
	177.4	**227.2**

The 2006 Credit Facility (Tranche A) can be analyzed as follows:

(in € millions)	**June 30, 2012**	Maturity	Interest rate
Term Facility	177.4	2013	Euribor + 20bps

(in € millions)	**December 31, 2011**	Maturity	Interest rate
Term Facility	227.2	2013	Euribor + 20bps

The margin added to the Euribor/Libor is updated at half-yearly intervals 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 subject to a cap and a floor of Euribor/Libor + 50bps and Euribor/Libor + 20bps. The current spread is 20 bps. The 2006 Credit Facility Agreement includes the covenant described in Note 22.

(2) 2011 Credit Facility

In October, the Group signed an agreement with six banks to set up a new €900.0 million revolving multicurrency facility (2011 Credit Facility) utilizable through drawdowns. The five-year facility may be extended for two successive one-year periods.

Funds drawn down are subject to an interest rate equivalent to Euribor/Libor plus a margin determined on the basis of the Group's credit rating. As of June 30, 2012, this spread was 55 bps. In addition, the 2011 Credit Facility does not contain any covenants.

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.

c) Bank borrowings

To optimize its cost of debt, in April 2012, the Group decided to redeem in advance all of its bank borrowings in an aggregate amount of €282.5 million.

d) Bonds

In February 2010, the Group carried out a €300.0 million 4.25% seven-year bond issue. The bonds will be redeemable at maturity on February 24, 2017.

In March 2011, the Group carried out a €400.0 million 4.375% seven-year bond issue. The bonds will be redeemable at maturity on March 21, 2018.

In April 2012, the Group carried out a €400.0 million 3.375% ten-year bond issue. The bonds will be redeemable at maturity on April 19, 2022.

e) Unused credit lines

As of June 30, 2012, the Group had access to drawdown capacity of €900.0 million (revolving facility) of the 2011 Credit Facility.

14) Provisions

Changes in provisions in first half 2012 are as follows:

(in € millions)			**June 30, 2012**			
	Products guarantee	Claims and litigation	Fiscal and employee risks	Restructuring	Other	Total
At beginning of period	15.7	60.3	34.9	26.3	66.4	203.6
Changes in scope of consolidation	0.1	0.0	0.0	0.0	0.0	0.1
Increases	7.1	14.1	8.5	2.1	10.5	42.3
Utilizations	(1.1)	(5.8)	(0.2)	(8.8)	(7.0)	(22.9)
Reversals of surplus provisions	(0.6)	(13.0)	(0.6)	(0.3)	(7.1)	(21.6)
Reclassifications	0.0	4.7	1.3	(1.2)	(1.7)	3.1
Translation adjustments	0.2	(0.5)	0.1	(0.1)	0.4	0.1
At end of period	**21.4**	**59.8**	**44.0**	**18.0**	**61.5**	**204.7**
Of which non-current portion	*5.1*	*34.3*	*36.3*	*1.8*	*16.8*	*94.3*

Changes in provisions in 2011 were as follows:

(in € millions)	December 31, 2011					
	Products guarantee	Claims and litigation	Fiscal and employee risks	Restructuring	Other	Total
At beginning of period	11.6	61.4	36.1	34.7	61.6	205.4
Changes in scope of consolidation	0.8	0.9	0.0	0.0	3.5	5.2
Increases	5.7	13.4	0.0	7.8	34.0	60.9
Utilizations	(2.8)	(1.7)	(0.2)	(11.5)	(7.9)	(24.1)
Reversals of surplus provisions	(1.7)	(6.2)	(1.0)	(1.5)	(23.6)	(34.0)
Reclassifications	2.0	(6.6)	1.0	(2.6)	(1.1)	(7.3)
Translation adjustments	0.1	(0.9)	(1.0)	(0.6)	(0.1)	(2.5)
At end of period	**15.7**	**60.3**	**34.9**	**26.3**	**66.4**	**203.6**
Of which non-current portion	*5.0*	*38.6*	*33.7*	*1.8*	*17.2*	*96.3*

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

(in € millions)	June 30, 2012	December 31, 2011
Non-current portion		
France (Note 15 (b))	70.9	63.5
Italy (Note 15 (c))	35.3	35.3
United States and United Kingdom (Note 15 (d))	43.1	37.5
Other countries	13.9	12.4
Total non-current portion	163.2	148.7
Current portion		
France (Note 15 (b))	0.0	0.0
Italy (Note 15 (c))	5.0	5.0
United States and United Kingdom (Note 15 (d))	1.4	1.4
Other countries	0.8	0.7
Total current portion	7.2	7.1
Total pension and other post-employment defined benefit obligations	**170.4**	**155.8**

The total amount of those liabilities is €170.4 million as of June 30, 2012 (December 31, 2011: €155.8 million) and is analyzed in Note 15 (a), which shows total liabilities of €310.3 million as of June 30, 2012 (December 31, 2011: €286.1 million) less total assets of €131.4 million as of June 30, 2012 (December 31, 2011: €121.4 million), adjusted for an unrecognized past service cost of €8.5 million as of June 30, 2012 (December 31, 2011: €8.9 million).

a) Analysis of pension and other post-employment defined 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, 2012**	**December 31, 2011**	**December 31, 2010**	**December 31, 2009**	**December 31, 2008**
Defined benefit obligation					
Projected benefit obligation at beginning of period	286.1	278.1	247.9	240.5	263.9
Acquisitions	0.0	0.4	0.0	0.0	0.1
Goodwill allocation	0.0	0.0	0.0	0.0	0.0
Service cost	3.0	4.7	5.7	7.5	6.1
Interest cost	5.1	10.6	10.4	11.1	11.5
Benefits paid	(5.2)	(25.3)	(17.1)	(21.0)	(19.3)
Employee contributions	0.3	0.6	0.6	0.7	0.0
Plan amendments	0.0	0.0	0.0	0.0	0.0
Actuarial loss/(gain)	17.7	6.8	11.2	8.9	(7.5)
Curtailments, settlements, special termination benefits	(1.2)	0.0	0.1	(1.9)	0.2
Past service cost	0.0	0.0	10.1	(0.1)	0.0
Translation adjustments	4.5	3.9	8.6	2.2	(14.3)
Other	0.0	6.3	0.6	0.0	(0.2)
Projected benefit obligation at end of period (I)	**310.3**	**286.1**	**278.1**	**247.9**	**240.5**
Unrecognized past service cost (II)	**8.5**	**8.9**	**9.7**	**0.0**	**0.1**
Fair value of plan assets					
Fair value of plan assets at beginning of period	121.4	124.4	111.9	89.9	131.4
Acquisitions	0.0	0.0	0.0	0.0	0.0
Expected return on plan assets	3.3	7.5	7.5	6.6	8.2
Employer contributions	6.9	9.3	5.6	12.2	6.4
Employee contributions	0.3	0.6	0.6	0.7	0.5
Benefits paid	(3.9)	(21.4)	(9.3)	(12.3)	(13.3)
Actuarial (loss)/gain	0.3	(2.5)	2.1	12.8	(32.0)
Translation adjustments	3.1	3.5	6.0	2.0	(11.3)
Fair value of plan assets at end of period (III)	**131.4**	**121.4**	**124.4**	**111.9**	**89.9**
Liability recognized in the balance sheet (I) – (II) – (III)	**170.4**	**155.8**	**144.0**	**136.0**	**150.5**
Current liability	7.2	7.1	7.1	7.1	6.4
Non-current liability	163.2	148.7	136.9	128.9	144.1

Actuarial losses recognized in equity (comprehensive income for the period) as of June 30, 2012 amounted to €17.4 million (€11.5 million after tax).

The discount rates used are 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 and on the expected return on plan assets. According to the results of these tests, a 50-basis point decline in discount rates and in the expected return on plan assets would lead to the recognition of additional actuarial losses of around €19.0 million and would increase in proportion the value of the defined obligation as of June 30, 2012.

The impact on profit is as follows:

(in € millions)	**June 30, 2012**	**June 30, 2011**
Service cost – rights acquired during the period	(3.0)	(3.4)
Service cost – cancellation of previous rights	0.0	0.0
Benefits paid (net of cancellation of liability recognized in prior periods)	0.0	0.0
Interest cost	(5.1)	(5.1)
Other	0.8	(0.4)
Expected return on plan assets	3.3	3.7
	(4.0)	**(5.2)**

The weighted-average allocation of pension plan assets is as follows as of June 30, 2012:

(as a percentage)	France	United States and United Kingdom	Weighted total
Equity instruments		47.3	45.0
Debt instruments		46.3	44.1
Insurance funds	100.0	6.4	10.9
	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 €70.9 million as of June 30, 2012 (December 31, 2011: €63.5 million), corresponding to the difference between the projected benefit obligation of €85.2 million as of June 30, 2012 (December 31, 2011: €74.7 million) and the fair value of the related plan assets of €5.8 million as of June 30, 2012 (December 31, 2011: €2.3 million), adjusted for an unrecognized past service cost of €8.5 million as of June 30, 2012 (December 31, 2011 : €8.9 million).

The projected benefit obligation is computed on the basis of staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. In France, the calculation was based on a salary increase rate of 3.0%, a discount rate of 3.5% (3.0% and 4.5% in 2011) and an expected return on plan assets of 3.8% (3.8% in 2011). 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.

The resulting provisions for termination benefits, which correspond to the obligation as of December 31, 2006 plus the ensuing actuarial revisions, amounted to €40.3 million as of June 30, 2012 (December 31, 2011: €40.3 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 provisions recorded in the consolidated balance sheet amounted to €44.5 million as of June 30, 2012 (December 31, 2011: €38.9 million), corresponding to the difference between the projected benefit obligation of €160.2 million (December 31, 2011: €148.8 million) and the fair value of the related plan assets of €115.7 million (December 31, 2011: €109.9 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 the United Sates, the calculation was based on a salary increase rate of 3.5%, a discount rate of 4.0% (3.5% and 4.4% in 2011) and an expected return on plan assets of 7.3% (7.5% in 2011). In the United Kingdom, the calculation was based on a salary increase rate of 3.8%, a discount rate of 4.2% (4.0% and 4.7% in 2011), and an expected return on plan assets of 5.5% (5.4% in 2011).

16) Short-term borrowings (Note 1 (s))

(in € millions)	**June 30, 2012**	**December 31, 2011**
Facility Agreement	177.4	92.0
Other borrowings	83.7	126.0
	261.1	**218.0**

17) Other current liabilities

(in € millions)	June 30, 2012	December 31, 2011
Tax liabilities	82.4	74.7
Accrued employee benefits expense	177.4	178.8
Current portion of statutory and discretionary profit-sharing reserve	19.8	35.9
Payables related to fixed asset purchases	10.1	14.8
Accrued expenses	73.0	77.3
Accrued interest	25.6	39.4
Deferred revenue	14.5	15.8
Current portion of pension and other post-employment benefit obligations	7.2	7.1
Other current liabilities	35.7	40.1
	445.7	**483.9**

18) Analysis of certain expenses

a) Analysis of operating expenses

Operating expenses include the following categories of costs:

(in € millions)	June 30, 2012	June 30, 2011
Raw materials and component costs	(680.3)	(635.5)
Salaries and payroll taxes	(566.1)	(538.6)
Employee profit-sharing	(22.5)	(18.0)
Total personnel costs	**(588.6)**	**(556.6)**
Depreciation expense	(51.6)	(55.0)
Amortization expense	(26.6)	(30.7)

As of June 30, 2012 the Group had 31,493 employees on the payroll (June 30, 2011: 30,496).

b) Analysis of other operating income and expense

(in € millions)	June 30, 2012	June 30, 2011
Restructuring costs	(4.6)	(13.2)
Impairment of goodwill	0.0	0.0
Other	(22.6)	(17.9)
	(27.2)	**(31.1)**

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

a) Exchange gains (losses)

(in € millions)	June 30, 2012	June 30, 2011
Exchange gains (losses)	(10.6)	10.7

At June 30, 2012, exchange losses were mainly attributable to the euro's decline against most of the other principal currencies..

They substantially correspond to unrealized exchange gains or losses on intragroup loans. These unrealized exchange gains or losses were offset by a corresponding change in the translation reserves.

b) Finance costs, net

(in € millions)	June 30, 2012	June 30, 2011
Interest income	10.4	7.8
Change in fair value of financial instruments	0.1	4.3
Total interest income	10.5	12.1
Finance costs	(50.5)	(46.5)
Change in fair value of financial instruments	(0.5)	0.0
Total finance costs	(51.0)	(46.5)
Finance costs, net	**(40.5)**	**(34.4)**

Finance costs correspond essentially to interest on borrowings (Notes 13 and 16).

20) Income tax expense (current and deferred) (Note 1 (j))

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

(in € millions)	June 30, 2012	June 30, 2011
France	99.2	114.8
Outside France	294.0	287.0
	393.2	**401.8**

Income tax expense consists of the following:

(in € millions)	**June 30, 2012**	**June 30, 2011**
Current taxes:		
France	(34.1)	(50.9)
Outside France	(96.7)	(80.9)
	(130.8)	(131.8)
Deferred taxes:		
France	3.0	4.2
Outside France	4.0	(7.4)
	7.0	(3.2)
Total income tax expense:		
France	(31.1)	(46.7)
Outside France	(92.7)	(88.3)
	(123.8)	**(135.0)**

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, 2012**	**June 30, 2011**
Standard French income tax rate	**34.43%**	**34.43%**
Increases (reductions):		
- Effect of foreign income tax rates	(4.40%)	(4.11%)
- Non-taxable items	0.09%	1.79%
- Income taxable at specific rates	0.76%	0.87%
- Other	0.55%	0.65%
	31.43%	33.63%
Impact on deferred taxes of:		
- Changes in tax rates	(0.01%)	0.06%
- Recognition or non-recognition of deferred tax assets	0.05%	(0.09%)
Effective tax rate	**31.47%**	**33.60%**

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, 2012**	**December 31, 2011**
Deferred taxes recorded by French companies	(304.9)	(310.6)
Deferred taxes recorded by foreign companies	(231.7)	(241.7)
	(536.6)	**(552.3)**
Origin of deferred taxes:		
- Impairment losses on inventories and receivables	43.3	41.0
- Margin on inventories	20.5	18.4
- Tax loss carryforwards	4.7	4.4
- Finance leases	(14.8)	(14.6)
- Fixed assets	(131.6)	(124.0)
- Trademarks	(531.8)	(533.3)
- Other provisions	34.9	41.8
- Statutory profit-sharing	5.4	6.0
- Pensions and other post-employment benefits	43.9	37.7
- Fair value adjustments to derivative instruments	(3.3)	(4.4)
- Other	(7.8)	(25.3)
	(536.6)	**(552.3)**
- Of which deferred tax assets	110.5	91.9
- Of which deferred tax liabilities	(647.1)	(644.2)

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

(in € millions)	**June 30, 2012**	**December 31, 2011**
Deferred taxes – short term	95.2	80.1
Deferred taxes – long term	(631.8)	(632.4)
	(536.6)	**(552.3)**

Tax losses carried forward broke down as follows:

(in € millions)	**June 30, 2012**	**December 31, 2011**
Net recognized operating losses carried forward	16.6	14.1
Recognized deferred tax assets	4.7	4.4
Net unrecognized operating losses carried forward	127.3	122.3
Unrecognized deferred tax assets	35.5	33.9
Total net operating losses carried forward	143.9	136.4

The recognized deferred tax assets are expected to be utilized no later than five years from the period-end.

21) Off-balance sheet commitments and contingent liabilities

a) Specific transactions

Specific commitments and their expiry dates are discussed in the following notes:

- Note 4: Property, plant and equipment,
- Note 13: Long-term borrowings,
- Note 15: Pension and other post-employment benefit obligations.

b) Routine transactions

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, 2012**	**December 31, 2011**
Due within one year	41.8	38.7
Due in one to two years	34.1	30.9
Due in two to three years	27.4	24.7
Due in three to four years	19.9	20.8
Due in four to five years	13.9	14.4
Due beyond five years	52.7	45.8
	189.8	**175.3**

Commitments to purchase property, plant and equipment

Commitments to purchase property, plant and equipment amounted to €6.8 million as of June 30, 2012.

c) Contingent liabilities

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.

22) Financial instruments and management of financial risks

a) Financial instruments

(1) Derivatives

	June 30, 2012			
(in € millions)	**Financial income and expense, net**	**Equity**	**Book value**	**IFRS designation**
Exchange rate derivatives				
Forwards and options designated as fair value hedges	(3.9)		0.6	Trading
Forward contracts designated as net investment hedges				NIH*
Commodity derivatives				
Futures and options				Trading
Interest rate derivatives				
Interest rate caps	(0.2)		-	Trading
	(4.1)		**0.6**	

** Net Investment Hedge*

All financial instruments are classified in Level 2 of the fair value hierarchy described in Note 1 (l).

(2) Impact of financial instruments

	6 months ended June 30, 2012			
		Impact on equity		
(in € millions)	**Impact on financial income and expense, net**	**Fair value**	**Translation adjustment**	**Other**
Trade receivables				
Trade payables				
Borrowings	(38.4)		(6.4)	
Derivatives	(4.1)		-	
	(42.5)		**(6.4)**	

Debentures denominated in US dollars ("Yankee bonds") are designated as hedges of the foreign currency risk associated with the net investment in the United States (see discussion of net investment hedges in Note 1 (l)).

(3) Breakdown of balance sheet items by type of financial instrument

	June 30, 2012					December 31, 2011
	Type of financial instrument					
(in € millions)	Carrying amount	Fair value	Instruments designated at fair value through profit or loss	Receivables, payables and borrowings at amortized cost	Derivatives	Carrying amount
ASSETS						
Current assets						
Trade receivables	614.7	614.7		614.7		534.9
Other current financial assets	0.8	0.8			0.8	0.2
Total current assets	**615.5**	**615.5**		**614.7**	**0.8**	**535.1**
EQUITY AND LIABILITIES						
Current liabilities						
Short-term borrowings	261.1	261.1		261.1		218.0
Trade payables	486.2	486.2		486.2		435.0
Other current financial liabilities	0.2	0.2			0.2	2.0
Total current liabilities	**747.5**	**747.5**		**747.3**	**0.2**	**655.0**
Non-current liabilities						
Long-term borrowings	1,537.5	1,618.5		1,537.5		1,539.1
Total non-current liabilities	**1,537.5**	**1,618.5**		**1,537.5**		**1,539.1**

b) 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 derivative 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 General 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 measured based on observable market data and are as follows:

(in € millions)	June 30, 2012	December 31, 2011
Other current financial assets	**0.8**	**0.2**
Swaps	0.0	0.0
Financial derivatives with a positive fair value	0.8	0.2
Other current financial liabilities	**0.2**	**2.0**
Swaps	0.0	0.0
Financial derivatives with a negative fair value	0.2	2.0

(1) 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, 2012 the breakdown of gross debt (excluding debt issuance costs) between fixed and variable rate is as follows:

(in € millions)	June 30, 2012
Fixed rates	1,479.5
Variable rates	330.5

The following table analyses variable rate financial assets and liabilities based on the frequency of rate adjustments.

(in € millions)	Overnight and short-term	Medium-term (1 to 5 years)	Long-term (more than 5 years)
Gross debt (excluding debt issuance costs)	330.5	-	-
Cash and marketable securities	(310.1)	-	-
Net debt	**20.4**	**-**	**-**
Hedges	350.0	-	-
Position after hedging	**(329.6)**	**-**	**-**

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 net debt as of June 30, 2012, the Group estimates that a 100-basis point increase in interest rates on variable-rate debt would not have any impact on financial income and expense, net, (June 30, 2011: loss of €6.0 million for the period).

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:

(in € millions)	**June 30, 2012**		
Period covered	Notional amount	Benchmark rate	Average guaranteed rate including premium
July 2012 – March 2013	350	3-month Euribor	3.57%
April 2013 – December 2013	400	3-month Euribor	4.72%

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 close to zero as of June 30, 2012 (December 31, 2011: €0.2 million). The effect of changes in fair value on consolidated profit was a €0.2 million loss in first-half 2012 (first-half 2011: €0.1 million gain), recognized in 'Finance costs and other financial income and expense, net' (Note 19 (b)).

Interest-rate swaps

In April 2011, the Group purchased interest rate swaps on a notional amount of €275.0 million expiring on March 21, 2015.

In 2011, the Group cancelled the interest rate swaps and accordingly adjusted the hedged debt by €12.3 million. In accordance with IAS 39, the debt adjustment will be amortized to profit or loss as a deduction to finance costs in the period through March 2015, i.e. over the initial life of the swaps. The gain recognized in respect of first-half 2012 was €1.8 million.

Further interest rate swaps may be set up in the future, based on changes in market conditions.

(2) 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 (short-term and long-term borrowings) by currency as of June 30, 2012:

(in € millions)	**Financial assets Cash and marketable securities**	**Financial liabilities (before debt issuance costs)**
Euro	115.5	1,270.1
US dollar	95.2	430.2
Other currencies	99.4	109.7
	310.1	**1,810.0**

Natural hedges are favored in particular by aiming at an optimized breakdown by currency of, on the one hand, net debt and operating profit, on the other hand.

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 of June 30, 2012 the Group has set up forward contracts in Brazilian reals, Australian dollars and American dollars which have a net fair value of €0.6 million in 'Other current financial assets'. (December 31, 2011: €2.0 million in 'Other current financial liabilities')

The table below presents the breakdown of net sales and operating expenses by currency as of June 30, 2012:

(in € millions)	**Net sales**		**Operating expenses***	
Euro	1,056.9	47.5%	809.4	45.8%
US dollar	362.4	16.3%	301.3	17.1%
Other currencies	804.4	36.2%	656.5	37.1%
	2,223.7	**100.0%**	**1,767.2**	**100.0%**

* Excluding acquisition-related amortization, any acquisition-related expense and income and goodwill impairment.

As shown in the above table, natural hedges are also set up by matching costs and revenues in each of the Group's operating currencies.

Residual amounts are hedged by options to limit the Group's exposure to fluctuations in the main currencies concerned. These hedges are for periods of less than 18 months. No such hedges were entered into in the first half of 2012.

The Group estimates that, all other things being equal, a 10% increase in the exchange rate of the euro against all other currencies applied to first-half 2012 figures would have resulted in a decrease in net revenue of approximately €106.1 million and a decrease in operating profit of approximately €18.4 million.

In the same way, such increase applied to 2011 first-half figures would have resulted in a decrease in net revenue of approximately €89.6 million and a decrease in operating profit of approximately €14.7 million.

(3) Commodity risk

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

Raw materials purchases amounted to around €440.0 million in 2011.

A 10% increase in the price of all the raw materials used by the Group would theoretically feed through to around a €44.0 million increase in annual purchasing costs. The Group believes that it could, circumstances permitting, raise the prices of its products in the short term to offset the overall adverse impact of any such increases.

Additionally, the Group can set up specific derivative financial instruments (options) for limited amounts and periods to hedge part of the risk of an unfavorable change in copper and certain other raw material prices.

The Group did not set up any such hedging contracts in the first half of 2012.

(4) 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 actively manages its credit risk by establishing regularly reviewed individual credit limits for each customer, constantly monitoring collection of its outstanding receivables and systematically chasing up past due receivables. In addition, the situation is reviewed regularly with the Corporate Finance Department. When the Group is in a position to do so, it can resort to either credit insurance or factoring.

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 well-rated financial institutions or Corporates with the aim of fragmenting the exposure to these counterparties. Those strategies are decided and monitored by the Corporate Finance Department, which ensures a daily follow up of notations and Credit Default Swap rates of any one of these counterparties.

(5) 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. This approach represents the basis of the Group's financing policy.

The total amount of net debt (€1,488.5 million as of June 30, 2012) is fully financed by financing facilities expiring at the earliest in 2013 and at the latest in 2025. The average maturity of gross debt is eight years.

Under the provisions of the 2006 Credit Facility described in Note 13 (a) 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, 2012 it stood at 1.44.

Finally, the Group's debt ratings are as of June 30, 2012:

Rating agency	Long term debt	Outlook
S&P	A-	Stable

23) Information relating to corporate officers

a) Short-term benefits

(in € millions)	June 30, 2012	June 30, 2011
Advances and loans to corporate officers	0.0	0.0
Compensation paid to corporate officers*	1.2	2.2

* Compensation paid during the base period 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.

Olivier Bazil's duties as Vice-Chairman and Chief Operating Officer ended at the May 26, 2011 Annual Shareholders' Meeting and on May 31, 2011, he began claiming pension benefits in respect of his past service as an employee. However, he keeps his administrator mandate and is a member of the Strategy Committee.

b) Remuneration and benefits due on termination of corporate office's position

	Employment contract (1)		Supplementary pension entitlement(2)		Indemnities or benefits due or which may become due as a result of termination or change of office		Indemnities relating to non-competition clause(3)	
Corporate officer	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Gilles Schnepp Chairman and CEO Commencement : 05/22/2008 Expiration : 12/31/2013		x	x			x	x	

(1) In line with the recommendations of the Code of Corporate Governance, the Board of Directors on March 4, 2009, took due note of the decision of Gilles Schnepp to renounce his contract of employment with immediate effect and without consideration.

(2) In 2001, the Legrand Group entered into an agreement with an insurance company for the provision of services relating to pensions, retirement and services of a related nature to the members of the Group Executive Committee benefiting from the French pension system for salaried workers. At June 30, 2012, the Group's commitment in connection with this agreement amounted to approximately €12.4 million, of which approximately €3.3 million was financed, while the remaining €9.1 million is accrued in the accounts. In addition, a provision for €3.3 million was recognized for Social Security contributions due on the capital component of annuities according to the level of the pension. At June 30, 2012, the Executive Committee has nine members, including the Chairman and Chief Executive Officer.

Additional pension entitlements are calculated to set total pensions, including these additional entitlements and all other amounts received after retirement, at the equivalent of 50% of the average of the two highest amounts of compensation received by the beneficiaries in their last three years with the Group. To benefit from the additional pension, employees must have been with the Group for at least ten years and have reached the legal retirement age. In the event of the beneficiary's death, the Group will pay the surviving spouse 60% of the supplementary pension.
Corporate officer's pension entitlements at retirement would represent roughly 1% of his total compensation (salary and bonus) per year of service with the Group.

(3) As a corporate officer, Gilles Schnepp is subject to a two-year covenant not to compete that is enforceable at the Group's initiative. In consideration of this, should the Group decide to enforce the covenant, Mr. Schnepp would receive a monthly indemnity equal to 50% of his average monthly compensation, including bonus, for his last 12 months with the Group.

c) Termination benefits

Except for above-mentioned payments due upon retirement or enforcement of the covenant not to compete, the Company has no other firm or potential obligations towards Gilles Schnepp, Chairman and Chief Executive Officer

for the payment of salaries, compensation or other benefits upon or subsequent to the termination of his appointment or any changes thereto.

d) Share-based payment

Under the 2012 performance share plans, the corporate officer was granted 30,710 shares.

Under the 2011 performance share plans, the corporate officers were granted 127,888 shares.

e) Compensation paid to members of the Executive Committee other than corporate officers

(in € millions)	**June 30, 2012**	**June 30, 2011**
Total compensation paid	2.0	1.5

The increase in total compensation paid was primarily due to the larger number of Executive Committee members.

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

Legrand is the global specialist in electrical end digital building infrastructures. The following information by geographical segment corresponds to the Group's consolidated reporting system.

6 months ended June 30, 2012 *(in € millions)*	Geographical segments France	Europe Italy	Others	USA/ Canada	Rest of the world	Items not allocated to segments	Total
Revenue to third parties	**565.5**	**316.8**	**394.3**	**362.4**	**584.7**		**2,223.7**
Cost of sales	(203.8)	(122.1)	(231.0)	(172.0)	(322.4)		(1,051.3)
Administrative and selling expenses, R&D costs	(213.5)	(90.3)	(102.6)	(133.5)	(161.0)		(700.9)
Other operating income (expense)	(6.9)	(4.9)	(12.1)	(9.6)	6.3		(27.2)
Operating profit	**141.3**	**99.5**	**48.6**	**47.3**	**107.6**		**444.3**
- of which acquisition-related amortization, expense and income*	(1.8)	0.0	(1.6)	(5.1)	(3.7)		(12.2)
- of which goodwill impairment							0.0
Adjusted operating profit	**143.1**	**99.5**	**50.2**	**52.4**	**111.3**		**456.5**
- of which depreciation expense	(16.3)	(12.3)	(6.7)	(4.7)	(11.2)		(51.2)
- of which amortization expense	(2.0)	(1.6)	(0.6)	(0.8)	(0.6)		(5.6)
- of which amortization of development costs	(6.7)	(3.1)	0.0	(0.5)	(0.2)		(10.5)
- of which restructuring costs	(4.4)	0.2	(0.1)	(0.2)	(0.1)		(4.6)
Exchange gains (losses)						(10.6)	(10.6)
Finance costs and other financial income and expense						(40.5)	(40.5)
Income tax expense						(123.8)	(123.8)
Minority interest and share of (loss)/profit of associates						0.7	0.7
Net cash provided by operating activities						259.0	259.0
Net proceeds from sales of fixed and financial assets						5.5	5.5
Capital expenditure	(8.7)	(6.4)	(5.8)	(3.3)	(9.0)		(33.2)
Capitalized development costs	(11.6)	(2.9)	0.0	(0.2)	(0.4)		(15.1)
Free cash flow**						**216.2**	**216.2**
Segment assets***	291.7	187.4	293.6	167.2	447.9		1,387.8
Segment liabilities***	354.0	199.4	126.1	117.9	244.9		1,042.3

* Amortization of intangible assets remeasured as part of the purchase price allocation process, plus any acquisition-related expense and income.

** 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.

***Segment assets and liabilities are defined as the sum of current operating assets and liabilities excluding taxes.

6 months ended June 30, 2011 *(in € millions)*	France	Geographical segments Europe Italy	 Others	 USA/ Canada	 Rest of the world	Items not allocated to segments	Total
Revenue to third parties	**583.2**	**368.2**	**381.7**	**284.2**	**490.5**		**2,107.8**
Cost of sales	(200.2)	(147.9)	(226.2)	(137.3)	(269.4)		(981.0)
Administrative and selling expenses, R&D costs	(233.7)	(98.3)	(99.5)	(103.5)	(135.2)		(670.2)
Other operating income (expense)	(13.5)	2.3	(16.9)	2.3	(5.3)		(31.1)
Operating profit	**135.8**	**124.3**	**39.1**	**45.7**	**80.6**		**425.5**
- of which acquisition-related amortization, expense and income*	(5.2)	(1.6)	(1.4)	(5.7)	(3.3)		(17.2)
- of which goodwill impairment							0.0
Adjusted operating profit	**141.0**	**125.9**	**40.5**	**51.4**	**83.9**		**442.7**
- of which depreciation expense	(18.7)	(12.0)	(7.4)	(4.3)	(12.2)		(54.6)
- of which amortization expense	(1.7)	(1.7)	(0.4)	(0.5)	(0.6)		(4.9)
- of which amortization of development costs	(8.5)	(3.0)	(0.1)	(0.6)	0.0		(12.2)
- of which restructuring costs	(3.8)	(0.2)	(8.6)	0.0	(0.6)		(13.2)
Exchange gains (losses)						10.7	10.7
Finance costs and other financial income and expense						(34.4)	(34.4)
Income tax expense						(135.0)	(135.0)
Minority interest and share of (loss)/profit of associates						0.4	0.4
Net cash provided by operating activities						239.3	239.3
Net proceeds from sales of fixed and financial assets						6.1	6.1
Capital expenditure	(10.4)	(12.8)	(4.9)	(2.3)	(15.0)		(45.4)
Capitalized development costs	(10.0)	(3.9)	0.0	(0.9)	(0.7)		(15.5)
Free cash flow**						**184.5**	**184.5**
Segment assets***	320.3	215.5	291.6	120.5	371.5		1,319.4
Segment liabilities***	368.4	220.4	126.2	87.0	218.7		1,020.7

* Amortization of intangible assets remeasured as part of the purchase price allocation process, plus any acquisition-related expense and income.

** 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.

***Segment assets and liabilities are defined as the sum of current operating assets and liabilities excluding taxes.

25) Quarterly data – non-audited

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

(in € millions)	**1st quarter 2012**	**1st quarter 2011**
France	280.2	284.2
Italy	160.6	187.6
Rest of Europe	189.4	187.1
USA/Canada	172.5	139.3
Rest of the world	283.5	238.2
Total	**1,086.2**	**1,036.4**

(in € millions)	**2nd quarter 2012**	**2nd quarter 2011**
France	285.3	299.0
Italy	156.2	180.6
Rest of Europe	204.9	194.6
USA/Canada	189.9	144.9
Rest of the world	301.2	252.3
Total	**1,137.5**	**1,071.4**

b) Quarterly income statements – unaudited

(in € millions)	**1st quarter 2012**	**1st quarter 2011**
Revenue	**1,086.2**	**1,036.4**
Operating expenses		
Cost of sales	(509.3)	(474.7)
Administrative and selling expenses	(302.8)	(286.9)
Research and development costs	(49.6)	(50.9)
Other operating income (expense)	(8.6)	(14.1)
Operating profit	**215.9**	**209.8**
Finance costs	(25.0)	(21.3)
Financial income	4.7	3.4
Exchange gains (losses)	(5.1)	6.0
Finance costs and other financial income and expense. net	(25.4)	(11.9)
Profit before tax	**190.5**	**197.9**
Income tax expense	(66.5)	(70.2)
Profit for the period	**124.0**	**127.7**
Attributable to:		
- Equity holders of Legrand	**123.3**	**127.5**
- Minority interests	**0.7**	**0.2**

(in € millions)	**2nd quarter 2012**	**2nd quarter 2011**
Revenue	**1,137.5**	**1,071.4**
Operating expenses		
Cost of sales	(542.0)	(506.3)
Administrative and selling expenses	(302.3)	(283.8)
Research and development costs	(46.2)	(48.6)
Other operating income (expense)	(18.6)	(17.0)
Operating profit	**228.4**	**215.7**
Finance costs	(26.0)	(25.2)
Financial income	5.8	8.7
Exchange gains (losses)	(5.5)	4.7
Finance costs and other financial income and expense. net	(25.7)	(11.8)
Profit before tax	**202.7**	**203.9**
Income tax expense	(57.3)	(64.8)
Profit for the period	**145.4**	**139.1**
Attributable to:		
- Equity holders of Legrand	**145.4**	**138.9**
- Minority interests	**0.0**	**0.2**

26) Subsequent events

No significant events occurred between June 30, 2012 and the date when the consolidated financial statements were prepared.

4 STATUTORY AUDITORS' REPORT ON INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Statutory auditors' review report on the 2012 half-year financial information

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

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, 2012,
- 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. Our role is to express a conclusion on these financial statements based on our review.

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, 2012, and of the results of its operations for the six-month period then ended, in accordance with IFRSs as adopted by the European Union.

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 26, 2012

The Statutory Auditors

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