Consolidated financial information as of December 31, 2007

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LEGRAND SA

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

PricewaterhouseCoopers Audit
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Statutory auditors' report on the consolidated financial statements
For the year ended 31 December 2007

To the Shareholders

LEGRAND SA
128, Avenue du Maréchal de Lattre de Tassigny
87000 Limoges

Dear Sirs,

In accordance with our appointment as statutory auditors by your Annual General Meetings, we have audited the accompanying consolidated financial statements of Legrand SA for the year ended 31 December 2007, except that we have not performed any work on the quarterly information disclosed in note 27 of the consolidated financial statements.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2007 and of the results of its operations for the year then ended in accordance with IFRSs as adopted by the European Union.

II - Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Law (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- Goodwill and intangible assets represent respectively 1.815,9 millions euros and 1.784,3 millions euros of the total assets of your company and have been recorded as a result of the acquisition of Legrand France in 2002 and of other subsidiaries since 2005. As mentioned in notes 1.f and 1.g of the consolidated financial statements, your company performs, each year, an impairment test of the value of goodwill and intangible assets with indefinite useful lives; and assesses whether changes or circumstances relating to long term assets, which could lead to an impairment loss, have occurred during the year. We have reviewed the methods by which the impairment tests are performed as well as the projected cash flow and assumptions used for these impairment tests and verified that information disclosed in note 2 and 3 of the consolidated financial statements is appropriate.

- As at December 31, 2007, your company has net operating tax losses carried forward mainly from UK and Italian entities. Note 1.j describes the accounting method used to recognize the relative deferred tax assets. We have reviewed the recoverability analysis performed by your company and verified that information disclosed in note 22 of the consolidated financial statements is appropriate.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verification

In accordance with professional standards applicable in France, we have also verified the information given in the Group's management report. We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly sur Seine, February 6, 2008

The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte & Associés
Gérard Morin	Dominique Descours

LEGRAND

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2007

Contents

Consolidated Statement of Income

	Legrand		
	12 months ended December 31,		
(in € millions)	**2007**	**2006**	**2005**
Revenue (Note 1 (k))	**4,128.8**	**3,736.8**	**3,247.9**
Operating expenses			
Cost of sales	(2,060.5)	(1,881.7)	(1,675.4)
Administrative and selling expenses	(1,081.8)	(977.7)	(835.6)
Research and development costs	(219.5)	(237.9)	(238.6)
Other operating income (expense) (Note 20 (b))	(105.5)	(109.9)	(92.6)
Operating profit (Note 20)	**661.5**	**529.6**	**405.7**
Finance costs (Note 21 (b))	(152.4)	(157.4)	(206.5)
Financial income (Note 21 (b))	42.5	33.7	25.4
Exchange gains and losses (Note 21 (a))	44.0	40.4	(32.3)
Loss on extinguishment of debt (Note 15 (a))	0.0	(109.0)	0.0
Finance costs and other financial income and expense, net	(65.9)	(192.3)	(213.4)
Share of profit of associates	2.0	0.8	1.3
Profit before tax	**597.6**	**338.1**	**193.6**
Income tax expense (Note 22)	(175.0)	(82.9)	(89.8)
Profit for the period	**422.6**	**255.2**	**103.8**
Attributable to:			
– Legrand	**421.0**	**252.0**	**101.4**
– Minority interests	**1.6**	**3.2**	**2.4**
Basic earnings per share (euros) (Notes 10 and 1 (s))*	1.584	1.019	0.534
Diluted earnings per share (euros) (Notes 10 and 1 (s))*	1.573	1.009	0.527

The accompanying Notes on pages 7 to 62 are an integral part of these financial statements.

*Basic and diluted earnings per share for 2005 have been adjusted to reflect the impact of the 1-for-4 reverse stock-split carried out on February 24, 2006.

Reported basic and diluted earnings per share for 2005, before the reverse stock-split, amounted to €0.134 and €0.132 respectively.

Consolidated Balance Sheet

	Legrand		
(in € millions)	**December 31, 2007**	**December 31, 2006**	**December 31, 2005**
ASSETS			
Current assets			
Cash and cash equivalents (Note 1 (d))	221.1	178.9	133.2
Marketable securities (Note 9)	0.2	0.4	0.6
Income tax receivables	12.3	14.2	6.1
Trade receivables (Notes 1 (e) and 7)	646.2	620.8	563.2
Other current assets (Note 8)	145.5	132.2	127.5
Inventories (Notes 1 (i) and 6)	624.4	560.1	474.5
Other current financial assets (Note 24)	11.8	22.2	33.4
Total current assets	**1,661.5**	**1,528.8**	**1,338.5**
Non-current assets			
Intangible assets (Notes 1 (f) and 2)	1,784.3	1,840.0	1,861.3
Goodwill (Notes 1 (g) and 3)	1,815.9	1,633.2	1,780.0
Property, plant and equipment (Notes 1 (h) and 4)	756.7	789.2	833.6
Investments in associates (Note 5)	14.0	10.5	9.5
Other investments (Note 5)	8.3	5.0	4.1
Deferred tax assets (Notes 1 (j) and 22)	64.3	124.6	61.5
Other non-current assets	4.6	4.8	4.6
Total non-current assets	**4,448.1**	**4,407.3**	**4,554.6**
Total Assets	**6,109.6**	**5,936.1**	**5,893.1**

The accompanying Notes on pages 7 to 62 are an integral part of these financial statements.

	Legrand		
(in € millions)	**December 31, 2007**	**December 31, 2006**	**December 31, 2005**
EQUITY AND LIABILITIES			
Current liabilities			
Short-term borrowings (Note 18)	654.7	790.7	319.3
Income tax payable	39.6	32.7	22.3
Trade payables	474.0	454.4	377.0
Short-term provisions and other current liabilities (Note 19)	497.9	436.8	406.9
Other current financial liabilities (Note 24)	86.9	66.6	59.9
Total current liabilities	**1,753.1**	**1,781.2**	**1,185.4**
Non-current liabilities			
Deferred tax liabilities (Notes 1 (j) and 22)	654.9	663.9	720.3
Long-term provisions and other non-current liabilities (Note 16)	81.0	109.8	134.0
Provisions for pensions and other post-employment benefits (Notes 1 (q) and 17)	125.1	147.6	139.7
Long-term borrowings (Note 15)	1,364.4	1,055.5	1,803.3
Subordinated perpetual Notes (Note 13)	0.0	9.5	28.5
Related party borrowings (Note 14)	0.0	0.0	1,334.8
Total non-current liabilities	**2,225.4**	**1,986.3**	**4,160.6**
EQUITY			
Share capital (Note 10)	1,083.9	1,078.8	759.4
Retained earnings (Note 12 (a))	1,238.4	1,217.6	(157.1)
Translation reserves (Note 12 (b))	(194.0)	(136.6)	(64.3)
Equity attributable to equity holders of Legrand	2,128.3	2,159.8	538.0
Minority interests	2.8	8.8	9.1
Total equity	**2,131.1**	**2,168.6**	**547.1**
Total Liabilities and Equity	**6,109.6**	**5,936.1**	**5,893.1**

The accompanying Notes on pages 7 to 62 are an integral part of these financial statements.

Consolidated Statement of Cash Flows

	Legrand		
	12 months ended December 31,		
(in € millions)	**2007**	**2006**	**2005**
Profit for the period	**422.6**	**255.2**	**103.8**
Reconciliation of profit for the period to net cash provided by operating activities:			
– Depreciation expense (Note 20 (a))	131.5	142.0	144.0
– Amortization expense (Note 20 (a))	76.2	98.0	111.0
– Amortization of development costs (Note 20 (a))	8.2	3.4	0.4
– Amortization of finance costs	1.4	2.1	3.2
– Loss on extinguishment of debt	0.0	109.0	0.0
– Changes in deferred taxes	46.1	(14.5)	12.9
– Changes in other non-current assets and liabilities	(5.8)	0.2	16.4
– Share of profit of associates	(2.0)	(0.8)	(1.3)
– Exchange (gain)/loss, net	(4.0)	(0.9)	18.1
– Other adjustments	6.9	26.1	25.3
(Gains)/losses on sales of assets, net	(12.9)	(1.1)	7.1
(Gains)/losses on sales of securities, net	(0.2)	0.0	0.1
Changes in operating assets and liabilities:			
– Inventories	(32.6)	(74.5)	(6.6)
– Trade receivables	(13.5)	(38.4)	(5.2)
– Trade payables	18.3	62.4	33.9
– Other operating assets and liabilities	45.3	13.3	(12.6)
Net cash provided by operating activities	**685.5**	**581.5**	**450.5**
Net proceeds from sales of fixed assets	38.8	27.5	10.9
Capital expenditure	(149.4)	(130.8)	(112.0)
Capitalized development costs	(22.0)	(22.1)	(21.5)
Changes in non-current financial assets and liabilities	(0.4)	(0.5)	0.0
Proceeds from sales of marketable securities	0.1	0.1	0.3
Purchases of marketable securities	0.0	0.0	40.2
Acquisitions of subsidiaries, net of the cash acquired (Note 3)	(265.1)	(85.9)	(399.8)
Investments in non-consolidated entities	(5.2)	(2.0)	0.0
Net cash used in investing activities	**(403.2)**	**(213.7)**	**(481.9)**
– Proceeds from issues of share capital (Note 10)	5.1	866.2	0.0
– Share buybacks and transactions under the liquidity contract (Note 10)	(280.8)	0.0	0.0
– Dividends paid to equity holders of Legrand	(133.1)	(110.6)	0.0
– Dividends paid by Legrand subsidiaries	(3.0)	(3.2)	(1.2)
– Reduction of subordinated perpetual Notes	(9.5)	(19.0)	(40.5)
– Proceeds from new borrowings and drawdowns	418.3	2,255.8	179.2
– Repayment of borrowings	(124.5)	(3,444.9)	0.0
– Debt issuance costs	(0.5)	(6.1)	0.0
– Loss on extinguishment of debt	0.0	(109.0)	0.0
– Increase (reduction) in bank overdrafts	(106.2)	258.5	(49.7)
Net cash (used in) provided by financing activities	**(234.2)**	**(312.3)**	**87.8**
Effect of exchange rate changes on cash and cash equivalents	(5.9)	(9.8)	8.5
Increase in cash and cash equivalents	42.2	45.7	64.9
Cash and cash equivalents at the beginning of the period	178.9	133.2	68.3
Cash and cash equivalents at the end of the period	**221.1**	**178.9**	**133.2**
Items included in cash flows from operating activities			
– Interest paid during the period	102.0	122.1	150.7
– Income taxes paid during the period	109.5	86.3	57.8

The accompanying Notes on pages 7 to 62 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

(in € millions)	Equity attributable to equity holders of Legrand Share capital	Retained earnings	Translation reserves	TOTAL	Minority interests	Total equity
As of December 31, 2005	**759.4**	**(157.1)**	**(64.3)**	**538.0**	**9.1**	**547.1**
Profit for the period		252.0		252.0	3.2	255.2
Income (expenses) recognized directly in equity, net		(7.6)	(72.3)	(79.9)	(0.3)	(80.2)
Total recognized income and expenses, net		244.4	(72.3)	172.1	2.9	175.0
Dividends paid		(110.6)		(110.6)	(3.2)	(113.8)
Issues of share capital (Note 10)	319.4	1,257.7		1,577.1		1,577.1
IPO costs		(21.8)		(21.8)		(21.8)
Stock options		5.0		5.0		5.0
As of December 31, 2006	**1,078.8**	**1,217.6**	**(136.6)**	**2,159.8**	**8.8**	**2,168.6**
Profit for the period		421.0		421.0	1.6	422.6
Income (expenses) recognized directly in equity, net		6.7	(57.4)	(50.7)		(50.7)
Total recognized income and expenses, net		427.7	(57.4)	370.3	1.6	371.9
Dividends paid		(133.1)		(133.1)	(3.0)	(136.1)
Issues of share capital (Note 10)	5.1			5.1		5.1
Share buybacks and transactions under the liquidity contract (Note 10)		(280.8)		(280.8)		(280.8)
Minority interest				0.0	(4.6)	(4.6)
Stock options		7.0		7.0		7.0
As of December 31, 2007	**1,083.9**	**1,238.4**	**(194.0)**	**2,128.3**	**2.8**	**2,131.1**

Total recognized income and expenses, net

(in € millions)	**December 31, 2007**	**December 31, 2006**	**December 31, 2005**
Profit for the period	422.6	255.2	103.8
Actuarial gains and losses on pension and other post-employment benefit obligations (Notes 1, 1 (q) and 17)	9.7	(12.3)	-
Deferred taxes on actuarial gains and losses	(3.0)	4.7	-
Translation reserves (Note 12 (b))	(57.4)	(72.6)	80.8
Total	371.9	175.0	184.6

The accompanying Notes on pages 7 to 62 are an integral part of these financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General information

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

The Group has manufacturing and/or distribution subsidiaries and offices in more than 70 countries, and sells its products in more than 180 national markets. Its key markets are France, Italy and the United States, which accounted for approximately 57% of revenue in 2007 (2006: 61%; 2005: 64%).

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

The base prospectus (*document de base*) prepared in connection with the Company's stock market flotation was registered with the French securities regulator (Autorité des Marchés Financiers - 'AMF') on February 21, 2006 under no. I.06-009 and the offering circular (*note d'opération*) was approved by the AMF on March 22, 2006 under *visa* no. 06.082. Trading in Legrand shares on Eurolist by Euronext™ Paris began on April 7, 2006.
The 2006 Registration Document was registered with the AMF on April 23, 2007 under no. R.07.0038.
The consolidated financial statements were approved by the Board of Directors on February 06, 2008.

List of consolidated companies

The consolidated financial statements comprise the financial statements of Legrand and 139 subsidiaries. The largest operating subsidiary, Legrand France, is wholly owned by Legrand. All of Legrand France's operating subsidiaries are also wholly owned. All Legrand Group subsidiaries are fully consolidated, except for Alborz Electrical Industries in Iran which is accounted for by the equity method.

The main fully consolidated subsidiaries as of December 31, 2007 are as follows:

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

Foreign subsidiaries:

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

The main changes in the scope of consolidation in 2007 concerned the consolidation of Alpes Technologies, TCL Wuxi, Macse, Kontaktor, UStec and HPM Industries.

These acquisitions are described below:

Alpes Technologies

In December 2007, Legrand acquired the entire capital of Alpes Technologies, a French leader in systems designed to optimize and measure the quality of electricity for commercial and industrial applications.

TCL Wuxi

In December 2007, Legrand acquired the entire capital of TCL Wuxi, a Chinese firm specializing in modular and high-current circuit breakers for residential, commercial and industrial applications.

Macse

In October 2007, Legrand acquired the entire business of metal cable trays production from Macse, leader in this area in Mexico.

Kontaktor

In September 2007, Legrand acquired 95% of the capital of Kontaktor, the Russian leader for air circuit breakers and molded case circuit breakers based in Oulianovsk, south east of Moscow.

UStec

In January 2007, Legrand acquired all the assets of UStec, an American supplier of wiring infrastructure for voice, data and video networks in residential buildings, based in New York State.

HPM Industries

In January 2007, Legrand acquired the entire capital of HPM, number two for wiring devices in Australia and New Zealand with operations in Sydney, Melbourne and Auckland.

The contributions to the 2006 and 2007 quarterly consolidated balance sheets and income statements of companies acquired since January 1, 2006 were as follows:

2006	March 31	June 30	September 30	December 31
Cemar		Balance sheet only	3 months' profit	6 months' profit
Shidean		Balance sheet only	Balance sheet only	12 months' profit
Vantage			Balance sheet only	Balance sheet only

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

Entities consolidated for the first time in 2007 as shown in the table above contributed in the Group's revenue for €129.0 million. The operating result contributed by these entities after impact due to their integration was a €3.9 million loss.

1) Accounting policies

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

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and International Financial Reporting Interpretation Committee (IFRIC) interpretations applicable at December 31, 2007, as adopted by the European Union without modification.

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

The new IFRS and IFRIC interpretations whose application will be compulsory as from the 2008 fiscal year are presented in Note 1v.

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

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

Until December 31, 2005, actuarial gains and losses on pension and other post-employment benefit obligations arising from experience adjustments and changes in actuarial assumptions were fully charged or credited to the income statement. Effective from January 1, 2006, the Group elected to recognize all actuarial gains and losses directly in equity, in the statement of recognized income and expense, as allowed under IAS 19, paragraph 93A s (amended). The effect of this change in accounting policy is not considered material and the comparative 2005 financial information presented with these consolidated financial statements has therefore not been adjusted to reflect the new policy.

a) Basis of presentation and acquisition of Legrand France SA

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

The acquisition price and related fees and commissions, representing a total of €3,748.0 million, were allocated primarily to trademarks and developed technology.

b) Basis of consolidation

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

The subsidiaries excluded from the scope of consolidation are all companies that were acquired or created only recently. In 2007, these companies represented combined non-current assets of less than €6.6 million and combined revenue of less than €18.0 million.

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

c) Foreign currency translation

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

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

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

d) Cash and cash equivalents

Cash and cash equivalents consist of cash, short-term deposits and all other financial assets with an original maturity not in excess of three months. Cash equivalents are short-term (defined as maturing in less than three months), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Marketable securities are not considered as cash equivalents.
Bank overdrafts are considered to be a form of financing and are therefore included in short-term borrowings.

e) Trade receivables

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

f) Intangible assets

In accordance with IAS 36 - Impairment of Assets, when events or changes in market environment indicate that an intangible asset or item of property, plant and equipment may be impaired, the item concerned is tested for impairment to determine whether its carrying amount is greater than its recoverable amount, defined as the higher of fair value less costs to sell and value in use. 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 there is objective evidence that the impairment no longer exists or has decreased, provided that the increased carrying amount of the asset attributable to the reversal of the impairment loss does not exceed the carrying amount that would have been determined (net of amortization) had no impairment loss been recognized for the asset in prior years.

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

Other development expenditures are recognized as an expense as incurred.

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

Trademarks with finite useful lives are amortized:

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

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 that have an indefinite useful life are not amortized but are tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Trademarks are classified as having an indefinite useful life when they have been in use for more than ten years and management believes they will contribute indefinitely to future consolidated cash flows because it plans to continue using them indefinitely.

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

g) Goodwill

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

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

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

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 budgets approved by the Group. Cash flows beyond the projection period are estimated by applying a stable growth rate to subsequent years.

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

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

h) Property, plant and equipment

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

Assets acquired under lease agreements that transfer substantially all of the risks and rewards of ownership to the Group are capitalized on the basis of the present value of future minimum lease payments and are depreciated over the shorter of the lease period and the asset's useful life determined in accordance with Group policies (see below).

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

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

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

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

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

i) Inventories

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

j) Deferred taxes

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

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

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

k) Revenue recognition

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

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

l) Fair value of financial instruments

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

m) Derivative financial and commodity instruments

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

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

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

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

n) Environmental and product 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.

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

o) Share based payment transactions

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

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

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

p) Transfers and use of financial assets

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

q) Pension and other post-employment benefit obligations

(a) Pension obligations

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

Defined contribution plans
A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Contributions are recognized as an expense for the period of payment.

The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in current and prior periods.

Defined benefit plans

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and end-of-career salary.

The liability recognized in the balance sheet for defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date, as adjusted for unrecognized past service costs, less the fair value of plan assets. Past service costs are recognized in the income statement on a straight-line basis over the average remaining vesting period.

Until December 31, 2005, actuarial gains and losses on pension and other post-employment benefit obligations arising from experience adjustments and changes in actuarial assumptions were fully charged or credited to the income statement.

Effective from January 1, 2006, the Group elected to recognize all actuarial gains and losses outside profit or loss, in the statement of recognized income and expense, as allowed under IAS 19, paragraph 93A s (amended).

If this accounting method had been applied in 2005, it would have had the effect of increasing operating profit by €6.6 million and net profit by €4.7 million. The effect of this change in accounting policy is not considered material and the comparative 2005 financial information presented with these consolidated financial statements has therefore not been adjusted to reflect the new policy.

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

(b) Other post-employment benefit obligations

Some Group companies provide post-employment healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining with the company up to retirement age and completion of a minimum service period.

The related cost is determined on an actuarial basis and recognized in the income statement over employees' remaining service lives.

(c) Termination benefits

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

r) Segment information

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

s) Basic and diluted earnings per share

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

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

t) Borrowing costs

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

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

u) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that are reflected in the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements 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, that are believed to be reasonable under the circumstances.

(a) Impairment of goodwill and intangible assets

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

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

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

- Determining which intangible assets, if any, have indefinite useful lives and, accordingly, should not be amortized;
- Identifying events or changes in circumstances that may indicate that an impairment has occurred;
- Allocating goodwill to cash-generating units;
- Determining the recoverable amount of cash-generating units for the purposes of annual impairment tests of goodwill;
- Estimating the future discounted cash flows to be used for the purposes of periodic impairment tests of intangible assets with indefinite useful lives; and
- Determining the recoverable amount of intangible assets with indefinite useful lives for annual 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. Other estimates using different, but still reasonable, assumptions could produce different results.

As of December 31, 2007, the Group applied the impairment test required under IAS 36 for all non-amortizable intangible assets using the assumptions and parameters described in Note 3.

(b) Accounting for income taxes

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

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

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

(c) Other assets and liabilities based on estimates

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

v) New IFRS Pronouncements

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

(a) Standards and interpretations adopted by the European Union whose application was optional on January 1, 2007:

IFRS 8 – Operating Segments was published by the IASB in November 2006. This standard, which replaces IAS 14, aligns segment reporting requirements with US standard SFAS 131. Under IFRS 8, operating segments are determined based on the enterprise's internal management reporting structure, whereas under IAS 14, a business segment is defined as a distinguishable component of an entity that is subject to risks and returns that are different from those of other business segments.

Adoption of IFRS 8 is compulsory in the first annual period commencing on or after January 1, 2009.

IFRIC 11 – Group and Treasury Share Transactions was published in November 2006. This interpretation considers that treasury share transactions may be qualified as either equity-settled or cash-settled transactions, as appropriate. It also describes the accounting treatment, in the individual or separate financial statements of each entity within a group that receives the related employee services, of share-based payments involving two or more entities within a group (parent company or another member of the same group).

Adoption of IFRIC 11 is compulsory in the first annual period commencing on or after March 1, 2007.

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

IAS 23 – Borrowing Costs (revised)

In March 2007, the IASB published a revised version of IAS 23 – Borrowing Costs. Under the revised standard, which is aligned with US standard SFAS 34, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset must be treated as forming part of the cost of that asset. The former alternative treatment, consisting of recognizing these costs as an expense, is no longer allowed.

Adoption of IAS 23 (revised) is compulsory in the first annual period commencing on or after January 1, 2009. Earlier application is permitted.

IFRIC 12 – Service Concession Arrangements was published in November 2006. This interpretation describes the accounting treatment, by a private sector operator, of its rights and obligations under a public-to-private service concession arrangement where the public sector grantor retains control of the concession assets.

Adoption of IFRIC 12 is compulsory in the first annual period commencing on or after January 1, 2008.

IFRIC 13 – Customer Loyalty Programs was published in June 2007. This interpretation considers that an entity's obligation to provide free or discounted goods or services ('award credits') should be treated as a separately identifiable component of the sales transaction(s) in which they are granted (the 'initial sale') and that part of the consideration received or receivable in respect of the initial sale should be allocated to the award credits, with the corresponding liability recognized under 'Deferred revenue'.

Adoption of IFRIC 13 is compulsory in the first annual period commencing on or after July 1, 2008.

IFRIC 14 – IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction was published in July 2007. This interpretation provides guidance as to when a defined benefit asset – in the form of refunds or reductions in future contributions – should be regarded as available and recognized as a plan surplus under IAS 19.

It also provides guidance on the allocation of assets and liabilities under post-employment benefit plans or other long-term employee defined benefit plans with a legal or contractual minimum funding requirement.

Adoption of IFRIC 14 is compulsory in the first annual period commencing on or after January 1, 2008.

The Group is currently reviewing these interpretations to assess the changes that may be necessary to its disclosures.

2) Intangible assets (Note 1 (f))

Intangible assets are as follows:

(in € millions)	December 31, 2007	December 31, 2006	December 31, 2005
Trademarks with indefinite useful lives	1,511.0	1,523.1	1,502.6
Trademarks with finite useful lives	54.3	49.7	48.8
Developed technology	102.7	161.4	244.6
Other intangible assets	116.3	105.8	65.3
	1,784.3	**1,840.0**	**1,861.3**

Trademarks can be analyzed as follows:

(in € millions)	December 31, 2007	December 31, 2006	December 31, 2005
At the beginning of the period	1,593.0	1,567.1	1,536.6
- Acquisitions	12.2	41.8	12.1
- Disposals	0.0	0.0	0.0
- Translation adjustments	(14.8)	(15.9)	18.4
	1,590.4	1,593.0	1,567.1
Less accumulated amortization	(25.1)	(20.2)	(15.7)
At the end of the period	**1,565.3**	**1,572.8**	**1,551.4**

Developed technology can be analyzed as follows:

(in € millions)	December 31, 2007	December 31, 2006	December 31, 2005
At the beginning of the period	576.0	582.2	574.4
- Acquisitions	0.0	0.0	0.0
- Disposals	0.0	0.0	0.0
- Translation adjustments	(5.7)	(6.2)	7.8
	570.3	576.0	582.2
Less accumulated amortization	(467.6)	(414.6)	(337.6)
At the end of the period	**102.7**	**161.4**	**244.6**

Amortization expense related to intangible assets, including capitalized development costs, amounted to €84.4 million in 2007 (2006: €101.4 million; 2005: €111.4 million) including amortization of trademarks and developed technology in 2007 breaks down as follows:

(in € millions)	Developed technology	Trademarks	Total
France	30.8	1.9	32.7
Italy	15.4	0.0	15.4
Rest of Europe	4.2	0.3	4.5
USA/Canada	5.2	1.9	7.1
Rest of the World	1.8	1.8	3.6
	57.4	**5.9**	**63.3**

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

(in € millions)	**Developed technology**	**Trademarks**	**Total**
2008	46.0	5.8	51.8
2009	28.7	5.1	33.8
2010	17.2	5.0	22.2
2011	11.5	4.5	16.0
2012	0.0	1.9	1.9

Other intangible assets can be analyzed as follows:

(in € millions)	**December 31, 2007**	**December 31, 2006**	**December 31, 2005**
Capitalized development costs	70.5	56.9	38.2
Software	15.9	14.0	11.6
Other	29.9	34.9	15.5
	116.3	**105.8**	**65.3**

3) Goodwill (note 1 (g))

Goodwill can be analyzed as follows:

(in € millions)	**December 31, 2007**	**December 31, 2006**	**December 31, 2005**
France	606.5	589.1	613.2
Italy	307.6	307.6	378.9
Rest of Europe	213.3	137.7	137.6
USA/Canada	285.1	311.2	308.8
Rest of the World	403.4	287.6	341.5
	1,815.9	**1,633.2**	**1,780.0**

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 the total.

Changes in goodwill can be analyzed as follows:

(in € millions)	**December 31, 2007**	**December 31, 2006**	**December 31, 2005**
At the beginning of the period	1,633.2	1,780.0	1,335.1
- Acquisitions	197.2	58.1	392.0
- Adjustments	22.2	(156.3)	0.0
- Translation adjustments	(36.7)	(48.6)	52.9
At the end of the period	**1,815.9**	**1,633.2**	**1,780.0**

Adjustments to goodwill in 2006 include the reversal of a deferred tax liability that was recognized through goodwill in the balance sheet of an Italian subsidiary at the time of the Legrand acquisition in 2002.

For impairment testing purposes, goodwill has been allocated to various country units (cash-generating units), which represent the lowest level at which goodwill is monitored.

These 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.
In 2005 and 2006, value in use was discounted using after-tax discount rates applied to after-tax future cash flows. In 2007, pre-tax discount rates were used applied to pre-tax future cash flows, as required by IAS 36. Both methods produce equivalent present value.

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

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

The following impairment testing parameters were used in the period ended December 31, 2006:

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

The following impairment testing parameters were used in the period ended December 31, 2005:

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

No goodwill impairment losses were recognized in the periods ended December 31, 2007, December 31, 2006 or December 31, 2005.

Acquisitions of subsidiaries (net of cash acquired) came to €265.1 million in 2007 (2006: €85.9 million; 2005: €399.8 million).

The cost of business combinations carried out in the last three years was allocated as follows:

	12 months ended		
(in € millions)	**December 31, 2007**	**December 31, 2006**	**December 31, 2005**
- Trademarks	12.2	41.8	12.1
- Deferred taxes on trademarks	(3.9)	(14.2)	(4.2)
- Other intangible assets	-	22.5	-
- Deferred taxes on other intangible assets	-	(7.4)	-
- Goodwill	197.2	58.1	392.0

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

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

a) Property, plant and equipment by geographic area

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

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

Total property, plant and equipment includes €4.7 million corresponding to assets held for sale, which are measured at the lower of their carrying amount and fair value less costs to sell.

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

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

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

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

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

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

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

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

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

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

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

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

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

	December 31, 2005						
(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	(1.9)	(0.5)	1.3	3.2	2.2
Buildings	4.1	4.4	(6.1)	(23.0)	33.1	8.3	20.8
Machinery and equipment	43.2	24.9	(7.3)	(101.8)	6.9	10.5	(23.6)
Assets under construction and other	55.9	(29.4)	(2.4)	(18.7)	7.1	5.7	18.2
	103.2	**0.0**	**(17.7)**	**(144.0)**	**48.4**	**27.7**	**17.6**

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

(in € millions)	**December 31, 2007**	**December 31, 2006**	**December 31, 2005**
Land	3.8	3.8	3.9
Buildings	27.3	35.9	32.6
Machinery and equipment	36.2	38.7	38.1
	67.3	78.4	74.6
Less accumulated depreciation	(40.3)	(44.3)	(41.2)
	27.0	**34.1**	**33.4**

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

(in € millions)	**December 31, 2007**	**December 31, 2006**	**December 31, 2005**
Long-term borrowings	19.2	9.3	16.1
Short-term borrowings	4.5	6.9	8.9
	23.7	**16.2**	**25.0**

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

(in € millions)	December 31, 2007	December 31, 2006	December 31, 2005
Due in less than one year	5.6	6.6	7.8
Due in one to two years	3.0	4.5	8.2
Due in two to three years	2.6	1.7	4.3
Due in three to four years	2.5	1.5	1.5
Due in four to five years	2.3	1.3	1.4
Due beyond five years	9.1	1.8	3.4
	25.1	17.4	26.6
Of which accrued interest	(1.4)	(1.2)	(1.6)
Present value of future minimum lease payments	**23.7**	**16.2**	**25.0**

5) Investments in associates and other investments

(in € millions)	December 31, 2007	December 31, 2006	December 31, 2005
Investments in associates (accounted for by the equity method)	14.0	10.5	9.5

(in € millions)	December 31, 2007	December 31, 2006	December 31, 2005
Other investments	8.3	5.0	4.1

6) Inventories (Note 1 (i))

Inventories are as follows:

(in € millions)	December 31, 2007	December 31, 2006	December 31, 2005
Purchased raw materials and components	222.5	199.3	171.7
Sub-assemblies, work in progress	110.2	110.5	93.4
Finished products	369.4	322.5	276.7
	702.1	632.3	541.8
Less impairment	(77.7)	(72.2)	(67.3)
	624.4	**560.1**	**474.5**

7) Trade receivables (Note 1 (e))

The Group derives over 95% of its revenue from sales to distributors of electrical equipment. The two largest distributors account for approximately 26% of consolidated net revenue.

(in € millions)	**December 31, 2007**	**December 31, 2006**	**December 31, 2005**
Trade accounts receivable	568.5	559.7	513.4
Notes receivable	104.5	90.4	79.4
	673.0	650.1	592.8
Less impairment	(26.8)	(29.3)	(29.6)
	646.2	**620.8**	**563.2**

8) Other current assets

Other current assets are as follows:

(in € millions)	**December 31, 2007**	**December 31, 2006**	**December 31, 2005**
Employee advances	3.7	4.1	4.8
Other receivables	47.8	33.0	36.4
Prepayments	18.5	18.1	18.8
Prepaid and recoverable taxes other than on income	75.5	77.0	67.5
	145.5	**132.2**	**127.5**

9) Marketable securities

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

10) Share capital and earnings per share

Share capital as of December 31, 2007 amounted to €1,083,902,956, represented by 270,975,739 ordinary shares with a par value of €4 each.

Changes in share capital in 2006 and 2007 were as follows:

		Number of shares	Par value (euros)	Share capital (euros)	Premiums (euros)
As of December 31, 2005		759,350,900	1	759,350,900	
February 24, 2006	Reverse stock-split	189,837,725	4	759,350,900	
April 11, 2006	Public placement of new shares	43,689,298	4	174,757,192	688,106,444
April 11, 2006	Share issue underwritten by GP Financière New Sub 1 SCS, paid up by capitalizing related party borrowings	33,862,914	4	135,451,656	533,340,895
May 2, 2006	Employee share issue	2,303,439	4	9,213,756	36,279,164
As of December 31, 2006		269,693,376	4	1,078,773,504	1,257,726,503
Exercise of options under the 2003 plan		1,282,363	4	5,129,452	
As of December 31, 2007		270,975,739	4	1,083,902,956	1,257,726,503

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

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

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

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

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

In 2007, 1,282,363 shares were issued upon exercise of stock options granted under the 2003 plan (Note 11), resulting in an €5.1 million capital increase.

a) Share buyback program and transactions under the liquidity contract

On March 21, 2007, the Group set up a €200.0 million share buyback program in line with the authorization given at the Shareholders' Meeting of February 24, 2006. Details of the objectives and terms are provided in the program description filed with the AMF on March 21, 2007.

The Shareholders' Meeting of May 15, 2007 authorized the Company to launch a new €650.0 million buyback program, details of which are provided in the program description filed with the AMF on May 3, 2007. The program was launched on May 15, 2007 and will end no later than November 15, 2008.

Share buyback program

As of December 31, 2007, a total of 11,269,411 shares had been bought back under the program, at a total cost of €278,331,428. These shares are being held for the following purposes:

- For allocation upon exercise of stock options (2,200,000 shares purchased at a cost of €54,750,339).
- For allocation to employees who choose to re-invest their profit-shares in Legrand stock through a corporate mutual fund (80,000 shares purchased at a cost of €1,993,600).
- For cancellation (8,989,411 shares purchased at a cost of €221,587,489).

Liquidity contract

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

In 2007, €15.0 million were allocated to the liquidity account. As of December 31, 2007, 116,423 Legrand shares valued at €2,515,355 were held in the liquidity account.

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:

	December 31, 2007	December 31, 2006	December 31, 2005
Profit attributable to equity holders of Legrand (*in € millions)*	421.0	252.0	101.4
Number of ordinary shares outstanding:			
- At the period-end	270,975,739	269,693,376	189,837,725
- Average for the period	265,729,265	247,218,622	189,837,725
Number of stock options and free shares	3,459,034	2,606,529	2,682,829
Share buybacks and transactions under the liquidity contract	(11.385.834)	-	-
Basic earnings per share (euros) (Note 1 (s)) [a]	1.584	1.019	0.534
Diluted earnings per share (euros) (note 1 (s)) [a] [b]	1.573	1.009	0.527
Dividend per share (euros)	0.500	0.410	0.000

[a] Basic and diluted earnings per share for 2005 have been adjusted to reflect the impact of the 1-for-4 reverse stock-split carried out on February 24, 2006.

[b] Options granted under the 2007 Plan (1,610,563 options) have not been taken into account in the calculation of diluted earnings per share as the options were out of the money as of December 31, 2007.

Reported basic and diluted earnings per share for 2005, before the reverse stock-split, amounted to €0.134 and €0.132 respectively.

In accordance with IAS 33, the 79,855,651 shares issued in conjunction with the IPO during the second quarter of 2006 were taken into account on a pro rata basis for the purpose of computing the average number of ordinary shares outstanding during 2006. If those shares had been issued on January 1, 2006, basic earnings per share and diluted earnings per share would have amounted to €0.934 and €0.925 respectively.

Also in accordance with IAS 33, the 1,282,363 shares issued in 2007 upon exercise of stock options granted under the 2003 plan and the 11,385,834 shares bought back or transacted under the liquidity contract were taken into account on a pro rata basis for the purpose of computing the average number of ordinary shares outstanding during 2007. If those shares had been issued or bought back on January 1, 2007, basic earnings per share and diluted earnings per share would have amounted to €1.622 and €1.610 respectively.

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

a) Legrand stock option plans 2003, 2004 and 2005

The Company has set up a stock option plan under which stock options may be granted to purchase a specified number of ordinary shares of the Company at an initial exercise price of €1.00 per share for options granted in 2003 and 2004, and €1.40 per share for options granted in 2005. At the General Meeting of February 24, 2006, shareholders decided to carry out a 1-for-4 reverse stock-split, leading to an increase in the shares' par value from €1 to €4. To take into account the effects of this change, the option exercise price was increased to €4 for options granted in 2003 and 2004 and to €5.60 for those granted in 2005. Following the IPO, outstanding options may be exercised in the coming years during the exercise periods set in the initial plans. The plans have now been closed and the 423,263 options not granted prior to the IPO will never be granted. A total of 1,282,363 stock options were exercised during 2007. Outstanding options may be exercised in the coming years during the exercise periods set in the initial plan.

Information on stock options	**2003 Plan**	**2004 Plan**	**2005 Plan**	**Total**
Date of Board of Directors Meeting	June 5, 2003	January 30, 2004	February 7, 2005	
Total number of shares that may be acquired on exercise of options	1,924,530	508,250	173,750	2,606,530
Of which number of shares that may be acquired by corporate officers	*0*	*0*	*0*	*0*
Vesting/exercise conditions	• 2/3 of the options vest 4 years after the grant date and must be exercised within 60 days of vesting • 1/3 of the options vest 5 years after the grant date and must be exercised within 60 days of vesting			
Exercise price	€4	€4	€5.60	
Options exercised during the period 2007	(1,282,363)	0	0	(1,282,363)
Options forfeited during the period 2007	(496)			(496)
Options outstanding as of December 31, 2007	641,671	508,250	173,750	1,323,671

As of December 31, 2007, 980,504 options will become exercisable in 2008, 285,250 in 2009 and 57,917 in 2010.

If all these options were to be exercised, the Company's capital would be diluted by 0.5%.

b) Legrand 2007 free shares and stock option plans

Free shares plan

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

Information on the free shares plan	2007 Plan
Date of Board of Directors Meeting	May 15, 2007
Total number of shares granted	533,494
Of which to corporate officers	*26,427*
Vesting conditions	After maximum 4 years, except in the event of resignation or termination for willful misconduct.
Free shares become exercisable during the period 2007	*546*
Free shares cancelled during the period 2007	(8,695)
Total number of free shares outstanding at December 31, 2007	524,799

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

2007 stock option plan

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

Information on stock options	2007 Plan
Date of Board of Directors Meeting	May 15, 2007
Total number of options	1,638,137
Of which options granted to corporate officers	*79,281*
Vesting/exercise conditions	Options vest after maximum 4 years, except in the event of resignation or termination for willful misconduct.
Option exercise price	€25.20
Options become exercisable during the period 2007	*1,637*
Options cancelled during the period 2007	(27,574)
Outstanding options at December 31, 2007	1,610,563

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

In accordance with IFRS 2, which requires the cost of stock options to be recognized in the financial statements, a charge of €7.0 million was recorded in 2007 for all of these plans combined (Notes 11 (a) and 11 (b)).

c) **Legrand France stock option plans**

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

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

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

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

Options for which the Legrand France shares were exchangeable for Schneider Electric shares were exercisable until November 2007.

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

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

Type of plan	Subscription	
Date of grant	2000	2001
Type of shares under option	Ordinary	Ordinary
Number of grantees	8,999	9,122
Start date of exercise period	11-2005	11-2005
Expiry date of exercise period	11-2007	11-2008
Exercise price (in euros) before distribution of retained earnings	191.50	143.00
Exercise price (in euros) after distribution of retained earnings	140.19	104.68
Number of options granted	**124,240**	**178,766**
Options forfeited	(18)	
Balance as of December 31, 2002	124,222	178,766
New options issued on November 15, 2003 in connection with distribution of retained earnings	16,218	21,353
Options exercised		
Options forfeited	(372)	(372)
Balance as of December 31, 2003	140,068	199,747
New options issued on March 30, 2004 in connection with distribution of retained earnings	38,002	52,996
Options exercised		
Options forfeited	(9)	
Balance as of December 31, 2004	178,061	252,743
Options exercised	(38,265)	
Options forfeited	(95)	(95)
Balance as of December 31, 2005	139,701	252,648
Options exercised	(64,247)	(244,704)
Options forfeited	(240)	(465)
Balance as of December 31, 2006	75,214	7,479
Options exercised	(66,740)	(9)
Options forfeited	(8,474)	(36)
Balance as of December 31, 2007	0,0	7,434

d) Employee profit-sharing

Under French law, the French entities in the Group are required to pay profit shares to employees when their after-tax profit exceeds a certain level. Amounts accrued are generally payable to employees after a period of five years.

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 €32.5 million was recorded in 2007 for statutory and discretionary profit-sharing plans (2006: €31.7 million; 2005: €27.2 million).

12) Retained earnings and translation reserves

a) Retained earnings

Consolidated retained earnings of Legrand and its subsidiaries as of December 31, 2007 amounted to €1,238.4 million.

As of the same date, the parent company – Legrand – had retained earnings of €1,804.8 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)	**December 31, 2007**	**December 31, 2006**	**December 31, 2005**
US dollar	(165.0)	(132.0)	(79.5)
Other currencies	(29.0)	(4.6)	15.2
	(194.0)	**(136.6)**	**(64.3)**

The line 'Other currencies' mainly concerns currencies of countries located in the 'Rest of the World' and 'Rest of Europe' regions as of December 31, 2007 and December 31, 2006 and currencies of countries located in the 'Rest of Europe' region as of December 31, 2005.

13) Subordinated perpetual notes (TSDIs)

In December 1990 and March 1992, Legrand France issued, at par, subordinated perpetual notes for a total of €457.0 million and €305.0 million, respectively.

The two issues were fully amortized in February 2006 and March 2007 respectively.

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

(in € millions)	**December 31, 2007**	**December 31, 2006**	**December 31, 2005**
Due within one year	0,0	9.5	19.0
Due in one to two years	0,0	0.0	9.5
Due in two to three years	0,0	0.0	0.0
Due beyond three years	0,0	0.0	0.0
	0,0	**9.5**	**28.5**

The subordinated perpetual notes are subject to specific tax rules, the application of which was specified in the amended 2005 Finance Act voted by the French parliament in the fall of 2005.

Under these rules, the total amount of interest provided for in the loan debenture is deductible only up to the amount of interest paid in the first twelve years on the principal issued by the Group.

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

14) Related party borrowings

In February 2003, the Company signed a related party borrowing worth €1,156.0 million of subordinated bonds issued by a subsidiary of the Group's ultimate parent company.

As of December 31, 2005, the outstanding principal and interest amounted to €1,334.8 million.

On February 15, 2006, the Company repaid an amount of €177.9 million, using funds obtained under the 2006 Credit Facility.

A further €504.4 million was repaid using the proceeds from the April 2006 IPO and related employee share issue and the remaining €668.8 million was repaid in newly issued shares on April 11, 2006.

15) Long-term borrowings

Long-term borrowings can be analyzed as follows:

(in € millions)	**December 31, 2007**	**December 31, 2006**	**December 31, 2005**
Facility Agreement	642.8	668.7	731.7
High Yield Notes	0.0	0.0	574.3
8 ½ % debentures	263.0	294.5	329.6
Bank borrowings	220.0	0.0	0.0
Other borrowings	242.6	97.1	178.2
	1,368.4	**1,060.3**	**1,813.8**
Debt issuance costs	(4.0)	(4.8)	(10.5)
	1,364.4	**1,055.5**	**1,803.3**

Long-term borrowings are denominated in the following currencies:

(in € millions)	**December 31, 2007**	**December 31, 2006**	**December 31, 2005**
Euro	776.8	605.1	1,457.4
US dollar	505.5	418.0	355.0
Other currencies	86.1	37.2	1.4
	1,368.4	**1,060.3**	**1,813.8**

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

(in € millions)	**December 31, 2007**	**December 31, 2006**	**December 31, 2005**
Due in one to two years	156.3	174.9	292.5
Due in two to three years	147.7	151.2	173.7
Due in three to four years	115.0	149.6	426.9
Due in four to five years	119.2	271.7	4.5
Due beyond five years	830.2	312.9	916.2
	1,368.4	**1,060.3**	**1,813.8**

Average interest rates (the rates shown for the 8 ½ % debentures – 'Yankee bonds' – take into account interest rate swaps) on borrowings are as follows :

	December 31, 2007	December 31, 2006	December 31, 2005
Facility Agreement	5.10%	3.86%	2.69%
High Yield Notes	-	-	10.51%
8 ½ % debentures	4.67%	4.68%	4.52%
Bank borrowing	4.99%	-	-
Other borrowings	3.78%	3.15%	2.48%

With the exception of the 8 ½ % debentures, management considers that the carrying amount of borrowings is close to their fair value.

These borrowings are secured as follows:

(in € millions)	December 31, 2007	December 31, 2006	December 31, 2005
Assets mortgaged or pledged as collateral	17.8	23.1	23.1
Guarantees given to banks	155.0	63.0	63.6
Legrand France shares pledged under Facility Agreement	0.0	0.0	887.3
	172.8	**86.1**	**974.0**

a) Credit Facility

2004 Credit Facility

As of December 31, 2005, the Group owed €887.3 million on the €1.4 billion syndicated facility contracted in December 2004 (‘the 2004 Credit Facility’). In January 2006, the 2004 Credit Facility was refinanced through a new €2.2 billion syndicated facility.
Upon repayment of the 2004 Credit Facility, the €10.5 million unamortized balance of related debt issuance costs was written off. This amount is reported under ‘Loss on extinguishment of debt’ in the consolidated income statement.

2006 Credit Facility

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

The 2006 Credit Facility comprised (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, (ii) a €1.2 billion Tranche B consisting of a revolving multicurrency facility utilizable through drawdowns and (iii) a €300.0 million Tranche C multicurrency facility repayable upon the Group's flotation on the stock market. Tranches A and B were originally five-year loans that could be rolled over for two successive one-year periods. Tranche C was a 364-day loan, that was repaid in full in April 2006 following the IPO.

A first installment equal to 10.0% of the nominal of Tranche A was repaid in January 2007 and a second one equal to 7.78% 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. Consequently, the repayments in semi-annual installments of Tranche A will be equal to 6.22% of the original nominal amount from July 10, 2008 through July 10, 2012, with a final 20.0% installment due on January 10, 2013.

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

(in € millions)	**December 31, 2007**	**December 31, 2006**	**December 31, 2005**
Due within one year (short-term borrowings)	87.2	138.8	155.6
Due in one to two years	85.3	137.6	155.6
Due in two to three years	87.0	137.6	155.6
Due in three to four years	87.1	138.3	420.5
Due in four to five years	92.0	255.2	0.0
Due beyond five years	291.4	0.0	0.0
	730.0	**807.5**	**887.3**

The successive Facility Agreements break down as follows:

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

(in € millions)	**December 31, 2006**	Maturity	Interest rate
Term Facility	687.6	2011	Euribor + 35bps
Revolving Facility	119.9	2011	Euribor + 35bps

(in € millions)	**December 31, 2005**	Maturity	Interest rate
Term Facility	622.3	2009	Euribor + 55bps
Revolving Facility	265.0	2009	Euribor + 55bps

b) High Yield Notes

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

c) 8 ½ % Debentures (Yankee bonds)

On February 14, 1995, Legrand France issued $400.0 million worth of 8 ½ % debentures due February 15, 2025, through a public placement in the United States. Interest on the debentures is payable semi-annually in arrears on February 15 and August 15 of each year, beginning August 15, 1995.

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

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

d) Bank borrowing

On May 21, 2007, the Group obtained a €220.0 million loan from a pool of French banks. The loan is for a period of 6 years and 4 months, expiring September 21, 2013, and pays interest at the 3-month Euribor plus 45 bps.

e) Minimum additional borrowing capacity

As of December 31, 2007, a further €1,043.8 million was available for borrowing under the Facility Agreement (Revolving Facility).

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

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

(in € millions)	**December 31, 2007**
At beginning of period	109.8
Changes in scope of consolidation	5.1
Increases	30.6
Reversals	(23.9)
Transfers to current liabilities	(12.3)
Reclassifications	(27.1)
Translation adjustments	(1.2)
	81.0

As of December 31, 2007, long-term provisions and other non-current liabilities comprise in particular provisions for claims and litigation (€12.1 million), provisions for restructuring (€7.3 million), statutory and discretionary profit-sharing reserves (€11.5 million) and provisions for taxes (€18.0 million).

17) Pension and other post-employment benefit obligations (note 1(q))

(in € millions)	**December 31, 2007**	**December 31, 2006**	**December 31, 2005**
Retirement benefits in France*	34.6	36.5	26.0
Termination benefits in Italy*	51.5	53.5	53.3
Other post-employment benefits*	39.0	57.6	60.4
	125.1	**147.6**	**139.7**

* These items represent the non-current portion of pension and other post-retirement benefits for a total of €125.1 million as of December 31, 2007 (December 31, 2006: €147.6 million; December 31, 2005: €139.7 million). The current portion in the amount of €7.4 million as of December 31, 2007 (December 31, 2006: €7.7 million; December 2005, €9.6 million) is reported under 'Other Current liabilities'. The total amount of those liabilities is therefore €132.5 million as of December 31, 2007 (December 31, 2006: €155.3 million; December 31, 2005: €149.3 million) and is analyzed in Note 17 (a), which shows total liabilities of €263.9 million as of December 31, 2007 (December 31, 2006: €290.6 million; December 31, 2005: €282.8 million) less total assets of €131.4 million (December 31, 2006: €135.1 million; December 31, 2005: €133.5 million).

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

The aggregate current and long-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)	December 31, 2007	December 31, 2006	December 31, 2005	December 31, 2004	December 31, 2003
Defined benefit obligation					
Projected benefit obligation at beginning of period	290.6	282.8	249.7	237.0	220.0
Acquisitions	0.0	0.2	3.4	0.0	0.0
Goodwill allocation	0.0	0.0	0.0	0.0	21.0
Service cost	16.8	18.2	17.7	17.5	22.4
Interest cost	11.7	10.3	8.8	10.4	8.3
Benefits paid	(29.5)	(23.5)	(17.2)	(25.2)	(22.6)
Employee contributions	0.0	0.4	0.6	0.4	0.0
Plan amendments	0.0	0.0	0.0	0.3	0.0
Actuarial loss/(gain)	(11.0)	13.0	6.6	6.9	4.8
Curtailments, settlements, special termination benefits	(2.4)	(0.8)	0.0	1.7	0.0
Past service cost	(0.1)	0.2	0.0	0.0	0.0
Translation adjustments	(14.5)	(10.2)	13.2	(5.3)	(16.9)
Other	2.3	0.0	0.0	6.0	0.0
Projected benefit obligation at end of period (I)	**263.9**	**290.6**	**282.8**	**249.7**	**237.0**
Unrecognized past service cost (II)	**0.0**	**0.2**	**0.0**	**0.0**	**0.0**
Fair value of plan assets					
Fair value of plan assets at beginning of period	135.1	133.5	109.9	110.8	108.0
Acquisitions	0.0	0.0	0.5	0.0	0.0
Expected return on plan assets	9.1	10.2	13.5	7.8	18.5
Employer contributions	15.6	8.2	8.2	9.7	5.6
Employee contributions	0.3	0.3	0.3	0.4	0.0
Benefits paid	(16.3)	(13.9)	(11.3)	(15.4)	(9.5)
Actuarial (loss)/gain	(1.3)	0.7	0.0	0.0	0.0
Translation adjustments	(11.1)	(3.9)	12.4	(3.4)	(11.8)
Fair value of plan assets at end of period (III)	**131.4**	**135.1**	**133.5**	**109.9**	**110.8**
Liability recognized in the balance sheet (I) – (II) – (III)	**132.5**	**155.3**	**149.3**	**139.8**	**126.2**
Current liability	7.4	7.7	9.6	8.8	3.8
Non-current liability	125.1	147.6	139.7	131.0	122.4

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

Effective from January 1, 2006, the Group elected to recognize all actuarial gains and losses directly in equity, in the statement of recognized income and expense, as allowed under IAS 19, paragraph 93A s (amended). The effect of this change in accounting policy is not considered material and the comparative 2005 financial information presented with these consolidated financial statements has therefore not been adjusted to reflect the new policy.

Actuarial gains recognized in equity (Statement Of Recognized Income and Expense) as of December 31, 2007 amounted to €9.7 million (€6.7 million after tax).

The impact on consolidated operating profit is as follows:

	12 months ended		
(in € millions)	**December 31, 2007**	**December 31, 2006**	**December 31, 2005**
Service cost – rights acquired during the period	(16.8)	(18.2)	(17.7)
Service cost – cancellation of previous rights	0.0	0.0	0.0
Benefits paid (net of cancellation of liability recognized in prior periods)	0.0	0.0	0.0
Interest cost	(11.7)	(10.3)	(15.4)
Other	2.5	0.2	(0.6)
Expected return on plan assets	9.1	10.2	13.5
	(16.9)	**(18.1)**	**(20.2)**

The weighted-average allocation of pension plan assets was as follows as of December 31, 2007:

(in percentage)	France	United States and United Kingdom	Weighted total
Equity instruments	0.0	55.3	48.7
Debt instruments	0.0	33.6	29.6
Insurance funds	100.0	11.1	21.7
	100.0	**100.0**	**100.0**

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

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

In France, provisions recorded in the consolidated balance sheet amount to €43.4 million as of December 31, 2007 (December 31, 2006: €43.5 million; December 31, 2005: €34.7 million), corresponding to the difference between the projected benefit obligation of €58.5 million as of December 31, 2007 (December 31, 2006: €64.0 million; December 31, 2005: €57.3 million) and the fair value of the related plan assets of €15.1 million as of December 31, 2007 (December 31, 2006: €20.3 million; December 31, 2005: €22.6 million).

The projected benefit obligation is computed on the basis of staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. In France, the 2007 calculation was based on a salary increase rate of 3.0%, a discount rate of 5.2% (2006 and 2005: 4.5% and 3.0%, respectively) and an expected return on plan assets of 4.0% (2006 and 2005: 2.5% and 2.8%, respectively). The provisions recorded in the consolidated balance sheet correspond to the portion of the total obligation remaining payable by the Group; this amount is equal to the difference between the total obligation recalculated at each balance sheet date, based on the actuarial assumptions described above, and the net residual value of the plan assets at that date.

c) Provisions for termination benefits in Italy

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

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

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

The resulting provisions for termination benefits amount to €56.5 million as of December 31, 2007 (December 31, 2006: €58.5 million; December 31, 2005 : €58.4 million).

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

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

The related benefit obligations amounted to €133.7 million as of December 31, 2007 (December 31, 2006: €153.6 million; December 31, 2005: €154.6 million). This amount is covered by pension fund assets estimated at €111.1 million as of December 31, 2007 (December 31, 2006: €109.4 million; December 31, 2005: €106.1 million) and by provisions.

The projected benefit obligation is computed on the basis of staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. In the United Sates, the calculation was based on a salary increase rate of 3.3%, a discount rate of 6.1% and an expected return on plan assets of 8.0%. In the United Kingdom, the calculation was based on a salary increase rate of 4.4%, a discount rate of 5.8% and an expected return on plan assets of 6.7%.

18) Short-term borrowings

(in € millions)	**December 31, 2007**	**December 31, 2006**	**December 31, 2005**
Facility Agreement	87.2	138.8	155.6
Commercial paper	236.5	226.9	0.0
Other borrowings	331.0	425.0	163.7
	654.7	**790.7**	**319.3**

19) Short-term provisions and other current liabilities

(in € millions)	December 31, 2007	December 31, 2006	December 31, 2005
Tax liabilities	79.0	81.5	80.8
Accrued employee benefits expense	160.3	151.5	133.4
Current portion of statutory profit-sharing reserve	10.8	10.9	8.1
Payables related to fixed asset purchases	17.2	13.3	9.6
Accrued expenses	48.3	37.2	29.6
Accrued interest	36.0	33.8	48.5
Deferred revenue	8.5	4.9	1.7
Current portion of pension and other post-employment benefit obligations	7.4	7.7	9.6
Other current liabilities	130.4	96.0	85.6
	497.9	**436.8**	**406.9**

20) Analysis of certain expenses

a) Analysis of operating expenses

Operating expenses include the following categories of costs:

	12 months ended		
(in € millions)	December 31, 2007	December 31, 2006	December 31, 2005
Raw materials and component costs	(1,253.6)	(1,120.3)	(946.7)
Salaries and payroll taxes	(1,034.4)	(975.7)	(893.1)
Employee profit-sharing	(32.5)	(31.7)	(27.2)
Total personnel costs	**(1,066.9)**	**(1,007.4)**	**(920.3)**
Depreciation expense	(131.5)	(142.0)	(144.0)
Amortization expense	(84.4)	(101.4)	(111.4)

As of December 31, 2007 the Group had 33,656 employees (December 31, 2006: 30,706; December 31, 2005: 30,237).

b) Analysis of other operating income and expense

	12 months ended		
(in € millions)	December 31, 2007	December 31, 2006	December 31, 2005
Employee profit-sharing	(32.5)	(31.7)	(27.2)
Restructuring costs	(8.2)	(23.6)	(37.8)
IPO costs	0.0	(9.1)	0.0
Other	(64.8)	(45.5)	(27.6)
	(105.5)	**(109.9)**	**(92.6)**

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

a) Exchange gains and losses

	12 months ended		
(in € millions)	**December 31, 2007**	**December 31, 2006**	**December 31, 2005**
Exchange gains and losses	44.0	40.4	(32.3)

Exchange gains and losses mainly concern long-term borrowings. The net gain for 2007 includes a €43.3 million exchange gain realized on renewal of Tranche A of the 2006 Credit Facility and the 2006 figure includes an exceptional €30.4 million exchange gain recognized at the time of the redemption of the High-Yield Notes, in February.

b) Finance costs, net

	12 months ended		
(in € millions)	**December 31, 2007**	**December 31, 2006**	**December 31, 2005**
Interest income	42.5	33.7	25.4
Finance costs	(146.6)	(157.4)	(242.5)
Change in fair value of financial instruments	(5.8)	0.0	36.0
	(152.4)	(157.4)	(206.5)
	(109.9)	**(123.7)**	**(181.1)**

22) Income tax expense (current and deferred)

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

	12 months ended		
(in € millions)	**December 31, 2007**	**December 31, 2006**	**December 31, 2005**
France	174.8	16.5	(47.7)
Outside France	420.8	320.8	240.0
	595.6	**337.3**	**192.3**

Income tax expense consists of the following:

	12 months ended		
(in € millions)	**December 31, 2007**	**December 31, 2006**	**December 31, 2005**
Current taxes:			
France	0.6	3.5	0.5
Outside France	(137.7)	(103.3)	(84.2)
	(137.1)	(99.8)	(83.7)
Deferred taxes:			
France	(55.6)	27.8	18.8
Outside France	17.7	(10.9)	(24.9)
	(37.9)	16.9	(6.1)
Total income tax expense:			
France	(55.0)	31.3	19.3
Outside France	(120.0)	(114.2)	(109.1)
	(175.0)	**(82.9)**	**(89.8)**

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

	12 months ended		
(*Tax rate)*	**December 31, 2007**	**December 31, 2006**	**December 31, 2005**
Standard French income tax rate	**34.43%**	**34.43%**	**34.43%**
Increases (reductions):			
- Effect of foreign income tax rates	(0.77%)	(1.27%)	(0.80%)
- Non-taxable items	0.36%	2.44%	7.36%
- Income taxable at specific rates	1.34%	2.35%	1.82%
- Other	(1.84%)	(3.95%)	15.94%
	33.52%	34.00%	58.75%
Impact on deferred taxes of:			
- Changes in tax rates	(4.08%)	0.04%	(2.53%)
- Recognition or non-recognition of deferred tax assets	(0.05%)	(9.50%)	(9.50%)
Effective tax rate	**29.39%**	**24.54%**	**46.72%**

The impact on deferred taxes of changes in tax rates in 2007 includes principally the accounting impact of changes in tax rules in Italy, which had the effect of reducing the tax rate to 31.40% from 37.25% previously.

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)	**December 31, 2007**	**December 31, 2006**	**December 31, 2005**
Deferred taxes recorded by French companies	(377.9)	(322.6)	(350.8)
Deferred taxes recorded by foreign companies	(212.7)	(216.7)	(308.0)
	(590.6)	**(539.3)**	**(658.8)**
Origin of deferred taxes:			
- Depreciation of fixed assets	(57.8)	(36.7)	(97.0)
- Tax loss carryforwards	6.1	58.3	34.1
- Statutory profit-sharing	2.7	4.5	3.9
- Pensions and other post-employment benefits	15.2	21.6	20.3
- Subordinated perpetual notes	0.0	2.2	11.1
- Developed technology	(34.6)	(57.4)	(87.0)
- Trademarks	(527.5)	(558.8)	(551.6)
- Impairment losses on inventories and receivables	19.7	21.4	20.4
- Fair value adjustments to derivative instruments	(6.9)	(10.0)	(12.7)
- Translation adjustments	0.7	0.8	4.4
- Non-deductible provisions	29.8	23.2	13.6
- Margin on inventories	13.6	10.4	7.8
- Other	(51.6)	(18.8)	(26.1)
	(590.6)	**(539.3)**	**(658.8)**
- Of which deferred tax assets	64.3	124.6	61.5
Of which deferred tax liabilities	(654.9)	(663.9)	(720.3)

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

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

(in € millions)	**December 31, 2007**	**December 31, 2006**	**December 31, 2005**
Deferred taxes – short term	42.6	35.1	36.1
Deferred taxes – long term	(633.2)	(574.4)	(694.9)
	(590.6)	**(539.3)**	**(658.8)**

Tax losses carried forward as of December 31, 2007 broke down as follows:

(in € millions)	**December 31, 2007**	**December 31, 2006**	**December 31, 2005**
Net recognized operating losses carried forward	24.1	176.7	103.7
Recognized deferred tax assets	6.1	58.3	34.1
Net unrecognized operating losses carried forward	110.5	226.7	393.5
Unrecognized deferred tax assets (1)	32.1	76.4	131.1
Total net operating losses carried forward	134.6	403.4	497.2

(1) Including €17.2 million that will be set off against goodwill if a deferred tax asset is recognized.

As explained in Note 13, the subordinated perpetual notes issued by the Group are subject to specific tax rules, the application of which was specified in France's amended 2005 Finance Act.

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

23) Contingencies and commitments

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

Legal proceedings

In October 2003, an action was brought against a subsidiary of the Group in the United States and two other major competitors in the United States alleging that one of sold products by those different companies- a quick connect receptacle - is dangerous and should be withdrawn from the United States markets and all production should be discontinued.

The Group disputes these allegations and has made a counterclaim, as it believes that the original claim is unsubstantiated. The quick connect receptacle has been sold in the United States for many years and during this period no accidents have been reported in connection with their use. In addition, management does not believe that the claimant has any evidence of loss and the claim does not refer to any losses or accidents from use of the receptacle. This action is currently being considered by the Superior Court of the State of California and the Charleston Division of the South Carolina District Court in relation to certain procedural matters. Although the Group believes the claims are unsubstantiated, it is currently too early to assess the eventual outcome of these proceedings.

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 non-cancelable leases are detailed below:

(in € millions)	**December 31, 2007**	**December 31, 2006**	**December 31, 2005**
Due within one year	18.9	17.7	17.4
Due in one to two years	14.8	14.0	13.4
Due in two to three years	11.5	11.1	9.8
Due in three to four years	8.7	8.6	7.1
Due in four to five years	7.0	7.0	6.4
Due beyond five years	7.1	8.4	9.4
	68.0	**66.8**	**63.5**

Commitments to purchase property, plant and equipment

Commitments to purchase property, plant and equipment amounted to €6.7 million as of December 31, 2007.

24) Derivative financial instruments and financial risk management

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

a) Market risk

Market risk is the risk of losses resulting from unfavorable changes in interest rates, exchange rates and commodity prices.

b) Interest rate risk

(in € millions)	December 31, 2007	December 31, 2006	December 31, 2005
Other current financial assets:	**11.8**	**22.2**	**33.4**
Mirror swaps and swaps on TSDI 2 & 3	0.0	1.6	8.2
Swaps on other borrowings	4.6	12.1	25.2
Caps (1)	7.2	8.5	0.0
Other financial liabilities:	**86.9**	**66.6**	**59.9**
Swaps on TSDI 2	0.0	8.1	26.4
Swaps on other borrowings	86.9	58.5	33.5

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

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

As of December 31, 2007 the breakdown of debt (excluding debt issuance costs) by type of interest rate was as follows:

(in € millions)	December 31, 2007
Fixed rates	263.8
Variable rates	1,759.3

Interest rate risk arises mainly from variable rate financial assets and liabilities.

On the basis of its total debt outstanding at December 31, 2007, the Group estimates that a 1% increase in interest rates with respect to its floating rate debt should not result in a decrease in its annual net income before taxes of more than €13.0 million (2006: €7.0 million; 2005: € 10.0 million).

Caps

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

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

(in € millions)	**December 31, 2007**		
Period covered	Amount hedged	Benchmark rate	Average guaranteed rate including premium
January 2008 – March 2008	1,260.0	Euribor 3 months	4.04%
April 2008 – June 2008	1,100.0	Euribor 3 months	4.41%
July 2008 – September 2008	800.0	Euribor 3 months	4.41%
October 2008 – March 2009	500.0	Euribor 3 months	4.24%

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

(in $ millions)	**December 31, 2007**		
Period covered	Amount hedged	Benchmark rate	Average guaranteed rate including premium
January 2008 – February 2008	350.0	Libor 3 months	5.27%
March 2008	70.0	Libor 3 months	5.25%
April 2008 – March 2009	50.0	Libor 3 months	5.09%

The caps do not fulfill the criteria for the application of hedge accounting under IAS 39 and have therefore been measured at fair value, with changes in fair value recognized in profit. The effect of changes in fair value on consolidated profit was a €3.0 million loss in 2007 (2006: €3.0 million gain; 2005: €1.6 million gain), recognized in 'Financial income and expense' (Note 21b).

Swaps

The Group has also entered into interest rate swaps with selected major financial institutions to hedge interest rate risks on its subordinated perpetual notes (TSDIs) and 8 ½ % debentures. The fair value of each swap agreement is determined at each balance sheet date, based on rates implied in the yield curve at the reporting date; these implied rates may change, with an impact on cash flows.

Interest rate swaps on subordinated perpetual notes (TSDIs) (Note 13)

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

The notional amount of these swaps is linked to the capitalized amount of the TSDIs. The TSDI 1 notes and related swap both matured on December 19, 2005, while the TSDI 2 notes and related swap both mature on March 11, 2007.

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

Interest rate swap on the 8 ½ % debentures (Yankee bonds) (Note 15)

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

As a result of this swap agreement, the effective interest rate of the debentures after the swap agreement is LIBOR plus 53 basis points, representing a rate of 4.67% as of December 31, 2007 (December 31, 2006: 4.68%).

At the beginning of February 2003, the Group entered into a cross currency swap with respect to the 8 ½ % debentures fixing the interest rate payable on the $350.0 million principal amount at 4.6% per year. The remaining $50.0 million in principal continues to be at a variable rate (LIBOR plus 53 basis points).

In April 2003, a new agreement was signed through which the Group sold the tranche related to the 2008–2025 maturities. As a result, from February 2008 onwards, the Group will once again pay a fixed rate of 8 ½ %. Further interest rate swap arrangements may be entered into in the future, based on changes in market conditions.

	December 31, 2007	**December 31, 2006**	**December 31, 2005**
Interest rate swap hedging the 8 ½% debentures			
Notional amount (USD, in millions)	400.0	400.0	400.0
Swaps (assets) (in € millions)	4.6	12.1	25.2
Swaps (liabilities) (in € millions)	86.9	58.5	33.5

The swaps have been measured at fair value in the balance sheet, with changes in fair value recognized through profit. The effect of changes in fair value on consolidated profit was a €2.8 million loss in 2007 (2006: €3.0 million loss; 2005: €34.4 million gain), recognized in 'Financial income and expense' (Note 21b).

c) Foreign exchange risk

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

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

The Group estimates that, all other things being equal, a further 10% increase in the exchange rate of the euro against all other currencies in 2007 would have resulted in a decrease in net sales of approximately €148.0 million (2006: €131.0 million; 2005: €107.0 million) and a decrease in operating income of approximately €20.0 million for the year ended December 31, 2007 (2006: €15.0 million; 2005: €9.0 million).

The table below presents the financial assets (cash and marketable securities) and liabilities (long-term borrowings) by currency at December 31, 2007:

(in € millions)	**Assets** **Cash and marketable securities**	**Liabilities** **Long-term borrowings**
Euro	60.6	776.8
Dollar	101.3	505.5
Other currencies	59.4	86.1
	221.3	**1,368.4**

The table below presents net sales and operating expenses by currency at December 31, 2007:

(in € millions)	**Net sales**		**Operating expenses (excluding purchase accounting adjustments relating to the acquisition)**	
Euro	2,471.1	60%	1,962.9	58%
Dollar	639.7	15%	560.6	16%
Other currencies	1,018.0	25%	881.3	26%
	4,128.8	**100%**	**3,404.8**	**100%**

d) Commodity risk

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

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

These contracts end June 2008. Approximately €477.0 million of the Group’s total purchases in 2007 (2006: €454.0 million; 2005: €327.0 million) concerned raw materials, with related market risk. While a 10% increase in the price of all of the raw materials used by the Group would result in a theoretical increase of these costs by approximately €48.0 million on an annual basis (2006: €45.0 million; 2005: €33.0 million), the Group believes that, circumstances permitting, it could increase the sales prices of its products in the short term so as to offset the impact of such increases.

e) Credit risk

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

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

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

f) Liquidity risk

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

25) Information relating to corporate officers

(in € millions)	**December 31, 2007**	**December 31, 2006**	**December 31, 2005**
Advances and loans to corporate officers	0.0	0.0	0.0
Compensation paid to corporate officers (*)	1.8	1.2	1.3

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

Under the liquidity offer made to all holders of Legrand France 2001 stock options, corporate officers were paid a total amount of €2.2 million before taxes.

At the time of acquisition of Legrand France on December 10, 2002, the main corporate officers of the Group became indirect shareholders of Legrand. Amounts indirectly invested were paid at fair value.
At the time of the IPO, the main corporate officers became direct shareholders of Legrand.

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

A supplementary pension plan is available to members of the Group Executive Committee who form part of the pension plan set up for French employees. This plan provides beneficiaries with pension benefits equal to 50.0% of the average of the highest two years of compensation they received during the last three years worked with Legrand. To be eligible for the scheme the beneficiary must be at least 60 years of age and have been an employee of Legrand for at least ten years. If the beneficiary dies, 60% of the pension benefits revert to the surviving spouse.

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

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

12 months ended December 31, 2007 *(in € millions)*	Geographical segments					Items not allocated to segments	Total
		Europe					
	France	Italy	Others	USA/ Canada	Rest of the world		
Total revenue	2,626.9	1,006.6	1,087.2	694.7	802.6		6,218.0
Less intra-group transfers	(1,423.7)	(237.6)	(257.4)	(55.0)	(115.5)		(2,089.2)
Revenue	**1,203.2**	**769.0**	**829.8**	**639.7**	**687.1**		**4,128.8**
Cost of sales	(489.4)	(322.1)	(529.4)	(338.0)	(381.6)		(2,060.5)
Administrative and selling expenses, R&D costs	(462.5)	(216.5)	(218.6)	(216.3)	(187.4)		(1,301.3)
Other operating income and expenses	(52.7)	(15.7)	(13.8)	(12.7)	(10.6)		(105.5)
Operating profit	**198.6**	**214.7**	**68.0**	**72.7**	**107.5**		**661.5**
- of which depreciation expense	(54.4)	(26.6)	(18.0)	(14.6)	(16.8)		(130.4)
- of which amortization expense	(2.7)	(6.3)	(0.9)	(2.0)	(2.9)		(14.8)
- of which amortization of development costs	(5.3)	(2.8)	0.0	(0.1)	0.0		(8.2)
- of which Legrand post-acquisition expenses	(33.2)	(15.7)	(4.8)	(6.5)	(2.3)		(62.5)
- of which restructuring costs	(1.1)	(4.4)	(3.3)	(2.7)	3.3		(8.2)
Exchange gains and losses						44.0	44.0
Finance costs and other financial income and expense						(109.9)	(109.9)
Income tax expense						(175.0)	(175.0)
Minority interest and share of (loss)/profit of associates						0.4	0.4
Capital expenditure	49.5	50.4	15.3	14.9	19.3		149.4
Capitalized development costs	13.8	6.0	0.0	2.2	0.0		22.0
Total assets						6,109.6	6,109.6
Segment liabilities	373.3	233.6	139.8	96.9	128.3		971.9

12 months ended December 31, 2006 *(in € millions)*	Geographical segments					Items not allocated to segments	Total
		Europe					
	France	Italy	Others	USA/ Canada	Rest of the world		
Total revenue	2,425.0	937.6	963.2	696.5	621.5		5,643.8
Less intra-group transfers	(1,316.3)	(223.8)	(214.6)	(42.8)	(109.5)		(1,907.0)
Revenue	**1,108.7**	**713.8**	**748.6**	**653.7**	**512.0**		**3,736.8**
Cost of sales	(439.8)	(326.1)	(474.7)	(363.4)	(277.7)		(1,881.7)
Administrative and selling expenses, R&D costs	(452.3)	(210.4)	(208.1)	(211.7)	(133.1)		(1,215.6)
Other operating income and expenses	(50.4)	(14.5)	(7.0)	(14.8)	(23.2)		(109.9)
Operating profit	**166.2**	**162.8**	**58.8**	**63.8**	**78.0**		**529.6**
- of which depreciation expense	(57.3)	(27.4)	(19.0)	(20.3)	(16.8)		(140.8)
- of which amortization expense	(2.7)	(5.3)	(0.9)	(1.0)	(2.7)		(12.6)
- of which amortization of development costs	(1.6)	(1.8)	0.0	0.0	0.0		(3.4)
- of which Legrand post-acquisition expenses	(45.4)	(21.9)	(6.5)	(9.5)	(3.3)		(86.6)
- of which restructuring costs	(5.0)	(2.6)	(3.3)	(3.0)	(9.7)		(23.6)
Exchange gains and losses						40.4	40.4
Finance costs and other financial income and expense						(123.7)	(123.7)
Income tax expense						(82.9)	(82.9)
Minority interest and share of (loss)/profit of associates						(2.4)	(2.4)
Capital expenditure	50.5	30.7	16.1	15.4	18.1		130.8
Capitalized development costs	16.7	5.4	0.0	0.0	0.0		22.1
Total assets						5,936.1	5,936.1
Segment liabilities	356.6	207.8	126.2	96.8	103.8		891.2

12 months ended December 31, 2005 *(in € millions)*	France	Geographical segments Europe Italy	Others	USA/ Canada	Rest of the world	Items not allocated to segments	Total
Total revenue	2,192.8	817.8	811.6	640.7	454.7		4,917.6
Less intra-group transfers	(1,212.3)	(184.6)	(158.1)	(18.4)	(96.3)		(1,669.7)
Revenue	**980.5**	**633.2**	**653.5**	**622.3**	**358.4**		**3,247.9**
Cost of sales	(405.5)	(292.6)	(419.8)	(362.2)	(195.3)		(1,675.4)
Administrative and selling expenses, R&D costs	(401.0)	(197.1)	(183.9)	(198.5)	(93.7)		(1,074.2)
Other operating income and expenses	(42.4)	(1.4)	(17.7)	(16.5)	(14.6)		(92.6)
Operating profit	**131.6**	**142.1**	**32.1**	**45.1**	**54.8**		**405.7**
- of which depreciation expense	(57.6)	(30.9)	(21.8)	(19.6)	(12.9)		(142.8)
- of which amortization expense	(1.7)	(4.4)	(1.2)	(1.1)	(0.5)		(8.9)
- of which amortization of development costs	(0.4)	0.0	0.0	0.0	0.0		(0.4)
- of which Legrand post-acquisition expenses	(54.2)	(26.2)	(7.7)	(11.3)	(3.9)		(103.3)
- of which restructuring costs	(15.3)	(1.6)	(5.7)	(14.4)	(0.8)		(37.8)
Exchange gains and losses						(32.3)	(32.3)
Finance costs and other financial income and expense						(181.1)	(181.1)
Income tax expense						(89.8)	(89.8)
Minority interest and share of (loss)/profit of associates						(1.1)	(1.1)
Capital expenditure	40.2	26.0	15.8	16.6	13.4		112.0
Capitalized development costs	15.1	6.4	0.0	0.0	0.0		21.5
Total assets						5,893.1	5,893.1
Segment liabilities	323.9	174.3	111.5	97.3	76.9		783.9

27) Quarterly data – non-audited

a) Quarterly revenue by geographical segment (billing region) – non-audited

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

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

(in € millions)	**3rd quarter 2007**	**3rd quarter 2006**	**3rd quarter 2005**
France	276.8	253.8	226.4
Italy	170.9	159.4	139.4
Rest of Europe	205.9	181.4	144.7
USA/Canada	168.2	166.7	171.9
Rest of the world	178.0	127.1	92.5
Total	**999.8**	**888.4**	**774.9**

(in € millions)	**4th quarter 2007**	**4th quarter 2006**	**4th quarter 2005**
France	309.5	286.4	244.8
Italy	168.6	160.0	160.6
Rest of Europe	215.8	203.1	217.5
USA/Canada	144.7	146.6	161.3
Rest of the world	194.7	159.0	106.2
Total	**1,033.3**	**955.1**	**890.4**

b) Quarterly income statements – non-audited

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

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

(in € millions)	3rd quarter 2007	3rd quarter 2006	3rd quarter 2005
Revenue	**999.8**	**888.4**	**774.9**
Operating expenses			
Cost of sales	(498.3)	(446.2)	(400.3)
Administrative and selling expenses	(260.5)	(232.8)	(193.6)
Research and development costs	(54.8)	(56.3)	(56.6)
Other operating income (expense)	(18.5)	(19.9)	(24.8)
Operating profit	**167.7**	**133.2**	**99.6**
Finance costs	(46.1)	(35.4)	(59.0)
Financial income	14.2	8.5	7.4
Exchange gains and losses	21.4	2.3	(4.0)
Loss on extinguishment of debt	0.0	0.0	0.0
Finance costs and other financial income and expense, net	(10.5)	(24.6)	(55.6)
Share of profit of associates	0.6	0.1	0.4
Profit before tax	**157.8**	**108.7**	**44.4**
Income tax expense	(54.2)	(24.8)	(21.3)
Profit for the period	**103.6**	**83.9**	**23.1**
Attributable to:			
- Equity holders of Legrand	**103.3**	**83.2**	**22.5**
- Minority interests	**0.3**	**0.7**	**0.6**

(in € millions)	**4th quarter 2007**	**4th quarter 2006**	**4th quarter 2005**
Revenue	**1,033.3**	**955.1**	**890.4**
Operating expenses			
Cost of sales	(528.2)	(495.7)	(478.1)
Administrative and selling expenses	(275.3)	(248.7)	(228.0)
Research and development costs	(56.9)	(61.4)	(63.2)
Other operating income (expenses)	(23.6)	(35.9)	(28.2)
Operating profit	**149.3**	**113.4**	**92.9**
Finance costs	(37.7)	(32.3)	(45.3)
Financial income	12.8	9.4	3.5
Exchange gains and losses	14.2	16.4	(4.3)
Loss on extinguishment of debt	0.0	0.0	0.0
Finance costs and other financial income and expense, net	(10.7)	(6.5)	(46.1)
Share of profit of associates	0.8	0.2	0.5
Profit before tax	**139.4**	**107.1**	**47.3**
Income tax expense	(16.5)	(0.4)	(27.4)
Profit for the period	**122.9**	**106.7**	**19.9**
Attributable to:			
- Equity holders of Legrand	**122.5**	**105.5**	**19.3**
- Minority interests	**0.4**	**1.2**	**0.6**

28) Subsequent events

No significant event occurred after the closing of December 31, 2007.

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