Consolidated financial statements

as of September 30, 2006

LEGRAND *
UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

Contents

* ex Legrand Holding SA
-

Consolidated statement of income

	Legrand Nine months ended September, 30 2006	2005
	(Euros, in millions)	
Revenue	**2,781.7**	**2,357.5**
Operating expenses		
Cost of sales	(1,386.0)	(1,197.3)
Administrative and selling expenses	(729.0)	(607.6)
Research and development costs	(176.5)	(175.4)
Other operating income (expense)	(74.0)	(64.4)
Operating profit	**416.2**	**312.8**
Financial expense	(125.1)	(161.2)
Financial income	24.3	21.9
Exchange gains and losses	24.0	(28.0)
Loss on extinguishment of debt	(109.0)	0.0
Finance costs and other financial income and expense, net	(185.8)	(167.3)
Share of (loss) / profit of associates	0.6	0.8
Profit before tax	**231.0**	**146.3**
Income tax expense	(82.5)	(62.4)
Profit for the period	**148.5**	**83.9**
Attributable to :		
- Equity holders of Legrand	**146.5**	**82.1**
- Minority interests	**2.0**	**1.8**
Basic earnings per share (euros)*	0.611	0.432
Diluted earnings per share (euros)*	0.604	0.426

*On February 24th, 2006, the number of shares was divided by 4. Therefore basic earnings per share and diluted earnings per share at the end of September, 2005 have been recalculated.

Basic earnings per share and diluted earnings per share published as per September 30, 2005 were respectively of 0.108 and 0.107 euros before recalculation.

Consolidated balance sheet

	Legand	
	September 30, 2006	**December 31, 2005**
	(Euros, in millions)	
ASSETS		
Current assets		
Cash and cash equivalents	154.6	133.2
Marketable securities	0.4	0.6
Income tax receivable	6.9	6.1
Trade receivables	670.6	563.2
Other current assets	128.1	127.5
Inventories (note 3)	552.3	474.5
Other financial assets	21.7	33.4
Total current assets	**1,534.6**	**1,338.5**
Non current assets		
Intangible assets	1,802.3	1,861.3
Goodwill	1,788.4	1,780.0
Property, plant and equipment, net	801.5	833.6
Investments in associates	10.3	9.5
Other investments	3.6	4.1
Deferred tax assets	72.7	61.5
Other non-current assets	4.6	4.6
Total non current assets	**4,483.4**	**4,554.6**
Total Assets	**6,018.0**	**5,893.1**

	Legrand	
	September 30, 2006	**December 31, 2005**
	(Euros, in millions)	
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings (note 5)	694.1	319.3
Income tax payable	52.3	22.3
Trade payables	440.6	377.0
Short-term provisions and other current liabilities	414.2	406.9
Current swap liabilities	56.7	59.9
Total current liabilities	**1,657.9**	**1,185.4**
Non-current liabilities		
Deferred tax liabilities	721.0	720.3
Long-term provisions and other non-current liabilities	115.0	134.0
Provisions for pensions and other post-employment benefits	141.3	139.7
Long-term borrowings (note 4)	1,298.4	1,803.3
Subordinated perpetual notes	9.5	28.5
Related party borrowings (note 4)	0.0	1,334.8
Total non-current liabilities	**2,285.2**	**4,160.6**
Equity		
Share capital (note 6)	1,078.8	759.4
Retained earnings	1,108.8	(157.1)
Translation reserves	(118.2)	(64.3)
Equity attributable to equity holders of Legrand	2,069.4	538.0
Minority interests	5.5	9.1
Total equity	**2,074.9**	**547.1**
Total Liabilities and Equity	**6,018.0**	**5,893.1**

Consolidated statement of cash flows

	Legrand Nine months ended September 30, 2006	2005
	(Euros, in millions)	
Net profit for the period	**148.5**	**83.9**
Reconciliation of profit for the period to net cash provided by operating activities :		
- Depreciation expense	101.8	105.9
- Amortization expense	72.1	82.8
- Amortization of development costs	2.4	0.3
- Amortization of finance costs	1.8	2.2
- Loss on extinguishment of debt	109.0	0.0
- Changes in non-current deferred taxes	4.7	6.1
- Changes in other non-current assets and liabilities	3.7	11.4
- Share of loss/ (profit) of associates	(0.6)	(0.8)
- Exchange (gain)/loss, net	9.9	24.0
- Other adjustments	25.3	25.4
(Gains) losses on sales of assets	(1.3)	5.1
(Gains) losses on sales of securities	(0.9)	0.1
Changes in operating assets and liabilities :		
- Inventories	(65.7)	(21.4)
- Trade receivables	(85.7)	(68.8)
- Trade payables	48.8	6.8
- Other operating assets and liabilities	19.1	3.2
Net cash provided by operating activities	**392.9**	**266.2**
Net proceeds from sales of fixed assets	24.6	7.0
Capital expenditure	(91.8)	(76.0)
Development costs capitalized during the period	(17.1)	(16.1)
Changes in other long-term financial assets and liabilities	(0.2)	(0.7)
Proceeds from sales of marketable securities	0.1	24.6
Purchases of marketable securities	0.0	(0.1)
Acquisitions of subsidiaries, net of the cash acquired	(89.0)	(31.8)
Investments in non-consolidated entities	(1.5)	(58.2)
Net cash (used in) provided by investing activities	**(174.9)**	**(151.3)**
- Proceeds from issue of share capital	866.4	0.0
- Dividends paid by Legrand	(110.6)	0.0
- Dividends paid by Legrand subsidiaries	(2.4)	(1.1)
- Reduction of subordinated perpetual notes	(19.0)	(29.7)
- Proceeds from new borrowings and drawdowns	2,232.9	100.0
- Repayment of borrowings	(3,263.5)	(155.8)
- Loss on extinguishment of debt	(109.0)	0.0
- Increase (reduction) in bank overdrafts	217.5	25.0
Net cash (used in) provided by financing activities	**(187.7)**	**(61.6)**
Effect of exchange rate changes on cash and cash equivalents	(8.9)	5.9
Increase (decrease) in cash and cash equivalents	21.4	59.2
Cash and cash equivalents at the beginning of the period	133.2	68.3
Cash and cash equivalents at the end of the period	**154.6**	**127.5**
Items included in cash flows from operating activities		
- Interest paid during the period	111.3	115.2
- Income taxes paid during the period	40.0	32.7

NOTES

1) Basis of presentation and accounting policies

These unaudited consolidated interim financial statements of Legrand are presented for a nine-months period ending September 30, 2006. They have been prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed by the European Union, and the related IFRIC interpretations that are applicable at December 31, 2005. The comparative figures for the nine-months period ending September 30, 2005 have been restated to reflect IFRS applicable at December 31, 2005.

These unaudited consolidated interim financial statements should be read in accordance with consolidated financial statements for the year ended December 31, 2005 such as published in "document de base" listed on the AMF (Autorité des Marchés Financiers) on February 21, 2006. These unaudited consolidated interim financial statements have been prepared in accordance with the provisions of IAS 34 *Interim Financial Reporting*.

Effective from January 1st, 2006, the Group has changed its accounting policy to adopt the preferred method of recognizing total actuarial gains and losses outside profit or loss, in a statement of changes in equity titled 'statement of recognized income and expense' (IAS 19.93A amended). Application of this approach as at September 30, 2005, would have increased the operating profit for €2.3 million and the profit for the period for €1.6 million.
The impact of this change in accounting policy being immaterial, the Group did not judge necessary to modify the consolidated statement of income for year 2005.

2) Changes in the consolidation perimeter

The main changes in the consolidation perimeter between the first nine months of 2005 and the first nine months of 2006, consist of first consolidation of Van Geel, Zucchini and of ICM Group, TCL International Electrical and TCL Building Technology, Cemar, Shidean and Vantage.

Details of these acquisitions are as follows:

Vantage
In September 2006, Legrand acquired Vantage, a home automation specialist with the number-two place on the US market for top-of-the-range lighting controls. Based in Orem, Utah, Vantage reported 2005 revenue of some €20 million. Vantage was consolidated as of September 30, 2006 on estimated data. It had no impact on the interim consolidated income statement.

Cemar
In April 2006, Legrand acquired Cemar, Brazil's leading manufacturer of consumer units and industrial enclosures. Based in Caxias, in southern Brazil, Cemar had 2005 revenue of some €28 million with 400 employees. Cemar was consolidated since June 30, 2006 based on estimated data and contributed to Group earnings for the third quarter of 2006.

Shidean
In January 2006, Legrand acquired 51% of the capital of Shidean, China's leading manufacturer of audio and video door entry systems. Based in Shenzen, Shidean reported 2005 revenue of some €15 million with over 900

employees. Shidean was consolidated as of September 30, 2006 on estimated data. It had no impact on the interim consolidated income statement.

TCL International Electrical and TCL Building Technology

In December 2005, Legrand acquired TCL International Electrical, China's leading manufacturer of wiring devices, and TCL Building Technology, one of the country's foremost manufacturers of VDI (Voice, Data, Image) installation products and systems. The two companies, which are based in Huizhou, southeast China, had revenue of over €60 million in 2005, with more than 3,000 employees. The two companies were consolidated in the balance sheet as of December 31, 2005 based on estimated figures. They contributed to Group earnings since January 1st, 2006.

ICM Group

In November 2005, Legrand acquired ICM Group, the leading manufacturer of wire cable trays with several well-known brands including Cablofil©. Based in Montbard in France, ICM Group reported 2005 revenue of over €100 million, including 40% in France and 60% in international markets. It has around 500 employees and six plants, located in Europe and the United States. ICM Group was consolidated in the balance sheet as of December 31, 2005 based on estimated figures. It contributed to Group earnings since January 1st, 2006.

Zucchini

In the second quarter of 2005, Legrand acquired a controlling interest in Zucchini, Italy's leading manufacturer of prefabricated busbar systems. Based in Brescia, northern Italy, Zucchini reported 2005 revenue of over €50 million. Zucchini was consolidated as of December 31, 2005 and contributed to consolidated earnings since July 1st, 2005.

Van Geel

In March 2005, Legrand acquired the entire business of the Van Geel group with the exception of its German subsidiary. Van Geel is a manufacturer of metal cable management systems (trunkings, cable trays, floor boxes, etc.). It is the market leader in the Netherlands and Austria and has significant market shares in many other European countries including Belgium, Portugal and Sweden. Based in Boxtel, in the Netherlands, Van Geel has two plants in this country and a total of 300 employees. Its 2005 revenue amounted to some €70 million. Van Geel was consolidated in the balance sheet as of December 31, 2005 and contributed to Group earnings since January 1st, 2005.

3) Inventories

Inventories are as follows:

	September, 30 2006	December, 31 2005
	(Euros, in millions)	
Purchased raw-materials and components	198.2	171.7
Sub-assemblies, work in process	109.8	93.4
Finished products	318.0	276.7
	626.0	541.8
Less impairment	(73.7)	(67.3)
	552.3	**474.5**

4) Long-term borrowings and related party borrowings

a) Long-term borrowings

Long-term borrowings can be analyzed as follows:

	September, 30 2006	December, 31 2005
	(Euros, in millions)	
Facility Agreement	796.6	731.7
High-Yield notes	0.0	574.3
8 ½% debentures	307.2	329.6
Other borrowings	199.7	178.2
	1,303.5	**1,813.8**
Debt issuance costs	(5.1)	(10.5)
	1,298.4	**1,803.3**

On January 10, 2006, the Group signed a new €2.2 billion credit facility – the 2006 Credit Facility – with five mandated arrangers. Its purpose is (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 SA, as required under the terms of the loan debenture in the event that the High Yield Notes are retired.

The 2006 Credit Facility comprises a €700 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 on January 10, 2011. It also included a €1.2 billion Tranche B consisting of a revolving multicurrency facility utilizable through drawdowns and a €300 million Tranche C multicurrency facility repayable upon the Group's flotation on the stock market. Tranches A and B are five-year loans that can be rolled over for two successive one-year periods. Tranche C was a 364-day loan; it was repaid in full in April 2006 following the IPO.

b) Related party borrowings

In February 2003, a subsidiary of the Group's ultimate parent obtained a €1,156.0 million subordinated shareholder loan. As of December 31, 2005, the outstanding principal and interest amounted to €1,334.8 million.

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

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

5) Short-term borrowings

	September, 30 2006	December, 31 2005
	(Euros, in millions)	
Current portion of long-term debt	187.4	160.8
Bank overdrafts	101.2	70.0
Other short-term borrowings	405.5	88.5
	694.1	**319.3**

6) Share capital

The main changes in share capital can be analyzed as follows :

		Number of shares	Par value	Share capital (euros)	Premiums (euros)
As of December 31, 2005		759,350,900	1	759,350,900	
February 24, 2006	Reserve 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 through settlement of 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 September 30, 2006		269,693,376	4	1,078,773,504	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 Group was floated on the Euronext Paris (Eurolist) 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.

The aggregate proceeds from the share issues, net of transaction costs of €32.9 million, came to €866.4 million.

Following the share issues, major shareholders, KKR and Wendel Investissement, were holding each around 30% of share capital.

Shareholders have taken lock-up agreements to hold their shares on a timing ranging from 6 to 18 months from the date of the IPO (see notice of operation filed under number 06.082 with the French securities regulator (AMF) on March 22, 2006).

7) Stock-options

The Company has one 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.The 423,263 options remaining to be granted under the plan as of the IPO date will not now be granted. Following the IPO, outstanding options may be exercised in the coming years during the exercise periods set in the initial plan.

In accordance with IFRS 2, which requires the cost of stock options to be recognized in the financial statements, a charge of €3.7 million was recorded to September 30, 2006, €1 million in 2005 and €2.5 million in 2004.

Stock options granted, exercised and cancelled over the past years can be analyzed as follows:

Stock subscription plan	
Balance at December 21, 2002	0
Options granted	9,555,516
Options exercised	0
Options forfeited	(597,000)
Balance at December 31, 2003	**8,958,516**
Options granted	2,298,200
Options exercised	0
Options forfeited	(602,200)
Balance at December 31, 2004	**10,654,516**
Options granted	810,000
Options exercised	0
Options forfeited	(733,200)
Balance at December 31, 2005	**10,731,316**
Options granted	**0**
Options exercised	**0**
Options forfeited	**(77,200)**
Balance at February 24, 2006	**10,654,116**
Options cancelled following reverse stock-split decided at the Sharehold s' Meeting of February 24, 2006	(7,990,587)
Balance at September 30, 2006	**2,663,529**

None of the outstanding options is exercisable as of September 30, 2006.

8) Information by geographical segment

The Group's business consists solely of the manufacture and marketing of products and systems for electrical installations and information networks. The following information by geographical segment reflects the Group's internal financial reporting :

Nine months ended September 30, 2006	**Geographic segments**					**Items not allocated to segments**	**Total**
Euros, in millions	**France**	**Europe Italy**	**Others**	**USA/ Canada**	**Rest of the World**		
Total revenue	1,815.8	716.6	703.3	539.8	437.6		4,213.1
Less intra-group transfers	(993.5)	(162.8)	(157.8)	(32.7)	(84.6)		(1,431.4)
Revenue	**822.3**	**553.8**	**545.5**	**507.1**	**353.0**		**2,781.7**
Cost of sales	(322.2)	(247.1)	(344.2)	(282.4)	(190.1)		(1,386.0)
Administrative and distribution costs, R&D	(336.7)	(159.3)	(154.3)	(163.8)	(91.4)		(905.5)
Other operating income and expenses	(36.3)	(11.6)	(4.0)	(6.7)	(15.4)		(74.0)
Operating profit	**127.1**	**135.8**	**43.0**	**54.2**	**56.1**		**416.2**
- of wich depreciation expense	(42.3)	(20.7)	(14.2)	(12.4)	(11.3)		(100.9)
-of wich amortization expense	(2.6)	(3.4)	(0.7)	(0.8)	(0.5)		(8.0)
- of wich amortization of development costs	(1.0)	(1.4)	0.0	0.0	0.0		(2.4)
- of which Legrand SA post-acquisition expenses	(34.1)	(16.4)	(4.9)	(7.2)	(2.4)		(65.0)
- of which restructuring costs	(2.9)	0.0	(2.6)	(1.4)	(6.4)		(13.3)
Exchange gains and losses						24.0	24.0
Finance costs and other financial income and expense						(100.8)	(100.8)
Income tax expense						(82.5)	(82.5)
Minority interest and share of (loss)/profit of associates						(1.4)	(1.4)
Capital expenditure	37.7	19.4	10.4	12.2	12.1		91.8
Capitalized development costs	12.8	4.3	0.0	0.0	0.0		17.1
Total identifiable assets	3,890.2	1,703.2	210.9	(193.5)	407.2		6,018.0
Segment liabilities	337.6	201.0	126.8	93.9	95.5		854.8

Nine months ended September 30, 2005	Geographic segments					Items not allocated to segments	Total
		Europe		USA/	Rest of the		
Euros, in millions	France	Italy	Others	Canada	World		
Total revenue	1,654.0	610.8	548.1	472.7	319.5		3,605 .1
Less intra-group transfers	(918.3)	(138.2)	(112.1)	(11.7)	(67.3)		(1,247.6)
Revenue	**735.7**	**472.6**	**436.0**	**461.0**	**252.2**		**2,357.5**
Cost of sales	(298.5)	(208.3)	(282.0)	(267.0)	(141.5)		(1,197.3)
Administrative and distribution costs, R&D	(299.5)	(146.3)	(122.6)	(146.5)	(68.1)		(783.0)
Other operating income and expenses	(30.1)	(4.2)	(8.2)	(14.1)	(7.8)		(64.4)
Operating profit	**107.6**	**113.8**	**23.2**	**33.4**	**34.8**		**312.8**
- of wich depreciation expense	(43.3)	(21.9)	(14.5)	(16.0)	(9.4)		(105.1)
-of wich amortization expense	(1.4)	(3.0)	(0.6)	(0.9)	(0.4)		(6.3)
- of wich amortization of development costs	(0.3)	0.0	0.0	0.0	0.0		(0.3)
- of which Legrand SA post-acquisition expenses	(40.6)	(19.7)	(5.8)	(8.3)	(2.9)		(77.3)
- of which restructuring costs	(8.4)	(0.5)	(3.2)	(10.1)	(0.5)		(22.7)
Exchange gains and losses						(28.0)	(28.0)
Finance costs and other financial income and expense						(139.3)	(139.3)
Income tax expense						(62.4)	(62.4)
Minority interest and share of (loss)/profit of associates						(1.0)	(1.0)
Capital expenditure	26.3	18.5	10.5	11.4	9.3		76.0
Capitalized development costs	11.3	4.8	0.0	0.0	0.0		16.1
Total identifiable assets	3,798.5	1,400.6	217.6	(129.7)	332.8		5,619.8
Segment liabilities	280.0	151.6	104.1	88.1	63.4		687.2

9) Quarterly data

a) Quarterly revenue by geographical segment

	Legrand					
	1st quarter 2006	1st quarter 2005	2nd quarter 2006	2nd quarter 2005	3rd quarter 2006	3rd quarter 2005
	Euros, in millions					
France	283.6	251.8	284.9	257.5	253.8	226.4
Italy	202.9	167.7	191.5	165.5	159.4	139.4
Rest of Europe	180.5	140.6	183.6	150.7	181.4	144.7
USA/Canada	163.6	130.5	176.8	158.6	166.7	171.9
Rest of the world	110.0	75.0	115.9	84.7	127.1	92.5
Total	**940.6**	**765.6**	**952.7**	**817.0**	**888.4**	**774.9**

b) Quarterly income statements

	Legrand					
	1st quarter 2006	1st quarter 2005	2nd quarter 2006	2nd quarter 2005	3rd quarter 2006	3rd quarter 2005
	(Euros, in millions)					
Revenue	**940.6**	**765.6**	**952.7**	**817.0**	**888.4**	**774.9**
Operating expenses						
Cost of sales	(465.4)	(379.5)	(474.4)	(417.5)	(446.2)	(400.3)
Administrative and selling expenses	(246.5)	(200.1)	(249.7)	(213.9)	(232.8)	(193.6)
Research and development costs	(60.5)	(58.8)	(59.7)	(60.0)	(56.3)	(56.6)
Other operating income (expense)	(26.5)	(21.2)	(27.6)	(18.4)	(19.9)	(24.8)
Operating profit	**141.7**	**106.0**	**141.3**	**107.2**	**133.2**	**99.6**
Financial expense	(53.0)	(53.6)	(36.7)	(48.6)	(35.4)	(59.0)
Financial income	6.4	6.5	9.4	8.0	8.5	7.4
Exchange gains and losses	5.8	(11.9)	15.9	(12.1)	2.3	(4.0)
Loss on extinguishment of debt	(109.0)	0.0	0.0	0.0	0.0	0.0
Finance costs and other financial income and expense, net	(149.8)	(59.0)	(11.4)	(52.7)	(24.6)	(55.6)
Share of (loss) / profit of associates	0.5	0.0	0.0	0.4	0.1	0.4
Profit before tax	**(7.6)**	**47.0**	**129.9**	**54.9**	**108.7**	**44.4**
Income tax expense	(27.0)	(20.5)	(30.7)	(20.6)	(24.8)	(21.3)
Profit for the period	**(34.6)**	**26.5**	**99.2**	**34.3**	**83.9**	**23.1**
Attributable to :						
- Equity holders of Legrand	**(35.3)**	**26.1**	**98.6**	**33.5**	**83.2**	**22.5**
- Minority interests	**0.7**	**0.4**	**0.6**	**0.8**	**0.7**	**0.6**

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