HALF-YEARLY FINANCIAL REPORT

AS OF JUNE 30, 2013

2013

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1 HALF-YEAR REPORT FOR THE SIX MONTHS ENDED JUNE 30, 2013

1.1. - INTRODUCTION

The following review of Legrand's financial position and the results of operations should be read in conjunction with the consolidated financial statements and the related notes for the six-month period ended June 30, 2013 as set out in chapter 2 of this half-yearly financial report and other information included in the Registration Document (*Document de référence*) filed with the French *Autorité des marchés financiers* (AMF) on March 28, 2013, under number D.13-0240. The Company's financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the European Union. This review also includes forward-looking statements based on assumptions about the company's future business. Actual results could differ materially from those contained in these forward-looking statements.

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

1.2. - OVERVIEW

Legrand is the global specialist in electrical and digital building infrastructures. The Group develops, manufactures and markets a complete range of control and command, cable management, energy distribution and Voice, Data and Image ("VDI") products and systems under internationally recognized general brand names, including *Legrand* and *Bticino*, as well as well-known local and specialist brands. Legrand has commercial and industrial facilities in more than 70 countries and sells a wide range of products, consisting of around 200,000 catalog items, in nearly 180 countries. In 2012, its consolidated net sales amounted to €4,466.7 million, of which nearly 79% were generated outside France.

Legrand's financial position and results of operations are reported on the basis of five geographic zones that correspond to the regions of origin of invoicing. Information concerning the results of operations and financial positions for each of these five geographic zones is presented for the first six months of 2013 and 2012 in Note 25 to the consolidated financial statements set out in chapter 2 of this half-yearly financial report. Each zone represents either a single country or the consolidated results of a number of countries and distinct markets.

These five geographic zones are:

- France;
- Italy;
- Rest of Europe (principally Russia, Turkey, Spain, Belgium, the United Kingdom, the Netherlands, Poland, Germany, Austria and Switzerland);
- The United States and Canada; and
- Rest of the World (principally Brazil, India, China, Australia, Mexico, Chile, Colombia, Egypt, Saudi Arabia, Peru and Malaysia).

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

1.3. - RECENT EVENTS

In the first half of 2013, Legrand pursued its strategy of targeted, self-financed acquisitions of small and mid-size companies offering high growth potential and strong market positions or proven technological expertise, and has announced three acquisitions since the beginning of the year.

After its recent purchase of Seico, the Saudi leader in industrial metal cable trays and a top contender in this market within the Gulf Cooperation Council[1] countries, and S2S Onduleurs, a French specialist in uninterruptible power supplies (UPS), Legrand has announced the signature of a joint venture with Adlec Power, an Indian frontrunner in distribution boards. Legrand holds 70% of Adlec's equity with an option to take full control from July 2018. The move strengthens Legrand's presence with key players in power distribution in India. Based near Delhi, Adlec Power employs around 600 people and has annual sales of nearly €23 million.

[1] Saudi Arabia, Bahrain, United Arab Emirates, Kuwait, Oman and Qatar

Based on previously announced acquisitions and their likely consolidation dates, changes in the scope of consolidation should boost growth in consolidated sales by over 2% in 2013.

Legrand has actively pursued its innovation effort, spending close to 5% of sales on R&D and dedicating half of its total investment to new products.

Since January, the group has successfully rolled out many new products including Drivia, the new residential cabinet range in France that has been particularly well received by installers; TX3 circuit breakers in China and Russia; and, on international markets, Linkeo Voice-Data-Image enclosures, new multimedia screens for My Home residential systems, and Fasclic Auto wire-mesh cable management systems.

Legrand has also worked actively to strengthen its commercial presence in many buoyant geographical and products segments, particularly in the United States, where it has scored numerous successes with retail distribution since the second half of 2012.

1.4. - COMPARAISON OF FIRST-HALF RESULTS FOR 2012 AND 2013

	Legrand Six months ended June 30	
(in € millions)	**2013**	**2012**
Net sales	**2,254.0**	**2,223.7**
Operating expense		
Cost of goods sold	(1,078.5)	(1,051.3)
Administrative and selling expense	(601.0)	(605.1)
Research and development expense	(100.5)	(95.8)
Other operating income (expense)	(31.9)	(27.2)
Operating income	**442.1**	**444.3**
Finance costs	(42.9)	(51.0)
Financial income	3.3	10.5
Foreign exchange gains (losses)	(6.1)	(10.6)
Finance costs and other financial income and expense. net	**(45.7)**	**(51.1)**
Income before taxes	**396.4**	**393.2**
Income taxes	(125.2)	(123.8)
Net income for the period	**271.2**	**269.4**
Net income attributable to:		
– Legrand	**269.8**	**268.7**
– Minority interests	**1.4**	**0.7**

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

	Legrand Six months ended June 30	
(in € millions)	**2013**	**2012**
Net income for the period	**271.2**	**269.4**
Income taxes	125.2	123.8
Foreign exchange (gains) losses	6.1	10.6
Financial income	(3.3)	(10.5)
Finance costs	42.9	51.0
Operating income	**442.1**	**444.3**
Amortization and costs related to acquisitions	15.4	12.2
Impairment of goodwill	0.0	0.0
Adjusted operating income	**457.5**	**456.5**
Restructuring charges	8.9	4.6
Maintainable adjusted operating income	**466.4**	**461.1**

1.4.1. Net sales

Consolidated net sales rose 1.4% to €2,254.0 million in the first six months of 2013, compared with €2,223.7 million in the first six months of 2012, reflecting:

- a 2.9% rise due to changes in the scope of consolidation, reflecting Legrand's policy of targeted, self-financed acquisitions;

  partially offset by

- a 1.2% decline due to trends in exchange rates over the period; and
- an 0.2% organic[1] decline in a generally lackluster economic environment, reflecting trends that differ from one country to the next—including good relative performances in new economies and in the United States, and continued difficult market conditions in other mature economies.

Excluding the effects of changes in the scope of consolidation and using constant exchange rates, changes in net sales by destination (local market of the end customer) from the first six months of 2012 to the first six months of 2013 were as follows:

France	-5.1%
Italy	-10.6%
Rest of Europe	-2.3%
United States and Canada	+8.0%
Rest of the world	+4.7%
TOTAL	**-0.2%**

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

France. Sales in France were down 5.0% in the first half of 2013 at €481.7 million compared with €506.8 million in the first half of 2012. This decrease came primarily from a 5.1% decline in organic growth reflecting market trends. Legrand nonetheless turned in good performances in door-entry systems and home systems, and first-quarter sales benefited from the successful launch of Drivia, the new range of residential cabinets.

Italy. Net sales in Italy showed a -10.6% organic decline at €270.4 million in the first half of 2013, compared with €302.5 million in the first half of 2012. In still difficult market conditions, the group continued to benefit from its robust leadership positions, especially in wiring devices, but also in door-entry systems and home systems.

Rest of Europe. Net sales in the Rest of Europe zone declined 1.7% to €394.3 million in the first half of 2013, compared with €401.3 million in the first half of 2012. This reflects a 2.3% fall in organic sales for the region and a negative exchange-rate effect of 1.1%, partially offset by the 1.7% contribution resulting from a change in scope of consolidation, due primarily to Aegide in the Netherlands. Good organic growth in Eastern Europe, particularly Russia, Hungary and Romania, partially offset the decline in mature economies.

United States and Canada. Net sales in the United States/Canada zone rose 8.2% to €385.5 million in the first half of 2013, compared with €356.2 million in the first half of 2012. This reflected organic growth of 8.0% and a change in scope of consolidation that added 1.4%, corresponding primarily to the consolidation of NuVo technologies over 6 months, partially offset by a 1.2% negative exchange-rate effect. Organic growth in sales was underpinned by the dynamic commercial initiatives of US teams and ongoing sales development with new retailers that began in the second half of 2012. The group reported good showings in wiring devices, home systems and cable management. Momentum in the residential market is both buoyant and solid. The non-residential market has not yet recovered, but Legrand's performance in this segment is positive.

Rest of the World. Net sales in the Rest of the World zone rose 9.9% to €722.1 million in the first half of 2013, compared with €656.9 million in the first half of 2012. This reflected 4.7% organic growth fueled in particular by Legrand's growth in new economies in Africa/Middle East and Asia, a 7.8% contribution from a change in scope of consolidation, corresponding primarily to Numeric UPS (India) and Daneva (Brazil) over six months, as well as Seico (Saudi Arabia) for 5 months, partially offset by a negative exchange-rate effect of 2.6%.

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

Net sales **€ millions, except%**	**1st half 2012**	**1st half 2013**	**Total change**	**Change in scope of consolidation**	**Organic growth(1)**	**Exchange-rate effect**
France	506.8	481.7	- 5.0%	0.1%	- 5.1%	0.0%
Italy	302.5	270.4	- 10.6%	0.0%	- 10.6%	0.0%
Rest of Europe	401.3	394.3	- 1.7%	1.7%	- 2.3%	- 1.1%
USA/Canada	356.2	385.5	8.2%	1.4%	8.0%	- 1.2%
Rest of the World	656.9	722.1	9.9%	7.8%	4.7%	- 2.6%
CONSOLIDATED TOTAL	**2,223.7**	**2,254.0**	**1.4%**	**2.9%**	**- 0.2%**	**- 1.2%**

(1) At constant scope of consolidation and exchange rates

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

Net sales € million, except%	**1st half 2012**	**1st half 2013**	**Total change**	**Change in scope of consolidation**	**Organic growth[(1)]**	**Exchange-rate effect**
France	565.5	539.9	- 4.5%	0.0%	- 4.5%	0.0%
Italy	316.8	289.1	- 8.7%	0.0%	- 8.7%	0.0%
Rest of Europe	394.3	384.8	- 2.4%	1.6%	- 2.8%	- 1.1%
USA/Canada	362.4	392.5	8.3%	1.8%	7.7%	- 1.2%
Rest of the World	584.7	647.7	10.8%	8.7%	4.9%	- 2.9%
CONSOLIDATED TOTAL	**2,223.7**	**2,254.0**	**1.4%**	**2.9%**	**- 0.2%**	**- 1.2%**

(1) At constant scope of consolidation and exchange rates

1.4.2. Operating expense

➢ COST OF GOODS SOLD

The consolidated cost of goods sold rose by 2.6% to €1,078.5 million in the first half of 2013, compared with €1,051.3 million in the first half of 2012. This was primarily due to:

- a rise in the volume of raw materials and components used due to the rise in production; and
- consolidation of newly-acquired businesses;

partially offset by:

- the fall in price for raw materials and components;
- the exchange-rate effect, as the euro rose against several currencies; and
- ongoing efforts to raise productivity and improve processes.

As a percentage of net sales, cost of goods sold went from 47.3% in the first six months of 2012 to 47.8% in the first six months of 2013.

➢ ADMINISTRATIVE AND SELLING EXPENSE

Administrative and selling expense declined 0.7% to €601.0 million during the first half of 2013, down from €605.1 million in the first half of 2012. This decline is essentially attributable to:

- the impact of exchange rates, with the euro gaining ground against several currencies; and
- adaptation efforts in countries affected by unfavorable economic conditions,

partially offset by:

- consolidation of new acquisitions.

More generally, at constant scope of consolidation and exchange rates, administrative and selling expense declined 2.1% in the first six months of 2013 compared with the same period of 2012.

Expressed as a percentage of sales, administrative and selling expense decreased to 26.7% in the first half of 2013 from 27.2% in the first half of 2012.

➢ RESEARCH AND DEVELOPMENT EXPENSE

In accordance with IAS 38 "Intangible Assets", Legrand has implemented an internal measurement and accounting system for development expense to be recognized as intangible assets. On this basis, €14.1 million in development expense was capitalized in the first half of 2013 compared with €15.1 million in the first half of 2012.

Research and development expense totaled €100.5 million in the first half of 2013 compared with €95.8 million in the first half of 2012.

Excluding the impact of the capitalization of development costs and purchase accounting charges relating to the acquisition of Legrand France, as well as the tax credit for research & development activities, research and development expense stood at €105.8 million in the first half of 2013 (4.7% of net sales), compared with €108.2 million in the first half of 2012 (4.9% of net sales).

During the first half of 2013, Legrand thus actively pursued its commitment to innovation as a driver of organic growth. For a description of major new-product launches, see section 1.3 above.

	Calculation of research and development expenditure in the six months ended June 30	
(€ millions)	**2013**	**2012**
Research and development expense	(100.5)	(95.8)
Amortization related to acquisitions and R&D tax credit	(2.7)	(7.8)
Amortization of capitalized development expense	11.5	10.5
R&D expense before capitalized development expense	**(91.7)**	**(93.1)**
Capitalized development expense	(14.1)	(15.1)
Research and development expenditure for the period	**(105.8)**	**(108.2)**

➢ OTHER OPERATING INCOME AND EXPENSE

In the first six months of 2013, other operating expense totaled €31.9 million compared with €27.2 million in the same period of 2012. This change is linked in particular to a rise in restructuring costs, notably in the Rest of the World region.

1.4.3. Operating income

Consolidated operating income stood at €442.1 million in the first half of 2013 compared with €444.3 million in the first half of 2012. This decline resulted from:

- a 2.6% increase in cost of goods sold;
- a 4.9% rise in research & development expense; and
- a 17.3% rise in other income and operating expense;

partly offset by:

- a 1.4% rise in net sales, including the consolidation of new acquisitions; and
- an 0.7% decline in administrative and selling expense.

Consolidated operating income came to 19.6% of net sales in the first half of 2013 compared with 20.0% in the first half of 2012.

1.4.4. Adjusted operating income

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

Adjusted operating income rose to €457.5 million in the first half of 2013 compared with €456.5 million in the first half of 2012, which represents a good overall performance in a lackluster economic environment. This figure breaks down as follows by geographical zone:

- France: €133.2 million in the first half of 2013 compared with €143.1 million in the first half of 2012, representing 24.7% of net sales in the first six months of 2013 compared to 25.3% in the first six months of 2012;
- Italy: €99.2 million in the first half of 2013 compared with €99.5 million in the first half of 2012, representing 34.3% of net sales in the first six months of 2013, underpinned by exports in particular, compared to 31.4% of net sales in the first six months of 2012;
- Rest of Europe: €59.5 million in the first half of 2013 compared with €50.2 million, representing 15.5% of sales in the first half of 2013 compared with 12.7% in the same period of 2012;
- USA/Canada: €61.1 million in the first half of 2013, compared with €52.4 million in the first half of 2012 (+16.6%), representing 15.6% of sales in the first half of 2013 compared with 14.5% in the first half of 2012;
- Rest of the World: €104.5 million in the first half of 2013, compared with €111.3 million in the first half of 2012, representing 16.1% of sales in the first half of 2013 compared with 19.0% in the first half of 2012.

In the first half of 2013, Legrand's adjusted operating margin stood at 20.3% or 20.7% excluding the impact of changes in the scope of consolidation, compared with 20.5% in the first half of 2012. This good operating performance illustrates Legrand's capacity to seize business development opportunities through investments targeting growth in buoyant markets, and also to adapt in countries affected by unfavorable economic conditions.

1.4.5. Finance costs and financial income

Consolidated finance costs declined 15.9% in the first half of 2013 to €42.9 million compared with €51.0 million in the first half of 2012. Consolidated financial income represented €3.3 million in the first half of 2013 compared with €10.5 million in the first half of 2012. Net finance costs stood at 1.8% of sales during the first six months of 2013, as in the first six months of 2012. The decline in net financial expense is due mainly to lower average debt compared with the same period of the prior year.

1.4.6. Foreign exchange gains and losses

Exchange losses amounted to €6.1 million in the first six months of 2013, compared with gains of €10.6 million in the same period of 2012. These exchange losses are primarily latent.

1.4.7. Income tax expense

Consolidated income tax expense amounted to €125.2 million in the first half of 2013 compared with €123.8 million in the first half of 2012. This corresponds to a steady effective tax rate of around 31.6% in the first six months of 2013 compared with 31.5% in the same period of 2012.

1.4.8. Net income

Consolidated net income rose 0.7% to €271.2 million in the first half of 2013 compared with €269.4 million in the first half of 2012. This good overall performance in a lackluster economic environment resulted from:

- an €0.9 million decrease in net finance costs; and
- a €4.5 million reduction in foreign exchange losses;

partly offset by:

- a €2.2 decline in operating income; and
- a €1.4 million rise in income tax.

1.4.9. Cash flows

The table below summarizes cash flows for the six-month periods ended June 30, 2013 and June 30, 2012:

	Legrand Six months ended June 30	
(€ millions)	**2013**	**2012**
Net cash from operating activities	215.4	259.0
Net cash from investing activities*	(160.5)	(214.0)
Net cash from financing activities	(271.0)	(225.1)
Increase (reduction) in cash and cash equivalents	(218.2)	(178.2)
** of which capital expenditure and capitalized development costs*	*(53.7)*	*(48.3)*

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

➢ NET CASH FROM OPERATING ACTIVITIES

Net cash provided by operating activities stood at €215.4 million at June 30, 2013 compared with €259.0 million at June 30, 2012, a decline of €43.6 million due primarily to changes in current operating assets and liabilities. Changes in current operating assets and liabilities set cash used at €151.3 million in the first half of 2013 compared with €101.1 million in the same period of 2012, or an additional €50.2 million. This was due to a particularly low level of operating working capital requirement (inventories + trade receivables - trade payables) at December 31, 2012. Cash flow from operations (defined as net cash of operating activities, plus changes in current operating assets and liabilities) increased to €366.7 million at June 30, 2013 compared with €360.1 million at June 30, 2012, a trend linked primarily to fluctuations in other non-current operating assets and liabilities from one period to the next.

➢ NET CASH FROM INVESTING ACTIVITIES

Net cash used in investing activities for the six months ended June 30, 2013 amounted to €160.5 million compared with €214.0 million for the period ended June 30, 2012. This decline mainly reflects decreased investment in consolidated and non-consolidated entities, partly offset by a rise in capital expenditure.

Capital expenditure and capitalized development costs amounted to €53.7 million in the first half of 2013 (including €14.1 million in capitalized development costs), showing an 11.2% rise from €48.3 million in the period ended June 30, 2012 (including €15.1 million in capitalized development costs). Investment in new products represented half of total capital expenditure and capitalized development costs in the first half of 2013.

➢ NET CASH FROM FINANCING ACTIVITIES

Net cash used in financing activities amounted to €271.0 million in the first half of 2013, including primarily payment of dividends in an amount of €265.1 million and net buybacks of treasury stock in an amount of €30.4 million. In the first half of 2012, net cash from financing activities generated a net requirement of €225.1 million, including in particular bonds issued in April 2012 for a total €400 million and dividends paid in a total amount of €245.0 million, as well as repayment of loans and reduction in overdrafts for a total of €384.3 million.

Debt

Gross debt (defined as the sum of long-term and short-term borrowings, including commercial paper and bank overdrafts) came to €1,614.6 million at June 30, 2013 compared to €1,798.6 million at June 30, 2012. Cash and cash equivalents amounted to €276.1 million at June 30, 2013, compared to €310.1 million at June 30, 2012. Net debt (defined as gross debt less cash and cash equivalents) totaled €1,338.5 million at June 30, 2013 compared to €1,488.5 million at June 30, 2012.

The ratio of consolidated net debt to consolidated shareholders' equity was 43% at June 30, 2013, compared with 50% at June 30, 2012.

At June 30, 2013 aggregate gross indebtedness consisted of:

- €1,102.6 million in bonds issued in February 2010, March 2011 and April 2012;
- €300.4 million in Yankee bonds; and
- €211.6 million in other debt, mainly bank borrowings, bank overdrafts and financial debt linked to acquisitions.

1.5. - RELATED PARTY TRANSACTIONS

Readers should refer to Note 24 to the consolidated financial statements for the six-month period ended June 30, 2013, presented in chapter 2 of this half-year financial report, which details information relating to corporate officers.

1.6. - RISKS AND UNCERTAINTIES

Readers should refer to chapter 4 of the Registration Document (*Document de référence*) filed with the French Autorité des Marchés Financiers (AMF) on March 28, 2013 under number D.13-0240, and to Note 23 to the consolidated financial statements presented in chapter 2 of this half-year financial report for the period to June 30, 2013, which comment on the main risk factors of a nature to adversely affect the group's position and risk management.

1.7. – TRENDS AND PROSPECTS

Based on first-half 2013 achievements and in an industry with no order books, Legrand confirms its 2013 targets for organic[1] growth in sales of between -2% and +2% and for adjusted operating margin before acquisitions of between 19% and 20% of sales.

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

2 INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2013

Consolidated Statement of Income

	Legrand	
	6 months ended June 30,	
(in € millions)	**2013**	**2012**
Revenue (Note 2.11)	**2,254.0**	**2,223.7**
Operating expenses		
Cost of sales	(1,078.5)	(1,051.3)
Administrative and selling expenses	(601.0)	(605.1)
Research and development costs	(100.5)	(95.8)
Other operating income (expense) (Note 19.2)	(31.9)	(27.2)
Operating profit (Note 19)	**442.1**	**444.3**
Financial expense (Note 20.2)	(42.9)	(51.0)
Financial income (Note 20.2)	3.3	10.5
Exchange gains (losses) (Note 20.1)	(6.1)	(10.6)
Total net financial expense	(45.7)	(51.1)
Profit before tax	**396.4**	**393.2**
Income tax expense (Note 21)	(125.2)	(123.8)
Profit for the period	**271.2**	**269.4**
Attributable to:		
– Legrand	**269.8**	**268.7**
– Minority interests	**1.4**	**0.7**
Basic earnings per share *(euros)* (Notes 2.18 and 12.2)	1.020	1.021
Diluted earnings per share *(euros)* (Notes 2.18 and 12.2)	1.004	1.012

Statement of Comprehensive Income

	6 months ended June 30,	
(in € millions)	**2013**	**2012**
Profit for the period	271.2	269.4
Items that may be reclassified subsequently to profit or loss		
Translation reserves (Notes 2.3 and 14.2)	(56.6)	13.1
Income tax relating to components of other comprehensive income	1.6	3.5
Items that will not be reclassified to profit or loss		
Actuarial gains and losses (Notes 2.16 and 17)	6.8	(17.4)
Deferred taxes on actuarial gains and losses	(2.5)	5.9
Comprehensive income for the period	**220.5**	**274.5**

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

Consolidated Balance Sheet

	Legrand	
	June 30,	December 31,
(in € millions)	2013	2012
ASSETS		
Current assets		
Cash and cash equivalents (Notes 2.4 and 11)	276.1	494.3
Income tax receivables	31.7	54.2
Trade receivables (Notes 2.5 and 9)	623.5	490.6
Other current assets (Note 10)	140.4	140.5
Inventories (Notes 2.9 and 8)	641.8	599.8
Other current financial assets (Note 23)	0.1	0.0
Total current assets	**1,713.6**	**1,779.4**
Non-current assets		
Intangible assets (Notes 2.6 and 4)	1,847.6	1,823.5
Goodwill (Notes 2.7 and 5)	2,486.1	2,455.2
Property, plant and equipment (Notes 2.8 and 6)	565.0	576.6
Other investments (Note 7)	0.8	0.7
Deferred tax assets (Notes 2.10 and 21)	96.8	93.8
Other non-current assets	2.2	2.3
Total non-current assets	**4,998.5**	**4,952.1**
Total Assets	**6,712.1**	**6,731.5**

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

(in € millions)	Legrand June 30, 2013	Legrand December 31, 2012
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings (Notes 2.19 and 15.2)	105.5	80.1
Income tax payable	32.8	16.6
Trade payables	501.5	440.7
Short-term provisions (Note 16)	93.6	108.0
Other current liabilities (Note 18)	428.0	478.5
Other current financial liabilities (Note 23)	0.0	0.5
Total current liabilities	**1,161.4**	**1,124.4**
Non-current liabilities		
Deferred tax liabilities (Notes 2.10 and 21)	658.6	648.8
Long-term provisions (Note 16)	96.9	104.9
Other non-current liabilities	0.2	0.5
Provisions for pensions and other post-employment benefits (Notes 2.16 and 17.1)	165.9	165.6
Long-term borrowings (Notes 2.19 and 15.1)	1,509.1	1,496.7
Total non-current liabilities	**2,430.7**	**2,416.5**
Equity		
Share capital (Note 12)	1,061.0	1,057.5
Retained earnings (Note 14.1)	2,312.0	2,335.9
Translation reserves (Note 14.2)	(264.4)	(208.3)
Equity attributable to equity holders of Legrand	3,108.6	3,185.1
Minority interests	11.4	5.5
Total equity	**3,120.0**	**3,190.6**
Total Liabilities and Equity	**6,712.1**	**6,731.5**

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

Consolidated Statement of Cash Flows

	Legrand	
	6 months ended June 30,	
(in € millions)	2013	2012
Profit for the period	**271.2**	**269.4**
Reconciliation of profit for the period to net cash provided by/(used in) operating activities:		
– Depreciation expense (Note 19.1)	50.1	51.6
– Amortization expense (Note 19.1)	19.5	16.1
– Amortization of development costs (Note 19.1)	13.0	10.5
– Amortization of financial expense	0.9	1.3
– Impairment of goodwill (Notes 5 and 19.2)	0.0	0.0
– Changes in deferred taxes	(9.5)	2.3
– Changes in other non-current assets and liabilities (Notes 16 and 17)	18.3	5.5
– Exchange (gains)/losses, net	5.3	6.3
– Other adjustments	0.1	0.6
– (Gains)/losses on sales of assets, net	(2.2)	(3.5)
Changes in operating assets and liabilities:		
– Inventories (Note 8)	(52.3)	(25.3)
– Trade receivables (Note 9)	(151.1)	(61.9)
– Trade payables	59.2	43.2
– Other operating assets and liabilities	(7.1)	(57.1)
Net cash provided by/(used in) operating activities	**215.4**	**259.0**
– Net proceeds from sales of fixed and financial assets	3.0	5.5
– Capital expenditure (Notes 4 and 6)	(39.6)	(33.2)
– Capitalized development costs	(14.1)	(15.1)
– Changes in non-current financial assets and liabilities	(2.4)	(0.1)
– Acquisitions of subsidiaries, net of cash acquired (Note 3) and investments in non-consolidated entities	(107.4)	(171.1)
Net cash provided by/(used in) investing activities	**(160.5)**	**(214.0)**
– Proceeds from issues of share capital and premium (Note 12)	16.5	6.1
– Net sales (buybacks) of treasury shares and transactions under the liquidity contract (Note 12)	(30.4)	(9.9)
– Dividends paid to equity holders of Legrand*	(265.1)	(245.0)
– Dividends paid by Legrand subsidiaries	(0.8)	(1.3)
– Proceeds from new borrowings and drawdowns (Note 15)	1.5	412.9
– Repayment of borrowings (Note 15)	(6.8)	(335.6)
– Debt issuance costs	0.0	(3.6)
– Proceeds from sales (purchases) of marketable securities	0.0	0.0
– Increase (reduction) in bank overdrafts	14.1	(48.7)
Net cash provided by/(used in) financing activities	**(271.0)**	**(225.1)**
Effect of exchange rate changes on cash and cash equivalents	(2.1)	1.9
Increase (decrease) in cash and cash equivalents	**(218.2)**	**(178.2)**
Cash and cash equivalents at the beginning of the period	494.3	488.3
Cash and cash equivalents at the end of the period (Note 11)	**276.1**	**310.1**
Items included in cash flows:		
– Free cash flow (Note 25)	164.7	216.2
– Interest paid during the period	56.4	50.9
– Income taxes paid during the period	81.0	137.1

**See consolidated statement of changes in equity*

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

Consolidated Statement of Changes in Equity

	Equity attributable to equity holders of Legrand				Minority interests	Total equity
(in € millions)	Share capital	Retained earnings	Translation reserves	TOTAL		
As of January 1, 2012	**1,053.6**	**2,064.3**	**(172.1)**	**2,945.8**	**3.4**	**2,949.2**
Profit for the period		268.7		268.7	0.7	269.4
Income (expenses) recognized directly in equity, net		(8.0)	12.7	4.7	0.4	5.1
Total recognized income and expenses, net		*260.7*	*12.7*	*273.4*	*1.1*	*274.5*
Dividends paid		(245.0)		(245.0)	(1.3)	(246.3)
Issues of share capital and premium	1.1	5.0		6.1		6.1
Net sales (buybacks) of treasury shares and transactions under the liquidity contract		(9.9)		(9.9)		(9.9)
Change in scope of consolidation		(8.0)		(8.0)	(0.3)	(8.3)
Current taxes on share buybacks		0.8		0.8		0.8
Stock options		15.3		15.3		15.3
As of June 30, 2012	**1,054.7**	**2,083.2**	**(159.4)**	**2,978.5**	**2.9**	**2,981.4**
Profit for the period		236.9		236.9	0.7	237.6
Income (expenses) recognized directly in equity, net		(9.4)	(48.9)	(58.3)	(0.1)	(58.4)
Total recognized income and expenses, net		*227.5*	*(48.9)*	*178.6*	*0.6*	*179.2*
Dividends paid		0.0		0.0		0.0
Issues of share capital and premium	2.8	13.0		15.8		15.8
Net sales (buybacks) of treasury shares and transactions under the liquidity contract		3.0		3.0		3.0
Change in scope of consolidation		(4.2)		(4.2)	2.0	(2.2)
Current taxes on share buybacks		(1.3)		(1.3)		(1.3)
Stock options		14.7		14.7		14.7
As of December 31, 2012	**1,057.5**	**2,335.9**	**(208.3)**	**3,185.1**	**5.5**	**3,190.6**
Profit for the period		269.8		269.8	1.4	271.2
Income (expenses) recognized directly in equity, net		5.9	(56.1)	(50.2)	(0.5)	(50.7)
Total recognized income and expenses, net		*275.7*	*(56.1)*	*219.6*	*0.9*	*220.5*
Amendments to IAS 19*		(5.3)		(5.3)		(5.3)
Dividends paid		(265.1)		(265.1)	(0.8)	(265.9)
Issues of share capital and premium (Note 12)	3.5	13.0		16.5		16.5
Net sales (buybacks) of treasury shares and transactions under the liquidity contract (Note 12)		(30.4)		(30.4)		(30.4)
Change in scope of consolidation**		(24.5)		(24.5)	5.8	(18.7)
Current taxes on share buybacks		1.8		1.8		1.8
Stock options (Note 13.1)		10.9		10.9		10.9
As of June 30, 2013	**1,061.0**	**2,312.0**	**(264.4)**	**3,108.6**	**11.4**	**3,120.0**

** see Note 2.1.3*

**Changes in scope of consolidation correspond mainly to acquisitions of additional shares in companies already consolidated in the Group's financial statements.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Detailed table of contents

Note 1 - General information

Legrand ("the Company") along with its subsidiaries (together "Legrand" or "the Group") is the global specialist in electrical and digital building infrastructures.

The Group has manufacturing and/or distribution subsidiaries and offices in more than 70 countries, and sells its products in about 180 countries. Its key markets are France, Italy, the United States, the Rest of Europe and the Rest of the World. The last two markets accounted for 50% of annual revenue in 2012, with a steadily rising contribution from the new economies (38% of the consolidated total in 2012).

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 2012 Registration Document was filed with the AMF on March 28, 2013 under no. D. 13-0240.

The interim consolidated financial statements were approved by the Board of Directors on July 31, 2013.

All amounts are presented in millions of euros unless otherwise specified. Some totals may include rounding differences.

Note 2 - Accounting policies

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

The consolidated financial statements cover the 6 months ended June 30, 2013. They have been prepared in accordance with the International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretation Committee (IFRIC) interpretations adopted by the European Union and applicable or authorized for early adoption at June 30, 2013, including IAS 34 – Interim Financial Reporting.
The IFRSs adopted by the European Union as of June 30, 2013 can be downloaded from the "IAS/IFRS Standards and Interpretations" page of the European Commission's website:
http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.
The areas involving a specific degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2.21.

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

2.1 New standards, amendments and interpretations

2.1.1 New standards, amendments and interpretations with mandatory application from January 1, 2013, and applied by the Group in early 2012

IAS 1 – Presentation Amendement of other comprehensive income

This amendment was published in June 2011 and has been applied by the Group in early 2012.

This amendment requires separate subtotals for:

- elements of « comprehensive income for the period » that could be reclassified ultimately into "net income" in the consolidated statement of income showing separately the related taxes, and
- elements of « comprehensive income for the period » that cannot be reclassified into net income, showing separately the related taxes.

2.1.2 New standards, amendments and interpretations applied by the Group after January 1, 2013 that have no impact on its financial statements

IFRS 13 – Fair Value Measurement

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

Amendments to IAS 12 – Income Taxes

In December 2010, the IASB issued amendments to IAS 12 entitled Deferred Tax: Recovery of Underlying Assets. The amendments introduce a presumption that the carrying amount of an asset is fully recovered upon its sale, unless it is recovered otherwise.

Supplements IFRS 7 – Amendements Offsetting Financial Assets and Financial Liabilities

In December 2011, the IASB issued additional provisions on the information to be provided in the notes to the consolidated financial statements regarding agreements offsetting financial assets and financial liabilities.

2.1.3 New standards, amendments and interpretations applied by the Group after January 1, 2013 that have an impact on its financial statements

Amendments to IAS 19 – Employee Benefits

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

The revised standard, which applies retrospectively, has had the following impacts:

- The Group's commitments to its employees are fully recognized at the end of each financial period, as it is no longer possible to amortize past service costs resulting from plan amendments over the remaining work life of the employees concerned;
- Unamortized past service costs were accounted for in retained earnings, for their value net of tax during the period of application of the revised standard;
- The effects of any changes in defined benefit plans after January 1, 2012 are recognized directly in income statement in operating profit in the period in which they occur;
- The expected return on plan assets is set as being equal to the discount rate used to determine the present value of the projected benefit obligations.

The different impacts of the revised standard in 2012 can be summarized as follows:

(in € millions)	**As of January 1, 2012**	**As of June 30, 2012**	**As of December 31, 2012**
Net increase in pension liability	(8.9)	(8.5)	(8.0)
Net increase in deferred tax assets	3.1	3.0	2.7
Net decrease in shareholders' equity	**(5.8)**	**(5.5)**	**(5.3)**
Actuarial gains and losses	-	0.5	1.0
Decrease in personnel costs	-	0.5	0.9
Increase in financial expenses	-	(0.8)	(1.6)
Deferred tax income	-	0.1	0.2
Decrease in net income	**-**	**(0.2)**	**(0.5)**

The impact of these adjustments are not material, therefore no restatements have been made to the 2012 balance sheet and income statement.

2.1.4 New standards, amendments and interpretations not applicable to the Group until future periods

Standards and interpretations adopted by the European Union

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

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

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

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

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

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

These new standards are applicable to annual periods beginning on or after January 1, 2014. They are not expected to materially impact the Group's consolidated financial statements and will not be early applied.

Amendments to IAS 32 – Financial Instruments: Presentation

In December 2011, the IASB published amendments to IAS 32 clarifying the rules for offsetting financial assets and liabilities.

The amendments to IAS 32 are applicable retrospectively and are effective for annual periods beginning on or after January 1, 2014.

Standards and interpretations not yet adopted by the European Union

IFRS 9 – Financial Instruments

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

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

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

IFRIC 21 – Taxes

In May 2013, the IFRS Interpretation Committee issued IFRIC 21 - Taxes ('Levies') which aims to clarify the trigger event for the provisioning for all taxes other than income taxes. This interpretation will modify existing practices for annual taxes whose payment is triggered, for an entity, by being in operations on a specified date or by achieving a certain level of activity.

IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. Its impact should be recognized retrospectively in accordance with IAS 8.
IFRIC 21 has not yet been approved by European Union.

2.2 Basis of consolidation

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

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

2.3 Foreign currency translation

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

Foreign currency transactions are translated into the functional currency using the exchange rate on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies using the exchange rate at the balance sheet date are recognized in the income statement under the heading "Exchange gains (losses)".

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

A receivable from or payable to a foreign Group entity, whose settlement is not planned or likely to occur in the foreseeable future, is treated as part of the net investment in that entity. As a result, in compliance with IAS 21, translation gains and losses on such receivables or payables are recognized directly in equity, under "Translation reserves".

2.4 Cash and cash equivalents

Cash and cash equivalents consist of cash, short-term deposits and all other financial assets with an original maturity of less than three months. The other financial assets maturing in less than three months are readily convertible to known amounts of cash and are not subject to any material risk of change in value. Marketable securities are not considered as cash equivalents.

Cash and cash equivalents that are unavailable in the short term for the Group correspond to the bank accounts of certain subsidiaries facing complex, short-term fund repatriation conditions due mainly to regulatory reasons.

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

2.5 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.

2.6 Intangible assets

2.6.1 Trademarks

Trademarks with finite useful lives are amortized:

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

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

Amortization of trademarks is recognized in the income statement under “Administrative and selling expenses”.

Trademarks are classified as having an indefinite useful life when management believes they will contribute indefinitely to future consolidated cash flows because it plans to continue using them indefinitely. Useful lives are reviewed at regular intervals, leading in some cases to trademarks classified as having an indefinite useful life being reclassified as trademarks with a finite useful life.

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

2.6.2 Development costs

Costs incurred for the Group's main 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 exceeding 10 years.

Other development costs that do not meet the definition of an intangible asset are recorded in research and development costs for the year in which they are incurred.

2.6.3 Impairment tests

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

Fair value less costs to sell is the best estimate of the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.
Value in use is the present value of the future cash flows expected to be derived from the use and subsequent sale of the asset.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses on intangible assets may be reversed in subsequent periods if the impairment has decreased, provided that the increased carrying amount of the asset does not exceed the amount that would have been determined had no impairment loss been recognized.

Trademarks with indefinite useful lives are tested for impairment annually, on a stand-alone basis, with a similar method as the one used for goodwill (Note 2.7.2).

2.7 Goodwill

2.7.1 Business combinations

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

- Changes in the percentage of interest held in a controlled entity are recorded directly in equity without recognizing any additional goodwill.
- The cost of business combinations, as determined on the date when control is acquired, corresponds to the fair value of the acquired entities. As such, it does not include acquisition-related costs and expenses but does include contingent consideration at fair value.
- For each combination, the Group decides to use:

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

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

2.7.2 Impairment tests

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

For impairment testing purposes, goodwill is allocated to a cash-generating unit (CGU) or a group of CGUs, corresponding to the lowest level at which goodwill is monitored. Within the Legrand Group, CGUs are defined as corresponding to individual countries or to a group of countries, when they either have similar market characteristics or are managed as a single unit.

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

In accordance with IAS 36, value in use is estimated based on discounted cash flows for the next three to five years and a terminal value calculated by discounting data for the final year of the projection period. The cash flow data used for the calculation is generally taken from the most recent medium-term business plans approved by the Group. Cash flows beyond the projection period are estimated by applying a stable growth rate to subsequent years.

The discount rates applied derive from the capital asset pricing model. They are calculated for each individual country, based on financial market and/or valuation services firm data (average data over the last three years). The cost of debt used in the calculations is the same for all individual countries (being equal to the Group's cost of debt).

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

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

2.8 Property, plant and equipment

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

Assets acquired under lease agreements that transfer substantially all of the risks and rewards of ownership to the Group are capitalized on the basis of the present value of future minimum lease payments and are depreciated over the shorter of the lease contract 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.

2.9 Inventories

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

2.10 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.

2.11 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 ownership title and the risk of loss are transferred to the buyer, which is generally upon shipment.

The Group offers some sales incentives to customers, consisting primarily of volume rebates and cash discounts. Volume rebates are typically based on three, six, and twelve-month arrangements with customers, and rarely extend beyond one year. Based on the trade of the current period, such rebates are recognized on a monthly basis as a reduction in revenue from the underlying transactions that reflect progress by the customer towards earning the rebate, with a corresponding deduction from the customer’s trade receivables balance.

2.12 Valuation of financial instruments

2.12.1 Hierarchical classification of financial instruments

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

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

2.12.2 Measurement of financial instruments

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

2.12.3 Non-derivative financial instruments designated as hedges

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

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

2.12.4 Derivatives

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

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

Put on non-controlling interests

In the particular case of puts written on non-controlling interests without any transfer of risks and benefits, the contractual obligation to purchase these equity instruments is recognized as a liability by adjusting equity in application of IAS 32. Any subsequent changes in the liability are recorded in equity.

Other derivative instruments

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

The fair values of derivative instruments used for hedging purposes are disclosed in Note 23.

2.13 Environmental and product liabilities

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

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

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

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

2.14 Share-based payment transactions

Share-based payment plans have been implemented, which are settled in either equity or cash.

2.14.1 Equity-settled share-based payment transactions

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

The expense recognized by crediting equity is adjusted at each period-end during the vesting period to take into account changes in the number of shares that are expected to be delivered to employees when the performance shares vest or the stock options are exercised.

2.14.2 Cash-settled share-based payment transactions

When granting long-term employee benefits plans indexed to the share price, the value of the awarded instruments is estimated according to the conditions defined at the plan's inception. This value is remeasured at each period-end and the resulting increase or decrease in expense is recognized as an adjustment to provisions.

2.15 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.

2.16 Pension and other post employment benefit obligations

2.16.1 Pension obligations

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

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

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

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

The liability recognized in the balance sheet for defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets. The past service cost arising from changes to pension benefit plans is expensed in full as incurred.

The Group recognizes all actuarial gains and losses outside profit or loss, in the Statement Of Recognized Income and Expense (Statement of comprehensive income), as allowed under IAS 19, paragraph 120C (revised).

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

2.16.2 Other post-employment benefit obligations

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

The benefits are treated as post-employment benefits under the defined benefit scheme.

2.16.3 Other long-term employee benefits

The Group has implemented plans providing long-term employee benefits to employees, which are recognized in provisions in accordance with IAS 19.

2.17 Segment information

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

2.18 Basic and diluted earnings per share

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

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

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

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

2.19 Short- and long-term borrowings

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

2.20 Borrowing costs

In accordance with the revised version of IAS 23, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

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

2.21 Use of estimates

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

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

2.21.1 Impairment of goodwill and intangible assets

Intangible assets with indefinite useful lives and goodwill are tested for impairment at least annually in accordance with the accounting policy described in Notes 2.6 and 2.7. Intangible assets with finite useful lives are amortized over their estimated useful lives and are tested for impairment when there is any indication that their recoverable amount may be less than their carrying amount.

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

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

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

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

2.21.2 Accounting for income taxes

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

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

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

2.21.3 Other assets and liabilities based on estimates

Other assets and liabilities based on estimates include provisions for pensions and other post-employment benefits, impairment of trade receivables, inventories and financial assets, stock options, provisions for contingencies and charges, capitalized development costs, and any annual volume rebates offered to customers.

Note 3 - Changes in the scope of consolidation

The contributions to the Group's consolidated financial statements of companies acquired since January 1, 2012 were as follows:

2012	March 31	June 30	September 30	December 31
Megapower	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Aegide	Balance sheet only	4 months' profit	7 months' profit	10 months' profit
Numeric UPS		Balance sheet only	4 months' profit	7 months' profit
NuVo Technologies				Balance sheet only

2013	March 31	June 30
Aegide	3 months' profit	6 months' profit
Numeric UPS	3 months' profit	6 months' profit
NuVo Technologies	3 months' profit	6 months' profit
Daneva	Balance sheet only	6 months' profit
Seico	Balance sheet only	5 months' profit
S2S		Balance sheet only

In first-half 2013, companies consolidated in 2012 and in the first half of 2013 on the basis presented in the above tables contributed €102.9 million to consolidated revenue and €2.9 million to consolidated profit for the period.

The main acquisitions carried out in first-half 2013 were as follows:

- In January, the acquisition of 51% of Daneva was completed after approval from the local competition authorities, with an option to take full control from April 2014. Daneva reported revenue of around €27 million in 2012.

- In February, the Group announced the purchase of Seico, the Saudi market leader in industrial metal cable trays. Seico has three production plants in Saudi Arabia and reported around €23 million in revenue in 2012.

- In April, the Group acquired S2S, a French uninterruptible power supply company with more than €20 million in revenue in 2012.

In all, acquisitions of subsidiaries (net of cash acquired) and acquisitions of minority interests and investments in non-consolidated entities came to a total of €107.4 million in first-half 2013 (versus €171.1 million in first-half 2012).

Note 4 - Intangible assets (Note 2.6)

Intangible assets are as follows:

(in € millions)	**June 30, 2013**	**December 31, 2012**
Trademarks with indefinite useful lives	1,408.0	1,408.0
Trademarks with finite useful lives	256.4	236.3
Developed technology	4.8	5.5
Other intangible assets	178.4	173.7
	1,847.6	**1,823.5**

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

Trademarks can be analyzed as follows:

(in € millions)	**June 30, 2013**	**December 31, 2012**
At the beginning of the period	1,749.3	1,686.6
- Acquisitions	34.0	70.6
- Adjustments	0.0	0.0
- Disposals	0.0	0.0
- Translation adjustments	(3.8)	(7.9)
	1,779.5	1,749.3
Less accumulated amortization	(115.1)	(105.0)
At the end of the period	**1,664.4**	**1,644.3**

In accordance with IAS 36, trademarks with indefinite useful lives are tested for impairment annually and whenever events or changes in circumstances indicate that their carrying amount may exceed their recoverable amount. There was no evidence of any such events or changes in circumstances in first-half 2013.

Developed technology can be analyzed as follows:

(in € millions)	**June 30, 2013**	**December 31, 2012**
At the beginning of the period	582.0	576.8
- Acquisitions	0.0	7.0
- Disposals	0.0	0.0
- Translation adjustments	0.3	(1.8)
	582.3	582.0
Less accumulated amortization	(577.5)	(576.5)
At the end of the period	**4.8**	**5.5**

Other intangible assets can be analyzed as follows:

(in € millions)	**June 30, 2013**	**December 31, 2012**
Capitalized development costs	248.3	232.8
Software	94.4	93.1
Other	79.8	72.3
	422.5	398.2
Less accumulated amortization	(244.1)	(224.5)
At the end of the period	**178.4**	**173.7**

Amortization expense related to intangible assets amounted to €32.5 million in first-half 2013, of which €10.7 million concerned trademarks and developed technology, €13.0 million development costs and €8.8 million other intangible assets.
Amortization expense related to intangible assets amounted to €26.6 million in first-half 2012.

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

(in € millions)	**Developed technology**	**Trademarks**	**Total**
2nd half 2013	0.4	10.6	11.0
2014	0.8	21.3	22.1
2015	0.8	21.3	22.1
2016	0.8	21.3	22.1
2017	0.8	21.3	22.1

Note 5 - Goodwill (Note 2.7)

Goodwill can be analyzed as follows:

(in € millions)	**June 30, 2013**	**December 31, 2012**
France	684.5	640.5
Italy	366.8	366.8
Rest of Europe	266.8	280.2
USA/Canada	426.2	420.8
Rest of the World	741.8	746.9
	2,486.1	**2,455.2**

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

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

Changes in goodwill can be analyzed as follows:

(in € millions)	**June 30, 2013**	**December 31, 2012**
At the beginning of the period	2,455.2	2,403.5
- Acquisitions	95.1	145.5
- Adjustments	(42.2)	(65.2)
- Impairment	0.0	0.0
- Translation adjustments	(22.0)	(28.6)
At the end of the period	**2,486.1**	**2,455.2**

Adjustments correspond to the difference between provisional and final goodwill.

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

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

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

Goodwill arising on partial acquisitions has been measured using the partial goodwill method (Note 2.7.1).

In accordance with IAS 36, goodwill is tested for impairment annually and whenever events or changes in circumstances indicate that its carrying amount may exceed its recoverable amount. There was no evidence of any such events or changes in circumstances in first-half 2013.

The following impairment testing parameters were used in the period ended December 31, 2012:

			Value in use	
	Recoverable amount	**Carrying amount of goodwill**	**Discount rate (before tax)**	**Growth rate to perpetuity**
France		640.5	10.5%	2%
Italy		366.8	15.9%	2%
Rest of Europe	Value in use	280.2	9.4 to 18.7%	2 to 5%
USA/Canada		420.8	10.8%	3%
Rest of the World		746.9	11.8 to 20.9%	2 to 5%
		2,455.2		

No goodwill impairment losses were identified in the period ended December 31, 2012.

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

Acquisition prices for the six months ended June 30, 2013 and 12 months ended December 31, 2012 have been allocated as follows:

(in € millions)	**6 months ended June 30, 2013**	**12 months ended December 31, 2012**
- Trademarks	34.0	70.6
- Deferred taxes on trademarks	(1.6)	(10.1)
- Developed technology	0.0	7.0
- Deferred taxes on developed technology	0.0	(2.4)
- Other intangible assets	6.0	4.9
- Deferred taxes on other intangible assets	0.0	(1.2)
- Goodwill	95.1	145.5

Note 6 - Property, plant and equipment (Note 2.8)

6.1 Analysis of changes in property, plant and equipment

Changes in property, plant and equipment in first-half 2013 can be analyzed as follows:

(in € millions)	June 30 , 2013				
	Land	Buildings	Machinery and equipment	Assets under construction and other	Total
Gross value					
At the beginning of the period	56.2	579.3	1,602.4	291.4	2,529.3
Acquisitions	0.0	1.7	13.3	20.8	35.8
Disposals	(0.7)	(6.4)	(16.8)	(5.1)	(29.0)
Transfers and changes in scope of consolidation	0.2	8.6	22.5	(13.1)	18.2
Translation adjustments	(0.7)	(3.3)	(12.2)	(3.1)	(19.3)
At the end of the period	**55.0**	**579.9**	**1,609.2**	**290.9**	**2,535.0**
Depreciation and amortization					
At the beginning of the period	(8.2)	(354.5)	(1,375.9)	(214.1)	(1,952.7)
Depreciation expense	(0.3)	(9.7)	(33.1)	(7.0)	(50.1)
Reversals	0.7	6.2	16.9	4.7	28.5
Transfers and changes in scope of consolidation	0.0	(3.6)	(5.8)	1.6	(7.8)
Translation adjustments	0.0	1.5	8.6	2.0	12.1
At the end of the period	**(7.8)**	**(360.1)**	**(1,389.3)**	**(212.8)**	**(1,970.0)**
Net value					
At the beginning of the period	48.0	224.8	226.5	77.3	576.6
Acquisitions / Depreciation	(0.3)	(8.0)	(19.8)	13.8	(14.3)
Disposals / Reversals	0.0	(0.2)	0.1	(0.4)	(0.5)
Transfers and changes in scope of consolidation	0.2	5.0	16.7	(11.5)	10.4
Translation adjustments	(0.7)	(1.8)	(3.6)	(1.1)	(7.2)
At the end of the period	**47.2**	**219.8**	**219.9**	**78.1**	**565.0**

Total property, plant and equipment includes €5.8 million corresponding to assets held for sale, which are measured at the lower of their carrying amount and fair value less costs to sell.

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

(in € millions)	December 31 , 2012				
	Land	Buildings	Machinery and equipment	Assets under construction and other	Total
Gross value					
At the beginning of the period	55.9	574 .8	1,612.1	291.7	2,534.5
Acquisitions	0.0	3.5	35.1	43.3	81.9
Disposals	0.0	(10.2)	(64.7)	(15.4)	(90.3)
Transfers and changes in scope of consolidation	0.5	12.0	24.2	(27.7)	9.0
Translation adjustments	(0.2)	(0.8)	(4.3)	(0.5)	(5.8)
At the end of the period	**56.2**	**579.3**	**1,602.4**	**291.4**	**2,529.3**
Depreciation and amortization					
At the beginning of the period	(7.6)	(341.9)	(1,366.4)	(212.7)	(1,928.6)
Depreciation expense	(0.6)	(20.6)	(70.9)	(13.1)	(105.2)
Reversals	0.0	7.9	63.7	13.8	85.4
Transfers and changes in scope of consolidation	0.0	(0.2)	(4.5)	(1.9)	(6.6)
Translation adjustments	0.0	0.3	2.2	(0.2)	2.3
At the end of the period	**(8.2)**	**(354.5)**	**(1,375.9)**	**(214.1)**	**(1,952.7)**
Net value					
At the beginning of the period	48.3	232.9	245.7	79.0	605.9
Acquisitions / Depreciation	(0.6)	(17.1)	(35.8)	30.2	(23.3)
Disposals / Reversals	0.0	(2.3)	(1.0)	(1.6)	(4.9)
Transfers and changes in scope of consolidation	0.5	11.8	19.7	(29.6)	2.4
Translation adjustments	(0.2)	(0.5)	(2.1)	(0.7)	(3.5)
At the end of the period	**48.0**	**224.8**	**226.5**	**77.3**	**576.6**

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

(in € millions)	**June 30, 2013**	**December 31, 2012**
Land	2.3	2.3
Buildings	36.2	36.2
Machinery and equipment	31.4	31.5
	69.9	70.0
Less accumulated depreciation	(39.3)	(38.9)
	30.6	**31.1**

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

(in € millions)	**June 30, 2013**	**December 31, 2012**
Long-term borrowings	13.0	13.8
Short-term borrowings	1.8	2.1
	14.8	**15.9**

6.4 Future minimum lease payments under finance leases are as follows:

(in € millions)	**June 30, 2013**	**December 31, 2012**
Due in less than one year	1.9	2.4
Due in one to two years	1.4	1.6
Due in two to three years	1.4	1.5
Due in three to four years	1.4	1.5
Due in four to five years	1.3	1.5
Due beyond five years	8.1	9.3
	15.5	17.8
Of which accrued interest	(0.7)	(1.9)
Net present value of future minimum lease payments	**14.8**	**15.9**

Note 7 - Other investments

(in € millions)	**June 30, 2013**	**December 31, 2012**
Other investments	0.8	0.7

Note 8 - Inventories (Note 2.9)

Inventories are as follows:

(in € millions)	**June 30, 2013**	**December 31, 2012**
Purchased raw materials and components	247.8	231.8
Sub-assemblies, work in progress	94.9	92.5
Finished products	408.4	386.0
	751.1	710.3
Less impairment	(109.3)	(110.5)
	641.8	**599.8**

Note 9 - Trade receivables (Note 2.5)

In 2012, the Group derived over 95% of its revenue from sales to distributors of electrical equipment. The two largest distributors accounted for approximately 24% of consolidated net revenue and no other distributor accounted for more than 5% of consolidated net revenue.

(in € millions)	**June 30, 2013**	**December 31, 2012**
Trade accounts and notes receivable	691.9	552.6
Less impairment	(68.4)	(62.0)
	623.5	**490.6**

The factoring contract terms qualify the receivables for derecognition under IAS 39. The amount derecognized as of June 30, 2013 was €41.0 million (€21.0 million as of December 31, 2012).

Past-due trade receivables can be analyzed as follows:

(in € millions)	**June 30, 2013**	**December 31, 2012**
Less than 3 months past due	86.4	71.6
From 3 to 12 months past due	22.2	19.5
More than 12 months past due	19.7	19.1
	128.3	**110.2**

Provisions for impairment of past-due trade receivables amounted to €60.9 million as of June 30, 2013 (€54.6 million as of December 31, 2012). These provisions break down as follows:

(in € millions)	**June 30, 2013**	**December 31, 2012**
Provisions for receivables less than 3 months past due	20.8	17.2
Provisions for receivables 3 to 12 months past due	20.4	18.3
Provisions for receivables more than 12 months past due	19.7	19.1
	60.9	**54.6**

Note 10 - Other current assets

Other current assets are as follows:

(in € millions)	**June 30, 2013**	**December 31, 2012**
Employee advances	4.9	4.2
Other receivables	27.1	30.5
Prepayments	28.9	23.5
Prepaid and recoverable taxes other than income tax	79.5	82.3
	140.4	**140.5**

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

Note 11 - Cash and cash equivalents (Note 2.4)

Cash and cash equivalents totaled €276.1 million as of June 30, 2013 and corresponded primarily to deposits with an original maturity of less than three months (Note 23.2.1). Out of this amount, about €12.7 million were not available in the short term for the Group.

Note 12 - Share capital and earnings per share (Note 2.18)

Share capital as of June 30, 2013 amounted to €1,061,051,380 represented by 265,262,845 ordinary shares with a par value of €4 each, for 274,636,264 voting rights.

Changes in share capital were as follows:

	Number of shares	**Par value**	**Share capital (euros)**	**Premiums (euros)**
As of December 31, 2012	264,374,875	4	1,057,499,500	1,089,552,202
Exercise of options under the 2007 plan	241,207	4	964,828	5,113,588
Exercise of options under the 2008 plan	260,213	4	1,040,852	4,314,332
Exercise of options under the 2009 plan	384,744	4	1,538,976	3,508,865
Exercise of options under the 2010 plan	1,806	4	7,224	32,183
As of June 30, 2013	265,262,845	4	1,061,051,380	1,102,521,170

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

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

In first-half 2013, 887,970 shares were issued under the 2007 to 2010 stock option plans, resulting in a €3.5 million capital increase with a €13.0 million premium.

12.1 Share buyback program and transactions under the liquidity contract

12.1.1 Share buyback program

As of December 31, 2012, the Group held 51,584 shares in treasury. During first-half 2013, it acquired a further 860,000 shares, at a cost of €30,155,062, and allocated 848,557 shares to employees under performance share plans.

As of June 30, 2013, the Group held 63,027 shares under the program, acquired at a total cost of €1,572,484. These shares are being held for the following purposes:

- For allocation upon exercise of performance share plans (58,106 shares purchased at a cost of €1,449,853) and

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

12.1.2 Liquidity contract

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

Cash used to purchase shares under the liquidity contract is capped at €15.0 million.

As of June 30, 2013, the Group held 113,000 shares under this contract, purchased at a total cost of €4,026,691.

During first-half 2013, transactions under the liquidity contract led to a cash inflow of €285,686 corresponding to net purchases of 13,000 shares.

12.2 Earnings per share

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

		June 30, 2013	**June 30, 2012**
Profit attributable to equity holders of Legrand (*in € millions)*	A	269.8	268.7
Number of ordinary shares outstanding:			
- At the period-end		265,262,845	263,675,927
- O/w held in treasury		176,027	241,584
- Average for the period (excluding shares held in treasury)	B	264,523,917	263,050,276
- Average for the period after dilution (excluding shares held in treasury)	C	268,603,773	265,484,129
Number of stock options and performance share grants outstanding at the period end		7,783,225	10,346,340
Sales (buybacks) of shares and transactions under the liquidity contract (net during the period)		(873,000)	(379,500)
Shares allocated during the period under performance share plans		848,557	698,452
Basic earnings per share *(euros)* (Note 2.18)	A/B	1.020	1.021
Diluted earnings per share *(euros)* (Note 2.18)	A/C	1.004	1.012
Dividend per share *(euros)*		1.000	0.930

During first-half 2013, the Group:

- Issued 887,970 shares under the stock option plans.
- Transferred 848,557 shares under performance share plans, out of the 860,000 shares bought back for this purpose in 2013.
- Bought back a net 13,000 shares under the liquidity contract.

These movements were taken into account on an accrual basis in the computation of the average number of ordinary shares outstanding during the period, in accordance with IAS 33. If the shares had been issued and bought back on January 1, 2013, earnings per share and diluted earnings per share would have amounted to €1.018 and €1.000 respectively for the six months ended June 30, 2013.

During the first half of 2012, the Group:

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

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

Note 13 - Stock option plans, performance share plans and employee profit-sharing (Note 2.14)

13.1 2007 to 2012 Legrand performance share plans and stock option plans

13.1.1 Performance share plan

Information on performance share plans	**2009 Plan**	**2010 Plan**	**2011 Plan**	**2012 Plan**
Grant date	March 4, 2009	March 4, 2010	March 3, 2011	March 7, 2012
Total number of performance shares granted	288,963	896,556	1,592,712	985,656
Of which to corporate officers	*23,491*	*62,163*	*127,888*	*30,710*
- Gilles Schnepp	*12,075*	*38,373*	*65,737*	*30,710*
*- Olivier Bazil**	*11,416*	*23,790*	*62,151*	-
Vesting/exercise conditions	Shares vest after a maximum of 4 years, except in the event of resignation or termination for willful misconduct.			
Performance shares vested during 2008, 2009 and 2010	(463)			
Performance shares cancelled during 2008, 2009 and 2010	(10,126)	(21,358)		
Performance shares vested during 2011	(120,818)	(1,058)	(1,446)	
Performance shares cancelled during 2011	(7,972)	(21,635)	(34,090)	
Performance shares vested during 2012		(404,472)		
Performance shares cancelled during 2012	(1,182)	(6,326)	(17,764)	(7,738)
Performance shares vested during first-half 2013	(141,965)	(516)	(708,825)	(338)
Performance shares cancelled during first-half 2013	(6,437)	(5,679)	(13,990)	(10,627)
Total number of performance shares outstanding as of June 30, 2013	**0.0**	**435,512**	**816,597**	**966,953**

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

If all these shares were to vest, the Company's capital would be diluted by 0.8% as of June 30, 2013.

13.1.2 Stock option plans

During first-half 2013, 241,207 options granted under the 2007 plan, 260,213 options granted under the 2008 plan, 384,744 options granted under the 2009 plan and 1,806 options granted under the 2010 plan were exercised.

Information on stock options	2007 Plan	2008 Plan	2009 Plan	2010 Plan
Grant date	May 15, 2007	March 5, 2008	March 4, 2009	March 4, 2010
Total number of options	1,638,137	2,015,239	1,185,812	3,254,726
Of which to corporate officers	*79,281*	*141,231*	*93,964*	*217,646*
- Gilles Schnepp	*40,745*	*72,583*	*48,300*	*134,351*
*- Olivier Bazil**	*38,536*	*68,648*	*45,664*	*83,295*
Vesting/exercise conditions	Options vest after a maximum of 4 years, except in the event of resignation or termination for willful misconduct.			
Starting date of the option exercise period	May 16, 2011	March 6, 2012	March 5, 2013	March 5, 2014
End of the option exercise period	May 15, 2017	March 5, 2018	March 4, 2019	March 4, 2020
Option exercise price	€25.20	€20.58	€13.12	€21.82
Options cancelled during 2007, 2008, 2009 and 2010	(93,977)	(71,608)	(39,832)	(75,317)
Options exercised during 2010	(2,046)	(2,853)	(1,852)	
Options cancelled during 2011	(10,643)	(31,760)	(33,552)	(75,713)
Options exercised during 2011	(100,965)	(1,614)	(732)	(3,703)
Options cancelled during 2012	(1,023)	(10,395)	(7,416)	(30,097)
Options exercised during 2012	(350,145)	(635,735)		
Options cancelled during first-half 2013	(1,778)	(7,476)	(26,812)	(24,737)
Options exercised during first-half 2013	(241,207)	(260,213)	(384,744)	(1,806)
Outstanding options as of June 30, 2013	**836,353**	**993,585**	**690,872**	**3,043,353**

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

The weighted average price of shares purchased by employees upon exercise of stock options in first-half 2013 was €18.61.

If all these options were to be exercised, the Company's capital would be diluted by a maximum of 2.1% (this is a maximum dilution as it does not take into account the exercise price of these options) as of June 30, 2013.

13.1.3 Valuation model applied to stock option plans

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

Assumptions	2007 Plan	2008 Plan	2009 Plan	2010 Plan
Risk-free rate	4.35%	3.40%	2.25%	2.91%
Expected volatility	28.70%	30.00%	38.40%	28.00%
Expected return	1.98%	3.47%	5.00%	3.20%

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

13.1.4 IFRS 2 charges

In accordance with IFRS 2, a charge of €10.9 million was recorded for first-half 2013 (first-half 2012: €15.3 million) for all of these plans combined.

13.2 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 €20.9 million was recorded in first-half 2013 for statutory and discretionary profit-sharing plans (first-half 2012: €22.5 million).

Note 14 - Retained earnings and translation reserves

14.1 Retained earnings

Consolidated retained earnings of Legrand and its subsidiaries as of June 30, 2013 amounted to €2,312.0 million.

As of the same date, the parent company – Legrand – had retained earnings of €1,382.9 million available for distribution.

14.2 Translation reserves

As explained in Note 2.3, the translation reserve reflects the effects of currency fluctuations on the financial statements of subsidiaries when they are translated into euros.

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

(in € millions)	**June 30, 2013**	**December 31, 2012**
US dollar	(140.2)	(148.8)
Other currencies	(124.2)	(59.5)
	(264.4)	**(208.3)**

As explained in Note 2.12, unrealized foreign exchange gains and losses on US dollar-denominated 8½% Debentures (Yankee bonds) are recognized in the translation reserve. Losses on these bonds recognized in the translation reserve in first-half 2013 amounted to €4.0 million, resulting in a net balance of €19.0 million as at June 30, 2013.

In addition, as indicated in Note 2.3, translation gains and losses on receivables or payables treated as part of a net investment in the related foreign Group entity. Gains recognized in the translation reserve in first-half 2013 amounted to €1.6 million, resulting in a net decrease in translation reserves of €2.4 million as at June 30, 2013.

Note 15 - Long-term and short-term borrowings (Note 2.19)

15.1 Long-term borrowings

The Group actively manages its debt. Through diversified sources of financing, it increases the resources available to support medium-term business growth while guaranteeing a robust financial position over the long term.

Long-term borrowings can be analyzed as follows:

(in € millions)	**June 30, 2013**	**December 31, 2012**
8 ½% debentures	300.4	296.1
Bonds	1,102.6	1,104.3
Other borrowings*	115.6	106.7
	1,518.6	**1,507.1**
Debt issuance costs	(9.5)	(10.4)
	1,509.1	**1,496.7**

*Including €58.2 million corresponding to private placement notes held by employees through the "Legrand Obligations Privées" corporate mutual fund (€61.7 million at December 31, 2012).

Long-term borrowings (excluding debt issuance costs) are denominated in the following currencies:

(in € millions)	**June 30, 2013**	**December 31, 2012**
Euro	1,136.4	1,117.6
US dollar	323.5	333.8
Other currencies	58.7	55.7
	1,518.6	**1,507.1**

Long-term borrowings (excluding debt issuance costs) can be analyzed by maturity as follows:

(in € millions)	**June 30, 2013**	**December 31, 2012**
Due in one to two years	12.6	23.2
Due in two to three years	46.6	14.9
Due in three to four years	338.1	45.7
Due in four to five years	412.9	318.3
Due beyond five years	708.4	1,105.0
	1,518.6	**1,507.1**

Average interest rates on borrowings are as follows:

(in € millions)	**June 30, 2013**	**December 31, 2012**
8½% debentures	8.50%	8.50%
Bonds	3.70%	3.77%
Other borrowings	2.06%	3.04%

These borrowings are secured as follows:

(in € millions)	**June 30, 2013**	**December 31, 2012**
Assets mortgaged or pledged as collateral	13.9	7.8
Guarantees given to banks	175.7	159.6
Guarantees given to other organizations	41.8	31.1
	231.4	**198.5**

15.1.1 2011 Credit Facility

In October 2011, the Group signed an agreement with six banks to set up a €900.0 million revolving multicurrency facility (2011 Credit Facility) utilizable through drawdowns. The five-year facility may be extended for two successive one-year periods. In October 2012, the Group announced that all participating banks had agreed to a one-year extension. As a result, the facility now expires in October 2017.

Funds drawn down are subject to an interest rate equivalent to Euribor/Libor plus a margin determined on the basis of the Group's credit rating. As of June 30, 2013, this spread was 55 bps. In addition, the 2011 Credit Facility does not contain any covenants.

15.1.2 8½% Debentures (Yankee bonds)

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

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

15.1.3 Bonds

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

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

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

15.1.4 Unused credit lines

As of June 30, 2013, the Group had access to drawdown capacity of €900.0 million on the 2011 revolving Credit Facility.

15.2 Short-term borrowings

Short-term borrowings can be analyzed as follows:

(in € millions)	June 30, 2013	December 31, 2012
Commercial paper	25.0	0.0
Other borrowings	80.5	80.1
	105.5	**80.1**

Note 16 - Provisions

Changes in provisions in first-half 2013 are as follows:

(in € millions)	June 30, 2013					
	Products guarantee	Claims and litigation	Fiscal and employee risks	Restructuring	Other	Total
At beginning of period	24.1	57.9	45.9	22.6	62.4	212.9
Changes in scope of consolidation	0.3	0.0	0.0	0.0	0.1	0.4
Increases	2.5	8.2	0.2	2.9	19.6	33.4
Utilizations	(1.6)	(3.6)	(1.8)	(5.2)	(4.9)	(17.1)
Reversals of surplus provisions	(2.8)	(9.0)	(0.5)	(0.1)	(5.8)	(18.2)
Reclassifications	(4.9)	3.6	(20.7)	(1.6)	6.7	(16.9)
Translation adjustments	(0.3)	(0.7)	(0.4)	(1.0)	(1.6)	(4.0)
At end of period	**17.3**	**56.4**	**22.7**	**17.6**	**76.5**	**190.5**
Of which non-current portion	*6.7*	*40.8*	*21.2*	*0.9*	*27.3*	*96.9*

Changes in provisions in 2012 were as follows:

(in € millions)	December 31, 2012					
	Products guarantee	Claims and litigation	Fiscal and employee risks	Restructuring	Other	Total
At beginning of period	15.7	60.3	34.9	26.3	66.4	203.6
Changes in scope of consolidation	2.5	0.0	0.0	0.0	0.6	3.1
Increases	9.2	25.3	11.9	13.3	19.9	79.6
Utilizations	(2.3)	(6.2)	(0.8)	(9.9)	(10.3)	(29.5)
Reversals of surplus provisions	(0.8)	(23.3)	(0.9)	(5.2)	(12.1)	(42.3)
Reclassifications	0.0	3.0	1.0	(1.2)	(1.8)	1.0
Translation adjustments	(0.2)	(1.2)	(0.2)	(0.7)	(0.3)	(2.6)
At end of period	**24.1**	**57.9**	**45.9**	**22.6**	**62.4**	**212.9**
Of which non-current portion	*5.7*	*36.9*	*44.0*	*1.5*	*16.8*	*104.9*

Note 17 - Pension and other post-employment defined benefit obligations (Note 2.16)

17.1 Pension and other post-employment defined benefit obligations

Pension and other post-employment defined benefit obligations may be analyzed as follows.

(in € millions)	**June 30, 2013**	**December 31, 2012**
France (Note 17.1.2)	91.0	79.8
Italy (Note 17.1.3)	38.3	40.0
United Kingdom (Note 17.1.4)	11.4	11.9
United States (Note 17.1.5)	16.5	25.7
Other countries	15.9	15.9
Total pension and other post-employment defined benefit obligations	**173.1**	**173.3**
Of which current portion	*7.2*	*7.7*

The total amount of those liabilities is €173.1 million as of June 30, 2013 (€173.3 million as of December 31, 2012) and is analyzed in Note 17.1.1, which shows total liabilities of €312.1 million as of June 30, 2013 (€316.3 million as of December 31, 2012 , less unrecognized past service cost of €8.0 million) less total assets of €139.0 million as of June 30, 2013 (€135.0 million as of December 31, 2012)., 17.1.1 Analysis of pension and other post-employment defined benefit obligations

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

(in € millions)	**June 30, 2013**	**December 31, 2012**
Defined benefit obligation		
Projected benefit obligation at beginning of period	316.3	286.1
Service cost	4.3	7.6
Interest cost	4.3	11.0
Benefits paid	(8.3)	(17.3)
Employee contributions	0.2	0.5
Plan amendments	0.0	0.0
Actuarial loss/(gain)	(1.1)	29.5
Curtailments, settlements, special termination benefits	(0.3)	(1.3)
Translation adjustments	(4.0)	0.2
Other	0.7	0.0
Projected benefit obligation at end of period (I)	**312.1**	**316.3**
Unrecognized past service cost (II)	**0.0**	**8.0**
Fair value of plan assets		
Fair value of plan assets at beginning of period	135.0	121.4
Expected return on plan assets	2.2	7.3
Employer contributions	3.6	12.4
Employee contributions	0.2	0.5
Benefits paid	(4.7)	(12.5)
Actuarial (loss)/gain	5.7	5.7
Translation adjustments	(3.0)	0.2
Fair value of plan assets at end of period (III)	**139.0**	**135.0**
Liability recognized in the balance sheet (I) - (II) - (III)	**173.1**	**173.3**
Current liability	7.2	7.7
Non-current liability	165.9	165.6

Actuarial gains recognized in equity (comprehensive income for the period) as of June 30, 2013 amounted to €6.8 million (€4.3 million after tax).

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

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

The impact on profit is as follows:

(in € millions)	**June 30, 2013**	**June 30, 2012**
Service cost	(4.3)	(3.0)
Net interest cost	(2.1)	(1.8)
Other	0.3	0.8
	(6.1)	**(4.0)**

Sensitivity tests were performed on the discount rate applied. According to the results of these tests, a 50-basis point decline in discount rate would lead to the recognition of additional actuarial losses of around €13.0 million and would increase in proportion the value of the defined obligation as of June 30, 2013.

The weighted-average allocation of pension plan assets is as follows as of June 30, 2013:

(as a percentage)	France	United Kingdom	United States	Weighted total
Equity instruments		39.1	63.7	48.7
Debt instruments		52.7	33.7	43.3
Insurance funds	100.0	8.2	2.6	8.0
	100.0	**100.0**	**100.0**	**100.0**

17.1.2 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.

The main defined benefit plan applicable in France concerns statutory length-of-service awards, under which all retiring employees are eligible for a lump-sum payment calculated pro rata to their length of service. This payment is defined either in the collective bargaining agreement to which their company is a party or in a separate company-level agreement, whichever is more advantageous to the employee. The amount generally varies depending on the employee category (manager/non-manager).

In France, provisions recorded in the consolidated balance sheet amount to €91.0 million as of June 30, 2013 (€79.8 million as of December 31, 2012), corresponding to the difference between the projected benefit obligation of €94.1 million as of June 30, 2013 (€90.9 million as of December 31, 2012, less unrecognized past service cost of €8.0 million) and the fair value of the related plan assets of €3.1 million as of June 30, 2013 (€3.1 million as of December 31, 2012)..

The projected benefit obligation is computed on the basis of staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. In France, the calculation was based on a salary increase rate of 3.0%, a discount rate and an expected return on plan assets of 3.0% (3.0% and 3.0% in 2012). 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.

17.1.3 Provisions for termination benefits in Italy

In Italy, a termination benefit is awarded to employees regardless of the reason for their departure.
Since January 1, 2007, these benefits have been paid either into an independently managed pension fund or to the Italian social security service (INPS). As from that date, the Italian termination benefit plans have been 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, based on revised actuarial estimates that exclude the effect of future salary increases.

The resulting provisions for termination benefits, which correspond to the obligation as of December 31, 2006 plus the ensuing actuarial revisions, amounted to €38.3 million as of June 30, 2013 (€40.0 million as of December 31, 2012).

The calculations for these provisions are based on a discount rate of 4.0% in first-half 2013 (4.0% in 2012).

17.1.4 Provisions for retirement benefits and other post-employment benefits in the United Kingdom

The UK plan is a trustee-administered plan governed by article 153 of the 2004 Finance Act.
Benefits are paid directly out of funds consisting of contributions paid by the company and by plan participants.

Contributions are calculated as a percentage of each participant's salary while he or she is employed by the UK subsidiary. Upon retirement, participants may choose to receive a lump sum representing up to 25% of their total benefit entitlement, and a regular pension whose amount depends on the amount of the lump-sum payment, if any.

The plan's trustees include three people employed by the subsidiary and two former employees who have retired. They are advised by an independent actuary.

The plan has been closed to new entrants since May 2004.

Active plan participants account for 3.0% of the projected benefit obligation, participants who are no longer accumulating benefit entitlements for 46.0% and retired participants for 51.0%.

Plan assets include equities for 39.1%, debt securities for 52.7% and insurance funds for 8.2%.
All of these assets are marked to market.

The provisions recorded in the consolidated balance sheet amounted to €11.4 million as of June 30, 2013 (€11.9 million as of December 31, 2012), corresponding to the difference between the projected benefit obligation of €82.0 million (€82.7 million as of December 31, 2012) and the fair value of the related plan assets of €70.6 million (€70.8 million as of December 31, 2012).

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. The calculation was based on a salary increase rate of 4.3%, a discount rate and an expected return on plan assets of 4.0% (3.8% and 4.0% in 2012).

17.1.5 Provisions for retirement benefits and other post-employment benefits in the United States

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

The Legrand North America Retirement Plan is covered by a contract in force since January 2002 that was last amended in January 2008. The minimum funding requirement is determined based on article 430 of the Internal Revenue Code.
The trustee-administered plan is funded by contributions made on behalf of plan participants at a percentage of their salary, which varies based on the participant's seniority. Participants may choose to receive benefits either in a single lump sum payment or as a regular pension.
To meet its obligations under the plan, the Group has set up a number of broker-administered investment funds.

The current trustee is Legrand North America and the broker is Prudential Financial, Inc.

The plan has been closed to new entrants since August 2006 for salaried employees and since April 2009 for hourly employees.

Active plan participants account for 35.0% of the projected benefit obligation, participants who are no longer accumulating benefit entitlements for 15.0% and retired participants for 50.0%.

Plan assets include equities (mainly US companies) for 63.7%, debt securities (mainly US bonds) for 33.7% and insurance funds for 2.6%.
All of these assets are marked to market.

The funding policy consists of ensuring that the legal minimum funding requirement is met at all times.

The provisions recorded in the consolidated balance sheet amounted to €16.5 million as of June 30, 2013 (€25.7 million as of December 31, 2012), corresponding to the difference between the projected benefit obligation of €71.8 million (€77.2 million as of December 31, 2012) and the fair value of the related plan assets of €55.3 million (€51.5 million as of December 31, 2012).

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. The calculation was based on a salary increase rate of 3.5%, a discount rate and an expected return on plan assets of 4.1% (3.5% and 3.5% in 2012).

17.2 Other long-term employee benefits

On March 6, 2013, the Board of Directors approved the implementation of long-term employee benefits plans for members of the Group Executive Committee, including the Chairman and Chief executive Officer and for other employees deemed to be key for the Group, assuming the grantee is still present within the Group after a vesting period of three years.

In addition to the grantee being still present within the Group, the plans can, as the case maybe, depend on the Group's future achievement of economic performance with or without indexation on the share price.

The plan based on the share price will be cash-settled and, in accordance with IFRS 2, the corresponding liability has thus been recorded in the balance sheet and will be remeasured at each period-end until the transaction is settled.
The other plans qualify as long-term employee benefit plans, with corresponding provision recognized in compliance with IAS 19.

For the six months ended June 30, 2013, an expense of €5.0 million was recognized in operating profit in respect to these plans.

Note 18 - Other current liabilities

Other current liabilities can be analyzed as follows:

(in € millions)	**June 30, 2013**	**December 31, 2012**
Tax liabilities	81.6	68.8
Accrued employee benefits expense	181.3	186.3
Statutory and discretionary profit-sharing reserve	18.1	33.4
Payables related to fixed asset purchases	9.2	11.1
Accrued expenses	61.0	71.6
Accrued interest	23.3	45.7
Deferred revenue	14.9	15.8
Pension and other post-employment benefit obligations	7.2	7.7
Other current liabilities	31.4	38.1
	428.0	**478.5**

Note 19 - Analysis of certain expenses

19.1 Analysis of operating expenses

Operating expenses include the following categories of costs:

(in € millions)	June 30, 2013	June 30, 2012
Raw materials and component costs	(717.6)	(680.3)
Salaries and payroll taxes	(567.5)	(566.1)
Employee profit-sharing	(20.9)	(22.5)
Total personnel costs	**(588.4)**	**(588.6)**
Depreciation expense	(50.1)	(51.6)
Amortization expense	(32.5)	(26.6)

As of June 30, 2013 the Group had 33,389 employees on the payroll (June 30, 2012: 31,493).

19.2 Analysis of other operating income and expense

(in € millions)	June 30, 2013	June 30, 2012
Restructuring costs	(8.9)	(4.6)
Goodwill impairment	0.0	0.0
Other	(23.0)	(22.6)
	(31.9)	**(27.2)**

Note 20 - Total net financial expense

20.1 Exchange gains (losses)

(in € millions)	June 30, 2013	June 30, 2012
Exchange gains (losses)	(6.1)	(10.6)

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

20.2 Net financial expense

(in € millions)	June 30, 2013	June 30, 2012
Financial income	3.2	10.4
Change in fair value of financial instruments	0.1	0.1
Total financial income	3.3	10.5
Financial expense	(42.9)	(50.5)
Change in fair value of financial instruments	0.0	(0.5)
Total financial expense	(42.9)	(51.0)
Net financial expense	**(39.6)**	**(40.5)**

Financial expense corresponds essentially to interest costs on borrowings (Note 15).

Note 21 - Income tax expense (current and deferred) (Note 2.10)

Income tax expense consists of the following:

(in € millions)	June 30, 2013	June 30, 2012
Current taxes:		
France	(43.3)	(34.1)
Outside France	(94.8)	(96.7)
	(138.1)	(130.8)
Deferred taxes:		
France	0.9	3.0
Outside France	12.0	4.0
	12.9	7.0
Total income tax expense:		
France	(42.4)	(31.1)
Outside France	(82.8)	(92.7)
	(125.2)	**(123.8)**

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

(*Tax rate*)	June 30, 2013	June 30, 2012
Standard French income tax rate	**34.43%**	**34.43%**
Increases (reductions):		
- Effect of foreign income tax rates	(5.02%)	(4.40%)
- Non-taxable items	1.01%	0.09%
- Income taxable at specific rates	0.51%	0.76%
- Other	1.32%	0.55%
	32.25%	31.43%
Impact on deferred taxes of:		
- Changes in tax rates	0.00%	(0.01%)
- Recognition or non-recognition of deferred tax assets	(0.65%)	0.05%
Effective tax rate	**31.60%**	**31.47%**

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

(in € millions)	June 30, 2013	December 31, 2012
Deferred taxes recorded by French companies	(302.1)	(300.0)
Deferred taxes recorded by foreign companies	(259.7)	(255.0)
	(561.8)	**(555.0)**
Origin of deferred taxes:		
- Impairment losses on inventories and receivables	48.3	43.3
- Margin on inventories	22.9	19.8
- Tax loss carryforwards	16.2	9.2
- Finance leases	(14.8)	(14.9)
- Fixed assets	(140.1)	(145.1)
- Trademarks	(536.5)	(534.8)
- Developed technology	(1.6)	(1.9)
- Other provisions	28.9	28.5
- Statutory profit-sharing	4.4	3.9
- Pensions and other post-employment benefits	43.8	43.1
- Fair value adjustments to derivative instruments	(2.0)	(2.1)
- Other	(31.3)	(4.0)
	(561.8)	**(555.0)**
- Of which deferred tax assets	96.8	93.8
- Of which deferred tax liabilities	(658.6)	(648.8)

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

(in € millions)	June 30, 2013	December 31, 2012
Deferred taxes – short term	85.0	83.8
Deferred taxes – long term	(646.8)	(638.8)
	(561.8)	**(555.0)**

Tax losses carried forward break down as follows:

(in € millions)	**June 30, 2013**	**December 31, 2012**
Net recognized operating losses carried forward	50.8	30.6
Recognized deferred tax assets	16.2	9.2
Net unrecognized operating losses carried forward	123.3	122.2
Unrecognized deferred tax assets	33.3	32.5
Total net operating losses carried forward	174.1	152.8

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

Note 22 - Off-balance sheet commitments and contingent liabilities

22.1 Specific transactions

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

- Note 6: Property, plant and equipment,
- Note 15: Long-term and short term borrowings,
- Note 17: Pension and other post-employment benefit obligations.

22.2 Routine transactions

22.2.1 Operating leases

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

(in € millions)	**June 30, 2013**	**December 31, 2012**
Due within one year	44.3	44.4
Due in one to two years	39.6	36.9
Due in two to three years	32.9	31.2
Due in three to four years	20.8	22.8
Due in four to five years	17.7	16.6
Due beyond five years	53.7	54.4
	209.0	**206.3**

22.2.2 Commitments to purchase property, plant and equipment

Commitments to purchase property, plant and equipment amounted to €7.0 million as of June 30, 2013.

22.3. Contingent liabilities

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

Note 23 - Financial instruments and management of financial risks

23.1 Financial instruments

23.1.1 Derivatives

	June 30, 2013			
(in € millions)	**Financial income and expense, net**	**Equity**	**Book value**	**IFRS designation**
Exchange rate derivatives				
Forwards and options designated as fair value hedges	1.8		0.1	Trading
Forward contracts designated as net investment hedges				NIH*
Commodity derivatives				
Futures and options				Trading
Interest rate derivatives				
Interest rate caps				Trading
	1.8		**0.1**	

** Net Investment Hedge*

All financial instruments are classified in Level 2 of the fair value hierarchy described in Note 2.12.

23.1.2 Impact of financial instruments

	6 months ended June 30, 2013			
		Impact on equity		
(in € millions)	**Impact on financial income and expense, net**	**Fair value**	**Translation adjustment**	**Other**
Trade receivables				
Trade payables				
Borrowings	(35.6)		(4.0)	
Derivatives	1.8			
	(33.8)		**(4.0)**	

Debentures denominated in US dollars ("Yankee bonds") are designated as hedges of the foreign currency risk associated with the net investment in the United States (see discussion of net investment hedges in Note 2.12).

23.1.3 Breakdown of balance sheet items by type of financial instrument

	June 30, 2013					December 31, 2012
	Type of financial instrument					
(in € millions)	Carrying amount	Fair value	Instruments designated at fair value through profit or loss	Receivables, payables and borrowings at amortized cost	Derivatives	Carrying amount
ASSETS						
Current assets						
Trade receivables	623.5	623.5		623.5		490.6
Other current financial assets	0.1	0.1			0.1	0.0
Total current assets	**623.6**	**623.6**		**623.5**	**0.1**	**490.6**
EQUITY AND LIABILITIES						
Current liabilities						
Short-term borrowings	105.5	105.5		105.5		80.1
Trade payables	501.5	501.5		501.5		440.7
Other current financial liabilities	0.0	0.0			0.0	0.5
Total current liabilities	**607.0**	**607.0**		**607.0**	**0.0**	**521.3**
Non-current liabilities						
Long-term borrowings	1,509.1	1,616.2		1,509.1		1,496.7
Total non-current liabilities	**1,509.1**	**1,616.2**		**1,509.1**		**1,496.7**

23.2 Management of financial risks

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

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

Current financial assets and liabilities are measured based on observable market data and are as follows:

(in € millions)	June 30, 2013	December 31, 2012
Other current financial assets	**0.1**	**0.0**
Swaps	0.0	0.0
Financial derivatives with a positive fair value	0.1	0.0
Other current financial liabilities	**0.0**	**0.5**
Swaps	0.0	0.0
Financial derivatives with a negative fair value	0.0	0.5

23.2.1 Interest rate risk

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

Net debt (excluding debt issuance costs) breaks down as follows between fixed and variable interest rates before the effect of hedging instruments:

(in € millions)	June 30, 2013							December 31, 2012
	Due within 1 year	**Due in 1 to 2 years**	**Due in 2 to 3 years**	**Due in 3 to 4 years**	**Due in 4 to 5 years**	**Due beyond 5 years**	**Total**	**Total**
Financial assets*								
Fixed rate								
Variable rate	276.1						276.1	494.3
Financial liabilities**								
Fixed rate	(3.5)	(9.8)	(24.8)	(316.1)	(410.1)	(700.4)	(1,464.7)	(1,465.6)
Variable rate	(102.0)	(2.8)	(21.8)	(22.0)	(2.8)	(8.0)	(159.4)	(121.6)
Net exposure								
Fixed rate	(3.5)	(9.8)	(24.8)	(316.1)	(410.1)	(700.4)	(1,464.7)	(1,465.6)
Variable rate	174.1	(2.8)	(21.8)	(22.0)	(2.8)	(8.0)	116.7	372.7

*Financial assets: cash and marketable securities

**Financial liabilities: borrowings (excluding debt issuance costs)

Interest rate hedging instruments consist of caps and swaps and are described below.

Caps

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

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

(in € millions)	June 30, 2013		
Period covered	Notional amount	Benchmark rate	Average guaranteed rate including premium
July 2013 – December 2013	400.0	3-month Euribor	4.72%

The caps do not fulfill the criteria for the application of hedge accounting under IAS 39 and have therefore been measured at fair value and recognized in “Other current financial assets”, in an amount equal to zero as of June 30, 2013 (December 31, 2012: €0.0 million). The effect of changes in fair value on consolidated profit was zero in first-half 2013 (first-half 2012: €0.2 million loss), amount recognized in “Net financial expense” (Note 20.2).

Interest-rate swaps

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

In 2011, the Group cancelled the interest rate swaps and accordingly adjusted the hedged debt by €12.3 million. In accordance with IAS 39, the debt adjustment will be amortized to profit or loss as a deduction to financial expense in the period through March 2015, i.e. over the initial life of the swaps. The gain recognized in first-half 2013 was €1.7 million (€1.8 million in first-half 2012).

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

Sensitivity

The following table shows the sensitivity of net debt to changes in interest rates, before hedging instruments:

(in € millions)	**June 30, 2013**		**June 30, 2012**	
	Impact on profit before tax	**Impact on equity before tax**	**Impact on profit before tax**	**Impact on equity before tax**
Impact of a 100-bps increase in interest rates	1.5	1.5	(0.1)	(0.1)
Impact of a 100-bps decrease in interest rates	(2.0)	(2.0)	0.0	0.0

The impact of a 100 basis point increase in interest rates would result in a gain of €1.5 million due to a net positive exposure to variable rate. Conversely, the impact of a 100 basis points decrease in interest rates would result in a loss of €2.0 million.

23.2.2 Currency risk

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

The following table shows the breakdown of net debt (excluding debt issuance costs) by currency:

(in € millions)	June 30, 2013					December 31, 2012
	Financial assets*	**Financial liabilities****	**Net exposure before hedging**	**Hedging**	**Net exposure after hedging**	**Net exposure after hedging**
Euro	58.4	(1,177.3)	(1,118.9)	(37.2)	(1,156.1)	(1,021.8)
US dollar	37.9	(338.6)	(300.7)	23.0	(277.7)	(202.6)
Other currencies	179.8	(108.2)	71.6	14.2	85.8	131.5
	276.1	**(1,624.1)**	**(1,348.0)**	**0.0**	**(1,348.0)**	**(1,092.9)**

*Financial assets: cash and marketable securities

**Financial liabilities: borrowings (excluding debt issuance costs)

The following table shows the sensitivity of gross debt to changes in the exchange rate of the euro against other currencies, before hedging instruments:

(in € millions)	June 30, 2013		June 30, 2012	
	Impact on profit before tax	**Impact on equity before tax**	**Impact on profit before tax**	**Impact on equity before tax**
	10% increase		10% increase	
US dollar	3.6	33.7	11.7	42.6
Other currencies	8.0	8.0	8.1	8.1

(in € millions)	June 30, 2013		June 30, 2012	
	Impact on profit before tax	**Impact on equity before tax**	**Impact on profit before tax**	**Impact on equity before tax**
	10% decrease		10% decrease	
US dollar	(3.3)	(30.6)	(10.6)	(38.7)
Other currencies	(7.3)	(7.3)	(7.4)	(7.4)

“Natural” hedges are preferred, in particular by balancing the breakdown by currency of net debt with the breakdown by currency of operating profit.

If required, when acquisition of an asset is financed using a currency other than the functional currency of the country, the Group may enter into forward-contracts to hedge its exchange rate risk. As of June 30, 2013 the Group has set up forward contracts in Australian dollars and US dollars which have a positive net fair value of €0.1 million, reported in "Other current financial assets" (December 31, 2012: negative net fair value of €0.5 million, reported in "Other current financial liabilities").

Operating assets and liabilities break down as follows by reporting currency:

(in € millions)	June 30, 2013			December 31, 2012
	Operating assets*	**Operating liabilities****	**Net exposure**	**Net exposure**
Euro	554.8	(583.5)	(28.7)	(138.5)
US dollar	209.4	(106.6)	102.8	45.8
Other currencies	641.5	(333.0)	308.5	296.4
	1,405.7	**(1,023.1)**	**382.6**	**203.7**

*Operating assets: trade receivables, inventories and other receivables, net of impairment

**Operating liabilities: trade payables, short-term provisions and other current liabilities

The table below presents the breakdown of net sales and operating expenses by currency as of June 30, 2013:

(in € millions)	Net sales		Operating expenses	
Euro	987.2	43.8%	747.1	41.2%
US dollar	433.1	19.2%	369.7	20.4%
Other currencies	833.7	37.0%	695.1	38.4%
	2,254.0	**100.0%**	**1,811.9**	**100.0%**

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

Residual amounts are hedged by options to limit the Group's exposure to fluctuations in the main currencies concerned. These hedges are for periods of less than 18 months. No such hedges were entered into in first half 2013.

The Group estimates that, all other things being equal, a 10% increase in the exchange rate of the euro against all other currencies applied to first-half 2013 figures would have resulted in a decrease in net revenue of approximately €115.2 million and a decrease in operating profit of approximately €18.4 million, while a 10% decrease would have resulted in an increase in net revenue of approximately €126.7 million and an increase in operating profit of approximately €20.2 million.

In the same way, a 10% increase applied to first-half 2012 figures would have resulted in a decrease in net revenue of approximately €106.1 million and a decrease in operating profit of approximately €18.4 million, while a 10% decrease would have resulted in an increase in net revenue of approximately €116.7 million and an increase in operating profit of approximately €20.2 million.

23.2.3 Commodity risk

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

Raw materials purchases amounted to around €450.0 million in 2012.

A 10% increase in the price of all the raw materials used by the Group would theoretically feed through to around a €45.0 million increase in annual purchasing costs. The Group believes that it could, circumstances permitting; raise the prices of its products in the short term to offset the overall adverse impact of any such increases.

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

The Group did not set up any such hedging contracts in first-half 2013.

23.2.4 Credit risk

Credit risk covers both:

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

As explained in note 9, a substantial portion of Group revenue is generated with two major distributors. Other revenue is essentially derived from distributors of electrical products but sales are diversified due to the large number of customers and their geographic dispersion. The Group actively manages its credit risk by establishing regularly reviewed individual credit limits for each customer, constantly monitoring collection of its outstanding receivables and systematically chasing up past due receivables. In addition, the situation is reviewed regularly with the Corporate Finance Department. When the Group is in a position to do so, it can resort to either credit insurance or factoring.

Financial instruments that may potentially expose the Group to counterparty risk are principally cash equivalents, short-term investments and hedging instruments. These assets are placed with well-rated financial institutions or Corporates with the aim of fragmenting the exposure to these counterparties. Those strategies are decided and monitored by the Corporate Finance Department, which ensures a daily follow up of notations and Credit Default Swap rates of any one of these counterparties.

23.2.5 Liquidity risk

The Group considers that managing liquidity risk depends primarily on having access to diversified sources of financing as to their origin and maturity. This approach represents the basis of the Group’s financing policy.

The total amount of net debt (€1,338.5 million as of June 30, 2013) is fully financed by financing facilities expiring at the earliest in 2017 and at the latest in 2025. The average maturity of gross debt is eight years.

In February 2012, Standard & Poor's raised Legrand's credit rating to A- with a stable outlook, attesting to the strength of the Group's business model and balance sheet.

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

Note 24 - Information relating to corporate officers

24.1 Short-term benefits

(in € millions)	June 30, 2013	June 30, 2012
Advances and loans to corporate officers	0.0	0.0
Compensation paid to corporate officers*	1.2	1.2

* Compensation paid during the base period to executive officers and members of the Board of Directors who hold operating responsibilities within the Group.
Compensation paid includes fixed compensation and all variable compensation payable at the beginning of the year in relation to the achievement of targets for the previous year.

24.2 Compensation and benefits due on termination of a corporate officer's appointment

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

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

[2] In 2001, the Legrand Group entered into an agreement with an insurance company for the provision of services relating to pensions, retirement and services of a related nature to the members of the Group Executive Committee benefiting from the French pension system for salaried workers. At June 30, 2013, the Group's commitment in connection with this agreement amounted to approximately €12.4 million, of which approximately €0.4 million of net assets, while the remaining €12.0 million is accrued in the accounts. Furthermore, the Social Security contributions due on the capital component of annuities according to the level of the pension are accrued in the provisions for €6.3 million. At June 30, 2013, the Executive Committee had ten members, including the Chairman and Chief Executive Officer.

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

The corporate officer's pension entitlements at retirement would represent roughly 1% of his total compensation (salary and bonus) per year of service with the Group.

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

24.3 Termination benefits

Except for above-mentioned payments due upon retirement or enforcement of the covenant not to compete, the Company has no other firm or potential obligations towards Gilles Schnepp, Chairman and Chief Executive Officer for the payment of salaries, compensation or other benefits upon or subsequent to the termination of his appointment or any changes thereto.

24.4 Share-based payment

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

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

(in € millions)	**June 30, 2013**	**June 30, 2012**
Total compensation paid	1.7	2.0

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

Note 25 - Information by geographical segment (Note 2.17)

The information by geographical segment presented below corresponds to the information used by the Group General management to allocate resources to the various segments and to assess each segment's performance. It is extracted from the Group's consolidated reporting system.

6 months ended June 30, 2013 *(in € millions)*	Geographical segments France	Europe Italy	Others	USA/ Canada	Rest of the world	Items not allocated to segments	Total
Revenue to third parties	**539.9**	**289.1**	**384.8**	**392.5**	**647.7**		**2,254.0**
Cost of sales	(195.2)	(100.5)	(222.9)	(195.0)	(364.9)		(1,078.5)
Administrative and selling expenses, R&D costs	(205.5)	(86.6)	(100.5)	(134.7)	(174.2)		(701.5)
Other operating income (expense)	(8.3)	(2.8)	(3.3)	(6.7)	(10.8)		(31.9)
Operating profit	**130.9**	**99.2**	**58.1**	**56.1**	**97.8**		**442.1**
- of which acquisition-related amortization, expense and income*							
• accounted for in administrative and selling expenses, R&D costs	(2.3)	0.0	(1.4)	(5.0)	(6.7)		(15.4)
• accounted for in other operating income (expense)							0.0
- of which goodwill impairment							0.0
Adjusted operating profit	**133.2**	**99.2**	**59.5**	**61.1**	**104.5**		**457.5**
- of which depreciation expense	(15.4)	(11.2)	(6.7)	(4.5)	(11.9)		(49.7)
- of which amortization expense	(1.9)	(1.9)	(0.6)	(0.9)	(0.5)		(5.8)
- of which amortization of development costs	(9.2)	(3.2)	0.0	(0.4)	(0.2)		(13.0)
- of which restructuring costs	(3.5)	(0.4)	(1.4)	(0.5)	(3.1)		(8.9)
Net cash provided by operating activities						215.4	215.4
Net proceeds from sales of fixed and financial assets						3.0	3.0
Capital expenditure	(9.6)	(7.6)	(6.4)	(5.1)	(10.9)		(39.6)
Capitalized development costs	(10.6)	(3.1)	0.0	(0.2)	(0.2)		(14.1)
Free cash flow**						**164.7**	**164.7**
Segment assets from operations excluding taxes	292.8	189.5	266.5	172.0	484.9		1,405.7
Net tangible assets	186.4	130.0	75.0	47.7	125.9		565.0
Segment liabilities from operations excluding taxes	330.9	193.9	115.2	106.5	276.6		1,023.1

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

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

6 months ended June 30, 2012 *(in € millions)*	France	Geographical segments Europe Italy	Others	USA/ Canada	Rest of the world	Items not allocated to segments	Total
Revenue to third parties	**565.5**	**316.8**	**394.3**	**362.4**	**584.7**		**2,223.7**
Cost of sales	(203.8)	(122.1)	(231.0)	(172.0)	(322.4)		(1,051.3)
Administrative and selling expenses, R&D costs	(213.5)	(90.3)	(102.6)	(133.5)	(161.0)		(700.9)
Other operating income (expense)	(6.9)	(4.9)	(12.1)	(9.6)	6.3		(27.2)
Operating profit	**141.3**	**99.5**	**48.6**	**47.3**	**107.6**		**444.3**
- of which acquisition-related amortization, expense and income*							
• accounted for in administrative and selling expenses, R&D costs	(1.8)	0.0	(1.6)	(5.1)	(3.7)		(12.2)
• accounted for in other operating income (expense)							0.0
- of which goodwill impairment							0.0
Adjusted operating profit	**143.1**	**99.5**	**50.2**	**52.4**	**111.3**		**456.5**
- of which depreciation expense	(16.3)	(12.3)	(6.7)	(4.7)	(11.2)		(51.2)
- of which amortization expense	(2.0)	(1.6)	(0.6)	(0.8)	(0.6)		(5.6)
- of which amortization of development costs	(6.7)	(3.1)	0.0	(0.5)	(0.2)		(10.5)
- of which restructuring costs	(4.4)	0.2	(0.1)	(0.2)	(0.1)		(4.6)
Net cash provided by operating activities						259.0	259.0
Net proceeds from sales of fixed and financial assets						5.5	5.5
Capital expenditure	(8.7)	(6.4)	(5.8)	(3.3)	(9.0)		(33.2)
Capitalized development costs	(11.6)	(2.9)	0.0	(0.2)	(0.4)		(15.1)
Free cash flow**						**216.2**	**216.2**
Segment assets from operations excluding taxes	291.7	187.4	293.6	167.2	447.9		1,387.8
Net tangible assets	198.9	139.2	77.2	48.6	121.5		585.4
Segment liabilities from operations excluding taxes	354.0	199.4	126.1	117.9	244.9		1,042.3

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

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

Note 26 - Quarterly data – unaudited

26.1 Quarterly revenue by geographical segment (billing region)

(in € millions)	1st quarter 2013	1st quarter 2012
France	268.7	280.2
Italy	151.7	160.6
Rest of Europe	187.5	189.4
USA/Canada	185.0	172.5
Rest of the world	300.0	283.5
Total	**1,092.9**	**1,086.2**

(in € millions)	2nd quarter 2013	2nd quarter 2012
France	271.2	285.3
Italy	137.4	156.2
Rest of Europe	197.3	204.9
USA/Canada	207.5	189.9
Rest of the world	347.7	301.2
Total	**1,161.1**	**1,137.5**

26.2 Quarterly income statements

(in € millions)	1st quarter 2013	1st quarter 2012
Revenue	**1,092.9**	**1,086.2**
Operating expenses		
Cost of sales	(525.5)	(509.3)
Administrative and selling expenses	(297.9)	(302.8)
Research and development costs	(50.6)	(49.6)
Other operating income (expense)	(10.3)	(8.6)
Operating profit	**208.6**	**215.9**
Financial expense	(22.9)	(25.0)
Financial income	3.1	4.7
Exchange gains (losses)	(3.9)	(5.1)
Total net financial expense	(23.7)	(25.4)
Profit before tax	**184.9**	**190.5**
Income tax expense	(60.1)	(66.5)
Profit for the period	**124.8**	**124.0**
Attributable to:		
- Equity holders of Legrand	**124.5**	**123.3**
- Minority interests	**0.3**	**0.7**

(in € millions)	2nd quarter 2013	2nd quarter 2012
Revenue	**1,161.1**	**1,137.5**
Operating expenses		
Cost of sales	(553.0)	(542.0)
Administrative and selling expenses	(303.1)	(302.3)
Research and development costs	(49.9)	(46.2)
Other operating income (expense)	(21.6)	(18.6)
Operating profit	**233.5**	**228.4**
Financial expense	(20.0)	(26.0)
Financial income	0.2	5.8
Exchange gains (losses)	(2.2)	(5.5)
Total net financial expense	(22.0)	(25.7)
Profit before tax	**211.5**	**202.7**
Income tax expense	(65.1)	(57.3)
Profit for the period	**146.4**	**145.4**
Attributable to:		
- Equity holders of Legrand	**145.3**	**145.4**
- Minority interests	**1.1**	**0.0**

Note 27 - List of consolidated companies

The consolidated financial statements comprise the financial statements of Legrand and 155 subsidiaries. All Legrand Group subsidiaries are fully consolidated.

The main fully consolidated operating subsidiaries as of June 30, 2013 are as follows:

French subsidiaries

Groupe Arnould

Legrand France

Legrand SNC

Foreign subsidiaries	
Bticino	Italy
Bticino Chile Ltda	Chile
Bticino de Mexico SA de CV	Mexico
Cablofil Inc	United States
Daneva	Brazil
DongGuan Rocom Electric	China
EMB Electrical Industries	Egypt
GL Eletro-Eletronicos Ltda	Brazil
HDL Da Amazonia Industria Eletronica Ltda	Brazil
Inform Elektronik	Turkey
Kontaktor	Russia
Legrand	Russia
Legrand Colombia	Colombia
Legrand Electric	United Kingdom
Legrand Electrical	China
Legrand Elektrik	Turkey
Legrand Group Belgium	Belgium
Legrand Group España	Spain
Legrand Group Pty Ltd	Australia
Legrand Home Systems	United States
Legrand Polska	Poland
Legrand SNC FZE	United Arab Emirates
Legrand Zrt	Hungary
Middle Atlantic Products Inc	United States
Novateur Electrical and Digital Systems (NEDS)	India
Ortronics Inc.	United States
Pass & Seymour Inc.	United States
Shidean	China
TCL International Electrical	China
TCL Wuxi	China
WattStopper	United States
Wiremold Company	United States

At June 30, 2013 all subsidiaries were wholly owned except for Alborz Electrical Industries Ltd, Kontaktor, Legrand Polska and Shidean, which were all over 96%-owned, Seico, which is 90%-owned, Megapower, which is 80%-owned, and Daneva, which is 51%-owned.

Note 28 - Subsequent events

On August 1st, 2013, the Group announced the signing of a joint venture with Adlec Power, Indian leading manufacturer of switchboards. It acquired 70% of the shares with an option to take full control from July 2018. Based in the region of Delhi, Adlec Power has annual sales of approximately €23 million.

3 STATUTORY AUDITORS’ REPORT ON INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Statutory auditors' review report on the 2013 half-year financial information

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report includes information relating to the specific verification of information presented in the Group's interim management report. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

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

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

- the review of the accompanying half-year consolidated financial statements of LEGRAND, for period of six months ended June 30, 2013;
- the verification of the information contained in the half-year management report.

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

1. Conclusion on the financial statements

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-year consolidated financial statements do not give a true and fair view of the assets and liabilities and of the financial position of the Group as at June 30, 2013, and of the results of its operations for the six-month period then ended, in accordance with IFRSs as adopted by the European Union.

2. Specific verification

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

Neuilly-sur-Seine, July 31, 2013

The Statutory Auditors

PricewaterhouseCoopers Audit	**Deloitte & Associés**
Edouard Sattler	Jean-Marc Lumet

4 RESPONSIBILITY FOR THE HALF-YEARLY FINANCIAL REPORT

4.1 - PERSON RESPONSIBLE FOR THE HALF-YEARLY FINANCIAL REPORT

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

Mr. Gilles Schnepp, Chairman and Chief Executive Officer of Legrand, a French *société anonyme* whose registered office is located at 128 avenue du Maréchal de Lattre de Tassigny, 87000 Limoges, France, registered at the Limoges trade and companies register under the number 421 259 615, hereinafter referred to as "the Company".

4.1.2 - Declaration of the person responsible for the half-yearly financial report

"I hereby certify that, to the best of my knowledge, the full consolidated financial statements for the first half 2013 have been drawn up in accordance with the applicable set of accounting standards and fairly present the assets, the financial position and results of the Company and the businesses within the scope of consolidation and that management report appearing on page 3 of the half-yearly financial report fairly presents the material events that occurred in the first six months of the financial year and their impact of the interim accounts, the main related-party transactions as well as a description of the principal risks and uncertainties for the remaining six months of the financial year."

Gilles Schnepp
Chairman and Chief Executive Officer

4.2 - STATUTORY AUDITORS

4.2.1 - Principal Statutory Auditors

PricewaterhouseCoopers Audit

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

Represented by Edouard Sattler

Crystal Park, 63, rue de Villiers

92200 Neuilly-sur-Seine, France

Appointed Deputy Statutory Auditors at the Ordinary General Meeting of Shareholders of June 6, 2003, became Principal Statutory Auditors following the merger between Pricewaterhouse and Coopers & Lybrand Audit, and renewed as Principal Statutory Auditors at the Ordinary General Meeting of Shareholders of May 27, 2010 for a term of six financial years. This appointment expires at the end of the Ordinary General Meeting of Shareholders convened to vote on the financial statements for the financial year ended December 31, 2015.

Deloitte & Associés

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

Represented by Jean-Marc Lumet

185, avenue Charles-de-Gaulle

BP 136 92524 Neuilly-sur-Seine Cedex, France

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

4.2.2 - Deputy Statutory Auditors

Mr. Yves Nicolas

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

Crystal Park, 63, rue de Villiers

92200 Neuilly-sur-Seine, France

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

BEAS

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

7-9 Villa Houssay

92524 Neuilly-sur-Seine Cedex, France

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

4.3 - FINANCIAL INFORMATION

4.3.1 - Person responsible for financial information

Mr. **Antoine Burel**,
Chief Financial Officer

Address: 82, rue Robespierre, 93170 Bagnolet, France
Tel: + 33 (0) 1 49 72 52 00
Fax: + 33 (0) 1 43 60 54 92

4.3.2 - Indicative financial information schedule

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

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

- 2013 nine-month results: November 7, 2013
- 2013 annual results: February 13, 2014
- General Meeting of Shareholders: May 27, 2014

www.legrand.com

COMPANY HEADQUARTERS
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