

Legrand in 2005



One business, worldwide presence

Cable management

Trunking and ducting, mini-columns, floor boxes, busbars – a complete range of fittings and systems for safe distribution of electricity and data in buildings.



Control and command

A full range of switches and sockets, fire and intrusion alarms, emergency lighting, access control, remote controls and other interfaces to enhance comfort, safety, communications and security.



Energy distribution

Circuit breakers, distribution boards, enclosures and cabinets, and all the products and systems needed to protect people and property from electrical hazards and ensure efficient energy distribution.

Voice – Data – Image

Precabling solutions for IT, telephone and video networks, fiber optic and copper wire connections, VDI cabinets and wifi access – a full range of solutions to distribute data in buildings.

Legrand's offering is the backbone of electricity and communications infrastructure – **creating new links and improving the quality of life** in premises of all types.

Number one worldwide in products and systems for wiring devices and cable management, we are present in over **60 countries** with nearly 30 brands in all, including three with global reach – Legrand, Bticino and Ortronics. An offering counting over **130,000 items** and a steady flow of innovation make Legrand an effective partner to equip buildings that combine intelligence, safety, comfort and convenience.

Close attention to customers and optimized allocation of resources that respects both people and the environment are daily priorities for our 31,000 employees, and are a basis for lasting, profitable growth.

A double-digit rise in 2005 sales, a proven **capacity for growth through targeted acquisitions**, and profitability that is among the highest in the industry underscore the strengths of our business model. And the success of our return to stock-market listing clearly signals **broad confidence in the future**.

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From the Chairman

Innovation, growth, stronger finances and new pace in sales – over the past three years, Legrand has shown its capacity to leverage the strengths behind earlier successes, enhancing know-how and improving its business model to achieve fresh progress and gain added momentum.

Innovation, always a cornerstone of Legrand's corporate culture, has accelerated further with products offering customers added value, driving technical progress and anticipating new market expectations for design and functions. In this, we benefit from the enthusiasm and commitment of staff members who take up the daily challenges of developing new services and offering environment-friendly solutions that meet the needs of all our customers – distributors, electrical professionals, architects, contractors or end-users.

Over the past three years, we have launched over 50 new ranges, with successes including the XL3 and the In One By Legrand offerings as well as the Axolute range that places our group in the vanguard for luxury fittings.

Today our strategy is more than ever centered on growth, through initiatives that include reinforcement of sales and marketing teams, moves into high-potential markets, expansion of geographical scope with a special focus on emerging economies, and continued extension of our service offering.

A full 17% of our workforce is made up of sales people and nearly 20% of our business is in emerging markets, with over 20 subsidiaries opened in the past four years. Since January 2005, we have also acquired eight companies with leading positions on their markets, opening up new perspectives for the development of our business and progress for our staff members.

Over the past three years, we have also reorganized production for greater efficiency.

The adoption of structures based on five industrial divisions, the deployment of a new purchasing structure, and campaigns to raise employee awareness of the need to optimize use of capital have led to significant improvement in profitability. At the same time, they have accelerated our capacity to finance development with the resources generated by the business itself.

In 2005, Legrand made a strong showing with sales up 11%, adjusted operating margin reaching nearly 16% of sales and free cash flow topping EUR 320 million.

These results, combined with favorable market conditions, led to our successful return to the stock market in spring 2006, when our offering was oversubscribed nearly 30 times. And our share performance since then confirms this success.

Building on the support of our shareholders, the loyalty of our customers and the dedication of our workforce, we will be maintaining our focus on self-financing business development over the long term, and on achieving growth targets to lend new pace and scope to our ambitions.

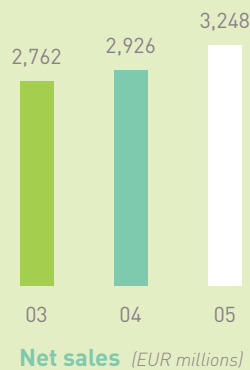
Gilles Schnepf
Chairman and CEO



“We will be maintaining our focus on self-financing business development over the long term, and on achieving growth targets to lend new pace and scope to our ambitions.”

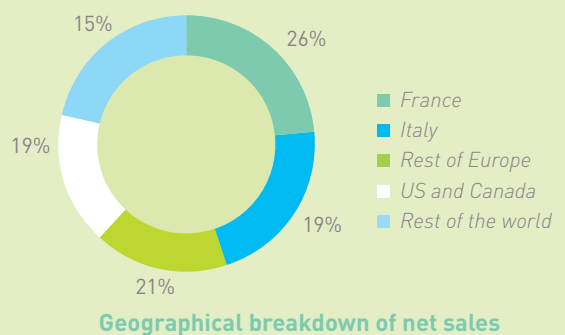
Key figures

Legrand once again posted vigorous growth in 2005. A strong rise in operating income combined with rigorous management of capital employed was reflected in the healthy level of free cash flow and capacity to finance acquisitions.



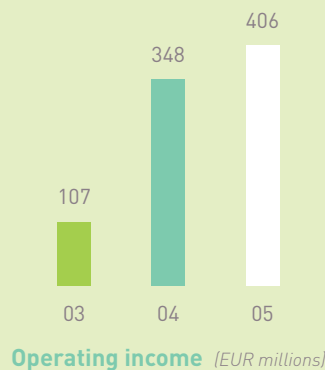
■ 11% rise in net sales

Consolidated net sales showed an 11% rise from 2004 to 2005, while the rise at constant scope of consolidation and exchange rates was 6.6%. First consolidation of Zucchini, OnQ and Van Geel added 3.3% to the total and exchange-rate variations had a positive impact of 0.8%.



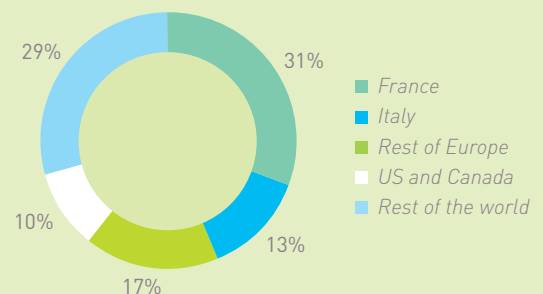
■ 74% outside France

In 2005, Legrand reinforced its presence on emerging markets and in the US/Canada, which altogether account for approximately 38% of group sales.



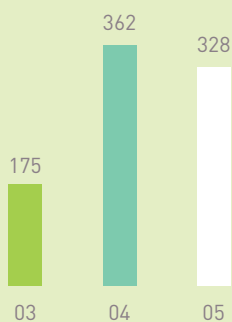
■ 16.5% rise in operating income

Operating income rose 16.5% from 2004 to 2005 as sales growth and productivity gains offset rises in raw-material prices and increased spending on sales and research. Profitability thus remains high, providing a sound base for continued business development.



■ 69% of employees outside France

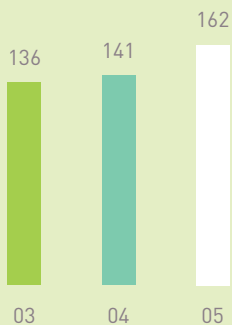
The proportion of employees based outside France was up from 65% in 2003 to 69% in 2005, a steep rise reflecting international expansion, particularly on markets with significant growth potential. Staff numbers under the "Rest of the world" heading thus rose 6% at constant scope of consolidation in 2005.



Free cash flow (EUR millions)

■ Financing development

Vigorous free cash flow representing 10% of 2005 net sales mainly reflected the rise in operating income and tight control of capital employed. In addition to dividend payments, it will provide financing for future acquisitions.



R&D spending (EUR millions)

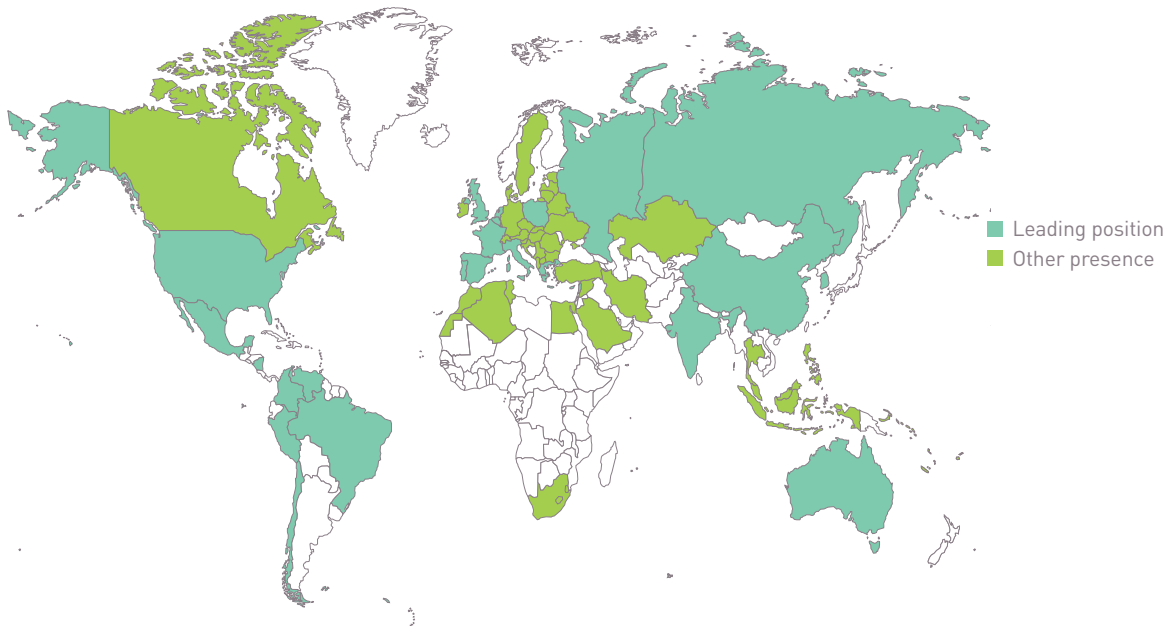
■ 40% of capital expenditures earmarked for innovation

Legrand's research and development spending represented 5% of sales in 2005, and 40% of capital expenditures during the year was earmarked for innovation.



Top market rankings

Present in over 60 countries and distributing products in over 160, our close-knit networks enable us to meet local demand while backing the international expansion of our customers.



World leader in two sectors

■ **No. 1** for wiring devices, with 18% of the market.

■ **No. 1** for cable management, with 15% of the market.

National leadership in over 20 countries

■ **No. 1** for at least one product category in countries including:

- France, Italy, Spain, Russia and Poland in Europe
- The US, Mexico, Brazil and Chile in the Americas
- China, India, Korea and Australia in the rest of the world

Products with number-one rankings on national markets account for nearly 50% of our consolidated sales.

Building positions on high-growth markets

Since 2001, we have set up over 20 sales subsidiaries, most of them in eastern Europe, Asia and the Middle East. In 2005, emerging economies accounted for 19% of sales and we are expanding our presence on these promising markets through an ongoing strategy of targeted acquisitions. Eight companies, all with leading positions on their national markets, have joined the group since January 2005. We have also beefed up sales teams, in particular in the US where demand for high value-added products is rising fast.



NEW PROSPECTS IN CHINA AND IN WIRING DEVICES

In 2005, Legrand acquired two of China's top companies: TCL International Electrical, number one for wiring devices, and TCL Building Technology, a leading name for VDI technology in China. In January 2006, they were followed by Shidean, China's leading producer of audio and video entry systems. These companies generate annual sales totaling EUR 75 million, and have 4,000 employees including close to 1,000 sales people covering the whole of China. They thus effectively reinforce our presence on a market where demand is skyrocketing – and, by the same token, our world leadership in wiring devices.

Products

Imagine quality of life with Legrand...

Each new solution and each new acquisition is designed to enhance our standing on world markets and to achieve the right match with customer needs and expectations.

4 product
categories

130,000
catalog items

From consumer units to VDI sockets, Legrand's offering covers nearly all the components needed for electrical installations and communications networks.

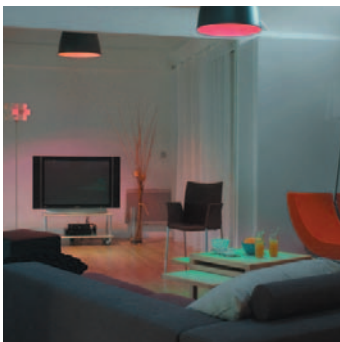


Legrand – a whole world of solutions

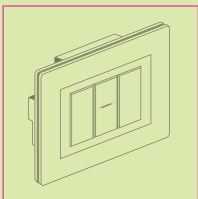
Meeting customer needs worldwide – Legrand’s solutions start with attentive listening to identify customer requirements, enabling us to offer responses that add value and truly make the difference. For distributors with an eye on sales schedules. For installers seeking quality products that are quick and easy to fit, with high technical performances, for architects and engineers on the lookout for innovative solutions to back their projects around the world. And for end users who want security, comfort and unrestricted wireless communications.

An offering with unbeaten reach – With 130,000 catalog items in four main categories sold under close to 30 brands, Legrand offers solutions to match the full range of needs in electrical installations and communication networks. Whether the challenge is to connect a TV, a telephone and a modem through a single socket, to control heating, lighting and rolling shutters, to optimize security through a central system or to distribute energy safely, Legrand has the answer.

Pioneering spirit – Legrand steadily enriches offerings with innovative, value-added solutions, as illustrated by our invention of the universal media socket and the first wifi wall connections integrated into wiring devices. The same spirit is apparent in home automation offerings In One by Legrand and Bticino’s My Home, which ensure simultaneous control of lighting, security, heating and sound diffusion with effective, easy-to-use technology in residential buildings.



3 worldwide brands:
Legrand,
Bticino
and
Ortronics



AXOLUTE - SHEER LUXURY

The Axolute range of wiring devices, video door entry systems and home automation equipment is designed to meet the most exacting standards with a combination of aesthetic appeal and functional value for residential and commercial premises at the top end of the market. With Axolute, Bticino has won its place as a pioneer in luxury equipment.

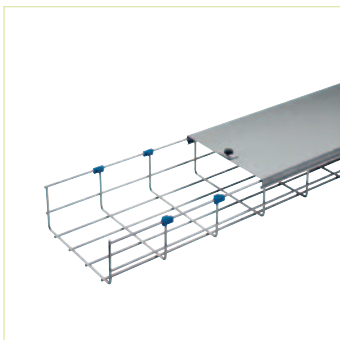
Products

Winning markets with powerful brands – Legrand group brands may have international reach or only a local presence, but they all have longstanding reputations for product quality, reliability and safety. The foundation of our strong positions on most national markets, they comply in full with specific requirements and standards applying to product design, operation and installation. In fact, Legrand is one of the very few manufacturers making switches to all major standards – for the US, the UK, Germany, France and Italy, as well as for China and South Korea.

The world leader in wiring devices with an 18% share of the market and cable management with 15%, Legrand is number one for at least one product category in over 20 countries. All told, products with leading market positions account for nearly 50% of consolidated sales.

Targeted acquisitions – Our on-going strategy of targeted acquisitions is aimed at rounding out our existing offering and access high-growth markets. Eight new companies have thus joined the group since January 2005.

■ China: **TCL International Electrical**, number one for wiring devices, **TCL Building Technology**, the top Chinese brand for VDI networks, and **Shidean**, the leader for audio and video door entry systems. ■ Brazil: **Cemar**, number one in Brazil for consumer units and industrial enclosures. ■ US: **OnQ**, the leader for structured cabling in homes in the US. ■ Europe: **Van Geel**, number one for cable management products in the Netherlands, **RM Kabelbaner**, number one in Denmark for metal cable management, and **Zucchini**, Italy's leader in prefabricated busbar systems for industrial and commercial applications. ■ Worldwide: **Cablofil**, world leader for wire cable trays.





Nearly 30 brands:
Legrand, Bticino, Ortronics, Wiremold, OnQ, Pass & Seymour, Watt Stopper, Pial, Luminex, Lorenzetti, Cemar, Tenby, Baco, Arnould, Planet Wattohm, Bticino Cofrel, URA, Sarlam, KZ, Cablofil, Quintela, Tegui, Zucchini, Van Geel, Anam, Shidean, TCL

Strategy

Leverage the Legrand model to your advantage...

Innovation, close ties to customers and efficient industrial processes are the drivers for Legrand's strategy for profitable growth.

4,500 active patents around the world

17% of employees dedicated to customer relations

Over **50** industrial sites

5 industrial divisions

Innovation, an active sales force and industrial efficiency are central to Legrand's model for growth.

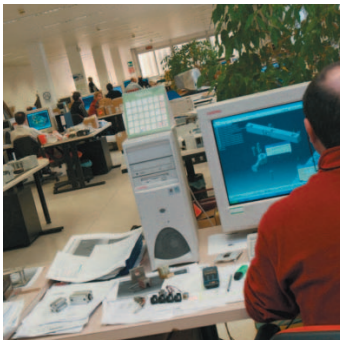


Momentum from innovation

New products are the heart and soul of our company and we have a long track record of success in both groundbreaking design and continuing upgrades to existing lines. Examples include the first wall outlet integrating wifi technology and the first universal media socket allowing simultaneous connection to computers, TV and telephone. Today, 4,500 Legrand patents covering 1,450 system and technical applications around the world are in use worldwide.

Legrand R&D teams count 1,800 people in 20 countries working on product development and the integration of advanced functions, innovative materials and the latest technological progress. Over the past three years, we have spent an average of 5% of sales on R&D, and 40% of capital expenditure on innovation.

In responding to new customer requirements, Legrand is placing special emphasis on developments in high value-added segments such as home automation, VDI applications and solutions that work as systems. The benefits are clear – in 2005, products developed by Legrand and on the market for less than five years account for around 37%, a proportion Legrand aims to raise to 50% over the medium term.

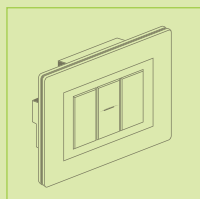


5% of sales revenues dedicated to R&D

1,800 research staff



4,500 patents
in active use,
82%
outside
France



30 NEW RANGES IN ONE YEAR

In 2005, Legrand filed nearly 100 new patents and launched 30 new ranges. In wiring devices, these included Axolute in Italy, Miro in the US, Mylinc in India, Arquea in Mexico and Synergy, a range made to British standards, while in energy distribution there was XL3 in France and Spain, Multiboard in Italy and Ekinox in the UK. Finally, our floor box offering was extended with the Interlink Office line in Italy.

100% dedication to customers

In making the constant adjustments to offerings needed to keep step with demand on each of our markets, we rely on close ties to customers including distributors, electricians, specifiers and end-users.

We build on these links not only as a means to identify new requirements but also to develop value-added services to reinforce customer satisfaction and win their loyalty. This approach is illustrated by dedicated call centers responding to queries from homeowners, installers and distributors. Similarly, customized training programs enable distributors and installers to get to know more about new products and learn how to install them. User guides accessible on the internet and specialized software packages are also on offer to back Legrand's presence and the quality of its services.

To provide customers with the support they need for the success of their projects in all parts of the world, Legrand is steadily expanding its sales coverage with a special emphasis on markets with critical importance for the future.

Over the past five years, we have set up over 20 sales offices and 17 showrooms, while our sales force has risen by 13% in four years, with Eastern Europe, Asia, the Middle East and the US the main focus of expansion.

Nearly 40
sales offices and
showrooms
opened around
the world
in five years

More than 5,000
staff members
dedicated to
customer service

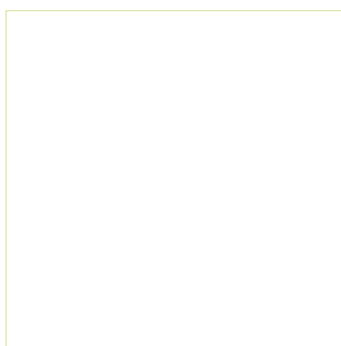
13% rise
in sales forces
from
2001 to 2005

Performance every step of the way

From design to production, Legrand makes the most of resources with five divisions, each harnessing specialized expertise for R&D and production. The adoption of this structure has yielded significant productivity gains and optimization of capital employed, with specialization and outsourcing reducing the number of sites and making for substantial cost savings. All told, operations at 16 sites have been transferred to other units. Another consequence is that capital expenditures over coming years will be down to 5 or 6% of sales revenues compared with an historical average of 9%. The resources freed in this way are to be invested in sales and product innovation to drive growth.

Purchasing has been the focus of a drive for optimization in all areas of operations with the twin goals of enhancing performance and ensuring access to technologies beyond the scope of our own expertise through the best qualified suppliers. Over the past three years, this has been the focus of 3,700 initiatives for progress, each clearly identified, priced and successfully deployed.

Logistics, including storage, transport and distribution processes, are organized country by country to minimize the time taken to bring new products to market. Distribution centers in Europe, the US and Latin America also make a significant contribution to service levels. Recent initiatives in this area include rationalization that brought inventories down to 15% of sales in 2005 compared with an historical average of 18%.



Sustainability

Corporate responsibility at Legrand...
Enhancement of skills,
quality working conditions, and respect
for the environment are three priorities
that define – and will continue to define –
the identity of Legrand and its offering.

**Charter
of fundamental
values**
published
in **2005**

Legrand policies on human resources, risk prevention and respect for the environment go well beyond legal requirements, making corporate responsibility an integral part of strategy.

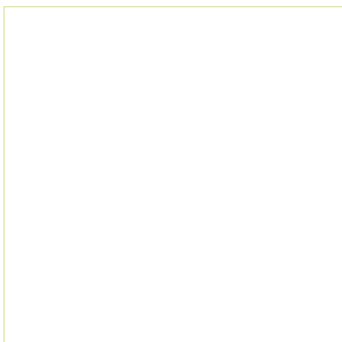


Putting people first

Lasting business success starts with success for people. This conviction, the foundation of Legrand’s human resource policies, is in full keeping with values that stress ethics of behavior, customer awareness, resource enhancement and innovation, together favoring the convergence of business and personal ambitions.

Initiatives implementing these values favor youth employment, the development of competencies, professional progress, mobility and readiness for change. Legrand is deploying related programs on a group-wide scale by stages.

To optimize management of talent, Legrand looks ahead, planning career paths that provide staff members with a clear view of the most promising options. In this, the “Organization Staffing Review” plays a crucial role as the interface between the business units and staff, helping to achieve the right balance between the needs of the organization and personal aspirations. Similarly, Legrand makes information on opportunities for moves into different positions or to different sites broadly available through its mobility platforms. They are also displayed on Dialeq, our group intranet, which provides a wealth of information on the most recent developments in the business and employment opportunities. Backing up these aids for career planning, the Legrand Management Center offers a full range of training options enabling staff members to acquire necessary know-how.



31,000
employees
around the world



Safety – an overriding priority

Outstanding performance in risk prevention: Legrand has adopted a charter defining the policies all staff members are required to comply with in this area. These are structured around three principles:

- full compliance with laws and regulations in each country
- integration of safety and environmental standards into industrial processes
- harmonization of prevention strategies to share best practices and optimize allocation of resources.

Dedicated to continued progress, Legrand is implementing a health and safety system with international scope based on the ILO OSH 2001 standard issued by the International Labour Organization. This is currently being deployed in France and Italy and will be extended to all group sites by stages.

Legrand has backed this up through a unit with specialized expertise in prevention to enhance overall risk management. The unit is charged in particular with providing advice on the integration of safety into machine design and the development of tools to measure and control the undesirable impacts of business as well as of safety training programs.

OPPORTUNITIES FOR THE DISABLED – ABOVE AND BEYOND LEGAL REQUIREMENTS

Under a nationwide accord adopted in France in 1993, people with disabilities are entitled to equal access to employment opportunities in all positions. The accord calls for disabled employees to account for 6% of each workforce, a proportion exceeded at Legrand where it is 7.5%. We also make internships available, helping disabled people to familiarize themselves with workplace environments.

Declines in
accident rates
from 2002 to 2005:

-11% in France
-8.5% in Europe

Taking up the challenge of environmental sustainability

Preserving the environment is a concern that shapes all aspects of daily operations at Legrand, which has for several years applied a systematic approach to ensure ongoing overall progress in this area.

On our industrial sites, environmental management is fully integrated with an eye on ISO 14001 certification. In-depth analysis calls on support from outside experts to identify regulatory requirements, risks and environmental impacts at each facility. In 2005, three additional sites won certification, of which two in Latin America, raising the total meeting the ISO 14000 standard to 49. Illustrating the practical benefits, the energy saving project in France and Italy reduced consumption of electricity by 6.5% and heating by 10% from 2003 to 2005. We have also set ourselves the goal of recycling more than 75% of waste.

Product design processes reflect the same concerns, factoring in environmental standards with the help of EIME (Environmental Information and Management Explorer) software. Moreover, a person is charged with monitoring environmental aspects at every stage in the design and development of each new product. In 2005, 20 ecological design projects were under way and over 250 staff members benefited from training in this area.

Customer service and product offerings work in the same direction, not only with energy-saving solutions such as In One by Legrand and Watt Stopper ranges, but also through frequent seminars and training programs to raise professionals' awareness of environmental issues and sustainable design. This is illustrated in particular by Bticino in Italy and The Watt Stopper in the US.

20 eco-design projects



ISO 14001 site certification

65% worldwide and **90%** in Europe

Governance

Following Legrand's admission to the stock market, a new Board of Directors was appointed. With a view to ensuring the best standards of corporate governance, we have adopted a set of internal regulations defining the membership, organization and operation of the Board and its committees, together with the powers and duties of Directors. Directors are required to comply with the Director's charter included in these regulations.

The Legrand Board of Directors has eleven members, including two independent Directors, each elected for a six-year renewable term. The Board of Directors defines the course to be taken by the business and ensures implementation of its decisions. It considers all questions concerning the orderly operation of the business and decides on the matters for which it is competent by deliberation. The Board is required to conduct an assessment of its own operation once a year.

Board members

Gilles Schnepf,

Chairman

Olivier Bazil,

Vice Chairman

François Grappotte

Honorary Chairman

Arnaud Fayet

Jacques Garai'alde

Edward A. Gilhuly

Henry R. Kravis

Jean-Bernard Lafonta

G rard Lamarche*

Thierry de La Tour d'Artaise*

Ernest-Antoine Seill re de Laborde

* Independent directors

Board committees

Three specialized committees assist the Board.

The Audit Committee provides assistance in ensuring the accuracy and reliability of accounts, as well as the quality of internal controls and information to shareholders. Its three members are Arnaud Fayet, Jacques Garai'alde and G rard Lamarche.

Members of the Audit Committee may not be executive directors nor have any salaried position with the company or any of its subsidiaries and must have the accounting and/or financial knowledge necessary for the fulfillment of their duties. The group presents its business, its specific features and competencies, and its operations to committee members.

The Appointments and Compensation Committee

assists the Board in matters relating to the recruitment and compensation of senior managers. Its four members are Jacques Garai'alde, Edward A. Gilhuly, Jean-Bernard Lafonta and G rard Lamarche.

The Strategy Committee assists the Board in drawing up the group's fundamental strategies. Its four members are Olivier Bazil, Jacques Garai'alde, Jean-Bernard Lafonta and Gilles Schnepf.

Executive Committee



Gilles Schnepf
Chairman and
Chief Executive Officer



Olivier Bazil
Vice Chairman and
Chief Operating Officer



Guy Durand
Vice President,
Industry Division



François Frugier
Vice President,
Human Resources



Pierre Mazabraud
Deputy Chief Operating
Officer, Vice President,
Wiring Devices Division



Bruno Pavesi
Chief Executive Officer
and Managing Director,
Bticino



Gérard Pelletier
Vice President,
Sales France



Paolo Perino
Vice President,
Marketing and External
Communications



John Selldorff
Chairman and Chief
Executive Officer,
Legrand North America



Éric Seurin
Vice President,
Purchasing and
Logistics



Philippe Weber
Vice President,
Protection Division

Legrand shareholders

Legrand has been listed on the Eurolist compartment of Euronext Paris since April 6, 2006



— Legrand share price in euros.

Legrand shares

- ISIN: FR0010307819
- Code: LR
- Listing: Euronext Paris
- Market: Euronext Paris - Eurolist - Compartment A (Blue Chips)
- Sector: electrical components and equipment
- Personal equity plans: eligible for PEA plans in France
- Deferred settlement (SRD): not eligible
- First listed: April 6, 2006

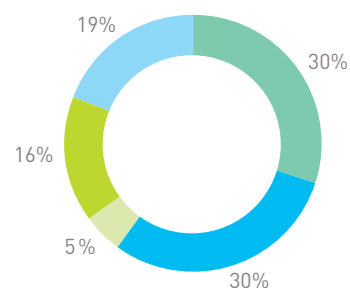
Market data

Number of shares: 269,693,376
 Price on admission: €19.75
 Price at June 6, 2006: €22.39
 Market capitalization June 6, 2006: €6,038 million

Shareholder announcements

- **July 28, 2006**
First-half results, 2006
- **October 31, 2006**
Nine-month results, 2006
- **February 8, 2007**
Annual results, 2006

Ownership



- *Wendel Investissement*
- *KKR*
- *Management and staff*
- *Other shareholders**
- *Float*

* Principally West LB AG, MPE and Goldman Sachs Capital Partners

Making contact
– advertising campaign
for Legrand's initial public
offering (IPO) – France,
March 2006

**NOUS AVONS TOUJOURS ÉTABLI
LE CONTACT AVEC VOUS.
MAINTENANT, C'EST À VOUS.**



© 2005 Legrand

► **BIENTÔT, VOUS POURREZ DEVENIR ACTIONNAIRE DE LEGRAND.**

Prise de courant, interrupteur, disjoncteur, portier, prise téléphonique et prise réseau, commande centralisée ou à distance : il y a déjà certainement chez vous l'une ou l'autre de nos 130 000 références. Mais savez-vous que nous sommes un des leaders mondiaux des équipements électriques basse tension et des réseaux d'information pour la maison et les bâtiments tertiaires et industriels ? Que près des trois quarts de nos 3,2 milliards d'euros de chiffre d'affaires sont réalisés dans plus de 160 pays ? Que nous ne cessons de nous renforcer sur les marchés en forte croissance : Chine, Inde, Russie, Pologne, Brésil ou Mexique ? Et que grâce à nos innovations permanentes, nous avons réalisé en 2005 37 % de nos ventes avec des produits ou systèmes de moins de 5 ans ? Legrand c'est tout cela et bien plus. Vous n'avez que quelques jours à attendre avant de devenir l'un de nos actionnaires.

Un Document de base enregistré par l'AMF sous le n° 1.06-009 le 21/02/2006 est disponible sans frais auprès de Legrand ainsi que sur les sites Internet de Legrand (www.legrandelectric.com) et de l'AMF (www.amf-france.org). Les facteurs de risque liés à Legrand sont énoncés dans le Chapitre 3 du Document de base. Cette annonce ne constitue pas une offre de titres aux États-Unis. Les titres ne peuvent être ni offerts ni cédés aux États-Unis sans enregistrement ou exemption d'enregistrement conformément au US Securities Act de 1933 tel que modifié. Legrand n'a pas l'intention d'enregistrer l'offre aux États-Unis ni de faire appel public à l'épargne aux États-Unis.

legrand®

www.legrandelectric.com

Consolidated financial statements

IFRS consolidated statement of income

Euros, in millions

	Twelve months ended Dec. 31, 2005	Twelve months ended Dec. 31, 2004	Twelve months ended Dec. 31, 2003
Revenue	3,247.9	2,926.3	2,761.8
Operating expenses			
Cost of sales	(1,675.4)	(1,505.7)	(1,569.6)
Administrative and selling expenses	(835.6)	(760.9)	(734.6)
Research and development costs	(238.6)	(233.9)	(258.5)
Other operating income and expense	(92.6)	(77.5)	(92.1)
Operating profit	405.7	348.3	107.0
Financial expense	(206.5)	(257.5)	(322.1)
Financial income	25.4	26.1	28.2
Exchange gains and losses	(32.3)	5.8	3.5
Loss on extinguishment of debt	0.0	(50.7)	0.0
Finance costs and other financial income and expense, net	(213.4)	(276.3)	(290.4)
Share of (loss)/profit of associates	1.3	2.6	2.4
Profit before tax	193.6	74.6	(181.0)
Income tax expense	(89.8)	(46.6)	21.9
Profit for the year	103.8	28.0	(159.1)
Attributable to:			
• Equity holders of Legrand	101.4	26.8	(160.0)
• Minority interests	2.4	1.2	0.9
Basic earnings per share (euros)	0.134	0.035	(0.211)
Diluted earnings per share (euros)	0.132	0.035	(0.208)

IFRS consolidated balance sheet

Euros, in millions

ASSETS	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2003
Current assets			
Cash and cash equivalents	133.2	68.3	67.9
Marketable securities	0.6	13.1	32.6
Restricted cash	0.0	27.0	37.0
Income tax receivable	6.1	1.9	3.5
Trade receivables	563.2	495.7	509.9
Other current assets	127.5	130.3	116.6
Inventories	474.5	422.0	385.5
Other financial assets	33.4	66.2	96.6
Total current assets	1,338.5	1,224.5	1,249.6
Non-current assets			
Intangible assets	3,641.3	3,238.4	3,398.3
Property, plant and equipment, net	833.6	816.0	914.9
Investments in associates	9.5	12.5	11.7
Other investments	4.1	5.9	10.1
Restricted cash	0.0	0.0	90.5
Deferred tax assets	61.5	62.9	68.8
Other non-current assets	4.6	4.3	4.6
Total non current assets	4,554.6	4,140.0	4,498.9
TOTAL ASSETS	5,893.1	5,364.5	5,748.5

Euros, in millions

LIABILITIES AND EQUITY	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2003
Current liabilities			
Short-term borrowings	319.3	203.6	103.2
Income tax payable	22.3	17.7	4.3
Trade payables	377.0	311.3	252.7
Other current liabilities	406.9	362.8	350.9
Swap liabilities	59.9	159.1	174.3
Total current liabilities	1,185.4	1,054.5	885.4
Non-current liabilities			
Deferred tax liabilities	720.3	697.4	730.5
Other non-current liabilities	273.7	230.8	233.3
Long-term borrowings	1,803.3	1,674.4	2,197.7
Subordinated perpetual notes	28.5	68.9	108.9
Related party borrowings	1,334.8	1,275.8	1,216.6
Total non-current liabilities	4,160.6	3,947.3	4,487.0
Equity			
Share capital	759.4	759.4	759.4
Retained earnings	(157.1)	(259.5)	(288.8)
Translation reserves	(64.3)	(144.7)	(100.7)
Equity attributable to equity holders of Legrand	538.0	355.2	369.9
Minority interests	9.1	7.5	6.2
Total equity	547.1	362.7	376.1
TOTAL LIABILITIES AND EQUITY	5,893.1	5,364.5	5,748.5

Consolidated financial statements

IFRS consolidated statement of cash flows

Euros, in millions

	Twelve months ended Dec. 31, 2005	Twelve months ended Dec. 31, 2004	Twelve months ended Dec. 31, 2003
Profit for the year	103.8	28.0	(159.1)
Reconciliation of profit for the year to net cash provided by operating activities			
• Depreciation expense	144.0	141.8	155.8
• Amortization expense	111.0	133.6	146.5
• Amortization of development costs	0.4	0.0	0.0
• Amortization of finance costs	3.2	0.6	0.0
• Loss on extinguishment of debt	0.0	50.7	0.0
• Changes in non-current deferred taxes	12.9	(24.4)	(63.4)
• Changes in other non-current assets and liabilities	16.4	2.5	4.6
• Share of loss/(profit) of associates	(1.3)	(2.6)	(2.4)
• Exchange (gain)/loss, net	18.1	(1.8)	2.8
• Other adjustments	25.3	47.2	218.0
(Gains)/losses on fixed asset disposals	7.1	(5.6)	(1.2)
(Gains)/losses on sales of securities	0.1	0.3	(0.6)
Changes in operating assets and liabilities			
• Inventories	(6.6)	(40.8)	(1.9)
• Trade receivables	(5.2)	9.8	61.1
• Trade payables	33.9	60.9	(7.5)
• Other operating assets and liabilities	(12.6)	29.2	(81.7)
Net cash provided by operating activities	450.5	429.4	271.0
Net proceeds from sales of fixed assets	10.9	45.4	16.8
Capital expenditure	(112.0)	(95.7)	(112.6)
Development costs capitalized during the year	(21.5)	(17.1)	0.0
Proceeds from sales of marketable securities	0.3	138.4	312.3
Purchases of marketable securities	40.2	(18.5)	(29.0)
Investments in consolidated entities	(399.8)	0.0	(72.8)
Investments in non-consolidated entities	0.0	(0.1)	(0.2)
Net cash (used in)/provided by investing activities	(481.9)	52.4	114.5
Proceeds from issue of share capital	0.0	0.0	0.0
Dividends paid by Legrand Holding's subsidiaries	(1.2)	(0.8)	(1.1)
Other financing activities			
• Reduction in subordinated perpetual notes	(40.5)	(39.9)	(41.0)
• Proceeds from new borrowings and draw down	179.2	929.7	579.1
• Repayment of borrowings	0.0	(1,324.1)	(820.3)
• Debt issuance costs	0.0	(6.3)	(7.5)
• Increase (reduction) in commercial paper	0.0	0.0	(508.0)
• Increase (reduction) in bank overdrafts	(49.7)	(40.2)	(87.2)
Net cash (used in)/provided by financing activities	87.8	(481.6)	(886.0)
Effect of exchange rate changes on cash and cash equivalents	8.5	0.2	9.4
Increase/(decrease) in cash and cash equivalents	64.9	0.4	(491.1)
Cash and cash equivalents at the beginning of the period	68.3	67.9	559.0
Cash and cash equivalents at the end of the period	133.2	68.3	67.9
Items included in operating activities			
• Interest paid during the period	150.7	182.9	202.2
• Income taxes paid during the period	57.8	45.5	79.5

Full financial statements are available in our “document de base” registered with French market supervisor AMF (Autorité des marchés financiers), under No. I.06-009 which can be downloaded from www.amf-france.org and from www.legrandelectric.com.

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