

Consolidated Statement of Income

(in millions of euros, except per-share amounts)	June 30, 2003	June 30, 2002	Dec. 31, 2002
Sales	4 235,9	4 575,9	9 060,5
Cost of sales	(2 460,3)	(2 702,8)	(5 305,2)
Research and development expenses	(248,0)	(230,6)	(472,7)
Selling, general and administrative expenses	(1 087,4)	(1 149,3)	(2 242,9)
Operating income	440,2	493,2	1 039,6
Financial expense net <i>(note 12)</i>	(20,9)	(62,1)	(157,8)
Income from continuing operations before tax	419,3	431,1	881,9
Exceptional items <i>(note 13)</i>	(31,4)	(20,9)	(509,2)
Income taxes <i>(note 14)</i>	(105,5)	(120,8)	295,0
Net income of fully consolidated companies before amortization of goodwill	282,4	289,4	667,7
Amortization of goodwill <i>(note 3)</i>	(79,3)	(85,2)	(192,6)
Net income of fully consolidated companies	203,1	204,2	475,1
Group share in income/(loss) of equity investments <i>(note 5.1)</i>	(3,1)	(17,1)	(28,2)
Net income before minority interests	200,0	187,1	446,9
Minority interests	(10,3)	(10,7)	(24,9)
Net income (attributable to Schneider Electric SA)	189,7	176,4	422,0
Basic earnings per share (attributable to Schneider Electric SA)	0,85	0,76	1,83
Diluted earnings per share (attributable to Schneider Electric SA)	0,84	0,76	1,82

The accompanying notes are an integral part of the consolidated interim financial statements.

Consolidated Statement of Cash Flows

	June 30, 2003	June 30, 2002	Dec. 31, 2002
I - Cash flows provided by operating activities:			
Net income (attributable to Schneider Electric SA)	189,7	176,4	422,0
Minority interests	10,3	10,7	24,9
Group share in (income)/loss of equity investments, net of dividends received	3,1	17,1	27,8
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation of property plant and equipment	139,5	150,0	293,4
Amortization of intangible assets other than goodwill	28,5	26,5	56,9
Amortization of goodwill	79,3	85,2	192,6
Increase/(decrease) in provisions	40,7	(3,4)	(1 350,5)
Change in deferred taxes	(34,0)	(22,8)	(484,2)
Losses/(gains) on disposals of assets	1,2	2,9	1 785,0
Other	0,1	(1,8)	(0,4)
Net cash provided by operating activities before changes in operating assets and liabilities	458,4	440,7	967,5
(Increase)/decrease in accounts receivable	(74,8)	(21,6)	109,3
(Increase)/decrease in inventories and work in process	(19,3)	(4,6)	49,8
Increase/(decrease) in accounts payable	(175,8)	(51,8)	(96,6)
Change in other current assets and liabilities	171,4	(87,6)	(97,2)
Change in working capital requirement	(98,5)	(165,6)	(34,7)
Net cash provided by operating activities	Total I 359,9	275,2	932,8
II - Cash flows (used)/provided by investing activities			
Purchases of property, plant and equipment	(114,3)	(138,7)	(288,0)
Disposals of property, plant and equipment	17,2	9,5	24,7
Purchases of intangible assets	(32,3)	(39,1)	(89,3)
Disposals of intangible assets	0,4	0,1	12,1
Net cash used by investment in operating assets	(129,0)	(168,3)	(340,5)
Financial investments - net	(21,1)	(23,4)	3 223,7
Other long-term financial investments	(83,5)	(56,3)	(57,9)
Sub-total	(104,6)	(79,7)	3 165,8
Net cash (used)/provided by investing activities	Total II (233,6)	(247,9)	2 825,3
III - Cash flows (used)/provided by financing activities			
Issuance of long-term debt	6,7	3,3	13,2
Repayment of long-term debt	(132,9)	(52,8)	(202,3)
Sale/(purchase) of treasury shares	(101,1)	(6,7)	(329,1)
Increase/(reduction) in other debt	(257,3)	168,8	(274,2)
Common stock issued	11,4	16,1	11,0
Dividends paid: Schneider Electric SA	(221,0)	(307,3)	(297,6)
Minority interests	(12,2)	(13,2)	(18,3)
Net cash used by financing activities	Total III (706,4)	(191,8)	(1 097,3)
IV - Net effect of exchange rate:	Total IV (6,5)	(18,2)	2,7
Net increase/(decrease) in cash and cash equivalents: I + II + III + IV	(586,6)	(182,8)	2 663,5
Cash and cash equivalents at beginning of period	3 070,4	406,9	406,9
Increase/(decrease) in cash and cash equivalents	(586,6)	(182,8)	2 663,5
Cash and cash equivalents at end of period	2 483,8	224,1	3 070,4

Consolidated Balance Sheet

(in millions of euros)

Assets	June 30, 2003	Dec. 31, 2002	June 30, 2002
Current assets			
Inventories and work in process	1 155,8	1 146,5	1 233,6
Trade accounts receivable	1 849,7	1 812,3	1 997,6
Other receivables and prepaid expenses	853,6	923,0	744,9
Deferred taxes	617,8	718,5	245,5
Cash and cash equivalents <i>(note 9)</i>	2 705,5	3 214,0	496,2
Total current assets	7 182,5	7 814,3	4 717,8
Non-current assets			
Goodwill - net <i>(note 3)</i>	3 297,5	3 371,9	3 561,2
Intangible assets - net <i>(note 4)</i>	354,4	298,2	257,4
Property, plant and equipment - net <i>(note 4)</i>	1 516,3	1 573,3	1 609,5
Investments			
Investments accounted for by the equity method <i>(note 5.1)</i>	72,0	76,2	87,2
Investments at cost <i>(note 5.2)</i>	158,6	380,9	4 180,6
Other investments	352,8	254,7	333,8
Total investments	583,4	711,8	4 601,6
Total non-current assets	5 751,6	5 955,2	10 029,7
Total assets	12 934,1	13 769,5	14 747,5

The accompanying notes are an integral part of the interim consolidated financial statements.

(in millions of euros)

Liabilities and shareholders' equity	June 30, 2003	Dec. 31, 2002	June 30, 2002
Current liabilities			
Trade accounts payable	1 073,1	1 167,2	1 182,3
Tax and benefits payable	705,0	567,0	812,6
Other payables and accrued liabilities	564,8	725,0	638,9
Short-term debt	1 345,2	646,2	1 342,1
Customer prepayments	52,3	39,8	59,6
Deferred taxes	30,6	54,5	172,6
Total current liabilities	3 771,0	3 199,7	4 208,1
Long-term debt			
Ordinary and convertible bonds	450,0	1 450,0	1 450,0
Other long-term debt	139,2	125,5	117,9
Perpetual bonds	131,8	148,3	164,6
Total long-term debt	721,0	1 723,8	1 732,5
Reserves for contingencies			
Accruals for pensions	780,0	810,8	614,4
Other reserves for contingencies	168,8	174,3	180,4
Total reserves and other long-term liabilities	948,8	985,1	794,8
Shareholders' equity:			
Share capital	1 834,0	1 926,5	1 925,6
Retained earnings	5 585,6	5 858,2	6 017,6
Total shareholders' equity (attributable to Schneider Electric SA)	7 419,6	7 784,7	7 943,2
Minority interests	73,7	76,2	68,9
Total liabilities and shareholders' equity	12 934,1	13 769,5	14 747,5

The accompanying notes are an integral part of the interim consolidated financial statements.

Consolidated Statement of Changes in Shareholders' Equity and Minority Interests

(in millions of euros except number of shares)

	Number of shares (thousands)	Capital	Additional paid-in capital	Retained earnings	Cumulative translation adjustment	Shareholders' equity attributable to SESA	Minority interests
	(1)			(2)	(3)		
At January 1, 2002	240 260,0	1 922,1	5 475,6	438,9	543,9	8 380,5	79,3
Exercise of stock options	373,4	3,0	8,0			11,0	
Conversion of bonds	179,5	1,4	7,0			8,4	
Dividends							
- deducted from additional paid-in capital			(595,4)	615,7		20,3	
- paid out of net income				(297,6)		(297,6)	(18,3)
Change in treasury shares				(290,6)		(290,6)	
Translation adjustment					(456,2)	(456,2)	(9,7)
Other				(13,1)		(13,1)	
2002 net income				422,0		422,0	24,9
At December 31, 2002	240 812,9	1 926,5	4 895,2	875,3	87,7	7 784,7	76,2
Exercise of stock options	441,9	3,5	7,8			11,3	
Capital reduction	(12 000,0)	(96,0)	(394,2)	490,2		0,0	
Appropriation to legal reserve			(192,7)	192,7		0,0	
Dividends (including "précompte" equalization tax)			(95,1)	(212,9)		(308,0)	(12,2)
Change in treasury shares				(99,6)		(99,6)	
Translation adjustment					(159,1)	(159,1)	(3,6)
Other				0,6		0,6	3,0
First-half 2003 net income				189,7		189,7	10,3
At June 30, 2003	229 254,8	1 834,0	4 221,0	1 436,0	(71,4)	7 419,6	73,7

(1) Before elimination of treasury shares

(2) Including €265,3 million worth of Schneider Electric SA shares eliminated as of June 30, 2003

(3) See Note 6 - Shareholders' equity

The accompanying notes are an integral part of the interim consolidated financial statements.