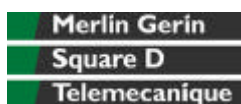


**Schneider Electric SA**  
Notes to the Consolidated  
Financial Statements

**At June 30, 2003**

*NB : The notes are an integral part of  
the consolidated financial statements*



**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS** (all amounts in millions of euros unless otherwise indicated)

## 1. Accounting principles and valuation methods

The interim financial statements of Schneider Electric SA and its subsidiaries (the Group) have been prepared in accordance with French generally accepted accounting principles, including French Accounting Standards Board (CRC) standard 99-02 and French Accounting Board (CNC) recommendation 99-R-01 concerning interim accounts.

They have been prepared using the same accounting principles and methods as for the full-year consolidated financial statements, as described in the 2002 annual report, taking into account specific principles and methods for interim accounts, as detailed below.

### 1.1 Seasonal variations

Seasonal variations can affect the level of sales from one quarter to another. For this reason, the interim financial results are not necessarily indicative of the Company's expected full-year performance.

### 1.2 Income taxes

For the interim financial statements, current and deferred taxes are calculated by applying the estimated effective tax rate for the current year to each company's net income for the period.

## 2. Changes in scope of consolidation

### Acquisitions:

No major acquisitions were made in the first half of 2003.

- On February 25, all outstanding shares of the Brazilian company CDI Power were acquired for €1.8 million. The company, which has around €2.7 million in annual sales, has been fully consolidated since March 1st.
- On May 2, all outstanding shares of US-based Hyde Park Electronics LLC were acquired for \$9.5 million. The company, which is the North American leader in ultrasonic sensor technology, has annual sales of around €6 million. It has been fully consolidated since May 2.

### Start-ups:

- Creation in China of Schneider Shilin (Suzhou) Transformers Company Limited (SSST), a joint venture with SEEC (non-group entity). SSST is 51%-owned by Schneider Electric and 49% by SEEC.
- Creation in China of Schneider Electric Devices (Dong Guan) Company Limited (SEDD), a wholly-owned subsidiary.

These companies have been fully consolidated.

### Buyouts of minority interests:

- On March 13, a 2.05% interest in MGE Finances was acquired for €7.9 million, raising the Company's stake to 34.34%.

### Disposals:

- On June 3, Simelectro was sold for €1.00. Simelectro, which was consolidated until May 31, reported a loss of €1.3 million in 2002 on sales of €12.8 million.

### Changes in consolidation method:

- Schneider Electric Malaysia and Schneider Electric Industries Malaisie SDN (formerly Schneider Scott & English), previously accounted for by the equity method, have been fully consolidated since January 1, 2003. Under a shareholders' agreement signed in late 2002, the Company now exercises exclusive management control over Schneider Electric Malaysia, even though it is only 30%-owned, while Schneider Electric Industries Malaisie is now a wholly-owned subsidiary following the buyout of the 51% interest held by a non-Group shareholder.

- On November 8, 2002, Schneider Electric SA made a public offer to purchase all outstanding shares of Digital Electronics Corporation, a Japanese company listed on the Osaka Stock Exchange. At the close of the offer, on December 18, 2002, Schneider Electric SA held 7,680,680 shares, or 98.7% of issued capital, through the purchase of existing shares under the offer or of new shares as part of a capital increase. All of the acquired shares were settled on December 26, 2002 for a total of €222.6 million. Digital Electronics Corporation has been fully consolidated since January 1, 2003.

The impact of Digital Electronics Corporation on the consolidated statement of income at June 30 is as follows:

<i>(in millions of euros)</i>	<b>June 30, 2003</b> <b>(6 months)</b>
Sales	81.3
Operating income	2.0
Amortization of goodwill	<b>(5.3)</b>
<b>Net loss</b>	<b>(6.9)</b>

### 3. Goodwill

	Amortization period	Year acquired	Gross	June 30, 2003 Amortization	Net	Dec. 31, 2002 Net
Square D Company	40 years	1991	1,751.2	524.8	1,226.4	1,358.0
Lexel Group	40 years	1999	992.9	117.2	875.7	906.1
Telemecanique	40 years	1988	802.0	329.4	472.6	482.6
Federal Pioneer Ltd	40 years	1990	84.4	30.2	54.2	51.8
Merlin Gerin	30 years	1992	160.7	70.8	89.9	92.6
Crouzet Automatismes	20 years	2000	206.7	28.0	178.7	184.7
Mita Holding Ltd	20 years	1999	52.2	9.4	42.8	47.1
Positec	20 years	2000	168.9	49.3	119.6	123.0
PDL	20 years	2001	38.7	3.9	34.8	34.6
Digital Electronics	10 years	2002	100.3	5.0	95.3	-
Infra +	10 years	2000	22.5	5.7	16.8	14.8
Schneider Automation	10 years	1994	35.4	26.5	8.9	10.6
VAS joint venture	5 years	2001	21.2	10.8	10.4	12.5
Other*	5-20 years		258.0	187.0	71.4	53.5
<b>TOTAL</b>			<b>4,695.3</b>	<b>1,398.0</b>	<b>3,297.5</b>	<b>3,371.9</b>

\*Approximately 25 companies

The change in net values between December 31, 2002 and June 30, 2003 primarily reflects:

- The €79.3 million standard amortization for the period (€85.2 million in first-half 2002).
- The €122.6 million negative effect of exchange rate fluctuations.
- The €127.5 million positive net impact of changes in the scope of consolidation, related to the acquisitions of Japan's Digital Electronics Corporation (for €110.6 million), Brazil's CDI Power (for €1.4 million) and US-based Hyde Park LLC (for €7.5 million), and the buyout of minority interests in MGE Finance (for €4.8 million) and in ABC+ and Acteon, two subsidiaries of the Infra+ subgroup (for €3 million).

Digital Electronics Corporation was consolidated for the first time as from January 1, 2003 and goodwill has been calculated on the basis of the company's consolidated financial statements at that date. The purchase price has been allocated as follows:

<b>Purchase price of Digital Electronics Corporation*</b>	<b>224.4</b>
Net assets acquired as of January 1, 2003	95.5
Fair value on acquired assets and liabilities	(41.7)
Value of brands and patents	60.0
<b>Restated shareholder's equity</b>	<b>113.8</b>
<b>Goodwill</b>	<b>110.6</b>

\*Including capitalized acquisition costs.

Based on the opening 2003 exchange rate of €1.00 = ¥124.39

The Company has until December 31, 2003 to finalize this allocation.

## 4. Property, plant and equipment and intangible assets

Changes in these items can be analyzed as follows:

### 4.1 At cost

<i>(in millions of euros)</i>	Intangible assets	Property, plant and equipment	Total
<b>December 31, 2002</b>	<b>509.7</b>	<b>4,047.4</b>	<b>4,557.1</b>
Acquisitions	32.3	114.3	146.6
Disposals	(2.8)	(70.3)	(73.1)
Translation adjustment	(16.7)	(111.4)	(128.1)
Changes in scope and other (1)	68.6	31.1	99.7
<b>June 30, 2003</b>	<b>591.1</b>	<b>4,011.1</b>	<b>4,602.2</b>
<i>Of which leased assets (at cost)</i>		87.9	

(1) Including €60 million in brands and patents recognized in the allocation of goodwill on the acquisition of Digital Electronics.

### 4.2 Depreciation and amortization

<i>(in millions of euros)</i>	Intangible assets	Property, plant and equipment	Total
<b>December 31, 2002</b>	<b>(211.5)</b>	<b>(2,474.1)</b>	<b>(2,685.6)</b>
Allocation	(28.5)	(139.5)	(168.0)
Reversal	2.4	57.4	59.8
Translation adjustment	5.4	59.6	65.0
Changes in scope and other	(4.5)	1.8	(2.7)
<b>June 30, 2003</b>	<b>(236.7)</b>	<b>(2,494.8)</b>	<b>(2,731.5)</b>
<i>Of which leased assets (accumulated depreciation)</i>		62.0	

## 5. Equity investments and investments at cost

### 5.1 Equity investments

The Group's share in the net assets of equity investments amounted to €72.0 million, while its share of net losses for the period was €3.1 million. Equity investments correspond primarily to interests held by Schneider Electric Industries SAS in two companies:

- 40% in VA Tech Schneider H.V. GmbH (VAS), a joint venture formed with VA Tech (TD) GmbH & Co KEG in high voltage (€9.4 million). The Group has accounted for its share in the venture's net estimated loss based on the financial statement available on the first quarter;
- 34.34% in the MGE Finance subgroup (€5.2 million). Because MGE Finance's first half ends on March 31, the Group has accounted for its share of the loss for the period from October 1, 2002 to March 31, 2003.

## 5.2 Investments at cost

<i>(in millions of euros)</i>	Cost	Allowances	June 30, 2003 Net	Dec. 31, 2002 Net
<b>I – Listed companies</b>				
Digital Electronics Corporation	-	-	-	222.6
Finaxa	65.8	-	65.8	63.2
Clipsal Industries Holding Ltd	43.0	6.7	36.3	36.3
Gold Peak Industries Holding Ltd	10.6	0.8	9.8	8.1
Legrand	-	-	-	1.0
Other	23.4	12.5	10.9	11.0
<b>Total listed investments</b>	<b>142.8</b>	<b>20.0</b>	<b>122.8</b>	<b>342.2</b>
<b>II – Unlisted companies</b>				
Comipar	16.4	16.4	-	-
SIAP	8.1	-	8.1	8.1
Paramer	7.3	1.8	5.5	6.0
Simak	5.5	1.0	4.5	4.5
Control.com	4.4	4.4	-	-
Other (1)	28.8	11.1	17.8	20.1
<b>Total unlisted investments</b>	<b>70.5</b>	<b>34.7</b>	<b>35.8</b>	<b>38.7</b>
<b>Total investments at cost</b>	<b>213.3</b>	<b>54.7</b>	<b>158.6</b>	<b>380.9</b>

(1) Unit cost less than €3.5 million.

## 6. Shareholders' equity

### 6.1 Translation adjustment

Changes in exchange rates had an aggregate negative impact on shareholders' equity of €159.1 million and primarily concerned the following currencies:

Attributable to Schneider Electric SA		
<i>(in millions of euros)</i>	June 30, 2003	Dec. 31, 2002
US dollar	(132.7)	(345.9)
Argentine peso	0.9	(13.4)
Brazilian real	4.2	(17.2)
Canadian dollar	10.5	(27.7)
Chinese yuan	(0.3)	(16.1)
British pound	(6.5)	(6.7)
Others	(35.2)	(29.2)
<b>TOTAL</b>	<b>(159.1)</b>	<b>(456.2)</b>

## 6.2 Stock option plans

On February 5, 2003, the Board of Directors set up the following two stock option plans:

- Plan 21 granted two million options to purchase new or existing shares of Company stock at a unit price of €45.65, exercisable beginning February 4, 2007.
- Plan 22 granted 110,000 options to purchase new shares of Company stock at a unit price of €45.65, exercisable beginning June 5, 2003.

## 7. Provisions for pensions and retirement obligations

Losses and gains on pension assets and liabilities are determined at each year-end. Actuarial losses or gains on assets are calculated on the basis of market-related value. Actuarial losses or gains on plan assets and benefit obligations are amortized over the remaining service lives of active employees and the period of benefit payments to retired employees.

In 2002, following the significant decline in most of the benchmark financial markets on which plan assets are traded, the Company adopted a more economic presentation of its pension obligations. An additional minimum liability has been recorded to cover the unrecognized portion of these obligations resulting from the method of amortizing actuarial losses and gains, and an asset in the same amount, net of deferred taxes, has been recorded in "other receivables".

In first-quarter 2003, Square D made a €90.8 million (\$100.3 million) gross value payment, carried in the balance sheet under "other investments".

Details of pension and other post-retirement benefit obligations are as follows:

<i>(in millions of euros)</i>	Pensions			Other benefits	
	June 30, 2003	O/w Square D June 30, 2003	Dec. 31, 2002	June 30, 2003	Dec. 31, 2002
<b>1. Net recognized asset (liability)</b>					
Intangible asset (net of tax)	35.1	35.1	38.3		
Pension asset	85.9	76.1	10.1		
Prepaid pension cost	316.4	299.9	366.2		
Accrued pension cost	(500.9)	(147.4)	(521.6)	(279.1)	(289.2)
<b>Net recognized asset (liability)</b>	<b>(63.5)</b>	<b>263.7</b>	<b>(107.0)</b>	<b>(279.1)</b>	<b>(289.2)</b>

No adjustments were made to Square D intangible assets and deferred pension costs during the period. Movements in the first-half have been recorded in accrued pension costs.

### 2. Components of periodic pension cost

	Pensions			Other benefits	
	June 30, 2003	O/w Square D June 30, 2003	Dec. 31, 2002	June 30, 2003	Dec. 31, 2002
Service cost	28.3	7.5	51.4	3.4	8.9
Interest cost (impact of discounting)	37.9	23.1	94.0	12.0	28.2
Expected return on plan assets	(36.4)	(29.9)	(104.6)		
Amortization of prior service cost	1.9	1.4	1.2	(3.5)	
Amortization of initial obligation	(0.3)		3.6		0.1
Recognized net actuarial loss (gain)	10.9	7.6	5.7	6.5	(0.5)
Curtailments and settlements					6.8
<b>Periodic pension cost (benefit)</b>	<b>42.3</b>	<b>9.7</b>	<b>51.3</b>	<b>18.4</b>	<b>43.5</b>

**3. Funded status**

	Pensions			Other benefits	
	June 30, 2003	O/w Square D June 30, 2003	Dec. 31, 2002	June 30, 2003	Dec. 31, 2002
Projected benefit obligation at end of period	(1,549.6)	(797.8)	(1,599.9)	(424.2)	(448.0)
Fair value of plan assets at end of period	958.2	656.3	914.8		
<b>Funded status</b>	<b>(591.4)</b>	<b>(141.5)</b>	<b>(685.1)</b>	<b>(424.2)</b>	<b>(448.0)</b>
Unrecognized actuarial (gains)/losses	499.9	376.9	546.0	206.9	229.9
Unrecognized prior service costs	28.7	28.3	33.0	(61.8)	(71.1)
Unrecognized initial liability	(0.7)		(0.9)		
<b>Net (liability)/asset recognized</b>	<b>(63.5)</b>	<b>263.7</b>	<b>(107.0)</b>	<b>(279.1)</b>	<b>(289.2)</b>

**4. Actuarial assumptions**

(weighted average rate for the Company)

Discount rate	6.21%
Rate of compensation increase	2.5%
Expected return on plan assets	8.6%

Actuarial assumptions at June 30, 2003 are the same as at December 31, 2002.

## 8. Reserves for contingencies

<i>(in millions of euros)</i>	Dec. 31, 2002	Reclass- ifications	Additions	Releases (unused)	Releases (used)	Change in scope	Translation adjustment	June 30, 2003
Economic risks	36.6						(0.3)	36.3
Customer risks	73.5				(4.1)		(5.9)	63.5
Technical risks	17.7		2.4		(4.8)			15.3
Other risks	46.5	(0.3)	7.5					53.7
<b>Total</b>	<b>174.3</b>	<b>(0.3)</b>	<b>9.9</b>		<b>(8.9)</b>		<b>(6.2)</b>	<b>168.8</b>
<b>Impact on</b>								
Operating income			7.5		(8.9)			
Financial expense, net								
Exceptional items			2.4					

The Group records these reserves for identified potential losses. They are calculated either on a case by case basis or by a statistical method.

## 9. Debt and cash

### 9.1 Long and short-term debt

<i>(in millions of euros)</i>	<b>June 30, 2003</b>	<b>Dec. 31, 2002</b>
Convertible and ordinary bonds	1,440.0	1,450.0
Perpetual bonds	131.8	148.3
Bank borrowings	191.0	177.1
Obligations under capital leases (Note 5.2)	11.1	12.1
Employee profit-sharing	9.9	9.5
Less current portion	(1,062.8)	(73.2)
<b>Long-term debt</b>	<b>721.0</b>	<b>1,723.8</b>

Short-term debt may be analyzed as follows:

<i>(in millions of euros)</i>	<b>June 30, 2003</b>	<b>Dec. 31, 2002</b>
Commercial paper	60.0	395.0
Accrued interest	28.0	33.3
Other	52.7	86.0
Bank overdrafts	141.7	58.7
Current portion of long-term debt	1,062.8	73.2
<b>Short-term debt</b>	<b>1,345.2</b>	<b>646.2</b>
<b>Total short and long-term debt</b>	<b>2,066.2</b>	<b>2,370.0</b>

### Maturities of short and long-term debt

<i>(in millions of euros)</i>	<b>June 30, 2003</b>	<b>Dec. 31, 2002</b>
Less than 1 year (1)	1,345.2	646.2
2 years	143.3	1,077.8
3 years	61.8	113.1
4 years	17.4	32.5
5 years	455.6	455.6
6 years	2.3	2.5
7 years and beyond	40.6	42.3
<b>Total</b>	<b>2,066.2</b>	<b>2,370.0</b>

(1) including €990 million bonds in Schneider Electric SA which maturity is April 2004.

**Short and long-term debt by currency**

<i>(in millions of euros)</i>	<b>June 30, 2003</b>	<b>Dec. 31, 2002</b>
Euro	1 818.8	2,138.7
US dollar	15.7	21.9
British pound	7.0	-
Danish krona	81.9	120.3
Japanese yen	28.4	-
Other	114.4	89.1
<b>Total</b>	<b>2 066.2</b>	<b>2,370.0</b>

**9.2 Cash and cash equivalents**

Marketable securities consist primarily of highly liquid mutual funds. Short-term investments in bonds are stated including accrued interest. Marketable securities are stated at the lower of cost or market value. At June 30, 2003, cash and cash equivalents included the following:

<i>(in millions of euros)</i>	<b>June 30, 2003</b>	<b>Dec. 31, 2002</b>
Mutual funds and equivalents	2,157.3	2,675.5
Other	73.8	73.9
<b>Short-term investments</b>	<b>2,231.1</b>	<b>2,749.4</b>
Treasury shares (intended to stabilize the share price) - net	38.7	38.5
Treasury shares (intended to cover exercise of stock options) – net	41.4	46.5
<b>Treasury shares – net</b>	<b>80.1</b>	<b>85.0</b>
Money market instruments and short-term deposits	32.5	19.2
Cash	361.8	360.4
<b>Total cash and equivalents</b>	<b>2,705.5</b>	<b>3,214.0</b>

## 10. Related party transactions

Transactions with related parties (mainly equity affiliates) primarily affect the following accounts.

Operating transactions with related parties – data as of May 31, 2003:

<i>(in millions of euros)</i>	<b>May 31, 2003</b>	<b>Dec. 31, 2002</b>
<b>Balance sheet</b>		
Trade receivables, net	1.5	1.3
Trade and other payables	1.3	-
<b>Income statement</b>		
Sales	4.5	6.1
Cost of sales	(2.3)	(0.4)
Other operating income and expense	0.5	1.1

Other data as of June 30, 2003:

<i>(in millions of euros)</i>	<b>June 30, 2003</b>	<b>Dec. 31, 2002</b>
<b>Balance sheet</b>		
Loans (1)	69.8	68.2
<b>Income statement</b>		
Financial income (expense)	1.7	3.2
Exceptional items	-	-
<b>Off balance sheet commitments</b>		
Commitments given	1.3	1.3
Commitments received	-	-

(1) Loans include MGE Finances convertible bonds in an amount of €69.8 million, of which €10.1 million in capitalized interest, as of June 30, 2003. The convertible bonds were issued on April 20, 2000 and the interest rate is 5% per year. The redemption date is either ten years after the date of issue or the early redemption date, whichever comes first. In the case of full conversion of the bonds, MGE Finances would be owned 46.53% by the Group (compared to 34.34% as of June 30, 2003).

## 11. Contingent liabilities

### 11.1 Commitments given

<i>(in millions of euros)</i>	<b>June 30, 2003</b>	<b>Dec. 31, 2002</b>
Contract counter guarantees (1)	176.6	203.7
Mortgages and collateral (2)	31.1	25.0
Guarantees	2.8	4.0
Other commitments given (3)	168.6	180.7
<b>Total</b>	<b>379 .1</b>	<b>413.4</b>

- (1) On certain contracts, customers require a guarantee from a bank that the contract will be fully executed by the Group. For these contracts, the Group gives a counter guarantee to the bank. If a claim occurs, the risk linked to the commitment is assessed and a reserve for contingencies is recorded when the risk is considered probable and can be reasonably estimated.
- (2) Certain loans are secured by property, plant and equipment and securities lodged as collateral.
- (3) Other commitments given primarily comprise letters of credit issued by Square D, as well as guarantees to certain lessors that rental payments will be made until the end of the lease.

### 11.2 Commitments received

<i>(in millions of euros)</i>	<b>June 30, 2003</b>	<b>Dec. 31, 2002</b>
Guarantees	27.2	31.2
<b>Total</b>	<b>27.2</b>	<b>31.2</b>

### 11.3 Contingent liabilities

Management considers that all known contingencies related to litigation involving the Company are adequately covered by reserves carried in the balance sheet and that the outcome of these claims should not materially affect the Company's financial position or results.

The loan agreements related to the Company's long-term debt do not contain any rating triggers, but some agreements include covenants requiring the Company to comply with certain financial ratios. As of June 30, 2003, the Company was in compliance with all of these covenants.

## 12. Financial income (expense) - net

<i>(in millions of euros)</i>	<b>June 30, 2003</b>	<b>June 30, 2002</b>	<b>Dec. 31, 2002</b>
Interest income and other financial income (1)	48.3	18.6	27.7
Interest expense	(55.3)	(76.4)	(147.1)
Exchange gains (losses) - net	(3.9)	(2.7)	(24.2)
Dividend income	3.7	34.1	36.9
Allocations to allowances on financial assets	(5.5)	(22.9)	(25.0)
Other financial expense	(8.2)	(12.8)	(26.1)
<b>Total</b>	<b>(20.9)</b>	<b>(62.1)</b>	<b>(157.8)</b>

(1) Of which capital gains and losses on the sale of marketable securities

Interest income and expense consist solely of income and expense relating to financial assets (including cash and short-term investments) and debt.

## 13. Exceptional items

The main exceptional items were as follows:

<i>(in millions of euros)</i>	<b>June 30, 2003</b>
Restructuring costs (1)	(20.4)
Capital gains or losses on asset sales (2)	(0.8)
Other (3)	(10.2)
<b>Total</b>	<b>(31.4)</b>

(1) Restructuring costs include severance costs and write-offs of scrapped assets and inventories. Restructuring costs primarily concerned France (€10.5 million), the United States (€1.1 million), Northern Europe (€3.7 million) and Italy (€1.0 million). Reserves for restructuring are booked under accrued liabilities in the balance sheet.

(2) Corresponding to the capital loss of €0.8 million realized on the sale of Simelectro.

(3) Corresponding mainly to the €4.6 million out-of-court settlement of a dispute concerning the use of trademarks and patents in India.

## 14. Income taxes

Wherever possible, Group entities file consolidated tax returns. Schneider Electric SA files a consolidated tax return with its French subsidiaries held directly or indirectly through Schneider Electric Industries SAS.

<b>Analysis of the tax charge (benefit)</b>	<b>June 30, 2003</b>	<b>June 30, 2002</b>	<b>Dec. 31, 2002</b>
<b>Current taxes</b>			
France	(95.7)	47.4	27.0
International	131.8	96.2	162.2
<b>Net</b>	<b>36.1</b>	<b>143.6</b>	<b>189.2</b>
Deferred taxes	69.4	(22.8)	(484.2)
<b>Total</b>	<b>105.5</b>	<b>120.8</b>	<b>(295.0)</b>

The reconciliation of taxes payable and pre-tax income is as follows:

	<b>June 30, 2003</b>	<b>June 30, 2002</b>	<b>Dec. 31, 2002</b>
<b>Net income attributable to Schneider Electric SA</b>	<b>189,7</b>	<b>176.4</b>	<b>422.0</b>
Taxes payable (receivable)	105.5	120.8	(295.0)
Minority interests	10.3	10.7	24.9
Plus: net loss of equity investments	3.1	17.1	28.2
<b>Pre-tax income</b>	<b>308.6</b>	<b>325.0</b>	<b>180.1</b>
<b>Income tax calculated at the statutory rate (35.43%)</b>	<b>109.3</b>	<b>115.1</b>	<b>63.8</b>
<b>Reconciling items:</b>			
Allowance on Legrand investment	-	-	(496.0)
Amortization of goodwill	26,9	30,2	65,0
Other permanent differences	(3,1)	1,3	6,4
Tax credits	(3,9)	(11,4)	(1,2)
Difference between French and foreign tax rates	(21,2)	(27,6)	(49,6)
Income taxable at reduced rates	(1,1)	2,0	(4,3)
Unrecognized tax losses arising in current year	1,6	9,8	67,9
Use of recognized tax loss carryforwards	-	-	53,0
Other	(3,0)	1,4	-
<b>Net tax charge (benefit)</b>	<b>105.5</b>	<b>120.8</b>	<b>(295.0)</b>

## 15. Geographic information

### Breakdown of sales by region

<i>(in %)</i>	<b>June 30, 2003</b>	<b>June 30, 2002</b>	<b>Dec. 31, 2002</b>
Europe	53	51	51
North America	26	30	29
International	21	19	20
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

## 16. Subsequent events

### Public offer to purchase TAC

On June 12, Schneider Electric Group signed an agreement with the Sweden's TAC' shareholder, a major player in the building automation and control market, to acquire 100% of the outstanding share capital. It will be subject to approval by the competition authorities in six countries (Germany, Austria, United-States, Finland, Romania, Sweden). Ownership of the shares is expected to be transferred by the end of August.

The acquisition will be made on the basis of an enterprise value of €422 million (€371 million for the company's shares and €51 million in assumed debt) and will be paid in cash.

Based in Malmö, Sweden, TAC has 2,100 employees and operations in more than 70 countries. In 2002, the company earned an operating margin of 10.5% on sales of €345,9 million.

### TAC Key Figures

<i>(in millions of euros)</i>	<b>2001</b>	<b>2002</b>
Sales	290.0	345.9
Operating income	27.0	36.3
Operating margin	9.3%	10.5%
Total Asset	278.6	277.2
Shareholder's equity	103.5	109.6

\* €1.00 = SEK 9.11

## 17. Financial highlights of Schneider Electric SA

### 17.1 Main subsidiaries and affiliates

<i>(in millions of euros)</i>	<b>At cost</b>	<b>Allowance</b>	<b>Net June 30, 2003</b>	<b>Net Dec. 31, 2002</b>
Schneider Electric Industries SAS	1,532.0		1,532.0	1,532.0
Legrand	-		-	1.0
Cofibel	136.8		136.8	136.8
Cofimines	82.6		82.6	82.6
Finaxa	65.8		65.8	63.2
Infra+	23.6		23.6	23.6
Digital Electronics Corporation	18.9		18.9	18.9
<b>Total</b>	<b>1,859.7</b>		<b>1,859.7</b>	<b>1,858.1</b>

### 17.2 Shareholders' equity

	<b>June 30, 2003</b>	<b>Dec. 31, 2002</b>
<b>Share capital</b> (in millions of euros)	<b>1,834.0</b>	<b>1,926.5</b>
Shares outstanding	229,254,825	240,812,905
Maximum number of shares to be issued (in thousands):		
- Through conversion of bonds-	-	-
- Through exercise of stock options	7,407	5,737
- Through issue of shares to the employee shareholding plan (1)	1,071	
<b>Net income for the period</b> (in millions of euros)	<b>424.2</b>	<b>221.1</b>
<b>Total shareholders' equity</b> (in millions of euros)	<b>6,672.4</b>	<b>7,043.3</b>

(1) Capital increase on July 24, 2003 after the subscription period ended on June 26, 2003.

### 17.3 Net debt (cash)

<i>(in millions of euros)</i>	<b>June 30, 2003</b>	<b>Dec. 31, 2002</b>
Bonds	1,440.0	1,450.0
Commercial paper	60.0	395.0
Bank overdrafts and other financial liabilities	37.4	38.3
Cash and cash equivalents	(3,829.1)	(3,951.8)
<b>Total</b>	<b>(2,291.7)</b>	<b>(2,068.5)</b>

**17.4 Financial income:**

<i>(in millions of euros)</i>	<b>June 30, 2003</b>	<b>June 30, 2002</b>
Interest income	90.3	57.5
Interest expense	(33.6)	(46.0)
Dividends	457.7	545.0
Other	(4.3)	(2.0)
<b>Total</b>	<b>510.1</b>	<b>554.5</b>