LINKING THE FUTURE

HALF-YEAR FINANCIAL REPORT AT 30 JUNE 2012 PRYSMIAN GROUP

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REPORT AT 30 JUNE 2012

PRYSMIAN GROUP

Disclaimer

This document contains forward-looking statements, specifically in the sections entitled "Subsequent events" and "Business outlook", that relate to future events and the operating, economic and financial results of the Prysmian Group. By their nature, forward-looking statements involve risk and uncertainty because they depend on the occurrence of future events and circumstances. Therefore, actual future results may differ materially from what is expressed in forward-looking statements as a result of a variety of factors.

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INTERIM **DIRECTORS'** REPORT

DIRECTORS AND AUDITORS

Board of Directors	**Chairman**	Massimo Tononi (*) (2)	
	Chief Executive Officer & General Manager	Valerio Battista	
	Directors	Maria Elena Cappello (*) (**) (1)	Pier Francesco Facchini
		Cesare d'Amico (*) (**)	Fritz Fröhlich (*) (**) (1)
		Claudio De Conto (*) (**) (1) (2)	Fabio Ignazio Romeo
		Giulio Del Ninno (*) (**) (2)	Giovanni Tamburi (*) (**)
		Frank Dorjee	
Board of Statutory Auditors	**Chairman**	Marcello Garzia	
	Standing Statutory Auditors	Luigi Guerra	Paolo Burlando
	Alternate Statutory Auditors	Luciano Rai	Giovanni Rizzi
Independent Auditors	**PricewaterhouseCoopers S.p.A.**		

(*) Independent directors as per Italy's Unified Financial Act (T.U.F.)

(**) Independent directors as per Self-Regulatory Code

(1) Members of the Internal Control Committee

(2) Members of the Compensation and Nominations Committee

Foreword

This Half-Year Financial Report at 30 June 2012 (Interim management statement pursuant to art. 154-ter of Italian Legislative Decree 58/1998) has been drawn up and prepared:

- in compliance with art. 154-ter of Italian Legislative Decree 58/1998 and subsequent amendments and with the Issuer Regulations published by Consob (Italy's securities regulator);
- in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, and in accordance with *IAS 34 – Interim Financial Reporting*, applying the same accounting standards and policies adopted to prepare the consolidated financial statements at 31 December 2011, except as described in the Half-Year Condensed Consolidated Financial Statements in the paragraph entitled "Accounting standards, amendments and interpretations applied from 1 January 2012".

The Half-Year Condensed Consolidated Financial Statements, included in the present Half-Year Financial Report, have been the subject of a limited review by the independent auditors.

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION*

(in millions of Euro)

	1st half 2012	1st half 2011 (**)	% change	FY 2011 (****)
Sales	3.916	3.574	9,6%	7.583
EBITDA (1)	266	26	n.a	269
Adjusted EBITDA (2)	308	269	14,4%	568
Operating income	178	(72)	n.a	19
Adjusted operating income (3)	229	204	12,2%	426
Profit/(loss) before taxes	128	(130)	n.a	(101)
Net profit/(loss) for the period	90	(156)	n.a	(145)

(in millions of Euro)

	1st half 2012	1st half 2011 (***) Pro-forma				% change
		Prysmian	Draka	Adjustments	Total	
Sales	3.916	2.653	1.322	(10)	3.965	-1,3%
Adjusted EBITDA (2)	308	201	86	-	287	7,4%
Adjusted operating income (3)	229	163	55	(6)	212	8,0%

(in millions of Euro)

	30 June 2012	30 June 2011	Change	31 December 2011
Net capital employed	2.829	2.709	120	2.436
Employee benefit obligations	308	234	74	268
Equity	1.125	1.097	28	1.104
of which attributable to non-controlling interests	52	67	(15)	62
Net financial position	1.396	1.378	18	1.064

(in millions of Euro)

	1st half 2012	1st half 2011 (**)	% change	FY 2011 (****)
Investments	65	57	14,0%	159
Employees (at period end)	21.764	22.187	-1,9%	21.547
Earnings/(loss) per share				
- basic	0,43	(0,76)		(0,65)
- diluted	0,43	(0,76)		(0,65)

(1) EBITDA is defined as earnings/(loss) for the period, before the fair value change in metal derivatives and in other fair value items, amortisation, depreciation, and impairment, finance costs and income, the share of income/(loss) from associates, dividends from other companies and taxes.

(2) Adjusted EBITDA is defined as EBITDA before non-recurring income/(expenses).

(3) Adjusted operating income is defined as operating income before non-recurring income/(expenses) and the fair value change in metal derivatives and in other fair value items.

(*) All percentages contained in this report have been calculated with reference to amounts expressed in thousands of Euro.
(**) Includes the Draka Group's results for the period 1 March - 30 June 2011.
(***) The pro-forma figures are calculated by aggregating the Draka Group's results for the two-month pre-acquisition period (January-February) with the consolidated figures.
(****) Includes the Draka Group's results for the period 1 March – 31 December 2011.

SIGNIFICANT EVENTS DURING THE PERIOD

PRINCIPAL PROJECTS ACQUIRED AND COMMERCIAL INITIATIVES IN THE PERIOD

At the start of February 2012, the Prysmian Group secured a record contract worth approximately Euro 800 million - the highest ever reported in the cable industry – for the Western HVDC Link project to develop a new submarine power line between Scotland and England. The entire turnkey project will be carried out by a consortium between Prysmian and Siemens, with the latter responsible for the converter stations. The total value of the contract awarded to the consortium by NGET/SPT Upgrades Ltd, a joint venture between National Grid Electricity Transmission, the British grid operator, and Scottish Power Transmission, the Scottish grid operator, is about Euro 1.1 billion. The project is scheduled to be completed by the second half of 2015.
The Western HVDC Link is strategic for the upgrade of the entire British transmission grid in view of the UK's drive to make growing use of energy from renewable sources. The project represents a milestone not only in value but also in technological terms. The interconnection, designed as a low loss HVDC (High Voltage Direct Current) transmission system, will operate at a record voltage of 600 kV, the highest ever reached by an insulated cable (the record to date is 500 kV) with a rating of 2200 MW, both of which levels currently unmatched by existing long-distance systems. The main purpose of the new link is to connect renewable generation sources in Scotland to consumption centres in England, while nonetheless allowing a bi-directional flow of the power transmitted. The choice of a submarine route rather than a land one will make the speed of project approval and execution faster.

Draka Elevator, a Prysmian Group brand, has been selected by two major OEM specialist elevator manufacturers to supply high-tech cables and accessories for the elevators in the new World Trade Center in New York City. Buildings 1 and 4 are currently under construction. The contracts entail supplying a wide range of standard and custom-designed cables and related accessories for installation in more than 100 elevators. One World Trade Center will reach a height of 1776 feet (over 634 metres). Draka Elevator's cables will be used to provide power for elevator buttons, communications and emergency safety devices and more. Some of the cables include fibre optic sub-units, which will be used for high-speed communications throughout the World Trade Center complex. The cables and accessories are being manufactured at Draka Elevator's Rocky Mount plant in North Carolina.

At the end of March Prysmian announced the start of work on a contract worth more than Euro 50 million to supply 203 km of high voltage 220 kV AC cable and related network components to upgrade the electricity grids operated by GECOL (General Electric Company of Libya) in Tripoli and Benghazi. The contract, due to be carried out for PEWCO (Public Works Electric Company), also includes the supply of optical cables for grid monitoring. The cables are scheduled to be delivered between 2012 and 2013. The project in question had been cancelled during 2011 due to the outbreak of war.

In May, the Vietnamese utility company EVNSPC (Southern Power Corporation under Vietnam Electricity) awarded the Prysmian Group a contract worth Euro 67 million. The Group will design, manufacture, install

and commission a new submarine power line linking Phu Quoc island, located 45 km west of the town of Ha Tien, in Kien Giang province in southern Vietnam, to the national power grid.
Phu Quoc island is home to some of the most beautiful beaches in Vietnam and the submarine cable link will play a strategic role in developing the island's tourism. Once completed, the Phu Quoc link will be the first submarine power line installed by a utility company in Vietnam.
The Phu Quoc link will require some 58 km of high voltage submarine cable, which, under the contract, will also be laid and subsequently protected. The interconnection is scheduled for completion in the first half of 2014. Prysmian secured this contract after successfully beating stiff competition from Far Eastern manufacturers.

FINANCE AND M&A ACTIVITIES

On 27 February 2012, the squeeze-out, permitted under art. 2:359c of the Dutch Civil Code, was completed in order to purchase the 478,878 ordinary shares of Draka Holding N.V., for which the acceptance was not obtained during the public mixed exchange and cash offer for all the Draka Holding N.V. ordinary shares. The successful conclusion of the squeeze-out means that Prysmian Group now holds the entire share capital of Draka Holding N.V..

On 5 April 2012, Prysmian Group finalised the acquisition of 50% of the shares in Telcon Fios e Cabos para Telecomunicaçoes S.A. and of 30% of the shares in Draktel Optical Fibre S.A., thereby becoming the sole shareholder of these two Brazilian telecom cable and optical fibre companies, which had joined the Group following the acquisition of Draka in 2011. The cash outlay for the acquisition amounts to approximately Euro 25 million (Euro 23 million for Telcon Fios e Cabos para Telecomunicaçoes S.A. and Euro 2 million for Draktel Optical Fibre S.A.).

The credit agreement signed on 18 April 2007 ("Credit Agreement"), under which Prysmian S.p.A. and some of its subsidiaries had been granted an initial total of Euro 1,700 million in loans and credit facilities, was repaid on 3 May 2012. The Group repaid on this maturity date the residual balance of Euro 670 million relating to the Term Loan Facility and Euro 5.2 million in amounts drawn down against the Revolving Credit Facility. The Bonding Facility for Euro 300 million had been cancelled on 10 May 2011 in advance of its natural maturity.
This credit agreement has been replaced by the Forward Start Credit Agreement (henceforth termed "Credit Agreement 2010"), a long-term credit agreement for Euro 1,070 million, entered into on 21 January 2010 with a pool of major national and international banks which have made available Euro 670 million in loans (Term Loan Facility 2010) and Euro 400 million in credit facilities (Revolving Credit Facility 2010). More details can be found in Note 9 to the Half-Year Condensed Consolidated Financial Statements.

On 11 May 2012, Draka Comteq Finland OY acquired the entire 25% non-controlling interest in Neva Cables Ltd, a Russian company that is now wholly owned by the Group.

GROUP PERFORMANCE AND RESULTS

(in millions of Euro)

	1st half 2012	1st half 2011 (*)	% change	FY 2011 (**)
Sales	3.916	3.574	9,6%	7.583
Adjusted EBITDA	**308**	**269**	**14,4%**	**568**
% of sales	7,9%	7,5%		7,5%
EBITDA	**266**	**26**	**n.a**	**269**
% of sales	6,8%	0,7%		3,4%
Fair value change in metal derivatives	1	(33)		(62)
Remeasurement of minority put option liability	-	-		(1)
Fair value stock options	(9)	-		(7)
Amortisation, depreciation and impairment	(80)	(65)	21,5%	(180)
Operating income	**178**	**(72)**	**n.a**	**19**
% of sales	4,5%	-2,0%		0,3%
Net finance income/(costs)	(58)	(62)		(129)
Share of income from investments in associates and dividends from other companies	8	4		9
Profit/(loss) before taxes	**128**	**(130)**	**n.a**	**(101)**
% of sales	3,3%	-3,7%		-1,3%
Taxes	(38)	(26)	45,7%	(44)
Net profit/(loss) for the period	**90**	**(156)**	**n.a**	**(145)**
% of sales	2,3%	-4,4%		-1,9%
Attributable to:				
Owners of the parent	90	(156)		(136)
Non-controlling interests	-	-		(9)

Reconciliation of Operating income / EBITDA to Adjusted Operating income / Adjusted EBITDA

Operating income	**178**	**(72)**	**n.a**	**19**
EBITDA (B)	**266**	**26**	**n.a**	**269**
Non-recurring expenses/(income):				
Company reorganisation	27	12		56
Antitrust	3	200		205
Draka integration costs	3	6		12
Tax inspections	3	-		-
Environmental remediation and other costs	1	-		5
Italian pensions reform	1	-		-
Other non-recurring expenses	5	-		-
Draka acquisition costs	-	6		6
Effects of Draka change of control	-	2		2
Release of Draka inventory step-up	-	14		14
Business interruption Libya	-	4		-
Gains on disposal of assets held for sale	(1)	(1)		(1)
Total non-recurring expenses/(income) (C)	**42**	**243**		**299**
Fair value change in metal derivatives (D)	(1)	33		62
Fair value stock options (E)	9	-		7
Remeasurement of minority put option liability (F)	-	-		1
Impairment of assets (G)	1	-		38
Adjusted operating income (A+C+D+E+F+G)	**229**	**204**	**12,2%**	**426**
Adjusted EBITDA (B+C)	**308**	**269**	**14,4%**	**568**

(*) Includes the Draka Group's results for the period 1 March – 30 June 2011.
(**) Includes the Draka Group's results for the period 1 March – 31 December 2011.

(in millions of Euro)

	1st half 2012	1st half 2011 (***) Pro-forma				% change
		Prysmian	Draka	Adjustments	Total	
Sales	**3.916**	**2.653**	**1.322**	**(10)**	**3.965**	-1,3%
Adjusted EBITDA	**308**	**201**	**86**	**-**	**287**	7,4%
% of sales	7,9%	7,6%	6,5%		7,2%	
Adjusted operating income	**229**	**163**	**55**	**(6)**	**212**	8,0%
% of sales	5,9%	6,1%	4,2%		5,3%	

(***) The pro-forma figures are calculated by aggregating the Draka Group's results for the two-month pre-acquisition period (January-February) with the consolidated figures.

In accordance with the integration process, started last year, as from the current year, the Group's results are being analysed as a whole (without distinguishing any more between the two Prysmian and Draka groups). The figures for the first half of 2012 are compared with those from the half year consolidated financial statements at 30 June 2011, and, in the case of the key performance indicators, with those presented on a pro-forma basis in which Draka's results are reported as if they had been consolidated from 1 January 2011.

The Prysmian Group's sales in the first half of 2012 came to Euro 3,916 million, compared with Euro 3,574 million in the half year ended 30 June 2011.

The change of Euro 342 million (+9.6%) is largely attributable to the consolidation of the Draka Group's results from 1 March 2011, excluding the first two months of last year (equal to Euro 391 million).
In contrast, first-half sales in 2012 were down on the 2011 pro-forma figure of Euro 3,965 million, reporting a decrease of Euro 49 million (-1.3%).
Assuming a consistent comparative period and excluding changes in metal prices and exchange rates, the organic change in sales was zero, analysed between the two operating segments as follows:

- Energy - 0.4%;
- Telecom +1.7%.

The above change excludes for the Telecom segment, the consolidation of the remaining 50% of Telcon Fios e Cabos para Telecomunicaçoes S.A. for the period 1 April – 30 June 2012, and for the Energy segment, the consolidation of the results of Ravin Cables Limited (India) and Power Plus Cable CO LLC (Middle East) for the second quarter of 2011. It has been impossible for the Prysmian Group to be able to obtain reliable, updated financial information about these last two companies since the second quarter of this year; as a result, the consolidation includes their figures only up until 31 March 2012.

The Energy segment managed to make up for the contraction in volumes in the Trade & Installers, Power Distribution and High Voltage business areas reported in Central and South European markets, thanks to major international submarine projects and the recovery in demand in North and South America. Growth for the Telecom Segment came from the optical fibre cables business and particularly from North and South America.

Group Adjusted EBITDA (before Euro 42 million of net non-recurring expenses) came to Euro 308 million, posting an increase of Euro 39 million (+14.4%) on the corresponding figure at 30 June 2011 of Euro 269 million, and an increase of Euro 21 million (+7.4%) on the 2011 pro-forma figure. The change against pro-forma reflects increased contributions by both the Energy and Telecom segments, partly due to targeted actions to rationalise and contain cost structures.

INCOME STATEMENT

The Group's sales came to Euro 3,916 million at the end of the first half of 2012, compared with Euro 3,574 million at 30 June 2011, posting a positive change of Euro 342 million (+9.6%). Compared with the pro-forma figure of Euro 3,965 million, the Group's sales posted a negative change of Euro 49 million (-1.3%).

This decrease was due to the following factors:

- positive exchange rate effects of Euro 68 million (+1.9%);
- negative change of Euro 116 million (-3.2%) in sales prices due to fluctuations in metal prices (copper, aluminium and lead);
- organic decrease in sales of Euro 1 million.

The stable sales performance, affected by growing uncertainties in European markets in the past six months, has nonetheless confirmed the strategic validity of the Draka Group's acquisition and integration. In fact, the enlargement of the Group's perimeter has resulted in a better geographical distribution of sales, in favour of markets in Northern Europe, North America and Asia in general, as well as an extension of the product range offered. This has allowed to neutralise the reduction in demand in Southern Europe and in lower value-added businesses, like Trade & Installers and Power Distribution. The Group’s enhanced ability to satisfy customer demands, combined with technological innovation, quality improvements and increased flexibility of production in its high value-added businesses (High Voltage, Submarine, Industrial Cables) have enabled the Company to promptly exploit market opportunities, which are increasingly confined to certain geographical areas or characterised by high competition.

Adjusted EBITDA amounted to Euro 308 million, up 14.4% from Euro 269 million in the prior year equivalent period and up 7.4% from the pro-forma figure of Euro 287 million at 30 June 2011. The like-for-like increase is attributable to positive performances, particularly by the Energy segment’s Industrial business area and Submarine business line and by the entire Telecom segment, and to the Group's ability to reduce its cost structure, especially thanks to the contribution of synergies from integrating the Draka Group.

EBITDA includes Euro 42 million in non-recurring expenses (Euro 243 million at 30 June 2011), mainly attributable to the following factors:

- Euro 27 million in costs for reorganisation projects and to improve the Group's industrial efficiency;
- Euro 3 million in costs associated with the Draka Group's integration process;
- Euro 3 million in costs connected with the antitrust investigations.

Group operating income was a positive Euro 178 million at 30 June 2012, compared with a negative Euro 72 million at 30 June 2011, marking an improvement of Euro 250 million.

Net finance costs, inclusive of the share of income/(loss) from associates and dividends from other companies, were Euro 50 million at 30 June 2012, 13.8% below the consolidated figure of Euro 58 million at the end of the first half of 2011. The reduction of Euro 8 million is mainly due to the positive performance of currency derivatives.

Taxes of Euro 38 million, estimated on the basis of the expected rate for the full year, accounted for around 30% of pre-tax profit.

The net result for the first half of 2012 was a profit of Euro 90 million, compared with a consolidated loss of Euro 156 million at 30 June 2011.

Adjusted net profit[1] was Euro 130 million, compared with Euro 113 million in the first six months of 2011.

[1] Adjusted net profit is defined as net profit before non-recurring income and expenses, the fair value change in metal derivatives and in other fair value items, the effect of currency and interest rate derivatives, exchange rate differences and the related tax effects.

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SEGMENT PERFORMANCE

ENERGY

(in millions of Euro)

	1st half 2012	1st half 2011 (*)	% change	FY 2011 (**)
Sales to third parties	3.170	2.989	6,1%	6.268
Adjusted EBITDA	**229**	**215**	6,5%	**447**
% of sales	7,2%	7,1%		7,1%
EBITDA	**206**	**(2)**	**n.a**	**186**
% of sales	6,5%	-0,1%		2,9%
Amortisation and depreciation	(54)	(47)	14,9%	(99)
Adjusted operating income	**175**	**168**	**4,2%**	**348**
% of sales	5,5%	5,6%		5,5%

Reconciliation of EBITDA to Adjusted EBITDA

EBITDA (A)	**206**	**(2)**	**n.a**	**186**
Non-recurring expenses/(income):				
Company reorganisation	14	6		42
Antitrust	3	200		205
Draka integration costs	1	-		2
Tax inspections	1	-		-
Environmental remediation and other costs	1	-		5
Italian pensions reform	1	-		-
Other non-recurring expenses	3	-		-
Release of Draka inventory step-up	-	8		8
Business interruption Libya	-	4		-
Gains on disposal of assets held for sale	(1)	(1)		(1)
Total non-recurring expenses/(income) (B)	**23**	**217**		**261**
Adjusted EBITDA (A+B)	**229**	**215**	**6,5%**	**447**

(*) Includes the Draka Group's results for the period 1 March – 30 June 2011.
(**) Includes the Draka Group's results for the period 1 March – 31 December 2011.

(in millions of Euro)

	1st half 2012	1st half 2011 (***) Pro-forma				% change
		Prysmian	Draka	Adjustments	Total	
Sales to third parties	3.170	2.383	890	(9)	3.264	-2,9%
Adjusted EBITDA	**229**	**178**	**47**	**-**	**225**	**1,8%**
% of sales	7,2%	7,5%	5,3%		6,9%	
Adjusted operating income	**175**	**144**	**30**	**(1)**	**173**	**1,2%**
% of sales	5,5%	6,0%	3,4%		5,3%	

(***) The pro-forma figures are calculated by aggregating the Draka Group's results for the two-month pre-acquisition period (January-February) with the consolidated figures.

At the end of the first half of 2012 sales to third parties by the Energy segment amounted to Euro 3,170 million, compared with Euro 2,989 million at 30 June 2011, posting an increase of Euro 181 million (+6.1%). Compared with the pro-forma figure of Euro 3,264 million, Energy sales to third parties posted a decrease of Euro 94 million (-2.9%).

This negative change is mainly attributable to the following principal factors:

- negative change of Euro 111 million (-3.4%) in sales prices due to fluctuations in metal prices;
- negative change of Euro 16 million (-0.5%) due to failure to consolidate the results of Ravin Cables Limited (India) and Power Plus Cable CO LLC (Middle East – 49% consolidated) for the period 1 April – 30 June 2012;
- organic decrease in sales of Euro 13 million (-0.4%);
- positive exchange rate effects of Euro 46 million (+1.4%).

Adjusted EBITDA came to Euro 229 million at 30 June 2012, posting an increase of Euro 14 million (+6.5%) on the corresponding figure at 30 June 2011 of Euro 215 million, and an increase of Euro 4 million (+1.8%) on the 2011 pro-forma figure.

The following paragraphs describe market trends and financial performance in each of the Energy segment's business areas.

The results of each business area are compared with the pro-forma figures for the corresponding prior year period and with the pro-forma figures for full year 2011. Some reclassifications have been made to the pro-forma figures within each business area in order to make them fully comparable with the 2012 figures. Given the limited usefulness and lack of significance for comparative purposes, it was decided not to present the consolidated figures for 1st half 2011 by business area (which included Draka for only the period March-June).

UTILITIES

(in millions of Euro)

	1st half 2012	1st half 2011 (*) Pro-forma	% change	% organic sales change	FY 2011 (*) Pro-forma
Sales to third parties	1.073	1.125	-4,7%	-2,4%	2.318
Adjusted EBITDA	**117**	**135**			**264**
% of sales	10,9%	12,0%			11,4%
Adjusted operating income	**100**	**115**			**238**
% of sales	9,3%	10,3%			10,3%

(*) The pro-forma figures are calculated by aggregating the Draka Group's results for the two-month pre-acquisition period (January-February) with the consolidated figures.

The Utilities business area encompasses the Prysmian Group's Energy segment activities involving the engineering, production and installation of cables and accessories for power transmission and distribution, both at power stations and within primary and secondary distribution grids.
The following business lines can be identified within the Utilities business area:

Power transmission systems (High Voltage)

Prysmian Group engineers, produces and installs high and extra high voltage cables for power transmission both from power stations and within the transmission and primary distribution grids. This business line mainly focuses on providing turnkey solutions tailored to meet customer specifications. Products include cables insulated with oil or fluid-impregnated paper for voltages up to 1,100 kV and extruded polymer insulated cables for voltages below 500 kV. Products are highly customised and have a high technological content. This business line provides its customers with installation and post-installation services, as well as grid management and maintenance services, including grid performance monitoring, grid cable repair and maintenance, and emergency services, such as reinstatement of service following damage.

Submarine power transmission and distribution systems (Submarine)

Prysmian Group engineers, produces and installs turnkey submarine power transmission and distribution systems.
The Group has used specific submarine power transmission and distribution technology to develop cables and accessories featuring its exclusive proprietary technology for installation at depths of up to 2,000 metres. These cables offer different types of insulation: cables insulated with oil or fluid-impregnated paper for transmission of up to 500 kV in direct and alternating current; extruded polymer insulated cables for transmission of up to 400 kV in alternating current and up to 300 kV in direct current. Installation, engineering and other services are of particular importance in this business, with the Group able to offer quality solutions that satisfy the strictest international standards (SATS/IEEE, IEC, NEK). In particular, as far as installation is

concerned, Prysmian Group can offer the services of the Giulio Verne, one of the largest and most technologically advanced cable-laying vessels in the world.

Power distribution cables and systems (Power Distribution)

In the field of power distribution cables and systems, Prysmian Group produces medium voltage cables and systems for the connection of industrial and/or residential buildings to primary distribution grids and low voltage cables and systems for power distribution and the wiring of buildings. All Prysmian Group products in this category comply with international standards regarding insulation, fire resistance, smoke emissions and halogen levels.

Network accessories and components (Network Components)

Prysmian Group also produces accessories such as joints and terminations for low, medium, high and extra high voltage cables, as well as accessories to connect cables with each other and with other network equipment, suitable for industrial, construction or infrastructure applications and for power transmission and distribution systems. Network components for high voltage applications, in particular, are designed to customer specifications.

MARKET OVERVIEW

The markets in which the Prysmian Group's Utilities business area operates saw an amplification in the first six months of 2012 of the signs of uncertainty already appearing in the second half of 2011. Demand contracted on both the power distribution and generation markets throughout the half year, with differences between the various geographical areas and competition becoming more accentuated in the second quarter.
Activities in the High Voltage market - traditionally highly international both in terms of demand and supply - have been particularly affected by the global macroeconomic scenario and have generally slowed compared with the prior year.

Faced with general uncertainty about future energy consumption and access to funding, the largest Utilities, particularly in Europe and North America, have adopted a cautious approach to new investment projects. Industry demand has therefore been limited to rationalisation and/or maintenance projects - to improve efficiency and reduce energy generation costs - in Europe, and North and South America, or to the extension or completion of major initiatives in the Middle East. Utilities in growing economies, like China and India, have become more and more demanding on the price front, not only due to an increasing number of competitors but also because of the need to limit financial exposure in the face of uncertain investment returns.

As for the Submarine cables business line, demand has been at a stable high or slightly rising level, thanks to investments by Utilities to build new offshore wind farms and commence major new interconnection projects.
Although this trend has been particularly evident in parts of the world, such as North Europe, the Arab Emirates and emerging countries in Southeast Asia, where demand for energy has grown over the past two

years, new initiatives have also emerged in areas most affected by the financial crisis, like the Mediterranean, thanks to measures to stimulate the economy or to upgrade infrastructure.

Demand in the Power Distribution business line generally contracted throughout the half year, interrupting the upward trend in volumes started last year.

Energy consumption in the major European countries declined in the past quarters, adversely affecting demand by the major Utilities. The latter have either adopted an extremely cautious approach in view of the difficulties in forecasting future growth, or have concentrated on restructuring to improve efficiency and decrease costs of supply. The competitive environment in terms of price and mix has remained challenging almost everywhere.

In contrast, markets in North America showed slight signs of a recovery during the half year, after a three-year period during which operators had reduced work on grids to the bare minimum.

The Brazilian market also showed signs of vitality throughout the half year. Thanks to growth in domestic energy consumption, demand was up on the prior year, even if accompanied by high prices competition.

The Network Components market can be broadly divided into products for high and extra high voltage networks and products for medium and low voltage use.
As regards the former business line, demand has been affected, especially in the past quarter, by the contraction in the High Voltage sector, linked to delays by the major Utilities in their investment projects. Instead, demand has seemed to be stable for submarine accessories, as a direct consequence of the current initiatives around the world.
The Utilities' growing focus on price and the challenging competitive environment in the high voltage cables market have partly spilled over into the Network Components market.
The market for medium and low voltage accessories has confirmed the positive trend in volumes starting last year, in apparent contrast with the decrease in demand in the Power Distribution business line. The positive trend reflects the fact that these products are normally used in ordinary maintenance of secondary distribution grids, and are key factors in ensuring regular power supply.

FINANCIAL PERFORMANCE

Sales to third parties by the Utilities business area amounted to Euro 1,073 million in the first half of 2012, compared with Euro 1,125 million pro-forma at 30 June 2011, posting a negative change of Euro 52 million (-4.7%) due to the combined effect of the following main factors:

- negative change of Euro 25 million (-2.3%) in sales prices due to fluctuations in metal prices;
- negative change of Euro 16 million (-1.4%) due to failure to consolidate the sales of Ravin Cables Limited (India) and Power Plus Cable CO LLC (Middle East – 49% consolidated) for the period 1 April – 30 June 2012;
- organic decrease in sales of Euro 28 million (-2.4%);
- positive exchange rate effects of Euro 17 million (+1.4%).

The organic decrease affected every business line, with the sole exception of Submarine, and was concentrated in European and Asian Pacific markets, already displaying pressure on margins.
In contrast, Power Distribution sales reported a recovery in North and South America thanks to growing demand.

Sales by the High Voltage business line were affected by the contraction in demand already evident in the last quarter of 2011. The reduction in the Group's sales in this sector was concentrated in European domestic markets and was not completely neutralised by initiatives on markets with growing demand for energy infrastructure, such as China, Russia, the Middle East, Brazil and India.
The order book provides sales visibility for about one year and expanded further during the second quarter thanks to new commercial initiatives focused on key clients (Enel, EDF and Tennet).

The Network Components business line reported increased sales of medium and low voltage accessories on the major European domestic markets and in North America, thanks to demand generated by scheduled grid maintenance work and to increased production capacity at the French plants, allowing faster response to customer requests. Instead, the decline in demand in the High Voltage sector penalised sales of high voltage accessories in the second quarter as well. Sales on the Chinese market, where sales price competition remains high, were stable or slightly higher than last year, thanks to Prysmian's greater local competitiveness.

Sales by the Submarine business line increased on the prior year, in line with forecasts for the major projects acquired. The larger projects on which work was performed during the period were Messina II (Italy), and the Borwin 1, Helwin 1 and Sylwin offshore wind farm projects in Germany.
The value of the Group's order book has increased further at the end of the second quarter, providing sales visibility for a period of nearly 3 years. The six-month growth has been achieved thanks to work on short-distance connections and/or repairs (Alaska, Penang), to the new Western Link contract in the UK and to new contracts for offshore wind farm connections. In order to satisfy the latter contracts, investments have been made to expand production capacity at the plant in Finland, already operational at the end of 2011, and additional investments are planned at the Arco Felice plant in Italy.

The organic reduction in sales in the Utilities business area was entirely reflected in its entirety in adjusted EBITDA, which went from Euro 135 million pro-forma at 30 June 2011 to Euro 117 million at 30 June 2012. The reduction in this result has been partly accentuated by the higher proportion of sales in markets with strong competitive pressures, mainly those for lower value-added products.

TRADE & INSTALLERS

(in millions of Euro)

	1st half 2012	1st half 2011 (*) Pro-forma	% change	% organic sales change	FY 2011 (*) Pro-forma
Sales to third parties	1.110	1.159	-4,2%	-0,4%	2.233
Adjusted EBITDA	**42**	**41**			**73**
% of sales	3,8%	3,5%			3,3%
Adjusted operating income	**28**	**26**			**35**
% of sales	2,5%	2,4%			1,6%

(*) The pro-forma figures are calculated by aggregating the Draka Group's results for the two-month pre-acquisition period (January-February) with the consolidated figures.

The Prysmian Group produces a comprehensive range of rigid and flexible low voltage cables for distributing power to and within residential and non-residential buildings in compliance with international standards.
Product development and innovation particularly focuses on high performance cables, such as Fire-Resistant cables and Low Smoke zero Halogen (LSOH) cables, which are used in all those applications where safety must be guaranteed. In fact, in the event of fire, Fire-Resistant cables continue to operate and Low Smoke zero Halogen cables have reduced emissions of toxic gas and smoke.

During the past year the range of products and services has been further extended and specialised with the addition of cables for infrastructure such as airports, ports and railway stations.

Prysmian Group's customers for these products cover a wide spectrum, from international distributors and buying syndicates to installers and wholesalers.

MARKET OVERVIEW

The reference markets have distinct geographical characteristics (despite international product standards) both in terms of customer and supplier fragmentation and the range of items produced and sold.

Construction industry demand, already at a low level in 2011, has declined even more in Central and South Europe during the first half of 2012, while remaining generally stable in North and East Europe.
During the second quarter, the persistent uncertainty about future scenarios for the construction market prevailed over the positive effects of lower metal and commodity prices; as a result, the largest industry players have continued to maintain minimum stocks and constant pressure on sales prices.
In Europe, countries like Spain and Italy have particularly suffered because their tough restrictions on bank credit have adversely affected the property market.

In contrast, markets in North America have confirmed a rising trend in demand for products serving infrastructure projects.

Markets in South America have reported slightly higher volumes and prices, thanks to dynamism of both the industrial and residential construction sectors.

FINANCIAL PERFORMANCE

Sales to third parties by the Trade & Installers business area amounted to Euro 1,110 million at 30 June 2012, compared with Euro 1,159 million pro-forma in the same period of 2011, posting a negative change of Euro 49 million (-4.2%) due to the combined effect of the following main factors:

- negative change of Euro 49 million (-4.2%) in sales prices due to fluctuations in metal prices;
- organic decrease in sales of Euro 5 million (-0.4%), due to the recovery in volumes in North and South America, which basically matched the general downturn in Europe's Mediterranean countries;
- positive exchange rate effects of Euro 5 million (+0.4%).

During the first half of 2012, Prysmian Group generally defended its market share on the major European markets not only by pursuing a strategy focused on commercial relationships with top international customers, but also by engaging in tactical actions to avoid losing sales opportunities.
Over the second quarter Prysmian's commercial strategy became increasingly selective, by giving priority to a product mix focused on products for "safety of people and property" (Fire resistant/LSOH), at the expense of those product segments more subject to price pressures.
This allowed the decline in profitability to be mitigated, in the presence of decreasing metal prices.

In North America Prysmian Group was able to benefit from the uptrend in demand after completing activities to rationalise its Canadian production site in Prescott and make it more efficient.

Despite tough price competition in the industrial and commercial construction sectors, Prysmian Group's wide product range allowed it to increase its market share in South America, particularly in the second quarter of 2012.

Thanks to the combined factors described above and the actions to improve industrial structure, adjusted EBITDA increased by Euro 1 million (+2.4%) on the prior year equivalent period to Euro 42 million, despite the negative trend by markets in Southern Europe.

INDUSTRIAL

(in millions of Euro)

	1st half 2012	1st half 2011 (*) Pro-forma	% change	% organic sales change	FY 2011 (*) Pro-forma
Sales to third parties	920	889	3,6%	4,9%	1.824
Adjusted EBITDA	**70**	**50**			**116**
% of sales	7,6%	5,6%			6,4%
Adjusted operating income	**49**	**34**			**79**
% of sales	5,4%	3,8%			4,3%

(*) The pro-forma figures are calculated by aggregating the Draka Group's results for the two-month pre-acquisition period (January-February) with the consolidated figures.

The extensive product range, developed specifically for the Industrial market, stands out for the highly customised nature of the solutions offered. These products serve a broad range of industries, including Oil&Gas, Transport, Infrastructure, Mining and Renewable Energy. Prysmian Group offers integrated, high value-added cabling solutions to its customers, who include world-leading industrial groups and OEMs (Original Equipment Manufacturers), such as ABB, AKER, Alstom, SNCF, Petrobras, Peugeot-Citroen, Renault and Siemens.
The continuous specialisation of products and solutions allows them to be customised for specific fields of application, including use in the renewable energy sector, in the chemicals, transportation, aviation and aerospace industries, as well as in elevators.

Prysmian Group offers solutions to the Oil&Gas industry for both upstream and downstream activities. Its products therefore range from low and medium voltage power and instrumentation/control cables, to multipurpose umbilical cables for transporting energy, telecommunications, fluids and chemicals when connecting submarine sources and collectors to FPSO (Floating, Production, Storage and Offloading) platforms.

In the transport sector, Prysmian Group cables are used in the construction of trains, ships and motor vehicles; the principal applications for which its cables are used in the infrastructure sector are railways, docks and airports. The product range also includes cables for the mining industry and for applications in the renewable energy sector. Prysmian Group also supplies cables able to withstand high radiation environments for use in military applications and nuclear power stations.

MARKET OVERVIEW

Markets for industrial cables were generally stable or growing in the first half of 2012, although there were inconsistencies between the various business lines and large differences between the various geographical areas.
A common trend in all sectors of this business area has been a greater fragmentation of demand, with smaller scale but technologically more complex projects than in the past, accompanied by tougher demands in terms of quality and after-sales service.

In fact, while some market sectors have reported stable or growing demand, such as Oil&Gas, port infrastructure and renewable energy, other sectors, such as automotive, have experienced a decline in volumes.

Demand in the Oil&Gas and port facilities sectors, which had already shown clear signs of recovery from the second half of last year, grew even more, especially in high-growth regions of the world, like South America and the Middle East.
In particular, the second quarter confirmed the signs of growth in demand in areas such as Southeast Asia (Malaysia, Indonesia and Singapore) and Australia.

The market for oil industry products in Brazil, featuring large-scale projects, confirmed in the first two quarters of 2012 the positive trend already seen in the second half of last year.

Within the infrastructure and general transport sector, the major European players have adopted a cautious stance because of poor visibility as to when to resume investments and because of recent deficit-cutting policies in the eurozone's major economies, while other areas of the world have enjoyed strong demand for cables for port infrastructure projects.

Despite the restrictive financial policies adopted by the main European governments cutting special incentives or making access to credit for wind projects more difficult, the renewable energy market has appeared stable or slightly growing in Europe, while confirming an upward trend in other parts of the world. This occurred thanks to the extension of regulatory measures and investments aimed at generating environmentally sustainable energy in developing countries.

Restrictive financial policies have forced the ending of incentives given in the past two years in support of the automotive industry, leading to a decline in automotive industry volumes in nearly every European country, with the sole exception of Germany. Automotive industry demand in the rest of the world has nonetheless remained largely stable compared with the second half of last year.

FINANCIAL PERFORMANCE

Sales to third parties by the Industrial business area amounted to Euro 920 million at 30 June 2012, compared with Euro 889 million pro-forma in the same period of 2011. The increase of Euro 31 million (+3.6%) is due to the following factors:

- organic sales growth of Euro 43 million (+4.9%), most of which achieved thanks to growth in volumes in the Oil&Gas sector;
- positive exchange rate effects of Euro 25 million (+2.8%);
- negative change of Euro 37 million (-4.1%) in sales prices due to fluctuation in metal prices.

In Europe, Prysmian Group has focused its commercial efforts on the Oil&Gas industry with products destined for the Norwegian market and for export to the major energy-producing nations, as well as on the Renewables industry with cables for wind and solar applications. This has successfully made up for the decline in volumes in the Automotive industry, particularly evident in the French market, and in the rail and civil infrastructure sectors.
Prysmian Group has pursued opportunities arising from infrastructure development in the Middle East, a market traditionally served by its European businesses.

The strategy of technological specialisation of the solutions offered has boosted sales on the elevator market in North America, of which the WTC project is the prime example.
Similarly, consolidation of the Group's commercial structure in North America has made it possible to exploit opportunities in the US onshore drilling sector, particularly in the second quarter.

Sales of flexible pipes, manufactured at the new Vila Velha plant and destined for markets in South America, came to in excess of Euro 10 million in the first half of 2012, with an increase in the order book thanks to growing demand from Petrobras.

The Asia-Pacific region has offered the most attractive growth opportunities for the Group, thanks to recovery of market share in Australia and actions to penetrate the Renewables market in China.

Adjusted EBITDA came to Euro 70 million at 30 June 2012, reporting an increase of Euro 20 million on the pro-forma figure for the first half of 2011 due to a moderate recovery in demand in various parts of the world, particularly by the Oil&Gas sector, and to the development of the elevator cables business in North America.

OTHER

(in millions of Euro)

	1st half 2012	1st half 2011 (*) Pro-forma	FY 2011 (*) Pro-forma
Sales to third parties	67	91	167
Adjusted EBITDA	**-**	**(1)**	**5**
Adjusted operating income	**(2)**	**(2)**	**2**

(*) The pro-forma figures are calculated by aggregating the Draka Group's results for the two-month pre-acquisition period (January-February) with the consolidated figures.

This business area reports occasional sales by Prysmian Group operating units of semi-finished products, raw materials or other products forming part of the production process.
These sales are normally linked to local business situations, do not generate high margins and can vary in size from period to period.

TELECOM

(in millions of Euro)

	1st half 2012	1st half 2011 (*)	% change	FY 2011 (**)
Sales to third parties	746	585	27,6%	1.315
Adjusted EBITDA	**79**	**54**	**47,1%**	**121**
% of sales	10,6%	9,0%		9,1%
EBITDA	**68**	**44**	**55,5%**	**103**
% of sales	9,2%	7,3%		7,7%
Amortisation and depreciation	(25)	(18)	39,8%	(43)
Adjusted operating income	**54**	**36**	**50,8%**	**78**
% of sales	7,3%	6,0%		5,8%

Reconciliation of EBITDA to Adjusted EBITDA

EBITDA (A)	**68**	**44**	**55,5%**	**103**
Non-recurring expenses/(income):				
Company reorganisation	7	4		12
Tax inspections	2	-		-
Other non-recurring risks	2	-		-
Release of Draka inventory step-up	-	6		**6**
Total non-recurring expenses/(income) (B)	**11**	**10**		**18**
Adjusted EBITDA (A+B)	**79**	**54**	**47,1%**	**121**

(*) Includes the Draka Group's results for the period 1 March – 30 June 2011.

(**) Includes the Draka Group's results for the period 1 March – 31 December 2011.

(in millions of Euro)

	1st half 2012	1st half 2011 (***) Pro-forma				% change
		Prysmian	Draka	Adjustments	Total	
Sales to third parties	746	270	432	**(1)**	701	6,4%
Adjusted EBITDA	**79**	**23**	**39**	**-**	**62**	**28,1%**
% of sales	10,6%	8,5%	9,0%		8,6%	
Adjusted operating income	**54**	**19**	**25**	**(5)**	**39**	**39,2%**
% of sales	7,3%	7,0%	5,8%		5,4%	

(*) The pro-forma figures are calculated by aggregating the Draka Group's results for the two-month pre-acquisition period (January-February) with the consolidated figures.

As partner to the world's leading telecoms operators, Prysmian Group produces and sells a comprehensive range of optical fibre and copper cables, suitable for all types of application for voice/video/data transmission, as well as connectivity components and accessories.

Optical fibre

Prysmian Group is a leading manufacturer of the fundamental component of all optical cables - namely optical fibre. With its experience in fibre production dating back to 1982, Prysmian Group is able to utilise all three of the major production technologies currently available: OVD (Outside Vapour Deposition), MCVD (Modified Chemical Vapour Deposition) and VAD (Vapour Axial Deposition). The Group produces a complete range of fibres including long distance, metro ring, low water peak, and reduced diameter fibre, and the latest addition to the fibre family - bend insensitive fibres. Fibres are produced to the highest standards of quality control and in strict compliance with ITU international standards. With a centre of fibre excellence in Battipaglia, Italy, and a total of three manufacturing locations around the world, Prysmian Group is the global leader in this highly specialised technology.

Optical cables

Optical fibres are used in the production of a vast range of optical cables, from single fibre constructions through to cables containing 1,728 fibres. Optical cables are now used in a variety of demanding environments. They can be pulled (or blown) into ducts, buried directly underground or suspended on overhead systems such as telegraph poles or electricity pylons. Cables are also installed in road and rail tunnels and within various buildings where they must satisfy specific fire-resistant requirements.
Cables can also be installed in gas and drainage networks. Prysmian Group has developed specific cable designs to satisfy all these requirements, using technologies such as Optical Ground Wire (OPGW), Rapier (easy break-out), Zephyr (mini blown cable), Airbag (dielectric direct buried) and many more.

Copper cables

Prysmian Group produces a wide range of copper cables for underground and overhead cabling solutions and for residential and non-residential buildings. Cables are designed for high transmission, low interference and electromagnetic compatibility and in accordance with the main international standards and specifications. Prysmian Group is able to supply cables with specific performance characteristics such as zero halogen emissions, low emission of toxic fumes and gases and fire retardant. The Group's product portfolio includes a comprehensive range of copper cables with different capacities (from 2 to 2,400 pairs) including xDSL cables for broadband access.

Accessories

Prysmian Group supplies a complete range of passive connectivity products under the OAsys trademark. These products satisfy every cable management need whatever the network type, including overhead and underground installation, as well as cabling in central offices, exchanges or customer premises.

FTTH (Fibre To The Home)

Growing customer demand for higher bandwidth has seen the deployment of optical fibre moving closer to the end user with the ultimate goal being Fibre To The Home (FTTH). Prysmian Group is extremely active in this rapidly growing sector of the market where its approach is based on combining existing technology - such as the Sirocco Blown Fibre System - with innovative new solutions such as Quickdraw pre-connectorised cable and the new Verticasa™ system, which provides an efficient way of deploying fibres in high-rise buildings and multi-dwelling units. Many of the cables used in FTTH systems feature Prysmian Group's proprietary bend insensitive CasaLight™ optical fibre which has been specially developed for this application.

Multimedia and Specials

The integration of Draka's Telecom segment within the Prysmian Group allows it to offer the market a more comprehensive portfolio of solutions thanks to the more specialised nature of its products for communications, in particular coaxial data transmission cables and single mode and multimode optical fibre using proprietary technology.
In addition, it is able to offer a full range of connectivity components as well as network design, engineering and implementation services.

MARKET OVERVIEW

The market for optical fibre cables is a global one. Forecasts at the start of the year predicted that the size of the global market would have grown in 2012 although with large regional differences. In fact, the first half saw demand grow in fast-developing markets (China) and in those with high communication infrastructure needs (India, Brazil, Turkey), while markets in both North America and Europe were basically stable.

The Access/Broadband/FTTx market was stable in the first half of 2012, with growth driven by the development of optical fibre communication infrastructure, although the low maturity of these products implies different evolution in demand by geographical area.

The copper cables market is experiencing a slowdown not only because of the economic downturn in the past two years, which has driven some major operators to revise their larger investment projects, but also because of product maturity. The downturn in demand was evident during the first half of 2012 with soaring demand for internet access leading major operators to opt to renew their networks using optical fibre, rather than perform maintenance or upgrade work on existing networks. xDSL cables have provided an opportunity for product technological diversification in a market that has not otherwise experienced significant changes in recent years.

FINANCIAL PERFORMANCE

At the end of the first half of 2012 sales to third parties by the Telecom segment amounted to Euro 746 million, compared with Euro 585 million at 30 June 2011, posting an increase of Euro 161 million (+27.6%). Compared with the pro-forma figure of Euro 701 million, Telecom sales to third parties posted an increase of Euro 45 million (+6.4%).

This change is attributable to the following factors:

- positive exchange rate effects of Euro 22 million (+3.3%);
- positive change of Euro 16 million (+2.3%) for the line-by-line consolidation of Telcon Fios e Cabos para Telecomunicaçoes S.A. starting from the second quarter;
- organic sales growth of Euro 12 million (+1.7%), thanks to volume growth for optical fibre cables;

- negative change of Euro 5 million (-0.9%) in sales prices due to fluctuation in metal prices.

The organic sales growth primarily reflects an increase in optical fibre cable volumes, linked to the positive evolution in demand, driven not only by large-scale projects such as those started for B.T. (United Kingdom), NBN (Australia) and Telefonica (Brazil), but also by the recovery in demand by the US market and by emerging markets and channels, such as Eastern Europe, South America and India.

Adjusted EBITDA came to Euro 79 million at 30 June 2012, reporting an increase of Euro 25 million (+47.1%) on the corresponding figure of Euro 54 million at 30 June 2011, and an increase of Euro 17 million (+28.1%) on the 2011 pro-forma figure.

GROUP STATEMENT OF FINANCIAL POSITION

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

(in millions of Euro)

	30 June 2012	30 June 2011	Change	31 December 2011
Net fixed assets	2,264	2,201	63	2,255
Net working capital	934	865	69	552
Provisions	(369)	(357)	(12)	(371)
Net capital employed	**2,829**	**2,709**	**120**	**2,436**
Employee benefit obligations	308	234	74	268
Total equity	1,125	1,097	28	1,104
of which attributable to non-controlling interests	52	67	(15)	62
Net financial position	1,396	1,378	18	1,064
Total equity and sources of funds	**2,829**	**2,709**	**120**	**2,436**

Net fixed assets amounted to Euro 2,264 million at 30 June 2012, compared with Euro 2,255 million at 31 December 2011, having increased by Euro 9 million mainly due to the combined effect of the following factors:

- Euro 65 million in investments in property, plant and equipment and intangible assets;
- Euro 2 million in retirements and disposals of property, plant and equipment;
- Euro 80 million in depreciation, amortisation and impairment charges for the period;
- positive changes for the line-by-line consolidation of Telcon Fios e Cabos para Telecomunicaçoes S.A. as from the second quarter, amounting to Euro 21 million (including Euro 7 million in goodwill arising from the acquisition).

Net working capital of Euro 934 million at 30 June 2012, exceeded the corresponding figure at 31 December 2011 (Euro 552 million) by Euro 382 million (remaining the same even when the fair value change in derivatives is excluded), reflecting the following main factors:

- increase linked to the greater seasonality of sales in the quarter just ended and those expected in the third quarter, particularly in relation to stock levels held at plants;
- increase linked to the start of industrial restructuring projects and consequent preparation of inventories to ensure the expected level of customer service;
- significant growth in working capital committed in long-term High Voltage and Submarine projects, linked to their state of completion relative to the agreed delivery deadlines;
- increase of Euro 12 million arising from the line-by-line consolidation of Telcon Fios e Cabos para Telecomunicaçoes S.A. starting from the second quarter;
- increase of Euro 5 million linked to exchange rate differences.

The net financial position of Euro 1,396 million at 30 June 2012 has increased by Euro 332 million since 31 December 2011 (Euro 1,064 million), mainly reflecting the following factors:

- positive cash flows from operating activities (before of the net working capital changes) of Euro 258 million;
- negative impact of Euro 359 million from changes in working capital;
- payment of Euro 32 million in taxes;
- net operating investments of Euro 63 million;
- receipt of Euro 6 million in dividends;
- purchase of the remaining Draka shares under the squeeze-out procedure for Euro 9 million;
- cash outlays of Euro 26 million for acquisitions;
- payment of Euro 76 million in net finance costs;
- distribution of Euro 45 million in dividends.

NET WORKING CAPITAL

The main components of net working capital are analysed in the following table:

(in millions of Euro)

	30 June 2012	30 June 2011	Change	31 December 2011
Inventories	1,111	1,086	25	929
Trade receivables	1,462	1,413	49	1,197
Trade payables	(1,577)	(1,500)	(77)	(1,421)
Other receivables/(payables)	(35)	(164)	129	(126)
Net operating working capital	**961**	**835**	**126**	**579**
Derivatives	(27)	30	(57)	(27)
Net working capital	**934**	**865**	**69**	**552**

Net operating working capital amounted to Euro 961 million (11.7% of sales) at 30 June 2012, compared with Euro 579 million (7.3% of sales) at 31 December 2011.

NET FINANCIAL POSITION

The following table provides a detailed breakdown of the net financial position:

(in millions of Euro)

	30 June 2012	30 June 2011	Change	31 December 2011
Long-term financial payables				
Term Loan Facility	1,012	400	612	400
Bank fees	(14)	(6)	(8)	(6)
Bond	397	396	1	397
Derivatives	39	11	28	31
Other financial payables	87	97	(10)	89
Total long-term financial payables	**1,521**	**898**	**623**	**911**
Short-term financial payables				
Term Loan Facility	65	765	(700)	676
Bond	5	5	-	15
Securitization	149	173	(24)	111
Derivatives	4	20	(16)	24
Other financial payables	210	151	59	180
Total short-term financial payables	**433**	**1,114**	**(681)**	**1,006**
Total financial liabilities	**1,954**	**2,012**	**(58)**	**1,917**
Long-term financial receivables	9	9	-	10
Long-term derivatives	1	1	-	1
Long-term bank fees	6	17	(11)	15
Short-term financial receivables	11	11	-	9
Short-term derivatives	4	1	3	4
Short-term bank fees	5	8	(3)	7
Financial assets held for trading	50	44	6	80
Cash and cash equivalents	472	543	(71)	727
Total financial assets	**558**	**634**	**(76)**	**853**
Net financial position	**1,396**	**1,378**	**18**	**1,064**

STATEMENT OF CASH FLOWS

(in millions of Euro)

	1st half 2012	1st half 2011	Change	FY 2011
EBITDA	**266**	**26**	**240**	**269**
Changes in provisions (including employee benefit obligations)	(7)	177	(184)	200
Inventory step-up	-	14	(14)	14
(Gains)/losses on disposal of property, plant and equipment and intangible assets	(1)	(1)	-	(2)
Net cash flow provided by operating activities (before changes in net working capital)	**258**	**216**	**42**	**481**
Changes in net working capital	(359)	(107)	(252)	183
Taxes paid	(32)	(37)	5	(97)
Net cash flow provided/(used) by operating activities	**(133)**	**72**	**(205)**	**567**
Acquisitions	(35)	(419)	384	(419)
Net cash flow used in operational investing activities	(63)	(46)	(17)	(145)
Net cash flow provided by financial investing activities (1)	6	4	2	4
Free cash flow (unlevered)	**(225)**	**(389)**	**164**	**7**
Net finance costs	(76)	(89)	13	(130)
Free cash flow (levered)	**(301)**	**(478)**	**177**	**(123)**
Increases in share capital and other changes in equity	-	1	(1)	1
Dividend distribution	(45)	(36)	(9)	(37)
Net cash flow provided/(used) in the period	**(346)**	**(513)**	**167**	**(159)**
Opening net financial position	**(1,064)**	**(459)**	**(605)**	**(459)**
Net cash flow provided/(used) in the period	(346)	(513)	167	(159)
Other changes	14	(406)	420	(446)
Closing net financial position	**(1,396)**	**(1,378)**	**(18)**	**(1,064)**

(1) This does not include cash flow relating to "Financial assets held for trading" and non-instrumental "Available-for-sale financial assets", classified in the net financial position.

Net cash flow provided by operating activities (before changes in net working capital) amounted to Euro 258 million at the end of the first half of 2012.
This cash flow was negatively impacted by the increase of Euro 359 million in net working capital described earlier. Therefore, after deducting Euro 32 million in tax payments, net cash flow from operating activities in the period was a negative Euro 133 million.

Net cash flow used for acquisitions came to Euro 35 million, of which Euro 9 million relates to the purchase of the remaining Draka shares under the squeeze-out procedure, Euro 25 million for the purchase of sales in Telcon Fios e Cabos para Telecomunicaçoes S.A. and Draktel Optical Fibre S.A., and the remainder for the Neva Cables Ltd share purchase.

Net operating investments in the first half of 2012 amounted to Euro 63 million and mainly refer to expansion of production capacity for high voltage cables in Russia, China and France, for submarine cables in Italy and Finland, to the investment in the Telecom segment in Australia in connection with the long-term NBN project and lastly to the increase in optical fibre production capacity in Brazil.

Dividends paid out in the first half of 2012 amounted to Euro 45 million.

ALTERNATIVE PERFORMANCE INDICATORS

In addition to the standard financial reporting formats and indicators required under IFRS, this document contains a number of reclassified statements and alternative performance indicators. The purpose is to help users better evaluate the Group's economic and financial performance. However, these statements and indicators should not be treated as a substitute for the standard ones required by IFRS.
The alternative indicators used for reviewing the income statement include:

- **Adjusted net profit/(loss)**: net profit/(loss) before non-recurring income and expenses, the fair value change in metal derivatives and in other fair value items, the effect of currency and interest rate derivatives, exchange rate differences and the related tax effects;
- **Adjusted operating income**: operating income before non-recurring income and expenses and the fair value change in metal derivatives and in other fair value items, as reported in the consolidated income statement. The purpose of this indicator is to present the Group's operating profitability without the effects of events considered to be outside its recurring operations;
- **EBITDA**: operating income before the fair value change in metal price derivatives and in other fair value items and before amortisation, depreciation and impairment. The purpose of this indicator is to present the Group's operating profitability before the main non-monetary items;
- **Adjusted EBITDA**: EBITDA as defined above calculated before non-recurring income and expenses, as reported in the consolidated income statement. The purpose of this indicator is to present the Group's operating profitability before the main non-monetary items, without the effects of events considered to be outside the Group's recurring operations;
- **Organic growth**: change in sales calculated net of changes in the scope of consolidation, changes in metal prices and the effect of exchange rates;
- **ROCE:** the ratio between adjusted operating profit/(loss) and the sum of equity, net financial position and employee benefit obligations.

The alternative indicators used for reviewing the reclassified statement of financial position include:

- **Net fixed assets:** sum of the following items contained in the statement of financial position:
  - Intangible assets
  - Property, plant and equipment
  - Investments in associates
  - Available-for-sale financial assets, net of non-current securities classified as long-term financial receivables in the net financial position
- **Net working capital:** sum of the following items contained in the statement of financial position:
  - Inventories
  - Trade receivables
  - Trade payables
  - Other non-current receivables and payables, net of long-term financial receivables classified in the net financial position
  - Other current receivables and payables, net of short-term financial receivables classified in the net financial position
  - Derivatives net of financial instruments for hedging interest rate and currency risks relating to financial transactions, classified in the net financial position

- Current tax payables

• **Net operating working capital:** sum of the following items contained in the statement of financial position:
- Inventories
- Trade receivables
- Trade payables
- Other non-current receivables and payables, net of long-term financial receivables classified in the net financial position
- Other current receivables and payables, net of short-term financial receivables classified in the net financial position
- Current tax payables

• **Provisions:** sum of the following items contained in the statement of financial position:
- Provisions for risks and charges – current portion
- Provisions for risks and charges – non-current portion
- Provisions for deferred tax liabilities
- Deferred tax assets

• **Net capital employed:** sum of Net fixed assets, Net working capital and Provisions.

• **Employee benefit obligations** and **Total equity:** these indicators correspond to Employee benefit obligations and Total equity reported in the statement of financial position.

• **Net financial position:** sum of the following items:
- Borrowings from banks and other lenders - non-current portion
- Borrowings from banks and other lenders - current portion
- Derivatives for financial transactions recorded as Non-current derivatives and classified under Long-term financial receivables
- Derivatives for financial transactions recorded as Current derivatives and classified under Short-term financial receivables
- Derivatives for financial transactions recorded as Non-current derivatives and classified under Long-term financial payables
- Derivatives for financial transactions recorded as Current derivatives and classified under Short-term financial payables
- Medium/long-term financial receivables recorded in Other non-current receivables
- Bank fees on loans recorded in Other non-current receivables
- Short-term financial receivables recorded in Other current receivables
- Bank fees on loans recorded in Other current receivables
- Short/long-term available-for-sale financial assets, not instrumental to the Group's activities
- Financial assets held for trading
- Cash and cash equivalents

Reconciliation between the Reclassified Statement of Financial Position presented in the Directors' Report and the Statement of Financial Position contained in the Half-Year Condensed Consolidated Financial Statements at 30 June 2012

(in millions of Euro)

			30 June 2012		31 December 2011	
		Note	Partial amounts from financial statements	Total amounts from financial statements	Partial amounts from financial statements	Total amounts from financial statements
Net fixed assets						
Property, plant and equipment				1,547		1,539
Intangible assets				619		618
Investments in associates				91		87
Available-for-sale financial assets				5		6
Assets held for sale				2		5
Total net fixed assets	**A**			**2,264**		**2,255**
Net working capital						
Inventories	**B**			**1,111**		**929**
Trade receivables	**C**			**1,462**		**1,197**
Trade payables	**D**			**(1,577)**		**(1,421)**
Other receivables/payables - net	**E**			**(35)**		**(126)**
of which:						
Other receivables - non-current		2	*28*		*27*	
Tax receivables		2	17		13	
Receivables from employees		2	2		1	
Others		2	9		13	
Other receivables - current		2	*610*		*500*	
Tax receivables		2	92		124	
Receivables from employees and pension funds		2	6		4	
Advances		2	24		14	
Others		2	142		139	
Construction contracts		2	346		219	
Other payables - non-current		10	*(30)*		*(32)*	
Tax and social security payables		10	(15)		(16)	
Accrued expenses		10	(3)		-	
Others		10	(12)		(16)	
Other payables - current		*10*	*(632)*		*(571)*	
Tax and social security payables		10	(93)		(95)	
Advances		10	(187)		(132)	
Payables to employees		10	(61)		(65)	
Accrued expenses		10	(118)		(131)	
Others		10	(173)		(148)	
Current tax payables			*(11)*		*(50)*	
Total operating working capital	**F=B+C+D+E**			**961**		**579**
Derivatives	**G**		**(27)**		**(27)**	
of which:						
Forward currency contracts on commercial transactions (cash flow hedges) - non-current		*4*	-		*(5)*	
Forward currency contracts on commercial transactions (cash flow hedges) - current		*4*	*(10)*		*(2)*	
Forward currency contracts on commercial transactions - current		*4*	-		*(2)*	
Forward currency contracts on commercial transactions - non-current		*4*	-		*1*	
Metal derivatives - non-current		*4*	*(7)*		-	
Metal derivatives - current		*4*	*(10)*		*(19)*	
Total net working capital	**H=F+G**			**934**		**552**

(in millions of Euro)

		Note	30 June 2012 Partial amounts from financial statements	30 June 2012 Total amounts from financial statements	31 December 2011 Partial amounts from financial statements	31 December 2011 Total amounts from financial statements
Provisions for risks and charges - non-current				(64)		(67)
Provisions for risks and charges - current				(294)		(295)
Deferred tax assets				99		97
Deferred tax liabilities				(110)		(106)
Total provisions	**I**			**(369)**		**(371)**
Net capital employed	**L=A+H+I**			**2,829**		**2,436**
Employee benefit obligations	**M**			**308**		**268**
Total equity	**N**			**1,125**		**1,104**
Equity attributable to non-controlling interests				52		62
Net financial position						
Total long-term financial payables	**O**			**1,521**		**911**
Term Loan Facility		9	1,012		400	
Bank fees		9	(14)		(6)	
Bond		9	397		397	
Derivatives			39		31	
of which:						
Forward currency contracts on financial transactions		*4*	*6*		*4*	
Interest rate swaps		*4*	*33*		*27*	
Other payables			87		89	
of which:						
Finance lease obligations		*9*	*13*		*14*	
Other financial payables		*9*	*74*		*75*	
Short-term financial payables	**P**			**433**		**1,006**
Term Loan Facility		9	66		676	
Bank fees		9	(1)		-	
Bond		9	5		15	
Securitization		9	149		111	
Derivatives			4		24	
of which:						
Interest rate swaps		*4*	*-*		*2*	
Forward currency contracts on financial transactions		*4*	*4*		*22*	
Other payables			210		180	
of which:						
Finance lease obligations		*9*	*2*		*3*	
Other financial payables		*9*	*208*		*177*	
Total financial liabilities	**Q=O+P**			**1,954**		**1,917**
Long-term financial receivables	**R**	2	(9)		(10)	
Long-term derivatives	**R**		(1)		(1)	
of which:						
Interest rate swaps (non-current)		*4*	*-*		*-*	
Forward currency contracts on financial transactions (non-current)		*4*	*(1)*		*(1)*	
Long-term bank fees	**R**	2	(6)		(15)	
Short-term financial receivables	**R**	2	(11)		(9)	
Short-term derivatives	**R**		(4)		(4)	
of which:						
Forward currency contracts on financial transactions (current)		*4*	*(4)*		*(4)*	
Short-term bank fees	**R**	2	(5)		(7)	
Available-for-sale financial assets (current)	**S**			**-**		**-**
Financial assets held for trading	**T**			**(50)**		**(80)**
Cash and cash equivalents	**U**			**(472)**		**(727)**
Total financial assets	**V=R+S+T+U**			**(558)**		**(853)**
Total net financial position	**W=Q+V**			**1,396**		**1,064**
Total equity and sources of funds	**Z=M+N+W**			**2,829**		**2,436**

Reconciliation between the principal income statement indicators and the Income Statement contained in the Half-Year Condensed Consolidated Financial Statements at 30 June 2012

(in millions of Euro)

	Note	1st half 2012 Amounts from income statement	1st half 2011 Amounts from income statement
Sales	**A**	**3.916**	**3.574**
Change in inventories of work in progress, semi-finished and finished goods		88	27
Other income		20	24
Raw materials, consumables used and goods for resale		(2.666)	(2.415)
Personnel costs		(518)	(416)
Other expenses		(583)	(768)
Operating costs	**B**	**(3.659)**	**(3.548)**
Remeasurement of minority put option liability	**C**	-	-
Fair value stock options	**C**	*9*	-
EBITDA	**D=A+B+C**	**266**	**26**
Other income			
of which non-recurring other income	**E**	1	1
Personnel costs			
of which non-recurring personnel costs	**F**	(22)	(7)
Other expenses			
of which non-recurring other expenses	**G**	(21)	(237)
Change in inventories of work in progress, semi-finished and finished goods			
of which non-recurring change in inventories of work in progress, semi-finished and finished goods	**I**	-	-
Adjusted EBITDA	**H=D-E-F-G-I**	**308**	**269**

(in millions of Euro)

	Note	1st half 2012 Amounts from income statement	1st half 2011 Amounts from income statement
Operating income	**A**	**178**	**(72)**
Non-recurring other income		1	1
Non-recurring personnel costs		*(22)*	*(7)*
Non-recurring other expenses		*(21)*	*(237)*
Non-recurring change in inventories of work in progress, semi-finished and finished goods		-	-
Total non-recurring expenses	**B**	**(42)**	**(243)**
Remeasurement of minority put option liability		-	-
Total other non-recurring income/(expenses)	**C**	**-**	**-**
Fair value change in metal derivatives	**D**	**1**	**(33)**
Fair value stock options	**E**	**(9)**	**-**
Non-recurring amortisation, depreciation and impairment	**F**	**(1)**	**-**
Adjusted operating income	**G=A-B-C-D-E-F**	**229**	**204**

SUBSEQUENT EVENTS

On 26 July 2012, the securitization programme , due to end on 31 July 2012, was extended for another 12 months and the amount of the related credit facility reduced to Euro 150 million, consistent with the amount of trade receivables eligible for securitization under the agreed contractual terms.

BUSINESS OUTLOOK

The macroeconomic environment in the first half of 2011 had confirmed the initial signs of recovery already seen in 2010, albeit with very low growth rates at levels still well below those before the 2008 financial crisis. However, the second half of 2011 and first half of the current year began to be affected by growing concerns about Eurozone and US debt sustainability, leading to a sharp deterioration in business confidence and a gradual slowing of industrial output and demand. In such a context, the Group expects that 2012 will see a slight contraction in demand for medium voltage power distribution cables, for building wires and for those products in the Industrial sector most exposed to cyclical trends. Instead, positive developments in demand are confirmed for the high value-added businesses of submarine power transmission, renewable energy, offshore Oil&Gas and fibre optic cables for major telecom operators.
Despite the gradual deterioration in macroeconomic conditions, the results achieved in the first six months, combined with the size of the current order book, lead the Group to expect an increase in adjusted EBITDA for FY 2012 in the range of Euro 600 million – Euro 650 million (compared with Euro 568 million in FY 2011), with the upper end of the range thought likely to be achieved (Euro 625 million - Euro 650 million). This range is related to development of demand on the reference markets in the second half of the year and reflects the consolidation of Draka for the full year (in 2011 Draka was consolidated from 1 March). The expected increase in profitability is essentially due to synergies resulting from integration with Draka, as well as growth in higher value-added business areas.
In fact, during 2012 the Prysmian Group will continue to integrate the activities of Draka in order to optimise and rationalise the new Group's organisational and production structure with the goal of further strengthening its presence in all areas of business and of achieving the projected cost synergies.

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FORESEEABLE RISKS IN 2012*

The Prysmian Group is exposed in the normal conduct of its business to a number of financial and non-financial risk factors which, if they should arise, could have an impact on the Group's results of operations and statement of financial position. Given the results of operations in the first six months of the year and the specific macroeconomic context, the principal risk factors currently foreseeable for the next six months of 2012 are described below according to their nature.

Risks associated with market trends and competitive pressure

Some of the markets for the Group's products, mainly relating to the Trade & Installers business area, the Power Distribution business line and certain applications in the Industrial business area, are subject to cyclical fluctuations in demand and are influenced by overall trends in GDP growth.

Demand for products in the energy cables segment is also influenced by the spending plans of companies in the Utilities business area and by overall energy consumption, as well as in part by construction sector trends, while demand for products in the telecom cables segment is heavily influenced by the spending plans of telecom operators.

The first half of 2012 reported basically stable overall volumes compared with the prior year equivalent period, therefore keeping plant utilisation still well below pre-crisis levels, with resulting competitive pressure on sales prices and, consequently, on margins.

The diversified nature of the Group's markets and products reduces its exposure to cyclical trends in demand on certain markets, but it cannot be excluded that demand will not contract during upcoming quarters for the above businesses, which could have a significant impact on the Group's activities, results of operations and statement of financial position. Competitive pressure due to lower demand in the Trade & Installers business area and in the Power Distribution business line, although to a lesser extent, could translate into additional price pressure because many of the products offered by the Group in these sectors are made in compliance with specific industrial standards and are largely interchangeable with those offered by its major competitors, in which case price is a key factor in customer supplier selection.

Even though the Group believes it will be able to cut costs in the face of contracting sales volumes, it may not be able to reduce them sufficiently to match the possible contraction in sales prices, with a consequently negative impact on its activities, results of operations and statement of financial position.

* The risks described in this section are those that, at the date of the present document, the Group believes, if they were to occur, could have a material adverse near-term impact on its activities, financial position, earnings and future prospects. The Group is also exposed to other risk factors that, at the date of the present document, nonetheless appear to be of limited significance.

Exchange rate risk

The Prysmian Group operates internationally and is therefore exposed to exchange rate risk in the various currencies in which it operates (principally the US dollar, British pound, Brazilian real and Australian dollar).

Exchange rate risk occurs when future transactions or assets and liabilities recognised in the statement of financial position are denominated in a currency other than the functional currency of the company which undertakes the transaction.

To manage exchange rate risk arising from future trade transactions and from the recognition of foreign currency assets and liabilities, most Group companies use forward contracts arranged by Group Treasury, which manages the various positions in each currency. Since Prysmian prepares its consolidated financial statements in Euro, it is therefore possible that, despite centrally arranged hedges, significant fluctuations in the exchange rates used to translate the foreign currency financial statements of subsidiaries could affect the Group's results of operations and statement of financial position.

Interest rate risk

Changes in interest rates affect the market value of the Prysmian Group's financial assets and liabilities as well as its net finance costs. The interest rate risk to which the Group is exposed is mainly on long-term financial liabilities, carrying both fixed and variable rates.

Fixed rate debt exposes the Group to a fair value risk. The Group does not operate any particular hedging policies in relation to the risk arising from such contracts since it considers this risk to be immaterial.

Variable rate debt exposes the Group to a rate volatility risk (cash flow risk). The Group uses interest rate swaps (IRS) to hedge this risk, which transform variable rates into fixed ones, thus reducing the rate volatility risk. Under such IRS contracts, the Group agrees with the other parties to swap on specific dates the difference between the contracted fixed rates and the variable rate calculated on the loan's notional value. A potential rise in interest rates, from the record lows reached in recent years, is a risk factor in coming quarters; in order to limit this risk, during 2012 the Prysmian Group has taken out additional IRS contracts to mitigate the risk of a rise in interest rates until the end of 2016.

Risks associated with fluctuations in raw material prices

The principal material used for making the Prysmian Group's products is copper. The other raw materials used are aluminium, lead and steel, as well as various petroleum derivatives, such as PVC and polyethylene. All raw materials have experienced particularly significant price fluctuations in recent years, which could continue in coming quarters. The Group neutralises the impact of possible rises in the price of copper and its other principal raw materials through automatic sales price adjustment mechanisms or through hedging activities; the exception is petroleum derivatives (polyethylene, plastifying PVC, rubber and other chemical products), where the risk cannot be offset through hedging. Established commercial practice and/or the structural characteristics of the markets concerned mean that hedging of certain products (mainly in the Trade & Installers business area) involves the periodic updating of price lists (since it is not possible to use automatic sales price adjustment mechanisms). In such cases, it is possible that, in the current market context, the Company would be unable to quickly pass on the impact of fluctuations in raw material prices to sales prices. In particular, in the case of petroleum derivatives, it is standard practice for changes in purchase price to systematically take place later than changes in the petroleum price.

More generally, depending on the size and speed of copper price fluctuations, such fluctuations may have a significant impact on customers' buying decisions particularly in the Trade & Installers business area and the Power Distribution business line and certain lines in the Industrial area more exposed to cyclical trends in demand, and on the Group's margins and working capital. In particular, (i) significant, rapid increases and decreases in the copper price may cause absolute increases and decreases respectively in the Group's

profit margins due to the nature of the commercial relationships and mechanisms for determining end product prices and (ii) increases and decreases in the copper price may cause increases and decreases respectively in working capital (causing a consequent increase or decrease in the Group's net debt).
Risk hedging differs according to the type of business and supply contract, as shown in the following diagram:

Supply Contract	Main Application	Metal influence on Cable Price	Impact	Hedging of Metal Price Fluctuations	Impact
Predetermined delivery date	Projects (Power transmission) Cables for industrial applications (eg. OGP)	Technology and Design content are the main elements of the "solution" offered. Pricing little affected by metals		Pricing locked in at order intake Profitability protection through systematic hedging (long order-to-delivery cycle)	
Frame contracts	Cables for Utilities (eg. power distribution cables)	Pricing defined as hollow, thus automatic price adjustment through formulas linked to publicly available metal quotation		Price adjusted through formulas linked to publicly available metal quotation (average last month) Profitability protection through systematic hedging (short order-to-delivery cycle)	
Spot orders	Cables for construction and civil engineering	Standard products, high copper content, limited value added		Pricing managed through price lists (frequently updated) Competitive pressure may result in delayed price adjustment Hedging based on forecasted volumes rather than orders	

HIGH  LOW 

Metal price fluctuations are normally passed through to customers under supply contracts.
Hedging is used to systematically minimise profitability risks.

Risks relating to the Draka Group's integration process

The public offer for all the shares in Draka Holding N.V. was completed on 22 February 2011 with acceptances received from more than 99% of the shares, while on 27 February 2012, the Prysmian Group completed the squeeze-out procedure to obtain ownership of the company's entire share capital. After the integration process's initial preparatory phase, the new organisational structure was officially launched with effect from July 2011 and will guide the new Group with the goal of promoting both the Prysmian and Draka commercial brands and of realising the expected synergies.
Over the course of the integration process Prysmian expects to incur a total of some Euro 200 million in restructuring costs (net of any divestments) and to generate growing cost synergies starting from year one of the integration with the goal of achieving total annual synergies of Euro 150 million by 2015, mainly by reducing fixed costs, by optimising the industrial footprint and procurement, by making organisational

savings and improving operating efficiency and optical fibre sourcing, and by exploiting complementarities in the product portfolios.
However, Prysmian cannot rule out potential difficulties or delays in implementing the new organisational structure and the new operating processes, with a possible consequent adverse impact both on the timing and amount of expected synergies and restructuring costs.

Risks associated with activities in developing countries

The Prysmian Group operates and has production facilities and/or companies in Asia and Latin America. The Group's activities in these countries are exposed to different risks linked to local regulatory and legal systems, the imposition of tariffs or taxes, political and economic instability, and exchange rate risks.
Significant changes in the macroeconomic, political, tax or legislative framework of such countries could have an adverse impact on the Group's activities, results of operations and statement of financial position.

Risks associated with sources of finance

The effects of the recent major instability in the international banking and financial system could represent a potential risk factor in terms of obtaining financial resources and the associated cost. Prysmian Group believes that it has significantly mitigated such a risk after entering into a long-term loan agreement in March 2011 for Euro 800 million (Credit Agreement 2011) with a syndicate of major banks. This five-year agreement comprises a loan for Euro 400 million (Term Loan Facility 2011) and a revolving facility for Euro 400 million (Revolving Credit Facility 2011). It will be recalled that in January 2010 Prysmian entered into a forward start credit agreement for Euro 1,070 million, of which Euro 670 million related to a Term Loan Facility and Euro 400 million to a Revolving Credit Facility, maturing on 31 December 2014. This agreement was used on 3 May 2012 to replace the Credit Agreement made in 2007 at its natural maturity.
In addition, the placement of an unrated bond with institutional investors on the Eurobond market was completed in March 2010 for a nominal total of Euro 400 million with a 5.25% coupon and maturity in April 2015.
The annual interest rate on the cash credit facilities is equal to the sum of:
I. LIBOR or EURIBOR, depending on the currency;
II. an annual spread determined on the basis of the ratio between consolidated net financial position and consolidated EBITDA.
As at 30 June 2012, the Group had financial resources, comprising cash and cash equivalents and undrawn committed credit lines, in excess of Euro 1 billion.

A detailed analysis of "Borrowings from banks and other lenders" can be found in the Explanatory Notes to the Half-Year Condensed Consolidated Financial Statements.

Risks associated with sources of finance: financial covenants

The credit agreements mentioned in the preceding paragraph all contain a series of financial and non-financial covenants with which the Group must comply. These covenants restrict Prysmian's ability to increase its net debt; should it fail to satisfy one of the covenants, this would lead to a default event which, unless resolved under the terms of the respective agreements, could lead to their termination and/or an early repayment of any amounts drawn down. In such an eventuality, the Group might be unable to repay the amounts demanded early, which in turn would give rise to a liquidity risk.
The financial covenants are measured at the half-year close on 30 June and at the full-year close on 31 December. All covenants, financial and otherwise, were fully observed at 30 June 2012. In particular:
(i) the ratio between EBITDA and Net finance costs, as defined in the two credit agreements, was 6.47 (against a required covenant of not less than 4.00x);

(ii) the ratio between Net Financial Position and EBITDA, as defined in the two credit agreements, was 2.16 (against a required covenant of below 3.50x);

Furthermore, during February 2011, concurrently with the Draka acquisition, the Group had obtained from the syndicate of financing banks a significant extension to its financial covenants, as reported above, with respect to the previous ones.

As things stand and in view of the above widening of the financial covenants, Prysmian Group believes that it will not have to face this risk in the near future.

Risks relating to legal and tax proceedings

Prysmian S.p.A. and some Prysmian Group companies are currently involved in tax and legal proceedings in connection with their business, involving civil, criminal and administrative actions. In some of these cases, the company might not be able to accurately quantify the potential losses or penalties and, if the proceedings have an adverse outcome, this could have even a material impact on the Group's activities, results of operations and statement of financial position.

More specifically, the European Commission, the US Department of Justice and the Japanese antitrust authority started an investigation in late January 2009 into several European and Asian electrical cable manufacturers to verify the existence of alleged anti-competitive practices in the high voltage underground and submarine cables markets. Subsequently, the Australian Competition and Consumers Commission ("ACCC") and the New Zealand Commerce Commission also started similar investigations. During 2011, the Canadian antitrust authority also started an investigation into a high voltage submarine project dating back to 2006. The investigations in Japan and New Zealand ended in previous years without any sanctions for Prysmian. The other investigations are still in progress and the Group is fully collaborating with the relevant authorities.

In Australia, the ACCC has filed a case before the Federal Court arguing that Prysmian Cavi e Sistemi S.r.l. (formerly Prysmian Cavi e Sistemi Energia S.r.l.) and two other companies violated antitrust rules in connection with a high voltage underground cable project awarded in 2003. Prysmian Cavi e Sistemi S.r.l. was officially served with this claim in April 2010 and has since filed its defence.

In Brazil, the local antitrust authority has started an investigation into several cable manufacturers, including Prysmian, in the high voltage underground and submarine cables market (this is the only investigation for which the Group has been unable to estimate the size of the provision).

At the start of July 2011, Prysmian received a statement of objection from the European Commission in relation to the investigation started in January 2009 into the high voltage underground and submarine energy cables market. This document contains the Commission's preliminary position on alleged anti-competitive practices and does not prejudge its final decision. Prysmian has therefore had access to the Commission's dossier and, while fully co-operating, has presented its defence against the related allegations. This past June was the hearing before the European Commission during which Prysmian, as well as the other companies party to the proceedings, had the opportunity to submit its defence.

Already during 2011, in view of the developments in the European Commission investigation, management believed that it was able to estimate the risk relating to the investigations underway in the various jurisdictions, except for Brazil.

The amount of the provision at 30 June 2012, totalling Euro 211 million, still represents the best estimate of this liability based on the information currently available, even though the outcome of the pending demands in the various jurisdictions is still uncertain.

Risks associated with delivery dates and product quality

Some supply and/or installation contracts entered into by the Prysmian Group include penalties if the agreed delivery date or qualitative standards are not met. The application of such penalties, the obligation to compensate any damages as well as the impact of any delayed delivery on the supply chain, could adversely affect the Group's activities, results of operations and statement of financial position.

Although in recent years, Group companies have not been involved in claims for damages of this kind, it is not possible to guarantee that in the future the Group will always manage to fully and promptly meet such commitments.

STOCK OPTION PLANS

Information about the evolution of existing stock option plans can be found in Note 23 to the Half-Year Condensed Consolidated Financial Statements.

RELATED PARTY TRANSACTIONS

Related party transactions do not qualify as either atypical or unusual but fall into the normal course of business by Group companies. Such transactions take place under market terms and conditions, according to the type of goods and services provided.

Information on related party transactions, including that required by the Consob Communication dated 28 July 2006, is presented in Note 20 to the Half-Year Condensed Consolidated Financial Statements.

Milan, 7 August 2012

ON BEHALF OF THE BOARD OF DIRECTORS

THE CHAIRMAN

Massimo Tononi

HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Euro)

	Note	30 June 2012	of which related parties (Note 20)	31 December 2011	of which related parties (Note 20)
Non-current assets					
Property, plant and equipment	1	1,547		1,539	
Intangible assets	1	619		618	
Investments in associates		91	91	87	87
Available-for-sale financial assets		5		6	
Derivatives	4	5		2	
Deferred tax assets		99		97	
Other receivables	2	43		52	
Total non-current assets		**2,409**		**2,401**	
Current assets					
Inventories	3	1,111		929	
Trade receivables	2	1,462	14	1,197	8
Other receivables	2	626		516	
Financial assets held for trading	5	50		80	
Derivatives	4	22		28	
Cash and cash equivalents	6	472		727	
Total current assets		**3,743**		**3,477**	
Assets held for sale	7	2		5	
Total assets		**6,154**		**5,883**	
Equity attributable to the Group:		**1,073**		**1,042**	
Share capital	8	21		21	
Reserves	8	962		1,157	
Net profit/(loss) for the period		90		(136)	
Equity attributable to non-controlling interests:		**52**		**62**	
Share capital and reserves		52		71	
Net profit/(loss) for the period		-		(9)	
Total equity		**1,125**		**1,104**	
Non-current liabilities					
Borrowings from banks and other lenders	9	1,482		880	
Other payables	10	30		32	
Provisions for risks and charges	11	64		67	
Derivatives	4	50		36	
Deferred tax liabilities		110		106	
Employee benefit obligations	12	308	4	268	1
Total non-current liabilities		**2,044**		**1,389**	
Current liabilities					
Borrowings from banks and other lenders	9	429		982	
Trade payables	10	1,577	3	1,421	5
Other payables	10	632	17	571	28
Derivatives	4	42		71	
Provisions for risks and charges	11	294		295	
Current tax payables		11		50	
Total current liabilities		**2,985**		**3,390**	
Total liabilities		**5,029**		**4,779**	
Total equity and liabilities		**6,154**		**5,883**	

CONSOLIDATED INCOME STATEMENT

(in millions of Euro)

	Note	1st half 2012	of which related parties (Note 20)	1st half 2011	of which related parties (Note 20)
Sales of goods and services		3.916	29	3.574	14
Change in inventories of work in progress, semi-finished and finished goods		88		13	
of which non-recurring change in inventories of work in progress, semi-finished and finished goods	13	-		*(14)*	
Other income		20		24	
of which non-recurring other income	13	*1*		*1*	
Raw materials, consumables used and goods for resale		(2.666)	(5)	(2.473)	(3)
Fair value change in metal derivatives		1		(33)	
Personnel costs		(518)	(8)	(416)	(5)
of which non-recurring personnel costs	13	*(22)*		*(7)*	
of which personnel costs for stock option fair value	23	*(9)*		-	
Amortisation, depreciation and impairment		(80)		(65)	
of which non-recurring impairment	13	*(1)*		-	
Other expenses		(583)		(696)	
of which non-recurring other expenses	13	*(21)*		*(223)*	
Operating income	13	**178**		**(72)**	
Finance costs	14	(192)		(157)	
of which non-recurring finance costs		*(2)*		-	
Finance income	14	134	1	95	
Share of income from investments in associates and dividends from other companies		8	8	4	4
Profit/(loss) before taxes		**128**		**(130)**	
Taxes	15	(38)		(26)	
Net profit/(loss) for the period		**90**		**(156)**	
Attributable to:					
Owners of the parent		90		(156)	
Non-controlling interests		-		-	
Basic earnings/(loss) per share (in Euro)	16	**0,43**		**(0,76)**	
Diluted earnings/(loss) per share (in Euro)	16	**0,43**		**(0,76)**	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of Euro)

	1st half 2012	1st half 2011
Net profit/(loss) for the period	**90**	**(156)**
Fair value gains/(losses) on available-for-sale financial assets - gross of tax	-	1
Fair value gains/(losses) on available-for-sale financial assets - tax effect	-	-
Fair value gains/(losses) on cash flow hedges - gross of tax	(5)	18
Fair value gains/(losses) on cash flow hedges - tax effect	2	(5)
Actuarial gains/(losses) on employee benefits - gross of tax	(28)	2
Actuarial gains/(losses) on employee benefits - tax effect	3	-
Currency translation differences	4	(32)
Total post-tax other comprehensive income/(loss) for the period	**(24)**	**(16)**
Total comprehensive income/(loss) for the period	**66**	**(172)**
Attributable to:		
Owners of the parent	66	(169)
Non-controlling interests	-	(3)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in millions of Euro)

	Share capital	Fair value gains and losses on available-for-sale financial assets	Cash flow hedges	Currency translation reserve	Other reserves	Net profit/(loss) for the period	Non-controlling interests	Total
Balance at 31 December 2010	**18**	**-**	**(13)**	**(31)**	**634**	**148**	**43**	**799**
Allocation of prior year net result	-	-	-	-	148	(148)	-	-
Capital contributions	3	-	-	-	476	-	-	479
Capital increase costs	-	-	-	-	(1)	-	-	(1)
Dividend distribution	-	-	-	-	(35)	-	(1)	(36)
Change in scope of consolidation	-	-	-	-	-	-	28	28
Total comprehensive income/(loss) for the period	-	1	13	(29)	2	(156)	(3)	(172)
Balance at 30 June 2011	**21**	**1**	**-**	**(60)**	**1,224**	**(156)**	**67**	**1,097**
Balance at 31 December 2011	**21**	**-**	**(17)**	**(36)**	**1,210**	**(136)**	**62**	**1,104**
Allocation of prior year net result	-	-	-	-	(136)	136	-	-
Fair value - stock options	-	-	-	-	9	-	-	9
Dividend distribution					(44)		(1)	(45)
Non-controlling interests acquired in subsidiaries (1)	-	-	-	-	(3)	-	(9)	(12)
Put option release					3			3
Total comprehensive income/(loss) for the period	-	-	(3)	4	(25)	90	-	66
Balance at 30 June 2012	**21**	**-**	**(20)**	**(32)**	**1,014**	**90**	**52**	**1,125**

(1) This amount refers to the squeeze-out procedure to purchase the shares of Draka Holding NV, and to the acquisitions of Draktel Optical Fibre S.A. and Neva Cables Ltd.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of Euro)

		1st half 2012	of which related parties (Note 20)	1st half 2011	of which related parties (Note 20)
	Profit/(loss) before taxes	128		(130)	
	Depreciation and impairment of property, plant and equipment	65		55	
	Amortisation and impairment of intangible assets	15		10	
	Net gains on disposal of property, plant and equipment, intangible assets and other non-current assets	(1)		(1)	
	Share of income from investments in associates	(8)		(4)	
	Fair value - stock options	9		-	
	Fair value change in metal derivatives and other fair value items	(1)		33	
	Net finance costs	58		62	
	Changes in inventories	(167)		(58)	
	Changes in trade receivables/payables	(104)	(8)	(79)	(3)
	Changes in other receivables/ payables	(89)	(11)	43	
	Changes in receivables/payables for derivatives	1		1	
	Taxes paid	(32)		(37)	
	Utilisation of provisions (including employee benefit obligations)	(48)		(41)	
	Increases in provisions (including employee benefit obligations)	41	3	218	
A.	**Net cash flow provided by/(used in) operating activities**	**(133)**		**72**	
	Acquisitions (1)	(35)	(25)	(419)	
	Investments in property, plant and equipment	(55)		(46)	
	Disposals of property, plant and equipment	2		11	
	Investments in intangible assets	(10)		(11)	
	Investments in financial assets held for trading	(2)		-	
	Disposals of financial assets held for trading	29		20	
	Disposals of available-for-sale financial assets	-		143	
	Dividends received	6	6	4	
B.	**Net cash flow provided by/(used in) investing activities**	**(65)**		**(298)**	
	Capital contributions and other changes in equity	-		1	
	Dividend distribution	(45)		(36)	
	Finance costs paid	(188)		(176)	
	Finance income received	112		87	
	Changes in net financial payables	54		272	
C.	**Net cash flow provided by/(used in) financing activities**	**(67)**		**148**	
D.	**Currency translation gains/(losses) on cash and cash equivalents**	**10**		**(9)**	
E.	**Total cash flow provided/(used) in the period (A+B+C+D)**	**(255)**		**(87)**	
F.	**Net cash and cash equivalents at the beginning of the period**	727		630	
G.	**Net cash and cash equivalents at the end of the period (E+F)**	**472**		**543**	

(1) The figure of Euro 35 million in the first six months of 2012 refers to:

- Euro 23 million for the acquisition of Telcon Fios e Cabos para Telecomunicaçoes S.A. (stated net of Euro 9 million in cash and cash equivalents held by the acquiree at the acquisition date);
- Euro 9 million for the cash outlay under the squeeze-out procedure to purchase Draka Holding NV shares;
- Euro 2 million for the acquisition of Draktel Optical Fibre S.A.;
- Euro 1 million for the acquisition of Neva Cables Ltd.

The figure of Euro 419 million at the end of June 2011 represented the cash outlay of Euro 501 million to acquire the Draka Group minus the Draka Group's net cash and cash equivalents at the acquisition date.

EXPLANATORY NOTES

A. GENERAL INFORMATION

Prysmian S.p.A. ("the Company") is a company incorporated and domiciled in Italy and organised under the laws of the Republic of Italy.

The Company has its registered office in Viale Sarca, 222 - Milan (Italy).

Prysmian S.p.A. has been listed on the Italian Stock Exchange since 3 May 2007 and has been included since September 2007 in the FTSE MIB index, comprising the top 40 Italian companies by capitalisation and stock liquidity.

The Company and its subsidiaries (together "the Group" or "Prysmian Group") produce, distribute and sell cables and systems and related accessories for the energy and telecommunications industries worldwide.

Squeeze-out procedure

On 27 February 2012, the squeeze-out, permitted under art. 2:359c of the Dutch Civil Code, was completed in order to purchase the 478,878 ordinary shares of Draka Holding N.V., for which the acceptance was not obtained during the public mixed exchange and cash offer for all the Draka Holding N.V. ordinary shares. The successful conclusion of the squeeze-out means that Prysmian Group now holds the entire share capital of Draka Holding N.V..
The squeeze-out procedure required Prysmian S.p.A. to make available to these share-owners the sum of Euro 8,886,251.19, inclusive of legal interest required under Dutch law, on a deposit account held at the Dutch Ministry of Finance; this amount was calculated on the basis of a value of Euro 18.53 per share, as determined by the corporate division of the Amsterdam Appeal Court.

The consolidated financial statements contained herein were approved by the Board of Directors on 7 August 2012. The present document has been the subject of a limited review by the independent auditors.

Note: all the amounts shown in the tables in the following Notes are expressed in millions of Euro, unless otherwise stated.

B. FORM AND CONTENT

The present half-year condensed consolidated financial statements have been prepared on a going concern basis, since the directors have assessed that there are no financial, operating or other kind of indicators that might provide evidence of the Group's inability to meet its obligations in the foreseeable future and particularly in the next 12 months.
In particular, the Group's estimates and projections have taken into account the increase in net debt resulting from the Draka acquisition, possible developments in the investigations by the European Commission and

other jurisdictions into alleged anti-competitive practices in the high voltage underground and submarine cables market, as well as the risk factors described in the Directors' Report, and confirm Prysmian Group's ability to operate as a going concern and to comply with its financial covenants.

The Company has prepared the present document in compliance with the International Financial Reporting Standards (IFRS) issued by the IASB and recognised by the European Union in Regulation (EC) n.1606/2002 of the European Parliament and Council dated 19 July 2002, and specifically in accordance with *IAS 34 – Interim Financial Reporting*, and the instructions issued in implementation of art. 9 of Italian Decree 38/2005. As permitted by *IAS 34*, the Group has decided to publish its half-year consolidated financial statements and associated explanatory notes in a condensed format.

The information contained in the half-year condensed consolidated financial statements must be read in conjunction with the annual IFRS consolidated financial statements at 31 December 2011.

B.1 FINANCIAL STATEMENTS AND DISCLOSURES

The Group has decided to present its income statement according to the nature of expenses, whereas assets and liabilities in the statement of financial position are classified as current or non-current. The statement of cash flows has been prepared using the indirect method. The Group has also applied the provisions of Consob Resolution 15519 dated 27 July 2006 concerning financial statement formats and the requirements of Consob Communication 6064293 dated 28 July 2006 regarding disclosures.

The provisional fair values at 30 June 2011 of the assets and liabilities relating to the Draka Group business combination do not materially differ from the final values at 31 December 2011, meaning it has not been necessary to amend the disclosure made in 1st half 2011.

For the sake of consistency with the current presentation, the consolidated income statement for 1st half 2011, presented in the half-year condensed consolidated financial statements for comparative purposes, contains some reclassifications compared with the previously published figures. In particular, the cost of goods for resale and related change in inventories have been reclassified from "Other expenses" to "Raw materials, consumables used and goods for resale". The amount of the reclassification in 1st half 2011 is Euro 58 million.

When preparing the half-year condensed consolidated financial statements, management has made judgements, estimates and assumptions that affect the value of revenues, costs, assets and liabilities and the disclosures relating to contingent assets and liabilities at the reporting date. As estimates, these may differ from the actual results obtained in the future. Some valuation processes, particularly more complex ones such as the determination of any impairment losses against the value of property, plant and equipment and intangible assets, are carried out fully only at year end, when all the necessary information is available, unless there are impairment indicators that require the immediate recognition of a loss.

B.2 ACCOUNTING STANDARDS

Accounting standards used to prepare the half-year condensed consolidated financial statements

The consolidation principles, the methods applied for translating financial statements into the presentation currency, the accounting standards and the accounting estimates adopted are the same as those used for the consolidated financial statements at 31 December 2011, to which reference should be made for more details, except for:

1. income taxes, which have been recognised using the best estimate of the weighted average tax rate for the full year;
2. the accounting standards and amendments discussed below and obligatorily applied with effect from 1 January 2012 after receiving endorsement from the competent authorities.

Accounting standards, amendments and interpretations applied from 1 January 2012

On 7 October 2010, the IASB published a number of amendments to *IFRS 7 – Financial Instruments: Disclosures*. These amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets and the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. These amendments were published in the Official Journal of the European Union on 23 November 2011 and apply to financial years beginning on or after 1 July 2011. The application of these amendments has not had any effect on the present half-year condensed consolidated financial statements.

New standards, amendments and interpretations of existing standards, not yet mandatory and not adopted early by the Group

On 12 November 2009, the IASB issued the first part of a new accounting standard *IFRS 9 – Financial Instruments*, which will supersede *IAS 39 - Financial Instruments: Recognition and Measurement*. This initial document addresses the classification of financial instruments and forms part of a three-phase project, whose second and third phases will address the impairment methodology for financial assets and the application of hedge accounting respectively. This new standard, whose purpose is to simplify and reduce the complexity of accounting for financial instruments, classifies financial instruments in three categories that the reporting entity defines according to its business model, and to the contractual characteristics and related cash flows of the instruments in question.
On 28 October 2010, the IASB published new requirements on accounting for financial liabilities. These requirements will be added to *IFRS 9* and complete the classification and measurement phase of the project to replace *IAS 39*.

On 16 December 2011, the IASB published *Mandatory Effective Date and Transition Disclosures (Amendments to IFRS 9 and IFRS 7)*, which defers the mandatory effective date of *IFRS 9* from 1 January 2013 to 1 January 2015, while nonetheless leaving the possibility of earlier application unchanged.
As at the present document date, the European Union had not yet completed the endorsement process needed for this document to apply.

On 20 December 2010, the IASB issued a document entitled *Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12)*. The current version of *IAS 12* requires the recoverability of deferred tax assets to be assessed on the basis of judgements concerning their possible use or sale. The amendment provides a practical solution by introducing a presumption in relation to investment property, and to property, plant and equipment and intangible assets that are recognised or measured at fair value. This presumption assumes that a deferred tax asset will be fully recovered through sale, unless there is clear evidence that its carrying amount can be recovered through use.
As a result of the amendment of *IAS 12*, *SIC 21 - Income Taxes: Recovery of Revalued Non-Depreciable Assets* will be withdrawn. As at the present document date, the European Union had not yet completed the endorsement process needed for the application of this amendment, which is due to come into effect from 1 January 2012.

On 12 May 2011, the IASB issued *IFRS 10, IFRS 11 and IFRS 12* and amendments to *IAS 27 and IAS 28*.
These documents are due to become effective from 1 January 2013. Earlier adoption of one of these standards necessarily involves mandatory adoption of the other four. As at the present document date, the European Union had not yet completed the endorsement process.

The principal changes are as follows:

IFRS 10 - Consolidated Financial Statements
This standard supersedes *SIC 12 - Consolidation: Special Purpose Entities* and parts of *IAS 27 - Consolidated and Separate Financial Statements*. The objective of the new standard is to define the concept of control and to combine the guidance on consolidation in a single document.
The new definition of control is more detailed and complex than before, and is associated with the ongoing existence of all three of the following precise circumstances: power over the investee, exposure or rights to variable returns from involvement with the investee and ability of the investor to use its power over the investee to affect the amount of its return.

IAS 27 - Separate Financial Statements
IAS 27 - Consolidated and Separate Financial Statements has been revised following publication of *IFRS 10 - Consolidated Financial Statements*. All references to consolidation have been removed from the revised standard. Consequently, *IAS 27* addresses only separate financial statements.

IFRS 11 - Joint Arrangements
This document supersedes *IAS 31 - Interests in Joint Ventures* and *SIC 13 - Jointly Controlled Entities: Non-Monetary Contributions by Venturers* and establishes principles for identifying a joint arrangement on the basis of the rights and obligations arising from the arrangement, rather than its legal form. The accounting treatment differs according to whether the arrangement is classified as a joint operation or a

joint venture. In addition, the existing policy choice of proportionate consolidation for joint ventures has been eliminated.

IFRS 12 - Disclosure of Interests in Other Entities
This document refers to the disclosures concerning interests in other entities, including subsidiaries, associates and joint ventures.
The objective is to disclose information that enables users of financial statements to evaluate the nature of risks associated with interests in strategic investments (consolidated and otherwise) intended to be held over the medium to long term.

On the same date the IASB issued *IFRS 13 - Fair Value Measurement*, which sets out in a single document the rules defining the fair value concept and its use for measurement purposes in the various circumstances permitted by IFRSs. As at the present document date, the European Union had not yet completed the endorsement process needed for the application of this standard, which is due to come into effect from 1 January 2013.

On 16 June 2011, the IASB issued an amendment to *IAS 1 - Presentation of Financial Statements.* The amendment requires entities to group together items within "Other comprehensive income" based on whether they can or cannot subsequently be reclassified to profit or loss. This document was published in the Official Journal of the European Union on 6 June 2012 and is applicable to financial years beginning on or after 1 July 2012.
On the same date, the IASB also published a revised version of *IAS 19 - Employee Benefits.* The amendments make important improvements insofar as: they eliminate the "corridor method" option to defer recognition of actuarial gains and losses, and require plan deficits or surpluses to be presented in the statement of financial position, costs relating to employee service and net interest expense to be recognised in the statement of income, and actuarial gains and losses arising from the remeasurement of plan assets and liabilities to be presented in other comprehensive income. The return on plan assets recognised in net interest expense must be calculated using the discount rate applying to plan liabilities and no longer using the expected rate of return on plan assets. The revised standard also calls for new disclosures to be provided in the notes to financial statements. This document was published in the Official Journal of the European Union on 6 June 2012 and is applicable to financial years beginning on or after 1 January 2013. Earlier application is permitted.

On 16 December 2011, the IASB published amendments to IAS 32: *Offsetting Financial Assets and Financial Liabilities* to clarify the criteria for offsetting financial assets and liabilities.
The amendments clarify that:
- the right of set-off between financial assets and liabilities must be available at the financial reporting date and not contingent on a future event,
- this right must be enforceable by all counterparties both in the normal course of business and in the event of insolvency/bankruptcy.

The amendments are effective for financial years beginning on or after 1 January 2014 and are required to be applied retrospectively.

On the same date, the IASB published amendments to IFRS 7: *Disclosures - Offsetting Financial Assets and Financial Liabilities* to introduce new disclosures that will allow users of financial statements to assess the impact on the financial statements of offsetting financial assets and liabilities. The disclosures relate to master netting arrangements and similar agreements. The amendments are effective for financial years beginning on or after 1 January 2013 and are required to be applied retrospectively.

As at the present document date, the European Union had not yet completed the endorsement process needed for the application of these amendments.

B.3 CHANGES IN THE SCOPE OF CONSOLIDATION

The Group's scope of consolidation includes the financial statements of Prysmian S.p.A. (the Parent Company) and of the companies over which it exercises direct or indirect control, which are consolidated from the date when control is obtained until the date when such control ceases.

The following changes took place during the first six months of 2012:

Acquisitions

On 5 March 2012, Prysmian Cavi e Sistemi S.r.l and Prysmian S.p.A. respectively acquired 99.99% and 0.01% of the shares in Jaguar Communication Consultancy Services Private Ltd, an Indian company formed on 31 January 2012.

On 4 April 2012, Draka Comteq Brasil Holding Ltda acquired 0.81% of the shares in Draka Cableteq Brasil S.A..

On 5 April 2012, Draka Cableteq Brasil S.A. finalised the acquisition of 50% of the shares in Telcon Fios e Cabos para Telecomunicaçoes S.A. and of 30% of the shares in Draktel Optical Fibre S.A., thereby becoming the sole shareholder of these two Brazilian telecom cable and optical fibre companies, which had joined the Group following the acquisition of the Draka Group in 2011. The value of the acquisition amounts to approximately Euro 25 million (Euro 23 million for Telcon Fios e Cabos para Telecomunicaçoes SA. and Euro 2 million for Draktel Optical Fibre S.A.).

On 11 May 2012, Draka Comteq Finland OY acquired the entire 25% non-controlling interest in Neva Cables Ltd, a Russian company that is now wholly owned by the Group.

New company formations

Prysmian Electronics S.r.l. was formed in Italy on 12 January 2012. It is owned by Prysmian Cavi e Sistemi S.r.l. (80%) and third parties (20%).

Prysmian UK Group Limited was formed on 2 April 2012. It is wholly owned by Draka Holding N.V.

Mergers

On 27 June 2012, the merger was completed of Draka Industry & Specialty S.L.U. and Draka Elevator Products Spain S.L.U. into Draka Cables Industrial S.L.U. (which on 30 June 2012 changed its legal form, assuming the new name of Draka Cables Industrial S.A.).

On 28 June 2012 and 29 June 2012 the respective mergers were completed of Draka Marine Oil and Gas International LLC into Draka Cableteq USA and of Draka Holdings USA Inc. into Draka Cableteq USA.

Liquidations

On 10 January 2012, the process of winding up Draka UK (EXDCC) Pension Plan Trust Company Ltd was completed with the company's removal from the local company registry.

On 24 January 2012, the process of winding up Prysmian Cables Ltd. and Prysmian Focom Ltd. was completed with their removal from the local company registry.

On 31 January 2012, the process of winding up Draka UK Services Ltd., Draka Cardinal Ltd. and RMCA Holdings Ltd. was completed with their removal from the local company registry.

On 17 February 2012, the process of winding up NKF Americas N.V. and NKF Caribe N.V., both registered in the Dutch Antilles, was completed with their removal from the local company registry.

On 1 June 2012, the process of winding up the German company Sykonec GMBH was completed with its removal from the local company registry.

Ravin Cables Limited

At the beginning of 2010 the Prysmian Group acquired a 51% interest in the Indian company Ravin Cables Limited. Over recent months relations with the minority shareholders have significantly deteriorated and, in these circumstances, Prysmian has also initiated arbitration proceedings at the London Court of International Arbitration (LCIA). From the second quarter of the year, it has been impossible for Prysmian to be able to obtain reliable, updated financial information about the Indian company. In view of these events, the half-year condensed consolidated financial statements reflects the statement of financial position and income statement of Ravin Cables Limited at 31 March 2012, which are those latest available.

Appendix A provides a list of the Prysmian Group's subsidiaries, associates and significant investments at 30 June 2012.

C. SEGMENT INFORMATION

The criteria used for identifying reportable segments are consistent with the way in which management runs the Group.

In particular, the information is structured in the same way as the report periodically reviewed by the Chief Executive Officer for the purposes of managing the business. In fact, the Chief Executive Officer reviews operating performance by macro type of business (Energy and Telecom), assesses the results of operating segments primarily on the basis of Adjusted EBITDA, defined as earnings (loss) for the period before non-recurring items (eg. restructuring costs), amortisation, depreciation and impairment, finance costs and income, and taxes, and reviews the statement of financial position for the Group as a whole, and not by operating segment.

In order to provide users of the financial statements with clearer information, certain economic data is also reported for the following sales channels and business areas within the individual operating segments:

A) Energy operating segment:

1. Utilities: organised in four lines of business, comprising High Voltage, Power Distribution, Accessories and Submarine;
2. Trade & Installers: low and medium voltage cables for power distribution to and within residential and other buildings;
3. Industrial: comprises cables and accessories for special industrial applications based on specific requirements (Specialties&OEM; Oil&Gas; Automotive; Renewables; Surf; Elevator);
4. Other: occasional sales of residual products.

B) Telecom operating segment: organised in the following lines of business: Telecom Solutions (Telecom Optical and Telecom Copper); Optical Fibre; Multimedia Solutions; OPGW.

All Corporate fixed costs are allocated to the Energy and Telecom segments. Revenues and costs are allocated to each operating segment by identifying all revenues and costs directly attributable to that segment and by allocating indirect costs on the basis of Corporate resources (personnel, space used, etc.) absorbed by the operating segments.

Group operating activities are organised and managed separately based on the nature of the products and services provided: each segment offers different products and services to different markets. Sales of goods and services are analysed geographically on the basis of the location of the registered office of the company that issues the invoices, regardless of the geographic destination of the products sold. This type of reporting does not significantly differ from the breakdown of sales of goods and services by destination of the products being sold. Transfer pricing between segments is determined using the same conditions as applied between Group companies and is generally determined by applying a mark-up to production costs.

C.1 OPERATING SEGMENTS

The following tables present information by operating segment.

(in millions of Euro)

	Energy					Telecom	Corporate	1st half 2012 Group total
	Utilities	Trade & Installers	Industrial	Other	Total			
Sales of goods and services to third parties [1]	1.073	1.110	920	67	3.170	746	-	3.916
Adjusted EBITDA (A)	**117**	**42**	**70**	**(0)**	**229**	**79**	**-**	**308**
% of sales	10,9%	3,8%	7,6%		7,2%	10,6%		7,9%
EBITDA (B)	**111**	**33**	**64**	**(2)**	**206**	**68**	**(8)**	**266**
% of sales	10,3%	3,0%	7,0%		6,5%	9,2%		6,8%
Amortisation and depreciation (C)	(17)	(14)	(21)	(2)	(54)	(25)		**(79)**
Adjusted operating income (A+C)	**100**	**28**	**49**	**(2)**	**175**	**54**		**229**
% of sales	9,3%	2,5%	5,4%		5,5%	7,3%		5,9%
Fair value change in metal derivatives (D)								**1**
Fair value stock options (E)								**(9)**
Impairment of assets (F)				(1)				**(1)**
Operating income (B+C+D+E+F)								**178**
% of sales								4,5%
Share of income from investments in associates and dividends from other companies								8
Finance costs								(192)
Finance income								134
Taxes								(38)
Net profit/(loss) for the period								**90**
Attributable to:								
Owners of the parent								90
Non-controlling interests								-

Reconciliation of EBITDA to Adjusted EBITDA

(in millions of Euro)

EBITDA (A)	**111**	**33**	**64**	**(2)**	**206**	**68**	**(8)**	**266**
Non-recurring expenses/(income):								
Company reorganisation	1	6	6	1	14	7	6	27
Antitrust	3	-	-	-	3	-	-	3
Draka integration costs	-	-	-	1	1	-	2	3
Tax inspections	-	-	-	1	1	2	-	3
Environmental remediation and other costs	-	1	-	-	1	-	-	1
Italian pensions reform	1	-	-	-	1	-	-	1
Other non-recurring expenses	1	2	-	-	3	2	-	5
Gains on disposal of assets held for sale	-	-	-	(1)	(1)	-	-	(1)
Total non-recurring expenses/(income) (B)	**6**	**9**	**6**	**2**	**23**	**11**	**8**	**42**
Adjusted EBITDA (A+B)	**117**	**42**	**70**	**-**	**229**	**79**	**-**	**308**

(1) The sales of the operating segments and business areas are reported net of intercompany transactions, consistent with the presentation adopted in the regularly reviewed reports.

(in millions of Euro)				1st half 2011
	Energy	Telecom	Corporate	Group total
Sales of goods and services to third parties	2.989	585	-	3.574
Adjusted EBITDA (A)	**215**	**54**	**-**	**269**
% of sales	7,1%	9,0%		7,5%
EBITDA (B)	**(2)**	**44**	**(16)**	**26**
% of sales	-0,1%	7,3%		0,7%
Amortisation and depreciation (C)	(47)	(18)	**-**	**(65)**
Adjusted operating income (A+C)	**168**	**36**		**204**
% of sales	5,6%	6,0%		5,7%
Fair value change in metal derivatives (D)				**(33)**
Operating income (B+C+D)				**(72)**
% of sales				-2,0%
Share of income from investments in associates and dividends from other companies				4
Finance costs				(157)
Finance income				95
Taxes				(26)
Net profit/(loss) for the period				**(156)**
Attributable to:				
Owners of the parent				(156)
Non-controlling interests				**-**

Reconciliation of EBITDA to Adjusted EBITDA

(in millions of Euro)				
EBITDA (A)	**(2)**	**44**	**(16)**	**26**
Non-recurring expenses/(income):				
Company reorganisation	6	4	2	12
Antitrust	200	-	-	200
Draka integration costs	-	-	6	6
Draka acquisition costs	-	-	6	6
Effects of Draka change of control	-	-	2	2
Release of Draka inventory step-up	8	6	-	14
Business interruption Libya	4	-	-	4
Gains on disposal of assets held for sale	(1)	-	-	(1)
Total non-recurring expenses/(income) (B)	**217**	**10**	**16**	**243**
Adjusted EBITDA (A+B)	**215**	**54**	**-**	**269**

The figures for the first six months of 2011 are reported by operating segment (Energy and Telecom), without any further breakdown by business area. This is because operating segment at that date represents a suitable basis of comparison for the Group structure.

C.2 GEOGRAPHICAL AREAS

The following table presents sales of goods and services by geographical area, with reference to the invoicing country.

(in millions of Euro)

	1st half 2012	1st half 2011
Sales of goods and services	**3,916**	**3,574**
EMEA*	2,448	2,371
(of which Italy)	458	496
North America	559	393
Latin America	354	316
Asia Pacific	555	494

*EMEA = Europe, Middle East and Africa

D. BUSINESS COMBINATIONS

On 5 April 2012, the Prysmian Group acquired, through its subsidiary Draka Cableteq Brasil, a majority 50% controlling interest in the Brazilian company Telcon Fios e Cabos para Telecomunicaçoes SA., thereby becoming its sole shareholder. For practicality and in the absence of material impacts, the acquisition date of the remaining of the 50% of shares has been taken as 31 March 2012, with revenues and expenses consolidated as from 1 April 2012.

In compliance with IFRS 3, the fair values of the assets, liabilities and contingent liabilities have been determined on a provisional basis, given the fact that some estimation processes have been not completed at the reporting date. These measurements could be adjusted over the course of the twelve-month period from the acquisition date.

(in millions of Euro)

Total acquisition cost (A)	21
Dividend distribution (B)	11
Fair value of net assets acquired* (C)	25
Goodwill (A)+(B)-(C)	**7**
Cash outlay for acquisition	32
Cash held by acquired company	(9)
Acquisition cash flow	**23**

* The fair values are reported on provisional basis.

Details of the provisional fair values of the assets/liabilities acquired are as follows:

(in millions of Euro)

	Fair value*
Property, plant and equipment	12
Intangible assets	2
Financial receivables - non-current	3
Inventories	4
Trade and other receivables	15
Trade and other payables	(13)
Deferred tax liabilities	(2)
Borrowings from banks and other lenders	(5)
Cash and cash equivalents	9
Net assets acquired (C)*	**25**

* The fair values are reported on provisional basis.

The acquisition has given rise to a provisional amount of Euro 7 million in goodwill, which has been recorded in "Intangible assets".

If the company had been consolidated from 1 January 2012, its contribution to sales of goods and services would have been Euro 16 million, while its contribution to the six-month result would have been Euro 1 million.

1. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Details of these balances and related movements are as follows:

(in millions of Euro)

	Property, plant and equipment	**Intangible assets**	***of which Goodwill***
Balance at 31 December 2011	**1,539**	**618**	***352***
Movements in period:			
- Business combinations	12	9	*7*
- Investments	55	10	-
- Disposals	(2)	-	-
- Depreciation, amortisation and impairment	(65)	(15)	-
- Currency translation differences	8	(3)	-
Total movements	**8**	**1**	**7**
Balance at 30 June 2012	**1,547**	**619**	**359**
Of which:			
- Historical cost	2,113	770	*379*
- Accumulated depreciation/amortisation and impairment	(566)	(151)	*(20)*
Net book value	**1,547**	**619**	***359***

A total of Euro 55 million has been invested in property, plant and equipment in the first six months of 2012. These investments pertain:

- 56% to projects to increase production capacity and develop new products;
- 27% to structural work primarily involving buildings or entire production lines for compliance with the latest regulations;
- 17% to projects to improve industrial efficiency.

Machinery is subject to Euro 21 million in liens in connection with long-term loans.
Investments in intangible assets amount to Euro 10 million, most of which in connection with the Brazilian subsidiary's development of a prototype destined for flexible pipe production and with the development of the "SAP Consolidation" project, aimed at harmonising the information system across the Group.

At 30 June 2012, Prysmian Angel Tianjin Cable Co. Ltd. recognised Euro 1 million in impairment of its plant and machinery.

The increase of Euro 7 million in goodwill relates to acquisition of the majority interest in Telcon Fios e Cabos para Telecomunicaçoes S.A.. Further details can be found in Section D. Business combinations.

It is reported that, except as disclosed above, there has been no need to recognise any other impairment losses. This does not mean that impairment losses, even significant ones, will not emerge when tests are performed in more detail for the purposes of the annual financial statements.

2. TRADE AND OTHER RECEIVABLES

These are detailed as follows:

(in millions of Euro)			30 June 2012
	Non-current	**Current**	**Total**
Trade receivables	-	1,531	1,531
Allowance for doubtful accounts	-	(69)	(69)
Total trade receivables	**-**	**1,462**	**1,462**
Other receivables:			
Tax receivables	17	92	109
Financial receivables	9	11	20
Prepaid finance costs	6	5	11
Receivables from employees	2	3	5
Pension fund receivables	-	3	3
Construction contracts	-	346	346
Advances to suppliers	-	24	24
Others	9	142	151
Total other receivables	**43**	**626**	**669**
Total	**43**	**2,088**	**2,131**

(in millions of Euro)			31 December 2011
	Non-current	**Current**	**Total**
Trade receivables	-	1,264	1,264
Allowance for doubtful accounts	-	(67)	(67)
Total trade receivables	**-**	**1,197**	**1,197**
Other receivables:			
Tax receivables	13	124	137
Financial receivables	10	9	19
Prepaid finance costs	15	7	22
Receivables from employees	1	1	2
Pension fund receivables	-	3	3
Construction contracts	-	235	235
Advances to suppliers	-	14	14
Others	13	123	136
Total other receivables	**52**	**516**	**568**
Total	**52**	**1,713**	**1,765**

3. INVENTORIES

These are detailed as follows:

(in millions of Euro)

	30 June 2012	**31 December 2011**
Raw materials	327	291
of which allowance for obsolete and slow-moving raw materials	*(28)*	*(22)*
Work in progress and semi-finished goods	291	222
of which allowance for obsolete and slow-moving work in progress and semi-finished goods	*(7)*	*(4)*
Finished goods (1)	493	416
of which allowance for obsolete and slow-moving finished goods	*(45)*	*(44)*
Total	**1,111**	**929**

(1) Finished products also include goods for resale.

4. DERIVATIVES

These are detailed as follows:

(in millions of Euro)

		30 June 2012
	Asset	**Liability**
Non-current		
Interest rate swaps (cash flow hedges)	-	33
Forward currency contracts on commercial transactions (cash flow hedges)	4	4
Forward currency contracts on financial transactions (cash flow hedges)	-	4
Total hedging derivatives	**4**	**41**
Forward currency contracts on financial transactions	1	2
Metal derivatives	-	7
Total other derivatives	**1**	**9**
Total non-current	**5**	**50**
Current		
Forward currency contracts on commercial transactions (cash flow hedges)	14	24
Total hedging derivatives	**14**	**24**
Forward currency contracts on commercial transactions	2	2
Forward currency contracts on financial transactions	4	4
Metal derivatives	2	12
Total other derivatives	**8**	**18**
Total current	**22**	**42**
Total	**27**	**92**

(in millions of Euro)	31 December 2011	
	Asset	Liability
Non-current		
Interest rate swaps (cash flow hedges)	-	27
Forward currency contracts on commercial transactions (cash flow hedges)	-	5
Forward currency contracts on financial transactions (cash flow hedges)	-	3
Total hedging derivatives	-	**35**
Forward currency contracts on commercial transactions	1	-
Forward currency contracts on financial transactions	1	1
Total other derivatives	**2**	**1**
Total non-current	**2**	**36**
Current		
Interest rate swaps (cash flow hedges)	-	2
Forward currency contracts on financial transactions (cash flow hedges)	-	-
Forward currency contracts on commercial transactions (cash flow hedges)	18	20
Total hedging derivatives	**18**	**22**
Forward currency contracts on commercial transactions	5	7
Forward currency contracts on financial transactions	4	22
Metal derivatives	1	20
Total other derivatives	**10**	**49**
Total current	**28**	**71**
Total	**30**	**107**

5. FINANCIAL ASSETS HELD FOR TRADING

Financial assets held for trading basically refer to units in funds that mainly invest in short and medium-term government securities. These assets are mostly held by subsidiaries in Brazil and Argentina as a result of investing temporarily available liquidity in such funds.

6. CASH AND CASH EQUIVALENTS

These are detailed as follows:

(in millions of Euro)		
	30 June 2012	**31 December 2011**
Cash and cheques	12	10
Bank and postal deposits	460	717
Total	**472**	**727**

Cash and cash equivalents, deposited with major financial institutions, are managed centrally by Group treasury companies or by subsidiaries under the supervision of the Prysmian S.p.A. Finance Department.
Cash and cash equivalents managed by Group treasury companies amount to Euro 267 million at 30 June 2012 compared with Euro 353 million at 31 December 2011.

7. ASSETS HELD FOR SALE

These are detailed as follows:

(in millions of Euro)

	30 June 2012	31 December 2011
Land	2	2
Buildings	-	2
Plant and machinery	-	1
Total	**2**	**5**

The change in assets held for sale basically refers to the disposal of buildings (Euro 2 million) by Prysmian Angel Tianjin Cable Co. Ltd, on which a gain of Euro 1 million has been realised. This gain has been classified as non-recurring income (Note 13).

8. SHARE CAPITAL AND RESERVES

Consolidated equity has increased by Euro 21 million since 31 December 2011, mainly reflecting the net effect of:

- the net profit for the period of Euro 90 million;
- the dividend distribution of Euro 45 million;
- positive currency translation differences of Euro 4 million;
- the change of Euro 9 million in the share-based compensation reserve linked to the stock option plan;
- the negative post-tax change of Euro 25 million in actuarial gains on employee benefits;
- the negative post-tax change of Euro 3 million in the fair value of derivatives designated as cash flow hedges;
- the negative amount of Euro 12 million for changes in the scope of consolidation, of which Euro 9 million following completion of the squeeze-out, under art. 2:359c of the Dutch Civil Code, to purchase the 478,878 ordinary shares in Draka Holding N.V. that did not accept the public mixed exchange and cash offer for all the ordinary shares in Draka Holding N.V., Euro 2 million for the purchase of the remaining 30% of Draktel Optical Fibre S.A. and Euro 1 million for the purchase of the remaining 25% of Neva Cables Ltd;
- the release of Euro 3 million against a put option reported at 31 December 2011 after acquiring the non-controlling interest in Draktel Optical Fibre S.A..

At 30 June 2012 the share capital of Prysmian S.p.A. comprises 214,430,972 shares with a total value of Euro 21,443,097.20.

Movements in the ordinary shares of Prysmian S.p.A. are as follows:

	Ordinary shares	Treasury shares	Total
Balance at 31 December 2010	**182,029,302**	**(3,028,500)**	**179,000,802**
Capital increase [(1)]	32,364,179	-	32,364,179
Treasury shares	-	(10,669)	(10,669)
Balance at 31 December 2011	**214,393,481**	**(3,039,169)**	**211,354,312**

	Ordinary shares	Treasury shares	Total
Balance at 31 December 2011	**214,393,481**	**(3,039,169)**	**211,354,312**
Capital increase [(2)]	37,491	-	37,491
Treasury shares	-	-	-
Balance at 30 June 2012	**214,430,972**	**(3,039,169)**	**211,391,803**

[(1)] Capital increases relating to the Draka Group acquisition (31,824,570 shares) and to the exercise of part of the options under the Stock Option Plan 2007-2012.

[(2)] Capital increases relating to the exercise of part of the options under the Stock Option Plan 2007-2012.

Treasury shares

The treasury shares held at the beginning of 2011 were acquired under the shareholders' resolution dated 15 April 2008, which gave the Board of Directors the authority for an 18-month period to buy up to 18 million shares. This period was subsequently extended to October 2010 under a resolution adopted on 9 April 2009. During 2011 the number of treasury shares increased following the acquisition of Draka Holding N.V., which holds 10,669 Prysmian S.p.A. shares.

	Number of shares	Total nominal value (in Euro)	% of total share capital	Average unit value (in Euro)	Total carrying value (in Euro)
At 31 December 2010	**3,028,500**	**302,850**	**1.66%**	**9.965**	**30,179,003**
- Business combinations	10,669	1,067	-	**9.380**	**100,075**
- Purchases	-	-	-	-	-
- Sales	-	-	-	-	-
At 31 December 2011	**3,039,169**	**303,917**	**1.42%**	**9.963**	**30,279,078**
- Purchases	-	-	-	-	-
- Sales	-	-		-	-
At 30 June 2012	**3,039,169**	**303,917**	**1.42%**	**9.963**	**30,279,078**

9. BORROWINGS FROM BANKS AND OTHER LENDERS

These are detailed as follows:

(in millions of Euro)			30 June 2012
	Non-current	Current	Total
Borrowings from banks and other financial institutions	1,072	422	1,494
Bond	397	5	402
Finance lease obligations	13	2	15
Total	**1,482**	**429**	**1,911**

(in millions of Euro)			31 December 2011
	Non-current	Current	Total
Borrowings from banks and other financial institutions	469	964	1,433
Bond	397	15	412
Finance lease obligations	14	3	17
Total	**880**	**982**	**1,862**

Borrowings from banks and other financial institutions and the bond are analysed as follows:

(in millions of Euro)	30 June 2012	31 December 2011
Credit Agreements (1)	1,063	1,070
Other borrowings	431	363
Total borrowings from banks and other financial institutions	**1,494**	**1,433**
Bond	402	412
Total	**1,896**	**1,845**

(1) Credit Agreements refer to the following lines: Term Loan Facility 2010 and Term Loan Facility 2011.

Credit Agreement 2010 and Credit Agreement 2011

It is reported that the credit agreement entered into on 18 April 2007 ("Credit Agreement"), under which Prysmian S.p.A. and some of its subsidiaries had been granted an initial total of Euro 1,700 million in loans and credit facilities, was repaid on 3 May 2012. The Group repaid the residual balance of Euro 670 million relating to the Term Loan Facility and Euro 5.2 million in amounts drawn down against the Revolving Credit Facility for Euro 400 million. The Bonding Facility for Euro 300 million had been cancelled on 10 May 2011 in advance of its natural maturity.

On 3 May 2012, this credit agreement was replaced with the activation of the Forward Start Agreement (now termed Credit Agreement 2010) previously signed by the Group on 21 January 2010 with a pool of major national and international banks. This is a long-term agreement for Euro 1,070 million in financing (maturing on 31 December 2014), negotiated in advance of its period of use, under which the lenders would provide Prysmian S.p.A. and some of its subsidiaries (the same as in the previous Credit Agreement) loans and credit facilities for a total of Euro 1,070 million.

This financing agreement is split as follows:

(in thousands of Euro)	
Term Loan Facility 2010	670,000
Revolving Credit Facility 2010	400,000

The repayment schedule of the Term Loan under the Credit Agreement 2010 is structured as follows:

31 May 2013	9.25%
30 November 2013	9.25%
31 May 2014	9.25%
31 December 2014	72.25%

The "Credit Agreements" line also includes the Credit Agreement 2011, entered into by Prysmian on 7 March 2011 with a pool of major banks for Euro 800 million with a five-year maturity. This agreement comprises a loan for Euro 400 million (Term Loan Facility 2011) and a revolving facility for Euro 400 million (Revolving Credit Facility 2011). The entire amount of the Term Loan Facility 2011 is scheduled for repayment on 7 March 2016.

The following table summarises the committed lines available to the Group at 30 June 2012 and 31 December 2011:

(in millions of Euro)			**30 June 2012**
	Total lines	**Used**	**Unused**
Term Loan Facility 2010	670	(670)	-
Term Loan Facility 2011	400	(400)	-
Revolving Credit Facility 2010	400	(4)	396
Revolving Credit Facility 2011	400	-	400
Total Credit Agreements	**1,870**	**(1,074)**	**796**
Securitization	350	(149)	201
Total	**2,220**	**(1,223)**	**997**

(in millions of Euro)			**31 December 2011**
	Total lines	**Used**	**Unused**
Term Loan Facility	670	(670)	-
Term Loan Facility 2011	400	(400)	-
Revolving Credit Facility	400	(6)	394
Revolving Credit Facility 2011	400	-	400
Total Credit Agreements	**1,870**	**(1,076)**	**794**
Securitization	350	(111)	239
Total	**2,220**	**(1,187)**	**1,033**

It is reported that the Revolving Credit Facility 2010 and the Revolving Credit Facility 2011 are both intended to finance ordinary working capital requirements, while only the Revolving Credit Facility 2010 can also be used for the issue of guarantees.

The facility relating to the securitization programme can be drawn down, if needed, only up to the amount of trade receivables eligible for securitization under the agreed contractual terms (approximately Euro 162 million at 30 June 2012 and approximately Euro 134 million at 31 December 2011).
The securitization programme, due to end on 31 July 2012, has been extended for another 12 months. More details can be found in Note 27. Subsequent events.

Bond

Further to the resolution adopted by the Board of Directors on 3 March 2010, Prysmian S.p.A. completed the placement of an unrated bond with institutional investors on the Eurobond market on 30 March 2010 for a total nominal amount of Euro 400 million. The bond, with an issue price of Euro 99.674, has a 5-year term and pays a fixed annual coupon of 5.25%. The bond settlement date was 9 April 2010. The bond has been admitted to the Luxembourg Stock Exchange's official list and traded on the related regulated market.

Other borrowings from banks and financial institutions and Finance lease obligations

The following tables report movements in borrowings from banks and other lenders:

	Credit Agreements	Bond	Other borrowings/ Finance lease obligations	Total
Balance at 31 December 2011	**1,070**	**412**	**380**	**1,862**
Business combinations	-	-	5	5
Currency translation differences	1	-	(2)	(1)
New funds [1]	660	-	83	743
Repayments	(670)	-	(16)	(686)
Amortisation of bank and financial fees and other expenses	1	-	-	1
Interest and other movements	1	(10)	(4)	(13)
Total movements	**(7)**	**(10)**	**66**	**49**
Balance at 30 June 2012	**1,063**	**402**	**446**	**1,911**

[1] "New funds" are stated net of Euro 10 million in bank fees relating to the Term Loan Facility 2011.

(in millions of Euro)

	Credit Agreements	Bond	Other borrowings/ Finance lease obligations	Total
Balance at 31 December 2010	**770**	**411**	**131**	**1,312**
Business combinations	-	-	443	443
Currency translation differences	(7)	-	(6)	(13)
New funds	394	-	187	581
Repayments	-	-	(354)	(354)
Amortisation of bank and financial fees and other expenses	1	-	-	1
Interest and other movements	1	(10)	20	11
Total movements	**389**	**(10)**	**290**	**669**
Balance at 30 June 2011	**1,159**	**401**	**421**	**1,981**

NET FINANCIAL POSITION

(in millions of Euro)

	Note	30 June 2012	31 December 2011
Long-term financial payables			
Term Loan Facilities		1,012	400
Bank fees		(14)	(6)
Credit Agreements	9	**998**	**394**
Bond	9	397	397
Finance leases	9	13	14
Forward currency contracts on financial transactions	4	6	4
Interest rate swaps	4	33	27
Other financial payables	9	74	75
Total long-term financial payables		**1,521**	**911**
Short-term financial payables			
Term Loan Facility	9	66	676
Bank fees	9	(1)	-
Bond	9	5	15
Finance leases	9	2	3
Securitization	9	149	111
Interest rate swaps	4	-	2
Forward currency contracts on financial transactions	4	4	22
Other financial payables	9	208	177
Total short-term financial payables		**433**	**1,006**
Total financial liabilities		**1,954**	**1,917**
Long-term financial receivables	2	9	10
Long-term bank fees	2	6	15
Interest rate swaps	4	-	-
Forward currency contracts on financial transactions (non-current)	4	1	1
Forward currency contracts on financial transactions (current)	4	4	4
Short-term financial receivables	2	11	9
Available-for-sale financial assets (current)		-	-
Short-term bank fees	2	5	7
Financial assets held for trading	5	50	80
Cash and cash equivalents	6	472	727
Net financial position		**1,396**	**1,064**

The Group's net financial position is reconciled below to the amount that must be reported under Consob Communication DEM/6064293 issued on 28 July 2006 and under the CESR recommendation dated 10 February 2005 "Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses":

(in millions of Euro)

	Note	30 June 2012	31 December 2011
Net financial position - as reported above		**1,396**	**1,064**
Long-term financial receivables	2	9	10
Long-term bank fees	2	6	15
Net forward currency contracts on commercial transactions	4	10	8
Net metal derivatives	4	17	19
Recalculated net financial position		**1,438**	**1,116**

10. TRADE AND OTHER PAYABLES

These are detailed as follows:

(in millions of Euro)			**30 June 2012**
	Non-current	**Current**	**Total**
Trade payables	-	1,577	1,577
Total trade payables	**-**	**1,577**	**1,577**
Other payables:			
Tax and social security payables	15	93	108
Advances from customers	-	187	187
Payables to employees	-	61	61
Accrued expenses	3	118	121
Others	12	173	185
Total other payables	**30**	**632**	**662**
Total	**30**	**2,209**	**2,239**

(in millions of Euro)			31 December 2011
	Non-current	Current	Total
Trade payables	-	1,421	1,421
Total trade payables	**-**	**1,421**	**1,421**
Other payables:			
Tax and social security payables	16	95	111
Advances from customers	-	132	132
Payables to employees	-	65	65
Accrued expenses	-	131	131
Others	16	148	164
Total other payables	**32**	**571**	**603**
Total	**32**	**1,992**	**2,024**

Advances from customers report the liability for construction contracts, amounting to Euro 102 million at 30 June 2012 compared with Euro 75 million at 31 December 2011. This liability represents the amount by which work invoiced exceeds costs incurred plus accumulated profits (or losses) recognised using the percentage of completion method.

Other includes Euro 13 million for put options given to minority shareholders in companies not wholly-owned by the Group.

Trade payables include around Euro 243 million (Euro 215 million at 31 December 2011) for the supply of strategic metals (copper, aluminium and lead), whose payment terms, in some cases, are longer than normal for this type of transaction.

11. PROVISIONS FOR RISKS AND CHARGES

These are detailed as follows:

(in millions of Euro)			30 June 2012
	Non-current	Current	Total
Restructuring costs	3	21	24
Contractual and legal risks	26	247	273
Environmental risks	4	4	8
Tax inspections	7	7	14
Contingent liabilities	10	-	10
Other risks and charges	14	15	29
Total	**64**	**294**	**358**

(in millions of Euro)			31 December 2011
	Non-current	Current	Total
Restructuring costs	6	24	30
Contractual and legal risks	32	238	270
Environmental risks	4	4	8
Tax inspections	6	9	15
Contingent liabilities	10	-	10
Other risks and charges	9	20	29
Total	**67**	**295**	**362**

The following table reports the movements in these provisions during the period:

(in millions of Euro)

	Restructuring costs	Contractual and legal risks	Environmental risks	Tax inspections	Contingent liabilities	Other risks and charges	Total
Balance at 31 December 2011	**30**	**270**	**8**	**15**	**10**	**29**	**362**
Increases	11	9	-	1	-	8	29
Utilisations	(19)	(4)	-	(2)	-	(1)	(26)
Releases	-	(8)	-	-	-	(6)	(14)
Currency translation differences	-	-	-	-	-	-	-
Other	2	6	-	-	-	(1)	7
Total movements	**(6)**	**3**	**-**	**(1)**	**-**	-	**(4)**
Balance at 30 June 2012	**24**	**273**	**8**	**14**	**10**	**29**	**358**

The provision for restructuring costs reports a net decrease of Euro 6 million.
In particular, Euro 11 million has been recognised in the period for restructuring projects relating to certain plants in Italy, Spain and Great Britain; Euro 19 million of this provision has been utilised mostly for restructuring projects carried out in Germany, France, the Netherlands, Spain and the United States.

At 30 June 2012 the value of the provision for contractual and legal risks reports an increase of Euro 3 million.
In particular, the changes in this provision are: Euro 9 million of new provisions in the period, Euro 4 million of utilisations and Euro 8 million of releases, for risks relating to contractual penalties and guarantees.

At 30 June 2012 the provision for contractual and legal risks includes Euro 211 million in respect of the provision against the antitrust investigations in progress in various jurisdictions. This particular provision has increased by Euro 3 million since 31 December 2011, mainly due to exchange rate movements affecting the part of the provision in foreign currency. More specifically, the European Commission, the US Department of Justice and the Japanese antitrust authority started an investigation in late January 2009 into several European and Asian electrical cable manufacturers to verify the existence of alleged anti-competitive practices in the high voltage underground and submarine cables markets. Subsequently, the Australian Competition and Consumers Commission ("ACCC") and the New Zealand Commerce Commission also started similar investigations. During 2011, the Canadian antitrust authority also started an investigation into a high voltage submarine project dating back to 2006. The investigations in Japan and New Zealand ended in previous years without any sanctions for Prysmian. The other investigations are still in progress and the Group is fully collaborating with the relevant authorities.
In Australia, the ACCC has filed a case before the Federal Court arguing that Prysmian Cavi e Sistemi S.r.l. (formerly Prysmian Cavi e Sistemi Energia S.r.l.) and two other companies violated antitrust rules in connection with a high voltage underground cable project awarded in 2003. Prysmian Cavi e Sistemi S.r.l. was officially served with this claim in April 2010 and has since filed its defence.
In Brazil, the local antitrust authority has started an investigation into several cable manufacturers, including Prysmian, in the high voltage underground and submarine cables market (this is the only investigation for which the Group has been unable to estimate the size of the provision).
At the start of July 2011, Prysmian received a statement of objection from the European Commission in relation to the investigation started in January 2009 into the high voltage underground and submarine energy cables market. This document contains the Commission's preliminary position on alleged anti-competitive practices and does not prejudge its final decision. Prysmian has therefore had access to the Commission's dossier and, while fully co-operating, has presented its defence against the related allegations. This past

June was the hearing before the European Commission during which Prysmian, as well as the other companies party to the proceedings, had the opportunity to submit its defence.

Already during 2011, in view of the developments in the European Commission investigation, management believed that it was able to estimate the risk relating to the investigations underway in the various jurisdictions, except for Brazil.
The amount of the provision at 30 June 2012 still represents the best estimate of this liability based on the information currently available, even though the outcome of the pending demands in the various jurisdictions is still uncertain.

12. EMPLOYEE BENEFIT OBLIGATIONS

These are detailed as follows:

(in millions of Euro)	**30 June 2012**	**31 December 2011**
Pension funds	213	188
Employee indemnity liability (Italian TFR)	23	22
Medical benefit plans	29	26
Termination and other benefits	29	26
Incentive plans	14	6
Total	**308**	**268**

Movements in pension funds have had an overall impact of Euro 10 million on the period's income statement, of which Euro 5 million classified in personnel costs and Euro 5 million in finance costs.
The effect on operating income of the Monti-Fornero reform, which has lengthened working life for employees of Italian companies, is Euro 1 million and has been classified as a non-recurring expense.

At 30 June 2012, actuarial losses of Euro 28 million before the tax effect have been recognised in equity. More details can be found in the Consolidated Statement of Comprehensive Income.

Please refer to Note 23 for comments about incentive plans.

The period average headcount and period-end closing headcount are shown below:

	1st half 2012	1st half 2011 (*)
Average number	21,661	18,981

	30 June 2012	31 December 2011
Closing number	21,764	21,547

(*) These figures have been calculated considering the Draka Group's consolidation from 1 March 2011.

13. OPERATING INCOME

Operating income is a profit of Euro 178 million in the first six months of 2012 (compared with a loss of Euro 72 million in the first six months of 2011) and includes the following non-recurring items and impairment of assets:

(in millions of Euro)

	1st half 2012	1st half 2011
Company reorganisation	(27)	(12)
Antitrust	(3)	(200)
Draka integration costs	(3)	(6)
Tax inspections	(3)	-
Environmental remediation and other costs	(1)	-
Italian pensions reform	(1)	-
Other non-recurring expenses	(5)	-
Impairment of property, plant and equipment	(1)	-
Draka acquisition costs	-	(6)
Effects of Draka change of control	-	(2)
Release of Draka inventory step-up	-	(14)
Business interruption Libya	-	(4)
Gains on disposal of assets held for sale	1	1
Total non-recurring (expenses)/income and impairment	**(43)**	**(243)**

14. FINANCE INCOME AND COSTS

Finance costs are detailed as follows:

(in millions of Euro)

	1st half 2012	1st half 2011
Interest on syndicated loans	16	15
Interest on bond	10	10
Amortisation of bank and financial fees and other expenses	5	6
Interest costs on employee benefits	5	4
Other bank interest	17	10
Costs for undrawn credit lines	1	-
Sundry bank fees	5	5
Other non-recurring financial expenses	2	-
Other	9	8
Finance costs	**70**	**58**
Net losses on forward currency contracts	-	-
Losses on derivatives	**-**	**-**
Foreign currency exchange losses	122	99
Total finance costs	**192**	**157**

Finance income is detailed as follows:

(in millions of Euro)

	1st half 2012	1st half 2011
Interest income from banks and other financial institutions	10	5
Other finance income	1	-
Finance income	**11**	**5**
Net gains on interest rate swaps	-	11
Net gains on forward currency contracts	22	1
Gains on derivatives	**22**	**12**
Foreign currency exchange gains	101	78
Total finance income	**134**	**95**

15. TAXES

The total tax charge has been estimated on the basis of the expected tax rate for the full year. The tax rate used for the first six months of 2012 is 30%.
The taxes of Euro 38 million calculated for the period January – June 2012 represent approximately 30% of pre-tax profit, compared with 37.4% in the same period of 2011 (this percentage excluded the estimated non-deductible portion of the antitrust provision).

16. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share have been determined by dividing the net result for the period attributable to owners of the parent by the average number of the Company's outstanding shares. With regard to the denominator used for calculating earnings per share, the average number of outstanding shares also includes:

a. the shares issued following exercise of options under the Stock Option Plan, involving the issue of 546,227 shares in 2008, 688,812 shares in 2009, 794,263 shares in 2010, 539,609 shares in 2011 and 37,491 in the first six months of 2012. The options are all vested but can be exercised only in two 30-day periods, running from the date of approving the half-year results for 2012 and from the date of approving the proposed annual financial statements for 2012;
b. the issue of 31,824,570 shares under the capital increase for the Draka Group acquisition.

Diluted earnings/(loss) per share have been determined by taking into account, when calculating the number of outstanding shares, the potential dilutive effect of options granted under existing Stock Option Plans.

(in millions of Euro)

	1st half 2012	**1st half 2011**
Net profit/(loss) attributable to owners of the parent	90	(156)
Weighted average number of ordinary shares (thousands)	211,379	205,842
Basic earnings/(loss) per share (in Euro)	**0.43**	**(0.76)**
Net profit/(loss) attributable to owners of the parent	90	(156)
Weighted average number of ordinary shares (thousands)	211,379	205,842
Adjustments for:		
Dilution from incremental shares arising from exercise of stock options (thousands)	106	410
Weighted average number of ordinary shares to calculate diluted earnings per share (thousands)	211,485	206,252
Diluted earnings/(loss) per share (in Euro)	**0.43**	**(0.76)**

17. CONTINGENT LIABILITIES

As a global operator, the Group is exposed to legal risks primarily, by way of example, in the areas of product liability, environmental rules and regulations, antitrust investigations and tax matters. Outlays relating to current or future proceedings cannot be predicted with certainty. It is possible that the outcomes of these proceedings may give rise to costs that are not covered or not fully covered by insurance, which would therefore have a direct effect on the Group's results.

It is also reported, with reference to the antitrust investigations in the various jurisdictions involved, that the only jurisdiction for which Prysmian Group has been unable to estimate the related risk is Brazil.

18. RECEIVABLES FACTORING

The Group has factored trade receivables without recourse. The amount of receivables factored but not yet paid by customers was Euro 152 million at 30 June 2012 (Euro 147 million at 30 June 2011 and Euro 178 million at 31 December 2011).

19. SEASONALITY

The Group's business features a certain degree of seasonality in its revenues, which are usually higher in the second and third quarters. This is due to the fact that utilities projects in the northern hemisphere are mostly concentrated in the warmer months of the year. The Group's level of debt is generally higher in the period May-July, with funds being absorbed by higher working capital.

20. RELATED PARTY TRANSACTIONS

Transactions between Prysmian S.p.A. and its subsidiaries and associates mainly refer to:

- trade relations involving intercompany purchases and sales of raw materials and finished goods;
- services (technical, organisational and general) provided by head office to subsidiaries worldwide;
- financial relations maintained by Group treasury companies on behalf of, and with, Group companies.

All the above transactions form part of the Group's continuing operations.

The following tables summarise related party transactions during the six months ended 30 June 2012:

(in millions of Euro)

					30 June 2012
	Investments in associates	**Trade and other receivables**	**Trade and other payables**	**Employee benefit obligations**	**Financial payables and derivatives classified as liabilities**
Associates	91	14	3	-	-
Other related parties:					
Compensation of directors, statutory auditors and key management personnel	-	-	4	4	-
Non-controlling interests	-	-	13	-	-
Total	**91**	**14**	**20**	**4**	**-**

(in millions of Euro)

					31 December 2011
	Investments in associates	**Trade and other receivables**	**Trade and other payables**	**Employee benefit obligations**	**Financial payables and derivatives classified as liabilities**
Associates	87	8	12	-	-
Other related parties:					
Compensation of directors, statutory auditors and key management personnel	-	-	5	1	-
Non-controlling interests	-	-	16	-	-
Total	**87**	**8**	**33**	**1**	**-**

(in millions of Euro) **1st half 2012**

	Share of income from investments in associates and dividends from other companies	Sales of goods and services and other income	Personnel costs	Cost of goods and services	Finance income/(costs)
Associates	8	29	-	5	1
Other related parties:					
Compensation of directors, statutory auditors and key management personnel	-	-	8	-	-
Total	**8**	**29**	**8**	**5**	**1**

(in millions of Euro) **1st half 2011**

	Share of income from investments in associates and dividends from other companies	Sales of goods and services and other income	Personnel costs	Cost of goods and services	Finance income/(costs)
Associates	4	14	-	3	-
Other related parties:					
Compensation of directors, statutory auditors and key management personnel	-	-	5	-	-
Total	**4**	**14**	**5**	**3**	**-**

Transactions with associates

Trade and other payables refer to goods and services provided in the ordinary course of the Group's business. Trade and other receivables refer to transactions carried out in the ordinary course of the Group's business.

Transactions with non-controlling interests

These refer to balances and transactions with minority shareholders in companies not wholly owned by the Group.

Compensation of Directors, Statutory Auditors and Key Management Personnel

The compensation of the Directors, Statutory Auditors and Key Management Personnel amounts to Euro 8 million at 30 June 2012 (Euro 5 million at 30 June 2011).
The liability for compensation owed to Directors, Statutory Auditors and Key Management Personnel is Euro 8 million at 30 June 2012 (Euro 6 million at 31 December 2011).

21. ATYPICAL AND/OR UNUSUAL TRANSACTIONS

In accordance with the disclosure required by Consob Communication n. DEM/6064293 dated 28 July 2006, it is reported that no atypical and/or unusual transactions were carried out in the first six months of 2012.

22. COMMITMENTS

Contractual commitments to purchase property, plant and equipment, already given to third parties at 30 June 2012 and not yet reflected in the financial statements, amount to Euro 28 million.

Prysmian has recognised among its liabilities Euro 13 million in estimated costs for put options granted to minority shareholders of companies not wholly owned by the Group.

23. STOCK OPTION PLANS

Stock option plan 2007-2012

On 30 November 2006, the Company's shareholders approved a stock option plan which was dependent on the flotation of the Company's shares on Italy's Electronic Equities Market (MTA) organised and managed by Borsa Italiana S.p.A.. The plan was reserved for employees of companies belonging to Prysmian Group.
Each option entitles the holder to subscribe to one share at a price of Euro 4.65.

The following table provides further details about the stock option plan:

(in Euro)

	30 June 2012		31 December 2011	
	Number of options	Exercise price	Number of options	Exercise price
Options at start of period	198,237	4.65	737,846	4.65
Granted	-	4.65	-	4.65
Cancelled	-	-	-	-
Exercised	(37,491)	4.65	(539,609)	4.65
Options at end of period	160,746	4.65	198,237	4.65
of which vested at end of period	160,746	4.65	198,237	4.65
of which exercisable(1)	-	-	-	-
of which not vested at end of period	-	4.65	-	4.65

(1) Options can be exercised in specified periods only.

As at 30 June 2012 the options are all fully vested. Following an amendment of the original plan, approved by the Shareholders' Meeting on 15 April 2010, the options can only be exercised in two 30-day periods, running from the date of approving the half-year results for 2012 and the date of approving the proposed annual financial statements for 2012.

The incentive plan’s amendment has been accompanied by an extension of the term for the capital increase by Prysmian S.p.A. in relation to this plan, with a consequent revision of art. 6 of the Company's by-laws.

Long-term incentive plan 2011-2013

On 14 April 2011, the Ordinary Shareholders' Meeting of Prysmian S.p.A. approved, pursuant to art. 114-bis of Legislative Decree 58/98, a long-term incentive plan for the period 2011-2013 for employees of the Prysmian Group, including certain members of the Board of Directors of Prysmian S.p.A., and granted the Board of Directors the necessary authority to establish and execute the plan. The plan's purpose is to incentivise the process of integration following Prysmian's acquisition of the Draka Group, and is conditional upon the achievement of performance targets, as detailed in the specific information memorandum.

The plan involves the participation of around 290 employees of group companies in Italy and abroad viewed as key resources, and divides them into three categories, to whom the shares will be granted in the following proportions:

- *CEO*: to whom approximately 7.70% of the rights to receive Prysmian S.p.A. shares have been allotted.
- *Senior Management*: this category has 44 participants who hold key positions within the Group (including the Directors of Prysmian S.p.A. who hold the positions of Chief Financial Officer, Energy Business Senior Vice President and Chief Strategic Officer), to whom 41.64% of the total rights to receive Prysmian shares have been allotted.
- *Executives*: this category has 245 participants who belong to the various operating units and businesses around the world, to whom 50.66% of the total rights to receive Prysmian shares have been allotted.

The plan establishes that the number of options granted will depend on the achievement of common business and financial performance objectives for all the participants.
The plan establishes that the participants' right to exercise the allotted options depends on achievement of the Target (being a minimum performance objective of at least Euro 1.75 billion in cumulative Adj. EBITDA for the Group in the period 2011-2013, assuming the same group perimeter) as well as continuation of a professional relationship with the Group up until 31 December 2013. The plan also establishes an upper limit for Adj. EBITDA as the Target plus 20% (ie. Euro 2.1 billion), assuming the same group perimeter, that will determine the exercisability of the maximum number of options granted to and exercisable by each participant.
Access to the plan has also been made conditional upon each participant's acceptance that part of their annual bonus will be co-invested, if achieved and payable in relation to financial years 2011 and 2012.
The allotted options carry the right to receive or subscribe to ordinary shares in Prysmian S.p.A., the Parent Company. These shares may partly comprise treasury shares and partly new issue shares, obtained through a capital increase that excludes pre-emptive rights under art. 2441, par. 8 of the Italian Civil Code. Such a capital increase, involving the issue of up to 2,131,500 new ordinary shares of nominal value Euro 0.10 each, for a maximum amount of Euro 213,150, was approved by the shareholders in the extraordinary session of their meeting on 14 April 2011. The shares obtained from the Company's holding of treasury shares will be allotted for zero consideration, while the shares obtained from the above capital increase will be allotted to participants upon payment of an exercise price corresponding to the nominal value of the Company's shares.

In accordance with IFRS 2, for both new issue and treasury shares, the options granted have been measured at fair value on their grant date.

At 30 June 2012, the overall cost recognised in the income statement under "Personnel costs" in relation to the fair value of the options granted is Euro 9 million.

The following table provides more details about the long-term incentive plan described above:

(in Euro)

	For consideration		For no consideration	
	Number of options (*)	Exercise price	Number of options (*)	Exercise price
Options at start of period	2,131,500	-	2,017,223	-
Granted	-	0.10	5,772	-
Cancelled	-	-	(41,731)	-
Exercised	-	-	-	-
Options at end of period	2,131,500	0.10	1,981,264	-
of which vested at end of period	-	-	-	-
of which exercisable	-	-	-	-
of which not vested at end of period	2,131,500	0.10	1,981,264	-

(*) The number of options shown has been determined under the assumption that the objective achieved is a mean between the Target and the Adj. EBITDA upper limit.

The information memorandum, prepared under art. 114-bis of Legislative Decree 58/98 and describing the characteristics of the above incentive plan, is publicly available on the Company's website at http://www.prysmiangroup.com/, from its registered offices and from Borsa Italiana S.p.A..

24. DIVIDEND DISTRIBUTION

On 18 April 2012, the shareholders of Prysmian S.p.A. approved the financial statements for 2011 and the distribution of a gross dividend of Euro 0.21 per share, for a total of some Euro 44 million. The dividend was paid out from 26 April 2012, with the shares going ex-dividend coupon on 23 April 2012.

25. FINANCIAL COVENANTS

The Credit Agreement 2010 and Credit Agreement 2011, details of which are presented in Note 9, require the Group to comply with a series of covenants on a consolidated basis. The main covenants, classified by type, are listed below:

a) Financial covenants

- Ratio between EBITDA and Net finance costs (as defined in the Credit Agreements)
- Ratio between Net Financial Position and EBITDA (as defined in the Credit Agreements)

The evolution of the covenants for the above agreements is shown in the following table:

	30 June 2011	31 December 2011	30 June 2012	31 December 2012	30 June 2013	31 December 2013	30 June 2014 and thereafter
Net financial position /EBITDA (*)	3.50x	3.50x	3.50x	3.00x	3.00x	2.75x	2.50x
EBITDA/Net finance costs (*)	4.00x	4.00x	4.00x	4.25x	4.25x	5.50x	5.50x

b) Non-financial covenants

A series of non-financial covenants have been established in line with market practice applying to transactions of a similar nature and size. These covenants involve a series of restrictions on the grant of secured guarantees to third parties, on the conduct of acquisitions or equity transactions, and on amendments to the Company's by-laws.

Default events

The main default events are as follows:

- default on loan repayment obligations;
- breach of financial covenants;
- breach of some of the non-financial covenants;
- declaration of bankruptcy or subjection of Group companies to other insolvency proceedings;
- issuance of particularly significant judicial rulings;
- occurrence of events that may adversely and significantly affect the business, the assets or the financial conditions of the Group.

Should any default event occur, the lenders are entitled to demand full or partial repayment of the outstanding amounts lent under the Credit Agreements, together with interest and any other amount due under the terms and conditions of these Agreements. No collateral security is required.

Actual financial ratios reported at period end are as follows:

	30 June 2012	31 December 2011
EBITDA/Net finance costs (*)	6.47	6.40
Net financial position/EBITDA(*)	2.16	1.74

(*) The ratios have been calculated on the basis of the definitions contained in the Credit Agreements.

The above financial ratios both comply with the covenants contained in the Credit Agreement 2010 and in the Credit Agreement 2011.

26. EXCHANGE RATES

The main exchange rates used to translate financial statements in foreign currencies for consolidation purposes are reported below:

	Closing rates at		Average rates	
	30 June 2012	**31 December 2011**	**1st half 2012**	**1st half 2011**
Europe				
British Pound	0.807	0.835	0.822	0.868
Swiss Franc	1.203	1.216	1.205	1.270
Hungarian Forint	287.770	314.580	295.382	269.405
Norwegian Krone	7.533	7.754	7.573	7.825
Swedish Krona	8.773	8.912	8.883	8.939
Czech Koruna	25.640	25.787	25.172	24.348
Danish Krone	7.433	7.434	7.435	7.456
Romanian Leu	4.451	4.323	4.391	4.179
Turkish Lira	2.285	2.456	2.338	2.205
Polish Zloty	4.249	4.458	4.245	3.953
Russian Rouble	41.370	41.765	39.703	40.140
North America				
US Dollar	1.259	1.294	1.297	1.404
Canadian Dollar	1.287	1.322	1.304	1.371
South America				
Brazilian Real	2.545	2.427	2.420	2.291
Argentine Peso	5.699	5.569	5.699	5.682
Chilean Peso	631.263	670.887	638.715	667.166
Mexican Peso	16.830	18.062	17.196	16.694
Oceania				
Australian Dollar	1.234	1.272	1.256	1.358
New Zealand Dollar	1.575	1.674	1.613	1.805
Africa				
CFA Franc	655.957	655.957	655.957	655.957
Tunisian Dinar	1.987	1.939	1.991	1.954
Asia				
Chinese Renminbi (Yuan)	8.001	8.159	8.191	9.178
United Arab Emirates Dirham	4.624	4.752	4.762	5.155
Hong Kong Dollar	9.766	10.051	10.063	10.924
Singapore Dollar	1.597	1.682	1.639	1.766
Indian Rupee	69.963	68.590	67.609	63.106
Indonesian Rupiah	11,878.510	11,731.470	11,918.632	12,269.850
Japanese Yen	100.130	100.200	103.330	115.005
Thai Baht	39.873	40.991	40.374	42.682
Philippine Peso	53.055	56.754	55.635	61.069
Omani Rial	0.485	0.498	0.499	0.540
Malaysian Ringgit	3.996	4.106	4.002	4.256
Saudi Riyal	4.722	4.852	4.863	5.264

27. SUBSEQUENT EVENTS

On 26 July 2012, the securitization programme , due to end on 31 July 2012, was extended for another 12 months and the amount of the related credit facility reduced to Euro 150 million, consistent with the amount of trade receivables eligible for securitization under the agreed contractual terms.

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Milan, 7 August 2012

ON BEHALF OF THE BOARD OF DIRECTORS
THE CHAIRMAN

Massimo Tononi

SCOPE OF CONSOLIDATION – APPENDIX A

The following companies have been consolidated line-by-line:

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
Europe					
Austria					
Prysmian OEKW GmbH	Vienna	Euro	2,053,008	100.00%	Prysmian Cavi e Sistemi S.r.l.
Draka Comteq Austria GmbH	Vienna	Euro	54,505	100.00%	Draka Comteq Germany GmbH & Co. KG
Belgium					
Draka Belgium N.V.	Leuven	Euro	61,973	98.52%	Draka Holding N.V.
				1.48%	Draka Kabel B.V.
Denmark					
Draka Denmark Copper Cable A/S	Brøndby	Danish Krone	5,000,000	100.00%	Draka Denmark Holding A/S
Draka Comteq Denmark A/S	Brøndby	Danish Krone	40,000,000	100.00%	Draka Denmark Holding A/S
Draka Denmark Holding A/S	Brøndby	Danish Krone	88,734,000	100.00%	Draka Holding N.V.
Estonia					
AS Draka Keila Cables	Keila	Euro	1,661,703	66.00%	Draka NK Cables OY
				34.00%	Third parties
Finland					
Prysmian Cables and Systems OY	Kirkkonummi	Euro	2,000,000	100.00%	Prysmian Cavi e Sistemi S.r.l.
Draka NK Cables OY	Helsinki	Euro	16,008,000	100.00%	Draka Holding N.V.
Epictetus OY	Helsinki	Euro	2,523	100.00%	Draka NK Cables OY
Draka Comteq Finland OY	Helsinki	Euro	100,000	100.00%	Draka Comteq B.V.
France					
Prysmian (French) Holdings S.A.S.	Paron de Sens	Euro	173,487,250	100.00%	Prysmian Cavi e Sistemi S.r.l.
GSCP Athena (French) Holdings II S.A.S.	Paron de Sens	Euro	37,000	100.00%	Prysmian (French) Holdings S.A.S.
Prysmian Cables et Systèmes France S.A.S.	Paron de Sens	Euro	136,800,000	100.00%	Prysmian (French) Holdings S.A.S.
Draka Comteq France	Argenteuil	Euro	246,554,316	100.00%	Draka France S.A.S.
Draka Fileca S.A.S.	Sainte Geneviève	Euro	5,439,700	100.00%	Draka France S.A.S.
Draka Paricable S.A.S.	Sainte Geneviève	Euro	5,177,985	100.00%	Draka France S.A.S.
Draka France S.A.S.	Marne La Vallée	Euro	120,041,700	100.00%	Draka Holding N.V.
Germany					
Prysmian Kabel und Systeme GmbH	Berlin	Euro	15,000,000	93.75%	Draka Cable Wuppertal GmbH
				6.25%	Prysmian S.p.A.
Bergmann Kabel und Leitungen GmbH	Schwerin	Euro	1,022,600	100.00%	Prysmian Kabel und Systeme GmbH
Prysmian Unterstuetzungseinrichtung Lynen GmbH	Eschweiler	Deutsche Mark	50,000	100.00%	Prysmian Kabel und Systeme GmbH
Draka Cable Wuppertal GmbH	Wuppertal	Euro	25,000	100.00%	Draka Deutschland GmbH
Draka Comteq Berlin GmbH & Co.KG	Berlin	Deutsche Mark	46,000,000	50.10%	NKF Participatie B.V.
				49.90%	Draka Deutschland Vierte Beteiligungs- GmbH
Draka Comteq Germany Verwaltungs GmbH	Koln	Euro	25,000	100.00%	Draka Comteq BV
Draka Comteq Germany GmbH & Co.KG	Koln	Euro	26,000	100.00%	Draka Comteq B.V.
Draka Comteq Germany Holding GmbH	Koln	Euro	25,000	100.00%	Draka Comteq BV
Draka Deutschland Erste Beteiligungs- GmbH	Wuppertal	Euro	25,000	100.00%	Beheer- en Beleggingsmaatschappij De Vaartweg B.V.
Draka Deutschland GmbH	Wuppertal	Euro	25,000	90.00%	Draka Deutschland Erste Beteiligungs- GmbH
				10.00%	Draka Deutschland Zweite Beteiligungs- GmbH

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
Draka Deutschland Verwaltungs- GmbH	Wuppertal	Deutsche Mark	50,000	100.00%	Draka Cable Wuppertal GmbH
Draka Deutschland Vierte Beteiligungs- GmbH	Wuppertal	Euro	25,000	100.00%	Draka Deutschland GmbH
Draka Deutschland Zweite Beteiligungs- GmbH	Wuppertal	Euro	25,000	100.00%	Kabelbedrijven Draka Nederland B.V.
Draka Kabeltechnik GmbH	Wuppertal	Euro	25,000	100.00%	Draka Cable Wuppertal GmbH
Draka Service GmbH	Nurnmberg	Euro	25,000	100.00%	Draka Cable Wuppertal GmbH
Höhn GmbH	Wuppertal	Deutsche Mark	1,000,000	100.00%	Draka Deutschland GmbH
Kaiser Kabel GmbH	Wuppertal	Deutsche Mark	9,000,000	100.00%	Draka Deutschland GmbH
Kaiser Kabel Vertriebs GmbH	Wuppertal	Euro	25,100	100.00%	Kaiser Kabel GmbH
NKF Holding (Deutschland) GmbH	Wuppertal	Euro	25,000	100.00%	Draka Communications B.V.
Usb -elektro Kabelkonfektions - GmbH	Bendorf	Deutsche Mark	2,750,000	100.00%	White Holding B.V.
Wagner Management- und Projektgesellschaft mit beschränkter Haftung	Berlin	Deutsche Mark	50,000	60.00%	Draka Cable Wuppertal GmbH
				40.00%	Third parties
U.K.					
Prysmian Cables & Systems Ltd.	Eastleigh	British Pound	45,292,120	100.00%	Prysmian UK Group Ltd.
Prysmian Construction Company Ltd.	Eastleigh	British Pound	1	100.00%	Prysmian Cables & Systems Ltd.
Prysmian Cables (2000) Ltd.	Eastleigh	British Pound	1	100.00%	Prysmian Cables & Systems Ltd.
Prysmian Cables (Industrial) Ltd.	Eastleigh	British Pound	1	100.00%	Prysmian Cables & Systems Ltd.
Prysmian Cables (Supertension) Ltd.	Eastleigh	British Pound	1	100.00%	Prysmian Cables & Systems Ltd.
Prysmian Cables and Systems International Ltd.	Eastleigh	Euro	100,000	100.00%	Prysmian Cavi e Sistemi S.r.l.
Cable Makers Properties & Services Limited	Kingston upon Thames	British Pound	33	63.53%	Prysmian Cables & Systems Ltd.
				12.52%	Draka UK Limited
				23.95%	Third parties
Prysmian Telecom Cables and Systems Uk Ltd.	Eastleigh	British Pound	1	100.00%	Prysmian Cables & Systems Ltd.
Prysmian Metals Limited	Eastleigh	British Pound	15,000,000	100.00%	Prysmian Cables & Systems Ltd.
Comergy Ltd.	Eastleigh	British Pound	1,000,000	100.00%	Prysmian Cavi e Sistemi S.r.l.
Prysmian Pension Scheme Trustee Limited	Eastleigh	British Pound	1	100.00%	Prysmian S.p.A.
Prysmian UK Group Ltd.	Eastleigh	British Pound	11,000	100.00%	Draka Holding N.V.
Draka Distribution Aberdeen Limited	Eastleigh	British Pound	1	100.00%	Draka UK Group Limited
Draka Comteq UK Limited	Eastleigh	British Pound	2	100.00%	Prysmian UK Group Ltd
Draka UK Limited	Eastleigh	British Pound	202,000	100.00%	Draka UK Group Limited
Draka UK Group Limited	Eastleigh	British Pound	10,000,103	99.99999%	Prysmian UK Group Ltd
				0.00%	Third parties
Draka UK Pension Plan Trust Company Ltd.	Derby	British Pound	1	100.00%	Draka UK Limited
Ireland					
Prysmian Financial Services Ireland Limited	Dublin	Euro	1,000	100.00%	Third parties
Prysmian Re Company Limited	Dublin	Euro	3,000,000	100.00%	Prysmian (Dutch) Holding B.V.
Italy					
Prysmian Cavi e Sistemi S.r.l.	Milan	Euro	100,000,000	100.00%	Prysmian S.p.A.
Prysmian Cavi e Sistemi Italia S.r.l.	Milan	Euro	77,143,249	100.00%	Prysmian Cavi e Sistemi S.r.l.
Prysmian Treasury S.r.l.	Milan	Euro	4,242,476	100.00%	Prysmian Cavi e Sistemi S.r.l.
Prysmian PowerLink S.r.l.	Milan	Euro	50,000,000	84.80%	Prysmian Cavi e Sistemi S.r.l.
				15.20%	Prysmian Cavi e Sistemi Italia S.r.l.
Fibre Ottiche Sud - F.O.S. S.r.l.	Battipaglia	Euro	47,700,000	100.00%	Prysmian Cavi e Sistemi S.r.l.
DB Lift Draka Elevator Product S.r.l	Milan	Euro	250,000	100.00%	Prysmian Cavi e Sistemi Italia S.r.l.
Prysmian Electronics S.r.l..	Milan	Euro	10,000	80.00%	Prysmian Cavi e Sistemi S.r.l.
				20.00%	Third parties
Luxembourg					
Prysmian Treasury (Lux) S.à r.l.	Luxembourg	Euro	3,050,000	100.00%	Prysmian Cavi e Sistemi S.r.l.
Balin S.A.	Luxembourg	Euro	30,987	100.00%	Third parties
Norway					
Prysmian Kabler og Systemer A.S.	Ski	Norwegian Krone	100,000	100.00%	Prysmian Cables and Systems OY
Draka Comteq Norway A.S.	Drammen	Norwegian Krone	100,300	100.00%	Draka Comteq B.V.
Draka Norsk Kabel A.S.	Drammen	Norwegian Krone	22,500,000	100.00%	Draka Norway A.S.
Draka Norway A.S.	Drammen	Norwegian Krone	112,000	100.00%	Draka Holding N.V.

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
The Netherlands					
Prysmian Cable Holding B.V.	Delft	Euro	54,503,013	100.00%	Prysmian Cavi e Sistemi S.r.l.
Prysmian Cables and Systems B.V.	Delft	Euro	5,000,000	100.00%	Prysmian Cavi e Sistemi S.r.l.
Prysmian (Dutch) Holdings B.V.	Delft	Euro	18,000	100.00%	Prysmian Cavi e Sistemi S.r.l.
Beheer- en Beleggingsmaatschappij De Vaartweg B.V.	Amsterdam	Euro	16,563	100.00%	Draka Holding N.V.
Cableries Holding B.V.	Oudenbosch	Euro	453,780	100.00%	White Holding B.V.
Draka Beheer B.V.	Amsterdam	Euro	18,004	100.00%	Draka Holding N.V.
Draka Beheer IV B.V.	Amsterdam	Euro	18,000	100.00%	Draka Holding N.V.
Draka Communications B.V.	Amsterdam	Euro	2,053,355	100.00%	Kabelbedrijven Draka Nederland B.V.
Draka Comteq B.V.	Amsterdam	Euro	1,000,000	100.00%	Draka Beheer B.V.
Draka Comteq Cable Solutions B.V.	Gouda	Euro	18,000	100.00%	Draka Beheer B.V.
Draka Comteq Data B.V.	Amsterdam	Euro	18,200	100.00%	Draka Beheer B.V.
Draka Comteq Fibre B.V.	Eindhoven	Euro	18,000	100.00%	Draka Beheer B.V.
Draka Comteq Telecom B.V.	Gouda	Euro	18,002	100.00%	Draka Beheer B.V.
Draka Elevator Products B.V.	Oudenbosch	Euro	18,000	100.00%	Draka Nederland B.V.
Draka Holding N.V.	Amsterdam	Euro	37,770,558	72.135%	Prysmian S.p.A.
				27.865%	Prysmian Cavi e Sistemi S.r.l.
Draka Kabel B.V.	Amsterdam	Euro	2,277,977	100.00%	Kabelbedrijven Draka Nederland B.V.
Donne Draad B.V.	Nieuw Bergen	Euro	28,134	100.00%	Kabelbedrijven Draka Nederland B.V.
Draka Nederland B.V.	Amsterdam	Euro	18,605	100.00%	Draka Holding N.V.
Draka Treasury B.V.	Amsterdam	Euro	2,268,901	100.00%	Draka Holding N.V.
Fabriek voor Auto-en Electrotechnische Produkten “White Products” B.V.	Oudenbosch	Euro	6,806,703	100.00%	White Holding B.V.
I.C. Kabel B.V.	Roosendaal	Euro	1,150,333	100.00%	Balin S.A.
Kabelbedrijven Draka Nederland B.V.	Amsterdam	Euro	18,151	100.00%	Draka Nederland B.V.
NKF Participatie B.V.	Delft	Euro	18,151	100.00%	Draka Communications B.V.
NK China Investments B.V.	Delft	Euro	19,000	100.00%	Draka Communications B.V.
NKF Vastgoed B.V.	Delft	Euro	13,613,406	100.00%	Draka Communications B.V.
NKF Vastgoed Holding B.V.	Den Haag	Euro	18,151	100.00%	Draka Communications B.V.
NKF Vastgoed I B.V.	Delft	Euro	18,151	99.00%	Draka Holding N.V.
				1.00%	Draka Communications B.V.
NKF Vastgoed II B.V.	Delft	Euro	18,151	100.00%	Draka Communications B.V.
NKF Vastgoed III B.V.	Amsterdam	Euro	18,151	99.00%	Draka Deutschland GmbH
				1.00%	Draka Communications B.V.
NKF Vastgoed IV B.V.	's-Gravenhage	Euro	18,151	100.00%	NKF Vastgoed Holding B.V.
Plasma Optical Fibre B.V.	Eindhoven	Euro	90,756	100.00%	Draka Comteq Fibre B.V.
White Holding B.V.	Oudenbosch	Euro	4,605,869	100.00%	Draka Nederland B.V.
Draka Sarphati B.V.	Amsterdam	Euro	18,151	100.00%	Draka Holding N.V.
Czech Republic					
Draka Kabely, s.r.o.	Velke Mezirici	Czech Koruna	255,000,000	100.00%	Draka Holding N.V.
Romania					
Prysmian Cabluri Si Sisteme S.A.	Slatina	Romanian Leu	103,850,920	99.9995%	Prysmian (Dutch) Holdings B.V.
				0.0005%	Prysmian Cavi e Sistemi S.r.l.
Russia					
Limited Liability Company "Investitsionno - Promyshlennaya Kompaniya Rybinskelektrokabel"	Rybinsk city	Russian Rouble	230,000,000	99.00%	Prysmian (Dutch) Holdings B.V.
				1.00%	Prysmian Cavi e Sistemi S.r.l.
Limited Liability Company "Rybinskelektrokabel"	Rybinsk city	Russian Rouble	31,800,000	100.00%	Limited Liability Company "Investitsionno - Promyshlennaya Kompaniya Rybinskelektrokabel"
Limited Liability Company "Torgoviy Dom Rybinskelektrokabel"	Rybinsk city	Russian Rouble	8,512,000	100.00%	Limited Liability Company "Investitsionno - Promyshlennaya Kompaniya Rybinskelektrokabel"
Limited Liability Company "NPP Rybinskelektrokabel"	Rybinsk city	Russian Rouble	50,000,000	100.00%	Limited Liability Company "Investitsionno - Promyshlennaya Kompaniya Rybinskelektrokabel"
Draka Industrial Cable Russia LLC	St. Petersburg	Russian Rouble	100,000	100.00%	Draka Holding N.V.
Neva Cables Ltd	St. Petersburg	Russian Rouble	194,000	100.00%	Draka Comteq Finland OY

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
Slovakia					
Prysmian Kablo s.r.o.	Bratislava	Euro	21,246,001	99.995%	Prysmian Cavi e Sistemi S.r.l.
				0.005%	Prysmian S.p.A.
Draka Comteq Slovakia s.r.o.	Presov	Euro	1,506,639	100.00%	Draka Comteq B.V.
Spain					
Prysmian Cables y Sistemas S.A.	Vilanova I la Geltrù	Euro	15,000,000	100.00%	Draka Holding N.V. y CIA Soc. Col.
Fercable S.L.	Sant Vicenç dels Horts	Euro	3,606,073	100.00%	Prysmian Cables y Sistemas S.A.
Prysmian Servicios de Tesoreria Espana S.L.	Madrid	Euro	3,100	100.00%	Prysmian Financial Services Ireland Limited
Marmavil.S.L.U.	Santa Perpetua de Mogoda	Euro	3,006	100.00%	Draka Nederland B.V.
Draka Holding NV Y CIA Soc. Col.	Santa Perpetua de Mogoda	Euro	17,011,695	99.9999%	Draka Holding N.V.
				0.0001%	Marmavil.S.L.U.
Draka Cables Industrial S.A.	Santa Perpetua de Mogoda	Euro	58,178,234	100.00%	Draka Holding NV Y CIA Soc. Col.
Draka Comteq Iberica S.L.U.	Maliaño	Euro	4,000,040	100.00%	Draka Holding NV Y CIA Soc. Col.
Sweden					
Prysmian Kablar och System AB	Hoganas	Swedish Krona	100,000	100.00%	Prysmian Cables and Systems OY
Draka Comteq Sweden AB	Nässjö	Swedish Krona	100,000	100.00%	Draka Comteq B.V.
NK Cables Sverige AB	Orebro	Swedish Krona	100,000	100.00%	Draka NK Cables OY
Draka Sweden AB	Nässjö	Swedish Krona	100,100	100.00%	Draka Holding N.V.
Draka Kabel Sverige AB	Nässjö	Swedish Krona	100,000	100.00%	Draka Sweden AB
Fastighets Spännbucklan AB	Nässjö	Swedish Krona	25,000,000	100.00%	Draka Sweden AB
Fastighets Hygget AB	Nässjö	Swedish Krona	100,000	100.00%	Draka Sweden AB
Switzerland					
Prysmian Cables and Systems SA	Manno	Swiss Franc	500,000	100.00%	Prysmian (Dutch) Holdings B.V.
Turkey					
Turk Prysmian Kablo Ve Sistemleri A.S.	Mudanya	Turkish new Lira	112,233,652	83.746%	Prysmian (Dutch) Holdings B.V.
				16.254%	Third parties
Draka Istanbul Asansor İthalat İhracat Üretim Ticaret Ltd. Şti.	Istanbul	Turkish new Lira	180,000	99.972%	Draka Elevator Products B.V.
				0.028%	Draka Holding N.V.
Draka Comteq Kablo Limited Sirketi	Istanbul	Turkish new Lira	45,818,775	99.50%	Draka Comteq B.V.
				0.50%	Draka Comteq Telecom B.V.
Hungary					
Prysmian MKM Magyar Kabel Muvek KFT	Budapest	Hungarian Forint	5,000,000,000	100.00%	Prysmian Cavi e Sistemi S.r.l.
Kabel Keszletertekesito BT	Budapest	Hungarian Forint	1,239,841,361	99.999%	Prysmian MKM Magyar Kabel Muvek KFT
				0.001%	Third parties
North America					
Canada					
Prysmian Power Cables and Systems Canada Ltd.	Saint John	Canadian Dollar	1,000,000	100.00%	Prysmian (Dutch) Holdings B.V.
Draka Elevator Products, Inc.	Brantford	Canadian Dollar	n/a	100.00%	Draka Cableteq USA, Inc.
U.S.A.					
Prysmian Cables and Systems (US) INC.	Carson City	US Dollar	71,000,001	100.00%	Prysmian Cavi e Sistemi S.r.l.
Prysmian Power Cables and Systems USA LLC	Wilmington	US Dollar	10	100.00%	Prysmian Cables and Systems (US) INC.
Prysmian Construction Services Inc	Wilmington	US Dollar	1,000	100.00%	Prysmian Power Cables and Systems USA LLC
Prysmian Communications Cables and Systems USA LLC	Wilmington	US Dollar	10	100.00%	Prysmian Cables and Systems (US) INC.
Prysmian Communications Cables Corporation	Wilmington	US Dollar	1	100.00%	Prysmian Communications Cables and Systems USA LLC
Prysmian Power Financial Services US LLC	Wilmington	US Dollar	100	100.00%	Prysmian Power Cables and Systems USA LLC
Prysmian Communications Financial Services US LLC	Wilmington	US Dollar	100	100.00%	Prysmian Communications Cables and Systems USA LLC
Draka USA, Inc.	Boston	US Dollar	0.01	100.00%	Draka Holding N.V.
Draka Cableteq USA, Inc.	Boston	US Dollar	10	100.00%	Draka USA Inc.
Draka Elevator Products, Inc.	Boston	US Dollar	1	100.00%	Draka Cableteq USA Inc.
Draka Communications Americas, Inc.	Boston	US Dollar	n/a	100.00%	Draka Cableteq USA Inc.
Draka Transport USA LLC	Boston	US Dollar	n/a	100.00%	Draka Cableteq USA, Inc.

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
Central/South America					
Argentina					
Prysmian Energia Cables y Sistemas de Argentina S.A.	Buenos Aires	Argentine Peso	66,966,667	94.68%	Prysmian Consultora Conductores e Instalaciones SAIC
				5.00%	Prysmian (Dutch) Holdings B.V
				0.32%	Third parties
Prysmian Consultora Conductores e Instalaciones SAIC	Buenos Aires	Argentine Peso	48,571,242	95.00%	Prysmian (Dutch) Holdings B.V.
				5.00%	Prysmian Cavi e Sistemi S.r.l.
Cables Ópticos y Metálicos para Telecomunicaciones Telcon S.R.L.	Buenos Aires	Argentine Peso	500,000	98.00%	Telcon Fios e Cabos para Telecomunicações S.A
				2.00%	Third parties
Brazil					
Prysmian Energia Cabos e Sistemas do Brasil S.A.	Sorocaba	Brazilian Real	128,717,301	100.00%	Prysmian Cavi e Sistemi S.r.l.
Prysmian Telecomunicacoes Cabos e Sistemas do Brasil S.A.	Sorocaba	Brazilian Real	58,309,129	99.87%	Prysmian Energia Cabos e Sistemas do Brasil S.A.
				0.13%	Prysmian Cavi e Sistemi S.r.l.
Sociedade Produtora de Fibras Opticas S.A.	Sorocaba	Brazilian Real	1,500,100	51.00%	Prysmian Telecomunicacoes Cabos e Sistemas do Brasil S.A.
				49.00%	Third parties
Prysmian Surflex Umbilicais e Tubos Flexìveis do Brasil LTDA	Vila Velha	Brazilian Real	128,290,457	99.99%	Prysmian Cavi e Sistemi S.r.l.
				0.01%	Prysmian S.p.A.
Draka Comteq Brasil Holding Ltda	Sorocaba	Brazilian Real	34,005,410	99.99%	Draka Comteq B.V.
				0.01%	NKF Vastgoed B.V.
Draka Cableteq Brasil S.A	Sorocaba	Brazilian Real	19,286,097	99.192532%	Draka Holding N.V
				0.001291%	Draka Kabel B.V.
				0.806161%	Draka Comteq Brasil Holding Ltda.
				0.000005%	Third parties
				0.00001%	Draka Cabletq Brasil S.A.
Doiter Industria e Comercio Ltda	Espirito Santo, Vitoria	Brazilian Real	118,000	99.9992%	Draka Comteq Cabos Brasil S.A
				0.0008%	Third parties
Draktel Optical Fibre S.A	Sorocaba	Brazilian Real	42,628,104	70.000004%	Draka Comteq Brasil Holding Ltda
				29.99999%	Draka Cableteq Brasil S.A
				0.00002%	Draktel Optical Fibre S.A.
				0.00004%	Third parties
Draka Comteq Cabos Brasil S.A	Santa Catarina	Brazilian Real	43,928,631	99.999998%	Draka Comteq B.V.
				0.000002%	Third parties
Telcon Fios e Cabos para Telecomunicações S.A	Sorocaba	Brazilian Real	25,804,568	49.99999992%	Draka Comteq Brasil Holding Ltda
				49.99999996%	Draka Cableteq Brasil S.A
				0.00000004%	Telcon Fios e Cabos para Telecomunicações S.A
				0.00000008%	Terzi
Chile					
Prysmian Instalaciones Chile S.A.	Santiago	Chilean Peso	1,147,127,679	99.80%	Prysmian Consultora Conductores e Instalaciones SAIC
				0.20%	Third parties
Mexico					
Draka Durango S. de R.L. de C.V.	Durango	Mexican Peso	163,471,787	99.996%	Draka Mexico Holdings S.A. de C.V.
				0.004%	Draka Holding N.V.
Draka Mexico Holdings S.A. de C.V.	Durango	Mexican Peso	57,036,500	99.998%	Draka Holding N.V.
				0.002%	Draka Nederland B.V.
NK Mexico Holdings S.A. de C.V.	Mexico City	Mexican Peso	n/a	100.00%	Draka NK Cables OY
Africa					
Ivory Coast					
SICABLE - Sociète Ivorienne de Cables S.A.	Abidjan	CFA Franc	740,000,000	51.00%	Prysmian Cables et Systèmes France S.A.S.
				49.00%	Third parties
Tunisia					
Auto Cables Tunisie S.A.	Grombalia	Tunisian Dinar	4,050,000	51.00%	Prysmian Cables et Systèmes France S.A.S.
				49.00%	Third parties
Eurelectric Tunisie S.A.	Soliman	Tunisian Dinar	210,000	99.71%	Prysmian Cables et Systemes France S.A.S.
				0.05%	Prysmian (French) Holdings S.A.S.
				0.05%	Prysmian Cavi e Sistemi S.r.l.
				0.19%	Third parties
Oceania					
Australia					
Prysmian Power Cables & Systems Australia Pty Ltd.	Liverpool	Australian Dollar	15,000,000	100.00%	Prysmian Cavi e Sistemi S.r.l.
Prysmian Telecom Cables & Systems Australia Pty Ltd.	Liverpool	Australian Dollar	38,500,000	100.00%	Prysmian Cavi e Sistemi S.r.l.
Draka Cableteq Australia Pty Ltd	Liverpool	Australian Dollar	1,700,001	100.00%	Singapore Cables Manufacturers Pte Ltd
New Zealand					
Prysmian Power Cables & Systems New Zealand Ltd.	Auckland	New Zealand Dollar	10,000	100.00%	Prysmian Power Cables & Systems Australia Pty Ltd.

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
Asia					
Saudi Arabia					
Prysmian Powerlink Saudi LLC	Al Khoabar	Saudi Arabian Riyal	500,000	95.00%	Prysmian PowerLink S.r.l.
				5.00%	Third parties
China					
Prysmian Tianjin Cables Co. Ltd.	Tianjin	US Dollar	20,400,000	67.00%	Prysmian (China) Investment Company Ltd.
				33.00%	Third parties
Prysmian Cable (Shanghai) Co.Ltd.	Shanghai	US Dollar	5,000,000	100.00%	Prysmian (China) Investment Company Ltd.
Prysmian Baosheng Cable Co.Ltd.	Jiangsu	US Dollar	35,000,000	67.00%	Prysmian (China) Investment Company Ltd.
				33.00%	Third parties
Prysmian Wuxi Cable Co. Ltd .	Wuxi	US Dollar	29,941,250	100.00%	Prysmian (China) Investment Company Ltd.
Prysmian Angel Tianjin Cable Co. Ltd.	Tianjin	US Dollar	14,000,000	100.00%	Prysmian (China) Investment Company Ltd.
Prysmian Hong Kong Holding Ltd.	Hong Kong	Euro	55,000,000	100.00%	Prysmian Cavi e Sistemi S.r.l.
Prysmian (China) Investment Company Ltd.	Pechino	Euro	55,000,000	100.00%	Prysmian Hong Kong Holding Ltd.
Nantong Haixun Draka Elevator Products Co. LTD	Nantong	US Dollar	2,400,000	75.00%	Draka Elevator Product INC.
				25.00%	Third parties
Nantong Zhongyao Draka Elevator Products Co. LTD	Nantong	US Dollar	2,000,000	75.00%	Draka Elevator Product INC.
				25.00%	Third parties
Draka Cables (Hong Kong) Limited	Hong Kong	Hong Kong Dollar	6,500,000	100.00%	Draka Cableteq Asia Pacific Holding Pte Ltd
Draka Shanghai Optical Fibre Cable Co Ltd.	Shanghai	US Dollar	15,580,000	55.00%	Draka Comteq Germany GmbH & Co.KG
				45.00%	Third parties
Suzhou Draka Cable Co. Ltd	Suzhou	Chinese Renminbi (Yuan)	134,500,000	100.00%	Draka Cableteq Asia Pacific Holding Pte Ltd
Yangtze Optical Fibre & Cable (Shanghai) Co. Ltd.	Shanghai	US Dollar	12,000,000	28.125%	Yangtze Optical Fibre and Cable Company Ltd.
				25.00%	Draka Comteq B.V.
				46.875%	Terzi
NK Wuhan Cable Co. Ltd.	Wuhan	US Dollar	12,000,000	7.50%	Yangtze Optical Fibre and Cable Company Ltd.
				60.00%	NK China Investments B.V.
				32.50%	Terzi
Philippines					
Draka Philippines Inc.	Cebu	Philippine Peso	253,652,000	99.9999975%	Draka Holding N.V.
				0.0000025%	Terzi
India					
Ravin Cables Limited	Mumbai	Indian Rupee	209,230,110	51.00%	Prysmian Cavi e Sistemi S.r.l.
				49.00%	Third parties
Pirelli Cables (India) Private Limited	New Delhi	Indian Rupee	10,000,000	99.998%	Prysmian Cable Holding B.V.
				0.002%	Prysmian Cavi e Sistemi S.r.l.
Associated Cables Pvt. Ltd.	Mumbai	Indian Rupee	61,261,900	32.00%	Draka UK Group Limited
				28.00%	Draka Treasury B.V.
				40.00%	Oman Cables Industry SAOG
Jaguar Communication Consultancy Services Private Ltd.	Mumbai	Indian Rupee	6,874,000	99.99%	Prysmian Cavi e Sistemi S.r.l.
				0.01%	Prysmian S.p.A.
Indonesia					
P.T.Prysmian Cables Indonesia	Cikampek	US Dollar	67,300,000	99.48%	Prysmian (Dutch) Holdings B.V.
				0.52%	Prysmian Cavi e Sistemi S.r.l.
Malaysia					
Submarine Cable Installation Sdn Bhd	Kuala Lumpur	Malaysian Ringgit	10,000	100.00%	Prysmian Cavi e Sistemi S.r.l.
Sindutch Cable Manufacturer Sdn Bhd	Malacca	Malaysian Ringgit	500,000	100.00%	Draka Cableteq Asia Pacific Holding Pte Ltd
Draka Marketing and Services Sdn Bhd	Malacca	Malaysian Ringgit	500,000	100.00%	Cable Supply and Consulting Company Pte Ltd
Draka (Malaysia) Sdn Bhd	Malacca	Malaysian Ringgit	8,000,002	100.00%	Cable Supply and Consulting Company Pte Ltd
Singapore					
Prysmian Cables Asia-Pacific Pte Ltd.	Singapore	Singapore Dollar	213,324,290	100.00%	Prysmian (Dutch) Holdings B.V.
Prysmian Cable Systems Pte Ltd.	Singapore	Singapore Dollar	25,000	50.00%	Prysmian (Dutch) Holdings B.V.
				50.00%	Prysmian Cables & Systems Ltd.
Draka Offshore Asia Pacific Pte Ltd	Singapore	Singapore Dollar	51,000	100.00%	Draka Cableteq Asia Pacific Holding Pte Ltd
Draka Cableteq Asia Pacific Holding Pte Ltd	Singapore	Singapore Dollar	28,630,542	100.00%	Draka Holding N.V.
Singapore Cables Manufacturers Pte Ltd	Singapore	Singapore Dollar	990,000	100.00%	Draka Cableteq Asia Pacific Holding Pte Ltd
Cable Supply and Consulting Company Pte Ltd	Singapore	Singapore Dollar	50,000	100.00%	Draka Cableteq Asia Pacific Holding Pte Ltd
Draka Comteq Singapore Pte Ltd	Singapore	Singapore Dollar	500,000	100.00%	Draka Comteq B.V.
Draka NK Cables (Asia) pte ltd	Singapore	Singapore Dollar	200,000	100.00%	Draka NK Cables OY
Thailand					
MCI-Draka Cable Co. Ltd	Bangkok	Thai Baht	435,900,000	70.250172%	Draka Cableteq Asia Pacific Holding Pte Ltd
				0.000023%	Draka (Malaysia) Sdn Bhd
				0.000023%	Sindutch Cable Manufacturer Sdn Bhd
				0.000023%	Singapore Cables Manufacturers Pte Ltd
				29.749759%	Third parties

The following companies have been consolidated on a proportionate basis:

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
Asia					
China					
Yangtze Optical Fibre and Cable Company Ltd.	Wuhan	Euro	63,328,220	37.50%	Draka Comteq B.V.
				62.50%	Third parties
United Arab Emirates					
Power Plus Cable CO. LLC	Fujairah	United Arab Emirates Dirha	51,000,000	49.00%	Ravin Cables Limited
				51.00%	Third parties
Japan					
Precision Fiber Optics Ltd.	Chiba	Japanese Yen	360,000,000	50.00%	Plasma Optical Fibre B.V.
				50.00%	Third parties
Malaysia					
Power Cables Malaysia Sdn Bhd	Selangor Darul Eshan	Malaysian Ringgit	8,000,000	40.00%	Prysmian (Dutch) Holdings B.V.
				60.00%	Third parties

The following companies have been accounted for using the equity method:

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
Europe					
Germany					
Kabeltrommel GmbH & CO.KG	Troisdorf	Euro	10,225,838	1.00%	Bergmann Kabel und Leitungen GmbH
				28.68%	Prysmian Kabel und Systeme GmbH
				13.50%	Draka Cable Wuppertal GmbH
				56.82%	Third parties
Kabeltrommel GmbH	Troisdorf	Deutsche Mark	51,000	11.77%	Prysmian Kabel und Systeme GmbH
				5.88%	Bergmann Kabel und Leitungen GmbH
				23.53%	Draka Cable Wuppertal GmbH
				58.82%	Third parties
KTG Europe GmbH	Troisdorf	Euro	100,000	100.00%	Kabeltrommel GmbH & CO.KG
U.K.					
Rodco Ltd.	Weybridge	British Pound	5,000,000	40.00%	Prysmian Cables & Systems Ltd.
				60.00%	Third parties
Poland					
Eksa Sp.Zo.o	Sokolów	Polish Zloty	394,000	20.05%	Prysmian Cavi e Sistemi S.r.l.
				79.95%	Third parties
Russia					
Elkat Ltd.	Moscow	Russian Rouble	10,000	40.00%	Draka NK Cables OY
				60.00%	Third parties
Asia					
China					
Jiangsu Yangtze Zhongli Optical Fibre & Cable Co., Ltd.	Changshu	Chinese Renminbi (Yuan)	92,880,000	51.00%	Yangtze Optical Fibre and Cable Company Ltd.
				49.00%	Third parties
Yangtze Optical Fibre & Cable Sichuan Co. Ltd.	Emeishan City	Chinese Renminbi (Yuan)	33,200,000	51.00%	Yangtze Optical Fibre and Cable Company Ltd.
				49.00%	Third parties
Tianjin YOFC XMKJ Optical Communications Co.,Ltd.	Tianjin	Chinese Renminbi (Yuan)	220,000,000	49.00%	Yangtze Optical Fibre and Cable Company Ltd.
				51.00%	Third parties
Shenzhen SDGI Optical Fibre Co., Ltd.	Shenzhen	Chinese Renminbi (Yuan)	149,014,800	49.00%	Yangtze Optical Fibre and Cable Company Ltd.
				51.00%	Third parties
Shantou Hi-Tech Zone Aoxing Optical Communication EquipmentsCo.,Ltd	Shantou	Chinese Renminbi (Yuan)	170,558,817	42.42%	Yangtze Optical Fibre and Cable Company Ltd.
				57.58%	Third parties
Yangtze (Wuhan) Optical System Corp., Ltd.	Wuhan	Chinese Renminbi (Yuan)	53,800,000	44.00%	Yangtze Optical Fibre and Cable Company Ltd.
				56.00%	Third parties
Tianjin YOFC XMKJ Optical Cable Co., Ltd.	Tianjin	Chinese Renminbi (Yuan)	100,000,000	20.00%	Yangtze Optical Fibre and Cable Company Ltd.
				80.00%	Third parties
WuhanGuanyuan Electronic Technology Co. Ltd.	Wuhan	Chinese Renminbi (Yuan)	5,000,000	20.00%	Yangtze Optical Fibre and Cable Company Ltd.
				80.00%	Third parties
Tianmen Xinrun Timber Produce Co., Ltd.	Tianmen	Chinese Renminbi (Yuan)	5,000,000	20.00%	Yangtze Optical Fibre and Cable Company Ltd.
				80.00%	Third parties
Oman					
Oman Cables Industry SAOG	Al Rusayl Industrial Zone	Omani Rial	8,970,000	34.78%	Draka Holding N.V.
				65.22%	Third parties

The following investments in other companies have been classified as available-for-sale financial assets:

Legal name	% ownership	Direct parent company
Europe		
Finland		
Conex Cables OY	50.00%	Draka NK Cables OY
	50.00%	Terzi
Switzerland		
Voltimum S.A.	13.71%	Prysmian Cavi e Sistemi S.r.l.
	86.29%	Third parties
Asia		
Saudi Arabia		
Sicew-Saudi Italian Company for Electrical Works Ltd.	34.00%	Prysmain Cable Holding B.V.
	66.00%	Third parties
China		
Hangzhou Futong Optical Fiber Technology Co., Ltd.	10.38%	Yangtze Optical Fibre and Cable Company Ltd.
	89.62%	Third parties
Wuhan Yunjingfei Optical Fiber Material Co., Ltd.	20.00%	Yangtze Optical Fibre and Cable Company Ltd.
	80.00%	Third parties
Africa		
South Africa		
Pirelli Cables & Systems (Proprietary) Ltd.	100.00%	Prysmian Cavi e Sistemi S.r.l.

CERTIFICATION OF THE HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 81-TER OF CONSOB REGULATION 11971 DATED 14 MAY 1999 AND SUBSEQUENT AMENDMENTS AND ADDITIONS

1. The undersigned Valerio Battista, as Chief Executive Officer, and Carlo Soprano and Jordi Calvo, as managers responsible for preparing the corporate accounting documents of Prysmian S.p.A., certify, also taking account of the provisions of paragraphs 3 and 4, art. 154-bis of Italian Legislative Decree 58 dated 24 February 1998, that during the first half of 2012 the accounting and administrative processes for preparing the half-year condensed consolidated financial statements:

• have been adequate in relation to the business's characteristics and,

• have been effectively applied.

2. The adequacy of the accounting and administrative processes for preparing the half-year condensed consolidated financial statements at 30 June 2012 has been evaluated on the basis of a procedure established by Prysmian in compliance with the internal control framework published by the Committee of Sponsoring Organizations of the Treadway Commission, which represents the generally accepted standard model internationally.
It is reported that:
- the integration of companies in the Draka Group, acquired in February 2011, into the Group's system of procedures and controls is still in progress. The integration process has carried on during 2012 and should be largely completed within the year;
- during the first half of 2012, some of the Prysmian Group's companies have been involved in the project to change information system. The process of fine-tuning the new system's operating and accounting functions is still in progress for some of them; in any case, the system of controls in place ensures consistency with the Group's system of procedures and controls.

3. They also certify that:

3.1 The half-year condensed consolidated financial statements at 30 June 2012:

a. have been prepared in accordance with applicable international accounting standards recognised by the European Union under Regulation (EC) 1606/2002 of the European Parliament and Council dated 19 July 2002;

b. correspond to the underlying accounting records and books of account;

c. are able to provide a true and fair view of the issuer's statement of financial position and results of operations and of the group of companies included in the consolidation.

3.2 The interim directors' report contains a reliable analysis of performance and the results of operations, and of the situation of the issuer and the group of companies included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

7 August 2012

Signed: Valerio Battista	Signed: Carlo Soprano and Jordi Calvo
Chief Executive Officer	Managers responsible for preparing corporate accounting documents
Valerio Battista	**Carlo Soprano** **Jordi Calvo**

AUDIT REPORT

AUDITORS' REPORT ON THE REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2012

To the Shareholders of
Prysmian SpA

1. We have reviewed the condensed consolidated interim financial statements of Prysmian SpA and its subsidiaries ("Prysmian Group") as of 30 June 2012 and for the six-month period then ended, which comprise the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related explanatory notes. The Directors of Prysmian SpA are responsible for the preparation of the condensed consolidated interim financial statements in accordance with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34), as adopted by the European Union. Our responsibility is to issue this report based on our review.

2. Our work was conducted in accordance with the criteria for a review recommended by the National Commission for Companies and the Stock Exchange (CONSOB) with Resolution no. 10867 of 31 July 1997. The review consisted principally of inquiries of company personnel about the information reported in the condensed consolidated interim financial statements and about the consistency of the accounting principles applied therein as well as the application of analytical review procedures on the information contained in the condensed consolidated interim financial statements. The review excluded certain auditing procedures such as compliance testing and verification or validation tests of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, unlike for an audit of the annual consolidated financial statements, we do not express an audit opinion on the condensed consolidated interim financial statements.

   Regarding the comparative amounts of the consolidated financial statements of the prior year and the condensed consolidated interim financial statements of the prior year presented for comparative purposes, reference should be made to our reports dated 23 March 2012 and 26 August 2011, respectively.

3. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of the Prysmian Group as of 30 June 2012 and for the six-month period then ended have not been prepared, in all material respects, in accordance with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34), as adopted by the European Union.

PricewaterhouseCoopers SpA

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4. As described in the explanatory notes to the condensed consolidated interim financial statements in note 11 “Provisions for risks and charges”, in 2009 the European Commission and other regulatory authorities initiated an investigation on the Prysmian Group and other European and Asian electrical cable manufacturers aimed at assessing the existence of price fixing agreements in the high voltage land and submarine cables business. In 2011, considering also the developments of the European Commission investigation, the Directors estimated a provision related to the jurisdictions involved, with the exception of Brazil. Although the outcome of the investigations in the different jurisdictions is still uncertain, this provision still represents the best estimate based on the information currently available.

Milan, 7 August 2012

PricewaterhouseCoopers SpA

Signed by

Fabio Facchini
(Partner)

This report has been translated into the English language solely for the convenience of international readers.

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