CARRYING OUT IDEAS TO KEEP ON GROWING

HALF-YEAR FINANCIAL REPORT AT 30 JUNE 2011

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**	Paolo Zannoni	
	Chief Executive Officer & General Manager	Valerio Battista	
	Directors	Wesley Clark [*]	Fabio Ignazio Romeo
		Giulio Del Ninno[*] [1] [2]	Claudio De Conto[*] [1] [2] [3]
		Pier Francesco Facchini	Fritz Fröhlich [*] [4]
		Massimo Tononi [*] [1] [2] [3]	Frank Dorjee [4]
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

[1] Members of the Internal Control Committee

[2] Members of the Compensation and Nominations Committee

[3] Appointed on 24 January 2011

[4] Appointed on 14 April 2011

Foreword

This half-year financial report at 30 June 2011 (Interim management statement pursuant to art. 154-ter of Italian Decree 58/1998) has been drawn up and prepared:

- in compliance with art. 154-ter of Italian 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*.

The present Half-Year Financial Report has been the subject of a limited review by the independent auditors.

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION (*)

(in millions of Euro)

	1st half 2011 (**)				1st half 2010	% Consolidated change	% Prysmian change	FY 2010
	Prysmian	Draka	Adjustments	Total	Prysmian			Prysmian
Sales	2,653	931	(10)	3,574	2,148	66.4%	23.6%	4,571
EBITDA [1]	(21)	61	(14)	26	175	-85.2%	-112.0%	365
Adjusted EBITDA [2]	201	68	-	269	181	48.3%	11.0%	387
Operating income	(89)	37	(20)	(72)	115	-162.7%	-177.6%	307
Adjusted operating income [3]	163	47	(6)	204	143	42.2%	13.7%	309
Profit before taxes	(136)	31	(25)	(130)	64	-302.9%	-311.2%	213
Net profit/(loss) for the period	(157)	21	(20)	(156)	44	-458.2%	-458.8%	150

(in millions of Euro)

	30 June 2011 (**)	30 June 2010	Consolidated change	31 December 2010
Net capital employed	2,709	1,500	1,209	1,403
Employee benefit obligations	234	158	76	145
Equity	1,097	667	430	799
of which attributable to non-controlling interests	67	39	28	43
Net financial position	1,378	675	703	459

(in millions of Euro)

	1st half 2011 (**)			1st half 2010	% Consolidated change	% Prysmian change	FY 2010
	Prysmian	Draka	Total	Prysmian			Prysmian
Investments	48	9	57	31	83.9%	54.8%	102
Employees (at period end)	12,905	9,282	22,187	12,460	78.1%	3.6%	12,352
Earnings/(loss) per share							
- basic			(0.76)	0.25			0.82
- diluted			(0.76)	0.25			0.82

(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.

(**) The Draka Group's results have been consolidated for the period 1 March – 30 June 2011.

SIGNIFICANT EVENTS DURING THE PERIOD

Draka Acquisition

On 5 January 2011, Prysmian S.p.A. formally announced the public mixed exchange and cash offer for all the outstanding ordinary shares of Draka Holding N.V. The offer price was confirmed at Euro 8.60 in cash plus 0.6595 newly issued Prysmian ordinary shares for each Draka share.

On 26 January 2011, Prysmian announced it had entered into two conditional agreements to purchase all the 5,754,657 issued and outstanding preference shares of Draka Holding N.V. owned by ASR Levensverzekering N.V. and Kempen Bewaarder Beleggingsfonds 'Ducatus' B.V.
Both these agreements were subject to fulfilment of the condition precedent that Prysmian declare the offer unconditional.
The purchase price of the preference shares was approximately Euro 86 million.

On 8 February 2011, Prysmian S.p.A. declared the offer unconditional, having then received acceptances from 44,064,798 shares, representing around 90.4% of Draka's ordinary share capital (excluding treasury shares held by Draka itself).

On 22 February 2011, Prysmian settled the offer for those shares tendered during the offer period, by acquiring 44,064,798 Draka shares and issuing 29,059,677 ordinary shares of Prysmian S.p.A. and paying Euro 378,973,735.24 in cash. The unit price of the ordinary shares acquired, determined in accordance with IFRS 3, was equal to Euro 18.47379.

During the Post-Closing acceptance period, ending on 22 February 2011, another 4,192,921 shares were tendered for acceptance, representing around 8.6% of Draka's ordinary share capital (excluding treasury shares held by Draka itself).
Together with the 44,064,798 shares tendered during the offer period ending on 3 February 2011, Prysmian holds a total of 48,257,719 shares.

Taking account of the 5,754,657 Draka preference shares acquired by Prysmian from ASR Levensverzekering N.V. and Kempen Bewaarder Beleggingsfonds 'Ducatus' B.V. on 1 March 2011, Prysmian now holds 99.121.% of the issued shares of Draka Holding N.V. (corresponding to 99.047% of the voting rights).
Payment of the offer price to the Draka shareholders who accepted the offer during the Post-Closing acceptance period was settled on 8 March 2011.

At the end of the transaction, Prysmian has thus obtained control of Draka and so created a new world leader in the energy and telecom cables and systems industry. It will allow the Prysmian Group to further develop its activities in high-tech sectors through an industrial integration, the benefits of which the two companies had already considered in 2009 when, as announced at the time, they started discussions to propose a cross-border merger to their respective shareholders' meetings.

The acquisition is based on a strong strategic rationale and a significant value creation opportunity for the shareholders. In fact, the reference industries in which both Prysmian and Draka customers operate are

demonstrating a tendency towards globalisation, meaning that companies are increasingly buying products and services globally and on a centralised basis. In addition, a clear trend towards consolidation can be observed in the cable industry, both at a supplier and customer level. The globalisation and consolidation of the industry is increasing the need for economies of scale, wide product offering, efficiency and constant innovation.
The new Group resulting from the combination of Prysmian and Draka will operate in more than 50 countries, with 98 plants and a workforce of more than 22,000 employees.

Based on 2010 aggregate pre-synergy figures of the two companies, the new Group would have had sales of around Euro 7.0 billion in 2010 and EBITDA (excluding non-recurring items) of Euro 535 million.

Outline of Prysmian's plans for the acquired company

Prysmian believes that the new Group can establish itself as leader of the energy and telecom cables and systems industry, particularly in the various high-tech sectors. In particular:

(a) in submarine and high voltage, the new Group will continue to serve the main national grid operators and will be involved in the most important transmission projects worldwide;
(b) it will extend its product offering by acquiring a significant presence in the industrial cables business, and will be in the position to exploit important cross-selling opportunities; for some high value-added industrial applications, like for example wind energy, the new Group will be in the ideal position to offer its enlarged customer base an even more complete offering, thanks to the product and technological complementarity of Prysmian and Draka;
(c) in the Trade & Installers business, improvements in logistics (due to increased geographical presence) will allow the new Group to enhance the service level and the number and type of products offered, thanks once again to the complementarity of the Draka and Prysmian product portfolios;
(d) leveraging on Draka's optical fibre manufacturing technology, the new Group will have fibre production facilities spread across the globe and will become leader in the optical cable segment with an even wider product range.

Based on its leadership in key geographical areas and segments, combined with the possibility of sharing best practices and processes developed independently by the two groups in the past (and of applying them to a wider base of customers, products and services), the new Group is expected to generate significant synergies and will be ideally positioned to better capture the growing opportunities. In view of the significant experience matured by both Prysmian and Draka in implementing efficiency and cost-saving measures, further areas for improvement have already been identified.

The new combined Group is expected to generate approximately Euro 100 million of annual pre-tax cost synergies by 2013, mainly by optimising the industrial footprint and synergies in procurement, by making organisational savings and improving operating efficiency and optical fibre sourcing, and by exploiting complementarities in the product portfolios. The net restructuring costs to generate these synergies are expected in the region of Euro 200 million over the integration period.

Antitrust

The European Commission has sent the Company a notification of indictments in relation to the investigation started in January 2009 into the high voltage underground and submarine cables market. This document contains the Commission's preliminary position on alleged anti-competitive practices and does not constitute

advance notice of its final decision. Prysmian has therefore had access to the Commission's dossier and, while fully co-operating, will present its defence against the related allegations.
Further information can be found in the section on "Foreseeable risks in 2011".

Sources of Finance

With reference to the Draka acquisition, during the month of February 2011, Prysmian obtained, from its banking syndicates, a significant extension to the financial covenants under the Credit Agreement and Forward Start Credit Agreement; under the new terms, which have also been applied to the Credit Agreement 2011, the ratio between EBITDA and Net finance costs (as defined in the Credit Agreement, Credit Agreement 2011 and Forward Start Credit Agreement) and the ratio between Net Financial Position and EBITDA (as defined in the Credit Agreement, Credit Agreement 2011 and Forward Start Credit Agreement) should be not less than 4.00x and not more than 3.50x respectively at year end.

Organisational structure

Prysmian unveiled its new organisational structure on 13 July 2011, marking an important step forward in the integration with Draka, acquired at the start of March and delisted from the Amsterdam Stock Exchange in April. Along with the new organisational structure, which comes into effect from July, the Group has redefined its Mission & Vision and a new strategy aimed at promoting both the Prysmian and Draka commercial brands under the new Prysmian Group corporate umbrella.
"The launch of the new organisational structure – explained CEO Valerio Battista - marks a fundamentally important step in the integration process between Prysmian and Draka. We have put together the best of the two companies, with the goal of designing an organisation that is lean, efficient and fast in managing change and promoting innovation while being able to stay close to customers and the market. We now have the right people in place and the conditions to achieve the annual earnings target of an adjusted EBITDA in the range Euro 530 - 580 million. This will also allow us to start reducing the level of debt, which has risen due to the acquisition".
The new Group's matrix structure organisation revolves around two businesses: Energy Cables and Systems and Telecom Systems. In fact, most of the product lines will be managed by both geography and business, from building wires and underground power transmission and distribution, to fibre optic and copper telecom cables and special cables for industrial applications, renewable energy and the Oil&Gas industry. The more globalised product lines (submarine cables, optical fibre and telecom components, cables for the automotive, transport and aerospace industries, flexible pipes and umbilicals for the Oil&Gas industry, special elevator cables) will be managed vertically by business.
The new Group's key people have also been appointed following an assessment of Prysmian and Draka's best resources. This new management structure includes 300 top positions, from the Group Chief Executive Officer's staff functions, to the individual country CEOs and headquarters directors of the various business segments. The launch of the new organisational structure effectively ratifies the birth of the new Prysmian Group, with Euro 7 billion in turnover (pro-forma 2010), a presence in 50 countries with 98 plants and 22,000 employees. At the same time as devising the new organisation, the integration team has developed a new Mission & Vision and the branding strategy that will accompany the Group to market.
To support the sustainable supply of Energy and Information as primary drivers in the development of communities, by providing our customers with superior cable solutions based on state-of-the-art technology: these are the core elements of the new Mission & Vision.

The Group has also decided to retain and promote both the Prysmian and Draka commercial brands, both of which have strong recognition on their respective markets, at the same time as creating the new Prysmian Group corporate brand.

PRINCIPAL PROJECTS ACQUIRED AND COMMERCIAL INITIATIVES IN THE PERIOD

At the start of January 2011 the Group was awarded a contract worth more than Euro 40 million by Energinet.dk, the Danish transmission grid operator, to develop an underground HVDC (High Voltage Direct Current) cable system for the Skagerrak 4 interconnection between Norway and Denmark. The contract requires Prysmian to supply, install and commission 92 km of 500 kV impregnated paper-insulated underground cable and related accessories, with a 700 MW transmission capacity, that will be manufactured at Prysmian's Arco Felice plant in Naples, Italy. Work is scheduled to complete by late 2014.

Energinet.dk and Statnett, the respective Danish and Norwegian transmission grid operators, have decided to undertake the Skagerrak 4 project to increase the capacity of the existing power transmission system between Norway and Denmark, and so enhance the efficiency and competitiveness of the Nordic electricity market. Moreover, the project will contribute to the development of a more sustainable energy market in Europe, by supporting the export of energy from renewable sources generated in Norway and the growth of wind power generation in Denmark.

Also in January, Prysmian secured a major contract to supply high-tech optical fibre cables to NBN Co Limited (National Broadband Network), a company set up by the Australian government to construct and operate the new national broadband network. This contract, awarded to the local subsidiary Prysmian Telecom Cables & Systems Australia Pty Ltd, is worth a total of Euro 223 million (AUD 300 million) over 5 years, against which an initial purchase order for Euro 112 million (AUD 150 million) has been issued.

This agreement makes Prysmian one of the principal suppliers of optical fibre cable to the new national broadband network that will connect 93% of Australia's residential buildings and business premises in one of the country's largest ever infrastructure projects.

Still in the first quarter, Prysmian was awarded a contract worth more than Euro 250 million by the Dutch-German grid operator TenneT for the SylWin1 project linking offshore wind farms in the North Sea to mainland Germany.

The SylWin1 project follows TenneT's award of two other major projects to Prysmian last year, namely HelWin1 and BorWin2, and represents another technological record for the industry in terms of length, power rating and voltage: in fact, with a capacity of 864 MW, the system will be the highest ever rated for VSC technology, and will operate at the highest available voltage level of ±320 kV DC. Both the cables supplied by Prysmian and the converters supplied by Siemens will be realised using advanced HVDC technology. Under the overall contract awarded to the consortium of Prysmian and Siemens Energy, Prysmian will be responsible for designing, supplying, installing and commissioning the submarine and underground cable connections. Siemens Energy will supply the Voltage Sourced Converter (VSC) system, with a rating of 864 MW. The entire system will link the DanTysk offshore wind farm, located about 160 km offshore, to the mainland with the purpose of transmitting power from this renewable source to the German grid.

Prysmian's European HV plants will commence production of the cables and accessories in 2012, while installation will start in 2012 and continue into 2013. The link is due to enter service during 2014.

At the start of May Prysmian signed two major contracts worth in excess of Euro 60 million with SAIPEM, a world leading Oil&Gas industry contractor, for the supply of special cables for applications in the Oil, Gas and Petrochemicals sector.

Under the first contract the Group will supply a wide range of power, instrumentation and optical fibre cables specially designed for process plant for treating natural gas at the Shah Arab Field in Abu Dhabi, United Arab Emirates. The second contract involves the supply of hydrocarbon resistant instrumentation and signalling cables for the BS 171 pumping station and for oil transportation in Kuwait. The two contracts are worth in excess of Euro 50 million and Euro 10 million respectively. The cables are being manufactured in the Italian plants of Livorno Ferraris (Vercelli), Merlino (Lodi) and Ascoli Piceno, with delivery commencing May 2011.

The Middle East and the companies operating in the oil, petrochemicals and chemicals industry in this region are strategic for the development of the Group's business in this sector: in fact, Prysmian cable systems have been selected for current high-profile projects such as the QAFCO fertiliser plant in Qatar (the largest in the world), the Borouge polyolefin plant in Abu Dhabi and the LNG 2 plant in Yemen.

These results reconfirm Prysmian's leadership and the validity of its know-how and technology, as well as its commitment to support main OGP players throughout the world with an extensive range of cable systems for offshore and onshore applications, umbilicals and flexible pipes.
During May 2011 the Group was awarded a contract worth in excess of USD 175 by Hudson Transmission Partners LLC, for the development of a new underground and submarine power link between New York City and the New Jersey transmission grid as part of a larger contract awarded to the consortium of Prysmian and Siemens Energy.

Prysmian will be responsible for the design, supply and installation of a 345 kV HVAC (High Voltage Alternate Current) underground and submarine power line that will run along a total route of approximately 13 km connecting the New Jersey transmission grid to New York City. The line will have a power transmission capacity of 660 MW. Siemens will build the back-to-back converter station located in Ridgefield, New Jersey. The project is expected to be completed during the third quarter of 2013.

The Hudson Project is of strategic importance to satisfy New York's growing electricity requirements. It will also help increase the use of energy from renewable sources and natural gas, by creating the conditions to retire one or more obsolete, inefficient and environmentally unfriendly power stations located in the New York metropolitan area.

Prysmian will lay a bundle of three high voltage submarine cables and two optical fibre data transmission cables on the bed of the Hudson River using its own cable-laying ship, the Giulio Verne. The submarine cable bundle will be buried below the river bed at depths ranging between three and five metres using the Prysmian-designed hydro-plow system. The high voltage submarine and optical fibre cables will be manufactured in Italy at the Arco Felice plant in Naples.
The underground cables will be installed under the streets of Manhattan running a distance of some 900 metres, from the point where the submarine cables come ashore to the converter station of the Consolidated Edison Company of New York (Con Edison) on 49th Street. Most of the high voltage underground cables will be manufactured at Prysmian's new state-of-the-art VCV (Vertical Continuous Vulcanization) plant in Abbeville, South Carolina, while the optical fibre underground cables will be produced at the Lexington plant, also in South Carolina.

FINANCE AND M&A ACTIVITIES

On 7 March 2011 Prysmian S.p.A. entered into a long-term credit agreement for Euro 800 million with a syndicate of major banks. The banking sector's receptiveness and support have allowed Prysmian to obtain a higher amount of credit at better terms than in the Forward Start Credit Agreement made in January 2010. The new facility will help extend average debt maturity and re-establish the financial flexibility absorbed by the Draka acquisition.

The agreement, comprising a term loan for Euro 400 million and a revolving credit facility for Euro 400 million, lasts five years and will be used not only to refinance Draka's debt but also to finance the Group's ordinary activities.

GROUP PERFORMANCE AND RESULTS

(in millions of Euro)

	1st half 2011 (*)				1st half 2010	% Consolidated change	% Prysmian change	FY 2010
	Prysmian	Draka	Adjustments	Total	Prysmian			Prysmian
Sales	2,653	931	(10)	3,574	2,148	66.4%	23.6%	4,571
Adjusted EBITDA	**201**	**68**	**-**	**269**	**181**	**48.3%**	**11.0%**	**387**
% of sales	7.6%	7.3%		7.5%	8.4%			8.5%
EBITDA	**(21)**	**61**	(14)	**26**	**175**	**-85.2%**	**-112.0%**	**365**
% of sales	-0.8%	6.6%		0.7%	8.2%			8.0%
Fair value change in metal derivatives	(30)	(3)	-	(33)	(17)			28
Remeasurement of minority put option liability	-	-	-	-	-			13
Amortisation, depreciation and impairment	(38)	(21)	(6)	(65)	(43)	51.5%	-10.7%	(99)
Operating income	**(89)**	**37**	(20)	**(72)**	**115**	**-162.7%**	**-177.6%**	**307**
% of sales	-3.4%	4.0%		-2.0%	5.4%			6.7%
Net finance income/(costs)	(53)	(9)	-	(62)	(52)			(96)
Share of income from investments in associates and dividends from other companies	6	3	(5)	4	1			2
Profit before taxes	**(136)**	**31**	**(25)**	**(130)**	**64**	**-302.9%**	**-311.2%**	**213**
% of sales	-5.1%	3.4%		-3.6%	3.0%			4.7%
Taxes	(21)	(10)	5	(26)	(20)	28.6%	3.8%	(63)
Net profit/(loss) for the period	**(157)**	**21**	**(20)**	**(156)**	**44**	**-458.2%**	**-458.8%**	**150**
% of sales	-5.9%	2.3%		-4.4%	2.0%			3.3%
Attributable to:								
Owners of the parent	(157)	20	(20)	(156)	45			148
Non-controlling interests	-	1	-	-	(1)			2

Reconciliation of Operating Income/EBITDA to Adjusted Operating Income/Adjusted EBITDA

Operating income (A)	**(89)**	**37**	**(20)**	**(72)**	**115**	**-162.7%**	**-177.6%**	**307**
EBITDA (B)	**(21)**	**61**	**(14)**	**26**	**175**	**-85.2%**	**-112.0%**	**365**
Non-recurring expenses/(income):								
Draka acquisition costs	6	-	-	6	-			6
Draka integration costs	6	-	-	6	-			-
Effects of Draka change of control	2	-	-	2	-			-
Company reorganisation	5	7	-	12	4			11
Gains on disposal of assets held for sale	(1)	-	-	(1)	-			-
Business interruption Libya	4	-	-	4	-			-
Antitrust investigation legal costs	-	-	-	-	-			5
Antitrust	200	-	-	200	-			-
Release of provision for tax inspections	-	-	-	-	(2)			(2)
Special project costs	-	-	-	-	3			1
Environmental remediation	-	-	-	-	1			1
Release of Draka inventory step-up [1]	-	-	14	14	-			-
Total non-recurring expenses/(income) (C)	**222**	**7**	**14**	**243**	**6**			**22**
Fair value change in metal derivatives (D)	30	3	-	33	17			(28)
Remeasurement of minority put option liability (E)	-	-	-	-	-			(13)
Impairment of assets (F)	-	-	-	-	5			21
Adjusted operating income (A+C+D+E+F)	**163**	**47**	**(6)**	**204**	**143**	**42.2%**	**13.7%**	**309**
Adjusted EBITDA (B+C)	**201**	**68**	**-**	**269**	**181**	**48.3%**	**11.0%**	**387**

[1] Refers to the higher cost of using finished and semi-finished goods and raw materials measured at the Draka Group's acquisition-date fair value.

(*) The Draka Group's results have been consolidated for the period 1 March – 30 June 2011.

The Prysmian Group's sales in the first half of 2011 came to Euro 3,574 million, compared with Euro 2,148 million at the end of the first half of 2010.

The overall increase of Euro 1,426 million (+66.4%) comprises:

- Euro 921 million (+42.8%) for the first-time consolidation of Draka from 1 March 2011, net of Euro 10 million in intragroup transactions;
- Euro 505 million (+23.6%) in sales growth by the pre-acquisition Prysmian Group.

Net of changes in the scope of consolidation, metal prices and exchange rates, sales were significantly higher than in the same period of 2010, reporting organic growth of 13%, analysed by operating segment as follows:

- Energy +12.3%;
- Telecom +17.6%.

The Energy segment benefited from a global recovery in volumes in all its business areas, particularly in North Europe, South America and Asia Pacific, while Telecom segment growth mostly came from optical fibre cables in places like North America and Australia.

Draka's sales for the entire six-month period January - June 2011 came to Euro 1,322 million, reporting an increase of Euro 181 million (+15.8%) on the prior year equivalent period and organic growth of 6%.
The Prysmian Group's six-month consolidated organic growth (including Draka for the full half year) was 10.6%.

The Group's adjusted EBITDA (before Euro 243 million in non-recurring expenses) came to Euro 269 million, posting an increase of Euro 88 million (+48.3%) on the prior year equivalent period, of which Euro 68 million (+37.6%) attributable to the first-time consolidation of Draka.

INCOME STATEMENT

Group sales came to Euro 3,574 million in the first six months of 2011, compared with Euro 2,148 million in the first half of 2010, representing a positive change of Euro 1,426 million (+66.4%).
This increase was due to the following factors:

- addition of Euro 921 million (+42.8%) from the line-by-line consolidation of the Draka Group from 1 March 2011, net of Euro 10 million in intragroup transactions;
- negative exchange rate effects of Euro 6 million (-0.2%);
- increase of Euro 233 million (+10.8%) in sale prices due to fluctuations in metal prices (copper, aluminium and lead);
- organic sales growth of Euro 278 million (+13.0%) due to higher volumes.

The organic growth, fostered by the upturn in global demand, has confirmed the validity of the Group's commercial and business segmentation strategies adopted in the past two years. The Group's increased ability to satisfy customer demands in the Trade & Installers, Power Distribution and Telecom businesses, combined with technological innovation, quality improvements and greater flexibility of production in its high value-added businesses (High Voltage, Submarine, Industrial Cables) have allowed the Group to benefit immediately from the more favourable market trends, which are nonetheless limited to certain geographical areas and, in any case, are characterised by extremely competitive terms of sale.
Adjusted EBITDA amounted to Euro 269 million in the first half of the year, compared with Euro 181 million at 30 June 2010, having benefited from Euro 20 million due to positive organic sales growth and from Euro 68 million for the first-time consolidation of Draka within the Prysmian Group.

The positive change in adjusted EBITDA can be analysed as follows:

(in millions of Euro)			% change
Energy		**51**	
	Utilities	19	10.5%
	Trade & Installers	14	7.6%
	Industrial	16	8.8%
	Other	2	1.1%
Telecom		**37**	20.3%

Group EBITDA amounted to Euro 26 million, compared with Euro 175 million in the same period of 2010. The reduction of Euro 149 million reflects the following factors:

- positive change in adjusted EBITDA of Euro 88 million, of which Euro 68 million for the first-time consolidation of Draka from 1 March and Euro 20 million in improvements by Prysmian alone;
- negative change in non-recurring expenses of Euro 237 million, of which Euro 200 million in provisions against the ongoing antitrust investigations.

The rest of the increase in net non-recurring expenses included in EBITDA is due to the following factors:

- costs in connection with the acquisition and integration of the Draka Group (Euro 12 million);
- taxes associated with the change of control (Euro 2 million);
- restructuring costs associated with projects to boost industrial efficiency and reorganise the new Group (Euro 12 million);
- costs for writing down high voltage cables intended for the GECOL project in Libya, interrupted due to the country's ongoing civil war (Euro 4 million);
- higher cost of using finished and semi-finished goods and raw materials measured at the Draka Group's acquisition-date fair value (Euro 14 million);
- extraordinary gains on the disposal of the plant in Eastleigh, United Kingdom (Euro 1 million).

Amortisation, depreciation and impairment amounted to Euro 65 million at 30 June 2011, reporting an increase of Euro 22 million on the first half of last year. The change is entirely attributable to consolidation of the Draka Group and includes the increase in amortisation and depreciation (Euro 6 million) after adjusting the Draka Group's property, plant and equipment and intangible assets to fair value in accordance with IFRS 3.

The fair value change in metal derivatives was a negative Euro 33 million in the first half of 2011, compared with a negative Euro 17 million at 30 June 2010. The negative change of Euro 16 million includes Euro 3 million for consolidation of the Draka Group.

Group operating income, inclusive of the effect of non-recurring items and of the fair value change in metal derivatives, was a negative Euro 72 million at 30 June 2011, compared with a positive Euro 115 million in the first half of 2010, reporting a negative change of Euro 187 million, analysed as follows:

- addition of Euro 37 million from the first-time consolidation of the Draka Group;
- negative impact of Euro 20 million on the first-half result of adjusting acquired assets and liabilities to fair value in accordance with IFRS 3;

- decrease of Euro 204 million in the pre-acquisition Prysmian Group's operating income, entirely due to non-recurring expenses and the negative fair value change in metal derivatives.

Finance income and costs were a net negative Euro 62 million at the end of the first half of 2011, compared with a negative Euro 52 million at 30 June 2010, posting a deterioration of Euro 10 million. This was mainly due to the following factors:

- a negative change associated with the growth in net debt following the Draka acquisition, arising not only from the cash payment of Euro 501 million, but also from the consolidation of the Draka Group's net financial position of Euro 357 million at 28 February 2011;
- a positive change of Euro 12 million for currency derivatives and exchange rate differences;
- a negative change associated with differences in the financial structure after entering a Forward Start Credit Agreement for Euro 1,070 million in January 2010, issuing a bond for Euro 400 million in April 2010 and finalising a credit agreement for Euro 800 million in March 2011.

Net profit/(loss) in the first six months of 2011 was affected by the provision of Euro 200 million for risks relating to antitrust investigations and reported a loss of Euro 156 million compared with a profit of Euro 44 million in the first half of 2010.

Adjusted net profit[1] was Euro 113 million, compared with Euro 77 million in the first six months of 2010; the increase is entirely due to the first-time consolidation of Draka.

[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.

SEGMENT PERFORMANCE

ENERGY

(in millions of Euro)

	1st half 2011 (*)				1st half 2010	% Consolidated change	% Prysmian change	FY 2010
	Prysmian	Draka	Adjustments	Total	Prysmian			Prysmian
Sales	2,398	628		3,026	1,935	56.4%	23.9%	4,145
of which to third parties	2,383	615	(9)	2,989	1,925	55.3%	23.8%	4,121
Adjusted EBITDA	**178**	**37**	**-**	**215**	**164**	**31.1%**	**8.5%**	**351**
% of sales	7.5%	5.8%		7.1%	8.5%			8.5%
EBITDA	**173**	**25**	**-**	**198**	**159**	**24.5%**	**8.7%**	**339**
% of sales	7.2%	4.0%		6.5%	8.2%			8.2%
Amortisation and depreciation	(34)	(12)	(1)	(47)	(34)	38.2%	0.0%	(71)
Adjusted operating income	**144**	**25**	**(1)**	**168**	**130**	**29.2%**	**10.8%**	**280**
% of sales	6.0%	4.0%		5.6%	6.7%			6.8%

Reconciliation of EBITDA to Adjusted EBITDA

EBITDA (A)	**173**	**25**	**-**	**198**	**159**	**24.5%**	**8.7%**	**339**
Non-recurring expenses/(income):								
Company reorganisation	2	4	-	6	3			10
Business interruption - Libya	4	-	-	4	-			-
Antitrust investigation legal costs	-	-	-	-	-			3
Gains on disposal of assets held for sale	(1)	-	-	(1)	-			-
Release of provision for tax inspections	-	-	-	-	(2)			(2)
Special project costs	-	-	-	-	3			-
Environmental remediation	-	-	-	-	1			1
Release of Draka inventory step-up (1)	-	8	-	8	-			-
Total non-recurring expenses/(income) (B)	**5**	**12**	**-**	**17**	**5**			**12**
Adjusted EBITDA (A+B)	**178**	**37**	**-**	**215**	**164**	**31.1%**	**8.5%**	**351**

(1) Refers to the higher cost of using finished and semi-finished goods and raw materials measured at the Draka Group's acquisition-date fair value.

(*)The Draka Group's results have been consolidated for the period 1 March – 30 June 2011.

Sales to third parties by the Energy segment amounted to Euro 2,989 million in the first half of 2011, compared with Euro 1,925 million at 30 June 2010. The increase of Euro 1,064 million (+55.3%) was mainly due to the following factors:

- addition of Euro 606 million (+31.5%) from the first-time consolidation of the Draka Group, net of Euro 9 million in intragroup transactions;
- increase of Euro 226 million (+11.8%) in sale prices due to fluctuations in metal prices;
- negative exchange rate effects of Euro 6 million (-0.3 %);
- organic sales growth of Euro 238 million (+12.3%) due to improvement in volumes and mix.

Draka Energy segment sales to third parties for the entire six-month period January - June 2011 came to Euro 890 million, reporting an increase of Euro 132 million (+17.3%) on the prior year equivalent period and organic growth of 4.3%.

The Energy segment's six-month consolidated organic growth (including Draka for the full half year) was 10%.

Adjusted EBITDA came to Euro 215 million at 30 June 2011, compared with Euro 164 million in the same period of 2010, reporting an increase of Euro 51 million (+31.1%). This reflects a positive contribution by Draka of Euro 37 million (+22.6%) and an improvement of Euro 14 million (+8.5%) for the pre-acquisition Prysmian Group.

The following paragraphs describe market trends and financial performance in each of the Energy segment's business areas of the pre-acquisition group, as well as a few brief comments concerning Draka.

UTILITIES

(in millions of Euro)

	1st half 2011 (*)				1st half 2010	% change	% organic change (**)	FY 2010
	Prysmian	Draka	Adjustments	Total				
Sales	1,047	42		1,089	829			1,790
of which to third parties	1,047	42	(2)	1,087	829	*31.1%*	*20.2%*	1,790
Adjusted EBITDA	**134**	**5**		**139**	**120**			**250**
% of sales	12.8%	11.9%		12.8%	14.4%			14.0%
Adjusted operating income	**116**	**4**		**120**	**103**			**215**
% of sales	11.1%	9.5%		11.0%	12.4%			12.0%

* The Draka Group's results have been consolidated for the period 1 March – 30 June 2011.

** The organic change in sales has been calculated with reference to the Draka Group's sales in the period 1 January - 30 June 2011.

The Utilities business area encompasses the Prysmian Group's Energy segment activities involving the design, 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 designs, 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 line of business mainly focuses on providing turnkey solutions tailored to meet customer specifications. Products include cables insulated with paper impregnated with oil or fluid 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 line of business 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 designs, produces and installs turnkey submarine power transmission and distribution systems.
The Group has used specific technology for submarine power transmission and distribution in order to develop cables and accessories boasting exclusive proprietary technology for installation at depths of up to 2,000 metres. These cables offer different types of insulation: cables insulated with paper impregnated with oil or fluid 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, design and services are of particular importance in this business. In particular, as far as installation is

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

The product range has been further enhanced with the arrival of Draka's Offshore division, which is able to offer a series of quality solutions satisfying the strictest international standards (SATS/IEEE, IEC, NEK).

Power distribution cables and systems (Power Distribution)

In the field of power distribution cables and systems, Prysmian 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 products in this category comply with international standards regarding insulation, fire resistance, smoke emissions and halogen levels.

Grid accessories and components (Accessories)

Prysmian 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 grid equipment, suitable for industrial, construction or infrastructure applications and for power transmission and distribution systems. Grid components for high voltage applications, in particular, are designed to customer specifications.

MARKET OVERVIEW

During the first six months of 2011, the markets in which the Prysmian Group's Utilities business area operates showed signs of a trend reversal on 2010 although revealing not only geographical differences but also the presence of strong competition. In fact, demand in the Distribution market has recovered from the minimum levels of the past two years, and the High Voltage market seems to have stabilised.

Activities in the High Voltage market - traditionally highly international both in terms of demand and supply - were stable or slightly up on the high levels reached during 2010. The sector's larger utilities have confirmed decisions to invest in projects for rationalisation, maintenance and/or existing grid conversion to renewable energy, by starting major new projects in Europe, the Middle East, South America and China and have nonetheless become ever more demanding in terms of price, also because of an ever greater number of competitors.
As for the Submarine cables business line, the first six months of 2011 confirmed a growth in investment by utilities in new offshore wind farms and the commencement of major new interconnection projects.
This trend has been particularly evident in parts of the world where there is resumed growth in energy demand, such as North Europe, the Arab Emirates and China.

Demand in the Power Distribution business line confirmed the first-quarter signs of a worldwide volume recovery after a long period of stagnation.
After two years of generally flat, low demand in the major European countries, the recovery in energy consumption led to a steady increase in the number of requests by the principal utilities. In view of the difficulties in forecasting future growth and the significant fluctuations in raw material prices, the competitive environment in terms of price and mix remained extremely challenging almost everywhere.

The market for grid Accessories and components can be broadly divided into products for high and extra high voltage networks and products for medium and low voltage use.
As regards the first line of business, demand confirmed the signs of growth emerging in 2010, driven above all by the nature of the projects undertaken by major utilities, as described earlier; in fact, grid rationalisation and repair work requires the systematic use of new components. The utilities' greater focus on prices and the competitive pressures in the high voltage cables market partly spilled over into the grid accessories and components market.
Following the upturn in the Power Distribution business line, even the market for medium and low voltage accessories showed signs of growth, particularly in central and north European markets, since these products are generally used for ordinary maintenance of secondary distribution grids.

FINANCIAL PERFORMANCE

Sales to third parties by the pre-acquisition Utilities business area amounted to Euro 1,047 million in the first six months of 2011 compared with Euro 829 million at 30 June 2010, posting an increase of Euro 218 million (+26.3%) due to the combined effect of the following main factors:

- increase of Euro 59 million (+7.3%) in sale prices due to fluctuations in metal prices;
- negative exchange rate effects of Euro 4 million (-0.4%);
- organic sales growth of Euro 163 million (+19.4%) due to improvement in volumes and mix.

Every business line benefited from organic growth, even if there were considerable differences in timing and between geographical areas. In particular, the Power Distribution business line in the first half of the year reported greater volume demand in markets like Northern and Eastern Europe, Brazil and Australia.
Greater demand did not lessen price pressure, nor did it make it possible to channel the offer towards higher value added products, because of high metal prices and the rising costs of other raw materials. Strong demand in the second quarter helped stabilise prices and avoid further downward pressure.

Sales by the High Voltage business line saw a continued resumption in demand, which had started in the second half of 2010. The growth in the Group's sales in this sector came partly from renewable energy projects and/or projects to maximise existing grid energy savings (Italy, UK, France) but mostly from the demand for energy infrastructure in places like Russia, Turkey, the Middle East, Brazil and India.
Shifts in the geographical distribution of demand combined with the trend in raw material prices and the gradual exhaustion of state financial aid have all put additional pressure on sale prices. The value of the High Voltage order book at 30 June 2011 was up on the end of 2010, and offered sales visibility for about a year.

Sales by the Accessories business line reported increased demand in both the Medium and Low Voltage sectors, thanks to the positive trends in the Power Distribution business line, High Voltage sector and new Submarine and transmission projects.
Thanks to the growth in local kitting capacity and greater competitiveness in supply, Prysmian was able to significantly increase its commercial penetration of the Chinese accessories market.

Sales by the Submarine business line increased on the prior year, in line with company forecasts for the major projects acquired. The larger projects on which work was performed during the period were Cometa (Majorca - Iberian Mainland), Messina II (Italy), Doha Bay (Qatar), as well as a series of smaller projects carried out on certain European markets.
The value of the Group's order book at the end of the first six months of 2011 provides sales visibility for a period of about two and a half years, having grown primarily thanks to new contracts for offshore wind farm connections, for which production capacity is now being expanded and will be available from the third quarter of 2011.

The organic sales growth of the Utilities business area is reflected in its adjusted EBITDA, which increased from Euro 120 million at the end of the first six months of 2010 to Euro 134 million at 30 June 2011, even if at a less than proportionate rate (+11.6%) due to the rising cost of raw materials and the higher proportion of sales in emerging markets or sales made under extreme competitive pressure.

The Draka Group's Utilities business area comprises the sales of power distribution and submarine cables on North European markets. Six-month sales amounted to Euro 57 million, of which Euro 42 million have been consolidated within the Prysmian Group as from 1 March 2011, reporting an increase of Euro 16 million (+37.3%) on the prior year equivalent period particularly thanks to submarine projects realised by the Norwegian subsidiary.
The Utilities business area's six-month consolidated organic growth (including Draka for the full half year) was 20.2%.

TRADE & INSTALLERS

(in millions of Euro)

	1st half 2011 (*)				1st half 2010	% change	% organic change (**)	FY 2010
	Prysmian	Draka	Adjustments	Total				
Sales	836	301		1,137	699			1,467
of which to third parties	835	289	(4)	1,120	699	*60.2%*	*2.2%*	1,465
Adjusted EBITDA	**19**	**15**		**34**	**20**			**36**
% of sales	2.3%	5.0%		3.0%	2.9%			2.4%
Adjusted operating income	**12**	**8**		**20**	**13**			**20**
% of sales	1.4%	2.7%		1.8%	1.8%			1.4%

* The Draka Group's results have been consolidated for the period 1 March – 30 June 2011.
** The organic change in sales has been calculated with reference to the Draka Group's sales in the period 1 January - 30 June 2011.

The Prysmian Group produces a wide 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 pays particular attention to 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 the event of fire, Fire-Resistant cables continue to operate and Low Smoke zero Halogen cables have reduced emissions of toxic gas and smoke.
Prysmian's customers for these products cover a wide spectrum, from international distributors and buying syndicates to installers and wholesalers.

The acquisition of Draka has extended the range of products and solutions to cables for major infrastructure projects such as airports, ports and railway stations.

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.
The construction industry showed minor signs of recovery almost everywhere in the world during the first three months of 2011, which failed to consolidate in the subsequent period: in fact, second-quarter demand returned to its level at the end of 2010 with markets showing continued pressure on prices and terms of payment due to the general squeeze on bank credit and to the high level of metal prices.
In Europe, the first-quarter recovery seen in nearly every market was neutralised by the subsequent second-quarter downturn in North European markets (Germany, France and the United Kingdom).
In contrast, markets in North America confirmed a rising trend in volumes, coupled with greater price aggressiveness.
Markets in South America were stable for the industrial and residential construction sectors, both in terms of volume and price.

FINANCIAL PERFORMANCE

Sales to third parties by the pre-acquisition Trade & Installers business area amounted to Euro 835 million at the end of June 2011 compared with Euro 699 million in the same period of 2010, posting an increase of Euro 136 million (+19.5%) due to the combined effect of the following main factors:

- increase of Euro 115 million (+16.4%) in sale prices due to fluctuations in metal prices;
- negative exchange rate effects of Euro 1 million (-0.2%);
- organic sales growth of Euro 22 million (+3.3%), primarily as a result of the first-quarter recovery in volumes in Europe.

Prysmian retained its market share on the principal European markets in the first six months of 2011 by carrying on the strategy of focusing on commercial relationships with the principal international wholesalers.
Prysmian successfully continued to improve its product mix through increased concentration on products for "safety of people and property" (Fire resistant/LSOH), which allowed it to neutralise growing unit costs for raw materials and to mitigate margin erosion.
In North America and particularly Canada, Prysmian was unable to benefit fully from the market uptrend because the newly rationalised industrial structure is still in a start-up phase and also because of worsening price pressure during the second quarter.
Despite price pressure in the residential and non-residential construction sector, Prysmian's wide product range allowed it to retain its market share in South America.
In Australia and New Zealand, growing downward pressure on sale prices despite the rise in raw material prices led Prysmian to adopt a selective sales policy in order to prevent margin erosion in this sector.

As a result of the factors described above and despite actions to improve industrial structure, adjusted EBITDA reported a minor decrease of Euro 1 million (-5.0%) on the prior year equivalent period to Euro 19 million.

The Draka Group's Trade & Installers business area is particularly active in those North European markets (Netherlands, Scandinavia) and/or product segments that are complementary to those traditionally served by Prsymian. Six-month sales amounted to Euro 422 million, of which Euro 289 million have been consolidated within the Prysmian Group as from 1 March 2011, reporting an increase of Euro 54 million (+14.7%) on the prior year equivalent period.
The Trade & Installers business area's six-month consolidated organic growth (including Draka for the full half year) was 2.2%.

INDUSTRIAL

(in millions of Euro)

	1st half 2011 (*)				1st half 2010	% change	% organic change (**)	FY 2010
	Prysmian	Draka	Adjustments	Total				
Sales	432	285		717	344			742
of which to third parties	432	284	(2)	714	344	*107.6%*	*8.4%*	742
Adjusted EBITDA	**25**	**17**		**42**	**26**			**61**
% of sales	5.8%	6.0%		5.9%	7.7%			8.3%
Adjusted operating income	**16**	**12**		**28**	**17**			**42**
% of sales	3.7%	4.2%		3.9%	5.0%			5.7%

* The Draka Group's results have been consolidated for the period 1 March – 30 June 2011.
** The organic change in sales has been calculated with reference to the Draka Group's sales in the period 1 January - 30 June 2011.

Prysmian's extensive product range, developed specifically for the Industrial market, stands out for the highly customised nature of the solutions. Prysmian cables serve a broad range of industries, including Oil&Gas, Transport, Infrastructure, Mining and Renewable Energy. Prysmian concentrates its efforts on providing integrated, value-added bespoke cabling solutions to world-leading industrial groups and OEMs (Original Equipment Manufacturers), such as ABB, AKER, Alstom, SNCF, Petrobras, Peugeot-Citroen, Renault, Siemens and Leoni.

Prysmian 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.

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

The Prysmian Group's Industrial business area is the one that has benefited most significantly from the Draka acquisition. In fact, the product range has been considerably enlarged thanks to the "solutions" offered in the renewable energy field, to cables for the chemicals, transport, aviation and aerospace industries, and to highly specialised elevator cables.

MARKET OVERVIEW

During the period January - June 2011 markets for industrial cables appeared either stable or in the process of a cautious recovery with respect the second half of 2010.
In fact, the expected recovery in demand in the sectors of Oil&Gas, mining, shipping and dockside crane installations faltered in the first few months of the year by the spread of political instability in the Middle East and North Africa, and in the second quarter primarily came from the world's high growth areas (Far East, South America) and sectors linked to renewable energy.
The rail infrastructure sector and transport sector in general displayed, on the one hand, a prudent stance by the principal European operators reflecting poor visibility as to the revival of investments and recent government policies to cut budget deficits in the principal Eurozone economies, and on the other hand, the development of numerous infrastructure projects in places like Turkey, Brazil and the Far East.

Demand in the automotive sector remained stable in Europe, thanks to government policies and eco-incentives in support of the car industry implemented by the principal western economies over the course of the past two years.
After a prudent start to the year, the umbilical cables sector in Brazil saw a gradual recovery in demand during the second quarter.

FINANCIAL PERFORMANCE

Sales to third parties by the pre-acquisition Industrial business area amounted to Euro 432 million at 30 June 2011, compared with Euro 344 million in the same period of 2010. The increase of Euro 88 million (+25.6%) is due to the following factors:

- increase of Euro 47 million (+13.8%) in sale prices due to higher metal prices;
- negative exchange rate effects of Euro 1 million (-0.2%);
- organic sales growth of Euro 42 million (+12.0%).

In Europe, Prysmian has concentrated its commercial efforts on the renewable energy and automotive sectors, so as to counterbalance the reduction in volumes in the rail and dockside crane installations sectors. The Asia Pacific region, with organic growth of +72.0%, has offered the Group the best growth opportunities thanks to a recovery in the Prysmian market share in Australia and greater commercial penetration of the Chinese market.

Adjusted EBITDA came to Euro 25 million at 30 June 2011, reporting a minor decrease of Euro 1 million on the prior year equivalent period mainly due to growing pressure on sale prices combined with upward fluctuations in raw material prices and tighter credit. In fact, industrial customers are paying increased attention to purchase terms because of continued uncertainty over returns on their investments.

The Draka Group's Industrial business area is active in geographical markets - such as North America - and product segments – such as infrastructure and elevator cables and renewable energy solutions – that complement those of Prysmian. Six-month sales amounted to Euro 411 million, of which Euro 284 million have been consolidated within the Prysmian Group as from 1 March 2011, reporting an increase of Euro 62

million (+17.7%) on the prior year equivalent period. The increase is due to the growth in sale prices, most of which linked to metal prices and to organic volume growth (+4.8%), that was dampened by slowdown in the renewable energy segment, particularly the solar sector, due to reductions in government grants.
The Industrial business area's six-month consolidated organic growth (including Draka for the full half year) was 8.4%.

OTHER

(in millions of Euro)

	1st half 2011 (*)				1st half 2010	FY 2010
	Prysmian	Draka	Adjustments	Total		
Sales	83			83	63	146
of which to third parties	69		(1)	68	53	124
Adjusted EBITDA	**-**	**-**	**-**	**-**	**(2)**	**4**
Adjusted operating income	**-**	**-**	**-**	**-**	**(3)**	**3**

* The Draka Group's results have been consolidated for the period 1 March – 30 June 2011.

This business area comprises the sale of semi-finished products, raw materials or other goods, forming part of the production process and occasionally produced by operating units of the Prysmian Group.
These sales are normally associated with local commercial decisions, do not generate high margins and can vary in amount from period to period.

TELECOM

(in millions of Euro)

	1st half 2011 (*)				1st half 2010	% Consolidated change	% Prysmian change	FY 2010
	Prysmian	Draka	Adjustments	Total	Prysmian			Prysmian
Sales	272	327	-	599	225	166.2%	21.0%	454
of which to third parties	270	316	(1)	585	223	162.3%	21.1%	450
Adjusted EBITDA	**23**	**31**	-	**54**	**17**	**217.6%**	**35.1%**	**36**
% of sales	8.3%	9.4%		9.0%	7.4%			7.9%
EBITDA	**22**	**22**	-	**44**	**17**	**158.8%**	**28.4%**	**36**
% of sales	7.9%	6.7%		7.3%	7.4%			7.9%
Amortisation and depreciation	(4)	(9)	(5)	(18)	(4)	350.0%	0.0%	(7)
Adjusted operating income	**19**	**22**	**(5)**	**36**	**13**	**176.9%**	**42.6%**	**29**
% of sales	6.8%	6.7%		6.0%	5.8%			6.3%

Reconciliation of EBITDA to Adjusted EBITDA

EBITDA (A)	**22**	**22**	**-**	**44**	**17**	**158.8%**	**28.4%**	**36**
Non-recurring expenses/(income):								
Company reorganisation	1	3	-	4	-			-
Release of Draka inventory step-up (1)	-	6	-	6	-			-
Total non-recurring expenses/(income) (B)	**1**	**9**	**-**	**10**	**-**			**-**
Adjusted EBITDA (A+B)	**23**	**31**	**-**	**54**	**17**	**217.6%**	**35.1%**	**36**

(1) Refers to the higher cost of using finished and semi-finished goods and raw materials measured at the Draka Group's acquisition-date fair value.

(*) The Draka Group's results have been consolidated for the period 1 March – 30 June 2011.

As partner to the world's leading telecoms operators, Prysmian produces and sells a wide 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 is a leading manufacturer of the fundamental component of all optical cables - namely the optical fibre. With its experience in fibre production dating back to 1982, Prysmian has the ability 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 excellence for fibre in Battipaglia, Italy, and a total of three manufacturing locations worldwide, Prysmian is truly a 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 has cable designs specifically tailored to meet all of these requirements including 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 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 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 vast range of copper cables with different capacities (from 2 to 2,400 pairs) including xDSL cables for broadband access.

Accessories

Prysmian 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 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$_{TM}$ 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's proprietary bend insensitive CasaLight$_{TM}$ optical fibre which has been specially developed for this application.

Draka

The acquisition of Draka's Telecom segment represents a turning point for the entire Group in terms of size. In fact, Draka specialises in every product sub-segment for communications and operates virtually everywhere in the world: using own technology, it manufactures and sells optical fibre, copper and coaxial data transmission cables and single mode and multimode optical fibre.
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. The estimates at the start of the year (CRU Bulletin February 2011) had predicted a slight decline in the size of the global market in 2011 but with large regional differences. The first quarter saw a slowing in growth by the fast-developing markets (especially China) combined with general stability in both North America and Europe, while the second quarter witnessed a strong global recovery in demand, particularly in countries with high communication infrastructure needs (Turkey, Brazil).

The Access/Broadband/FTTx market was relatively active in the first six months of 2011, thanks to growth from the development of optical fibre communication infrastructure, although the low maturity of these products implies a 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 reschedule their larger investment projects, but also because of product maturity. Demand was stable in the second quarter of 2011 thanks to the use of copper cables in maintenance work and for upgrading 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

Sales to third parties by the Telecom segment amounted to Euro 585 million in the first half of 2011 compared with Euro 223 million in the same period of 2010.
The overall increase of Euro 362 million (+162.3%) reflects:

- Euro 315 million (+141.2%) for the first-time consolidation of the Draka Group from 1 March 2011, net of Euro 1 million in intragroup transactions;
- Euro 47 million (+21.1%) in sales growth by the pre-acquisition Prysmian Group.

This change relating to the pre-acquisition Prysmian Group was mainly due to the following factors:

- increase of Euro 7 million (+3.5%) in sale prices due to higher metal prices;
- organic sales growth of Euro 40 million (+17.6%), thanks to volume growth for optical fibre cables.

The organic sales growth in the first six months of 2011 reflects not only increased volumes for optical fibre cables, following the resumption of certain important projects, but also a slight recovery in the copper cables sector. Growing demand for optical cables from a different mix of markets and sales channels with respect to the past, such as Eastern Europe and North and South America, has driven sales growth in this area despite strong price pressures.

Adjusted EBITDA (before non-recurring income and expenses) came to Euro 54 million, up Euro 37 million on the prior year equivalent period (+217.6%), of which Euro 31 million attributable to the first-time consolidation of Draka.

Sales by the Draka Telecom segment went from Euro 383 million in the first half of 2010 to Euro 432 million in the first six months of 2011, reporting an increase of Euro 49 million (+12.8%). All of this growth came from optical fibre cables and data transmission cables.
The Telecom segment's six-month consolidated organic growth (including Draka for the full half year) was 12.5%.

GROUP STATEMENT OF FINANCIAL POSITION

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

(in millions of Euro)

	30 June 2011	30 June 2010	Consolidated change	31 December 2010
Net fixed assets	2,201	1,034	1,167	1,029
Net working capital	865	570	295	494
Provisions	(357)	(104)	(253)	(120)
Net capital employed	**2,709**	**1,500**	**1,209**	**1,403**
Employee benefit obligations	234	158	76	145
Total equity	1,097	667	430	799
of which attributable to non-controlling interests	67	39	28	43
Net financial position	1,378	675	703	459
Total equity and sources of funds	**2,709**	**1,500**	**1,209**	**1,403**

Net fixed assets amounted to Euro 2,201 million at 30 June 2011, compared with Euro 1,029 million at the end of December 2010, having increased by Euro 1,172 million mainly due to the combined effect of the following factors:

- acquisition of the Draka Group involving:
  - Euro 703 million for the first-time consolidation of the Draka Group of companies;
  - Euro 81 million for cancellation of Draka's pre-acquisition goodwill;
  - Euro 279 million for fair value adjustments (IFRS 3) to fixed assets (as of 28 February 2011);
  - Euro 320 million for recognition of provisional goodwill arising on acquisition of the Draka Group;
- Euro 57 million in investments (Euro 48 million attributable to the pre-acquisition Prysmian Group and Euro 9 million attributable to the Draka Group);
- Euro 65 million in amortisation, depreciation and impairment charges for the period (Euro 38 million attributable to the pre-acquisition Prysmian Group, Euro 21 million attributable to the Draka Group and Euro 6 million attributable to higher amortisation and depreciation following the revaluation of acquired assets).

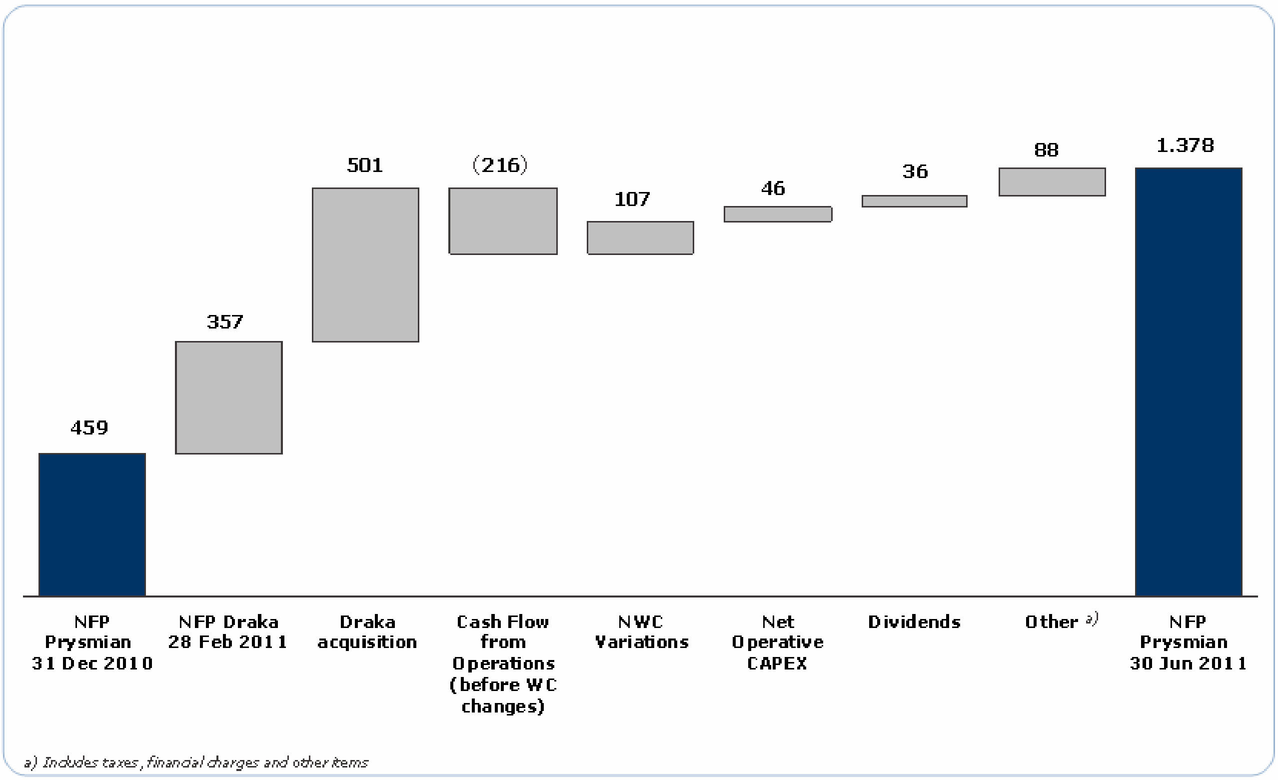
Net working capital of Euro 865 million at the end of the first half of 2011 exceeded the corresponding figure at 31 December 2010 (Euro 494 million) by Euro 371 million (Euro 378 million excluding the impact of the fair value change in derivatives), and the corresponding figure at 30 June 2010 (Euro 570 million) by Euro 295 million (Euro 238 million excluding the impact of the fair value change in derivatives).
Both increases reflect the following main factors:

- Euro 293 million for the first-time consolidation of the Draka Group of companies;
- Euro 9 million in positive fair value adjustments (under IFRS 3) to the assets and liabilities included in the Draka Group's working capital (as of 28 February 2011);
- lower working capital requirements for Submarine and High Voltage projects;
- increase in strategic metal prices, causing the value of metal contained in the Group's net working capital to rise with respect to both December 2010 and June 2010;
- seasonal trends and the growth in first-half volumes on the prior year equivalent period.

The net financial position of Euro 1,378 million at 30 June 2011 increased by Euro 919 million on 31 December 2010 (Euro 459 million) and by Euro 703 million on 30 June 2010 (Euro 675 million), reflecting the following factors:

- cash outlay of Euro 501 million for the Draka Group's acquisition, out of the total purchase consideration of Euro 978 million, the remainder of which (Euro 477 million) was settled by issuing some 31.8 million shares in Prysmian S.p.A.;
- Euro 357 million for the first-time consolidation of the Draka Group of companies;
- net cash inflow from operating activities (before changes in net working capital) in the first six months of 2011;
- negative impact of the seasonal change in working capital, also affected by the trend in strategic metal prices;
- net operating investments of Euro 46 million;
- payment of Euro 89 million in net finance costs, including Euro 15 million in bank fees and other costs related to the renegotiation of the covenants under existing credit agreements and to finalise a new credit agreement for Euro 800 million;
- payment of Euro 35 million in dividends by Prysmian S.p.A.

The cash outlay for the Draka acquisition was funded using available liquidity and part of the committed credit lines.



NET WORKING CAPITAL

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

(in millions of Euro)

	30 June 2011	30 June 2010	Consolidated change	31 December 2010
Inventories	1,086	608	478	600
Trade receivables	1,413	828	585	764
Trade payables	(1,500)	(818)	(682)	(862)
Other receivables/(payables)	(164)	(21)	(143)	(45)
Net operating working capital	**835**	**597**	**238**	**457**
Derivatives	30	(27)	57	37
Net working capital	**865**	**570**	**295**	**494**

Net operating working capital amounted to Euro 835 million (10.0% of sales) at 30 June 2011, compared with Euro 457 million (9.2% of sales) at 31 December 2010 and Euro 597 million (12.7% of sales) at 30 June 2010.

This change was mainly affected by the following factors:

- addition of Euro 293 million following the first-time consolidation of the Draka Group of companies;
- Euro 9 million in positive fair value adjustments (under IFRS 3) to the assets and liabilities included in the Draka Group's working capital (as of 28 February 2011);
- higher net working capital requirements than at December 2010 due to the seasonality of sales;
- trend in strategic metal prices, causing an increase in the value of metal contained in the Group's net working capital with respect to both December 2010 and June 2010;
- lower working capital requirements in the Submarine cables business line.

NET FINANCIAL POSITION

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

(in millions of Euro)

	30 June 2011	30 June 2010	Consolidated change	31 December 2010
Long-term financial payables				
Credit agreements	400	780	(380)	671
Bank fees	(6)	(3)	(3)	(2)
Bond	396	396	-	396
Derivatives	11	-	11	44
Other financial payables	97	101	(4)	46
Total long-term financial payables	**898**	**1,274**	**(376)**	**1,155**
Short-term financial payables				
Credit agreements	765	2	763	101
Bond	5	4	1	15
Securitization	173	50	123	-
Derivatives	20	-	20	9
Other financial payables	151	113	38	85
Total short-term financial payables	**1,114**	**169**	**945**	**210**
Total financial liabilities	**2,012**	**1,443**	**569**	**1,365**
Long-term financial receivables	9	9	-	1
Long-term derivatives	1	-	1	3
Long-term bank fees	17	16	1	16
Long-term available-for-sale financial assets	-	102	(102)	-
Short-term financial receivables	11	75	(64)	42
Short-term derivatives	1	-	1	3
Short-term bank fees	8	3	5	3
Short-term available-for-sale financial assets	-	50	(50)	142
Financial assets held for trading	44	51	(7)	66
Cash and cash equivalents	543	462	81	630
Total financial assets	**634**	**768**	**(134)**	**906**
Net financial position	**1,378**	**675**	**703**	**459**

STATEMENT OF CASH FLOWS

(in millions of Euro)

	1st half 2011(*)	1st half 2010	Consolidated change	FY 2010
EBITDA	**26**	**175**	**(149)**	**365**
Changes in provisions (including employee benefit obligations)	177	(15)	192	(17)
Inventory step-up	14	-	14	-
(Gains)/losses on disposal of property, plant and equipment and intangible assets	(1)	-	(1)	-
Net cash flow provided by operating activities (before changes in net working capital)	**216**	**160**	**56**	**348**
Changes in net working capital	(107)	(140)	33	(6)
Taxes paid	(37)	(20)	(17)	(59)
Net cash flow provided by operating activities	**72**	**-**	**72**	**283**
Acquisitions (1)	(419)	(20)	(399)	(21)
Net cash flow used in operational investing activities	(46)	(31)	(15)	(95)
Net cash flow provided by financial investing activities (2)	4	5	(1)	5
Free cash flow (unlevered)	**(389)**	**(46)**	**(343)**	**172**
Net finance costs	(89)	(36)	(53)	(52)
Free cash flow (levered)	**(478)**	**(82)**	**(396)**	**120**
Increases in share capital and other changes in equity	1	13	(12)	13
Dividend distribution	(36)	(75)	39	(75)
Net cash flow provided/(used) in the period	**(513)**	**(144)**	**(369)**	**58**
Opening net financial position	**(459)**	**(474)**	**15**	**(474)**
Net cash flow provided/(used) in the period	(513)	(144)	(369)	58
Other changes	(406)	(57)	(349)	(43)
Closing net financial position	**(1,378)**	**(675)**	**(703)**	**(459)**

(*) The Draka Group cash flows refer to the period 1 March - 30 June 2011.

(1) The figure of Euro 419 million represents the cash outlay of Euro 501 million to acquire the Draka Group minus the net cash and cash equivalents present in the Draka Group on the acquisition date.
(2) 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 216 million in the first six months of 2011, of which Euro 163 million provided by the pre-acquisition Prysmian Group.

This cash flow was absorbed by the increase of Euro 107 million in net working capital described earlier (of which Euro 65 million relating to the pre-acquisition Prysmian Group). Therefore, after deducting Euro 37 million in tax payments, net cash flow from operating activities in the period was a positive Euro 72 million (of which Euro 65 million relating to the pre-acquisition Prysmian Group).

Net cash flow used for acquisitions was Euro 419 million, all of which relates to the Draka Group and represents the cash outlay of Euro 501 million to acquire the group minus its net cash and cash equivalents at the acquisition date.

Net operating investments in the first six months of 2011 amounted to Euro 46 million (of which Euro 37 million relating to the pre-acquisition Prysmian Group), Euro 15 million more than in the same period of 2010. Investments in the first six months of 2011 primarily related to completion of the new plant in Brazil, which will design and supply high-tech flexible pipes for offshore oil drilling under a four-year agreement with the oil company Petrobras, and to production capacity expansion for high voltage cables in China and France and for submarine cables in Italy.

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 income 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 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 Consolidated Financial Statements and Explanatory Notes at 30 June 2011

(in millions of Euro)

		Note	30 June 2011		31 December 2010	
			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				1,532		949
Intangible assets				593		59
Investments in associates				67		9
Available-for-sale financial assets				6		3
Assets held for sale				3		9
Total net fixed assets	**A**			**2,201**		**1,029**
Net working capital						
Inventories	**B**			**1,086**		**600**
Trade receivables	**C**			**1,413**		**764**
Trade payables	**D**			**(1,500)**		**(862)**
Other receivables/payables - net	**E**			**(164)**		**(45)**
of which:						
Other receivables - non-current						
Tax receivables		3	13		11	
Receivables from employees		3	2		1	
Others		3	14		12	
Other receivables - current						
Tax receivables		3	100		88	
Receivables from employees and pension funds		3	4		1	
Advances		3	14		18	
Others		3	143		55	
Construction contracts		3	200		190	
Other payables - non-current		11	*(35)*		*(20)*	
Tax and social security payables		11	(15)		(10)	
Others		11	(20)		(10)	
Other payables - current		*11*	*(572)*		*(355)*	
Tax and social security payables		11	(124)		(73)	
Advances		11	(158)		(98)	
Payables to employees		11	(61)		(45)	
Accrued expenses		11	(110)		(83)	
Others		11	(119)		(56)	
Current tax payables			*(47)*		*(46)*	
Total operating working capital	**F=B+C+D+E**			**835**		**457**
Derivatives	**G**		**30**		**37**	
of which:						
Forward currency contracts on commercial transactions (cash flow hedges) - non-current		*5*	*3*		*2*	
Forward currency contracts on commercial transactions (cash flow hedges) - current		*5*	*9*		*(3)*	
Forward currency contracts on commercial transactions - current		*5*	*4*		*-*	
Forward currency contracts on commercial transactions - non current		*5*	*-*		*-*	
Metal derivatives - non-current		*5*	*4*		*5*	
Metal derivatives - current		*5*	*10*		*33*	
Total net working capital	**H=F+G**			**865**		**494**

(in millions of Euro)

			30 June 2011		31 December 2010	
		Note	Partial amounts from financial statements	Total amounts from financial statements	Partial amounts from financial statements	Total amounts from financial statements
Provisions						
Provisions for risks and charges - non-current				(64)		(44)
Provisions for risks and charges - current				(273)		(62)
Deferred tax assets				98		30
Deferred tax liabilities				(118)		(44)
Total provisions	**I**			**(357)**		**(120)**
Net capital employed	**L=A+H+I**			**2,709**		**1,403**
Employee benefit obligations	**M**			**234**		**145**
Total equity	**N**			**1,097**		**799**
Equity attributable to non-controlling interests				67		43
Net financial position						
Total long-term financial payables	**O**			**898**		**1,155**
Credit agreements		10	400		671	
Bank fees		10	(6)		(2)	
Bond		10	396		396	
Derivatives			11		44	
of which:						
Forward currency contracts on financial transactions		*5*	*-*		*28*	
Interest rate swaps		*5*	*11*		*16*	
Other payables			97		46	
of which:						
Finance lease obligations		*10*	*15*		*1*	
Other financial payables		*10*	*82*		*45*	
Short-term financial payables	**P**			**1,114**		**210**
Credit agreements		10	766		101	
Bank fees		10	(1)		-	
Bond		10	5		15	
Securitization		10	173		-	
Derivatives			20		9	
of which:						
Interest rate swaps		*5*	*2*		*-*	
Forward currency contracts on financial transactions		*5*	*18*		*9*	
Other payables			151		85	
of which:						
Finance lease obligations		*10*	*2*		*1*	
Other financial payables		*10*	*149*		*84*	
Total financial liabilities	**Q=O+P**			**2,012**		**1,365**
Long-term financial receivables	**R**	3	(9)		(1)	
Long-term derivatives	**R**		(1)		(3)	
of which:						
Interest rate swaps (non-current)		*5*	*(1)*		*(1)*	
Forward currency contracts on financial transactions (non-current)		*5*	*-*		*(2)*	
Long-term bank fees	**R**	3	(17)		(16)	
Short-term financial receivables	**R**	3	(11)		(42)	
Short-term derivatives	**R**		(1)		(3)	
of which:						
Forward currency contracts on financial transactions (current)		*5*	*(1)*		*(3)*	
Short-term bank fees	**R**	3	(8)		(3)	
Available-for-sale financial assets (current)	**S**			**-**		**(142)**
Financial assets held for trading	**T**			**(44)**		**(66)**
Cash and cash equivalents	**U**			**(543)**		**(630)**
Total financial assets	**V=R+S+T+U**			**(634)**		**(906)**
Total net financial position	**W=Q+V**			**1,378**		**459**
Total equity and sources of funds	**Z=M+N+W**			**2,709**		**1,403**

Reconciliation between the principal income statement indicators and the Income Statement contained in the Consolidated Financial Statements and Explanatory Notes at 30 June 2011

(in millions of Euro)

	Note	6 months 2011 Amounts from income statement	6 months 2010 Amounts from income statement
Sales	**A**	**3,574**	**2,148**
Change in inventories of work in progress, semi-finished and finished goods		27	85
Other income		24	12
Raw materials and consumables used		(2,415)	(1,424)
Personnel costs		(416)	(270)
Other expenses		(768)	(376)
Operating costs	**B**	**(3,548)**	**(1,973)**
EBITDA	**C=A+B**	**26**	**175**
Non-recurring other income			
of which non-recurring other income	**E**	1	-
Personnel costs			
of which non-recurring personnel costs	**F**	(7)	(4)
Other expenses			
of which non-recurring other expenses	**G**	(237)	(2)
Adjusted EBITDA	**H=C-E-F-G**	**269**	**181**

(in millions of Euro)

	Note	6 months 2011 Amounts from income statement	6 months 2010 Amounts from income statement
Operating income	**A**	**(72)**	**115**
Non-recurring other income		1	-
Non-recurring amortisation, depreciation and impairment		-	-
Non-recurring personnel costs		*(7)*	*(4)*
Non-recurring other expenses		*(237)*	*(2)*
Total non-recurring expenses	**B**	**(243)**	**(6)**
Fair value change in metal derivatives	**C**	**(33)**	**(17)**
Impairment of assets	**D**		**(5)**
Adjusted operating income	**E=A-B-C-D**	**204**	**143**

SUBSEQUENT EVENTS

On 1 August 2011 Prysmian was awarded a new contract worth in excess of Euro 200 million by the Dutch-German grid operator TenneT for the HelWin2 project linking offshore wind farms in the North Sea to mainland Germany.

Prysmian will be responsible for supplying, installing and commissioning the submarine and underground cable connections as part of a larger contract worth more than Euro 600 million awarded to the consortium of Prysmian and Siemens Energy. The cables and accessories will be manufactured in the period 2012-2014 at Prysmian's European high voltage plants. The link's commissioning and commencement of operation is expected in 2015.

BUSINESS OUTLOOK

The first six months of the year have confirmed the upward trend in demand and industrial production that started from the second quarter of 2010. The progressive upturn in global demand has been largely driven by growth in emerging markets, while recovery in Europe was weaker, partly because of deficit-cutting policies implemented in various countries. In the United States, government stimulus packages allowed demand to start recovering during the prior year. The growing concerns about Eurozone and US debt sustainability could however be a source of uncertainty over the prospects for growth in global demand.

In such an economic context, the Group expects to see a limited recovery in 2011 for building wires, medium voltage cables for utilities and for those products in the Industrial sector most exposed to cyclical trends. Positive demand development is confirmed in the high value-added businesses of power transmission, renewable energy, oil & gas and fibre optic cables for major telecom operators.

Based on the results achieved in the first six months, combined with the size of the current order book, adjusted EBITDA for FY2011 is confirmed in the region of Euro 530-580 million (FY2010: Euro 387 million). This range is related to development of demand on the reference markets in the second half of the year and includes the contribution of the Draka acquisition, consolidated from 1 March 2011.

FORESEEABLE RISKS IN 2011*

The Prysmian Group is exposed in the normal conduct of its operations to a number of financial and non-financial risk factors which, if they should arise, could have an impact on the Group's financial position and performance. Given the results of operations in the first six months of 2011 and the specific macroeconomic context, the principal risk factors currently foreseeable for the next six months of 2011 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.

In addition, demand for products in the energy cables segment is also influenced by spending plans by utility companies 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 correlated with spending plans by telecom operators.

The first half of 2011 reported a global consolidation of the recovery in demand that started during 2010. Despite the rebound in volumes, the rate of plant utilisation has still not reached pre-crisis levels, with consequent maintenance of competitive pressure on sale prices and, as a result, on margins.

Even though the diversified nature of the Group's markets and products reduces its exposure to cyclical trends in demand on certain markets, it is not possible to rule out that demand will not contract during the year for the businesses mentioned above, 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 areas are made in compliance with specific industrial standards and are largely interchangeable with those offered by its major competitors, in which case price is an important factor.

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 a possible contraction in sale 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 negative impact in the near term 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 Group operates worldwide 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 the recognition of foreign currency assets and liabilities, most of the Group companies use forward contracts arranged by Group Treasury.
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

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 the past two years, is a risk factor in coming quarters; in order to limit this risk, also bearing in mind the Credit Agreement 2011 entered in March 2011 for a new long-term loan of Euro 800 million, this year the Group has taken out additional IRS contracts to mitigate the risk of a rise in interest rates until the end of 2014.

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 sale 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 sale 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 sale 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 (Energy 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 performed in order to systematically minimise profitability risks.

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. 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 Euro 100 million in cost synergies by 2013, mainly by reducing fixed costs, by optimising the industry 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 negative impact both on the timing and amount of expected synergies and restructuring costs.

Risks associated with sources of finance

The effects of the recent major instability in the global banking system could represent a potential risk factor in terms of obtaining financial resources and the associated cost. Prysmian believes that it does not have to face such a risk after taking advantage of favourable market conditions to enter on 7 March 2011 a long-term loan agreement for Euro 800 million (Credit Agreement 2011) with a syndicate of major banks. The banking sector's receptiveness and support have allowed Prysmian to obtain a higher amount of credit at better terms than in the Forward Start Credit Agreement made in January 2010. The new 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) and helps extend average debt maturity and restore the financial flexibility absorbed by the Draka acquisition.
It will be recalled that in January 2010 Prysmian entered a long agreement for Euro 1,070 million (Forward Start Credit Agreement) of which Euro 670 million relating to a Term Loan Facility and Euro 400 million to a Revolving Credit Facility, maturing on 31 December 2014, which can be used to replace the existing Credit Agreement at its natural expiry on 3 May 2012. 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 2011, 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 Consolidated Financial Statements.

Risks associated with sources of finance: financial covenants

The credit agreements cited 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 the company 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 would be unable to repay the amounts demanded early, which in turn would give rise to a liquidity risk.
All covenants, both financial and non-financial, have been fully observed at 30 June 2011. In particular:

(i) the ratio between EBITDA and Net finance costs, as defined in the three credit agreements, was 7.04 (against a required covenant of not less than 4.00x);

(ii) the ratio between net financial position and EBITDA, as defined in the three credit agreements, was 2.33 (against a required covenant of under 3.50x);

Furthermore, at the same time as the Draka acquisition, during February 2011, the Group obtained from the syndicate of financing banks a significant extension to its financial covenants, as reported above, with respect to the previous ones. More information about covenants can be found in the note on "Financial Covenants" in the Explanatory Notes to the Consolidated Financial Statements.
As things stand and in view of the above widening of the financial covenants mentioned above, Prysmian believes that it will not have to face this risk in the near future.

Risks relating to legal and tax proceedings

Towards the end of January 2009, the European Commission, the US Department of Justice and the Japanese antitrust authority started an investigation into several European and Asian electrical cable manufacturers to verify the existence of alleged anti-competitive agreements in the high voltage underground and submarine cables business areas. Subsequently, the Australian Competition and Consumers Commission ("ACCC") and the New Zealand Commerce Commission also started similar investigations. Recently, the Canadian antitrust authority has also started an investigation into a high voltage submarine project dating back to 2006.
The investigations in Japan and New Zealand have ended without any penalties 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 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 Energia S.r.l. received official notice of 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 the Company, in the high voltage underground and submarine cables sector.

At the start of July Prysmian received a notice of indictments 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 constitute advance notice of its final decision. Prysmian has therefore had access to the Commission's dossier and, while fully co-operating, will present its defence against the related allegations.
Also considering the recent developments in the European Commission investigation, Prysmian now believes that it is able to estimate the risk relating to the antitrust investigations underway in the various jurisdictions, except for Brazil. The amount provided at 30 June 2011 amounts to Euro 200 million, on top of the Euro 5 million provided in the past.
This amount has been determined on the basis of partly subjective considerations and solely represents an estimate since the outcome of the investigations in progress is still uncertain.

STOCK OPTION PLANS

Information about changes in the existing stock option plans can be found in Note 24 of the Explanatory Notes.

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 about related party transactions, including that required by the Consob Communication dated 28 July 2006, is presented in Note 21 of the Explanatory Notes.

Milan, 26 August 2011

ON BEHALF OF THE BOARD OF DIRECTORS

THE CHAIRMAN

Paolo Zannoni

HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Euro)

	Note	30 June 2011	of which related parties (Note 21)	31 December 2010	of which related parties (Note 21)
Non-current assets					
Property, plant and equipment	1	1,532		949	
Intangible assets	1	593		59	
Investments in associates		67		9	
Available-for-sale financial assets	2	6		3	
Derivatives	5	12		14	
Deferred tax assets		98		30	
Other receivables	3	55		41	
Total non-current assets		**2,363**		**1,105**	
Current assets					
Inventories	4	1,086		600	
Trade receivables	3	1,413	9	764	5
Other receivables	3	480		397	
Financial assets held for trading	6	44		66	
Derivatives	5	38		52	
Available-for-sale financial assets	2	-		142	
Cash and cash equivalents	7	543		630	
Total current assets		**3,604**		**2,651**	
Assets held for sale	8	3		9	
Total assets		**5,970**		**3,765**	
Equity attributable to the Group:		**1,030**		**756**	
Share capital		21		18	
Reserves		1,165		590	
Net profit/(loss) for the period		(156)		148	
Equity attributable to non-controlling interests:		**67**		**43**	
Share capital and reserves		67		41	
Net profit/(loss) for the period		-		2	
Total equity	9	**1,097**		**799**	
Non-current liabilities					
Borrowings from banks and other lenders	10	887		1,111	
Other payables	11	35		20	
Provisions for risks and charges	12	64		44	
Derivatives	5	15		48	
Deferred tax liabilities		118		44	
Employee benefit obligations	13	234		145	
Total non-current liabilities		**1,353**		**1,412**	
Current liabilities					
Borrowings from banks and other lenders	10	1,094		201	
Trade payables	11	1,500	2	862	1
Other payables	11	572	19	355	19
Derivatives	5	34		28	
Provisions for risks and charges	12	273		62	
Current tax payables		47		46	
Total current liabilities		**3,520**		**1,554**	
Total liabilities		**4,873**		**2,966**	
Total equity and liabilities		**5,970**		**3,765**	

CONSOLIDATED INCOME STATEMENT

(in millions of Euro)

	Note	1st half 2011	of which related parties (Note 21)*	1st half 2010	of which related parties (Note 21)*
Sales of goods and services		3,574	14	2,148	9
Change in inventories of work in progress, semi-finished and finished goods		13		85	
of which non-recurring change in inventories of work in progress, semi-finished and finished goods		*(14)*		-	
Other income		24		12	
of which non-recurring other income		*1*		-	
Raw materials and consumables used		(2,415)	(3)	(1,424)	(2)
Fair value change in metal derivatives		(33)		(17)	
Personnel costs		(416)	(5)	(270)	(3)
of which non-recurring personnel costs	*14*	*(7)*		*(4)*	
Amortisation, depreciation and impairment		(65)		(43)	
of which non-recurring amortisation, depreciation and impairment	*14*	-		*(5)*	
Other expenses		(754)		(376)	
of which non-recurring other expenses	*14*	*(223)*		*(2)*	
Operating income	14	**(72)**		**115**	
Finance costs	15	(157)		(185)	(5)
Finance income	15	95		133	
of which non-recurring finance income		-		*2*	
Share of income from investments in associates and dividends from other companies		4		1	
Profit before taxes		**(130)**		**64**	
Taxes	16	(26)		(20)	
Net profit/(loss) for the period		**(156)**		**44**	
Attributable to:					
Owners of the parent		(156)		45	
Non-controlling interests		-		(1)	
Basic earnings/(loss) per share (in Euro)	17	**(0.76)**		**0.25**	
Diluted earnings/(loss) per share (in Euro)	17	**(0.76)**		**0.25**	

(*) As from 31 December 2010 related party information also includes the emoluments of statutory auditors, directors and key management personnel. The comparatives at 30 June 2010 have been restated accordingly.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of Euro)	1st half 2011	1st half 2010
Net profit/(loss) for the period	**(156)**	**44**
Fair value gains/(losses) on available-for-sale financial assets - gross of tax	1	(3)
Fair value gains/(losses) on available-for-sale financial assets - tax effect	-	1
Fair value gains/(losses) on cash flow hedges - gross of tax	18	(21)
Fair value gains/(losses) on cash flow hedges - tax effect	(5)	6
Actuarial gains/(losses) on employee benefits - gross of tax	2	(9)
Actuarial gains/(losses) on employee benefits - tax effect	-	3
Currency translation differences	(32)	29
Total post-tax other comprehensive income/(loss) for the period	**(16)**	**6**
Total comprehensive income/(loss) for the period	**(172)**	**50**
Attributable to:		
Owners of the parent	(169)	48
Non-controlling interests	(3)	2

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 2009	**18**	**3**	**(32)**	**(58)**	**498**	**248**	**21**	**698**
Allocation of prior year profit	-	-	-	-	248	(248)	-	-
Capital contributions	-	-	-	-	4	-	9	13
Dividend distribution	-	-	-	-	(75)	-	-	(75)
Put options held by non-controlling interests	-	-	-	-	(26)	-	-	(26)
Reclassification of cash flow hedges (net of tax effect)	-	-	14	-	(14)	-	-	-
Share-based compensation	-	-	-	-	-	-	-	-
Change in scope of consolidation	-	-	-	-	-	-	7	7
Total comprehensive income/(loss) for the period	-	(2)	(15)	26	(6)	45	2	50
Balance at 30 June 2010	**18**	**1**	**(33)**	**(32)**	**629**	**45**	**39**	**667**
Balance at 31 December 2010	**18**	**-**	**(13)**	**(31)**	**634**	**148**	**43**	**799**
Allocation of prior year profit	-	-	-	-	148	(148)	-	-
Capital contributions	3	-	-	-	476	-	-	479
Future 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**

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of Euro)

	1st half 2011	of which related parties (Note 21)*	1st half 2010	of which related parties (Note 21)*
Profit before taxes	(130)		64	
Depreciation and impairment of property, plant and equipment	55		35	
Amortisation and impairment of intangible assets	10		3	
Impairment of assets held for sale	-		5	
Net gains on disposal of property, plant and equipment, intangible assets and other non-current assets	(1)		-	
Share of income from investments in associates	(4)		(1)	
Share-based compensation	-		-	
Fair value change in metal derivatives and other fair value items	33		17	
Net finance costs	62		52	
Changes in inventories	(58)		(130)	
Changes in trade receivables/payables	(79)	(3)	52	(4)
Changes in other receivables/ payables	43		(66)	1
Changes in receivables/payables for derivatives	1		4	
Taxes paid	(37)		(20)	
Utilisation of provisions (including employee benefit obligations)	(41)		(32)	
Increases in provisions (including employee benefit obligations)	218		17	
A. Net cash flow provided by/(used in) operating activities	**72**		**-**	
Acquisitions (1)	(419)		(20)	
Investments in property, plant and equipment	(46)		(24)	
Disposals of property, plant and equipment (2)	11		-	
Investments in intangible assets	(11)		(7)	
Investments in financial assets held for trading	-		(10)	
Disposals of financial assets held for trading	20		7	
Investments in available-for-sale financial assets	-		(152)	
Disposals of available-for-sale financial assets (3)	143		3	
Dividends received	4		2	
B. Net cash flow provided by/(used in) investing activities	**(298)**		**(201)**	
Capital contributions and other changes in equity	1		13	
Dividend distribution	(36)		(75)	
Finance costs paid	(176)		(167)	
Finance income received	87		131	
Changes in net financial payables	272		258	(1)
C. Net cash flow provided by/(used in) financing activities	**148**		**160**	
D. Currency translation gains/(losses) on cash and cash equivalents	(9)		11	
E. Total cash flow provided/(used) in the period (A+B+C+D)	**(87)**		**(30)**	
F. Net cash and cash equivalents at the beginning of the period	**630**		**492**	
G. Net cash and cash equivalents at the end of the period (E+F)	**543**		**462**	

(1) The figure of Euro 419 million represents 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. See section D. Business combinations for details.

(2) Mostly refer to the disposal of the land and buildings of the plant in Eastleigh (United Kingdom), classified as "Assets held for sale".

(3) Refer to disposals of government and blue chip corporate bonds held for temporarily investing the Group's liquidity.

(*) As from 31 December 2010 related party information also includes the emoluments of statutory auditors, directors and key management personnel. The comparatives at 30 June 2010 have been restated accordingly.

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.

Draka Acquisition

On 5 January 2011, Prysmian S.p.A. formally announced the public mixed exchange and cash offer for all the outstanding ordinary shares of Draka Holding N.V.. The offer price was confirmed at Euro 8.60 in cash plus 0.6595 newly issued Prysmian ordinary shares for each Draka share.
On 26 January 2011, Prysmian announced it had entered into two conditional agreements to purchase all the 5,754,657 issued and outstanding preference shares of Draka Holding N.V. owned by ASR Levensverzekering N.V. and Kempen Bewaarder Beleggingsfonds 'Ducatus' B.V..
Both these agreements were subject to fulfilment of the condition precedent that Prysmian declare the offer unconditional.
The purchase price of the preference shares was approximately Euro 86 million.
On 8 February 2011, Prysmian S.p.A. declared the offer unconditional, having then received acceptances from 44,064,798 shares, representing around 90.4% of Draka's ordinary share capital (excluding treasury shares held by Draka itself).
On 22 February 2011, Prysmian settled the offer for those shares tendered during the offer period, by acquiring 44,064,798 Draka shares and issuing 29,059,677 ordinary shares of Prysmian S.p.A. and paying Euro 378,973,735.24 in cash. The unit price of the ordinary shares acquired, determined in accordance with IFRS 3, was equal to Euro 18.47379.
During the Post-Closing acceptance period, ending on 22 February 2011, another 4,192,921 shares were tendered for acceptance, representing around 8.6% of Draka's ordinary share capital (excluding treasury shares held by Draka itself).
Together with the 44,064,798 shares tendered during the offer period ending on 3 February 2011, Prysmian holds a total of 48,257,719 shares.
Taking account of the 5,754,657 Draka preference shares acquired by Prysmian from ASR Levensverzekering N.V. and Kempen Bewaarder Beleggingsfonds 'Ducatus' B.V. on 1 March 2011, Prysmian now holds 99.121% of the issued shares of Draka Holding N.V. (corresponding to 99.047% of the voting rights).

Payment of the offer price to the Draka shareholders who accepted the offer during the Post-Closing acceptance period was settled on 8 March 2011.
Further details can be found in section D. Business combinations.
Having acquired more than 95% of Draka's ordinary share capital, Prysmian submitted a request to delist the Draka shares from the NYSE Euronext Amsterdam (Euronext). In agreement with Euronext, the last day of trading in the shares was 6 April 2011, meaning that the shares were delisted on 7 April 2011.
Prysmian has also initiated a squeeze-out process permitted under the Dutch Civil Code, in order to acquire the remaining shares not tendered to the offer and therefore not yet held by Prysmian.

Antitrust investigations

The European Commission has sent the Company a notification of indictments in relation to the investigation started in January 2009 into the high voltage underground and submarine cables market. This document contains the Commission's preliminary position on alleged anti-competitive practices and does not constitute advance notice of its final decision. Prysmian has therefore had access to the Commission's dossier and, while fully co-operating, will present its defence against the related allegations.
Also considering the recent developments in the European Commission investigation, Prysmian now believes that it is able to estimate the risk relating to the antitrust investigations underway in the various jurisdictions, except for Brazil. The amount provided at 30 June 2011 amounts to Euro 200 million, on top of the Euro 5 million provided in the past.
This amount has been determined on the basis of partly subjective considerations and solely represents an estimate since the outcome of the investigations underway in the various jurisdictions is still uncertain.
Further information can be found in Note 12. Provisions for risks and charges and Note 18. Contingent liabilities.

The consolidated financial statements contained herein were approved by the Board of Directors on 26 August 2011. 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 agreements in the high voltage underground and submarine cables businesses, as well as the risk factors described in the interim directors' report, and confirm Prysmian'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) 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 explanatory notes in a condensed format.

The information contained in these half-year condensed consolidated financial statements must be read in conjunction with the annual IFRS consolidated financial statements at 31 December 2010.

B.1 FINANCIAL STATEMENTS AND DISCLOSURES

The Group has elected 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 is 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 of Consob Communication 6064293 dated 28 July 2006 regarding disclosures.

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 is intervening evidence of impairment that requires the immediate recognition of a loss.

B.2 ACCOUNTING STANDARDS

Accounting standards used for preparing the half-year report

The consolidation principles, the methods applied for converting 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 2010, 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 rate for the full year;
2. the accounting standards and amendments discussed below and obligatorily applied with effect from 1 January 2011 after receiving endorsement from the competent authorities.

Accounting standards, amendments and interpretations applied from 1 January 2011

On 8 October 2009, the IASB published an amendment to *IAS 32 – Financial Instruments: Presentation* concerning the classification of rights issues. This amendment clarifies how such rights should be treated if they are denominated in a currency other than the functional currency of the issuer. The amendment is effective from 1 January 2011 and its application has had no effect on the Group's financial statements.

On 4 November 2009, the IASB issued a revised version of *IAS 24 - Related Party Disclosures*. The revised version of this standard, along with the amendments to IFRS 8 published in the European Union's Official Journal on 20 July 2010, are applicable from 1 January 2011. Adoption of revised *IAS 24* has no impact on the measurement of individual items within the financial statements nor any significant effect on the Prysmian Group's related party disclosures.

On 26 November 2009, the IFRIC issued an amendment to the interpretation *IFRIC 14 – Prepayment of a Minimum Funding Requirement,* to define the treatment of liabilities relating to pension funds when an entity is subject to minimum funding requirements for defined benefit plans and makes an early payment of contributions to cover those requirements. As at the present document date, the European Union had completed the endorsement process needed for its application. The revised version of this interpretation, published in the European Union's Official Journal on 20 July 2010, applies from 1 January 2011. The interpretation addresses a situation currently not relevant to the Group.

On the same date, the IFRIC issued the interpretation *IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments*, which addresses situations in which a creditor agrees to accept equity instruments from a debtor to settle its financial liability. The revised version of this interpretation, published in the European Union's Official Journal on 24 July 2010, applies to financial years beginning on or after 1 July 2010. The interpretation addresses a situation currently not relevant to the Group.

On 6 May 2010, the IASB published a series of *Improvements* to seven IFRSs, as part of its programme of annual improvements to its standards; most of the changes involve clarifications or corrections to existing IFRSs or amendments resulting from other changes previously made to the IFRSs. These Improvements were published in the European Union's Official Journal on 19 February 2011 and apply to financial years beginning on or after 1 January 2011. These Improvements are not considered to have a material impact on the Group's financial statements.

New standards, amendments and interpretations of existing standards, not yet obligatory 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-part project, whose second and third parts 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*. As at the present document date, the European Union had not yet completed the endorsement process needed for the application of *IFRS 9*, due to come into effect from 1 January 2013.
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. As at the present document date, the European Union had not yet completed the endorsement process needed for the application of these amendments, which are due to come into effect for financial years beginning on or after 1 July 2011.

On 8 December 2010, the IASB published the *Practice Statement: Management Commentary*. The *Practice Statement* is a non-binding framework for the presentation of the report containing management commentary that accompanies IFRS financial statements. The document sets out the principles, qualitative characteristics and elements of management commentary that are necessary to provide users of financial reports with useful information. Management commentary should provide management's perspective of the entity's performance, position and progress so as to supplement and complement the information presented in the financial statements. The *Practice Statement* can be applied prospectively from 8 December 2010.

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. Earlier application is permitted.

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 compulsory 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 presented by a parent.

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. 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 for financial years beginning on or after 1 July 2012.

On the same date the IASB also published a revised version of I*AS 19 - Employee Benefits.* The amendments make important improvements by: eliminating the option to defer the recognition of gains and losses, known as the "corridor method", streamlining the presentation of changes in assets and liabilities arising from defined benefit plans, and enhancing the disclosure requirements for defined benefit plans. The revised version will come into effect for financial years beginning on or after 1 January 2013. Earlier application is permitted.

The following standards and interpretations, not yet endorsed by the European Union, address situations and circumstances that are not pertinent to the Prysmian Group:

- *IFRS 1 – Improving disclosures about financial instruments (IFRS 7)* with the purpose of aligning the standard to the disclosures required by *IFRS 7* concerning the methods used to measure the fair value of financial instruments;

- *IFRS for SMEs – International Financial Reporting Standards for Small and Medium-sized Entities*;

- *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to IFRS 1)*. The document:
  a) removes the fixed dates in IFRS 1 to allow first-time adopters to use the same simplification rules as those permitted for entities that made the transition to IFRS in 2005;
  b) includes an exemption from the retrospective application of IFRS on first-time adoption for first-time adopters (who up until now have been unable to adopt IFRS due to hyperinflation). This amendment allows such first-time adopters to use fair value as the deemed cost of all their assets and liabilities.

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 2011:

Acquisitions

As described in section A. General Information, on 22 February 2011 Prysmian S.p.A. acquired 99.121% of the issued shares of Draka Holding N.V. (corresponding to 99.047% of the voting rights). This has significantly enlarged the scope of consolidation which, as from 1 March 2011, includes the assets, liabilities and components of profit and loss of the subsidiaries and associates of Draka Holding N.V.. Further information can be found in section D. Business Combinations.

Liquidations

The process of winding up Prysmian Kabelwerke und Systeme Gmbh was completed on 17 February 2011 with the company’s removal from the local company registry.

The process of winding-up Prysmian Telecomunicaciones Cables y Sistemas De Argentina S.A. was completed on 9 May 2011 with the company's removal from the local company registry.

The process of winding up Power Cable Engineering Services (M) SDN BHD was completed on 21 May 2011.

In accordance with Consob Resolution 11971 of 14 May 1999 and subsequent amendments (Art. 126 of the Regulations), Appendix A provides a full list of the Prysmian Group's subsidiaries, associates and significant investments at 30 June 2011.

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 Board of Directors for the purposes of managing the business.
The Board of Directors:

- reviews operating performance by macro type of business (Energy and Telecom) and, in the case of the Energy segment, by sales channel (Utilities, Trade & Installers, Industrial);
- assesses the results of operating segments primarily on the basis of adjusted EBITDA, defined as earnings (loss) for the period before non-recurring items, amortisation, depreciation and impairment, the fair value change in metal derivatives, finance costs and income and taxes;
- reviews the statement of financial position for the Group as a whole, and not by operating segment.

Each operating segment comprises the following sales channels and areas of business:

A) Energy 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, Renewables, Automotive and Transport, Elevator Products, Oil&Gas);
4. Other: occasional sales of residual products.

B) Telecom segment: organised in the following lines of business: Telecom Solutions (includes Optical cables, Copper cables and Connectivity), Optical Fibre, Multimedia & Specials.

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. The Corporate operating results at 30 June 2011 basically reflect the effects of the non-recurring items detailed in Note 14. Operating income.

C.1 OPERATING SEGMENTS

The following tables present information by operating segment.

(in millions of Euro)								1st half 2011
	Energy					Telecom	Corporate/ Eliminations	Group total
	Utilities	Trade & Installers	Industrial	Other	Total			
Sales of goods and services								
- third parties	1,087	1,120	714	68	2,989	585	-	3,574
- Group companies	2	17	3	15	37	14	(51)	-
Total sales of goods and services	**1,089**	**1,137**	**717**	**83**	**3,026**	**599**	**(51)**	**3,574**
Adjusted EBITDA (A)	**139**	**34**	**42**	**-**	**215**	**54**	**-**	**269**
% of sales	12.8%	3.0%	5.9%		7.1%	9.0%		7.5%
EBITDA (B)	**133**	**28**	**36**	**1**	**198**	**44**	**(216)**	**26**
% of sales	12.2%	2.5%	5.0%	-	6.5%	7.3%		0.7%
Amortisation and depreciation (C)	(19)	(14)	(14)		(47)	(18)	**-**	**(65)**
Adjusted operating income (A+C)	**120**	**20**	**28**	**-**	**168**	**36**	**-**	**204**
% of sales	11.0%	1.8%	3.9%		5.6%	6.0%		5.7%
Fair value change in metal derivatives (D)								**(33)**
Impairment of assets (F)								**-**
Operating income (B+C+D+E+F)								**(72)**
% of sales								-2.0%
Share of income from investments in associates and dividends from other companies					2	2		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)	**133**	**28**	**36**	**1**	**198**	**44**	**(216)**	**26**
Non-recurring expenses/(income):								
Company reorganisation	2	1	3	-	6	4	2	12
Draka acquisition costs	-	-	-	-	-	-	6	6
Draka integration costs	-	-	-	-	-	-	6	6
Effects of Draka change of control	-	-	-	-	-	-	2	2
Business interruption Libya	4	-	-	-	4	-	-	4
Gains on disposal of assets held for sale	-	-	-	(1)	(1)	-	-	(1)
Antitrust	-	-	-	-	-	-	200	200
Release of Draka inventory step-up (1)	-	5	3	-	8	6	-	14
Total non-recurring expenses/(income) (B)	**6**	**6**	**6**	**(1)**	**17**	**10**	**216**	**243**
Adjusted EBITDA (A+B)	**139**	**34**	**42**	**-**	**215**	**54**	**-**	**269**

(1) Refers to the higher cost of using finished and semi-finished goods and raw materials measured at the Draka Group's acquisition-date fair value.

(in millions of Euro)								1st half 2010
	Energy					Telecom	Corporate/ Eliminations	Group total
	Utilities	**Trade & Installers**	**Industrial**	**Other**	**Total**			
Sales of goods and services								
- third parties	829	699	344	53	1,925	223	-	2,148
- Group companies	-	-	-	10	10	2	(12)	-
Total sales of goods and services	**829**	**699**	**344**	**63**	**1,935**	**225**	**(12)**	**2,148**
Adjusted EBITDA (A)	**120**	**20**	**26**	**(2)**	**164**	**17**	**-**	**181**
% of sales	14.4%	2.9%	7.7%		8.5%	7.4%		8.4%
EBITDA (B)	**119**	**18**	**26**	**(4)**	**159**	**17**	**(1)**	**175**
% of sales	14.4%	2.6%	7.7%	-	8.2%	7.4%		8.2%
Amortisation and depreciation (C)	(17)	(7)	(9)	(1)	(34)	(4)	**-**	**(38)**
Adjusted operating income (A+C)	**103**	**13**	**17**	**(3)**	**130**	**13**	**-**	**143**
% of sales	12.4%	1.8%	5.0%		6.7%	5.8%		6.7%
Fair value change in metal derivatives (D)								**(17)**
Impairment of assets (F)								**(5)**
Operating income (B+C+D+E+F)								**115**
% of sales								5.4%
Share of income from investments in associates and dividends from other companies					1			1
Finance costs								(185)
Finance income								133
Taxes								(20)
Net profit/(loss) for the period								**44**
Attributable to:								
Owners of the parent								45
Non-controlling interests								(1)

Reconciliation of EBITDA to Adjusted EBITDA

(in millions of Euro)								
EBITDA (A)	**119**	**18**	**26**	**(4)**	**159**	**17**	**(1)**	**175**
Non-recurring expenses/(income):								
Company reorganisation	-	3	-		3	-	1	4
Environmental remediation	1	-	-	-	1	-	-	1
Release of provision for tax inspections	-	(1)	(1)	-	(2)	-	-	(2)
Special project costs	-	-	1	2	3	-	-	3
Total non-recurring expenses/(income) (B)	**1**	**2**	**-**	**2**	**5**	**-**	**1**	**6**
Adjusted EBITDA (A+B)	**120**	**20**	**26**	**(2)**	**164**	**17**	**-**	**181**

C.2 GEOGRAPHICAL AREAS

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

(in millions of Euro)				1st half 2011	1st half 2010
	Prysmian	**Draka** [(1)]	**Adjustments**	**Total**	**Prysmian**
Sales of goods and services	**2,653**	**931**	**(10)**	**3,574**	**2,148**
EMEA*	1,822	559	(10)	2,371	1,507
North America	234	159	**-**	393	189
Latin America	288	28	**-**	316	223
Asia Pacific	309	185	**-**	494	229

* EMEA = Europe, Middle East and Africa

(1) Figures for the period 1 March - 30 June 2011.

D. BUSINESS COMBINATIONS

As described in section A. General Information, on 22 February 2011 Prysmian S.p.A. obtained control of Draka Holding N.V. (the parent company of the Draka Group). For practicality and in the absence of material impacts, the acquisition date is being taken as 28 February 2011 for accounting purposes, with revenues and expenses consolidated as from 1 March 2011.

At 30 June 2011, Prysmian S.p.A. held 99.121% of the shares issued by Draka Holding N.V., corresponding to 99.047% of the voting rights.

The total consideration paid for the acquisition is Euro 978 million, of which Euro 501 million in cash (including Euro 86 million for purchasing the preference shares) and Euro 477 million through the issue of around 31.8 million shares in Prysmian S.p.A, with a unit value of Euro 14.97163 (the official Prysmian share price on 22 February 2011, the share exchange date).

Acquisition-related costs amount to around Euro 26 million, before tax effects of some Euro 8 million. Those costs directly associated with the acquisition-related capital increase by Prysmian S.p.A. have been accounted for, net of tax effects, as a deduction from Prysmian's equity, while the remaining costs have been recognised in the income statement.

Details of part of the acquisition-related costs, before the related tax effects, are as follows:

(in millions of Euro)

	2011	2010	Total
Income statement: "Non-recurring other expenses"	6	6	12
Equity	1	4	5
Total	**7**	**10**	**17**

In addition, there are another Euro 9 million in costs for renegotiating financial covenants, which will be amortised in "Finance costs" over the period 2011-2014 (of which Euro 2 million already amortised in the income statement at 30 June 2011).

The assets and liabilities of the Draka Group have been determined on a provisional basis, since some of the acquisition accounting processes were still incomplete at the date of the present report.
In compliance with *IFRS 3*, the fair value of the assets, liabilities and contingent liabilities will be finalised within twelve months from the acquisition date.
The excess of the purchase consideration over the fair value of net assets and liabilities acquired has been recognised as goodwill, provisionally quantified as Euro 320 million.
Such goodwill is particularly justified by the synergies from integrating the two groups.

Details of the assets and goodwill are as follows:

(in millions of Euro)

Cash outlay	501
Increase in share capital	3
Increase in share premium reserve	474
Total acquisition cost (A)	**978**
Fair value of net assets acquired (B)	658
Goodwill (A)-(B)	**320**
Financial outlay for acquisition	501
Cash and cash equivalents held by acquired companies	(82)
Acquisition cash flow	**419**

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

(in millions of Euro)

	Pre-acquisition book value	**Fair value**
Property, plant and equipment	524	621
Assets held for sale	3	3
Intangible assets	113	214
Investments in associates	60	60
Available-for-sale financial assets	3	3
Derivatives	5	5
Inventories	435	449
Trade and other receivables	507	507
Trade and other payables	(643)	(648)
Deferred taxes	56	(9)
Current taxes	(7)	(7)
Provisions for risks	(47)	(58)
Employee benefit obligations	(93)	(93)
Borrowings from banks and other lenders	(443)	(443)
Non-controlling interests	(22)	(22)
Cash and cash equivalents	82	82
Net identifiable assets	**533**	**664**
Net assets acquired - 99.047% (B)	**528**	**658**

Property, plant and equipment

The fair value measurement has increased book value by Euro 78 million for "Land and buildings" and by Euro 19 million for "Plant and machinery".

Intangible assets

The fair value measurement has identified the following higher values of intangible assets:

- Trademarks: Euro 61 million, relating to the Draka and YOFC trademarks;
- Customer relationships: Euro 38 million;
- Patents and licences (including technology): Euro 75 million;
- Existing contracts: Euro 8 million.

The above higher values have been cancelled against "Goodwill" of Euro 81 million reported in the Draka financial statements.

Inventories

The increase of Euro 14 million is due to the recognition of an inventory step-up for production profit margins.

Trade and other receivables

Gross trade receivables amount to Euro 450 million, with an estimated fair value of Euro 429 million.

Trade and other payables

The increase of Euro 5 million is due to the lower market value of a lease agreement.

Provisions for risks

The increase of Euro 11 million reflects the identification of two trade-related contingent liabilities that have been estimated in accordance with IFRS 3 as Euro 10 million and Euro 1 million respectively.

Deferred taxes

The variance reflects recognition of the tax effect of all the above differences against book value.

The equity pertaining to shareholders of Draka Holding N.V. (the non-controlling interests), amounting to Euro 6 million, has been determined as a proportion of the net assets acquired and so does not include components of acquisition-related goodwill, which has been provisionally calculated for the Prysmian interest alone.

During the first half of 2011, the Draka Group accounted for Euro 931 million of the Prysmian Group's total sales of goods and services, and contributed Euro 6 million to the result for the period. If the Draka Group had been consolidated from 1 January 2011, its contribution to sales of goods and services would have been Euro 1,322 million, while its contribution to the half-year result would have been around Euro 7 million, excluding costs for settling interest rate derivatives closed out as a result of the change of control (about Euro 3 million net of tax) and acquisition-related costs (about Euro 2 million net of tax).

More details about the Draka Group's activities and the rationale for the acquisition can be found in the section on "Significant events during the period" in the Directors' Report.

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
Balance at 31 December 2010	**949**	**59**
Movements in period:		
- Investments	46	11
- Disposals	(1)	-
- Business combinations	621	214
- Goodwill	-	320
- Depreciation, amortisation and impairment	(55)	(10)
- Currency translation differences	(28)	(1)
- Other	-	-
Total movements	**583**	**534**
Balance at 30 June 2011	**1,532**	**593**
Of which:		
- Historical cost	1,938	709
- Accumulated depreciation/amortisation and impairment	(406)	(116)
Net book value	**1,532**	**593**

(in millions of Euro)

	Property, plant and equipment	Intangible assets
Balance at 31 December 2009	**872**	**43**
Movements in period:		
- Investments	24	7
- Disposals	-	-
- Business combinations	16	16
- Depreciation, amortisation and impairment	(35)	(3)
- Currency translation differences	52	4
- Other	2	-
Total movements	**59**	**24**
Balance at 30 June 2010	**931**	**67**
Of which:		
- Historical cost	1,246	156
- Accumulated depreciation/amortisation and impairment	(315)	(89)
Net book value	**931**	**67**

A total of Euro 46 million in investments have been made in property, plant and equipment in 2011. Of these the principal investments refer to:

- 71% for projects to increase production capacity and develop new products;
- 13% for projects to improve industrial efficiency;
- 15% for structural work on buildings or for entire production lines to make them compliant with the latest regulations.

Investments in intangible assets amount to Euro 11 million, most of which in connection with the Brazilian subsidiary’s development of a prototype destined for flexible pipe production.

"Business combinations" refer to the acquisition of the Draka Group, which has resulted in:
- an increase of Euro 621 million in property, plant and equipment;
- an increase of Euro 214 million in intangible assets;
- the recognition of Euro 320 million in goodwill.

Machinery is subject to Euro 25 million in liens in connection with long-term loans.

No impairment losses have emerged at 30 June 2011. This does not mean that impairment losses, even significant ones, will not emerge in the next quarter or at year end when tests are performed in more detail.

2. AVAILABLE-FOR-SALE FINANCIAL ASSETS

These are detailed as follows:

(in millions of Euro)

	30 June 2011	**31 December 2010**
Non-current	6	3
Current	-	142
Total	**6**	**145**

At 30 June 2011, these mostly refer to shareholdings regarded as instrumental to the Group's business.
The decrease of Euro 139 million in the first six months of 2011 is mainly attributable to the disposal of government and blue chip corporate bonds, not instrumental to the Group's business but held solely for temporarily investing the Group's liquidity, the proceeds of which were used to settle the Draka Group's cash consideration.

3. TRADE AND OTHER RECEIVABLES

These are detailed as follows:

(in millions of Euro)			30 June 2011
	Non-current	Current	Total
Trade receivables	-	1,473	1,473
Allowance for doubtful accounts	-	(60)	(60)
Total trade receivables	**-**	**1,413**	**1,413**
Other receivables:			
Tax receivables	13	123	136
Financial receivables	9	11	20
Prepaid finance costs	17	8	25
Receivables from employees	2	3	5
Pension fund receivables	-	1	1
Construction contracts	-	200	200
Advances	-	14	14
Others	14	120	134
Total other receivables	**55**	**480**	**535**
Total	**55**	**1,893**	**1,948**

(in millions of Euro)			31 December 2010
	Non-current	Current	Total
Trade receivables	-	807	807
Allowance for doubtful accounts	-	(43)	(43)
Total trade receivables	**-**	**764**	**764**
Other receivables:			
Tax receivables	11	88	99
Financial receivables	1	42	43
Prepaid finance costs	16	3	19
Receivables from employees	1	1	2
Construction contracts	-	190	190
Advances	-	18	18
Others	12	55	67
Total other receivables	**41**	**397**	**438**
Total	**41**	**1,161**	**1,202**

The increase of Euro 649 million in net trade receivables mostly refers to the effect of acquiring the Draka Group. The Draka Group's trade receivables amount to Euro 491 million gross at 30 June 2011, while its allowance for doubtful accounts is Euro 20 million.

4. INVENTORIES

These are detailed as follows:

(in millions of Euro)	30 June 2011	31 December 2010
Raw materials	332	188
of which allowance for obsolete and slow-moving raw materials	*(20)*	*(12)*
Work in progress and semi-finished goods	280	164
of which allowance for obsolete and slow-moving work in progress and semi-finished goods	*(5)*	*(5)*
Finished goods	474	248
of which allowance for obsolete and slow-moving finished goods	*(43)*	*(19)*
Total	**1,086**	**600**

The first-time consolidation of the Draka Group has significantly increased the value of inventories. The Draka Group's inventories amount to Euro 388 million at 30 June 2011.

5. DERIVATIVES

These are detailed as follows:

(in millions of Euro)	30 June 2011	
	Asset	**Liability**
Non-current		
Interest rate swaps (cash flow hedges)	1	11
Forward currency contracts on commercial transactions (cash flow hedges)	6	3
Forward currency contracts on financial transactions (cash flow hedges)	-	-
Total hedging derivatives	**7**	**14**
Forward currency contracts on commercial transactions	1	1
Forward currency contracts on financial transactions	-	-
Metal derivatives	4	-
Total other derivatives	**5**	**1**
Total non-current	**12**	**15**
Current		
Interest rate swaps (cash flow hedges)	-	2
Forward currency contracts on commercial transactions (cash flow hedges)	17	8
Total hedging derivatives	**17**	**10**
Forward currency contracts on commercial transactions	7	3
Forward currency contracts on financial transactions	1	18
Metal derivatives	13	3
Total other derivatives	**21**	**24**
Total current	**38**	**34**
Total	**50**	**49**

(in millions of Euro)	31 December 2010	
	Asset	**Liability**
Non-current		
Interest rate swaps (cash flow hedges)	1	16
Forward currency contracts on commercial transactions (cash flow hedges)	4	2
Forward currency contracts on financial transactions (cash flow hedges)	-	7
Total hedging derivatives	**5**	**25**
Forward currency contracts on commercial transactions	-	-
Forward currency contracts on financial transactions	2	21
Metal derivatives	7	2
Total other derivatives	**9**	**23**
Total non-current	**14**	**48**
Current		
Forward currency contracts on commercial transactions (cash flow hedges)	6	9
Total hedging derivatives	**6**	**9**
Forward currency contracts on commercial transactions	3	3
Forward currency contracts on financial transactions	3	9
Metal derivatives	40	7
Total other derivatives	**46**	**19**
Total current	**52**	**28**
Total	**66**	**76**

6. 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.

7. CASH AND CASH EQUIVALENTS

These are detailed as follows:

(in millions of Euro)	30 June 2011	31 December 2010
Cash and cheques	10	10
Bank and postal deposits	533	620
Total	**543**	**630**

Cash and cash equivalents, deposited with major financial institutions, are managed centrally by Group treasury companies or by subsidiaries under the supervision of the Finance Department of Prysmian S.p.A..
Cash and cash equivalents managed by Group treasury companies amount to Euro 280 million at 30 June 2011 compared with Euro 352 million at 31 December 2010.

8. ASSETS HELD FOR SALE

These are detailed as follows:

(in millions of Euro)

	30 June 2011	31 December 2010
Land	3	9
Buildings	-	-
Total	**3**	**9**

The change in the first six months of 2011 is attributable to:

- the Draka Group acquisition, which has led to the inclusion of a piece of land in Germany, worth Euro 3 million, in this category;
- the disposal of the land and buildings of the Eastleigh plant in the United Kingdom, on which a gain of Euro 1 million was realised.

9. SHARE CAPITAL AND RESERVES

Consolidated equity has increased by Euro 298 million since 31 December 2010, mainly reflecting the net effect of:

- capital contributions of Euro 479 million;
- the first-time consolidation of Draka's non-controlling interests of Euro 28 million;
- the positive post-tax change of Euro 13 million in the fair value of derivatives designated as cash flow hedges;
- the net loss for the period of Euro 156 million;
- negative currency translation differences of Euro 32 million;
- the dividend distribution of Euro 36 million (of which Euro 35 million distributed by Prysmian S.p.A., corresponding to a dividend per share of Euro 0.166).

At 30 June 2011 the share capital of Prysmian S.p.A. comprises 214,368,481 shares with a total value of Euro 21,436,848.10.

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

	Ordinary shares	Treasury shares	Total
Balance at 31 December 2009	**181,235,039**	**(3,028,500)**	**178,206,539**
Capital increase [1]	794,263	-	794,263
Treasury shares	-	-	-
Balance at 31 December 2010	**182,029,302**	**(3,028,500)**	**179,000,802**

	Ordinary shares	Treasury shares	Total
Balance at 31 December 2010	**182,029,302**	**(3,028,500)**	**179,000,802**
Capital increase [2]	32,339,179	-	32,339,179
Treasury shares	-	(10,669)	(10,669)
Balance at 30 June 2011	**214,368,481**	**(3,039,169)**	**211,329,312**

(1) Capital increases relating to the exercise of part of the options under the Stock Option Plan.

(2) Capital increases relating to the Draka Group acquisition and to the exercise of part of the options under the Stock Option Plan.

Treasury shares

The treasury shares held at the beginning of the year 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 for another 18 months under a resolution adopted on 9 April 2009.

The increase in the number of treasury shares during the first six months of 2011 is due to the acquisition of Draka Holding N.V., which holds 10,669 shares in Prysmian S.p.A.

10. BORROWINGS FROM BANKS AND OTHER LENDERS

These are detailed as follows:

(in millions of Euro)			**30 June 2011**
	Non-current	**Current**	**Total**
Borrowings from banks and other financial institutions	476	1,087	1,563
Bond	396	5	401
Finance lease obligations	15	2	17
Total	**887**	**1,094**	**1,981**

(in millions of Euro)			**31 December 2010**
	Non-current	**Current**	**Total**
Borrowings from banks and other financial institutions	714	185	899
Bond	396	15	411
Finance lease obligations	1	1	2
Total	**1,111**	**201**	**1,312**

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

(in millions of Euro)	**30 June 2011**	**31 December 2010**
Credit Agreements	1,159	770
Bond	401	411
Other borrowings	404	129
Total	**1,964**	**1,310**

Credit Agreements

These refer to:

- the credit agreement signed on 18 April 2007 ("Credit Agreement"), under which Prysmian S.p.A. and some of its subsidiaries were granted an initial total of Euro 1,700 million in loans and credit facilities. The facilities carry a variable interest rate, linked to Euribor for the part of the facilities in Euro and to Libor USD for the part in US dollars;
- the "Credit Agreement 2011", entered by Prysmian on 7 March 2011 with a syndicate of major banks for Euro 800 million in five-year facilities. 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 following table summarises the Committed Lines available to the Group at 30 June 2011 and 31 December 2010:

(in millions of Euro)			**30 June 2011**
	Total lines	**Used**	**Unused**
Term Loan Facility	770	(770)	-
Term Loan Facility 2011	400	(400)	-
Revolving Credit Facility	400	(6)	394
Revolving Credit Facility 2011	400	-	400
Total Credit Agreements	**1,970**	**(1,176)**	**794**
Securitization	350	(173)	177
Total	**2,320**	**(1,349)**	**971**

(in millions of Euro)			**31 December 2010**
	Total lines	**Used**	**Unused**
Term Loan Facility	770	(770)	-
Revolving Credit Facility	400	(7)	393
Bonding Facility	300	(146)	154
Total Credit Agreement	**1,470**	**(923)**	**547**
Securitization	350	-	350
Total	**1,820**	**(923)**	**897**

The facility relating to the securitization programme can be drawn down, if needed, only up to the amount of trade receivables that qualify for securitization under the agreed contractual terms (approximately Euro 173 million at 30 June 2011 and approximately Euro 150 million at 31 December 2010).

The repayment schedules of the Term Loans are structured as follows:

(in thousands of Euro)	
30 November 2011 (Term Loan)	100,000
3 May 2012 (Term Loan)	670,000
7 March 2016 (Term Loan 2011)	400,000

The Revolving Credit Facility and the Revolving Credit Facility 2011 are used to finance ordinary working capital requirements, while the Revolving Credit Facility can also be used to finance the issue of guarantees.

The Bonding Facility, used to issue guarantees such as bid bonds, performance bonds and warranty bonds, was extinguished early on 10 May 2011.

Forward Start Credit Agreement

On 21 January 2010, the Group entered into a long-term credit agreement for Euro 1,070 million with a syndicate of major national and international banks; this agreement expires on 31 December 2014 and may be used to replace the existing Credit Agreement at its natural expiry on 3 May 2012. This is a "Forward Start Credit Agreement" negotiated in advance of its period of use, under which the lenders will provide Prysmian S.p.A. and some of its subsidiaries (the same as in the existing Credit Agreement) loans and credit facilities for a total of Euro 1,070 million, split as follows:

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

The Term Loan's repayment schedule 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 Bonding Facility was not covered by the new agreement.

With reference to the Draka acquisition, during the month of February 2011, Prysmian obtained, from its banking syndicates, a significant extension to the financial covenants under the Credit Agreement and Forward Start Credit Agreement; under the new terms, which have also been applied to the Credit Agreement 2011, the ratio between EBITDA and Net finance costs (as defined in the Credit Agreement, Credit Agreement 2011 and Forward Start Credit Agreement) and the ratio between Net Financial Position and EBITDA (as defined in the Credit Agreement, Credit Agreement 2011 and Forward Start Credit Agreement) should be not less than 4.00x and not more than 3.50x respectively at year end. Further information can be found in Note 26. Financial covenants.

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, whose issue price was 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 trades on the related regulated market.

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

(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**

(in millions of Euro)

	Credit Agreement	Bond	Other borrowings/ Finance lease obligations	Total
Balance at 31 December 2009	**960**	-	**72**	**1,032**
Business combinations	-	-	15	15
Currency translation differences	17	-	12	29
New funds	-	396	86	482
Repayments	(200)	-	-	(200)
Amortisation of bank and financial fees and other expenses	1	-	-	1
Interest and other movements	-	4	1	5
Total movements	**(182)**	**400**	**114**	**332**
Balance at 30 June 2010	**778**	**400**	**186**	**1,364**

NET FINANCIAL POSITION

(in millions of Euro)

	Note	30 June 2011	31 December 2010
Long-term financial payables			
Term Loan Facility		400	671
Bank fees		(6)	(2)
Credit Agreement	10	**394**	**669**
Bond	10	396	396
Finance leases	10	15	1
Forward currency contracts on financial transactions	5	-	28
Interest rate swaps	5	11	16
Other financial payables	10	82	45
Total long-term financial payables		**898**	**1,155**
Short-term financial payables			
Term Loan Facility	10	766	101
Bank fees	10	(1)	-
Bond	10	5	15
Finance leases	10	2	1
Securitization	10	173	-
Interest rate swaps	5	2	-
Forward currency contracts on financial transactions	5	18	9
Other financial payables	10	149	84
Total short-term financial payables		**1,114**	**210**
Total financial liabilities		**2,012**	**1,365**
Long-term financial receivables	3	9	1
Long-term bank fees	3	17	16
Interest rate swaps	5	1	1
Forward currency contracts on financial transactions (non-current)	5	-	2
Forward currency contracts on financial transactions (current)	5	1	3
Short-term financial receivables	3	11	42
Available-for-sale financial assets (current)[1]	2	-	142
Short-term bank fees	3	8	3
Financial assets held for trading	6	44	66
Cash and cash equivalents	7	543	630
Net financial position		**1,378**	**459**

[1] These refer to bonds held solely for investing the Group's liquidity, which are not instrumental to its business and are highly liquid.

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 2011	31 December 2010
Net financial position - as reported above		**1,378**	**459**
Long-term financial receivables	3	9	1
Long-term bank fees	3	17	16
Net forward currency contracts on commercial transactions	5	(16)	1
Net metal derivatives	5	(14)	(38)
Recalculated net financial position		**1,374**	**439**

11. TRADE AND OTHER PAYABLES

These are detailed as follows:

(in millions of Euro)

			30 June 2011
	Non-current	**Current**	**Total**
Trade payables	-	1,500	1,500
Total trade payables	**-**	**1,500**	**1,500**
Other payables:			
Tax and social security payables	15	124	139
Advances	-	158	158
Payables to employees	-	61	61
Accrued expenses	-	110	110
Others	20	119	139
Total other payables	**35**	**572**	**607**
Total	**35**	**2,072**	**2,107**

(in millions of Euro)

			31 December 2010
	Non-current	**Current**	**Total**
Trade payables	-	862	862
Total trade payables	**-**	**862**	**862**
Other payables:			
Tax and social security payables	10	73	83
Advances	-	98	98
Payables to employees	-	45	45
Accrued expenses	-	83	83
Others	10	56	66
Total other payables	**20**	**355**	**375**
Total	**20**	**1,217**	**1,237**

The increase of Euro 638 million in trade payables is attributable for Euro 477 million to acquisition of the Draka Group.

Advances include Euro 99 million due to customers for construction contracts at 30 June 2011 compared with Euro 47 million at 31 December 2010. This liability represents the gross 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 196 million (Euro 121 million at 31 December 2010) 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.

12. PROVISIONS FOR RISKS AND CHARGES

These are detailed as follows:

(in millions of Euro)			30 June 2011
	Non-current	**Current**	**Total**
Restructuring costs	4	9	13
Contractual and legal risks	42	230	272
Environmental risks	2	5	7
Tax inspections	6	11	17
Other risks and charges	10	18	28
Total	**64**	**273**	**337**

(in millions of Euro)			31 December 2010
	Non-current	**Current**	**Total**
Restructuring costs	3	3	6
Contractual and legal risks	25	33	58
Environmental risks	2	5	7
Tax inspections	6	11	17
Other risks and charges	8	10	18
Total	**44**	**62**	**106**

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	Other risks and charges	Total
Balance at 31 December 2010	**6**	**58**	**7**	**17**	**18**	**106**
Currency translation differences	-	(1)	-	-	-	(1)
Increases	4	205	-	-	2	211
Utilisations	(6)	(9)	-	-	(8)	(23)
Releases	(2)	(6)	-	-	(2)	(10)
Business combinations	12	32	-	-	14	58
Other	(1)	(7)	-	-	4	(4)
Total movements	**7**	**214**	-	-	**10**	**231**
Balance at 30 June 2011	**13**	**272**	**7**	**17**	**28**	**337**

The provision for restructuring costs reports a net movement of Euro 7 million.
In particular:
- the increase of Euro 12 million is due to the first-time consolidation of the Draka Group;
- the increase of Euro 4 million relates to restructuring projects within Draka;
- the utilisation of Euro 6 million in provisions for restructuring costs mostly refers to projects to rationalise production in France and to restructuring projects within the Draka Group;
- the release of Euro 2 million relates to the restructuring project in Canada, specifically at the St. Jean plant.

The net movement of Euro 214 million in the provision for contractual and legal risks mostly reflects:
- an increase of Euro 32 million associated with the first-time consolidation of the Draka Group, of which Euro 11 million relating to contingent liabilities recognised in accordance with *IFRS 3*;
- an increase of Euro 200 million for the risk relating to the antitrust investigations and/or legal proceedings underway in various jurisdictions, which has been estimated in view of recent developments in the European Commission's investigation. More details can be found in Note 18. Contingent liabilities;
- an increase of Euro 5 million, mainly relating to employment disputes (Euro 2 million) and to contractual risks (Euro 3 million);
- releases of Euro 6 million, mostly relating to risks connected with the Submarine business;
- utilisations of Euro 9 million, of which Euro 2 million for employment disputes, Euro 2 million for legal costs relating to antitrust investigations and the remainder for risks relating to contractual penalties and guarantees.

The provisions for environmental risks, tax inspections and other risks and charges do not report any significant changes in the six months under review.

13. EMPLOYEE BENEFIT OBLIGATIONS

These are detailed as follows:

(in millions of Euro)

	30 June 2011	31 December 2010
Pension funds	168	91
Employee indemnity liability (Italian TFR)	21	22
Medical benefit plans	20	18
Termination and other benefits	25	14
Total	**234**	**145**

Employee benefit obligations report an increase of Euro 89 million, mainly because of the Draka Group acquisition.

Movements in employee benefit obligations have had an overall impact of Euro 11 million on the period's income statement, of which Euro 7 million classified in personnel costs and Euro 4 million in finance costs.

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

	1st half 2011	1st half 2010
Average number	18,981	12,263

	30 June 2011	31 December 2010
Closing number	22,187	12,352

14. OPERATING INCOME

Operating income is a loss of Euro 72 million in the first half of 2011 (compared with a profit of Euro 115 million in the first six months of 2010) and includes the following non-recurring items:

(in millions of Euro)

	1st half 2011	1st half 2010
Draka acquisition costs	(6)	-
Effects of Draka change of control	(2)	-
Draka integration costs	(6)	-
Release of Draka inventory step-up [(1)]	(14)	-
Company reorganisation	(12)	(4)
Gains on disposal of assets held for sale	1	-
Business interruption Libya	(4)	-
Antitrust	(200)	-
Release of provision for tax inspections	-	2
Special project costs	-	(3)
Environmental remediation	-	(1)
Impairment of assets held for sale	-	(5)
Total non-recurring (expenses)/income	**(243)**	**(11)**

[(1)] Refers to the higher cost of using finished and semi-finished goods and raw materials measured at the Draka Group's acquisition-date fair value.

15. FINANCE INCOME AND COSTS

Finance costs are detailed as follows:

(in millions of Euro)

	1st half 2011	1st half 2010
Interest on syndicated loans	15	8
Interest on bond	10	5
Amortisation of bank and financial fees and other expenses	6	3
Interest costs on employee benefits	4	3
Other bank interest	10	2
Costs for undrawn credit lines	-	-
Sundry bank fees	5	4
Other	8	12
Finance costs	**58**	**37**
Net losses on interest rate swaps	-	5
Net losses on forward currency contracts	-	19
Losses on derivatives	**-**	**24**
Foreign currency exchange losses	99	124
Total finance costs	**157**	**185**

Finance income is detailed as follows:

(in millions of Euro)

	1st half 2011	1st half 2010
Interest income from banks and other financial institutions	5	3
Other finance income	-	1
Other non-recurring finance income:		
Gain on disposal of available-for-sale financial assets	-	*2*
Total non-recurring finance income	**-**	**2**
Finance income	**5**	**6**
Net gains on forward currency contracts	11	-
Net gains on interest rate swaps	1	-
Gains on derivatives	**12**	**-**
Foreign currency exchange gains	78	127
Total finance income	**95**	**133**

16. TAXES

The total tax charge has been estimated on the basis of the expected weighted average tax rate for the full year. Taxes are analysed as follows for both of the periods presented:

(in millions of Euro)

	1st half 2011	1st half 2010
Current income taxes	35	33
Deferred income taxes	(9)	(13)
Total	**26**	**20**

17. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share have been determined by dividing net profit/(loss) 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 and 514,609 shares in the first six months of 2011. The options are all vested but can be exercised only in four 30-day periods, running from the date of approving the half-year results for 2011 and 2012 and from the date of approving the proposed annual financial statements for 2011 and 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 the existing Stock Option Plan.

(in millions of Euro)

	1st half 2011	1st half 2010
Net profit/(loss) attributable to owners of the parent	(156)	45
Weighted average number of ordinary shares (thousands)	205,842	178,720
Basic earnings/(loss) per share (in Euro)	**(0.76)**	**0.25**
Net profit/(loss) attributable to owners of the parent	(156)	45
Weighted average number of ordinary shares (thousands)	205,842	178,720
Adjustments for:		
Dilution from incremental shares arising from exercise of stock options (thousands)	410	1,047
Weighted average number of ordinary shares to calculate diluted earnings per share (thousands)	206,252	179,767
Diluted earnings/(loss) per share (in Euro)	**(0.76)**	**0.25**

18. CONTINGENT LIABILITIES

Towards the end of January 2009, the European Commission, the US Department of Justice and the Japanese antitrust authority started an investigation into several European and Asian electrical cable manufacturers to verify the existence of alleged anti-competitive agreements in the high voltage underground and submarine cables business areas. Subsequently, the Australian Competition and Consumers Commission ("ACCC") and the New Zealand Commerce Commission also started similar investigations. Recently, the Canadian antitrust authority has also started an investigation into a high voltage submarine project dating back to 2006.
The investigations in Japan and New Zealand have ended without any penalties 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 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 Energia S.r.l. received official notice of 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 the Company, in the high voltage underground and submarine cables sector.

At the start of July Prysmian received a notice of indictments 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 constitute advance notice of its final decision. Prysmian has therefore had access to the Commission's dossier and, while fully co-operating, will present its defence against the related allegations.
Also considering the recent developments in the European Commission investigation, Prysmian now believes that it is able to estimate the risk relating to the antitrust investigations underway in the various jurisdictions, except for Brazil. The amount provided at 30 June 2011 amounts to Euro 200 million, on top of the Euro 5 million provided in the past.
This amount has been determined on the basis of partly subjective considerations and solely represents an estimate since the outcome of the investigations in progress is still uncertain.

Other kinds of legal and fiscal proceedings are also in progress, having arisen in the ordinary course of the Group's business.

19. RECEIVABLES FACTORING

The Group has factored trade receivables without recourse. The amount of receivables factored but not yet paid by customers was Euro 147 million at 30 June 2011 (Euro 58 million at 30 June 2010 and Euro 61 million at 31 December 2010). The increase is primarily due to the first-time consolidation of the Draka Group.

20. 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.

21. RELATED PARTY TRANSACTIONS

Transactions between Prysmian S.p.A. and its subsidiaries, associates and ultimate parent company 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 provide a summary of the related party transactions during the six months ended 30 June 2011:

(in millions of Euro)				30 June 2011
	Trade and other receivables	**Derivatives classified as assets**	**Trade and other payables**	**Financial payables and derivatives classified as liabilities**
Associates	9	-	4	-
Other related parties:				
Compensation of directors, statutory auditors and key management personnel			4	
Non-controlling interests	-	-	13	-
Total	**9**	**-**	**21**	**-**

(in millions of Euro)				31 December 2010
	Trade and other receivables	**Derivatives classified as assets**	**Trade and other payables**	**Financial payables and derivatives classified as liabilities**
Associates	5	-	4	-
Other related parties:				
Compensation of directors, statutory auditors and key management personnel	-	-	3	-
Non-controlling interests	-	-	13	-
Total	**5**	**-**	**20**	**-**

(in millions of Euro)				1st half 2011
	Sales of goods and services and other income	**Personnel costs**	**Cost of goods and services**	**Finance income/ (costs)**
Associates	14	-	3	-
Other related parties:				
Compensation of directors, statutory auditors and key management personnel	-	5	-	-
Total	**14**	**5**	**3**	**-**

(in millions of Euro)				1st half 2010
	Sales of goods and services and other income	**Personnel costs**	**Cost of goods and services**	**Finance income/ (costs)**
Associates	9	-	2	-
Other related parties:				
The Goldman Sachs Group Inc.	-	-	-	(5)
Compensation of directors, statutory auditors and key management personnel	-	3	-	-
Total	**9**	**3**	**2**	**(5)**

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 5 million at 30 June 2011 (Euro 3 million at 30 June 2010).
The amount of compensation owed to Directors, Statutory Auditors and Key Management Personnel is Euro 4 million at 30 June 2011 (Euro 3 million at 31 December 2010).

22. ATYPICAL AND/OR UNUSUAL TRANSACTIONS

In accordance with the disclosures required by Consob Communication DEM/6064293 dated 28 July 2006, it is reported that no atypical and/or unusual transactions were carried out during the first six months of 2011.

23. COMMITMENTS

Contractual commitments to purchase property, plant and equipment, already given to third parties at 30 June 2011 and not yet reflected in the financial statements, amount to Euro 35 million (Euro 30 million at 30 June 2010).

Prysmian Cavi e Sistemi Energia S.r.l. owns 51% of the shares in Ravin Cables Limited (India).
The related shareholders' agreement establishes that, in the event of a "deadlock" over the company's management, the minority shareholders will be granted a put option over 49% of the shares. The option would be exercised at fair market value on the exercise date. Even if the probability that this option will be exercised is currently remote, Prysmian has recognised the estimated cost among its liabilities.

24. STOCK OPTION PLANS

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 in the 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 2011		31 December 2010	
	Number of options	**Exercise price**	**Number of options**	**Exercise price**
Options at start of period	737,846	4.65	1,560,436	4.65
Granted	-	4.65	-	4.65
Cancelled	-	-	(28,327)	-
Exercised	(514,609)	4.65	(794,263)	4.65
Options at end of period	223,237	4.65	737,846	4.65
of which vested at end of period	223,237	4.65	737,846	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 2011 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 be exercised only in four 30-day periods, running from the date of approving the half-year results for 2011 and 2012 and from the date of approving the proposed annual financial statements for 2011 and 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.

On 14 April 2011, the Ordinary Shareholders' Meeting of Prysmian S.p.A. approved, pursuant to art. 114-bis of Italian 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 some 250 employees of group companies in Italy and abroad viewed as key resources, and divides beneficiaries into three categories, to whom the shares will be granted in the following proportions:

- *CEOs*: to whom approximately 7% of the rights to receive Prysmian S.p.A. shares will be allotted.
- *Senior Management*: this category comprises approximately 30 participants, as yet unnamed, who hold key positions within the Group (including the Directors of Prysmian S.p.A. who hold the positions of Chief Financial Officer, Chief Commercial Officer and Chief Strategic Officer), to whom approximately 40% of the rights to receive Prysmian shares will be allotted.

- *Executives*: this category comprises approximately 220 participants, as yet unnamed, who belong to the various operating units and businesses around the world, to whom approximately 53% of the rights to receive Prysmian shares will be allotted.

The plan provides for the grant of options to receive or subscribe to the Company's ordinary shares. These shares may partly comprise treasury shares and partly new issue shares, obtained through a capital increase that excludes rights under art. 2441, par. 8 of the Italian Civil Code. Such a capital increase involves issuing up to 2,131,500 new ordinary shares of nominal value Euro 0.10 each, for a maximum amount of Euro 213,150, and 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.
The information memorandum, prepared under art. 114-bis of Italian Decree 58/98 and describing the characteristics of the above incentive plan, is publicly available on the Company's website at http://www.prysmian.com/, from its registered offices and from Borsa Italiana S.p.A.
As at today's date no shares have yet been granted to incentive plan beneficiaries, the majority of whom have not yet been identified by name, and so no expense has been reflected in the income statement at 30 June 2011. Even if 14 April 2011 (the date the Shareholders' Meeting approved the plan) is treated as the share grant date for the CEO alone (the only person for whom the number of rights has been determined, albeit approximately), the impact of the related fair value on the income statement at 30 June 2011 would be immaterial.

25. DIVIDEND DISTRIBUTION

On 14 April 2011, the shareholders of Prysmian S.p.A. approved the financial statements for 2010 and the distribution of a dividend of Euro 0.166 per share, for a total of some Euro 35 million. The dividend was paid on 21 April 2011.

26. FINANCIAL COVENANTS

The Credit Agreement, Credit Agreement 2011 and Forward Start Credit Agreement, details of which are presented in Note 10, require the Group to comply with a series of covenants on a consolidated basis. The principal covenants, classified by type, are listed below:

a) Financial covenants

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

b) Non-financial covenants

A series of non-financial covenants must be observed and have been established in line with market practice applying to transactions of a similar type and amount. 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 submission of Group companies to other insolvency proceedings;
- issuance of particularly significant judicial rulings;
- occurrence of events that may negatively 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 Agreement, together with interest and any other amount due under the terms and conditions of this Agreement. No collateral security is required.

The ratio between consolidated EBITDA and consolidated net finance costs was 7.04 at 30 June 2011. The ratio between consolidated net financial position and consolidated EBITDA was 2.33 at this same date. The above financial ratios both comply with the covenants contained in the Credit Agreement, Credit Agreement 2011 and in the Forward Start Credit Agreement.

27. 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 2011	31 December 2010	1st half 2011	1st half 2010
Europe				
British Pound	0.903	0.861	0.868	0.870
Swiss Franc	1.207	1.250	1.270	1.436
Hungarian Forint	266.110	277.950	269.405	271.622
Norwegian Krone	7.788	7.800	7.825	8.004
Swedish Krona	9.174	8.966	8.939	9.787
Czech Koruna	24.345	25.061	24.348	25.727
Danish Krone	7.459	7.454	7.456	7.442
Romanian Leu	4.244	4.262	4.179	4.149
Turkish Lira	2.361	2.059	2.205	2.025
Polish Zloty	3.990	3.975	3.953	4.001
Russian Rouble	40.400	40.820	40.140	39.877
North America				
US Dollar	1.445	1.336	1.404	1.327
Canadian Dollar	1.395	1.332	1.371	1.372
South America				
Brazilian Real	2.256	2.226	2.291	2.384
Argentine Peso	5.940	5.313	5.682	5.137
Chilean Peso	677.412	624.941	667.166	696.501
Mexican Peso	16.982	16.535	16.694	12.663
Oceania				
Australian Dollar	1.349	1.314	1.358	1.484
New Zealand Dollar	1.747	1.720	1.805	1.882
Africa				
CFA Franc	655.957	655.957	655.957	655.957
Tunisian Dinar	1.968	1.907	1.954	1.883
Asia				
Chinese Renminbi (Yuan)	9.342	8.822	9.178	9.057
United Arab Emirates Dirham	5.308	4.908	5.155	4.873
Hong Kong Dollar	11.248	10.386	10.924	10.311
Singapore Dollar	1.776	1.714	1.766	1.853
Indian Rupee	64.576	59.728	63.106	60.675
Indonesian Rupiah	12,397.410	12,002.140	12,269.850	12,193.747
Japanese Yen	116.250	108.650	115.005	121.352
Thai Baht	44.380	40.170	42.682	43.309
Philippine Peso	62.619	58.300	61.069	60.707
Omani Rial	0.556	0.515	0.540	0.511
Malaysian Ringgit	4.363	4.095	4.256	4.387
Saudi Riyal	5.420	5.011	5.264	4.976

28. SUBSEQUENT EVENTS

On 1 August 2011 Prysmian was awarded a new contract worth in excess of Euro 200 million by the Dutch-German grid operator TenneT for the HelWin2 project linking offshore wind farms in the North Sea to mainland Germany.
Prysmian will be responsible for supplying, installing and commissioning the submarine and underground cable connections as part of a larger contract worth more than Euro 600 million awarded to the consortium of Prysmian and Siemens Energy. The cables and accessories will be manufactured in the period 2012-2014 at Prysmian's European high voltage plants. The link's commissioning and commencement of operation is expected in 2015.

Milan, 26 August 2011

ON BEHALF OF THE BOARD OF DIRECTORS
THE CHAIRMAN
Paolo Zannoni

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	2,071,176	100.00%	Prysmian Cavi e Sistemi Energia 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	88,388,357	100.00%	Draka Denmark Holding A/S
Draka Denmark Optical Cable 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 Energia 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.
Exmoor OY	Helsinki	Euro	2,523	100.00%	Draka Comteq Finland OY
Suomen Voimajohtovaruste OY	Helsinki	Euro	6,307	100.00%	Draka NK Cables OY
France					
Prysmian (French) Holdings S.A.S.	Paron de Sens	Euro	173,487,250	100.00%	Prysmian Cavi e Sistemi Energia 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.	Sainte Geneviève	Euro	120,041,700	100.00%	Draka Holding N.V.
Draka France Services S.A.R.L.	Sainte Geneviève	Euro	4,000	100.00%	Draka France S.A.S.
Germany					
Prysmian Kabel und Systeme GmbH	Berlin	Euro	15,000,000	93.75%	Prysmian Cavi e Sistemi Energia S.r.l.
				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 Automotive GmbH	Wuppertal	Euro	25,000	100.00%	Draka Cable Wuppertal GmbH
Draka Cable Wuppertal GmbH	Wuppertal	Euro	25,000	100.00%	Draka Deutschland GmbH
Draka Comteq Berlin GmbH & Co.KG	Berlin	Euro	23,520	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	25,000	100.00%	Draka Comteq Germany Verwaltungs GmbH
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
Draka Deutschland Kabel Produktions- GmbH	Wuppertal	Deutsche Mark	550,000	100.00%	Draka Cable Wuppertal 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
Draka Industrial Cable GmbH	Wuppertal	Euro	25,000	100.00%	Draka Cable Wuppertal GmbH
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	Wuppertal	Deutsche Mark	2,750,000	100.00%	White Holding B.V.
Wagner Management- u. Projekt GmbH	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 Cavi e Sistemi Energia S.r.l.
Prysmian Construction Company Ltd.	Eastleigh	British Pound	1	100.00%	Prysmian Cables & Systems Ltd.
Prysmian Cables (2000) Ltd.	Eastleigh	British Pound	118,653,473	100.00%	Prysmian Cables & Systems Ltd.
Prysmian Cables (Industrial) Ltd.	Eastleigh	British Pound	9,010,935	100.00%	Prysmian Cables & Systems Ltd.
Prysmian Cables (Supertension) Ltd.	Eastleigh	British Pound	5,000,000	100.00%	Prysmian Cables & Systems Ltd.
Prysmian Cables and Systems International Ltd.	Eastleigh	Euro	100,000	100.00%	Prysmian Cavi e Sistemi Energia S.r.l.
Cable Makers Properties & Services Limited	Kingston upon Thames	British Pound	33	63.53%	Prysmian Cables & Systems Ltd.
				36.47%	Third parties
Prysmian Cables Limited	Eastleigh	British Pound	1	100.00%	Prysmian Cables & Systems Ltd.
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.
Prysmian Focom Limited	Eastleigh	British Pound	1	100.00%	Prysmian Cables & Systems Ltd.
Comergy Ltd.	Eastleigh	British Pound	1,000,000	100.00%	Prysmian Cavi e Sistemi Energia S.r.l.
Prysmian Pension Scheme Trustee Limited	Eastleigh	British Pound	1	100.00%	Prysmian S.p.A.
Draka Distribution Aberdeen Limited	Derby	British Pound	1	100.00%	Draka UK Group Limited
Draka Comteq UK Limited	Washington	British Pound	2	100.00%	Draka Comteq B.V.
Draka UK Limited	Derby	British Pound	202,000	99.9998%	RMCA Holdings Limited
				0.0002%	Draka UK Group Limited
Draka UK Group Limited	Derby	British Pound	10,000,103	99.99999%	Draka Holding N.V.
				0.00001%	Third parties
Draka Cardinal Limited	Derby	British Pound	600,000	99.9998%	Draka UK Group Limited
				0.0002%	Draka Holding N.V.
RMCA Holding Limited	Derby	British Pound	3,000,302	99.99996%	Draka UK Group Limited
				0.00004%	Third parties
Draka UK Services Limited	Derby	British Pound	2	100.00%	Draka UK Group Limited
Draka UK (EXDCC) Pension Plan Trust Company Ltd.	Derby	British Pound	1	100.00%	Draka UK Limited
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 Energia 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	77.45%	Prysmian Cavi e Sistemi Energia S.r.l.
				22.55%	Prysmian Cavi e Sistemi Telecom S.r.l.
Prysmian Cavi e Sistemi Telecom S.r.l.	Milan	Euro	31,930,000	100.00%	Prysmian S.p.A.
Prysmian Treasury S.r.l.	Milan	Euro	4,242,476	100.00%	Prysmian Cavi e Sistemi Energia S.r.l.
Prysmian PowerLink S.r.l.	Milan	Euro	50,000,000	84.80%	Prysmian Cavi e Sistemi Energia 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 Telecom S.r.l.
DB Lift Draka Elevator Product S.r.l	Milan	Euro	250,000	100.00%	Draka Elevator Products B.V.
Draka Italy S.r.l.	Milan	Euro	10,000	100.00%	Draka Holding N.V.
Luxembourg					
Prysmian Treasury (Lux) S.à r.l.	Luxembourg	Euro	3,050,000	100.00%	Prysmian Cavi e Sistemi Energia 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 Energia S.r.l.
Prysmian Cables and Systems B.V.	Delft	Euro	5,000,000	100.00%	Prysmian Cavi e Sistemi Energia S.r.l.
Prysmian (Dutch) Holdings B.V.	Delft	Euro	18,000	100.00%	Prysmian Cavi e Sistemi Energia 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.
Donne Draad B.V.	Nieuw Bergen	Euro	28,134	100.00%	Kabelbedrijven Draka Nederland 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 Service B.V.	Amsterdam	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	27,245,627	99.12%	Prysmian S.p.A.
				0.88%	Third parties
Draka Kabel B.V.	Amsterdam	Euro	2,277,977	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.
Draka Sarphati II B.V.	Amsterdam	Euro	18,200	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 Energia 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 Energia 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	75.00%	Draka Comteq Finland OY
				25.00%	Third parties

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 Energia S.r.l.
				0.005%	Prysmian S.p.A.
Draka Comteq Slovakia s.r.o.	Presov	Slovak Koruna	200,000	100.00%	Draka Comteq B.V.
Spain					
Prysmian Cables y Sistemas S.A.	Vilanova I la Geltrù	Euro	14,000,000	85.71%	Prysmian Cavi e Sistemi Energia S.r.l.
				14.29%	Prysmian Cavi e Sistemi Telecom S.r.l.
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
Draka Industry & Specialty S.L.U.	Noain	Euro	3,200	100.00%	Draka Holding NV Y CIA Soc. Col.
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	17,011,675	99.9996%	Draka Holding N.V.
				0.0004%	Marmavil.S.L.U.
Draka Cables Industrial S.L.U.	Santa Perpetua de Mogoda	Euro	58,178,234	100.00%	Draka Holding NV Y CIA Soc. Col.
Draka Compteq Spain S.L.U.	Santa Perpetua de Mogoda	Euro	3,006	100.00%	Draka Holding NV Y CIA Soc. Col.
Draka Compteq Iberica S.L.U.	Maliaño	Euro	4,000,030	100.00%	Draka Holding NV Y CIA Soc. Col.
Draka Elevator Products Spain S.L.U.	Madrid	Euro	3,006	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 Ihracaat Ithalat Üretim Ltd Sti.	Istanbul	Turkish new Lira	30,000	99.83%	Draka Elevator Products B.V.
				0.17%	Draka Holding N.V.
Draka Comteq Kablo Limited Sirketi	Istanbul	Turkish new Lira	5,000	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 Energia 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 Telecom S.r.l.
Prysmian Power Cables and Systems USA LLC	Lexington	US Dollar	10	100.00%	Prysmian Cables and Systems (US) INC.
Prysmian Construction Services Inc	Lexington	US Dollar	1,000	100.00%	Prysmian Power Cables and Systems USA LLC
Prysmian Communications Cables and Systems USA LLC	Lexington	US Dollar	10	100.00%	Prysmian Cables and Systems (US) INC.
Prysmian Communications Cables Corporation	Lexington	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.	Massachusetts	US Dollar	10	100.00%	Draka Holding N.V.
Draka Holdings USA, Inc.	Massachusetts	US Dollar	10	100.00%	Draka USA, Inc.
Draka Cableteq USA, Inc.	Massachusetts	US Dollar	1	100.00%	Draka Holdings USA, Inc.
Draka Elevator Products, Inc.	Massachusetts	US Dollar	1	100.00%	Draka Holdings USA, Inc.
Draka Communications Americas, Inc.	Massachusetts	US Dollar	n/a	100.00%	Draka Holdings USA, Inc.
Draka Marine Oil & Gas International LLC	Massachusetts	US Dollar	n/a	100.00%	Draka Cableteq USA, Inc.
Draka Transport USA LLC	Massachusetts	US Dollar	n/a	100.00%	Draka Cableteq USA, Inc.

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
Central/South America					
Netherland Antilles					
NKF Americas N.V.	Willemstad	US Dollar	6,000	100.00%	NKF Vastgoed B.V.
NKF Caribe N.V.	Willemstad	Netherland Antilles Forint	10,000	100.00%	NKF Vastgoed B.V.
Argentina					
Prysmian Energia Cables y Sistemas de Argentina S.A.	Buenos Aires	Argentine Peso	66,966,667	94.68%	Prysmain 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 Energia 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	227,110,344	99.83%	Prysmian Cavi e Sistemi Energia S.r.l.
				0.17%	Prysmian Cavi e Sistemi Telecom 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 Telecom 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	50,000	99.83%	Prysmian Cavi e Sistemi Energia S.r.l.
				0.17%	Prysmian Cavi e Sistemi Telecom S.r.l.
Draka Comteq Brasil Holding Ltda	Sorocaba	Brazilian Real	34,005,411	99.99%	Draka Comteq B.V.
				0.01%	NKF Vastgoed B.V.
Draka Cableteq Brasil S.A	Sorocaba	Brazilian Real	19,286,099	99.19%	Draka Holding N.V.
				0.81%	Third parties
Doiter Industria e Comercio Ltda	Vitoria	Brazilian Real	118,000	99.90%	Draka Comteq Cabos Brasil S.A
				0.01%	Third parties
Draktel Optical Fibre S.A	Sorocaba	Brazilian Real	42,628,104	70.00%	Draka Comteq Brasil Holding Ltda
				30.00%	Third parties
Draka Comteq Cabos Brasil S.A	Sao Paulo	Brazilian Real	43,928,631	99.999998%	Draka Comteq B.V.
				0.000002%	Third parties
Chile					
Prysmian Instalaciones Chile S.A.	Santiago	Chilean Peso	1,119,148,955	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	9,000	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	50,000	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 - Socièté 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%	Pysmian Cavi e Sistemi Energia 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 Energia S.r.l.
Prysmian Telecom Cables & Systems Australia Pty Ltd.	Liverpool	Australian Dollar	38,500,000	100.00%	Prysmian Cavi e Sistemi Telecom S.r.l.
Draka Cableteq Australia Pty Ltd	Sydney	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	83.00%	Prysmian Cavi e Sistemi Energia S.r.l.
				17.00%	Prysmian Cavi e Sistemi Telecom 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	99.9998%	Draka Cableteq Asia Pacific Holding Pte Ltd
				0.0002%	Cable Supply and Consulting Company Pte Ltd
Draka Shanghai Optical Fibre 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.
				25.000%	Draka Holding N.V.
				46.875%	Third parties
NK Wuhan Cable Co. Ltd.	Wuhan	US Dollar	12,000,000	20.00%	Yangtze Optical Fibre and Cable Company Ltd.
				60.00%	Draka Holding N.V.
				20.00%	Third parties
Philippines					
Draka Philippines Inc.	Cebu	US Dollar	200,000,000	99.9999998%	Draka Holding N.V.
				0.0000002%	Third parties
India					
Ravin Cables Limited	Mumbai	Indian Rupee	209,230,110	51.00%	Prysmian Cavi e Sistemi Energia 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 Energia 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
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 Energia S.r.l.
Malaysia					
Submarine Cable Installation Sdn Bhd	Kuala Lumpur	Malaysian Ringgit	10,000	100.00%	Prysmian Cavi e Sistemi Energia 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	Kuala Lumpur	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	19,528,042	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	US Dollar	116,692	100.00%	Draka NK Cables OY
Thailand					
MCI-Draka Cable Co. Ltd	Bangkok	Thai Baht	435,900,000	70.25%	Draka Cableteq Asia Pacific Holding Pte Ltd
				29.75%	Third parties

The following companies have been consolidated on a proportionate basis:

Legal name	Office	Currency	Share capital	% ownership	Direct parent company
Central/South America					
Brazil					
Telcon Fios e Cabos para Telecomunicações S.A	Sorocaba	Brazilian Real	25,804,568	50.00%	Draka Comteq Brasil Holding Ltda
				50.00%	Third parties
Asia					
China					
Yangtze Optical Fibre and Cable Company Ltd.	Wuhan	Euro	63,328,218	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 Industrial Cable 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 Industrial Cable GmbH
				58.82%	Third parties
Sykonec GMBH	Neustadt bei Coburg	Euro	300,000	50.00%	Bergmann Kabel und Leitungen GmbH
				50.00%	Third parties
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 Energia 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 Yangtze SDG 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 EquimentsCo.,Ltd.	Shantou	Chinese Renminbi (Yuan)	170,558,817	41.83%	Yangtze Optical Fibre and Cable Company Ltd.
				58.17%	Third parties
Yangtze Wuhan Optical System Co.,Ltd.	Wuhan	Chinese Renminbi (Yuan)	9,000,000	30.00%	Yangtze Optical Fibre and Cable Company Ltd.
				70.00%	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	Muscat	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		
Switzerland		
Voltimum S.A.	13.71%	Prysmian Cavi e Sistemi Energia 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 & Cable (Sichuan) Co. Ltd.
	89.62%	Third parties
Africa		
South Africa		
Pirelli Cables & Systems (Proprietary) Ltd.	100.00%	Prysmian Cavi e Sistemi Energia 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 Massimo Branda and Jordi Calvo, as managers responsible for preparing the corporate accounting documents of Prysmian S.p.A., attest, also taking account of the provisions of paragraphs 3 and 4, art. 154-*bis* of Italian Decree 58 dated 24 February 1998, that during the first half of 2011 the accounting and administrative processes for preparing the half-year condensed consolidated financial statements:

• have been adequate in relation to the enterprise's characteristics and,
• have been effectively applied.

2. The adequacy of the accounting and administrative processes for preparing the half-year condensed financial statements at 30 June 2011 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 nonetheless reported that:

- the integration of companies in the Draka Group, acquired in February 2011, is still in progress. These companies have not yet adopted a system of procedures and controls that is consistent with that established for the rest of the Prysmian Group;
- during the second quarter of 2011, some of the Prysmian Group's French companies and one of its Turkish companies were involved in the project to adopt a new information system. The process of fine-tuning and testing the complete accuracy of the new system's operating and accounting functions is still in progress.

3. They also attest that:

3.1 The half-year condensed consolidated financial statements at 30 June 2011:

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 the important events that took place in the first six months of the year and their impact on the half-year condensed consolidated financial statements, together with a description of the principal risks and uncertainties in the remaining six months of the year.

The interim directors' report also contains a reliable analysis of the information on significant related party transactions.

26 August 2011

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

AUDIT REPORT

AUDITORS' REPORT ON THE REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2011

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 2011 and for the six-month period then ended, which comprise the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, 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 Accounting Standard (IAS 34), applicable to interim financial reporting, 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 utilised therein as well as the performance of analytical review procedures on the data contained in the above mentioned condensed consolidated interim financial statements. The review excluded certain auditing procedures such as compliance testing and verification and 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 on the annual consolidated financial statements, we do not express a professional 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 16 March 2011 and 5 August 2010, 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 2011 and for the six-month period then ended have not been prepared, in all material respects, in accordance with the international accounting standard (IAS 34), applicable to interim financial reporting, as adopted by the European Union.

4. We draw attention to the following matters:

- As described in the explanatory notes to the condensed consolidated interim financial statements in note 18 “Contingent liabilities”, during 2009 the European Commission and other regulatory authorities initiated an investigation on the Prysmian Group and on other electrical cable manufacturers aimed at assessing the existence of price fixing agreements in the high voltage land and submarine cables business. Considering the recent developments of the investigations, the Directors felt themselves in the condition of estimating a liability related to the different jurisdictions under investigation, with the exception of Brazil. The liability was measured based on assumptions to some extent judgemental and represents an estimate as the outcome of the investigations in progress is still uncertain.

- On 22 February 2011, Prysmian SpA completed the acquisition of Draka Holding NV and subsidiaries. As described in the explanatory notes to the condensed consolidated interim financial statements in note D “Business combinations”, fair value attributed to acquired assets, liabilities and contingent liabilities has been determined on a provisional basis; in accordance with IFRS 3, final determination will be completed no later than twelve months from the acquisition date.

Milan, 26 August 2011

PricewaterhouseCoopers SpA

Signed by

Fabio Facchini
(Partner)

This report has been translated from the original version which was issued in accordance with the Italian legislation into the English language solely for the convenience of international readers.

Prysmian
Group