



A WORLDWIDE LEADING PLAYER IN THE CABLE INDUSTRY

## Half-year financial report at 30 June 2008

**Disclaimer**

*This document contains forward-looking statements, specifically in the sections entitled "Subsequent events and business outlook" and "Risks and uncertainties for the second half of 2008", that relate to future events and the operating, economic and financial results of the Prysmian Group. By their nature such forecasts involve certain risks and uncertainties because they depend on the occurrence of future events and developments. Therefore, actual future results may differ materially from what is forecast in forward-looking statements for a number of reasons.*

## CONTENTS

### Interim directors' report

Board of Directors, Board of Statutory Auditors, Independent Auditors	page	5
Summary of consolidated financial information	page	6
Significant events during the period	page	7
Group performance and results	page	9
Segment performance	page	13
Group balance sheet and financial position	page	19
Alternative performance indicators	page	22
Subsequent events and business outlook	page	24
Risks and uncertainties for the second half of 2008	page	24
Stock option plans	page	26
Related party transactions	page	26
Compliance with art. 36 and 39 of the Consob Market Regulations	page	26

### Half-year condensed financial statements

Balance sheet	page	28
Income statement	page	29
Statement of recognised income and expense	page	30
Cash flow statement	page	31
Notes	page	32
Scope of consolidation – Attachment A	page	57
List of investments pursuant to CONSOB Regulation no. 11971	page	61
Certification of the half-year condensed financial statements pursuant to art. 154-bis of Italian Decree 58/98	page	62
Independent Auditors' Report	page	63



## INTERIM DIRECTORS' REPORT

**Prysmian S.p.A.**
**Board of Directors**
**Chairman**

Paolo Zannoni

**Chief Executive Officer**

Valerio Battista

**Directors**

Wesley Clark\*

Giulio Del Ninno\* <sup>(1)</sup>

Pier Francesco Facchini

Hugues Lepic <sup>(2)</sup>

Francesco Paolo Mattioli\* <sup>(1)</sup> <sup>(2)</sup>

Michael Ogrinz

Fabio Ignazio Romeo

Udo Gunter Werner Stark\* <sup>(1)</sup> <sup>(2)</sup>
*\*Independent directors*
*<sup>(1)</sup> Members of the Internal Control Committee*
*<sup>(2)</sup> Members of the Compensation Committee*
**Board of Statutory Auditors**
**Chairman**

Marcello Garzia

**Auditors**

Luigi Guerra

Paolo Francesco Lazzati

**Alternate auditors**

Alessandro Ceriani

Giovanni Rizzi

**Independent Auditors**
**PricewaterhouseCoopers S.p.A.**

## Foreword

This half-year financial report at 30 June 2008 has been drawn up and prepared:

- in compliance with art. 154-ter of Italian Decree 58/1998 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.

## SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION (\*)

(in millions of Euro)

	1st half 2008	1st half 2007	% change	FY 2007
Sales	2,659	2,583	3.0%	5,118
Contribution margin <sup>(1)</sup>	511	482	6.1%	960
EBITDA <sup>(2)</sup>	280	299	-6.4%	573
Adjusted EBITDA <sup>(3)</sup>	291	269	8.2%	529
Operating income	248	266	-7.0%	508
Adjusted operating income <sup>(4)</sup>	260	236	9.9%	464
Income before taxes	239	200	19.1%	387
Net income	190	150	26.5%	302

(in millions of Euro)

	30 June 2008	30 June 2007	Change	31 December 2007
Net capital employed	1,466	1,343	123	1,282
Employee benefit obligations	122	117	5	112
Equity	564	318	246	454
of which attributable to minority interests	19	21	(2)	21
Net financial position	780	908	(128)	716

(in millions of Euro)

	1st half 2008	1st half 2007	% change	FY 2007
Investments	44	29	51.7%	89
Employees (at period end)	13,087	12,554	4.2%	12,243
<b>Earnings/(loss) per share</b>				
- basic	1.05	0.83		1.67
- diluted	1.04	0.82		1.65

<sup>(1)</sup> Contribution margin is defined as adjusted EBITDA before fixed costs.

<sup>(2)</sup> EBITDA is defined as earnings/(loss) for the period, before finance income/costs, tax, depreciation and amortisation and the share of income/loss from associates and dividends from other companies.

<sup>(3)</sup> Adjusted EBITDA is defined as EBITDA before non-recurring income/expenses.

<sup>(4)</sup> Adjusted operating income is defined as operating income before non-recurring income/expenses.

(\*) All the percentages contained in this report have been calculated with reference to amounts expressed in thousands of Euro.

## SIGNIFICANT EVENTS DURING THE PERIOD

The Prysmian Group reported a 5.3% organic growth in sales in the first half of 2008 relative to the same period of 2007 (excluding changes in perimeter, metal prices and exchange rates). Organic growth by segment was as follows:

- Energy + 5.3%
- Telecom + 5.2%

The Group's adjusted EBITDA for the period was Euro 291 million (before non-recurring expenses of Euro 11 million), reporting an increase of 8.2% on the same period of last year.

The revaluation of the Euro against the US dollar and the British pound relative to the first half of 2007 caused a reduction in adjusted EBITDA due to entities operating in currencies other than presentational currency of the consolidated group. The overall reduction reaching approximately Euro 7 million by the end of the half year.

At the beginning of June 2008, Prysmian completed the acquisition of 100% of German cables manufacturer Facab Lynen GmbH & Co. Kg., comprising a manufacturing plant and 270 employees which had sales of Euro 62 million in 2007, one manufacturing plant and 270 employees, Facab is one of Germany's leading players in the high value-added market for industrial cables, particularly in the renewable energy, transport and mining industries.

During the same period, Prysmian signed a four-year frame agreement with Brazil's Petrobras to design and supply flexible pipes (high-tech risers and flowlines) for offshore oil extraction. The initial value of supplies under this agreement is USD 135 million. The start of flexible pipe production, along with the existing production of umbilical cables, will allow the Group to offer a full range of SURF (Subsea Umbilical, Riser and Flowline) products to operators in the OG&P sector. Prysmian will invest around USD 110 million to build a new manufacturing plant in Brazil.

During the second quarter of 2008, Prysmian signed a contract with Flour Ltd to build the world's largest offshore wind farm in Great Britain, called Greater Gabbard, along with the related onshore electricity networks. The contract is worth Euro 93 million. The cables will be made at the submarine cables plant in Arco Felice (Italy) and will be installed between 2009 and 2010.

Lastly, the consortium headed up by Prysmian, in partnership with Nexans of France, secured a contract relating to the major project by the Qatar General Electricity & Water Corporation (KAHRAMAA) to extend the country's electricity transmission network. This contract, which will end in 2010, is worth approximately Euro 168 million, of which Prysmian's share is Euro 87 million.

At the end of June 2008, the Group's net financial position amounted to Euro 780 million, compared with Euro 908 million at 30 June 2007. The improvement was mainly attributable to the large amount of cash flow provided by operating income in the past twelve months.

The slight increase of Euro 64 million in net financial position since 31 December 2007 basically reflects the rising seasonal trend in sales, which reach a peak in the middle of the year, and the first-time consolidation of Facab Lynen.

For some time now the Prysmian Group has been reorganising the corporate structure in certain countries to simplify and further integrate the Energy and Telecom businesses. After France, Spain and Germany, a project is currently in

progress in the United States, at the end of which the investments in US operating companies will be grouped together under a single holding company, in turn a wholly-owned subsidiary of Prysmian Cavi e Sistemi Telecom S.r.l.



## GROUP PERFORMANCE AND RESULTS

(in millions of Euro)

	1st half 2008	1st half 2007	% change	FY 2007
Sales	2,659	2,583	3.0%	5,118
<b>Adjusted EBITDA</b>	<b>291</b>	<b>269</b>	<b>8.2%</b>	<b>529</b>
% of sales	10.9%	10.4%		10.3%
<b>EBITDA</b>	<b>280</b>	<b>299</b>	<b>-6.4%</b>	<b>573</b>
% of sales	10.5%	11.6%		11.2%
Amortisation, depreciation and impairment	(32)	(33)	-1.9%	(65)
<b>Operating income</b>	<b>248</b>	<b>266</b>	<b>-7.0%</b>	<b>508</b>
% of sales	9.3%	10.3%		9.9%
Net finance income (costs)	(10)	(67)	-85.5%	(123)
Share of income from investments accounted for using the equity method	1	1		2
<b>Income before taxes</b>	<b>239</b>	<b>200</b>	<b>19.1%</b>	<b>387</b>
% of sales	9.0%	7.8%		7.6%
Taxes	(49)	(50)	-2.8%	(85)
<b>Net income</b>	<b>190</b>	<b>150</b>	<b>26.5%</b>	<b>302</b>
% of sales	7.1%	5.8%		5.9%
Attributable to:				
Equity holders of the parent	190	149		300
Minority interests	-	1		2

## Reconciliation of operating income/EBITDA and adjusted operating income/adjusted EBITDA

<b>Operating income (A)</b>	<b>248</b>	<b>266</b>	<b>-7.0%</b>	<b>508</b>
<b>EBITDA (B)</b>	<b>280</b>	<b>299</b>	<b>-6.4%</b>	<b>573</b>
Non-recurring expenses (income):				
IPO costs	-	7		8
Shutdown of operating facilities	-	2		6
IT segregation	1	-		1
Settlement with Pirelli & C. S.p.A.	-	-		(21)
Acquisition price adjustment of the Energy and Telecom Cables & Systems divisions from Pirelli & C. S.p.A.	-	(39)		(39)
Disposal of Submarine Telecoms Business	-	-		1
Badwill from Facab Lynen acquisition	(2)	-		-
Provision for tax inspections	12	-		-
Total non-recurring expenses (income) (C)	11	(30)		(44)
Impairment for shutdown of operating facilities (D)	1	-		-
<b>Adjusted operating income (A+C+D)</b>	<b>260</b>	<b>236</b>	<b>9.9%</b>	<b>464</b>
<b>Adjusted EBITDA (B+C)</b>	<b>291</b>	<b>269</b>	<b>8.2%</b>	<b>529</b>

## Income statement

Group sales amounted to Euro 2,659 million in the first half of 2008 compared with Euro 2,583 million in the same period of 2007, reporting an increase of Euro 76 million (+3.0%).

This improvement was the result of a combination of the following factors:

- a rise of Euro 17 million (+0.7%) in sales prices due to higher metal prices;
- negative exchange rate effects of Euro 85 million (-3.2%);
- benefit of Euro 6 million (+0.2%) from the acquisition of Facab Lynen;
- organic growth in sales of Euro 138 million (+5.3%) due to improved volumes and mix.

Adjusted EBITDA (before non-recurring income and expenses) amounted to Euro 291 million in the first six months of 2008 compared with Euro 269 million in the first half of 2007, reporting an increase of Euro 22 million (+8.2%). This improvement mostly came from the growth in contribution margin, which was only marginally eroded by higher fixed costs (+3.3%).

The contribution margin increased by 6.1% from Euro 482 million in the first half of 2007 to Euro 511 million this year, confirming the positive expectations for commercial performance as a result of Group strategies. This result was achieved despite the stable or slightly declining contracting markets in the various areas of the world.

The contribution of the Group's businesses to the overall result was due to the strategic and commercial actions adopted, in particular the Group's businesses reported:

- strong growth in volumes for High Voltage and Submarine projects, after increasing production capacity in the prior year;
- general stability relative to the first half of 2007 in volumes and profitability of other businesses (Trade & Installers, Power Distribution, Industrial and Telecom), despite a slowdown in demand starting in the last quarter of 2007 which got worse in the second quarter of 2008. The downturn in global demand varied across the world and between the different businesses. Prysmian managed to maintain or increase its profitability due to selective measures involving its product portfolio and avoided competing in those segments and/or markets where price pressures were gradually getting worse, especially because of general raw material price inflation.

Group EBITDA amounted to Euro 280 million in the first half of 2008 compared with Euro 299 million in the same period of last year. The reduction of Euro 19 million (-6.4%) was the combined effect of:

- an improvement of Euro 29 million in recurring results (net of exchange rate effect);
- the absence of last year's price adjustment of Euro 39 million from Pirelli & C. S.p.A.;
- negative exchange rate effects of Euro 7 million;
- higher non-recurring income of Euro 2 million, mainly arising from the positive difference between the acquisition price of Facab Lynen and its acquired net assets.
- the absence of Euro 7 million in non-recurring expenses incurred in 2007 for the IPO;
- higher non-recurring expenses of Euro 12 million for tax provisions relating to inspections on indirect taxes.

First-half depreciation and amortisation amounted to Euro 32 million, remaining in line with the corresponding prior-year figure of Euro 33 million.

Group operating income amounted to Euro 248 million at the end of June 2008, compared with Euro 266 million in the prior year, reporting a decrease of Euro 18 million (-7.0%).

Finance income and costs reported first-half net costs of Euro 10 million compared with net costs of Euro 67 million in the first half of 2007, representing an improvement of Euro 57 million. This was due to:

- the absence of Euro 59 million in write-offs of bank fees in the first half of 2007 following the refinancing of the previous Credit Agreement with the New Credit Agreement, effective as of 4 May 2007;
- recognition of the positive effect from the fair value of derivatives (Euro 23 million in 2008 compared with Euro 39 million in the first half of 2007);
- a reduction of Euro 8 million in net exchange rate losses due to the depreciation of the US dollar and other currencies;
- lower finance costs due to the significant cash flow generated in the past twelve months and the reduction in interest rates obtained under the New Credit Agreement;
- the absence of the benefit of releasing an equity reserve to income in 2007 after refinancing the Credit Agreement. This reserve related to the fair value of interest rate swaps designated as cash flow hedges.

Taxes amounted to Euro 49 million in the first half of 2008, representing a tax rate of 20.5%, down from 25.2% at June 2007.

Net income for the first half of 2008 increased to Euro 190 million from Euro 150 million at 30 June 2007, representing an increase of Euro 40 million (+26.5%).

## Sales by geographical area

The following charts provide a comparison of sales by geographical area in the first half of 2007 and the first half of 2008.



\* EMEA: Europe, Middle East and Africa

The breakdown of sales by geographical area reports a slight reduction in the weight of sales in North America in favour of Europe and Asia/Oceania. The main factors behind this trend were the growth in sales in the various markets and the appreciation of the Euro (the consolidation currency) against the US dollar and other related currencies.

Sales in Europe increased by Euro 73 million (+4.1%) due to a combination of the following factors:

- negative exchange rate effects of Euro 44 million (-2.4%) due to appreciation of the Euro against other currencies in which Prysmian's European companies operate (British pound, Romanian new lei, etc.);
- increase of Euro 5 million (+0.2%) in metal prices (particularly in the second quarter of the year, when the favourable Euro/Dollar exchange rate failed to offset an increase in the price of copper and aluminium to record levels);
- increase of Euro 6 million (+0.3%) due to the first-time consolidation of Facab Lynen;
- organic growth of Euro 106 million (+6.0%), mainly driven by High Voltage and Submarine projects.

Sales in North America decreased by Euro 28 million (-8.3%) due to:

- negative exchange rate effects of Euro 34 million (-10.2%) following appreciation of the Euro against the US dollar;
- increase of Euro 8 million (+2.3%) in metal prices;
- organic decrease of Euro 2 million (-0.4 %), with progress by the High Voltage business not entirely making up for lower demand in other areas of the business (particularly Power Distribution).

Sales in Latin America increased by Euro 16 million (+7.2%) relative to the same period of last year, thanks to organic growth in volumes in all areas of the business, except for Power Distribution.

The region with the highest organic growth in sales was Asia and Oceania (+6.5% in absolute value and +8.9% net of metal price and exchange rate effects), due to the growth in volumes in all areas of the business.

## SEGMENT PERFORMANCE

## ENERGY

(in millions of Euro)

	1st half 2008	1st half 2007	% change	FY 2007
Sales	2,372	2,310	2.7%	4,618
of which to third parties	2,365	2,291	3.2%	4,583
<b>Adjusted EBITDA</b>	<b>262</b>	<b>241</b>	<b>8.5%</b>	<b>481</b>
% of sales	11.0%	10.4%		10.4%
<b>EBITDA</b>	<b>252</b>	<b>239</b>	<b>5.3%</b>	<b>475</b>
% of sales	10.6%	10.3%		10.3%
Amortisation, depreciation and impairment	(30)	(31)	-3.0%	(61)
<b>Operating income</b>	<b>222</b>	<b>208</b>	<b>6.5%</b>	<b>414</b>
% of sales	9.3%	9.0%		9.0%
<b>Adjusted operating income</b>	<b>233</b>	<b>210</b>	<b>10.4%</b>	<b>420</b>
% of sales	9.8%	9.1%		9.1%
<b>Contribution margin</b>	<b>450</b>	<b>420</b>	<b>7.0%</b>	<b>851</b>
% of sales	19.0%	18.2%		18.4%

## Reconciliation of operating income/EBITDA and adjusted operating income/adjusted EBITDA

<b>Operating income (A)</b>	<b>222</b>	<b>208</b>	<b>6.5%</b>	<b>414</b>
<b>EBITDA (B)</b>	<b>252</b>	<b>239</b>	<b>5.3%</b>	<b>475</b>
Non-recurring expenses:				
Shutdown of operating facilities	-	2		6
Launch of the Prysmian trademark	-	-		-
Badwill from Facab Lynen acquisition	(2)	-		-
Provision for tax inspections	12			
Total non-recurring expenses (C)	10	2		6
Impairment for shutdown of operating facilities (D)	1	-		-
<b>Adjusted operating income (A+C+D)</b>	<b>233</b>	<b>210</b>	<b>10.4%</b>	<b>420</b>
<b>Adjusted EBITDA (B+C)</b>	<b>262</b>	<b>241</b>	<b>8.5%</b>	<b>481</b>

## Sales

Sales to third parties in the Energy Cables and Systems segment rose from Euro 2,291 million in the first half of 2007 to Euro 2,365 million at the end of June 2008. The increase of Euro 74 million (+3.2%) was mainly due to the following factors:

- rise of Euro 20 million (+0.9%) in sales prices due to higher metal prices;
- negative exchange rate effects of Euro 74 million (-3.2%);
- increase of Euro 6 million (+0.2%) due to the acquisition of Facab Lynen;
- organic growth in sales of Euro 122 million (+5.3%) due to improved volumes and mix,

Organic growth was particularly strong in the second quarter of 2008 relative to the corresponding period in 2007, contributing Euro 84 million (+6.8%) to the half-year results due to a strong performance by the High Voltage and Submarine businesses.

Sales of cables in the Utilities business were Euro 79 million (+8.5%) higher than in the first six months of last year, due to the combined effect of the following factors:

- negative exchange rate effects of Euro 51 million (-5.5%), due to appreciation of the Euro against the British pound and US dollar;
- decrease of Euro 2 million (-0.2%) in sale prices due to the change in metal prices;
- organic growth of Euro 132 million (+14.2%).

Growth was concentrated in the High Voltage, Accessories and Submarine sectors thanks to a strong demand by major projects worldwide, to which Prysmian has responded in the past two years by expanding production capacity at its plants in Arco Felice (Italy), Pikkala (Finland), Delft (Holland) and Gron (France).

Sales in these sectors experienced very significant organic sales growth relative to the same period of last year due to projects such as Sardinia - Italian Peninsula link (Sa.Pe.I) and those for Northeast Utilities (USA) and Kahramaa (Qatar), as well as a number of smaller projects carried out by Prysmian on its major European markets.

In the second quarter Prysmian received further confirmation of the strategy being adopted by the Energy sector's major players (energy producers and transmission network managers). In fact, high oil prices, global energy demands and the need to make transmission networks ever more efficient and eco-sustainable are not, currently indicating any signs of a reversal in demand by these segments.

The Power Distribution business reported a slight organic decrease in sales on the prior year. This reduction was mainly concentrated in the North American market (-23.0%), where the main utilities have postponed or slowed ordinary network maintenance in favour of major transmission projects.

Power Distribution cables have therefore seen a significant reduction in volumes, with no major differences between the different geographical regions, from low voltage cables towards higher value-added product segments (Medium Voltage and Low High Voltage Cables).

Sales in the Trade & Installers business decreased by Euro 17 million (-1.9%) compared to the same period of last year due to the following factors:

- a rise of Euro 19 million (+2.0%) in sale prices due to higher metal prices;

- negative exchange rate effects of Euro 20 million (-2.2%), of which two-thirds were due to appreciation of the Euro against the British pound and the remaining due to its appreciation against the US dollar and other related currencies;
- organic decrease of Euro 16 million (-1.7%).

The markets in which Prysmian operates displayed signs of contraction in the second quarter of 2008. In addition to Spain and North America, which were already heavily affected by the downturn in the construction sector, demand contracted in the major European markets, increasing pressure on prices in the various markets in a period of rising raw material prices.

The markets in South America and Australia reported a stable or slightly rising trend in demand.

Overall, Prysmian managed to achieve the same level of sales volumes as last year, but pressure on sale prices in Europe and North America, combined with raw material price inflation and exchange rate negative effects, implied a Euro 7 million decrease in contribution margin compared to the same period of last year (-5.0%).

Despite being unable to pass on the entire raw materials price inflation to sale prices, Prysmian nonetheless continued the strategy adopted at the start of 2008, combining the need to maintain its market share with an ability to react quickly to changes in specific markets by increasing its exposure to high value-added products (eg. LSOH/Afumex fire resistant cables) and demand for non-residential applications. In Europe, our subsidiary in Spain reacted to a drastic reduction in demand by avoiding price competition as far as possible and seeking to redirect demand to medium voltage cables, while in the UK the weaker pound and the resulting decrease in competition from imports provided an opportunity to boost sales in the building wires sector.

In North America, Prysmian focused on sales in highly specialised building sectors, while in Australia it concentrated on direct rather than intermediated channels.

Sales by the Industrial business were largely unchanged relative to the first half of 2007. The improvement of Euro 3 million in contribution margin was due to a number of factors, such as the trend in demand in Europe, which has focussed on specialty products (crane cables for port installations, instrumentation cables), and the growth in projects in the Oil & Gas sector.

## Profitability

Contribution margin increased by Euro 30 million (+7.0%) from Euro 420 million in the first half of 2007 to Euro 450 million at the end of June 2008. This improvement is attributable to the following factors:

- negative exchange rate effects of Euro 11 million (-2.6%);
- expansion of high value-added businesses, including the High Voltage, Accessories and Submarine segments, which contributed Euro 47 million (+11.0%) to the growth in margin;
- increase in unit costs of the main raw materials (excluding metals) by approximately Euro 6 million (-1.4%).

The improved commercial results were reflected in the adjusted EBITDA, which increased by Euro 21 million (+8.5%) from Euro 241 million in the first half of 2007 to Euro 262 million this year.

First-half EBITDA came to Euro 252 million, including a provision of Euro 12 million for tax inspections relating to indirect taxes.

The order book at 30 June 2008 provides a good visibility on the level of activity in coming months, especially for those businesses driven by long-term projects.

Fixed costs increased by around Euro 8 million on the previous year, mainly because of widespread inflation. Operating income improved by Euro 14 million (+6.5%) to Euro 222 million, up from Euro 208 million in the first half of 2007.

The positive trend in operating income confirms the effectiveness of the Group's strategy of focusing on higher value-added products and sales channels.

The following tables report sales, adjusted EBITDA and adjusted operating income of the Energy segment's various businesses, compared with the corresponding prior year period.

(in millions of Euro)				
Sales				
	1st half 2008	1st half 2007	% change	% organic change
Utilities	1,010	931		
<i>of which to third parties</i>	<i>1,010</i>	<i>931</i>	<i>8.5%</i>	<i>14.2%</i>
Trade & Installers	896	912		
<i>of which to third parties</i>	<i>894</i>	<i>911</i>	<i>-1.9%</i>	<i>-1.7%</i>
Industrial	409	405		
<i>of which to third parties</i>	<i>409</i>	<i>404</i>	<i>1.2%</i>	<i>-0.2%</i>
Other	57	62		
<i>of which to third parties</i>	<i>52</i>	<i>45</i>		
<b>Total Energy</b>	<b>2,372</b>	<b>2,310</b>		
<i>of which to third parties</i>	<i>2,365</i>	<i>2,291</i>	<i>3.2%</i>	<i>5.3%</i>

(in millions of Euro)				
Adjusted EBITDA		% of sales		
	1st half 2008	1st half 2007	1st half 2008	1st half 2007
Utilities	141	114	14.0%	12.2%
Trade & Installers	73	82	8.1%	9.0%
Industrial	45	42	11.1%	10.4%
Other	3	3		
<b>Total Energy</b>	<b>262</b>	<b>241</b>	<b>11.0%</b>	<b>10.4%</b>

(in millions of Euro)				
Adjusted operating income		% of sales		
	1st half 2008	1st half 2007	1st half 2008	1st half 2007
Utilities	127	99	12.5%	10.6%
Trade & Installers	65	74	7.3%	8.1%
Industrial	38	36	9.4%	8.6%
Other	3	1		
<b>Total Energy</b>	<b>233</b>	<b>210</b>	<b>9.8%</b>	<b>9.1%</b>



## TELECOM

(in millions of Euro)				
	1st half 2008	1st half 2007	% change	FY 2007
Sales	299	300	-0.6%	548
of which to third parties	294	293	0.3%	535
<b>Adjusted EBITDA</b>	<b>29</b>	<b>28</b>	<b>4.4%</b>	<b>48</b>
% of sales	9.7%	9.3%		8.6%
<b>EBITDA</b>	<b>29</b>	<b>28</b>	<b>4.4%</b>	<b>47</b>
% of sales	9.7%	9.3%		8.5%
Amortisation, depreciation and impairment	(2)	(2)	-9.1%	(4)
<b>Operating income</b>	<b>27</b>	<b>26</b>	<b>5.4%</b>	<b>43</b>
% of sales	9.1%	8.6%		7.8%
<b>Adjusted operating income</b>	<b>27</b>	<b>26</b>	<b>5.4%</b>	<b>44</b>
% of sales	9.1%	8.6%		7.9%
<b>Contribution margin</b>	<b>61</b>	<b>61</b>	<b>0.6%</b>	<b>109</b>
% of sales	20.5%	20.2%		20.0%

## Reconciliation of operating income/EBITDA and adjusted operating income/adjusted EBITDA

<b>Operating income (A)</b>	<b>27</b>	<b>26</b>	<b>5.4%</b>	<b>43</b>
<b>EBITDA (B)</b>	<b>29</b>	<b>28</b>	<b>4.4%</b>	<b>47</b>
Non-recurring expenses:				
Shutdown of operating facilities	-	-		-
Disposal of Submarine Telecoms Business	-	-		1
Total non-recurring expenses (C)	-	-		1
<b>Adjusted operating income (A+C)</b>	<b>27</b>	<b>26</b>	<b>5.4%</b>	<b>44</b>
<b>Adjusted EBITDA (B+C)</b>	<b>29</b>	<b>28</b>	<b>4.4%</b>	<b>48</b>

## Sales

Sales to third parties in the Telecom segment amounted to Euro 294 million compared with Euro 293 million in the first half of 2007, reporting an increase of Euro 1 million (+0.3%).

This increase was due to:

- a decrease of Euro 3 million (-1.0%) following a reduction in metal prices;
- negative exchange rate effects of Euro 11 million (-3.9%);
- organic growth of Euro 15 million (+5.2%).

Organic growth was particularly strong in the second quarter of 2008 relative to the corresponding period in 2007, contributing Euro 12 million (+8.2%) to the half-year results thanks to increases in the optical cables business.

## Profitability

At Euro 61 million, contribution margin was unchanged relative to the same period of 2007, while adjusted EBITDA (before non-recurring income and expenses) was Euro 1 million higher (+4.4%) at Euro 29 million (9.7% of sales).

Within the segment, optical cables continued to benefit from the recovery of demand in Europe. Good results were also achieved in Australia (due to the contract with Telstra), while volumes increased in North America due to higher sales to Qwest and Telus (Canada) and maintenance of the current position with Verizon. This enabled the Group to limit the negative effects of a weaker Indian market.

Prysmian has recently launched several projects in the field of optic fibres, including:

- CasaLight optic fibre, which is specially designed to meet the particularly demanding requirements when fibre is bent;
- VertiCasa project, which involves a new cabling system designed for installation of optic fibre cables in very high buildings.

Sales held up in the copper cable business thanks to high volumes in Turkey, Italy and Romania. Prysmian has secured a major contract worth over Euro 35 million to supply telecom cables in Libya. The contract has been made with the Libyan General Post and Telecommunications Company and involves supplying a wide range of cables for the national operator's telephone network.

In South America, performance in Brazil was good, with high volumes achieved on both the domestic and export market (North and Central America).

## GROUP BALANCE SHEET AND FINANCIAL POSITION

### Balance sheet

(in millions of Euro)			
	30 June 2008	30 June 2007	Change
Net fixed assets	892	877	15
Net working capital	717	616	101
Provisions	(143)	(150)	7
<b>Net capital employed</b>	<b>1,466</b>	<b>1,343</b>	<b>123</b>
Employee benefit obligations	122	117	5
Total equity	564	318	246
of which attributable to minority interests	19	21	(2)
Net financial position	780	908	(128)
<b>Total equity and sources of funds</b>	<b>1,466</b>	<b>1,343</b>	<b>123</b>

Net fixed assets were Euro 11 million higher than at 31 December 2007, mainly due to:

- Euro 44 million in investments;
- Euro 32 million in depreciation and amortisation charges for the period;
- Euro 14 million for the first-time consolidation of the acquired fixed assets of Facab Lynen ;
- depreciation of the US dollar, the British pound and other currencies against the Euro for the remainder.

Net working capital was Euro 181 million higher than at 31 December 2007, reflecting high seasonal sales in the period. The increase of Euro 101 million relative to 30 June 2007 was due to higher inventories, the negative impact of other receivables and payables associated with work-in-progress for High Voltage and Submarine projects, an increase in the fair value of trade-related derivatives (metals and currency derivatives) and the first-time consolidation of the working capital of Facab Lynen of Euro 21 million.

The increase of Euro 10 million in employee benefit obligations since December 2007 mostly reflects the first-time consolidation of approximately Euro 15 million in pension funds of Facab Lynen.

The net financial position was up by Euro 64 million relative to 31 December 2007, reflecting the following factors:

- net cash inflow from operating activities in the first half of 2008, despite the negative impact of the seasonal change in working capital due to the growing order book for long-term projects;
- payment of Euro 75 million in dividends;
- receipt of Euro 16 million from Pirelli & C. S.p.A. for the final acquisition price adjustment;
- outlay of Euro 4 million (subject to price adjustment) for acquiring Facab Lynen, and consolidation of the company's net debt of Euro 12 million.

Net financial position decreased by Euro 128 million relative to 30 June 2007 due to the cash flow during the period, including the receipt of the final price adjustment of Euro 22 million from Pirelli & C. S.p.A., and the payment of Euro 75 million in dividends and reserves.

## Net working capital

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

(in millions of Euro)				
	30 June 2008	30 June 2007	Change	31 December 2007
Inventories	712	648	64	582
Trade receivables	1,078	1,012	66	833
Trade payables	(906)	(878)	(28)	(738)
Other receivables/(payables)	(167)	(166)	(1)	(141)
<b>Net working capital</b>	<b>717</b>	<b>616</b>	<b>101</b>	<b>536</b>

Net working capital amounted to Euro 717 million (12.4% of sales) at 30 June 2008, compared with Euro 536 million (10.5% of sales) at 31 December 2007 and Euro 616 million (11.2% of sales) at 30 June 2007.

This trend was affected by the following factors:

- higher absorption of net working capital, arising from the growth in long-term projects for the High Voltage and Submarine businesses (Euro 63 million relative to December 2007 and Euro 65 million relative to June 2007) and from the seasonality of sales for the other non long-term businesses relative to December 2007;
- first-time consolidation of Euro 21 million in working capital for Facab Lynen;
- increase in receivables due to higher fair value of derivatives (Euro 27 million relative to December 2007);
- shorter payment terms for copper suppliers (relative to June 2007).

## Net financial position

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

(in millions of Euro)			
	30 June 2008	30 June 2007	Change
<b>Long-term financial payables</b>			
Credit agreement	983	1,001	(18)
Bank fees	(7)	(9)	2
Shareholders' loan	-	-	-
Other financial payables	10	13	(3)
<b>Total long-term financial payables</b>	<b>986</b>	<b>1,005</b>	<b>(19)</b>
<b>Short-term financial payables</b>			
Credit agreement	4	-	4
Bank fees	-	-	-
Securitization	60	180	(120)
Other financial payables	80	49	31
<b>Total short-term financial payables</b>	<b>144</b>	<b>229</b>	<b>(85)</b>
<b>Total financial liabilities</b>	<b>1,130</b>	<b>1,234</b>	<b>(104)</b>
Long-term financial receivables	27	29	(2)
Long-term bank fees	8	11	(3)
Short-term financial receivables	14	11	3
Short-term bank fees	3	3	-
Financial assets held for trading	42	34	8
Cash and cash equivalents	256	238	18
<b>Total financial assets</b>	<b>350</b>	<b>326</b>	<b>24</b>
<b>Net financial position</b>	<b>780</b>	<b>908</b>	<b>(128)</b>

## Cash flow statement

(in millions of Euro)			
	1st half 2008	1st half 2007	Change
<b>EBITDA</b>	<b>280</b>	<b>299</b>	<b>(19)</b>
Acquisition price adjustment and other settlements	-	(39)	39
Badwill from Facab Lynen acquisition	(2)	-	(2)
Share-based compensation	1	2	(1)
Changes in provisions (including employee benefit obligations)	11	8	3
(Gains)/losses from disposal of property, plant and equip. and intangible assets	-	(2)	2
<b>Net cash flow provided by operating activities (before changes in net working capital)</b>	<b>290</b>	<b>268</b>	<b>22</b>
Changes in net working capital	(172)	(155)	(17)
Taxes paid	(34)	(39)	5
<b>Net cash flow provided by (used in) operating activities</b>	<b>84</b>	<b>74</b>	<b>10</b>
Acquisition price adjustment and other settlements	16	39	(23)
Facab Lynen acquisition	(2)	-	(2)
Net cash flow used in investing activities <sup>(1)</sup>	(40)	(22)	(18)
<b>Free cash flow (unlevered)</b>	<b>58</b>	<b>91</b>	<b>(33)</b>
Net finance costs	(26)	(63)	37
<b>Free cash flow (levered)</b>	<b>32</b>	<b>28</b>	<b>4</b>
Contributions to increase share capital and other movements in equity	2	-	2
Capital contribution	(76)	-	(76)
Repayment of shareholders' loan	-	(28)	28
<b>Net cash flow provided (used) in the period</b>	<b>(42)</b>	<b>0</b>	<b>(42)</b>
<b>Net financial position at the beginning of the period</b>	<b>(716)</b>	<b>(879)</b>	<b>163</b>
Net cash flow provided (used) in the period	(42)	-	(42)
Other changes	(22)	(29)	7
<b>Net financial position at the end of the period</b>	<b>(780)</b>	<b>(908)</b>	<b>128</b>

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

Net cash flow generated by operating activities (before changes in net working capital) amounted to Euro 290 million in the first six months of the year. A part of this cash flow was absorbed by the increase of Euro 172 million in net working capital described earlier; after deducting Euro 34 million in taxes paid. Net cash flow from operating activities in the period amounted to Euro 84 million.

Net investments in the first six months of 2008 amounted to Euro 40 million, Euro 18 million more than in the same period of 2007. This increase was due to an expansion in production capacity at the plants working on High Voltage and Submarine products needed to satisfy growing demand, and to investments in improving industrial efficiency.

Net finance costs were Euro 10 million for the period and included significant non-cash items, mainly relating to an increase in the fair value of derivatives. Consequently, excluding these effects, net cash finance costs reflected in the cash flow statement amounted to Euro 26 million.

Net cash flow for the period also benefited from Euro 16 million in final price adjustments received from Pirelli & C. S.p.A.

Prysmian S.p.A. paid Euro 75 million in dividends in April 2008.

## ALTERNATIVE PERFORMANCE INDICATORS

In addition to the standard financial reporting formats and indicators required under IFRS, this document contains a number of reclassified tables and alternative performance indicators. The purpose is to help users better evaluate the Group's economic and financial performance. However, these tables 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 operating income:** operating income 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 without the effects of events considered to be outside its recurring operations;
- **EBITDA:** operating income 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;
- **Contribution margin:** the difference between income from sales of goods and services and the sum of all production, distribution and commercial costs which vary according to sales. The purpose of this indicator is to evaluate the sensitivity of the Group's income to variations in sales;
- **Organic growth:** change in sales calculated net of changes in the scope of consolidation, changes in metal prices and the effect of exchange rates.

The alternative indicators used for reviewing the balance sheet include:

- **Net fixed assets:** sum of the following items contained in the consolidated balance sheet:
  - 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 consolidated balance sheet:
  - 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 net financial position
  - Current tax payables
- **Provisions:** sum of the following items contained in the consolidated balance sheet:
  - 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 consolidated balance sheet.
- **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
  - Long-term securities classified under Available-for-sale financial assets
  - Financial assets held for trading
  - Cash and cash equivalents

## SUBSEQUENT EVENTS AND BUSINESS OUTLOOK

The closure of the factory in Eastleigh (Great Britain) was announced on 4 July.

This closure will cost a total of GBP 3.4 million (Euro 4.4 million), of which GBP 0.9 million (Euro 1.1 million) has already been recognised in the income statement at 30 June 2008 for the writedown of inventories by GBP 0.3 million (Euro 0.4 million) and of plant and machinery by GBP 0.6 million (Euro 0.7 million).

The first half of the year confirmed a relative slowdown in the economic scenario which is expected to continue throughout 2008, particularly due to lower growth by the North American economy. Despite these signs of slowdown, the Group expects to confirm its profit drivers, which should continue to benefit from growing demand for both underground and submarine high voltage cables for power transmission and cables for industrial applications such as OGP and renewable energy, as well as from steady strong demand for optic fibre cables by operators in the Telecom sector.

Given the positive first-half results, combined with a strong order book for the higher value-added businesses, operating profitability is expected to improve in the full year 2008 and, in particular adjusted EBITDA is expected above Euro 550 million (Euro 529 million in full year 2007).

The Group also intends to continue investing in its higher value-added businesses, thus further enhancing its presence in the most profitable and high-growth segments.

## RISKS AND UNCERTAINTIES FOR THE SECOND HALF OF 2008

Given the results of operations in the first half of the year and the specific economic context, the principal risk factors currently foreseeable for the second half of 2008 are described below according to their nature.

### *Market risks and uncertainties*

The first half of the year experienced a weakening in demand in certain market segments and geographical areas. In particular, some of the Group's products, mainly for sectors such as Trade & Installers, are liable to cyclical fluctuations in demand and are affected by the overall trend in the construction industry and by the growth in gross domestic product. Although the diversified nature of the Group's markets and products reduces its exposure to cyclical trends in demand in certain geographical areas, it is possible that the weakness experienced in the USA for the Power Distribution business and in certain European countries, particularly Spain and the UK, for Trade & Installers, combined with a further drop in demand in other geographical areas, could have a significant impact on the Group's business and results in the second half of 2008.

Competitive pressure due to lower demand in the Trade & Installers business and in the Power Distribution business, although to a much lesser extent, could translate into 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.

Although 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 reduction in prices, with a consequently negative impact on its activities, results of operations and financial position.

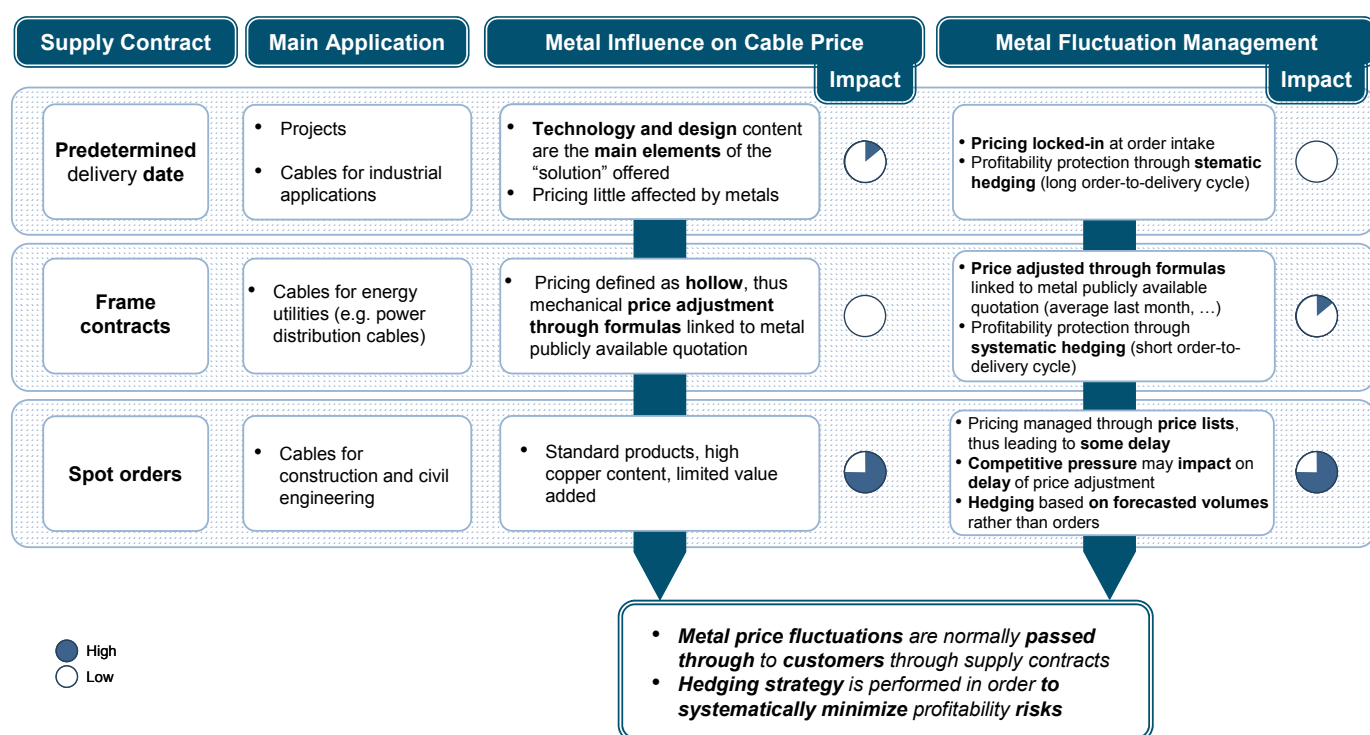


### *Risks and uncertainties associated with the increased cost of raw materials*

Copper is the principal raw material used by the Group for its manufacturing processes. The other raw materials used are aluminium, lead and steel, as well as different plastic components and resins.

All raw materials, especially oil derivatives, have experienced a significant price inflation in 2008, which is expected to continue in the second half of the year. The Group neutralises the impact of possible rises in the price of copper and other principal raw materials through automatic sale price adjustment mechanisms or through hedging activities; except for oil derivative products (polyethylene, plastifying PVC, rubber and other chemical products), whose risk cannot be effectively offset through hedging. Certain products (mainly in the Trade & Installers business) are hedged, due to established commercial practice and/or the structural characteristics of the markets concerned, by periodically updating price lists (since it is not possible to use automatic sale price adjustment mechanisms). In this case, it is possible that, in the current market context, the company will be unable to pass on all the impacts of the higher prices of oil derivative products to the sales prices.

Risk hedging differs according to the type of business and supply contract, as shown in the following chart:



## STOCK OPTION PLANS

Details of changes in the existing stock option plans can be found in note 23 to the half-year condensed financial statements at 30 June 2008.

## RELATED PARTY TRANSACTIONS

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

Information on related party transactions, including those required by the Consob Communication dated 28 July 2006, is presented in note 18 to the half-year condensed financial statements at 30 June 2008.

## COMPLIANCE WITH ART. 36 AND 39 OF THE CONSOB MARKET REGULATIONS

In application of art. 39 of the Market Regulations issued by Consob with reference to the "Conditions for the listing of shares of companies with control over companies established and regulated under the law of non-EU countries" referred to in art. 36 of these Regulations (issued in implementation of paragraph 3-bis, art. 62 of Italian Decree 58/98, as amended by Resolution 16530 dated 25 June 2008), Prysmian reports that it is largely compliant with the related requirements. More precisely:

- the scope of application relates to 17 subsidiaries, based in 9 non-EU countries, defined as materially significant by paragraph 2 of art. 36;
- the accounting and reporting systems used by the Prysmian Group already allow it to comply with this regulation as far as the companies falling under the above scope of application are concerned, both in terms of making publicly available the financial statements prepared for the purposes of the consolidated financial statements, and in terms of their suitability for regularly providing the parent company's management and auditors with the information needed to prepare the consolidated financial statements themselves;
- as far as the requirement to obtain the articles of association and composition and powers of the boards and officers of such subsidiaries, Prysmian SpA already keeps constantly updated records on the composition of the boards of all its subsidiaries including details of the offices held. Prysmian is in the process of completing a centralised collation of the formal documents relating to articles of associations and the grant of powers to the holders of corporate office;
- as for the parent company's provision of information to the central auditors needed to perform annual and interim audits of the parent company's financial statements, the current process of communication with the independent auditors, organised at the various levels in the chain of corporate control and operating throughout the entire year, is considered to operate effectively in this sense.

Milan, 27 August 2008

ON BEHALF OF THE BOARD OF DIRECTORS

THE CHAIRMAN

Paolo Zannoni

The image features a vibrant blue sky filled with fluffy white clouds. A horizontal white band cuts across the middle of the image, serving as a background for the title text. The clouds are more densely packed in the lower half of the image, while the upper half shows a clearer blue sky with some wispy clouds.

## **HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

## BALANCE SHEET

(in millions of Euro)

	Note	30 June 2008	Related parties (Note 18)	31 December 2007	Related parties (Note 18)
<b>Non-current assets</b>					
Property, plant and equipment	1	846		838	
Intangible assets	1	25		21	
Investments in associates		8		9	
Available-for-sale financial assets		13		13	
Derivatives	4	38	12	32	10
Deferred tax assets		33		29	
Trade receivables	2	2		2	
Other non-current receivables	2	32		34	
<b>Total non-current assets</b>		<b>997</b>		<b>978</b>	
<b>Current assets</b>					
Inventories	3	712		582	
Trade receivables	2	1,076	4	831	1
Other current receivables	2	254		276	
Financial assets held for trading		42		40	
Derivatives	4	50		25	
Cash and cash equivalents	5	256		252	
<b>Total current assets</b>		<b>2,390</b>		<b>2,006</b>	
<b>Total assets</b>		<b>3,387</b>		<b>2,984</b>	
<b>Equity attributable to the Group:</b>					
Share capital	6	18		18	
Reserves	6	337		115	
Net income (loss) for the period	6	190		300	
<b>Equity attributable to minority interests:</b>		<b>19</b>		<b>21</b>	
Share capital and reserves	6	19		19	
Net income (loss) for the period	6	-		2	
<b>Total equity</b>		<b>564</b>		<b>454</b>	
<b>Non-current liabilities</b>					
Borrowings from banks and other lenders	7	984		991	
Other non-current payables	8	39		43	
Provisions for risks and charges	9	31		27	
Derivatives	4	2		2	
Deferred tax liabilities		60		62	
Employee benefit obligations	10	122		112	
<b>Total non-current liabilities</b>		<b>1,238</b>		<b>1,237</b>	
<b>Current liabilities</b>					
Borrowings from banks and other lenders	7	140		61	
Trade payables	8	906	2	738	1
Other current payables	8	371	3	356	4
Derivatives	4	27		29	
Provisions for risks and charges	9	85		75	
Current tax payables		56		34	
<b>Total current liabilities</b>		<b>1,585</b>		<b>1,293</b>	
<b>Total liabilities</b>		<b>2,823</b>		<b>2,530</b>	
<b>Total equity and liabilities</b>		<b>3,387</b>		<b>2,984</b>	

## INCOME STATEMENT

(in millions of Euro)

	Note	1/1 - 30/6/2008	Related parties (Note 18)	1/1 - 30/6/2007	Related parties (Note 18)
Sales of goods and services		2,659	7	2,583	
Change in inventories of work in progress, semi-finished and finished goods		70		58	
Other income		25		66	
<i>of which non-recurring other income</i>	11	2		39	
Raw materials and consumables used		(1,713)	(2)	(1,661)	(2)
Personnel costs		(282)		(270)	
Amortisation, depreciation and impairment		(32)		(33)	
<i>of which non-recurring amortisation, depreciation and impairment</i>	11	(1)		-	
Other expenses		(479)		(477)	(1)
<i>of which non-recurring other expenses</i>	11	(13)		(9)	
<b>Operating income</b>	<b>11</b>	<b>248</b>		<b>266</b>	
Finance costs	12	(155)		(148)	(1)
<i>of which non-recurring finance costs</i>		-		(59)	
Finance income	12	145	2	81	6
<i>of which non-recurring finance income</i>		-		4	2
Share of income from investments in associates and dividends from other companies		1		1	
<b>Income before taxes</b>		<b>239</b>		<b>200</b>	
Taxes	13	(49)		(50)	
<b>Net income/(loss) for the period</b>		<b>190</b>		<b>150</b>	
<b>Attributable to:</b>					
Equity holders of the parent		190		149	
Minority interests		-		1	
<b>Basic earnings/(loss) per share (in Euro)</b>	<b>14</b>	<b>1.05</b>		<b>0.83</b>	
<b>Diluted earnings/(loss) per share (in Euro)</b>	<b>14</b>	<b>1.04</b>		<b>0.82</b>	

## STATEMENT OF RECOGNISED INCOME AND EXPENSE

(in millions of Euro)

	1/1-30/6/2008	1/1-30/6/2007
Fair value gains / (losses) on available-for-sale financial assets	1	1
Fair value gains / (losses) on cash flow hedges - gross of tax	10	(4)
Tax effect of fair value gains / (losses) on cash flow hedges	(4)	1
Currency translation differences	(16)	11
Actuarial gains / (losses) - net of tax effect	2	7
<b>Net income recognised directly in equity</b>	<b>(7)</b>	<b>16</b>
Net income / (loss) for the period	190	150
<b>Total income / (loss) for the period</b>	<b>183</b>	<b>166</b>
<b>Attributable to:</b>		
Equity holders of the parent	184	164
Minority interests	(1)	2

## CASH FLOW STATEMENT

(in millions of Euro)				
	1/1-30/6/2008	Related parties (Note 18)	1/1-30/6/2007	Related parties (Note 18)
Income before taxes	239		200	
Depreciation of property, plant and equipment	30		30	
Amortisation of intangible assets	2		3	
Badwill from acquisition of Facab Lynen GmbH & Co. KG	(2)		-	
Price adjustment and other indemnifications relating to the acquisition of the Energy and Telecom Cables & Systems divisions from Pirelli & C. S.p.A.	-		(39)	
Net gains from disposal of property, plant and equipment and intangible assets and other non-current assets	-		(2)	
Share of income from investments in associates and joint ventures	(1)		(1)	(1)
Share-based compensation <sup>(1)</sup>	1		2	
Net finance costs	10		67	
Changes in inventories	(121)		(104)	
Changes in trade receivables and payables	(62)	(4)	(26)	(2)
Changes in other receivables and payables <sup>(1)</sup>	9		(22)	
Changes in derivatives	2		(4)	
Taxes paid	(34)		(38)	
Utilization of provisions (including employee benefit obligations)	(15)		(28)	
Increases in provisions (including employee benefit obligations)	26		36	
<b>A. Net cash flow provided by/(used in) operating activities</b>	<b>84</b>		<b>74</b>	
Price adjustment and other indemnifications relating to the acquisition of the Energy and Telecom Cables & Systems divisions from Pirelli & C. S.p.A.	16		39	
Acquisition of Facab Lynen GmbH & Co. KG	(2)		-	
Investments in property, plant and equipment	(38)		(28)	
Disposals of property, plant and equipment	2		4	
Investments in intangible assets	(6)		(1)	
Investments in financial assets held for trading	(5)		(8)	
Disposals of financial assets held for trading	4		-	
Dividends received	2		2	2
<b>B. Net cash flow provided by/(used in) investing activities</b>	<b>(27)</b>		<b>8</b>	
Capital contribution and other changes in equity	2		(28)	(28)
Dividends paid	(76)	(24)	-	
Net finance costs	(26)		(63)	(1)
Changes in financial payables	49		(148)	(42)
<b>C. Net cash flow provided by/(used in) financing activities</b>	<b>(51)</b>		<b>(239)</b>	
D. Exchange gains/(losses) on cash and cash equivalents	(2)		2	
<b>F. Total cash flow provided / (used) in the period (A+B+C+D+E)</b>	<b>4</b>		<b>(155)</b>	
<b>G. Net cash and cash equivalents at the beginning of the period</b>	<b>252</b>		<b>393</b>	
<b>H. Net cash and cash equivalents at the end of the period (F+G)</b>	<b>256</b>		<b>238</b>	

<sup>(1)</sup> "Share-based compensation" was reported under "Changes in other receivables and payables" in the 2007 Half-year financial report.

## 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).

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

Prysmian (Lux) S.à r.l., with its registered office in Luxembourg, has de facto control of the Company through its subsidiary Prysmian (Lux) II S.à r.l., also based in Luxembourg.

All the amounts shown in the tables in the following Notes are expressed in millions of Euro, unless otherwise indicated. The consolidated financial statements contained herein were approved by the Board of Directors on 27 August 2008.

### B. FORM AND CONTENT

These half-year condensed consolidated financial statements have been prepared in compliance with 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 comply 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 related notes in a condensed format.

#### B.1 FINANCIAL STATEMENTS AND REPORTING

The Group has opted to present its income statement based on the nature of expenses, while assets and liabilities in the balance sheet are classified as either current or non-current. The cash flow statement has been prepared using the indirect method. The Group has also applied the provisions of Consob Resolution 15519 dated 27 July 2006 concerning financial statement formats and of Consob Communication 6064293 dated 28 July 2006 regarding disclosures.

As required by IAS 1 (paragraph 96) and IAS 19 (paragraph 93 B), the financial statements contain a "Statement of recognised income and expense", reporting income and expenses recognised directly in equity.

#### B.2 ACCOUNTING STANDARDS

The consolidation principles, the methods applied for translating financial statements into the presentation currency, the accounting standards as well as the accounting estimates adopted are the same as those used for the consolidated financial statements at 31 December 2007, to which reference should be made for more details.

The principal new standards, revisions and interpretations of existing standards, which are not yet compulsory and have not been adopted early by the Group, are outlined below.



On 30 November 2006, the IASB issued IFRS 8 - Operating Segments, applicable from 1 January 2009 in replacement of IAS 14 - Segment Reporting. The new accounting standard requires companies to base segment reporting on the components used by management for making operating decisions. Operating segments must therefore be identified on the basis of internal reporting which is regularly reviewed by management in order to allocate resources to the different segments of the business and to analyse performance. The adoption of this standard will have no effect on the valuation and measurement of the contents of the financial statements.

On 29 March 2007, the IASB issued a revised IAS 23 - Borrowing Costs, which is applicable from 1 January 2009. This version has eliminated the option under which companies could immediately expense finance costs relating to assets that take a substantial period of time to get ready for their intended use or sale. The standard will apply in the future to finance costs relating to assets capitalised from 1 January 2009. At the current reporting date, the European Union had not yet completed the endorsement process needed to apply this standard.

On 5 July 2007, the IFRIC issued interpretation IFRIC 14 on IAS 19 - Defined Benefit Assets and Minimum Funding Requirements, applicable from 1 January 2008. General guidelines are given on how to determine the limit established by IAS 19 for recognition of plan assets and an explanation is provided regarding the accounting effect caused by the presence of a minimum funding requirement clause. At the current reporting date, the European Union had still not completed the endorsement process needed to apply this interpretation.

On 6 September 2007, the IASB issued a revision of IAS 1 - Presentation of Financial Statements, applicable from 1 January 2009. This revision will involve renaming some of the schedules forming part of the financial statements and introducing a new schedule (statement of changes in equity), which was previously included in the notes to the financial statements. The changes envisaged by the new IAS 1 will also apply to comparative figures presented together with the current period financial statements. At the current reporting date, the European Union had not yet completed the endorsement process needed to apply this standard.

On 10 January 2008, the IASB issued an updated version of IFRS 3 – Business Combinations, and amended IAS 27 – Consolidated and Separate Financial Statements. The main changes to IFRS 3 include elimination of the obligation to value an acquired entity's identifiable assets and liabilities at fair value for every subsequent acquisition in the case of stepped acquisitions. Goodwill in this case is determined as the difference between the value of the previously-held equity interest immediately before the acquisition, the acquisition consideration and the value of net assets acquired. In addition, if a company does not acquire a 100% equity interest, the share of equity attributable to minority interests may be measured either at fair value or using the method previously allowed by IFRS 3. The revised standard also requires all costs associated with the acquisition to be expensed and liabilities for any contingent consideration to be recognised on the acquisition date. The new rules must be applied to new business combinations from 1 January 2010. At the current reporting date, the European Union had not yet completed the endorsement process needed to apply this standard and amendment.

On 17 January 2008, the IASB issued an amendment to IFRS 2 – Vesting conditions and cancellations, under which:

- for the purposes of valuing share-based payments, only service and performance-related conditions may be treated as vesting conditions;
- all cancellations, whether by the company or by other parties, must receive the same accounting treatment.

At the current reporting date, the European Union had not yet completed the endorsement process needed to apply this amendment.

On 14 February 2008, the IASB issued an amendment to IAS 32 – Financial instruments: presentation and IAS 1 – Presentation of financial statements – relating to puttable financial instruments and instruments with obligations arising on liquidation. Puttable financial instruments and instruments that carry an obligation to deliver to another party a pro-rata share of the company's net assets must be classified as equity instruments. This amendment will be applicable from 1 January 2009. At the current reporting date, the European Union had still not completed the endorsement process needed to apply this amendment.

On 22 May 2008, the IASB published a standard entitled "Improvements to International Financial Reporting Standards 2008". This is the first standard issued under the IASB's "Annual Improvement" process, intended to deal with minor amendments to standards. The new standard includes 35 amendments, and is split into two parts:

- Part 1: amendments that result in accounting changes for presentation, recognition or measurement purposes; and
- Part 2: amendments that are terminology or editorial changes only, which the Board expects to have no or minimal effect on accounting.

Most of the amendments will be applicable retrospectively from 1 January 2009. The Company is evaluating the impact on future financial statements.

At the current reporting date, the European Union had not yet completed the endorsement process needed to apply this standard.

On 22 May 2008, the IASB published amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards (IFRS)– and to IAS 27 - Consolidated and Separate Financial Statements – relating to the measurement of the cost of investments in subsidiaries and associates on first-time adoption of IFRS. These amendments to IFRS 1 and IAS 27 are effective from 1 January 2009, with earlier application permitted. These amendments will have no impact on the Group's future financial statements.

On 3 July 2008, the IFRIC issued IFRIC 16 – Hedges of a Net Investment in a Foreign Operation. This new interpretation eliminates the possibility of applying hedge accounting to hedges of foreign exchange differences arising between the functional currency of a foreign operation and the presentation currency of the consolidated financial statements. The interpretation also clarifies that in the case of hedging an investment in a foreign operation, the hedging instrument may be held by any entity within the group and that, when the investment is sold, IAS 21 (The effects of changes in foreign exchange rates) must be applied for determining the amount that needs to be reclassified to profit or loss from equity. This interpretation must be applied from 1 January 2009. At the current reporting date, the European Union had still not completed the endorsement process needed for its application.

Lastly, the following interpretations address situations and cases which are not applicable to the Group:

- IFRIC 12 - Service Concession Arrangements, applicable from 1 January 2008 and not yet endorsed by the European Union;
- IFRIC 13 - Customer Loyalty Programmes, applicable from 1 January 2009 and not yet endorsed by the European Union;
- IFRIC 15 – Agreements for the Construction of Real Estate, applicable from 1 January 2009 and not yet endorsed by the European Union.

The preparation of the half-year condensed consolidated financial statements involves making estimates and assumptions which have an impact on the value of assets and liabilities and on the disclosure of contingent assets and liabilities at the half-year reporting date. Some valuation processes, particularly those involving more complex procedures, are carried out more fully only at year end, unless there is intervening evidence of impairment. Income taxes have been recognised using the best estimate of the weighted average rate for the full year.

During 2007 the Group defined and implemented a securitization programme for trade receivables involving a series of Group companies. The accounting policies adopted by the Group to present the impact of this programme in the consolidated financial statements at 30 June 2008 are described below.

The Prysmian Group's securitization programme involves the weekly transfer (daily up until 31 January 2008) of a significant portion of trade receivables by some of the Group's operating companies in France, Germany, Italy, Spain, the United Kingdom and the United States. This programme started on 30 January 2007 and will end on 31 July 2012.

The structure of the programme involves transferring receivables from the operating companies, directly or indirectly, to an Irish special purpose entity (Prysmian Financial Services Ireland Ltd), set up solely for the securitization programme. To buy the receivables, the Irish company uses available liquidity, as well as the loan received from the vehicles issuing Commercial Paper, i.e. A-1/P-1 rated credit instruments backed by the receivables and sponsored by the banks which organised and underwrote the programme (the instruments are placed with institutional investors).

Subordinated loans granted by the Group's treasury companies are also used.

In accordance with the provisions of SIC 12 - Consolidation - Special Purpose Entities (SPEs), the special purpose entity has been included in the scope of consolidation of the Prysmian Group because it was created to accomplish a narrow and well-defined objective. Until effectively collected, receivables transferred to the SPE are recognised in the Group's consolidated financial statements, together with the payables owed by the SPE to third-party lenders.

Group companies can be identified as the sponsors, meaning the companies on whose behalf the entity was created.

### **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 acquired until the date when such control ceases.

The following changes in the scope of consolidation took place during the first half of 2008:

- Fipla S.A. (Argentina) completed its winding-up process on 18 February 2008;
- Trans-Power Cables PTE Limited (Singapore) completed its winding-up process on 18 March 2008;
- Prysmian Risk Services Limited (Ireland) was formed on 1 May 2008, subsequently being renamed Prysmian Re Company Limited;
- Prysmian (China) Investment Company Ltd (China) was formed on 21 May 2008;
- Prysmian Kabel und Systeme GmbH acquired all the shares held by third parties in Facab Lynen GmbH & Co.Kg. (Germany), effective 3 June 2008.

### **C. BUSINESS COMBINATIONS**

On 3 June 2008, the Prysmian Group signed an agreement through its subsidiary Prysmian Kabel und Systeme GmbH to acquire 100% of Facab Lynen GmbH & Co.Kg., a German cables manufacturer.

In compliance with IFRS 3, the acquisition cost and the fair value of the assets, liabilities and contingent liabilities have been determined provisionally and may be adjusted within twelve months of the acquisition date.

Details of the acquisition cost and financial outlay are reported in the following table:

HALF-YEAR CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS

(in millions of Euro)	
Cash payment	4
Costs directly related to the acquisition	-
<b>Total acquisition cost (A)</b>	<b>4</b>
Fair value of net assets acquired (B)	(6)
<b>Badwill (A)-(B)</b>	<b>(2)</b>
Financial outlay for acquisition	4
Cash and cash equivalents held by acquired companies	(2)
<b>Cash flow from acquisition</b>	<b>2</b>

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

(in millions of Euro)		
	Pre-acquisition book value	Fair value <sup>2</sup>
Property, plant and equipment	9	14
Inventories	17	17
Trade and other receivables	8	8
Trade and other payables	(4)	(4)
Provisions for risks	(1)	(2)
Employee benefit obligations	(10)	(15)
Borrowings from banks and other lenders	(15)	(15)
Financial assets held for trading	1	1
Cash and cash equivalents	2	2
<b>Net assets acquired (B)</b>	<b>7</b>	<b>6</b>

<sup>2</sup> The fair value amounts are provisional.

The acquisition has given rise to Euro 1.8 million in badwill at 30 June 2008, booked under "Other income" in the income statement. This amount may change in the future depending on the final price adjustment and establishment of the final fair value of the acquired assets and liabilities assumed.

The principal financial results from the date of acquisition to 30 June 2008 are as follows:

(in millions of Euro)	
	<b>3 June 2008 - 30 June 2008</b>
Sales	6
Operating income	-
<b>Net income for the period</b>	<b>-</b>

If the acquisition had been made on 1 January 2008, sales would have been Euro 32 million. Instead, as far as operating income is concerned, it is not possible to provide a reliable estimate at the date of this report. This estimate will be provided in the report at 30 September 2008.

## D. SEGMENT INFORMATION

### D.1 BUSINESS SEGMENTS

Business segment information is provided in the tables below.

(in millions of Euro)					1/1-30/6/2008
	Energy Cables and Systems	Telecom Cables and Systems	Corporate	Intersegment elimination	Group total
<b>Sales of goods and services:</b>					
- third parties	2,365	294	-	-	2,659
- Group companies	7	5	22	(34)	-
<b>Total sales of goods and services</b>	<b>2,372</b>	<b>299</b>	<b>22</b>	<b>(34)</b>	<b>2,659</b>
<b>Operating income</b>	<b>222</b>	<b>27</b>	<b>(1)</b>	<b>-</b>	<b>248</b>
Share of income from investments in associates and dividends from other companies	1		-	-	1
Finance costs					(155)
Finance income					145
Taxes					(49)
<b>Net income / (loss) for the period</b>					<b>190</b>
Attributable to:					
Equity holders of the parent					190
Minority interests					0

(in millions of Euro)					1/1-30/6/2007
	Energy Cables and Systems	Telecom Cables and Systems	Corporate	Intersegment elimination	Group total
<b>Sales of goods and services:</b>					
- third parties	2,291	293	-		2,583
- Group companies	19	7	19	(45)	-
<b>Total sales of goods and services</b>	<b>2,310</b>	<b>300</b>	<b>19</b>	<b>(45)</b>	<b>2,583</b>
<b>Operating income</b>	<b>208</b>	<b>26</b>	<b>32</b>	<b>-</b>	<b>266</b>
Share of income from investments in associates and dividends from other companies	1	-	-	-	1
Finance costs					(148)
Finance income					81
Taxes					(50)
<b>Net income / (loss) for the period</b>					<b>150</b>
Attributable to:					
Equity holders of the parent					149
Minority interests					1

## D.2 GEOGRAPHICAL SEGMENTS

Information by geographical area is provided in the tables below.

(in millions of Euro)					1/1-30/6/2008
	EMEA*	North America	Latin America	Asia and Oceania	Total
<b>Sales of goods and services</b>	1,866	307	238	248	2,659

(in millions of Euro)					1/1-30/6/2007
	EMEA*	North America	Latin America	Asia and Oceania	Total
<b>Sales of goods and services</b>	1,793	335	222	234	2,583

\* EMEA: Europe, Middle East and Africa

## 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
<b>Balance at 31 December 2007</b>	<b>838</b>	<b>21</b>
<b>Movements in period:</b>		
- Investments	38	6
- Disposals	(2)	-
- Business combinations	14	-
- Depreciation and amortisation	(29)	(2)
- Impairment	(1)	-
- Currency translation differences and others	(12)	-
<b>Total movements</b>	<b>8</b>	<b>4</b>
<b>Balance at 30 June 2008</b>	<b>846</b>	<b>25</b>
<b>Of which:</b>		
- Historical cost	1,024	103
- Accumulated depreciation/amortisation and impairment	(178)	(78)
<b>Net book value</b>	<b>846</b>	<b>25</b>

(in millions of Euro)

	Property, plant and equipment	Intangible assets
<b>Balance at 31 December 2006</b>	<b>827</b>	<b>27</b>
<b>Movements in period:</b>		
- Investments	28	1
- Disposals	(2)	-
- Depreciation and amortisation	(30)	(3)
- Currency translation differences and others	8	(1)
<b>Total movements</b>	<b>4</b>	<b>(3)</b>
<b>Balance at 30 June 2007</b>	<b>831</b>	<b>24</b>
<b>Of which:</b>		
- Historical cost	949	93
- Accumulated depreciation/amortisation and impairment	(118)	(69)
<b>Net book value</b>	<b>831</b>	<b>24</b>

Property, plant and equipment includes an increase of Euro 14 million after acquiring 100% of Facab Lynen GmbH & Co.Kg.

Impairment in the first half of 2008 includes Euro 0.7 million for the plant and machinery at the factory in Eastleigh (Great Britain), whose closure was announced in July 2008.

## 2. TRADE AND OTHER RECEIVABLES

These are detailed as follows:

(in millions of Euro)

	30 June 2008		
	Non-current	Current	Total
Trade receivables	2	1,118	1,120
Allowance for doubtful accounts	-	(42)	(42)
<b>Total trade receivables</b>	<b>2</b>	<b>1,076</b>	<b>1,078</b>
<b>Other receivables:</b>			
Tax receivables	12	62	74
Financial receivables	1	12	13
Prepaid finance costs	8	3	11
Receivables from employees	2	2	4
Receivables for pension funds	-	1	1
Receivables from long-term contracts	-	125	125
Others	9	49	58
<b>Total other receivables</b>	<b>32</b>	<b>254</b>	<b>286</b>
<b>Total</b>	<b>34</b>	<b>1,330</b>	<b>1,364</b>

HALF-YEAR CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS

(in millions of Euro)		31 December 2007	
	Non-current	Current	Total
Trade receivables	2	872	874
Allowance for doubtful accounts	-	(41)	(41)
<b>Total trade receivables</b>	<b>2</b>	<b>831</b>	<b>833</b>
<b>Other receivables:</b>			
Tax receivables	11	43	54
Financial receivables	1	15	16
Prepaid finance costs	10	3	13
Receivables from employees	3	1	4
Receivables for pension funds	-	2	2
Receivables from long-term contracts	-	147	147
Others	9	65	74
<b>Total other receivables</b>	<b>34</b>	<b>276</b>	<b>310</b>
<b>Total</b>	<b>36</b>	<b>1,107</b>	<b>1,143</b>

Trade and other receivables are reported net of the allowance for doubtful accounts, amounting to Euro 42 million at 30 June 2008 and Euro 41 million at 31 December 2007.

### 3. INVENTORIES

These are detailed as follows:

(in millions of Euro)		
	30 June 2008	31 December 2007
Raw materials	203	159
Work in progress and semi-finished goods	195	148
Finished goods	314	275
<b>Total</b>	<b>712</b>	<b>582</b>

The increase since 31 December 2007 is mostly due to the seasonal trend in sales.



## 4. DERIVATIVES

These are detailed as follows:

(in millions of Euro)		30 June 2008
	Asset	Liability
<b>Non-current</b>		
Interest rate swaps (cash flow hedges)	26	1
Forward currency contracts on commercial transactions (cash flow hedges)	4	-
<b>Total hedging derivatives</b>	<b>30</b>	<b>1</b>
Forward currency contracts on commercial transactions	8	-
Forward currency contracts on financial transactions	-	1
Interest rate swaps	-	-
<b>Total other derivatives</b>	<b>8</b>	<b>1</b>
<b>Total non-current</b>	<b>38</b>	<b>2</b>
<b>Current</b>		
Forward currency contracts on commercial transactions (cash flow hedges)	10	-
<b>Total hedging derivatives</b>	<b>10</b>	<b>-</b>
Forward currency contracts on commercial transactions	26	22
Forward currency contracts on financial transactions	2	4
Commodity futures	12	1
<b>Total other derivatives</b>	<b>40</b>	<b>27</b>
<b>Total current</b>	<b>50</b>	<b>27</b>
<b>Total</b>	<b>88</b>	<b>29</b>

(in millions of Euro)		31 December 2007
	Asset	Liability
<b>Non-current</b>		
Interest rate swaps (cash flow hedges)	20	1
Forward currency contracts on commercial transactions (cash flow hedges)	2	-
<b>Total hedging derivatives</b>	<b>22</b>	<b>1</b>
Conversion option: Invex S.p.A. bond	-	-
Forward currency contracts on commercial transactions	9	-
Forward currency contracts on financial transactions	1	1
Interest rate swaps	-	-
<b>Total other derivatives</b>	<b>10</b>	<b>1</b>
<b>Total non-current</b>	<b>32</b>	<b>2</b>
<b>Current</b>		
Forward currency contracts on commercial transactions (cash flow hedges)	1	-
<b>Total hedging derivatives</b>	<b>1</b>	<b>-</b>
Forward currency contracts on commercial transactions	20	10
Forward currency contracts on financial transactions	3	7
Commodity futures	1	12
<b>Total other derivatives</b>	<b>24</b>	<b>29</b>
<b>Total current</b>	<b>25</b>	<b>29</b>
<b>Total</b>	<b>57</b>	<b>31</b>

## 5. CASH AND CASH EQUIVALENTS

These are detailed as follows:

(in millions of Euro)		
	30 June 2008	31 December 2007
Cash	12	17
Bank and postal deposits	244	235
<b>Total</b>	<b>256</b>	<b>252</b>

Cash and cash equivalents are centrally managed by Group treasury companies or by subsidiaries under the supervision of the Finance Department of Prysmian S.p.A. Cash is invested with leading financial institutions, mostly in short-term and overnight deposits.

Cash and cash equivalents managed by Group treasury companies amount to Euro 104 million at 30 June 2008 compared with Euro 96 million at 31 December 2007.

## 6. SHARE CAPITAL AND RESERVES

Consolidated equity has increased by Euro 110 million since 31 December 2007, mainly due to net income for the period of Euro 190 million less the dividend payment of Euro 75 million.

Following the exercise of options under the first tranche of the Stock Option Plan, share capital amounts to Euro 18,046,380.20 at 30 June 2008, corresponding to 180,463,802 shares.

The following table provides details of the movement in share capital and reserves during the period:

(in millions of Euro)								
	Share capital	Fair value gains and losses for available-for-sale financial assets	Actuarial gains/(losses) - employee benefits	Cash flow hedges	Currency translation reserve	Other reserves	Net income for the period	Minority interests
<b>Balance at 31 December 2007</b>	<b>18</b>	<b>2</b>	<b>11</b>	<b>(5)</b>	<b>(26)</b>	<b>133</b>	<b>300</b>	<b>21</b>
Allocation of net income	-	-	-	-	-	240	(240)	-
Capital increase	-	-	-	-	-	2	-	-
Dividend payment	-	-	-	-	-	(15)	(60)	(1)
Repayment of shareholders' loan	-	-	-	-	-	-	-	-
Share-based compensation	-	-	-	-	-	1	-	-
Fair value gains and losses on available-for-sale financial assets	-	1	-	-	-	-	-	-
Fair value gains and losses on cash flow hedges, net of tax effect	-	-	-	6	-	-	-	-
Currency translation differences	-	-	-	-	(15)	-	-	(1)
Actuarial gains (losses) on employee benefits	-	-	2	-	-	-	-	-
Net income (loss) for the period	-	-	-	-	-	-	190	-
<b>Balance at 30 June 2008</b>	<b>18</b>	<b>3</b>	<b>13</b>	<b>1</b>	<b>(41)</b>	<b>361</b>	<b>190</b>	<b>19</b>

## HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(in millions of Euro)

	Share capital	Fair value gains and losses for available-for-sale financial assets	Actuarial gains/(losses) - employee benefits	Cash flow hedges	Currency translation reserve	Other reserves	Net income for the period	Minority interests	Total
Balance at 31 December 2006	18	-	3	2	(20)	58	90	19	170
Allocation of net income	-	-	-	-	-	89	(89)	-	-
Repayment of shareholders' loan	-	-	-	-	-	(20)	-	-	(20)
Share-based compensation	-	-	-	-	-	2	-	-	2
Fair value gains and losses on available-for-sale financial assets	-	1	-	-	-	-	-	-	1
Fair value gains and losses on cash flow hedges, net of tax effect	-	-	-	(3)	-	-	-	-	(3)
Currency translation differences	-	-	-	-	10	-	-	1	11
Actuarial gains (losses) on employee benefits	-	-	7	-	-	-	-	-	7
Net income (loss) for the period	-	-	-	-	-	-	149	1	150
Balance at 30 June 2007	18	1	10	(1)	(10)	129	150	21	318

## 7. BORROWINGS FROM BANKS AND OTHER LENDERS

These are detailed as follows:

(in millions of Euro)

	30 June 2008		
	Non-current	Current	Total
Borrowings from banks and other lenders	981	139	1,120
Finance lease obligations	3	1	4
<b>Total</b>	<b>984</b>	<b>140</b>	<b>1,124</b>

(in millions of Euro)

	31 December 2007		
	Non-current	Current	Total
Borrowings from banks and other lenders	987	60	1,047
Finance lease obligations	4	1	5
<b>Total</b>	<b>991</b>	<b>61</b>	<b>1,052</b>

Borrowings from banks and other lenders are analysed as follows:

(in millions of Euro)

	30 June 2008	31 December 2007
Credit Agreement	981	987
Other borrowings	139	60
<b>Total</b>	<b>1,120</b>	<b>1,047</b>

Under the credit agreement signed on 18 April 2007 ("New Credit Agreement"), Prysmian S.p.A. and some of its subsidiaries have been granted a total of Euro 1,700 million in credit, analysed as follows:

(in millions of Euro)

Term Loan Facility	1,000
Revolving Credit Facility	400
Bonding Facility	300
<b>Total</b>	<b>1,700</b>

The Bonding Facility is used to finance endorsement credits relating to bid bonds, performance bonds and warranty bonds.

The Revolving Credit Facility is used to finance ordinary working capital requirements, as well as part of the endorsement credits relating to other types of bonds not covered by the Bonding Facility.

At 30 June 2008 an amount of Euro 145 million had been drawn down against the Bonding Facility, and Euro 35 million against the Revolving Credit Facility.

The credit facility of Euro 350 million relating to the trade receivables securitization programme had been drawn down by Euro 60 million at 30 June 2008.

The following table reports the movement in borrowings from banks and other lenders:

(in millions of Euro)		
	Credit Agreement	Other borrowings
<b>Balance at 31 December 2007</b>	<b>987</b>	<b>60</b>
Currency translation differences	(7)	10
Drawings	-	60
Repayments	-	-
Amortisation of bank and financial fees and other expenses	1	-
Others	-	9
<b>Total changes</b>	<b>(6)</b>	<b>79</b>
<b>Balance at 30 June 2008</b>	<b>981</b>	<b>139</b>

In the first half of 2008 to Euro 60 million was drawn down from the credit facilities relating to the trade receivables securitization programme.

(in millions of Euro)		
	Credit Agreement	Other borrowings
<b>Balance at 31 December 2006</b>	<b>1,243</b>	<b>63</b>
Currency translation differences	(2)	3
Drawings	991	200
Repayments	(1,282)	(20)
Amortisation of bank and financial fees and other expenses	42	-
Others	-	(13)
<b>Total changes</b>	<b>(251)</b>	<b>170</b>
<b>Balance at 30 June 2007</b>	<b>992</b>	<b>233</b>

# HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## NET FINANCIAL POSITION

(in millions of Euro)

Note	30 June 2008	Related parties (Note 18)	31 December 2007	Related parties (Note 18)	30 June 2007	Related parties
<b>Long-term financial payables</b>						
New Credit Agreement	983		990		1,001	
<b>Senior credit lines</b>	<b>983</b>		<b>990</b>		<b>1,001</b>	
Bank fees	(7)		(8)		(9)	
<b>Financing agreement</b>	<b>976</b>		<b>982</b>		<b>992</b>	
Finance leases	3		4		4	
Forward currency contracts on financial transactions	1		1		3	
Interest rate swaps	1		1			
Other payables	5		5		6	
<b>Total long-term financial payables</b>	<b>986</b>		<b>993</b>		<b>1,005</b>	
<b>Short-term financial payables</b>						
New Credit Agreement	4		5		-	
Finance leases	1		1		1	
Securitization	60		-		180	
Forward currency contracts on financial transactions	4		7		1	
Other payables	75		55		47	
<b>Total short-term financial payables</b>	<b>144</b>		<b>68</b>		<b>229</b>	
<b>Total financial liabilities</b>	<b>1,130</b>		<b>1,061</b>		<b>1,234</b>	
<b>Long-term financial receivables</b>						
Long-term financial receivables	1		1		1	
Long-term bank fees	8		10		11	
Interest rate swaps	26	12	20	10	28	13
Forward currency contracts on financial transactions (non-current)	-		1		-	
Forward currency contracts on financial transactions (current)	2		3		-	
Short-term financial receivables	12		15		11	
Short-term bank fees	3		3		3	
Financial assets held for trading	42		40		34	
Cash and cash equivalents	256		252		238	
<b>Net financial position</b>	<b>780</b>		<b>716</b>		<b>908</b>	

The Group's net financial position is reconciled to the amount that must be reported under Consob Communication DEM/6064293 dated 28 July 2006 and under 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 2008	Related parties (Note 18)	31 December 2007	Related parties (Note 18)	30 June 2007	Related parties
<b>Net financial position - as reported above</b>						
	<b>780</b>		<b>716</b>		<b>908</b>	
Long-term financial receivables	1		1		1	
Long-term bank fees	8		10		11	
Net forward currency contracts on commercial transactions	(26)		(22)		(11)	
Net commodity futures	(11)		11		(22)	
<b>Recalculated net financial position</b>	<b>752</b>		<b>716</b>		<b>887</b>	

## 8. TRADE AND OTHER PAYABLES

These are detailed as follows:

(in millions of Euro)		30 June 2008	
	Non-current	Current	Total
Trade payables	-	906	906
<b>Total trade payables</b>	<b>-</b>	<b>906</b>	<b>906</b>
<b>Other payables:</b>			
Tax and social security payables	33	73	106
Advances	-	80	80
Payables to employees	-	49	49
Accrued expenses	4	111	115
Others	2	58	60
<b>Total other payables</b>	<b>39</b>	<b>371</b>	<b>410</b>
<b>Total</b>	<b>39</b>	<b>1,277</b>	<b>1,316</b>

(in millions of Euro)		31 December 2007	
	Non-current	Current	Total
Trade payables	-	738	738
<b>Total trade payables</b>	<b>-</b>	<b>738</b>	<b>738</b>
<b>Other payables:</b>			
Tax and social security payables	33	61	94
Advances	-	81	81
Payables to employees	-	42	42
Accrued expenses	2	103	105
Others	8	69	77
<b>Total other payables</b>	<b>43</b>	<b>356</b>	<b>399</b>
<b>Total</b>	<b>43</b>	<b>1,094</b>	<b>1,137</b>

Advances include amounts due to customers for contract work in progress of Euro 43 million at 30 June 2008 and Euro 26 million at 31 December 2007. 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.

## 9. PROVISIONS FOR RISKS AND CHARGES

These are detailed as follows:

(in millions of Euro)			30 June 2008
	Non-current	Current	Total
Restructuring costs	-	6	6
Contractual and legal risks	31	46	77
Environmental risks	-	2	2
Tax inspections	-	22	22
Other risks and charges	-	9	9
<b>Total</b>	<b>31</b>	<b>85</b>	<b>116</b>

(in millions of Euro)			31 December 2007
	Non-current	Current	Total
Restructuring costs	-	9	9
Contractual and legal risks	27	49	76
Environmental risks	-	2	2
Tax inspections	-	8	8
Other risks and charges	-	7	7
<b>Total</b>	<b>27</b>	<b>75</b>	<b>102</b>

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 2007	9	76	2	8	7	102
Currency translation difference	-	-	-	-	-	-
Increases	-	9	-	12	1	22
Utilisations/Releases	(3)	(5)	-	(3)	(1)	(12)
Other	-	(3)	-	5	2	4
<b>Total movements</b>	<b>(3)</b>	<b>1</b>	<b>-</b>	<b>14</b>	<b>2</b>	<b>14</b>
<b>Balance at 30 June 2008</b>	<b>6</b>	<b>77</b>	<b>2</b>	<b>22</b>	<b>9</b>	<b>116</b>

The decrease of Euro 3 million in the provision for restructuring costs in the first half of 2008 largely refers to projects to rationalise production in France.

The increase of Euro 9 million in the provision for contractual and legal risks mostly refers to:

- contractual risks (Euro 4 million), mainly relating to the businesses of submarine and high voltage cables;
- legal risks (Euro 4 million) in Prysmian Enegia Cabos e Sistemas do Brasil S.A. for employment-related disputes.

The decrease of Euro 5 million in the provision for contractual and legal risks mostly refers to the utilisation (Euro 3 million) and release (Euro 2 million) of the provision for contractual indemnities.

The increase of Euro 12 million in the provision for tax inspections refers to the risk emerging during an inspection relating to alleged VAT avoidance. This inspection indirectly involves one of the Group's foreign companies. Although management believes that the foreign company has no involvement in the matter concerned, the amount that has been provided represents the level of risk currently thought most likely.

## 10. EMPLOYEE BENEFIT OBLIGATIONS

These are detailed as follows:

(in millions of Euro)		
	30 June 2008	31 December 2007
Pension funds	71	59
Employee indemnity liabilities (Italian TFR)	22	25
Medical assistance plans	13	14
Termination benefits and others	16	14
<b>Total</b>	<b>122</b>	<b>112</b>

Pension funds have increased by Euro 12 million, most of which refers to the acquisition of 100% of Facab Lynen GmbH & Co.Kg. whose pension fund amounted to Euro 14 million at 30 June 2008.

The impact of employee benefit obligations on the income statement is as follows:

(in millions of Euro)		
	1/1-30/6/2008	1/1-30/6/2007
Pension funds	5	4
Employee indemnity liabilities (Italian TFR)	1	1
Medical assistance plans	1	1
<b>Total</b>	<b>7</b>	<b>6</b>

The average headcount in the period is reported below, compared with the final headcounts at the end of each period:

2008				
	Average 1/1-30/6/2008	%	As of 30 June 2008	%
Blue collar	9,567	75%	9,908	76%
White collar and management	3,118	25%	3,179	24%
<b>Total</b>	<b>12,685</b>	<b>100%</b>	<b>13,087</b>	<b>100%</b>

2007				
	Average 1/1-30/6/2007	%	As of 31 December 2007	%
Blue collar	9,250	75%	9,126	75%
White collar and management	3,163	25%	3,117	25%
<b>Total</b>	<b>12,413</b>	<b>100%</b>	<b>12,243</b>	<b>100%</b>

## 11. OPERATING INCOME

Operating income is Euro 248 million in the first six months of 2008, compared with Euro 266 million in the first half of 2007.

Operating income includes the following non-recurring items:



(in millions of Euro)		
	1/1-30/6/2008	1/1-30/6/2007
Shutdown of operating facilities	(1)	(2)
IPO costs	-	(7)
Acquisition price adjustment	-	39
IT system segregation	(1)	-
Provision for tax inspections	(12)	-
Badwill from Facab Lynen acquisition	2	-
<b>Total non-recurring (expenses) / income</b>	<b>(12)</b>	<b>30</b>

"Shutdown of operating facilities" refers to the costs of closing the factory in Eastleigh (Great Britain), which was announced in July 2008. These costs comprise write-downs of Euro 0.4 million against inventories and of Euro 0.7 million against plant and machinery. More information can be found in Note 25.

"Provision for tax inspections" refers to the risk arising during an inspection of alleged VAT avoidance, indirectly involving one of the Group's foreign companies. As already stated in Note 9, although management believes that the foreign company has no involvement in the matter concerned, the amount that has been provided represents the level of risk currently thought most likely.

## 12. FINANCE INCOME AND COSTS

Finance costs are detailed as follows:

(in millions of Euro)		
	1/1-30/6/2008	1/1-30/6/2007
Interest on borrowings	26	38
Amortisation of bank and financial fees and other expenses	2	4
Interest costs on employee benefits	3	3
Other bank costs	6	8
Costs for undrawn credit lines	-	1
Sundry bank commissions	5	6
Other	5	1
Other non recurring finance costs:		
<i>Amortisation of bank fees</i>	-	59
Total other non-recurring finance costs	-	59
<b>Finance costs</b>	<b>47</b>	<b>120</b>
Net losses on foreign exchange derivatives	-	-
<b>Losses on derivatives</b>	<b>-</b>	<b>-</b>
Foreign currency exchange losses	108	28
<b>Total finance costs</b>	<b>155</b>	<b>148</b>

Finance income is detailed as follows:

(in millions of Euro)		
	1/1-30/6/2008	1/1-30/6/2007
Interest income from banks and other financial institutions	4	14
Other finance income	6	1
Other non recurring finance income:		
<i>Release of cash flow hedge reserve</i>	-	4
Total other non-recurring finance income	-	4
<b>Finance income</b>	<b>10</b>	<b>19</b>
Net gains on commodity futures	22	26
Net gains on interest rate swaps	-	8
Net gains on forward currency contracts	1	5
<b>Gains on derivatives</b>	<b>23</b>	<b>39</b>
Foreign currency exchange gains	112	23
<b>Total finance income</b>	<b>145</b>	<b>81</b>

### 13. 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 each of the periods presented:

(in millions of Euro)		
	1/1-30/6/2008	1/1-30/6/2007
Current income taxes	56	43
Deferred income taxes	(7)	7
<b>Total</b>	<b>49</b>	<b>50</b>

The tax rate in the first half of 2008 is 20.5% compared with 25.2% in the same period of 2007.

The reduction in the tax rate is mainly due to the utilization of carryforward tax losses for which no deferred tax assets had been previously recognised.

### 14. EARNINGS/(LOSS) PER SHARE

Basic earnings per share has been calculated by dividing net income for the period attributable to the Group by the average number of outstanding shares. With regards to the denominator used for calculating earnings per share, the average number of outstanding shares includes the 463,802 shares issued following exercise of the first tranche of stock options during the months of March and April 2008.

Diluted earnings per share has been determined by taking into account, when calculating the number of outstanding shares, the potential dilutive effect deriving from all existing stock options.

(in millions of Euro)		
	1/1-30/6/2008	1/1-30/6/2007
Net income attributable to equity holders of the parent	190	149
Weighted average number of ordinary shares issued (thousands)	180,270	180,000
<b>Basic earnings per share (in Euro)</b>	<b>1.05</b>	<b>0.83</b>
Net income attributable to equity holders of the parent	190	149
Weighted average number of ordinary shares issued (thousands)	180,270	180,000
<b>Adjustments for:</b>		
Incremental shares for assumed conversion of stock options (thousands)	1,727	2,127
Weighted average number of ordinary shares issued to calculate diluted earnings per share (thousands)	181,998	182,127
<b>Diluted earnings per share (in Euro)</b>	<b>1.04</b>	<b>0.82</b>

## 15. CONTINGENT LIABILITIES

Different types of legal and fiscal proceedings are in progress, having arisen in the ordinary course of the Group's business. The Company's management believes that none of these proceedings will give rise to relevant contingent liabilities that are not already covered by existing provisions at 30 June 2008.

## 16. COMMITMENTS

Contractual commitments to purchase property, plant and equipment, and intangible assets, already given to third parties at 30 June 2008 and not yet reflected in the financial statements, amount to Euro 46 million.

## 17. RECEIVABLES FACTORING

As part of its factoring programme, the Group has factored without recourse Euro 18 million in trade receivables due but not collected at 30 June 2008.

## 18. RELATED PARTY TRANSACTIONS

As of 30 June 2008, Prysmian (Lux) II S.à r.l., the ultimate parent company, directly owns approximately 30.2% of share capital in Prysmian S.p.A. and is in turn indirectly controlled by The Goldman Sachs Group Inc. which owns, through Goldman Sachs International, another 1.47% of share capital in Prysmian S.p.A.

Transactions between Prysmian S.p.A. and its subsidiaries, associates and the ultimate parent company mainly refer to:

- business relations involving intercompany purchases and sales of raw materials and finished products;
- 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.

HALF-YEAR CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS

All the above transactions fall within the continuing operations of the Group.

The following tables provide a summary of the related party transactions in the period ending 30 June 2008:

(in millions of Euro)				30 June 2008
	Trade and other receivables	Financial receivables and derivatives	Trade and other payables	Financial payables
Ultimate parent company	-	-	-	-
Associates	4	-	4	-
<b>Other related parties:</b>				
The Goldman Sachs Group Inc.	-	12	1	-
<b>Total</b>	<b>4</b>	<b>12</b>	<b>5</b>	<b>-</b>

(in millions of Euro)				31 December 2007
	Trade and other receivables	Financial receivables and derivatives	Trade and other payables	Financial payables
Ultimate parent company	-	-	-	-
Associates	1	-	4	-
<b>Other related parties:</b>				
The Goldman Sachs Group Inc.	-	10	1	-
<b>Total</b>	<b>1</b>	<b>10</b>	<b>5</b>	<b>-</b>

(in millions of Euro)			1/1-30/6/2008
	Sales of goods and services	Expenses	Finance income/ (costs)
Ultimate parent company	-	-	-
Associates	7	1	-
<b>Other related parties:</b>			
The Goldman Sachs Group Inc.	-	1	2
<b>Total</b>	<b>7</b>	<b>2</b>	<b>2</b>

(in millions of Euro)			1/1-30/6/2007
	Sales of goods and services	Expenses	Finance income/ (costs)
Ultimate parent company	-	-	(1)
Associates	-	2	-
<b>Other related parties:</b>			
The Goldman Sachs Group Inc.	-	1	6
<b>Total</b>	<b>-</b>	<b>3</b>	<b>5</b>

#### Transactions with associates

Trade and other payables refer to services provided in relation to the Group's continuing operations.

#### Transactions with The Goldman Sachs Group Inc.

Financial receivables report the net position with The Goldman Sachs Group Inc., with whom the Group made an interest rate swap agreement in September 2005. Expenses refer to the fees earned by The Goldman Sachs Group Inc. for advisory services provided to the Prysmian Group.

### **Key management compensation**

Key management compensation, including social security contributions, amounts to Euro 7.4 million at 30 June 2008 compared with Euro 4.3 million at 30 June 2007.

The 2008 figure includes provisions for long-term incentives for certain managers, which also refer to previous years.

## **19. SEASONALITY**

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

## **20. ATYPICAL AND/OR UNUSUAL TRANSACTIONS**

In accordance with the disclosures required by Consob Communication DEM/6064296 dated 28 July 2006, no atypical and/or unusual transactions were carried out in the first six months of 2008.

## 21. EXCHANGE RATES

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

	Closing rate at		Average rate	
	30/6/2008	31/12/2007	1/1/2008 - 30/6/2008	1/1/2007 - 30/6/2007
<b>Europe</b>				
British Pound	0.792	0.733	0.775	0.675
Swiss Franc	1.606	1.655	1.606	1.632
Hungarian Forint	235.430	253.730	253.690	250.336
Slovak Koruna	30.205	33.583	32.236	34.054
Norwegian Krone	8.009	7.958	7.949	8.138
Swedish Krona	9.470	9.442	9.376	9.222
Romanian New Lei	3.642	3.608	3.671	3.331
Turkish New Lira	1.936	1.718	1.887	1.827
<b>North America</b>				
US Dollar	1.576	1.472	1.530	1.329
Canadian Dollar	1.594	1.445	1.540	1.508
<b>South America</b>				
Brazilian Real	2.509	2.608	2.596	2.718
Argentine Peso	4.769	4.636	4.800	4.107
Chilean Peso	820.989	732.664	714.306	708.924
<b>Oceania</b>				
Australian Dollar	1.637	1.676	1.655	1.645
New Zealand Dollar	2.063	1.902	1.955	1.852
<b>Africa</b>				
Tunisian Dinar	1.836	1.791	1.811	1.731
<b>Asia</b>				
Chinese (Yuan) Renminbi	10.805	10.752	10.798	10.257
Singapore Dollar	2.145	2.116	2.123	2.031
Indonesian Rupiah	14,550.170	13,826.700	14,161.852	12,008.500
Malaysian Ringgit	5.151	4.868	4.926	4.603

## 22. FINANCIAL COVENANTS

The New Credit Agreement requires the Group to comply with a series of covenants on a consolidated level. The principal covenants, classified by type, are listed below:

### a) Financial covenants

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

### b) Non-financial covenants

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

### Default events

The main default events are as follows:

- default on loan repayment obligations;
- non-compliance with financial covenants;
- non-compliance with some of the non-financial covenants;
- declaration of bankruptcy or submission of Group companies to other insolvency proceedings;
- issuing of judicial measures of particular significance;
- 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 loan given under the New Credit Agreement, together with interest payable and any other amount due under the terms and conditions of this Agreement.

The ratio between consolidated EBITDA and consolidated net finance costs was 10.18 at 30 June 2008. The ratio between consolidated net financial position and consolidated EBITDA was 1.36 at this same date.

The above financial ratios both comply with the covenants contained in the New Credit Agreement. In fact, the ratio between consolidated net financial position and consolidated EBITDA makes it possible to retain the same spread that has applied since March 2008 (0.40% per annum for the Term Loan and Revolving Facility).

## 23. STOCK OPTION PLANS

On 30 November 2006, the Company's shareholders' meeting approved a stock option plan which was dependent on the flotation of the company's shares on the Electronic Equities Market (MTA) organised and managed by Borsa Italiana S.p.A. The plan is for employees of companies belonging to the Prysmian Group.

At 31 December 2007 a total of 2,885 thousand options had been granted under the plan to subscribe to the Company's ordinary shares, with a par value of Euro 0.10 each and representing around 1.6% of share capital.

Each option entitles the holder to subscribe to one share at a price of Euro 4.65.

The first period for the exercise of options in the stock option plan's first tranche ended on 8 April 2008. This exercise involved the subscription to 463,802 shares.

More details of the stock option plan are as follows:

(in Euro)				
	30 June 2008		31 December 2007	
	Number of options	Strike price	Number of options	Strike price
Options at start of period	2,884,812	4.65	2,571,047	4.65
Granted	-	4.65	392,203	4.65
Cancelled	(6,537)	-	(78,438)	-
Exercised	(463,802)	4.65	-	-
Options at end of period	2,414,473	4.65	2,884,812	4.65
Vested at end of period	257,343	4.65	-	-

## 24. DIVIDEND PAYMENT

A dividend totalling Euro 75,253 thousand, or Euro 0.417 per share, was paid on 24 April 2008.

## 25. SUBSEQUENT EVENTS

The closure of a factory in Eastleigh (Great Britain) was announced on 4 July 2008.

This closure will cost a total of GBP 3.4 million (Euro 4.4 million), of which GBP 0.9 million (Euro 1.1 million) has already been recognised in the income statement at 30 June 2008 relating to writedowns of inventories, plant and machinery.

Milan, 27 August 2008

ON BEHALF OF THE BOARD OF DIRECTORS  
THE CHAIRMAN  
Paolo Zannoni



# HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## ATTACHMENT A

The following companies have been consolidated on a line-by-line basis:

Legal name	Office		Share capital	% ownership	Direct parent company
<b>Europe</b>					
<b>Austria</b>					
Prysman OEKW GmbH	Vienna	Euro	2,071,176	100.00%	Prysman Energia Holding S.r.l.
<b>Finland</b>					
Prysman Cables and Systems OY	Kirkkonummi	Euro	2,000,000	100.00%	Prysman Energia Holding S.r.l.
<b>France</b>					
Prysman (French) Holdings S.A.S.	Paron de Sens	Euro	173,487,250	100.00%	Prysman Energia Holding S.r.l.
GSCP Athena (French) Holdings II S.A.S.	Paron de Sens	Euro	18,500	100.00%	Prysman (French) Holdings S.A.S.
Prysman Cables et Systèmes France S.A.S.	Paron de Sens	Euro	136,800,000	100.00%	Prysman (French) Holdings S.A.S.
Eurelectric S.A.	Paron de Sens	Euro	19,131,584	100.00%	Prysman Cables et Systèmes France S.A.S.
<b>Germany</b>					
Prysman Kabel und Systeme GmbH	Berlin	Euro	15,000,000	93.75%	Prysman Energia Holding S.r.l.
				6.25%	Prysman S.p.A.
Bergmann Kabel und Leitungen GmbH	Schwerin	Euro	1,022,600	100.00%	Prysman Kabel und Systeme GmbH
Facab Lynem GmbH & Co.KG	Eschweiler	Euro	5,000,000	100.00%	Prysman Kabel und Systeme GmbH
Facab Lynen Unterstuetzungseinrichtung GmbH	Eschweiler	Deutsche Mark	50,000	100.00%	Facab Lynem GmbH & Co.KG
Facab Lynen Geschaeftsfuehrungsgesellschaft mbH	Eschweiler	Deutsche Mark	50,000	100.00%	Facab Lynem GmbH & Co.KG
<b>UK</b>					
Prysman Cables & Systems Ltd.	Eastleigh	British Pound	95,329,120	100.00%	Prysman Cavi e Sistemi Energia S.r.l.
Prysman Construction Company Ltd.	Eastleigh	British Pound	8,000,000	100.00%	Prysman Cables & Systems Ltd.
Prysman Cables (2000) Ltd.	Eastleigh	British Pound	118,653,473	100.00%	Prysman Cables & Systems Ltd.
Prysman Cables (Industrial) Ltd.	Eastleigh	British Pound	9,010,935	100.00%	Prysman Cables & Systems Ltd.
Prysman Cables (Supertension) Ltd.	Eastleigh	British Pound	5,000,000	100.00%	Prysman Cables & Systems Ltd.
Prysman Cables and Systems International Ltd.	Eastleigh	Euro	100,000	100.00%	Prysman Energia Holding S.r.l.
Cable Makers Properties & Services Limited	Kingston upon Thames	British Pound	33	63.53%	Prysman Cables & Systems Ltd.
				36.47%	Third parties
Prysman Cables Limited	Eastleigh	British Pound	100,000	100.00%	Prysman Cables & Systems Ltd.
Prysman Telecom Cables and Systems Uk Ltd.	Eastleigh	British Pound	100,000	100.00%	Prysman Cables & Systems Ltd.
Prysman Metals Limited	Eastleigh	British Pound	100,000	100.00%	Prysman Cables & Systems Ltd.
Prysman Focom Limited	Eastleigh	British Pound	6,447,000	100.00%	Prysman Cables & Systems Ltd.
Comergy Ltd.	Eastleigh	British Pound	1,000,000	100.00%	Prysman Energia Holding S.r.l.
Prysman Pension Scheme Trustee Limited	Eastleigh	British Pound	1	100.00%	Prysman S.p.A.
GSCP Athena (UK) Holdings Limited	Eastleigh	British Pound	1	100.00%	Prysman S.p.A.
<b>Ireland</b>					
Prysman Financial Services Ireland Limited	Dublin	Euro	1,000	100.00%	Third parties
Prysman Re Company Limited	Dublin	Euro	3,000,000	100.00%	Prysman (Dutch) Holdings B.V.
<b>Italy</b>					
Prysman Cavi e Sistemi Energia S.r.l.	Milan	Euro	100,000,000	100.00%	Prysman S.p.A.
Prysman Energia Holding S.r.l.	Milan	Euro	10,000	99.99%	Prysman Cavi e Sistemi Energia S.r.l.
				0.01%	Prysman Cavi e Sistemi Energia Italia S.r.l.
Prysman Cavi e Sistemi Energia Italia S.r.l.	Milan	Euro	59,749,502	100.00%	Prysman Cavi e Sistemi Energia S.r.l.
Prysman Telecom S.r.l.	Milan	Euro	10,000	100.00%	Prysman S.p.A.
Prysman Cavi e Sistemi Telecom S.r.l.	Milan	Euro	31,930,000	100.00%	Prysman Telecom S.r.l.
Prysman Treasury S.r.l.	Milan	Euro	4,242,476	100.00%	Prysman Cavi e Sistemi Energia S.r.l.
Prysman (US) Energia Italia S.r.l.	Milan	Euro	10,000	100.00%	Prysman Energia Holding S.r.l.
Prysman (US) Telecom Italia S.r.l.	Milan	Euro	10,000	100.00%	Prysman Cavi e Sistemi Telecom S.r.l.
Prysman Cavi e Sistemi Telecom Italia S.r.l.	Milan	Euro	20,000,000	100.00%	Prysman Cavi e Sistemi Telecom S.r.l.
Prysman PowerLink S.r.l.	Milan	Euro	50,000,000	84.80%	Prysman Cavi e Sistemi Energia S.r.l.
				15.20%	Prysman Cavi e Sistemi Energia Italia S.r.l.
Fibre Ottiche Sud - F.O.S. S.r.l.	Battipaglia	Euro	47,700,000	100.00%	Prysman Cavi e Sistemi Telecom S.r.l.
<b>Luxembourg</b>					
Prysman Treasury (Lux) S.à r.l.	Luxembourg	Euro	50,000	100.00%	Prysman Cavi e Sistemi Energia S.r.l.
<b>Norway</b>					
Prysman Kabler og Systemer A.S.	Ski	Norwegian Krone	100,000	100.00%	Prysman Cables and Systems OY
<b>Netherlands</b>					
Prysman Cable Holding B.V.	Delft	Euro	54,503,013	100.00%	Prysman Cavi e Sistemi Energia S.r.l.
Prysman Cables and Systems B.V.	Delft	Euro	5,000,000	100.00%	Prysman Energia Holding S.r.l.
Prysman (Dutch) Holdings B.V.	Delft	Euro	18,000	100.00%	Prysman Energia Holding S.r.l.
Prysman Cable Overseas B.V.	Delft	Euro	10,000,000	100.00%	Prysman Cavi e Sistemi Telecom S.r.l.
Prysman Special Cables B.V.	Delft	Euro	2,400,000	100.00%	Prysman (Dutch) Holdings B.V.
<b>Romania</b>					
Prysman Cabluri Si Sisteme S.A.	Slatina	Romanian New Lei	21,367,920	2.22%	Prysman (Dutch) Holdings B.V.
				97.78%	Prysman Cabluri Si Sisteme S.A.
<b>Slovakia</b>					
Prysman Kablo s.r.o.	Bratislava	Slovak Koruna	640,057,000	99.995%	Prysman Energia Holding S.r.l.
				0.005%	Prysman S.p.A.

## HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Legal name	Office		Share capital	% ownership	Direct parent company
<b>Spain</b>					
Prysman Cables y Sistemas S.L.	Villanova i la Geltru	Euro	14,000,000	85.71%	Prysman Energia Holding S.r.l.
				14.29%	Prysman Cavi e Sistemi Telecom S.r.l.
Fercable S.L.	Sant Vicent dels Horts	Euro	3,606,073	100.00%	Prysman Cables y Sistemas S.L.
Prysman Servicios de Tesoreria Espana S.L.	Madrid	Euro	3,100	100.00%	Prysman Financial Services Ireland Limited
<b>Sweden</b>					
Prysman Kablar och System AB	Hoganas	Swedish Krona	100,000	100.00%	Prysman Cables and Systems OY
<b>Switzerland</b>					
Prysman Cables and Systems SA	Manno	Swiss Franc	500,000	100.00%	Prysman (Dutch) Holdings B.V.
<b>Turkey</b>					
Turk Prysman Kablo Ve Sistemleri A.S.	Mudanya Bursa	Turkish New Lira	39,312,000	83.75%	Prysman (Dutch) Holdings B.V.
				16.25%	Third parties
<b>Hungary</b>					
Prysman MKM Magyar Kabel Muvek KFT	Budapest	Hungarian Forint	5,000,000,000	100.00%	Prysman Energia Holding S.r.l.
Kabel Keszletertesito BT	Budapest	Hungarian Forint	1,239,841,361	99.999%	Prysman MKM Magyar Kabel Muvek KFT
				0.001%	Third parties
<b>Noth America</b>					
<b>Canada</b>					
Prysman Power Cables and Systems Canada Ltd.	New Brunswick	Canadian Dollar	1,000,000	100.00%	Prysman (Dutch) Holdings B.V.
<b>U.S.A.</b>					
Prysman Power Cables and Systems USA LLC	Lexington	US Dollar	10	100.00%	Prysman (US) Energia Italia S.r.l.
Prysman Construction Services Inc	Lexington	US Dollar	1,000	100.00%	Prysman Power Cables and Systems USA LLC
Prysman Communications Cables and Systems USA LLC	Lexington	US Dollar	10	100.00%	Prysman (US) Telecom Italia S.r.l.
Prysman Communications Cables Corporation	Lexington	US Dollar	1	100.00%	Prysman Communications Cables and Systems USA LLC
Prysman Power Financial Services US LLC	Wilmington	US Dollar	100	100.00%	Prysman Power Cables and Systems USA LLC
Prysman Communications Financial Services US LLC	Wilmington	US Dollar	100	100.00%	Prysman Communications Cables and Systems USA LLC
<b>Central/South America</b>					
<b>Argentina</b>					
Prysman Energia Cables y Sistemas de Argentina S.A.	Buenos Aires	Argentine Peso	66,966,667	24.69%	Prysman (Dutch) Holdings B.V.
				74.99%	Prysman Consultora Conductores e Instalaciones SAIC
				0.32%	Third parties
Pirelli Telecomunicaciones Cables y Sistemas de Argentina S.A.	Buenos Aires	Argentine Peso	12,000	99.99%	Prysman Telecomunicacoes Cabos e Sistemas do Brasil S.A.
				0.01%	Fiduciary Shareholder
Prysman Consultora Conductores e Instalaciones SAIC	Buenos Aires	Argentine Peso	48,571,242	95.00%	Prysman (Dutch) Holdings B.V.
				5.00%	Prysman Cavi e Sistemi Energia S.r.l.
<b>Brasil</b>					
Prysman (Brazil) Holdings Limitada	Sao Paulo	Brazilian Real	4,700	99.98%	Prysman Energia Cabos e Sistemas do Brasil S.A.
				0.02%	Prysman S.p.A.
Prysman Energia Cabos e Sistemas do Brasil S.A.	Sorocaba	Brazilian Real	106,824,993	99.44%	Prysman Cavi e Sistemi Energia S.r.l.
				0.56%	Third parties
Prysman Telecomunicacoes Cabos e Sistemas do Brasil S.A.	Sorocaba	Brazilian Real	58,309,129	99.57%	Prysman Energia Cabos e Sistemas do Brasil S.A.
				0.43%	Third parties
Sociedade Produtora de Fibras Opticas S.A.	Sorocaba	Brazilian Real	1,500,100	51.00%	Prysman Telecomunicacoes Cabos e Sistemas do Brasil S.A.
				49.00%	Third parties
<b>Chile</b>					
Prysman Instalaciones Chile S.A.	Santiago	Chilean Peso	1,456,724	100.00%	Prysman Consultora Conductores e Instalaciones SAIC
Prysman EYT S.A.	Santiago	Chilean Peso	3,900,910	99.82%	Prysman Instalaciones Chile S.A.
				0.18%	Third parties
<b>Africa</b>					
<b>Ivory Coast</b>					
SICABLE - Societe Ivoirienne de Cables S.A.	Abidjan	Cfa Franc.	740,000,000	51.00%	Prysman Cables et Systèmes France S.A.S.
				49.00%	Third parties
<b>Tunisia</b>					
Auto Cables Tunisie S.A.	Grombalia	Tunisian Dinar	3,024,700	51.00%	Prysman Cables et Systèmes France S.A.S.
				49.00%	Third parties

## HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Legal name	Office		Share capital	% ownership	Direct parent company
<b>Oceania</b>					
<b>Australia</b>					
Prismian Power Cables & Systems Australia Pty Ltd.	Liverpool	Australian Dollar	15,000,000	100.00%	Prismian Cavi e Sistemi Energia S.r.l.
Prismian Telecom Cables & Systems Australia Pty Ltd.	Liverpool	Australian Dollar	38,500,000	100.00%	Prismian Cavi e Sistemi Telecom S.r.l.
<b>New Zealand</b>					
Prismian Power Cables & Systems New Zealand Ltd.	Auckland	New Zealand Dollar	10,000	100.00%	Prismian Power Cables & Systems Australia Pty Ltd.
<b>Asia</b>					
<b>China</b>					
Prismian Tianjin Cables Co. Ltd.	Tianjin	US Dollar	13,100,000	67.00%	Prismian Cable Holding B.V.
				33.00%	Third parties
Prismian Cables (Shanghai) Co.Ltd.	Shanghai	US Dollar	500,000	100.00%	Prismian Cables Asia-Pacific Pte Ltd.
Prismian Baosheng Cable Co.Ltd.	Jiangsu	US Dollar	19,500,000	67.00%	Prismian Cables Asia-Pacific Pte Ltd.
				33.00%	Third parties
Prismian Wuxi Cable Co. Ltd.	Wuxi	US Dollar	29,941,250	100.00%	Prismian Cable Overseas B.V.
Prismian Angel Tianjin Cable Co. Ltd.	Tianjin	US Dollar	12,600,000	100.00%	Prismian Special Cables B.V.
Prismian Hong Kong Holding Ltd.	Hong Kong	Euro	1,700,000	83.00%	Prismian Energia Holding S.r.l.
				17.00%	Prismian Cavi e Sistemi Telecom S.r.l.
Prismian (China) Investment Company Ltd.	Beijing	Euro	-	100.00%	Prismian Hong Kong Holding Ltd.
<b>India</b>					
Pirelli Cables (India) Private Ltd.	New Dehli	Indonesian Rupiah	10,000,000	99.998%	Prismian Cable Holding B.V.
				0.002%	Prismian Cavi e Sistemi Energia S.r.l.
<b>Indonesia</b>					
P.T.Prysmian Cables Indonesia	Jakarta	US Dollar	67,300,000	99.48%	Prismian (Dutch) Holdings B.V.
				0.52%	Prismian Cavi e Sistemi Energia S.r.l.
<b>Malaysia</b>					
Bicc (Malaysia) Sdn Bhd	Kuala Lumpur	Malaysian Ringgit	0	100.00%	Prismian Cables Asia-Pacific Pte Ltd.
Submarine Cable Installation Sdn Bhd	Kuala Lumpur	Malaysian Ringgit	10,000	100.00%	Prismian Cavi e Sistemi Energia S.r.l.
<b>Singapore</b>					
Prismian Cables Asia-Pacific Pte Ltd	Singapore	Singapore Dollar	213,324,290	100.00%	Prismian (Dutch) Holdings B.V.
Prismian Cable Systems Pte Ltd	Singapore	Singapore Dollar	25,000	50.00%	Prismian (Dutch) Holdings B.V.
				50.00%	Prismian Cables & Systems Ltd.

The following companies have been consolidated on a proportionate basis:

Legal name	Office		Share capital	% ownership	Direct parent company
<b>Malaysia</b>					
Power Cables Malaysia Msdn Bhd	Selangor Darul Eshan	Malaysian Ringgit	8,000,000	40.00%	Prismian Cables Asia-Pacific Pte Ltd.
				60.00%	Third parties
Power Cable Engineering Services Sdn Bhd	Selangor Darul Eshan	Malaysian Ringgit	100,000	100.00%	Power Cables Malaysia Sdn Bhd

## HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Legal name	Office		Share capital	% ownership	Direct parent company
<b>Germany</b>					
Kabeltrommel GmbH & CO.KG	Column	Euro	10,225,838	1.00%	Bergmann Kabel und Leitungen GmbH
				27.48%	Prysmian Kabel und Systeme GmbH
				1.20%	Facab Lynen GmbH & Co.KG
				70.32%	Third parties
<b>UK</b>					
Rodco Ltd.	Weybridge	British Pound	5,000,000	40.00%	Prysmian Cables & Systems Ltd.
				60.00%	Third parties
<b>Poland</b>					
Eksa Sp.Zo.o	Varsavia	Polish Zloty	394,000	20.05%	Prysmian Energia Holding S.r.l.
				79.95%	Third parties
<b>Arabian Emirates</b>					
Cuomo Cable Company L.L.C.	Abu Dhabi	AED	150,000	49.00%	Prysmian (Dutch) Holdings B.V.
				51.00%	Third parties

HALF-YEAR CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS

**List of investments pursuant to CONSOB Regulation no. 11971**

The following table provides a list of the other significant investments pursuant to CONSOB Regulation no. 11971:

Legal name	% ownership	Direct parent company
<b>Europe</b>		
<b>Austria</b>		
Prysmian Kabelwerke und Systeme GmbH	100.00%	Prysmian Energia Holding S.r.l.
<b>Germany</b>		
Kabeltrommel Gesellschaft mbH	5.88%	Bergmann Kabel und Leitungen GmbH
	5.88%	Prysmian Kabel und Systeme GmbH
	88.24%	Third parties
<b>Switzerland</b>		
Voltimum S.A.	13.71%	Prysmian Cavi e Sistemi Energia S.r.l.
	86.29%	Third parties
<b>Asia</b>		
<b>Saudia Arabia</b>		
Sicew-Saudi Italian Company for Electrical Works Ltd	34.00%	Prysmian Cable Holding B.V.
	66.00%	Third parties
<b>Africa</b>		
<b>South Africa</b>		
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. 154-bis of Italian Decree 58/98**

1. The undersigned Valerio Battista, as Chief Executive Officer, and Pier Francesco Facchini, as manager responsible for preparing the corporate accounting documents of Prysmian S.p.A., certify, also taking account of the provisions of paragraphs 3 and 4, art. 154-bis of Italian Decree 58 dated 24 February 1998:

that during the first half of 2008 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 consolidated financial statements at 30 June 2008 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 internationally generally accepted standard model.

3. They also certify that:

3.1 the half-year condensed consolidated financial statements at 30 June 2008:

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, and specifically with IAS 34 – Interim Financial Reporting;

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

c) have been prepared in accordance with the measures implementing art. 9 of Italian Decree 38/2005, and are able to provide a true and fair view of the issuer's balance sheet, results of operations and financial position and of the group of companies included in the consolidation;

3.2 the interim directors' report contains references to important events that took place in the first six months of the year and their impact on the half-year condensed 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 information on significant related party transactions.

27 August 2008

Signed: Valerio Battista

Signed: Pier Francesco Facchini

Chief Executive Officer

Manager responsible for preparing corporate accounting documents

**Valerio Battista**

**Pier Francesco Facchini**

**AUDITORS' REPORT ON THE REVIEW OF THE CONDENSED  
CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH  
PERIOD ENDED 30 JUNE 2008**

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 2008 and for the six-month period then ended, comprising the balance sheet, the income statement, the statement of recognised income and expense, the cash flow statement and related explanatory notes. Prysmian SpA's Directors 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 information 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 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 in the condensed consolidated interim financial statements, reference should be made to our reports dated 26 March 2008 and 26 September 2007, 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 Prysmian SpA have not been prepared, in all material respects, in accordance with IAS 34, applicable to interim financial reporting, as adopted by the European Union.

Milan, 27 August 2008

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.)*