Nexans

HALF-YEAR FINANCIAL REPORT

(Six months ended June 30, 2011)

CONTENTS

INTERIM ACTIVITY REPORT
(Six months ended June 30, 2011)

The purpose of this report is to present an overview of the operations and results of the Nexans Group and its parent company for the first half of fiscal year 2011. It is based on the parent company's financial statements and the consolidated financial statements for the six months ended June 30, 2011.

Nexans' shares are traded on the NYSE Euronext Paris market (Compartment A) and are included in the SBF 120 index. The Company's estimated ownership structure – broken down by shareholder category – was as follows at June 30, 2011:

- Institutional investors: 86.3%, of which (i) 12% held by the Chilean group Madeco, (ii) 5.2% by Dodge & Cox (US) and (iii) 4.9% by Fonds Stratégique d'Investissement (France);
- Private investors and employees: 13.7%.

1. Operations during first-half 2011

1.1 Consolidated results of the Nexans Group

1.1.1 Overview

Sales for the first half of 2011 totaled 3,527 million euros, versus 2,955 million euros in the same period of 2010. At constant metal prices, the first-half 2011 sales figure came in at 2,287 million euros against 2,100 million euros for the first six months of 2010.

Based on constant exchange rates and a comparable scope of consolidation, organic sales growth totaled 8.2%, reflecting improved market conditions for all of the Group's businesses.

Business levels also rose significantly in all of the Group's geographic areas except for the MERA Area (Middle East, Russia and Africa), where sales contracted in first-half 2011, mainly due to the political unrest experienced in North Africa during the period.

Operating margin amounted to 117 million euros, or 5.1% of sales at constant metal prices, compared with 83 million euros, or 4.0% of sales in first-half 2010.

EBITDA (operating margin before depreciation and amortization) came to 186 million euros in first-half 2011, versus 150 million euros for the first six months of 2010.

The Group ended the first six months of 2011 with an attributable net loss of 151 million euros after taking into account a 200 million euro provision recorded to cover the risk relating to the fine that may be imposed on it following the Statement of Objections(1) received from the European Commission's Directorate General for Competition on July 5, 2011 for anticompetitive behavior in the sector of submarine and underground power cables as well as the related accessories and services. In the first half of 2010 the Group reported an attributable net loss of 17 million euros, reflecting the impact of significant restructuring costs and impairment losses recorded during the period.

1.1.2 Analysis by business line (sales figures at constant metal prices)

ENERGY

Sales posted by the Energy business rose 8.5% on an organic basis in first-half 2011, coming in at 1,906 million euros compared with 1,743 million euros in the first six months of 2010.

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Energy Infrastructure

Energy Infrastructure reported overall organic sales growth of 4.8%, but performance was mixed across the various business sectors, as described below:

- The upturn in business for low- and medium-voltage cables and accessories that began in the second half of 2010 continued in the first six months of 2011.

  Low- and medium-voltage cables picture varies depending on the geographic area. In Europe, certain countries – such as Germany – registered brisk growth, whereas in other countries sales levels remained stable (Italy and Scandinavia) or even contracted (France, Switzerland, Spain and the United Kingdom). The region's overall limited year-on-year rise in sales reflects the cautious relaunch of capital expenditure programs by the main operators. Despite an increase in business volumes, sales in North America also edged up only slightly, reflecting a continuing difficult competitive environment. In contrast, sales in the Asia-Pacific Area were boosted by an upturn in capital expenditure by power network operators in Australia, New Zealand and South Korea. The South America Area reported double-digit growth, fueled by strong demand as a result of power link projects in Brazil. Lastly, sales of medium-voltage cables in the MERA Area were weighed down during the period (i) by the effects of the Egyptian revolution, which led to a considerable slowdown in Nexans' business in that country, and (ii) more generally, by attrition in certain export markets caused by the unstable geopolitical situation.

  Sales of accessories for low- and medium-voltage networks continued their recovery which began in the second half of 2010, with double-digit organic growth reported for the first six months of 2011. The Group is now reaping the benefits of its strategy of gradually extending its product range to sectors such as wind-power whose growth is higher than the market average.

  Despite the increase in business volumes, operating margin for low- and medium-voltage cables was negatively affected in first-half 2011 by competition and a slump in business in the Middle East.

- Sales of high-voltage submarine cables were considerably higher than in first-half 2010, thanks to progress made in contract performance during the period.

  During the first six months of 2011 the Group felt the positive effects of the reorganization measures implemented at its Halden unit in Norway in 2010 in order to meet the demands of this rapidly-developing sector. Thanks to these measures the Group was able to carry out production and installation work for a number of major projects during the period, including the 250 kV "COMETA" cable which creates a power link between the Spanish mainland and the Balearic Islands covering over 240 kilometers in length and at depths of up to 1,400 meters. Also during the period, the Group began manufacturing cables for the London Array wind farm located off the UK coast.

  Operating margin was significantly higher than in first-half 2010 thanks to the ramp-up in production and enhanced performance levels for contracts.

  The first half of 2011 also saw a steady number of invitations to tender, confirming the robust trends in this market. The sector's order book at June 30, 2011 was on a par with end-2010, despite higher sales levels. One of the main contract wins during the period was for the Skagerrak IV project, which will create a fourth interconnector between Norway and Denmark through a 500 kV HVDC cable providing 700 MW of capacity. This new link will constitute an addition to the three existing subsea cables between Norway and Denmark and is aimed at raising the total capacity of the interconnector in order to facilitate the exchange of hydro-electric power between Scandinavia and mainland Europe.

  As a result of increasing demand for high-voltage submarine cables, in 2010 the Group decided to substantially increase production capacity at its Halden site in Norway. The extension project is progressing in line with the schedule set by the Group and the new capacity will enable Nexans to keep up with market growth in the coming years.

- First-half 2011 was a difficult period for high-voltage terrestrial cables. The first three months of the year were marked by delays in the launch of various projects in the Gulf countries as well as by the suspension of two major projects in Libya. These factors led to lags in revenue recognition and had an adverse effect on operations at the Group's manufacturing facilities. Business levels picked up at the end of the second quarter of the year, however, thanks to new orders in Europe, Russia and the Middle East. Consequently, the outlook for the second half of 2011 is more encouraging, although the Group does not expect business in Libya to start up again in the short term.

All of these factors had a negative impact on the sector's operating margin for first-half 2011.

The number of quotes issued remained steady during the period and at end-June 2011 the sector's order book represented around one year's worth of sales, on a par with the figure at December 31, 2010. Within this context, in early July Nexans announced its intention to build a new plant in the United States that will initially manufacture underground Extra High Voltage (EHV) cables and may subsequently be extended to produce high-voltage submarine cables. The aim behind the Group's investment in this new plant is to capitalize on the major projects expected in the EHV cables market in North and South America in the coming years.

Overall, operating margin for the Energy Infrastructure segment amounted to 58 million euros, or 6.1% of sales at constant metal prices, compared with 61 million euros, or 6.8% of sales for the first six months of 2010.

Industry

Based on constant exchange rates and a comparable scope of consolidation, sales of industrial cables were up over 15% on first-half 2011, reflecting the following:

- Cable harnesses – primarily aimed at German high-end automakers – once again turned in very strong growth. On the back of a more than 50% jump in sales in 2010, the sector reported a further increase of over 30% in first-half 2011.

- The other sectors in the Industry segment posted growth of close to 10%. The energy resources sector was boosted during the period by an upturn in capital expenditure projects in the oil and gas industries. The upswing in business levels observed in the sector in the second quarter of the year was illustrated by a steep increase in the volume of quotes issued. Sales of cables for the mining industry continued on the growth track with a sharp rise in business in Australia and South America. Momentum also remained robust in the robotics sector, where the Group felt the positive effects of the strong positions held among others by the Italian company Intercond, which Nexans acquired in 2008.

In the transport market, sales performance was mixed across the railway, aeronautical and shipbuilding sectors. Business levels in the shipbuilding sector retreated due to a temporary downturn in demand for Floating Production, Storage and Offloading units (FPSO) for the offshore oil industry as well as heightened competition in the traditional shipbuilding market. However, the outlook is still favorable with a substantial order book which the Group expects to generate greater sales volumes but lower margins than in the past. Meanwhile, the railway sector was able to deliver a much healthier showing in first-half 2011, once again posting double-digit growth in both Europe and in Asia, where the market was boosted by capital expenditure programs in China. Lastly, sales of cables for the aeronautical sector rose sharply thanks to a ramp-up in production programs for new aircraft.

Overall, operating margin for the Industry segment totaled 18 million euros, or 3.6% of sales at constant metal prices, versus 7 million euros, or 1.6% of sales in the first half of 2010.

Building

Sales of cables for the Building sector were up almost 10% on the first-half 2010 figure, with all geographic areas other than the Middle East contributing to the increase.

Business in Europe – which accounts for half of the Building segment's sales – was buoyed by a rise in the number of capital expenditure projects as well as a recovery in the residential building market. The situation varied, however, across the segment's different geographic areas. France – which is still the Group's main market – saw a sharp upturn in business levels, with positive industry indexes. Trends in the United Kingdom were also favorable, whereas performance was stable in Scandinavia, which had remained relatively unaffected by the industry's overall falloff in demand in 2009 and 2010. Sales edged down in Benelux due to the postponement of certain infrastructure projects, although these are expected to go ahead in the second half of the year. After a solid first three months, the pace of business slowed in the second quarter in Spain and remained weak in Greece.

In North America, the situation improved considerably in first-half 2011, with organic sales growth coming in at almost 25%. This performance was driven by the Group's strong commercial positions in Canada and its niche-player status in the US market.

The Group also recorded double-digit growth in the Building segment in South America, propelled by highly buoyant markets in Peru, Chile, Colombia, and, to a lesser extent, Brazil. Demand was led by the combined impact of a recovery in the residential building market and major capital expenditure programs carried out during the period.

In Asia-Pacific – where the segment suffered a particularly difficult year in 2010 – the Australian market continued its recovery and the Group gradually regained some of the positions that it had lost to competitors in 2010, notably due to a sharp rise in imports.

Only the MERA Area suffered a contraction in sales compared with first-half 2010, reflecting difficult market conditions in Turkey in particular.

Total operating margin for the Building segment came to 30 million euros, or 6.5% of sales at constant metal prices, versus 9 million euros, or 2.1% of sales in the first half of 2010. This sharp upswing was due to both higher sales volumes and margins, except in North America where competition was once again intense.

Although business levels in the first six months of 2011 for the various markets of the Building segment were still well below the record level of first-half 2007, the segment's profitability has been substantially enhanced thanks to streamlining measures implemented in Europe since then, particularly in Ireland and Germany.

TELECOM

Local Area Networks (LAN)

Sales of LAN cables amounted to 120 million euros in the first six months of 2011, on a par with the first-half 2010 figure on a like-for-like basis.

Sales stabilized during the period in both Europe and North America, which are the Group's principal markets in the segment. In North America, first-half 2011 saw a slowdown in data center projects while the LAN market related to commercial real estate started to trend upwards. Asia-Pacific was the only Area to report growth in the period, fueled by an upturn in sales in South Korea.

Operating margin for the LAN segment came to 6 million euros, representing 5.1% of sales. The year-on-year contraction compared with first-half 2010 was partly due to a less favorable product mix in the North American market.

Telecom Infrastructure

Sales of cables for the Telecom Infrastructure market came to 101 million euros, representing organic growth of 17%. Both copper and optical fiber cables contributed to this upward trend.

Growth was particularly strong during the period in South America and the Asia-Pacific Area but was more moderate in Europe, except for the copper and optical components market which was buoyed by robust demand in France. Thanks to the measures it put in place, the Group did not experience any negative impacts concerning its supplies of optical fiber following the earthquake and tsunami in Japan.

The rise in business volumes pushed up the segment's operating margin to 7.5 million euros or 7.4% of sales, versus 1.6% in the first half of 2010.

ELECTRICAL WIRES

External sales recorded by the Electrical Wires business totaled 144 million euros for the first six months of 2011, up 4% on first-half 2010. During the period the Group pursued its strategy of filling up the capacity of its production equipment through sales generated outside the Group when this capacity is not filled by internal demand. In France, external sales of electrical wires no longer represent a material amount for the Group following the closure of one of its two continuous casting facilities in 2009.

Operating margin for the Electrical Wires business came to 10 million euros, or 6.7% of sales, compared with 4.7% in first-half 2010.

UNALLOCATED OPERATIONS

The Group's various businesses each bear a portion of the cost of the holding company's operations ("head office costs") pro rata to their business levels.

In addition, certain income and expense items cannot be directly allocated to a specific operating activity and are therefore not allocated to the business line concerned. For example, in first-half 2011, as in 2010, the Group had to incur non-recurring expenses for the organization of its legal defense following antitrust investigations launched against it.

Operating margin for unallocated operations represented a negative 12 million euros in first-half 2011 versus a negative 9 million euros in the corresponding prior-year period.

1.2 Other items of first-half 2011 consolidated results

1.2.1 Core exposure effect

In view of the continuing rise in non-ferrous metal prices during the first few months of 2011, the core exposure effect in the first-half income statement represented a 21 million euro accounting gain (on the back of a 50 million gain recorded in first-half 2010).

The core exposure effect arises due to the fact that as a result of the application of IFRS there is a difference between the value of non-ferrous metals used in production as recorded in the financial statements (measured using the weighted average unit cost method) and their value determined based on the non-ferrous metals allocated to delivered orders using the hedging mechanism (whereby the non-ferrous metals component of each sale is systematically hedged). The impact of this temporary difference is recorded in a separate line of the income statement under "Core exposure effect" as it does not reflect the Group's operating performance.

1.2.2 Net asset impairment

In the fourth quarter of each year, the Group carries out impairment tests on goodwill, property, plant and equipment and intangible assets, based on estimated medium-term data updated for the various business units.

At June 30, 2011, Nexans carried out a review of the principal information used for the purposes of impairment testing by combining actual figures for the first six months of 2011 with the estimated data used at the previous period-end, and, where appropriate, adjusting the medium-term trends for cash generating units (CGUs) considered to be sensitive based on information available at the time the review was performed.

This review resulted in the recognition of a 6 million euro impairment loss in first-half 2011, mainly corresponding to the impairment of assets held by the "North America Industrial Cables" CGU following a falloff in this CGU's performance and its uncertain economic outlook.

A review was also performed on the "Greece" CGU in first-half 2011 in light of the economic and financial crisis that has hit that country. In view of the CGU's current outlook and the assumptions used for determining the discount rate (see **Note 6** to the condensed interim consolidated financial statements for the six months ended June 30, 2011), the Group did not consider there was any need to record an impairment loss at June 30, 2011. At that date, the carrying amount of the fixed assets held by the "Greece" CGU totaled 17 million euros.

The review conducted in first-half 2010 resulted in the recognition of a 26 million euro impairment loss, primarily corresponding to impairment of customer relationships included in the "Australia" CGU, which has grouped Nexans' operations in Australia and New Zealand since the acquisition of the Olex group in December 2006. The global economic downturn, whose main effects only hit Australia and New Zealand as from the second half of 2009, led to fierce competition in several market segments, with a sharp increase in imports from foreign competitors which resulted in Olex losing market share with a number of key customers. A specific value was allocated to these customer relationships when Olex was acquired. The remainder of the impairment losses for the first half of 2010 mainly concerned goodwill allocated to the "Spain" CGU, recognized as a result of difficult local market conditions.

1.2.3 Restructuring costs

Restructuring costs came to 13 million euros in first-half 2011 (see the breakdown provided in **Note 12.b** to the condensed interim consolidated financial statements for the six months ended June 30, 2011) versus 56 million euros in the corresponding prior-year period.

The first-half 2011 figure primarily relates to the restructuring plan for the Rheydt plant in Germany put in place due to a prolonged decline in demand for certain specialty cables that the plant manufactures and its resulting overcapacity.

The 56 million euros in restructuring costs recorded in the first half of 2010 mainly reflected provisions set aside for plans to close two cable manufacturing plants (Lorena in Brazil and Latina in Italy) which chiefly serve the energy infrastructure market.

1.2.4 Changes in fair value of non-ferrous metal derivatives

Nexans uses futures contracts negotiated primarily on the London Metal Exchange (LME) to hedge its exposure to non-ferrous metal price fluctuations (copper, aluminum and, to a lesser extent, lead).

Due to the sharp volatility in non-ferrous metal prices, the Group has taken measures to enable a large portion of these derivative instruments to be classified as cash flow hedges as defined in IAS 39.

At end-June 2011, only a few of the Group's units – for which the amounts concerned are not considered material – did not fulfill the conditions enabling their derivatives to qualify for hedge accounting. For these units, gains and losses arising from fair value adjustments to non-ferrous metal derivatives are recognized in the income statement under "Changes in fair value of non-ferrous metal derivatives".

1.2.5 Net gains on asset disposals

The net gain recorded under this item in first-half 2011 was not material (4 million euros), due to the fact that there were no major changes in the scope of consolidation during the period.

1.2.6 Fine relating to antitrust investigations

The Group recorded a 200 million euro provision in first-half 2011 for the risk relating to the fine that may be imposed on it following the Statement of Objections [(1)] received from the European Commission's Directorate General for Competition on July 5, 2011. See section 1.2.11 for further information.

In view of the exceptional nature of this provision and its highly material amount, in accordance with IFRS it has been presented in a separate line of the income statement ("Fines relating to antitrust investigations") between operating margin and operating income.

1.2.7 Net financial expense

The Group recorded a net financial expense of 51 million euros in first-half 2011, compared with 40 million euros for the first six months of 2010. This year-on-year increase primarily reflects a temporary adverse currency effect.

The Group's net financial expense mainly includes debt service costs, which totaled 37 million euros in first-half 2011, net of income from cash management.

1.2.8 Income taxes

Nexans reported an income tax expense of 19 million euros in the first half of 2011, representing 28.5% of consolidated income before taxes and before taking into account the 200 million euro provision recorded to cover the potential fine relating to anticompetitive behavior.

Unlike in the first half of 2010, the Group's income tax expense for the first six months of 2011 was favorably impacted by the recognition of certain additional deferred tax assets based on improved earnings forecasts as a result of the better global economic context.

1.2.9 Principal cash flows for the period

Cash flows from operations before the cost of debt totaled 135 million euros in first-half 2011, primarily attributable to the 48 million euro consolidated net income figure for the period, before taking into account the 200 million euro provision recorded to cover the potential fine relating to anticompetitive behavior, and 76 million euros in depreciation, amortization and impairment of assets.

Working capital requirement increased during the period, as a result of higher non-ferrous metal prices, the strong recovery experienced by a number of the Group's businesses, and a tense geopolitical situation in certain North African countries which had a significant adverse effect on operations in the areas concerned.

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Net cash used in investing activities came to 94 million euros in first-half 2011 which can be broken down primarily into 64 million euros for the purchase of property, plant and equipment and 29 million euros for investments in short-term cash management instruments (see **Note 13.a** to the condensed interim consolidated financial statements for the six months ended June 30, 2011).

Net cash used in financing activities amounted to 33 million over the period. The impact of interest paid by the Group was almost fully neutralized by the effect of proceeds from new short-term borrowings put in place during the period. Consequently, the total 33 million euro net cash outflow from financing activities corresponded almost entirely to dividends paid by Nexans in the second quarter (32 million euros).

Overall, taking into account the effect of currency translation differences, net cash and cash equivalents decreased by 233 million euros during the period and stood at 550 million euros at June 30, 2011 (including 558 million euros in cash and cash equivalents recorded under assets and 8 million euros corresponding to short-term bank loans and overdrafts recorded under liabilities).

1.2.10 Statement of financial position

Nexans' total consolidated assets remained largely stable between December 31, 2010 and June 30, 2011, amounting to 5,465 million euros at June 30, 2011, against 5,513 million euros at December 31, 2010.

Changes in the structure of the Group's statement of financial position between those two reporting dates were as follows:

- Non-current assets totaled 1,842 million euros at June 30, 2011, compared with 1,897 million euros at December 31, 2010, particularly reflecting a rise in the euro between these two dates.

- Operating working capital requirement (trade receivables plus inventories less trade payables and accounts related to long-term contracts) increased by 209 million euros in first-half 2011, reflecting various economic factors described in paragraph **1.2.9** above. This is the main reason for the overall increase in consolidated net debt from 144 million euros at end-2010 to 366 million euros at June 30, 2011.

- Provisions for contingencies and charges – including for pension and other retirement benefit obligations – increased by 176 million euros to 650 million euros at June 30, 2011, mainly due to the 200 million euro provision recorded to cover the potential fine relating to anticompetitive behavior.

- Total equity amounted to 1,945 million euros, down on the December 31, 2010 figure, taking into account the net loss for first-half 2011 and the effect of the rise in the euro between the two period-ends. The Group's financial structure is still particularly solid, however, with a gearing ratio of less than 19% at June 30, 2011.

1.2.11 Other significant events of first-half 2011

Agreement with the Shandong Yanggu Cable Group in China to acquire a majority stake in its power cable business

On June 21, 2011, Nexans announced that it had signed an agreement with the Shandong Yanggu Cable Group ("Shandong Yanggu") to create a joint venture based on Shandong Yanggu's power cable business in China. Nexans will hold 75% of the joint venture and Shandong Yanggu will hold the remaining 25%.

Founded in 1985 and located in Shandong province in Northern China, Shandong Yanggu is one of China's leading manufacturers of power cables. In 2010, the sales of its power cable business totaled 1.3 billion RMB (approximately 150 million euros). The company has an industrial complex which produces high-, medium- and low-voltage power cables and employs around 1,200 people. It has also recently completed a major investment program to enhance its production capacity.

One of Shandong Yanggu's major customers for energy infrastructure cables is the State Grid Corporation of China (SGCC). Nexans is only expected to take over effective control of the company in the first quarter of 2012 following approval of the transaction by the Chinese regulatory authorities.

Agreement with Alstom to set up a joint venture in Morocco to manufacture cable harnesses for the railway market

On June 8, 2011, Nexans signed a memorandum of understanding with the Alstom group in order to set up a joint venture in Morocco that will manufacture cable harnesses for the railway market.

The agreement provides that the future joint venture would be held on a 50/50 basis between Alstom – which would supply the initial workload and design the sub-assemblies – and Nexans, which would manage and oversee manufacturing and production. The aim is for the new company to initially work on manufacturing cable harnesses and electrical equipment boxes (sub-assemblies integrated into train control systems) that would be fitted into certain Alstom rolling stock sold both to the Moroccan and worldwide markets. It would then diversify its business in order to serve other customers in the railway market as well as customers in other sectors.

Agreement with Madeco to strengthen Madeco's position as the Group's principal shareholder

On March 27, 2011 Nexans announced that it had signed an agreement with its principal shareholder, the Chilean group Madeco. This agreement – which has a ten-year term effective from the date on which Madeco's interest in Nexans reaches 15% – aims to give Madeco a leading position in Nexans' share capital by increasing its ownership interest from 9% to 20%.

This agreement also provides for the strengthening of Madeco's representation at the Board of Directors through the election of a second Madeco representative, which took place at the Annual Shareholders' Meeting on May 31, 2011. Shareholders will be called to another General Meeting to elect a third Madeco representative to Nexans' Board once Madeco's stake in the Company reaches 15%. This further shareholders meeting will also vote on the removal from the articles of association of the double voting rights and of the 8% voting rights limit. Moreover, this shareholders meeting will vote on an amendment to the articles of association to provide for a 20% limit on the voting rights that may be cast on any resolution relating to major transactions, including mergers and significant capital increases. Given the quorum levels at past Shareholders' Meetings, this provision aims to prevent any shareholder holding more than 20% of the Company's capital from having a de facto veto right. This contemplated limit is, therefore, in the interest of all shareholders.

This agreement provides for lock-up and standstill undertakings from Madeco which will apply for a three-year period as from the date when Madeco's interest in the Company reaches 15%. Madeco may, at its option, decide to terminate these undertakings in the event of a public tender offer for the Company. Following the expiration of this three-year period Nexans may terminate the agreement if Madeco's interest in the Company falls below 20% or exceeds 22.50%.

On May 26, 2011, Madeco declared to the French financial markets authority (*Autorité des Marchés Financiers – AMF*) that it has entered into forward contracts concerning Nexans and that on the term of these contracts, its ownership interest in the Company will exceed the threshold of 15%. The Nexans shares will be delivered to Madeco between August 2011 and February 2012, at the initiative of the financial intermediary concerned, at which time Nexans' Board of Directors will call an Extraordinary Shareholders' Meeting in accordance with the above-described agreement.

Antitrust investigations

On July 5, 2011, Nexans and its subsidiary Nexans France SAS received a Statement of Objections [1] from the European Commission's Directorate General for Competition relating to anticompetitive behavior in the sector of submarine and underground power cables as well as the related accessories and services.

As a result, the Group recorded a 200 million euro provision in its consolidated financial statements at June 30, 2011. Being an estimate, the definitive financial consequences for the Group may differ.

This amount corresponds, at this stage of the proceedings, and by application of a principle of prudence, to the Group's estimate of the fine which could be imposed taking into account the fining policy of the Commission and methodology and elements on which the Commission intends to base its fine, as well as certain challenges that Nexans intends to make.

See also **Note 15** to the condensed interim consolidated financial statements.

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2. Progress made and difficulties encountered in first-half 2011

The committed drive of Nexans' employees enabled the Group to capitalize on the business recovery fueled by the improved economic context.

In emerging countries, the Group pursued its policy of closely partnering its newest sites by giving them access to technologies developed in Europe.

Cost control

During first-half 2011 the Purchasing Department continued to implement various measures aimed at reducing the impact of tight supply conditions for certain plastics raw materials. This situation occurred because in 2009 a number of suppliers reduced their capacity in response to lower consumption levels and then experienced under capacity as from mid-2010 when orders began to pick up. This effect fed through to market prices. The Group's long-standing strategy of avoiding supplier monopolies paid off, enabling it to address this new market situation without any impact on production, while at the same time limiting the adverse effect on its purchase prices.

Meanwhile, the tsunami in Japan did not impact the Group's access to certain materials such as optical fiber thanks to the decision of our long-standing fiber suppliers to provide us with materials from other plants, particularly in China.

In parallel, the Purchasing Department stepped up its efforts in the following areas:

- Adapting the copper supply policy to Nexans' new organizational structure for metallurgy operations;
- Rolling out measures taken by the Purchasing Department to new areas such as insurance and quality and product certification;
- Intensifying targeted initiatives in Asia and South America by launching regional invitations to tender;
- Continuing to seek out new cost-reduction opportunities (such as for freight);
- Implementing "green" purchasing measures, in cooperation with certain suppliers.

In addition to these initiatives focused on variable production costs, the Group took steps to contain its fixed costs during the period, in order to prevent them from rising in line with the upturn in business.

Support processes and industrial coordination

The Group continued to roll out the Nexans Excellence Way program in first-half 2011, with a particular focus on bringing organizational structures into line with manufacturing competency models.

- **Health and Safety**: improving health and safety conditions is still one of the Group's key priorities. The Group continued to work actively in this area during the year, carrying out a systematic analysis of all serious accidents, organizing awareness days for management teams, and drafting and relaying occupational health and safety standards.

- **Operating efficiency**: this covers essential areas such as containing direct costs, reducing inventory levels and delivering best-in-class customer service. In first-half 2011, the focus was on waste reduction.

Lastly, measures taken in the high-voltage submarine cables sector (which experienced numerous difficulties in 2009 and 2010, particularly in manufacturing certain cables) resulted in a return to a more normal situation during the first half of 2011.

Setting up a new organizational structure

In the last few years the Group's business has developed in a rapidly-changing environment:

- Numerous European customers have become more regional and even global, rather than being simply national players.
- Projects in the infrastructure and energy resources sectors have become increasingly complex, especially in emerging countries.
- The high growth areas of high-voltage terrestrial and submarine cables are increasingly experiencing the same issues, especially concerning project management and the technologies required.

The Group is committed to stepping up its efforts to meet these new requirements by:

- Strengthening Nexans' distinctive expertise by intensifying our commercial culture and developing more customer-centric products and solutions;
- Pursuing our profitability drive, notably by enhancing operational efficiency and reducing costs in order to finance the Group's numerous development projects.

To this end Nexans announced its intention to reorganize a number of its businesses.

- A Europe area has been created, based on an integrated management structure and organized around the following four business units:

  - "Distributors & Installers";
  - "Utilities & Operators", responsible for business with power distribution operators and telecoms operators;
  - "Industry", dedicated to specialty cables delivered to the Group's industrial customers;
  - "Infrastructure & Industrial Projects", for managing and overseeing large-scale projects entailing a multi-product/multi-facility offering.

  In the short term, each of these business units will separate out its commercial functions – which are fundamentally customer-focused – from its industrial functions (dedicated to production).

- In addition, Nexans has set up a large worldwide "business group" – High Voltage and Underwater Cables – which brings together its high-voltage terrestrial and submarine cables businesses as well as cables for submarine applications.

Main difficulties encountered in first-half 2011

The Group saw strong recovery in sales for most of its businesses during the first six months of 2011. This move from a situation of under-activity that lasted for several quarters in a row followed by a sudden upturn in orders and projects that had been postponed, constituted one of the main challenges the Group had to face during the period.

A significant proportion of the Group's sales growth stemmed from higher business volumes while price levels remained under pressure although they did improve or stabilize compared with end-2010 depending on the market segment concerned. Meanwhile, the ongoing hike in the prices of certain raw materials continued to weigh on the Group's profitability in first-half 2011, albeit to a lesser degree than in the second half of 2010.

Against this backdrop, steering the Group's upswing in business was a major challenge, with a number of businesses having to hire new employees extremely quickly.

Lastly, the Group was faced with difficulties as a result of the political unrest in certain countries in North Africa and the Middle East which are major export regions, particularly for Nexans' high-voltage terrestrial cables business. For example, the Group had to suspend deliveries and installation works for two projects in Libya, and other projects in the Gulf region were postponed.

3. Trends and outlook for the second half of 2011

The overall business recovery that began during the second half of 2010 continued in the first half of 2011, with a pronounced upswing for the specialty cables and building cables sectors.

The Group expects sales to continue to rise in the second half of 2011 but at a slower pace than in the first six months of the year, which benefited from an extremely favorable basis of comparison with the first quarter of 2010. Consequently, Nexans has set itself an organic sales growth target of 5% to 7% for full-year 2011.

Operating margin is expected to continue to rise and should come in at around 5.5% for 2011 as a whole, provided that (i) the Group can pass on increases in prices for plastics, raw materials and components and (ii) there are no new major developments in North Africa or the Middle East that would drive business down below first-half levels.

Based on a constant scope of consolidation and copper prices, consolidated net debt is expected to be lower at December 31, 2011 than at June 30, at approximately 300 million euros.

4. Main risks and uncertainties to which the Group is exposed

Nexans considers that the main risks to which the Group is exposed remain substantially the same as those set out in pages 37 to 44 and 176 to 187 of the Group's 2010 Registration Document filed with the French financial markets authority *(Autorité des Marchés Financiers - AMF)* on April 19, 2011 under number D.11-0329. Also refer to **Note 15** to the condensed interim consolidated financial statements for the six months ended June 30, 2011 and to section **1.2.11** of this interim report that sets out developments concerning the risks related to antitrust investigations.

The main uncertainties for the second half of 2011 relate to the following:

- Changes in economic growth, notably the risk of a slow down in the global recovery as a result of higher interest rates, tighter monetary policies and the difficult financial situation in several European Union countries.
- Whether the current fierce competitive context will continue, which could result in price pressure and in turn squeeze margins.
- The performance of high-voltage cable contracts where the risk is still high, particularly in war-stricken Libya.
- Ongoing price hikes for certain raw materials.
- Developments in the geopolitical situation in certain North African and Middle Eastern countries.
- The direct and indirect consequences of the Statement of Objections(1) received from the European Commission's Directorate General for Competition for anticompetitive behavior in the sector of submarine and underground power cables and associated accessories and services.

5. Related party transactions

The Company considers that there were no significant changes in its main transactions with related parties compared with those described in pages 45 to 53 of the 2010 Registration Document and Note 30 to the consolidated financial statements for the year ended December 31, 2010.

6. Parent company business overview

Nexans SA serves as the Group's holding company and also plays a central role in collecting intragroup royalty fees for R&D, which it then allocates among its subsidiaries according to the R&D programs they carry out for the benefit of the entire Group. The Group's financing and centralized cash management is carried out by a dedicated entity – Nexans Services.

The parent company's sales for the six months ended June 30, 2011 totaled 6.6 million euros, derived primarily from services billed to its subsidiaries. Taking into account dividends received during the period, net income came in at 59.7 million euros, versus 57.0 million euros in first-half 2010.

The Company's equity at June 30, 2011 was 1,728 million euros, compared with 1,696 million euros at December 31, 2010.

(1) A Statement of Objections is a procedural document in competition investigations whereby the European Commission informs parties concerned of its preliminary view in relation to a possible infringement of EU competition law. The recipient of a Statement of Objections may respond in writing, by presenting all elements and information in its favor which may limit the accusations made by the Commission. The recipient may also ask to be heard to present its arguments on the investigation. The sending of a Statement of Objections does not prejudge the European Commission's final decision in the proceedings.

7. Corporate governance

At the Annual General Meeting held on May 31, 2011, the Company's shareholders elected four new directors to the Board – Mouna Sepehri, Robert Brunck, Cyrille Duval and Francisco Pérez (representing Nexans' principal shareholder, Madeco). These new directors have been elected to replace Ervin Rosenberg and Jacques Garaïalde – who had both been directors of the Company since it was formed – and Jean-Marie Chevalier.

At the same meeting, the shareholders re-elected as directors Gianpaolo Caccini, Georges Chodron de Courcel, Jérôme Gallot and Nicolas de Tavernost.

Half of the members of the Board, as newly constituted, continue to be considered as being independent.

July 26, 2011

The Board of Directors
Represented by Frédéric Vincent,
Chairman and CEO

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Six months ended June 30, 2011)

Consolidated income statement

(in millions of euros)	Notes	First-half 2011	First-half 2010
NET SALES	(3)	3,527	2,955
Metal price effect*		(1,241)	(855)
SALES AT CONSTANT METAL PRICES*	(3)	2,287	2,100
Cost of sales		(3,118)	(2,594)
Cost of sales at constant metal prices*		(1,878)	(1,739)
GROSS PROFIT		409	361
Administrative and selling expenses		(255)	(241)
R&D costs		(37)	(37)
OPERATING MARGIN*	(3)	117	83
Core exposure effect**		21	50
Net asset impairment	(6)	(6)	(26)
Changes in fair value of non-ferrous metal derivatives		(3)	(8)
Net gains on asset disposals	(4)	4	2
Acquisition-related costs		(1)	-
Restructuring costs	(12)	(13)	(56)
Fines relating to antitrust investigations***	(2)	(200)	-
OPERATING INCOME (LOSS)		(81)	45
Cost of debt (gross)		(43)	(35)
Income from cash and cash equivalents		6	3
Other financial expenses	(5)	(14)	(8)
Share in net income (loss) of associates		(1)	(0)
INCOME (LOSS) BEFORE TAXES		(133)	5
Income taxes	(7)	(19)	(20)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS		(152)	(15)
Net income (loss) from discontinued operations		-	-
NET INCOME (LOSS)		(152)	(15)
- attributable to owners of the parent		(151)	(17)
- attributable to non-controlling interests		(1)	2
ATTRIBUTABLE NET INCOME PER SHARE (in euros)	(8)		
- basic earnings (loss) per share		(5.29)	(0.62)
- diluted earnings (loss) per share		(5.29)	(0.62)

* Performance indicators used to measure the Group's operating performance.

** Effect relating to the revaluation of Core exposure at its weighted average cost. In first-half 2010, this line also included a 15 million euro negative impact arising from a sharp reduction in the volume of Core exposure during the period following the restructuring of Nexans' European metallurgy operations, as well as the Group's ongoing efforts to reduce working capital requirement. This effect was offset by a positive impact included in operating margin.

*** A 200 million euro provision was recorded at June 30, 2011 to cover the risk relating to the European Commission's current proceedings for anti-competitive behavior (see **Notes 2** and **15**).

Consolidated statement of comprehensive income

(in millions of euros)	First-half 2011	First-half 2010
NET INCOME (LOSS) FOR THE PERIOD	(152)	(15)
Available-for-sale financial assets	(0)	(0)
- Gains (losses) generated during the period (net of tax)	(0)	(0)
- Amounts recycled to the income statement (net of tax)	-	-
Currency translation differences	(50)	165
- Gains (losses) generated during the period (net of tax)	(50)	165
- Amounts recycled to the income statement (net of tax)	-	-
Cash flow hedges	(31)	(27)
- Gains (losses) generated during the period (net of tax)	(14)	(3)
- Amounts recycled to the income statement (net of tax)	(17)	(24)
Share of other comprehensive income of associates	-	-
Total other comprehensive income (expense)	**(81)**	**138**
Total comprehensive income (loss)	**(233)**	**123**
- attributable to owners of the parent	(231)	118
- attributable to non-controlling interests	(2)	5

Note 7.b provides a breakdown of the tax impacts on other comprehensive income.

Consolidated statement of financial position

(in millions of euros)	Notes	June 30, 2011	December 31, 2010
ASSETS			
Goodwill	(9)	366	378
Other intangible assets		179	193
Property, plant and equipment		1,140	1,170
Investments in associates		6	7
Other non-current financial assets		39	44
Deferred tax assets		88	82
Other non-current assets		24	23
NON-CURRENT ASSETS		1,842	1,897
Inventories and work in progress		1,149	1,059
Amounts due from customers on construction contracts		238	189
Trade receivables		1,225	1,126
Other current financial assets*		309	322
Current income tax receivables		16	18
Other current non-financial assets		107	106
Cash and cash equivalents	(10)	558	795
Assets and groups of assets held for sale		21	1
CURRENT ASSETS		3,623	3,616
TOTAL ASSETS		5,465	5,513
EQUITY AND LIABILITIES			
Capital stock		29	29
Additional paid-in capital		1,286	1,283
Retained earnings and other reserves		420	603
Other components of equity		169	249
Equity attributable to owners of the parent		**1,904**	**2,164**
Non-controlling interests		41	43
TOTAL EQUITY	(11)	1,945	2,207
Pension and other retirement benefit obligations		300	308
Other long-term employee benefit obligations		16	16
Long-term provisions**	(12) & (15)	241	58
Convertible bonds	(13)	490	479
Other long-term debt	(13)	354	354
Deferred tax liabilities		125	130
NON-CURRENT LIABILITIES		1,526	1,345
Short-term provisions	(12) & (15)	92	92
Short-term debt	(13)	261	255
Liabilities related to construction contracts		245	202
Trade payables		1,063	1,077
Other current financial liabilities		79	97
Accrued payroll costs		183	179
Current income tax payables		15	27
Other current non-financial liabilities		48	32
Liabilities related to groups of assets held for sale		8	1
CURRENT LIABILITIES		1,994	1,961
TOTAL EQUITY AND LIABILITIES		5,465	5,513

* Of which short-term financial assets included in the calculation of consolidated net debt: 181 million euros at June 30, 2011 and 150 million euros at December 31, 2010 (see **Note 13**).

** Including a 200 million euro provision recorded at June 30, 2011 to cover the risk relating to the European Commission's current proceedings for anticompetitive behavior (see **Notes 2** and **15**).

Consolidated statement of cash flows

(in millions of euros)	Notes	First-half 2011	First-half 2010
Net income (loss) attributable to owners of the parent		(151)	(17)
Net income (loss) attributable to non-controlling interests		(1)	2
Depreciation, amortization and impairment of assets (including goodwill)*		76	104
Cost of debt (gross)		43	35
Core exposure effect**		(21)	(50)
Other restatements***		189	51
CASH FLOWS FROM OPERATIONS BEFORE GROSS COST OF DEBT AND TAX****		135	125
Decrease (increase) in receivables		(183)	(113)
Decrease (increase) in inventories		(98)	(48)
Increase (decrease) in payables and accrued expenses		80	57
Income tax paid		(33)	(27)
Impairment of current assets and accrued contract costs		3	(3)
NET CHANGE IN CURRENT ASSETS AND LIABILITIES		(231)	(134)
NET CASH USED IN OPERATING ACTIVITIES		(96)	(9)
Proceeds from disposals of property, plant and equipment and intangible assets		7	2
Capital expenditures		(64)	(54)
Decrease (increase) in loans granted and short-term financial assets		(29)	0
- of which margin calls on metal derivatives		-	-
Purchase of shares in consolidated companies, net of cash acquired		(8)	(1)
Proceeds from sale of shares in consolidated companies, net of cash transferred		0	7
NET CASH USED IN INVESTING ACTIVITIES		(94)	(46)
NET CHANGE IN CASH AND CASH EQUIVALENTS AFTER INVESTING ACTIVITIES		(190)	(55)
Proceeds from (repayment of) long-term borrowings	(13)	0	13
- of which proceeds from new borrowings		1	14
- of which repayments		(1)	(1)
Proceeds from (repayment of) short-term borrowings	(13)	49	52
Cash capital increases (reductions)		4	3
Interest paid		(54)	(38)
Transactions with owners not resulting in a change of control		-	-
Dividends paid		(32)	(32)
NET CASH USED IN FINANCING ACTIVITIES		(33)	(2)
Net effect of currency translation differences		(10)	26
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(233)	(31)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		783	810
CASH AND CASH EQUIVALENTS AT PERIOD-END		550	779
- of which cash and cash equivalents recorded under assets		558	793
- of which short-term bank loans and overdrafts recorded under liabilities		(8)	(14)

* Including the portion of restructuring costs corresponding to impairment of non-current assets.

** Effect relating to the revaluation of Core exposure at its weighted average cost, which has no cash impact.

*** Other restatements for the six months ended June 30, 2011 included (i) a 200 million euros adjustment to eliminate the reserve relating to the European Commission proceeding for anticompetitive behavior (ii) 19 million euros in relation to offsetting the Group's income tax charge, and (iii) a negative 27 million euros to cancel the net change in other provisions (including provisions for pensions and restructuring costs).
Other restatements for the six months ended June 30, 2010 included (i) 20 million euros in relation to offsetting the Group's income tax charge and (ii) 22 million euros to cancel the effect of changes in fair value of derivative instruments, which had no cash impact.

**** The Group also uses the "operating cash flow" concept which is mainly calculated after adding back cash outflows related to restructurings (30 million euros and 32 million euros for the first half of 2011 and 2010 respectively), and deducting gross cost of debt and the current income tax paid during the period.

Consolidated statement of changes in equity

(in millions of euros)	Number of shares outstanding	Capital stock	Additional paid-in capital	Treasury stock	Retained earnings and other reserves	Changes in fair value and other	Currency translation differences	**Equity attributable to owners of the parent**	Non-controlling interests	**Total equity**
January 1, 2010	28,012,928	28	1,258	-	538	26	26	1,876	42	1,918
Net loss for the period		-	-	-	(17)	-	-	(17)	2	(15)
Other comprehensive income (expense)		-	-	-	-	(27)	162	135	3	138
Total comprehensive income (loss)		-	-	-	(17)	(27)	162	118	5	123
Dividends paid		-	-	-	(28)	-	-	(28)	(2)	(30)
Capital increases		-	-	-	-	-	-	-	-	-
Employee stock option plans:										
- Service cost*		-	-	-	4	-	-	4	-	4
- Proceeds from share issues	89,067	0	3	-	-	-	-	3	-	3
Transactions with owners not resulting in a change of control		-	-	-	-	-	-	-	-	-
Other		-	3	-	(2)	-	(1)	-	1	1
June 30, 2010	28,101,995	28	1,264	-	495	0	187	1,973	46	2,019
* Including shares issued under the Act 2010 employee share ownership plan										
January 1, 2011	28,604,391	29	1,283	-	603	47	202	2,164	43	2,207
Net loss for the period		-	-	-	(151)	-	-	(151)	(1)	(152)
Other comprehensive income (expense)		-	-	-	-	(31)	(49)	(80)	(1)	(81)
Total comprehensive income (loss)		-	-	-	(151)	(31)	(49)	(231)	(2)	(233)
Dividends paid		-	-	-	(32)	-	-	(32)	(1)	(33)
Capital increases		-	-	-	-	-	-	-	-	-
Employee stock option plans:										
- Service cost		-	-	-	1	-	-	1	-	1
- Proceeds from share issues	115,639	-	3	-	-	-	-	3	-	3
Transactions with owners not resulting in a change of control		-	-	-	-	-	-	-	-	-
Other		-	-	-	(1)	-	-	(1)	1	-
June 30, 2011	28,720,030	29	1,286	-	420	16	153	1,904	41	1,945

Notes to the interim consolidated financial statements

Note 1. Summary of significant accounting policies

a) General principles

Nexans is a French joint stock corporation (*société anonyme*) governed by the laws and regulations applicable to commercial companies in France, notably the French Commercial Code (*Code de commerce*). The Company was formed on January 7, 1994 (under the name Atalec) and its headquarters are at 8, rue du Général Foy, 75008 Paris, France. Nexans is listed on the NYSE Euronext Paris market (Compartment A) and forms part of the SBF 120 index.

These condensed interim consolidated financial statements are presented in euros rounded to the nearest million.

• Compliance with IAS 34

These condensed interim consolidated financial statements have been prepared in accordance with **IAS 34**, *Interim Financial Reporting*. They do not contain all the disclosures required for annual financial statements and should therefore be read in conjunction with the Group's annual financial statements for the year ended December 31, 2010.

The condensed interim consolidated financial statements of the Nexans Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, which can be viewed on the European Commission's website at: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

The application of IFRS as issued by the IASB would not have an impact on the financial statements presented.

These condensed interim consolidated financial statements were reviewed by Nexans' Board of Directors on July 26, 2011.

• Basis of preparation

The accounting policies adopted for the financial statements at June 30, 2011 are consistent with those applied in the annual consolidated financial statements for the year ended December 31, 2010, except where specific conditions apply relating to the preparation of interim financial statements (see **Note 1.b**), and except for the application of the following, which was compulsory in the first half of 2011:

✓ **IAS 24 (revised)**, *Related Party Disclosures*, which simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. This revised standard and the consequential amendment to **IFRS 8**, *Operating Segments*, did not have a specific impact on Nexans' interim consolidated financial statements.

✓ **Annual improvements to IFRSs – 2010.** The amendments issued as part of the annual IFRS improvement process did not have a material impact on the Group's interim financial statements, particularly as Nexans considers that the format of its interim reporting already complies with the requirements introduced by the amendments to **IAS 34,** *Interim Financial Reporting*.

✓ **Amendment to IFRIC 14,** *Prepayments of a Minimum Funding Requirement*. This amendment is aimed at clarifying the accounting treatment where an entity makes voluntary prepaid contributions under a defined benefit plan and there is a minimum funding requirement. It did not have a material impact on the Group's interim financial statements.

Application of the following amendments and interpretations was also compulsory from January 1, 2011 but they are not relevant to Nexans in view of the Group's operations and organizational structure:

✓ **Amendments to IFRS 1,** *First-time Adoption of International Financial Reporting Standards* and to **IFRS 7**, *Financial Instruments: Disclosures*, relating to the limited exemption from comparative disclosures for first-time adopters. Amendment to **IFRS 1**, *First-time Adoption of International Financial Reporting Standards*, following the issuance of **IFRIC 19**, *Extinguishing Financial Liabilities with Equity Instruments*.

✓ **Amendment to IAS 32,** *Financial Instruments:* Presentation, concerning the classification of rights issues denominated in a foreign currency.

✓ **IFRIC 19,** *Extinguishing Financial Liabilities with Equity Instruments*.

The Group has not early adopted the following amendments whose application is not compulsory in 2011:

✓ **Amendment to IFRS 7,** *Financial Instruments*: Disclosures, and the consequential amendment to **IFRS 1**, *First-time Adoption of International Financial Reporting Standards*. These amendments – which have not yet been endorsed by the European Union – are aimed at helping users of financial statements to evaluate the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position. The Group is currently analyzing their impacts in terms of the additional disclosures that may be required in the notes to the consolidated financial statements, particularly for its trade receivables securitization program. According to the IASB, application of these amendments is mandatory for annual periods beginning on or after July 1, 2011.

✓ **Amendments to IAS 1,** *Presentation of Financial Statements*, which notably introduce a requirement for entities to present other items of comprehensive income (OCI) that will be reclassified to profit or loss in subsequent periods upon derecognition separately from items of OCI that will not be reclassified to profit or loss. According to the IASB, application of these amendments – which have not yet been endorsed by the European Union – is mandatory for annual periods beginning on or after July 1, 2012.

The following could not have been early adopted by the Group in first-half 2011 and had not been endorsed by the European Union at the period-end:

✓ **Amendments to IFRS 1** *First-time Adoption of International Financial Reporting Standards: Severe Hyperinflation* and *Removal of Fixed Dates for First-time Adopters*. Application of these amendments – which according to the IASB is mandatory for annual periods beginning on or after July 1, 2011 – will not have an impact on the Group's financial statements.

✓ **IFRS 9,** *Financial Instruments*: *covering the classification and measurement of financial assets and financial liabilities*. According to the IASB, application of this standard is mandatory for annual periods beginning on or after January 1, 2013. The impact of this new standard on the Group's financial statements is expected to be limited.

✓ **IFRS 10** *Consolidated Financial Statements*, **IFRS 11**, *Joint Arrangements*, **IFRS 12**, *Disclosure of Interests in Other Entities*, **IAS 27 (revised)**, *Consolidated and Separate Financial Statements*, and **IAS 28 (revised)**, *Investments in Associates and Joint Ventures*. The Group is currently analyzing the impacts that these new standards may have on its financial statements. According to the IASB, application of these standards is mandatory for annual periods beginning on or after January 1, 2013.

✓ **IFRS 13,** *Fair Value Measurement*, which defines fair value, sets out in a single IFRS a framework for measuring fair value, and requires disclosures about fair value measurements. According to the IASB, application of this standard is mandatory for annual periods beginning on or after January 1, 2013. Its impact on the Group's financial statements will be limited.

✓ **Amendments to IAS 12,** *Income Taxes – Deferred Tax: Recovery of Underlying Assets.* According to the IASB, application of these amendments is mandatory for annual periods beginning on or after January 1, 2012. These amendments state that in specified circumstances, the measurement of deferred taxes should reflect a rebuttable presumption that the carrying amount of the underlying asset will be recovered entirely through sale. Their impact on the Group's financial statements is expected to be limited.

✓ **IAS 19 (revised),** *Employee Benefits.* The main impact of this revised standard is the elimination of the corridor method which is currently used by the Nexans Group. According to the IASB, application of this standard is mandatory for annual periods beginning on or after January 1, 2013.

• Accounting estimates and judgments

The preparation of interim consolidated financial statements requires Management to exercise its judgment and make estimates and assumptions. These estimates and underlying assumptions are based on past experience and other factors considered reasonable under the circumstances. They serve as the basis for any judgment required for determining the carrying amounts of assets and liabilities when such amounts cannot be obtained directly from other sources. Actual amounts may differ from these estimates.

The main sources of uncertainty relating to estimates used to prepare the interim consolidated financial statements for first-half 2011 were the same as those described in the full-year 2010 consolidated financial statements. During the first six months of 2011, Management reviewed its estimates concerning:

✓ Deferred tax assets not recognized in prior periods relating to unused tax losses;

✓ The recoverable amount of certain property, plant and equipment, intangible assets and goodwill;

✓ Provisions for contingencies, and particularly for accrued contract costs;

✓ Margins on long-term contracts;

✓ The measurement of derivative instruments.

The impact of changes in accounting estimates is recognized in the period of the change if it only affects that period or over the period of the change and subsequent periods if they are also affected by the change.

As was the case for the year ended December 31, 2010, the critical judgments made by Management in applying the Group's accounting policies mainly relate to the classification of derivatives as cash flow hedges. Following the implementation in second-quarter 2010 of a new rolling contract for a euro-denominated trade receivables sales program, Management also exercised its judgment on the derecognition of some of the sold receivables. The program comprises two distinct and separate parts, referred to as (i) "On Balance Sheet" (solely concerning Nexans France) whereby the related receivables are not derecognized and (ii) "Off Balance Sheet" (concerning Nexans France and Nexans Deutschland GmbH), whereby the receivables are derecognized. Under the "Off Balance Sheet" program substantially all the risks and rewards of ownership of the sold receivables are transferred to the purchaser at the time of the sale in accordance with the derecognition criteria set out in IAS 39, *Financial Instruments*: *Recognition and Measurement*. In addition, the program does not involve any special purpose entity that would have to be consolidated in accordance with IAS 27, *Consolidated and Separate Financial Statements* and SIC 12, *Consolidation – Special Purpose Entities*. The amount of outstandings under the "Off Balance Sheet" program has been contractually capped at 25 million euros by Nexans.

b) Specific issues concerning the preparation of interim financial statements

For the purpose of preparing the Group's condensed interim consolidated financial statements, the following calculations and estimates are applied in addition to the recognition, measurement and presentation rules described in paragraph a):

✓ The current and deferred tax charge for the period is calculated by applying the estimated average annual tax rate for the current fiscal year to the first-half pre-tax income figure for each entity or tax group. This average annual rate includes, where appropriate, the impact of transactions affecting the legal structure of the Group during the period, such as mergers.

✓ Expenses relating to pensions and other post-employment benefit obligations are calculated based on half of the amount expected for the full year – as estimated based on an extrapolation of the latest annual actuarial valuation – except where specific events occur which have a material impact on the consolidated financial statements, in which case adjustments are made.

Note 2. Significant events of the period

a) Agreement with the Shandong Yanggu Cable Group in China to acquire a majority stake in its power cable business

On June 21, 2011, Nexans announced that it had signed an agreement with the Shandong Yanggu Cable Group ("Shandong Yanggu") to create a joint venture based on Shandong Yanggu's power cable business in China. Nexans will hold 75% of the joint venture and Shandong Yanggu will hold the remaining 25%.

Founded in 1985 and located in Shandong province in Northern China, Shandong Yanggu is one of China's leading manufacturers of power cables. In 2010, the sales of its power cable business totaled 1.3 billion RMB (approximately 150 million euros). The company has an industrial complex which produces high-, medium- and low-voltage power cables and employs around 1,200 people. It has also recently completed a major investment program to enhance its production capacity.

One of Shandong Yanggu's major customers for energy infrastructure cables is the State Grid Corporation of China (SGCC). Nexans is expected to take over effective control of the company in the first quarter of 2012 following approval of the transaction by the Chinese regulatory authorities.

b) Agreement with Alstom to set up a joint venture in Morocco to manufacture cable harnesses for the railway market

On June 8, 2011, Nexans signed a memorandum of understanding with the Alstom group in order to set up a joint venture in Morocco that will manufacture cable harnesses for the railway market.

The agreement provides that the future joint venture would be held on a 50/50 basis between Alstom – which would supply the initial workload and design the sub-assemblies – and Nexans, which would manage and oversee manufacturing and production. The aim is for the new company to initially work on manufacturing cable harnesses and electrical equipment boxes (sub-assemblies integrated into train control systems) that would be fitted into certain Alstom rolling stock sold both to the Moroccan and worldwide markets. It would then diversify its business in order to serve other customers in the railway market as well as customers in other sectors.

c) Agreement with Madeco to strengthen Madeco's position as the Group's principal shareholder

On March 27, 2011 Nexans announced that it had signed an agreement with its principal shareholder, the Chilean group Madeco. This agreement – which has a ten-year term effective from the date on which Madeco's interest in Nexans reaches 15% – aims to give Madeco a leading position in Nexans' share capital by increasing its ownership interest from 9% to 20%.

This agreement also provides for the strengthening of Madeco's representation at the Board of Directors through the election of a second Madeco representative, which took place at the Annual Shareholders' Meeting on May 31, 2011. Shareholders will be called to another General Meeting to elect a third Madeco representative to Nexans' Board once Madeco's stake in the Company reaches 15%. This further shareholders meeting will also vote on the removal from the articles of association of the double voting rights and of the 8% voting rights limit. Moreover, this shareholders meeting will vote on an amendment to the articles of association to provide for a 20% limit on the voting rights that may be cast on any resolution relating to major transactions, including mergers and significant capital increases. Given the quorum levels at past Shareholders' Meetings, this provision aims to prevent any shareholder holding more than 20% of the Company's capital from having a de facto veto right. This contemplated limit is, therefore, in the interest of all shareholders.

This agreement provides for lock-up and standstill undertakings from Madeco which will apply for a three-year period as from the date when Madeco's interest in the Company reaches 15%. Madeco may, at its option, decide to terminate these undertakings in the event of a public tender offer for the Company. Following the expiration of this three-year period Nexans may terminate the agreement if Madeco's interest in the Company falls below 20% or exceeds 22.50%.

On May 26, 2011, Madeco declared to the French financial markets authority (*Autorité des Marchés Financiers – AMF*) that it has entered into forward contracts concerning Nexans and that on the term of these contracts, its ownership interest in the Company will exceed the threshold of 15%. The Nexans shares will be delivered to Madeco between August 2011 and February 2012, at the initiative of the financial intermediary concerned, at which time Nexans' Board of Directors will call an Extraordinary Shareholders' Meeting in accordance with the above-described agreement.

d) Antitrust investigations

On July 5, 2011, Nexans and its subsidiary Nexans France SAS received a Statement of Objections[1] from the European Commission's Directorate General for Competition relating to anticompetitive behavior in the sector of submarine and underground power cables as well as the related accessories and services.

As a result, the Group recorded a 200 million euro provision in its consolidated financial statements at June 30, 2011. Being an estimate, the definitive financial consequences for the Group may differ.

This amount corresponds, at this stage of the proceedings, and by application of a principle of prudence, to the Group's estimate of the fine which could be imposed taking into account the fining policy of the Commission and methodology and elements on which the Commission intends to base its fine, as well as certain challenges that Nexans intends to make.

In view of the exceptional nature of this provision and its highly material amount, in accordance with IFRS it has been presented in a separate line of the income statement ("Fines relating to antitrust investigations") between operating margin and operating income. See also **Note 15**.

e) Changes in scope of consolidation

There were no significant changes in the scope of consolidation in first-half 2011 or first-half 2010.

Note 3. Operating segments

The Group has identified three reportable segments within the meaning of **IFRS 8**:

- **Energy** comprising power cables for energy infrastructures (low-, medium- and high-voltage cables and related accessories), special cables for industry, and equipment cables for the building market. The Energy segment is made up of three operating segments: Energy Infrastructure, Building, and Industry.

- **Telecom** which includes cables for private telecommunications networks, junction components for telecommunications network cables, and copper and optical fiber cables for public telecommunications networks. The Telecom segment is made up of two operating segments: Telecom Infrastructure and Local Area Networks.

- **Electrical Wires** comprising wirerods, electrical wires and winding wires production operations. The Electrical Wires segment is made up of one operating segment.

The Group's segment information also includes a column entitled "**Other**", which mainly comprises certain specific or centralized activities carried out for the Group as a whole that give rise to expenses that are not allocated to the Group's business lines. Two specific factors are reflected in this column:

- During first-half 2011 the Group continued to incur non-recurring expenses for the organization of its legal defense following investigations launched by Competition Authorities against Nexans and other cable manufacturers (see **Note 2.d**).

- In 2009, Nexans' management team put in place a series of measures aimed at structurally reducing its working capital requirement, notably by speeding up turnover of non-ferrous metal inventories. These measures, combined with the full impact of the restructuring carried out in Nexans' European metallurgy operations, enabled the Group to significantly reduce its non-ferrous metal inventories in 2009 and 2010, including Core exposure.

  From an accounting perspective, the reduction in Core exposure resulted in a 15 million euro positive impact on operating margin in first-half 2010, which was offset in the "Core exposure effect" line between operating margin and operating income. Core exposure is measured at historic value at the level of operating margin, which is close to its LIFO value and significantly lower than its resale value (see Note 1.i to the consolidated financial statements for the year ended December 31, 2010). The positive effect on operating margin of the further reduction in Core exposure in the first half of 2011 was not material in the consolidated financial statements.

(1)A Statement of Objections is a procedural document in competition investigations whereby the European Commission informs parties concerned of its preliminary view in relation to a possible infringement of EU competition law. The recipient of a Statement of Objections may respond in writing, by presenting all elements and information in its favor which may limit the accusations made by the Commission. The recipient may also ask to be heard to present its arguments on the investigation. The sending of a Statement of Objections does not prejudge the European Commission's final decision in the proceedings.

These operating segments form the basis for the monthly performance data presented to Nexans' Management Committee[1] and Executive Committee for the purpose of overseeing the Group's strategy and operations. They also constitute the principal vehicle for measuring and assessing Nexans' operating performance based on operating margin, which is the Group's main performance indicator.

The Management Committee and Executive Committee also analyze the Group's performance based on geographic area.

Transfer prices between the various segments are generally the same as those applied for transactions with parties outside the Group.

Operating segment data are prepared using the same accounting policies as for the consolidated financial statements, as described in the notes.

a) Information by reportable segment

First-half 2011 (in millions of euros)	Electrical Wires	Energy	Telecom	Other	Group total
Contribution to net sales at current metal prices	483	2,752	273	19	3,527
Contribution to net sales at constant metal prices	144	1,906	221	16	2,287
Operating margin	10	106	13	(12)	117
Depreciation, amortization and impairment of assets (including goodwill)	(2)	(66)	(6)	(2)	(76)

First-half 2010 (in millions of euros)	Electrical Wires	Energy	Telecom	Other	Group total
Contribution to net sales at current metal prices	368	2,330	242	15	2,955
Contribution to net sales at constant metal prices	137	1,743	206	13	2,100
Contribution to net sales at constant metal prices and first-half 2011 exchange rates	138	1,759	205	14	2,116
Operating margin	6	76	10	(9)	83
Depreciation, amortization and impairment of assets (including goodwill)	(1)	(84)	(6)	(1)	(92)

(1) Nexans' Management Committee comprises the Chairman and CEO as well as the three Senior Corporate Executive Vice Presidents. The Committee is the Group's chief operating decision maker within the meaning of **IFRS 8**.

b) Information by major geographic area

First-half 2011 (in millions of euros)	France**	Germany	Norway	Other	Group total
Contribution to net sales at current metal prices*	556	383	339	2,249	3,527
Contribution to net sales at constant metal prices*	387	300	309	1,291	2,287
Non-current assets (IFRS 8)*	139	129	168	1,255	1,691

* Based on the location of the assets
** Including corporate activities.

First-half 2010 (in millions of euros)	France**	Germany	Norway	Other	Group total
Contribution to net sales at current metal prices*	497	300	289	1,869	2,955
Contribution to net sales at constant metal prices*	388	244	268	1,200	2,100
Contribution to net sales at constant metal prices and first-half 2011 exchange rates*	388	244	274	1,210	2,116
Non-current assets (IFRS 8)*	147	133	137	1,318	1,735

* Based on the location of the assets.
** Including corporate activities.

c) Information by major customer

The Group does not have any customers that individually accounted for over 10% of its sales in the first half of 2011 or 2010.

Note 4. Net gains on asset disposals

(in millions of euros)	First-half 2011	First-half 2010
Net gains (losses) on disposal of non-current assets	4	2
Net gains (losses) on disposal of investments	0	(0)
Other	-	-
Net gains on asset disposals	4	2

Note 5. Other financial expenses

(in millions of euros)	First-half 2011	First-half 2010
Dividends received from non-consolidated companies	1	0
Provisions	0	0
Net foreign exchange gain (loss)	(6)	2
Discounting impact on employee benefit obligations	(16)	(17)
Expected return on employee benefit plan assets	9	8
Other	(2)	(1)
Other financial expenses	(14)	(8)

Note 6. Net asset impairment

In the fourth quarter of each year, the Group carries out impairment tests on goodwill, property, plant and equipment and intangible assets, based on estimated medium-term data updated for the various business units.

At June 30, 2011, Nexans carried out a review of the principal information used for the purposes of impairment testing by combining actual figures for the first six months of 2011 with the estimated data used at the previous period-end, and, where appropriate, adjusting the medium-term trends for cash generating units (CGUs) considered to be sensitive based on information available at the time the review was performed.

The main assumptions used for this review are presented below.

	Discount rate (before tax) applied to future cash flows	Discount rate (after tax) applied to future cash flows	Perpetuity growth rate
First-half 2011			
Australia	11.1%	9.0%	3.0%
Brazil	12.7%	9.5%	4.0%
Canada	11.0%	8.0%	2.0%
China	9.8%	9.0%	7.0%
Korea	11.9%	9.0%	2.0%
Europe (eurozone*)	11.2%	8.0%	2.0%
United States	11.1%	8.0%	2.0%
Lebanon	15.7%	14.0%	5.0%
Turkey	15.9%	12.5%	3.0%
First-half 2010			
Australia	12.5%	10.0%	3.0%
Brazil	14.1%	11.0%	3.0%
Canada	11.0%	8.0%	2.0%
China	10.9%	10.0%	5.0%
Korea	12.6%	9.5%	4.0%
Europe (eurozone)	12.2%	8.5%	2.0%
United States	11.8%	8.5%	2.0%
Lebanon	18.5%	16.5%	5.0%
Turkey	17.1%	13.5%	3.0%

* Excluding Greece, for which a discount rate of 12% (after tax) was applied for the first year of the projection and gradually reduced to 8% for the final year to converge with the rate applied to the rest of the eurozone. These assumptions reflect the serious financial tensions currently affecting Greece while applying a scenario of the country remaining in the eurozone and returning to a more normal financial situation in the medium term.

The estimated cash flows used for the Group's impairment tests at June 30, 2011 were based on five-year metal price trends at end-May 2011. The terminal value applied approximates or is equivalent to the latest available market forecast value. The copper and aluminum price forecasts used were as follows (three-month average prices):

Euro/metric ton	Copper	Aluminum
2011	6,479	1,910
2012	6,442	1,972
2013	6,318	2,016
2014	6,164	2,053
2015	5,992	2,089
Terminal value	5,992	2,089

The review conducted for first-half 2011 resulted in the recognition of a 6 million euro impairment loss, mainly corresponding to the impairment of assets held by the "North America Industrial Cables" CGU following a falloff in this CGU's performance and its uncertain economic outlook.

A review was also performed on the "Greece" CGU in first-half 2011 in light of the economic and financial crisis that has hit that country. In view of the CGU's current outlook and the assumptions used for determining the discount rate (see above) the Group did not consider there was any need to record an impairment loss at June 30, 2011. At that date, the carrying amount of the fixed assets held by the "Greece" CGU totaled 17 million euros.

The review conducted in first-half 2010 resulted in the recognition of a 26 million euro impairment loss, primarily corresponding to impairment of customer relationships included in the "Australia" CGU, which has grouped Nexans' operations in Australia and New Zealand since the acquisition of the Olex group in December 2006. The global economic downturn, whose main effects only hit Australia and New Zealand as from the second half of 2009, led to fierce competition in several market segments, with a sharp increase in imports from foreign competitors which resulted in Olex losing market share with a number of key customers. A specific value was allocated to these customer relationships when Olex was acquired. The remainder of the impairment losses for the first half of 2010 mainly concerned goodwill allocated to the "Spain" CGU, recognized as a result of difficult local market conditions.

Sensitivity analyses

Impairment calculations are based on the latest projections approved by Group Management as well as the main assumptions described above.

A 50 basis-point increase in the discount rates used for all the sensitive CGUs reviewed in first-half 2011 compared with the assumptions presented above would not have resulted in any change in the amount of the impairment losses recorded.

As no trigger events occurred during the period, no specific tests were carried out on the "Australia" CGU at June 30, 2011. However, at December 31, 2010 a 50 basis-point increase in the discount rate used for this CGU would have led to an additional impairment loss of around 25 million euros.

Note 7. Income taxes

Nexans heads up a tax group in France that comprised 12 companies in first-half 2011. Other tax groups have been set up where possible in other countries, including in Germany, North America and Korea.

In France, local business tax (*taxe professionnelle*) was abolished in 2010 and replaced by a new "territorial economic tax" (*Contribution Économique Territoriale* – CET), which includes a contribution based on companies' "value added" (*Cotisation sur la Valeur Ajoutée des Entreprises* – CVAE). On the introduction of this new tax, the Group decided to classify the CVAE as falling within the scope of application of **IAS 12** and has therefore included it in the "Income taxes" line in the consolidated income statement since the first half of 2010. This gives rise to the recognition of deferred taxes where appropriate.

a) Effective income tax rate

The effective income tax rate was as follows for first-half 2011 and 2010:

(in millions of euros)	First-half 2011	First-half 2010
Income before taxes	(133)	5
- *of which share in net income (loss) of associates*	(1)	(0)
Income before taxes and share in net income (loss) of associates	**(132)**	**5**
Standard tax rate applicable in France (in %)	34.43%	34.43%
Theoretical income tax benefit/(expense)	**46**	**(2)**
Effect of:		
- Differences in current tax rates of foreign countries	6	5
- Expenses not deductible for tax purposes*	(71)	(5)
- Unused tax losses and other deductible temporary differences for the period not recognized as deferred tax assets	(11)	(31)
- Utilization during the period of unused tax losses and other deductible temporary differences not previously recognized as deferred tax assets	3	4
- Income/(expenses) arising from tax losses and other deductible temporary differences due to changes in caps on net deferred tax assets during the period	3	3
- Income not subject to tax or taxed at a reduced rate	1	10
- Changes in tax rates	0	0
- Taxes calculated on a basis different from "Income before taxes"	(2)	-
- Tax credits	5	5
- Adjustments in respect of prior years and other impacts	1	(9)
Actual income tax expense	**(19)**	**(20)**
Effective tax rate (in %)	**-14.4%**	**-399.9%**

* Including a negative 69 million euro permanent difference relating to the non-deductible 200 million euro provision recorded to cover the risk relating to the European Commission's current proceedings for anticompetitive behavior (see **Note 2** and **Note 15**).

The theoretical income tax expense is calculated by applying the parent company's tax rate to consolidated income before taxes and before share in net income (loss) of associates.

b) Taxes recognized directly in equity

- The impact of taxes on other comprehensive income for the period can be analyzed as follows:

First-half 2011 (in millions of euros)	Gross value	Tax effect	Net impact
Available-for-sale financial assets	(0)	0	(0)
- Gains (losses) generated during the period	(0)	0	(0)
- Amounts recycled to the income statement	-	-	-
Currency translation differences	(49)	(1)	(50)
- Gains (losses) generated during the period	(49)	(1)	(50)
- Amounts recycled to the income statement	-	-	-
Cash flow hedges	(43)	12	(31)
- Gains (losses) generated during the period	(18)	4	(14)
- Amounts recycled to the income statement	(25)	8	(17)
Other comprehensive income	**(92)**	**11**	**(81)**

First-half 2010 (in millions of euros)	Gross value	Tax effect	Net impact
Available-for-sale financial assets	(0)	0	(0)
- Gains (losses) generated during the period	(0)	0	(0)
- Amounts recycled to the income statement	-	-	-
Currency translation differences	164	1	165
- Gains (losses) generated during the period	164	1	165
- Amounts recycled to the income statement	-	-	-
Cash flow hedges	(34)	7	(27)
- Gains (losses) generated during the period	(4)	1	(3)
- Amounts recycled to the income statement	(30)	6	(24)
Other comprehensive income	**130**	**8**	**138**

- At June 30, 2011 and December 31, 2010, taxes recognized directly in other comprehensive income (recycled reserves) – which mainly related to fair value adjustments on derivatives designated as cash flow hedges and primarily corresponded to deferred tax liabilities – totaled a negative 15 million euros and a negative 25 million euros respectively. These taxes break down as follows:

	June 30, 2011			December 31, 2010		
(in millions of euros)	Impact before currency translation differences*	Currency translation differences**	Total impact on equity	Impact before currency translation differences*	Currency translation differences**	Total impact on equity
By type of underlying						
Metal derivatives – cash flow hedges	(6)	(2)	(8)	(17)	(2)	(19)
Foreign exchange derivatives – cash flow hedges	(1)	(1)	(2)	(2)	(1)	(3)
Net investments in foreign operations and related hedges	(4)	(1)	(5)	(3)	(1)	(3)
Total taxes recognized directly in other comprehensive income	**(11)**	**(4)**	**(15)**	**(22)**	**(4)**	**(25)**
- of which current tax	(4)	(1)	(5)	(3)	(1)	(3)
- of which deferred tax	(7)	(3)	(10)	(19)	(3)	(22)

* Impacts on cash flow hedges are recognized in "Changes in fair value and other"; impacts on net investments in foreign operations and related hedges are presented in "Currency translation differences".
** Currency translation differences for current and deferred taxes relating to cash flow hedges as well as net investments in foreign operations and related hedges are presented under "Currency translation differences".

These taxes will be recycled to the income statement in the periods when the hedged items affect income.

- In addition, a deferred tax asset was recognized directly in equity on the option component of the OCEANE 2013 and 2016 bonds at the time of their issue, corresponding to 10 million euros in July 2006 and 13 million euros in June 2009.

c) Unrecognized deferred tax assets

At June 30, 2011 and December 31, 2010, deferred tax assets in the respective amounts of 264 million euros and 273 million euros – primarily corresponding to tax losses – were not recognized as the Group deemed that their recovery was not sufficiently probable.

Note 8. Earnings per share

Basic earnings per share are calculated by dividing net income attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period. The average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted for the number of ordinary shares bought back or issued during the period. Treasury shares held by Nexans, which are deducted from equity, are not included in the number of shares outstanding.

Diluted earnings per share are calculated by dividing:

✓ net income attributable to owners of the parent, adjusted for the finance cost recognized in the period in respect of the Group's convertible bonds, by

✓ the weighted average number of shares outstanding during the period, as adjusted for the effects of all dilutive potential ordinary shares and excluding treasury shares which are deducted from equity. The Group's stock options and convertible bonds are deemed to be potentially dilutive ordinary shares.

For stock options, the diluted weighted average number of shares outstanding is calculated using the treasury stock method as provided for in **IAS 33**. Under this method the assumed proceeds from exercise of the rights attached to the dilutive instruments are regarded as having been used to repurchase ordinary shares at the average market price during the period. The number of shares thus obtained is then deducted from the total number of shares used for the diluted earnings per share calculation.

The following table presents a reconciliation of basic earnings/(loss) per share and diluted earnings/(loss) per share:

	First-half 2011	First-half 2010
Net income/(loss) attributable to owners of the parent (in millions of euros)	(151)	(17)
Impact of interest expense (OCEANE bonds), gross	Anti-dilutive	Anti-dilutive
Impact of interest expense (OCEANE bonds), net of tax	Anti-dilutive	Anti-dilutive
Adjusted net income/(loss) attributable to owners of the parent (in millions of euros)	(151)	(17)
Attributable net income/(loss) from discontinued operations	-	-
Average number of shares outstanding	28,673,486	28,063,174
Dilutive instruments:		
- average number of OCEANE bonds	Anti-dilutive	Anti-dilutive
- average number of dilutive stock options	Anti-dilutive	Anti-dilutive
Average number of diluted shares	28,673,486	28,063,174
Attributable net income/(loss) per share (in euros)		
- basic earnings (loss) per share	(5.29)	(0.62)
- diluted earnings (loss) per share*	(5.29)	(0.62)

* Restated from the 0.18 euro loss per share figure reported at June 30, 2010.

At June 30, 2011, the main anti-dilutive instruments included in the calculation of diluted earnings (loss) per share were as follows:

- the OCEANE 2013 convertible/exchangeable bonds issued in 2006, representing an average of 3,794,037 bonds outstanding in first-half 2011 and a pre-tax interest expense of 9.1 million euros;
- the OCEANE 2016 convertible/exchangeable bonds issued in 2009, representing an average of 4,000,000 bonds outstanding in first-half 2011 and a pre-tax interest expense of 7.6 million euros;
- a period-average of 1,631,573 stock options granted to Group employees, with an average exercise price of 57.51 euros (including the employee benefit valuation as per **IFRS 2**).

At June 30, 2010, the main anti-dilutive instruments included in the calculation of diluted earnings (loss) per share were as follows:

- the OCEANE 2013 convertible/exchangeable bonds issued in 2006, representing an average of 3,794,037 bonds outstanding in first-half 2010 and a pre-tax interest expense of 8.7 million euros;
- the OCEANE 2016 convertible/exchangeable bonds issued in 2009, representing an average of 4,000,000 bonds outstanding in first-half 2010 and a pre-tax interest expense of 7.4 million euros;
- a period-average of 1,656,490 stock options granted to Group employees, with an average exercise price of 57.36 euros (including the employee benefit valuation as per **IFRS 2**).

Note 9. Goodwill

The decrease in goodwill in first-half 2011 (to 366 million euros at June 30, 2011 from 378 million euros at December 31, 2010) primarily stemmed from changes in exchange rates as the Group's goodwill mainly relates to the acquisitions of Olex in Australia and Madeco in South America.

Goodwill is tested for impairment at least once a year and whenever there is an indication that it may be impaired, using the methods and assumptions described in Notes 1.k, 1.n, 7 and 11 to the full-year 2010 consolidated financial statements. No goodwill impairment losses were recognized in first-half 2011. A 6 million euro goodwill impairment loss was recognized in first-half 2010, corresponding to the full write-down of the "Spain Energy cables" CGU, which was adversely affected by the difficult economic conditions in Spain, especially in the real estate market (see **Note 6**).

Note 10. Cash and liquidity

a) Cash and cash equivalents

(in millions of euros)	June 30, 2011	December 31, 2010
Cash on hand	430	370
Money market funds (SICAV)	125	287
Commercial paper	-	-
Certificates of deposit	3	138
Cash and cash equivalents	558	795

In addition to cash on hand (corresponding to amounts held in current accounts and deposit accounts with a term of less than three months), the "Cash and cash equivalents" line consists primarily of money market funds (SICAV) and certificates of deposit. These investments are short-term (maturing in less than three months), highly liquid, readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Any cash deposited to meet margin calls on forward copper purchase contracts traded on the LME and whose fair value is negative at the period-end is recorded under "Other current financial assets" rather than "Cash and cash equivalents". The amounts concerned were not material at either June 30, 2011 or December 31, 2010.

At June 30, 2011 and December 31, 2010, cash and cash equivalents totaling 62 million euros and 83 million euros respectively were held by legal entities which are subject to certain capital movement restrictions under the applicable local legislation.

b) Liquidity management

The key liquidity indicators monitored by the Group are (i) the unused amounts of credit facilities granted to the Group and (ii) available cash and cash equivalents. The table below sets out the Group's liquidity facilities at June 30, 2011:

Main liquidity indicators for the Group at June 30, 2011

(in millions of euros)	Ceiling	Utilization	Available amount
Unconfirmed facilities			
Commercial paper program	500	0	N/A**
Nexans Services unconfirmed bank lines	200	0	200
Cash pooling overdraft	112	0	112
Confirmed facilities			
Syndicated revolving facility	580	0	580
Convertible bonds redeemable in 2013*	280***	280***	0
Convertible bonds redeemable in 2016*	213	213	0
Ordinary bonds redeemable in 2017*	350	350	0
Total confirmed facilities	1,423	843	580
Short-term financial assets included in net debt			181
Cash and cash equivalents			558

* Nominal amount including the conversion option where applicable.
** In view of market conditions this commercial paper program is not considered to be currently available.
*** If the bonds are not converted they will be redeemable at maturity at a price representing 116.2% of their nominal value, corresponding to an aggregate amount of 325 million euros.

Note 11. Equity

a) Composition of capital stock

At June 30, 2011, Nexans' capital stock comprised 28,720,030 fully paid-up shares with a par value of 1 euro each (compared with 28,604,391 fully paid-up shares at December 31, 2010).

The only changes in capital stock during the first six months of 2011 and 2010 resulted from the issuance of shares following the exercise of stock options (115,639 options in first-half 2011 and 89,067 in first-half 2010).

b) Dividends

At the Annual Shareholders' Meeting held on May 31, 2011 to approve the financial statements for the year ended December 31, 2010, the Company's shareholders authorized payment of a dividend of 1.1 euro per share – representing a total of 31.6 million euros – which was paid out on June 8, 2011.

At the Annual Shareholders' Meeting held on May 25, 2010 to approve the financial statements for the year ended December 31, 2009, the Company's shareholders authorized payment of a dividend of 1.0 euro per share – representing a total of 28.1 million euros – which was paid out on June 2, 2010.

c) Stock options

The expense recognized in first-half 2011 and 2010 relating to stock options amounted to 1.4 million euros and 2.5 million euros respectively.

At June 30, 2011, there were 1,583,455 stock options outstanding, each exercisable for one newly-issued share, i.e. 5.5% of the Company's capital stock. At December 31, 2010 a total of 1,702,744 options were outstanding, exercisable for 5.9% of the Company's capital stock.

The options outstanding at June 30, 2011 can be analyzed as follows:

Grant date	Number of options originally granted	Number of options outstanding at the period-end	Exercise price (in euros)	Exercise period
November 16, 2004	403,000	164,250	27.82€	From Nov. 16, 2005* to Nov. 15, 2012
November 23, 2005	344,000	149,141	40.13€	From Nov. 23, 2006* to Nov. 22, 2013
November 23, 2006	343,000	340,000	76.09€	From Nov. 23, 2007* to Nov. 22, 2014
February 15, 2007	29,000	19,000	100.94€	From Feb. 15, 2009** to Feb. 14, 2015
February 22, 2008	306,650	295,750	71.23€	From Feb. 22, 2009* to Feb. 21, 2016
November 25, 2008	312,450	285,763	43.46€	From Nov. 25, 2009* to Nov. 24, 2016
March 9, 2010	335,490	329,551	53.97€	From March 9, 2011* to March 8, 2018
Total	2,073,590	1,583,455		

* Vesting at a rate of 25% per year.

** 50% vesting after two years and the balance vesting at an annual rate of 25% thereafter.

Note 12. Provisions

a) Analysis by nature

(in millions of euros)	June 30, 2011	December 31, 2010
Accrued contract costs	45	41
Provisions for restructuring costs	60	75
Other provisions*	228	34
Total	**333**	**150**
- of which short-term	92	92
- of which long-term	241	58

* Including a 200 million euro provision recorded to cover the risk relating to the European Commission's current proceedings for anticompetitive behavior (see **Notes 2** and **15**).

Movements in these provisions were as follows in first-half 2011 and 2010:

(in millions of euros)	Total	Accrued contract costs	Provisions for restructuring costs	Other provisions
January 1, 2010	169	42	90	37
Additions	55	3	51	1
Reversals (utilized provisions)	(31)	(5)	(25)	(1)
Reversals (surplus provisions)	(6)	(3)	(2)	(0)
Business combinations	-	-	-	-
Other	(7)	2	(14)	5
June 30, 2010	180	39	100	41
January 1, 2011	150	41	75	34
Additions	218	6	11	201
Reversals (utilized provisions)	(27)	(2)	(24)	(1)
Reversals (surplus provisions)	(10)	(3)	(4)	(3)
Business combinations	-	-	-	-
Other	2	3	2	(3)
June 30, 2011	333	45	60	228

The above provisions have not been discounted as the effect of discounting would not have been material.

Provisions for accrued contract costs are primarily set aside by the Group as a result of its contractual responsibilities, particularly relating to customer warranties, loss-making contracts and penalties under commercial contracts. They do not include provisions for losses on construction contracts in progress (within the meaning of **IAS 11**, *Construction Contracts*) as any expected losses on these contracts are recognized as contract costs in accordance with the method described in Note 1.g to the full-year 2010 consolidated financial statements.

Surplus provisions are reversed when the related contingency no longer exists or has been settled for a lower amount than the estimate made based on information available at the previous period-end (including provisions for expired customer warranties).

The line item "Other" includes the impact of fluctuations in exchange rates as well as reclassifications of restructuring provisions that correspond to provisions for impairment of assets to the appropriate line of the statement of financial position.

See also **Note 15** on disputes and contingent liabilities.

b) Analysis of restructuring costs

Restructuring costs amounted to 13 million euros in first-half 2011, breaking down as follows:

(in millions of euros)	Redundancy costs	Asset impairment and retirements*	Other monetary expenses	Total
Additions to provisions for restructuring costs	10	0	1	11
Reversals of surplus provisions	(2)	(1)	(1)	(4)
Other costs for the period	1	0	5	6
Total restructuring costs	9	(1)	5	13

* Deducted from the carrying amount of the corresponding assets in the consolidated statement of financial position.

"Other monetary expenses" primarily correspond to costs for cleaning up, dismantling and/or maintaining sites as well as for reallocating assets within the Group.

As was the case in previous years, all of the restructuring plans set up by the Group in the first half of 2011 included assistance measures negotiated with employee representative bodies and, where appropriate, the relevant authorities, aimed at reducing the impact of the plans on the employees concerned.

The 13 million euros in restructuring costs recorded in first-half 2011 primarily corresponds to provisions set aside for downsizing at the Rheydt plant in Germany due to a prolonged decline in demand for certain specialty cables that the plant manufactures and its resulting overcapacity.

The 56 million euros in restructuring costs recorded in the first half of 2010 mainly reflected provisions set aside for plans to close two cable manufacturing plants (Latina in Italy and Lorena in Brazil) which chiefly serve the energy infrastructure market.

- The Group's infrastructure cable business in Italy rarely managed to break even in the ten years prior to the closure plan, despite various corporate restructurings and major injections of funds. In spite of a one-off order from ENEL in the first half of 2010 as part of the Italian recovery plan, the ongoing falloff in orders by power network operators – both in the local market and internationally (especially in Spain) – left the Group no alternative but to decide to definitively close the site. The closure affected a total of 155 employees. Production has been transferred to other Group plants in Europe – notably Battipaglia in southern Italy – in order to keep up the services offered within the country.

- In Brazil, the steep falloff in the overhead power lines market – which is the main production market for the Lorena site – combined with Nexans' overcapacity for copper cables as a result of plants it acquired from Madeco in 2008, led the Group to continue to implement the capacity streamlining measures begun following its decision in first-half 2009 to merge the two Nexans entities operating in Brazil. The Group's production capacity in Brazil has been grouped at two other sites retained by Nexans in Brazil without losing any coverage of existing markets. The Lorena site employed around 300 people. In view of customer requirements, the streamlining plan was implemented on a gradual basis and was only completed in the first-half of 2011.

- Lastly, 6 million euros worth of restructuring costs corresponded to routine closure expenses relating to operations discontinued in 2009, particularly in France.

Note 13. Net debt

a) Analysis by nature

(in millions of euros)	June 30, 2011	December 31, 2010
Bonds redeemable in 2017*	350	360
OCEANE 2016 convertible/exchangeable bonds*	190	190
OCEANE 2013 convertible/exchangeable bonds*	305	300
Other long-term borrowings*	9	10
Short-term borrowings*	243	217
Short-term bank loans and overdrafts	8	12
Gross debt	1,105	1,089
Short-term financial assets	(181)	(150)
Cash and cash equivalents	(558)	(795)
Net debt	366	144

* Including accrued interest (long- and short-term).

Since the second quarter of 2010, short-term borrowings have included a securitization program set up by Nexans France involving the sale of euro-denominated trade receivables, which is contractually capped at 85 million euros (the "On balance-sheet" program – see **Note 1.a**).

"Short-term financial assets" correspond to instruments with an original term of more than six months which can be combined with interest-rate or credit derivatives in order to improve their yield. These instruments satisfy the Group's counterparty risk criteria but do not meet the conditions required under **IAS 7** to be presented in "Cash and cash equivalents" and are therefore included in "Other current financial assets" in the consolidated statement of financial position. They are, however, included in the calculation of consolidated net debt in view of their low liquidity risk and limited volatility and due to the fact that they form an integral component of the Group's policy for managing surplus cash.

b) Change in net debt

(in millions of euros)	First-half 2011	First-half 2010
Net debt at beginning of period	(144)	(141)
(Increase)/decrease in net debt	(224)	(136)
Newly-consolidated/deconsolidated companies	2	-
Impact of assets and groups of assets held for sale (IFRS 5)	(0)	-
Net debt at period-end	(366)	(277)

c) Bonds

At June 30, 2011 the Group's bond debt included:

- The OCEANE convertible/exchangeable bonds issued on June 23, 2009 with the following main features:
  - 4,000,000 bonds were issued with a nominal value of 53.15 euros each, representing an aggregate amount of 213 million euros.
  - The issue price represented a premium of 30% over the reference share price of 40.89 euros on the issue date.
  - The bonds are redeemable at par at maturity on January 1, 2016 but the bondholders may request that the bonds be redeemed in advance on January 1, 2015.
  - The bonds bear interest at an annual rate of 4%.

In accordance with **IAS 32**, the portion of these OCEANE bonds corresponding to the value of the conversion option at the issue date has been included in equity, in a pre-tax amount of 36.9 million euros (see **Note 7.b** for details of the related tax impact).

- Nexans' first bond issue was carried out on May 2, 2007, representing an aggregate nominal amount of 350 million euros. The main features of the bonds are as follows:
  - Amount: 350 million euros
  - Issue price: 99.266%
  - Maturity date: May 2, 2017
  - Annual interest rate: 5.75%

- The OCEANE bonds issued in July 2006, with the following main features:
  - 3,794,037 bonds were issued with a nominal value of 73.8 euros each, representing an aggregate amount of 280 million euros.
  - The issue price represented a premium of 35% over the reference share price of 54.67 euros on the issue date.
  - The bonds are redeemable at a price of 85.76 euros on January 1, 2013, representing an aggregate amount of 325 million euros.
  - The bonds bear interest at an annual rate of 1.5%.

In accordance with **IAS 32**, the portion of these OCEANE bonds corresponding to the value of the conversion option at the issue date has been included in equity, in a pre-tax amount of 33.5 million euros (see **Note 7.b** for details of the related tax impact).

Note 14. Derivative instruments

The fair value of the derivative instruments used by the Group to hedge foreign exchange risk and the risk associated with fluctuations in non-ferrous metal prices is presented in the following table:

(in millions of euros)	June 30, 2011	December 31, 2010
Assets		
Foreign exchange derivatives – Cash flow hedges*	22	21
Metal derivatives – Cash flow hedges*	31	71
Foreign exchange derivatives – Held for trading*	22	18
Metal derivatives – Held for trading*	1	5
Total Assets	76	116
Liabilities		
Foreign exchange derivatives – Cash flow hedges*	22	18
Metal derivatives – Cash flow hedges*	3	3
Foreign exchange derivatives – Held for trading*	12	25
Metal derivatives – Held for trading*	2	2
Total Liabilities	39	48

* Within the meaning of **IAS 32/39**

These amounts are included in "Other current financial assets" and "Other current financial liabilities" in the consolidated statement of financial position. Derivatives primarily comprise forward purchases and sales.

For derivatives qualified as cash flow hedges, the opening and closing positions in the statement of financial position cannot be directly reconciled with amounts recorded in equity under "Changes in fair value and other" as certain positions may notably be rolled over while retaining the cash flow hedge accounting qualification.

Note 15. Disputes and contingent liabilities

a) Disputes and proceedings giving rise to the recognition of provisions

For cases where the criteria are met for recognizing provisions, Nexans considers that the provisions recorded in the financial statements are sufficient to cover the related contingencies and does not believe that the resolution of the disputes and proceedings concerned will materially impact the Group's results. Depending on the circumstances, this assessment takes into account the Group's insurance coverage, any third-party guarantees or warranties and, where applicable, independent evaluations by the Group's counsel of the probability of judgment being entered against Nexans:

- When Nexans completed the initial accounting for its September 30, 2008 acquisition of the Madeco group's cable business, it recognized a 16 million euro provision in the Group's adjusted 2008 financial statements to cover the various risks identified at the acquisition date. A portion of this provision was reversed in the second half of 2010 in view of favorable developments concerning a number of these risks and at December 31, 2010 it no longer represented a material amount.

- In late 2009 the Group encountered difficulties relating to a contract for high-voltage submarine cables when its end-customer – a Chinese State-owned company – disputed the amounts payable for protecting cable that had already been laid (and was in working order), claiming that the protection works took an excessive amount of time to complete. Nexans set aside a provision in the first half of 2010 in relation to this dispute, which allowed to cover the amounts provided for in the settlement agreement signed with the customer in early 2011 concerning work already completed.

  Another problem was encountered with this project as a ship operated by a Chinese sub-contractor involved in the cable-laying process accidentally damaged a submarine optical fiber link owned by the Chinese army. The Chinese army then impounded the ship and would not allow Nexans' equipment on board to be unloaded. The army subsequently lodged a claim – amounting to some 7 million euros – which was resolved in 2010.

  A further dispute with the Chinese subcontractor was ongoing at end-June 2011 as the subcontractor is claiming the payment of invoices for the leasing costs of its equipment during the period when it was impounded by the Chinese army. In turn, Nexans is claiming compensation from the subcontractor for losses caused by the accident (including for delays in the project). This dispute has been referred for arbitration in Singapore.

- In the second quarter of 2011 the Group performed an evaluation of the potential consequences of the recent events in North Africa, the Middle East and Japan, particularly concerning financial impacts and the effect on supplies. The Group does not believe that these events will jeopardize the objectives it has set itself for 2011. It did, however, record a provision in the June 30, 2011 consolidated financial statements in view of the difficulty in comprehensively assessing the situation in certain countries in the Middle East, which is one of the regions to which the Group exports high-voltage terrestrial cables. The amount of the provision may subsequently be revised, particularly if the tensions in the region worsen.

- The Group has discovered that one of its production facilities delivered cables intended for the US Navy and other US government customers without previously carrying out the required exhaustive tests. In some cases, certain of these cables may not meet all of the customer specifications. Consequently, Nexans has recorded a provision – which currently represents a non-material amount – to cover the cost of recalling products that have not yet been installed in ships and vessels as well as the corrective measures that may need to be taken and the limited number of customer claims that have been received so far.

  Nexans voluntarily informed both the US Navy and the Office of the Inspector General of the situation and its "qualified supplier" status has been suspended for a small number of products. The Group is still a qualified supplier for the majority of the product references for which it was originally certified.

  Nexans has not yet finalized its voluntary report on the facts and circumstances of the situation and is not currently in a position to express an opinion on either the possibility of the Office of the Inspector General imposing any financial penalties or on the amount that any such penalties could represent. Consequently, no provision was recorded in the first-half 2011 financial statements to cover the amount of any potential fine relating to this case.

Nexans considers that the other existing or probable disputes for which provisions were recorded at June 30, 2011 and December 31, 2010 do not represent sufficiently material amounts when taken individually to require specific disclosures in the consolidated financial statements.

b) Contingent liabilities relating to disputes and proceedings

The Group has not recorded a provision in relation to the following dispute as the recognition criteria were not satisfied. This case concerns cables manufactured by one of the Group's European subsidiaries and sold to a harness manufacturer. The manufacturer then sold the cables to an automobile equipment manufacturer, which in turn sold them to a European automaker. Nexans' subsidiary was not informed of the automaker's technical specifications. The automaker used Nexans' cables along with switches in its wipers systems, and some of the cables allegedly broke. The subsidiary considers that the cables sold met the specifications of its customer, i.e. the harness manufacturer.

In January 2008 the automobile equipment manufacturer filed an emergency application against the harness manufacturer to obtain a court order appointing an expert to find and safeguard any available evidence in order to identify the technical cause of the problem. Nexans was involved in this procedure, during which the automobile equipment manufacturer claimed that the cables supplied did not comply with the technical specifications of the harness manufacturer, an allegation both the harness manufacturer and Nexans contest. The court will issue an opinion on the expert's technical report at the end of the procedure. The automaker allegedly undertook a recall affecting around 350,000 installed switches. Finally, the automobile equipment manufacturer confirmed that in 2007 its client, the automaker, filed a 17 million euro claim against it based on the number of vehicles returned at that date. Nexans notified its insurer of this claim at the time.

Although it is not yet possible to ascertain the impact of the above-described case, Nexans currently does not consider that it will have a material impact on the Group's consolidated financial position. It is not, however, in a position to exclude such a possibility.

c) Antitrust investigations

On July 5, 2011, Nexans and its subsidiary Nexans France SAS received a Statement of Objections(1) from the European Commission's Directorate General for Competition relating to anticompetitive behavior in the sector of submarine and underground power cables as well as the related accessories and services.

As a result, the Group recorded a 200 million euro provision in its consolidated financial statements at June 30, 2011. Being an estimate, the definitive financial consequences for the Group may differ.

This amount corresponds, at this stage of the proceedings, and by application of a principle of prudence, to the Group's estimate of the fine which could be imposed taking into account the fining policy of the Commission and methodology and elements on which the Commission intends to base its fine, as well as certain challenges that Nexans intends to make.

In view of the exceptional nature of this provision and its highly material amount, in accordance with IFRS it has been presented in a separate line of the income statement ("Fines relating to antitrust investigations") between operating margin and operating income.

The Group is also under investigation by the Competition Authorities of Australia, South Korea (in addition to an investigation into the domestic market), the United States, Brazil, and Canada, in the same sector of activity. The Group is unable to provide an analysis at this stage of these other proceedings and therefore did not make any provision in its accounts for these other investigations.

In its press release of February 12, 2009 and in its subsequent communications, the Group had indicated that an unfavorable outcome of these procedures as well as the associated consequences could have a material adverse effect on the results and thus the financial situation of the Group.

Note 16. Subsequent events

No significant events for which disclosure is required have occurred since June 30, 2011.

(1) A Statement of Objections is a procedural document in competition investigations whereby the European Commission informs parties concerned of its preliminary view in relation to a possible infringement of EU competition law. The recipient of a Statement of Objections may respond in writing, by presenting all elements and information in its favor which may limit the accusations made by the Commission. The recipient may also ask to be heard to present its arguments on the investigation. The sending of a Statement of Objections does not prejudge the European Commission's final decision in the proceedings.

STATUTORY AUDITORS' REVIEW REPORT ON THE 2011 INTERIM FINANCIAL INFORMATION

PricewaterhouseCoopers Audit

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This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Nexans
8-10, rue du Général Foy
75008 Paris

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meetings and in accordance with the requirements of Article L.451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of Nexans for the six months ended June 30, 2011;
- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with **IAS 34** – "Interim Financial Reporting", as adopted by the European Union.

Without qualifying our conclusion, we draw your attention to the "Antitrust investigations" sections of **Notes 2** and **15** to the condensed interim consolidated financial statements, which describe investigations into anticompetitive behavior launched against the Company.

2. Specific verification

We have also verified the information given in the interim management report on the condensed interim consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and its consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine and Paris La Défense, July 28, 2011

The Statutory Auditors

PricewaterhouseCoopers Audit	**KPMG Audit** A division of KPMG SA
Éric Bulle Partner	Valérie Besson Partner

NEXANS / A French limited liability company (société anonyme) / with a share capital capital of €28,720,030 / Registered office: 8, rue du Général Foy - 75008 Paris / Paris Trade Register number 393 525 852 /

STATEMENT BY THE PERSON RESPONSIBLE FOR THE 2011 INTERIM FINANCIAL REPORT

I hereby declare that to the best of my knowledge, (i) the condensed interim consolidated financial statements for the six months ended June 30, 2011, have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of operations of the Company and its subsidiaries, and (ii) the interim management report presented herein provides a fair view of significant events of half-year 2011 and their impact on the financial statements, the main related party transactions and the principal risks and uncertainties for the remaining six months of the year.

Frédéric Vincent
Chairman and Chief Executive Officer

Nexans

Nexans is a top-ranking player in the cable industry, with 23,700 employees in 40 countries. The Group develops cabling solutions for the Infrastructure, Industry and Building and Local Area Network (LAN) markets. Energy and Transportation are at the core of Nexans' development. Customer orientation, commitment, operational excellence and work globally characterize the mindset that mobilizes Nexans' teams as they use their expertise to provide customers with solutions that are superior in terms of performance, safety, reliability, energy efficiency and environmental protection. Nexans' 2010 results exceeded expectations against a highly challenging backdrop and the Group continued to grow in stature and to invest for the future during the year. Nexans is targeting a further improvement in business growth and profitability in 2011.

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