WORLDWIDE EXPERT
IN THE CABLE INDUSTRY

Nexans

Half-Year Financial Report
(Six months ended June 30, 2012)

Interim activity report

Six months ended June 30, 2012

The purpose of this report is to present an overview of the operations and results of the Nexans Group for the first half of fiscal year 2012. It is based on the consolidated financial statements for the six months ended June 30, 2012.

Nexans' shares are traded on the NYSE Euronext Paris market 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, 2012:

- Institutional investors: 84.9%, of which (i) approximately 20% held by the Chilean group Madeco, (ii) 5.6% by Fonds Stratégique d'Investissement (France), and (iii) 5.2% by Manning & Napier (USA).
- Private investors and employees: 12.6%.
- Unidentified shareholders: 2.5%.

This interim activity report must be read in conjunction with the consolidated financial statements for the six months ended June 30, 2012 (including the notes to those financial statements), as well as with Nexans' Registration Document for the year ended December 31, 2011 which was filed with the French financial markets authority (Autorité des Marchés Financiers – AMF) on April 4, 2012 under number D.12-0275. Nexans operates in a context of risk and uncertainty as a result of the general economic environment as well as the specific nature of its own business activities. A detailed description of risk factors and uncertainties – notably risks related to the antitrust investigations launched in 2009 – is provided in section 6 of the Management Report in Nexans' 2011 Registration Document entitled "Risk factors". If these risks were to materialize they could have an adverse effect on the Group's operations, financial position, earnings, outlook and/or share price. Nexans may be exposed to other risks that were not identified at the date of this report, or which are not currently considered material.

1. Significant events of first-half 2012

1.1 Acquisition of the US company AmerCable

On February 29, 2012, Nexans completed its acquisition of the entire capital of AmerCable, one of North America's leading producers of cables for the mining, oil and gas sectors. AmerCable manufactures high-tech and specialty cables for mission-critical equipment operating in harsh environments, including for mining, the oil and gas sectors (onshore and offshore) and renewable energy industries. The acquisition fits with Nexans' strategy of developing its Industry division, as it has broadened the Group's reach in the sector of Resources. See Note 9 to the condensed interim consolidated financial statements for further details on the terms and conditions of this transaction.

1.2 Issue of OCEANE bonds redeemable in 2019 and partial buyback of OCEANE 2013 bonds

On February 21, 2012 Nexans carried out a further issue of bonds convertible into new shares and/or exchangeable for existing shares (OCEANE bonds). The issue represented an aggregate amount of 275 million euros, breaking down as 3,780,588 bonds maturing on January 1, 2019, with a unit face value of 72.74 euros.

This face value corresponds to a 35% premium over the 53.88 euro reference price[1] for Nexans shares on the Euronext Paris market. Each of the bonds may be converted/exchanged for one Nexans share, subject to any subsequent adjustments.

The bonds bear interest at an annual rate of 2.5%, payable in arrears on January 1 each year and are redeemable at par on January 1, 2019. However, as from January 1, 2016 Nexans has the option of redeeming all of the bonds in advance if the Company's share price exceeds the face value of the bonds by 130% for a period of 20 consecutive trading days out of the 40 trading days preceding the early redemption notice. The bondholders are entitled to call for early redemption of the bonds on June 1, 2018 at par plus accrued interest (see the Prospectus for this bond issue [in French only] available on www.nexans.com in the Finance/Documentation section, as well as on the website of the AMF at www.amf-france.org).

At the same time as the OCEANE 2019 bonds were placed with institutional investors, Nexans launched a reverse bookbuilding process for its OCEANE 2013 bonds outstanding at February 21, 2012. In order to maximize the number of bonds tendered to the buyback offer, Nexans offered a purchase price of 86 euros per bond, representing a 2.4% premium over the early redemption price (including the redemption premium).

Following all of the buybacks carried out as part of the overall transaction Nexans had purchased 73.8% of the OCEANE 2013 bonds outstanding at that date (i.e., 2,801,427 bonds out of 3,794,037), at a price of 86 euros per bond, representing an aggregate amount of 241 million euros.

1.3 Employee share ownership plan

As announced in February 2012, in the first half of 2012 Nexans launched a new employee share ownership plan, which involved the issuance of a maximum of 500,000 shares, of which 400,000 were offered to employees and 100,000 to the bank that structured the alternative offer proposed in certain countries.

The plan proposed a "leveraged" structure, whereby employees were able to subscribe for the shares at a preferential discount price and the Company provides them with a capital guarantee plus a multiple based on share performance. The shares are subject to a five-year lock-up period except in certain limited circumstances.

(1) Reference price determined based on the volume weighted average price of Nexans' shares on the Euronext Paris market between the start of trading on February 21, 2012 until the final terms and conditions of the bond issue were set on that same date.

The reservation period ran between May 21 and June 7, 2012 and was followed by a subscription/cancellation period between July 10 and July 13, 2012. The offer price was set on July 9, 2012 at 24.28 euros (representing a 20% discount on the average price of the Nexans share quoted during the 20 trading days preceding the pricing date). The settlement-delivery of the shares is scheduled to take place on August 3, 2012 and will result in the issuance of 499,984 new shares, representing an aggregate amount of 12.1 million euros.

In countries where the leveraged structure using an employee mutual fund raised legal or tax difficulties, an alternative formula was offered comprising the allocation of Stock Appreciation Rights (SAR).

The underlying purpose of this plan – which is the fifth employee share ownership plan set up by Nexans since 2002 – is to continue to closely involve Nexans' French and international employees in the Group's performance. On issuance of the shares, the total interest held by employees in Nexans' share capital will be approximately 4.2%.

1.4 Antitrust investigations

In June 2012, the Group and other parties were heard by the European Commission in relation to the antitrust investigations launched against Nexans and its subsidiary Nexans France SAS in 2009 concerning anticompetitive behavior in the sector of submarine and underground power cables as well as related accessories and services. These hearings are a procedural stage and do not prejudge the final decision that will be taken by the Commission. There is no official timetable for the overall procedure but in similar procedures in the past few years the Commission has generally issued a decision within six to eighteen months following such hearings.

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.

For further details see Notes 2 ("Significant events of the period") and 15 ("Disputes and contingent liabilities") to the condensed interim consolidated financial statements, particularly in relation to the 200 million euro provision recorded in the consolidated financial statements since June 30, 2011 for the antitrust investigations.

2. Operations during first-half 2012

2.1 Consolidated results of the Nexans Group

2.1.1 Business review by operating segment (sales figures at constant non-ferrous metal prices and operating margin)

2.1.1.1 OVERVIEW

During the first half of 2012, growth reported by Distributors & Installers, Industry, and Distribution & Operators offset the contraction in sales posted by the Transmission business, which felt the impact of the ongoing competitive environment for high-voltage terrestrial cables as well as production difficulties for high-voltage submarine cables. Overall, the Group's sales for the first half of 2012 totaled 3,577 million euros, versus 3,527 million euros in the same period of 2011. At constant non-ferrous metal prices, the first-half 2012 sales figure came in at 2,398 million euros compared with 2,287 million euros for the first six months of 2011.

Based on constant exchange rates and a comparable scope of consolidation, organic sales growth[2] totaled 0.2%. Following a mixed first quarter, marked by a sharp falloff in Transmission sales and buoyant momentum for other operations, Transmission sales gradually returned to normal production levels in the second quarter. Despite quarterly advances, organic growth reported by Distributors & Installers, Industry, and Distribution & Operators was lower than in second-quarter 2011.

Operating margin totaled 87 million euros, or 3.6% of sales at constant non-ferrous metal prices, reflecting the lower year-on-year contribution from the Transmission business.

2.1.1.2 ANALYSIS BY BUSINESS LINE

New business segmentation

Since January 1, 2012 the Group's business segmentation has been aligned with its market-based organizational structure, whose primary aim is to strengthen Nexans' customer-oriented strategy. The Group's Energy Infrastructure and Telecom operations have now been combined to form the "Transmission, Distribution & Operators" (TD&O) segment, the Building and LAN businesses have been grouped together to form the "Distributors & Installers" segment, the "Industry" segment has remained unchanged, and the "Other" segment now includes the Electrical Wires business.

Transmission, Distribution & Operators

The Transmission, Distribution & Operators segment reported sales of 1,006 million euros in the first half of 2012, down 4% on an organic basis. This decline reflects the mixed performances turned in by the different businesses that make up the segment, with Transmission delivering a weaker showing than Distribution & Operators.

(2) Organic growth is the Group's growth rate excluding the impact of changes in exchange rates and in the scope of consolidation.

Transmission

This business comprises two sub-segments: high-voltage terrestrial cables (accounting for around 12% of the TD&O segment's sales) and high-voltage submarine cables and systems (representing approximately 23% of TD&O sales).

High-voltage terrestrial cables

High-voltage terrestrial cables reported slight sales growth in first-half 2012 compared with the corresponding prior-year period. However, competition remained fierce, particularly in the Middle East. Operating margin was also weighed down by the fact that installation operations could not be started up again in Libya because of the continuing uncertainty concerning the country's security situation.

At end-June 2012, the order book represented around one year's worth of sales.

High-voltage submarine cables and systems

The first six months of 2012 saw a slower-than-expected pace of production launches for high-voltage submarine cables and systems. This led to invoicing delays which the Group will not be able to catch up by the end of the year, due to the high workload of the production facilities dedicated to this activity.

These invoicing delays adversely impacted operating margin during the period, which also felt the effect of weaker installation activity.

At end-June 2012, the order book represented around 1.8 years' worth of sales.

Distribution

Sales of low- and medium-voltage cables and accessories designed for power distribution networks came to 565 million euros in the first half of 2012, up slightly on the equivalent period of 2011 on an organic basis.

Europe – which accounted for some 48% of the segment's sales – continued on the growth track, fueled by the contributions of France and Scandinavia and despite sales contractions experienced in Germany, Italy and Benelux. In North America (which contributed around 7% of the business's sales), the Group reaped the benefits of strong demand, which led to double-digit organic growth for the period. Sales in South America (which represented some 18% of the business's total) came in on a par with the high level of first-half 2011. In the Asia-Pacific Area (which accounted for 12%) sales tailed off in the first six months of 2012, primarily due to adverse weather conditions in Australia. Lastly, the Middle East, Russia and Africa (MERA) Area (15% of sales) registered brisk growth compared with first-half 2011 (when sales were severely impacted by the Arab Spring).

Operators

Sales generated by the Operators business totaled 94 million euros in the first half of 2012, representing year-on-year organic growth of over 10%. In the copper cables sector, business was spurred by strong demand in South America while sales growth for optical fiber cables and components was mainly driven by high demand in Europe.

Overall, operating margin for the Transmission, Distribution & Operators segment came in at 23 million euros for first-half 2012, representing 2.3% of sales at constant non-ferrous metal prices, down sharply on the same period of 2011 when it amounted to 68 million euros, or 6.6% of sales.

Industry

The Industry segment reported sales of 585 million euros, up 3% on an organic basis compared with the first half of 2011.

Cable harnesses – primarily aimed at German high-end automakers – once again posted strong growth. In the transport sector, business with the aeronautics industry increased while sales for the railroad market suffered from the fact that the pace of China's high-speed rail expansion did not return to the levels experienced before the sharp slowdown in 2011. Sales of cables for the shipbuilding industry – a large proportion of which is dedicated to platforms and FPSO units used by the oil and gas sector – continued to rise. On the other hand, business volumes retreated for cables for the equipment and automation markets, particularly in Europe. Lastly, the Resources sector (oil and gas, the mining industry, and renewable energies) delivered another period of double-digit growth. The integration of AmerCable – which has been renamed Nexans AmerCable – proceeded as planned, and has contributed positively to the segment results.

Operating margin for the Industry segment overall represented 3.5% of sales at constant non-ferrous metal prices, on a par with the first half of 2011.

Distributors & Installers

Sales for the Distributors & Installers segment totaled 652 million euros in the first six months of 2012, up by nearly 5% year-on-year on an organic basis.

Europe – which accounted for some 40% of the segment's sales – saw a slight falloff during the period, primarily due to the adverse impact on the LAN cables business of the low number of commercial real estate and data center projects. In the power cables sector, sales levels were stable overall due to the Group's strong exposure to Northern Europe, whereas sales in Southern Europe continued to be eroded. North America (24% of the segment's sales) saw robust growth of around 6%, with the weakness of the LAN market more than offset by high business volumes for power cables both in the United States and Canada. South America (12% of the segment's sales) reported double-digit growth, fueled by strong demand in Brazil and despite ever-tougher competition in the country. The MERA Area (10% of the segment's sales) also posted double-digit growth in Turkey, Lebanon and Morocco although competition heated up in Turkey and Morocco during the period. Lastly, in the Asia-Pacific Area (14% of the segment's sales), the Group felt the full benefits of its commercial repositioning measures in Australia, and sales in South Korea remained buoyant.

Boosted by higher volumes, operating margin rose from 32 million euros (5.3% of sales in the first six months of 2011) to 43 million euros in first-half 2012 (6.6% of sales at constant non-ferrous metal prices).

The "Other" segment

Sales for the "Other" segment – which now includes the Electrical Wires business – were stable year-on-year in the first half of 2012, coming in at 156 million euros. Operating margin was close to breakeven.

2.2 Other items of first-half 2012 consolidated income statement

2.2.1 Core exposure effect

As non-ferrous metal prices rose in the initial months of 2012 but subsequently fell in the latter part of the first-half, the "Core exposure effect" was not material in the Group's income statement for the period (positive effect of 3 million euros compared with 21 million euros for the first half of 2011).

As a reminder, in the IFRS financial statements, non-ferrous metal inventories are measured using the weighted average unit cost method, leading to the recognition of a temporary price difference between the accounting value of the copper used in production and the actual value of this copper as allocated to orders through the hedging mechanism. This difference is reinforced by the existence of a permanent inventory of metal that is not hedged (called "Core exposure").

The accounting impact related to this difference is not included in operating margin and instead is accounted for in a separate line of the consolidated income statement, called "Core exposure effect". Within operating margin – which is a key performance indicator for Nexans – inventories consumed are valued based on the metal specific to each order, in line with the Group's policy of hedging the price of the metals contained in the cables sold to customers.

2.2.2 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 provided by its business units.

At June 30, 2012, Nexans carried out a review of these assets to identify any indications of impairment that may have arisen since the tests carried out in the fourth quarter of 2011, by combining actual figures for the first six months of 2012 with the estimated data used at the previous period-end, and, where appropriate, adjusting the medium-term trends based on information available at the time the tests were performed. No indications of impairment requiring a full impairment test were identified at June 30, 2012.

The 2 million euro net impairment loss recognized in first-half 2012 mainly concerned capital expenditure – primarily maintenance outlay – incurred for Group operations that had already been fully written down in prior years and for which the outlook at June 30, 2012 did not justify a reversal of the corresponding impairment losses at that date.

2.2.3 Restructuring costs

Restructuring costs came to 8 million euros in first-half 2012 (see the breakdown provided in Note 12.b to the condensed interim consolidated financial statements for the six months ended June 30, 2012) versus 13 million euros in the corresponding prior-year period.

The first-half 2012 figure corresponds to various smaller-scale restructuring plans launched in 2012 as well as costs expensed as incurred (in accordance with IFRS), relating to the restructuring plans launched in previous years in France and Italy (asset relocation, employee redeployments,…).

The 13 million euros in restructuring costs recorded in first-half 2011 primarily corresponded to provisions set aside for downsizing at an industrial site in Germany.

2.2.4 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 2012, 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".

2.2.5 Gains and losses on asset disposals

The net loss recorded under this item in first-half 2012 was not material (1 million euros), due to the fact that no major disposals of Group entities took place during the period. The net gain recorded in the first six months of 2011 was not material either (4 million euros).

2.2.6 Provision related to EU antitrust procedure

In the first half of 2011 the Group set aside a 200 million euro provision for a fine that may be imposed on it following the Statement of Objections received from the European Commission's Directorate General for Competition on July 5, 2011 for alleged anticompetitive behavior by Nexans France SAS in the sector of submarine and underground power cables as well as the related accessories and services. For further details see Note 15 to the first-half 2012 condensed interim consolidated financial statements.

As no new events occurred during the first half of 2012, the amount of the provision remained unchanged at June 30, 2012.

2.2.7 Net financial expense

The Group recorded a net financial expense of 56 million euros in first-half 2012, compared with 51 million euros for the first six months of 2011. The figure was stable year-on-year however, excluding the one-off impact of the premium paid in connection with the Group's partial buyback of its OCEANE 2013 bonds in February 2012 (see section 1 above, "Significant events of first-half 2012").

The Group's net financial expense mainly included (i) debt service costs, which totaled 47 million euros, net of income from cash management, in first-half 2012, and (ii) 6 million euros in net finance cost for pensions over the period. The net foreign exchange gain in first-half 2012 was not material.

2.2.8 Income taxes

Nexans reported an income tax expense of 5 million euros in the first half of 2012, representing 28.4% of consolidated income before taxes.

In first-half 2011 the Group recorded an income tax expense of 19 million euros, despite reporting a pre-tax loss of 133 million euros. This was primarily due to the fact that the Group could not deduct for tax purposes the 200 million euro provision recorded to cover the risk relating to the fine that could be imposed on it following the Statement of Objections received from the European Commission's Directorate General for Competition on July 5, 2011.

2.3 Principal cash flows for the period

Cash flows from operations before gross cost of debt and tax totaled 151 million euros in first-half 2012, primarily attributable to the consolidated net income figure for the period, before taking into account 75 million euros in depreciation, amortization and impairment of assets.

Working capital requirement increased, reflecting seasonality effects and growth in the Distributors & Installers, Industry, and Distribution businesses as well as the impact of the invoicing delays in the Transmission business.

In light of the Group's acquisition of AmerCable (see section 1 above, "Significant events of first-half 2012") for 211 million euros, net cash used in investing activities came to 226 million euros for the first six months of 2012, with capital expenditure during the period (62 million euros) being offset by 50 million euros from sales of short-term financial assets (see Note 13.a to the condensed interim consolidated financial statements).

Excluding the 34 million euro positive impact of the long-term financing operations carried out during the period resulting from the OCEANE 2019 bond issue and the partial buyback of OCEANE 2013 bonds, which took place simultaneously in February 2012 (see section 1 above, "Significant events of first-half 2012"), net cash used in financing activities came to 83 million euros in the first six months of 2012, primarily reflecting 60 million euros in interest paid by the Group and the 32 million euro dividend payout in the second quarter.

Overall, taking into account the effect of currency translation differences, net cash and cash equivalents decreased by 395 million euros during the period and stood at 445 million euros at June 30, 2012 (including 466 million euros in cash and cash equivalents recorded under assets and 21 million euros corresponding to short-term bank loans and overdrafts recorded under liabilities).

2.4 Consolidated statement of financial position

Nexans' total consolidated assets edged up to 5,563 million euros at June 30, 2012 from 5,544 million euros at December 31, 2011.

Changes in the structure of the Group's statement of financial position between those two reporting dates were, primarily as a result of the consolidation of AmerCable as of March 1, 2012 (see Note 9 to the condensed interim consolidated financial statements), as described below:

- Non-current assets totaled 2,098 million euros at June 30, 2012, compared with 1,915 million euros at December 31, 2011.
- Excluding the impact of changes in the scope of consolidation, operating working capital requirement (trade receivables plus inventories less trade payables and accounts related to long-term contracts) rose by 208 million euros between December 31, 2011 and June 30, 2012, reflecting the various effects described in section 2.3. This increase, combined with the acquisition of AmerCable for 211 million euros, constituted the primary reason for the rise in the Group's net debt to 678 million euros at June 30, 2012 from 222 million euros at end-2011.
- Provisions for contingencies and charges – including for pensions and other retirement benefit obligations – remained relatively stable during the period, amounting to 613 million euros at June 30, 2012 versus 631 million euros at December 31, 2011.
- Total equity rose to 1,967 million euros, reflecting the impact of the dividend payout, offset by the first-half 2012 net income figure, the fair value gain arising on cash flow hedges, and a 24 million euro positive impact from currency translation differences. The Group's financial structure is still particularly solid, with a gearing ratio of less than 35% at June 30, 2012.

3. Trends and outlook for the second half of 2012

In an uncertain European environment, the Group expects a slight organic growth of its sales for the year. The operating margin for the second half of 2012 should increase significantly in view of the consolidation of the operational progress recorded in the Transmission segment over the second quarter. Assuming comparable copper prices, and taking account of the integration of the China-based acquisition Shandong Yanggu, net debt at end-2012 is expected to be on a par with June 30, 2012.

Readers should also refer to section 4 below, "Risk factors and main uncertainties".

4. Risk factors and main uncertainties

Nexans considers that the main risks identified in the 2011 Registration Document on pages 35 to 42 and 173 to 185 have not evolved significantly.

The Group is exposed to a number of risks related to the performance of certain contracts, particularly following the difficulties explained in the press release dated April 25, 2012 (invoicing delays in the high-voltage business due to a slower-than-expected pace of production launches for submarine high-voltage cables, combined with a continuing fierce competitive environment in terrestrial cables, which is weighing on margins).

Readers should also refer to Note 15 to the condensed interim consolidated financial statements, especially for the risks related to the antitrust investigations.

In addition to these risk factors, the main uncertainties for the second half of 2012 primarily relate to:

- The economic environment in Europe.
- The resilience of the energy infrastructure market in emerging countries.
- Growth in the renewable energy market and in Oil & Gas, as well as customers' capital expenditure programs in these markets.
- The uptrend in industrial cables in certain transport segments such as shipyards and the development of the railroad market in China.
- The Group's capacity to increase its productivity.
- The absence of an impact in 2012 of the antitrust investigations launched in 2009.
- Customer credit risk, notably in Egypt and in Europe – especially Greece, where client credit risk can no longer be insured.
- The upturn in business in the Middle East and North Africa, particularly in Libya where the performance of certain contracts has been delayed.

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 46 to 54 of the 2011 Registration Document and Note 30 to the consolidated financial statements for the year ended December 31, 2011.

July 24, 2012

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

Condensed interim consolidated financial statements

Six months ended June 30, 2012

Consolidated income statement

(in millions of euros)	Notes	First-half 2012	First-half 2011
NET SALES	(3)	3,577	3,527
Metal price effect*		(1,179)	(1,241)
SALES AT CONSTANT METAL PRICES*	(3)	2,398	2,287
Cost of sales		(3,171)	(3,118)
Cost of sales at constant metal prices*		(1,992)	(1,878)
GROSS PROFIT		406	409
Administrative and selling expenses		(279)	(255)
R&D costs		(40)	(37)
OPERATING MARGIN*	(3)	87	117
Core exposure effect**		3	21
Net asset impairment	(6)	(2)	(6)
Changes in fair value of non-ferrous metal derivatives		(1)	(3)
Net gains on asset disposals	(4)	(1)	4
Acquisition-related costs		(4)	(1)
Restructuring costs	(12)	(8)	(13)
Reserve for risk related to EU antitrust procedure***	(2)	-	(200)
OPERATING INCOME (LOSS)		74	(81)
Cost of debt (gross)		(51)	(43)
Income from cash and cash equivalents		4	6
Other financial expenses	(5)	(9)	(14)
Share in net income (loss) of associates		(0)	(1)
INCOME (LOSS) BEFORE TAXES		18	(133)
Income taxes	(7)	(5)	(19)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS		13	(152)
Net income (loss) from discontinued operations		-	-
NET INCOME (LOSS)		13	(152)
- attributable to owners of the parent		13	(151)
- attributable to non-controlling interests		0	(1)
ATTRIBUTABLE NET INCOME (LOSS) PER SHARE (in euros)	(8)		
- basic earnings (loss) per share		0.47	(5.29)
- diluted earnings (loss) per share		0.46	(5.29)

* Performance indicators used to measure the Group's operating performance.
** Effect relating to the revaluation of Core exposure at its weighted average cost.
*** A 200 million euro provision was set aside over the first half of 2011 for a fine that may be imposed on Nexans following the Statement of Objections received from the European Commission's Directorate General for Competition on July 5, 2011 for alleged anticompetitive behavior (see Note 15).

Consolidated statement of comprehensive income

(in millions of euros)	First-half 2012	First-half 2011
NET INCOME (LOSS) FOR THE PERIOD	13	(152)
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	24	(50)
- Gains (losses) generated during the period (net of tax)	24	(50)
- Amounts recycled to the income statement (net of tax)	-	-
Cash flow hedges	10	(31)
- Gains (losses) generated during the period (net of tax)	10	(14)
- Amounts recycled to the income statement (net of tax)	0	(17)
Share of other comprehensive income of associates	-	-
Total other comprehensive income (expense)	34	(81)
Total comprehensive income (loss)	**47**	**(233)**
- attributable to owners of the parent	47	(231)
- attributable to non-controlling interests	0	(2)

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

Consolidated statement of financial position

Assets

(in millions of euros)	Notes	June 30, 2012	December 31, 2011
Goodwill	(9)	543	386
Other intangible assets		184	184
Property, plant and equipment		1,182	1,160
Investments in associates		12	7
Other non-current financial assets		44	44
Deferred tax assets		93	96
Other non-current assets		40	38
NON-CURRENT ASSETS		2,098	1,915
Inventories and work in progress		1,145	1,051
Amounts due from customers on construction contracts		330	293
Trade receivables		1,283	1,168
Other current financial assets*		104	134
Current income tax receivables		32	29
Other current non-financial assets		105	94
Cash and cash equivalents	(10)	466	859
Assets and groups of assets held for sale		0	1
CURRENT ASSETS		3,465	3,629
TOTAL ASSETS		**5,563**	**5,544**

* Of which short-term financial assets included in the calculation of consolidated net debt: nil at June 30, 2012 and 50 million euros at December 31, 2011 (see Note 13).

Equity and liabilities

(in millions of euros)	Notes	June 30, 2012	December 31, 2011
Capital stock		29	29
Additional paid-in capital		1,287	1,286
Retained earnings and other reserves		408	396
Other components of equity		209	174
Equity attributable to owners of the parent		1,933	1,885
Non-controlling interests		34	35
TOTAL EQUITY	(11)	1,967	1,920
Pension and other retirement benefit obligations		298	300
Other long-term employee benefit obligations		17	16
Long-term provisions*	(12) and (15)	227	229
Convertible bonds	(13)	423	499
Other long-term debt	(13)	365	356
Deferred tax liabilities		108	102
NON-CURRENT LIABILITIES		1,438	1,502
Short-term provisions	(12) and (15)	71	86
Short-term debt	(13)	355	277
Liabilities related to construction contracts		300	319
Trade payables		1,065	1,051
Other current financial liabilities		109	109
Accrued payroll costs		199	200
Current income tax payables		23	51
Other current non-financial liabilities		36	29
Liabilities related to groups of assets held for sale		0	0
CURRENT LIABILITIES		2,158	2,122
TOTAL EQUITY AND LIABILITIES		**5,563**	**5,544**

* Including a 200 million euro provision set aside over the first half of 2011 to cover the risk relating to the European Commission's current proceedings for anticompetitive behavior (see Note 15).

Consolidated statement of cash flows

(in millions of euros)	Notes	First-half 2012	First-half 2011
Net income (loss) attributable to owners of the parent		13	(151)
Net income (loss) attributable to non-controlling interests		0	(1)
Depreciation, amortization and impairment of assets (including goodwill)(1)		75	76
Cost of debt (gross)		51	43
Core exposure effect(2)		(3)	(21)
Other restatements(3)		15	189
CASH FLOWS FROM OPERATIONS BEFORE GROSS COST OF DEBT AND TAX(4)		151	135
Decrease (increase) in receivables		(149)	(183)
Decrease (increase) in inventories		(31)	(98)
Increase (decrease) in payables and accrued expenses		(35)	80
Income tax paid		(50)	(33)
Impairment of current assets and accrued contract costs		(9)	3
NET CHANGE IN CURRENT ASSETS AND LIABILITIES		(274)	(231)
NET CASH USED IN OPERATING ACTIVITIES		(123)	(96)
Proceeds from disposals of property, plant and equipment and intangible assets		3	7
Capital expenditures		(62)	(64)
Decrease (increase) in loans granted and short-term financial assets		48	(29)
- of which margin calls on metal derivatives		*3*	-
Purchase of shares in consolidated companies, net of cash acquired(5)		(215)	(8)
Proceeds from sale of shares in consolidated companies, net of cash transferred		0	0
NET CASH USED IN INVESTING ACTIVITIES		(226)	(94)
NET CHANGE IN CASH AND CASH EQUIVALENTS AFTER INVESTING ACTIVITIES		(349)	(190)
Proceeds from long-term borrowings(6)	(2) and (13)	280	1
Repayments of long-term borrowings		(1)	(1)
Proceeds from (repayment of) short-term borrowings	(2) and (13)	(237)	49
- of which repayment of the OCEANE 2013 convertible/exchangeable bonds(6)	*(2) and (13)*	*(241)*	-
Cash capital increases (reductions)		1	4
Interest paid		(60)	(54)
Transactions with owners not resulting in a change of control		-	-
Dividends paid		(32)	(32)
NET CASH USED IN FINANCING ACTIVITIES		(49)	(33)
Net effect of currency translation differences		3	(10)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(395)	(233)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		840	783
CASH AND CASH EQUIVALENTS AT PERIOD-END		445	550
of which cash and cash equivalents recorded under assets		466	558
of which short-term bank loans and overdrafts recorded under liabilities		(21)	(8)

(1) Including the portion of restructuring costs corresponding to impairment of non-current assets.
(2) Effect relating to the revaluation of Core exposure at its weighted average cost, which has no cash impact.
(3) Other restatements for the six months ended June 30, 2012 included (i) a positive 5 million euros in relation to offsetting the Group's income tax charge and (ii) a negative 9 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, 2011 included (i) a positive 200 million euro adjustment to eliminate the reserve relating to the European Commission's proceedings for anticompetitive behavior, (ii) a positive 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).
(4) The Group also uses the "operating cash flow" concept which is mainly calculated using the "Cash flows from operations before gross cost of debt and tax" balance after adding back cash outflows relating to restructurings (15 million euros and 30 million euros for the first half of 2012 and 2011 respectively), and deducting gross cost of debt and the current income tax paid over the period.
(5) Of which, in the first-half of 2012, 211 million euros in disbursements (net of cash acquired) with respect to the acquisition of AmerCable, fully settled in cash on February 29, 2012 (see Note 2).
(6) At the end of February 2012, a portion of the OCEANE 2013 convertible/exchangeable bonds were redeemed in the amount of 241 million euros and new OCEANE bonds, redeemable in 2019, were issued in the amount of 275 million euros (see Note 2).

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, 2011	28,604,391	29	1,283	-	603	47	202	**2,164**	43	**2,207**
Net income (loss) for the period	-	-	-	-	(151)	-	-	**(151)**	(1)	**(152)**
Other comprehensive income (expense)	-	-	-	-	-	(31)	(49)	**(80)**	(1)	**(81)**
Total comprehensive income (expense)	-	-	-	-	(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	0	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**
January 1, 2012	28,723,080	29	1,286	-	396	(19)	193	**1,885**	35	**1,920**
Net income (loss) for the period	-	-	-	-	13	-	-	**13**	0	**13**
Other comprehensive income (expense)	-	-	-	-	-	10	24	**34**	-	**34**
Total comprehensive income (expense)	-	-	-	-	13	10	24	**47**	-	**47**
Dividends paid	-	-	-	-	(32)	-	-	**(32)**	(1)	**(33)**
Capital increases	-	-	-	-	-	-	-	**-**	-	**-**
Equity component of OCEANE bonds	-	-	-	-	25	-	-	**25**	-	**25**
Employee stock option plans*:										
- Service cost	-	-	-	-	2	-	-	**2**	-	**2**
- Proceeds from share issues	37,630	0	1	-	-	-	-	**1**	-	**1**
Transactions with owners not resulting in a change of control	-	-	-	-	-	-	-	**-**	-	**-**
Other	-	-	-	-	4	1	-	**5**	-	**5**
June 30, 2012	28,760,710	29	1,287	-	408	(8)	217	**1,933**	34	**1,967**

*Including the impact of the ACT 2012 plan (see **Note 2**).

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 and forms part of the SBF 120 index.

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

These condensed interim consolidated financial statements were approved by Nexans' Board of Directors on July 24, 2012.

• 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, 2011.

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. The standards adopted by the European Union can be viewed on the European Commission 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 a material impact on the financial statements presented.

• Basis of preparation

The accounting policies adopted for the financial statements at June 30, 2012 are consistent with those applied in the annual consolidated financial statements for the year ended December 31, 2011, 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 amendment, which was compulsory in the first half of 2012:

- **Amendment to IFRS 7,** Financial Instruments: Disclosures. This amendment – which has been endorsed by the European Union – is 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 has not early adopted the following standard and amendments which were endorsed by the European Union in June 2012 and whose application is not mandatory in 2012:

- **IAS 19 (revised),** Employee Benefits. The main impact of this revised standard is the elimination of the corridor method which was previously used by the Group. Based on the situation at December 31, 2011 and a theoretical tax rate of 34.5%, if all previously unrecognized actuarial gains and losses and past service costs were immediately recognized in consolidated equity, equity attributable to owners of the parent would be reduced by around 70 million euros. The Group intends to early adopt this standard in the consolidated financial statements for the year ending December 31, 2012.

- **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.

The following standards, amendments and interpretations have not yet been endorsed by the European Union and are therefore not currently applied by the Group:

- The impact of the following standard is currently under analysis:
  - **IFRS 10,** Consolidated Financial Statements. The Group is currently analyzing the consequences of this standard – particularly in relation to the trade receivables securitization program – but the impact is expected to be non-material. According to the IASB, application of this standard is mandatory for annual periods beginning on or after January 1, 2013.

- In view of the Group's activities and, in certain cases, the highly specific nature of the items covered in these standards, amendments and interpretations, the potential impact of the following on the Group's financial statements is expected to be limited:
  - **Amendments to IFRS 1,** First-time Adoption of International Financial Reporting Standards: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters.
  - **Amendments to IAS 32,** Financial Instruments: Presentation and **IFRS 7,** Financial Instruments: Disclosures, relating to offsetting financial assets and financial liabilities.
  - **IFRS 9,** Financial Instruments, covering the classification and measurement of financial assets and financial liabilities.
  - **IFRS 11,** Joint Arrangements, **IFRS 12,** Disclosure of Interests in Other Entities, **IAS 27 (revised),** Separate Financial Statements, and **IAS 28 (revised),** Investments in Associates and Joint Ventures. As the Group does not currently have any subsidiaries that are proportionately consolidated, IFRS 11 should only have a very limited impact on its financial statements.
  - **IFRS 13,** Fair Value Measurement.
  - **Amendment to IAS 12,** Income Taxes – Deferred Tax: Recovery of Underlying Assets.

- **IFRIC 20,** Stripping Costs in the Production Phase of a Surface Mine.

- **Amendment to IFRS 1,** First-time Adoption of International Financial Reporting Standards: Government Loans. This amendment deals with recognizing government loans at a below-market rate of interest. It adds an exemption to the retrospective application of IFRSs when recognizing these loans at the date of transition. According to the IASB, application of these amendments 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.

The main sources of uncertainty relating to estimates used to prepare the interim consolidated financial statements for first-half 2012 were the same as those described in the full-year 2011 consolidated financial statements. During the first six months of 2012, Management reviewed its estimates concerning:

- The recoverable amount of certain items of property, plant and equipment, intangible assets and goodwill (see Note 6 and Note 9).

- Deferred tax assets not recognized in prior periods relating to unused tax losses (see Note 7).

- Margins to completion and percentage of completion on long-term contracts.

- Provisions and contingent liabilities (see Note 12 and Note 15).

- The measurement of derivative instruments and their qualification as cash flow hedges (see Note 14).

These estimates and underlying assumptions are based on past experience and other factors considered reasonable under the circumstances. They serve as the basis 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 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.

Following the implementation in second-quarter 2010 of a new rolling contract for a euro-denominated trade receivables sales plan, Management also exercised its judgment on the derecognition of some of the sold receivables. The plan comprises two distinct and separate programs, referred to as:

- The "ON Balance Sheet" program (solely concerning Nexans France SAS) whereby the related receivables are not derecognized; and

- The "OFF Balance Sheet" program (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 was contractually capped at 25 million euros at June 30, 2012.

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. Acquisition of the US company AmerCable

On February 29, 2012, Nexans completed its acquisition of the entire capital of AmerCable, one of North America's leading producers of cables for the mining, oil and gas sectors.

AmerCable manufactures high-tech and specialty cables for mission-critical equipment operating in harsh environments, including for mining, the oil and gas sectors (onshore and offshore) and renewable energy industries.

The acquisition fits with Nexans' strategy of developing its Industry division, as it has broadened the Group's reach in the sector of Resources.

See Note 9 for further details on the terms and conditions of this transaction.

The consideration for the acquisition was paid fully in cash and totaled 270 million US dollars, net of cash acquired. Provisional goodwill was recognized in an amount of 192 million US dollars, prior to completing the allocation of the purchase price to the entity's identifiable assets and liabilities.

AmerCable has been consolidated by Nexans since March 1, 2012 and in the first half of 2012 it contributed 80 million euros to the Group's consolidated sales at current metal prices.

b. Issue of OCEANE bonds redeemable in 2019

On February 21, 2012 Nexans carried out a further issue of bonds convertible into new shares and/or exchangeable for existing shares (OCEANE bonds). The issue represented an aggregate amount of approximately 275 million euros, breaking down as 3,780,588 bonds maturing on January 1, 2019, with a unit face value of 72.74 euros.

This face value corresponds to a 35% premium over the 53.88 euro reference price[1] for Nexans shares on the Euronext Paris market. Each of the bonds may be converted/exchanged for one Nexans share, subject to any subsequent adjustments.

The bonds bear interest at an annual rate of 2.5%, payable in arrears on January 1 each year and are redeemable at par on January 1, 2019. However, as from January 1, 2016 Nexans has the option of redeeming all of the bonds in advance if the Company's share price exceeds the face value of the bonds by 130% for a period of 20 consecutive trading days out of the 40 trading days preceding the early redemption notice. The bondholders are entitled to call for early redemption of the bonds on June 1, 2018 at par plus accrued interest (see the Prospectus for this bond issue [in French only] available on www.nexans.com in the Finance/Documentation section, as well as on the website of the French financial markets authority [Autorité des Marchés Financiers – AMF] at www.amf-france.org).

The issue prospectus was approved by the AMF on February 21, 2012 under visa no. 12-083.

The purpose of the issue was to extend the maturity of the Group's debt, notably by refinancing a portion of the OCEANE 2013 bonds (see paragraph below entitled "Partial buyback of OCEANE 2013 bonds"), whose principal amount outstanding represented 280 million euros at February 21, 2012. The issue will ensure that the Group continues to have the financial flexibility it needs for its general financing requirements.

c. Partial buyback of OCEANE 2013 bonds

At the same time as the OCEANE 2019 bonds were placed with institutional investors, Nexans launched a reverse bookbuilding process for its OCEANE 2013 bonds outstanding at February 21, 2012. In order to maximize the number of bonds tendered to the buyback offer, Nexans offered a purchase price of 86 euros per bond, representing a 2.4% premium over the early redemption price (including the redemption premium).

The bookbuilding process for the OCEANE 2019 bonds and the reverse bookbuilding process for the OCEANE 2013 bonds were carried out independently from one another.

Following the above-described off-market buyback transaction – which was launched on February 21, 2012 and ended on March 1, 2012 – in the interests of treating all OCEANE 2013 bondholders equally, Nexans carried out an on-market buyback procedure by placing a standing order on the market in France to purchase OCEANE 2013 bonds at the off-market buyback price, i.e., 86 euros per bond. This buyback offer ran for five consecutive trading days, from March 2, 2012 to March 8, 2012.

Following all of the buybacks carried out as part of the overall transaction, Nexans had purchased 73.8% of the OCEANE 2013 bonds outstanding at that date (i.e., 2,801,427 bonds out of 3,794,037), at a price of 86 euros per bond, representing an aggregate amount of 241 million euros.

d. Employee share ownership plan

As announced in the 2011 Registration Document (see Note 2 to the financial statements at December 31, 2011), in the first half of 2012 Nexans launched a new employee share ownership plan, which involved the issuance of a maximum of 500,000 shares. The plan proposed a "leveraged" structure, whereby employees were able to subscribe for the shares at a preferential discount price and the Company provides them with a capital guarantee plus a multiple based on share performance. The shares are subject to a five-year lock-up period except in certain limited circumstances.

The reservation period ran between May 21 and June 7, 2012 and was followed by a subscription/cancellation period between July 10 and July 13, 2012. The offer price was set on July 9, 2012 at 24.28 euros (representing a 20% discount on the average price of the Nexans share quoted during the 20 trading days preceding the pricing date). The settlement-delivery of the shares is scheduled to take place on August 3, 2012 and will result in the issuance of 499,984 new shares, representing an aggregate amount of 12.1 million euros.

In countries where the leveraged structure using an employee mutual fund raised legal or tax difficulties, an alternative formula was offered comprising the allocation of Stock Appreciation Rights (SAR).

The 0.5 million euro expense relating to the plan was recognized during the first half of 2012 and includes (i) a discount, reflecting the cost for employees associated with the lock-up period applicable to the shares, and (ii) the cost related to the volatility advantage granted to employees through the leveraged structure.

The underlying purpose of this plan – which is the fifth employee share ownership plan set up by Nexans since 2002 – is to continue to closely involve Nexans' French and international employees in the Group's performance. On issuance of the shares, the total interest held by employees in Nexans' share capital will be approximately 4.2%.

(1) Reference price determined based on the volume weighted average price of Nexans' shares on the Euronext Paris market between the start of trading on February 21, 2012 until the final terms and conditions of the bond issue were set on that same date.

e. Antitrust investigations

In June 2012, the Group and other parties were heard by the European Commission in relation to the antitrust investigations launched against Nexans and its subsidiary Nexans France SAS in 2009 concerning anticompetitive behavior in the sector of submarine and underground power cables as well as related accessories and services. These hearings are a procedural stage and do not prejudge the final decision that will be taken by the Commission. There is no official timetable for the overall procedure but in similar procedures in the past few years the Commission has generally issued a decision within six to eighteen months following such hearings.

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.

For further details see Note 15 in relation to the antitrust investigations, to which the Group has been the subject since the end of January 2009, and the 200 million euro provision recorded in the consolidated financial statements for the six month period ended June 30, 2011.

Note 3. Operating segments

Nexans' operating segments as defined in accordance with IFRS 8 were modified in 2012 as the Group considered that the operating segments used in prior years were no longer adapted to either its organizational structure or the way in which Management assesses the Group's performance.

The new segment reporting structure that has been adopted splits out the Group's activities by type of market whereas the previous structure (which separated out "Energy" operations from "Telecom" operations) was based on product type. This change is in phase with the Group's ever-stronger customer-oriented strategy.

The new operating segments form the basis for the monthly performance data presented to Nexans' Management Committee[2] 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 comparative segment information for 2011 has been restated and presented in line with the new operating segments used by the Group at June 30, 2012.

As stated in the 2011 Registration Document (see section 2.1 of the Management Report for the year ended December 31, 2011 entitled "Progress made"), during the second quarter of 2011 the Group announced its intention to reorganize a number of its businesses, notably by creating four new market lines ("Distributors & Installers", covering the "General Market"; "Utilities & Operators", responsible for business with power distribution operators and telecom operators; "Industry", dedicated to specialty cables delivered to the Group's industrial customers; and "Infrastructure & Industrial Projects", for managing and overseeing large-scale projects entailing a multi-product/multi-facility offering).

The Group now has the following three reportable segments within the meaning of IFRS 8 (after taking into account the aggregations authorized by the standard):

- **"Transmission, Distribution & Operators"**, comprising power cables for energy infrastructures (low-, medium- and high-voltage cables and related accessories), as well as copper and optical fiber cables for public telecommunications networks.
  The "Transmission, Distribution & Operators" reportable segment is made up of four operating segments: power cables, power cable accessories, cables for telecom operators, and high-voltage & underwater cables.

- **"Industry"**, comprising specialty cables for industrial customers, including harnesses and cables for the shipbuilding, railroad and aeronautical manufacturing industries, the oil industry and the automation manufacturing industry.
  The "Industry" reportable segment is made up of three operating segments: harnesses, industrial cables, and infrastructure & industrial projects.

- **"Distributors & Installers"**, comprising equipment cables for the building market as well as cables for private telecommunications networks.
  The "Distributors & Installers" reportable segment is made up of one single operating segment, as the Group's power and telecom (LAN) products are marketed to customers through a single sales structure.

The Group's segment information also includes a column entitled **"Other"** which corresponds to (i) certain specific or centralized activities carried out for the Group as a whole which give rise to expenses that are not allocated between the various segments, and (ii) the Electrical Wires business, comprising wirerods, electrical wires and winding wires production operations.

Two specific factors were reflected in this column in first-half 2011 and 2012:

- 90% of the sales at constant metal prices recorded in the "Other" column in first-half 2012 were generated by the Group's Electrical Wires business (compared with 90% in first-half 2011).

- In both the first-half of 2012 and the first-half of 2011 the Group incurred non-recurring expenses for the organization of its legal defense following investigations launched by a number of competition authorities against Nexans and other cable manufacturers.

The introduction of the above-described new reportable segments has not had any impact on the information reported by major 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.

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

a. Information by reportable segment

First-half 2012 (in millions of euros)	Transmission, Distribution & Operators	Industry	Distributors & Installers	Other	Group total
Contribution to Net sales at current metal prices	1,234	757	1,133	453	3,577
Contribution to Net sales at constant metal prices	1,006	585	652	156	2,398
Operating margin	23	21	43	0	87
Depreciation, amortization and impairment of assets (including goodwill)	(36)	(17)	(17)	(5)	(75)

First-half 2011 (in millions of euros)	Transmission, Distribution & Operators	Industry	Distributors & Installers	Other	Group total
Contribution to Net sales at current metal prices	1,259	655	1,111	502	3,527
Contribution to Net sales at constant metal prices	1,024	499	604	160	2,287
Contribution to Net sales at constant metal prices and first-half 2012 exchange rates	1,048	509	621	165	2,343
Operating margin	68	18	32	(1)	117
Depreciation, amortization and impairment of assets (including goodwill)	(35)	(20)	(17)	(4)	(76)

b. Information by major geographic area

First-half 2012 (in millions of euros)	France**	Germany	Norway	Other***	Group total
Contribution to Net sales at current metal prices*	567	360	304	2,346	3,577
Contribution to Net sales at constant metal prices*	392	293	269	1,444	2,398

* Based on the location of the Group's subsidiaries.
** Including Corporate activities.
*** Countries that do not individually account for more than 10% of the Group's Net sales at constant metal prices.

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
Contribution to Net sales at constant metal prices and first-half 2012 exchange rates*	387	300	319	1,337	2,343

* Based on the location of the Group's subsidiaries.
** Including Corporate activities.
*** Countries that do not individually account for more than 10% of the Group's Net sales at constant metal prices.

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 2012 or 2011.

Note 4. Net gains on asset disposals

(in millions of euros)	First-half 2012	First-half 2011
Net gains (losses) on disposal of non-current assets	1	4
Net gains (losses) on disposal of investments	(2)	0
Other	-	-
Net gains (losses) on asset disposals	**(1)**	**4**

Note 5. Other financial expenses

(in millions of euros)	First-half 2012	First-half 2011
Dividends received from non-consolidated companies	0	1
Provisions	(4)	0
Net foreign exchange gains (losses)	3	(6)
Discounting impact on employee benefit obligations	(16)	(16)
Expected return on employee benefit plan assets	10	9
Other	(2)	(2)
Other financial expenses	**(9)**	**(14)**

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 provided by its business units.

At June 30, 2012, Nexans carried out a review of these assets to identify any indications of impairment that may have arisen since the tests carried out in the fourth quarter of 2011, by combining actual figures for the first six months of 2012 with the estimated data used at the previous period-end, and, where appropriate, adjusting the medium-term trends based on information available at the time the tests were performed. No indications of impairment requiring a full impairment test were identified at June 30, 2012.

Following the Group's reorganization initiated in 2011 and in line with the new operating segments that now constitute the Group's reporting segments (see Note 3) – in particular at the level of European entities – the grouping of Nexans' assets located in Europe into cash-generating units (CGUs) is currently being reviewed. In the first half of 2012, the Group continued to use the former segmentation since the strategic plans will not be brought in line with the new organization until the second half of 2012. The Group is therefore in the process of assessing the impact of the reorganization of the European CGUs in terms of additions to and/or reversals of impairment. However, according to the initial analyses, this is not expected to result in a material impact on the Group's consolidated financial position.

In the review of the first half of 2012, discount rates and perpetuity growth rates as determined for the Group's main monetary areas were on a par with those at December 31, 2011.

The 2 million euro net impairment loss recognized in first-half 2012 concerns capital expenditure - primarily maintenance outlay - incurred for Group operations that had already been fully written down in prior years and for which the outlook at June 30, 2012 did not justify a reversal of the corresponding impairment losses at that date.

The review conducted in 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 the difficulties experienced in maintaining a satisfactory margin in view of the current product mix.

Sensitivity analyses

Since no indications of impairment were identified during the review conducted in the first half of 2012, the Group did not carry out any sensitivity analyses at June 30, 2012.

Note 7. Income taxes

Nexans heads up a tax group in France that comprised 12 companies in first-half 2012. Other tax groups have been set up where possible in other countries, including in Germany, North America and South Korea.

a. Effective income tax rate

The effective income tax rate was as follows for first-half 2012 and 2011:

Tax proof in millions of euros	**First-half 2012**	First-half 2011
Income (loss) before taxes	18	(133)
- of which share in net income (loss) of associates	*(0)*	*(1)*
Income (loss) before taxes and share in net income (loss) of associates	18	(132)
Standard tax rate applicable in France (in %)	36.10%	34.43%
Theoretical income tax benefit (charge)	(6)	46
Effect of:		
- Differences in current tax rates of foreign countries	3	6
- Expenses not deductible for tax purposes*	(4)	(71)
- Unused tax losses and other deductible temporary differences for the period not recognized as deferred tax assets	(7)	(11)
- Utilization during the period of unused tax losses and other deductible temporary differences not previously recognized as deferred tax assets	5	3
- Income (expenses) arising from tax losses and other deductible temporary differences due to changes in caps on net deferred tax assets during the period	1	3
- Income not subject to tax or taxed at a reduced rate	1	1
- Changes in tax rates	0	0
- Taxes calculated on a basis different from "Income before taxes"	(2)	(2)
- Tax credits	4	5
- Adjustments in respect of prior years and other impacts	0	1
Actual income tax benefit (charge)	(5)	(19)
Effective tax rate (in %)	28.37%	-14.40%

* Including, for first-half 2011, 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 15).

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

b. Taxes recognized directly in other comprehensive income

- At June 30, 2012, taxes (deferred taxes or current income taxes) recognized directly in other comprehensive income (recyclable reserves) – which mainly related to fair value adjustments on derivatives designated as cash flow hedges – totaled a negative 2 million euros. These taxes break down as follows:

		Jan. 1, 2012	Gains (losses) generated during the period*	Amounts recycled to the income statement*	Total other comprehensive income (expense)	June 30, 2012
Cash flow hedges	Gross value	(26)	14	0	14	(12)
	Tax effect	*6*	*(4)*	*(0)*	*(4)*	*2*
	Net impact	(20)	10	0	10	(10)
Available-for-sale financial assets	Gross value	0	(0)	0	(0)	0
	Tax effect	*0*	*0*	*0*	*0*	*0*
	Net impact	0	0	0	0	0
Currency translation differences**	Currency translation adjustments	216	24	0	24	240
	*Taxes****	*(4)*	*0*	*0*	*0*	*(4)*
	Total	212	24	0	24	236
Total changes in fair value and currency translation differences	Total Gross value	190	38	0	38	228
	Total Taxes	2	(4)	0	(4)	(2)
	- of which current taxes	*(1)*				*(1)*
	- of which deferred taxes	*3*				*(1)*
	Net Impact	192	34	0	34	226
	- attributable to owners of the parent	*174*				*208*
	- attributable to non-controlling interests	*18*				*18*

* For the gross balances and tax effects relating to cash flow hedges and available-for-sale financial assets, the gains and losses generated and the amounts recycled during the period are presented in the consolidated statement of changes in equity within the "Changes in fair value and other" column.

** Currency translation differences are presented in the consolidated statement of changes in equity within the "Currency translation differences" column.

*** This line takes into account the currency translation adjustments of the tax balances recognized directly in other comprehensive income and the tax effect related to net investments in foreign operations and related hedges.

- At June 30, 2011, taxes recognized directly in other comprehensive income (recyclable reserves) – which mainly related to fair value adjustments on derivatives designated as cash flow hedges – totaled a negative 15 million euros. These taxes break down as follows:

		Jan. 1, 2011	Gains (losses) generated during the period*	Amounts recycled to the income statement*	Total other comprehensive income (expense)	Other	June 30, 2011
Cash flow hedges	Gross value	67	(18)	(25)	(43)		24
	Tax effect	*(19)*	*4*	*8*	*12*		*(7)*
	Net impact	48	(14)	(17)	(31)		17
Available-for-sale financial assets	Gross value	0	(0)	0	(0)		0
	Tax effect	*0*	*0*	*0*	*0*		*0*
	Net impact	0	0	0	0		0
Currency translation differences**	Currency translation adjustments	224	(49)	0	(49)	2	178
	*Taxes****	*(6)*	*(1)*	*0*	*(1)*		*(8)*
	Total	218	(50)	0	(50)	2	170
Total changes in fair value and currency translation differences	Total Gross value	291	(67)	(25)	(92)	2	202
	Total Taxes	(25)	3	8	11		(15)
	- of which current taxes	*(3)*					*(5)*
	- of which deferred taxes	*(22)*					*(10)*
	Net Impact	266	(64)	(17)	(81)	2	187
	- attributable to owners of the parent	*249*					*169*
	- attributable to non-controlling interests	*17*					*18*

* For the gross balances and tax effects relating to cash flow hedges and available-for-sale financial assets, the gains and losses generated and the amounts recycled during the period are presented in the consolidated statement of changes in equity within the "Changes in fair value and other" column.
** Currency translation differences are presented in the consolidated statement of changes in equity within the "Currency translation differences" column.
*** This line takes into account the currency translation adjustments of the tax balances recognized directly in other comprehensive income and the tax effect related to net investments in foreign operations and related hedges.

These taxes are recycled to the income statement in the periods when the related underlying transactions affect income.

c. Taxes recognized directly in retained earnings and other reserves

- In addition, deferred tax liabilities were recognized directly in retained earnings and other reserves on the convertible option component and recognized as equity instrument at the time of their issue, on the OCEANE 2013 bonds in July 2006 and OCEANE 2016 bonds in June 2009, corresponding to 10 million euros and 13 million euros respectively.

- In the first half of 2012, the following transactions generated movements in deferred taxes recognized directly in retained earnings and other reserves:

  - Redemption of a portion of the OCEANE 2013 bonds in February 2012 (see Note 2 and Note 13): deferred tax liabilities were reduced by 1.3 million euros, recognized directly in retained earnings and other reserves;

  - Issuance of the OCEANE 2019 bonds in February 2012 (see Note 2 and Note 13): a deferred tax liability amounting to 14.2 million euros was recognized directly in retained earnings and other reserves in respect of the convertible option component recognized as equity instrument for these OCEANE bonds.

d. Unrecognized deferred tax assets

At June 30, 2012 and December 31, 2011, deferred tax assets in the respective amounts of 292 million euros and 297 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

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

	First-half 2012	First-half 2011
Net income (loss) attributable to owners of the parent (in millions of euros)	**13**	**(151)**
Impact of interest expense (OCEANE bonds)	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)	**13**	**(151)**
Attributable net income (loss) from discontinued operations	-	-
Average number of shares outstanding	28,747,787	28,673,486
Dilutive instruments:		
- Average number of OCEANE bonds	Anti-dilutive	Anti-dilutive
- Average number of free shares and performance shares	36,967	N/A
- Average number of dilutive stock options	112,023	Anti-dilutive
Average number of diluted shares	28,896,777	28,673,486
Attributable net income (loss) per share (in euros)		
- basic earnings (loss) per share	0.47	(5.29)
- diluted earnings (loss) per share	0.46	(5.29)

At June 30, 2012, the main anti-dilutive instruments were as follows:

- The OCEANE 2013 convertible/exchangeable bonds issued in 2006, representing an average of 1,777,625 bonds outstanding in first-half 2012 and a pre-tax interest expense of 4.8 million euros.
- The OCEANE 2016 convertible/exchangeable bonds issued in 2009, representing an average of 4,000,000 bonds outstanding in first-half 2012 and a pre-tax interest expense of 7.9 million euros.
- The OCEANE 2019 convertible/exchangeable bonds issued in 2012, representing an average of 3,780,588 bonds outstanding in first-half 2012 and a pre-tax interest expense of 4.4 million euros.
- A period-average of 1,399,002 stock options granted to Group employees, with an average exercise price of 60.76 euros (including the employee benefit valuation as per IFRS 2).

At June 30, 2011, the main anti-dilutive instruments 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).

Note 9. Goodwill

The increase in goodwill in first-half 2012 (to 543 million euros at June 30, 2012 from 386 million euros at December 31, 2011) primarily stemmed from the acquisition of AmerCable, as well as changes in exchange rates insofar as the Group's goodwill is denominated in foreign currencies (Olex in Australia, Madeco in South America and AmerCable in North 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 2011 consolidated financial statements. No goodwill impairment losses were recognized in first-half 2012 or first-half 2011 (see **Note 6**).

On February 29, 2012, Nexans completed its acquisition of the entire capital of AmerCable (see **Note 2**), one of North America's leading producers of cables for the mining, oil and gas sectors.

The acquisition was fully settled in cash, comprising the purchase price of the shares for 155 million US dollars and the immediate repayment by the Group of AmerCable's entire external borrowings and debt at the acquisition date in the amount of 128 million US dollars. The cash acquired totaled 13 million US dollars.

The purchase price did not include any earn-out payments.

The purchase price was subject to a final price adjustment based on the definitive financial statements at February 29, 2012 made available 75 days after the transaction was completed and which gave rise to an additional payment of 0.4 million US dollars by the Group.

The final amount paid net of cash acquired came to 270 million US dollars.

The provisional goodwill before allocation to the identifiable assets acquired and liabilities assumed amounted to 192 million US dollars, or 143 million euros on first-time consolidation. The following table presents the main items used to determine provisional goodwill:

(in millions of euros)	AmerCable – Acquisition 2012
Purchase price	115
of which portion paid in cash and cash equivalents	*115*
Purchase price of shares (A)	**115**
Repayment of AmerCable's external debt	95
Repayment of external debt (B)	**95**
Assets	
Non-current assets (including financial assets)	22
Inventories	44
Receivables	26
Cash and cash equivalents	9
Deferred taxes assets	-
Other assets	-
Liabilities	
Provisions	2
Borrowings and debt*	-
Deferred tax liabilities	2
Other liabilities	30
Net assets acquired (including non-controlling interests)	**67**
Non-controlling interests in net assets acquired	-
Net attributable assets acquired (C)	**67**
Goodwill (A)+(B)-(C)	**143**

* AmerCable's entire external borrowings and debt were repaid by the Group as part of the acquisition.

Given the appreciation of the US dollar against the euro between end-February 2012 and end-June 2012, provisional goodwill amounts to 152 million euros at June 30, 2012.

In compliance with IFRS 3, the allocation of the purchase price to the fair values of the assets acquired and liabilities and contingent liabilities assumed will be completed in the second half of 2012.

The corresponding acquisition-related costs amounted to 3 million euros and were recognized in the income statement in accordance with IFRS 3. In accordance with the Group's accounting policies (see Note 1.e of the full-year 2011 consolidated financial statements), they are presented on a specific line in the income statement: "Acquisition-related costs".

Note 10. Cash and liquidity

a. Cash and cash equivalents

(in millions of euros)	June 30, 2012	December 31, 2011
Cash on hand	352	534
Money market funds (SICAV)	111	270
Certificates of deposit	3	55
Cash and cash equivalents	466	859

In addition to cash on hand – corresponding to amounts held in current accounts and deposit accounts with a term of less than three months (totaling 29 million euros and 177 million euros at June 30, 2012 and December 31, 2011, respectively) – 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.

Cash deposited to meet any margin calls related to cash-settled copper forward purchases traded on the LME whose fair value is negative at the period-end are recorded under "Other current financial assets" rather than "Cash and cash equivalents". The amounts concerned were not significant either at June 30, 2012 or December 31, 2011.

Cash and cash equivalent balances held by subsidiaries and that are considered as not available for use by the Group in accordance with IAS 7 were not significant either at June 30, 2012 or December 31, 2011.

b. Liquidity management

The key liquidity indicators monitored by the Group Finance Department 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, 2012 :

Main liquidity indicators for the Group at June 30, 2012

(in millions of euros)	Ceiling	Utilization	Available amount
Unconfirmed facilities			
Unconfirmed bank lines	200	0	200
Cash pooling overdraft	112	0	112
Confirmed facilities			
Syndicated revolving facility	540	0	540
Convertible bonds redeemable in 2013*	73**	73**	0
Convertible bonds redeemable in 2016*	213	213	0
Convertible bonds redeemable in 2019*	275	275	0
Ordinary bonds redeemable in 2017*	350	350	0
Total confirmed facilities	**1,451**	**911**	**540**
Short-term financial assets included in net debt			**-**
Cash and cash equivalents			**466**

* Nominal amount including the conversion option where applicable.
** 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 85 million euros.

Note 11. Equity

a. Composition of capital stock

At June 30, 2012, Nexans' capital stock comprised 28,760,710 fully paid-up shares with a par value of 1 euro each, compared with 28,723,080 shares at December 31, 2011. The Company's shares no longer carry double voting rights, following the resolution passed at the Shareholders' Meeting held on November 10, 2011.

The only changes in capital stock during the first six months of 2012 and 2011 resulted from the issuance of shares following the exercise of stock options (37,630 options in first-half 2012 and 115,639 in first-half 2011).

b. Dividends

At the Annual Shareholders' Meeting held on May 15, 2012 to approve the financial statements for the year ended December 31, 2011, 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 May 23, 2012.

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.

c. Treasury shares

Nexans did not hold any treasury shares at either June 30, 2012 or December 31, 2011.

d. Stock options

At June 30, 2012, there were 1,522,645 stock options outstanding, each exercisable for one newly-issued share, i.e. 5.3% of the Company's capital stock. At December 31, 2011 a total of 1,579,665 options were outstanding, exercisable for 5.5% of the Company's capital stock.

The expense recognized in first-half 2012 and 2011 relating to stock options amounted to 0.6 million euros and 1.4 million euros, respectively.

The options outstanding at June 30, 2012 can be analyzed as follows:

Grant date	Number of options originally granted	Number of options outstanding at the end of the period	Exercise price (in euros)	Exercise period
November 16, 2004	403,000	133,250	27.82	From Nov. 16, 2005(1) to Nov. 15, 2012
November 23, 2005	344,000	142,211	40.13	From Nov. 23, 2006(1) to Nov. 22, 2013
November 23, 2006	343,000	334,000	76.09	From Nov. 23, 2007(1) to Nov. 22, 2014
February 15, 2007	29,000	19,000	100.94	From Feb. 15, 2009(2) to Feb. 14, 2015
February 22, 2008	306,650	291,350	71.23	From Feb. 22, 2009(1) to Feb. 21, 2016
November 25, 2008	312,450	280,363	43.46	From Nov. 25, 2009(1) to Nov. 24, 2016
March 9, 2010	335,490	322,471	53.97	From March 9, 2011(1) to March 8, 2018
Total	**2,073,590**	**1,522,645**		

(1) Vesting at a rate of 25% per year.
(2) 50% vesting after two years and the balance vesting at an annual rate of 25% thereafter.

e. Free shares and performance shares

In 2011, the Group set up for the first time a plan involving the allocation of free shares and performance shares.

At June 30, 2012 there were 111,030 free shares and performance shares outstanding, each entitling their owner to one share, representing a total of 0.4% of the Company's capital stock (112,730 at December 31, 2011, representing a total of 0.4% of the Company's capital stock).

The free shares and performance shares outstanding at June 30, 2012 can be analyzed as follows:

Grant date	Number of shares originally granted	Number of shares outstanding at the year-end	End of vesting period
November 21, 2011	113,180	111,030	November 21, 2015 for non-French resident beneficiaries and November 21, 2014 for French resident beneficiaries, followed by a two-year lock-up period.

The fair value of free shares and performance shares is recorded as a payroll expense on a straight-line basis from the grant date to the end of the vesting period, with a corresponding adjustment to retained earnings. A 1 million euro expense was recognized in the income statement for the six months ended June 30, 2012.

Note 12. Provisions

a. Analysis by nature

(in millions of euros)	June 30, 2012	December 31, 2011
Accrued contract costs	37	47
Restructuring provisions	41	48
Other provisions*	220	220
Total	**298**	**315**
- of which short-term	71	86
- of which long-term	227	229

* Including a 200 million euro provision recognized for the fine that may be imposed on Nexans following the Statement of Objections received from the European Commission's Directorate General for Competition on July 5, 2011 for alleged anticompetitive behavior (see Note 15).

Movements in these provisions were as follows in first-half 2012 and 2011:

(in millions of euros)	Total	Accrued contract costs	Restructuring provisions	Other provisions
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
January 1, 2012	315	47	48	220
Additions	8	2	5	1
Reversals (utilized provisions)	(16)	(3)	(12)	(1)
Reversals (surplus provisions)	(8)	(7)	0	(1)
Business combinations	-	-	-	-
Other	(1)	(2)	0	1
June 30, 2012	298	37	41	220

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 construction contracts in progress, as expected losses on these contracts are recognized as contract costs in accordance with the method described in Note 1.g to the full-year 2011 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 consolidated statement of financial position.

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

b. Analysis of restructuring costs

Restructuring costs amounted to 8 million euros in first-half 2012, breaking down as follows:

(in millions of euros)	Redundancy costs	Asset impairment and retirements*	Other monetary expenses	Total
Additions to provisions for restructuring costs	5	-	-	5
Reversals of surplus provisions	0	-	0	0
Other costs for the period	1	-	2	3
Total restructuring costs	**6**	**-**	**2**	**8**

* 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 2012 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 8 million euros in restructuring costs recorded in first-half 2012 corresponds to various smaller-scale restructuring plans launched in 2012 as well as costs expensed as incurred (in accordance with IFRS) relating to the restructuring plans launched in previous years in France and Italy (asset relocation, employee redeployments, ...).

The 13 million euros in restructuring costs recorded in first-half 2011 primarily corresponded to provisions set aside for downsizing at an industrial site in Germany.

Note 13. Net debt

At June 30, 2012 and December 31, 2011, the Group's long-term debt was rated BB+ by Standard & Poor's with a stable outlook.

a. Analysis by nature

(in millions of euros)	June 30, 2012	December 31, 2011
Bonds redeemable in 2017*	350	360
OCEANE 2019 convertible/exchangeable bonds*	233	N/A
OCEANE 2016 convertible/exchangeable bonds*	196	197
OCEANE 2013 convertible/exchangeable bonds*	84	315
Other long-term borrowings*	19	9
Short-term borrowings*	241	232
Short-term bank loans and overdrafts	21	19
Gross debt	1,144	1,132
Short-term financial assets	-	(50)
Cash and cash equivalents	(466)	(859)
Net debt	678	222

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

Since the second quarter of 2010, short-term borrowings have included a securitization plan set up by Nexans France involving the sale of euro-denominated trade receivables, which was contractually capped at 85 million euros at June 30, 2012 (the "ON balance-sheet" program - see Note 1.a).

"Short-term financial assets" correspond to investment 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 very low liquidity risk and limited volatility and due to the fact that they have maturities of under 12 months and form an integral component of the Group's policy for managing surplus cash.

b. Change in net debt

(in millions of euros)	First-half 2012	First-half 2011
Net debt at beginning of period	(222)	(144)
(Increase)/decrease in net debt	(457)	(224)
Newly-consolidated/deconsolidated companies	1	2
Impact of assets and groups of assets held for sale (IFRS 5)	(0)	(0)
Net debt at period-end	(678)	(366)

c. Bonds

At June 30, 2012 the Group's bond debt included:

- OCEANE 2019 convertible/exchangeable bonds issued on February 21, 2012 (see Note 2) with the following main features:
  - 3,780,588 bonds were issued with a nominal value of 72.74 euros each, representing an aggregate amount of 275 million euros.
  - The issue price represented a premium of 35% over the reference share price of 53.88 euros on the issue date.
  - The bonds are redeemable at par at maturity on January 1, 2019 but the bondholders may request that the bonds be redeemed in advance on June 1, 2018.
  - The bonds bear interest at an annual rate of 2.5%.

  In accordance with IAS 32, the conversion options of these OCEANE bonds were recognized as equity instruments in the pre-tax amount of 41.2 million euros. See Note 7.c for details of the related tax impact.

- OCEANE 2016 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 conversion options of these OCEANE bonds were recognized as equity instruments in the pre-tax amount of 36.9 million euros. See Note 7.c for details of the related tax impact.

- Nexans' first bond issue carried out on May 2, 2007 with the following main features:
  - Aggregate nominal amount of 350 million euros.
  - The issue price was 99.266%.
  - The bonds are redeemable at maturity on May 2, 2017.
  - The bonds bear interest at an annual rate of 5.75%.

- OCEANE 2013 bonds issued in July 2006 for a nominal amount at issuance of 280 million euros of which a portion was redeemed in February 2012 (see Note 2). Further to this redemption, the main characteristics of this bond issue are as follows:
  - 992,610 bonds with a nominal value of 73.80 euros each, representing an aggregate residual amount of 73 million euros.
  - As a reminder, the issue price in July 2006 represented a premium of 35% over the reference share price of 54.67 euros on the issue date.
  - The bonds are redeemable on January 1, 2013 at the price of 85.76 euros (corresponding to an aggregate 85 million euros).
  - The bonds bear interest at an annual rate of 1.5%.

  In accordance with IAS 32, the conversion options of these OCEANE bonds issued in 2006 were recognized as equity instruments at that time in the pre-tax amount of 33.5 million euros. See Note 7.c for details of the related tax impact.

  In accordance with IAS 32, a portion of the premium paid on redemption of the bonds in February 2012 was recognized as a deduction from equity in the pre-tax amount of 3.8 million euros. See Note 7.c 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, 2012	December 31, 2011
Assets		
Foreign exchange derivatives – Cash flow hedges*	23	18
Metal derivatives – Cash flow hedges*	8	7
Foreign exchange derivatives – Held for trading*	15	12
Metal derivatives – Held for trading*	0	3
Total – Assets	46	40
Liabilities		
Foreign exchange derivatives – Cash flow hedges*	13	19
Metal derivatives – Cash flow hedges*	16	25
Foreign exchange derivatives – Held for trading*	25	28
Metal derivatives – Held for trading*	2	3
Total – Liabilities	56	75

* 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 consolidated 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. Antitrust investigations

On July 5, 2011, Nexans and its subsidiary Nexans France SAS received a Statement of Objections[3] from the European Commission's Directorate General for Competition relating to alleged anticompetitive behavior by Nexans France SAS in the sector of submarine and underground power cables as well as the related accessories and services.

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

This amount of the provision corresponds, at this stage of the proceedings, and by application of a principle of prudence, to the Group's estimate of the fine that may be imposed on it taking into account the fining policy of the Commission and the methodology and elements on which the Commission indicated its intention to base its fine, as well as certain challenges that the Company and its subsidiary Nexans France SAS made in their response to the Statement of Objections which was submitted to the European Commission on October 26, 2011.

In view of the exceptional nature of this provision and its highly material amount, in accordance with IFRS, it had been presented in 2011 in a separate line of the consolidated income statement ("Reserve for risk related to EU antitrust procedure") between operating margin and operating income (loss).

In June 2012, the Group and other parties were heard by the European Commission. These hearings are a procedural stage and do not prejudge the final decision that will be taken by the Commission. There is no official timetable for the overall procedure but in similar procedures in the past few years the Commission has generally issued a decision within six to eighteen months following such hearings.

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 determine at this stage the outcome of these other proceedings and therefore did not make any provision in its accounts for any investigations other than those conducted by the European Commission. Investigations in Japan and New Zealand have been closed without any sanctions imposed on the Group.

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.

b. Other 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:

- 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 to cover the amounts provided for in the settlement agreement signed with the customer in early 2011 concerning work already carried out. The work undertaken for this customer was completed at end-2011.

  Another problem was encountered with this project as a ship operated by a Chinese subcontractor 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 still ongoing at end-June 2012 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 (notably delays in the project). This dispute has been referred for arbitration and a decision should be made in 2013.

- A provision which was recorded in the first-half of 2011 was reversed in the second half of the same year because at end-2011 the Group considered that it was no longer exposed to a significant risk in view of (i) the gradual return to normality of the political situation in the Group's main host countries in North Africa and the Middle East, (ii) the fact that no significant damage had occurred on cables stored locally, and (iii) the Group's intention to progressively re-start its operations in the region.

  This being said, there is a continued risk relating to political developments, notably in North Africa and the Middle East, and the impacts that any such developments may have on the performance of major contracts signed in these regions.

(3) A Statement of Objections is a procedural document in competition investigations whereby the European Commission informs the 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.

- In late 2010, the Group 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 would not meet all of the applicable customer specifications. Consequently, Nexans recorded a provision at end-2010 – which still represented a non-material amount at June 30, 2012, as at December 31, 2011 – to cover the cost of (i) recalling products not yet installed in ships and vessels, (ii) any requisite corrective measures, and (iii) 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. Nexans submitted a voluntary report on the facts and circumstances of the situation to the US authorities in the second half of 2011, but 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 has been recorded 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, 2012 and December 31, 2011 do not represent sufficiently material amounts when taken individually to require specific disclosures in the consolidated financial statements.

c. 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 harness 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 automakers' 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' subsidiary 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 and this non-compliance was the cause of the alleged default, an allegation both the harness manufacturer and Nexans contest. The expert appointed by the tribunal delivered his report in 2012, the conclusions of which are nevertheless contested by Nexans' subsidiary. The court has not yet given its opinion. The automaker allegedly undertook a recall which would have affected around 350,000 cables and 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 and the insurer is involved in all stages of the proceedings.

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.

Note 16. Subsequent events

No significant events for which disclosure is required have occurred since June 30, 2012.

STATUTORY AUDITORS' REVIEW REPORT ON THE 2012 INTERIM FINANCIAL INFORMATION

PricewaterhouseCoopers Audit
63, rue de Villiers
92200 Neuilly-sur-Seine

KPMG Audit
1, cours Valmy
92923 Paris La Défense Cedex

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, 2012;
- the verification of the information contained in the interim activity 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.

I – 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.e. and 15 to the condensed interim consolidated financial statements, which describe the antitrust investigations launched against the Group.

II – Specific verification

We have also verified the information given in the interim activity 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.

The Statutory Auditors

Neuilly-sur-Seine and Paris La Défense, July 24, 2012

PricewaterhouseCoopers Audit

Éric Bulle
Partner

KPMG Audit
A department of KPMG SA

Valérie Besson
Partner

NEXANS / A French limited liability company (société anonyme) / with a share capital of €28,760,710 /
Registered office: 8, rue du Général Foy - 75008 Paris / Paris Trade Register number 393 525 852

STATEMENT BY THE PERSON RESPONSIBLE FOR THE 2012 HALF-YEAR FINANCIAL REPORT

Paris, July 24, 2012

I hereby declare that to the best of my knowledge, (i) the condensed interim consolidated financial statements for the six months ended June 30, 2012, 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 activity report presented herein provides a fair view of significant events of half-year 2012 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.

The Statutory Auditors' review report on the condensed interim consolidated financial statements for the six months ended June 30, 2012 presented on pages 40 and 41 of the 2012 Half-year Financial Report contains the following observation: "Without qualifying our conclusion, we draw your attention to the "Antitrust investigations" sections of Notes 2.e. and 15 to the condensed interim consolidated financial statements, which describe the antitrust investigations launched against the Group."

Frédéric Vincent
Chairman and CEO

Nexans has worldwide expertise in the cable industry, with 25,000 employees in 40 countries. The Group provides cabling solutions for the Infrastructure, Industry, Building and Local Area Network (LAN) markets. Energy and Transportation are at the core of Nexans' development. Customer orientation, operational excellence, innovation, responsibility and commitment characterize the mindset of Nexans' teams as they use their expertise to provide customers with solutions and services that are superior in terms of performance, safety, energy efficiency and respect for the environment.

In 2011, despite a highly challenging backdrop, Nexans achieved solid operating results and continued to invest for future growth. In 2012, the Group will pursue all initiatives decided upon in 2011.

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