



INTERIM FINANCIAL REPORT
SIX MONTHS ENDED JUNE 30, 2007



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INTERIM MANAGEMENT REPORT
SIX MONTHS ENDED JUNE 30, 2007

NEXANS

Société anonyme (French limited liability company)

Share capital: 25,625,930 euros

Head office: 16, rue de Monceau - 75008 Paris, France

Registered with the Paris Trade and Companies Register under number 393 525 852

<p>INTERIM MANAGEMENT REPORT SIX MONTHS ENDED JUNE 30, 2007</p>

The purpose of this report is to present an overview of the operations and results of the Nexans Group and its parent company for the first half of fiscal 2007. It is based on the consolidated financial statements for the six months ended June 30, 2007.

Nexans' shares are traded on the Eurolist (compartment A) of Euronext Paris S.A. and are included in the SBF 120 index. The Company's estimated ownership structure, broken down by shareholder category, was as follows at March 15, 2007: (i) institutional investors – France, 24.5%; the UK and Ireland, 28.4%; other European countries, 8.8%; USA, 25.6%; Rest of the World, 1.9%; (ii) private investors and employees, 9.6%; and (iii) unidentified shareholders, 1.2%.

1- Operations during first-half 2007

1.1 Consolidated results of the Nexans Group

1.1.1 Overview

Net sales for the first half of 2007 climbed 2.8% to 3,792 million euros from 3,686 million euros in first-half 2006.

At constant non-ferrous metal prices, the net sales figure came to 2,451 million euros compared with 2,273 million euros in the first six months of 2006. This amount includes 139 million euros contributed by Olex, an Australian company acquired by the Group in late 2006 which corresponded to the most significant change in scope of consolidation for the period. Based on constant non-ferrous metal prices and exchange rates as well as a comparable scope of consolidation, net sales growth came to 4.6%.

The overall increase in net sales during the period reflects mixed performances across the Group's business segments. Cable operations (the Energy and Telecom businesses combined) generated organic sales growth of 12.9%, whereas sales for the Electrical Wires business contracted 33%, following the launch of measures to focus operations purely on the Group's internal requirements.

Operating margin amounted to 186.6 million euros in first-half 2007, or 7.6% of sales at constant non-ferrous metal prices (4.9% at current metal prices), compared with 108 million euros, or 4.8% of sales at constant metal prices (2.9% at current metal prices) one year earlier. EBITDA (earnings before interest, tax, depreciation and amortization) came to 240 million euros, or 9.8% of sales at constant metal prices, versus the first-half 2006 figure of 155 million euros, or 6.8% of sales at constant metal prices.

Consolidated income before taxes decreased from 233 million euros for the first six months of 2006 (including the gain on the sale of the distribution business) to 173 million euros.

After the 49 million euro tax charge, attributable net income totaled 119 million euros in first-half 2007 against 211 million euros in the comparable prior-year period. However, the first-half 2006 figure included a 149 million euro gain on the sale of the distribution business in Switzerland.

1.1.2 Analysis of the Group's consolidated results

(sales figures by origin at constant non-ferrous metal prices)

1.1.2.1 By business line

ENERGY (*)

(*) In accordance with the Group's new segmentation as set out in its strategic plan, since January 1, 2007 submarine cables used for the remote operation of underwater robots and vehicles have been included in the Energy infrastructure segment, and electronic cables have been classified as part of the Industry segment based on similarities between end-markets and customers. As a result, these cables have been included within the Energy business line for the first half of 2007 rather than in Telecom as was previously the case. Net sales generated by these operations in first-half 2007 amounted to 111 million euros (based on constant non-ferrous metal prices) compared with 81 million euros in the first half of 2006.

Energy business sales amounted to 1,883 million euros (up 19.7 % on first-half 2006, and 12.6% like-for-like¹). The main impact on the scope of consolidation during the period resulted from the acquisition of Olex, whose first-half sales totaled 139 million euros at constant non-ferrous metal prices.

¹ Based on a comparable scope of consolidation and constant exchange rates.

Energy infrastructure segment

Energy infrastructure sales climbed more than 6.5% on a like-for-like basis.

Sales reported by high-voltage cable operations within this segment rose by 7.8%. In the terrestrial cables sector, sales performance reflected contracts signed primarily in the Middle East, and – to a lesser extent – steady business levels with electricity network operators in France, Belgium and Spain. Submarine cable sales derived from (i) the NorNEd contract (a subsea transmission link connecting Norway and the Netherlands); (ii) the Long Island Replacement Cable contract in the United States (a network upgrading project); (iii) a Norwegian contract relating to umbilical cables and the supply of a direct electrical heating (DEH) system for the subsea flowlines in the Tyrihans oil and gas field in the Norwegian Sea.

After an excellent order intake in 2006, Nexans won further major contracts during the first half of 2007. These included contracts for: (i) a 500kV submarine cable stretching 30km to connect Hainan island in the far south of China to Guandong province; (ii) a high-voltage underground power cable circuit to be installed in a 17km tunnel running underneath Shanghai (the first intra-city 500 kV circuit in the world); (iii) a submarine power cable for the Wolfe Island wind farm project near Kingston, Ontario in Canada; and (iv) supplying 875km of 220kV AERO-Z high-voltage bare aluminum overhead conductors to reinforce Peru's power transmission infrastructure.

Thanks to these contracts, the order book at the Group's plants for high-voltage terrestrial and submarine cables represents over eighteen months of activity. The new Tokyo Bay facility in Japan (a joint venture set up with Viscas) is set to start operations after a period of upgrading equipment, as well as hiring and training employees. This facility will begin production in July 2007 and will contribute to the manufacture of cables to be delivered in the second half of the year.

Like-for-like sales generated by medium-voltage cables increased by 2.3%.

In Europe, demand remained buoyant in Norway, Sweden, France and Switzerland. Part of the Group's manufacturing capacity during the period was dedicated to producing higher value-added cables for "low high-voltage" projects and the infrastructure export markets.

Demand also held firm in North America, but Nexans was adversely impacted until April by an extended strike by employees at its Quebec plant. This industrial action resulted in a 25% decline in sales volumes compared with the first half of 2006 when the region's facilities worked at full capacity.

Energy Accessories sales soared 26.7%, outstripping the growth figure for the Infrastructure segment. This performance reflects significant market share gains in France and Spain achieved on the strength of the quality and reliability of Nexans' product range.

Industrial cables segment

Like-for-like sales for industrial cables jumped 20.7%, spurred by an increase in business volumes for higher value-added products.

Sales of harnesses advanced 10%, fueled by business expansion in Europe that was driven by successful high-end products for the German automotive market. Competition is increasingly tough in this area, however, with strong pressure on prices and rising labor costs in the Group's Romanian facilities.

Sales of electronic cables for industry leapt 20% as a result of robust growth in China and the United States in the aeronautical and specialty cables markets.

Other industrial cable sales surged 26%, with the automotive, rail, oil and gas sectors serving as the main growth drivers during the period.

Low-voltage cables for the building sector

Like-for-like sales of low-voltage cables for the building sector rose 14.5%, with stable volumes in Europe. Nexans extended its fire-resistant low smoke-emitting product range and expects sales of these products to increase as a result of stricter safety requirements.

In North America, sales picked up by 4.4% in first-half 2007 after a sharp slowdown in the second half of 2006. Nexans was only marginally affected by the falloff in the residential building market in the United States, and carried out a successful sales launch of new low-voltage cables during the period. Thanks to this new product range, the Group now has a comprehensive cable offering for the building industry in the American market.

Operating margin for the Energy business line rose to 160 million euros in first-half 2007 (representing 8.5% of sales at constant metal prices), from 99 million euros (6.3% of sales at standard metal prices) in the same period of 2006. All three segments within this business line made a significant contribution to the overall rise, especially low-voltage cables for the building sector which recorded an outstanding level of profitability. The Energy business pursued its efforts to reduce production cost in first-half 2007, and fixed costs remained stable as a percentage of sales at standard metal prices.

TELECOM

Sales of Telecom cables advanced 12.3% to 276 million euros (up 15.5% on a like-for-like basis). In a low growth market, Nexans' business was fueled by investments in railway infrastructure and high-speed LAN cables.

Telecom infrastructure segment

Like-for-like sales in this segment rose 13.5%, propelled by an upturn in copper telecom cable sales primarily in Spain, Sweden and Vietnam.

Demand for fiber telecom cables continued to grow in Northern Europe, mainly spurred by the expansion of local loop networks.

At the same time, sales of connector accessories rose in the Group's export markets, particularly in North Africa, Vietnam and the Philippines due to the use of xDSL technologies. In addition, accessory sales for the optical fiber market were boosted by the development of FTTx projects.

Local area networks (LAN) segment

Like-for-like sales of local area network cables were up 17.3% in first-half 2007.

Supplies of category 6 cables and cabling systems rose in Europe, led by an increasing number of private infrastructure projects such as airports.

In the United States, Nexans registered sales growth of 15.8% in this segment on a constant exchange rate basis. In the copper LAN cables sector Nexans is positioning its sales offering firmly towards high-end products (category 6 and 7 cables), which yield higher profitability levels. Demand for category 5 cables remains strong however.

Operating margin for the Telecom business line almost doubled the first six months of 2007, rising to 27 million euros (9.9% of sales at constant metal prices) from 13 million euros in the first half of 2006 (5.5% of sales at constant metal prices). This performance was achieved due to prices holding firm, combined with a continued drive to cut costs.

ELECTRICAL WIRES

Sales in the Electrical Wires business in first-half 2007 were 288 million euros, down 36% on the same period of 2006 or 32.6% on a like-for-like basis.

Wirerods

On a like-for-like basis, wirerod sales fell 38.8% year-on-year, reflecting the Group's strategy of gradually focusing its continuous casting operations solely on internal requirements. Consequently, tonnages sold outside the Group dropped by approximately 40% on average in Europe and North America.

Bare wires

Sales of bare wires contracted 14% in the first six months of 2007. The decline was more pronounced in France, where Nexans sells mostly standard products, compared with Germany where the Group focuses on specialty products, mainly for the automotive industry.

Winding wires

In accordance with agreements signed in late January 2007 with the US group Superior Essex, at the end of April Nexans sold its Canadian winding wire operations carried out at the Simcoe facility. The sale of Nexans' Chinese winding wire operations (corresponding to the Group's majority stake in Nexans Tianjin Magnet Wire and Cables) is scheduled for completion at the beginning of the second half of the year.

In addition, in June 2007 Nexans sold to its joint venture partner its minority 40% interest in the winding wire company Essex Nexans.

As a result of these developments and a rise in wirerod prices, the operating margin of the Electrical Wires business line climbed to 4.1 million euros in the first half of 2007 (1.4% of sales at standard metal prices) from 1.8 million euros (0.4% of sales at standard metal prices) in the equivalent period of 2006.

UNALLOCATED OPERATIONS

A number of Nexans' specific operations give rise to expenses that cannot be allocated to the Group's business lines or geographical areas. These amounts are not material on a consolidated level and represented a negative operating margin impact of 4.6 million euros in the first half of 2007, compared with a negative 6 million euros for the first six months of 2006.

1.1.2.2 By geographical area

EUROPE

In first-half 2007 Europe recorded sales of 1,615 million euros at constant non-ferrous metal prices, up 4.7% on the comparable prior-year period, or 6.2% on a like-for-like basis. This moderate growth trajectory reflects the combined impact of lower sales for the electrical wires business and a 13.5% like-for-like rise in sales of cables and systems.

Profitability in the region increased significantly during the period due to a generally favorable economic environment, the Group's stronger presence in higher growth markets, and a continued turnaround in businesses that were previously the least profit-making.

The Energy infrastructure segment registered 11% sales growth on a like-for-like basis, fueled by a rise in sales of high-voltage cables and accessories. This strong increase was also powered by continued expansion in investments in (i) undersea cable power transmission, (ii) terrestrial network inter-connections, (iii) the oil & gas sector, and (iv) wind farms. Medium-voltage cable sales held firm in Northern Europe and France, and production was offloaded onto facilities in Greece and Italy which had available capacity during the period. These factors, coupled with a recovery in margins, pushed up profitability in the first half of 2007 despite the recognition of non-recurring expenses relating to the start-up of the joint venture formed with the Viscas group in Japan and the implementation of manufacturing reorganization measures in Italy.

The Industrial cables segment posted an 18.4% sales increase on a like-for-like basis.

Performance was especially robust in the industrial cables sector:

- Sales of cables for the oil and gas, material handling and shipbuilding industries in France jumped 45%.
- Sales growth was 10.6% in Germany, where business is focused on cables for the robotic and rail industries.
- Sales climbed 27% in Sweden, where Nexans supplies industrial vehicle manufacturers who saw an increase in their exports to Eastern Europe during the period.

The Building segment also registered a substantial rise in sales, with like for-like growth coming in at 15.2%. Business levels were on a par with end-2006, enabling this segment to lift its operating margin.

The Telecom infrastructure segment experienced an upswing in sales of optical fiber cables in Sweden and Switzerland as well as a turnaround in sales of copper cables, particularly in Spain.

In the LAN segment sales edged back 3.9%, reflecting the closure of the Abbey Wood facility in the United Kingdom as only a portion of this plant's business was transferred to the Tuzla facility in Turkey. In Belgium, however, cabling systems sales rose sharply, as did operating margin.

Electrical wires saw a sharp 36.6% contraction in sales, following the launch of a strategy to raise prices and renegotiate payment conditions with both customers and suppliers.

Operating margin in Europe totaled 111 million euros (or 6.9% of sales at standard metal prices), versus 60 million euros in the first half of 2006 (or 3.9% of sales at standard metal prices).

NORTH AMERICA

Nexans generated sales of 356 million euros in North America during the first half of 2007 compared with 453 million euros in the same period of 2006, representing a decrease of 21.3% on a reported basis and 13.6% like-for-like. This decline primarily reflects the intentional scaling back of wirerod sales. At the same time, sales of infrastructure cables were heavily affected by a slowdown in operations at the Quebec facility due to a strike by employees.

In the Energy infrastructure segment, sales contracted 25% at constant exchange rates, reflecting the impact of the strike at the Quebec facility. The market remained buoyant, however, as energy transmission networks are currently being upgraded both in Canada and in the United States (Energy Bill). During the period Nexans expanded its business in western Canada and reported a year-on-year increase in sales in the region.

Electronic cables sales climbed 16.9% at constant exchange rates, with business volumes and profitability in the aeronautical and shipbuilding sectors once again on an upward trend.

In the Building segment, sales increased 4.4% at constant exchange rates. This performance reflects strong demand on the west coast of Canada for equipping both industrial and residential buildings, due to the presence of the oil industry in the area. However, in the rest of North America – particularly in the United States – the residential market contracted during the period. Nexans nevertheless reported a rise in sales, thanks to the launch of its new product range and its ability to sustain sales volumes in the industrial equipment market which drove up operating margin.

In the Telecom networks segment, sales of LAN cables expanded 15.8% at constant exchange rates, fueled by the continued roll-out of the Group's strategy to focus on high-end products, as well as by the start-up of sales of very high speed copper cables (10GB).

Electrical wires experienced a 29.5% decline in sales on a like-for like basis. Nexans purposefully reduced its wirerod continuous casting production in Montreal – while raising the prices of these products – with the aim of optimizing return on capital employed. The recent strike that has broken out at Xstrata – the Group's main copper supplier – is not expected to significantly affect Nexans' performance in North America.

During the period Nexans completed its withdrawal from the Electrical wires business in North America by selling its Simcoe facility in Ontario, Canada to the Superior Essex Group.

Operating margin in North America advanced from 32 million euros (or 7.1% of sales at standard metal prices) in first-half 2006 to 42 million euros (11.7% of sales at standard metal prices) in the first six months of 2007.

ASIA-PACIFIC

Since January 1, 2007, the Group's sales in the Asia-Pacific region have included the contribution of Olex. The consolidation of Olex accounted for the majority of the year-on-year increase in sales in this region, from 126 million euros to 295 million euros. Organic growth was also very robust, coming in at 12.8% based on constant exchange rates.

Operating margin also increased sharply, up from 5.7 million euros in first-half 2006 to 23.8 million euros. Based on a comparable scope of consolidation, operating margin rose from 5.9% to 8.1%, fueled by the pricing strategy implemented during the period, additional manufacturing capacity in China, and an improved showing from Vietnam.

In Korea, like-for-like sales rose by 6.6%. Profitability levels were also up on first-half 2006, despite the costs of starting up an inter-facility product specialization plan.

Sales of cables for the shipbuilding industry increased, propelled by new production facilities that came on stream in late 2006. This market segment was buoyed by the strong expansion of shipbuilding yards in the region. At June 30, 2007, the Group's order book in the region for its main Korean and export customers was particularly high.

Sales of cables for the automotive industry dipped, however, due to a fierce competitive environment.

In China, like-for-like sales soared 71.8% compared with the first half of 2006, and profitability levels continued to improve.

All of the Group's cable manufacturing operations were sustained by growth in demand in China, and reaped the benefits of investments made in 2006 (including LAN cables at the Kanghua facility in Shanghai and the development of a new site in Nanning in the south of China with a view to increasing the production of telecommunication infrastructure cables). The Group continued its capital expenditure program in the first half of 2007 in order to develop local production in several industrial cable segments, such as shipbuilding, railway networks, and nuclear power stations.

In Vietnam, like-for-like sales surged 86.5%. The increase was particularly marked in the energy cables sector, as a result of the gradual start-up of the Nexans LiOA plant in Hanoi which manufactures low-voltage cables.

The cable manufacturing facility for telecommunication infrastructure networks (Vina Daesung) suspended operations in June as its partnership agreement with another local player was not renewed. This business is scheduled to be transferred to a facility close to Nexans LiOA during the second half of 2007.

REST OF THE WORLD

Sales for the Rest of the World area grew significantly in first-half 2007, coming in at 184 million euros compared with 152 million euros in the same period of 2006, and representing a like-for-like increase of 24.2%.

First-half 2007 operating margin totaled 11.6 million euros versus 10.6 million euros for the comparable prior-year period.

In Morocco, sales for the six months ended June 30, 2007 were on a par with first-half 2006, although the picture was mixed across the region's various business lines.

Sales of cables were up on first-half 2006, buoyed by growth for automotive cables. The Moroccan unit's strong positioning in cables for the building and energy distribution industries enabled the performance of its cables business to hold firm against a reduction in orders from Morocco's national energy operator – *Office National de l'Electricité* – which is undergoing a restructuring process. The Group's other businesses in this country reported a contraction in sales, however.

In Brazil, like-for-like sales were up 13% on first-half 2006. The country's traditional markets of energy transmission and distribution via overhead cables were once again high-growth areas during the period, and the insulated copper conductor cable business for the oil and energy distribution industries entered its start-up phase as scheduled.

In Turkey, like-for-like sales soared 69.1%. The Denizli plant reaped the benefits of robust demand for low- and medium-voltage power cables in its domestic market and, to a lesser extent, sales of low-voltage cables in the UK. The Group's Turkish unit also expanded its sales of instrumentation and low-voltage cables in the Turkish-speaking regions of Asia through sales aimed both directly and indirectly at the oil industry. Also during the period, the region continued to ramp up production of LAN cables for Nexans' European customers.

Lebanon reported another period of improved performance both in terms of sales and profitability. Sales in first-half 2007 climbed sharply thanks to the positive impact of exports.

In Egypt, sales were up 3.2% on first-half 2006 based on constant exchange rates. The domestic medium-voltage power cables market still accounts for the bulk of this unit's operations but the major capital expenditure program launched in 2006 will enable Nexans to gradually break into more profitable markets as from the end of the second half of 2007.

In Russia, the Group launched its first capital expenditure program to step up its presence in the power cables markets for the building and electricity distribution industries. The newly formed unit resulting from this investment program is expected to begin sales operations during the first half of 2008.

2- Other items of first-half 2007 consolidated results

2.1 Core exposure effect

The core exposure effect amounted to 48 million euros at June 30, 2007. This amount corresponds to the first semester change in the value of the Group's core exposure as calculated by the weighted average cost method – an effect that arises from applying the accounting policy described in Note 1c to the condensed interim consolidated financial statements in this report. It is not included in operating margin as changes in value of inventories that are included in operating margin are measured based on replacement cost in accordance with the Group's accounting policies.

2.2 Net asset impairment

Net asset impairment totaled 11 million euros at June 30, 2007 following an intermediate impairment test carried out in relation to the fair values of the Group's main cash-generating units.

2.3 Restructuring costs

Restructuring costs came to 12 million euros compared with 36 million euros in first-half 2006. In the first six months of 2007, these expenses related primarily to the restructuring plan announced by the Group in relation to its harness manufacturing operations in Belgium which will involve 76 people by end-2008. This plan is currently being negotiated with the employee representative bodies and will include assistance measures to help reduce the impact on the members of staff concerned.

2.4 Changes in fair value of non-ferrous metal derivatives

Nexans uses futures contracts negotiated primarily on the London Metal Exchange (LME) to reduce its exposure to non-ferrous metal price fluctuations (copper and aluminum). However, due to the sharp volatility in non-ferrous metal prices over the past several months, the Group has taken measures to enable a large portion of these financial instruments to be classified as cash flow hedges as defined in IAS 39. Effective November 1, 2006, when these instruments are used to hedge future transactions that are highly probable but not yet invoiced (e.g., copper cathode purchases), and they meet the requirements in IAS 39 for cash flow hedge accounting, they are treated similarly to foreign currency hedges, as follows: the portion of the gain or loss on the hedging instrument that is determined to be an "effective" hedge is recognized directly in equity, and the ineffective portion is recognized in "Changes in fair value of non-ferrous metal derivatives". Gains or losses previously recognized in equity are taken to the income statement in the period in which the hedged item (e.g. copper cathode purchases) affects income.

"Changes in fair value of non-ferrous derivative instruments" also includes the reversal of positions that did not qualify for hedge accounting in 2006 and which were closed out in the first half of 2007.

2.5 Gains or losses on asset disposals

The 4 million euro gain recorded under this item in first-half 2007 primarily includes a 3 million euro earn-out payment received from the buyers of the initial 60% stake in the Group's winding wires business in line with the terms of the sale agreement signed in 2005. In first-half 2006, Nexans recorded a 149 million euro gain on the sale of its distribution business in Switzerland (Electro-Matériel SA) to Rexel.

2.6 Net financial expense

The Group recorded a net financial expense of 38 million euros in first-half 2007, on a par with the comparable prior-year period.

2.7 Income taxes

In view of the improved earnings performance of numerous subsidiaries, the Group's corporate income tax charge came to 49 million euros in the first half of 2007 (representing an effective tax rate of 28.6%), compared with 15 million euros for first-half 2006.

2.8 Principal cash flows for the period

Cash flow from operations amounted to 178 million euros, compared with 74 million euros in the first six months of 2006.

This amount was primarily used to finance (i) a capital expenditure program representing a gross investment of 69 million euros and (ii) a dividend payout of 33 million euros.

Working capital requirement remained stable in relation to December 31, 2006, reflecting strict containment of operating components, which was helped by the fact that there was no significant change in average copper prices between the last quarter of 2006 and the second quarter of 2007.

Over the period the Group scaled back its net debt by 100 million euros.

2.9 Balance sheet

At June 30, 2007 the Group's balance sheet showed:

- 1,696 million euros in equity excluding minority interests;
- A 100 million euro reduction in net debt compared with December 31, 2006 to 533 million euros. The gearing ratio (net debt/total equity) represented 30.6%.
- Working capital requirement of 1,520 million euros at June 30, 2007, representing 19.1% of sales at current copper prices for the last quarter of the period, calculated on an annualized basis. This figure was down 1.2 points on June 30, 2006.
- Provisions for contingencies and charges – including for pensions and other post-employment benefit obligations – totaling 459 million euros, on a par with the 469 million euros recorded at December 31, 2006.
- A 14 million euro increase in non-current assets from 1,156 million euros at December 31, 2006 to 1,170 million euros at June 30, 2007. This rise reflects the combined impact of capital expenditure outstripping depreciation expenses for the period and 25 million euros in additional purchase consideration relating to the acquisition of Olex. The main capital expenditure incurred during the period related to the Group's European area, which accounted for 68% of the total figure, and concerns principally the energy infrastructure and industry segments. At the same time, projects launched in 2006 to increase production capacity in the "Rest of the World" geographical area were pursued in first-half 2007.

The Company considers that there were no significant changes in its main transactions with related parties compared with those described in Note 27 to the consolidated financial statements for the year ended December 31, 2006.

3- Progress made and difficulties encountered

Progress was made in several essential areas during the period:

- Control of fixed and direct costs – This was a main focus for the Group as its businesses continued to expand. Efforts made to contain direct costs and enhance the product mix improved the variable cost margin considerably.
- The Group's commercial and organizational structure was adapted to more effectively reflect the key points of the strategic plan. Nexans' expansion hinges on three end markets – Industry, Infrastructures and Building. The product offering for these markets required enhanced coordination in order to more effectively serve customer needs and improve profitability, and a specific organizational structure has now been set up for each one.

The main difficulties encountered during the period related to the impact of high commodity prices and the Group had to continue to pass on the impact of price rises to its customers. This situation also required each business unit to be extremely vigilant in monitoring capital employed, which notably led to tightening of payment conditions.

A further difficulty that will continue into the second half of the year is the extremely high workload of the Group's manufacturing facilities, particularly for high-voltage products in the energy infrastructure segment. Consequently, it will be essential for each of the facilities concerned to respect their production schedules.

4- Outlook for the second half of 2007

Nexans does not currently foresee any change in the favorable economic environment in which it has operated for some eighteen months now. The business climate is expected to remain robust for power cables in Europe and North America, competitive in Asia, and extremely buoyant in the rest of the world. Against this backdrop, the Group expects to reap the benefits of (i) the restructuring measures implemented and in process, (ii) the acquisitions it has made, and (iii) the expansion of sales of high value-added cables in growing markets such as high-voltage power cables and cables for the oil, shipbuilding and robotic industries.

Based on this outlook, the Group expects to achieve double-digit growth for its cable operations, with operating margin coming in higher than in first-half 2007. At the same time, it is maintaining its objective of scaling back debt based on a comparable scope of consolidation and constant copper prices.

These developments are, however dependent on the Building segment continuing to perform well as a result of its favorable price positioning. The most significant identified risks specific to the Nexans Group and its operations are described in the "Risk Factors" section of the 2006 annual report.

5- Trends

In January 2007, Nexans presented its new Strategic Plan for 2007-2009 to the Board of Directors. In this plan the Group's objectives are to enhance profitability, reduce exposure to short-term business cycles, and focus on a more selected number of businesses and segments that offer effective opportunities to foster synergies.

The work undertaken to prepare the plan led to the identification of three different types of activities:

- Power cables for the Infrastructure, Industry and Building segments which form the core of Nexans' strategy;
- Telecom cables, a complementary activity for which the Group has adopted a more selective expansion approach;
- Electrical wires, an upstream activity which is gradually being channeled towards solely meeting the Group's own internal requirements.

The first half of 2007 saw a continuation of expected market trends, as well as a focus on the priorities set in the strategic plan.

- The Infrastructure markets have experienced sustained growth in recent months due to both a gradual upgrading of networks in developed countries and the expansion of energy infrastructures in emerging economies.
- The Industry markets – which are dependent on the world economy – were boosted by strong momentum in the petrochemicals and transport sectors.
- The Building markets felt the favorable impact of a healthy economic environment both in Europe and the United States and generated high levels of profitability.

The Group has strengthened its positions in these three strategic markets by:

- enriching its product offering, such as by providing new cables for the building industry in the United States;
- expanding its operations in new profitable geographic markets, such as the Asia-Pacific region;
- strengthening the customer-focused culture of its teams, including setting up in the Industry segment sales and marketing structures and technical support units dedicated to coordinating the manufacturing, logistical and commercial aspects of priority sectors such as the marine, robotic, petrochemicals, material handling, and railway equipment industries.

The Group has begun measures to gradually scale back its electrical wire and wirerod operations with a view to eventually only serving Nexans' internal requirements. These measures led to a 30% reduction in external sales of the products concerned in first-half 2007. At the same time, it completed its withdrawal from the winding wires business by selling its 40% minority interest in Essex Nexans in June 2007 as well as its winding wire operations in Canada and China, the completion of which is scheduled for early in the second half of the year.

The Group's performance during first-half 2007 was in line with its financial objectives, which are to achieve the following by 2009:

- Consolidated sales of approximately 5,000 million euros (at constant metal prices), with annual average organic growth of 6% (excluding the scaled-back operations in the electrical wires and wirerods businesses).
- Operating margin of 7.5%
- Pre-tax ROCE of around 13%
- Neutral cash flow¹ in 2007 and positive cash flow in 2008 and 2009.

The above objectives were based on the following assumptions when the Strategic Plan was drawn up:

- Standard copper and aluminum prices of 1,500 euros per metric ton and 1,200 euros per metric ton respectively.
- A copper price of 4,400 euros per metric ton over the entire 2007-2009 period for ROCE and cash flow calculations.
- Constant exchange rates (euro against other currencies), using the rates in effect at year-end 2006.
- The same global economic climate as seen over the past few years, with a moderate slowdown in growth in North America relative to Europe.
- An annual growth rate of approximately 3% for the global cable market between 2007 and 2009 (at constant copper prices).
- Continued growth in the infrastructure, transport and petrochemicals markets.

6- Other significant events of first-half 2007

Changes in the scope of consolidation

At December 31, 2006, the Group had entered into negotiations to sell its remaining winding wires business in Canada and China, and at that date the balance sheet items of the entities concerned were classified under assets held for sale in accordance with IFRS 5. In late April 2007, the Group completed the sale of its Simcoe facility in Canada to the US Group Superior Essex for 9.8 million euros. The sale gave rise to a capital gain of 0.2 million euros, which was recognized in the income statement under "Gains or losses on asset disposals". The Group also recorded 7 million euros in proceeds from the sale of operating working capital items. For the first four months of 2007, the Simcoe facility reported net sales and operating margin of 33 million euros and 1.8 million euros respectively.

¹ After changes in working capital requirement, capital expenditure and dividends

In first-half 2007, Superior Essex also exercised its option to purchase the 40% minority interest owned by Nexans in Essex Nexans – a joint venture set up in 2005 to combine the European winding wire operations of Superior Essex and Nexans. The sale of this 40% stake was completed on June 28, 2007 for an amount of 22.4 million euros and gave rise to a €0.2 million euro gain (recognized in the income statement under “Gains or losses on asset disposals”). In addition, Essex Nexans repaid 11.3 million euros to Nexans, corresponding to financing granted to the joint venture.

In accordance with the applicable contractual provisions, and in view of Essex Nexans’ EBITDA for the 2006 fiscal year, Nexans also received 3 million euros in additional purchase consideration relating to the 60% stake in the winding wires business transferred when the Essex Nexans joint venture was originally formed. This consideration was also included in the income statement under “Gains or losses on asset disposals”.

Bond issue

On May 2, 2007, Nexans issued 350 million euros worth of 10-year bonds. The issue was taken up by a wide-ranging European investor base, mainly comprising French and UK investors (which accounted for 35% and 34% respectively). The purpose of the bond issue was to refinance the Group’s existing debt, diversify its sources of financing, and extend the average maturity of its borrowings.

The main features of the bond issue were as follows:

- Amount: 350 million euros
- Coupon: 5.75%
- Settlement date: May 2, 2007
- Maturity: May 2, 2017
- Issue price: 99.266%
- Spread: 140 basis points above the 10-year swap rate
- Issue rating: BB (Standard & Poor’s).

7- Parent company business overview

Nexans serves as the Group’s holding company, manages its financing, and centralizes its cash holdings. Nexans also plays a central role in collecting intra-Group royalty fees for R&D, which it then allocates among its subsidiaries according to the R&D programs they carry out which benefit the entire Group.

The parent company’s sales for the six months ended June 30, 2007 totaled 5,129,925 euros, derived primarily from services billed to its subsidiaries. Net income for the period climbed to 79,204,478 euros from 4,399,366 euros in the first half of 2006. This rise primarily reflects dividends received in first-half 2007 from Nexans France and Nexans Participations.

The Company’s equity at June 30, 2007 was 1,384,210,592 euros, compared with 1,329,901,775 euros at December 31, 2006.

Taking into account shares issued on the exercise of 360,975 stock options during the period, Nexans’ capital stock stood at 25,625,930 euros at June 30, 2007.

8- Corporate governance

At the Annual General Meeting held on May 10, 2007, Nexans' shareholders re-elected the following directors for a four-year term: Gianpaolo Caccini, Jean-Marie Chevalier, Georges Chodron de Courcel, Jacques Garaïalde and Ervin Rosenberg. At the same Meeting, the Company's shareholders elected three new directors, also for a four-year term: Jérôme Gallot, Jean-Louis Gerondeau and Nicolas de Tavernost. The Company considers all of these newly-elected directors to be independent.

The terms of office of the members of the Board of Directors expire as follows:

<u>Expiry of term of office</u>	<u>Director</u>
- 2008	Colette Lewiner
- 2010	Gérard Hauser François Polge de Combret
- 2011	Gianpaolo Caccini Jean-Marie Chevalier Georges Chodron de Courcel Jérôme Gallot Jacques Garaïalde Jean-Louis Gerondeau Ervin Rosenberg Nicolas de Tavernost

Also during the Annual General Meeting of May 10, 2007, the shareholders resolved to change the membership structure of the Audit Committee, whose members now comprise Georges Chodron de Courcel, Jean-Louis Gerondeau and Jérôme Gallot (Committee Chairman).

July 24, 2007,

Gérard Hauser
Chairman and Chief Executive Officer



CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2007

NEXANS

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS **SIX MONTHS ENDED JUNE 30, 2007**

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Consolidated income statement

		First-half 2007	First-half 2006 Restated**	First-half 2006 Reported
<i>(in millions of euros)</i>				
	Notes			
Net sales		3,792	3,686	3,686
<i>Metal price effect*</i>		<i>(1,341)</i>	<i>(1,413)</i>	<i>(1,413)</i>
Net sales at constant metal prices*		2,451	2,273	2,273
Cost of sales		(3,369)	(3,364)	(3,364)
<i>Cost of sales at constant metal prices*</i>		<i>(2,028)</i>	<i>(1,951)</i>	<i>(1,951)</i>
Gross profit		423	322	322
Administrative and selling expenses		(207)	(186)	(186)
R&D costs		(29)	(28)	(28)
Operating margin*		187	108	108
<i>Core exposure effect***</i>		48	160	
Net asset impairment	(7)	(11)	(124)	
Changes in fair value of non-ferrous metal derivatives		(5)	49	49
Gains or losses on asset disposals	(5)	4	148	148
Restructuring costs	(13)	(12)	(36)	(36)
Operating income		210	306	269
Cost of debt (gross)		(26)	(25)	(25)
Income from cash and cash equivalents		6	8	8
Other financial expenses	(6)	(17)	(21)	(21)
Share in net income of associates		0	1	1
Income before taxes		173	269	233
Income taxes	(9)	(49)	(30)	(15)
Net income from continuing operations		124	239	218
Net income (loss) from discontinued operations	(8)	0	(3)	(3)
Consolidated net income		124	236	215
Attributable to equity holders of the Company		119	232	211
Attributable to minority interests		5	4	4
Net income from continuing operations per share (in euros)	(10)			
- basic earnings per share		4.67	10.76	9.78
- diluted earnings per share		4.16	9.18	8.35
Net loss from discontinued operations per share (in euros)	(10)			
- basic loss per share		-	(0.12)	(0.12)
- diluted loss per share		-	(0.10)	(0.10)
Net income per share attributable to equity holders of the Company (in euros)	(10)			
- basic earnings per share		4.67	10.64	9.66
- diluted earnings per share		4.16	9.08	8.25

* Performance indicators used to measure the Group's operational performance

** Since December 31 2006, the financial statements have been prepared taking into account a change relating to the recognition of non-ferrous metal inventories (see Note 1.c). The impact of this change is shown in the "restated" column for the six months ended June 30, 2006.

*** Effect relating to the revaluation of the core exposure at the weighted average unit cost.

Consolidated balance sheet

(in millions of euros)

	Notes	June 30, 2007	Dec. 31, 2006
ASSETS			
Goodwill	(11)	285	253
Intangible assets		14	16
Property, plant and equipment		846	815
Investments in associates		-	22
Other non-current financial assets		26	50
Deferred tax assets		64	100
Other non-current assets		-	-
NON-CURRENT ASSETS		1,234	1,256
Inventories and work in progress		1,417	1,328
Amounts due from customers on construction contracts		103	77
Trade receivables		1,374	1,272
Current tax receivables		90	86
Other current financial assets		167	105
Cash and cash equivalents	(14)	354	287
Assets and groups of assets held for sale	(8)	42	60
CURRENT ASSETS		3,547	3,214
TOTAL ASSETS		4,781	4,470
EQUITY AND LIABILITIES			
Capital stock		26	25
Additional paid-in capital		1,132	1,127
Treasury stock		-	-
Reserves		420	158
Net income attributable to equity holders of the Company		119	241
Equity excluding minority interests		1,696	1,551
Minority interests		42	39
TOTAL EQUITY	(12)	1,738	1,589
Pension and other post-employment benefit obligations		330	336
Long-term provisions	(13)	34	36
Convertible bonds	(14)	253	247
Other long-term debt	(14)	350	7
Deferred tax liabilities		54	67
Other non-current payables		-	-
NON-CURRENT LIABILITIES		1,021	693
Short-term provisions	(13)	95	97
Short-term debt	(14)	285	665
Customers' deposits and advances		44	39
Amounts due to customers on construction contracts		124	71
Trade payables		1,067	917
Current tax payables		90	86
Other current financial liabilities		305	290
Liabilities related to groups of assets held for sale	(8)	11	22
CURRENT LIABILITIES		2,022	2,187
TOTAL EQUITY AND LIABILITIES		4,781	4,470

Consolidated statement of cash flows

<i>(in millions of euros)</i>	Notes	First-half 2007	First-half, 2006 Restated**	First-half 2006 Reported
Net income attributable to equity holders of the Company		119	232	211
Minority interests		5	4	4
Depreciation, amortization and impairment of assets		63	171	47
Cost of debt (gross)		26	16	16
Core exposure impact*		(48)	(160)	-
Other restatements***		69	(150)	(165)
Cash flows from operations before gross cost of debt and tax****		235	113	113
Decrease (increase) in receivables		(148)	(346)	(346)
Decrease (increase) in inventories		(43)	(191)	(191)
Increase (decrease) in payables and accrued expenses		206	196	196
Other assets and liabilities		-	3	3
Income tax paid		(40)	(37)	(37)
Impairment of current assets and accrued contract costs		(5)	(3)	(3)
Net change in current assets and liabilities		(30)	(379)	(379)
Net cash generated from (used in) operating activities		205	(265)	(265)
Proceeds from disposals of property, plant and equipment and intangible assets		4	3	3
Capital expenditures		(69)	(62)	(62)
Decrease (increase) in loans granted		8	(8)	(8)
Purchase of consolidated entities, net of cash acquired	(3)	(29)	(19)	(19)
Proceeds from sale of consolidated entities, net of cash transferred	(3)	48	184	184
Net cash (used in) generated from investing activities		(38)	99	99
Net change in cash and cash equivalents after investing activities		166	(167)	(167)
Proceeds from (repayment of) long-term borrowings	(14)	350	-	-
Proceeds from (repayment of) short-term borrowings	(14)	(388)	232	232
Proceeds from issuance of shares paid up in cash		6	7	7
Interest paid		(26)	(16)	(16)
Dividends paid		(32)	(23)	(23)
Net cash (used in) generated from financing activities		(91)	200	200
Net effect of currency translation differences		(10)	1	1
Impact of change in scope – discontinued operations	(8)	0	3	3
Net increase in cash and cash equivalents		66	37	37
Cash and cash equivalents at beginning of period		288	117	117
Cash and cash equivalents at period-end		354	154	154

* Impact relating to the revaluation of the core exposure at the weighted average unit cost – no cash impact (see Note 1.c).

** Since December 31, 2006, the financial statements have been prepared taking into account a change relating to the recognition of non-ferrous metal inventories (see Note 1.c). The impact of this change is shown in the "restated" column for the six months ended June 30, 2006.

*** Restatements for the six months ended June 30, 2006 include (i) a negative 149 million euros relating to gains on the disposal of Electro-Materiel, (ii) a negative 54 million euros concerning the impact on the income statement of changes in fair value of financial instruments, and (iii) a positive 37 million euros relating to the tax charge. Restatements for the six months ended June 30, 2007 include a positive 24 million euros concerning the impact on the income statement of changes in fair value of financial instruments, and (ii) a positive 40 million euros in connection with the tax charge.

**** The Group also uses the "cash flow from operations" concept which is calculated after adding back restructuring costs (9 million euros and 14 million euros for the first half of 2007 and 2006 respectively), and deducting interest and tax paid.

Consolidated statement of changes in equity

<i>(in millions of euros)</i>	Number of shares outstanding	Capital stock	Additional paid-in capital	Treasury stock	Reserves				Net income for the period	Equity excluding minority interests	Minority interests	Total equity
					Consolidated retained earnings	Changes in fair value and other	Cumulative translation adjustments	Total reserves				
January 1, 2006	21,286,123	24	1,019	(28)	(103)	(6)	69	(40)	108	1,083	77	1,160
Change relating to the recognition of non-ferrous metal inventories (core exposure effect)					63			63	55	118		118
January 1, 2006 restated	21,286,123	24	1,019	(28)	(40)	(6)	69	23	163	1,201	77	1,278
Reclassification of prior-period income to retained earnings					163			163	(163)			
Dividends paid					(22)			(22)		(22)	(1)	(23)
Available-for-sale financial assets												
Translation adjustments							(23)	(23)		(23)		(23)
Cash flow hedges – increase						10		10		10		10
Cash flow hedges – recycling to income						6		6		6		6
Income and expenses recognized directly in equity						16	(23)	(7)		(7)		(7)
Net income (prior to the change relating to the recognition of non-ferrous metal inventories – core exposure effect)*									211	211	4	215
Impact on income of change relating to the recognition of non-ferrous metal inventories – core exposure effect*									21	21		21
Total recognized income and expenses						16	(23)	(7)	232	225	4	229
Capital increases	378,622	0	7							7		7
Conversion of OCEANE bonds	3,534,160	3	114							117		117
Share-based payments					2			2		2		2
Other		(2)	(14)	28	1			1		13	(4)	9
June 30, 2006 restated	25,198,905	25	1,126		104	10	46	160	232	1,543	76	1,619

* Since December 31, 2006, the financial statements have prepared taking into account a change relating to the recognition of non-ferrous metal inventories (see Note 1.c). The impact of this change is shown in the "restated" line for the six months ended June 30, 2006.

Consolidated statement of changes in equity (cont'd)

<i>(in millions of euros)</i>	Number of shares outstanding	Capital stock	Additional paid-in capital	Treasury stock	Reserves				Net income for the period	Equity excluding minority interests	Minority interests	Total equity
					Consolidated retained earnings	Changes in fair value and other	Cumulative translation adjustments	Total reserves				
January 1, 2007	25,264,955	25	1,127		136	(14)	36	158	241	1,551	38	1,589
Reclassification of prior-year income to retained earnings					241			241	(241)			
Dividends paid					(31)			(31)		(31)	(2)	(33)
Available-for-sale financial assets												
Translation adjustments							10	10		10		10
Cash flow hedges – increase						24		24		24		24
Cash flow hedges – recycling to income						14		14		14		14
Income and expenses recognized directly in equity						38	10	49		49		49
Net income for the period									119	119	5	124
Total recognized income and expenses						38	10	49	119	167	5	173
Capital increases	360,975	0	6							6		6
Conversion of OCEANE bonds	0											
Share-based payments					3			3		3		3
Other					(4)	4		0		0		0
June 30, 2007	25,625,930	26	1,133		345	28	46	420	119	1,696	42	1,738

Notes to the interim consolidated financial statements

Note 1

Summary of significant accounting policies

a) General principles

Nexans is a French limited liability company (*société anonyme*) governed by current and future law and statutes in France applicable to commercial companies and in particular the French Commercial Code. Nexans was formed on January 7, 1994 (under the name Atalec). Its headquarters are at 16, rue de Monceau, 75008 Paris, and it is listed on the Paris stock exchange (compartment A of Euronext Paris).

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

- Compliance with IAS 34

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" and should be read in conjunction with the Group's annual financial statements for the year ended December 31, 2006. They were reviewed by Nexans' Board of Directors on July 24, 2007.

- Basis of preparation

The accounting policies adopted are consistent with those applied in the annual consolidated financial statements for the year ended December 31, 2006, except where specific conditions apply relating to the preparation of interim financial statements (see Note 1.b).

Based on the analyses performed, the following IFRIC interpretations to IFRSs – whose application is mandatory for interim financial statements as from January 1, 2007 – did not have a significant impact on the Group's accounts:

- IFRIC 7, "Applying the Restatement Approach under IAS 29";
- IFRIC 8, "Scope of IFRS 2";
- IFRIC 9, "Reassessment of Embedded Derivatives";
- IFRIC 10, "Interim Financial Reporting and Impairment".

The Group has not early adopted any standards or interpretations whose application is not mandatory for 2007, and at the date these interim financial statements were prepared had not decided whether it would apply such standards and interpretations in its annual consolidated financial statements for the year ended December 31, 2007.

- Estimates

The preparation of interim consolidated financial statements requires Management to exercise its judgment and make estimates and assumptions that impact the application of the Group's accounting policies and the amounts of (i) assets (impairment of goodwill, property plant and equipment and intangible assets; recognition of deferred tax assets; valuation of margins on construction contracts), (ii) liabilities (provisions), and (iii) income and expenses. The estimates and underlying assumptions are based on past experience and other factors considered reasonable under the circumstances. They serve as the basis for any judgment required for determining the carrying amounts of assets and liabilities when such amounts cannot be obtained directly from other sources. Actual amounts may differ from these estimates.

The critical judgments made by Management in applying the Group's accounting policies within the interim consolidated financial statements as well as the main sources of uncertainty are the same as those described in the annual consolidated financial statements for the year ended December 31, 2006.

During the first six months of 2007, Management reviewed its estimates relating to:

- Deferred tax assets not previously recognized in relation to unused tax loss carry forwards;
- The recoverable amount of certain items of property, plant and equipment;
- The recoverable amount of goodwill;
- Provisions for contingencies, and particularly for accrued contract costs.

The impact of changes in accounting estimates is recognized over 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.

Judgments made by Management in applying IFRS that have a significant impact on the financial statements, as well as estimates presenting a significant risk of change over the subsequent period, are presented in Note 16.

b) Specific issues concerning the preparation of interim financial statements

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

- The current and deferred tax charge for the period has been 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.
- Expenses relating to pension and other post-employment benefit obligations and employee stock options have been estimated based on half of the amount expected for the full fiscal year.

c) Change in accounting method relating to the recognition of non-ferrous metal inventories

Following the application of IFRS from January 1, 2004, Nexans included non-ferrous metal inventories, referred to as core exposure, in property, plant and equipment. These assets represent the quantities required for the Group's plants to operate properly. Its volume is kept stable and its levels are constantly replenished. For this reason, core exposure is not hedged by forward sales contracts. As an item of property, plant and equipment, it was stated at historical cost at January 1, 2004 and was not depreciated as (i) its residual value was greater than its carrying amount and (ii) it has an indefinite useful life.

Inventories of non-ferrous metals other than those classified as core exposure, were recognized as inventories and measured at purchase cost using the weighted average cost method. The accounting policy applied is described on page 10 of the document entitled Transition to IFRS, which accompanied the 2004 Annual Report.

When drawing up the 2006 consolidated financial statements, Nexans decided to reclassify as inventories the core exposure previously recognized under property, plant and equipment. As a result, these amounts have been measured using the weighted average cost method in the interim financial statements for first-half 2007. For the purposes of comparison, the first-half 2006 interim financial statements have been restated in line with this new approach.

The policy adopted at transition to IFRS of recognizing core exposure as property, plant and equipment was designed to neutralize in the income statement the impact on core exposure of changes in metal prices, in line with the Group's metal risk management policy. Prior to the switch over to IFRS, the Nexans Group used the LIFO method. The change introduced by Nexans as of December 31, 2006 (use of the weighted average cost method in the same way as for other inventories) stemmed from a review of the IFRS applicable to this particular case, which other European groups faced with the same issue have also undertaken. Given the very significant rises in non-ferrous metal prices over the past three years, the new approach will better reflect the value of inventories in the balance sheet.

Due to rising non-ferrous metal prices, the revaluation of the Group's core exposure resulting from the use of the weighted average cost method gave rise to an increase in the working capital included in non-monetary assets that must be tested for impairment whenever there is an indication of a loss in value. This in turn led to an increase in the amount of impairment recognized in respect of certain cash-generating units at June 30, 2006.

In sum, the new core exposure accounting treatment led to the following restatements of consolidated equity at January 1 and June 30, 2006, as well as consolidated income for the first half of 2006:

<i>(in millions of euros)</i>		Reported amounts	Core exposure revaluation	Additional impairment	Deferred tax impact	Restated amounts
Consolidated equity at:						
January 1, 2006	Attributable to equity holders of the Company	1,083	169	(28)	(23)	1,201
	Attributable to minority interests	77	0	0	0	77
	Total	1,160	169	(28)	(23)	1,278
June 30, 2006	Attributable to equity holders of the Company	1,404	329	(152)	(38)	1,543
	Attributable to minority interests	76	0	0	0	76
	Total	1,480	329	(152)	(38)	1,619
Consolidated net income:						
First-half 2006	Attributable to equity holders of the Company	211	160	(124)	(15)	232
	Attributable to minority interests	4	-	-	-	4
	Total	215	160	(124)	(15)	236

Note 2

Seasonality

Certain of Nexans' operations related to the infrastructure markets (Telecom and Energy) are seasonal as business and invoicing levels are lower when climatic conditions are unfavorable. This seasonality may affect the Group's interim financial information, especially net sales, operating margin and working capital requirement. Historically, it results in a lower operating margin in the first half of the year compared with the last six months and working capital requirement is generally higher at June 30 than at the year-end.

Note 3

Significant events of the period

a) Changes in the scope of consolidation

The main changes in the scope of consolidation in the first half of 2007 were as follows:

- At December 31, 2006, the Group had entered into negotiations to sell its remaining winding wires business in Canada and China, and at that date the balance sheet items of the entities concerned were classified under assets held for sale in accordance with IFRS 5.

In late April 2007, the Group completed the sale of its Simcoe facility in Canada to the US Group Superior Essex for 9.8 million euros (not including the positive impact resulting from subsequent recoveries of working capital items that were excluded from the transaction). The sale gave rise to a capital gain of 0.2 million euros, which was recognized in the income statement under "Gains or losses on asset disposals". The Group also recorded 7 million euros in proceeds from the recovery of operating working capital items excluded from the transaction. For the first four months of 2007, the Simcoe facility reported net sales at current metal prices and operating margin of 33 million euros and 2 million euros respectively.

- In first-half 2007, Superior Essex also exercised its option to purchase the 40% residual minority interest owned by Nexans in Essex Nexans – a joint venture set up in 2005 to combine the European winding wire operations of Superior Essex and Nexans. The sale of this 40% stake was completed on June 28, 2007 for an amount of 22.4 million euros and gave rise to a 0.2 million euro gain (recognized in the income statement under "Gains or losses on asset disposals"). In addition, Essex Nexans repaid 11.3 million euros to Nexans, corresponding to financing granted to the joint venture.

In accordance with the applicable contractual provisions, and in view of Essex Nexans' EBITDA for the 2006 fiscal year, during first-half 2007, Nexans also received a 3 million euro earn-out payment from the sale of the initial 60% stake in its winding wires business. This consideration was also included in the income statement under "Gains or losses on asset disposals".

The main changes in the scope of consolidation in 2006 were as follows:

- On December 1, 2006, Nexans acquired 100% of the Australian group Olex, the cable industry leader in Australasia, for 515 million Australian dollars (around 310 million euros). In accordance with the terms of the acquisition agreement, in the first half of 2007 the Nexans Group paid 41 million Australian dollars (around 25 million euros) in additional purchase consideration, calculated based on changes in the net assets of the Olex sub-group.

Olex has only been consolidated since December 31, 2006, as the company's impact on the Group's sales, operating margin and net income for the year then ended was not material.

In the first half of 2007, the Olex Group generated 192 million euros in net sales at current metal prices and operating margin of 10 million euros.

Nexans is currently working on the Olex Group's opening balance sheet. In view of the complexity of this task, the process will only be completed during the second half of 2007. Consequently, no additional entries concerning purchase price allocation were recorded in first-half 2007. The main fair value adjustments are expected to relate to property, plant and equipment (mainly machinery and equipment) and amortizable intangible assets.

- During the second half of 2006, Nexans founded a Japanese subsidiary, Nippon High Voltage Cable Corp. (NVC), of which it owns 66%. The remaining 34% of this subsidiary is owned by Viscas (JV Furukawa Electric Co., Ltd. and Fujikura Ltd), which transferred its existing factory in Tokyo Bay to NVC. NVC – which has been consolidated since December 31, 2006 – will be dedicated to producing high-voltage undersea cables exclusively for its two shareholders and will not carry out any other commercial activities. In the first half of 2007 it generated 5 million euros in net sales at current metal prices.
- Nexans increased its interests in its Korean subsidiaries, Nexans Korea and Kukdong Electrical Wire to 99.5% and 97.9% respectively.
- On February 1, 2006, Nexans disposed of its Swiss distribution business (Electro-Matériel SA) for 206 million euros, generating a capital gain of 149 million euros. Electro-Materiel SA's contribution to net sales at current metal prices and operating margin in January 2006 amounted to 16 million euros and 1 million euros respectively.
- In January 2006, Nexans acquired 100% of the Confecta Group, one of the leading international specialists in high value-added harnesses for the rail industry. The Confecta Group has been consolidated since January 2006 and generated 13 million euros in net sales at current metal prices in the first half of 2006.
- In Vietnam, Nexans formed Nexans Lioa, in which it holds a 60% stake. The remaining 40% of this entity is held by two Vietnamese companies which contributed their cable manufacturing operations for the power cable, equipment cable and industrial cable markets. Nexans Lioa has been consolidated since May 2006 and generated 4 million euros in net sales at current metal prices in first-half 2007.

b) Bond issue

On May 2, 2007, Nexans issued 350 million euros worth of 10-year bonds. The issue was taken up by a wide-ranging European investor base, mainly comprising French and UK investors (which accounted for 35% and 34% respectively). The purpose of the bond issue was to refinance the Group's existing debt, diversify its sources of financing, and extend the average maturity of its borrowings.

The main features of the bond issue were as follows:

- Amount: 350 million euros
- Coupon: 5.75%
- Settlement date: May 2, 2007
- Maturity: May 2, 2017
- Issue price: 99.266%
- Spread: 140 basis points above the 10-year swap rate
- Issue rating: BB (Standard & Poor's).

c) Dividends

At the Annual General Meeting of May 10, 2007, the Company's shareholders approved the payment of a 1.20 euro dividend per share.

The dividend payout – representing an aggregate amount of 30.6 million euros – was made on May 15, 2007.

Note 4

Information by business line and geographical area

Segment information is presented as follows:

- By business line – the Group's primary reporting format – as risks and rates of return are mainly affected by differences between the products offered;
- And by geographical area.

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

The segment information presented is based on the same accounting policies as those used for the consolidated financial statements, as described in the notes to the financial statements. The performance of each segment is measured based on operating margin. This data does not include discontinued operations, which are presented separately in Note 8 as they do not represent significant amounts for the Group.

The tables below relate to the following business lines:

- Electrical wires – comprising wirerods, electrical wires and the winding wires production operations that are not in the process of being sold.
- Energy¹ – comprising power cables for energy infrastructures (low-, medium- and high-voltage cables and related accessories), specialty cables for industry (including specialty cables for electronic applications) and equipment cables for the building sector.
- Telecom – which includes cables for private telecommunications networks, junction components for telecommunication network cables, and copper and optical fiber cables for public telecommunication networks.
- Other – mainly comprising head office income and expenses not allocated to operations and inter-segment eliminations of movements in trade amounts.

¹ In accordance with the Group's new segmentation as set out its strategic plan, since January 1, 2007 submarine cables used for the remote operation of underwater robots and vehicles have been included in the Energy infrastructure segment, and electronic cables have been classified as part of the Industry segment based on similarities between end-markets and customers. As a result, these cables have been included within the Energy business line for the first half of 2007, rather than in Telecom as was previously the case. First-half 2006 data presented in Note 4 have not been restated. Net sales generated by these operations in first-half 2007 amounted to 111 million euros (based on constant non-ferrous metal prices) compared with 81 million euros in the first half of 2006.

a) Information by business line

	Electrical wires	Energy	Telecom	Other (or not allocated)	Inter-business eliminations *	Group total
<i>(in millions of euros)</i>						
First-half 2007						
Net sales at current metal prices	1,437	2,598	334	5	(582)	3,792
Net sales at constant metal prices	470	1,883	276	5	(182)	2,451
Operating margin	4	160	27	(4)		187
First-half 2006						
Net sales at current metal prices	1,763	2,056	381	4	(518)	3,686
Net sales at constant metal prices	631	1,491	327	4	(180)	2,273
Net sales at constant metal prices and first-half 2007 exchange rates	612	1,467	319	4	(179)	2,223
Operating margin	2	97	15	(6)		108

* Inter-business eliminations mostly stem from the upstream Electrical Wires business.

b) Information by geographical area

	France	Germany	Other European countries	North America	Asia-Pacific	Rest of the world	Group total
<i>(in millions of euros)</i>							
First-half 2007							
Net sales at current metal prices (before inter-area eliminations)	1,485	459	1,187	736	444	289	4,600
Inter-area sales at current metal prices	(538)	(44)	(206)		(5)	(15)	(808)
Net sales at current metal prices	947	415	981	736	439	274	3,792
Net sales at constant metal prices	559	299	757	357	295	184	2,451
Operating margin	32	26	52	42	24	11	187
First-half 2006							
Net sales at current metal prices (before inter-area eliminations)	1,529	419	1,071	938	190	233	4,380
Inter-area sales at current metal prices	(470)	(24)	(173)	-	(1)	(26)	(694)
Net sales at current metal prices	1,059	395	898	938	189	207	3,686
Net sales at constant metal prices	540	284	718	453	126	152	2,273
Net sales at constant metal prices and first-half 2007 exchange rates	540	284	711	419	120	149	2,223
Operating margin	12	12	34	32	6	12	108

c) Net sales at current metal prices by geographical market

<i>(in millions of euros)</i>	France	Germany	Other European countries	North America	Asia-Pacific	Rest of the world	Group total
First-half 2007	529	371	1,178	753	494	467	3,792
First-half 2006	486	394	1,212	939	234	421	3,686

Note 5

Gains or losses on asset disposals

<i>(in millions of euros)</i>	First-half 2007	First-half 2006
Net gains on disposal of non-current assets	-	-
Net gains on disposal of investments	4	148
Other	-	-
Gains or losses on asset disposals	4	148

Net gains on asset disposals in the first half of 2007 primarily correspond to the additional purchase consideration received in relation to the joint-venture set up concerning Nexans European winding wire operations in which Superior Essex originally held a 60% stake (see Note 3a).

The first-half 2006 figure mainly concerned the sale of Electro-Matériel in Switzerland for 149 million euros (see Note 3a).

Note 6

Other financial expenses

<i>(in millions of euros)</i>	First-half 2007	First-half 2006
Dividends received from non-consolidated companies	-	1
Provisions	-	-
Net exchange losses	(9)	(15)
Discounting impact on employee benefit obligations	(16)	(17)
Expected return on employee benefit plan assets	9	10
Other	(1)	-
Other financial expenses	(17)	(21)

Note 7

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, 2007, Nexans carried out a review of the principal information used for the purposes of impairment testing by combining actual figures for the first six months of 2007 with the estimated data used at the previous year-end. This resulted in the recognition of a net impairment loss of 11 million euros, mainly relating to two business units whose recoverable amount was deemed to be lower than their carrying amount on an other-than-temporary basis.

As described in Note 1.c, the revaluation of core exposure resulting from the use of the weighted average cost method gave rise to an increase in working capital requirement included in non-monetary assets that must be tested for impairment whenever there is an indication of a loss in value. This in turn led to an increase in the amount of impairment recognized in respect of certain cash-generating units at June 30, 2006.

The additional 124 million euros in impairment losses recorded in first-half 2006 primarily related to the Group's upstream businesses (wirerods, electrical wires and the remainder of the winding wires business in Canada and China) where capital employed was particularly impacted by the rise in raw material prices. They also concerned the energy infrastructure cable businesses in Germany, Greece and South Korea.

Note 8

Discontinued operations and assets held for sale

In accordance with IFRS 5, the Group presents two separate lines on its balance sheet relating to assets and liabilities held for sale – “Assets and groups of assets held for sale” and “Liabilities related to groups of assets held for sale”. At June 30, 2007, these items mainly concerned the Group’s winding wire operations in China and Italy. Nexans disposed of its winding wires business in Canada in April 2007 (see Note 3a).

At December 31, 2006 (see Note 8 to the 2006 financial statements), the following items were included in these balance sheet headings:

- The remaining assets and liabilities of the Italian winding wires business which was discontinued at the end of 2005;
- The Group’s winding wires businesses in Canada and China as negotiations had been entered into at that date to dispose of these operations.

As the above operations do not fulfill the criteria defined in IFRS 5 for separate presentation in the income statement, the related income and expense items have been included line by line in the corresponding income statement headings relating to continuing operations in the Group’s consolidated income statement for the periods ended June 30, 2006 and June 30, 2007.

Note 9

Income taxes

a) Analysis of the income tax charge

<i>(in millions of euros)</i>	First-half 2007	First-half 2006 Restated	First-half 2006 Reported
Current income tax charge	(40)	(37)	(37)
Deferred income tax (charge) benefit, net	(9)	7	22
Income tax charge	(49)	(30)	(15)

b) Effective income tax rate

The effective income tax rate is as follows:

<i>(in millions of euros)</i>	First-half 2007	First-half 2006
Income before taxes	173	233
Standard tax rate applicable in France (in %)	34.43%	34.43%
Theoretical tax charge	(60)	(80)
Impact of:		
- Differences in tax rates of foreign countries	5	4
- Net recognition of deferred tax assets for tax losses	9	22
- Tax credits	-	2
- Non-taxable capital gains and losses	(1)	33
- Other permanent differences (withholdings, etc.)	(3)	4
Actual income tax charge	(49)	(15)
Effective tax rate	28.54%	6.45%

The theoretical tax charge is calculated by applying the parent company's tax rate to consolidated income before tax.

The effective tax rate was lower in first-half 2006 than in first-half 2007 due to the fact that (i) the majority of the gain recorded on the disposal of Electro-Matériel was non-taxable, and (ii) 15 million euros in deferred taxes were recognized for tax loss carryforwards in first-half 2006, based on the Group's business plans.

Note 10 Earnings per share

Basic earnings per share are calculated on the basis of the weighted average number of shares outstanding during the period, after deducting the weighted average number of any Nexans shares held by consolidated companies.

Diluted earnings per share take into account share equivalents that have a dilutive effect. Net income is adjusted for after-tax interest expense relating to convertible or exchangeable bonds. The dilutive impact of stock subscription and/or purchase options is calculated using the treasury stock method, which assumes that the proceeds received at the time of exercise or purchase will be used first and foremost to purchase shares at market price. The dilutive effects of OCEANE bonds that are convertible into new shares and/or exchangeable for existing shares are calculated assuming that the bonds will be systematically converted or exchanged for shares (the "if converted method").

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

	First-half 2007	First-half 2006	
		Restated	Reported
Net income (in millions of euros)	119	232	211
Impact of interest expense (OCEANE bonds)	8	4	4
Net of tax impact	5	2	2
Adjusted net income (in millions of euros)	124	234	213
Net loss from discontinued operations	-	(3)	(3)
Average number of shares outstanding	25,456,076	21,805,966	21,805,966
Average number of OCEANE bonds	3,794,037	3,253,995	3,253,995
Average number of stock options	542,840	748,735	748,735
Average number of diluted shares	29,792,953	25,808,696	25,808,696
Net income from continuing operations per share (in euros)			
- basic earnings per share	4.67	10.76	9.78
- diluted earnings per share	4.16	9.18	8.35
Net loss from discontinued operations per share (in euros)			
- basic loss per share	0.00	(0.12)	(0.12)
- diluted loss per share	0.00	(0.10)	(0.10)
Net income per share attributable to equity holders of the Company (in euros)			
- basic earnings per share	4.67	10.64	9.66
- diluted earnings per share	4.16	9.08	8.25

Note 11

Goodwill

The increase in the Group's goodwill during the first half of 2007 primarily stemmed from (i) the 25 million euro additional purchase consideration paid for the acquisition of the Olex Group (see Note 3a), and (ii) a 10 million euro favorable currency impact (mainly relating to Australia).

In the first half of 2006, 8 million euros in goodwill was recorded in relation to the acquisition of the Confecta Group (see Note 3a). Other changes during the period were mainly attributable to translation adjustments.

Goodwill is tested for impairment at least once a year or more frequently if there is an indication that it may be impaired. The methods and assumptions used for these tests are described in Notes 1.I, 1.o and 7 to the 2006 consolidated financial statements. In first-half 2006, the main goodwill impairment loss concerned Liban Câbles, in an amount of 18 million euros. Additional goodwill impairment losses of 4 million euros were recorded during the first half of 2007.

Note 12

Equity

a) Composition of capital stock

Nexans' capital stock comprises 25,625,930 fully paid-up shares (25,264,955 at December 31, 2006), with a par value of 1 euro each.

The only changes in capital stock during the first six months of 2007 resulted from the issuance of shares following the exercise of 360,975 stock options.

Changes in capital stock during the first half of 2006 can be analyzed as follows:

- the cancellation of 2,221,199 treasury shares;
- an employee share issue resulting in 65,797 shares purchased for 52.50 euros per share;
- the issuance of 312,825 shares following the exercise of the same number of stock options; and
- the conversion of 3,534,160 OCEANE bonds at a price of 38 euros per share (see Note 13).

b) Dividends

At the Annual General Meeting held on May 10, 2007 to approve the financial statements for the year ended December 31, 2006, the Company's shareholders authorized the payment of a dividend of 1.2 euros per share, which was paid out on May 15, 2007.

At the Annual General Meeting held on May 15, 2006 to approve the financial statements for the year ended December 31, 2005, the Company's shareholders' authorized the payment of a dividend of 1 euro per share, which was paid out on May 19, 2006.

c) Treasury stock

Nexans has not held any of its own shares since June 30, 2006, following the cancellation of all of the 2,221,199 treasury shares held at December 31, 2005. As these shares were deducted from equity at December 31, 2005 in accordance with IAS 32, their cancellation had no impact on income or on total equity.

d) Stock options

At June 30, 2007, there were 1,125,675 stock options outstanding, each exercisable for one newly-issued share, i.e. 4.4% of the Company's capital stock (1,462,775 options at December 31, 2006, exercisable for 5.8% of capital stock).

Note 13 Provisions

a) Analysis by nature

<i>(in millions of euros)</i>	June 30, 2007	Dec. 31, 2006
Accrued contract costs	50	57
Restructuring provisions	48	44
Other provisions	31	32
Total	129	133
of which short-term	95	97
of which long-term	34	36

Movements in these provisions were as follows during the period:

<i>(in millions of euros)</i>	TOTAL	Accrued contract costs	Restructuring provisions	Other provisions	Impact on the income statement (net of incurred expenses)		
					Op. margin	Financial	Other
December 31, 2006	133	57	44	32	(15)		(48)
Additions	30	17	12	2	(18)	-	(12)
Reversals (provisions used)	(25)	(12)	(9)	(4)			
Reversals (surplus provisions)	(14)	(13)	(1)	(0)	13	-	1
Business combinations	-	-	-	-			
Other	4	-	2	2			
June 30, 2007	129	50	48	31	(6)	-	(11)

Provisions for accrued contract costs are primarily set up by the Group as a result of its contractual responsibilities, and in particular warranties granted to customers, contract losses and penalties relating to commercial contracts (see Note 16 on contingent liabilities and disputes).

Surplus provisions are reversed when the risks no longer exist or if they have been settled for a lower amount than the estimate based on information available at the prior balance sheet date (including provisions for expired warranties).

During the first half of 2007, a 12 million euro restructuring provision was set aside, primarily to cover the reorganization of the harness business in Belgium. The 11 million euro provision recorded in prior periods to cover the Meko legal dispute was reversed as it was no longer required (see Note 16).

Note 14

Net debt

a) Analysis by nature

<i>(in millions of euros)</i>	June 30, 2007	Dec. 31, 2006
OCEANE convertible bonds	253	247
Other borrowings	350	7
Short-term bank loans, overdrafts and accrued interest on borrowings	285	665
Gross debt	888	919
Cash and cash equivalents	354	287
Net debt	533	632

b) Change in net debt

<i>(in millions of euros)</i>	First-half 2007	First-half 2006
Net debt at beginning of period	(632)	(374)
Conversion of OCEANE bonds		117
Net increase (decrease) in total cash	101	(174)
Impact of discontinued operations (IFRS 5)	(2)	-
Net debt at period-end	(533)	(431)

c) OCEANE bonds

On May 2, 2007 Nexans carried out its first bond issue representing an aggregate nominal amount of 350 million euros (see Note 3b).

On June 16, 2006, Nexans redeemed in advance the OCEANE convertible/exchangeable bonds issued in July 2004. Substantially all of the OCEANE bondholders exercised their option to receive shares, at a ratio of one Nexans share per OCEANE bond. A total of 3,534,160 OCEANE bonds were therefore converted into shares, with the remaining 18,472 being redeemed at their nominal value of 38 euros.

The conversion of the OCEANE bonds resulted in a 110 million euro reduction in consolidated debt (taking into account the 1.80 euro adjustment payment made per bond to OCEANE bondholders) and a 117 million euro increase in consolidated equity.

On July 7, 2006, Nexans carried out another OCEANE bond issue representing an aggregate nominal amount of 280 million euros. The debt comprises 3,794,037 bonds, each with a nominal value of 73.8 euros, bearing interest of 1.5% and redeemable at a price of 85.76 euros per bond on January 1, 2013. In accordance with IAS 32, the portion of the OCEANE bonds corresponding to the value of the option is included in equity, in the amount of 34 million euros.

Note 15

Derivative instruments

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

<i>(in millions of euros)</i>	June 30, 2007	Dec. 31, 2006
Assets		
Foreign exchange derivatives – Cash flow hedges	7	6
Metal derivatives – Cash flow hedges	15	8
Foreign exchange derivatives – Trading	5	1
Metal derivatives – Trading	22	12
Sub-total assets	48	27
Liabilities		
Foreign exchange derivatives – Cash flow hedges	6	3
Metal derivatives – Cash flow hedges	1	8
Foreign exchange derivatives – Trading	2	2
Metal derivatives – Trading	0	0
Sub-total liabilities	9	13

These amounts have been included in “Other current financial assets” and “Other current financial liabilities” in the consolidated balance sheet since January 1, 2005.

Note 16

Disputes and Contingent liabilities

A certain number of contingencies and disputes have arisen in relation to the Group's operations. However, in view of the Group's insurance coverage, and based on an assessment of the probability of judgment being entered against Nexans and the amount of the claims, Management believes that these contingencies and disputes will not have a material impact on the Group's income beyond the related provisions recorded.

- **Disputes giving rise to the recording of provisions**

The most significant dispute that has given rise to the recording of a provision involved cables supplied by Nexans for corvettes for the South African navy (the Meko case). A portion of these supplies was subcontracted to a South African manufacturer. After installation of the cables on the first two corvettes, it was found that the cables supplied by the subcontractor were non-compliant. All the cables already installed were therefore removed and replaced. Total damages claimed by the client amounted to approximately 36 million euros, which was contested by Nexans. This dispute was resolved during the second quarter of 2007. Consequently, the 11 million euro provision recorded at December 31, 2006 was reversed as it was no longer required.

As part of proceedings launched by the competition authorities in France, the *Direction Nationale des Enquêtes* (National Investigation Agency) of the *Direction Générale de la Concurrence, de la Consommation et de la Répression des Fraudes* (Department of competition, consumer affairs, and anti-fraud) started investigations in 2003 and 2006 into contracts awarded by EDF for the supply of high-voltage cables, and contracts relating to the electrical cables sector.

Nexans has received an official notification of complaint in relation to the 2003 investigation. Said notification did not, however, contain any indication of the amount that may be payable by Nexans for the alleged wrongdoing. With the agreement of the *Rapporteur Général* of the French Competition Council (*Conseil de la Concurrence*), Nexans France has entered into a settlement process. Following a hearing before the Competition Council, Nexans decided to record a provision in its first-half 2007 accounts corresponding to the amount of the fine that it deems probable it will have to pay. The

notification of complaint received in relation to the 2003 investigation also stated that the case concerning the 2006 investigation has been closed.

▪ **Contingent liabilities relating to disputes and proceedings**

The following cases have not given rise to the recording of provisions, as the recognition criteria were not satisfied. There were no significant changes in these cases during the first half of 2007.

- A claim filed in Norway in March 2005 against Nexans Norway by one of its competitors – Kvaerner – alleging infringement of a patent involving umbilical cables. Kvaerner is seeking NOK 310 million (around 39 million euros) in damages. Nexans has contested the application of the patent to its products and manufacturing processes and has itself launched proceedings in Norway and the Netherlands to invalidate Kvaerner's patent.
- A case relating to cables manufactured by one of the Group's European subsidiaries and sold to a harness manufacturer. This manufacturer then sold the cables to another equipment manufacturer, which in turn sold them to a European vehicle manufacturer. The subsidiary was not informed of the specifications required by the end customer. The end customer used the cables together with switches notably for use in wipers and a certain number of cables broke. The subsidiary considers that the cables sold met the specifications agreed with its customer, the harness manufacturer. At this stage, Nexans has very little information on any problems identified in vehicles on the road or their causes. The subsidiary's direct customer has formally informed the company that it reserves the right to join the subsidiary as a third party in any related proceedings should it be joined in any such proceedings by its own customer, the equipment manufacturer. The subsidiary's direct customer has not however set out what the subsidiary's grounds for liability would be. No legal proceedings have yet been issued in relation to this case. The vehicle manufacturer nevertheless undertook a recall that could affect around 350,000 installed switches in order to replace the faulty parts.

Although it is not yet possible to ascertain the impact of the disputes and proceedings in process, Nexans currently does not consider that they will have a material impact on its consolidated financial position. It is, however, not in a position to exclude any such possibility.

▪ **Contingent liabilities relating to contractual guarantees and warranties**

Group companies have made commitments to banks and other third parties, in particular financial institutions, who have issued guarantees or performance bonds in favor of customers and guarantees to secure advances received from customers (365 million euros and 330 million euros at June 30, 2007 and December 31, 2006 respectively). Group companies generally give customers warranties relating to the quality of the products sold, as well as sellers' warranties given to purchasers of businesses that are sold, without taking out bank guarantees or bonds. In the event that it seems probable that Nexans will be liable for such warranties, due to issues such as delivery delays or disputes arising from the performance of a contract, the estimated risk is provided for (see Note 13).

Note 17

Events after the balance sheet date

In late January 2007, Nexans signed two agreements to sell its winding wires businesses in Canada and China to the US-based group, Superior Essex. These agreements cover the Simcoe facility in Canada – which was sold at end-April 2007 – and Nexans' 80% majority stake in Nexans Tianjin Magnet Wires and Cables in China.

The Group expects to complete the Nexans Tianjin Magnet Wires and Cables sale in the third quarter of 2007. In the first half of 2007, this entity generated 19 million euros in net sales at current metal prices.



STATUTORY AUDITORS' REPORT ON THE INTERIM
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2007

PricewaterhouseCoopers Audit

63, rue de Villiers 92200
Neuilly-sur-Seine

Salustro Reydel

Member of KPMG International
1, cours Valmy
92923 Paris La Défense Cedex

**STATUTORY AUDITORS' REPORT ON THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2007**

This is a free translation into English of the Statutory Auditors' report issued in the French language 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

16, rue de Monceau
75008 Paris

To the Shareholders,

In our capacity as Statutory Auditors of your Company and as required by article L.232-7 of the French Commercial Code (*Code de commerce*), we have reviewed the accompanying condensed interim consolidated financial statements of Nexans for the six months ended June 30, 2007, and verified the information contained in the interim management report.

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

We conducted our review in accordance with the professional standards applicable in France. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and any other appropriate 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 opinion expressed above, we draw your attention to Section c “Change relating to the recognition of non-ferrous metal inventories” of Note 1, “Summary of significant accounting policies” to the condensed interim consolidated financial statements, which describes the new approach applied by the Company as of December 31, 2006 in accounting for core exposure and its impact on consolidated equity and net income.

In accordance with professional standards applicable in France, we have also verified the information given in the interim management report on the condensed interim consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and its consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine and Paris La Défense, July 26, 2007

The Statutory Auditors

PricewaterhouseCoopers Audit

Dominique Ménard
Partner

Salustro Reydel
Member of KPMG
International

Benoît Lebrun
Partner



STATEMENT BY THE PERSON RESPONSIBLE
FOR THE INTERIM FINANCIAL REPORT

NEXANS

A French limited liability company (*société anonyme*)
with capital of €25,625,930

Registered office: 16, rue de Monceau - 75008 Paris

Paris Trade Register number 393 525 852

STATEMENT BY THE PERSON

RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

Paris, July 26, 2007

I hereby declare that to the best of my knowledge, the condensed interim consolidated financial statements contained in the interim financial report have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Nexans consolidated group of companies, and that the interim management report gives a fair description of the material events that occurred during the first six months of the year as well as their impact on the interim consolidated financial statements, the principal risks and uncertainties for the remaining six months of the year, and the main related party transactions.

Gérard Hauser
Chairman and Chief Officer