

El Sewedy Cables Company
Consolidated Financial Statements
for the six months period from
1 January 2007 to 30 June 2007
and Limited Review Report

Translated form Arabic

LIMITED REVIEW REPORT
TO THE MEMBERS OF THE BOARD OF DIRECTORS
OF EL SEWEDY CABLES COMPANY

We have reviewed the accompanying Consolidated Balance Sheet of El sewedy Cables Company as of 30 June 2007, and the related Consolidated Statements of Income, Changes in Shareholders Equity and Cash Flows for the financial period then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Egyptian Standard on Auditing applicable to review engagements. This standard requires that we plan and perform the review to obtain moderate assurance about whether the financial statements are free of material misstatements. A review is limited primarily to inquiries of the company personal and analytical procedures applied to the financial data and thus less in scope than an audit which is performed in accordance with Egyptian Standards on Auditing. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review of the financial statements of El sewedy Cables Company for the financial period ended 30 June 2007, we are not aware of any material modifications that should be made to the financial statements in order for them to be in conformity with Egyptian Accounting Standards.

Without considering the following a qualification, as mentioned in note No. (34) to the notes to the financial statements, the comparable income statement for the period from 1 April 2006 to 30 June 2007 and the related comparable notes were prepared by the company's management. We have not audited or performed a limited review for these comparable amounts and accordingly do not express an opinion on them.

KPMG Hazem Hassan

Cairo, 9 August 2007

EL Sewedy Cables Company

Consolidated Balance Sheet

As of June 30, 2007

		<u>6/30/2007</u>	<u>12/31/2006</u>
	<u>Note</u>	<u>L.E</u>	<u>L.E</u>
Assets			
Long term assets			
Fixed assets	(3-4)•(4)	647 478 578	557 878 545
Assets under constrution	(3-5)•(5)	156 713 676	145 516 030
Investments available for sale	(3-6)•(6)	4 284 000	4 284 000
Paid on account of investments	(7)	96 084 950	13 230 000
Debit balances and advances	(8)	44 581 793	185 095 512
Other intangible assets	(3-7)•(9)	155 446	267 395
Deferred tax assets	(3-21)•(21)	97 516	58 800
Good will	(3-7)•(31)	8 005 922	-
Total long term assets		957 401 881	906 330 282
Current assets			
Inventories	(3-8)•(10)	1 775 687 480	1 746 371 374
Trade, notes and other receivables	(3-9)•(11)	1 787 753 693	1 211 218 533
Due from related parties	(29)	148 256 260	21 984 047
Investments in treasury certificates	(3-10)•(6)	209 866 008	266 643 827
Central bank certificates	(3-10)•(12)	155 341 064	330 987 183
Cash and cash equivalents	(13)	482 917 989	396 786 135
Total current assets		4 559 822 494	3 973 991 099
Current liabilities			
Banks overdraft	(14)	225 546 627	245 689 887
Short term loans and instalments due	(15)	1 821 431 606	1 709 676 781
Trade, notes and other payables	(3-12)•(16)	466 637 138	401 638 622
Due to related parties	(29)	13 007 719	13 484 464
Provisions	(3-13)•(17)	32 338 326	28 911 005
Total current liabilities		2 558 961 416	2 399 400 759
Working capital		2 000 861 078	1 574 590 340
Total investments		2 958 262 959	2 480 920 622
These investments are financed as follows:			
Equity			
Issued and paid capital	(18)	1 200 000 000	1 200 000 000
Treasury stocks	(3-15)•(20)	-	(92 481 858)
Retained earning		571 414 387	-
Increase in the equity of the acquired subsidiaries over the consideration paid	(31)	585 332 057	585 332 057
Net profit for the period / year		336 292 539	553 746 533
Other comprehensive income		6 908 198	6 992 059
Total parent's shareholders' equity		2 699 947 181	2 253 588 791
Minority interest		175 655 369	158 450 988
Total equity		2 875 602 550	2 412 039 779
Long term liabilities			
Long term loans	(15)	35 950 354	19 142 105
Deferred tax liabilities	(3-21)•(21)	6 986 132	4 167 516
Other long term liabilities	(22)	39 723 923	45 571 222
Total long term liabilities		82 660 409	68 880 843
		2 958 262 959	2 480 920 622

The accompanying notes are part of these

Managing Director

Mr. Sadek Ahmad Elsewedy

Eng. Ahmad Ahmad Sa

Mr. Bahaa Eldien Abdallah

" Limited review report attached"

Translated from Arabic

EL Sewedy Cables Company
Consolidated Income Statement
For the period from 1 January to June 30, 2007

		<u>2007</u>		<u>2006</u>	
	<u>Note</u>	<u>From</u> <u>To</u> <u>L.E</u>	<u>financial period</u> <u>4/1/2007</u> <u>6/30/2007</u> <u>L.E</u>	<u>Not audited</u> <u>financial period</u> <u>4/1/2006</u> <u>6/30/2006</u> <u>L.E</u>	<u>financial period</u> <u>1/1/2006</u> <u>6/30/2006</u> <u>L.E</u>
Operational revenues	(3-16)(23)		2 574 784 463	1 231 298 528	2 245 139 737
Operational costs	(3-18)		(2 271 305 768)	(993 319 102)	(1 864 203 559)
Gross profit			303 478 695	237 979 426	380 936 178
Other operating income	(24)		1 705 104	692 085	1 124 430
Selling and distribution expenses	(3-18)		(44 562 455)	(45 960 098)	(60 655 282)
Administrative expenses	(3-18)		(22 726 633)	(32 798 844)	(39 290 490)
Other operating expenses	(25)		(6 968 614)	(39 672 267)	(43 672 267)
Operating profit			230 926 097	120 240 302	238 442 569
Financing revenue			15 717 803	10 404 387	13 845 114
Financing costs			(40 726 770)	(19 140 757)	(36 975 538)
Net financing costs	(26)		(25 008 967)	(8 736 370)	(23 130 424)
Profit before tax			205 917 130	111 503 932	215 312 145
Income tax					
Current income tax			(5 547 523)	219 078	(2 780 622)
Deferred income tax			(2 748 094)	(3 634 316)	(3 635 278)
Profit for the period			197 621 513	108 088 694	208 896 245
Attributable to :					
Equity holders of the parent company			189 913 154	107 207 219	202 765 729
Minority interest			7 708 359	881 475	6 130 516
			197 621 513	108 088 694	208 896 245
Earning per share	(32)		1.61	1.34	3.37

The accompanying notes are part of the consolidated financial statements

Translated from Arabic

Elsewedy Cables Company
Consolidated Change in Shareholders Equity
For the period from 1 January 2007 to 30 June 2007

Note No.	Issued and Paid Capital	Additional paid in capital	Treasury bills	Retained earnings	Increase in the equity of the acquired subsidiaries over the consideration paid for the investment	Profit attributable to the parent	Foreign exchange differences resulted from foreign entities translation	Total parent's shareholders' equity	Minority interest	Total
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Issued and paid - up capital	(18) 1 200 000 000	-	-	-	-	-	-	1 200 000 000	-	1 200 000 000
Purchase of treasury bills	-	-	(92 481 858)	-	-	-	-	(92 481 858)	-	(92 481 858)
Minority share in subsidiaries' equity	-	-	-	-	-	-	-	-	122 727 091	122 727 091
Profit of the first financial year	-	-	-	-	-	558 910 208	-	558 910 208	35 723 897	594 634 105
Acquisition for subsidiaries under the control of holders of the parent company	(31) -	-	-	-	585 332 057	-	-	585 332 057	-	585 332 057
Dividends to employees	-	-	-	-	-	(5 163 675)	-	(5 163 675)	-	(5 163 675)
Foreign exchange differences resulted from foreign entities translation	-	-	-	-	-	-	6 992 059	6 992 059	-	6 992 059
Balance at 31 december 2006	1 200 000 000	-	(92 481 858)	-	585 332 057	553 746 533	6 992 059	2 253 588 791	158 450 988	2 412 039 779
Transferred to retained earnings	-	-	-	553 746 533	-	(553 746 533)	-	-	-	-
Foreign exchange differences resulted from foreign entities translation	-	-	-	-	-	-	(83 861)	(83 861)	-	(83 861)
Minority share in subsidiaries owend during the period and increasing subsidiaries' capital	-	-	-	-	-	-	-	-	117 862	117 862
sale for treasury bills	-	-	92 481 858	43 816 730	-	-	-	136 298 588	-	136 298 588
Distribution for susidries's profit for empeloyee and minority	-	-	-	(26 148 876)	-	-	-	(26 148 876)	-	(26 148 876)
Net profit for the period	-	-	-	-	-	336 292 539	-	336 292 539	17 086 518	353 379 057
Balance at 30 June 2007	1 200 000 000	-	-	571 414 387	585 332 057	336 292 539	6 908 198	2 699 947 181	175 655 368	2 875 602 549
Balance at 1 janury 2006	300 000 000	-	-	-	255 141 499	71 522 373	-	626 663 872	-	626 663 872
Increase in capital	300 000 000	600 000 000	-	-	-	-	-	900 000 000	-	900 000 000
Net profit for the period	-	-	-	-	-	202 765 729	-	202 765 729	6 130 516	208 896 245
Minority share in subsidiaries' equity	-	-	-	-	-	-	-	-	99 048 319	99 048 319
Acquisition for subsidiaries under the control of holders of the parent company	-	-	-	-	330 927 850	-	-	330 927 850	-	330 927 850
Dividends to employees	-	-	-	-	-	(5 163 675)	-	(5 163 675)	-	(5 163 675)
Balance at 30 June 2006	600 000 000	600 000 000	-	-	586 069 349	269 124 427	-	2 055 193 776	105 178 835	2 160 372 611

The accompanying notes are part of the consolidated financial statements

El Sewedy Cables Company
Consolidated Cash Flows Statement
For the period from 1 January to June 30, 2007

	financial period	financial period
	<u>From</u> 1/1/2007	1/1/2006
	<u>To</u> 6/30/2007	6/30/2006
Cash flows from operating activities:		
Profit before tax	367 964 806	215 312 145
Adjustments for:		
Depreciation and amortization	(4)•(9) 41 445 400	22 528 446
Provisions and receivable impairment loss	5 779 370	29 583 656
Gain on sale of fixed assets	(412 724)	-
Operating income before changes in working capital	414 776 852	267 424 247
Increase in trade and other receivables	(438 373 490)	(281 173 633)
(Decrease) Increase in inventories	(29 316 106)	(212 005 084)
Increase in related parties	(126 748 958)	(153 227 515)
increase in trade and other payables	22 161 781	164 818 438
Net cash used in operating activities	(157 499 921)	(214 163 547)
Cash flows from investing activities		
Payment for purchase of fixed assets and other assets	(138 591 676)	(71 564 976)
Consideration paid for acquired investments, net of cash acquired	-	(134 947 997)
Paid on account of investement	(96 084 950)	-
Proceeds from fixed assets sales	1 166 061	-
Net proceeds from (payment for) treasurybillsand central certificates	232 423 938	(738 821 161)
Net cash flows used in investing activities	(1 086 627)	(945 334 134)
Cash flows from financing activities		
Proceeds from issuing capital	-	900 000 000
Proceeds from Treasury stocks	136 298 588	-
(Payments for) Proceeds from loans	108 419 814	368 849 724
Net cash flows provided by financing activities	244 718 402	1 268 849 724
Net change in cash and equivelant	86 131 854	109 352 043
Cash and equivalents at the beginning of the period	396 786 135	34 884 792
Cash and cash equivalents at the end of the period	482 917 989	144 236 835

The accompanying notes are part of the consolidated financial statements

EL SEWEDY CABLES COMPANY

Notes to the consolidated financial statements - 30 June 2007

1. Company background

El Sewedy Cables Company (“the Parent Company”) is an Egyptian Joint Stock Company, established under the Investment Incentives and Guarantees Law No. 8 of 1997 and was registered in the commercial registration under No. 14584 on 1 June 2005. The Company’s purpose is to establish and operates a production facility for power cables, transformers, terminators, joint accessories, copper and aluminum terminators either coated or not coated and PVC production. In addition to designing, building, managing, operating and maintaining power generation units and power nets.

El sewedy Cables Company- hereunder referred to as the “Company”- consolidated financial statements comprise the company and its subsidiaries *“together referred to as the Group”*

The Company's duration is 25 years commencing from the date of registration in the Commercial Registry.

On 16 April 2007 the Extra Ordinary General Assembly approved the split of the manufacturing activity of Elsewedy Cables Company from the investing activity.

1. Basis of preparation

The consolidated financial statements include the financial statements for all subsidiaries that are controlled by El Sewedy Cables Company (*“the Group”*). The financial statements of the Company and its subsidiaries are prepared in accordance with Egyptian Accounting Standards and applicable Egyptian laws and regulations.

The financial statements were approved for issuance on August 9, 2007

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- Derivative financial statements are measured at fair value
- Financial instruments at fair value through profit and loss are measured at fair value
- Available for sale financial assets are measured at fair value
- The methods used to measure fair values are discussed further in note No. 33 below

Use of estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect reported amounts of assets and liabilities, income and expenses during the financial periods. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

Note 23 - contract revenue

Note 21 - deferred tax

Note 31 - business combinations

Note 17 - provisions

Note 33 - valuation of financial instruments

EL SEWEDY CABLES COMPANY

Notes to the consolidated financial statements - 30 June 2007

3. Significant accounting policies

3-1 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as of the acquisition date. The assets and liabilities acquired are recognized at the carrying amounts recognized previously in the Group's controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity except that any share capital of the acquired entities is recognized as part of equity. Any cash paid for the acquisition is recognized directly in equity.

Transactions eliminated on consolidation

Intra-group balances, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3-2 Foreign currency

Foreign currency transactions

The Company and some subsidiaries maintain its accounts in Egyptian Pound. Transactions in foreign currencies are translated at the foreign exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Egyptian Pound at the prevailing exchange rates. Foreign exchange differences arising on translation are recognized in the income statement.

Foreign operations

At the balance sheet date, the assets and liabilities of foreign subsidiaries are translated to Egyptian Pound at the prevailing exchange rates ruling at the balance sheet date and the income and expenses reported in the income statement are translated at the average exchange rate prevailing during the financial period. Currency translation differences are recorded in the balance sheet as cumulative translation adjustments.

3-3 Financial instruments

Non derivative financial instruments

Non derivative financial instruments comprise cash and cash equivalents, investments, trade and other receivables, loans and borrowings, and trade and other payables. These financial assets and liabilities are recognized in the balance sheet when the Group becomes a party to the contractual provisions of the financial instruments.

Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

Derivative financial instruments

The Group uses derivatives instruments to hedge its exposure to foreign currency risk and price risk related to fluctuations in copper prices. Derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value.

EL SEWEDY CABLES COMPANY

Notes to the consolidated financial statements - 30 June 2007

3-4 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the asset. When part of an item of property, plant and equipment have different useful lives they are accounted for as separate items of property, plant and equipment.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of day to day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of property plant and equipment. The estimated useful lives are as follows:

Buildings	8 -50 years
Machinery and equipment	5-10 years
Furniture	4 -17 years
Vehicles	5-8 years

3-5 Assets under construction

The amounts spent on the construction of fixed assets are initially recorded in assets under construction and are measured at cost less impairment, if any. When projects are completed and become ready for use, the related costs are transferred to fixed assets.

3-6 Investment available-for-sale

The Group's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, and foreign exchange gains and losses on available-for-sale monetary items are recognized directly in equity. When an investment is derecognized, the cumulative gain or loss in equity is transferred to income statement.

3-7 Other assets

Goodwill

Goodwill is initially measured at its cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities. After initial recognition the Group measure goodwill acquired at cost less any impairment losses. Recognized goodwill impairment losses are not subsequently reversed.

Intangible assets

Intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses.

EL SEWEDY CABLES COMPANY

Notes to the consolidated financial statements - 30 June 2007

3-8 Inventories

Inventories are measured at the lower of cost and net realizable value. An inventory of raw materials cost is based on weighted average principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3-9 Trade, notes, other receivables and other debit balances

Trade, notes, other receivables and other short-term debit balances are non-interest bearing and are stated at their nominal value, the long term debit balances are stated at their initial nominal value and re-measured according to their present value with difference charged to net financing cost in the income statement. The other debit balances is presented in the balance sheet less impairment loss.

3-10 Treasury bills and central bank certificates

Where the Group has the positive intent and ability to hold treasury bills and Central Bank certificates to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortized cost using the effective interest method, less any impairment losses.

3-11 Impairment

The carrying amounts of the Group's assets (except inventory and deferred tax assets) are reviewed at each financial reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the consolidated income statement. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3-12 Trade, notes, other payables and accruals

Trade, notes, other payables and accruals are non-interest bearing and are stated at their nominal value representing the amount expected be paid in future for the goods received and services rendered.

3-13 Provisions

A provision is recognized if as a result of past event the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre- tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3-14 Dividends

Dividends are recognized as a liability in the financial period in which the dividends are approved by the shareholders general meeting.

3-15 Treasury shares

Repurchased shares are classified as treasury shares and are presented as a deduction from shareholders' equity at their acquisition cost. Gain or loss from transactions relating to the treasury stock is reflected in shareholders' equity.

EL SEWEDY CABLES COMPANY

Notes to the consolidated financial statements - 30 June 2007

3-16 Revenue

Goods sold

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods. Risk and rewards of ownership are transferred when goods are received at the customer's warehouse; however, for some international shipments transfer occurs upon loading the goods onto the relevant carrier.

Construction contracts

As soon as the outcome of the construction contract is estimated reliably, contract revenues and expenses are recognized in profit or loss in proportion to the stage of completion of the contract. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that is probable that they will result in revenue and can be measured reliably.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract can not be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on contract is recognized immediately in profit or loss.

Investment income

Income from available-for-sale investments are recognized when the Group's right to the income is established.

3-17 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segments.

3-18 Expenses

Operating expenses, selling and distribution, general administrative expenses and other expenses are recognized using the accrual basis of accounting and as such are recognized in the income statement as incurred.

3-19 Interest bearing borrowings

Interest bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortized cost with any difference between cost and redemption value been recognized in the income statement over the period of borrowing on an effective interest basis.

3-20 Employees pensions

The Group contributes in the governmental social insurance system for the benefits of its employees according to the social insurance Law No. 79 of 1975 and its amendments. The Group's contributions are recognized in income statement using the accrual basis of accounting. The Group's obligation in respect of employees' pensions is confined to the amount of the aforementioned contributions.

EL SEWEDY CABLES COMPANY

Notes to the consolidated financial statements - 30 June 2007

3-21 Income tax

Income tax in the parent and its subsidiaries' includes income tax for the current period and the deferred tax. Income tax is recognized in the consolidated income statement except for the income tax related to the equity items which is stated directly in the equity in the consolidated financial statements.

Income tax is recognized on net taxable income using tax rates enacted at the consolidated financial statements date and in addition to any tax differences related to the previous years.

Deferred income tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3-22 Statement of cash flows

The statement of cash flows is prepared using the indirect method. For the purpose of preparing the statement of cash flows, cash equivalent comprise current account at banks and time deposits with maturity of less than three months which represent integral part of the Group's policy to manage the cash.

EL SEWEDY CABLES COMPANY

Notes to the consolidated financial statements - 30 June 2007

4 - Fixed Assets

Fixed assets movement during the period are represented in the following :

	Lands	Buildings	Machinery & equipment	Furniture	Vehicles	Total
Cost	L.E	L.E	L.E	L.E	L.E	L.E
Balance at 1/1/2007	46 580 155	97 665 001	433 937 781	13 490 436	26 202 379	617 875 752
Additions	8 504 702	23 385 873	89 598 692	3 731 396	7 504 056	132 724 719
Disposals	-	-	(557 653)	(75 712)	(1 065 530)	(1 698 895)
Adjustments	(228 515)	(341 616)	(412 010)	8 749	159 532	(813 860)
Cost at 30/6/2007	54 856 342	120 709 258	522 566 810	17 154 869	32 800 437	748 087 716
Depreciation						
Balance at 1/1/2007	-	4 321 457	49 665 146	2 398 677	3 611 924	59 997 204
Depreciation	-	2 517 229	33 864 782	1 740 711	3 210 730	41 333 452
Depreciation for disposals	-	-	(363 631)	(22 731)	(559 198)	(945 560)
Adjustments	-	(158 458)	245 766	84 675	52 059	224 042
Accumelated depreciation at 30/6/2007	-	6 680 228	83 412 063	4 201 332	6 315 515	100 609 138
Carrying amount at 30/6/2007	54 856 342	114 029 030	439 154 747	12 953 537	26 484 922	647 478 578
Carrying amount at 31/12/2006	46 580 154	93 343 541	384 273 458	11 090 937	22 590 455	557 878 545

EL SEWEDY CABLES COMPANY**Notes to the consolidated financial statements - 30 June 2007****5. Projects in progress**

	30/6/2007	31/12/2006
	<u>LE</u>	<u>LE</u>
Land	70 111 922	40 340 461
Buildings	21 981 085	25 699 301
Machinery & equipment	62 778 422	78 821 337
Furniture	1 842 247	654 931
	<u>156 713 676</u>	<u>145 516 030</u>

6. Investments

	30/6/2007	31/12/2006
	<u>LE</u>	<u>LE</u>
Long term investments		
Investments available-for-sale (42 840 shares represent 3.57% of Oriental Petrochemical Company's share capital)	4 284 000	4 284 000
	<u>4 284 000</u>	<u>4 284 000</u>
Current investments		
Treasury bills (*)	209 866 008	266 643 827
	<u>209 866 008</u>	<u>266 643 827</u>

(*) Amount paid for purchase of treasury bills in-addition to the related accrued interest as at 30 June 2007 amounted to LE 10 554 078 (31 December 2006: LE 24 952 908). The interest rate on treasury bills ranges between 8.70% and 10.10 %. The treasury bills held as a guarantee for loans and facilities amounted to LE 191 million at 30 June 2007 (31 December 2006: LE 230 million).

7. Amounts paid for purchase of investments

The Group paid an amount of LE 96 084 950 as initial share capital in two new companies under establishment in Libya and Yemen during the period ended 30 June 2007. The amount paid under the account of investments at 31 December 2006 represents the purchase consideration for the group's interest in Modern National Company for Cables and Metals that been acquired and owned by the parent Company during the period ended 30 June 2007.

8. Other receivables – Long term

	30/6/2007	31/12/2006
	<u>LE</u>	<u>LE</u>
Other receivables – Sudanese Electricity Authority	9 914 642	18 277 456
Due from client- (*)	34 667 151	166 818 056
	<u>44 581 793</u>	<u>185 095 512</u>

(*) The company obtained a letter of guarantee from bank in its favor with the total contract amount with that client.

EL SEWEDY CABLES COMPANY**Notes to the consolidated financial statements - 30 June 2007****9. Intangible assets**

Intangible assets represent know-how for high voltage cables and fiber cables and are amortized over their legal life from 5 to 10 years.

	30/6/2007	31/12/2006
	<u>LE</u>	<u>LE</u>
Beginning Balance	267 395	-
Acquisition	-	491 294
Amortization	<u>(111 949)</u>	<u>(223 899)</u>
Net book value	<u>155 446</u>	<u>267 395</u>

10. Inventories

	30/6/2007	31/12/2006
	<u>LE</u>	<u>LE</u>
Raw material and consumables	662 153 700	752 530 015
Work in progress	211 995 745	214 350 099
Finished goods	505 677 283	586 314 762
Goods in transit	<u>395 860 752</u>	<u>193 176 498</u>
	<u>1 775 687 480</u>	<u>1 746 371 374</u>

Inventories are stated with their fair market value and the difference between the book value and their fair market value for these items amounted to 3 187 971 L.E at 30 June 2007, and 5 465 919 at 31 December 2006.

11. Trade, notes and other receivables

	30/6/2007	31/12/2006
	<u>LE</u>	<u>LE</u>
Trade receivables	1 047 219 223	790 585 791
Notes receivable	192 426 913	92 561 620
Other receivables	<u>548 107 557</u>	<u>328 071 122</u>
	<u>1 787 753 693</u>	<u>1 211 218 533</u>

Trade receivable and other receivables are shown net of impairment losses amounting to LE 29 836 621 at 30 June 2007 (31 December 2006: LE 27 484 572).

12. Central bank certificates

The company acquired certificates issued by the Central Bank of Egypt amounting to LE 155 341 064. The interest rate ranges between 9.5 % and 10.13 %.

13. Cash and cash equivalents

	30/6/2007	31/12/2006
	<u>LE</u>	<u>LE</u>
Time deposits (*)	122 188 207	47 932 214
Bank current accounts (**)	342 233 072	347 389 706
Cash	<u>18 496 710</u>	<u>1 464 215</u>
	<u>482 917 989</u>	<u>396 786 135</u>

(*) Time deposits include LE 6 767 731 as at 30 June 2007 (31 December 2006: LE 7 447 043) blocked as security for the long term loans.

EL SEWEDY CABLES COMPANY**Notes to the consolidated financial statements - 30 June 2007**

(**)Banks current accounts include LE 24 575 as at 30 June 2007 (31 December 2006: LE 496 547) blocked as security against banks overdraft.

14. Banks overdraft

The banks overdraft item amounting to LE 225 546 627 and stated under current liabilities in the balance sheet are secured by promissory notes and part of the Company's current accounts with banks. The average interest rate 10.5 % for the Egyptian Pound, 0.75 % over Libor for US Dollar and 0.65% over Libor for the EURO.

15. Loans

This item which stated under current liabilities and long term liabilities in the consolidated balance sheet represented in the balance of the short term bank facilities and long term loans granted to parent Company and subsidiaries as follows:

	30/6/2007	31/12/2006
	<u>LE</u>	<u>LE</u>
Current liabilities		
Secured bank facilities	1 779 037 440	1 682 146 667
Secured long-term loan installments due within one year	42 394 166	27 530 114
	<u>1 821 431 606</u>	<u>1 709 676 781</u>
Long-term liabilities		
Secured bank loans	29 895 649	10 739 990
Unsecured bank loans	6 054 705	8 402 115
	<u>35 950 354</u>	<u>19 142 105</u>

The average interest rates on loans and facilities are 9.27% for the Egyptian pounds, and 1.53% plus Libor for the US Dollars.

Loans granted to the company and its subsidiaries are secured by promissory notes and joint guarantees from the subsidiaries that approximate LE 370 million, USD 68.8 million, treasury bills amounted to LE 191 million and joint guarantees amounted to LE 761.7 million.

16. Trade, notes and other payables

	30/6/2007	31/12/2006
	<u>LE</u>	<u>LE</u>
Trade and notes payables	250 311 109	222 712 974
Advances from clients	92 089 452	77 279 137
Non-trade payables and accrued expenses	124 236 577	101 646 511
	<u>466 637 138</u>	<u>401 638 622</u>

17. Provisions

	30/6/2007	31/12/2006
	<u>LE</u>	<u>LE</u>
Beginning Balance	28 911 005	-
Acquired in a business combination	-	33 374 521
Formed	6 297 152	854 154
Used	(12 782)	(1 008 703)
Reversed	(2 868 812)	(4 434 803)
Adjustments	11 763	125 836
	<u>32 338 326</u>	<u>28 911 005</u>

EL SEWEDY CABLES COMPANY**Notes to the consolidated financial statements - 30 June 2007****18. Share Capital****Authorized share capital**

The Parent Company's authorized share capital is LE 500 million. On 1 March 2006 the Extraordinary General Assembly approved the increase of the authorized capital to L.E 1 billion.

On 26 April 2006 the Extraordinary General Assembly approved the increase of the authorized share capital to LE 1.5 billion and this increase was authenticated in the commercial register on 19 July 2006.

Issued and paid in share capital

The original issued and fully paid-in share capital of the Company was LE 125 million represented in 12.5 million shares with a par value LE 10 each.

The shareholders in their meeting held on 17 July 2005 approved the increase of the issued share capital from LE 125 million to LE 500 million by issuing 37.5 million ordinary shares. The number of shares, following this increase, became 50 million shares of a par value LE 10 each. The share capital increase was authenticated in the commercial register on 26 February 2006.

The shareholders in their meeting held on 1 March 2006 approved the increase of the issued share capital by LE 100 million to become LE 600 million represented in 60 million shares of a par value LE 10 each. The increase in the issued capital was fully paid in and authenticated in the commercial register on 26 April 2006.

On 26 April 2006, the Extraordinary General Assembly approved the increase of the issued share capital from LE 600 million to LE 1 200 million represented in 120 million shares. The increase in the issued share capital was fully paid on 31 May 2006 and authenticated in the commercial register on 19 July 2006.

19. Legal reserve

According to the Companies Law requirements and the statutes of the Company and its subsidiaries, 5% of the annual net profit is set aside to form a legal reserve. The transfer to legal reserve cease once the reserve reach 50% of the issued share capital. The reserve is undistributable, however, it can be used to increase the share capital or offset losses. If the reserve falls below the defined level (50% of the issued share capital), then the Company is required to resume setting aside 5% of the annual profit until it reaches 50% of the issued share capital.

20. Treasury shares

The company acquired at different dates during the period 2.5 million of its own shares representing 2.08 % of the its issued capital at a cost of LE 92 481 858. The Company sold this treasury bills during the period amounted L.E 136 298 588 with profit amounted L.E 43 816 730 Stated under retained earning item in the balance sheet.

21. Deferred Tax

	30/6/2007	31/12/2006
	<u>LE</u>	<u>LE</u>
Deferred tax asset (inventory)	97 516	58 800
Deferred tax liability	(6 986 132)	(4 167 516)

EL SEWEDY CABLES COMPANY**Notes to the consolidated financial statements - 30 June 2007****Unrecognized deferred tax assets**

	30/6/2007	31/12/2006
	<u>LE</u>	<u>LE</u>
Clients	3 767 644	4 725 912
Debtors	215 722	271 057
Provisions	423 007	423 007
	<u>4 406 373</u>	<u>5 419 976</u>

Deferred tax assets relating to these items have not been recognized because the necessary conditions for the reversal of the temporary differences have not been met.

22. Other liabilities – Long term

	30/6/2007	31/12/2006
	<u>LE</u>	<u>LE</u>
Sales tax on imported machines	3 970 352	4 624 657
Creditors	35 753 571	40 946 565
	<u>39 723 923</u>	<u>45 571 222</u>

23. Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure. Segment results include items directly attributable to each segment as well as those that can be allocated on a reasonable basis.

EL SEWEDY CABLES COMPANY**Notes to the consolidated financial statements- 30 June 2007****24. Other operating income**

	Three months ended 30/6/2007 <u>LE</u>	Six months ended 30/6/2007 <u>LE</u>	Not audited Three months ended 30/6/2006 <u>LE</u>	Six months ended 30/6/2006 <u>LE</u>
Reversal of provisions	-	2 868 812	-	-
Gain on sale of fixed assets & others	1 276 704	5 617 822	206 264	638 609
Revenue from investments	428 400	428 400	485 821	485 821
	<u>1 705 104</u>	<u>8 915 034</u>	<u>692 085</u>	<u>1 124 430</u>

25. Other operating expenses

	Three months ended 30/6/2007 <u>LE</u>	Six months ended 30/6/2007 <u>LE</u>	Not audited Three months ended 30/6/2006 <u>LE</u>	Six months ended 30/6/2006 <u>LE</u>
Provisions formed (Note 17)	6 184 679	6 297 152	7 740 385	7 740 385
Others	783 935	1 639 508	31 931 882	35 931 882
	<u>6 968 614</u>	<u>7 936 660</u>	<u>39 672 267</u>	<u>43 672 267</u>

26. Net financing cost

	Three months ended 30/6/2007 <u>LE</u>	Six months ended 30/6/2007 <u>LE</u>	Not audited Three months ended 30/6/2006 <u>LE</u>	Six months ended 30/6/2006 <u>LE</u>
Finance income				
Interest income	3 946 435	6 220 575	2 313 717	2 001 400
Interest on treasury bills and central bank certificates	9 723 406	22 744 503	4 732 672	8 304 913
Foreign exchange differences	2 047 962	3 904 986	3 357 998	3 538 801
	<u>15 717 803</u>	<u>32 870 064</u>	<u>10 404 387</u>	<u>13 845 114</u>
Finance cost				
Interest expense and finance charges	(40 726 770)	(93 938 273)	(19 140 757)	(36 975 538)
Net financing cost	<u>(25 008 967)</u>	<u>(61 068 209)</u>	<u>(8 736 370)</u>	<u>(23 130 424)</u>

27. Capital commitments

The Group's capital commitments as at 30 June 2007 amounted to LE 153 million, and amounted to LE ٢٦,٧ million as at 31 December 2006. These commitments are expected to be settled in the next financial year.

28. Contingencies

EL SEWEDY CABLES COMPANY**Notes to the consolidated financial statements- 30 June 2007**

	30/6/2007	31/12/2006
	<u>LE</u>	<u>LE</u>
Uncovered portion of letters of guarantee and letters of credit	<u>483 646 466</u>	<u>350 712 346</u>

29. Related parties

Related parties are represented in the Company's shareholders and the companies in which the shareholders own directly or indirectly shares giving them the ability to control or significantly influence these parties. The main transactions with the related parties are sale of finished products to affiliates. The total value of sales to those related parties during the financial period ended 30 June 2007 is LE 111.4 million.

The following are balances of related parties:

	30/6/2007	31/12/2006
	<u>LE</u>	<u>LE</u>
included in current assets		
<u>"Due from related parties"</u>		
El Sewedy for Tools & Cables	39 763 101	21 549 050
Thomas & Bits	17 401	206 112
Red Sea for Copper	105 365 545	-
Euro-mold	27 919	11 487
Others	3 082 294	217 398
	<u>148 256 260</u>	<u>21 984 047</u>
Included in current liabilities		
<u>"Due to related parties"</u>		
Due to shareholders	11 275 247	12 516 164
El sewedy Electrical Industries Co.	529 663	696 909
Arab Steel Fabrication Co	111 843	259 328
Elasty Mold - INDIA	68 534	-
Trilco Limited - QATAR	1 017 432	-
Others	5 000	12 063
	<u>13 007 719</u>	<u>13 484 464</u>

Subsidiary Companies

EL SEWEDY CABLES COMPANY**Notes to the consolidated financial statements- 30 June 2007**

As at 30 June 2007 El Sewedy Cables Company owns the following subsidiaries:

	Date of acquisition	Country	Type of investment	% of share
Egyptian Company For Advanced Industries	21/6/2005	Egypt	Direct	98.00
United Metals Co.	23/6/2005	Egypt	Direct	99.80
Arab cables Co.	3/7/2005	Egypt	Direct	99.99
Sedplast Co.	25/8/2005	Egypt	Direct	99.90
Egytec Cables Co.	25/12/2005	Egypt	Direct	99.98
United Industries Co.	25/12/2005	Egypt	Direct	99.98
Elsaty- mould	22/2/2006	Egypt	Indirect	48.60
El Sewedy Electric Co.	19/4/2006	Egypt	Direct	99.96
United Wires Co.	2/11/2006	Egypt	Direct	99.94
Egyplast Co.	24/12/2006	Egypt	Direct	99.93
Modern National Co.	21/2/2007	Egypt	Direct	98.00
<u>El sewedy Electric's subsidiary companies</u>				
El Sewedy Cables – Syria	19/4/2006	Syria	Indirect	94.19
Sudanese Egyptian Electric	19/4/2006	Sudan	Indirect	69.97
Giyad Cables Co.	19/4/2006	Sudan	Indirect	44.98
Giyad El Sewedy for Transport Limited	19/4/2006	Sudan	Indirect	79.97
El Sewedy Electric Ghana*	19/4/2006	Ghana	Indirect	70.80
El Sewedy Cables – Qatar	20/4/2006	Qatar	Indirect	48.98
El Sewedy Cables – Algeria	3/10/2006	Algeria	Indirect	93.96
El Sewedy Electric – Syria	30/10/2006	Syria	Indirect	94.10
El Sewedy Cables – Saudi Arabia	24/12/2006	Saudi Arabia	Indirect	60.00.

30. Tax status**El sewedy for Cables Company**

The Company is established on 1 June 2005 under the Investment Incentives and Guarantees Law No. (8) of 1997 and the company enjoys a ten years corporate tax exemption effective of the financial year following that in which operations commence as determined by the General Authority for Investment and Free Zone. In order for the company to enjoy this tax holiday the company has to start its operations specified in its objective before 9 June 2008.

Subsidiaries in Egypt**Subsidiaries in Egypt subject to corporate tax**

Arab Cables Company and Sedplast Co. are the only two subsidiaries not enjoying an exemption from corporate tax in Egypt. The records of Arab Cables Co. were inspected by the tax authority for corporate tax up to the tax year 1999. Arab cables records for 2000 to 2003 are currently under inspection by the tax authority.

Arab cables filed a lawsuit against the tax authority claiming a right to enjoy an exemption from corporate tax for five years, starting from 1 March 1999 to 28 February 2000 according to Article 120 of the Tax Law No 157 of 1981. The court has not yet issued its ruling.

Arab Cables records for 2004 and 2005 have not yet been inspected by the tax authority. Arab Cables files its tax return within the timeframe prescribed by the Tax Law.

Sedplast is subject to corporate tax starting from 1 January 2007.

Subsidiaries in Egypt enjoying exemption from corporate tax

EL SEWEDY CABLES COMPANY**Notes to the consolidated financial statements- 30 June 2007**

All Egyptian subsidiaries, except Arab Cables Company and El Sewedy Electric Company, are enjoying a corporate tax exemption as follows:

<u>Subsidiary</u>	<u>End of tax exemption</u>
Egytech Cables Company	31/12/2008
United Industries Company	31/12/2009
Egyptian Company for Advanced Industries	31/12/2009
Elsaty – mould	31/12/2009
United Metals Company	31/12/2010
Modern National Co. (not yet starts its activities and it is exempted for 10 years)	

Subsidiaries in Egypt not subject to tax

El Sewedy Electric Company is the only Egyptian subsidiary not subject to corporate tax. The Company is established according to the Investment Incentives and Guarantee Law No. (8) of 1997 under to the Free Zone System. According to this system, the Company pays a duty, 1% of revenues, to the General Authority for Investment and Free Zone.

Subsidiaries outside Egypt

All subsidiaries incorporated outside Egypt except El sewedy Cables Qatar, El sewedy Cables Algeria and El sewedy Cables- Saudi Arabia are currently exempted from corporate tax in their country of incorporation.

<u>Subsidiary</u>	<u>End of tax exemption</u>
The Egyptian Sudanese Company for Electric Industries	31/12/2009
Giyad El Sewedy for Transport Limited -Sudan	31/12/2011
El Sewedy Cables Syria	31/12/2012
Giyad Cables Company –Sudan	31/12/2012
El Sewedy Electric Ghana	31/12/2015
El Sewedy Electric Syria- (haven't started operation yet to obtain a 5 years tax holiday)	

31. Acquisition of subsidiaries**Subsidiaries under the control of holders of the parent company**

The company acquired during the financial year ended December 31, 2006 the shares of the subsidiaries included in note No. (29) at their book value which are under common control by shareholders of El sewedy cables. These acquisitions had the following effects on El Sewedy Cables Company assets and liabilities:

	<u>LE</u>
Net assets and liabilities	1 217 244 109
Increase in the acquired subsidiaries than consideration paid	(585 332 057)
Consideration for acquiring subsidiaries	631 912 052
Cash and banks at acquisition	(185 093 065)
Net cash paid in acquisition	<u>446 818 987</u>

EL SEWEDY CABLES COMPANY**Notes to the consolidated financial statements- 30 June 2007****Acquired subsidiaries**

The company acquired 98% of the shares of the National Modern Company for Cables and Metals dated 21 February 2007. The excess of the acquisition consideration and the value of the assets, liabilities and contingent liabilities determined provisionally at their book values are initially recognized as goodwill. The Group shall recognize any adjustments to those provisional values within twelve months from the acquisition date upon determining the fair values of these assets, liabilities and contingent liabilities. The effect of this acquisition on the Group's assets and liabilities are as follows:

	<u>LE</u>
Purchase consideration	13 230 000
Net assets	5 437 306
Minority interest	106 614
Goodwill	<u>8 005 922</u>

32. Earnings per share

The calculation of basic earnings per share at 30 June 2007 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding.

Profits available to shareholders

	Three months ended 30/6/2007 <u>LE</u>	Six months ended 30/6/2007 <u>LE</u>	Three months ended 30/6/2006 <u>LE</u>	Six months ended 30/6/2006 <u>LE</u>
Net profit available for equity holders	189 913 154	336 292 539	107 207 219	202 765 729

Weighted average number of shares

	Three months ended 30/6/2007 <u>LE</u>	Six months ended 30/6/2007 <u>LE</u>	Three months ended 30/6/2006 <u>LE</u>	Six months ended 30/6/2006 <u>LE</u>
Issue of share capital of LE 125 M	12 500 000	12 500 000	12 500 000	12 500 000
Increase in the issued share capital to LE 500 M	37 500 000	37 500 000	37 500 000	32 472 375
Increase in the issued share capital to LE 600 M	10 000 000	10 000 000	10 000 000	5 220 995
Increase in the issued share capital to LE 1200 M	60 000 000	60 000 000	20 000 000	10 000 000
Own shares	<u>(2 113 260)</u>	<u>(2 113 260)</u>	<u>-</u>	<u>-</u>
Weighted average number of shares	<u>117 886 740</u>	<u>117 886 740</u>	<u>80 000 000</u>	<u>60 193 370</u>

33. Financial instruments and the related risks

EL SEWEDY CABLES COMPANY**Notes to the consolidated financial statements- 30 June 2007**

The Group's financial instruments comprise the financial assets (cash and cash equivalents, investments in securities, trade receivable and some debtors and debit balances) and financial liabilities (banks overdraft, interest bearing loans and facilities, trade payables and some creditors and credit balances). The Group is exposed to different risks, including the foreign currencies risk, commodity price risk and interest rate risks. The Group's overall risk management policies and procedures aim at minimizing potential adverse effects on the financial performance of the Group. The Group enters into derivative agreements to hedge exposure to currencies risk and commodity price risks; also the group does not enter in derivatives for speculative purposes.

The main risks that related to the group's activities as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and cause the other party to incur financial loss. The amounts due from customers do not represent a significant concentration of risk as trade receivable is widely spread among customers segments except one of the construction clients whose receivable amounted to LE 34.7 million at 30 June 2007 (LE 166 million at 31 December 2006) of which the company obtained a bank guarantee with the total contract value due from that client. Strict credit control is maintained and further appropriate level of impairment loss is recognized.

Foreign currency risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to change in the foreign exchange rates. The Group is exposed to foreign currency risk on purchases from foreign suppliers and loans denominated in foreign currency. The currencies giving rise to this risk are primarily US Dollar, Euro, Sterling Pound, Qatar dinar, Swiss Francs and Emirates dirham.

As of 30 June 2007, the Group's assets and liabilities denominated in foreign currencies amount to the equivalent of LE 825 million, and LE 1 797.6 million, (as at 31 December 2006 of LE 666.125 million, and LE 1.696 billion) is respectively. The Group's net foreign currencies exposure as at 30 June 2007 is as follows:

<u>Foreign currency</u>	30/6/2007 LE Surplus/(deficit)	31/12/2006 LE Surplus/(deficit)
US Dollar	(187 139 716)	(200 815 835)
Euro	22 905 345	9 934 212
Sterling Pound	1 634 403	2 028 250
Q D	260 700	7 457 822
CHF	46 584	-
AED	20 437 505	-
UEA D	1 022 876	-

Foreign currencies exchange contracts

Some subsidiaries make foreign currencies exchange contracts in order to secure US Dollar and Euro to settle their liabilities in foreign currencies for commitments denominated in foreign currencies. The exchange contracts are recorded at their fair value included in other debt or credit balances in the consolidated balance

EL SEWEDY CABLES COMPANY

Notes to the consolidated financial statements- 30 June 2007

sheet, the fair value is determined for these contracts at the consolidated balance sheet date and the changes in the fair value are charged in the consolidated income statement.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates which may adversely affect the operation of the Group. The major loans and facilities are denominated in foreign currencies. The interest rates applicable to these loans, overdrafts and credit facilities are disclosed.

Commodity price risk

The Group is exposed to commodity price risk arising from fluctuations in copper prices, the Group uses commodities futures to hedge that risk. The hedging instruments are -measured at fair value in respect of the hedged risk with any resulting adjustments recognized in the income statement.

Fair value of financial instruments

The fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties on an arm's length basis. The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments:

Investments

Fair value is based on quoted market price at the balance sheet date without any deduction for transaction costs except for the unquoted equity security, referred to above, which is stated at cost less impairment loss, if any.

Receivables and payables

Receivables and payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

Facilities and loans

Facilities and loans are included at amortized cost determined at the effective interest rates.

Foreign currencies contracts and raw materials

The company uses financial derivatives to cover the fluctuation in foreign currencies prices and its raw materials. The future contracts are recorded at their fair value and the changes in the fair value are charged to the consolidated income statement.

34. Comparative figures

The comparative figures for the consolidated income statement and the notes to the financial statements for the period from (April 1, 2006 To 30 June 2006) were prepared by the company's management and were not audited or subject to a limited review.