ELECTRICITY SUPPLY CORPORATION OF MALAWI LIMITED

Financial Statements for the year ended
30 June 2006

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ELECTRICITY SUPPLY CORPORATION OF MALAWI LIMITED
REPORT OF THE DIRECTORS
For the year ended 30 June 2006

The Directors have pleasure in presenting their report together with the balance sheet of Electricity Supply Corporation of Malawi Limited together with the income, equity and cash flow statements for the year ended 30 June 2006.

ACTIVITIES

The company is involved in generation, transmission and distribution of electricity.

	12 months ended 2006 K'000	15 months ended 2005 K'000 Restated
FINANCIAL PERFOMANCE		
Profit before taxation	1,075,958	832,070
Income tax credit	(200)	(200)
Profit for the period	1,075,758	831,870

SHARE CAPITAL

The issued share capital of the company is K100 million divided into 50 million Ordinary shares of K2 each.

The shareholders and their respective holdings are:

Malawi Government	99%
MDC Limited in liquidation	1%
	100%

MDC Limited in liquidation holds 1% in trust for the Malawi Government.

AUDITORS

The auditors, Deloitte, have signified their willingness to continue in office and a resolution is to be proposed at the forthcoming Annual General Meeting in relation to their appointment as auditors in respect of the year ended 30 June 2007.

REGISTERED OFFICE

The registered office and principal place of business of the company is situated at the company's premises in ESCOM House, 9 Haile Selassie Road, Blantyre, Malawi

DIRECTORS

The following directors served in office during the period under review:

Mr.	W. N.Wandale	Term ended August 2005
Mr.	E. Kachelenga	Term ended August 2005
Mrs.	A. Mussa – Chairperson	Term ended August 2005
Mr.	C. K. Chirambo	Term ended August 2005
Mr.	I. Edward	Term ended August 2005
Ms.	M. Mussa Gama	Term ended August 2005
Mr.	J. Banda	Term ended August 2005
Mrs.	M. Chitsulo	Term ended August 2005
Mr.	S. S. Malata	Term ended August 2005
Mr.	A. M. Juma	Term ended August 2005
Mr.	G. C. Mkondiwa	Term ended August 2005
Mr.	A. W. Mia (Chairperson)	Appointed January 2006
Chief.	F. J. Kapichi	Appointed November 2005
Mr.	G. M. Mtaula	Appointed November 2005
Dr.	E. Kayambazinthu	Appointed November 2005
Dr.	E. Chirwa	Appointed November 2005
Mr.	J. G. Naphambo	Appointed November 2005
Mr.	S. Aipira	Appointed November 2005
Mrs.	N. Kalaile	Appointed November 2005
Dr. Apostle S.S. Ndovie		Appointed November 2005
Mr. D. G. Nyasulu		Appointed 2005 and term ended January 2006
Ministry of Statutory Corporations		Ex officio Member
Ministry of Finance		Ex officio Member
Ministry of Energy and Mines		Ex officio Member

FOR AND ON BEHALF OF THE BOARD

Director: ______________________________________

Director: ______________________________________

ELECTRICITY SUPPLY CORPORATION OF MALAWI LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
For the year ended 30 June 2006

The Companies Act, 1984, requires the directors to prepare financial statements for each financial period, which gives a true and fair view of the state of affairs of the company as at the end of the period and of the operating results for that period.

The Act also requires the directors to ensure that the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act, 1984.

In preparing the financial statements the directors accept responsibility for the following:

- Maintenance of proper accounting records;
- Selection of suitable accounting policies and applying them consistently;
- Making judgements and estimates that are reasonable and prudent;
- Compliance with applicable accounting standards, when preparing financial statements; and
- Preparation of financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors also accept responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to maintain adequate systems of internal controls to prevent and detect fraud and other irregularities.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its operating results.

Chairman: ____

Director: ____

REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF
ELECTRICITY SUPPLY CORPORATION OF MALAWI LIMITED

We have audited the financial statements of Electricity Supply Corporation of Malawi Limited as set out on pages 6 to 30, which comprise the balance sheet as at 30 June 2006, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements
Management is responsible for preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Non-Compliance with IAS 16 (Revised) Property, Plant and Equipment
International Accounting Standard 16 (Revised), *Property, Plant and Equipment*, is effective for accounting periods beginning on or after 1 January 2005 and, accordingly, is applicable to ESCOM Limited in the year ended 30 June 2006. As indicated in note 2 to the financial statements, depreciation has been calculated based on the previous version of IAS 16 following a decision taken by management to defer the application of the revised standard until the accounting year ended 30 June 2007. We are unable to quantify the impact on the depreciation charge and the carrying value of property, plant and equipment of this failure to apply the requirements of the revised standard.

Internal controls
Both the quantity and quality of internal control deficiencies identified during the audit indicates that inadequate internal control was maintained in the year under review as required by section 78 of the Public Finance Management Act, 2003.

Opinion
In our opinion, except as discussed in the preceding paragraphs, the financial statements give a true and fair view of the financial position of Electricity Supply Corporation of Malawi Limited as of 30 June 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1984 and the Public Finance Management Act, 2003.

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ELECTRICITY SUPPLY CORPORATION OF MALAWI LIMITED
BALANCE SHEET
30 June 2006

	Notes	2006 K'000	2005 K'000 Restated
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	15,669,798	15,780,145
Capital work in progress	6	6,423,813	4,477,213
Total non-current assets		22,093,611	20,257,358
CURRENT ASSETS			
Inventories	7	920,908	815,476
Receivables	8	3,819,422	2,969,556
Bank current account and cash		18,976	34,131
Bank deposit accounts	9	363,726	70,867
Taxation recoverable		7,122	5,021
Total current assets		5,130,154	3,895,051
TOTAL ASSETS		27,223,765	24,152,409
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital		100,000	100,000
Advance contribution for share capital		12,763,159	12,763,159
Nordic Development Fund Loan		777,920	440,029
Share premium		610,000	610,000
General provision fund		-	117,779
Accumulated losses		(4,534,546)	(5,728,083)
Total shareholders' equity		9,716,533	8,302,884
NON-CURRENT LIABILITIES			
Deferred income	10	2,980,144	2,571,253
Retirement benefits provision	11	248,219	199,415
Borrowings	13	6,331,832	5,865,748
HIPC funds	14	2,638,687	2,597,473
Finance leases	16	-	5,296
Total non-current liabilities		12,198,882	11,239,185
Total shareholders' equity and non-current liabilities		21,915,415	19,542,069
CURRENT LIABILITIES			
Bank overdraft	17	130,897	293,774
Payables	18	1,663,606	975,972
Current portion of borrowings	13	3,379,774	3,132,130
Current portion of HIPC loans	14	60,623	48,645
Bank borrowings	15	48,450	84,720
Dividends payable		25,000	25,000
Current portion of finance leases	16	-	50,099
Total current liabilities		5,308,350	4,610,340
TOTAL EQUITY AND LIABILITIES		27,223,765	24,152,409

The financial statements were authorised for issue by the Board of Directors on ……………………… 2008 and were signed on its behalf by:

………………………………..……… (Director) ……………………………………..…(Director)

ELECTRICITY SUPPLY CORPORATION OF MALAWI LIMITED
INCOME STATEMENT
For the year ended 30 June 2006

	Notes	12 months ended 30.6.06 K'000	15 months ended 30.6.05 K'000 Restated
INCOME FROM OPERATIONS			
Sales of energy		5,782,174	5,750,061
Capital contributions and grants released	10	111,040	82,702
Total income from operations		5,893,214	5,832,763
OPERATING EXPENDITURE			
Generation		717,454	623,842
Transmission		505,187	457,978
Distribution		2,092,994	1,637,207
Head Office		1,395,423	691,190
Depreciation		807,341	948,311
Interest on non-current borrowings		190,306	291,098
Interest on bank borrowings		8,296	28,506
Total operating expenditure		5,717,001	4,678,132
PROFIT BEFORE SUNDRY INCOME/(EXPENDITURE)		176,213	1,154,631
SUNDRY INCOME/(EXPENDITURE)			
Exchange losses	19	(317,913)	(307,596)
Decrease/(increase) in doubtful debt provisions		152,202	(616,023)
Provision for PTA loan	20	62,807	(363,611)
Training expenses		(24,497)	(15,621)
Interest receivable		144,164	7,177
Profit on disposal of property, plant and equipment		-	34,682
Other income		882,982	938,431
Net sundry income/(expenditure)		899,745	322,561
PROFIT BEFORE TAXATION	21	1,075,958	832,070
Income tax charge	22	(200)	(200)
PROFIT FOR THE PERIOD		1,075,758	831,870

ELECTRICITY SUPPLY CORPORATION OF MALAWI LIMITED
STATEMENT OF CHANGES IN EQUITY
30 June 2006

	Share capital K'000	Advance contribution for share capital K'000	Nordic Development Fund loan K'000	Share premium K'000	General provision fund K'000	Accumulated losses K'000	Total K'000
15 months ended 30 June 2005							
At beginning of the period							
- as previously reported	100,000	12,763,159	106,510	610,000	105,818	(4,560,244)	9,125,243
Prior year adjustment	-	-	-	-	-	(1,987,748)	(1,987,748)
At beginning of the period - as restated	100,000	12,763,159	106,510	610,000	105,818	(6,547,992)	7,137,495
Profit for the period	-	-	-	-	-	831,870	831,870
Transfer to general provision fund	-	-	-	-	11,961	(11,961)	-
Advance contribution for share capital	-	-	333,519	-	-	-	333,519
At end of the period	100,000	12,763,159	440,029	610,000	117,779	(5,728,083)	8,302,884
Year ended 30 June 2006							
At beginning of the year							
- as previously reported	100,000	12,763,159	440,029	610,000	117,779	(3,778,040)	10,252,927
Prior year adjustment	-	-	-	-	-	(1,950,043)	(1,950,043)
At beginning of the year - as restated	100,000	12,763,159	440,029	610,000	117,779	(5,728,083)	8,302,884
Profit for the year	-	-	-	-	-	1,075,758	1,075,758
Transfer of general provision fund to accumulated losses	-	-	-	-	(117,779)	117,779	-
Advance contribution for share capital	-	-	337,891	-	-	-	337,891
At end of the year	100,000	12,763,159	777,920	610,000	-	(4,534,546)	9,716,533

	2006 K'000	2005 K'000
Analysis of share capital		
Authorised, issued and fully paid		
50,000,000 Ordinary shares of K2 each	100,000	100,000

Analysis of advance contribution for share capital
In 2004, Malawi Government converted the IDA loan on lent (reference number 62/425) Malawi Credit National loan and IDA on lent (65/431) to equity in a bid to restructure the capital base of the company.

The formalities for the issuing of the shares were not completed as at balance sheet date, and as at the time of signing of these accounts.

	2006 K'000	2005 K'000 Restated
Analysis of accumulated losses		
Pre-incorporation reserves	391,142	391,142
Post-incorporation (losses)/profits arising from trading operations	3,834,671	2,441,000
Post-incorporation losses due to unrealised exchange differences	(8,760,359)	(8,442,446)
Transfer to general provision fund	-	(117,779)
	(4,534,546)	(5,728,083)

Pre-incorporation reserves are not available for distribution as they represent part of the capital introduced into the company on incorporation.

Nordic Development Fund Loan
This is a loan obtained from Nordic Development Fund. The loan is not repayable but ESCOM shall issue to the Government 530 million irredeemable non-cumulative 25% preference shares of K1 each in consideration of the loan proceeds. ESCOM had not fully drawn the loan as at 30 June 2006. The loan will be fully utilised as at 30 June 2007 and the loan will be capitalised in the June 2007 /2008 financial year.

Prior year adjustment
The prior year adjustment relates to the reversal of exchange losses that were previously capitalised in property, plant and equipment. This is in line with the application of IAS 21, *The effects of changes in foreign exchange rates* which became effective for the period under review (refer note 2).

ELECTRICITY SUPPLY CORPORATION OF MALAWI LIMITED

CASH FLOW STATEMENT

For the year ended 30 June 2006

	12 months ended 30.6.06 K'000	15 months ended 30.6.05 K'000
Cash generated from operations (Note 23)	1,862,943	1,799,596
Interest paid	(230,607)	(205,137)
Taxation paid	(2,301)	(252)
Net cash generated from operations	1,630,035	1,594,207
Cash flows from investing activities		
Expenditure on property, plant and equipment including capital work in progress	(1,964,113)	(3,550,721)
Proceeds from disposal of property, plant and equipment	-	37,568
Interest received	144,164	7,177
Net cash used in investing activities	(1,819,949)	(3,505,976)
Cash flows from financing activities		
Proceeds from finance leases	-	38,401
Repayment of finance leases	(55,395)	(261,798)
Proceeds from non-current borrowings	548,095	2,178,867
Advance contribution on share capital on NDF loan	337,891	333,519
Repayment of non-current borrowings	(682,982)	(408,314)
Proceeds from bank borrowings	114,335	84,720
Repayments of bank borrowings	(151,380)	-
Grants and capital contributions received	519,931	284,608
Increase in zero coupon bond	-	(373,026)
Net cash flow from financing activities	630,495	1,876,977
Increase/(decrease) in cash and cash equivalents	440,581	(34,792)
Cash and cash equivalents at beginning of the period	(188,776)	(153,984)
Cash and cash equivalents at end of the period	251,805	(188,776)
Analysis of cash and cash equivalents		
Bank current account and cash	18,976	34,131
Bank deposit accounts	363,726	70,867
Bank overdraft	(130,897)	(293,774)
	251,805	(188,776)

1. General Information

The principal activities of the company include the generation, transmission and distribution of electricity. The company's principal place of business and the address of its registered office is ESCOM House, 9 Haile Selassie Road, P.O. Box 2047, Blantyre, Malawi.

2. Adoption of new and revised International Financial Reporting Standards

Except as indicated below, in the current year, the company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 July 2005.

IAS 21 The effects of changes in foreign exchange rates (Revised)
IAS 21 *The effects of changes in foreign exchange rates* (Revised), effective for years beginning on or after 1 January 2005, was adopted during the year ended 30 June 2006. Where previously exchange losses were capitalised to property, plant and equipment, the company now charges them to the income statement.

The effect of this change in accounting policy in both current and prior years is as follows and the prior year financial statements have been restated accordingly.

	2006 K'000	2005 K'000
Profit before tax	37,705	37,705
Accumulated losses	(1,950,043)	(1,987,748)

IAS 16 (Revised) Property, plant and equipment
IAS 16 (Revised) *Property, Plant and Equipment*, became operative for financial statements beginning on or after 1 January 2005 and, accordingly, fell due for adoption in the year ended 30 June 2006. The standard prescribes, among other things, that the estimated useful lives and the residual values (now specifically defined) of property, plant and equipment be reviewed at least annually in the determination of the depreciable amount of the different categories of property, plant and equipment. In the year under review, this exercise was not carried out and, accordingly, the depreciation charged in the financial statements for the current and prior periods may not reflect the charge that may have been required had the provisions of the revised standard been applied. It is the intention of management to adopt IAS 16 Revised in the year ended 30 June 2007.

2. Adoption of new and Revised International Financial Reporting Standards (Continued)

At the date of authorisation of these financial statements, the following relevant Standards and Interpretations were in issue but not yet effective:

- *IFRS 7* Financial Instruments: Disclosures; Effective for periods beginning on or after 1 January 2007;
- *IFRIC 9* Reassessment of embedded derivatives; Effective for period beginning on or after 1 June 2006;
- IAS 1 (Revised 2007), Presentation of Financial Statements. Effective for periods beginning on or after 1 January 2009;
- IAS 23 (Revised 2007), Borrowing costs. Effective for periods beginning on or after 1 January 2009;
- *IFRIC 12* Service concession arrangements. Effective for periods beginning on or after 1 January 2008; and
- *IFRIC 14* IAS19 The limit on a defined benefit asset, minimum funding requirements and their interaction. Effective for periods beginning on or after 1 January 2008.

The directors anticipate that other than IAS 1 and IFRS 7 these Standards and Interpretations in future periods will have no material impact on the financial statements of the company. These two standards will impact the disclosures and presentation of the financial statements.

3. Significant accounting policies

The principal accounting policies of the company, which are set out below, have been applied consistently in all material respects except as noted in 3.2 below.

3.1 *Accounting convention*

The financial statements are prepared in terms of the historical cost convention. Procedures are not adopted to reflect the impact on the financial statements of specific price changes or changes in the general level of prices, other than set out in note 3.4 below.

3.2 *Depreciation of property, plant and equipment*

Property, plant and equipment are depreciated on the straight-line basis over their anticipated useful lives as follows: -

Hydroelectric stations	- Civil Works	80 years
	- Generation Plant	30 years
Gas turbine plant		25 years
Thermal generation plant		10 - 15 years
Transmission and distribution lines		10 - 25 years
Moveable plant and equipment		5 - 10 years

Depreciation is not provided on freehold land and capital work in progress.

Previously ESCOM used to charge 8% of the value of self constructed assets to property, plant and equipment to cover other administration costs which could not be directly attributed to the costs of the assets. ESCOM did not have a proper basis for the computation of the amount and therefore in the year under review did not capitalise these amounts. Had the amount been capitalised the value of additions would have increased by approximately K48.8 million.

3. Significant accounting policies (Continued)

3.3 *Foreign currency translation*

(a) Functional and presentation currency
Items included in the financial statements of the Company are measured using Malawi Kwacha, the functional currency of the primary economic environment in which the Company operates. The financial statements are presented in Malawi Kwacha, which is the Company's functional and presentation currency.

(b) Transactions and balances
Foreign currency transactions are translated into Malawi Kwacha using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

3.4 *Financial instruments*

Financial assets and liabilities are recognised on the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

3.4.1 Trade receivables
Trade receivables which comprise amounts due from the sale of electricity and for capital contributions due but not received are measured at initial recognition at fair value, being the consideration expected to be received on settlement. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired.

3.4.2 Cash and cash equivalents
Bank balances and cash comprise cash on hand and demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying amount of these assets approximates their fair value.

3.4.3 Bank borrowings
Interest –bearing bank loans and overdraft are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction cost) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs. The overdrafts are renewable annually and payable on demand.

3.4.4 Trade payables
Trade payables are initially measured at fair value, being the amount expected to be incurred on settlement.

3. Significant accounting policies (Continued)

3.5 *Provisions*

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

3.6 *Capital work in progress*

Capital work in progress is valued at cost and capitalised interest and exchange losses where appropriate.

3.7 *Inventories*

Inventories are valued at lower of average cost and net realisable value.

Cost is determined on the following basis:-

- Consumable stores are valued at average landed cost.
- Goods in transit are valued at invoiced cost.

3.8 *Revenue*

Revenue from the sale of electricity is recognised based on meter readings made during the period. Where meters have not been read, estimated readings (based on average usage in the previous months) are used to determine consumption.

3.9 *Deferred income*

Capital contributions from consumers and grants from Government, both of which are received in respect of property, plant and equipment costs for specific purposes, are recognised as deferred income once their receipt can be reasonably anticipated. The deferred income is taken to the income statement in equal annual instalments over the useful lives of the related assets as determined for depreciation purposes.

3.10 *Deferred tax*

Income tax expense represents the sum of the tax currently payable and deferred tax.

<u>Current tax</u>

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

3. Significant accounting policies (Continued)

3.10 *Deferred tax* (Continued)

Deferred tax
Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which these deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

3.11 *Share capital*

(a) Share issue costs
Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

(b) Dividends on ordinary shares
Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders.

Dividends that are declared after the balance sheet date are dealt with in the subsequent events note.

(c) Dividend per share
The calculation of dividend per share is based on the dividends paid to shareholders during the period divided by the number of ordinary shareholders on the register of shareholders on the date of payment.

3. Significant accounting policies (Continued)

3.12 *Retirement benefits*

The company contributes to a defined contribution pension scheme for employees. Contributions are charged to the income statement as incurred.

Additionally, the company provides retirement benefits to employees who have been with the company and its predecessor body for at least ten years. The details of this Scheme are disclosed in note 11.

3.13 *Borrowing costs*

Borrowing costs directly attributable to the acquisition, construction or production of property, plant and equipment are capitalised as part of the cost of those assets. Borrowing costs include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use. All other borrowing costs are expensed in the period in which they are incurred.

3.14 *Finance leases*

Assets acquired under finance leases are recorded in the balance sheet at their fair value at the date of inception of the lease and a corresponding liability is established. Payments made under finance leases are apportioned between interest and reduction of the outstanding liability. Interest is allocated to periods so as to achieve a constant periodic rate of interest on the remaining balance of liability for each period.

3.15 *Provisions for claims*

Provision is made for claims made by contractors at the balance sheet date, together with related costs, according to the best estimate of any foreseeable loss made at the date the financial statements are authorised for issue. The related charge is expensed where it relates to commissioned assets.

3.16 *Impairment*

At each balance sheet date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is land or buildings, other than investment property, carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4. Critical accounting judgements and key sources of estimation uncertainty

4.1 *Critical judgements in applying the company's accounting policies*

No critical judgements were made by management during the current period, which would have a material impact on the financial statements.

4.2 *Key sources of estimation uncertainty*

Key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.2.1 Provision for doubtful debts

In arriving at the provisions for doubtful debts (note 8), management has taken into account the past payment history of the individual debtors, the willingness or otherwise of customers to acknowledge their indebtedness, together with other objective evidence of impairment as a result of one or more events that have occurred after initial debt recognition which suggest that future cash flows may be impaired. Provisioning on this basis can be subjective by nature as it requires the assessment of financial, as well as non-financial information in arriving at an impairment value, which can only be borne out by future events.

5. Property, plant and equipment

	Plant and machinery Generation K'000	Plant and machinery Distribution K'000	Land and buildings and other office equipment K'000	Motor vehicles K'000	Total K'000
2005					
COST					
At beginning of the period					
- as previously stated	15,102,701	3,304,734	382,122	823,467	19,613,024
Prior year adjustment	(2,436,944)	-	-	-	(2,436,944)
At beginning of the year - as restated	12,665,757	3,304,734	382,122	823,467	17,176,080
Additions	241,622	1,415,171	72,677	41,979	1,771,449
Disposals	-	-	(30)	(37,691)	(37,721)
At end of the period	12,907,379	4,719,905	454,769	827,755	18,909,808
ACCUMULATED DEPRECIATION					
At beginning of the period	1,578,970	639,969	142,308	304,136	2,665,383
Prior year adjustment	(449,196)	-	-	-	(449,196)
At beginning of the year - as restated	1,129,774	639,969	142,308	304,136	2,216,187
Charge for the period	436,427	245,665	55,412	210,807	948,311
Disposals	-	-	(30)	(34,805)	(34,835)
At end of the period	1,566,201	885,634	197,690	480,138	3,129,663
NET BOOK AMOUNT					
At end of the period	11,341,178	3,834,271	257,079	347,617	15,780,145

5. Property, plant and equipment (Continued)

	Plant and machinery Generation K'000	Plant and machinery Distribution K'000	Land and buildings and other office equipment K'000	Motor vehicles K'000	Total K'000
2006					
At beginning of the year as restated	12,907,379	4,719,905	454,769	827,755	18,909,808
Additions	63,158	547,000	60,714	26,122	696,994
At end of the year	12,970,537	5,266,905	515,483	853,877	19,606,802
At the beginning of the year as restated	1,566,201	885,634	197,690	480,138	3,129,663
Charge for the year	368,406	245,075	55,885	137,975	807,341
At end of the year	1,934,607	1,130,709	253,575	618,113	3,937,004
NET BOOK AMOUNT					
At end of the year	11,035,930	4,136,196	261,908	235,764	15,669,798

5. Property, plant and equipment (Continued)

Siltation

The company has four generation plants, one at Wovwe on South Rukuru River and three on the Shire River. The generation plants historically experience problems with siltation which reduces dam capacities and this, in turn, impacts on electricity generation capabilities. The level of siltation varies throughout the period, with the problem at its worst during the rainy season (the period November to March). Siltation is a direct result of environmental degradation along the Shire River's catchment area.

To maintain operational capacity the company is involved in a continuous process of desiltation. This involves the dredging of the dams and during the rainy season efforts are also undertaken to remove debris from the Shire River. These efforts are set to continue for the foreseeable future. All costs associated with these efforts are expensed to the income statement as they are incurred.

There are times when load shedding is effected due to reduced generation capacity. This is largely restricted to weekends and peak times during week days.

International Accounting Standard 36, *Impairment of Assets*, requires that where there is evidence that indicates that an asset's economic performance will be less than expected then the asset is assessed for impairment. An impairment loss should then be recognised in the financial statements where appropriate. No impairment loss has been recognised in these financial statements, as for most of the period ESCOM is able to generate the power requirements of the country. In addition, such problems are a normal operational feature of hydro generation plants in relation to the environment in which they operate, hence load shedding up to a point is within the planned service levels of such plants.

Tedzani I and II

Included in property, plant and equipment is Tedzani I and II with a cost of K18.7m and net book value of K7.5m, which has not been operational since 2001. The funding for the repairs to the station was secured and works commenced during the year. Accordingly the directors are of the opinion that no impairment needs to be recognised.

The Hydro Power Station is currently being rehabilitated. The cost of which is estimated to be K2.2 billion. The completion percentage is 65% and the station is expected to be commissioned back into the system in May 2008.

		2006 K'000	2005 K'000
6.	**Capital work in progress**		
	Balance at beginning of the period	4,477,213	2,697,941
	Additions:		
	Funded from non-current borrowings	515,282	2,159,565
	Funded from internal resources	642,892	695,016
	Interest capitalised	281,747	73,469
	Funded from project creditors	115,499	24,760
	Exchange losses on foreign loans capitalised	391,180	172,217
		6,423,813	5,822,968
	Transfer to property, plant and equipment	-	(1,345,755)
	Balance at end of the period	6,423,813	4,477,213
	Capital work in progress is analysed as follows:		
	Projects	6,026,030	4,175,669
	General development	397,783	301,544
	Total capital work in progress	6,423,813	4,477,213
7.	**Inventories**		
	General stores	600,054	639,981
	Goods in transit	320,854	175,495
	Total inventories	920,908	815,476
8.	**Receivables**		
	Trade receivables	4,249,376	3,409,102
	Staff loans and advances	428,963	387,992
	Other debtors and prepayments	113,298	275,928
	Gross receivables	4,791,637	4,073,022
	Less doubtful debt provisions - trade debtors	(541,405)	(714,628)
	- staff loans and advances	(70,894)	(49,942)
	- Government accounts	(359,916)	(338,896)
	Total receivables	3,819,422	2,969,556

Included in staff loans and advances are housing loans of K218m (2005: K204m) which are repayable over periods of up to twelve years. Staff housing loans are secured by charges over the related properties.

9. Bank deposit accounts

	2006 K'000	2005 K'000
Standard Chartered Bank USD	1,341	44
Standard Chartered Bank other currencies	-	7,621
Other deposits denominated in USD and MK	362,385	63,202
Total bank deposit accounts	363,726	70,867

The Standard Chartered Bank US Dollar deposit is used by the Mozambican and Zambian Governments to remit payments to the company while the Standard Chartered Bank other currencies accounts are deposit accounts used for making payment to foreign contractors outside the country. The USD denominated other deposit account is used by the company to meet its USD denominated obligations in the course of business whereas the MK denominated other deposit accounts are usually used to meet VAT obligations.

10. Deferred income

	Government grants K'000	Capital contributions K'000	2006 Total K'000	2005 Total K'000
At beginning of the period	1,546,030	1,025,223	2,571,253	2,369,347
Received during the period	152,000	367,931	519,931	284,608
Released to income statement during the period	(54,296)	(56,744)	(111,040)	(82,702)
At end of the period	1,643,734	1,336,410	2,980,144	2,571,253

11. Retirement benefits provision

	2006 K'000	2005 K'000
At beginning of the period	199,415	137,947
Payments made during the period	(23,796)	(25,798)
Charge for the period	72,600	87,266
At end of the period	248,219	199,415

Upon retirement, employees who have worked for the company and its predecessor body for a period longer than fifteen years are entitled to one and a half years' salary as a retirement benefit. Those employees who retire after working for the company and its predecessor body for ten years or more but not exceeding fifteen years, are entitled to a retirement benefit equal to one year's salary.

The provision, which is unfunded, is based on the assumption that salaries will increase in line with inflation. An actuarial valuation of the obligation was carried out as at 1 April 2004 by QED Actuaries & Consultants (Pty) Limited. The actuarial valuation is adjusted upwards by 20% for the next three years as recommended by the valuer. The actuarial valuation assumed an interest rate of 20% for the next year per annum and general salary increases of 20% per annum due to inflation.

The liability in the financial statements represents the actuarially determined value of past services as at 30 June 2006.

12. Deferred tax

	2006 K'000	2005 K'000
A notional deferred tax asset arises as follows:		
Accelerated capital allowances	3,240,210	3,682,126
Estimated tax losses carried forward	(3,959,362)	(4,177,473)
Other temporary differences	(145,812)	(129,866)
Deferred tax asset	(864,964)	(625,213)

The asset has not been recognised in the financial statements in accordance with the company's accounting policy with respect to deferred tax.

13. Borrowings

		2006 K'000	2005 K'000
Balance at beginning of the period		8,997,878	6,904,294
Additions:	- new borrowings	548,095	1,834,076
	- interest charged	190,306	-
	- interest capitalised	281,747	278,167
	- exchange losses on foreign loans capitalised in WIP	433,378	172,217
	- exchange losses expensed	439,659	287,974
	- provision on PTA loans on overpayment made by Reserve Bank of Malawi on behalf of ESCOM	(62,087)	363,611
Less:	- repayments	(913,589)	(409,044)
	- amount transferred to HIPC funds	(47,316)	(60,391)
	- increase in fair value of zero coupon bond	(156,465)	(373,026)
Total borrowings at end of the period		9,711,606	8,997,878
Less amounts due within one year included in current liabilities		3,379,774	3,132,130
Non-current borrowings		6,331,832	5,865,748
Analysis of current borrowings			
Amounts due within one year		535,516	755,148
Principal and interest in arrears		2,844,258	2,376,982
		3,379,774	3,132,130

Details of borrowings are set out in Annexure 1 to these financial statements.

The long-term loan agreement with Development Bank of South Africa (DBSA) is linked to a zero coupon bond which will appreciate over the loan term to provide for the repayment of loan capital. Refer Annexure 1.

14. HIPC funds

	2006 K'000	2005 K'000
Industrial Development Company of South Africa	32,051	32,051
Commonwealth Development Corporation Company plc	2,489,559	2,489,559
European Investment Bank	171,823	116,145
Principal amounts transferred from loans	2,693,433	2,637,755
Interest accrued on funds	5,877	8,363
Total HIPC funds at the end of the period	2,699,310	2,646,118
Less - due within one year included in current portion	(60,623)	(48,645)
Non-current HIPC funds	2,638,687	2,597,473
Analysed as:		
At beginning of the period	2,646,118	2,577,363
Amount qualifying for HIPC during the period	47,315	60,392
Accrued interest on HIPC funds	5,877	8,363
At end of the period	2,699,310	2,646,118

Following Malawi's qualification for the Highly Indebted Poor Countries (HIPC) initiative from its multilateral donors, certain loans that the company had from Commonwealth Development Corporation Company plc, European Investment Bank and the Industrial Development Company of South Africa were waived. The loans are now repayable to the Government. The liability is set out at the Kwacha value at the date the loans qualified for the HIPC initiative and the repayment terms remain unchanged. In a letter dated 15 February 2005 from the Secretary of Treasury to ESCOM, the Malawi Government advised ESCOM to credit this amount to a HIPC account held at Reserve Bank of Malawi as they fall due. Interest accrual has been at the rates of the original loans from third parties and no objection has been received from Government to this treatment.

The ageing of the loans has been based on the age profile of the original loans, which the government is expected to adopt.

The interest rates are 12% for IDC of South Africa, 9.25% for CDCC and 1% for the EIB Loan. The loans are payable in half yearly instalments as follows:

- IDC - 2 March and 2 September;
- CDCC - 20 June and 20 December; and
- EIB - 15 April and 15 October.

15. Bank borrowings

	2006 K'000	2005 K'000
National Bank of Malawi	48,450	70,137
Stanbic Bank Limited	-	14,583
Total bank borrowings	48,450	84,720

The loan from National Bank of Malawi operates like a revolving facility with a limit of K69.7m and is repayable monthly. Interest is charged at 1% below base lending rate of 27% as at 30 June 2006.

	2006 K'000	2005 K'000
16. Finance leases		
National Bank of Malawi	-	18,478
Stanbic Bank Limited	-	27,756
National Finance Company Limited	-	9,161
Total finance leases	-	55,395

The leases were fully repaid in the year under review.

17. Bank overdraft

The bank overdraft is unsecured. Ministry of Finance gave its consent to the company to obtain a bank overdraft of up to K200m (2005: K200m) in line with statutory corporations borrowing requirements.

18. Payables

	2006 K'000	2005 K'000
Trade and other payables	1,398,319	854,833
Project payables and retention	218,325	101,604
Consumer deposits	46,962	19,535
Total payables	1,663,606	975,972

Included in payables are liabilities of K233m (2005: K128m) denominated in various foreign currencies.

19. Exchange differences

		Funding of capital assets K'000	Other liabilities K'000	2006 K'000	2005 K'000
Realised	- borrowings	5,527	-	5,527	14,689
	- short-term (payables)	-	2,043	2,043	19,621
Total realised		5,527	2,043	7,570	34,310
Unrealised	- borrowings	193,353	-	193,353	174,528
	- short-term (payables)	-	116,990	116,990	98,758
Total unrealised		193,353	116,990	310,343	273,286
Total exchange losses during the period		198,880	119,033	317,913	307,596

	2006 K'000	2005 K'000
20. Provision for PTA loan	(62,807)	363,611

The provision relates to the difference that has arisen because of lack of proper coordination between ESCOM, Reserve Bank of Malawi and PTA Bank. This happened after ESCOM defaulted on the loan and PTA Bank initiated legal action against ESCOM. The Government through, Reserve Bank of Malawi, is making payments direct to PTA Bank. There is no formal agreement on how the liability will be treated or recovered. The liability at year end which is included in Government loans is K1,448 million. The current year write back is a result of confirmation of some over payments by PTA Bank.

	12 months ended 30.6.06 K'000	15 months ended 30.6.05 K'000
21. Profit before taxation		
Profit before taxation is arrived at after taking into account:		
Auditors' remuneration - current period	13,500	7,469
- prior period	5,673	-
Directors' fees	1,036	1,731
Staff costs	1,547,991	1,500,204
Pension costs	117,994	112,375

22. Income tax charge

(a) Taxation		
Income tax charge	200	200
(b) Reconciliation of rate of tax	**%**	**%**
Standard rate of tax	30	30
Effect of deferred tax asset not recognised	(30)	(30)
Effective tax rate	-	-

The company did not earn taxable income during the year. The company has carried forward estimated tax losses of K13,197 million (2005: K14,436 million)

	12 months ended 30.6.06 K'000	15 months ended 30.6.05 K'000 Restated

23. Reconciliation of profit before interest and taxation to cash generated from operations

	12 months ended 30.6.06 K'000	15 months ended 30.6.05 K'000 Restated
Profit before interest and taxation	1,130,396	1,144,497
Depreciation	807,341	948,311
Profit on disposal of property, plant and equipment	-	(34,682)
Provision for PTA loan	(62,807)	363,611
Capital contributions and grants released to the income statement	(111,040)	(82,702)
Exchange losses taken to income statement	317,913	287,974
	2,081,803	2,627,009
Working capital movements:		
Increase in inventories	(105,432)	(67,307)
Increase in receivables	(849,866)	(395,924)
Increase in payables	687,634	(425,650)
Movement in retirement benefit provision	48,804	61,468
Cash generated from operations	1,862,943	1,799,596

Profit before interest and taxation is determined as follows:

	12 months ended 30.6.06 K'000	15 months ended 30.6.05 K'000 Restated
Profit before taxation	1,075,958	832,070
Interest on borrowings	190,306	291,098
Interest on bank borrowings	8,296	28,506
Interest receivable	(144,164)	(7,177)
Profit before interest and taxation	1,130,396	1,144,497

24. Capital commitments

	2006 K'000	2005 K'000
Authorised by the Company and contracted	136,274	1,993,802
Authorised by the Company but not contracted	3,543,674	1,666,146
Total commitments	3,679,948	3,659,948

Capital commitments will be financed by external borrowings together with internally generated funds.

25. Contingent liabilities

	2006 K'000	2005 K'000
Guarantees	29,287	3,227

Guarantees
The company guarantees loans for its staff with a financial institution. In the event of default by any staff member, the company would be required to repay the loan.

	2006 K'000	2005 K'000
Other claims		
Claims by customers	131,454	138,758

These are claims, inclusive of legal fees, by various customers against ESCOM in respect of goods damaged, etc., due to surges in power supply. The figures are estimated based on information available to the company's lawyers.

	2006 K'000	2005 K'000
Severance Pay	1,270,831	-

These represent liabilities payable to employees upon termination of employment. The amount is only payable in the event of termination by mutual agreement with the employer or unilaterally by the employer. The amount disclosed represents an estimate of the cost to the company in the event that any of the two events were to occur. The amount includes all employees of the company and is based on basic pay only. Some of the current provisions of the law are the subject of legal challenges and reviews and, in the opinion of the directors, the severance pay liability is contingent on the outcome of the on-going court cases and judicial reviews.

26. Related party transactions

Related party transactions are at arms length and the amounts due from and due to related parties at period ends are as follows:

	2006 K'000	2005 K'000
Receivables		
Receivables - Statutory corporations	292,216	748,699
- Government departments	679,261	273,297
Specific provision for bad debts	(359,916)	(338,896)
	611,561	683,100
Loans		
Government of Malawi – non-current borrowings (Refer Annexure 1 to the financial statements)	9,711,604	4,066,188
HIPC Funds		
Refer note 14 to the financial statements	2,699,310	2,646,118
Dividend payable		
Dividend	25,000	25,000
Compensation of key management staff		
Salaries, bonuses and benefits	48,891	46,147

Included in revenue is electricity sold to government departments and statutory corporations. These transactions are at arm's length.

27. Post balance sheet event

On 27 September 2007 ESCOM entered into an agreement with the registered Trustees of Electricity Supply Corporation of Malawi Limited Group Pension Fund and Life Assurance Fund to advance K400 million, which ESCOM used to advance to its employees who are members of the Pension Fund. The loan attracts an interest rate of 21% per annum and is payable quarterly over a period of five years. ESCOM expects to recover this amount from the fund account at the end of the loan period.

28. Exchange rates and inflation

The average of the period end buying and selling rates of the currencies most affecting the performance of the company is stated below, together with the increase in the National Consumer Price Index for the preceding year, which represents an official measure of inflation. The latest available rates of exchange are also given.

	2006	**2005**
Kwacha/US Dollar	140.36	125.20
Kwacha/Pound Sterling	265.23	228.84
Kwacha/South African Rand	20.50	18.97
Kwacha/Euro	181.53	152.99
Kwacha/Japanese Yen	1.20	1.50
Inflation rate (%)	16.1%	15.9%

No account is taken of any gains or losses arising on liabilities designated in foreign currencies arising after the balance sheet date.

Exchange rates as at 31 December 2007:

Kwacha/US Dollar	141.70
Kwacha/Pound Sterling	291.43
Kwacha/South African Rand	21.64
Kwacha/Euro	212.45
Kwacha/Japanese Yen	1.29

BORROWINGS

30 June 2006

ANNEXURE 1

	2006 K'000	2005 K'000
Government of Malawi These Malawi Kwacha loans are repayable over terms of up to 30 years and carry interest at rates varying between 3% (2005: 3%) and 12% (2005: 12%). The last payment is due in 2034.	5,811,823	4,066,188
European Investment Bank The loan, which is denominated in Euros, was obtained from this lender and qualifies for HIPC relief. As the principal amounts fall due the amount due is transferred to a separate HIPC account. The amount converted to the HIPC loan fund was K60.6m (2005: K68.8 m). The loan attracts interest at a rate of 3.5% per annum. The last installment is due in 2017.	630,382	575,210
PTA Bank This loan is repayable in the various foreign currencies, (GB Pounds, US Dollar, Euro and Japanese Yen) in which it was disbursed, in half-yearly instalments, the last of which was due on 31 December 2005. Interest is payable at 10% per annum. This loan fell into arrears in 1999 prompting the PTA Bank to take legal action against ESCOM. As a result, the Government of Malawi took over servicing of the loan from January 2000. PTA Bank withdrew the case after negotiations with the Malawi Government commenced. The Government of Malawi started repayments in June 2000 and the loan is now reclassified as Government loan.	-	1,324,135
European Investment Bank The loan is denominated in GB Pounds, Japanese Yen and Swiss Franc (CHF). It is repayable in half yearly instalments, the last of which is due in November 2006. Interest rates vary between 10% and 15% per annum. The outstanding amounts were £20,765 (2005: £60,878), JPY 9,682,846 (2005: JPY 26,266,932) and CHF 93,951 (2005: CHF275,443).	28,556	74,233
SEB SCADA The loan is denominated in Swedish Kroner. It is repayable in half yearly instalments in April and October over a period of 25 years after a grace period of 7 years. The agreement was signed in 1997 and all interest to April 2005 will be capitalised. The loan attracts interest at a rate of 3% per annum.	51,205	59,227
SIDA This loan is in Swedish Kroners. The agreement was signed on 17 November 2000. The loan was obtained through the Malawi Government. The loan attracts interest at a rate of 3% per annum. Repayments will commence in 2007.	1,657,943	1,319,590

ANNEXURE 1 (Continued)

	2006 K'000	2005 K'000
Nederlandse Financierings - Maatschappij Voor Ontwikkelingslanded N V (FMO)	182,182	356,117
This loan is denominated in Euros. It is repayable in half-yearly instalments, the last of which is due in January 2007. Interest is payable at 10.1% per annum.		
Eksportfinans	90,850	92,845
The loan is in Euros. It is repayable in 20 consecutive equal instalments commencing in May 2002. Interest is payable at the rate of 6.8% per annum.		
Development Bank of Southern Africa	1,739,067	1,363,606
The loan is denominated in South African Rands. The capital amount is repayable in one payment after a grace period of 15 years in 2019. The loan is secured by a Cessation and Pledge Agreement in respect of a zero coupon bond with a maturity value of the principal amount which is R79 million after 15 years. Interest is at the rate of 3 months ZAR-JIBAR-SAFEX plus operating and funding cost margin currently 0.9% plus 5% risk margin. Interest is repayable half yearly in arrears.		
Fair value of zero coupon bond held with Investec bank	(529,491)	(373,026)
World Bank Project Preparatory Fund	49,089	25,806
The purpose of this fund is to finance the preparation activities for the Southern African Power Pool Project. The fund amount is USD 380,000.		
Total borrowings	9,711,606	8,883,931

All loans are guaranteed by the Government of the Republic of Malawi. The Government's loans are unsecured.

The following summary indicates the repayment terms of the loans outstanding:

	2006 K'000	2005 K'000
Dates of repayment:		
Within 5 years	4,331,359	3,872,189
Between 5 and 10 years	1,330,309	1,063,555
After 10 years	4,049,938	3,948,187
	9,711,606	8,883,931
The loans are repayable in:		
Malawi Kwacha	7,520,969	3,842,511
Foreign currencies	2,190,637	5,042,420
	9,711,606	8,883,931