

PARENT COMPANY FINANCIAL STATEMENTS

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BALANCE SHEET – ASSETS

At December 31 (in thousands of euros)	Gross amount	Depreciation, amortization and provisions	2007	2006
Issued, uncalled capital	–	–	–	–
Intangible assets				
Start-up costs	–	–	–	–
Research and development costs	–	–	–	–
Concessions, patents and similar rights	226	(32)	194	–
Goodwill	–	–	–	–
Other intangible assets	–	–	–	–
Advances and payments on account	–	–	–	–
Property, plant and equipment				
Land	–	–	–	–
Buildings	–	–	–	–
Machinery and equipment	–	–	–	–
Other items of property, plant and equipment	6	–	6	6
Fixed assets in progress	–	–	–	–
Advances and payments on account	–	–	–	–
Financial assets				
Investments in associates – equity method	–	–	–	–
Other equity interests	1,104,622	(19,000)	1,085,622	1,059,441
Loans to subsidiaries	198,581	–	198,581	304,107
Other long-term securities	–	–	–	–
Other loans	71,891	–	71,891	13,114
Other financial assets	449	–	449	–
FIXED ASSETS	1,375,775	(19,032)	1,356,743	1,376,668
Inventories and work in progress				
Raw materials and supplies	–	–	–	–
Work in progress – Production	–	–	–	–
Work in progress – Services	–	–	–	–
Semi-finished and finished goods	–	–	–	–
Goods held for resale	–	–	–	–
Prepayments to suppliers	–	–	–	–
Receivables				
Trade receivables	11,445	–	11,445	9,283
Other receivables	63,304	–	63,304	46,870
Issued capital called but unpaid	–	–	–	–
Miscellaneous				

Marketable securities	441,483	–	441,483	99,043
Cash at bank and in hand	447,272	–	447,272	655,153
Accruals				
Prepaid expenses	29	–	29	107
CURRENT ASSETS	963,532	–	963,532	810,455
Deferred charges	5,901	–	5,901	4,543
Bond redemption premiums	37,357	–	37,357	41,950
Unrealized foreign exchange losses	57	–	57	–
TOTAL ASSETS	2,382,622	(19,032)	2,363,590	2,233,617

BALANCE SHEET – EQUITY AND LIABILITIES

At December 31 (in thousands of euros)	2007	2006
Share capital (fully paid-up)	25,678	25,265
Additional paid-in capital	1,136,310	1,129,790
Revaluation reserve	–	–
Legal reserve	2,526	2,351
Statutory and contractual reserves	–	–
Regulated reserves	–	–
Other reserves	–	–
Retained earnings	141,672	84,401
Net income for the year	110,031	88,095
Investment grants	–	–
Regulated provisions	–	–
TOTAL EQUITY	1,416,218	1,329,902
Non-voting loan stock	–	–
Conditional advances	–	–
OTHER EQUITY	–	–
Provisions for contingencies	57	–
Provisions for charges	–	–
PROVISIONS FOR CONTINGENCIES AND CHARGES	57	–
Debt		
Convertible bonds	329,560	327,408
Other bonds	363,398	–
Bank borrowings	6,385	343,891
Other borrowings	205,271	196,811
Operating liabilities		
Trade payables	8,689	7,637
Accrued taxes and payroll costs	33,022	26,030
Miscellaneous liabilities		
Due to suppliers of fixed assets	–	–
Other liabilities	400	1,938
Accruals		
Deferred income	591	–
TOTAL LIABILITIES	947,315	903,715
Unrealized foreign exchange gains	–	–
TOTAL EQUITY AND LIABILITIES	2,363,590	2,233,617

INCOME STATEMENT

(in thousands of euros)	France	Export	2007	2006
Sales of goods held for resale			–	–
Sales of manufactured products			–	–
Sales of services	12,607	656	13,263	13,061
NET SALES	12,607	656	13,263	13,061
Changes in inventories of finished goods and work-in-progress			–	–
Own work capitalized			–	–
Operating grants			–	–
Reversals of depreciation, amortization and provisions, expense transfers			2,450	4,605
Other revenues			–	–
TOTAL OPERATING REVENUES			15,713	17,666
Purchases of goods for resale (including customs duties)			–	–
Change in inventories (goods for resale)			–	–
Purchases of raw materials and supplies (including customs duties)			–	–
Change in inventories (raw materials and supplies)			–	–
Other purchases and external charges			15,681	16,887
Taxes other than on income			2,406	1,491
Wages and salaries			6,924	5,697
Payroll charges			2,037	1,636
Depreciation, amortization and provisions				
Depreciation and amortization – fixed assets			32	–
Impairment - fixed assets			–	–
Impairment - current assets			–	–
Depreciation and amortization – other assets			1,092	1,025
Provisions for contingencies and charges			–	–
Other expenses			374	315
TOTAL OPERATING EXPENSES			28,545	27,051
OPERATING INCOME / (LOSS)			(12,833)	(9,385)

(in thousands of euros)	2007	2006
Joint ventures		
Profit contribution or Loss transferred	-	-
Loss contribution or profit transferred	-	-
Financial income		
Dividend income	77,736	135,416
Income from other capitalized securities and receivables	499	1,028
Other interest income	56,996	40,285
Provision reversals and expense transfers	26,181	873
Foreign exchange gains	205,749	111,508
Net gains on disposals of marketable securities	3,309	257
TOTAL FINANCIAL INCOME	370,470	289,367
Amortization and provisions – Financial assets	7,219	48,591
Interest paid	29,810	29,607
Foreign exchange losses	209,837	114,375
Net losses on disposals of marketable securities	-	-
TOTAL FINANCIAL EXPENSES	246,867	192,573
NET FINANCIAL INCOME / (LOSS)	123,603	96,794
INCOME FROM ORDINARY ACTIVITIES BEFORE TAX	110,770	87,409
Non-recurring income from revenue transactions	-	-
Non-recurring income from capital transactions	6	-
Provision reversals and expense transfers	-	2,435
TOTAL NON-RECURRING INCOME	6	2,435
Non-recurring expenses on revenue transactions	-	1,847
Non-recurring expenses on capital transactions	-	-
Exceptional additions to depreciation, amortization and provisions	-	-
TOTAL NON-RECURRING EXPENSES	-	1,847
NET NON-RECURRING INCOME / (LOSS)	6	588
Employee profit-sharing	74	152
Income tax	672	(249)
TOTAL REVENUES	386,189	309,467
TOTAL EXPENSES	276,158	221,373
NET INCOME / (LOSS)	110,031	88,095



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LIST OF SUBSIDIARIES AND ASSOCIATES

(at December 31, 2007)

Company name	Share capital	Total equity (excl. share capital)	Percentage ownership	Dividends received	Gross value of shares held	Net value of shares held	Net sales	Net income
	(in thousands of currency units)	(in thousands of currency units)		(in thousands of euros)	(in thousands of euros)	(in thousands of euros)	(in thousands of currency units)	(in thousands of currency units)

A - Subsidiaries and associates with a carrying amount in excess of 1% of Nexans' share capital

1) SUBSIDIARIES (over 50%-owned)

Nexans France Paris - France (SIREN registration number 428 593 230)	70,000	124,410	100.00%	25,000	237,400	218,400	1,434,483	67,892
Nexans Participations Paris – France (SIREN registration number 314 613 431)	233,975	769,836	100.00%	49,914	848,001	848,001	–	168,700

2) ASSOCIATES (10%-50% owned)

Nexans Korea ⁽¹⁾ Chungcheongbuk – South Korea	17,707,074	82,803,636	35.53% ⁽²⁾	2,769	16,940	16,940	207,714,568	4,117,162
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B - Aggregate data for investments with a carrying amount of less than 1% of Nexans' share capital

French subsidiaries (over 50%-owned)								
Foreign subsidiaries (over 50%-owned)								
French associates (10%-50% owned)								
Foreign associates (10%-50% owned)								
Other investments					2,281	2,281		

(1) Amount in thousands of KRW (South Korean won) 1,000 KRW = 0.73825 euro at December 31, 2007.

(2) The ownership percentage of Nexans Korea is determined after deducting treasury shares representing 3.28% of the company's capital.

PORTFOLIO OF TRANSFERABLE SECURITIES

Value (in thousands of euros)	Number of shares/units held	%	Gross value	Impairment	Carrying amount
1 - Shares in French companies					
Nexans France	10,000,000	100.00	237,400	(19,000)	218,400
Nexans Participations	15,598,246	100.00	848,001	–	848,001
2 - Shares in foreign companies					
Nexans Korea	12,169,830	35.53	16,940	–	16,940
Kukdong Electric Wire Co.	131,080	9.72	2,281	–	2,281
3 - Mutual fund units					
Natixis Euribor SICAV fund	2,832		108,214	–	108,214
CPR Cash SICAV fund	5,166		107,532	–	107,532

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

The notes below relate to the balance sheet at December 31, 2007, prior to the appropriation of income, as well as to the income statement for the year then ended.

The financial year ran from January 1 to December 31, 2007. The balance sheet total was 2,363,590,000 euros and net income amounted to 110,031,000 euros.

The following tables are presented in thousands of euros, rounded to the nearest thousand.

NOTE 1 SIGNIFICANT EVENTS

The following significant events took place during 2007:

- on May 2, 2007 Nexans carried out a 350 million euros bond issue comprising 7,000 bonds with a par value of 50,000 euros each. These bonds – which were issued at 99.266% of their par value (49,633 euros) and pay 5.75% interest – are redeemable at par on May 2, 2017;
- on July 24, 2007 the Board of Directors decided to carry out an employee rights issue representing a maximum of 500,000 new shares. This issue has been postponed until the first quarter of 2008;
- 413,400 new shares were issued following the exercise of stock options;
- 26,181,000 euros were reversed from the provision for impairment of equity interests;
- the Company received a total of 77,736,000 euros in dividends from subsidiaries, primarily from Nexans Participations (49,914,000 euros) and Nexans France (25,000,000 euros);
- the Company purchased patents representing 226,000 euros.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Nexans SA have been prepared in accordance with French generally accepted accounting principles.

The balance sheet at December 31, 2007 and the income statement for the year then ended have been prepared on a going concern basis in accordance with the principles of prudence and segregation of accounting periods. Accounting policies have been applied consistently from one year to the next.

Accounting entries are based on the historical cost method.

SHARE ACQUISITION COSTS

Equity interests acquired as from January 1, 2007 are recorded at cost, representing the purchase price plus any directly attributable expenses, in accordance with (i) the option available under CRC standard 2004-06, effective from January 1, 2005, and (ii) recommendation 2007-C issued by the Emerging Issues Task Force of the French National Accounting Board (*Comité d'Urgence du Conseil National de la Comptabilité*) on June 15, 2007 setting out the procedures applicable when accounting for share acquisition costs.

This alternative tax treatment has been applied prospectively, in compliance with Article 314-2.2 of CRC standard 99-03.

INTANGIBLE ASSETS

This item includes "Concessions, patents and similar rights" measured at historical cost and amortized over their estimated useful lives, corresponding to between 5 and 20 years.

FINANCIAL ASSETS

Equity interests

The gross value of equity interests recorded in the balance sheet prior to December 31, 2006 corresponds to the purchase price (excluding incidental expenses) or their transfer value.

Equity interests acquired as from January 1, 2007 are stated at their purchase price plus any directly attributable transaction expenses, in accordance with the option available under CRC standard 2004-06 (see above).

A provision for impairment in value is booked when the carrying amount of these interests exceeds their fair value. Fair value is determined on the basis of value in use, which is calculated using a multi-criteria approach that takes into account revalued net assets as well as yield.

Loans to subsidiaries

Current account advances and loans granted by the Central Treasury Department to Nexans' direct subsidiaries are recorded under "Loans to subsidiaries".

Other loans

This item primarily concerns long-term loans granted to indirect subsidiaries.

Other financial assets

- Treasury shares

Treasury shares purchased as part of a share buyback program, as authorized by the Annual General Meeting, are recorded in "Other financial assets" at cost, as there is no intention of use specified by the Board of Directors.

At the balance sheet date, these shares are compared to the average Nexans share price for the month of December. A provision is set aside if the carrying amount exceeds the average share price.

- Financial assets in progress

Expenses incurred as part of the acquisition of an equity interest whose completion is deemed to be highly probable are recorded under "Other financial assets".

MARKETABLE SECURITIES OTHER RECEIVABLES

Marketable securities correspond to short-term cash investments.

Money market funds

Money market funds are stated at the lower of cost or market value.

Certificates of deposit

Certificates of deposit are stated at nominal amount at the time of issue. Any accrued interest is recorded in the financial statements at the balance sheet date.

RECEIVABLES

Receivables are stated at nominal value. "Other receivables" mainly includes current accounts with indirect subsidiaries with terms of between three months and one year. A provision for impairment is recorded when it is doubtful that the receivable will be collected.

CASH AT BANK AND IN HAND, DEBT AND OTHER BORROWINGS

Within the framework of the Nexans Group centralized treasury management system:

- very short-term loans and Centralized Treasury current accounts in debit (with terms of less than 3 months) relating to Nexans' indirect subsidiaries are included in "Cash at bank and in hand";
- borrowings and Centralized Treasury current accounts in credit are included in "Other borrowings".

RECEIVABLES, PAYABLES AND CASH DENOMINATED IN FOREIGN CURRENCIES

Receivables and payables denominated in foreign currencies are translated into euros at the exchange rate prevailing at the balance sheet date.

- Hedged foreign currency receivables and payables do not have any impact on the income statement as the gains and losses on the currency hedging instruments are accounted for on a symmetrical basis with the losses or gains on the underlying hedged items.
- In accordance with the principle of prudence a provision for unrealized foreign exchange losses is recorded for unhedged foreign currency receivables and payables. Unrealized gains have no impact on the income statement.

Cash and cash equivalents denominated in foreign currencies are translated into euros at the year-end exchange rate and

any resulting foreign exchange gains or losses are recognized in the income statement.

FINANCIAL INSTRUMENTS

Nexans manages market risks – primarily arising from changes in exchange rates – by using derivative financial instruments, notably currency swaps. These instruments are used solely for hedging purposes.

Gains and losses on these hedging instruments are accounted for in the income statement on a symmetrical basis with the losses or gains on the underlying hedged items. At the balance sheet date any unrealized gains are recorded in "Other receivables" and unrealized losses are included in "Other liabilities".

REGULATED PROVISIONS

The Company records all the provisions authorized under the applicable tax laws. The provisions are reversed in the legally prescribed manner and timeframes.

PROVISIONS FOR CONTINGENCIES AND CHARGES

Provisions are recognized when Nexans has a present legal or constructive obligation resulting from a past event, where it is probable that an outflow of resources embodying economic benefits will be necessary to settle the obligation and where the amount of the obligation can be reliably measured.

BONDS WITH REDEMPTION PREMIUMS

Ordinary and convertible bonds with redemption premiums are recognized as a liability in the balance sheet at their gross value, including the premium. This applies even when the premium payment is contingent on the bonds not being converted into shares.

The redemption premium is recognized as an asset and is amortized over the term of the bonds concerned.

NOTES TO THE BALANCE SHEET

NOTE 3 INTANGIBLE ASSETS

In January 2007 Nexans acquired a number of patents in the amount of 226,000 euros with probable useful lives estimated at 7 years. After 32,000 euros in amortization recorded for the year, the residual value of these patents was 194,000 euros at the balance sheet date.

NOTE 4 PROPERTY, PLANT AND EQUIPMENT

At December 31, 2007, property, plant and equipment comprised non-depreciable miscellaneous fixtures in the amount of 6,000 euros.

NOTE 5 NON-CURRENT FINANCIAL ASSETS

(in thousands of euros)	Other equity interests	Loans to subsidiaries	Other loans	Other financial assets	Total
Gross value					
At December 31, 2006	1,104,622	304,107	13,114	–	1,421,844
Acquisitions-increases	–	198,581	71,891	449	270,921
Disposals-reductions	–	(304,107)	(13,114)	–	(317,221)
AT DECEMBER 31, 2007	1,104,622	198,581	71,891	449	1,375,544
Provisions					
At December 31, 2006	(45,181)	–	–	–	(45,181)
Additions	–	–	–	–	–
Reversals	26,181	–	–	–	26,181
AT DECEMBER 31, 2007	(19,000)	–	–	–	(19,000)
Net non-current financial assets					
At December 31, 2006	1,059,441	304,107	13,114	–	1,376,663
AT DECEMBER 31, 2007	1,085,622	198,581	71,891	449	1,356,544

5.1 OTHER EQUITY INTERESTS

"Other equity interests" mainly comprises shares held in the following companies:

- Nexans France: 10,000,000 shares with a gross value of 237,400,000 euros, with accumulated impairment losses of 19,000,000 euros at December 31, 2007.
- Nexans Participations: 15,598,246 shares with a value of 848,001,000 euros.
- Nexans Korea: 12,169,830 shares with a value of 16,940,000 euros.
- Kukdong Electric Wire Co: 131,080 shares with a value of 2,281,000 euros.

5.2 LOANS TO SUBSIDIARIES

This line primarily comprises short-term loans granted to the following direct subsidiaries:

- Nexans Participations for 90,013,000 euros (including 113,000 euros in accrued interest).
- Nexans France for 108,124,000 euros (including 224,000 euros in accrued interest).

5.3 OTHER LOANS

At December 31, 2007 this item corresponded to loans to:

- Nexans Australia Pty for 1,699,000 euros.
- Nexans USA for USD 61,998,000, representing 42,116,000 euros.
- Nexans Inc. for USD 20,666,000, representing 14,038,000 euros.
- Nexans Energy Inc. for USD 20,666,000, representing 14,038,000 euros.

These amounts include accrued interest.

5.4 OTHER FINANCIAL ASSETS

At December 31, 2007 "Other financial assets" comprised costs directly attributable to the planned acquisition of Madeco.

NOTE 6 OPERATING RECEIVABLES

Net values at December 31 (in thousands of euros)	2007	2006
PREPAYMENTS TO SUPPLIERS	–	–
TRADE RECEIVABLES	11,445	9,283
Other receivables:		
Prepaid payroll taxes	25	15
Income taxes	3,015	3,380
Prepaid and recoverable VAT	1,489	1,249
Group and associates: tax consolidation	1,279	3,226
Group and associates: other current accounts*	44,689	37,286
Other debtors	12,806	1,714
SUB-TOTAL – OTHER RECEIVABLES	63,304	46,870
TOTAL	74,749	56,153

*Other current accounts correspond to Central Treasury current accounts with indirect subsidiaries with terms of between three months and one year.

NOTE 7 RECEIVABLES BY MATURITY

Gross values (in thousands of euros)	Gross amount	Due within one year	Due beyond one year
Fixed assets			
Loans to subsidiaries	198,581	198,581	–
Other loans	71,891	5,231	66,660
TOTAL	270,472	203,812	66,660
Current assets			
Trade receivables	11,445	11,445	–
Other receivables	63,304	63,304	–
TOTAL	74,749	74,749	–

NOTE 8 MARKETABLE SECURITIES AND CASH AT BANK AND IN HAND

Marketable securities comprise the following:

- money market funds in the amount of 215,746,000, representing an unrealized gain of 313,000 euros at December 31, 2007;
- certificates of deposit representing a nominal amount of 225,000 euros and accrued interest of 737,000 euros.

Cash at bank and in hand corresponds to:

- the balance of loans granted by Nexans to its indirect subsidiaries with maturities of less than three months, totaling 413,206,000 euros;
- bank account balances amounting to 34,066,000 euros.

NOTE 9 BREAKDOWN OF SHARE CAPITAL

At December 31, 2007, the Company's share capital comprised 25,678,355 shares, each with a par value of 1 euro. All of these shares are fully paid up, in the same class and carry the same rights, except for shares registered in the name of the same holder for at least two years, which carry double voting rights.

There are no founder's shares or other rights of participation in profits.

NOTE 10 EQUITY

10.1 MOVEMENTS DURING THE YEAR

(in thousands of euros)	Share capital	Additional paid-in capital	Legal reserve	Other reserves	Retained earnings	Net income for the year	Total
At Dec. 31, 2006 before appropriation of net income	25,265	1,129,790	2,351	–	84,401	88,095	1,329,902
Appropriation of 2006 net income	–	–	176	–	87,919	(88,095)	–
Other movements ⁽¹⁾	413	6,520	–	–	(30,648)	–	(23,715)
2007 net income	–	–	–	–	–	110,031	110,031
AT DEC. 31, 2007 BEFORE APPROPRIATION OF NET INCOME	25,678	1,136,310	2,526	–	141,672	110,031	1,416,218

(1) Other movements can be analyzed as follows:

- The issue of 413,400 new shares with a premium of 6,520,000 euros following the exercise of stock options.
- 30,648,000 euros in dividends paid to Nexans shareholders.

10.2 DIVIDEND PAYMENT

At the next Annual General Meeting, shareholders will be invited to approve the payment of a dividend of 2.00 euros per share, representing an aggregate amount of 51,356,710 euros based on the 25,678,355 shares outstanding at December 31, 2007.

The total amount of the dividend may be increased to take account of any additional shares that may be issued between January 1, 2008 and the date of the Annual General Meeting called to approve the dividend payment, as a result of (i) the exercise of stock options; and/or (ii) the employee rights issue approved by the Board of Directors on July 24, 2007 which is scheduled to take place before said Annual General Meeting.

NOTE 11 STOCK OPTIONS

At December 31, 2007 there were 1,070,250 outstanding stock options held by employees, representing 4.17% of the Company's share capital.

Date of grant	Number of options outstanding at the year-end	Exercise price (in euros)	Exercise period
November 16, 2001	26,000	€17.45	November 16, 2002 ⁽¹⁾ – November 15, 2009
January 18, 2002	–	€16.70	January 18, 2003 ⁽¹⁾ – January 17, 2010
March 13, 2002	–	€19.94	March 13, 2003 ⁽¹⁾ – March 12, 2010
April 4, 2003	68,300	€11.62	April 4, 2004 ⁽¹⁾ – April 3, 2011
November 16, 2004	302,000	€27.82	November 16, 2005 ⁽¹⁾ – November 15, 2012
November 23, 2005	301,950	€40.13	November 23, 2006 ⁽¹⁾ – November 22, 2013
November 23, 2006	343,000	€76.09	November 23, 2007 ⁽¹⁾ – November 22, 2014
February 15, 2007	29,000	€100.94	February 15, 2009 ⁽²⁾ – February 14, 2015
TOTAL	1,070,250		

(1) Vesting at a rate of 25% per year.

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

Change in number of outstanding options	Number of options
OPTIONS OUTSTANDING AT THE BEGINNING OF THE PERIOD	1,462,775
Options granted during the period	29,000
Options cancelled during the period	(8,125)
Options exercised during the period	(413,400)
Options expired during the period	-
OPTIONS OUTSTANDING AT THE END OF THE PERIOD	1,070,250
of which exercisable at the end of the period	517,000

NOTE 12 PROVISIONS

At December 31 (in thousands of euros)	, 2006	Increase	Decrease	, 2007
Regulated provisions	-	-	-	-
Provisions for contingencies and charges				
Provisions for foreign exchange losses	-	57	-	57

NOTE 13 BORROWINGS

(in thousands of euros)	Bonds	Overdrafts and short- term bank loans	Current accounts (centralized treasury)	Other borrowings	Investment- related payables	Total
At December 31, 2006	327,408	343,891	147,783	43,000	6,028	868,110
New borrowings	367,598	6,385	47,850	-	3,609	377,592
Repayments, reductions	(2,048)	(343,891)	-	(43,000)	-	(341,089)
AT DECEMBER 31, 2007	692,958	6,385	195,633	-	9,637	904,613

Until May 2007 the Company's liquidity requirements were primarily met through the use of a 580 million euros confirmed credit line and proceeds from the OCEANE bonds issued by the Group in July 2006 and redeemable in 2013.

In May 2007, the Group carried out a 350 million euros bond issue, made up of 7,000 bonds with a nominal value of 50,000 euros each. These bonds – which were taken up by European investors – are redeemable in full on May 2, 2017 and pay interest at an annual rate of 5.75%. The proceeds from this bond issue allowed for the repayment of the amounts drawn down under the confirmed credit line and no further drawdowns against this line were made between May and the balance sheet date.

As the commercial paper market has been unavailable since April 2007, Nexans sporadically used unconfirmed bank credit facilities to adjust when necessary its financing requirements.

The Company's confirmed credit line is subject to the customary loan covenants (negative surety, pari-passu and cross default) and to covenants in respect of financial ratios calculated based on the consolidated financial statements of the Nexans Group (consolidated net debt/EBITDA <2.95, and consolidated net debt/total equity <1.15). Nexans fully complied with these ratios both at December 31, 2007, and at the date the Board of Directors approved the financial statements.

If any of the revolving facility covenants were breached, any undrawn credit lines would become unavailable and any amounts outstanding would be repayable, either immediately or after a cure period of thirty days depending on the nature of the breach.

NOTE 14 OPERATING LIABILITIES

At December 31 (in thousands of euros)	2007	2006
CUSTOMER DEPOSITS AND ADVANCES	–	–
TRADE PAYABLES	8,689	7,637
Accrued taxes and payroll costs:		
- Employee-related payables and accrued payroll costs	5,628	4,272
- Accrued taxes	1,909	1,585
- Tax consolidation suspense account	22,795	16,740
- Group companies: tax consolidation	2,691	3,433
SUB-TOTAL ACCRUED TAXES AND PAYROLL COSTS	33,022	26,030
Miscellaneous liabilities		
- Due to suppliers of fixed assets	–	–
- Accrued expenses	344	227
- Other payables	56	1,711
SUB-TOTAL MISCELLANEOUS LIABILITIES	400	1,938
TOTAL	42,111	35,605

NOTE 15 LIABILITIES BY MATURITY

(in thousands of euros)	Gross amount	Due within one year	Due between 1 and 5 years	Due beyond 5 years
Convertible bonds	329,560	4,200	–	325,360
Other bonds	363,398	13,398	–	350,000
Bank borrowings	6,385	6,385	–	–
Other borrowings	205,271	205,271	–	–
Trade payables	8,689	8,689	–	–
Accrued taxes and payroll costs	33,022	33,022	–	–
Due to suppliers of fixed assets	–	–	–	–
Other liabilities	400	400	–	–
Deferred income	591	63	253	275
TOTAL	947,315	271,427	253	675,635

NOTE 16 PREPAID EXPENSES AND DEFERRED INCOME

At December 31 (in thousands of euros)	2007		2006	
	Expenses	Income	Expenses	Income
Financial	–	591	67	–
Other	29	–	40	–
TOTAL	29	591	107	–

Deferred income corresponds to the gain realized on the interest-rate hedge relating to the May 2007 bond issue. This gain is being taken to the income statement in an amount of 223,000 euros per year, over the life of the bonds.

NOTE 17 DEFERRED CHARGES – BOND REDEMPTION PREMIUMS

17.1 DEFERRED CHARGES

(in thousands of euros)	Amount					Method of deferral
	At Dec. 31, 2006	Recognized during the period	Amortized during the period	Charged to the issue premium	At Dec. 31, 2007	
Issue costs for convertible bonds	3,600	–	600	–	3,000	Straight-line basis over 7 years (2006 to 2012)
Other bond issue costs	–	2,450	223	–	2,227	Straight-line basis over 11 years (2007 to 2017)
Issue costs of other borrowings	943	–	269	–	674	Straight-line basis over the term of the borrowings
TOTAL	4,543	2,450	1,092	–	5,901	

The costs recognized under this item in 2007 concern the May 2007 bond issue. They are being amortized on a straight-line basis over the life of the bonds, in an amount of 223,000 euros per year.

17.2 BOND REDEMPTION PREMIUMS

Bond redemption premiums are amortized on a straight-line basis over the life of the bonds. The related expense for 2007 amounted to 7,163,000 euros.

(in thousands of euros)	Year of recognition	Gross premium	January 1, 2007		December 31, 2007		
			Accumulated amortization	Net premium	Amortization for the year	Accumulated amortization	Net premium
2006-2013 1.50% OCEANE bonds redemption premium	2006	45,360	3,410	41,950	6,992	10,401	34,959
2007-2017 5.75% Other bonds redemption premium	2007	2,569	–	–	171	171	2,398
TOTAL				41,950	7,163		37,357

NOTE 18 ACCRUED EXPENSES & INCOME

At December 31 (in thousands of euros)	2007	2006
Accrued expenses relating to:		
Interest on bonds	17,598	2,048
Bank borrowings	49	–
Other borrowings	–	1,231
Accrued payables	8,040	6,621
Investment-related payables	–	–
Group and associates	28	56
Employee-related liabilities	3,900	2,896
Payroll taxes	1,296	935
Other taxes	1,652	1,281
Other liabilities	400	1,638
<hr/>		
Accrued income relating to:		
Loans to subsidiaries	337	207
Interest on loans	2,290	28
Deposits with financial institutions	737	53
Trade receivables	9,927	7,627
Prepaid and recoverable taxes	1,190	968
Group and associates: interest on current accounts with terms of over three months	708	550
Group and associates: interest on other current accounts	1,314	1,831
Other receivables	8,700	1,333

NOTE 19 TRANSLATION ADJUSTMENTS

A provision has been recorded to cover unrealized foreign exchange losses arising on translation.

NOTE 20 ITEMS RELATING TO SEVERAL BALANCE SHEET LINES

N/A

NOTES TO THE INCOME STATEMENT

NOTE 21 NET SALES

Nexans' 2007 net sales came to 13,263,000 euros, and primarily related to the invoicing of services provided to its subsidiaries.

NOTE 22 INCOME FROM ORDINARY ACTIVITIES BEFORE TAX

(in thousands of euros)	2007	2006
Sales of services	13,263	13,061
Other revenues	–	–
Operating expense transfers	2,450	4,605
Operating expenses excluding depreciation and amortization	(27,421)	(26,026)
Depreciation and amortization	(1,124)	(1,025)
Dividend income	77,736	135,416
Other net financial income	26,906	9,096
Net additions to/reversals of financial provisions	18,962	(47,718)
TOTAL	110,771	87,409

NOTE 23 NON-RECURRING ITEMS

Non-recurring items mainly correspond to gains or losses on sales of shares.

NOTE 24 INCOME TAX

(in thousands of euros)	Income from ordinary activities	Non-recurring income and employee profit-sharing	TOTAL
PRE-TAX INCOME	110,771	(68)	110,703
Income tax:			
- At standard rate	–	–	–
- At reduced rate	–	–	–
- Benefit/(charge) from tax consolidation	–	(672)	(672)
NET INCOME	110,771	(740)	110,031

Nexans has signed a tax consolidation agreement with its French subsidiaries in which it directly or indirectly holds an interest of more than 95%. This agreement, which came into force on January 1, 2002, was signed pursuant to the option made by Nexans to adopt a French tax consolidation group in accordance with article 223 A *et seq.* of the French General Tax Code.

This option is automatically renewable every five years and the current expiry date is December 31, 2011. For every taxation period, the contribution of each subsidiary to the corporate income tax payable on the consolidated net income of the tax group corresponds to the corporate income tax and other contributions for which each subsidiary would have been liable if it had been taxed on a stand-alone basis.

As part of the tax consolidation agreement under which Nexans SA is liable for the global tax charge, a tax loss carry forward was recognized at the balance sheet date, which represents an unrecognized tax asset of 12,664,000 euros.

No non tax-deductible expenses, as defined in Article 39-4 of the French General Tax Code, were incurred during 2007.

MISCELLANEOUS INFORMATION

NOTE 25 CONSOLIDATION – RELATED COMPANIES

Nexans publishes consolidated financial statements. Related party transactions primarily concern subsidiaries and associates.

The main balance sheet and income statement items affected are as follows:

(in thousands of euros)	2007	2006
BALANCE SHEET ITEMS		
Assets		
Other equity interests	1,085,622	1,059,441
Loans to subsidiaries	198,581	304,107
Other loans	71,891	13,114
Prepayments to suppliers	–	–
Trade receivables	11,445	9,283
Other receivables, net	5,287	3,226
Central Treasury current accounts with terms of over 3 months	44,689	37,286
Cash at bank and in hand	413,206	604,806
Liabilities		
Trade payables	8,689	6,334
Other borrowings	205,271	153,811
Other liabilities	2,690	3,433
INCOME STATEMENT ITEMS		
Financial expenses	4,993	9,056
Dividend income	77,736	135,416

Financial income

54,002

38,919

NOTE 26 – NUMBER OF EMPLOYEES (ANNUAL AVERAGE)

	2007	2006
Managerial employees	6	6
Other white-collar workers	–	–
Blue-collar workers	–	–
TOTAL	6	6

NOTE 27 MANAGEMENT COMPENSATION

In 2007, the total pre-tax amount of gross compensation, benefits and directors' fees paid to the Chairman and Chief Executive Officer, and the Chief Operating Officer was 2,591,000 euros. This amount includes 100,000 euros in variable compensation for 2006 in accordance with the Chief Operating Officer's employment contract that applied prior to his appointment as a corporate officer.

The various components of their compensation were as follows:

	2007	2006
Basic salary ⁽²⁾	1,260	1,079
Variable compensation ⁽¹⁾	1,807	1,196 ⁽²⁾
Directors' fees ⁽²⁾	30	50 ⁽³⁾
Other benefits ⁽²⁾	6	28
TOTAL	3,103	1,274

(1) Compensation paid in 2007 for 2006 and in 2006 for 2005.

(2) The sum of these amounts corresponds to the total gross pre-tax compensation indicated above.

(3) Including 25,000 euros paid in respect of 2005 and 25,000 euros in respect of 2006.

Nexans' directors received 374,000 euros in directors' fees in respect of 2007.

NOTE 28 OFF-BALANCE SHEET COMMITMENTS

28.1 RECIPROCAL COMMITMENTS

See Note 29.

28.2 COMMITMENTS GIVEN

The Company has granted parent company guarantees covering the contractual obligations of certain subsidiaries, amounting to 1,491,379,000 euros at December 31, 2007.

In addition, under the framework agreement signed on November 15, 2007 with Madeco relating to the purchase of the Madeco group's cable operations, Nexans has undertaken to pay Madeco a fixed sum of USD 21,000,000 if Madeco terminates the agreement on account of Nexans breaching any one of its main contractual obligations. This obligation is expected to remain in force until the acquisition is completed, subject to signature of the final agreement between the two parties.

28.3 COMMITMENTS RECEIVED

Unused credit facility: 580 million euros.

28.4 PROPERTY LEASE COMMITMENTS

N/A

NOTE 29 MARKET RISKS

The Group has set up a centralized treasury management system for its subsidiaries which is also used to manage foreign exchange and interest rate risks.

The financial instruments held by Nexans at December 31, 2007 were used to hedge foreign exchange risks stemming from commercial and/or financial payables and receivables.

At December 31, 2007, the off-balance sheet financial instruments held to hedge foreign exchange risks broke down as follows:

Third parties	Buyer positions (fair value)	Seller positions (fair value)	Total position (fair value)
Banks	(17,304)	41,200	23,896
Subsidiaries	16,486	(34,225)	(17,739)
TOTAL	(818)	6,975	6,157

The earliest/latest expiry dates for off-balance sheet financial instruments are:

	Expiry date	
	Earliest	Latest
Forwards	January 4, 2008	June 29, 2012
Currency swaps	January 3, 2008	June 29, 2012

Fair values were determined based on the interest rates and exchange rates prevailing at December 31, 2007.