Draka

Draka Holding N.V.

(*a public limited liability company (naamloze vennootschap) incorporated in the Netherlands with its corporate seat (statutaire zetel) in Amsterdam, the Netherlands*)

Admission to listing and trading of 4,061,716 newly issued ordinary shares with a nominal value of € 0.50 per share

On 22 October 2009 (the **Issue Date**) Draka Holding N.V. (the **Company**) issued a total amount of 4,061,716 ordinary shares (the **New Shares**) in the capital of the Company with a nominal value of € 0.50 per share (the **Ordinary Shares**) at a price of € 12.40 each (the **Issue Price**) to Flint Beheer B.V. (**Flint**) by means of a private placement (the **Private Placement**).

Investing in the Ordinary Shares involves certain risks. See "Risk Factors" for a description of the factors one should consider before investing in the Ordinary Shares.

The Ordinary Shares outstanding immediately prior to the issuance of the New Shares are listed and traded on Euronext Amsterdam by NYSE Euronext (**Euronext Amsterdam**) under the symbol DRAK and ISIN code NL0000347813. The Company expects that trading in its New Shares on Euronext Amsterdam will commence on or about 5 November 2009 (the **Listing Date**).

This document (the **Prospectus**) does not constitute an offer to sell, or the solicitation of an offer to buy, any of the New Shares or any other securities issued by the Company.

This Prospectus constitutes a prospectus for the purposes of Article 3 of Directive 2003/71/EC (the **Prospectus Directive**) and has been prepared in accordance with Chapter 5.1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and the rules promulgated thereunder (the **Financial Supervision Act**). This Prospectus was approved by the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*) (**AFM**).

This Prospectus is dated 3 November 2009.

TABLE OF CONTENTS

Chapter **Page**

1. SUMMARY

The following information should be read as an introduction to this Prospectus only. Any decision to invest in the Ordinary Shares should be based on a consideration of this Prospectus and the information incorporated by reference into this Prospectus as a whole and not just this summary.

Where a claim relating to the information contained in, or incorporated by reference into, this Prospectus is brought before a court in a Member State, the claimant might, under the national legislation of that Member State, have to bear the costs of translating this Prospectus or any document incorporated by reference herein before the legal proceedings are initiated. Civil liability attaches to those persons who have tabled the summary, but only if this summary (or any translation of this summary) is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus (including information incorporated by reference herein).

1.1 Summary of the business

The Company is the holding company of a number of operating companies, which are engaged worldwide in the development, production and sale of cable solutions for a wide diversity of customers. Draka's products are used in aircraft, trains, cars, ships, on offshore rigs, in elevators and wind turbines, in homes and offices and in many more applications. Since 1 January 2008, Draka has subdivided its activities into three Groups: Energy & Infrastructure, Industry & Specialty and Communications.

Draka has a flat, decentralised organisational structure with short lines of communication. The divisions within Draka enjoy a large measure of autonomy and independent responsibility for their revenue and profits, including operational issues like sales and delivery contracts with customers and research and development. Draka believes that this organisational structure results in a more efficient production structure and more efficient implementation of cost savings in each division and enables it to have a more active response to opportunities arising in the market. The Company however still determines its overall strategy and is responsible for treasury and control, procurement of raw materials, legal affairs, human resources, corporate communication and investor relations.

Draka has 68 operating companies in 30 countries throughout Europe, North and South America, Australia and Asia. In the first half of 2009, Draka generated 54% of its turnover in Europe, 15% of its turnover in North America and 22% of its turnover in Asia. On 30 June 2009, Draka employed 9,949 people worldwide.

1.2 Strategy

Draka's key strategic objectives are customer focus, product innovation, growth and optimisation. Following this strategy, Draka is focused on the following strategic objectives:

- Creating innovative product portfolios and solutions that meet its customers' need, in terms of logistics, services, software and product solutions.

- Widen the range of products and services it offers its customers by leveraging its core competences, creating customer-drives and market-led innovations and raising the profile of the Draka brand globally.

- Organic growth supported by selective investments and targeted acquisitions.

- Optimisation of its organisation.

For more information see "Business Overview – Strategy".

1.3 Risk factors

The following factors represent the principal risks inherent in investing in the New Shares. A more detailed discussion of these factors can be found in "Risk Factors".

Risks relating to the industry and Draka's business:

- Changes in economic conditions could have an adverse effect on Draka's financial condition and/or results of operation
- Draka faces significant competition in each of its markets
- Draka is vulnerable to fluctuations in the price and availability of the raw materials it uses in its operations
- Draka is exposed to liquidity risk
- Interest rate exposure may have an adverse effect on the financial position and results of Draka
- Draka's business is exposed to rapid technological change that could render its products obsolete or uncompetitive
- Supply interruptions, product recalls or inventory losses, caused by unforeseen events such as manufacturing or distribution interruptions or regulatory actions, may reduce sales and delay the launch of new products
- Draka's future success depends on its ability to successfully implement and execute its strategy
- Draka depends on its management team and its ability to attract and retain skilled personnel for the implementation and execution of its strategy
- Draka is exposed to the risk that its divisional structured organisation could result in business decisions that may not be in the interest of the business as a whole
- Draka is exposed to intellectual property infringement claims, product liability claims and other litigation risks
- Draka may not be able to attract financing on reasonable terms or at all
- Draka is exposed to credit risk and defaults or increased fear of defaults of its debtors
- Draka is exposed to foreign currency risk
- Draka is subject to increasingly stringent laws and regulations, the violation of which could harm Draka's reputation and have an adverse effect on its financial condition and results of operations
- Draka is exposed to the risk of damage to its brand and its reputation
- Draka has strategic alliances with third parties and the termination of or any change to these alliances could have a material adverse effect on its business, revenues, profits or financial conditionDraka is exposed to the risk of a decline in the value of its investments in listed companies
- Draka is exposed to the risk of a decline in the value of its investment in a listed company

- Draka's operations are highly dependent on the proper functioning of information technology and communication systems. Any failure of its information technology or communications systems could have a material adverse effect on its profitability and corporate reputation

- Draka may not be able to implement its cost reduction and efficiency programmes which it considers of strategic importance to achieve growth and protect or increase profitability

Risks relating to the issuance and Ordinary Shares:

- One major shareholder, Flint, may be able to exercise substantial influence over Draka

- Provisions in the Articles of Association could delay or deter a beneficial change of control

- The price of the Ordinary Shares may be volatile and investors may not be able to sell the Ordinary Shares at or above the price paid for them in terms of the Private Placement

- Draka may in the future seek to raise capital by conducting equity offerings, which may dilute investors' shareholding interest in Draka

- The Company's ability to pay dividends to Shareholders may be constrained

1.4 Summary of the terms of the Private Placement

The summary below describes the principal terms of the Private Placement.

The Company	Draka Holding N.V.
Private Placement	On the Issue Date, the Company issued 4,061,716 New Shares to Flint at an Issue Price of € 12.40 each, totalling an amount of € 50,365,278.40.
Shares outstanding at the date of this Prospectus	On the Issue Date and after the issuance of the New Shares, 48,736,597 Ordinary Shares were issued and outstanding.
Listing and trading of the New Shares	Application will be made to list the New Shares on Euronext Amsterdam. Draka expects that the New Shares will be listed, and that trading in the New Shares will commence, on Euronext Amsterdam on or about 5 November 2009, barring unforeseen circumstances.
Listing agent	ING Bank N.V. is the listing agent with respect to the New Shares.
Use of proceeds	The net proceeds of the Private Placement after the deduction of expenses and selling commissions and applicable taxes (if any) were approximately € 50 million. The Company intends to use the proceeds to strengthen its financial position by lowering its debt position, enabling the Company to take advantage of future growth opportunities.
Dividends	Barring unforeseen circumstance, the Company, with respect to its Ordinary Shares, aims to distribute a dividend equal to 30% of the result for the year attributable to shareholders (excluding non-recurring items) after the dividend on the preference shares. A dividend of approximately 7.1% was paid to the holders of the preference shares in issue in 2008. For details of the entitlement to dividends, see "Description of Share Capital and Corporate Structure".
Voting rights	Shareholders of Ordinary Shares are entitled to one vote per Ordinary Share at general meetings of the Shareholders of the Company. The rights of the holders of New Shares will rank *pari passu* with each other and with all other Ordinary Shares with respect to voting rights and distributions.
Share trading information	ISIN code: NL0000347813 Common code: 010682835 Stock code: 34781 Euronext Amsterdam symbol: DRAK
Governing law	Dutch law

1.5 Summary of financial information

The following summary of consolidated financial information should be read in conjunction with the consolidated financial statements of the Company, including the notes thereto and the related auditor's reports, which are incorporated by reference in this Prospectus.

(€ millions)	As at 30 June (unaudited)		As at 31 December (audited)		
	2009	**2008**	**2008**	**2007**[1]	**2006**
RESULTS					
Revenue	1,021.8	1,461.8	2,706.8	2,816.2	2,529.4
EBITDA	53.9	103.8	142.9	198.2	112.4
Operating result	23.1	74.6	86.4	145.7	57.7
Result before tax	6.6	60.9	61.3	115.6	32.0
Result for the period attributable to equity holders of the Company	6.0	51.5	69.3	93.0	21.8
BALANCE SHEET					
Total non-current assets	786.9	790.1	810.5	797.2	808.0
Total current assets	865.1	1,166.6	846.7	954.0	937.0
TOTAL ASSETS	**1,652.0**	**1,956.7**	**1,657.2**	**1,751.2**	**1,745.0**
Total equity attributable to equity holders of the Company	470.9	440.5	440.4	400.5	426.9
Minority interests	25.9	13.7	25.4	12.8	12.2
Total non-current liabilities	594.8	744.5	666.3	675.5	541.4
Total current liabilities	560.4	758.0	525.1	662.4	764.5
TOTAL EQUITY AND LIABILITIES	**1,652.0**	**1,956.7**	**1,657.2**	**1,751.2**	**1,745.0**
PER ORDINARY SHARE (€)					
Shareholders' equity (excluding preference shares)	9.71	10.23	8.96	9.11	9.85
Result after dividend on preference shares	0.08	1.37	1.78	2.46	0.57
Proposed dividend per Ordinary Share	-	-	-	0.68	0.37
Pay-out (based on earnings per shares excluding non-recurring items)	-	-	-	30%	30%
RATIOS (in %)					
Operating result/revenue	2.3	5.1	3.2	5.2	2.3
ROTA[2]	0.4	6.4	3.6	6.6	1.9
Result for the year/revenue	0.6	3.5	2.6	3.3	0.9
Result for the year/average shareholders' equity (excluding preference shares)	5.9	27.9	21.4	27.6	6.1
Shareholders' equity/total assets	28.5	22.5	26.6	22.9	24.5
Guarantee capital[3]/total assets	31.5	29.0	29.6	29.9	35.5
OTHER RATIOS					
Current ratio (total current assets/total current liabilities)	1.5	1.5	1.6	1.4	1.2
Quick ratio (total current assets minus inventories/total current liabilities)	0.9	0.9	0.9	0.8	0.7
Revenue of total assets (revenue/total assets)	1.4	1.5	1.6	1.6	1.5

1. The comparative 2007 figures in the 2008 financial statements have been restated compared to the 2007 financial statements.

2. Group result before taxation/average total assets.

3. Guarantee capital includes total equity attributable to equity holders of the Company, a deferred tax liability, convertible subordinated bonds, subordinated loans and redeemable preference shares.

2. RISK FACTORS

Prospective investors should carefully consider the risk factors set out below, together with the other information contained in this Prospectus before making an investment decision with respect to investing in the Ordinary Shares. If any of the following risks actually occurs, Draka's business, prospects, financial condition or results from operations could be materially adversely affected. In that case, the value of the Ordinary Shares could decline and investors could lose all or part of the value of their investments.

Although Draka believes that the risks and uncertainties described below are the most material risks and uncertainties; they are not the only ones Draka faces. All of these factors are contingencies, which may or may not occur. Additional risks and uncertainties not presently known to Draka or that Draka currently deems immaterial may also have a material adverse effect on Draka's business, results of operations or financial condition and could negatively affect the price of the Ordinary Shares.

Prospective investors should carefully review the entire Prospectus and should form their own views before making an investment decision with respect to the Ordinary Shares. Before making an investment decision with respect to any Ordinary Shares, prospective investors should also consult their own financial, legal and tax advisors to carefully review the risks associated with an investment in the Ordinary Shares and consider such an investment decision in light of the prospective investor's personal circumstances.

2.1 RISK RELATING TO THE INDUSTRY AND DRAKA'S BUSINESS

Changes in economic conditions could have an adverse effect on Draka's financial condition and/or results of operation

Draka's financial condition and/or results of operation are affected by changing economic conditions, which are outside of its control. These conditions can cause Draka's results of operations to fluctuate from year to year, as well as on a long-term basis, in ways that may be unpredictable. These conditions include economic cycles, changes in economic growth rates and fluctuations in the supply and demand of Draka's products. Demand for Draka's products typically reflects changes in the economic growth rates of the countries in which it is active. Demand for Draka's products is also dependent on developments in the respective industries to which the products relate and the levels of investment in such industries, for instance products designed for the construction, marine, oil and gas, and transport industries are dependent on the development and investment in these industries. Furthermore, Draka's business is subject to different growth drivers, for instance energy prices drive growth in the Industrial division while developments in the construction market drive growth in the Energy & Infrastructure Group. Likewise, the Communications Group is subject to fluctuations in supply and demand, particularly in respect of levels of investment in the telecommunication industry. The profitability of cable manufacturers, including Draka itself, is severely impacted by (changes in) these conditions.

In geographic terms, Europe is Draka's most important market, accounting for approximately 54% of its revenue in 2009. North America and Asia are also important markets for Draka, accounting for approximately 15% and 22% of its 2009 revenue, respectively. As such, Draka is particularly exposed to the level of economic activity and susceptible to changes in the economic conditions in each of these regions.

In addition, the recent slowdown in world economies has resulted in a downturn in the demand for Draka's products. Draka cannot predict how long these distressed conditions will continue but sustained continuation of these distressed conditions could result in a reduction in demand for Draka's products or increased pricing pressures, all or any of which could, in turn, adversely impact Draka's financial condition and/or results of operations.

Draka faces significant competition in each of its markets

Draka faces competition in the markets in which it operates. Some of its competitors may have greater financial, technical, manufacturing, marketing or other resources or have more established and diversified operations in terms of product range, distribution channels and geographical spread or offer alternative products, more efficient service delivery or more competitive pricing than Draka. New entrants to the market could also intensify competition.

In addition, there has been considerable consolidation in the markets in which Draka operates and Draka expects this to continue. An increased level of consolidation could intensify competition and enhance the competitive position of some of Draka's competitors by broadening their product and services ranges, increasing their distribution channels and their access to capital. Although Draka intends to evaluate continuously acquisitions, joint ventures, alliances or investments opportunities that may result in consolidation, any failure by Draka to successfully identify suitable transactions, properly value transactions, complete transactions or otherwise respond to changes in the competitive landscape could harm its competitive position, and its ability to maintain or increase its market share and profitability.

Many of Draka's products are made to industry specifications and are interchangeable with competitors' products. In order to remain competitive, Draka must continue to compete effectively in relation to product pricing, quality, reliability and delivery time, continue to provide appropriate levels of customer service and support, and manage its manufacturing processes efficiently. The ability to offer technical innovation is another key factor in maintaining its competitive position. Continued focus within Draka on research and development is therefore decisive.

Consumer demand, technological changes, regulatory changes and actions and other factors also affect competition. Draka cannot predict with certainty the changes that may occur in the markets in which it operates. Generally, Draka could lose market share, incur losses on some or all of its activities and experience lower growth, if it is unable to offer competing, attractive and innovative products and services that are also profitable, does not choose the right product offering or distribution strategy, fails to implement such a strategy successfully or fails to adhere or successfully adapt to such demands and changes. Any increase in competition or changes in the competitive landscape in which Draka operates could result in increased product pricing pressures, which could, in turn, adversely affect Draka's financial condition and harm its ability to maintain or increase its market share.

Draka is vulnerable to fluctuations in the price and availability of the raw materials it uses in its operations

Draka uses copper, preforms for optical fiber, aluminium, PVC, polyethylene and other polymers for the manufacturing of its products. These raw materials account for approximately 70% of Draka's total operating costs. Draka's financial condition and results of operation are therefore exposed to fluctuations in the prices and availability of these raw materials. Draka has to date been able to obtain sufficient supplies of such materials at commercially acceptable prices and expects to continue to do so. However, a worldwide copper shortage or supply disruptions in any of the raw materials that Draka uses in its operations, may have an adverse impact on Draka's working capital requirements and its financial condition and/or the results of operations, as well as on the cable industry generally.

In particular, Draka is exposed to fluctuations in the price of copper. The price of bare copper is determined on commodity exchange markets. Copper prices have been very volatile in the last few years and they recently increased dramatically from record lows of € 2.08 per kilo on 1 January 2009 to € 3.61 on 30 June 2009. Although Draka generally hedged this risk by entering into derivatives contracts, volatility in the copper price could intensify pricing pressures and adversely impact Draka's revenue and its working capital requirements, cost of sales, levels of debt and financing costs.

Draka is exposed to liquidity risk

Draka faces significant liquidity risk. Liquidity risk is the risk that funding and liquid assets will not be (sufficiently) available, as a result of which Draka may not be able to meet short-term financial obligations. Given the nature of Draka's activities, Draka's sensitivity to this risk is substantial. Draka maintains a committed multicurrency revolving credit facility of € 675 million for general corporate purposes and has an additional € 38.8 million in short-term bank credit lines available for financing working capital. Furthermore, on 30 June 2009 local subsidiaries worldwide had € 48.6 million available in bank overdrafts provided by local banks.

However, if the current economic situation would significantly further deteriorate, Draka's profitability might be strongly impacted. The current economic situation could also adversely affect Draka's ability to meet its financial obligations when they fall due. Actions by counterparties who fail to fulfil their obligations to Draka as well as Draka's inability to access new funding may impact its cash flow and liquidity, which could have a material adverse effect on its business, results of operations and financial condition. All these factors might result in Draka having difficulties to comply with the requirements of its credit facility covenants. If Draka’s future cash flows from operations and other capital resources would be insufficient to pay its obligations as they mature or to fund its liquidity needs, Draka may be forced to reduce or delay its business activities and capital expenditures; sell assets; obtain additional debt or equity capital; restructure or refinance all or a portion of its debt on or before maturity or forgo opportunities such as acquisitions.

Also see "Risk Factors – Draka may not be able to attract financing on reasonable terms or at all" and "Risk Factors – Draka may in the future seek to raise capital by conducting equity offerings, which may dilute investors' shareholding interest in Draka".

Interest rate exposure may have an adverse effect on the financial position and results of Draka

Draka is exposed to changes in interest rates resulting from borrowing activities undertaken by it to finance its operations. Draka may enter into interest rate swap agreements to generate the desired interest rate profile and thereby manage its exposure to interest rate fluctuations. An interest rate swap changes Draka's exposure to interest risk by effectively converting a portion of the Draka's floating rate debt to a fixed rate or fixed rate debt to a floating rate.

Draka's business is exposed to rapid technological change that could render its products obsolete or uncompetitive

Draka's industry is characterised by the regular introduction of increasingly advanced products, particularly in the specialty cable segment. Traditionally, Draka has been successful in introducing successive generations of improved products. Draka's operating results going forward will depend to a significant extent on its ability to continue to introduce new and improved products and applications that offer value for its customers.

Draka expects to continue to identify, develop and market innovative products to replace existing product lines in order to maintain what it perceives to be one of its competitive advantages. In order to remain competitive, Draka will have to continue developing successfully new products and applications so as to mitigate the impact of the products or technologies developed by others. However, if Draka fails to keep pace with the evolving technological innovations in its markets, it may lose market share and harm its reputation and position as a technology leader in its markets. Consequently, its business, results of operations and financial condition may be adversely affected.

Supply interruptions, product recalls or inventory losses, caused by unforeseen events such as manufacturing or distribution interruptions or regulatory actions, may reduce sales and delay the launch of new products

Draka's products are manufactured and distributed using technically complex processes requiring specialised facilities, highly specific raw materials and other production constraints. The complexity of these processes as well as strict standards for the manufacturing of its products may expose Draka to risks affecting its production process. Defects or a disruption in the manufacturing process, including equipment malfunction, labour problems, regulatory action, power outages, natural disasters, political unrest or instability and environmental factors may all affect production output. A disruption in the supply of certain key products or a failure to accurately predict the demand for those products could have an adverse effect on Draka's financial condition and/or results of operation.

Furthermore, Draka requires a reliable supply of raw materials for the production of its products. Some of these materials are provided by a limited number of third party suppliers. Any interruption or termination of these supply relationships may have adverse effects on Draka's ability to manufacture and sell products, particularly if it is unable to source new supplies of the same materials on similar terms or adapt its technologies and manufacturing processes in a timely manner. Any adverse changes to Draka's existing supplier relationships could have an adverse effect on its overall results.

In addition, Draka maintains stocks of its product for specific customer groups to meet their wishes of having access on demand to Draka's full product range within certain cable segments. Keeping stocks impacts Draka's working capital and, therefore, its funding requirements. Keeping stocks exposes Draka to the risk of full or partial obsolescence of the products as well as the risk of margin pressure due to a drop in the underlying sales prices of such products.

Draka's future success depends on its ability to successfully implement and execute its strategy

Draka has historically achieved growth through a combination of organic development and targeted acquisitions and joint ventures. Its strategic focus is to concentrate on its core competencies and broaden its product and service offering through, amongst others, innovations.

Draka however cannot assure investors that it will be able to identify the opportunities necessary to increase its product offering or strengthen its market position or that it will be able to identify such opportunities on terms acceptable to it. Even if it does identify such opportunities, it cannot be sure that it will be able to obtain the required funding on favourable terms. In addition, any such opportunities may be restricted by regulatory constraints, in particular in markets in which Draka already has a significant market share. Failure to identify suitable opportunities or the successful implementation of unsuitable opportunities on favourable terms could impair Draka's ability to achieve its strategic objectives and harm Draka's competitive position. Additionally, compliance with anti-trust or any other regulations may delay proposed transactions or prevent Draka from closing transactions in the manner proposed, if at all.

In addition, Draka's expectations as to the development of certain markets and products, which it regards as niche markets and/or products, may not prove as expansive or profitable as it currently expects. If Draka is unable to implement its strategy successfully it may lose market share and fail to achieve its targeted profitability.

Draka depends on its management team and its ability to attract and retain skilled personnel for the implementation and execution of its strategy

The success of Draka's operations depends to a significant extent on its continued availability to attract and retain highly qualified executive officers and other management resources, including key qualified personnel, in all of its businesses. No assurance can be given that it will be successful in attracting and retaining, on terms acceptable to it, any such officers and/or management resources. Any failure by Draka to retain or attract qualified officers and/or management resources could have an adverse impact on its financial condition and/or results of operations.

Draka is exposed to the risk that its divisional structured organisation could result in business decisions that may not be in the interest of the business as a whole

Draka operates a decentralised organisational structure in which the division managers are responsible for both turnover and result. Draka divides its business into three Groups, together consisting of ten divisions. Each division has its own management team in which the divisional president is responsible for turnover and result. The degree of autonomy enjoyed by each division under this internal structure bears certain risks for Draka as it is exposed to the management decisions of each division. For instance, the senior management of the Company may not be aware of every decision made by each division in the ordinary course of business. Notwithstanding established operating procedures, Draka cannot be certain that divisional management will at all times consult with the management of the Company on its decisions and that it will not act on divisional considerations only. Any such decisions may not be in the interest of Draka's business as a whole and therefore have an adverse impact on its financial condition and/or results of operations.

Draka is exposed to intellectual property infringement claims, product liability claims and other litigation risks

The nature of Draka's business exposes Draka to the risk of product liability or allegations that its products cause or could cause harm to persons or property. In addition to any claims payable or settlement amounts in relation to product liability that may be payable, product liability claims may give rise to adverse regulatory action and/or a negative market perception of Draka and its products, which may have a negative effect on Draka's competitive position and have an adverse effect on its business, financial condition, results of operations and prospects.

Furthermore, Draka provides warranties concerning the performance of its products. Warranties given to Draka pursuant to contracts for the supply of the materials and components used in its products may be less extensive than the warranties Draka gives to its customers.

In addition, any efforts to protect Draka's intellectual property rights or to defend itself against any claims of infringement of third party intellectual property may be costly and, if unsuccessful, Draka may be barred from using its technologies and from developing and commercialising new products. Draka's patent-related activities do not afford complete protection to its intellectual property rights. Patents of technology-based enterprises like Draka are subject to complex factual and legal issues that may give rise to uncertainty as to the validity, scope and priority of a particular patent. There can be no assurance that Draka will develop products that are patentable, that patents will be granted under pending or future applications or that patents granted to it will be sufficient to protect against competitors with similar technologies or products. A patent that is issued to Draka may be narrower than its application or found to be invalid. Others may make attempts to copy, reverse engineer or design around aspects of Draka's technology, or to obtain and use information that Draka regards as proprietary. Draka's commercial success also depends on not infringing on the patents and other proprietary rights of third parties. Draka is occasionally involved in patent infringement claims filed either by itself or by competitors against it. Until now, the financial consequences have not been material to Draka.

Any judgments given or settlements entered into in respect of any product liability, breach of warranty or other claim could have an adverse effect on its financial condition and/or results of operations.

Draka may not be able to attract financing on reasonable terms or at all

Draka is a leveraged company and has a significant debt service level. As at 30 June 2009, Draka has outstanding indebtedness of around € 477 million.

Draka believes that its expected cash flows, together with available borrowings, will be adequate to meet its anticipated needs. However, Draka's ability to make payments on and repay or refinance its debt and to fund working capital requirements, capital expenditures or other business opportunities that may arise, such as acquisitions of other businesses, depends on its future operating performance and ability to generate cash, which, in turn, is dependent on general economic and financial conditions and other factors, many of which are beyond Draka's control. If Draka's future cash flows from operations and other capital resources would be insufficient to pay its obligations as they mature or to fund its liquidity needs, Draka may be forced to reduce or delay its business activities and capital expenditures, sell assets, obtain additional debt or equity capital, restructure or refinance all or a portion of its debt on or before maturity, and/or forego opportunities such as acquisitions. Draka cannot assure that it would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. In addition, the terms of Draka's existing and future debt, and its syndicated loan, may limit Draka's ability to pursue any of these alternatives. Any failure to implement such alternatives on a timely basis and satisfactory terms, could adversely affect Draka's overall results.

Draka is exposed to credit risk and defaults or increased fear of defaults of its debtors

Credit risk is the risk of financial loss to Draka if a customer or counterparty to a financial instrument fails to meet its contractual obligations thereunder to Draka when they are due. Third parties may default on their obligations to Draka due to bankruptcy, lack of liquidity, downturns in the economy, operational failure, fraud or other reasons. The risk is enhanced by the current global economic downturn. Draka's exposure to credit risk mainly arises from trade receivables. Draka's trade receivables position accounted for around 22% of its balance sheet total as at 30 June 2009, with an average credit term of around 57 days. The relatively long credit term is due to Draka's activities in Asia and Southern Europe, where long payment terms are common.

Any material default or an increase in defaults could have an adverse impact on Draka's financial condition and/or results of operations.

Draka is exposed to foreign currency risk

Draka operates internationally and is therefore exposed to currency risk arising from various currency exposures. Currency risk arises from net investments in foreign operations and from monetary financial instruments and forecasted sales and purchases that are denominated in a currency other than the respective functional currencies of Draka's entities, primarily the euro, pound sterling and the dollar. In general, Draka sells domestic production on domestic markets, which Draka believes limit its exposure to exchange rate fluctuations. Nevertheless, in those export markets where the products are priced in a currency other than the currency in the country of manufacture, a depreciation of such currency relative to the currency in the country of manufacture could negatively affect Draka's ability to price its products competitively and could therefore cause fluctuations in Draka's working capital requirements and adversely impact its financial condition and/or its results of operations.

Draka's investments in subsidiaries having a functional currency other than the euro are in principle not hedged, unless cash in- and outflows related to these investments are assessed to have an unacceptable effect on Draka's liquidity position as a result of payments in respect of borrowings and equity being primarily denominated in euro.

Furthermore, Draka's financial statements are expressed in euro and are, therefore, subject to movements in exchange rates on the translation of the financial information of businesses whose operational currencies are not in euro. North America and Asia are Draka's most important markets outside Europe. Accordingly, significant fluctuations in the exchange rates between the euro and the currencies of those regions could significantly affect Draka's reported results from year to year. In addition, in some of Draka's businesses, costs are incurred in currencies other than those in which revenues are earned. The relative movements between the exchange rates in the currencies in which costs are incurred and the currencies in which revenues are earned can affect the profits of those businesses and could have an adverse impact on Draka's financial condition and/or results of operations.

Draka is subject to increasingly stringent laws and regulations, the violation of which could harm Draka's reputation and have an adverse effect on its financial condition and results of operations

Draka is subject to numerous laws and regulations in each of the jurisdictions in which it operates, including regulations relating to financial supervision, competition, pollution, health and safety, the use and disposal of hazardous substances and labour, all of which are subject to change. Breach of any (current or future) law or regulation could harm Draka's reputation and adversely affect its business, financial condition and operating results.

Furthermore, incidents relating health, safety and environmental matters may even have an adverse effect on Draka without violation of any law or regulation. For instance, given the nature of Draka's business, some of its plants may have caused pollution in the past. While Draka believes that it is in compliance with current laws and regulations relating to the environment, there can be no assurance that Draka will not be required to incur significant environment-related expenses in the future, either as a result of existing or future laws and regulations or as a result of its own operations or those of its partners or businesses which Draka acquires. Any damages that Draka may suffer as a result of such incidents could have an adverse impact on its financial condition and/or results of operations.

Draka is exposed to the risk of damage to its brand and its reputation

Draka's success and results are, to a certain extent, dependent on the strength of its brand and its reputation. Draka and its products are vulnerable to adverse market perception as it operates in an industry where integrity, customer trust and confidence are paramount. Draka is exposed to the risk that litigation, employee misconduct, operational failures, the outcome of regulatory investigations, press speculation and negative publicity, amongst others, whether or not founded, could hurt its brand or reputation. Draka's brand or reputation could also be harmed if its products or services do not perform as expected (whether or not the expectations are founded).

Negative publicity could be based, for instance, on allegations that Draka has failed to comply with regulatory requirements or result from any failure in business continuity or performance of its information technology systems, loss of customer data or confidential information, unsatisfactory service (support) levels or insufficient transparency or disclosure of cost allocation (cost loading). Negative publicity adversely affecting Draka's brand or its reputation could also result from any misconduct or malpractice by third parties linked to it (such as strategic partners or managers). While managing the reputation of its strategic partners, for instance, Yangtze Optical Fibre and Cable Co Ltd (**YOFC**), is not within Draka's control, any negative publicity about its strategic partners could have a negative effect on Draka.

Any damage to Draka's brand (or brands associated with Draka) or reputation could cause existing customers to withdraw their business from Draka and potential customers or intermediaries to be reluctant or elect not to do business with it. Any damage to Draka's brand or reputation could cause disproportionate damage to its business, even if the negative publicity is factually inaccurate or unfounded.

Draka has strategic alliances with third parties and the termination of or any change to these alliances could have a material adverse effect on its business, revenues, profits or financial condition

During the first six months of 2009, Draka generated revenue of € 107.2 million and operating result of € 9.9 million from its alliances. Although the agreements governing these alliances generally are long-term agreements, they can be terminated early under certain circumstances. See "Business – Material Contracts". Termination of, or any other change to, Draka's relationship with these third parties could adversely affect Draka's growth opportunities and could therefore have an adverse effect on its business, financial condition and results of operation.

Draka is exposed to the risk of a decline in the value of its investment in a listed company

Draka holds a minority interest in Oman Cable Industry SOAG (**OCI**) which is a listed company. Equity markets materially declined in 2008 and through part of 2009 due to the recent economic downtown. Any further declines in the equity markets could result in impairments and could have an adverse effect on Draka's financial condition and its return on the invested assets.

Draka's operations are highly dependent on the proper functioning of information technology and communication systems. Any failure of its information technology or communications systems could have a material adverse effect on its profitability and corporate reputation

Draka relies heavily on its operational processes and communication and information systems to conduct its business, including (without limitation) to determine the pricing of its products, to maintain accurate records, customer services and compliance with its reporting obligations. Draka depends greatly on third party providers of administration and information technology (**IT**) services and other back office functions. Draka has outsourced some of its information communication and technology (**ICT**) services to Atos Origin.

Any interruption in Draka's ability to rely on its internal or outsourced IT services or deterioration in the performance of these services could impair the timing and quality of Draka's services to its customers and result in loss of customers, inefficient or detrimental transaction processing and regulatory non-compliance, all of which could also damage Draka's brand and reputation. Furthermore, if the contractual arrangements put in place with any third party providers are terminated, Draka may not find an alternative outsource provider on a timely basis or on equivalent terms. The occurrence of any of these events could have a material adverse effect on Draka's business, revenue, profits or financial condition.

In addition, even though back-up and recovery systems and contingency plans are in place, Draka cannot assure investors that interruptions, failures or breaches in security of these processes and systems will not occur or, if they do occur, that they will be adequately addressed. Any such interruptions, failures or breaches, even for a limited period of time, could result in, for example:

- interruptions in the services offered or information provided to customers, or inability to serve customers' needs in a timely fashion;
- interruptions or errors in Draka's management information and/or information reported to supervisory authorities;
- increased regulation and regulatory exposure;
- inability to report accurate information in a timely manner and thus being in violation of applicable regulations;
- inability to identify in time, or at all, inadequate, fraudulent, negligent and/or unauthorised dealings by Draka's employees or third parties, or telecommunication connection failures or hacking of its website portals; or
- considerable costs, for example in respect of information retrieval and verification, to ensure business continuity and/or the purchasing of new systems.

Any interruptions, failures or breaches in security of these processes and systems could also result in a loss of customers and/or materially adversely affect Draka's ability to compete with its competitors.

Draka may not be able to implement its cost reduction and efficiency programmes which it considers of strategic importance to achieve growth and protect or increase profitability

Draka's strategy includes implementing cost reduction and efficiency enhancing programmes. These programmes are intended to improve its operating and financial performance and include, among others, the Triple S Project. See "Operating and Financial Overview – Triple S Project".

Draka's cost reduction efforts are focused on all of its operations. It has resulted in a reduction of staff cost, and Draka is considering further reductions going forward. Draka is also in the process of consolidating services, for instance human resources, IT and procurement, on holding level to achieve further cost savings.

Implementation of these programmes involves a number of uncertainties. Draka cannot guarantee that the implementation of its current or any future cost reduction programmes will not result in disruptions to its business or that it will be successful in implementing these initiatives. In addition, implementation of these projects and programmes is complex and may put a strain on available management resources, in particular because Draka is implementing numerous programmes simultaneously. Accordingly, it is uncertain whether the projects and programmes will achieve their underlying strategic goals, that these projects and programmes will be implemented in the planned time frame, that the actual costs of implementing these projects and programmes will not be greater than the estimated costs or that the actual costs will not exceed its realised savings. A failure to implement any project or programme successfully or in a timely manner may have a material adverse effect on Draka's financial condition and operating results.

Draka considers achieving cost reduction and increased performance of strategic importance. Failure to achieve its cost reductions may be detrimental to Draka's competitive position if its competitors are able to undercut Draka's pricing, which would have a material adverse effect on Draka's revenues, profits and financial condition.

2.2 RISKS RELATING TO THE ISSUANCE AND ORDINARY SHARES

One major shareholder, Flint, may be able to exercise substantial influence over Draka

Flint currently owns 48.5% of the Ordinary Shares. Therefore, investors may not be able to exercise as much influence over Draka's business and management as they might otherwise. The interest of Flint may differ from the interests of other shareholders. Flint may have the ability to exercise substantial influence over the election and removal of members of the Board of Management and the Supervisory Board. This may have an adverse effect on the market value of the Ordinary Shares.

In addition, Flint may sell a substantial number of Ordinary Shares in the public market, or the perception that such a sale may occur, could adversely affect the market price for the Ordinary Shares.

Provisions in the Articles of Association could delay or deter a beneficial change of control

The Company may issue Class B preference shares in order to prevent a hostile acquisition of control or takeover bid (see "Description of Share Capital and Corporate Structure"). These and other provisions in Draka's Articles of Association (including Draka's voluntary application of the mitigated "large company rules" (*gemitigeerd structuurregime*) described in "Description of Share Capital and Corporate Structure") may have the effect of delaying, deterring or preventing a change in control that might otherwise be in the interests of holders of the Ordinary Shares or offer holders an opportunity to sell their Ordinary Shares at a premium on the market price of the Ordinary Shares. This in turn may have a negative effect on the price of the Ordinary Shares.

The price of the Ordinary Shares may be volatile and investors may not be able to sell the Ordinary Shares at or above the price paid for them in terms of the Private Placement

The Ordinary Shares may have a highly volatile trading price. Shareholders may not be able to resell their Ordinary Shares at or above the price they paid for them.

The market price of the Ordinary Shares may be subject to wide fluctuations in response to various factors, some of which would be specific to the Company and its operations and some that would be related to the cable industry, economic conditions and equity markets generally, regardless of Draka's actual performance. In the current financial turmoil the trading prices of shares have fluctuated greatly. Draka therefore cannot guarantee that investors will be able to resell the Ordinary Shares at or above the purchase price they paid for them.

Draka may in the future seek to raise capital by conducting equity offerings, which may dilute investors' shareholding interest in Draka

The Board of Management has been designated by the General Meeting as the competent body authorised to adopt resolutions, subject to the approval of the Supervisory Board, to issue Shares or to grant rights to subscribe for Shares for a period up to and including 20 October 2010. The Board of Management will only exercise this authority in situations were it serves the interest of the Company and its affiliates. Pursuant to this designation by the General Meeting, the Board of Management may resolve, subject to the approval of the Supervisory Board, to issue Shares up to 10% of the outstanding Shares. The Company may seek to raise capital in the future through public or private debt or equity financings by issuing additional Shares, debt or equity securities convertible into Shares or rights to acquire these securities and exclude the pre-emptive rights pertaining to the then outstanding Shares. Any additional capital raised through the issue of additional Shares may dilute an investor's shareholding interest in the Company. Furthermore, any additional financing the Company may need may not be available on favourable terms or at all, which could adversely affect the Company's future plans and profitability. Any additional offering of Shares by the Company, or the public perception that an offering may occur, could also have a negative impact on the trading price of the Ordinary Shares and could increase the volatility in the trading price of the Ordinary Shares.

The Company's ability to pay dividends to Shareholders may be constrained

The Company's ability to pay dividends to its Shareholders is dependent on its anticipated profitability. Its ability to declare and pay dividends is further subject to regulatory, legal and financial restrictions, as well as the Company's solvency position. See "Dividends and Dividend Policy".

In addition, the Company is a holding company and its ability to generate income and pay dividends is dependent on the ability of its operating subsidiaries to declare and pay dividends.

The actual payment of future dividends, if any, and the amounts thereof, will depend on a number of factors including (but not limited to) the amount of distributable profits and reserves, capital expenditure and investment plans, earnings, level of profitability, ratio of debt to equity, the credit ratings, applicable restrictions on the payment of dividends under applicable laws; compliance with credit covenants, the level of dividends paid by other comparable listed companies doing business in the Netherlands and such other factors as the Board of Management and Supervisory Board may deem relevant from time to time. As a result, the Company's ability to pay dividends in the future may be limited or its dividend policy may change. If dividends are not paid in the future, capital appreciation, if any, of the Ordinary Shares would be investors' sole source of gains.

3. IMPORTANT INFORMATION

In this Prospectus, any references to the ***Company*** *refer to Draka Holding N.V., any references to* ***Draka*** *refer to Draka Holding N.V. and its subsidiaries and other definitions used herein are set out in the chapter headed "Definitions".*

Potential investors are expressly advised that an investment in the Ordinary Shares entails certain risks and that they should therefore carefully review the entire contents of this Prospectus. Furthermore, before making an investment decision with respect to any Ordinary Shares, potential investors should consult their stockbroker, bank manager, lawyer, auditor or other financial, legal and tax advisers and carefully review the risks associated with an investment in the Ordinary Shares and consider such an investment decision in light of the potential investor's personal circumstances.

3.1 Responsibility statement

Potential investors should rely on the information contained in this Prospectus and any supplement to this Prospectus within the meaning of Article 5:23 of the Dutch Financial Supervision Act. Potential investors should not assume that the information in this Prospectus is accurate as of any date other than the date of this Prospectus. No person is or has been authorised to give any information or to make any representation in connection with the Listing, other than as contained in this Prospectus. If any information or representation not contained in this Prospectus is given or made, the information or representation must not be relied upon as having been authorised by the Company. The delivery of this Prospectus at any time after the date hereof will not, under any circumstances, create any implication that there has been no change in the Company's affairs since the date hereof or that the information set out in this Prospectus is correct as of any time since its date.

The Company accepts responsibility for the information contained in this Prospectus. The Company declares that it has taken all reasonable care to ensure that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

3.2 Presentation of financial and other information

The consolidated financial information in this Prospectus for the years ended 31 December 2006, 31 December 2007 and 31 December 2008 is extracted from the consolidated financial statements of the Company (including the comparative figures and notes thereto) that have been prepared in accordance with IFRS and that have been audited by KPMG Accountants N.V. (2007 and 2006) and Deloitte Accountants B.V. (2008) respectively. The unaudited consolidated interim financial statements in relation to the six months ended 30 June 2008 and 30 June 2009 have been prepared in accordance with IAS 34 "Interim Financial Reporting".

Certain figures contained in this Prospectus, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances the sum of the numbers in a column or row of a table contained in this Prospectus may not conform exactly to the total figure given for that column or row.

3.3 Incorporation by reference

The following documents shall be deemed to be incorporated in, and form part of, this Prospectus:

- the Articles of Association;
- the audited consolidated financial statements prepared in accordance with IFRS as at and for the year ended 31 December 2006, included in the Company's annual report 2006 on pages 64 to 105 and the auditors' report thereto on page 117;

- the audited consolidated financial statements prepared in accordance with IFRS as at and for the year ended 31 December 2007, included in the Company's annual report 2007 on pages 60 to 103 and the auditors' report thereto on page 116;

- the audited consolidated financial statements prepared in accordance with IFRS as at and for the year ended 31 December 2008 included in the Company's annual report 2008 on pages 68 to 112 and the auditors' report thereto on page 124; and

- the unaudited condensed consolidated interim financial information for the six months ended 30 June 2009 and the six months ended 30 June 2008 prepared in accordance with IFRS.

The audited consolidated financial statements in each case comprise the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, consolidated statement of cash flows, accounting policies/principles, notes and independent auditors' report (if any) thereto.

These documents can be obtained free of charge from Draka within 12 months of the date of this Prospectus and on Draka's website at www.draka.com.

If, prior to the commencement of trading of the New Shares on Euronext, a significant new development occurs in relation to the information contained in the Prospectus or a material mistake or inaccuracy is found in the Prospectus that may affect the assessment of the Ordinary Shares, a supplement to this Prospectus will be published which is to be approved by the AFM, in accordance with Article 5:23 of the Financial Supervision Act.

Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document that is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Prospective investors should rely only on the information that is provided in this Prospectus or incorporated by reference into this Prospectus. No other documents or information, including the contents of Draka's website (available at www.draka.com) or of websites accessible from hyperlinks on Draka's website, form part of, or are incorporated by reference into, this Prospectus.

3.4 Forward-looking statements

The Company has made forward-looking statements in this Prospectus, for example in the sections entitled "Business Overview" and "Operating and Financial Review", that are based on its beliefs and assumptions and on information currently available to the Company. Forward-looking statements include the information concerning the expected future turnover, results of operations, cost synergies, business strategies, financing plans, competitive position, potential growth opportunities and potential operating performance improvements. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words "believe", "expect", "plan", "intend", "anticipate", "estimate", "seek", "potential", "continue", "may", "will", "should", "could" or the negative of these terms or similar expressions.

Forward-looking statements involve risks, uncertainties and assumptions. Investors should not place undue reliance on any forward-looking statements. Other than as required by applicable law or the applicable rules of any exchange on which the Company's securities may be listed, the Company has no intention or obligation to update forward-looking statements after the distribution of this Prospectus.

3.5 Enforcement of civil liabilities

The ability of an overseas Shareholder to bring an action against the Company may be limited under law. The Company is a public limited liability company incorporated in the Netherlands. The rights of holders of Shares are governed by Dutch law and by the Articles of Association. These rights differ from the rights of shareholders in US corporations and some other non-Dutch corporations.

An overseas Shareholder may not be able to enforce a judgment against some or all of the directors and the Company's management. The majority of the directors and management are residents of the Netherlands. Consequently, it may not be possible for an overseas Shareholder to effect service of process upon the directors and the Company's management within the overseas Shareholder's country of residence. In addition, it may not be possible to enforce against the directors and the Company's management judgments of courts of the overseas Shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that an overseas Shareholder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than the Netherlands against the directors or the Company's management who are residents of the Netherlands or countries other than those in which judgment is made. In addition, Dutch or other courts may not impose civil liability on the directors or the Company's management in any original action based solely on the foreign securities laws brought against the Company or the directors in a court of competent jurisdiction in the Netherlands or other countries.

3.6 Market and industry data

The percentages used in the Business and Operating and Financial Review chapters to indicate changes in demand within the global cable market in 2009, 2008 and 2007 come from reports compiled by the CRU Group, comprising CRU International Limited, CRU Publishing Limited and CRU Strategies Limited (**CRU**). CRU is an independent business analysis and consultancy group that focuses on the mining, metals, power, cables, fertilizer and chemical sectors.

Some other market data and statistical information used throughout this Prospectus are based on good faith estimates of the Company, which are derived in part from review of internal surveys of the Company, as well as reports of CRU. Although Draka believes the reports of CRU are reliable, the Company has not independently verified the information and cannot guarantee its accuracy and completeness.

The information in this Prospectus that has been sourced from CRU has been accurately reproduced and, as far as Draka is aware and able to ascertain from the information published by CRU, no facts have been omitted which would render the reproduced information inaccurate or misleading.

4. DIVIDEND AND DIVIDEND POLICY

Barring unforeseen circumstance, the Company, with respect to its Ordinary Shares, aims to distribute a dividend equal to 30% of the results for the year attributable to shareholders (excluding non-recurring items) after the dividend on the preference shares. No dividend on Ordinary Shares was paid in respect of 2008 because the Company's focus is on maintaining a strong liquidity position in the current global economic slowdown. For further details in relation to the payment of dividends on Ordinary Shares, the class B preference shares and the preference shares, see " Description of Share Capital and Corporate Structure".

The following table sets out details of dividends per Ordinary Share declared by Draka in respect of the years indicated:

Year ended 31 December	Cash dividend per Ordinary Share (€)
2006	0.37
2007	0.68
2008	-

A cumulative dividend of approximately 7.1% has been paid to the holders of preference shares in 2008. The total 2008 dividend on preference shares amounts to € 5.4 million. For details of the entitlement of preference shares to dividends, see " Description of Share Capital and Corporate Structure".

The following table sets out details of dividends paid on preference shares in respect of the years indicated:

Year ended 31 December	Aggregate dividend paid on preference shares (€ millions)	Cash dividend per preference share (€)
2006	9.3	0.07
2007	5.4	0.07
2008	5.4	0.07

Payment of any dividend on Ordinary Shares in cash will be made in euro. Dividends on Ordinary Shares will be paid to Shareholders through Euroclear Nederland and credited automatically to Shareholders' accounts.

Dividend payments on Ordinary Shares are subject to a withholding tax in the Netherlands. See "Taxation".

5. USE OF PROCEEDS

The net proceeds of the Private Placement after the deduction of expenses and selling commissions and applicable taxes (these being approximately € 1 million) were approximately € 50 million.

The Company intends to use the proceeds to strengthen its financial position by lowering its debt position, enabling the Company to take advantage of future growth opportunities.

6. BUSINESS OVERVIEW

6.1 Introduction

The Company is the holding company of a number of operating companies, which are engaged worldwide in the development, production and sale of cable solutions for a wide diversity of customers. Draka's products are used in aircraft, trains, cars, ships, on offshore rigs, in elevators and wind turbines, in homes and offices and in many more applications. Since 1 January 2008, Draka has subdivided its activities into three Groups: Energy & Infrastructure, Industry & Specialty and Communications.

Draka has a flat, decentralised organisational structure with short lines of communication. The divisions within Draka enjoy a large measure of autonomy and independent responsibility for their revenue and profits, including operational issues like sales and delivery contracts with customers and research and development. Draka believes that this organisational structure results in a more efficient production structure and more efficient implementation of cost savings in each division and enables it to have a more active response to opportunities arising in the market. The Company however still determines its overall strategy and is responsible for treasury and control, procurement of raw materials, legal affairs, human resources, corporate communication and investor relations.

Draka has 68 operating companies in 30 countries throughout Europe, North and South America, Australia and Asia. In the first half of 2009, Draka generated 54% of its turnover in Europe, 15% of its turnover in North America and 22% of its turnover in Asia. On 30 June 2009, Draka employed 9,949 people worldwide.

The following table provides a breakdown of the revenue generated from external customers by geographic area for the six months ended 30 June 2009 and the years ended 31 December 2008, 2007 and 2006.

(€ millions)	**Six months ended 30 June**	**Year ended 31 December**		
	2009	**2008**	**2007**	**2006**
Revenue from external customers				
The Netherlands	91.6	251.5	244.5	208.8
United Kingdom	57.9	180.3	205.5	194.4
Scandinavia and Finland	127.1	416.0	481.3	429.7
Germany	67.1	190.0	234.1	259.0
Rest of Europe	211.3	722.3	772.3	704.1
North America	154.4	303.7	308.7	296.6
Asia	228.3	371.4	331.4	256.8
Rest of the world	84.1	271.6	238.4	180.0
	1,021.8	**2,706.8**	**2,816.2**	**2,529.4**

6.2 History

Although Draka in its present form was established only in 1985, the history of some of its subsidiaries (or predecessors of subsidiaries) in Europe and the United States date back to the beginning of the twentieth century. The Ordinary Shares have been listed on Euronext Amsterdam since 1991. In March 2001, the Ordinary Shares have been included in the Next150 index and since March 2008, they have also been included in Euronext's AMX (Amsterdam Midkap). Draka's market capitalisation amounted to around € 385 million on 30 June 2009.

Since 2006, Draka has acquired the following businesses:

- in July 2006, the insulated wire activities (in the Philippines and Mexico) from International Wire Group Inc. for € 28.5 million, which strengthened Draka's position in the global automotive cable market;

- in October 2006, Cornelia Thies Kabeltechnik GmbH's (Germany) for € 1.5 million. Its main business activities are the manufacturing of cable set and systems for the wind turbine industry; Cornelia Thies Kabeltechnik GmbH has two production facilities in Essen and Neumünster (north of Hamburg);

- in June 2007, Nantong Zhongyao Mechanic Electric Co, Ltd (China) for € 2.3 million, which expanded Draka's product portfolio and Draka's capacity on the Chinese market;

- in December 2007, the remaining 49.9% interest in Draka Comteq B.V. from Alcatel-Lucent for € 209 million, which enabled Draka to further reduce its costs; and

- in January 2008, DeBiase Lift Components S.r.l. in Milan (Italy) (renamed D.B. Lift Draka Elevator Products S.r.l.) (**D.B. Lift Draka**) for € 1.6 million; this company's product scope covers distribution of cable, wire rope, electrical & mechanical components and hardware and enabled Draka to attune its activities in Europe to the needs of its customers.

Draka completed the sale of its OPGW operations in Mönchengladbach (Germany) to AFL Telecommunications (US) in the first half of 2009. The proceeds equalled the carrying amount of approximately € 13 million. Furthermore, Draka completed the sale of its 29.9% participation in Oakwell Engineering Ltd to nine different parties for an amount of approximately € 4 million.

Otherwise, there have been no acquisitions or disposals of a material size between 2006 and the date of this Prospectus.

Draka announced in June 2009 that it was in discussions with Prysmian S.p.A. to evaluate a possible combination between the two companies through a share-for-share cross-border statutory merger with Prysmian S.p.A. as the surviving entity. The discussions were however terminated on 10 September 2009 as the parties could not reach agreement on the main terms and conditions of the proposed merger.

6.3 Key strengths

As a leading market operator, Draka believes that it is well positioned to capture its market potential due to, amongst others, the following key strengths:

- distinctive product quality;

- customer focus;

- diverse and extensive customer base;

- cost leadership in several market segments;

- entrepreneurship at local level;
- established reputation;
- good position in special-purpose cables;
- strategic alliances and partnerships with suppliers and/or customers in the field of technology and total solutions; and
- committed and professional staff.

6.4 Strategy

The execution of Draka's strategy was strengthened in 2008 by the implementation of the new organisational structure described above. The sharper focus provided by this organisational redesign helped Draka to continue pursuing its strategic objectives of customer focus, product innovation, growth and optimisation, and allowed Draka to make further progress in developing its long-term strategic platform, under the banner of "Building Future Growth".

Customer focus

Draka's goal is to meet or exceed its customers' requirements. The customer is Draka's *raison d'être* and the driving force behind its operations. Draka wants to help its customers succeed and wants to be perceived as the supplier of choice in the markets it serves.

Draka focuses on creating innovative product portfolios and solutions that meet its customers' needs, in terms of logistics, services, software and product solutions.

Innovation

Draka invests an important part of its annual revenues in innovation and research and development in the areas of materials, cables and systems. Draka has the scale needed to provide a solid base from which it can work to maintain and, in consultation with customers, advance its leading position in research and development and application engineering. Progress in materials development is encouraged by the exchange of knowledge within and between the divisions.

Draka seeks to widen the range of products and services it offers its customers by leveraging its core competences, creating customer-driven and market-led innovations and raising the profile of the Draka brand globally.

Growth

Draka's strategic objectives are organic growth supported by selective investments. It seeks to achieve these objectives within the constraints of sound financial practices. To support growth, Draka is working towards realising a better regional balance while pursuing growth in areas where it already holds leading positions. Draka aims to develop areas where it does not have a leading position, identify niche markets where it can create value and achieve top-quartile earnings performance. It will continue to invest in selected acquisitions and consolidate its leadership positions by market and region. The key to achieving sustainable organic growth is to place the customer's needs and wishes first, which, in turn, requires a culture predicated on innovative strength, flexibility and a willingness to co-operate. Draka will continue to make the necessary investments to preserve and enhance this culture.

Next to organic growth, Draka also seeks growth through targeted acquisitions, mainly with a view to accelerate the process of strengthening its position in emerging markets and in the special-purpose cable segment. Potential acquisition targets will however have to contribute to Draka's overall results in the first year of consolidation. Draka has the organisation and the financial position needed to pursue this acquisition strategy.

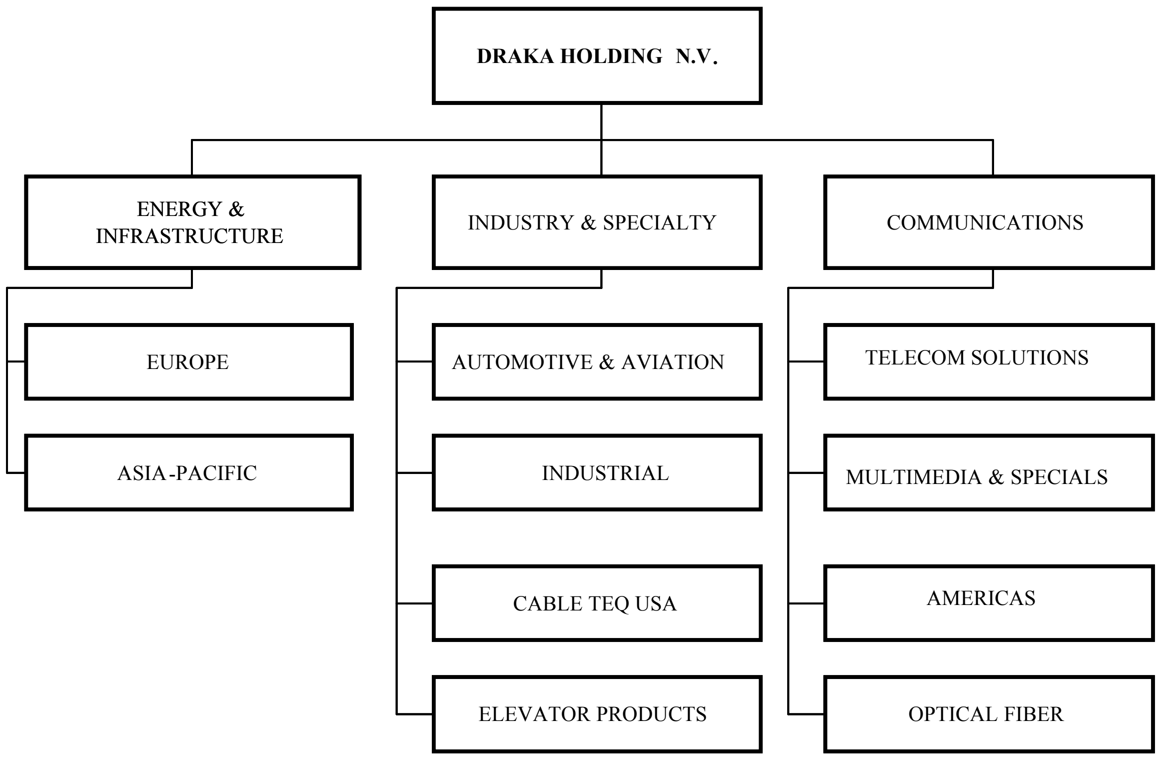
Optimisation

Draka regards the optimisation of its organisation as a continuous process. Lean manufacturing and cost leadership in the different market segments are crucially important, which is why Draka invests and will continue to invest in more efficient and effective design of both its production structure and the sales and marketing structure. Sharing best practices across all of its divisions, streamlining production and logistics frameworks and disposing of non-core activities further enhance productivity. The cost of optimising the organisation is in principle recouped from the disposal of non-core activities and/or from the positive cash flows generated by each Group.

6.5 Organisational Structure

From 1 July 2004 to 31 December 2007, Draka divided its activities into two groups: Draka Cableteq (low-voltage and special-purpose cable activities) and Draka Comteq (communication cable activities). Draka Cableteq consisted of six divisions: Low-Voltage Cable, Elevator Products, Marine, Oil & Gas, Mobile Network Cable, Rubber Cable and Transport, while Draka Comteq subdivided its activities into Telecommunication; Data Communication and Optical Fiber.

As from 1 January 2008, Draka made certain changes to its organisational structure. It has subdivided its activities into three Groups, each with a clear product/market orientation: Energy & Infrastructure, which is responsible for the low-voltage and instrumentation cable activities (the **Energy & Infrastructure Group**), Industry & Specialty, which takes care of the specialty cable operations (the **Industry & Specialty Group**), and Communications, which handles the communication cable activities (the **Communications Group**). Each segment, in turn, splits into various divisions. The organisational division structure has remained unchanged. This new structure was adopted to facilitate the acquisition of the remaining 49.9% interest in Draka Comteq B.V. from Alcatel-Lucent at the end of 2007. At the same time of implementation of this divisional structure, Draka embarked on expansion of its central functions, which provided more effective control of the organisation and new opportunities for reducing costs.



6.6 Principal activities

The Energy & Infrastructure Group

The Energy & Infrastructure Group generates around 33% (or € 335 million for the six months ended 30 June 2009) of Draka's total revenue. Its product portfolio comprises low-voltage and medium-voltage cable, installation cable and instrumentation cable, fire-resistant cable and halogen-free cable. The Group designs, manufactures and sells a wide range of cable products, both standard and customer-specific, for domestic, infrastructure and industrial applications. The Group is split into the Europe and the Asia-Pacific divisions, with the Europe division being the larger of the two and generating around 90% of this Group's revenues. Within Europe, Draka is the third largest producer of low-voltage and installation cable. Analysed by application, approximately 30% of its revenue relates to housing construction, about 40% to industrial/commercial construction and the remaining 30% to infrastructure.

Europe

The Europe division within the Energy & Infrastructure Group develops, produces and sells low- and medium-voltage cables for use in, amongst others, the industrial and infrastructure sectors. Its product portfolio covers the entire range, from medium-voltage, power, installation cables and flexible PVC cables to instrumentation cables. The division also produces special-purpose products such as halogen-free cable with low smoke emissions and fire resistant cable. It has advanced production facilities and local sales teams. The products are distributed mainly via technical wholesalers, although the division remains closely involved with logistics and other services.

Asia-Pacific

The Asia-Pacific division within the Energy & Infrastructure Group develops, produces and sells low-voltage cables. Its product portfolio covers the entire range, from installation cables and flexible PVC cables to instrumentation cables. The division also produces special-purpose products such as fire performance halogen-free cable with low smoke emissions and environmental-friendly Alupac instrumentation cables. Its advanced production facilities, local sales teams and excellent logistics enable this division to effectively serve customers throughout this large region. Most sales in Asia-Pacific are for major commercial, industrial and infrastructural projects, either directly to the customers concerned or through partnerships with the major Mechanical and Electrical Contractors and Engineering Procurement Contractors (**EPC**s) handling these contracts.

Summary of the Energy & Infrastructure Group

	Europe	Asia Pacific
Products	Low- and medium-voltage cables, ranging from medium-voltage, power and installation to instrumentation and control cables	Low-voltage cables, ranging from installation to instrumentation and control cables
Market segments	Construction (residential and commercial), industry, infrastructure, electrical applications	Construction, industrial and infrastructure
Growth driver	Construction market in general, investments by industry and in infrastructure	Construction market in general
Establishments	Belgium, Bulgaria, Czech Republic, Denmark, Estonia, Finland, France, Germany, Latvia, Lithuania, Netherlands, Norway, Oman, Poland, Russia, Spain, Sweden, Turkey and UK	Australia, China, Hong Kong, Indonesia, Malaysia, Singapore, Thailand and Vietnam
Employees (31 December 2008)	Around 1,900	Around 650
Customers	Construction and installation companies, electrical wholesalers such as Edmundson Electrical (UK), Onninen (Finland), Rexel (France) and Sonepar (France)	Construction and installation companies, government authorities, EPCs and wholesalers

The Industry & Specialty Group

The Industry & Specialty Group generates around 32% (or € 327 million for the six months ended 30 June 2009) of Draka's total revenue. The Group is split into four divisions, supplying (customer-specific) cable to original equipment manufacturers (**OEM**s), many of which operate on a global scale. The Industry & Specialty Group encompasses a broad range of activities and specialises in the development and production of innovative solutions for a global customer base. The four divisions are active worldwide with an extensive portfolio of products and services for many applications. Its products can be found, for instance, in aircraft and cars, on cruise ships and naval vessels, on oil platforms and in wind turbines, mines, construction equipment and elevators.

The Group's four divisions are:

- *Automotive & Aviation*: it generates about 35% of the Group's revenues, is the world's leading independent supplier of advanced cables for the automotive sector and supplies around 50% of Airbus' cable requirements;

- *Industrial*: it generates about 35% of the Group's revenues and supplies cable and accessories for oil platforms, ships, capital equipment, mining and renewable energy applications such as wind power and solar energy;

- *Elevator Products*: it generates about 15% of the Group's revenues and supplies cable and accessories for the elevator industry; and

- *Cableteq USA*: it generates about 15% of the Group's revenues and supplies cable to the defence industry and for infrastructure applications and irrigation systems.

Automotive & Aviation

The Automotive & Aviation division covers all cable activities aimed at the "people-moving" industry. This primarily involves cables for applications in cars, trucks and aircraft. Its product portfolio includes an extensive range of client-specific products and meets all mechanical, electrical and environmental requirements. This division's extensive experience and proven competencies are reflected in various patents. The division's research teams are valued partners for OEM development centres, system suppliers and harness makers in the fields of material development and cable design. The division's international structure is consistent with the global organisation of the car industry.

Industrial

The Industrial division comprises the former Marine, Oil & Gas and Rubber Cable divisions, which have been integrated to optimise the many synergies between these two business areas and allow more efficient production allocation.

For the marine, oil & gas sector the division offers advanced, cost-effective cable solutions for the shipbuilding and oil and gas industries. These solutions meet strict industry safety standards and ensure reliable, long-term use of vessels and drilling rigs. The division's products include halogen-free, flame-retardant cables with excellent physical and electrical properties, including resistance to fire, dust, oil, wear and tear and (petro-)chemicals. Flexible, rubber-insulated cables are produced to standard specifications and customer-specific designs, mainly for power and medium-voltage applications including wind turbines, photovoltaic, mining, transport, IT, the robotic and processing industries, container terminals, industrial cranes and building sites. Its product portfolio also includes subsea cables and accessories for offshore wind farm and oil and gas applications.

Elevator Products

Elevator Products offers the global elevator and escalator industry a growing range of products and special services. The division distributes more than 30,000 parts and components for all international elevator and escalator companies. In addition to elevator cables and cable accessories the product line consists of elevator and escalator components and systems that include wire rope, electrical items, specialty electronics and replacement parts. The division also offers "parts kitting" to manufacturers and installers of elevators and escalators. Customers can furthermore rely on support and advice from expert and committed engineers for installation, maintenance, new product development and repair work.

Cableteq USA

Draka Cableteq USA provides innovative wire and cable solutions to a wide range of markets including commercial, industrial, defence, utility, fire protection, transportation and reservoir management in the oil industry. Its product portfolio includes over 25,000 wire and cable configurations, plus unlimited numbers of specially engineered cables meeting virtually any specification. The division provides customers with comprehensive, end-to-end solutions, based on a full range of power, control, signal, fiber optic and instrumentation cables, as well as two-hour fire rated emergency cable. Draka Cableteq USA offers customers in-depth knowledge of virtually all cable applications, and has extensive testing and validation facilities to ensure that custom-made cable designs meet the required quality and performance specifications.

Summary of the Industry & Specialty Group

	Automotive & Aviation	Industrial	Elevator Products	Cableteq USA
Products	Cables for applications in cars, trucks and aircraft	Cables for related industrial applications; flexible, rubber-insulated low- and medium-voltage cables according to harmonised standards, client-specific designs and strict industry standards; submarine cables; cable sets and accessories; installation services and supervision	Wide range of products for the elevator and escalator industry	Low- and medium-voltage cables, ranging from power, signal to control and instrumentation cables
Market segments	Car, truck and aircraft markets	Equipment construction, industry, mining, oil and gas industry, drilling rigs and vessels, shipyards, material handling, mass transport, wind turbines and solar systems, OEMs	Elevator and escalator industry	Construction (commercial and industrial), industry, infrastructure, irrigation and defence
Growth driver	Production of cars, trucks and aircraft; additionally, the functionality drive in cars, trucks and aircrafts	Equipment construction, investments by oil industry, industrial investments, investments in mining and exploration and alternative energy sources	Construction market in general, including maintenance and repair of elevators and escalators	Investments in infrastructure, renewable energy, defence
Establishments	China, the Czech Republic, France, Germany, Mexico, Philippines and Spain	Australia, Brazil, China, Denmark, Germany, Netherlands, Norway, Russia, Scotland, Singapore, Sweden and US	Brazil, China, the Czech Republic, Hong Kong, Italy, Malaysia, Netherlands, Singapore, Spain, and US	US
Employees (31 December 2008)	Around 1,050	Around 950	Around 700	Around 400
Customers	System suppliers, such as Delphi (US), Yazaki (Japan) and Lear (US); Labinal (France) for aircraft cable	Oil and gas offshore industry, shipyards, OEMs, operators (like mining, cranes, harbours), electrical wholesalers like Sonepar (France) and Rexel (France), industrial equipment manufacturers active in the mining and wind turbine markets	Elevator manufacturers such as Otis (US) and ThyssenKrupp (Germany)	OEMs such as Reinke and Valmont for irrigation systems, Schlumberger within the oil & gas industry, local government for fire resistant cable and transit systems and defence industry

The Communications Group

The Communications Group contributes approximately 35% (about € 360 million for the six months ended 30 June 2009) to Draka's total revenue. It supplies optical fiber, cable and total solutions for communication infrastructure applications, with Europe accounting for about 65% of revenues and the remaining 35% split more or less equally between America (15%) and Asia (20%).

The Communications Group is a world leader in optical fiber technology and cable solutions (telecommunications and data communication) in many market segments. The Group's market-driven cable solutions include innovative applications and project management services and expertise for broadband and mobile network infrastructures.

The Group has four divisions:

- *Telecom Solutions:* it generates about 53% of the Communications Group's revenue;
- *Multimedia & Specials*: it generates about 29% of the Communications Group's revenue;
- *Americas*: it generates about 8% of the Communications Group's revenue; and
- *Optical Fiber*: it generates about 10% of the Communications Group's revenue.

These four divisions concentrate on the following four market segments:

- *Telecommunications market segment (telecommunication, cable networks)*: the Communications Group supplies copper and optical fiber telecommunication cables in this market segment;
- *Data Communication market segment (data communication, broadcast)*: the Communications Group supplies copper and optical fiber cable solutions for Local Area Network (LAN) applications and specialised cables for applications in broadcast/HDTV, RF and OEM applications in this market segment;
- *Mobile Network market segment (mobile telecommunication)*: the Communications Group supplies complete Draka Antenna Line Products for base stations in this market segment; and
- *Optical Fiber market segment (telecommunications, data communication, transport and industrial)*: the Communications Group develops and produces (tailored) optical fiber solutions for internal usage and for third parties on a global scale.

The market segments of the Communications Group can be found in the financial reporting by divisions as follows:

- the Telecommunications market segment (excluding the US activities) and the Mobile Network market segment are included in the Telecom Solutions Division;
- the Data Communication market segment is included in the Multimedia & Specials division;
- the US activities of the telecommunications market segment are included in the Americas division; and
- the Optical Fiber market segment is included in the Optical Fiber division.

Telecommunications

Within the telecommunications market segment, the Communications Group concentrates on copper and optical fiber cable solutions, project services and turnkey solutions. It provides solutions for large and small networks, enabling them to meet their (growing) demand for greater bandwidth and also provides long-distance cables for telecommunication networks. Apart from the development, production and delivery of cable solutions, the Communications Group concentrates on the realisation of complete network projects in partnership with installation companies. Experienced project managers, engineers and support workers take responsibility for the design, engineering or even management of the complete installation or expansion of telecommunication networks.

Data Communication

The Communications Group offers a wide product range and is able to provide solutions for all forms of communication. It offers, for instance, copper and optical fiber cable solutions within the data communication market for all kinds of data transmission. Its applications extend to both the office and home environment. The Communications Group also offers a unique blend of specialty cable for high performance applications used in broadcasting, including new HDTV camera systems, as well as other specialised OEM applications.

Mobile Networks

The Communications Group is one of the leading producers of mobile network cable, supplying the complete Draka Antenne Line Products for base stations. Its products portfolio includes radio frequency feeder cables, jumper cables, highly flexible cables, connectors, EMP protectors and other accessories. These cables are used for mobile telecommunication applications such as GSM, WCDMA (UMTS), TDMA, D-AMPS, PCN, CDMA, TETRA and WiMAX. Mobile network cable is produced to the highest quality and strict environmental standards. The Communications Group works according to the one-stop-shop principle, allowing customers to rely on fast delivery and service.

Optical Fiber

In the optical fiber market the Communications Group develops and manufactures fiber products to service single mode optical fiber (for telecommunication) and multimode optical fiber (for data communication) and specialty fibers for tailored solutions. These products support both internal use and sale to third parties.

The Communications Group is responsible for producing preforms and optical fiber ("drawn" from the preforms). The optical fiber is manufactured using Draka's own Plasma-activated Chemical Vapour Deposition (**PCVD**) process, which enables the core of the optical fiber to be produced with high efficiency. This is combined with Draka's Advanced Plasma Vapour Deposition (**APVD**) process, a highly efficient method for manufacturing the over-cladding of the optical fiber. The Communications Group owns the intellectual property rights to both these processes (PCVD and APVD).

Summary of the Communications Group by market segment perspective

	Telecommunications	Data Communication	Mobile Network	Optical Fiber
Products	Full range of copper and optical fiber telecommunication cables	Copper and optical fiber cable solutions for Local Area Network (LAN) applications in the data and communication market, and, specialised cables for applications in Broadcast / HDTV, RF, and OEM applications	Complete Draka Antenna Line Products for base stations	Preforms, single mode and multimode optical fiber, tailored fiber solution (Specials)
Market segments	Telecommunications, cable networks	Data communication, broadcast	Mobile telecommunication	Telecommunications, data communication, transport and industrial
Growth driver	Investments by telecom operators driven by growing demand for greater bandwidth	IT investments; investments in LANs driven by growing demand for greater bandwidth	Investments by mobile telecom operators	Investments by telecom operators (including FTTH), IT investments, extension of fiber application portfolio
Establishments	Brazil, China, France, Germany, Netherlands, Russia, Spain and US	China, Denmark, Germany, Netherlands, Norway, Singapore, Slovakia, United Kingdom and US	Brazil, China, Finland, Singapore, and US	Brazil, China, France, Netherlands and US
Employees (31 December 2008)	Around 1,800	Around 700	Around 175	Around 1,200
Customers	Telecom operators such as KPN, Deutsche Telekom, France Telecom, Illiad, Telia/Sonera, Tele Denmark, AT&T, Verizon, China Telecom, Alcatel, Siemens and alternative operators	Electrical wholesalers, distributors, OEM and system providers	Suppliers and operators of mobile telecommunication networks	Cable makers for telecommunications and data communication applications, engineering consultants and network integrators

6.7 Intellectual property

While intellectual property protection has not been generally considered important in the field of low-voltage cables, telecommunication cable manufacturers are typically more active in protecting their intellectual property rights, in particular in relation to optical fiber production methods and the application of these fibers in telecommunication systems. Draka seeks to protect any intellectual property rights arising out of its telecommunication and special-purpose cable activities that it deems appropriate, through the use of patents. Draka also seeks to protect its internally developed technology through trade secret laws and confidentiality agreements. Furthermore Draka maintains intellectual property protection for a number of brand names through the use of trademarks.

6.8 Research and development and application engineering

Draka sees ongoing innovation as a critical success factor. It continuously builds on its prominent market position through constant assessment of, and prompt response to, the customer's wishes and requirements and exploring ways of further broadening and improving its services offering.

Draka spends an important part of its revenues on research and development, with particular emphasis on application engineering and the further improvement of materials and production processes. In recent years, Draka's research and development activities have been directed largely towards reducing costs for existing products and improving production processes. As materials are an important cost component in almost all divisions, Draka searches constantly for potential savings and ways of substituting environmentally critical materials. Since 2007, Draka has shifted the innovation focus to the exploration of external trends and closer co-operation with external partners. This has created an opportunity to develop cross-divisional co-operation throughout Draka and established a reliable route for the circulation of innovative ideas.

Examples of the impact of recent developments include innovative broadband systems using BendBright fiber, an optical fiber which is as easy to install as copper wire; as such Draka has established itself as a technical leader in the FTTH market. The Windflex product range has also been strengthened through innovation, which, in turn, has enabled Draka to maintain its leadership in the renewable energy sector.

6.9 Information and communication technology (ICT)

Draka's ICT strategy supports the business strategy in creating synergy, reducing costs and providing a better service to customers through regional and global co-operation among the Draka companies. The business support applications are an important element in this ICT strategy. Draka's long-term strategy is to base these on the SAP system. The Draka SAP template, which was developed two years ago, is a fully operational SAP system in which the primary business processes are programmed on a consistent basis. The aim is to harmonise business processes and to perform new SAP implementations faster and more cost effectively. Vision of the future ERP environment has also been defined. Draka expects to replace the 35 different ERP systems currently in use with five or six centrally co-ordinated SAP systems.

Closer co-operation among the Draka companies makes it essential to standardise the ICT infrastructure and provide tools for effective collaboration. A major project to standardise the basic IT infrastructure, covering the international communication network, e-mail and network security, was successfully completed in 2007. In close co-operation with the ICT managers of the various Draka companies and Atos Origin, the chosen supplier, these services have been implemented at 76 sites. Several ICT policies and procedures have been reviewed in connection with this project.

Following successful trials at five Draka companies, a SharePoint service was introduced in 2008 to facilitate information storage and sharing and support global projects.

The shared SAP hosting service was expanded again in 2007 and there are plans for further standardisation of the ICT infrastructure in 2009, with the emphasis on communication with customers and suppliers, workplace management and other computer services. In the longer term, centralisation of these services will enable Draka to consolidate its computer centres and reduce their number. Availability of a shared infrastructure also enables Draka to take advantage of economies of scale through joint purchasing of software, for which several global contracts have been signed.

In the context of IT governance, each division formulated an information plan defining the IT developments needed to support achievement of the division's objectives and the financial and human resources they will require. These were then consolidated into a Draka information plan, which is a powerful aid to business and ICT management in directing the ICT activities and ensuring optimum deployment of resources.

6.10 Property, plant and equipment

On 31 December 2008, Draka owned property, plant and equipment valued at € 530.5 million (2007: € 538.0 million), which it uses for office, production and storage activities. On 31 December 2008, mortgages of € 5.0 million (2007: € 13.0 million) have been granted as security for debts to credit institutions.

In addition, Draka also leases land, buildings, plant and equipment under long-term (finance) lease contracts. On 31 December 2008, the net carrying amount of leased property, plant and equipment was € 26.2 million (2007: € 29.1 million). The leased land, buildings, plant and equipment secure the lease obligations.

6.11 Material contracts

The following contracts are the only contracts (not being contracts entered into in the ordinary course of business) that have been entered into by any member of Draka within the two years immediately preceding the date of this Prospectus which are material or which have been entered into by any member of Draka at any other time and which contain provisions under which any member of Draka has an obligation or entitlement that is material to Draka as at the date of this Prospectus:

Yangtze Optical Fibre and Cable Company Ltd

On 13 October 2008, the Company, through its wholly-owned subsidiary Draka Comteq B.V., extended its joint venture agreement with China Huaxin Post and Telecommunications Economy Development Center and Wuhan Changjiang Communications Industry Group Shares Company Ltd (together the **JV Partners**) relating to YOFC, a limited liability company under the laws of the People's Republic of China. The parties share the profits and bear the risks and losses in accordance with the ratio of their paid-in capital contributions. The registered capital of YOFC is € 63,328,317.82 of which Draka contributed € 23,748,081.68 in cash, amounting to 37.5% of the registered capital. YOFC's business is to design, manufacture, promote and sell various types of optical fiber and optical fiber cables and other related products in the People's Republic of China's domestic market and international (Asian) markets and to provide after-sales services in respect of these products. To support YOFC in achieving development and innovation on its own, YOFC shall establish a dedicated research and development organisation to conduct technical research. Where required, YOFC may introduce competitive technology from a third party or jointly develop new technology with a third party (so long as such technology is conducive to technical innovation or increases production efficiency and reduces production costs). However, under equal conditions, Draka or its affiliate shall enjoy priority rights. Draka is entitled to appoint three of the eight members of the board of directors of YOFC, including the vice chairman. Certain important resolutions require a unanimous resolution of the board of directors of YOFC. The term of the joint venture is 19 years, which started on 1 June 2009. The joint venture agreement may be terminated early if: (i) YOFC incurs serious losses, and the financial forecasts indicate that it is impossible to remedy this condition to the satisfaction of each party; (ii) any party fails to perform its obligations under the agreement has a major adverse impact on the business and operations of YOFC, in which case each of the parties has the right to terminate; (iii) a delay caused by force majeure persists for six months or more (unless the parties reach agreement to reasonably adjust their obligations to suit a new situation); (iv) the parties agree to terminate and such termination is in the best interest of each party; or (v) a party transfers its entire capital contribution in violation of the agreement, in which case the parties shall have the right to terminate the agreement. An early termination by reason of any of the events specified in items (i), (iii) or (iv) above shall require a unanimous resolution of the board of directors of YOFC. If a party fails to remedy any breach under the agreement within 60 days of receipt of a notice to such effect from the other party, the breaching party shall be liable to the other parties for direct losses incurred as a result of such breach. In the event of termination (including the expiration of any reviewed term or terms), the board of directors of YOFC shall work out a proposal containing principles and procedures for liquidation. The JV Partners shall be granted the right of first refusal to buy the assets of the YOFC at net book value.

Facility Agreement for € 675,000,000

On 18 December 2007 the Company and various subsidiaries entered into a multicurrency revolving facility agreement with Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., ABN AMRO Bank N.V., Fortis Bank (Nederland) N.V., ING Bank N.V. and NIBC Bank N.V. (together the **Lenders**), which agreement was amended and restated on 27 February 2008. In terms of the agreement, the Lenders made available to Draka a multicurrency revolving loan facility up to an aggregate amount of € 675,000,000. The final maturity date of the agreement, on which all loans must be repaid, is 18 December 2012. Draka may request a one-year extension of the maturity date but the lenders are not obliged to agree to any extension. The interest payable is variable and based on the relevant interbank interest rate (Euribor or Libor plus an initial margin of 1.5% per annum). The margin varies with the ratio senior net debt divided by EBITDA. For undrawn portions of the facility a commitment fee of 35% of the applicable margin per annum is payable. The agreement contains certain conditions including financial covenants and a change of control provision, which will result in the loan being payable on demand if they are not met. "Control" for the purposes of a change of control means (a) the power to (i) cast, or control the casting of, more than one-half of the maximum number of votes that might be cast at a General Meeting, or (ii) appoint or remove all, or the majority, of the directors or other equivalent officers or the Company; or (b) the holding of more than one-half of the issued share capital of the Company. Furthermore, a relevant portion of the loan must be pre-paid from any disposal proceeds and capital markets proceeds received.

The following covenants are applicable:

- leverage ratio: < 3.5
- interest coverage ratio: > 3.5
- solvency: >27.5%

In the first half of 2009, Draka has complied with all covenants. On 30 June 2009, € 420 million was outstanding under this facility agreement.

6.12 Litigation

Neither the Company nor any of its subsidiaries are involved in any other litigation or arbitration proceedings (including any such proceedings which are pending or threatened of which it is aware) which have had during the 12 months preceding the date of this Prospectus, or which to the best of its knowledge may have, a significant effect on its financial position or profitability.

6.13 Insurance

Draka has insurances in place that it considers adequate for its worldwide facilities and activities. It arranges certain of these insurance policies at a holding company level for the group as a whole (property damage/business interruption, general and product liability, and directors and officers). In some cases and/or after consultation with Draka's risk management department, it is left to the discretion of group members to arrange such other insurance as they deem appropriate for their businesses.

7. SELECTED FINANCIAL INFORMATION

The selected consolidated financial data set out below is that of Draka. The selected consolidated financial data should be read in conjunction with "Operating and Financial Review" and the consolidated financial statements and notes thereto incorporated by reference in this Prospectus. The year-end consolidated financial data is extracted from Draka's consolidated financial statements that have been audited by Deloitte Accountants B.V. (2008) and KPMG Accountants N.V. (2007 and 2006), its independent auditors. The financial statements and accounts from which the selected consolidated financial data set forth below has been derived were prepared in accordance with IFRS. See also "Important Information – Presentation of financial and other information". The selected consolidated financial data set out below may not contain all of the information that is important to investors.

Compliant with IFRS, Draka's joint ventures Telcon Fios e Cabos Para Telecomunicações (50%) in Brazil and YOFC in China (37.5%) have been consolidated proportionately as from 1 January 2009. Both joint ventures form part of Draka's Communications Group and have been restated for the six months ended 30 June 2009. The comparative figures for the six months ended 2008 have been restated accordingly.

CONSOLIDATED BALANCE SHEET

(€ millions)	As at 30 June		As at 31 December		
	2009	**2008**	**2008**	**2007[1]**	**2006**
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	553.9	554.1	530.5	538.0	531.7
Intangible fixed assets	114.6	108.3	113.3	101.0	96.5
Investments in equity accounted investees	43.4	53.4	86.2	87.0	94.9
Deferred tax assets	53.4	48.4	57.6	46.3	52.7
Other non-current financial assets	21.6	25.9	22.9	24.9	32.2
Total non-current assets	786.9	790.1	810.5	797.2	808.0
CURRENT ASSETS					
Inventories	339.2	495.0	363.4	441.0	433.7
Trade and other receivables	460.1	602.2	394.5	468.8	458.8
Income tax receivable	1.6	1.0	2.7	4.8	2.4
Held for sale assets	-	21.9	18.2	-	-
Cash and cash equivalents	64.2	46.5	67.9	39.4	42.1
Total current assets	865.1	1,166.6	846.7	954.0	937.0
TOTAL ASSETS	1,652.0	1,956.7	1,657.2	1,751.2	1,745.0

SHAREHOLDERS' EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY	470.9	440.5	440.4	400.5	426.9
MINORITY INTEREST	25.9	13.7	25.4	12.8	12.2
LIABILITIES					
NON-CURRENT LIABILITIES					
Interest-bearing loans and borrowings	469.5	607.4	543.0	527.3	268.2
Other interest –bearing liability	-	-	-	-	127.7
Provision for employee benefits	82.2	86.6	81.9	93.3	93.3
Other provisions	19.1	15.6	16.2	23.8	26.1
Deferred tax liabilities	24.0	34.9	25.2	31.1	26.1
Total non-current liabilities	594.8	744.5	666.3	675.5	541.4
CURRENT LIABILITIES					
Bank overdrafts	46.3	64.0	8.2	34.9	32.0
Interest-bearing loans and borrowings	25.1	29.4	37.5	49.4	107.2
Trade and other payables	472.6	618.8	451.6	535.7	566.6
Income tax payable	8.1	28.0	7.6	29.9	26.8
Held for sale liabilities	-	9.5	9.6	-	-
Other provisions	8.3	8.3	10.6	12.5	31.9
Total current liabilities	560.4	758.0	525.1	662.4	764.5
TOTAL LIABILITIES	1,155.2	1,502.5	1,191.4	1,337.9	1,305.9
TOTAL EQUITY AND LIABILITIES	1,652.0	1,956.7	1,657.2	1,751.2	1,745.0

[1] *The comparative 2007 figures in the 2008 financial statements have been restated compared to the 2007 financial statements.*

CONSOLIDATED STATEMENT OF INCOME

(€ millions)	Half year ended 30 June		Year ended 31 December		
	2009	**2008**	**2008**	**2007**	**2006**
Revenue	1,021.8	1,461.8	2,706.8	2,816.2	2,529.4
Cost of sales	(920.2)	(1,305.1)	(2,458.2)	(2,526.3)	(2,290.8)
GROSS PROFIT	101.6	156.7	248.6	289.9	238.6
Selling and distribution expenses	(78.5)	(82.1)	(141.8)	(150.1)	(156.9)
Other income and expenses			(20.4)	5.9	(24.0)
OPERATING RESULT	23.1	74.6	86.4	145.7	57.7
Finance income			15.3	12.9	24.5
Finance expenses			(52.8)	(58.5)	(58.4)
NET FINANCE EXPENSES	(16.7)	(21.2)	(37.5)	(45.6)	(33.9)
Share of profit of equity accounted investees (net of income tax)	0.2	7.5	12.4	15.5	8.2
RESULT BEFORE TAX	6.6	60.9	61.3	115.6	32.0
Income tax (expense)/benefit	(0.1)	(7.7)	9.3	(21.6)	(8.6)
RESULT FOR THE PERIOD	6.5	53.2	70.6	94.0	23.4

CONSOLIDATED STATEMENT OF CASH FLOWS

(€ millions)	As at 30 June		As at 31 December		
	2009	**2008**	**2008**	**2007**	**2006**
Result for the period	6.5	53.2	70.6	94.0	23.4
Adjustments for:					
Depreciation	28.0	26.9	51.3	48.2	49.6
Amortisation	2.8	2.3	5.2	4.3	5.1
Impairments	-	5.0	5.0	-	6.3
Finance income	-	-	(15.3)	(12.9)	(24.5)
Finance expense	16.7	21.2	52.8	58.5	58.4
Share of profit of equity accounted investees	(0.2)	(7.5)	(12.4)	(15.5)	(8.2)
Equity-settled share-based payments	1.2	1.3	2.2	1.5	0.9
Income tax expense	0.1	7.7	(9.3)	21.6	8.6
Operating profit before changes in working capital and provisions	55.1	110.1	150.1	199.7	119.6
Changes in inventories	40.1	(58.7)	71.2	(7.3)	(70.1)
Changes in trade receivables	(15.0)	(82.6)	89.2	(11.9)	(39.6)
Changes in trade payables	24.5	70.8	(100.3)	(14.8)	93.4
Changes in other working capital	1.5	1.1	(43.8)	(14.9)	28.1
Changes in provisions	-	-	12.1	(2.0)	12.0
Other	-	-	1.5	-	0.5
Cash generated from operations	106.2	40.7	180.0	148.8	143.9
Interest paid	(21.9)	(19.3)	(39.2)	(41.8)	(39.9)
Income tax (paid) received	(1.4)	(7.4)	(18.3)	(10.4)	(1.3)
Application of provisions	(8.2)	(8.9)	(24.9)	(31.4)	(22.8)
Net cash from (used in) operating activities	74.7	5.1	97.6	65.2	79.9

Dividends received	1.8	0.9	6.7	21.7	2.1
Proceeds from sale of property, plant and equipment	3.9	1.3	3.5	2.3	8.6
Disposal of subsidiaries and associates, net cash disposed of	13.5	-	-	-	-
Cash from consolidation of entities, previous years classified as equity accounted investees	-	-	2.9	-	-
Acquisition of minority interest	-	-	-	(209.0)	-
Acquisition of subsidiaries and associates, net of cash acquired	(1.3)	(1.6)	(1.6)	(0.8)	(30.0)
Acquisition of other investments	(5.4)	-	-	-	-
Acquisition of intangible assets	(3.5)	(2.5)	(7.8)	(7.3)	(1.9)
Acquisition of property, plant and equipment	(17.2)	(21.8)	(50.8)	(64.2)	(45.6)
Net cash from (used in) investing activities	(8.2)	(23.7)	(47.1)	(257.3)	(66.8)
Dividends paid (ordinary and preference shares)	(5.4)	(29.6)	(29.6)	(14.6)	-
Issue of equity	-	-	-	-	-
Redeemable preference shares issued	-	-	-	-	76.6
Redeemable preference shares redeemed	-	-	-	-	(129.5)
Convertible subordinated bond issued	-	-		-	-
Conversion of convertible subordinated bond notes	-	-	(22.3)	-	-
Convertible subordinated bond redeemed	-	-	-	(95.2)	-
Subordinated loan issued	-	-	-	-	77.5
Subordinated loan redeemed	-	-	-	(77.5)	-
Movement in multicurrency facility	-	-	87.9	365.0	-
Shares acquired under long-term incentive plans	-	(0.6)	(1.2)	(4.3)	-
Shares delivered under long-term incentive plans	-	-	0.7	1.3	-
Movements in other bank loans	(86.4)	48.0	(22.0)	13.0	(14.2)
Net cash from (used in) financing activities	(91.8)	17.8	13.5	187.7	10.4
Net increase/(decrease) in cash and cash equivalents	(25.3)	(0.8)	64.0	(4.4)	23.5
Cash and cash equivalents at 1 January (net of bank overdrafts)	41.2	(14.5)	4.5	10.1	(13.1)
Exchange rate fluctuations on cash and cash equivalents	2.0	(2.2)	(8.8)	(1.2)	(0.3)
Cash and cash equivalents at period end (net of bank overdrafts)	17.9	(17.5)	59.7	4.5	10.1

8. OPERATING AND FINANCIAL REVIEW

The following is a discussion of Draka's financial condition and results of operations and the material factors that have affected or may affect Draka's ongoing and future operations. It should be read in conjunction with its consolidated audited financial statements in accordance with IFRS for the years ended 31 December 2008, 2007 and 2006 and its unaudited interim financial statements for the six months ended 30 June 2009 and 2008 including the notes thereto, which are incorporated by reference in this Prospectus.

Some of the information contained in this section, including information with respect to Draka's plans and strategies for its business and expected sources of funding, contain forward-looking statements that involve risk and uncertainties. Investors should read "Important Information – Presentation of financial and other information" for a discussion of the risks and uncertainties relating to those statements and should also read "Risk Factors" for a discussion of certain factors that may affect Draka's business, results of operations or financial condition.

8.1 Overview

General

The Company is the holding company of a number of operating companies that are engaged worldwide in the development, production and sale of cable and cable systems. Since 1 January 2008, Draka has been subdividing its activities into three Groups: Energy & Infrastructure, Industry & Specialty, and Communications.

In the first half of 2009, Draka recorded net turnover of € 1,021.8 million, an operating result (excluding non-recurring items) of € 41.0 million and a net income (excluding non-recurring items) of € 19.4 million. The Energy & Infrastructure Group accounted for around 33% of Draka's total revenue, the Industry & Specialty Group accounted for around 32% and the Communications Group accounted for around 35% of Draka's total revenue.

Cyclicality

Draka operates in markets that are sensitive to cyclical movements in economic activity and changes in economic growth rates and that are subject to fluctuations in supply and demand. See "Risk Factors" for more information.

Triple S Projects

Draka regards the optimalisation of its organisation as a continual process. Securing and maintaining cost leadership in the different market segments is crucially important and is one its strategic objectives. The "Stop, Swap and Share" (or Triple S) project, which was launched in August 2005, is an ongoing process designed to make the organisation more efficient. The project consists of:

- stopping production of cable products that do not enhance the product mix;
- swapping cable production within the divisions, resulting in a portfolio of products created with maximum efficiency in focused plants; and
- sharing best practice within and among divisions in fields such as production, compounding, logistics and marketing.

The project generated cost savings of some € 7 million at the Communications Group in 2008. A further cost saving of around € 3 million was realised by combining the two head offices following the acquisition of 100% of former Draka Comteq at the end of December 2007.

Draka announced new measures in 2008 to reduce the cost base still further, consistent with the Triple S project. The measures relate to the Energy & Infrastructure Europe division, whose Llanelli (UK) plant has been closed, and the Automotive & Aviation division, where the plant in Vigo (Spain) has been closed and the plant in Wuppertal (Germany) is being optimised.

In the light of ongoing challenging market conditions, new projects have been identified in 2009 to extend the Triple S cost savings project whereby Draka's cost base will be lowered further. The new measures are being implemented across the organisation: Draka intends to close its factory in Ystad (Sweden), jointly managed by the Europe division (Energy & Infrastructure Group) and Industrial division (Industry & Specialty Group). Furthermore, within the Automotive & Aviation division Draka intends to downscale its automotive cable production in several countries. Various efficiency measures have also been taken within the Communications Group to further reduce the cost base at the European plants. Other measures, affecting all Draka's activities, range from a sharp reduction in the number of temporary staff, fewer shifts at the production plants and shorter working hours.

8.2 Selected Significant Accounting Principles

The following discussion relates to selected significant accounting policies that were used by Draka in preparing the consolidated financial statements included in this Prospectus. Certain of the accounting policies are particularly important to the preparation and explanation of Draka's results of operations and require it to make assumptions, estimates and judgements that affect its financial statements. On an ongoing basis, Draka evaluates its assumptions, estimates and judgements based on historical experience and other factors and assumptions that it believes to be reasonable under the circumstances. These assumptions, estimates and judgements could subsequently prove to be incorrect, and thus lead to adjustments of the relevant financial information. These policies are more fully described in the financial statements incorporated by reference into this Prospectus.

Estimated impairment of goodwill

Draka tests annually, and whenever events or changes in circumstances indicate that the carrying value may not be recoverable, whether goodwill has suffered any impairment. In determining the recoverable amount of cash generating units, Draka uses standard valuation techniques, such as the market comparison approach and the income approach. The market comparison approach is based upon a comparison of the cash-generating unit to similar entities engaged in an actual merger or acquisition or to public companies whose shares are actively traded. The income approach involves estimating the present value of the future cash flows of the cash-generating unit by using projections of cash flows that the business is expected to generate, and discounting these cash flows at a given rate of return. Each of these methodologies requires the use of management estimates and assumptions, such as growth rates for revenues, expenses, effective tax rates, returns on working capital and capital expenditure, among others. Draka also estimates a discount rate and a terminal growth rate in the calculations.

Draka performs the required impairment test at 31 December of each year or when events or circumstances indicate impairment may be necessary. No impairments for goodwill were recognised in 2008 and 2007.

Property, plant and equipment

Property, plant and equipment are valued at historical cost, less depreciation, or at the recoverable amount whenever impairment has taken place. Depreciation is calculated using the straight-line method based on the estimated useful life, taking into account any residual value. The assets' residual values and useful lives are based on best estimates, and adjusted if appropriate, at each balance sheet date. See for further reference on the carrying amount of property, plant and equipment note 14 to the 2008 financial statements.

Deferred income tax assets

Several of Draka's subsidiaries have significant carried forward tax losses and deductible temporary differences between book and tax balances. The majority of the deferred income tax assets relating to carried forward tax losses were not recognised as at 31 December 2008. These deferred income tax assets were not recognised based on management's assessment of the probability criteria as stated in the applicable accounting standards in light of the multiple years of tax losses incurred in the relevant tax jurisdictions. Future utilisation of the carried forward tax losses and deductible temporary differences will be dependent on Draka's ability to successfully generate taxable income in the carry forward period. The remaining term of usage of the carried forward tax losses are disclosed in note 13 to the 2008 financial statements. Recognition of such deferred tax assets in the future may result in material tax benefits in the period in which such determination is made. For further reference on the carrying amount of deferred income tax assets, see note 13 to the 2008 financial statements.

Income taxes

Draka is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Draka recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. For further reference on income taxes, see note 13 to the 2008 financial statements.

Provision for employee benefits

The consolidated balance sheet includes liabilities with respect to defined benefit pension plans and other long-term benefits. The pension and post-retirement benefit costs and credits are based on actuarial calculations carried out by an independent consultant. Inherent in these calculations are assumptions, including discount rates, rate of salary increase and expected return on plan assets. Changes in pension and post-retirement costs may occur in the future as a consequence of changes in interest rates, expected return on assets or other assumptions.

The discount rate is based on the return of high-quality fixed-income corporate bonds, using an index based on stated bonds. This index is marked up taking into account that corporate bonds bear an additional risk and the fact that pension liabilities have a longer duration than the state bonds. Based on the available information the discount rate as per 31 December 2008 was set at 5.6%. A change of 50 basis points to the discount rate applied would not increase or decrease the employee benefit expense significantly.

For a detailed discussion of the other underlying assumptions, expected future funding obligations and expected future payments, see note 25 to the 2008 financial statements. It is expected that the future payments will have no material impact on future cash flows and that there is no material uncertainty in the funding of the obligation itself.

Other provisions

Draka recognised provisions regarding restructuring, warranties and onerous contracts. Significant judgement is required in the determination of these provisions such as outcome of legislation and the assumptions underlying the determination. For further reference on the carrying amount of other provisions, see note 26 to the 2008 financial statements.

Financial instruments

The determination of the fair value of certain financial instruments requires significant judgement of management regarding underlying assumptions and estimates such as discount rates, credit risks, and yield curves. Further reference is made in note 24 to the 2008 financial statements.

Inventory write down to net realisable value

In the fourth quarter of 2008 the price of copper dropped substantially from € 4,533 to € 2,080. The Board of Management has assessed the impact of this steep drop in copper price on the net realisable value of Draka's inventory and has recognised a non-recurring write down of € 21.1 million (2007: nil). The Board of Management partly based this assessment on estimated future sales margins.

8.3 Operating results

Comparative operating results from the following periods are presented below:

- six months ended 30 June 2009 compared to six months ended 30 June 2008;
- year ended 31 December 2008 compared to year ended 31 December 2007; and
- year ended 31 December 2007 compared to year ended 31 December 2006.

The comparative operating results for the six months ended 30 June 2009 and the year ended 31 December 2008 reflect the change in Draka's organisational structure into three Groups, namely Energy & Infrastructure Group, Industry & Speciality Group and Communications Group. See "Business Overview – Organisational Structure" for more information. Accordingly, the comparative numbers for the six months ended 30 June 2008 and the year ended 31 December 2007 have been restated to reflect this change.

The comparative operating results for the years ended 31 December 2007 and 2006, however, use the old division of Draka into two groups, namely Draka Cableteq (low-voltage and special-purpose cable activities) and Draka Comteq (communication cable activities).

Compliant with IFRS, Draka's joint ventures Telcon Fios e Cabos Para Telecomunica*çõ*es (50%) in Brazil and YOFC in China (37.5%) have been consolidated proportionately as from 1 January 2009. Both joint ventures form part of Draka's Communications Group and have been restated for the six months ended 30 June 2009. The comparative figures for the six months ended 2008 have been restated accordingly.

8.4 Six months ended 30 June 2009 compared to six months ended 30 June 2008

Overview

The following table shows a breakdown of Draka's net turnover and operating results for each of the six-month periods ended 30 June 2009 and 2008 and for the six months ended 31 December 2008, in each case by Group.

(€ millions)	Six months ended		Six months ended
	30 June 2009	**30 June 2008**	**31 December 2008**
	unaudited	unaudited	unaudited
Revenues			
Energy & Infrastructure	335.4	559.6	464.4
Industry & Specialty	326.8	496.7	463.3
Communications	359.6	405.5	439.4
Total revenue	1,021.8	1,461.8	1,367.1
Operating result[1]			
Energy & Infrastructure	18.3	42.8	26.7
Industry & Specialty	20.6	31.7	27.5
Communications	9.8	14.6	14.8
Not attributed	(7.7)	(9.5)	(6.6)
Total	41.0	79.6	62.4

[1] *Excluding non-recurring items. There was a total non-recurring charge of € 17.9 million in the six months ended 30 June 2009. The non-recurring charge in the six months ended 30 June 2008 was € 5.0 million. The non-recurring charge in the six months ended 31 December 2008 was € 41.7 million.*

General

The strong downturn in the global economy and its implications for industrial activity have had a significant impact on global demand for cable. The very steep fall in the first quarter was followed by more stable market conditions in the second quarter, but global demand for cable in the first half of 2009 was still down at least 10% (in volume terms, based on constant exchange rates and copper prices). The North American market fell fastest, dropping 20% over the period, while the market in Western Europe shrank about 18-19%. China was the only market showing growth of around 10-15%. At the product level, all segments contributed to the decline in the cable market, with demand for copper data communication cable falling fastest.

Revenues

Draka's revenues in the first half of 2009 totalled € 1,021.8 million, down 30.1% compared with the same period in 2008. Revenues were adversely affected by both the steep fall in demand and the sharp fall (42.9%) in the average copper price compared with the first six months of 2008. The lower volume accounted for 20.2% and the lower average copper price contributed 12.4% to the decline in revenue. Exchange-rate movements had a positive effect, adding 0.5% to revenue, mainly thanks to the dollar strengthening against the euro.

Acquisitions and consolidations had a modest positive effect, adding 2.0% to revenues, reflecting the full consolidation in the second half of 2008 of Draka's interests in China, Draka Comteq SDGI (55%) and YOFC Shanghai (53.1%).

Operating result

The operating result on a like-for-like basis – excluding non-recurring items – was € 41.0 million, compared with € 79.6 million for the first half of 2008. The operating result including non-recurring items amounted to € 23.1 million, compared with € 74.6 million in the first six months of 2008. The non-recurring charge of € 17.9 million included in the operating result relates to a provision for and current expenses on overhead reduction and Triple S projects within Draka's three Groups. In the same period in 2008, the total non-recurring charge was € 5.0 million.

Operating margin

The operating margin – the operating result excluding non-recurring items as a percentage of revenues – was 4.0%, compared with 5.4% for the same period in 2008. Profitability was severely affected by the reduction in volume, which translated into lower capacity utilisation at Draka's plants, and the increasingly competitive market environment. Positive factors, including a further improvement in the product mix and the effects of the Triple S and other efficiency improvement programmes (amounting to approximately € 10 million), helped to mitigate the negative factors but were not sufficient to offset them completely.

Other financial items

Net finance expense amounted to € 16.7 million, substantially lower than the same period in 2008 (€ 21.2 million), reflecting the lower average net debt and lower interest rates. The taxation item amounted to € 0.1 million negative, including the tax effect on non-recurring items of € 4.5 million. Excluding that effect, the effective tax rate was 18.9% (H1 2008: 25.5%). The share in the profit of equity-accounted investees amounted to € 0.2 million, compared with € 7.5 million in the first half of 2008. The decrease was mainly due to the sharply lower profit reported by Draka's associate OCI in Oman.

Result for the period

The result for the first half of 2009 attributable to Shareholders, excluding non-recurring items, was 60.6% lower at € 19.4 million (H1 2008: € 49.3 million). Including non-recurring items the result was € 6.0 million, compared with € 51.5 million in the first six months of 2008.

Basic earnings per share

After appropriation of the preference dividend (€ 2.7 million), basic earnings per Ordinary Share for the period, excluding non-recurring items, amounted to € 0.41, compared with € 1.31 in the same period in 2008. Including non-recurring items, basic earnings per Ordinary Share amounted to € 0.08 (H1 2008: € 1.37). The average number of Ordinary Shares in issue was 40,612,382 compared with 35,562,589 in the first six months of 2008. The increase relates to the conversion of part (74.2%) of the convertible bond loan into

Ordinary Shares in December 2008. As at 30 June 2009, the number of Ordinary Shares in issue was unchanged compared with year-end 2008 at 40,617,160.

Cash flow and operating working capital

Cash flow from operating activities improved strongly to € 74.7 million, compared with € 5.1 million in the first six months of 2008, due entirely to the reduction in operating working capital.

The normal seasonal variation, with higher operating working capital in the first six months, did not occur in the first half of 2009. In contrast to previous years, operating working capital in absolute terms was € 49.6 million lower compared with year-end 2008 (€ 425.5 million). In the first half of 2008, operating working capital increased by € 48.3 million.

The reduction in operating working capital compared with year-end 2008 can be attributed on the one hand to a change in customer behaviour (given the uncertain economic situation, they tend to buy smaller quantities but more often) and, on the other, to the action taken by Draka to reduce inventory levels and negotiate longer payment terms with its suppliers. The result was that operating working capital as a percentage of revenue was 15.8%, as against 18.4% in the first half of 2008.

Investments and acquisitions

Net investments in intangible assets and property, plant and equipment amounted to € 20.7 million, less than the amortisation and depreciation of € 30.8 million. These investments related partly to a special investment project within the industrial division to create new capacity for submarine cable (medium voltage). Regular maintenance and replacement investments amounted to € 15 million.

Draka completed the sale of its OPGW operations in Mönchengladbach (Germany) to AFL Telecommunications (US) in the first half of 2009. The proceeds equalled the carrying amount of approximately € 13 million.

As at 31 December 2008, the Group entered into contracts to purchase property plant and equipment for an amount of € 4.3 million. This amount has increased to € 4.5 million as per June 2009.

No other material investments are in progress and Draka has not made any firm commitments in respect of any other (future) investments of a material size.

Balance sheet and financing

The balance sheet total as at 30 June 2009 was € 1,652.0 million, a decrease of 3.0% compared with year-end 2008. This was due almost entirely to the decrease of € 38.0 million in current assets (mainly inventories and trade receivables).

Shareholders' equity amounted to € 470.9 million, an increase of 6.9% compared with 31 December 2008, mainly reflecting the realised net result for the first six months of 2009 (€ 6.0 million) and positive movements in the fair value of copper derivatives and positive currency translation effects.

The solvency ratio (shareholders' equity as a percentage of balance sheet total) rose to 28.5% compared with 25.9% as at year-end 2008. The guarantee capital (consisting of shareholders' equity, the provision for deferred tax liabilities and the long-term portion of the subordinated loans) amounted to € 519.6 million, or 31.5% of the total invested capital (year-end 2008: 28.8%).

Net interest-bearing debt fell by 12.4% or € 64.5 million to € 456.2 million, due to a substantial reduction in the absolute operating working capital (€ 47.3 million) and the sale of the OPGW operations. This improved net gearing (total net interest-bearing debt as a percentage of shareholders' equity), which fell to 96.9%, compared with 118.2% as at year-end 2008.

Overview of the performance of the Energy and Infrastructure Group

The Energy & Infrastructure Group revenue in the first half of 2009 was 40.1% lower at € 335.4 million. 22.3% of this decrease can be attributed to the significant reduction in volume and 15.5% of this decrease to the lower average copper price. Exchange-rate effects reduced revenue by 2.3%.

The operating result, excluding non-recurring items, for the first half of 2009 was down 57.2% at € 18.3 million, due to lower capacity utilisation at Draka's plants consistent with the reduced volume and slightly lower market prices. These adverse effects were offset to some extent by a further improvement in the product mix and additional Triple S cost savings (€ 4 million), which helped to maintain the operating margin at a satisfactory level.

Financial results

(€ millions, unless stated otherwise)	**Six months ended**		**Six months ended**
	30 June 2009	**30 June 2008**	**31 December 2008**
	unaudited	unaudited	unaudited
Revenues	335.4	559.6	464.4
Operating result[1]	18.3	42.8	26.7
Operating margin (%)	5.5	7.6	5.7

[1] *Excluding non-recurring items. There was a non-recurring charge of € 3.8 million in the first half of 2009 which related to the closure of the factory in Llanelli (UK) and restructuring programmes launched in the first half of 2009. The non-recurring charge in the first half of 2008 was € 1.5 million. The non-recurring charge in the second half of 2008 was € 21.6 million.*

Analysis by division

Europe

The European construction market declined sharply in the first half of 2009, continuing the trend of the fourth quarter of 2008. In Europe, the effect on demand of the lower level of construction activity in the wake of the economic downturn was compounded by the relatively cold winter. Housing construction was particularly hit hard and the commercial construction segment also contracted. The infrastructure and industrial segments were the least affected and the trend in most countries was stable to slightly downward.

In Europe, the steepest declines were experienced in Spain, Finland and Estonia, but the Benelux market performed relatively well.

Draka is continuing to respond actively to the changing market conditions, pursuing a strategy of further improvement of the product mix, with the emphasis on halogen-free fire-resistant cable and cable for special applications such as renewable energy systems. At the same time, it is working to increase its share of the industrial and infrastructure segments.

Given the weakness of the market, Draka is focusing on reducing its costs and tailoring its production capacity to the changing market. The closure of the factory in Llanelli (UK) was completed in the early months of 2009. Reflecting the market conditions alluded to above, the Europe division's results were sharply lower.

Asia-Pacific

Although the lower level of economic activity also affected the Asian region, demand held firm in the market segments in which Draka is active in this region – mainly infrastructural, industrial and commercial projects (shopping centres, hospitals, schools etc.). The Asia-Pacific division reported modest volume growth in the first half, yielding a result close to that for the first six months of 2008.

Overview of the performance of the Industry & Specialty Group

The Industry & Specialty Group reported revenue of € 326.8 million (–34.2%) for the first half of 2009. The principal drivers of this decrease were a reduction in volume (23.7%) and the lower copper price (14.0%). Excluding Automotive & Aviation, the Group's volume would have been 15.2% lower. Exchange-rate effects added 3.5% to revenue.

The operating result, excluding non-recurring items, was 35.0% lower at € 20.6 million. The decrease was mitigated by a relatively strong performance by the Elevator Products and Cableteq USA divisions. Due to rigorous cost-reduction programmes, the Automotive & Aviation division was able to break even despite a fall in volume of around 35%. The total Triple S savings amounted to some € 2 million.

Financial results

(€ millions, unless stated otherwise)	**Six months ended**		**Six months ended**
	30 June 2009	**30 June 2008**	**31 December 2008**
	unaudited	unaudited	unaudited
Revenues	326.8	496.7	463.3
Operating result[1]	20.6	31.7	27.5
Operating margin (%)	6.3	6.4	5.9

[1] *Excluding non-recurring items. There was a non-recurring charge of € 12.7 million in the first half of 2009 which related to the closure of the Automotive & Aviation division's factory in Vigo (Spain) and restructuring programmes launched in the first half of 2009. The non-recurring charge in the first half of 2008 was € 3.5 million. The non-recurring charge in the second half of 2008 was € 16.8 million.*

Analysis by division

Industrial

The Industrial division was hampered in the first half-year by delays in the start-up of new projects in the renewable energy segment. A significant slowdown was also experienced in the OEM segment and among wholesalers. Compared with the first half of 2008, the oil and gas segment was stable.

Despite the current delays in renewable energy projects, the outlook is still positive, partly because the economic stimulation measures announced by various governments are focused primarily on investments in renewable energy, which are expected to start as from the second half of 2009. The funding facilities have also improved compared with the past half-year.

The Industrial division posted a sharply lower result, reflecting poor performance in the renewable energy, mining and materials handling segments, but the first-half results for the oil and gas sector were stable.

Automotive & Aviation

In the first six months of 2009, the automotive industry continued the sharply downward trend of the second half of 2008. Demand for cars in North America and Europe fell 20-30% on average and all manufacturers made drastic cuts in production, often greater than the fall in demand. General Motors and Chrysler filing for protection from creditors in the first half of the year also had an adverse effect on car production.

The downturn in the automotive sector was offset to some extent by the good performance of the aviation business (cables for Airbus).

Although the substantial decrease in volume, which translated into a lower level of capacity utilisation in Draka's factories, had a major impact on the result, the Automotive & Aviation division was able to break even due to intensive cost-saving programmes and the closure of the factory in Vigo (Spain), which was completed in the first quarter of 2009.

Cableteq USA

The weak local market had only a limited effect on Cableteq USA's results, partly due to the division's strategy of focusing on specific market niches, such as the defence industry and infrastructure. The division also benefited from the work on improving the power grid. Cableteq USA ended the first six months of 2009 with a satisfactory result.

Elevator Products

Despite the difficult market conditions in North America and Europe, Elevator Products achieved a result close to that for the same period in 2008, helped by rapid and sustained growth in China. Several successful campaigns were run to support Draka's entry into new product markets in the elevator and escalator industry.

Overview of the performance of the Communications Group

The Communications Group generated revenue of € 359.6 million (–11.3%) in the first half of 2009. The decrease was due to a combination of the reduction in volume (–13.0%) and the lower copper price (–6.1%). The consolidation of Draka's interests in China, Draka Comteq SDGI (55%) and YOFC Shanghai (53.1%), and exchange-rate effects benefited revenue by 7.1% and 0.7%, respectively.

The operating result decreased to € 9.8 million, compared with € 14.6 million in the first half of 2008, due to the lower volume and the pressure on selling prices. Triple S cost savings of approximately € 4 million were not sufficient to fully compensate for the lower result.

Financial results

(€ millions, unless stated otherwise)	**Six months ended**		**Six months ended**
	30 June 2009	**30 June 2008**	**31 December 2008**
	unaudited	unaudited	unaudited
Revenues	359.6	405.5	439.4
Operating result[1]	9.8	14.6	14.8
Operating margin (%)	2.7	3.6	3.4

[1] Excluding non-recurring items. There was a non-recurring charge of € 1.4 million in the first half of 2009 which related to various efficiency-raising projects in the Communications Group. No non-recurring items were recognised in the first half of 2008. The non-recurring charge in the second half of 2008 was € 3.3 million.

Analysis by market segment

Telecommunications

The Communications Group was held back in the first half-year by the fall in demand for optical fiber in Europe due to the delayed start-up of new projects by major European telecoms operators. Demand was also lower in North America, reflecting a growing reluctance to invest. In China demand rose strongly driven by large projects, including FTTH-projects, by major telecoms operators. Draka maintained its share in all three markets.

In North America and Europe, Draka is making preparations for the growth in demand expected to flow from government economic stimulus packages, which should start to take effect from the second half of 2009.

Demand for copper telecommunication cable in Europe again fell sharply, mainly due to the moratorium on investment in Eastern European countries.

The Communications Group's result for the first six months of 2009 was lower, reflecting the downturn in demand for copper cable and the sustained pressure on selling prices. The positive contribution made by the comprehensive cost-saving measures that had been implemented at an accelerated pace was not sufficient to compensate fully for the negative factors.

Data Communication

The steep decline in construction activity in Europe also had repercussions for demand for data communication cable, which fell well short of the good level achieved in the first half of 2008. Draka was able to maintain its market share thanks to product innovation in the broadband segment.

Draka's result in the data communication cable segment was sharply down, in line with the strong decline in demand.

Mobile Networks

The lower demand for mobile network cable in Western Europe, reflecting the lower propensity to invest, was offset to some extent by the continuing stable demand in Asia.

The Communications Group was able to maintain its market share in this segment, but the result was under pressure from growing price competition.

Optical Fiber

The optical fiber market performed better than Draka predicted earlier this year. Total global demand has remained stable, supported mainly by rapid growth in network investments in China. As forecasted, demand in Europe and North America was down by around 10%. Optical fiber prices (in US dollars) held firm everywhere except China, where the vigorous growth exerted upward pressure.

The Communications Group's result in this segment was close to that for the same period in 2008, partly due to increased exports of optical fiber to Draka's joint ventures in China.

8.5 Year ended 31 December 2008 compared to year ended 31 December 2007

This paragraph gives an overview of the 2008 and 2007 figures as audited by Deloitte Accountants B.V. The 2007 figures are restated, which had an impact of negative € 14.3 million on shareholders' equity. First the Company made a € 13.2 million adjustment of the provisional cost of the acquisition of Draka Comteq B.V., which was recognised directly in equity retrospectively on 31 December 2007. The adjustment of the provisional cost of the acquisition was recognised directly in equity as a consequence of the accounting policy of the Company for the accounting for acquisition of minority interests. Furthermore an amount of € 1.1 million was recognised in equity as of 1 January 2007, as a result of the first-time adoption of IFRIC 14, "IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction" (EU endorsed from fourth quarter 2008).

Overview

The following table shows a breakdown of Draka's net turnover and operating results for each of the years ended 31 December 2008 and 2007, in each case by Group.

(€ millions)	Year ended 31 December	
	2008	**2007**
Revenues		
Energy & Infrastructure	1,024.0	1,107.5
Industry & Specialty	960.0	1,000.7
Communications	722.8	708.0
Total revenue	**2,706.8**	**2,816.2**
Operating result[1]		
Energy & Infrastructure	69.5	82.2
Industry & Specialty	59.2	56.9
Communications	20.5	21.3
Not Attributed	(16.1)	(14.7)
Total	**133.1**	**145.7**

[1] *Excluding non-recurring items. There was a non-recurring charge of € 46.7 million. This relates to a provision of € 25.6 million for the Triple S projects within Draka's three Groups, necessitated by two plant closures and measures to reduce overheads, and a charge of € 21.1 million in respect of the writing-down of inventory to the net realisable value to reflect the sharp fall in the copper price in the second half of the year. No non-recurring items were recognised in 2007.*

General

The worldwide financial crisis that manifested itself in 2008 inevitably had repercussions for the global cable market. After growth of 2-3% in the first half of 2008, the second half saw world demand for cable fall at least 3% (in volume terms, based on constant exchange rates and copper prices), so cable market volume showed a marginal decline over the year.

The main reason for the flat volume trend was the sharp fall in demand in North America. After two years of steady decline of 3% and 2.5% respectively, demand was down about 8% in 2008, reflecting the sharp fall in construction volume on the North American market. The financial turbulence also had an impact on construction activity in the West European market in the second half of the year, resulting in a fall of around 3% in demand for cable in 2008. In the emerging markets such as Eastern Europe, the Far East, India and Latin America, the rate of growth in demand almost halved compared with 2007 but was still healthy at 4% to 6%, depending on the region.

At product level, two segments contributed to the growth of the cable market, namely energy cable and optical fiber cable. The trend in the energy cable segment remained positive, with demand for medium- and high-voltage cable around 4% higher (note: Draka is not active in high-voltage cable). The demand for low-voltage cable fell around 2% compared with growth of 6% in 2007, mainly due to the downturn in the construction markets in North America and Western Europe. The trend in the special-purpose cable segment was more positive, with growth of about 1%. The strongest growth (around 9%) in the cable market was recorded by the optical fiber telecommunication cable segment. Other segments in the communication cable market performed less well: demand for copper telecommunication cable fell again (by almost 6-7%) and demand for data communication cable (copper and optical fiber) was stable.

Revenues

Draka's revenues in 2008 totalled € 2,706.8 million, down 3.9% compared with 2007. Revenues were adversely affected by exchange-rate movements and the sharp fall in the copper price in the last six months of 2008. Acquisitions and consolidations, on the other hand, added 2.1 percentage points to revenues. The acquisitions were D.B. Lift Draka (Italy) and Nantong Zhongyao Mechanic Electric Co, Ltd (China), which had been acquired in 2007 and made a full year's contribution in 2008. Draka's interests in China, Draka Comteq SDGI (55%) and YOFC Shanghai (53.1%), were fully consolidated following the acquisition of a 100% interest in Draka Comteq B.V. in December 2007.

On a like-for-like basis, excluding acquisitions and exchange-rate effects, revenues were down 3.6%. This was due not only to lower volume (1.7 percentage points), but also to a lower average copper price (1.9 percentage points). The fall in the copper price had a negative effect because of the delay in passing on changes in raw material prices in the price of the cable products. The effect of exchange-rate movements was 2.4 percentage points negative, mainly reflecting the weakness of the dollar and pound against the euro.

Revenues by Group (€ million)

	2008	**2007**
Energy & Infrastructure	1,024.0	1,107.5
Industry & Specialty	960.0	1,000.7
Communications	722.8	708.0
Total	**2,706.8**	**2,816.2**

Operating result

The operating result, including non-recurring items, in 2008 amounted to € 86.4 million, down 40.7% compared with 2007 (€ 145.7 million). The operating result includes a non-recurring charge of € 46.7 million. This relates to a provision of € 25.6 million for Triple S projects within Draka's three Groups, necessitated by two plant closures and measures to reduce overheads, and a charge of € 21.1 million in respect of the writing-down of inventory to the net realisable value to reflect the sharp fall in the copper price in the second half of the year. No non-recurring items were recognised in 2007.

On a like-for-like basis – excluding non-recurring items – the operating result was 8.6% lower at € 133.1 million, compared with € 145.7 million in 2007.

Operating result by Group (€ million)

	2008	2007
Energy & Infrastructure	69.5	82.2
Industry & Specialty	59.2	56.9
Communications	20.5	21.3
Not attributed	(16.1)	(14.7)
Total operating result (excluding non-recurring items)	**133.1**	**145.7**
Energy & Infrastructure	(23.1)	-
Industry & Specialty	(20.3)	-
Communications	(3.3)	-
Not attributed	-	-
Total non-recurring items	**(46.7)**	**-**
Operating result	**86.4**	**145.7**
Operating margin (excluding non-recurring items)	**4.9%**	**5.2%**

Operating margin

The operating margin – the operating result as a percentage of revenues – was slightly lower at 4.9% (2007: 5.2%). The margin was adversely affected by the reduction in volume, which translated into lower capacity utilisation at Draka's plants, growing pressure on prices due to the rapidly deteriorating market conditions in the second half of 2008 and adverse exchange-rate effects. Positive factors, including a further improvement in the product mix and the effects of the Triple S and efficiency programmes, helped to moderate the negative factors but were not sufficient to offset them completely.

Other financial items

Net finance expense amounted to € 37.5 million in 2008, substantially lower compared with 2007 (€ 45.6 million). This item includes a book profit of € 12.6 million on Draka's successful bid for the € 100 million 4% convertible bond loan. Excluding this book profit, net finance expense amounted to € 50.1 million, an increase of 9.9% compared with 2007. The acquisition for € 209 million of the remaining 49.9% interest in Draka Comteq at the end of 2007 accounted for all of this increase.

The taxation item amounted to € 9.3 million positive. This includes the tax effect on non-recurring items (Triple S projects and inventory revaluation) of € 11.7 million and a tax income of € 16.2 million. This income was partly the result of an agreement reached by Draka and the Dutch tax authorities on several open issues relating to the 2004 financial year. The acquisition of a 100% interest in Draka Comteq also gave rise to a tax loss carry-forward. Adjusted for the above items, taxation amounted to € 18.6 million and the effective tax rate was 22.4% (2007: 29.3%).

The share in the profit of equity-accounted investees amounted to € 12.4 million (2007: € 15.5 million). The result was adversely affected by an inventory revaluation at Draka's associate OCI in Oman. Excluding this revaluation, the share in the profit of equity-accounted investees would have been € 20.4 million.

Other items and result for the year (€ million)

	2008[1]	**2007**[1]
Operating result (including non-recurring items)	86.4	145.7
Non-recurring items	46.7	-
Operating result (excluding non-recurring items)	133.1	145.7
Net finance expense	(50.1)	(45.6)
Result before income tax	83.0	100.1
Income tax expense	(18.6)	(29.3)
Share of results of equity-accounted investees	20.4	15.5
Result for the year	84.8	86.3
Minority interests	(1.3)	(1.0)
Result for the year attributable to equity holders of the Company	83.5	85.3
Preference dividend	5.4	5.4
Basic earnings per share (in euros)	2.18	2.25

[1] *Excluding non-recurring items of € 14.2 million negative in 2008 and € 7.7 million positive in 2007.*

Result for the year

The result for the year attributable to Shareholders was € 69.3 million, down 25.5% compared with 2007 (€ 93.0 million). Excluding non-recurring items, the result was € 83.5 million, a decrease of 2.1%.

Basic earnings per share

After appropriation of the preference dividend (€ 5.4 million), basic earnings per Ordinary Share amounted to € 1.78, compared with € 2.46 in 2007. Excluding non-recurring items, basic earnings per Ordinary Share amounted to € 2.18, compared with € 2.25 in 2007. As at year-end 2008, there were 40,617,160 Ordinary Shares in issue. This represents an increase of 5,046,151 compared with 2007, which was due to the conversion of part (74.2%) of the convertible bond loan (see also "Share information"). The average number of Ordinary Shares in issue was 35,791,616.

Cash flow and operating working capital

Cash flow from operating activities in 2008 amounted to € 97.6 million, an increase of 49.7% on 2007 (€ 65.2 million). Cash flow per share was € 2.73, compared with € 1.83 in 2007. The higher cash flow can be attributed mainly to the improvement in operating working capital.

Operating working capital decreased by € 60.1 million in 2008, as against an increase of € 34.0 million in 2007. The decrease was due to two factors: the reduction in volume and the fall in the copper price passed on to end-customers. As a consequence, operating working capital fell to a record low of 14.4% of revenues (2007: 16.1%), better than the target of stabilising the operating working capital ratio at 16-18% in 2008.

Draka continues to focus closely on managing and, where possible, further reducing its operating working capital. Especially in times of difficult market conditions, it is one of the most effective levers available to management. Draka has established a strong track record in this field in recent years and intends to put its experience and expertise to good use in the coming period.

Abridged cash flow statement (€ million)

	2008	**2007**
Cash flow from operating activities	97.6	65.2
Cash flow from investing activities	(47.1)	(257.3)
Cash flow from financing activities	13.5	187.7
Net cash flow	**64.0**	**(4.4)**

Investments, acquisitions and disposals

Net investments in intangible assets and property, plant and equipment amounted to € 58.6 million, below the expected level of around € 70 million. Regular maintenance and replacement investments (€ 44.0 million) accounted for some 75% of the total. Among the major projects in this category were an extrusion line in Mexico (Durango) and Spain (Barcelona), a PVC compounding mixer in the Netherlands (Emmen) and business support SAP applications in Singapore and US (Rocky Mount).

The remaining 25% (some € 14.6 million) related to two special investment projects within the industrial division, designed to advance Draka's share of the fast-growing market for cable for renewable-energy applications (wind turbines and solar power). The first was a project to expand production of cable for wind turbines. The second, relating to the medium-voltage submarine cable used for connecting offshore wind turbines, requires a remaining investment of € 10 million and will be completed in 2009.

Draka spent € 1.6 million in 2008 on the acquisition of D.B. Lift Draka (Italy), which had been announced in 2007 and was finalised on 10 January 2008.

There were no disposals of material size in 2008.

Balance sheet position

The balance sheet total as at year-end 2008 was € 1,657.2 million, a decrease of 5.4% compared with year-end 2007. This was due entirely to the decrease of over € 100 million in current assets (mainly inventories and trade receivables), reflecting the lower volumes and the sharp fall in the copper price in the second half of the year.

Shareholders' equity

Shareholders' equity as at year-end 2008 amounted to € 440.4 million. The increase of 10.0% compared with 31 December 2007 was due mainly to the addition of the result for the year attributable to Shareholders and the conversion of 74.2% of the outstanding convertible bond loan into shares (see also "Description of Share Capital and Corporate Structure"). Negative factors were the changes in fair value of copper and interest-rate derivatives, currency translation effects (pound and Norwegian krone) and the dividend distribution.

Movements in shareholders' equity (€ million)

Shareholders' equity as at year-end 2007	400.5
Conversion of convertible subordinated bond notes	34.7
Currency translation effects	(11.4)
Changes in fair value	(24.8)
Result for the year attributable to Shareholders	69.3
Dividend paid	(29.6)
Other	1.7
Shareholders' equity as at year-end 2008	**440.4**

Reflecting the lower balance sheet total and higher shareholders' equity, the solvency ratio (shareholders' equity as a percentage of balance sheet total) rose sharply to 26.6%, compared with 22.9% as at year-end 2007. The guarantee capital (consisting of shareholders' equity, the provision for deferred tax liabilities and the long-term portion of the subordinated loans) amounted to €489.9 million, or 29.6% of the total invested capital (year-end 2007: 29.9%).

Interest-bearing debt

Net interest-bearing debt (including the subordinated convertible bond loan carried at nominal value) was reduced by € 54.1 million last year to € 498.4 million (2007: € 552.5 million). The free cash flow and the conversion of 74.2% of the outstanding convertible bond loan into shares accounted for most of the decrease. This significantly improved net gearing (total net interest-bearing debt as a percentage of shareholders' equity), which fell to 113.2% (2007: 138.0%).

Overview of the performance of the Energy & Infrastructure Group

The Energy & Infrastructure Group generated revenues of € 1,024.0 million, a decrease of 7.5% compared with 2007. This was due primarily to a 2.2% reduction in volume, as a consequence of the sharp slow-down in the European construction market in the second half of 2008. There was still some growth in Draka's business in the Asian market, but not enough to compensate for the decline in Europe.

The Energy & Infrastructure Group's operating result fell 15.5% to € 69.5 million, largely caused by the downward volume trend in the last six months of 2008. The higher raw material prices (especially polymers) also had an adverse effect on the margins.

Analysis by division

<u>Europe</u>

The markets were relatively strong during the first six months of the year but suffered a sudden decline in the last quarter. The market slowdown in Southern Europe steepened further, particularly in Spain which continued to suffer the effects of overcapacity in the residential market, with a decline as high as -75%. This was joined by the collapse in the property market in the UK (-50%) and an economic downturn in the Nordic countries (-10 to 15%). However the downturn in the UK has so far been largely compensated by industrial, infrastructural and commercial projects, and partial compensation has also been achieved in Spain. Eastern Europe is less strongly affected by the downturn, and growth there remained positive in the low single-digit range. Opportunities are also seen in the oil and (petro-)chemical industries, especially in the Middle East. This is at present the sector showing the strongest growth in projects, currently at double-digit level, and the outlook remains positive. The division aims to further strengthen its position in these markets to compensate for some of the decline in Europe. Overall the lower volumes resulting from the economic downturn are resulting in increased pressure on prices.

The division continues to fight the price pressure by focusing on further increasing added value through special products, service and support. For example, partnerships with wholesalers are being strengthened, and this has resulted in higher vendor ratings on aspects like delivery performance, technical support and EDI. Services to installers are being continued and extended, with the aim of positioning the brand so installers will specifically ask for Draka's products. Efforts are being made to develop new market segments in industry, infrastructure and renewables, for example with dedicated concepts for onshore windmill parks. Emphasis is being placed on improving support for industrial projects both internally and externally, with a strengthened combination of products, services, market approach and logistics, all delivered close to customers' locations.

Asia-Pacific

After a strong first nine months Asian markets saw a sudden downturn in the last quarter, with many developers experiencing market slowdown and financial difficulties. This has led to some major projects being delayed, possibly for as long as one and a half years. One major project for a gaming resort in Singapore will now probably open in stages starting in 2009, and the expected deliveries for the last two months of 2008 were cancelled. Governments have announced that they will push forward with major infrastructural projects to boost the economy. These include a major hospital and sports complex in Singapore, while the Chinese government has announced increased spending on infrastructural projects to revive the economy. However these projects have long lead-times, so the full impact is not expected to be felt until end-2009 or early 2010, with cable deliveries not starting until well into 2010.

Overview of the performance of the Industry & Specialty Group

The Industry & Specialty Group posted revenues of € 960.0 million, down 4.1% on 2007. In volume terms, the decrease amounting to 1.1%, attributable entirely to sharply lower sales in the Automotive & Aviation division. However, this decrease was almost fully offset by growth in the Industrial division, on the back of strong demand for cable for wind turbines.

The Industry & Specialty Group posted an operating result of € 59.2 million, an increase of 4.0% compared with 2007 (€ 56.9 million). This good performance was mainly due to the strong demand for cable for wind turbines (Industrial division) and the record result achieved by the Elevator Products division.

Analysis by division

Automotive & Aviation

While the market has always shown relatively stable growth in the past, the second half of 2008 saw a sharp downturn in the automotive industry. Tightening of consumer credit plus the deteriorating economic outlook led buyers to postpone new car purchases, while at the same time the division's customers – mainly tier 1 suppliers to the automotive industry – reduced inventories to match the lower sales levels. Overall, demand was down by around 20-30% in the last six months, with all manufacturers announcing extensive end-of-year production breaks. Growth has also declined or fallen to zero in the emerging markets. Eastern Europe remained positive, although the volume is insufficient to compensate for the decline elsewhere. This downturn is likely to lead to accelerate further consolidation, with a shakeout of suppliers who are finding it hard to stay competitive under the present conditions. Pressure on prices is severe as customers seek extra value, and this will further drive consolidation. The resulting contraction of the supply base gives the division an opportunity to further increase its market share.

In the aircraft industry Airbus is keeping its capacity steady, with a multi-year order book and single-aisle aircraft deliveries scheduled at 36 per month in 2009. However, Airbus also faces order cancellations by some airlines as a result of the downturn in passenger numbers. Planned larger aircraft such as the A380 are not yet a significant factor because of the low numbers involved. However technology developments such as lighter cables for the A380 are being transferred to single-aisle aircraft where they are enabling the division to defend its price levels while offering extra value to customers.

The division has acted to reduce costs in line with the downturn in demand, for example by the closure of the factory in Vigo (Spain) as tier 1 suppliers relocate to low-labour-cost countries in North Africa and Eastern Europe. Production has been shifted to other Draka plants in Wuppertal (Germany) and Czech Republic. Ongoing optimisation programmes are also underway at these locations, for example by rationalising and increasing the efficiency of the production equipment.

The division is well placed to withstand the present turbulent market conditions because of its global base and strong technology position. Higher oil prices and "greener" thinking are leading to a global trend to adopt European car technology. The division is anticipating this trend with its global reach for European-specification cables that are lighter, more flexible and have reduced levels of hazardous materials. It also has industry-leading expertise in trends such as the use of smaller cable cross-sections wherever possible. Its experience in contributing to the production of fuel-efficient vehicles, for example through synergies with the technologies used in aircraft, will be a positive factor in emerging stronger from the current downturn.

Industrial

Business in the division was strong in all areas during most of the year, with well over 10% growth in most segments up to then. There was a significant slowdown in the last quarter, mostly in the OEM segment and among wholesalers. The marine, oil & gas business also showed a slight slowdown, with fewer new projects. Demand for rigs is still strong, although future development will depend on the overall situation in the energy market and the oil price. The shipboard business was also strong, especially for the building of large vessels in the Far East. However the past months have seen some contract cancellations, and growth of business for shipyards is expected to slow down further in 2009.

The wind power market continued its strong growth at around 40% year on year, although this segment too slowed down somewhat towards year-end. The alternative energy market in general already accounts for around one-third of the division's sales, and as global market leader the division has the clear goal of continuing the strong growth in this segment.

Strong current growth drivers are the markets in Asia (marine, oil & gas and renewables) and the US (wind energy). New opportunities are emerging in the mining industry in Australia and Russia, in which marketing activities were started and the first orders already won in 2008.

Pricing was mainly stable, allowing cost increases in metals, energy and labour to be largely passed on to customers, although this proved to be more challenging during the last quarter.

The year was largely shaped by the integration of the former Rubber Cable and Marine, Oil & Gas divisions, resulting in a comprehensive product portfolio with a strong customer focus in the different markets and regions. Up to 60% of cables in the marine, oil & gas markets are rubber, which underlines the strong potential for rationalisation, cost-saving and efficiency gains in the organisation. The global presence in terms of cable production and distribution centres is beneficial for the entire business activities. The product range is continuously being extended to complete the offering and to add value to the respective applications and customers. As well as cables, the range includes customised cable sets and harnesses, value-added accessories like connectors and clamps up to cable installation and supervision and the complete installation of photovoltaic power plants. A high innovation rate ensures technology leadership in most of the related markets. For example the division was the first to offer preassembled and connectorised Towerflex cable sets, which allow timesaving "plug & play" installation on-site in wind turbines. These easy-to-install cable packages allow gains in market share to be made by replacing traditional solutions. To follow the market share gains in many markets as well as the market growth itself, significant investments have been made to expand the rubber cable and rubber compound production capacity in Europe, US and China. To grow the submarine cable business, significant investments in new equipment were started in 2008 and will be completed in 2009. The division's broad market coverage and excellent product portfolio mean it is well positioned for 2009 despite the economic downturn, with positive developments in many of the segments served.

Elevator Products

2008 was a successful year for elevator products with record sales and operating results. Although downturns in the global construction markets will have an impact, the division has focused on entering new product markets in the elevator and escalator industry to insulate them from that effect. Draka elevator products' market share declined somewhat, by their own design, because of the enlargement of the market served by introducing additional products such as operating panels and electronics from its companies in China. The positive effect of this development is that it creates opportunities for the division by adding extra products in these new niches. In 2008 54% of product supplied was non-cable, and this figure is expected to increase further to 57% in 2009.

Elevator products continued its strong focus on the rollout of the successful Extended Factory Model (**EFM**), which has been well received by major OEMs. It gives them the opportunity to reduce their total cost of acquisition by outsourcing (or in some cases even "insourcing", with Draka's presence in their own factories) the procurement of a wide package of supporting products. Manufacturers are increasingly reducing supplier numbers, and the division is well placed to partner with them as a strategic supplier, with the capability to deliver a large proportion of their Bill of Materials on a global basis.

In line with these opportunities, elevator products is aggressively broadening its product range to allow it to fulfil OEM demands and occupy new niches in the overall elevator market. For example in China the Zhongyao-Draka joint venture is working to strengthen its global presence with additional activities such as the production of additional electrical components, connectorisation and "kitting". Also a cable line has been installed with production ramping up in 2009. In Brazil additional cable production is operational and in plant operation has just begun at various OEM facilities. These developments are part of the continuing progress of integration and globalisation of the division's activities, aimed at strengthening its global presence, winning market share and cutting costs to offset the downturn in sales.

Every effort is being made to strengthen the role of D.B. Lift Draka in Milan, which was acquired at the beginning of 2008, as a centre for distribution to the European and Middle Eastern markets. D.B. Lift Draka is now responsible for management of key accounts in Europe, and is expected to develop as an increasingly important supply channel for Draka to the European market.

Cableteq USA

With its broad product and customer base including a number of strong growth segments, Draka Cableteq US has a good level of resistance to the present economic downturn, and its longer-term projections are still positive. Business in the marine, oil & gas sector continues to be good, and although there was some decline in the general industrial market, wind power is continuing its exceptional growth rate. The strongest of the division's niche markets is irrigation, which is driven by crop prices and growing biofuel demand. The utility market continues to grow, with increasing numbers of wind farm and infrastructural projects and work on improvement of the power grid, all of which is relatively independent of the economy. Defence is another strong segment, with supplies to the US and NATO navies including power distribution cables on aircraft carriers and other naval vessels. Metalclad cables used for downhole applications to improve oilwell yields are also continuing to show double-digit growth. Supplies to mass transit systems were strong in 2008, with projects for metro and light rail systems such as those in New York and Denver. These are long-term projects with a limited supplier base, for which principals demand exact compliance with specifications and the ability to supply a complete range of products. Finally the fire protection market, a new field for the division, offers good potential through the unique Draka technology for two-hour fire rated cables which can replace more costly conventional solutions.

Draka Cableteq USA is continuing to work closely together with the Draka Industrial division, acting as an integrated supplier for customers in the marine, oil & gas and (wind) power markets. The two divisions provide customers with seamless global solutions, regardless of location. The first major capacity increases since the division was formed in 2004 have taken place in 2007 and 2008. For example the plants in Massachusetts and Pennsylvania have been expanded, and a new rubber extrusion line has been added, all completed at the end of 2008. These will allow the increasing demand from the marine, oil & gas, utility, defense and wind power markets to be met. Cableteq USA is also actively involved in product development, for example in areas calling for specialised technologies such as Metalclad and fire protection cables. It is also involved in multi-year programmes together with the US Navy and system integrators focusing on developments such as the new electromagnetic launching system on carriers. The division was the first to adopt the new Draka SAP template in the second half of 2007, and has since then learned how to deploy it effectively. Benefits include improved service levels in terms of delivery performance, stock availability and customer satisfaction, as well as improvements in financial indicators such as reduced working capital. Improved service is key to fighting pressure on prices, which although not yet severe can be expected to intensify as business slows down in some of the segments served.

Overview of the performance of the Communications Group

Revenues in the Communications Group were 2.1% higher at € 722.8 million. The 1.8% decrease in volume was largely attributable to the copper cable activities (both telecom and data communication). In contrast, the optical fiber cable activities posted growth of around 7%.

The Communications Group's operating result turned out at € 20.5 million, down 3.8% compared with 2007. Negative factors affecting the result included the reduction in volume in the copper cable activities and the related pressure on selling prices and the adverse effect on the European optical fiber activities of the weaker dollar against the euro. Positive factors were volume growth in the optical fiber activities and cost savings (around € 10 million), but these were not sufficient to offset the adverse effects.

Analysis by division

<u>Telecommunications</u>

The decline in demand for copper cable is increasing, driven by the high price of copper. Fiber has become more competitive since early 2008 for cost reasons, and operators are accelerating the rollout of fiber in their telecom networks. Fiber sales showed a healthy growth of around 10% overall. The main driver is the rollout of FTTH, for example among all the major operators in Western Europe, which is strongly driving demand for fiber. Some market share was lost because of deliberate efforts to maintain price levels. However the Communications Group's position remains strong in Southern Europe. Sales for FTTH projects were also strong in the US to both the established telecom operators and a host of smaller operators, and are showing no signs of slowing down. Smaller companies grew steadily in 2008, although the largest customer continues to be Verizon. Market share was gained in the US, in a market that grew at around 5% in volume terms. Another strong driver for fiber sales is the growing HDTV market with its resulting high bandwidth demands. There were strong increases in the material costs of cables in 2008, and it is becoming increasingly difficult to pass these on to customers due to intense competition, although this does not yet apply in the fiber business. Strong competition in the US cable market, with some suppliers unable to fully cover their costs, can be expected to lead to consolidation in the future. In South America, the market in Brazil showed good growth in the fiber business, driven by development of Internet access and the corresponding infrastructure. Brazil is several years behind North America and Europe in these developments, and with FTTH rollouts starting in urban areas growth is expected to continue in the coming years. Strong demand also continued in Asia, driven mainly by China with a growth of around 10%.

In general every effort is being made to maintain and where possible increase market share by maximising added value, for example by providing operators with support in network design and engineering, and with software packages for service and maintenance. This is a unique capability, and is particularly valued by smaller telecom operators and new market entrants without the necessary in-house expertise. The large incumbent operators also value the Communications Group's one-stop-shop position, which enables it to offer all the required products and services for network implementation and maintenance except for the civil works. Customer service has been further improved in Southern Europe thanks to the local manufacturing presence and high customer support level. The focused factory approach introduced after the restructuring two years ago is now performing well, and allows improved product quality and more cost-effective manufacturing. Some compensation for the strong decline in copper sales is being found in the infrastructure market, for example in railway signalling.

In the US there is a strong focus on providing new interconnection products to support large customers like Verizon, especially for use in apartment buildings. The Communications Group serves this market with products that meet all fire-retardant codes and reduce costs. Their high flexibility allows quick, easy installation in tight cable ducts, which is particularly important since labour accounts for 60% of costs. Efforts are also being made to develop the office market for fiber cable sales in the US. This is a new market in which the same products and technologies are used as in homes. Here too the benefits of full fire-retardant and flame-resistant specifications, together with bend resistance and easy installation, are important advantages.

Data Communication

A key development in data communication is the current transition to 10 GB networks in data centres and office applications. This represents an opportunity to deliver added value in both fiber and copper cable products. At present the product mix in the market is around 80% copper and 20% fiber, in a market that declined slightly in 2008. The shift in the product mix towards category 6 and 7 copper cables is an ongoing move that is driving the business, bringing with it increasing demand for high-end products. The Communications Group is strongly positioned in these cables and their fiber-based equivalents, in which it made further gains in market share during 2008. Competition in this top segment is much less intense than at the low end, where cables are regarded as more of a commodity and prices are set by Asian manufacturers. In the high-bandwidth segment demand is tending to drive prices higher, resulting in long lead-times in some cases. This is becoming an increasingly important part of the overall market, and offers the prospect of strong continued growth in the coming years. The Communications Group holds strong positions in this market in South-Eastern Europe, Central Europe and Germany, although the position in the UK is under pressure because of the low value of the pound. The Eastern European market is expected to follow these developments within the next few years.

Key to the Group's success in the move towards higher-bandwidth networks is strengthening its position as a high-end supplier. Much effort has therefore been put into developing its value propositions as a supplier of solutions instead of simply cable products. This is particularly important towards installers, of whom there are many thousands in Europe. These in turn are served through wholesalers, with which the Group works together closely. The message of added value is even more important towards data centres, which are usually served on a turnkey basis and demand a single supplier with a total solution capability.

The new manufacturing facility in Prešov (Slovakia), opened in late 2006, is now a fully integrated part of the supply chain delivering consistent high product quality and service levels. This plant is now serving the entire European market, including that for high-end products.

Mobile Networks

Demand continued at approximately the same level as in the preceding year, with a slight increase in growth in the Asia Pacific and Middle East regions. Shipments in Europe declined somewhat, with some local expansion projects although most operators' networks have now been completed. Overall, world markets are not yet gaining the expected strong growth through new broadband services such as video and mobile Internet access. However these continue to offer opportunities for the future, especially for mobile e-mail services. In regions that still have room for growth such as Eastern Europe, most emphasis is being placed on completing the rollout of mobile telephone services. The same applies to emerging markets in the Far East; for example mobile telephone penetration in Indonesia and Vietnam is still low, so these markets still offer growth opportunities. Pressure on prices continues to be strong, particularly in the low-end segment, as Chinese suppliers expand and drive prices down. The Group's strategy remains focused on high-end product quality, for example with the best available attenuation values, as well as on delivery reliability and logistics performance.

The factory of the 67.5% joint venture in Wuhan (China) where capacity was expanded during 2007, is now working at capacity. Its production mainly serves the Chinese market, although thanks to its cost-effective logistics the proportion of exports from it to the rest of the Asia Pacific region and the Middle East is increasing. Market share was maintained at a stable level in 2008, although 2009 is expected to be a challenging year due to extra capacity entering the market from new Chinese competitors.

Optical Fiber

Market share in optical fiber was gained globally, but especially in the US and Asia. Some share was given up in Europe because of the increased price pressure in US dollars. More fiber was shipped from local production in the US and China. Capacity was more or less fully utilised, which helped to maintain prices but made it difficult to gain further market share. The Group also benefited from favourable developments in the South American market, and especially Brazil, where the market is opening to Draka as the only local manufacturer able to meet demand. In general the fiber business has not been affected by the economic downturn, and all regions are showing continued growth due to increasing penetration of Internet access and bandwidth demands that are strong drivers for the market. Pricing is mostly flat with no signs of production shortage, and the extra demand arising from market growth can still be met relatively easily.

A significant development during the year was the extension for a further 20 years of the joint venture agreement with the Chinese technology partners in YOFC. This extension is an important step in enabling Draka to benefit from the continued growth in China, the world's largest optical fiber market, and YOFC is also a major gateway to the Asian markets. The European plants operated at capacity in 2008, but the Group's policy is not to expand these facilities any further. This is because of the relative difficulty of scaling down production in Europe in case of a downturn similar to that which occurred six to seven years ago. Production was expanded in both Brazil and the US during 2008. Around half of European demand is supplied from the US, which allows advantage to be taken of cheaper production there and also provides a natural hedge for product prices which are quoted in US dollars. Preform manufacturing was expanded in France in 2008, and is now sufficient after the re-start in the US in 2007.

8.6 Year ended 31 December 2007 compared to year ended 31 December 2006

This paragraph gives an overview of the 2007 and 2006 figures as audited by KPMG Accountants N.V. (before restatement of 2007 figures).

Overview

The following table provides a breakdown of Draka's revenue and operating result for each of the years ended 31 December 2007 and 2006.

(€ millions)	Year ended 31 December	
	2007	**2006**
Revenue from external customers		
Draka Cableteq	2,180.0	1,936.2
Draka Comteq	636.2	593.2
Total revenue	**2,816.2**	**2,529.4**
Operating result[1]		
Draka Cableteq	147.3	99.6
Draka Comteq	13.1	5.5
Not attributed	(14.7)	(14.5)
Total recurring operating result	**145.7**	**90.6**
Draka Cableteq	-	(6.1)
Draka Comteq	-	(26.8)
Not attributed	-	-
Total non-recurring items	**-**	**(32.9)**
Total operating result	**145.7**	**57.7**

[1] *Excluding non-recurring items. There were no non-recurring items in 2007, but there was a non-recurring charge of € 32.9 million in 2006, relating mainly to a provision for the Triple S project at Draka Comteq.*

General

Growth in global demand for cable amounted to around 4% in 2007, compared with 4.2% in 2006 (based on constant exchange rates and copper prices). This represents very healthy growth, above the medium-term average of some 2-3%. Growth was stronger in the first half of the year (4-5%) than the second (around 3%), due to weakening economic growth in North America in particular during 2007.

Emerging markets such as Eastern Europe, the Far East, India and Latin America remain the driving force behind worldwide demand for cable. The growth rate in these markets last year (2008) was 6-8%, depending on the market. Demand in North America fell a further 4%, after declining by 3% in 2006, while the West European market showed growth of 3-4%, compared with 5% in 2006. This slower growth must be seen in the context of pent-up demand in 2006 after a very weak 2005 (down 3%).

At the product level, virtual all segments contributed to the growth in the cable market. The trend in the energy cable segment remained positive, with demand for medium and high voltage cable particularly strong, at around 6% (note: Draka is not active in high-voltage cable). The growth in the low-voltage cable segment slowed to around 3% compared with 4% in 2006, due primarily to the downturn in the US housing market. In contrast, the special-purpose cable market again showed healthy growth of around 4%. Within the communication cable segment, the fastest growth was again in optical fiber telecommunication cable (13%), with demand for copper telecommunication cable declining again for the fourth year in a row. Demand for data communication cable (copper and optical fiber) grew around 4-5%.

After the sharp rises since 2004, metal prices (copper and aluminium) stabilised in 2007. The copper price was particularly volatile, rising rapidly in March and April and then remaining high until November, when it fell 20%. The average copper price (in euros) in 2007 was down 2.4%. The aluminium price fell slightly further, down around 5%. Polymer prices rose 5-10%. With raw material prices remaining relatively stable, pressure on margins in the cable industry was limited last year.

Revenues

Draka's revenue in 2007 amounted to € 2,816.2 million, an increase of 11.3% compared with 2006. Acquisitions accounted for 5.5% of this revenue growth. These were mainly acquisitions made in 2006, which contributed a full year's results in 2007, namely the insulated cable activities of International Wire Group, Inc. (USA) and Cornelia Thies Kabeltechnik GmbH (Germany). The takeover of Nantong Zhongyao Mechanic Electric Co, Ltd (China) also contributed in 2007. The acquisition in Italy, D.B. Lift Draka (Italy), will be included in the consolidation as from the 2008 financial year.

The organic growth in revenue amounted to 5.8%, of which volume growth accounted for 6.1%. The copper price, although slightly lower, had a small positive effect (1.1%) on revenue, due to the time-lag in reflecting the copper price in selling prices. The exchange rate effect was 1.4% negative, mainly due to the dollar weakening against the euro.

Revenues per Group (€ millions)

	2007	**2006**
Draka Cableteq	2,180.0	1,936.2
Draka Comteq	636.2	593.2
Total	**2,816.2**	**2,529.4**

Operating result

The operating result in 2007 was € 145.7 million, an increase of 152.5% compared with 2006 (€ 57.7 million, including non-recurring items). There were no non-recurring items in 2007, but there was a non-recurring charge of € 32.9 million in 2006, relating mainly to a provision for the Triple S project at Draka Comteq. On a similar basis, excluding non-recurring items, the operating result increased by 60.8% to € 145.7 million, compared with € 90.6 million in 2006.

Operating result per Group (€ millions)

	2007	2006
Draka Cableteq	147.3	99.6
Draka Comteq	13.1	5.5
Not attributed	(14.7)	(14.5)
Total operating result, excluding non-recurring items	**145.7**	**90.6**
Draka Cableteq	-	(6.1)
Draka Comteq	-	(26.8)
Not attributed	-	-
Total non-recurring items	**-**	**(32.9)**
Operating result	**145.7**	**57.7**
Operating margin (excluding non-recurring items)	**5.2%**	**3.6%**

Operating margin

The operating margin (excluding non-recurring items) – the operating result expressed as a percentage of revenue – was 5.2%, a substantial increase on the 3.6% figure in 2006. Contributory factors were volume growth, resulting in better capacity utilisation at Draka's factories, an improved product mix and gains from efficiency and Triple S programmes. At 5.2%, the operating margin was slightly ahead of the target for 2007 of 5% set in the September 2005 update of the "Building Future Growth" strategic plan.

Other financial items

Net finance expense (excluding non-recurring items) amounted to € 45.6 million, slightly higher compared with 2006 (€ 43.2 million). Although total costs were slightly higher than 2006, their composition was different. Financial charges were some 20% higher due to the increase in average net interest-bearing debt and one-off costs relating to the new credit facility. As a result of the reclassification in 2006, the preference dividend was not included in financing charges in 2007, which reduced the financing charges by € 4 million.

Taxation amounted to € 21.6 million and the tax burden increased to 21.6% from 18.1% in 2006, reflecting Draka's improved profitability. In 2007 Draka and the Dutch tax authorities came to an agreement on open items related to the fiscal years 2003 and 2004. As a result the tax burden benefited from a net tax gain of € 7.7 million. The share of profit of equity accounted investees almost doubled to € 15.5 million (2006: € 8.2 million), mainly due to improved performance by associates in Oman (OCI) and China (YOFC).

Other items and result for the year (€ million)

	2007	**2006**[1]
Operating result (including non-recurring items)	145.7	57.7
Non-recurring items	-	(32.9)
Operating result (excluding non-recurring items)	145.7	90.6
Net finance expense	(45.6)	(43.2)
Result before income tax	100.1	47.4
Income tax expense	(21.6)	(8.6)
Share of results of equity-accounted investees	15.5	8.2
Result for the year	94.0	47.0
Minority interests	(1.0)	(1.6)
Result for the year attributable to Shareholders	93.0	45.4
Preference dividend	5.4	1.4
Basic earnings per share (in euros)	2.46	1.24

[1] *Excluding non-recurring items.*

Result for the year

Draka's result for the year attributable to Shareholders turned out at € 93.0 million, more than four times the 2006 figure (€ 21.8 million). Excluding non-recurring charges, the increase amounted to 104.8% to € 93.0 million (2006: € 45.4 million).

Basic earnings per share

After appropriation of preference dividend (€ 5.4 million), basic earnings per Ordinary Share amounted to € 2.46 (2006: € 0.57). Excluding non-recurring items, basic earnings per share amounted also to € 2.46 (2006: € 1.24). The number of Ordinary Shares in issue as at year-end 2007 increased by 3,603 to 35,571,009, due to the conversion of a small part of the convertible bond loan. The average number of Ordinary Shares in issue was 35,563,467.

Cash flow and operating working capital

Cash flow from operating activities amounted to € 65.2 million for the year, a decrease of 18.4% compared with 2006 (€ 79.9 million). This equates to € 1.83 per Ordinary Share compared with € 2.25 per Ordinary Share in 2006. The lower cash flow can be attributed to the negative movement in operating working capital, which was partly offset by the improved profitability.

Operating working capital was € 34.0 million higher, compared with an increase of € 16.3 million in 2006. The increase was a consequence of the volume growth achieved in 2007. The shorter payment terms which

Draka had agreed with its major raw-material suppliers for 2007 was compensated by a decrease in the number of days sales outstanding (debtors) and the number of days stock held. As a result, operating working capital as a percentage of revenue declined slightly to 16.1%, compared with 16.6% as at year-end 2006. The target of stabilising the operating working capital ratio at 18-20% was therefore exceeded in 2007.

Controlling and, where possible, further reducing the operating working capital continues to be one of Draka's core priorities, given the market conditions in which customers want to increase payment periods and suppliers are seeking to reduce payment periods.

Abridged cash flow statement (€ million)

	2007	**2006**
Cash flow from operating activities	65.2	79.9
Cash flow from investing activities	(257.3)	(66.8)
Cash flow from financing activities	187.7	10.4
Net cash flow	**(4.4)**	**23.5**

Investments, acquisitions and disposals

Net investments in intangible assets, property, plant and equipment amounted to € 71.5 million, of which normal maintenance and replacement investments accounted for € 63.5 million. Major projects included new warehousing in the Czech Republic, a new PVC compounding mixer in the Netherlands (Emmen), additional medium-voltage cable capacity in Sweden (Nässjö), expansion of the optical fiber capacity in the US (Claremont) and a capacity increase in copper data communication cable in Slovak Republic (Prešov).

The remainder (€ 8 million) related to a special investment project for the Rubber Cable division, designed to enable Draka to take full advantage of the attractive prospects for cable for new power sources such as windmills. It was planned to complete the project, with a total expenditure of around € 17 million, in 2007, but there have been several changes to technical specifications and delays in equipment deliveries and completion is now expected in the course of 2008. The rest of the expenditure (€ 9 million) will therefore be incurred in 2008.

As for acquisitions, Draka completed the purchase of Alcatel-Lucent's 49.9% interest in Draka Comteq in 2007 for € 209 million in cash. The transaction, which was finalised on 27 December, gave Draka full ownership of Draka Comteq. It paid € 0.8 million for Nantong Zhongyao Mechanic Electric Co, Ltd (China). The acquisition of D.B. Lift Draka in Italy was completed on 10 January 2008.

There were no disposals of material size in 2007.

In 2006, capital expenditure in intangible and tangible fixed assets amounted to € 47.5 million. In addition to the usual maintenance and replacement costs, there were a number of larger projects, such as the investments in the new factories in China (Suzhou) and Slovakia (Prešov) and the new warehouse in the Czech Republic.

Balance sheet position

The balance sheet total as at year-end 2007 amounted to € 1,752.5 million, an increase of 0.4% compared with year-end 2006. This was mainly caused by a € 18.3 million increase in current assets (stocks and trade debtors) due to the volume growth.

Shareholders' equity

Shareholders' equity as at year-end 2007 amounted to € 414.8 million. The decrease of 2.8% compared with 2006 was mainly due to the combination of an equity adjustment (€ 77.1 million) resulting from the acquisition of the 49.9% interest in Draka Comteq, negative currency translation effects, dividend paid over 2006 and the addition of the result for the year 2007 attributable to Shareholders.

Movements in shareholders' equity (€ million)

Shareholders' equity as at year-end 2006	426.9
Currency translation effects	(13.1)
Changes in fair value	1.2
Result for the year attributable to shareholders	93.0
Effect of acquisition minority interest	(77.1)
Dividend paid	(14.6)
Other	(1.5)
Shareholders' equity as at year-end 2007	**414.8**

The solvency ratio (shareholders' equity as a percentage of balance sheet total) slightly decreased to 23.7% compared with 24.5% as at year-end 2006. The guarantee capital (consisting of shareholders' equity, the provision for deferred tax liabilities and the long-term portion of the subordinated loans) amounted to € 537.5 million or 30.7% of the total invested capital (year-end 2006: 35.5%).

Interest-bearing liabilities

Net interest-bearing liabilities (including the subordinated convertible bond loan carried at nominal value) increased in 2007 to € 552.5 million compared with € 345.9 million in 2006. This increase relates solely to the acquisition of the remaining 49.9% interest in Draka Comteq for € 209 million, which was financed with borrowed capital. This increased net gearing (total net interest-bearing liabilities as a percentage of shareholders' equity) to 133.2% (2006: 81.0%).

At the end of December 2007, simultaneously with the Draka Comteq transaction, Draka arranged a new € 625 million multi-currency revolving credit facility with a syndicate of five relationship banks, the Lenders. This new facility replaced the existing € 370 million credit facility arranged in October 2005 and the outstanding subordinated loan of € 77.5 million. This refinancing programme implies that Draka's financing requirement is covered until 2013.

Overview of the performance of Draka Cableteq

Draka Cableteq was the group that developed, manufactured and sold low-voltage and special-purpose cables for applications in lifts, residential and other buildings, cars, aircraft, trains, shipping, windmills, the oil and gas industry, mobile telecommunications networks, domestic appliances and industrial equipment and installations. This involved both common products for cabling purposes and special-purpose and client-specific products and applications.

The group was divided into six divisions: Elevator Products, Low-Voltage Cable, Marine, Oil & Gas, Mobile Network Cable, Rubber Cable and Transport.

Draka Cableteq achieved revenue growth of 12.6% to € 2,180.0 million in 2007, including the effects of the acquisitions referred to above, all of which related to Draka Cableteq. The organic growth in revenue, i.e. growth corrected for acquisition effects, amounted to 5.4%. All divisions contributed to the growth.

Draka Cableteq's operating result rose 47.9% to € 147.3 million. Most of the improvement was due to volume growth, but the higher proportion of revenues from the special-purpose cable activities, which generate above average margins, also boosted profitability. Cost savings contributed around € 3 million to the result. The volatile raw material prices (copper and polymers) had no adverse effect on the margins.

Analysis by division

Elevator Products

The Elevator Products division provided a wide range of products for the lift and escalator industry.

Markets were robust in almost all regions in 2007, and especially in China and the Middle East. Bookings were down slightly in North America as the economy started to slow, and the division's already strong market share in North America limits the opportunities for further growth there. However this is more than compensated by a strengthened focus on other markets such as Europe and the Far East, in particular China. Although the new building market is not so strong in Europe there is still a high level of renovation activity.

On balance the division maintained its market share in all regions in 2007.

A key event in 2007 was the intended acquisition of D.B. Lift Draka in Milan, Italy. Underlining the strong focus on growth in China and the Far East, a second jointly owned company Zhongyao Draka was entered into in mid-2007 alongside the existing joint venture Haixun Draka. A technology licence for seismic sensors further extends the range of technology solutions for the global elevator market, and manufacturing has been transferred to Zhongyao Draka in China.

The strategic partnership in Brazil was extended with an additional cable line to further increase the ability to compete with local manufacturers.

Low Voltage Cable

Low-Voltage Cable was the division that developed, produced and sold low- and medium-voltage cables.

Among the most notable developments in 2007 was the slowdown in the residential market in Southern Europe. However the continued good level of business in the industrial and infrastructure sectors compensated this decline.

In both Western and Eastern Europe the picture in 2007 was largely the same as the preceding year, with healthy growth maintained through most of the year.

The internal Triple S programme was continued in 2007. The aim of this programme was to stop activities with insufficient margins, to swap production between factories to increase efficiency by concentrating and specialising, and to share knowledge and best practices by connecting people at all levels in the organisation. The latter applies not only to manufacturing, but increasingly also to sales, accounting, IT, warehousing, engineering, marketing and purchasing, in all of which significant operational improvements are being achieved.

Marine, Oil & Gas

Marine, Oil & Gas was the division that supplied a full range of cable solutions for the shipbuilding and oil and gas industries.

The division in 2007 was focusing on further strengthening its position in both the offshore and shipbuilding markets, building on its 35-year track record and established brand values of high product quality, excellent delivery performance and strong service close to the customer. In shipbuilding the division has a growing presence in China, where it was close to the shipyards and able to provide products of proven quality with strong local service.

Mobile Network Cable

This was the division that provided full passive antenna lines for base stations for mobile telephony.

The market trend in 2007 was similar to that in 2006, with continuing strong growth opportunities in the emerging markets. The main growth area is the Asia-Pacific region, although the presence of all major competitors is placing strong pressure on prices, especially in China. Customers and especially the major OEMs are increasingly price-conscious, which further underlines the need to operate with maximum cost-effectiveness. Market growth in other regions was much more modest compared with Asia. In Latin America growth, although still positive had slowed, and Eastern Europe had not yet developed as expected. In both Western Europe and North America investments in 3G networks were increasing slowly, although operators in general were reluctant to make major new investments. A new driving force may be the increasing attention for mobile data communication and Internet access.

A major development during 2007 was the expansion of capacity at the factory in Wuhan (China) to meet the rapidly increasing demand for mobile network infrastructure in the region. The additional capacity was brought on stream in the last quarter of the year. This facility allowed faster, more cost-effective logistics, contributing to lower costs throughout the Asia region.

Rubber Cable

This was the division that provided flexible rubber-insulated cable for industrial applications and alternative energy sources.

Overall market demand remained at a high level in 2007, with high single-digit growth across all market segments. The strongest growth driver was renewable energy, where demand showed double-digit growth. Other important markets were wholesalers, projects and industry, especially manufacturers of material handling systems and cranes. Demand for the latter remained strong from both manufacturers and subcontractors, as ports and container terminals are increasing their capacity worldwide. With strong prices for coal and metals, the mining industry was also growing, and demand for cables to renovate equipment for both underground and surface mining is increasing. Sales through wholesalers were particularly strong in the Nordic countries, the Netherlands and Central Europe. These channels mainly serve the market for temporary power and lighting installations at special events and construction sites, with stable sales in line with GDP growth.

The division had developed its own test procedures together with customers to provide the assurance of quality and fitness for purpose. Further aligning its product offer to meet customer needs, the division started supplying complete kits including add-ons and data and control cables as well as the primary power cables. These were well received and accounted for an increasing proportion of total sales. The division was also one of the first suppliers to enter the solar power market with special products.

Underlining the focus on its major global customers, the division expanded its production in China. This allowed a faster response to customers' needs, reduced logistics costs and in the case of China met local content requirements to avoid high import taxes.

Transport

This was the division that provided cables for applications in cars and aircrafts.

Transport industry growth in 2007 was driven largely by the Asian market, due to an emerging middle class of consumers. In the automotive industry overall growth was at low single-digit levels, with the relatively high growth in Asia compensating for the more or less stable demand levels in the European and North American markets. A similar effect to that in Asia can be seen in Eastern Europe. Additional support for growth is provided by the increasing numbers of vehicle features such as safety, entertainment and navigation, all of which require additional cabling.

In the aviation industry growth was at double-digit levels, driven by not only increasing travel demand but also the need of airlines worldwide to upgrade their fleets with more fuel-efficient, low-noise aircraft.

The most significant development in the division during 2007 was the further production ramp-up of the former International Wire Group Inc. plants in Mexico and the Philippines that were acquired in 2006. By strengthening manufacturing capacity in their respective regions, these facilities become an important part of the division's global approach, in which it can supply customers in all regions – the US, Europe and Asia – from local production. Both plants were brought up to full production during 2007, the Mexico site in particular reaching full capacity in mid-2007 from a relatively low level at year-end 2006. In the aviation market the division was the leading developer of a new generation of cables for Airbus. These new generation cables meet the need for weight savings, which directly benefit fuel efficiency, while retaining the same performance characteristics. The aim now is to follow the growth of Airbus with the necessary production investments, especially in the dollar zone where Airbus itself is increasing its activities.

Overview of the performance of Draka Comteq

Draka Comteq was the group that primarily developed, produced and sold optical fiber, optical fiber cable and copper cable for applications in telecommunication and data communication. Draka Comteq also managed the engineering and installation of its products as well as complementary hardware products from other parties in networks throughout the world.

The worldwide optical fiber and communication cable activities of Draka and Alcatel-Lucent were brought together on 1 July 2004 in Draka Comteq B.V., in which Draka had a 50.1% interest and Alcatel-Lucent a 49.9% interest. On 27 December 2007, Draka secured full ownership of Draka Comteq by acquiring Alcatel-Lucent's 49.9% interest.

Draka Comteq was divided into four divisions, but is analysed through market segment into three parts: telecommunications, data communication and optical fiber.

Draka Comteq's operating result was € 13.1 million, more than double the 2006 figure (€ 5.5 million). The improvement was due to cost savings of some € 5 million derived from the Triple S programme and sound volume growth. The result was depressed, however, by the sustained pressure on selling prices and the adverse effect on the European optical fiber activities of the dollar's weakness against the euro.

Telecommunications

This market segment covered telecommunications and cable networks.

Optical fiber demand was up strongly in Western Europe in 2007 with over 14% growth compared to 2006 due to strong broadband investments by both independent and incumbent operators. However in the Americas demand was relatively flat, influenced largely by excess inventory at a major operator, which had to be absorbed in 2007. Business in Europe was driven not only by the large operators, but also by network developments by new entrants such as municipalities, housing corporations, utilities and property developers, all of whom wanted to offer their customers high-speed network facilities. The strongest growth was in the Nordics and Southern European regions, although the markets in Turkey, the Near and Middle East and South Africa were also favourable with operators in the early stages of rolling-out their FTTH networks. In the US, FTTH has become a strategic action to offer broadband services in competition with the cable TV providers. Although South America was still a relatively small market growth was strong, particularly in Brazil but also in Argentina where development was starting rapidly.

The share of copper cable continued to decline, although some operators in Eastern Europe were still installing copper networks because of their familiarity with the technology.

Implementation of the focused factory programme was continued in 2007, aiming at increasing efficiency by combining product groups at specialised factories. A part of the commercial operation was also focused on FTTH cables because of the special knowledge required for this application. In the US, capacity at the Claremont, N.C., plant was being expanded to meet the expected North American demand in the coming years. After reopening the fiber plant in South America in 2005, this facility was expanded to full capacity to meet growing local demand. In 2007 production started of a new generation of gel-free cables using swellable powder instead of the traditional gel filling to waterproof the fibers. These products were becoming popular in some segments of the US market.

Data Communication

This market segment covered data communication and broadcasting.

In 2007 strong demand for data communication cables continued in the major markets. In most cases internal indoor distribution continued to take place by means of copper wire, which still accounted for over 80% of sales, although the share of fiber was increasing progressively under ever-increasing bandwidth demands and gigabit network roll-outs.

Most of the sales in data communication were through local parties such as distributors, installers and VARs who have a good knowledge of their local markets and customers. The cable manufacturing facility in Prešov (Slovak Republic) which was opened in late 2006 came fully on-stream and provided the capacity needed to meet an expected increase in demand.

Optical Fiber

This was the market segment that covered telecommunications, data communication, transport and industrial sectors.

The year 2007 saw the largest-ever consumption of optical fiber worldwide to that date, with a 13% growth year-on-year on the back of growth levels in excess of 20% per year in 2006 and 2005. This sustained good performance was demonstrated across the majority of the globe with even the lower reported performance in the US being attributable to inventory correction with Verizon (the largest user in that market) and compensated by good growth in all other segments of that market. The drivers of growth centred around the need for additional sustainable bandwidth provision whether in terms of infrastructure roll-out and expansion in for example China, India, Latin America and Russia, and widespread maintenance, renovation of installed base and introduction of significant FTTx installations in Western Europe, North America and Japan. Draka Comteq's global footprint and comprehensive product portfolio meant that it benefited considerably from this activity, further reinforcing its number one market position in Europe and Asia, and growing position as a top three player in the America's. Pricing (in US$) remained stable after years of continued erosion, reflecting the strong demand for optical fiber products.

8.7 Current trading and outlook

Given the expectations of a substantial decline in the global economy and its impact upon industrial activity, Draka stands by its prediction that volume on the global cable market will show a market fall in 2009. Market conditions appear to be stabilising since the second quarter of this year, but the economic outlook is still highly uncertain and Draka will continue to focus on pursuing its strategic objectives, the most important of which are cost reduction, capital discipline and maximising free cash flow.

The prices of raw materials used by the cable industry (copper, aluminium and polymers) are expected to remain volatile.

8.8 Working Capital

Draka is of the opinion that its current cash resources, together with its existing financing facilities, will provide it with sufficient working capital for the next 12 months following the date of this Prospectus.

9. CAPITALISATION

The following table sets out Draka's consolidated capitalisation as at 30 June 2009. The information in this table should be read in conjunction with "Operating and Financial Review".

In the period between 30 June 2009 and the date of this Prospectus, there have been significant changes in Draka's capitalisation as a result of (i) the issuance of 4,057,654 new Ordinary Shares at a price of € 12.40 per Ordinary Share to institutional investors using an accelerated book building process on 2 October 2009 and (ii) the Private Placement. Furthermore, the Company entered into a standby arrangement with ING Commercial Finance. The arrangement offers Draka the opportunity to sell accounts receivable of several of its European entities to ING Commercial Finance up to a maximum of € 50 million. The Company considers the arrangement as an insurance policy to be able to further strengthen the balance sheet if so desired.

For information on selected audited financial statements for the financial years ended on 31 December 2006, 2007 and 2008, please refer to "Selected Financial Information". Also see "Material Contracts - Facility Agreement for € 675,000,000".

Capitalisation and indebtedness as at 30 June 2009 in € million	**As at 30 June 2009 (unaudited)**	
CAPITALISATION		
Guaranteed	-	
Secured	12.2	
Unguaranteed/unsecured	59.2	
Total current debt		**71.4**
Guaranteed	-	
Secured	24.8	
Unguaranteed / unsecured	444.7	
Total non-current debt		**469.5**
Total debt		**540.9**
Issued capital	22.8	
Share premium reserves	360.9	
Other reserves	87.2	
Total shareholder's equity		**470.9**
Total capitalisation		**1,011.8**

Net indebtedness in the short term and in the medium long term as at 30 June 2009 in € million	As at 30 June 2009 (unaudited)	
Current bank debt	46.3	
Current portion of non current debt	25.1	
Other current financial debt	-	
Current financial debt		**71.4**
Cash	64.2	
Cash equivalent	-	
Trading Securities	-	
Liquidity		**(64.2)**
Current financial receivable	-	
Net current financial indebtedness		**7.2**
Non current bank loans	444.8	
Bonds issued	24.7	
Other non current loans	-	
Non current financial indebtedness		**469.5**
Net financial indebtedness		**476.7**

10. DESCRIPTION OF SHARE CAPITAL AND CORPORATE STRUCTURE

10.1 Introduction

Set out below is a summary of relevant information concerning the Ordinary Shares, the Articles of Association and certain provisions of Dutch corporate law.

This summary does not purport to be complete and is qualified in its entirety by reference to, and should be read in conjunction with, the Articles of Association or with Dutch law, as the case may be. The full text of the Articles of Association is incorporated in this Prospectus by reference and is available in Dutch and in English at the Company's head office and on the Company's website (www.draka.com).

10.2 Share capital

Introduction

The Company was incorporated under Dutch law as a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) by deed executed on 20 December 1985, before J.L.F. Bakker, civil law notary in Amsterdam, the Netherlands and converted into a public company (*naamloze vennootschap*) on 8 October 1991 by deed executed before A.G. van Solinge, civil law notary in Amsterdam, the Netherlands. The Company's statutory seat is in Amsterdam, the Netherlands, with its registered address being De Boelelaan 7, 1083 HJ Amsterdam, the Netherlands (Tel: +31 20 56 89 865). The Articles of Association, which are incorporated by reference herein, were last amended by deed of 3 February 2005, executed before R.J.J. Lijdsman, civil law notary in Amsterdam, the Netherlands. The declaration of no objection from the Minister of Justice to that amendment was issued on 2 February 2005, number NV 298247.

Corporate Purpose

As stated in Article 3 of the Articles of Association, the Company's purpose includes participating in, managing and financing other businesses and entities, granting security for debts of third parties, and doing anything that relates to the foregoing or is expedient thereto, all to be interpreted in the broadest sense.

Stock exchange listing

The Ordinary Shares have been listed on Euronext Amsterdam since 1991. The Company is registered with the Amsterdam Chamber of Commerce under trade registry number 33185253. In March 2001, the shares were included for the first time in the Next150 index (symbol: DRAK, stock code: 34781, ISIN code: NL0000347813). The Company has been included in Euronext's AMX (Amsterdam Midkap) index since March 2008. The Company's market capitalisation as at year-end 2008 amounted to around € 265 million.

Options on the Ordinary Shares have been traded on Euronext Amsterdam Derivative Markets since July 2002. Subordinated convertible bonds, being a five-year 4% convertible bond loan maturing on 20 September 2010, have been traded on the exchange since 22 September 2005.

Share capital

The Company has three types of Shares: Ordinary Shares, registered preference shares and Class B preference shares, all of which have been created under the Dutch Civil Code.

The preference shares and the Class B preference shares are registered shares. The preference shares are financing preference shares and the Class B preference shares are protective preference shares. The Ordinary Shares are in bearer form unless the holder of the Ordinary Share states that it wishes to have shares in registered form. The Board of Management maintains a register of names and addresses of all the holders of the registered Ordinary Shares and the preference shares at its head office situated at De Boelelaan 7, Gebouw "Officia I", 1083 HJ Amsterdam, the Netherlands. There are no statutory transfer restrictions regarding the transfer of Shares.

Number of authorised and issued Shares

The authorised share capital of the Company consists of 140,000,000 Shares and is composed as follows (all shares have a nominal value of € 0.50).

	As at 31 December 2008	
	Authorised	**Issued**
Ordinary bearer shares and registered shares	58,000,000	40,617,160
Registered preference shares[1]	12,000,000	5,046,257
Class B preference shares[1,2]	70,000,000	-
Total	140,000,000	45,663,417

[1] Not tradable on Euronext Amsterdam.

[2] No class B preference shares have been issued so far.

Number of issued and fully paid-up Shares

As at 31 December 2008, the number of issued and fully paid-up Shares was 45,663,417, representing an amount of € 22,831,708.50. The increase of 5,046,151 in the number of Ordinary Shares compared with year-end 2007 was due to the conversion of a large part of the convertible bond loan in 2008. The Company does not have any issued shares that are not fully paid up. On 20 October 2009 one bond with a nominal value of € 1000 was converted into 67 additional Ordinary Shares. On 29 September 2009 the Supervisory Board and the Board of Management approved the execution of an accelerated bookbuild process to institutional investors authorising the issue of additional 4,057,654 new Ordinary Shares, which took place on 2 October 2009.

As a result of this accelerated bookbuild process, the preference shareholders dropped below a 5% interest in the share capital of the Company. In accordance with the terms governing the preference shares, the Company intends to give the holders of preference shares an opportunity to maintain at least a 5% interest in the Company to preserve their participation exemption. On 22 October 2009, the Shareholders authorised the Board of Management to issue - subject to the approval of the Supervisory Board - such number of new preference shares to the holders of the preference shares to enable them to retain their respective shareholdings in the Company.

Accordingly, on 30 October 2009 an additional 458,400 preference shares were issued to Ducatus N.V. and an additional 250,000 preference shares to ASR Levensverzekering N.V. in accordance with a resolution by the Board of Management of 30 October 2009 which was approved by the Supervisory Board on 30 October 2009. As a result of such issuance, Ducatus N.V. holds an aggregate number of 2,829,657 preference shares and ASR Levensverzekering N.V. holds an aggregate number of 2,925,000 preference shares on the date of this Prospectus.

	Present[1]	As at 31 December		
		2008[2]	2007	2006
Ordinary bearer shares and registered shares	48,736,597	40,617,160	35,571,009	35,567,406
Registered preference shares[3]	5,754,657	5,046,257	5,046,257	8,885,471
Class B preference shares[3,4]	-	-	-	-
Total	54,491,254	45,663,417	40,617,266	44,452,877

[1] Including the converted bond, the accelerated bookbuild to institutional investors, the Private Placement and the additional issuance of preference shares.
[2] Including conversion of the 2010 convertible bonds.
[3] Not tradable on Euronext Amsterdam.
[4] No class B preference shares have been issued so far.

Combined offer of cash and Shares for convertible bond loan 2010

On 8 December 2008, Draka announced a combined bid of cash and shares for the € 100 million 4% convertible subordinated bond loan 2010 of which € 99.9 million was outstanding. The price offered was a payment of € 300 in cash and 67.98 Ordinary Shares for every € 1,000 of principal of the convertible bonds. Bondholders representing € 74,189,000 of the convertible bond loan accepted the bid. The remaining € 25,715,000 of bonds for which the bid was not accepted remains outstanding.

The bonds are in authorised denominations of € 1,000 each. The obligations represented by the bonds constitute unsecured subordinated obligations of the Company ranking pari passu without any preference or priority among themselves and will, in the event of the dissolution (*ontbinding*) or bankruptcy (*faillissement*) of the Company be subordinated to all existing and future unsubordinated obligations of the Company, irrespective of whether such debts are due and payable, unconditional or contingent and irrespective of the date on which they came into existence. The bonds bear interest at the rate of 4% per annum on the principal amount thereof payable annually in arrear. The holder of each bond has, amongst others, the right to convert such bond into Ordinary Shares, each credited as fully paid, at the conversion price (as described herein), at any time (subject to any applicable fiscal or other laws or regulations and as hereinafter provided) on or after 2 November 2005 to the close of business 15 September 2010 (both days inclusive). The number of Ordinary Shares to be delivered on exercise of a conversion right is determined by dividing the principal amount of the relevant bond by the conversion price in effect on the relevant conversion date. The conversion price was € 14.71 per Ordinary Share of the date of this Prospectus.

The transaction, for which Goldman Sachs International was the sole broker, was completed on 19 December 2008.

Following completion of this transaction, the fully diluted number of Ordinary Shares is made up as follows:

	Ordinary Shares
Ordinary Shares in issue as at 31 December 2008	40,617,160
Maximum issue of Ordinary Shares due to conversion of the 4% subordinated convertible bond loan 2010	1,748,130
Fully diluted number of Ordinary Shares	42,365,290

Ordinary Shares

All bearer Ordinary Shares outstanding from time to time are represented by one single share certificate (the **Global Share Certificate**) that is kept in custody by Euroclear Nederland.

On the occasion of the issuance of Ordinary Shares, the person entitled to receive such shares may submit a written request to the Company for a registered Ordinary Share. Otherwise, he or she will receive an interest in the Global Share Certificate. The Global Share Certificate shall be kept in safe custody by Euroclear Nederland for the benefit of the Euroclear Nederland beneficiaries. No individual bearer Ordinary Share shall be delivered.

A Euroclear Nederland beneficiary may at any time, through a Euroclear Nederland participant, require the conversion of one or more bearer Ordinary Shares represented by the Global Share Certificate, up to the maximum number it is entitled to, into registered Ordinary Shares, provided certain conditions have been fulfilled. A holder of registered Ordinary Shares may at any time require the conversion of such Ordinary Shares into bearer Ordinary Shares represented by the Global Share Certificate, provided certain conditions have been fulfilled.

The Global Share Certificate, representing all the bearer Ordinary Shares outstanding from time to time, is held in safekeeping and interests in it are transferred on the basis of the Securities Giro Act (*Wet giraal effectenverkeer*). For the purposes of the provisions of the Articles of Association, all persons with a share in a collective depot (*verzameldepot*) of a financial institution that is a Euroclear Nederland participant will be treated as holders of Ordinary Shares. The transfer of interests in bearer Ordinary Shares is effected by book-entry. As with all other shares in registered form in the capital of listed companies, registered Ordinary Shares are transferred by means of a notarial deed of transfer and, unless the Company itself is a party to the transaction, the written acknowledgement by the Company of the transfer of registered Ordinary Shares.

Preference shares

Preference shares that are issued simultaneously form a separate series of preference shares. Preference shares are not tradable on Euronext Amsterdam. At the time of issue of preference shares of a certain series, it can be determined that, at the request of the holder of the shares and subject to applicable terms and conditions, the shares may be converted into preference shares of a new series or Ordinary Shares (in which latter case the provisions on pre-emptive rights apply to the issuance of the preference shares).

In a resolution to issue preference shares, the following shall be determined:

- the issue price;
- the amount on which dividends are calculated (the yield basis);
- the entitlement to distributions from profits;
- the entitlement to liquidation proceeds;
- the amount to be paid on the preference shares in case of their cancellation;
- whether with respect to the preference shares of that class a conditional resolution to cancel such shares has been adopted or will be put on the agenda for the following General Meeting; and
- whether the preference shares are convertible (into a new series of preference shares or into Ordinary Shares) and, if so, the terms and conditions on which they may be converted.

Class B Preference Shares

The Company may issue Class B preference shares as a (protective) measure against a hostile acquisition of control or takeover bid. In the event of a hostile acquisition of control or takeover bid, Class B preference shares may be issued to a legal entity charged with safeguarding the Company's interests and preventing influences that may threaten its continuity, independence or identity. The Class B preference shares will not be listed. Class B preference shares do not carry pre-emptive rights. Holders of Class B preference shares will be paid a cumulative annual dividend calculated on the basis of the average deposit rate of interest of the European Central Bank plus a mark-up of 250 basis points and a customary bank margin in respect of the paid-up part of their nominal value, to the extent that there are distributable profits or reserves. To date no Class B preference shares have been issued.

If, pursuant to an issue of Class B preference shares by virtue of a resolution of one of the Company's corporate bodies other than the General Meeting, the number of outstanding Class B preference shares would exceed 50% of the number of outstanding Ordinary Shares and preference shares, such issue will require the prior approval of the General Meeting. If, pursuant to an issue of Class B preference shares by virtue of a resolution of a corporate body of the Company other than the General Meeting, the number of outstanding Class B preference shares would not exceed 50% of the number of outstanding Ordinary Shares and preference shares, the reasons for such issue must be explained within four weeks thereof at a General Meeting.

Within two years after the first issue of Class B preference shares, a General Meeting must be held to vote on whether the Class B preference shares should be repurchased or cancelled. If such a resolution is not adopted, another meeting must be held within two years of the previous meeting for a new vote. This procedure is to be repeated until no more Class B preference shares are outstanding. This procedure is not applicable to Class B preference shares issued with the prior approval of the General Meeting.

The Public Takeover Bids Decree (*Besluit openbare biedingen*) (the **Decree**) contains the substantive bid rules for a mandatory bid. Any party, acting alone or in concert with others who acquires a controlling interest, directly or indirectly, in a listed company, must make a bid for all the other shares. A controlling interest is defined as the ability to exercise at least 30% of the voting rights at a General Meeting. A party that already had controlling interest on 1 November 2007 is exempt from making a mandatory bid.

Anti-takeover measures whereby a legal entity (usually a foundation) receives defensive preference shares to prevent a hostile takeover are still allowed. As long as the foundation meets the requirements outlined below, it is exempt from the obligation to make a public bid:

- the board of the foundation must be independent from the target company; and
- the objects of the foundation must be "to promote the interests of the target company and its enterprise".

The exemption to the bid obligation is strictly limited to a situation where there is a real takeover threat. The foundation may only begin holding preference shares in excess of 30% once an announcement has been made for a public bid. Finally, the foundation is required to hold the preference shares for a maximum of two years to protect the target company. This means that the target company must redeem or cancel the shares within two years after issue. The new rules should be taken into account by the board of the legal entity to which the Class B preference shares will be issued. Class B preference shares are not tradable on Euronext Amsterdam.

Issue of shares; pre-emptive rights

The General Meeting at the proposal of the Board of Management approved by the Supervisory Board or, if authorised, at the proposal of the Board of Management approved by the Supervisory Board, for a specified period of no more than five years by the General Meeting, another corporate body may resolve to (i) issue Shares or grant rights to subscribe for Shares, and (ii) limit or exclude pre-emptive rights for holders of Ordinary Shares with respect to a Share issue.

Unless limited or excluded by the General Meeting or the corporate body authorised thereto by the General Meeting, holders of Ordinary Shares have a *pro rata* pre-emptive right to subscribe for any newly issued Ordinary Shares. Exceptions to these pre-emption rights include the issue of Shares and the grant of rights to subscribe for Shares (i) to the Company's employees, (ii) in return for non-cash consideration or (iii) the issue of Shares to persons exercising a previously granted right to subscribe for Shares. Holders of Ordinary Shares do not have pre-emption rights with respect to preference shares and Class B preference shares to be issued. Holders of preference shares and Class B preference shares do not have pre-emption rights with respect to Ordinary shares to be issued.

The General Meeting or the Board of Management, if so designated by the General Meeting and subject to approval of the Supervisory Board, may restrict the rights or exclude the pre-emption rights to subscribe for any newly issued Ordinary Shares. A resolution by the General Meeting to delegate the authority to exclude or limit pre-emption rights to the Board of Management requires a majority of at least two-thirds of the votes cast, if less than 50% of the Company's issued share capital is present or represented.

On 22 October 2009, the General Meeting resolved to grant to the Board of Management, subject to the approval of the Supervisory Board, the authority to restrict or exclude pre-emption rights of the Company's Shareholders in respect of the issue of Ordinary Shares. The authorisation by the General Meeting applies up to and including 20 October 2010 (subject to extension by the General Meeting) for a total of 10% of the issued share capital as at the date of issue. This limitation of authority does not apply to the possible issuance of Class B preference shares. The total amount of Class B preference shares to be issued and/or the grant of the right to subscribe to shares may not exceed 50% of the issued share capital on the date of issue.

The Ordinary Shares and the preference shares must be paid up to their total nominal amount. The Class B preference shares must be paid up to at least 25% of their nominal value. A resolution by the General Meeting to issue shares, to authorise another corporate body to do so, requires the prior or simultaneous approval of each class of individual Shareholders whose rights are affected by the issue.

10.3 Corporate structure

Mitigated large company regime

The Company is a public company that has voluntarily adopted the mitigated rules for large companies (*gemitigeerd structuurregime*) as set out in Article 155 of Book 2 of the Dutch Civil Code and in Articles 158 to 161 and Article 164 of Book 2 of the Dutch Civil Code. Under this regime, companies must adopt a two-tier system of corporate governance, comprising a board of management (*raad van bestuur*) and a supervisory board (*raad van commissarissen*).

The General Meeting appoints the members of the Supervisory Board on the nomination of the Supervisory Board. The General Meeting can reject the nomination by an absolute majority of the votes cast by Shareholders representing at least one-third of the issued share capital.

The General Meeting and the central works council both have a right of recommendation regarding the appointment of members of the Supervisory Board. One-third of the members of the Supervisory Board must be nominated on the basis of the enhanced recommendation (*versterkt aanbevelingsrecht*) of the central works council. For these members of the Supervisory Board, the Supervisory Board can only object to the recommendation of the central works council on the grounds that the recommended candidate is not suitable to fulfil the duties of a member of the Supervisory Board or that the Supervisory Board will not be properly composed if the nominated candidate would be appointed. For a more detailed description of the appointment of members of the Supervisory Board, see "Description of Share Capital and Corporate Structure – Corporate Structure – Supervisory Board".

Board of Management

The Board of Management is responsible for the Company's management and, as such, is generally responsible for policy-making and central management, all under the supervision of the Supervisory Board to whom it must provide in good time all the necessary data the Supervisory Board requires to perform its functions. The number of members of the Board of Management is determined by the Supervisory Board. The Board of Management is authorised to represent the Company. In addition, each individual member of the Board of Management may represent the Company in dealings with third parties.

The members of the Board of Management are appointed by the General Meeting on the basis of a nomination from the Supervisory Board. The Supervisory Board may nominate persons for appointment until six months after the vacancy occurs, after which period the General Meeting is free to appoint whomever it deems fit. The General Meeting can suspend and dismiss members of the Board of Management at any time. Unless upon the proposal of the Supervisory Board (in which case a simple majority of votes cast suffices to adopt a resolution), a proposal to suspend or dismiss a member of the Board of Management can be validly adopted only with an absolute majority representing more than one third of the issued share capital. The members of the Board of Management may also be suspended by the Supervisory Board. The General Meeting may terminate the suspension at all times.

The Dutch Civil Code requires the Company to establish a policy in respect of the remuneration of the members of the Board of Management. This policy must be presented by the Supervisory Board and adopted by the General Meeting. The policy will include all aspects of remuneration (including bonuses, stock options and severance payments). More information on the Company's remuneration policy is set out in the chapter "Management and Employees".

The Supervisory Board determines the remuneration and other terms of employment of the members of the Board of Management, provided that if the remuneration (also) consists of shares or options, the shares and/or option schemes require the approval of the General Meeting. As indicated above, certain resolutions and proposals of the Board of Management require the approval of the Supervisory Board.

Furthermore, resolutions of the Board of Management leading to any important change in the Company's identity or character will require the approval of the General Meeting. This applies in any event to resolutions in respect of:

- the transfer of most or all of the Company's business;
- the entry into or termination of any long-term co-operation arrangement (including joint ventures) if this co-operation is of major significance for the Company; and
- the acquisition or disposal of participations with a value of at least one third of the Company's balance sheet total as per the most recently adopted annual accounts.

The Board of Management can make rules regulating the adoption of resolutions by the Board of Management and its working methods, which rules are subject to the approval of the Supervisory Board.

In a conflict of interest between the Company and a member of the Board of Management, the Company will be represented by the member of the Board of Management or the member of the Supervisory Board appointed for this purpose by the Supervisory Board. The General Meeting is entitled to appoint one or more other persons to represent the Company. If a member of the Board of Management is temporarily prevented from acting, the remaining members of the Board of Management are temporarily responsible for the Company's management. If all members of the Board of Management are prevented from acting, the

Supervisory Board will be temporarily responsible for the Company's management and will in that event be authorised to appoint one or more persons, either from among its members or otherwise, to assume responsibility for the Company's management in its place.

The Board of Management must at least once a year inform the Supervisory Board in writing of the main aspects of the strategic policy, the general and financial risks and the Company's management and control systems.

Supervisory Board

The responsibilities and working methods of the Supervisory Board are laid down in the Articles of Association. The Supervisory Board may establish rules regulating the adoption of resolutions by the Supervisory Board and its working methods. The Articles of Association and rules currently applicable are available on the Company's website (www.draka.com). The duties of the Supervisory Board are to supervise the policies of the Board of Management and the general course of the Company's affairs and business, as well as to assist and advise the Board of Management. It further assists the General Meeting by providing advice in relation to the adoption of the annual accounts. In performing its duties, the Supervisory Board is required to act in the interest of the Company and its business.

The Supervisory Board consists of at least three members. The number of members of the Supervisory Board is determined by the General Meeting, taking into account the aforementioned minimum number of three members. The retirement rota is designed to prevent an unnecessary number of appointments or reappointments at any one time.

Members of the Supervisory Board must step down at the latest on the day of the first General Meeting held four years after their appointment but a retiring member may be reappointed provided that he or she still meets the relevant criteria. The General Meeting determines the remuneration of each member of the Supervisory Board.

Resolutions by the Supervisory Board taken in a meeting are validly adopted by an absolute majority of votes with the majority of the members of the Supervisory Board being present or represented. The Supervisory Board must meet upon request by the Chairman or by two or more of its members or by the Board of Management.

The members of the Supervisory Board are appointed by the General Meeting. The Supervisory Board appoints a chairman and may appoint one vice-chairman (to act for the chairman in his or her absence) from among its members.

The Supervisory Board will make a nomination for the appointment of a member of the Supervisory Board. Before the Supervisory Board decides on the nomination, both the General Meeting and the central works council may make recommendations for persons to be nominated. The central works council will have a special right to make such recommendations for at least one third of the members of the Supervisory Board, which may be put aside only under certain circumstances. The General Meeting may turn down the nomination by the Supervisory Board, including the one recommended by the central works council, by means of a shareholders' resolution adopted by an absolute majority of the votes cast, representing at least one third of the issued share capital. If the General Meeting resolves by means of a resolution adopted by an absolute majority of the votes cast to turn down the nomination, but this majority does not represent at least one third of the issued share capital, this resolution can however be taken in a second General Meeting to be convened in which the resolution can be adopted by an absolute majority of the votes cast, without any quorum requirement.

The General Meeting may, by an absolute majority of the votes cast, representing at least one third of the issued and outstanding share capital, dismiss the Supervisory Board in its entirety for reasons of lack of confidence.

Only the Enterprise Chamber of the Amsterdam Court of Appeal (the **Enterprise Chamber**) may dismiss an individual member of the Supervisory Board. The grounds for dismissal are neglect of his or her duties, certain other serious matters or a significant change in circumstances as a result of which the Enterprise Chamber determines that the Company may not reasonably be required to maintain him or her as a Supervisory Board member.

The Supervisory Board can suspend a member of the Supervisory Board; the suspension will expire unless the Company requests the Enterprise Chamber within one month to dismiss the member concerned.

The Supervisory Board has a profile on its size and composition, taking into account the character of the business, its activities and the desired expertise and background of the members of the Supervisory Board.

The following powers, among others, are vested in the Supervisory Board:

- nomination of members of the Supervisory Board for appointment by the General Meeting;
- nomination of members of the Board of Management for appointment by the General Meeting; and
- approval of certain resolutions and proposals of the Board of Management.

Amendment of the Articles of Association and dissolution

The General Meeting may resolve to amend the Articles of Association, to merge (*juridische fusie*), to split up (*juridische splitsing*) or to dissolve (*ontbinding*) the Company, all requiring adoption by an absolute majority of votes cast, may be adopted only upon a proposal by the Board of Management approved by the Supervisory Board, without prejudice to Article 158, sub-section 12, Book 2 of the Dutch Civil Code.

Dividends

Subject to certain exceptions, dividends are payable by the Company out of annual profits (net earnings) as shown in the annual financial statements as adopted by the General Meeting and, in the case of Ordinary Shares, after the establishment of any reserves determined by the Board of Management with the approval of the Supervisory Board. The Company may not pay dividends if the payment would reduce shareholders' equity so that certain capital accounts and reserves would be reduced to below the levels required by law. Upon the proposal of the Board of Management, which proposal must be approved by the Supervisory Board, the General Meeting may determine that a distribution on Ordinary Shares shall be made in the form of shares in the Company's capital in lieu of cash. The Board of Management may, with the approval of the Supervisory Board and subject to certain statutory provisions, distribute one or more interim dividends before the accounts for any year have been determined. The General Meeting may, upon the proposal of the Board of Management and with the approval of the Supervisory Board, make distributions out of the distributable part of the Company's equity. Dividends which have not been collected within five years after the first day on which they became payable will revert to the Company.

According to Articles of Association, dividends are paid in the following order: first, the amount to be paid on each outstanding Class B preference share; second, the amount to be paid on each series of preference share; and third, any remaining profit after any reservations have been made to be distributed to holders of the Ordinary Shares. The amount and method of adopting the dividend on preference shares is determined by the Board of Management upon issuance of a relevant series of preference shares, all of this subject to the Supervisory Board's approval. No dividends will be paid on the Ordinary Shares as long as the dividends on the preference shares have not been paid in full. Under the terms of the preference shares, a cumulative dividend of approximately 7.1% will be paid to the holders of preference shares.

For more information on dividends, please refer to "Dividend and Dividend Policy".

Voting rights and shareholders' meetings

The General Meeting discusses the annual report, adopts the financial statements, declares the dividend, discharges the members of the Board of Management and Supervisory Board of liability for their management and supervision and appoints the auditor. The General Meeting appoints and may suspend or dismiss the members of the Board of Management and the members of the Supervisory Board. On the proposal of the Supervisory Board, the General Meeting adopts the remuneration policy for the Board of Management and the remuneration of the Supervisory Board. Decisions of the Board of Management and Supervisory Board relating to a significant change in the identity or character of the Company or its operations are also subject to the approval of the General Meeting, and the General Meeting furthermore has powers of decision on the acquisition of shares in its own capital.

The annual General Meeting is to be held not later than six months after the end of each financial year. The agenda of the annual General Meeting includes among other things the adoption of the annual accounts and the discharge of members of the Board of Management and the Supervisory Board. In addition to the annual General Meeting, extraordinary general meetings of shareholders may be held.

The Company gives notice of General Meetings on Draka's website and by advertisement in a Dutch national newspaper as well as in the Euronext Amsterdam Daily Official List (*Officiële Prijscourant*). The notice includes the requirements for attending the meeting. Such notice is to be given not later than the fifteenth day prior to the day of the meeting and is to state the subjects to be considered or that documents containing the subjects to be considered may be inspected at the Company's offices.

All voting Shareholders and all usufructuaries and pledgees of shares who have been granted the voting rights shall be entitled to attend General Meetings, to take the floor at such General Meetings and to exercise their voting rights. Where ordinary registered shares or preference shares are concerned, the Board of Management must be notified in writing of the holder's intention to attend the General Meeting. Notifications of this kind must have been received by the Board of Management no later than on the date stated in the notice of the meeting, and in any event no earlier than seven days prior to the General Meeting.

With regard to bearer Ordinary Shares the following applies. As for the voting rights and/or the rights exercisable at General Meetings, the Company shall also regard as a shareholder the person who is named in an affiliated institution's written declaration, stating that the number of bearer Ordinary Shares mentioned in the declaration are held in a collective deposit and that the person named in the declaration is and shall continue to be entitled to the said number of bearer Ordinary Shares as a participant in the collective deposit until the end of the General Meeting. All of this is provided so that the relevant declaration is deposited in a timely fashion, in exchange for a receipt, at the place specified in the notice of the meeting. The receipt shall be treated as an admission ticket to the meeting. The notice of the meeting shall specify the date by which this must have been effected, which again must be no earlier than seven days prior to the General Meeting.

If so authorised by the General Meeting, the Board of Management may determine that the voting rights and the rights exercisable at meetings may be exercised only by those who are recorded as holders of the relevant rights in a register (or any sub-register) designated by the Board of Management. In order to exercise voting rights, shareholders and usufructuaries and pledgees of shares who have been granted the voting rights must provide documentary evidence of this to the Company not later than the seventh day prior to the meeting. This documentary evidence may be effected by the keeper of the register. As concerns the bearer Ordinary Shares, the declaration need not provide that the person named therein is to remain a participant in the collective deposit until the end of the General Meeting.

Voting shareholders and usufructuaries and pledgees of shares who have been granted the voting rights may attend meetings in person or by written proxy.

The chairman of the Supervisory Board or, in his absence, the vice-chairman or another member of the Supervisory Board, will be the chairman of the General Meeting. Action is taken at General Meetings by a majority of the votes cast (unless a higher proportion of votes is required by the Articles of Association or Dutch law). At such meetings, each Ordinary Share, each preference share and each Class B preference share is entitled to one vote. However, the holders of the preference shares have agreed with the Company to never exercise more votes than the number of votes corresponding with the total number of preference shares held, multiplied by the subscription price of the preference shares and divided by the share price of the ordinary shares on the payment date as mentioned in the Euronext Amsterdam Daily Official List (*Officiële Prijscourant*). The members of the Supervisory Board and the Board of Management have an advisory vote.

One or more Shareholders individually or collectively representing at least one hundredth of the entire issued capital or whose shares at the date of the notice calling the meeting have a stock market value of at least € 250,000, may submit proposals for discussion at the General Meeting. These must be submitted no later than 60 days before the meeting, in writing to the Board of Management or the chairman of the Supervisory Board, unless in the opinion of the Supervisory Board and the Board of Management, the Company has substantial reasons for not including such proposals on the agenda.

Adoption of annual accounts and discharge

Annually, within four months after the end of the financial year, the Board of Management shall prepare the annual accounts and shall make them available for inspection by the Shareholders at the office of the Company. The annual accounts must be accompanied by an auditors' statement, an annual report and certain other information required under Dutch law. The annual accounts must be signed by the members of the Board of Management and the Supervisory Board; if any of the signatures are missing, that fact and the underlying reasons shall be duly stated.

The annual accounts, the annual report, the auditors' statement and the other information required under Dutch law must be made available to the Shareholders for review as from the date of the notice convening the annual General Meeting. The annual accounts shall be adopted by the General Meeting.

On 1 January 2009, new legislation came into effect for the (further) implementation of the European Transparency Directive (2004/109/EC) and the Transparency Implementing Directive (2007/14/EC). The Transparency Directive introduces a common European system for the publication of annual, biannual and interim financial information by issuers. The provisions of the Directive are now mainly incorporated in the Financial Supervision Act and the Decree implementing the directive on transparency for issuers. The provisions of the Transparency Directive concerning the obligations of shareholders to disclose certain shareholding interests in listed companies had already been implemented previously in the Financial Supervision Act (formerly the Disclosure of Major Holdings and Capital Interests in Security Issuers Act). The supervision of compliance with the rules will be carried out by the AFM. For the Company, the implementation of the Transparency Directive has, *inter alia*, consequences with respect to financial reporting.

With the implementation of the Transparency Directive the annual financial reporting (Article 5:25c Financial Supervision Act) has to be made generally available by the Company within four months after expiry of the financial year and to be kept available to the general public for a period of at least five years. The annual financial reports include: (i) the audited annual accounts, (ii) the annual report; and (iii) statements from the persons responsible within the Company. The aforementioned statement must, *inter alia*, include an undertaking that (i) the annual report gives a true and fair view of the assets and financial position of the Company and its consolidated companies; (ii) the annual report gives a true and fair view of the position on the balance sheet date and the business outlook during the financial year of the Company and the affiliated companies; and (iii) that the material risks of the Company have been included in the annual report.

Also, with the implementation of the Transparency Directive biannual financial reports must be made generally available by the Company (Article 5:25d Financial Supervision Act) within two months after expiry of the first six months of the financial year and to be kept available to the general public for a period of at least five years. The biannual financial reports include: (i) the biannual account and biannual report, (ii) statements from the persons responsible within the Company, (iii) an indication of the most important events, principal risks and uncertainties, (iv) major related parties transactions; and (v) the audit opinion (if existing). For the biannual financial report the statement must include an undertaking that (i) the biannual report gives a true and fair view of the assets and financial position of the Company and its consolidated companies; (ii) the biannual report gives a true and fair view of the position on the balance sheet date and the business outlook during the financial year of the Company and the affiliated companies, and (iii) the business outlook, particular attention being paid to investments, financing and circumstances affecting future turnover and profitability.

Liquidation rights

The General Meeting shall be authorised to resolve to wind up the Company, provided that the resolution is adopted on a motion of the Board of Management, which has been approved by the Supervisory Board.

If a resolution to wind up the Company is adopted, the liquidation shall be conducted by the Board of Management under the supervision of the Supervisory Board.

The Company's assets remaining after payment of all debts and liquidation costs shall be divided as follows:

- first, to all holders of Class B preference shares, a sum equal to the amount of any dividend due until the day on which the distribution upon liquidation is due and the amount paid up on the share. If the liquidation surplus is not sufficient, the distribution shall be made to the holders of Class B preference shares *pro rata* to the amounts paid up on the Class B preference shares;

- second, to all holders of preference shares, a sum equal to the amount of any dividend due until the day on which the distribution upon liquidation is due, the nominal amount of the shares and (if determined at the time of issuance of the shares) the share premium paid up on the shares. If the liquidation surplus is not sufficient, the distribution shall be made to the holders of preference shares *pro rata* to the amounts paid up on the preference shares; and

- third, any remaining assets shall be distributed *pro rata* to holders of the Ordinary Shares.

Repurchase of Shares

The Company may repurchase its own Shares, subject to certain provisions of Dutch law and the Articles of Association. However, the Company may not repurchase its own capital stock if (i) the payment required to make the repurchase would reduce shareholders' equity to an amount less than the sum of paid-in and called portions of the share capital and any reserves required by law or the Articles of Association, or if (ii) the Company and its subsidiaries would thereafter hold shares with an aggregate nominal value equal to more than 10% of the issued share capital. Shares owned by the Company may not be voted. Any repurchase of Shares, which are not fully paid up, is null and void.

A repurchase of Shares may be effected by the Board of Management, subject to approval of the Supervisory Board, if the Board of Management has been so authorised by the General Meeting. Most recently the General Meeting granted this authorisation up to and including 20 October 2010.

Capital reduction

Upon the proposal of the Board of Management, which proposal must be approved by the Supervisory Board, the General Meeting may resolve to reduce issued capital by cancellation of shares or by reducing the nominal value of shares by amending the Articles of Association, subject to the provisions of Dutch law and the Articles of Association.

A resolution by the General Meeting to reduce the share capital requires the prior or simultaneous approval of each class of individual Shareholders whose rights are affected by the reduction.

Obligations of shareholders to disclose holdings

Disclosure of voting and capital interest in securities issuing companies under Dutch law

Shareholders may be subject to notification obligations under the Financial Supervision Act. The Financial Supervision Act came into force on 1 January 2007 and implements several provisions of the Transparency Directive (2004/109/EC) and is also aimed at simplifying and modernising the notification and disclosure procedures. The following description summarises those obligations.

Shareholders are advised to consult with their own legal advisors to determine whether the notification obligations apply to them.

The most important notification requirements for the Company's investors with recourse to the Financial Supervision Act are:

- any person who, directly or indirectly, acquires or disposes of a capital interest or voting rights in the Company must forthwith give written notice to the AFM of such capital interest and/or voting rights. This notification obligation will exist if an acquisition or disposal causes the total percentage of the capital interest and/or voting rights held to reach, exceed or fall below the following thresholds: 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%;

- any person whose capital interest or voting rights in the Company reaches, exceeds or falls below a threshold due to a change in the Company's outstanding capital, or in votes that can be cast on the Shares as notified to the AFM by the Company, should notify the AFM no later than the fourth trading day after the AFM has published the Company's notification; and

- any person with a capital interest or voting rights in the Company reaching or exceeding 5% will be required to notify the AFM of any changes in the composition (actual or potential) of this interest annually within four weeks from 31 December at 24:00 hours.

For the purpose of calculating the percentage of capital interest or voting rights, the following interests must be taken into account: (i) Shares directly held (or acquired or disposed of) by any person, (ii) Shares (or depositary receipts for shares) held (or acquired or disposed of) by such person's subsidiaries or by a third party for such person's account or by a third party with whom such person has concluded an oral or written voting agreement, and (iii) Shares which such person, or any subsidiary or third party referred to above, may acquire pursuant to any option or other right held by such person (or acquired or disposed of including, but not limited to, on the basis of convertible bonds).

Special rules apply to attribution of community of property. A holder of a pledge or right of usufruct in respect of the Shares can also be subject to the reporting obligations, if such person has, or can acquire, the right to vote on the Shares or, in case of depositary receipts, the underlying Shares. If a pledgee or usufructarian acquires such (conditional) voting rights, this may trigger reporting obligations for the holder of the Shares (or depositary receipts for the Shares).

Furthermore, each member of the Board of Management and Supervisory Board must immediately give written notice to the AFM by means of a standard form of any change in his or her holding of Shares and voting rights in the Company.

Non-compliance with the notification obligations could lead to criminal fines, administrative fines, imprisonment or other sanctions.

Disclosure of trades in listed securities under Dutch law

Pursuant to the section of the Dutch Financial Supervision Act implementing the Market Abuse Directive 2003/6/EC and related Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, members of the Board of Management and the Supervisory Board, and any other person who has managerial responsibilities or who has the authority to make decisions affecting the future developments and business prospects of the Company and who has regular access to inside information relating, directly or indirectly, to the Company (an **Insider**), must notify the AFM of all transactions conducted on his own account relating to the Shares or securities of the Company, the value of which is determined by the value of his Shares.

In addition, persons designated by the Decree on Market Abuse pursuant to the Financial Supervision Act (*Besluit Marktmisbruik Wft*) (the **Market Abuse Decree**) who are closely associated with members of the Board of Management, Supervisory Board or any of the Insiders must notify the AFM of the existence of any transactions conducted for their own account relating to the Shares or securities of the Company, the value of which is determined by the value of the Shares. The Market Abuse Decree designates the following categories of persons: (i) the spouse or any partner considered by national law as equivalent to the spouse, (ii) dependent children, (iii) other relatives who have shared the same household for at least one year at the relevant transaction date, and (iv) any legal person, trust or partnership, amongst other things, whose managerial responsibilities are discharged by a person referred to under (i), (ii) or (iii) above.

The AFM must be notified of transactions effected in either the Shares or securities of the Company, the value of which is determined by the value of the Shares, no later than the fifth business day following the transaction date. Notification may be postponed until the date the value of the transactions amounts to € 5,000 or more per calendar year.

The AFM keeps a public register of all notifications made pursuant to the Dutch Financial Supervision Act. Non-compliance with the notification obligations under the market abuse obligations laid down in the Dutch Financial Supervision Act may lead to criminal fines, administrative fines, imprisonment or other sanctions.

Public offer rules

In accordance with Directive 2004/25/EC of the European Parliament and of the Council of the European Union (the **Takeover Directive**) each Member State should ensure the protection of minority shareholders by obliging the person that acquires control of a company to make an offer to all the holders of that company's voting securities for all their holdings at an equitable price.

The directive applies to all companies governed by the laws of a Member State of which all or some voting securities are admitted to trading on a regulated market in one or more Member States. The laws of the Member State in which a company has its registered office will determine the percentage of voting rights that is regarded as conferring control over that company.

Under the laws of the Netherlands, the above percentage has been determined to be 30%. Pursuant to Article 5:70 of the Dutch Financial Supervision Act, a party – whether acting alone or in concert with others – that acquires 30% or more of the voting rights of a company whose shares are admitted to trading on a regulated market has to make an offer for the remaining shares of that company. This obligation does not apply to shareholders with existing controlling interests of more than 30% of the voting rights at the effective date of the new public offer rules.

Squeeze-out rules

Pursuant to Section 2:92a of the Dutch Civil Code, a shareholder who for his own account contributes at least 95% of the issued capital may institute proceedings against the other shareholders jointly for the transfer of their shares to the claimant. The proceedings are held before the Enterprise Chamber and can be instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*). The Enterprise Chamber may grant the claim for squeeze out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. Once the order to transfer becomes final before the Enterprise Chamber, the person acquiring the shares must give written notice of the date and place of payment and the price to the holders of the shares to be acquired whose addresses are known to him. Unless the addresses of all of them are known to him, it must also publish the same in a newspaper with a national circulation.

In addition, after a public offer, a holder of at least 95% of the outstanding shares and voting rights has the right to require the minority shareholders to sell their shares to it. Any such request to require the minority shareholders to sell their shares must be filed with the Enterprise Chamber within three months after the end of the acceptance period of the public offer. Conversely, in such a case, each minority shareholder has the right to require the holder of at least 95% of the outstanding shares and voting rights to purchase its shares. The minority shareholders must file such claim with the Enterprise Chamber within three months after the end of the acceptance period of the public offer.

10.4 Code of conduct and insider trading rules

Code of conduct and whistleblower policy

In the interests of good corporate governance, the Board of Management and Supervisory Board of the Company introduced a code of conduct in 2007, which defines the Company's core values and standards and includes a mission statement for all Draka's employees. This code of conduct applies to the Company and all companies affiliated with the Company. The code has been disseminated throughout Draka in the form of a brochure translated into 17 languages and is posted on the corporate website. A whistleblower procedure has also been introduced to protect individuals who report irregularities within the organisation. Suspected irregularities can be reported to the Company's compliance officer.

Internal insider trading rules

The Board of Management has formulated a set of rules regarding price-sensitive information. Under these rules, any employee who is in possession of information that may reasonably be expected to influence the price of the securities may not engage in transactions in the Company's securities or recommend a third party to engage in transactions in the Company's securities. It is likewise forbidden to communicate price-sensitive information to a third party and engage in transactions during a closed period. These rules also apply to the members of the Board of Management and Supervisory Board and other designated individuals.

11. MANAGEMENT AND EMPLOYEES

11.1 Introduction

As described above in "Description of Share Capital and Corporate Structure", the Company has a two-tier management structure, with a Board of Management and a separate Supervisory Board.

The Board of Management and the Supervisory Board endorse the principle embodied in the Dutch corporate governance code (the **Corporate Governance Code**) that the Company is a long-term form of collaboration between the various parties involved. They recognise their integral responsibility for correctly balancing all the interests concerned while safeguarding the continuity of the business. The aim of the Company is to create long-term shareholder value. Unless stated otherwise, the Company complies with the Corporate Governance Code's best-practice provisions. Deviations from those provisions are discussed in this chapter.

Any substantial changes in the Company's corporate governance structure or in the manner in which the Company complies with this Corporate Governance Code will be presented to the General Meeting for discussion under a separate agenda item.

11.2 Board of Management

The Board of Management is responsible for the management of the Company and its operating companies, which means, among others, that it defines the strategic direction, establishes the policies and manages the Company's day-to-day operations. The Board of Management is responsible for the Company's results and the achievement of its objectives.

The members of the Board of Management are appointed by the General Meeting, upon nomination by the Supervisory Board. The General Meeting may suspend or dismiss Board of Management members at any time. A resolution to dismiss a Board of Management member, other than on the proposal by the Supervisory Board, can only be carried by an absolute majority of the votes cast by a quorum of Shareholders representing more than one-third of the capital in issue.

Representative authority is vested both in the Board of Management and in each member of the Board of Management acting individually. In the event of a conflict of interest between the Company and a member of the Board of Management, the Company will be represented by a member of the Board of Management or Supervisory Board, who has been designated by the Supervisory Board for that purpose.

The business address of the members of the Board of Management is De Boelelaan 7, Gebouw "Officia I", 1083 HJ Amsterdam, the Netherlands.

Members of the Board of Management

As at the date of this Prospectus, the Board of Management of the Company consists of two members:

Name	Business experience and activities
Mr S.D. (Sandy) Lyons (1956)	Mr Lyons is a US national. Mr Lyons was first appointed to the Board of Management as of 1 September 2007 and was appointed as its Chairman and CEO as of 1 October 2007. Mr Lyons will step down as Chairman and Chief Executive Officer of the Board of Management with effect from 31 December 2009. Mr Lyon graduated in 1979 from the United States Military Academy with a B.S. Engineering. Mr Lyon is participating in the Executive Education Programs (lifelong education) at the University of Pennsylvania, Wharton School of Business and Harvard University, Harvard Business School. Since 2002 he has been principal officer of Private Equity Investments. Mr Lyons was the CEO of Draka Comteq for the period 1 December 2004 - 31 August 2007.
Mr F.F. (Frank) Dorjee (1960)	Mr Dorjee is a Dutch national. Mr Dorjee was first appointed to the Board of Management as of 1 March 2005 as Chief Financial Officer. Mr Dorjee will replace Mr Lyons and be appointed as Chairman and Chief Executive Officer of the Board of Management with effect from 1 January 2010. Mr Dorjee graduated from the University of Amsterdam with a Masters degree in business economics (1983), a Masters degree in tax economics (1984) and a Masters degree in tax law (1985). Mr Dorjee has since 1986 been a certified public accountant. In 1986 he joined KPMG Audit (KPMG Accountants N.V.) and was appointed partner on 1 January 1995. Mr Dorjee is a former CFO and member of the Executive Board of Van der Moolen Holding N.V.

Employment contracts

The members of the Board of Management have been appointed for a specified period.

Mr Lyons' current employment contract was entered into on 1 September 2007 for a period of four years and will therefore expire on 31 August 2011. The employment contract provides for a notice period of three months in the case of termination by Mr Lyons and six months in the case of termination by the Company. An exit arrangement has been agreed with Mr Lyons. It provides for payment of one full year's base salary in the event of termination of employment before expiry of the four-year period due to any reason for which Mr Lyons cannot be held responsible. Mr Lyons will step down as Chairman and Chief Executive Officer of the Board of Management with effect from 31 December 2009.

Mr Dorjee's current employment contract was entered into on 1 June 2007 for a period of four years and will therefore expire on 31 May 2011. The employment contract provides for a notice period of three months in the case of termination by Mr Dorjee and six months in the case of termination by the Company. An exit arrangement has been agreed with Mr Dorjee which provides for payment of one full year's base salary plus a one-year bonus equal to the average bonus received in the previous three years in the event of the employment contract being terminated before 31 May 2011 due to any other reason than cause. This inconsistency with best-practice provision II.2.8 of the Corporate Governance Code arises from prior contractual arrangements.

11.3 Supervisory Board

The Supervisory Board is responsible for supervising the policies of the Board of Management and the general course of business of the Company and its related enterprises and supporting the Board of Management with advice. The interests of the Company and its related entities guide the Supervisory Board in the performance of its tasks. The Board of Management provides the Supervisory Board in a timely manner with all information needed to perform its tasks. The responsibilities, duties and procedures of the Supervisory Board are defined in the Articles of Association of the Company and in the charters of the Supervisory Board and its committees.

Members of the Supervisory Board are appointed by the General Meeting on the recommendation of the Supervisory Board. The General Meeting and Central Works Council may nominate candidates for appointment to the Supervisory Board. The Central Works Council may nominate one-third of the candidates for appointment to Supervisory Board. The Supervisory Board will place the Central Works Council's nominee on the list of candidates unless the Supervisory Board objects to that nomination on the grounds that the nominee would not, in its view, be capable of properly performing the duties of a member of the Supervisory Board or if, as a result of the nominee's appointment, the Supervisory Board would no longer have the desired composition.

The composition of the Supervisory Board takes into account the nature of the Company and its activities and the expertise and background desired of its members. All new members of the Supervisory Board are given an induction course following their appointment. The Supervisory Board's resignation schedule is drawn up in accordance with the principles embodied in the Corporate Governance Code and is designed to avoid too many resignations arising at the same time. The Supervisory Board of the Company currently consists of seven members.

The business address of the members of the Supervisory Board is: Draka Holding N.V., De Boelelaan 7, Gebouw "Officia I", 1083 HJ Amsterdam.

Members of the Supervisory Board

At the date hereof, the members of the Supervisory Board are:

Name	Business experience and activities
Fritz Fröhlich (1942) Chairman	Mr Fröhlich, the chairman of the Supervisory Board, is a German national. He was first appointed to the Supervisory Board in 1999 and his current term runs until 2011. Currently Mr Fröhlich is a member of the supervisory board of Randstad Holding N.V. (chairman), Allianz Nederland Groep N.V., ASML Holding N.V., Altana AG (chairman) and Rexel S.A. Mr Fröhlich is a member of the Audit & Governance Committee and the chairman of the Remuneration & Nomination Committee.
Annemiek Fentener van Vlissingen (1961) Deputy chairman	Mrs. Fentener van Vlissingen, the deputy chairman of the Supervisory Board, is a Dutch national. She was first appointed to the Supervisory Board in 2001 and her current term runs until 2013. Mrs. Fentener van Vlissingen is a member of the supervisory board of SHV Holdings N.V. (chairman), Flint Holding N.V., Heineken N.V. and De Nederlandsche Bank N.V. Mrs. Fentener van Vlissingen is a member of the Audit & Governance Committee and a member of the Remuneration & Nomination Committee.
Harold Fentener van Vlissingen (1968)	Mr Fentener van Vlissingen is a Dutch national. He was appointed to the Supervisory Board in 2006 and his term runs until 2010. He is currently a member of the supervisory board of Diamond Tools Group B.V. (chairman), Flint Holding N.V. and Precision Tools Holding B.V. (director). Mr Fentener van Vlissingen is a member of the Strategy Committee.
Ludo van Halderen (1946)	Mr Van Halderen is a Dutch national. He was appointed to the Supervisory Board in 2006 and his term runs until 2010. Mr Van Halderen is a member of the supervisory board of Rabobank IJsseldelta (chairman) and Van Gelder Groep B.V. Mr Van Halderen is a member of the Strategy Committee and a member of the Remuneration & Nomination Committee.
Rob van Oordt (1936)	Mr van Oordt is a Dutch national. He was first appointed to the Supervisory Board in 1999 and his current term runs until 2011. Mr van Oordt is chairman of the supervisory board of Unibail-Rodamco S.A. (France) and a member of the supervisory board of Schering-Plough Corporation (US). Mr van Oordt is the chairman of the Audit & Governance Committee and a member of the Remuneration & Nomination Committee.
Annemieke Roobeek (1958)	Mrs. Roobeek, a Dutch national, was appointed to the Supervisory Board in 2006 and her term runs until 2010. Mrs. Roobeek is a member of the supervisory board of NCWT-NEMO (chairman), Aedes and RAI Amsterdam. Mrs. Roobeek is a member of the Strategy Committee.
Graham Sharman (1938)	Mr Sharman is a US and UK national. He was first appointed to the Supervisory Board in 1998 and his current term runs until 2010. Mr Sharman is a member of the Audit & Governance Committee and is the chairman of the Strategy Committee.

In view of the scale, diversity and complexity of the matters to be discussed, the Supervisory Board has established three committees – the Audit & Governance Committee, the Remuneration & Nomination Committee and the Strategy Committee – which contribute to more effective decision-making by the Supervisory Board. The role, responsibilities, composition, tasks and procedures of the committees are laid down in charters.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee consists of:

- Fritz Fröhlich (Chairman);
- Annemiek Fentener van Vlissingen;
- Ludo van Halderen; and
- Rob van Oordt.

The Remuneration and Nomination Committee advises the Supervisory Board and prepares resolutions, reports and proposals in relation to the remuneration and remuneration-related policies of the Board of Management and Supervisory Board. The Remuneration and Nomination Committee also draws up selection criteria and appointment procedures for members of the Board of Management and members of the Supervisory Board and assesses their functioning from time to time.

Strategy Committee

The Strategy Committee consists of:

- Graham Sharman (Chairman);
- Harold Fentener van Vlissingen;
- Ludo van Halderen; and
- Annemieke Roobeek.

The Strategy Committee advises the Supervisory Board and prepares resolutions for the Supervisory Board. The activities of the Strategy Committee include familiarisation with and risk assessment and study of potential strategies, required technical resources, roadmaps and product roadmaps for the Company. It also provides advice to the Supervisory Board with respect thereto.

Audit & Governance Committee

The Audit & Governance Committee consists of:

- Rob van Oordt (Chairman):
- Annemiek Fentener van Vlissingen;
- Fritz Fröhlich; and
- Graham Sharman.

In the Supervisory Board meeting of 29 September 2009, it was decided that Harold Fentener van Vlissingen will join the Audit and Governance Committee as per 11 November 2009.

The Audit & Governance Committee advises the Supervisory Board and prepares resolutions for the Supervisory Board. The Audit & Governance Committee monitors and advises the Board of Management on the inherent risks embedded in the Company's strategy and/or activities and the effect of internal risk management and control systems. It supervises the functioning of the internal audit department and the external auditors.

11.4 Other information relating to the Board of Management and the Supervisory Board

In relation to the members of the Supervisory Board and the Board of Management, there have been:

- no convictions in relation to fraudulent offences for at least the last five years;
- no bankruptcies, receiverships or liquidations with which such person who was acting in such capacity was associated for at least the last five years; or
- no official public incrimination and/or sanctions of such person by statutory or regulatory authorities (including designated professional bodies).

Furthermore, none of such persons has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer, or from acting in the management or conduct of the affairs of any issuer for at least the last five years.

Other than the fact that two supervisory directors do not qualify as independent, as further described in " Departures from the best-practice provisions of the Corporate Governance Code" below, there are no potential conflicts of interest between the duties to Draka of the persons listed above under "Board of Management" and "Supervisory Board" and their private interests or other duties.

11.5 Departures from the best-practice provisions of the Corporate Governance Code

While the Company endorses the principles of the Corporate Governance Code, it does not comply with the following best-practice provisions of the Corporate Governance Code in force until January 2009.

- The compensation for involuntary dismissal for Mr Dorjee will be one-year's base salary plus a one year bonus equal to the average bonus for the past three years if his contract of employment is terminated before 31 May 2011 on any ground other than "for cause". This is inconsistent with best-practice provision II 2.7.
- Two members of the Supervisory Board, Annemiek Fentener van Vlissingen and Harold Fentener van Vlissingen, do not qualify as independent, which is inconsistent with best-practice provision III 2.1. Both are members of the supervisory board of Flint Holding N.V., which is the holding company of Flint and as such the indirect majority Shareholder of the Company. There is no contractual arrangement between the Company and Flint on the basis of which Flint is entitled to appoint members to the Supervisory Board.
- The Supervisory Board has not set a maximum term of office for its members because the Company prefers to secure long-term access to the required expertise. This is inconsistent with best-practice provision III 3.5.
- The Supervisory Board has a combined Remuneration & Nomination Committee. Because the Company attaches great importance to the co-ordinating role of the Chairman of the Supervisory Board, particularly in the process of selection and nomination of Supervisory Board and Board of Management members, the Chairman of the Supervisory Board is also Chairman of the Remuneration & Nomination Committee, which is inconsistent with best-practice provision III 5.11.

The amended Corporate Governance Code came into force with effect from the financial year starting on or after 1 January 2009. The Frijns Committee recommends that listed companies include a chapter in their annual report on the broad outline of their corporate governance structure and compliance with the amended

Corporate Governance Code and present this chapter to the general meeting in 2010 for discussion as a separate agenda item. The Company will include a chapter in its 2009 annual report broadly outlining its corporate governance structure and compliance with the amended Corporate Governance Code and Draka intends to present this chapter to the General Meeting in 2010 for discussion as a separate agenda item. The Company endorses the new provisions in the new Corporate Governance Code, except that the Company is currently reviewing the new provisions on remuneration structure, including fixed and variable components, and related disclosure requirements. Further details on how the Company will comply with the provisions will be incorporated in the Company's 2009 annual report.

11.6 Remuneration Board of Management

Board of Management remuneration policy

The aim of the remuneration policy for the Board of Management is to ensure that the Company is able to attract, motivate and retain qualified and expert Board of Management members. The underlying principle of this policy is that the total remuneration of the Board of Management should be in line with a labour market peer group of companies that engage in comparable activities and/or are similar in terms of size and/or complexity. The composition of the labour market peer group and total shareholder return (TSR) peer group was changed in 2008 in connection with several acquisitions within those groups.

The Remuneration & Nomination Committee consults independent remuneration advisors, who use statistical models to gear the remuneration data for the peer group companies to the Company's size.

The Company's labour market peer group consists of the following companies:

Bekaert (Belgium)	Leoni (Germany)
Daetwyler (Switzerland)	Nexans (France)
Fugro (Netherlands)	NKT Holding (Denmark)
Heijmans (Netherlands)	Océ (Netherlands)
Imtech (Netherlands)	Prysmian (Italy)
Legrand (France)	SBM Offshore (Netherlands)

The remuneration of the members of the Board of Management has been aligned with this European labour market peer group.

The remuneration policy for the Board of Management as revised by the General Meeting on 11 May 2007, applied throughout 2008 and continues to apply in 2009. The salaries of the members of the Board of Management were raised by 3% in 2009 to € 531,737 gross for Mr Lyons and € 451,977 gross for Mr Dorjee.

Remuneration structure

The total remuneration package of the members of the Board of Management consists of:

- base salary;
- short-term incentive;
- long-term incentive; and

- pension plan.

Base salary

The base salaries are in line with the median market level for the Company's European labour market peer group.

Short-term incentive (bonus)

The short-term incentive is based on the following performance criteria:

- one-third based on the Company's earnings before interest and tax (EBIT);
- one-third based on the Company's average net working capital as a percentage of annual revenue;
- one-third based on the discretionary judgement of and the Remuneration & Nomination Committee's proposals to the Supervisory Board, related to certain milestones and applying a reasonableness test.

If the predetermined targets for 2009 are met, the members of the Board of Management will receive a bonus of 60% of base salary. If outstanding performance is achieved, a bonus of up to 90% of base salary may be granted to the members of the Board of Management. If performance is below a given threshold, no bonus will be paid.

The Company regards this combination of performance criteria as a good indicator of the Company's short-term operational performance. The specific details of the targets are not disclosed because they qualify as competition-sensitive and hence commercially confidential information. On the advice of its Remuneration & Nomination Committee, the Supervisory Board will review the short-term incentive targets each year to ensure that they are challenging, realistic and consistent with the Company's strategy.

Long-term incentive

The long-term incentive consists of an annual conditional grant of performance shares. Depending on the Company's total shareholder return (TSR), the performance shares may vest (i.e. become unconditional) after three years.

The Company's TSR is being measured against the following companies:

The Company's TSR performance peer group

Belden CDT – NYSE	Leoni – Frankfurt Stock Exchange
Commscope – NYSE	Océ – Euronext Amsterdam
Daetwyler – Swiss Stock Exchange	Nexans – Euronext Paris
Fugro – Euronext Amsterdam	Prysmian – Milan Stock Exchange
Fujikura – Tokyo Stock Exchange	SBM Offshore – Euronext Amsterdam
General Cable Corp – NYSE	Superior Essex – NASDAQ
Imtech – Euronext Amsterdam/Dow Jones	

The table below shows the number of shares (as a percentage of the number of shares initially granted) that each member of the Board of Management will receive as a function of the relative TSR position achieved by the Company three years after the initial grant.

Consistent with the principles of the Corporate Governance Code, vested shares must be held for a further two years after vesting.

Position	**Number of shares to vest (as a percentage of number of shares conditionally granted)**
1	200%
2	166 2/3%
3	133 1/3%
4	100%
5	83 1/3%
6	66 2/3%
7	50%
8-14	0%

The annual grant of conditional performance shares is equivalent to 55% of base salary. The Supervisory Board has authority to grant additional performance shares in exceptional circumstances.

Pension plan

Pension plans are in principle based on the median level for the labour market in the country of origin of each member of the Board of Management.

Loans

No loans, guarantees or the like are provided to/for members of the Board of Management of the Company.

Board of Management remuneration in 2008

Overview

The table below shows the remuneration received by the members of the Board of Management in 2008.

Remuneration of members of the Board of Management in 2008

Amounts in thousands of €

	Base salary	Short-term incentive	Allowance[1]	Total cash remuneration	Pension	Long-term incentive	Total remuneration
Mr Lyons	516	356	423	1,296	446	95	1,836
Mr Dorjee	439	522	3	964	98	417	1,479

[1] *This relates mainly to compensation (paid gross) for housing, school fees and child care expenses.*

The long-term incentive reflects the market value of shares (conditionally) granted to the members of the Board of Management. The actual grant of shares depends on the Company's future performance compared with the peer group.

The members of the Board of Management currently hold no options on Ordinary Shares.

Shareholdings by the members of Board of Management as at 1 October 2009 were as follows:

	Number of Ordinary Shares	Number of conditionally granted performance shares
Mr Lyons	5,000	23,287
Mr Dorjee	9,940	44,582

11.7 Remuneration Supervisory Board

Supervisory Board remuneration policy

The remuneration policy for the members of the Supervisory Board is based on the median level of the Company's European labour market peer group, which is the same as the European labour market peer group used for the members of the Board of Management.

Consistent with the Corporate Governance Code, the remuneration of the members of the Supervisory Board is not dependent on the Company's results. Consequently, neither stock options nor performance shares are granted to Supervisory Board members by way of remuneration. Any shares in the Company held by Supervisory Board members should be held as a long-term investment. The Company does not grant loans to members of the Supervisory Board.

Regulations are in place governing holding of and transactions in securities by members of the Supervisory Board other than securities issued by the Company.

The following remuneration is received by the members of the Supervisory Board and its separate committees:

	Chairman	**Deputy chairman**	**Members**
Supervisory Board	€ 70,000	€ 55,000	€ 50,000
Audit & Governance Committee	€ 10,000		€ 6,000
Remuneration & Nomination Committee	€ 7,500		€ 5,000
Strategy Committee	€ 7,500		€ 5,000

In addition to the fixed remuneration, members of the Supervisory Board are entitled to an expense allowance of € 1,000 per year. The chairman's expense allowance is € 1,250 per year. The members of the Supervisory Board are reimbursed for travel and accommodation expenses.

No change in the remuneration of the Supervisory Board is proposed for 2009. No member of the Supervisory Board is entitled to a contractual severance payment on termination of service.

Supervisory Board remuneration in 2008

The following remuneration was received by the Supervisory Board members in 2008:

	2008	2007[1]
Fritz Fröhlich (Chairman)	€ 83,500	€ 81,375
Annemiek Fentener van Vlissingen (Deputy chairman)	€ 66,000	€ 72,417
Harold Fentener van Vlissingen	€ 55,000	€ 57,917
Ludo van Halderen	€ 59,167	€ 57,917
Rob van Oordt	€ 65,000	€ 73,750
Annemieke Roobeek	€ 55,000	€ 57,917
Graham Sharman	€ 63,500	€ 71,375

[1] *The remuneration received by the members of the Supervisory Board in 2007 includes remuneration relating to membership of the committees in 2006.*

11.8 Employees

At 30 June 2009, Draka employed a total number of 9,949 employees worldwide. This is a decrease of approximately 900, down 8.7% compared with year-end 2008. The reduction is mainly a result of completion in the first half year of the process of closing the Automotive & Aviation division's plan in Vigo (Spain) and the Europe division's plant in Llanelli (UK), as well as the great effort being invested in measures such as projects to lower overheard costs and to raise efficiency.

During 2008, the average number of employees was 10,244 (2007: 9,346, 2006: 8,762). The number of employees at 31 December 2008 was 10,050 (2007: 9,547, 2006: 9,145), of which 1,068 were employed by Dutch Group companies.

11.9 Employees Share-based Incentive Plans

In addition to the share plan for the Board of Management introduced in May 2006 (see "Management and Employees – Remuneration of Board of Management"), the Company has in place a long-term incentive plan that was introduced in June 2002. This plan is divided into an option plan and a share plan. The option plan was amended in May 2007 to the effect that eligible employees no longer receive stock option grants, but stock appreciation rights (SARs) instead that entitles them to a cash payment.

Share options plan

Under the share plan, the Company has granted qualifying members of its senior management the right to use part of their regular bonus to acquire Ordinary Shares. The shares cannot be transferred for an initial period of three years. The options are granted for eight years (contractual life of the options), with a three-year vesting period during which they cannot be exercised. If the employee remains employed during this three-year period, Draka will double the number of shares. The Board of Management must approve any exceptions to this policy. At the end of 2008 the number of matching shares outstanding to senior management was 19,322 (2007: 22,594). Matching shares arrangements granted before 7 November 2002 also exist.

Stock appreciation rights (SARs)

Under this plan, Draka has granted SARs on the Ordinary Shares to certain members of senior management. The SARs are granted for eight years (contractual life of the SARs), with a three-year vesting period during which they cannot be exercised. The Board of Management must approve any exceptions to this policy. SARs are granted under a service condition with no market or performance conditions associated. In 2008 30,721 SARs were granted to senior management. At the end of 2008 the number of SARs outstanding was 53,025 (2007: 25,619).

12. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

12.1 Major Shareholders

The following table shows details of the major holders of the Ordinary Shares and preference shares and is based on notifications received by the Company under the Financial Supervision Act and the Decree on the Disclosure of Major Holdings and Capital Interests in Securities-Issuing Institutions (*Besluit melding zeggenschap en kapitaalbelang in uitgevende instellingen*).

Under the Financial Supervision Act, shareholders are required to disclose their holding if it represents 5% or more of the listed shares in the capital of a listed company. The following shareholders (of Ordinary Shares and preference shares) which qualify under Financial Supervision Act (most recent notification dated 22 October 2009) are as follows:

	Interest	Ordinary Shares	Preference shares[1]
Flint Beheer B.V.	43.93%	23,628,726	-
ASR Nederland N.V.	6.76%	70,460	2,675,000
Ducatus N.V.	4.77%	-	2,371,257

[1] *Not tradable on the Amsterdam Stock Exchange*

The Company is not aware of any subsequent change in such interests, other than the additional preference shares issued to ASR Nederland N.V. and Ducatus N.V. as set out under "Description of Share Capital and Corporate Structure – Share Capital – Number of issued and fully paid-up Shares". See "Description of Share Capital and Corporate Structure - Corporate Structure - Obligations of shareholders to disclose holdings" for further information concerning the requirements under Dutch law to notify interests in the Ordinary Shares.

As at the date of this Prospectus, the Company estimates that the free float of its listed Ordinary Shares amounts to around 50%.

No major shareholder listed in the table above has different voting rights from those set out in "Description of Share Capital and Corporate Structure".

12.2 Related party transactions

A conflict of interest exists between the Company and Annemiek Fentener van Vlissingen and the Company and Harold Fentener van Vlissingen with respect to the issuance of the New Shares to Flint as they both have an indirect ownership interest in Flint. Accordingly Annemiek Fentener van Vlissingen and Harold Fentener van Vlissingen have not taken part in the decision-making process in the Supervisory Board regarding the Private Placement. Annemiek Fentener van Vlissingen and Harold Fentener van Vlissingen are sister and brother. Also see "Management and Employees – Departures from best-practice provisions of the Corporate Governance Code".

During the year ended 31 December 2008, associates and joint ventures purchased goods from Draka in an amount of € 20.2 million (2007: € 22.3 million) and at 31 December 2008 associates and joint ventures owed Draka € 4.5 million (2007: € 4.6 million). At 31 December 2008 Draka's trade receivables from associates and joint ventures amounted to € 3.7 million (2007: € 4.5 million) and trade payables to associates and joint ventures amounted to € 0.9 million (2007: € 0.8 million). Transactions with associates and joint ventures are priced on an arm's length basis. During the year ended 31 December 2008, Draka received dividends from associates and joint ventures for an amount of € 6.7 million (2007: € 21.7 million).

13. THE PRIVATE PLACEMENT AND LISTING

13.1 Private Placement

On the Issue Date, the Company issued 4,061,716 New Shares to Flint at an Issue Price of € 12.40 each, totalling an amount of € 50,365,278.40. The Private Placement resulted in a dilution of approximately 9.2 %. On the Issue Date and after the Private Placement and also taking into account the issuance of 4,057,654 new Ordinary Shares to institutional investors using an accelerated bookbuilding process which took place on 2 October 2009, 48,736,597 Ordinary Shares were issued and outstanding.

13.2 Listing and trading

Application will be made to list all of the New Shares on Euronext Amsterdam under the symbol "DRAK". The ISIN (International Security Identification Number) code is NL0000347813 and the common code is 010682835. Subject to acceleration or extension of the timetable for the Private Placement, trading in the New Shares on Euronext Amsterdam is expected to commence on 5 November 2009.

14. TAXATION

14.1 Introduction

The following summary outlines certain principal Dutch tax consequences of the acquisition, holding, redemption and disposal of Ordinary Shares, but does not purport to be a comprehensive description of every Dutch tax consideration that may be relevant. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of an investment in Ordinary Shares.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Prospectus, and it does not take into account any developments thereof or amendments thereto after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Dutch tax consequences for:

(a) holders of Ordinary Shares holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Company and holders of Ordinary Shares of whom a certain related person holds a substantial interest in the Company. Generally speaking, a substantial interest in the Company arises if a person, alone or, where such person is an individual, together with his or her partner (statutory defined term), directly or indirectly, holds (i) an interest of 5% or more of the total issued capital of the Company or of 5% or more of the issued capital of a certain class of Shares of the Company, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit-sharing rights in the Company;

(b) investment institutions (*fiscale beleggingsinstellingen*);

(c) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other entities that are exempt from Dutch corporate income tax; and

(d) corporate holders of Ordinary Shares qualifying for the participation exemption (*deelnemingsvrijstelling*). Generally speaking, a shareholding is considered to qualify as participation for the participation exemption if it represents an interest of 5% or more of the nominal paid-up share capital.

14.2 Dividend tax

Withholding requirement

The Company is required to withhold 15% Dutch dividend tax in respect of proceeds from the Ordinary Shares, which include:

(a) proceeds in cash or in kind including deemed and constructive proceeds;

(b) liquidation proceeds, proceeds on redemption of the Ordinary Shares and, as a rule, the consideration for the repurchase of the Ordinary Shares by the Company in excess of its average paid-in capital recognised for Dutch dividend tax purposes, unless a particular statutory exemption applies;

(c) the nominal value of Ordinary Shares issued to a holder of the Ordinary Shares or an increase of the par value of the Ordinary Shares, except when the (increase in the) nominal value of the Ordinary Shares is funded out of the Company's paid-in capital as recognised for Dutch dividend tax purposes; and

(d) partial repayments of paid-in capital for tax purposes, if and to the extent there are qualifying profits (*zuivere winst*), unless the general meeting of the shareholders of the Company has resolved in advance to make such repayment and provided that the nominal value of the Ordinary Shares concerned has been reduced by an equal amount by way of an amendment to the articles of association and the paid-in capital is recognised as capital for Dutch dividend tax purposes.

Residents of the Netherlands

If a holder is a resident of the Netherlands, Dutch dividend tax which is withheld with respect to proceeds from the Ordinary Shares will generally be creditable for Dutch corporate income tax or Dutch income tax purposes if the holder is the beneficial owner (as described below) thereof.

Non-residents of the Netherlands

If a holder is a resident of a country other than the Netherlands and if a treaty for the avoidance of double taxation with respect to taxes on income is in effect between the Netherlands and that country, and such holder is the beneficial owner (as described below) of the proceeds from the Ordinary Shares and a resident for the purposes of such treaty, such holder may, depending on the terms of that particular treaty, qualify for full or partial relief at source or for a refund in whole or in part of the Dutch dividend tax.

A refund of the Dutch dividend tax is available to entities resident in another EU Member State, provided these entities are not subject to corporate income tax there and would not be subject to Dutch corporate income tax, if these entities would be tax-resident in the Netherlands.

Beneficial owner

A recipient of proceeds from the Ordinary Shares will not be entitled to any exemption, reduction, refund or credit of Dutch dividend tax if such recipient is not considered to be the beneficial owner of such proceeds. The recipient will not be considered the beneficial owner of these proceeds if, in connection with such proceeds, the recipient has paid a consideration as part of a series of transactions in respect of which it is likely:

(a) that the proceeds have in whole or in part accumulated, directly or indirectly, to a person or legal entity that would:

    (i) as opposed to the recipient paying the consideration, not be entitled to an exemption from dividend tax; or

    (ii) in comparison to the recipient paying the consideration, to a lesser extent be entitled to a lower rate or refund of dividend tax; and

(b) that such person or legal entity has, directly or indirectly, retained or acquired an interest in shares, profit-sharing certificates or loans, comparable to the interest it had in similar instruments prior to the series of transactions being initiated.

Reduction of Dutch withholding tax upon redistribution of foreign dividends

Provided certain conditions are met, the Company may apply a reduction of the withholding tax imposed on certain qualifying dividends distributed by the Company if the Company has itself received dividends from certain qualifying non-Dutch subsidiaries, which dividends were subject to withholding tax upon distribution to the Company. The reduction of the Dutch withholding tax imposed on these dividends that are distributed by the Company is equal to the lesser of:

(a) 3% of the amount of the dividends distributed by the Company that are subject to withholding tax; and

(b) 3% of the gross amount of the dividends received during a certain period from the qualifying non-Dutch subsidiaries.

The reduction is applied to the Dutch dividend tax that the Company must pay over to the Dutch tax authorities and not to the amount of the Dutch dividend tax that the Company must withhold.

14.3 Corporate and individual income tax

Residents of the Netherlands

If a holder is a resident or deemed to be a resident of the Netherlands for Dutch tax purposes and is fully subject to Dutch corporate income tax or is only subject to Dutch corporate income tax in respect of an enterprise to which the Ordinary Shares are attributable, income derived from the Ordinary Shares and gains realised upon the redemption or disposal of the Ordinary Shares are generally taxable in the Netherlands (at up to a maximum rate of 25.5%).

If an individual holder is a resident or deemed to be a resident of the Netherlands for Dutch tax purposes (including an individual holder who has opted to be taxed as a resident of the Netherlands), income derived from the Ordinary Shares and gains realised upon the redemption or disposal of the Ordinary Shares are taxable at the progressive rates (at up to a maximum rate of 52%) under the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) if:

(a) the holder is an entrepreneur (*ondernemer*) and has an enterprise to which the Ordinary Shares are attributable or the holder has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*) to which enterprise the Ordinary Shares are attributable; or

(b) such income or gains qualify as income from miscellaneous activities (*resultaat uit normal werkzaamheden*), which include the performance of activities with respect to the Ordinary Shares that exceed regular, active portfolio management (*normal, actief vermogensbeheer*).

If neither condition (a) nor (b) above applies to the holder of the Ordinary Shares, taxable income with regard to the Ordinary Shares will be determined on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. At present, this deemed return on income from savings and investments has been fixed at a rate of 4% of the average of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year and the individual's yield basis at the end of the calendar year, insofar as the average exceeds a certain threshold. The average of the individual's yield basis is determined as the fair market value of certain qualifying assets held by the holder of the Ordinary Shares less the fair market value of certain qualifying liabilities on 1 January and 31 December, divided by two. The fair market value of the of the Ordinary Shares will be included as an asset in the individual's yield basis. The 4% deemed return on income from savings and investments will be taxed at a rate of 30%.

Non-residents of the Netherlands

If a holder is neither a resident nor is deemed to be a resident of the Netherlands for Dutch tax purposes (or has not opted to be taxed as a resident of the Netherlands), such holder is not taxable in respect of income derived from the Ordinary Shares and gains realised upon the redemption or disposal of the Ordinary Shares, unless:

(a) the holder is not an individual and such holder (i) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Ordinary Shares are attributable, or (ii) is entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise which is effectively managed in the Netherlands (other than by way of securities) and to which enterprise the Ordinary Shares are attributable.

This income is subject to Dutch corporate income tax at up to a maximum rate of 25.5%; or

(b) the holder is an individual and such holder (i) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Ordinary Shares are attributable, or (ii) realises income or gains with respect to the Ordinary Shares that qualify as income from miscellaneous activities (*resultaat uit normal werkzaamheden*) in the Netherlands with respect to the Ordinary Shares which exceed regular, active portfolio management (*normal, actief vermogensbeheer*), or (iii) is entitled to a share in the profits of an enterprise that is effectively managed in the Netherlands (other than by way of securities or an employment contract) and to which enterprise the Ordinary Shares are attributable.

Income derived from the Ordinary Shares as specified under (i) and (ii) above is subject to individual income tax up to a maximum rate of 52%. Income derived from a share in the profits of an enterprise as specified under (iii) above will be taxed on the basis of the deemed return on income from savings and investments (as described above under "Residents of the Netherlands"). The fair market value of the share in the profits of the enterprise (which includes the Ordinary Shares) will be part of the individual's Dutch yield basis.

14.4 Gift and inheritance tax

Residents of the Netherlands

Generally, gift and inheritance tax will be due in the Netherlands in respect of the acquisition of the Ordinary Shares by way of a gift by, or on the death of, a holder who is a resident or deemed to be a resident of the Netherlands for the purposes of Dutch gift and inheritance tax at the time of the gift or his or her death.

A holder of Dutch nationality is deemed to be a resident of the Netherlands for the purposes of the Dutch gift and inheritance tax if he or she has been resident in the Netherlands and dies or makes a donation within ten years after leaving the Netherlands. A holder of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Dutch gift tax if he or she has been resident in the Netherlands and makes a donation within a 12-month period after leaving the Netherlands. The same 12-month rule may apply to entities that have transferred their seat of residence out of the Netherlands.

Non-residents of the Netherlands

No gift or inheritance taxes will arise in the Netherlands in respect of the acquisition of the Ordinary Shares by way of a gift by, or as a result of, the death of a holder who is neither a resident nor deemed to be a resident of the Netherlands for the purposes of Dutch gift and inheritance tax, unless:

(a) such holder at the time of the gift or his or her death has an enterprise or an interest in an enterprise which is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands and to which permanent establishment or permanent representative the Ordinary Shares are (deemed to be) attributable; or

(b) in the case of a gift of the Ordinary Shares by a holder who at the date of the gift was neither a resident nor deemed to be a resident of the Netherlands, such holder dies within 180 days after the date of the gift and at the time of his or her death is a resident or deemed to be a resident of the Netherlands.

14.5 Value added tax

In general, no value added tax will arise in respect of payments in consideration for the issue of the Ordinary Shares or in respect of a cash payment made under the Ordinary Shares or in respect of a transfer of Ordinary Shares.

14.6 Other taxes and duties

No registration tax, customs duty, transfer tax, stamp duty, capital tax or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Ordinary Shares.

15. GENERAL INFORMATION

15.1 Corporate Resolutions

The Private Placement was authorised by a resolution of the extraordinary meeting of Shareholders on 22 October 2009. The extraordinary meeting authorised the issue of 4,061,716 Ordinary Shares to Flint with exclusion of the pre-emptive rights of the Shareholders at an issue price of € 12.40 per Ordinary Share.

15.2 Subsidiaries

The following tables present the main subsidiaries, associates and joint ventures 100% owned by the Company, unless otherwise indicated, as at the date of this Prospectus.

Energy & Infrastructure Group

Region	Country	Company	Ownership (%)
Asia	India	Associated Cables Pvt Ltd	60
	Malaysia	Sindutch Cable Manufacturers Sdn Bhd	100
	People's Republic of China	Suzhou Draka Cable Co Ltd Draka Cables (Hong Kong) Ltd NK Wuhan Cable Co. Ltd	100 100 67.8
	Singapore	Draka Cableteq Asia Pacific Holding Pte Ltd Singapore Cables Manufacturers Pte	100 100
	Sultanate of Oman	Oman Cables Industry SAOG	34.8
	Thailand	MCI-Draka Cable Co Ltd	70.3
Australia	Australia	Draka Cableteq Australia Pvt Ltd	100
Europe	Belgium	Draka Belgium NV-SA	100
	Czech Republic	Draka Kabely s.r.o.	100
	Denmark	Draka Denmark Copper Cable A/S	100
	Estonia	Draka Keila Cables Ltd	66
	Finland	Draka NK Cables Ltd	100
	France	Draka France SAS Draka Paricable SAS Cableries De Valenciennes SAS	100 100 100
	Germany	Draka Deutschland GmbH Höhn GmbH	100 100
	Netherlands	Kabelbedrijven Draka Nederland B.V. Draka Nederland B.V.	100 100
	Norway	Draka Norsk Kabel AS	100
	Russia	Elkat Ltd	40
	Spain	Draka Cables Industrial SA	100
	Sweden	Draka Kabel Sverige AB	100
	United Kingdom	Draka UK Ltd	100
South America	Brazil	Draka Cableteq Brasil SA	99

Industry & Specialty Group

Region	**Country**	**Company**	**Ownership (%)**
Asia	People's Republic of China	Suzhou Draka Cable Co Ltd Nantong Haixun Draka Elevator Products Co Ltd Zhongyao Draka Elevator Products Co Ltd Draka Shanghai Optical & Electrical Cable Co Ltd	100 75 75 55
	Philippines	Draka Philippines Inc	100
	Singapore	Draka Distribution Singapore Pte Ltd Singapore Cables Manufacturers Pte Ltd	100 100
Europe	Czech Republic	Draka Kabely sro	100
	Denmark	Draka Denmark Copper Cable A/S	100
	France	Draka Fileca-Foptica SAS Cableries De Valenciennes SAS	100 100
	Germany	Draka Industrial Cable GmbH Draka Automotive GmbH Draka Kabeltechnik GmbH USB Elekto kabelkonfektions GmbH	100 100 100 100
	Italy	D.B. Lift Draka Elevator Products S.r.l.	100
	Netherlands	Draka Elevator Products B.V. White Holding B.V. White Products B.V. Cableries Holding B.V.	100 100 100 100
	Norway	Draka Norsk Kabel AS	100
	Russia	Draka Industrial Cable Russia LLC	100
	Spain	Draka Elevator Products Spain SL Draka Industry & Specialty SL	100 100
	Sweden	Draka Kabel Sverige AB	100
	Turkey	Draka Istanbul Asansor Ihracaat Ithalat Uretim Ltd Sti Wagner Kablo Sanayi Ve Ticaret AS	 100 17.3
North America	Canada	Draka Elevator Products Inc	100
	Mexico	Draka Durango S de RL de CV	100
	United States of America	Draka Marine, Oil & Gas International LLC Draka Cableteq Holdings Inc Draka Cableteq USA Inc Draka Elevator Products Inc	100 100 100 100

Communications Group

Region	Country	Company	Ownership (%)
Asia	Japan	Precision Fiber Optics Ltd	50
	Malaysia	Sindutch Cable Manufacturers Sdn Bhd	100
	People's Republic of China	Yangtze Optical Fiber & Cable Co Ltd	37.5
		Draka Comteq SDGI Fiber Co Ltd	55
		Yangtze Optical Fiber & Cable (Shanghai) Co Ltd	53.1
	Singapore	Draka Comteq Singapore Pte Ltd	100
Europe	Austria	Draka Austria Cable GmbH	100
	Denmark	Draka Comteq Denmark A/S	100
	Finland	Draka Comteq Finland Ltd	100
	France	Draka Comteq France SAS	100
	Germany	Draka Comteq Germany GmbH & Co KG	100
		Draka Comteq Berlin GmbH & Co KG	100
	Netherlands	Draka Comteq B.V.	100
		Draka Comteq Cable Solutions B.V.	100
		Draka Comteq Fiber B.V.	100
		Draka Comteq Telecom B.V.	100
		Draka Comteq Data B.V.	100
	Norway	Draka Comteq Norway AS	100
	Russia	Neva Cables AO	75
	Slovak Republic	Draka Comteq Slovakia sro	100
	Spain	Draka Comteq Spain SL	100
		Draka Comteq Iberica SL	100
	Sweden	Draka Comteq Sweden AB	100
	Turkey	Draka Comteq Kablo Ltd Sti	100
	United Kingdom	Draka Comteq UK Ltd	100
North America	United States of America	Draka Communications Americas Inc	100
South America	Argentina	Cables Opticos y Metalicos para Telecommunicationes Telcon S.r.l	49
	Brazil	Draka Comteq Cabos Brasil SA	100
		Drakatel Optical Fiber SA	70
		Telcon Fios e Cabos Para Telecominicacoes SA	50

15.3 Statement of significant change

No significant change in the financial or trading position of Draka occurred between 30 June 2009 and the date of this Prospectus.

15.4 Availability of documents

Copies (in print) of:

- the Articles of Association;
- the audited consolidated financial statements prepared in accordance with IFRS as at and for the year ended 31 December 2006;
- the audited consolidated financial statements prepared in accordance with IFRS as at and for the year ended 31 December 2007;
- the audited consolidated financial statements prepared in accordance with IFRS as at and for the year ended 31 December 2008; and
- the condensed consolidated interim financial information for the six months ended 30 June 2009 and the six months ended 30 June 2008 prepared in accordance with IFRS

are available and can be obtained free of charge at the Company's head office at De Boelelaan 7, Gebouw 'Officia I', 1038 HJ Amsterdam, the Netherlands, during normal business hours and in electronic form from the Company's website (www.draka.com).

Alternatively, Dutch residents may obtain copies of this Prospectus in electronic form free of charge for the same period through the website of Euronext Amsterdam (www.euronext.com).

15.5 Independent auditors

The Company's consolidated financial statements as at and for the years ended 31 December 2008 have been audited by Deloitte Accountants B.V. and the consolidated financial statements as at and for the years ended 31 December 2006 and 2007 have been audited by KPMG Accountants N.V. Deloitte Accountants B.V. and KPMG Accountants N.V. are independent auditors, as stated in their respective reports appearing herein by reference. The auditors' reports have been unqualified. The auditor of the Company has no interest in the Company.

Deloitte Accountants B.V. is located at Orlyplein 50, 1043 DP Amsterdam, the Netherlands. The auditor who signed on behalf of Deloitte Accountants B.V. is a member of the Royal Netherlands Institute of Registered Accountants (*Koninklijk Nederlands Instituut van Registeraccountants*).

The business address of KPMG Accountants N.V. is Burgemeester Rijnderslaan 10-20, 1185 MC Amstelveen, the Netherlands. The auditor who signed on behalf of KPMG Accountants N.V. is a member of the Royal Netherlands Institute of Registered Accountants (*Koninklijk Nederlands Instituut van Registeraccountants*).

Draka's condensed consolidated interim financial information for the six months ended 30 June 2009 and the six months ended 30 June 2008, which have been provided for comparison purposes, have been reviewed by Deloitte Accountants B.V.

Deloitte Accountants B.V. and KPMG Accountants N.V. have given, and have not withdrawn, their consent to the incorporation by reference of their reports in this Prospectus in the form and context in which they are included.

16. DEFINITIONS

AFM	means the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*)
Articles of Association	means the articles of association of the Company
Audit & Governance Committee	means the audit & governance committee of the Supervisory Board
Board of Management	means the board of management of the Company
Central Works Council	means the central works council of the Company
CET	means Central European Time
Company	means Draka Holding N.V., a public limited liability company (*naamloze vennootschap*) under Dutch law with its statutory seat in Amsterdam, the Netherlands, and registered in the Commercial Register under number 33185253.
Communications Group	means the Communications group
Corporate Governance Code	means the Dutch corporate governance code
CRU	means the CRU Group, comprising CRU International Limited, CRU Publishing Limited and CRU Strategies Limited with its head office at 31 Mount Pleasant, WC1X 0AD, London in the United Kingdom
D.B. Lift Draka	means DeBiase Lift Components S.r.l., renamed D.B. Lift Draka Elevator Products S.r.l.
Decree	means the Public Takeover Bids Decree (*Besluit openbare biedingen*)
Draka	means the Company and its subsidiaries
Draka Comteq SDGI	means Draka Comteq SDGI Co Ltd
EFM	means the Extended Factory Model
Energy & Infrastructure Group	means the Energy & Infrastructure group
Enterprise Chamber	means the Enterprise Chamber of the Amsterdam Court of Appeal
EU	means European Union
€ or **euro**	means the currency of the European Monetary Union
Euroclear Nederland	means Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. trading as Euroclear Nederland, the Dutch depositary and settlement institute, a subsidiary of Euroclear

Euronext	means Euronext Amsterdam N.V.
Euronext Amsterdam	means Euronext Amsterdam by NYSE Euronext
Financial Supervision Act	means the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and the rules promulgated thereunder
Flint	means Flint Beheer B.V.
FTTH	means fiber-to-the-home
GDP	means gross domestic product
General Meeting	means the general meeting of shareholders of the Company
Global Share Certificate	means the single share certificate representing all bearer Ordinary Shares outstanding from time to time
Group	means the Energy & Infrastructure Group, Industry & Specialty Group or Communications Group and **Groups** means the Energy & Infrastructure Group, Industry & Specialty Group or Communications Group jointly
IAS	means the International Accounting Standards
ICT	means information and communication technology
IFRS	means the International Financial Reporting Standards as adopted by the EU
ING	means ING Bank N.V.
Insider	means any member of the Board of Management and the Supervisory Board and any other person who has managerial responsibilities or who has the authority to make decisions affecting the Company's future developments and business prospects or who has regular access to inside information relating, directly or indirectly, to the Company
Industry & Specialty Group	means the Industry & Specialty group
Issue Date	means the date the Company issued the New Shares, being 22 October 2009
Issue Price	means € 12.40 per New Share
IT	means information technology
JV Partners	means the Company, through its wholly-owned subsidiary Draka Comteq B.V., China Huaxin Post and Telecommunications Economy Development Center and Wuhan Changjiang Communications Industry Group Shares Company Ltd
Lenders	means the Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., ABN AMRO Bank N.V., Fortis Bank (Nederland) N.V., ING Bank N.V. and NIBC Bank N.V.

Listing	means the listing of the New Shares on Euronext Amsterdam as described in this Prospectus
Listing Agent	means ING
Listing Date	means the date on which trading in the New Shares on Euronext Amsterdam will commence
Market Abuse Decree	means the Dutch Decree on Market Abuse pursuant to the Financial Supervision Act (*Besluit Marktmisbruik Wft*)
Member State	means a member state of the European Economic Area
New Shares	means the 4,061,716 new Ordinary Shares offered at the Issue Price
OCI	means Oman Cable Industry SOAG
OEM	means original equipment manufacturers
Ordinary Shares	means the ordinary shares in the capital of the Company with a nominal value of € 0.50 each
OPGW	means optical phase and optical ground wire cable
Private Placement	means the issuance by the Company of the New Shares for the Issue Price on the Issue Date to Flint by means of a private placement
Prospectus	means this prospectus dated 30 October 2009
Prospectus Directive	means Directive 2003/71/EC of the European Parliament and of the Council of the European Union
Remuneration & Nomination Committee	means the remuneration & nomination committee of the Supervisory Board
Revised 2008	means the revised figures of 2007 from the Company's annual report of 2008
SAR	means stock appreciation rights
Shareholder	means the holder of any of the Ordinary Shares, the registered preference shares and the Class B preference shares in the capital of the Company
Shares	means the Ordinary Shares, the registered preference shares and the Class B preference shares in the capital of the Company
Strategy Committee	means the strategy committee of the Supervisory Board
Supervisory Board	means the supervisory board (*raad van commissarissen*) of the Company
Takeover Directive	means the Directive 2004/25/EC of the European Parliament and of the Council of the European Union of 21 April 2004

Transparency Directive	means the Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004
United Kingdom or **UK**	means the United Kingdom of Great Britain and Northern Ireland
United States or **US**	means the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
YOFC	means Yangtze Optical Fibre and Cable Co Ltd
YOFC Shanghai	means Yangtze Optical Fibre and Cable (Shanghai) Co Ltd