Draka

–Press Release–
Amsterdam, 5 September 2006

FIRST HALF-YEAR FIGURES 2006

DRAKA POSTS REVENUE GROWTH OF 32.5% PARTLY DRIVEN BY HIGHER COPPER PRICE; VOLUME GROWTH ACCELERATING TO 8.7%

OPERATING RESULT € 39.1 MILLION AND NET INCOME € 17.1 MILLION (BOTH EXCLUDING NON-RECURRING ITEMS)

OPERATING WORKING CAPITAL 20.0% OF REVENUES, DESPITE SHARPLY HIGHER RAW MATERIAL PRICES

(€ million, unless indicated otherwise)	1st half 2006	1st half 2005
Revenues	1,189.6	897.9
EBITDA[1]	66.8	54.1
Operating result excluding non-recurring items	39.1	12.2
Operating result	34.1	27.6
Net income excluding non-recurring items	17.1	1.0
Net income	12.1	16.4
Earnings per ordinary share (€)	0.34	0.48
Cash flow from operating activities	(17.4)	(27.6)

- **Volume growth accelerates to 8.7%, driven by strong recovery of the low-voltage cable market, increased focus on specialty cable segment (Draka Cableteq) and sustained growth of the optical fibre market (Draka Comteq).**

- **Operating result (excluding non-recurring items) more than triples to € 39.1 million due to volume growth, cost savings and efficiency measures; Draka Cableteq posts a sharply higher operating result and Draka Comteq's results continued the improving trend.**

- **Net income € 17.1 million (excluding non-recurring items).**

- **Operating working capital substantially reduced to 20.0% of revenues (1H 2005: 29.4%), despite sharply higher raw material prices and volume growth.**

- **Modest € 42.9 million increase in interest-bearing debt (excluding preference shares) to fund growth in working capital.**

- **Outlook for 2006: Volume growth on global cable market is expected to continue. Prices of the main raw materials (copper and polymers) will remain volatile. Draka expects operating result and net income (excluding non-recurring items) in the second half of 2006 to at least equal the first-half figures of 2006.**

[1] 1H 2006: including impairment charges of € 5.0 million in respect of proposed termination of Draka Comteq's operations in Oulu, Finland (1H 2005: including net non-recurring income of € 15.4 million).

Half-year results 2006

Commenting on developments in the first half of 2006, Ingolf Schulz, Chairman and CEO of Draka Holding N.V., said: *'We have made substantial progress in the past six months. Draka is now clearly reaping the benefits of the strategic changes we have implemented over the past two years. This implies the organisational change in our company (from a country to a divisional model) and the launch of the 'Stop, Swap & Share' programmes. The organic growth and sharp improvement in profitability we have achieved, despite the sharp increase in raw material prices, confirm that our strategy is the right one. Thanks to the actions we have taken, movements in raw material prices can be passed on more quickly and we have been able to reduce our operating working capital by more than € 90 million compared with the corresponding period in 2005. Given the advances we have made in the past half-year, we are confident that Draka is on the right track.'*

(€ million)	**1H 2006**	**1H 2005**	**2H 2005**
Revenues			
Draka Cableteq	915.2	664.8	715.1
Draka Comteq	274.4	233.1	265.7
Total	1,189.6	897.9	980.8
Operating result[1]			
Draka Cableteq	45.1	28.5	29.2
Draka Comteq	1.5	(8.7)	1.1
Unallocated	(7.5)	(7.6)	(4.9)
Total	39.1	12.2	25.4

[1] Excluding non-recurring items, which amounted to € 5.0 million negative (impairment charges at Draka Comteq) in 1H 2006, compared with € 15.4 million positive in 1H 2005. Non-recurring items amounted to € 23.0 million negative in 2H 2005.

General
Global demand for cable in the first six months of 2006 rose by around 5.5% (based on constant exchange rates and copper prices). Once again, growth was strongest in China, but above-average growth was also recorded in the USA, Eastern Europe and Japan. The Western European market, which is important to Draka, grew by around 3%, after shrinking 3% in 2005. At product level, all market segments contributed to the growth in the cable market, with the exception of copper telecommunication cable, where demand declined in the first half of 2006.

All three market segments addressed by Draka – low-voltage cable, special-purpose cable and communication cable – contributed to Draka's volume growth of 8.7% in the first half of 2006. The biggest challenge was the sharp rise in raw material prices, and the impact on profit and working capital. Thanks to the measures which had previously been taken, however, Draka was able to limit these effects.

Reflecting the volume growth, the impact of the higher utilisation rate, and the effect of ongoing efficiency and Stop, Swap & Shares programmes, Draka was able to more than triple its operating result (excluding non-recurring items). Benefiting from the recovery of the low-voltage cable segment, Draka Cableteq posted a sharply improved result. Draka Comteq was able to continue the improving trend and reported a small profit. Ongoing cost savings and strong volume growth in the optical fibre segment lay behind the improvement.

Revenues
Draka's revenues in the first six months of 2006 totalled € 1,189.6 million, an increase of 32.5% on the corresponding period last year. Organic growth accounted for 32.7% of this increase and acquisitions and disposals had a limited negative impact of 0.2%. Acquisitions and disposals related mainly to the sale of NKF Electronics B.V. in the first quarter of 2005 and acquisitions of DCA (Australia) and Draktel (Brazil).

Organic growth in revenues amounted to 32.7% or € 293.8 million, with volume growth accounting for an 8.7% increase. The remaining organic growth (24.0%) can be attributed to the sharp increase in the copper price (by an average of 89.7% in euros compared with the first half of 2005), which increased revenues by 21.8% and currency effects, which lifted revenues by 2.2%.

Operating result
On a like-for-like basis (excluding non-recurring items), the operating result was 220.5% higher, at € 39.1 million, as against € 12.2 million in the first half of 2005. The operating result was also sharply higher compared with the second half of 2005 (53.9%). Including non-recurring items, the operating result totalled € 34.1 million, up 23.6% on the first half of 2005 (€ 27.6 million). The operating result reflects a non-recurring charge of € 5.0 million in the form of impairment charges connected with the proposed termination of Draka Comteq's operations in Oulu (Finland). In the first half of 2005, Draka reported a non-recurring income of € 15.4 million.

Operating margin
The operating margin – the operating result (excluding non-recurring items) as a percentage of revenues – increased to 3.3%, compared with 1.4% in the corresponding period in 2005. Volume growth, resulting in higher capacity utilisation, cost savings and production optimisation projects all helped to improve margins.

Other financial items
Net financing costs were 18.2% higher at € 20.1 million (1H 2005: € 17.0 million). The tax charge amounted to € 4.9 million. After having been positive for several years, the tax item changed to negative again, reflecting Draka's improved profit performance and hence return to the normal level of taxation. The share in the results of associates increased to € 3.4 million positive (1H 2005: € 1.0 million negative), helped by the strong performance of Draka's associates in Russia (Elkat), Brazil (Telcon) and China (YOFC).

Net income
On a like-for-like basis, excluding non-recurring items, Draka's net income for the first half of 2006 was € 17.1 million (1H 2005: € 1.0 million). Including non-recurring items, net income turned out at € 12.1 million, compared with € 16.4 million for the first six months of last year.

Net earnings per share
Excluding non-recurring items, net earnings per ordinary share amounted to € 0.48 (1H 2005: € 0.03). Including non-recurring items, net earnings per share amounted to € 0.34 (1H 2005: € 0.48). The number of ordinary shares in issue remained unchanged compared with 31 December 2005, at 35,567,406.

Draka Cableteq

General
After the weakening of the market in 2005, Draka Cableteq benefited from the improving market conditions in Europe in the first six months of this year, with demand in the USA and the emerging markets holding up well. The difference in the pace of growth which has been in evidence for several years, with the special-purpose cable segment growing faster than the low-voltage cable segment, was eliminated in the first half of 2006.

One highlight was the announcement of the acquisition of the insulated-cable activities of International Wire Group, Inc. (USA) on 29 June 2006, which has significantly strengthened Draka's position as the world's largest independent manufacturer of wire and cable for the automotive industry.

Financial result
The improving trend in Draka Cableteq's results since 2003 gained pace in the first half of 2006. All divisions contributed to the results, with the low-voltage cable activities achieving the most progress. Draka Cableteq's revenues for the first half of 2006 were 37.7% higher at € 915.2 million. On a like-for-like basis, adjusting for the disposal of NKF Electronics BV in the first quarter of 2005 and the acquisition of DCA (Australia), revenues were up 38.3%, reflecting the substantial effect of the sharply higher copper price.

(€ million, unless indicated otherwise)	1H 2006	1H 2005	2H 2005
Revenues	915.2	664.8	715.1
Operating result[1]	45.1	28.5	29.2
Operating margin (%)	4.9	4.3	4.1

[1] Excluding non-recurring items, amounting to € 17.8 million positive in 1H 2005 and € 23.0 million negative in 2H 2005.

The operating result, excluding non-recurring items, was 58.2% higher at € 45.1 million. This improvement was due in part to the Stop, Swap & Share project launched by Draka Cableteq in September 2005. With savings in the first half of the year of some € 7 million, the project is on track to achieve the estimated annual cost savings of around € 15 million from 2006 onwards. The other contributory factors were the improvement in the product mix and the growth in volume. The negative impact on profit of higher raw material prices (copper and polymers) was mitigated by reducing the delay in passing on price increases to customers.

Developments per division

Low-Voltage Cable

After marginal volume growth of around 1.5% in 2005, the European market grew by 3–4% in the first half of this year, driven mainly by the construction and infrastructure sectors. The Low-Voltage Cable division maintained its share of the European market by rolling out its successful business model, where the contract with the client is at global or regional level and product and service delivery is at local level. This approach helps to both strengthen the relationship with the client and raise the service level. The division continued to advance its position in the United States, South-East Asia and Australia as the market for special-purpose cable products continues to be favourable.

The Low-Voltage Cable division reported sharply improved results, due to both volume growth, which translated into higher capacity utilisation rates, and the scope for passing higher raw material prices on to its customers. The cost savings accruing from the Stop, Swap & Share project, which was launched in September 2005, were also a contributory factor.

Transport

Demand for cable on the part of the automotive industry showed modest growth in the first half of 2006, driven by an increase in vehicle production. Demand from the aerospace industry remained at a high level. Although the Transport division reported increased revenues, this had little impact on the results. Its market share continued to grow, both organically and through the acquisition of the insulated-cable activities of International Wire Group, Inc. (USA). The takeover of a significant part of a client's in-house production accounted for part of the organic growth.

The acquisition of International Wire Group, Inc.'s insulated-cable activities in Cebu (Philippines) and Durango (Mexico) has considerably advanced Draka Transport's position on the global automotive cable market. The division now has a presence in all of the major growth markets in the automotive sector and has considerably strengthened its position as strategic supplier to leading harness makers such as Yazaki (Japan), Lear (USA) and Delphi (USA). The new activities (generating annual revenues of around € 75 million) will be included in the consolidation as from 1 July 2006 and are expected to make a positive contribution to results from 2007 onwards.

Elevator Products

Draka Elevator Products was able to benefit from positive market developments, with the large suppliers of elevators and escalators performing particularly well. The division strengthened its market position further, driven by its successful business model: not only supplying elevator cable but also the parts kitting capabilities which have been recognized by major customers as a unique service and valued offering that has been more greatly utilized. In the first half year new product areas such as seismic sensors and load weighing devices have been successful additions.

Draka Elevator Products performed well in the first six months of 2006 by increasing its results again. Results improved on the back of volume growth while cost savings measures have been implemented to minimize and counter increases in raw material prices.

Rubber Cable

Growth in the rubber cable market kept pace with the low-voltage cable market in general, which grew at around 4%. Demand for special-purpose cable for the wind and solar energy markets rose faster than the market average. The Rubber Cable division was able to derive maximum benefit from this trend thanks to its 'Energy – Cable – Future' strategy which focuses on the wind power, solar power and mining sectors. Its Windflex and Drakaflex Sun product lines are increasingly setting the standard in the wind and solar power markets, and its international client base is expanding. The start-up of production in China also helped to increase the division's share of the rubber cable market.

The division achieved good results in the first six months of 2006, posting a sharp improvement on the strength of good market conditions and the adopted strategy. Ongoing efforts to reduce costs also contributed to the higher result.

Marine, Oil & Gas
Encouraged by the high oil price, the oil and gas industry is expected to increase investment in exploration and production by around 20% this year to $ 260 billion, keeping demand for exploration and production platforms and vessels (particularly deep-water units) at a high level. There is also a growing demand for maintenance, to sustain offshore oil production capacity utilisation at around 95%.

In this market environment, the Marine, Oil & Gas division was able to post improved results, benefiting both from the growth in the new-build market and higher revenues from its maintenance activities. With its global network of distribution centres, which was again expanded in 2005, the division strengthened its position in this market segment.

Mobile Network Cable
There was modest growth in the global market for mobile telephony network cable. Within Europe, the bulk of this growth was in Eastern Europe, where the market is still expanding. The demand there is mainly for second-generation mobile phone networks providing basic functionality. The Asian market showed continuing growth.

Although the Mobile Network Cable division was able to defend its market share, its results were down slightly compared with its excellent performance in 2005, owing to the erosion of margins due to its inability to pass all of the sharply higher raw material prices on to its customers.

Draka Comteq

General
Conditions in the communication cable market in the first half of this year were similar to those in 2005, with healthy growth in the optical fibre segment and a decline in the copper cable segment (except for data communication cable). The optical fibre market grew by over 20%, driven by strong demand from the US and Asia (notably Japan and China), but there was little growth in Europe. In the copper cable market, demand for telecommunication cable was down by around 5%, while data communication cable volume was around 4% higher. There was, however, no easing of the pressure on prices right across the communication cable market.

Financial result
The improving trend in Draka Comteq's results in 2005 was sustained in the first half of 2006. All divisions contributed to the growth in revenues, which rose 17.7% to € 274.4 million. Adjusted for the acquisition of Draktel (Brazil), organic growth turned out at 16.8%. All market segments except copper telecommunication cable reported volume growth. The organic growth in revenues was partly offset by the continuing pressure on selling prices.

(€ million, unless indicated otherwise)	1H 2006	1H 2005	2H 2005
Revenues	274.4	233.1	265.7
Operating result[1]	1.5	(8.7)	1.1
Operating margin (%)	0.5	(3.7)	0.4

[1] Excluding non-recurring items amounting to € 5.0 million negative in 1H 2006 and € 2.4 million negative in 1H 2005.

The operating result excluding non-recurring items improved to € 1.5 million positive, from € 8.7 million negative in the first half of 2005. The non-recurring charge of € 5.0 million in the first half of 2006 relates to an impairment charge connected with the proposed termination of Draka Comteq's activities in Oulu (Finland). Volume growth and ongoing efforts to reduce the cost base still further were contributory factors in the improvement in the underlying result, but the sustained pressure on selling prices and the higher raw material prices (copper, aluminium and polymers) had an adverse effect.

In order to accelerate the 'road to recovery', Draka Comteq announced on 29 June 2006 that it would launch a Stop, Swap & Share programme in the second half of the year, as part of the restructuring of its Cable Solutions EMEA division, which will reduce the workforce in Europe by around 330. Implementation of the plans is on schedule. A provision of about € 25 million will be formed in 2006 to cover the cost of this exercise. The non-recurring charge of € 5.0 million (impairment) in the first half of 2006 is part of this provision, the remainder of which (approximately € 20 million) is expected to be charged to the second half of 2006. The annual cost savings, estimated at around € 12 million, will be realised in full in 2008.

Developments per market segment

Telecommunications
The telecommunication cable market exhibited divergent trends in the first six months of 2006. There was healthy growth in the optical fibre segment, with global demand increasing by over 20%, but volume was down by around 5% in the copper cable segment. Most of the growth in the optical fibre segment was in the United States and Asia (notably Japan and China), driven by fibre-to-the-home projects. Growth in Western Europe was limited.

Draka Comteq's performance was satisfactory, given the difficult market conditions. It was able to maintain its market position in Europe, despite the changes to the organisational structure, and again increased its market share in the United States, thanks to the earlier organisational optimisation exercise. Draka Comteq maintained its position in China. Copper telecommunication cable volume was lower, in line with the market.

Data communication
The data telecommunication cable market continued to grow, with volume increasing by around 4.5% in the first half of the year. Both the copper cable and optical fibre cable segments contributed to this growth. Demand was driven mainly by the new 1–10 Gigabit protocols for broadband applications. Technology is clearly moving towards data applications requiring ever-greater bandwidth.

With volume growth in both segments – copper and optical fibre – Draka Comteq posted improved results, ahead of the market average, which further strengthened its position in Europe. In response to the growing demand for copper data communication products and in pursuit of expansion in new, fast-growing markets, Draka Comteq has opened a new cable manufacturing facility in Presov (Slovakia), which will initially employ a workforce of around 30, producing CAT 5 cables. Production will start in the third quarter of 2006.

Optical fibre
The global optical fibre market recorded growth of around 20% in the first half of 2006, faster than in 2005 (12–13%), increasing to around 40 million km. The market for single-mode fibre (for telecommunication applications) grew at slightly more than 20%, three times faster than the multi-mode segment (for data communication). The growth in the optical fibre market was driven largely by strong demand from Asia (+30%). The North American market grew by 20%, after its strong performance in 2005 (+30%). Growth in North-West Europe amounted to around 5%. The price of optical fibre, expressed in US dollars, was relatively stable for single-mode but the multi-mode segment was again under pressure.

By advancing its already leading position in the market for single-mode and multi-mode optical fibre, Draka Comteq was able to deliver a higher result. Draka Comteq strengthened its position in the United States and again expanded its optical fibre production facilities in Claremont (North Carolina).

Financial position

Cash flow
Cash flow from operating activities amounted to € 17.4 million negative, compared with € 27.6 million negative in the first six months of 2005. The more than tripling of the operating result (excluding non-recurring items) and the smaller seasonal increase in operating working capital contributed to this improvement.

The seasonal increase in operating working capital which Draka normally experiences in the first half of the year amounted to € 34.8 million, almost € 10 million lower than in the corresponding period in 2005. The underlying improvement was even more impressive, given that the average price of copper, Draka's most important raw material, rose 89.7% in the first six months of this year compared with the corresponding period in 2005. This good performance is reflected in the ratio of operating working capital to revenues, which turned out at 20.0% in the first half of 2006 as against 29.4% in the first half of 2005.

Thanks to the strategic decision taken eighteen months ago to make reducing the operating working capital one of its main priorities, Draka was able to limit the impact of the sharply higher raw-material prices on its financial position.

Balance sheet
At € 1,809.7 million, the balance sheet total as at 30 June 2006 was 10.5% higher than at year-end 2005, due entirely to an increase in current assets. The net investments in intangible and tangible fixed assets totalled € 18.8 million, which was less than the depreciation/amortisation charge.

Net interest-bearing debt (excluding preference shares, including subordinated convertible bonds carried at nominal value) rose € 42.9 million in the first half of 2006 to € 328.9 million. Shareholders' equity showed a marginal increase to € 365.0 million (year-end 2005: € 360.2 million). Net income for the first six months of 2006 (€ 12.1 million) was partly offset by currency translation effects (€ 6.4 million negative).

With the balance sheet total increasing faster (+10.5%) than shareholders' equity (1.3%), the solvency ratio (shareholders' equity as a percentage of balance sheet total) decreased to 20.2% from 22.0% at the end of 2005. Guarantee capital (shareholders' equity, the provision for deferred tax liabilities, the long-term portion of the subordinated loans and the cumulative preference shares) amounted to € 707.4 million or 39.1% of total invested capital (year-end 2005: 42.8%).

Draka has cumulative preference shares in issue with a nominal value of € 130 million. These shares are divided into two series: series A, with a nominal value of € 53.5 million and redeemable on 15 August 2006, and series B, with a nominal value of € 76.5 million and redeemable on 31 December 2006. With the approval of the Supervisory Board, Draka has opted to keep the series A cumulative preference shares in issue and to place them with Fortis Verzekeringen Nederland. Due to a change in the conditions, dividend is discretionary to the approval of the Board of Management, the preference shares have been reclassified as shareholders' equity as from 15 August 2006. The term is six years and the annual dividend is 7.11%. This transaction will improve the solvency ratio by 290 basis points to 23.1%, on the basis of the balance sheet as at 30 June 2006.

No decision has yet been taken with regard to the series B cumulative preference shares, which are redeemable on 31 December 2006, and all options will be evaluated in the second half of the year. An equity-related option is not among the preferred routes.

Outlook for 2006

Outlook
Draka expects the trend on the global cable market in the first six months of 2006 to continue in the second half of the year. Market demand is projected to increase by 4–5%. The prices of the principal raw materials (copper and polymers) are expected to remain volatile.

In these market conditions, Draka expects that, barring unforeseen circumstances, its operating result and net income (excluding non-recurring items) in the second half of the year will at least equal the first-half figures of 2006.

Board of Management
Amsterdam, 5 September 2006

Condensed consolidated income statement (unaudited)

In millions of euro	Six months ended 30 June 2006	2005
Revenue	1,189.6	897.9
Cost of sales	(1,155.5)	(870.3)
Operating result	**34.1**	**27.6**
Net financing costs	(20.1)	(17.0)
Share of result of associates and joint ventures	3.4	(1.0)
Result before tax	**17.4**	**9.6**
Income tax (expense) / benefit	(4.9)	2.5
Result for the period	**12.5**	**12.1**
Attributable to:		
Equity holders of the parent	12.1	16.4
Minority interests	0.4	(4.3)
Result for the period	**12.5**	**12.1**
Basic earnings per share (euro)	0.34	0.48
Diluted earnings per share (euro)	0.34	0.48

Draka

Condensed consolidated balance sheet (unaudited)

In millions of euro	30 June 2006	31 December 2005	30 June 2005
Assets			
Non-current assets			
Property, plant and equipment	521.8	535.8	560.3
Intangible assets	100.3	101.2	101.0
Investments in associates and joint ventures	92.9	95.5	78.2
Deferred tax assets	50.7	52.5	46.9
Other non-current financial assets	29.9	33.3	35.1
Total non-current assets	**795.6**	**818.3**	**821.5**
Current assets			
Inventories	410.2	363.6	369.8
Trade and other receivables	568.8	439.0	492.2
Income tax receivable	3.9	2.2	12.6
Cash at bank and in hand	31.2	14.5	14.1
Total current assets	**1,014.1**	**819.3**	**888.7**
Total assets	**1,809.7**	**1,637.6**	**1,710.2**
Equity			
Shareholders' equity			
Share capital	17.9	17.9	17.9
Share premium	237.3	237.3	237.3
Other reserves	109.8	105.0	101.4
Total equity attributable to equity holders of the parent	**365.0**	**360.2**	**356.6**
Minority interests	**11.0**	**10.1**	**149.4**
Total equity	**376.0**	**370.3**	**506.0**
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	440.5	392.0	292.8
Other interest-bearing liability	136.2	137.0	-
Provision for employee benefits	95.6	92.9	88.0
Other provisions	35.7	35.7	42.2
Deferred tax liabilities	32.7	34.1	36.6
Total non-current liabilities	**740.7**	**691.7**	**459.6**
Current liabilities			
Bank overdrafts	37.9	27.6	14.7
Interest-bearing loans and borrowings	29.9	31.0	289.7
Trade and other payables	590.9	468.4	404.6
Income tax payable	21.8	23.1	5.4
Other provisions	12.5	25.5	30.2
Total current liabilities	**693.0**	**575.6**	**744.6**
Total liabilities	**1,433.7**	**1,267.3**	**1,204.2**
Total equity and liabilities	**1,809.7**	**1,637.6**	**1,710.2**

Draka

Condensed consolidated statement of cash flows (unaudited)

In millions of euro	Six months ended 30 June 2006	2005
Operating result	34.1	27.6
Depreciation	25.4	24.5
Amortisation	2.3	2.0
Impairments	5.0	-
Operating profit before changes in working capital and provisions	**66.8**	**54.1**
Non-recurring items	-	(15.4)
Changes in operating working capital		
(Trade receivables, Inventories and Trade payables)	(34.8)	(44.3)
Changes in other working capital	(30.0)	17.1
Cash generated from operations	**2.0**	**11.5**
Net financing costs	(11.5)	(17.5)
Income tax (paid) / received	-	3.0
Application of provisions	(7.9)	(24.6)
Net cash from operating activities	**(17.4)**	**(27.6)**
Dividends received	1.8	0.5
Proceeds from sale of property, plant and equipment	5.1	0.3
Disposal of subsidiaries and associates, net of cash disposed	-	23.0
Acquisition of subsidiaries and associates, net of cash acquired	(1.6)	(1.4)
Acquisition of intangible assets	(2.1)	-
Acquisition of property, plant and equipment	(16.7)	(14.6)
Net cash from investing activities	**(13.5)**	**7.8**
Dividends paid on preference shares	(9.3)	(9.3)
Movements in other bank loans	46.5	22.9
Net cash from financing activities	**37.2**	**13.6**
Net increase/(decrease) in cash and cash equivalents	**6.3**	**(6.2)**
Cash and cash equivalents at 1 January	(13.1)	5.8
Exchange rate fluctuations on cash held	0.1	(0.2)
Cash and cash equivalents at 30 June	**(6.7)**	**(0.6)**

Consolidated statement of changes in total equity (unaudited)

In millions of euro	Share capital	Share premium	Trans-lation reserve	Hedging reserve	Retained earnings	**Share-holders' equity**	Minority Interests	**Total equity**
Balance as at 31 December 2005	**17.9**	**237.3**	**12.1**	**11.2**	**81.7**	**360.2**	**10.1**	**370.3**
Foreign exchange translation differences	-	-	(6.4)	-	-	(6.4)	-	(6.4)
Effective portion of changes in fair value	-	-	-	(0.9)	-	(0.9)	-	(0.9)
Result for the period	-	-	-	-	12.1	12.1	0.4	12.5
Total recognised income and expense	**-**	**-**	**(6.4)**	**(0.9)**	**12.1**	**4.8**	**0.4**	**5.2**
Effect of acquisitions and divestments	-	-	-	-	-	-	0.5	0.5
Total direct changes in equity	**-**	**-**	**-**	**-**	**-**	**-**	**0.5**	**0.5**
Balance as at 30 June 2006	**17.9**	**237.3**	**5.7**	**10.3**	**93.8**	**365.0**	**11.0**	**376.0**
Balance as at 1 January 2005	**17.9**	**237.3**	**(5.0)**	**1.4**	**74.6**	**326.2**	**153.5**	**479.7**
Foreign exchange translation differences	-	-	12.4	-	-	12.4	0.2	12.6
Effective portion of changes in fair value	-	-	-	1.6	-	1.6	-	1.6
Result for the year	-	-	-		16.4	16.4	(4.3)	12.1
Total recognised income and expense	**-**	**-**	**12.4**	**1.6**	**16.4**	**30.4**	**(4.1)**	**26.3**
Effect of acquisitions and divestments	-	-	-	-	-	-	-	-
Total direct changes in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance as at 30 June 2005	**17.9**	**237.3**	**7.4**	**3.0**	**91.0**	**356.6**	**149.4**	**506.0**

Draka

Selected Explanatory Notes

General

Draka Holding N.V. (“the Company”) is a company domiciled in Amsterdam, the Netherlands. The consolidated interim financial statements for the first half year 2006 comprise the Company and its subsidiaries (together referred to as “the Group”) and the Group’s interest in associates and jointly controlled entities.
The consolidated interim financial statements have been prepared by the Board of Management and were authorized for issuance on 5 September 2006. The consolidated interim financial statements have not been audited.

Statement of compliance

The consolidated interim financial statements have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2005.

Significant accounting policies

The accounting policies applied in these consolidated interim financial statements are the same accounting policies and methods of computation applied in the Annual Report 2005 issued on 8 May 2006.

Comparative 2005 interim financial statements

The Group recognized the put option on minority interest as an interest bearing liability. In the comparative 2005 interim financial statements the put option is presented under minority interest. The estimated value of the interest bearing liability at 30 June 2005 was € 134.7 million. When the put option would have been presented as interest bearing liability the impact on net financing costs would have been € 4.3 million positive.

Estimates

The consolidated interim financial statements 2006 are prepared in accordance with IAS 34, which requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Segment reporting

Segment information is presented in respect of the Group's business segments.
The format of the business segments is based on the Group's management and internal reporting structure.

	Draka Cableteq		Draka Comteq		Not allocated to segments / Eliminations		Consolidated	
In millions of euro	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
Revenue	915.2	664.8	274.4	233.1	-	-	1,189.6	897.9
Operating result (excluding non- recurring items)	45.1	28.5	1.5	(8.7)	(7.5)	(7.6)	39.1	12.2
Non-recurring items	-	17.8	(5.0)	(2.4)	-	-	(5.0)	15.4
Operating result	**45.1**	**46.3**	**(3.5)**	**(11.1)**	**(7.5)**	**(7.6)**	**34.1**	**27.6**
Net financing costs							(20.1)	(17.0)
Share of results of associates and joint ventures							3.4	(1.0)
Income tax (expense) / benefit							(4.9)	2.5
Result for the period							**12.5**	**12.1**

Non-recurring items

In the first half year of 2006 the Group has a non-recurring item in connection with an impairment charge for an amount of € 5.0 million related to the proposed termination of Draka Comteq's operations in Oulu (Finland). This impairment is related to Comteq's Stop, Swap & Share programme for restructuring its Cable Solutions EMEA division The remainder of this programme (approximately € 20.0 million) will be charged in the second half of 2006.

In the first half year of 2005 the non-recurring items contains the results of divestments of NKF Electronics B.V., NK Networks & Services GmbH and the Electronic cable and data communication cable activities.

Acquisitions and disposals of subsidiaries

No material acquisitions or disposals of subsidiaries took place in the first six months of 2006.

Dividend

During the first half year of 2006 € 9.3 million dividend on redeemable preference shares was paid out for the 2005 financial year. In the consolidated statement of cash flows this item is presented under dividends paid on preference shares.

Income tax

Income taxes have been influenced by the non recognition of tax losses carry forward over the first half of 2006.

Subsequent events

Acquisition

On 3 July 2006, the Group completed the acquisition of all insulated wire activities from International Wire Group, Inc. (USA). These activities are located in Cebu, Philippines (“Cebu”) and in Durango, Mexico (“Durango”). Cebu and Durango employ in total 390 people and generate annual revenue of around € 75 million. The takeover price of approximately € 28 million was paid in cash.

Refinancing preference shares

Draka has cumulative preference shares in issue with a nominal value of € 130 million. The shares with a nominal value of € 53.5 million which where redeemable on 15 August 2006 have been renegotiated. Due to a change in he conditions, the preference shares have been reclassified as shareholders’ equity as from 15 August 2006.