Draka

Annual report 2006

CORE ACTIVITIES & CORE COMPETENCIES

Draka's fundamental core activities are the development, production and sale of cable. Through the Company's growth in the past 95 years and the response to customer demand, Draka's current portfolio includes the following core activities:

Cable material	Semi-manufactures (copper drawing, compounding, optical fibre production)
Cable products	Cable as final product
Cable systems/concepts	Cable as part of a system/project: a kit concept and/or turnkey project

As a global manufacturer of wire and cable, Draka is able to offer unique competence in materials development, production technology, marketing and logistics. Draka's product portfolio covers all mechanical, electrical and environmental requirements. The varied requirements have led to an outstanding range of customised products and established Draka's name as a specialist for challenging applications.

MISSION STATEMENT

Draka's mission is to be one of the world's leading cable manufacturers in all its selected product/market segments, with a sound financial base, a balanced geographical spread and an extensive, technologically advanced product portfolio. To this end Draka's focus is on growth, quality and profitability. In this way, Draka aims to be an attractive partner for all its stakeholders: customers, employees, shareholders, financiers and suppliers. At the same time, Draka takes its social obligations seriously by investing in sustainable technology.

STRATEGIC & FINANCIAL GOALS

Draka has committed itself to achieve the following strategic and financial goals in the medium term:

- Increasing the scale in the special-purpose cable segment within the cable market, both through organic growth and acquisitions.
- Geographical increase in scale, both through organic growth and acquisitions:
  - Draka Cableteq: position in Asia and Eastern Europe.
  - Draka Comteq: position in the USA, Eastern Europe and Asia.
- Increasing the revenues in the aforementioned special-purpose cable segments and geographical regions to approximately 50% of total revenues (2006: approximately 43%).
- Organic strengthening of Draka's existing position in continental Europe.
- Capitalising on Draka's improved sales and marketing position: value creation by benefiting from market opportunities and identifying customer requirements at an early stage.
- Extension of the range of products and services by expanding the core activities and continuing to invest in new technologies and application engineering.
- Continuing the optimisation of the organisation, which may include disposing of non-core activities and reorganisations.
- Draka's aim for 2007 remains an operating result (excluding non-recurring items) of € 90 million, based on improvements through internal measures. This does not include volume, price and acquisition effects since 1 July 2005. Including volume, price and acquisition effects since this target was announced until 31 December 2006 this amounts to approximately € 115 million.
- Regular maintenance and replacement investments in intangible and tangible fixed assets will equal the level of depreciation. In line with Draka's strategic principles, investments in growth markets (special-purpose cable segment and emerging markets) can take place resulting in a total investment level which exceeds the depreciation level in a particular year.
- Healthy interest coverage, implying an EBITDA/interest of $\geq$ 4.5 (2006: 3.4).
- Stabilisation of the operating working capital at the level of 18-20% of revenues (2006: 16.6%).

SOLUTIONS WITHOUT LIMITS

Draka delivers solutions without limits. Solutions that make a difference to our customers. That means much more than just basic products and services. Increasingly, our customers are global corporations who want to leverage their knowledge, technology and procurement power. But at the same time, application solutions are local and specific.

The ability to deliver the right solutions every time at every location demands a broad, technologically advanced product portfolio and global resources, but also an in depth local presence. This is how Draka is increasingly distinguishing itself from competition.

But it's easy to be enthusiastic about your own capabilities. We prefer to focus on what our customers expect, and how they rate us as a supplier. In this Annual report we show how Draka makes a difference, and how our global for local approach works in tough offshore, telecom, automotive, power and building services environments. And that there are no limits to how our customers benefit from the solutions we provide.

Contents

Draka Holding N.V.

Draka has a flat, decentralised organisational structure with short lines of communication. The divisions within the Group 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 & development.

Draka Cableteq	**Draka Comteq B.V.** 50.1%
Divisions	**Divisions**
Elevator Products	Draka Comteq Cable Solutions, EMEA
Low-Voltage Cable	Draka Comteq Cable Solutions, Americas
Marine, Oil & Gas	Draka Comteq Cable Solutions, Asia/Pacific
Mobile Network Cable	Draka Comteq Optical Fibre
Rubber Cable	
Transport	

Worldwide the Draka companies have some 9,145 employees. Draka Holding N.V., the head office, is established in Amsterdam. Draka has 67 operating companies in 29 countries throughout Europe, North and South America, Asia and Australia.

AUSTRALIA	ESTONIA	JAPAN	PHILIPPINES	SWEDEN
BELGIUM	FINLAND	MALAYSIA	RUSSIA	THAILAND
BRAZIL	FRANCE	NETHERLANDS	SINGAPORE	TURKEY
CANADA	GERMANY	MEXICO	SLOVAKIA	UNITED KINGDOM
CZECH REPUBLIC	INDIA	NORWAY	SPAIN	UNITED STATES
DENMARK	INDONESIA	PEOPLE'S REPUBLIC OF CHINA	SULTANATE OF OMAN	

Company profile in brief

Draka Holding N.V. is engaged worldwide in the development, production and sale of cable and cable systems. Draka has subdivided its activities into two groups: Draka Cableteq, which is responsible for the low-voltage and special-purpose cable activities, and Draka Comteq, which handles the communication cable activities.

Draka Cableteq

Divisions	Market position	Competitors	Clients
Elevator Products	Market leader in lift cable in North America Strong position in Europe In development in Asia	Daetwyler (Switzerland) Gebauer & Griller (Austria) Sumitomo (Japan)	Lift producers, such as Otis (US) and ThyssenKrupp (Germany)
Low-Voltage Cable	Top three position in Europe Limited position outside Europe, focusing on market niches	Nexans (France) Prysmian (Italy) General Cable (US)	Construction and installation companies Technical wholesalers such as as Sonepar (France), Rexel (France), and Hagemeyer (Netherlands)
Marine, Oil & Gas	Strong position in north-western Europe Prominent position in North America and the Far East	Nexans (France) Prysmian (Italy) LS Cable (South Korea)	Oil and gas industry Technical installation companies Shipyards
Mobile Network Cable	Global third-ranking position	Andrew (US), RFS (part of Alcatel, Germany)	Suppliers and operators of mobile telecommunication networks
Rubber Cable	Top 2/3 position in Europe Global market leader in cable for wind turbines	Nexans (France) Prysmian (Italy)	Technical wholesalers such as Hagemeyer (Netherlands), Rexel (France) and Sonepar (France) Industrial companies active in mining and the wind turbine and solar power markets
Transport	European market leader for advanced automotive cables and key position in standard cable Important supplier of Airbus	Sumitomo (Japan) Leoni (Germany) Nexans (France)	System suppliers, such as Delphi (US), Yazaki (Japan) and Lear (US) Airbus (France) for aircraft cable

Draka Comteq

Markets	Market position	Competitors	Clients
Telecommunications	Optical fibre cable: No. 1 in Europe and China and no. 3 in US Outdoor copper cable: No. 3 in EMEA	Corning (US) Furukawa (Japan) Nexans (France) Prysmian (Italy)	Operators, such as KPN, Deutsche Telekom, France Telecom, Telia/Sonera, Tele Denmark, AT&T/BellSouth, Verizon, China Telecom, Illiad, Alcatel and Siemens
Data Communication	No. 1 in Europe	CommScope (US) Belden (US) Acome (France) Nexans (France) Leoni/Kerpen (Germany)	Wholesalers, OEM and system providers
Optical Fibre	No. 1 worldwide in multimode optical fibre No. 2 worldwide in single mode optical fibre	Corning (US) Furukawa (Japan) Sumitomo (Japan) Fujikura (Japan)	Cable makers for telecommunications and data communications applications

The year 2006 in brief

2006 was the year of executing Draka's strategy which was revised in 2005. In line with its strategic principles, Draka further expanded its position in the special-purpose cable segment and emerging markets.

Market share increased as Draka's volume growth (7%) outpaced world market growth (4-5%).

Operating result (excluding non-recurring items) increased 141% to € 90.6 million, reflecting volume growth, cost savings and efficiency gains. Draka Cableteq posted a sharply higher result and Draka Comteq moved into profit for the first time since its formation (2004).

Net income € 45.4 million; earnings per ordinary share € 1.24 (both excluding non-recurring items). Dividend payment resumed: proposal is € 0.37 per ordinary share, payable in cash.

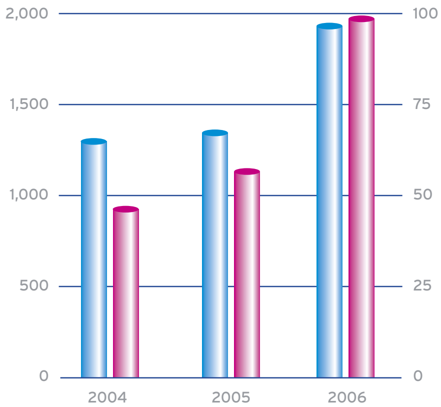
Operating working capital reduced to 16.6% of revenue (2005: 21.3%), despite sharp increase in raw material prices and volume growth.

Net income* and depreciation / investments
(x € million)

* excluding non-recurring items

- Net income* and depreciation
- Acquisitions participations
- Investment tangible fixed assets

Draka Cableteq: revenue / operating result*
(x € million)



* excluding non-recurring items

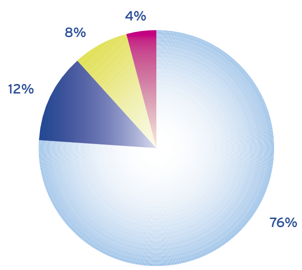
- Revenue
- Operating result* (RH scale)

Draka Comteq: revenue / operating result*
(x € million)

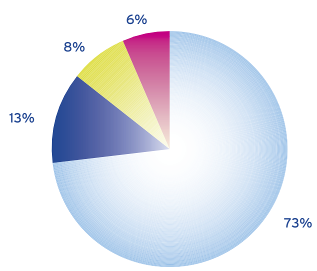
* excluding non-recurring items

- Revenue
- Operating result* (RH scale)

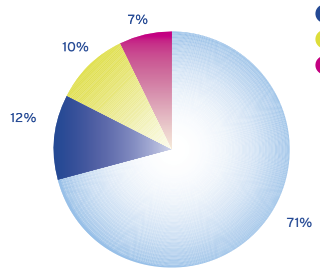
Geographical distribution of revenue (x € million)



2004: € 1,684



2005: € 1,879



2006: € 2,529

- Europe
- North and South America
- Asia
- Rest of the world

Organisational chart

- **DRAKA HOLDING N.V.**
  Frank Dorjee (CFO) · Ingolf Schulz (CEO) · Christian Raskin (CSO)
  - **DRAKA CABLETEQ**
    Jaap Sulkers (President)
    Martina Lupberger (Vice-President)
    - **LOW-VOLTAGE EUROPE** — Ken Peterson
    - **TRANSPORT** — Christian Schütte
    - **RUBBER CABLE** — Wilhelm Engst
    - **MOBILE NETWORK CABLE** — Mika Höijer
    - **ELEVATOR PRODUCTS** — John Moore
    - **MARINE, OIL & GAS** — Robert Springs
    - **DRAKA CABLETEQ USA** — John Chrupcala
    - **DRAKA CABLETEQ AUSTRALASIA** — Kian Cheng Wong
    - **DRAKA CABLETEQ GREATER CHINA** — Keeyat Chua
  - **DRAKA COMTEQ**
    Sandy Lyons (CEO)
    Jacques Blanc (COO)
    Lianne Brinksma (CFO)
    - **CABLE SOLUTIONS EMEA** — Gerhard König
    - **OPTICAL FIBRE** — Phil Edwards
    - **CABLE SOLUTIONS ASIA/PACIFIC** — Jacques Blanc
    - **CABLE SOLUTIONS AMERICAS** — Mike Amicone

Key figures

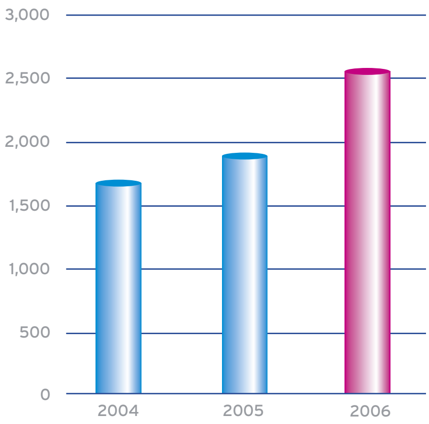
	2006	2005
RESULTS (x € million)		
Revenue	2,529.4	1,878.7
EBITDA (excluding non-recurring items)	145.3	95.7
EBITDA	112.4	88.6
Operating result (excluding non-recurring items)	90.6	37.6
Operating result	57.7	30.5
Result before tax (excluding non-recurring items)	64.9	(0.6)
Result before tax	32.0	(7.7)
Net income (excluding non-recurring items)	45.4	6.5
Net income	21.8	4.4
BALANCE SHEET (x € million)		
Shareholders' equity	426.9	360.2
Guarantee capital [1]	619.5	701.7
Total assets	1,745.0	1,637.6
Current assets -/- non-interest bearing current liabilities	279.7	302.3
INVESTMENTS, AMORTISATION, DEPRECIATION AND IMPAIRMENT (x € million)		
Investments in intangible assets	4.9	4.1
Investments in property, plant and equipment	45.6	41.0
Amortisation, depreciation and impairment	61.0	58.1
Investments in subsidiaries and non-consolidated associates and joint ventures	30.0	9.2
Net income (excluding non-recurring items) + amortisation, depreciation and impairment	106.4	64.6
PERSONNEL		
Number of employees at year-end	9,145	8,478
RATIOS (in %)		
Operating result (excluding non-recurring items) / Revenue	3.6	2.0
Operating result / Revenue	2.3	1.6
ROTA excluding non-recurring items [2]	3.8	(0.0)
ROTA [2]	1.9	(0.5)
Guarantee capital [1] / Total assets	35.5	42.8
PER ORDINARY SHARE (x € 1)		
Shareholders' equity (excluding preference shares)	9.85	10.13
Net income after dividend on preference shares (excluding non-recurring items) + amortisation, depreciation and impairment	2.95	1.82
Net income after dividend on preference shares (excluding non-recurring items)	1.24	0.18
Net income after dividend on preference shares	0.57	0.12
Net income (fully diluted) [3]	0.57	0.12
Proposed dividend	0.37	-

[1] Shareholders' equity, provision for deferred taxation and long-term part of subordinated bonds and loans

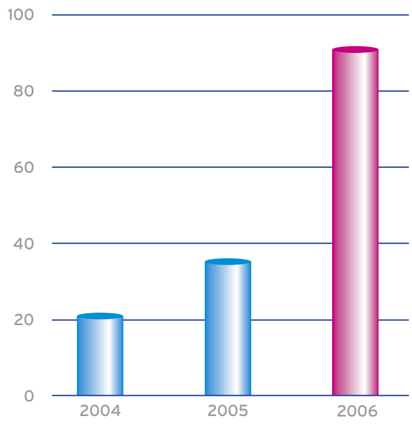
[2] Group result before taxation / Average total assets

[3] The calculation takes into account the interest charge on the convertible subordinated bonds

Revenue (x € million)

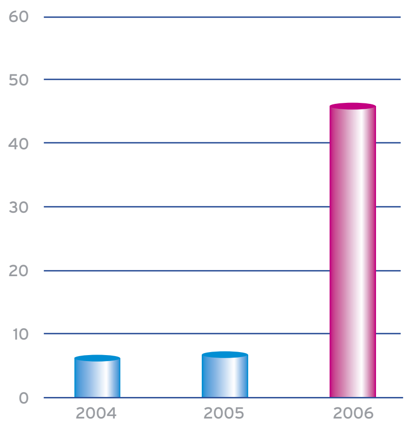


Operating result (x € million) [1]



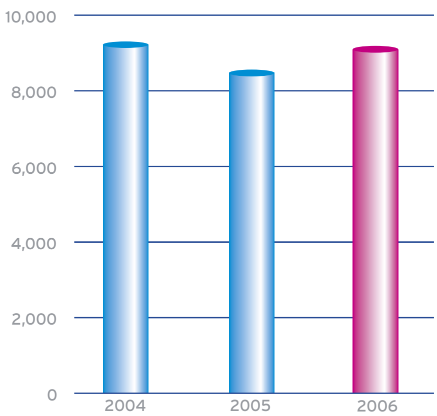
[1] Excluding non-recurring items

Net income (x € million) [1]

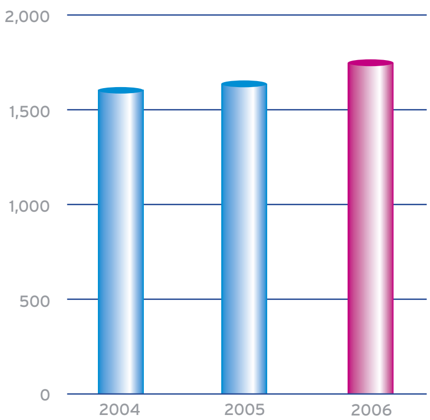


[1] Excluding non-recurring items

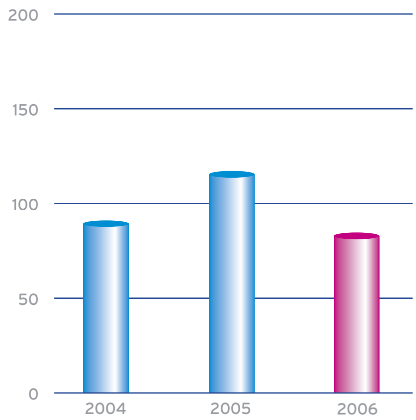
Number of employees at year-end



Total assets (x € million)



Net gearing (%)



The standard in the cable industry

To our shareholders and other stakeholders,

The year 2006 was a good one for Draka. Following a building-up year in 2005, the Company was able to reap the benefits of earlier measures to the full during 2006. Apart from the fact that Draka benefitted from favourable economic conditions, the sharp profit recovery was mainly attributable to the implementation of a well conceived strategy, focusing on operational excellence, commercial dynamism and investment in growth markets. During the year under review, Draka also proved able to absorb the turbulence in the commodities market without weakening its financial position. The company's performance in 2006 shows that Draka has created a solid foundation to facilitate further growth.

The past financial year was dominated by the successful implementation of the strategy, which was revised in 2005. This resulted in Draka increasingly concentrating on its core competencies, further broadening its product and service range, partly through innovations. In line with its strategic principles, the Company also strengthened its position in the special-purpose cable segment and emerging markets. The acquisitions of the insulated cable activities of International Wire Group, Inc. (US) and Cornelia Thies Kabeltechnik GmbH (Germany) enabled the Transport and Rubber Cable Divisions to further expand their leading positions in the global market for special-purpose cable (automotive cable and cable for wind turbines respectively). Draka also organically strengthened its position in emerging markets through the start-up of cable production in Slovakia and further expansion in China (new plant in Suzhou).

Good results were achieved in 2006. Turnover rose to a record level of € 2.5 billion. This growth was primarily organic. The Company is pleased to note that it further strengthened its position in the cable market. With volume growth of 7%, it clearly outperformed the world market (4–5%) and also the West European cable market (some 5%), which is an important market for the group. As a result of the volume growth achieved, the improved product mix and further optimisation of the organisation (Stop, Swap & Share programme), the operating result (excluding non-recurring items) rose to over € 90 million, an increase of 141% in comparison with 2005. Consequently, Draka's net income (excluding non-recurring items) turned out to be in excess of € 45 million.

Notwithstanding the sharp improvement in results, market conditions remained challenging, particularly in view of the sharp increase in commodity prices. The price of copper, the most important raw material for Draka, rose by an average of 80% (in euros). However, thanks to the measures taken, the delay before commodity price changes could be passed on to clients was reduced. The impact on Draka's financial position therefore remained limited. The strategic decision taken almost two years ago to make reducing operating working capital one of the core priorities led to a reduction of operating working capital as a percentage of revenue to 16.6% in 2006 (year-end 2005: 21.3%). The equity position was also further optimised by reclassifying a portion of the preference shares in issue (€ 76.6 million), allowing them to be included in shareholders' equity, and buying back the remaining preference shares (€ 54.3 million).

During 2006, a number of important changes were made in the composition of the Board of Management. As announced in 2005, Ingolf Schulz was appointed CEO and Chairman of the Board of Management from 8 May 2006. He succeeded Garo Artinian, who retired on that date. In close consultation with the Supervisory Board, Sandy Lyons stepped down from the Board of Management of Draka Holding N.V. on 30 June 2006 in order to concentrate fully, as CEO of Draka Comteq B.V., on the many challenges facing Draka Comteq B.V.

Draka will continue its present course in the coming years, with increased emphasis on growth; both internal and external. The primary focus will continue to be on the special-purpose cable segment and emerging markets. The starting position for 2007 is good: the strategy is clear, market conditions are generally favourable and Draka's divisions are well-positioned. Draka therefore stands by its target of achieving an operating result (excluding non-recurring items) of € 90 million (excluding volume, price and acquisition effects) in 2007. Including volume, price and acquisition effects since the announcement of this target until 31 December 2006 this amounts to approximately € 115 million.

Finally, the Company will propose a dividend payout to the General Meeting of Shareholders of € 0.37 per ordinary share, payable in cash. This is intended to reflect our gratitude to all shareholders who remained loyal to us in the past difficult period and demonstrate our continuing confidence in Draka's future growth opportunities. Draka's solid foundation, innovative strength and motivated staff are enabling the Company to become the standard in the global cable industry once again.

Board of Management,

Ingolf Schulz
Frank Dorjee
Christian Raskin

The Board of Management (from left to right): Ingolf Schulz, Christian Raskin and Frank Dorjee.

Report of the Supervisory Board

To the shareholders,

2006 was a successful year for the Company and its shareholders. The execution of the strategy, improved market conditions and the extensive cost reduction programmes (such as the Stop, Swap & Share project) led to a sharp improvement in the results of both Draka Cableteq and Draka Comteq, which recorded a positive result for the first time since its formation in 2004.

Draka continued the optimisation of its organisation by means of the Stop, Swap & Share programme at Draka Cableteq. In the second half of 2006, this was extended to the EMEA division of Draka Comteq. Draka also devoted much attention to close control of its working capital. Despite the sharp increase (by around 80%) in the price of copper, the main raw material for Draka, absolute operating working capital increased only marginally in comparison with year-end 2005. Partly because of this, Draka was once again able to generate a positive free cash flow and to strengthen its balance sheet ratios.

In addition, a tranche of the preference shares in issue were repurchased during the year under review with the aid of a new subordinated loan of € 77.5 million. The terms for the remaining preference shares (€ 76.6 million) were adjusted so that they could be included in shareholders' equity. These transactions further reduced financing costs. Partly caused by the successful execution of the chosen strategy and the strong improvement in results and balance sheet ratios, the price of Draka shares showed a strong performance by rising 95% in comparison with year-end 2005.

A number of changes in the membership of the Board of Management took place in 2006. After the successful achievement of the turnaround at Draka, Garo Artinian was succeeded by Ingolf Schulz, also CEO of Draka Cableteq. Sandy Lyons, CEO of Draka Comteq, resigned from the Board of Management on 1 July 2006 in order to be able to focus fully on the restructuring of the EMEA division.

The Supervisory Board would like to commemorate the untimely death of Frits Fentener van Vlissingen, Draka's Chairman of the Supervisory Board and supportive shareholder during the last twenty years. In 1985, Frits Fentener van Vlissingen orchestrated the buy-out of Draka. Under his stewardship, Draka developed into the globally active, advanced business that it is today. The Supervisory Board owes Frits Fentener van Vlissingen a debt of gratitude.

Financial statements and dividend

The Board of Management has submitted the financial statements drawn up for the year 2006 to the Supervisory Board. These statements, included on pages 63 to 113 of this report, have been audited by KPMG Accountants N.V. (the auditors' report is shown on page 116 and are carefully reviewed by Draka's Supervisory Board.

The Supervisory Board recommends the General Meeting of Shareholders to adopt these financial statements in accordance with the proposal by the Board of Management, including a dividend payment of € 13.2 million on ordinary shares (€ 0.37 per ordinary share of € 0.50) and of € 9.2 million on preference shares. Furthermore, we invite the shareholders to ratify all actions taken by the Board of Management and the Supervisory Board.

Composition of the Supervisory Board

Following the death of Frits Fentener van Vlissingen at the end of March 2006, the Supervisory Board elected Fritz Fröhlich as Chairman and Annemiek Fentener van Vlissingen as Deputy-Chairman. Both proposed appointments were approved by the 2006 Annual General Meeting of Shareholders.
At the Annual General Meeting of Shareholders on 8 May 2006, Annemieke Roobeek and Ludo van Halderen and Harold Fentener van Vlissingen were appointed to the Board. Graham Sharman was reappointed as a member of the Supervisory Board. Fritz Fröhlich and Rob van Oordt will be retiring from the Supervisory Board, by rotation, at the end of the General Meeting of Shareholders to be held on 11 May 2007. Both gentlemen are available for reappointment.

Activities of the Supervisory Board

The Supervisory Board met on seven occasions in 2006 in the presence of the Board of Management. Among other things these meetings dealt with the refinancing of borrowed capital, cooperation with Alcatel, ongoing restructuring and cost-reduction programmes, company performance, corporate strategy and its implementation, the risks associated with the Company, internal control systems, performance of the operating companies, organisational structure, management and development, acquisition policy, possible acquisitions and alliances, the financial statements, the Annual report and corporate governance and compliance.

The Supervisory Board also met frequently in 2006 in the absence of the Board of Management. Matters dealt with at these meetings included the functioning of the Supervisory Board, the composition of and succession within the Supervisory Board, the expertise of the individual members of the Supervisory Board and the functioning of the Board of Management. Outside the Supervisory Board meetings there were frequent contacts between individual members of the Supervisory Board and members of the Board of Management concerning company affairs. The meetings of the Supervisory

Board were attended by (almost) all its members.
In the context of the periodic visits paid to the operating companies, visits were made during the year under review to Suzhou Draka Cable in Suzhou, China. As part of their introductory programme, the new members of the Supervisory Board visited the locations of Kabelbedrijven Draka Nederland B.V. in Amsterdam and Emmen and Draka Comteq Fibre B.V. in Eindhoven.

Corporate governance

In the interests of good corporate governance, the Supervisory Board has formed three sub-committees of the Supervisory Board in the second quarter of 2006. The sub-committees are the Audit & Governance Committee, the Remuneration & Nomination Committee and the Strategy Committee.

The Audit & Governance Committee met on three occasions in 2006. The members discussed the Company's performance, the management letter, the role of KPMG Accountants, corporate governance and compliance, legal affairs and the 2006 and 2007 audit plans. KPMG Accountants attended two of these meetings and made a contribution to the meetings where necessary.

The Remuneration & Nomination Committee met on three occasions in 2006. The members discussed the remuneration and pension schemes of the Board of Management. They also considered management and succession issues within Draka.
The Strategic Committee met on two occasions in 2006, in connection with the development of Draka's long-term strategy.
The various aspects of Corporate Governance and the remuneration policy for the Board of Management members is discussed in detail on pages 50-61 of the Report of the Board of Management.

Expression of thanks

The Supervisory Board wishes to express its particular gratitude for the many efforts made by the Board of Management and all employees over the past year, which led to Draka's impressive recovery during the year.

Amsterdam, 8 March 2007

Fritz Fröhlich (Chairman)
Annemiek Fentener van Vlissingen (Deputy Chairman)
Harold Fentener van Vlissingen
Ludo van Halderen
Rob van Oordt
Annemieke Roobeek
Graham Sharman

Particulars of the members of the Supervisory Board

Fritz Fröhlich (Chairman) (1942) [2, 3]

Nationality	German
Supervisory Board memberships	Randstad Holding N.V. (Chairman) Allianz Nederland N.V. ASML N.V. Gamma Holding N.V. (to retire during general shareholders meeting 2007)
First appointment	1999
Current term	2003-2007

Annemiek Fentener van Vlissingen (Deputy Chairman) (1961) [2, 4]

Nationality	Dutch
Supervisory Board memberships	Flint Holding N.V. SHV Holdings N.V. (Chairman) Draka Comteq B.V. (Chairman) Heineken N.V.
First appointment	2001
Current term	2005-2009

Harold Fentener van Vlissingen (1968) [6]

Nationality	Dutch
Supervisory Board memberships	Diamond Tools Group B.V. Flint Holding N.V. Benelux Chamber of Commerce in China (Vice Chairman)
First appointment	2006
Current term	2006-2010

Ludo van Halderen (1946) [6]

Nationality	Dutch
Position	Chairman of the Board of Management of Nuon N.V.
Supervisory Board memberships	ECN Isala Klinieken (Chairman)
First appointment	2006
Current term	2006-2010

Rob van Oordt (1936) [1, 4]

Nationality	Dutch
Supervisory Board memberships	Rodamco Europe N.V. (Chairman) Fortis Bank N.V. Schering-Plough Corporation
First appointment	1999
Current term	2003-2007

Annemieke Roobeek (1958) [6]

Nationality	Dutch
Position	Chair for Strategy and Transformation Management, Business Universiteit Nyenrode Founder/director of MeetingMoreMinds B.V., Co-Founder/director of BLU-BlueLifeUnlimited B.V.
Supervisory Board memberships	PCM Holding B.V. Aedes NCWT-NEMO (Chairman)
First appointment	2006
Current term	2006-2010

Graham Sharman (1938) [2, 5]

Nationality	British/American
Supervisory Board memberships	Univar N.V. Netherlands Fulbright Center
First appointment	1998
Current term	2006-2010

1 Chairman of the Audit & Governance Committee
2 Member of the Audit & Governance Committee
3 Chairman of the Remuneration & Nomination Committee
4 Member Remuneration & Nomination Committee
5 Chairman of the Strategy Committee
6 Member of the Strategy Committee

Report of the Board of Management

Strategy

The focus of Draka's management in 2006 lay primarily on further implementation of the strategic focus announced in 2005: "Building future growth". This is discussed in more detail in this report in the section headed 'Developments at Draka'. Considerable progress was made during 2006. Draka's market position, financial position and profitability were strengthened, in line with this strategy.

The main aspects of Draka's strategy can be described as follows:

Growth
Draka will further expand its activities in the special-purpose cable segment and specific geographical regions, through both organic growth and acquisitions. Organic growth will be stimulated partly through the targeted market approach in the fields of both product and market development, including specialised sales channels. This will enable the group to respond more effectively to market conditions and the identification of customer requirements.

Acquisitions will be made primarily to accelerate the strengthening of Draka's position in emerging markets and in the special-purpose cable segment. After a few years in which Draka was mainly focused internally, the Company has now the organisation and financial position to become more active on the acquisition path. The conditions potential acquisition candidates have to meet, such as earnings accretive in their first year of consolidation, have not changed.

In the medium term, Draka aims to increase the sales it generates in the special-purpose cable segment and in emerging markets from approximately 43% at present to around 50% of its total revenue.

Draka also aims to expand its range of services and products by extending its core activities, while also enlarging the worldwide name-recognition of the Draka brand. Draka Cableteq will concentrate in particular on expanding the special-purpose cable activities in Asia and Eastern Europe. Draka Comteq will be focusing in particular on restoring profitability and strengthening its position in the American market.

Entrepreneurship
Draka has an organisational structure whereby policies, guidelines and procedures are given centrally and the appropriate decision-making takes place on a local level. This requires employees with strong enterprising spirit, in order to realise profitable growth. That has traditionally been one of Draka's strengths that distinguishes it from competitors in the cable industry. This aspect is always taken into account in the selection and development of employees.

Research & development
Draka invests some 2-3% of its annual turnover in research and development (R&D) in the fields of materials, cables and systems. This creates the basis for innovation. The Company's scale provides a sound basis for maintaining and, in consultation with clients, expanding the leading position in the fields of R&D and application engineering. The drive for further progress in development of materials will be encouraged, with an exchange of knowledge within and between the divisions.

Optimisation
The Company regards the optimisation of its organisation as a continual process. More efficient and effective design of both the production structure and the sales & marketing structure will therefore be pursued with vigour.
The disposal of non-core activities is also a possibility.
In principle, the costs involved in optimising the organisation should be covered by the disposal of non-core activities and/or by additional incoming cash flows generated in each group.

Financial objectives
The strategic approach described above is aimed at increasing Draka's profitability, generating an optimum free cash flow (definition: cash flow generated from ordinary operations taking account of a required level of investment) and strengthening its balance sheet position.

Draka's aim for 2007 remains an operating result (excluding non-recurring items) of € 90 million, based on improvements through internal measures. This does not include volume, price and acquisition effects since 1 July 2005. Including volume, price and acquisition effects since the announcement of this target until 31 December 2006 this amounts to approximately € 115 million.

Other important financial objectives for the medium term are:

- Regular maintenance and replacement investments in intangible and tangible fixed assets will equal the level of depreciation. In line with Draka's strategic principles, investments in growth markets (special-purpose cable segment and emerging markets) can take place resulting in a total investment level which exceeds the depreciation level in a particular year.

- Healthy interest coverage, implying an EBITDA/interest ≥ 4.5 (2006: 3.4).
- Stabilisation of the operating working capital (definition: stocks plus trade debtors minus trade creditors) at 18-20% of revenues (2006: 16.6%).

SWOT analysis

Strengths
- Entrepreneurship at the local level
- Large and diverse customer base
- Good position in special-purpose cable segment
- Distinctive product quality
- Focus on customers
- Dedicated employees

Weaknesses
- Profitability in some cable segments below target
- Relatively small in US and Asia

Opportunities
- Highly fragmented markets giving the Company good growth opportunities, both organically and through acquisitions
- High market growth in emerging countries
- Good growth opportunities in special-purpose cable segment
- Potential efficiency gains in both production and sales channels

Threats
- Shortage of raw materials (copper and polymers)
- Increasing prices for takeover candidates
- Downturn in economic activity

Business developments in 2006

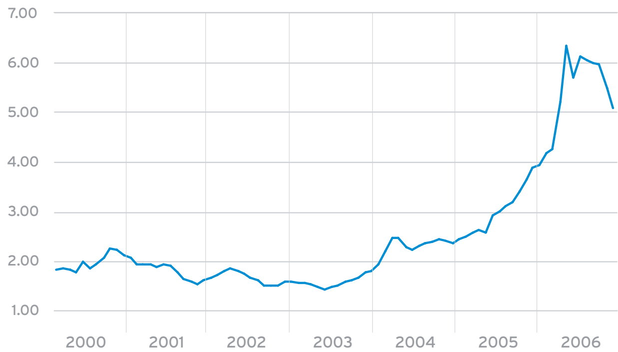
Market trends
Global demand for cable accelerated somewhat in 2006, to around 4-5%, compared with 2.9% in 2005 (based on constant exchange rates and copper prices). Growth was equally divided over the two halves of the year. The sharp increase in copper prices in the first six months of the year had no notable impact on demand.

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, of 6 to 7%, is above average. Demand in North America declined with around 2%, while the West European market showed growth of circa 5%. Western Europe made a strong recovery from 2005, when growth was approximately 3% negative.

The trend in the energy cable segment was 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 was similar to that of the cable market as a whole. The special-purpose cable segment again showed healthy growth. Developments were mixed in the communication cable field: demand for copper telecommunication cable continued the decline that set in during 2005. Demand for data communication cable (copper and optical fibre) grew in line with the overall cable market. Optical fibre telecommunication cable showed the strongest growth (about 15%).

The rise in raw material prices (copper, aluminium and polymers) that began in 2004 accelerated during the first six months of 2006. Price increases for copper were particularly sharp: in May 2006, copper prices reached a record level of € 6.813 per ton, reflecting an increase of almost 80% in five months. In the second half of the year, prices fell back somewhat. Overall, average copper prices (in euros) rose 79.5% in 2006. The strong fluctuations in raw material prices also depressed margins somewhat in the cable industry during 2006, as there is always some delay in passing on the higher costs.

Copper price development (euros) over the period 2000-2006



Developments at Draka

- 2006 was a year of recovery for Draka. The year under review was the first full year in which the Company could make optimum use of the new divisional organisational structure. This led to more direct steering of the organisation, shorter reporting lines and reduced overlap. The sales & marketing organisations and the production facilities were also more effectively organised. All this led to a more effective organisation with a strong improvement in operating profit.
- In line with the strategic principles, Draka further expanded its position in emerging markets and the special-purpose cable segment to some 43% of revenues (2005: 40%), partly through acquisitions. From 1 July, Draka acquired the insulated cable activities

"THERE ARE NO STANDARD PRODUCTS"

Photo: ThyssenKrupp Elevator

of International Wire Group, Inc. (USA), strengthening its position in the global car cable market. The two production facilities in the Philippines (Cebu) and in Mexico (Durango) generate annual sales of around € 75 million. In October 2006, Draka acquired the German company Cornelia Thies Kabeltechnik GmbH (turnover: around € 20 million). This acquisition further strengthened the market leadership of the Rubber Cable division in the international cable market for wind turbines.

- In line with its goals, Draka made progress with further optimisation of the organisation. In August 2005, Draka Cableteq launched the Stop, Swap & Share project, in which the production facilities of the Low-Voltage Cable and Rubber Cable divisions in Europe were optimised. This project was completed successfully during 2006. Thanks to the project, cost savings of approximately € 15 million were achieved during the year under review.
- Draka's results showed a strong improvement in 2006. Revenues increased during the year under review by 34.6%, with the growth inflated by higher copper price. In volume terms, i.e. corrected for higher copper prices and acquisition effects, revenues rose by 7.1%. This represented a substantial improvement on the 2.7% growth in 2005 and also strengthened Draka's position in the international market. The operating result excluding non-recurring items rose by 141.2% to € 90.6 million. Healthy organic growth, resulting in higher capacity utilisation at the plants, combined with cost reductions of about € 15 million, were enough to more than offset the pressure on margins from the increase in raw material prices. The net income excluding non-recurring items turned out at € 45.4 million (2005: € 6.5 million, excluding non-recurring items). Including non-recurring items, the net income was € 21.8 million, compared with € 4.4 million in 2005.
- In the past financial year, Draka improved its equity position by reclassifying part of the preference shares in issue (€ 76.6 million). These preference shares were reclassified through an amendment of the conditions (dividend will be discretionary to the approval of the Board of Management) and in 2006, can be included in shareholders' equity. The solvency ratio consequently increased by 439 basis points. In order to finance the repurchase of the remaining preference shares (€ 54.3 million), the Company contracted a new subordinated loan of € 77.5 million.
- Despite the sharp increase in copper prices, the effect on operating working capital was limited. Draka managed to reduce the operating working capital as a percentage of revenue to 16.6%, compared with 21.3% at year-end 2005. This surpassed the goal of retaining operating working capital at 20-22% in 2006. Capital expenditure in intangible and tangible fixed assets totalled € 47.5 million, somewhat higher than the expected € 45 million, but remaining below the level of depreciation/amortisation (€ 54.7 million). The free cash flow amounted to € 13.1 million in 2006, compared with € 68.8 million in 2005. This decline is explained by acquisitions (€ 30.0 million) realized in 2006 and an increase in operating working capital of € 19.6 million (2005: reduction with € 83.4 million).
- Draka Comteq's talks with the other shareholders of the Chinese joint venture Yangtze Optical Fibre Cable on the transfer of knowledge and equipment (Alcatel patents) are still in progress. As a result of these delays, the industrial synergy benefits of combining the APVD and PCVD optical fibre production technologies in this joint venture have still to be achieved.
- As part of the Company's continuing optimisation, Draka Comteq announced a Stop, Swap & Share programme in

ELEVATOR PRODUCTS

MANAGING THE SUPPLY OF CABLE-RELATED PRODUCTS

ThyssenKrupp Elevator has been at the forefront of the vertical and horizontal transportation industry for almost 150 years. It develops and supplies escalators, elevators and moving walks that transport people in some of the world's most modern and exciting buildings, for example airports, shopping malls, office buildings and hotels. It goes without saying that a wide range of cable and elevator-related products form an essential part of the company's offerings. David Gardecki, Commodity Manager for ThyssenKrupp Elevator Corp. in the USA, explains how Draka Elevator Products creates added value utilising its 'Extended Factory Model' or EFM.

"In our business there are no standard products. Every job is different, and it's our task to come up with the right solution and product mix for each situation. That means there's no standard formula as far as cables are concerned. We count on Draka Elevator Products and their EFM to supply us with the right mix of cables, all cut to length so they're ready to fit the specific needs of each installation."

June 2006 for the restructuring of its Cable Solutions EMEA division. In order to cover these costs and those of a number of smaller projects within Draka Cableteq, Draka formed a provision of some € 33 million. The annual cost savings are expected to amount to about € 15 million and will be fully realised in 2008. The first savings will be achieved in 2007 and are expected to amount to around € 8 million.

Financial results

Revenue

Draka achieved revenues of € 2,529.4 million in 2006, representing and increase of 34.6% compared with 2005. Acquisitions contributed 3.3% to the growth in revenues which mainly related to the acquisition of the insulated cable activities of International Wire Group, Inc. (US) and the German company Cornelia Thies Kabeltechnik GmbH and the purchase of an interest in Draktel (Brazil).

The organic growth in revenues amounted to 31.3%, of which 7.1% came from the growth in volume. The remaining 24.2% of organic growth reflected the sharp rise in the copper price (by an average of 79.5% in euros, in comparison with 2005), which had the effect of pushing up revenues by 23.5%, and to exchange rate effects (0.7%).

Revenue per Group (x € million)	**2006**	**2005**
Draka Cableteq	1,936.2	1,379.9
Draka Comteq	593.2	498.8
Total	**2,529.4**	**1,878.7**

Draka Cableteq achieved in 2006 revenue growth of 40.3% to € 1,936.2 million, including the above-mentioned acquisition effects, which both related to Draka Cableteq. The organic growth in revenue, i.e. growth corrected for acquisition effects, amounted to 36.2%. All divisions contributed to the growth.

At Draka Comteq, revenues increased by 18.9%, reaching € 593.2 million. This growth was almost entirely organic (18.0%). All divisions achieved volume growth.

Operating result

The operating result including non-recurring items was € 57.7 million, an increase of 89.2% compared with 2005 (€ 30.5 million). The non-recurring charge included in the operating result amounted to € 32.9 million. This can be divided into a provision of € 26.8 million for the Stop, Swap & Share project at Draka Comteq and € 6.1 million for impairments and a number of smaller optimisation projects at Draka Cableteq. Draka recorded a non-recurring expense of € 7.1 million in 2005.

On a similar basis, excluding non-recurring items, the operating result increased by 141.2% to € 90.6 million, compared with € 37.6 million in 2005. The operating margin - the operating result excluding non-recurring items expressed as a percentage of revenues - nearly doubled to reach 3.6%, as compared with 2.0% in 2005. Contributory factors were volume growth, resulting in better capacity utilisation at Draka's factories, efficiency gains and improvements flowing from the Stop, Swap & Share programmes.

Operating result per Group (x € million)	**2006**	**2005**
Draka Cableteq	99.6	57.7
Draka Comteq	5.5	(7.6)
Not attributed	(14.5)	(12.5)
Total operating result (excluding non-recurring items)	**90.6**	**37.6**
Draka Cableteq	(6.1)	(4.7)
Draka Comteq	(26.8)	(2.4)
Not attributed	-	-
Total non-recurring items	**(32.9)**	**(7.1)**
Operating result	**57.7**	**30.5**
Operating margin (excluding non-recurring items)	**3.6%**	**2.0%**

- The operating result, excluding non-recurring items, of Draka Cableteq rose by 72.6% to € 99.6 million. Part of this improvement in results was due to the Stop, Swap & Share project, which led to cost savings of some € 15 million in 2006. A better product mix and the volume growth achieved also contributed to the improved result. The negative effect of higher raw material prices (copper and polymers) on the result was limited by reducing the delay in passing on price increases to customers.
- Draka Comteq's operating result excluding non-recurring items improved to € 5.5 million, compared with a loss of € 7.6 million in 2005. The improvement of the underlying result was achieved partly through volume growth and continual attention to further reductions in the cost base. The continuing pressure on selling prices and higher raw material prices (copper, aluminium and polymers) depressed the result.
- The result not allocated to groups, such as the costs of the holding company and other unattributable expenses, amounted to € 14.5 million negative, compared with

€ 12.5 million negative in 2005. The increase is explained by higher holding company costs as a result of investments in services.

Other financial items

Net financing costs, excluding non-recurring items, showed in 2006 a limited increase to € 43.2 million (2005: € 40.8 million). This increase was due in part to several exceptional items, including the costs of the repurchase of the preference shares. An important change compared with 2005 is that, from the date of conversion (15 August), the dividend payable on the preference shares reclassified in August 2006 is no longer included in net financing costs. That part of the preference dividend amounted to € 1.4 million, which the Board of Management proposes to distribute as dividend (see dividend proposal). In 2007, net financing costs will be reduced by the dividend for all reclassified preference shares still in issue (additional effect of approximately € 4.0 million).

Taxes amounted to € 8.6 million negative, compared with € 9.0 million positive in 2005 (excluding the taxation effect of the non-recurring items). With the improvement in profitability, the tax burden has reverted to a more normal level of 18%. The share in the result of associates was € 8.2 million, a sharp increase compared with € 2.6 million in 2005. This increase can be attributed to the excellent performance of Draka's minority interests in Oman (OCI), Brazil (Telcon) and Russia (Elkat).

Other items and net income (x € million)	**2006** [1]	**2005** [1]
Operating result	57.7	30.5
Non-recurring items	(32.9)	(7.1)
Operating result (excluding non-recurring items)	**90.6**	**37.6**
Financial income and expenses	(43.2)	(40.8)
Result before taxation	**47.4**	**(3.2)**
Taxation	(8.6)	9.0
Share of results of associates and joint ventures	8.2	2.6
Group result after tax	**47.0**	**8.4**
Minority interests	(1.6)	(1.9)
Net income	**45.4**	**6.5**
Preference dividend	1.4	-
Net earnings per share (in euros)	**1.24**	**0.18**

[1] Excluding non-recurring items

Net income

Draka's net income for 2006 turned out at € 21.8 million, compared with € 4.4 million in 2005. On a similar basis, excluding non-recurring items, the net income amounted to € 45.4 million, compared with € 6.5 million in 2005.

Net earnings per share

Net earnings per ordinary share after appropriation of preference dividend amounted to € 0.57 in 2006 (2005: € 0.12). Excluding non-recurring items, net earnings amounted to € 1.24 per share (2005: € 0.18). Both the average number of ordinary shares in issue and the number in issue as at year-end 2006 remained unchanged from 2005 (35,567,406).

Financial position

Cash flow

The cash flow from operating activities amounted to € 79.9 million for the year, 9.6% lower than in 2005 (€ 88.4 million). Per share this comes out at € 2.25, compared with € 2.49 in 2005. The most important reason behind this decline was a negative movement in the operating working capital.

Operating working capital increased by € 19.6 million in 2006 compared with a fall of € 83.4 million in 2005. Corrected for acquisition effects, the increase was limited to € 4.6 million. Both the volume growth and the sharp increase in the price of copper (80% in euros) contributed to the increase in the absolute operating working capital. As a percentage of revenues, however, the operating working capital fell to 16.6%, compared with 21.3% at year-end 2005. This surpassed the goal of retaining operating working capital at 20-22% in 2006. Thanks to the strategic decision taken almost two years ago, which made reducing operating working capital one of the core priorities, the effects of sharply higher raw material prices on Draka's financial position were limited.

Annual negotiations with Draka's main raw material suppliers were held at the end of 2006. Due to the sharp increase in most raw material prices in 2006, capital requirements of Draka's suppliers rose significantly. This resulted in new contracts that contain shorter payment terms for Draka which will have an upward effect on the operating working capital in 2007. Partly because of this Draka will continue its efforts unabated with regard to managing its operating working capital requirements in 2007.

Abridged cash flow statement (x € million)	**2006**	**2005**
Cash flow from operating activities	143.9	150.5
Cash flow from business operations	79.9	88.4
Cash flow from investment activities	(66.8)	(19.6)
Cash flow from financing activities	10.4	(87.1)
Net cash flow	23.5	(18.3)

Investments, acquisitions and disposals

Capital expenditure in intangible and tangible fixed assets amounted to € 47.5 million, somewhat higher than the expected € 45 million but below the depreciation level of € 54.7 million. In addition to the usual maintenance and replacement costs, there were a number of larger projects, such as investments in the new factories in China (Suzhou) and Slovakia (Presov) and a new warehouse in the Czech Republic.

A special investment project for the Rubber Cable division was approved in December 2006. This project, designed to enable the division to respond effectively to the good prospects for cabling for the renewable energy sector, such as wind farms, involves the extension of the existing factory at Suzhou (China), the installation of new extrusion lines (China, the US and Germany) and a new compounding facility (the Netherlands). The total investment of approximately € 17 million will be made in 2007. This project will advance the Rubber Cable division's position in the special-purpose cable market and widen its geographical spread, in line with Draka's strategic principles.

Draka spent € 30.0 million on acquisitions in 2006. This concerns the takeover of the insulated cable activities of International Wire Group, Inc. (US) for € 28.5 million and the acquisition of the German firm Cornelia Thies Kabeltechnik GmbH for € 1.5 million.

Balance sheet position

The balance sheet total amounted to € 1,745.0 million in 2006, up 6.6% on 2005. This increase was entirely attributable to the growth in current assets (stocks and trade debtors) by € 117.7 million, reflecting the sharp increase in the price of copper, the higher volumes and the consolidation of acquired companies.

Shareholders' equity

Shareholders' equity as at year-end 2006 amounted to € 426.9 million, representing an 18.5% increase from 31 December 2005. The reclassification of part of the preference shares (€ 76.6 million) and the net income for 2006 explain the increase in shareholders' equity.

Movements in shareholders' equity (x € million)	
Shareholders' equity as at year-end 2005	360.2
Reclassification of preference shares and others	77.5
Currency translation effects	(17.2)
Changes in fair value	(15.4)
Net income 2006	21.8
Shareholders' equity as at year-end 2006	**426.9**

The solvency ratio (shareholders' equity as a percentage of the balance sheet total) rose slightly to 24.5%, compared with 22.0% at year-end 2005. The guarantee capital (consisting of shareholders' equity, the provision for deferred tax liabilities and the long-term portion of the subordinated loans), amounted to € 619.5 million, equivalent to 35.5% of the total invested capital (year-end 2005: 42.8%). The decrease of this percentage is attributable to:

1) the decrease in guarantee capital due to the inclusion of the 5% subordinated convertible bond loan 2007 (€ 94.2 million) in current liabilities at the end of 2006;
2) the increase in the balance sheet total due to the increase in current assets.

Balance sheet summary (in %)	**2006**	**2005**
Intangible and tangible fixed assets	36.0	38.9
Financial fixed assets	10.3	11.1
Current assets	53.7	50.0
Total assets	**100.0**	**100.0**
Shareholders' equity	24.5	22.0
Minority interests	0.7	0.6
Provisions	10.1	9.4
Long-term liabilities	22.7	34.4
Current liabilities	42.0	33.6
Total equity and liabilities	**100.0**	**100.0**

Interest-bearing liabilities

Net interest-bearing liabilities increased in 2006 by 20.9%, or € 59.9 million, to € 345.9 million. This increase was mainly due to the loan taken out to repurchase part of the preference shares (€ 54.3 million). However, net gearing (total net interest-bearing liabilities as a percentage of shareholders' equity) improved to 81.0%, compared with 115.7% in 2005, through the reclassification of the remaining preference shares.

Information and Communication Technology

In order to support Draka's new divisional structure, the Board of Management approved a new ICT strategy in early 2006. The ICT strategy closely matches the business strategy in order to create more synergy through regional or global partnerships. During the year under review, the different parts of the strategy were developed in more detail and a start was made on its implementation.

The business support applications form an important part of the strategy. The long-term strategy is to base these on the SAP system. A Draka SAP template was developed in the space of a few months during 2006. This is a fully operational SAP system in which the primary business processes for the cable industry are programmed. Eight Draka companies contributed to the creation of this template. The aim is to harmonise business processes and to perform new SAP implementations faster and, therefore, more cost-effectively than in the past. The template serves as the basis for a new Customer Care system for Draka Comteq Cable Solutions, EMEA and for implementation in Draka Cableteq USA. The same approach was also used to successfully implement SAP at the newly acquired businesses in the Philippines and Mexico, in less than three months. Preparations were made to implement this system at Draka Cableteq Asia-Pacific in 2007.

In close cooperation with the ICT managers of the various Draka companies, plans were drawn up to standardise the ICT infrastructure. This is necessary in order to facilitate access to applications and information, to support global cooperation and to improve the security of information. An external partner was selected to offer these services worldwide. In 2007, a start will be made on standardisation of the 'base services', comprising the international communication connections, e-mail and network security.

During 2006, the Company also worked to strengthen governance of ICT by the Board of Management and divisional managers, and to improve the required ICT competencies. A SAP competence centre was set up to steer the various SAP developments and strengthen the necessary competencies within Draka. A new project management approach was developed for improved execution of projects, supported by 'Prince II', a universal project management method. The formation of a project management competence centre began, in order to promote and support this method within Draka. Various new divisional information managers and IT managers were recruited to fill vacancies.

Research & development (R&D)

Ongoing innovation is a critical success factor for Draka. Only by constantly responding to the wishes and requirements of customers can Draka continue to build on its prominent market position. On a constant basis the Company is exploring possibilities for further broadening and improving the services it offers. Draka moreover sees R&D as an important instrument for meeting the Company's obligations to society. Draka spends approximately 2 to 3% of its revenues on R&D, with particular emphasis on application engineering and the further improvement of materials and production processes.

In recent years, Draka's R&D activities were directed largely towards achieving cost reductions for existing products and improving production processes. As material costs are an important cost component in almost all Draka divisions, the search for potential cost reductions in this field remains a continual focus of attention.

In addition to potential cost savings, Draka focused in 2006 mainly on stimulating innovation by and between the different divisions. A special committee was formed for this purpose during the year under review. The principle here is that innovation should not be confined to product development, but must grow to become a mindset throughout the Draka organisation. The objectives are:

- To go beyond what clients request;
- To create intelligent product platforms from which completely new product families are borne;
- To remain focused on product and service improvements.

In the first half of 2007, this committee will complete an action plan, after which a start will be made with its implementation.

Sustainability

Draka is aware of its responsibility for the products and services it supplies and of the effects these can have on the community at large. The interests of all stakeholders need to be weighed and thus Draka is conscious not just of profits but of the environment and society as well.

Socially responsible entrepreneurship is not new at Draka but is deeply embedded within the organisation. In the environmental field Draka goes to particular lengths in reducing the use of materials and to recycle production waste. In the socio-economic field it provides training and education for the workforce. At the social level, Draka's products contribute, among other things, towards safety in the living environment (buildings) and to reduced use of fossil fuels.

Environment
An important aspect of Draka's policy is the commitment to minimise the environmental impact of its activities. The starting point for Draka's environmental policy is, of course, that all business activities must as a minimum

comply with current legislation and regulations. The principle here is that its operating companies should not only comply with specific laws and regulations, but should also take a pro-active and preventive approach. Moreover, each production facility operates an improvement programme geared to its own specific situation. Draka encourages the implementation of a structured environmental management system for all its operating companies. Most locations are now accredited under the international ISO 14001 standard, the international standard for environmental care systems.

The environmental impact of Draka's activities primarily relates to the consumption of raw materials (copper, aluminium and polymers) and the waste flows from production and discarded cable. As a result, Draka's environmental policy focuses strongly on reducing the use of materials and recycling waste flows. For many years now, the bulk of production waste and discarded cables has been recycled. All metals are reclaimed by specialist companies and reused for the manufacture of various high-grade products, including cable. Plastic waste created during the cable manufacturing process is largely reused in Draka's own plants. The technical and economic facilities for high-grade reprocessing of plastic residues from used cable are, however, limited at the present time.

Safety

Within the European Construction Products Directive (CPD), classes have now been defined for the fireproofing of cables in buildings. Draka not only makes an active contribution to the creation of testing and product standards, but also works in the different European countries to increase knowledge and awareness of fire risks and cables among designers of installations, installers, government agencies etc. In terms of both cable and production technology, Draka has a very strong base for making the switch to production of a new generation of low-smoke halogen-free (LSHF) cables, as proven in recent years in countries including Spain and the UK. In addition to their impact on fire development, preserving the function of cables is increasingly important for improving fire safety in built-up environments. In a growing number of cases worldwide, continued functioning of fire extinguishing units, lifts, ventilation systems and alarm installations in the event of fire is being imposed as a requirement. Draka has the in-house knowledge to continually develop products for the various applications and conditions with the right level of function preservation.

LOW-VOLTAGE CABLE

FIRETUF MEETS FIRE-RESISTANCE DEMANDS AT HEATHROW'S T5

Draka's Firetuf cables are being used in what is currently Europe's largest construction project, the new Terminal 5 (T5) at London Heathrow Airport. Due to open in 2008, the new T5 represents a GBP 4.3 billion investment and will handle around 30 million passengers a year. And – important for Draka – it will include more than a million metres of cable, including various grades of Draka's Firetuf fire-resistant cable. Michael Cowell, Technical Development Manager of BAA Ltd, describes why these cables were selected for the project.

For what applications are the Firetuf cables used in the T5 project?

"As far as the specific applications for Terminal 5 are concerned, we are using Firetuf Plus for emergency lighting. And Firetuf EMC (Electro-Magnetic Compatible) cable is being used for the integrated fire alarm, voice alarm and public address systems."

Why were these cable grades selected?

"For the emergency lighting we originally intended to use MICC (Mineral Insulated Copper Coated) cables, but new British standard requirements gave us the opportunity to review this choice for all final circuit cabling. After assessing all the available pliable cables in the 'enhanced' category, and seeing tests at Draka's Fire Test facility in Derby, it was clear that Firetuf Plus fully met our quality and safety requirements. For the fire and voice alarm systems, our contractor, the fire detection and alarm company Honeywell, needed a fire-resistant cable with a high EMC level. EMC performance was important because of the high frequency signals used in the addressable speaker loops. At their request Draka came up with a 'standard' grade fire-resistant cable with extra EMC characteristics – called Firetuf EMC – that met their requirements in full. This proved to be a good solution from both the performance and cost effectiveness points of view."

What has been your experience of working with Draka on this project?

"Most of the contacts take place through the various contractors who are working on the T5 project, but we appreciate the fact that Draka's technical and operational support, and their ability to deliver production-based samples, enabled the wiring installation works to start on schedule. Their willingness to develop an individual specification based on one of the standard Firetuf products proved to be a good solution in the fire and voice alarm area. While for the emergency lighting they were prepared to carry out specific tests in our presence to demonstrate compliance with our requirements. That gave us confidence both in their products and in Draka as a supplier."

"CUSTOM-DEVELOPED PRODUCT IS A COST-EFFECTIVE SOLUTION"

Cooperation
Draka is fully aware of the fact that improved sustainability can only be achieved through effective partnerships with all parties concerned. This is why Draka attaches considerable importance not only to intensive cooperation with its clients and suppliers, but also to the realisation of improved product and application standards and regulations. Draka makes a major contribution to the work of international standardisation committees such as Cenelec and IEC. Obviously, Draka also plays an active role in the associated national and sectoral activities.

Personnel and organisation

Draka maintains its leading position within the cable industry by careful attention to the needs, responsibilities and aspirations of people employed at all levels of the organisation.

Personnel and organisation
The Draka organisational structure is based on decentralised control, with the various Division Presidents having responsibility for the developments and results of the divisions. The holding company has the overall responsibility for the operating activities, determines the overall strategy and is specifically responsible for Treasury, Controlling, Purchasing, Corporate Communication, Legal and Taxation Affairs, Information and Communication Technology and Human Resource Management. All this is designed to help the Division Presidents in their responsibility for directing their divisions.

Restructuring and optimisation
One of Draka's strategic principles is the continuing optimisation of the organisation. In order to realise this, Draka launched the Stop, Swap & Share programme in 2005 starting at Draka Cableteq. This project consists of:

1) Discontinuation of production of cable products that do not enhance the product mix;
2) Swapping cable production within the divisions, in order to achieve an optimally efficient product portfolio in focused factories;
3) The exchange of best practices within and among divisions in fields such as production, compounding, logistics and marketing.

This project resulted in 2006 in a loss of around 300 jobs within Draka Cableteq, in the divisions Low-Voltage Cable and Rubber Cable. In the second half of 2006 Draka Comteq started a similar programme to restructure its Cable Solutions EMEA division. This restructuring is expected to result in a reduction of approximately 330 employees in Europe which will be completed in 2008. All the measures undertaken made a positive contribution to the operating result, resulting in a structural improvement of Draka's profitability.

The Board of Management is fully aware of the consequences of the taken measures on the organisation. They would like to express their thanks to all concerned for the way in which it proved possible for the measures taken to be implemented.

Number of employees
The average number of employees on a full-time equivalent basis was 8,762, a decrease of 1.0% compared with 2005. The decline in the average number of employees was primarily due to the Stop, Swap & Share programme at Draka Cableteq which resulted in a loss of around 300 employees. At the end of 2006 the number of employees was 9,145, an increase of 7.9% in relation to the number on 31 December 2005. This increase was mainly caused by the acquisitions realised in the second half of 2006.

Long-term incentive plan
In 2006, Draka management was once again able to participate in the long-term incentive plan introduced in 2002. Participation in the plan means that a Draka manager (excluding members of the Board of Management, see Remuneration report on page 53 can use part of their net bonus to acquire Draka shares or Draka options. Information on the number of shares or options allocated and at what price can be found in the chapter 'Share information' on page 28.

Master Class
Draka has built a tradition in developing its own top management. Towards this goal two 'Master Classes' have been organised during the past years which allowed talented managers to grow into senior management positions within Draka's organisation. In 2006 it was decided to start a third Master Class at the beginning of 2007.

European Works Council
The Draka European Works Council is well established as a vital link between the Board of Management, the works councils and employees in the individual countries. Two meetings were held during 2006 in Vigo (Spain) and in Amsterdam (The Netherlands) when finance, investments and restructuring aspects of the organisation were discussed. During the year, members

of various works councils received training, relating especially to the skills necessary for effective cooperation to fulfil their duties well.

The Board of Management wishes to thank the European Works Council for its constructive attitude throughout the year 2006.

Prospects and objectives for 2007

Prospects
The world economy got off to a positive start in 2007. Economic conditions in emerging markets and Asia remain robust, while there are no signs of any weakening in the important European market. Industrial activity in these regions is expected to remain at a healthy level. North America slowed down somewhat during 2006. Growth in this region is expected to show a similar pattern in 2007 as in the second half of 2006. On the basis of these economic trends, the global cable market may reasonably be expected to display a further growth in volume in 2007. It is assumed that the growth will end up somewhat below the level of 2006 (4-5%).

Prices of important raw materials (copper, aluminium and polymers) are likely to remain volatile in 2007. In addition, a number of cable market segments will face continuing price pressure.

Draka still stands by its previously published target for 2007 of an operating result (excluding non-recurring items) of approximately € 90 million, including the effect of internal measures but excluding volume, price and acquisition effects since 1 July 2005. Including volume, price and acquisition effects since this target was announced until 31 December 2006 this amounts to approximately € 115 million. Draka also expects to make further progress in achieving its other strategic goals.

Objectives
In line with Draka's strategic focus, the following objectives have been formulated for 2007:

- Further reinforcement of the sales and marketing organisations, with the emphasis on the special-purpose cable segment, with the aim of stimulating organic growth.
- Continued investment in innovation, not confined solely to the introduction of new, innovative products, but aimed at the entire proposition Draka offers the client.
- Continuation of programmes aimed at greater focus at the production facilities.
- Successful completion of the Stop, Swap & Share project at Draka Comteq, which is expected to yield to annual cost savings of some € 12 million in 2008. Initial cost savings of about € 5 million are expected in 2007. Together with other smaller projects at Draka Cableteq, total cost savings of around € 8 million are expected in 2007.
- Keeping the operating working capital ratio below 20% of revenues.
- Achieving an optimum free cash flow. Regular investments in intangible and tangible fixed assets are expected to turn out at around € 55 million, or in line with depreciation. The special investment project for the Rubber Cable division (around € 17 million) is in addition to this. The free cash flow will be invested in growth, both organic and through acquisitions, and/or in further reducing the interest-bearing debt.

Share information

Stock exchange listing

Draka Holding N.V. shares have been listed on Euronext Amsterdam since 1991. In March 2001, the share was included for the first time in the Next150 index (symbol: DRAK, fund code: 34781, ISIN code: NL0000347813). Since 2 March 2005, Draka has been listed on Euronext's AScX-index (Amsterdam Small Cap index). Draka's market capitalisation at year-end 2006 amounted to around € 915 million.

Since 8 July 2002, options on Draka shares have been traded on Euronext Amsterdam Derivative Markets. In addition, subordinated convertible bonds have been listed since 15 April 2002. Two loans are currently outstanding. The first is a convertible bond loan (5% coupon) maturing on 15 April 2007. The second is a five-year subordinated convertible bond loan (4% coupon) maturing 22 September 2010. Further details on these two subordinated convertible bond loans may be found on page 117.

Share price performance of Draka Holding N.V. (October 1991 - March 2007)

Capital and shares

The authorised capital of Draka Holding N.V. is composed as follows (all shares have a nominal value of € 0.50):

2006	Number	Amount
Ordinary bearer shares and registered shares	58,000,000	€ 29,000,000
Preference shares	12,000,000	€ 6,000,000
Class B preference shares	70,000,000	€ 35,000,000
Authorised capital	**140,000,000**	**€ 70,000,000**

As at 31 December 2006, the number of issued and fully paid-up shares was 44,452,877 (35,567,406 ordinary and 8,885,471 non-tradable preference shares) representing an amount of € 22,226,438.50. This number is unchanged from 31 December 2005.

Assuming full conversion of the two convertible bond loans in issue, the fully diluted number of ordinary shares is made up as follows:

	Ordinary shares
Ordinary shares in issue as at 31 December 2006	35,567,406
Maximum issue of ordinary shares due to conversion of 5% subordinated convertible bond loan 2007	1,930,150
Maximum issue of ordinary shares due to conversion of 4% subordinated convertible bond loan 2010	6,443,299
Fully diluted number of shares	**43,940,855**

Continuation, reclassification and repurchasing of cumulative preference shares

In 2006, Draka had cumulative preference shares in issue with a value of € 130.9 million. These were divided into two categories: category A, totalling € 53.5 million, with a final dividend review date of 15 August 2006 and category B, totalling € 77.4 million, with a final dividend review date of 31 December 2006. Draka has decided to continue the A category of cumulative preference shares and to transfer these to Fortis Verzekeringen Nederland. Draka has also decided to continue the B category cumulative preference shares placed with Ducatus N.V., totalling € 23.1 million. The remaining B category shares, totalling € 54.3 million, were repurchased on 31 December 2006. Partly for this reason, the Company contracted a new subordinated loan of € 77.5 million. Draka intends to withdraw the repurchased preference shares, a proposal that is to be submitted for approval to the General Meeting of Shareholders on 11 May 2007.

As a result of the amendment of the terms for the continuing preference shares (the Board of Management can pay out dividends on preference shares or defer payment, at its own discretion), the shares were reclassified from liabilities to shareholders' equity as from 15 August and 31 December 2006, respectively. Both categories have a maturity of six years, with annual dividends of 7.11% for category A and 7.06% for category B. As a result of the two transactions, the solvency ratio, based on the balance sheet as at 31 December 2006, increased by 439 basis points.

Overview notifications substantial holdings

Pursuant to the reporting obligations under the Act on the supervision of financial markets, which was introduced in the Netherlands and which requires, among other things, that shareholders disclose their interests if these represent 5% or more of the issued shares in the capital of a listed company, the following shareholders (of common shares and preference shares) fall under the scope of the Act (most recent report dated 29 December 2006):

	Holding	Ordinary shares	Preference shares [1]	Subordinated convertible bond loan
Flint Holding N.V.	37.1%	x	-	x
Internationale Nederlanden Groep N.V.	12.4%	x	-	x
Fidelity	7.5%	x	-	-
Fortis Utrecht N.V.	6.0%	-	x	-
Go Capital	5.5%	x	-	-
Ducatus N.V.	5.3%	-	x	-

[1] Non tradable on the stock exchange

Draka estimates that the free float of the ordinary listed Draka shares amounts to approximately 30%.

Dividend policy

With regard to the Draka ordinary shares, the Company aims to distribute a dividend equal to 30% of the net income (excluding non recurring items) after preference dividend. No dividend was distributed to the ordinary shareholders for 2005. A dividend of € 0.37 per ordinary share, payable in cash, is proposed for the financial year 2006.

A preference dividend of approximately 7.1% is paid on the preference shares in issue. The total preference dividend for 2006 amounts to € 9.2 million.

Liquidity provider

Draka has appointed three liquidity providers in order to ensure orderly and increasing trade in its shares. These are ABN AMRO Bank N.V., Kempen & Co N.V. and Rabo Securities N.V. In the year under review, almost 36,000 transactions in Draka shares were executed whereby 18.9 million shares have been traded, or 53% of the total number of outstanding ordinary shares.

MARINE, OIL & GAS

RESISTING HARSH CONDITIONS ON LAND AND OFFSHORE

The integrated Norwegian oil & gas company Statoil has had thousands of deliveries of cables from Draka Marine, Oil & Gas in the past 10 to 15 years. The company's electrical engineer Eivind Nordskog, based at its headquarters at Kaarstoe near Stavanger, who acts as technical advisor and company representative on cable issues, describes their applications and special demands.

For what applications does Statoil use the Draka cables?

"We use the cables in both land-based and offshore applications. The land-based cables are laid in ditches at depths of up to a metre, and can be up to 2 km in length. These include power cables of up to 400 mm^2, both high- and low-voltage, for equipment like turbines, motors and lighting, but also instrumentation cables. In the offshore area the applications are the same – most of our rigs are at relatively large distances from the shore so they have their own generators. The cables are mostly laid on galvanised trays where they are exposed to sunlight and salt-water spray."

What cable types do you use in these applications?

"For the land-based applications we use PetroBlock cables which are specifically designed to resist exposure to aggressive hydrocarbons and other solvents, for example in case of a leakage. These TFLP cables have a PVC outer sheath and an aluminium/nylon screen, and have been tested in oil at 90°C for 72 weeks to make sure that there is no penetration of hydrocarbons into the cable core. While on the rigs themselves the cables have to be both fire-resistant and flame-retardant, and these are specified in accordance with the Norwegian NEK606 electrical standard for industrial applications. Of course all these cables are halogen-free in line with the applicable environmental regulations."

What about the new HCF (HydroCarbon Fire) cables, which can resist temperatures of up to 1100°C for up to 60 minutes? For what applications are you using these cables?

"We have followed the development of this cable some time, and in 2005 the cable concept was requalified and approved by major oil companies such as Statoil and ExxonMobil. Draka won the innovation award at OTC in Houston with this cable in 2006. These cables are interesting because they are designed specifically to keep critical systems like commu-nications and emergency equipment running during a fire or other dangerous situation that could arise in the harsh offshore environment. We use these cables in critical areas which require this extra fire protection, for example on the Gullfaks platform we installed a 36 kV cable with HCF protection inside the platform legs which stand on the seabed at depths of up to 300 m."

Can you tell us something about expected developments in Statoil's activities?

"At present there is a lot of rebuilding and renovation of our platforms to extend their lifetime. Some of our platforms were built in the late 1970s with an expected operational life of around 25 years. But developments in production technology mean we can extract much more oil and gas from the existing wells, and that means the rigs will be used for longer than expected. In addition, more sub-sea fields are connected to already existing infrastructure and require modifications and new modules to be built. As well as that, we are also building quite a number of new platforms. For example in the Gjøa field, where we plan to start production in 2010. For this field alone we intend to install 20 sub-sea wells connected to a semi-sub platform for both oil and gas production. The cable requirement for this project will be around 800,000 metres of both electrical and instrumentation/telecom cables. So as well as all the renovations we also have a high level of new building work for the coming years."


"HIGH LEVEL OF
RENOVATION AND
NEW BUILDING IN
THE NORTH SEA"

Share and option plan

In June 2002, Draka introduced a long-term incentive plan. This scheme comprises a share plan and an option plan. Under the overall plan, the Company has granted to senior managers, with exception of the Board of Management which has its own long-term incentive plan (Remuneration report), stock options on its ordinary shares or an entitlement to buy ordinary Draka shares as a part of their regular net bonus. Both the shares and the options are subject to an initial three-year period during which they cannot be traded or exercised. For the share plan, the Company will double the number of shares after the three-year period. The options are granted for eight years.

As at 31 December 2006, the number of outstanding options amounted to 386,219 and the number of assigned shares to 16,595. The exercise prices and allocation prices for these options and shares were as follows:

	Number of shares	Number of options	Exercise price
2002	-	23,450	€ 24.26
2003	-	28,771	€ 7.42
2004	2,036	56,989	€ 11.63
2005	6,109	113,615	€ 10.05
2006	8,450	163,394	€ 13.51
Total	**16,595**	**386,219**	

Prevention of insider trading

Under Section 5:65 of the Dutch Financial Market Supervision Act (WFT), Draka is subject to a regulation on the holding of and effecting transactions in shares and other financial instruments. This regulation applies within Draka to the Board of Management, Supervisory Board and managing directors. In addition, around 100 employees at Draka are subject to this regulation. 'Closed periods' apply to these employees, during which they are not permitted to trade in Draka securities. The Company Secretary has been appointed as compliance officer and is responsible for enforcing the code of conduct and for communication with the Dutch Authority for the Financial Markets.

Investor Relations

Draka is committed to maintaining a continuous dialogue with all stakeholders by pursuing an open and active communication policy. In this way, Draka provides insights into its strategy, objectives, product and market developments and financial results.

In addition to publishing its annual figures for 2005 and the interim figures for 2006, Draka released two trading updates in 2006, in June and again in November. When announcing the annual figures for 2005 and the interim figures for 2006, meetings were organised for journalists and analysts to provide further background to the results. A webcast was also organised on these two occasions, enabling interested parties who could not be present to listen to the discussions on the annual figures for 2005 and the interim figures for 2006.

On Tuesday, 31 October 2006 Draka organised a theme day for journalists, analysts and institutional investors. The meeting was held at Draka's operating company in Emmen (The Netherlands). Developments in the Low-Voltage Cable division were explained, focusing on fire safety in buildings. The meeting discussed how Draka responds to this current issue with its product portfolio of halogen-free, fire retardant cable. The theme day included a tour of the factory. Draka intends to organise another theme meeting in 2007.

Draka conducted an active Investor Relations policy in 2006 whereby the members of the Board of Management gave briefings on the strategy, activities and results of the Company. Draka management met with a large number of investors in various financial centres in Europe and North America, especially after the publication of the annual figures for 2005 and the interim figures for 2006. Approximately 135 one-on-one meetings with investors were held in 2006.

During the past financial year, Draka's Annual report 2005 was nominated for the Henri Sijthoff Prize for Mid- and Small Cap shares. This prize is awarded annually to companies that excel in terms of supplying high quality public information and transparent financial reporting. For the first time, in 2006, websites were included in the overall assessment.

Further information on the Draka share and the activities of the Company may be found on the website at www.draka.com. In addition, it is possible to refer queries to Draka's Director Corporate Communications, Michael Bosman (Tel.: +31 20 568 9805, e-mail: michael.bosman@draka.com).

Key figures per ordinary share (€ 1)	**2006** [1]	**2005** [1]	**2004** [1]	**2003**	**2002**
Shareholders' equity (excluding preference shares)	9.85	10.13	8.84	11.16	12.13
Net income after dividend on preference shares	0.57	0.12	(0.67)	0.12	(1.62)
Dividend	0.37	0.00	0.00	0.10	0.00
Pay-out	30% [2]	0%	0%	83%	0%
Highest share price	26.60	14.30	20.90	16.85	45.71
Lowest share price	11.70	9.95	8.75	4.10	7.15
Market price at year-end	25.80	13.23	10.70	15.60	9.45
Price-earnings ratio on basis of year-end price	54.9	110.3	(13.9)	130.0	(5.8)
Price of convertible bond 2007 at year-end	101%	100%	100%	94%	70%
Price of convertible bond 2010 at year-end	168%	103%	-	-	-

[1] According to IFRS

[2] Based on earnings per share excluding non-recurring items

Financial calendar	
11 May 2007	Annual General Meeting of Shareholders at the Sheraton Amsterdam Airport Hotel, Schiphol
15 May 2007	Ex-dividend date
18 May 2007	Declaration of dividend for 2006
29 June 2007	Publication of trading update for the first half of 2007
31 August 2007	Publication of first-half year results 2007 (pre-trading), followed by a meeting for the press and analysts
26 November 2007	Publication of trading update for the second half of 2007

Report on Draka Cableteq and Draka Comteq

Draka is active internationally in the development, production and sale of all kinds of cable solutions for a wide range of clients. Draka's products are used in aircraft, trains and cars, on ships and drilling platforms, in lifts and windmills, in homes and offices, to give just a few examples. From minute cables to cables with a diameter of several decimetres, they offer a solution for every application.

The activities are divided into two groups: Draka Cableteq, for low-voltage cables and cables for applications in specific markets, and Draka Comteq for almost all applications (copper and optical fibre) in the telecommunications and data communications market. In terms of revenue, Draka is the world's sixth largest cable producer and ranks third in Europe.

Draka Cableteq

Draka Cableteq develops, manufactures and sells low-voltage and special-purpose cables for applications in lifts, residential and other buildings, cars, aircraft, trains, shipping, the oil and gas industry, mobile telecommunications networks, domestic appliances and industrial equipment and installations. This involves both common products for cabling purposes and special-purpose and client-specific products and applications.

Profile of Draka Cableteq

Draka Cableteq operates from six divisions:

Elevator Products	Wide range of products for the lift and escalator industry
Low-Voltage Cable	Full range of cable products for buildings, industry and infrastructure
Marine, Oil & Gas	Full range of cables for the shipbuilding, oil and gas industries
Mobile Network Cable	Full passive antenna line for base stations for mobile telephony
Rubber Cable	Flexible rubber-insulated cable for industrial applications and alternative energy sources
Transport	Cables for applications in cars and aircraft
Market position	Top three position in Europe, strong in market niches worldwide
Establishments	Australia, Belgium, Brazil, Canada, China, Czech Republic, Denmark, Estonia, Finland, France, Germany, India, Indonesia, Malaysia, Mexico, Netherlands, Norway, Oman, Philippines, Poland, Russia, Singapore, Spain, Sweden, Thailand, Turkey, UK, USA
Employees	Approximately 6,125

Research & development

The leading position of the Draka Cableteq divisions is partly due to the innovations they continually develop. The group regards R&D as a key activity for making an optimum response to its clients' needs and requirements, often in partnership with the client itself. Continual progress is achieved in material development, in combination with process technology, with an exchange of knowledge between and within the divisions. Application engineering and the improvement of materials and production processes are important priority areas.

Notable developments during 2006 included:

- New RFA low loss feeder cable family for 2G and 3G applications which contains better electrical values e.g. attenuation values (Mobile Network Cable);
- Customized hybrid elevator traveling cable for Burj Dubai (tallest building in the world), incorporating copper power and control conductors with multimode and singlemode optical fibers (Elevator Products);
- Various custom kits including cable harnessing for major elevator companies, which combine cables and components to save customers time and cost (Elevator Products);
- Introduction of medium voltage cable with advanced fire performance characteristics for the Scandinavian and Spanish markets (Low-Voltage Cable);
- Launch of a range of Firetuf EMC (Electro-Magnetic Compatible) cables in the UK, to be used for integrated fire alarm, voice alarm and public address systems (Low-Voltage Cable).

Financial results

The rising trend in Draka Cableteq's results gathered further momentum in 2006. All divisions contributed towards the improved result, with the low-voltage cable activities achieving most progress. Draka Cableteq's revenues rose 40.3% in 2006 to € 1,936.2 million. Excluding the effects of acquisitions (the insulated cable activities of International Wire Group, Inc. and the German company Cornelia Thies Kabeltechnik GmbH), organic revenue growth amounted to 36.2%.
The sharply higher copper price once again had a substantial upward effect on revenues.

Results (x € million)	2006	2005
Revenue	€ 1,936.2	€ 1,379.9
Operating result [1]	€ 99.6	€ 57.7
Capital expenditure	€ 26.5	€ 33.6
Depreciation and amortisation	€ 37.4	€ 43.2
Operating result as % of revenue	5.1%	4.2%

[1] Excluding non-recurring items of € 6.1 million negative in 2006 and € 4.7 million negative in 2005.

The operating result excluding non-recurring charges rose by 72.6% to € 99.6 million. Part of the improvement in these results (about € 15 million) was attributable to cost-savings yielded by the Stop, Swap & Share project. This project, designed primarily to reduce costs at the Low-Voltage Cable and Rubber Cable divisions and increase efficiency, was successfully embedded in the year under review. An improved product mix and volume growth, which translated into better capacity utilisation at Draka's factories, also contributed to the higher result. On balance, it proved possible to limit the negative impact on the result of the higher raw material prices (copper and polymers) by reducing the delay in passing price rises on to customers. The non-recurring charge of € 6.1 million in 2006 relates to the further extension of the Stop, Swap & Share programme in the Low-Voltage Cable division and downsizing the European wire and cable assembly activities. The cost savings, estimated at around € 3 million, will be fully achieved in 2007.

Elevator Products

Products	Wide range of products for the lift and escalator industry
Market segments	Lift and escalator industry
Growth driver	Construction market in general, including maintenance and repair of lifts and escalators
Market position	Global presence; no. 1 in US, strong in Europe and growing in Asia
Establishments	Brasil, China, the Czech Republic, Hong Kong, Malaysia, Netherlands, Singapore, Spain, and USA
Employees	350
Customers	Lift manufacturers such as Otis (US) and ThyssenKrupp (Germany)

Elevator Products offers the global lift and escalator industry a growing range of products and special services aimed at the highest level customer satisfaction with the widest reach of distribution in the industry. The division distributes more than 30,000 parts and components for all local and international lift and escalator companies. In addition to lift cables and cable accessories the product line consists of lift and escalator components and systems that include wire rope, electrical items, specialty electronics and replacement parts. Key to the division's success is its ability to offer 'parts kitting' to manufacturers and installers of lifts and escalators. They can also rely on support and advice from expert and committed engineers for installation, maintenance, new product development and repair work.

Market developments

Growth in the world market overall has been modest with the exception of China where the new build share of the market is as high as 80%. The strong growth in China is partly accounted for by greater building heights of 30 to 35 storeys, compared with only around 12 in the USA. The market in Europe was stable with roughly equal proportions of new build and renovation activities. Activity levels in all areas were affected by the strong increases in copper prices, which could not always be passed on to customers. With many products having global or regional applicability, customers are increasingly looking around for the best deal, leading to continued pressure on prices.

Developments in the division

The broad product portfolio remains an advantage over competitors, and steps are being taken to bring the Extended Factory Model to the European market. This is a direct to OEM cooperation where customer factory overhead is reduced, while simplifying the order and delivery process. The Chinese joint venture increased its levels of product exports to Europe and the USA, with lower production costs helping to compensate for the continuing pressure on prices in those markets. The new offices in Brazil, Hong Kong and Singapore further strengthened the division's global coverage and handled excellent levels of business. Although the major customers operate globally, they demand a local service which the division is now able to offer in all regions. A strategic partnership in Brazil with a value added assembly company led to an increase in market share in the Latin American market. Further gains in market share were made in China in compensating cables sourced from the local joint venture. In the US market, the division maintained its leading position through the ability to supply all the required cables, both electrical and mechanical, in the form of complete kits together with other hardware.

Manufacturing and distribution efficiencies have been improved by further rolling out the 'lean' approach. For example in one manufacturing plant productivity has been increased by 30% by eliminating one of the three shifts while at the same time handling more orders. Cost-reduction and efficiency opportunities are being actively pursued, especially in the logistics area, with the emphasis on sharing best practices throughout the division.

Outlook for 2007

Global business should continue at the same level as in 2006, and the high level of activity, particularly in China, is expected once again to contribute to a good overall performance. Pressure on prices is likely to continue, making it difficult to pass on increases in raw materials such as copper, but the division should be able to offset this through its continuing programme of cost reductions such as China product exports, value added services and efficiency improvements.

Low-Voltage Cable

Products	Low- and medium-voltage cables, ranging from installation to instrumentation and control cables
Market segments	Construction, industry, infrastructure, electrical applications, defence industry
Growth driver	Construction market in general
Market position	No. 3 in Europe; outside Europe focusing on market niches
Establishments	Australia, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hong Kong, India, Indonesia, Malaysia, Netherlands, Norway, Oman, Poland, Russia, Singapore, Spain, Sweden, Thailand, Turkey, UK and USA
Employees	3,745
Customers	Construction and installation companies, electrical wholesalers like Hagemeyer (Netherlands), Sonepar (France) and Rexel (France)

Low-Voltage Cable develops, produces and sells low- and medium-voltage cables. The portfolio covers the entire range, from installation cables and flexible PVC cables to instrumentation cables. The division also produces special-purpose products such as halogen-free cable and cables with low smoke emissions. With advanced production facilities and local sales teams, the division operates on the basis of the 'global-for-local' concept. The products are distributed mainly via electrical wholesalers. The division works closely with these distribution houses in the fields of logistics and other services. For example by means of training for sales teams and their customers (construction and installation companies) it can provide added-value support for installers. Products are also applied in industry and in the infrastructure sector.

Market developments

Market growth in Southern and Eastern Europe was in some cases at double-digit levels in line with growth in specific sectors served. Growth in these countries was stronger than in Central and Northern Europe, where it in general kept pace with the underlying economies.

Utilities accounted for a higher share of the division's market, due particularly to the increasing need for maintenance of power grids. Activity in this area is high because of upgrading to meet the constantly increasing demand for electrical power, as well as a shift to underground distribution to reduce storm damage risks. The resulting higher demand for medium-voltage cables is likely to continue in the coming years. The emerging Eastern European countries are rapidly doing business at a European level, creating opportunities for the division as a global supplier with strong local relationships and support, especially through the wholesale channels. The ability to offer added value in this way is vital to maintain and develop market share, in view of strong local competition and overcapacity in some areas.

Developments in the division

The division continued to strengthen its support for installers and wholesalers, helping them to sell its products. Strong emphasis is placed on ease of use of the products themselves, but also through aspects such as packaging and supporting information. The production 'swapping' operation initiated earlier to cut costs and increase efficiency was continued, with a range of products now having been shifted to other plants. This facilitates sharing of best practices and increases the speed of innovation. As a result the division is able to improve service levels and to strengthen its competitive position with major customers. An important step in 2006 was maximising use of the in house compounding facilities, based on the awareness that the 'packaging' of copper wires is a core skill of the division. This allows value to be added to the product, while at the same time providing opportunities for cost saving.

A number of important projects were completed in 2006. Especially in Asia Pacific these included the delivery of fire-resistant and other specialty cables for the Changi International Airport Terminal 3 in Singapore and Subarnabhumi Bangkok International Airport in Thailand, a high-tech tunnels project in Kuala Lumpur, Malaysia, the new bridge- Western Corridor linking Hong Kong and Shenzhen, China, and the monorail system for Beijing International Airport linking Terminal 1+2. Deliveries for the US Navy's LFOTC (Advanced Littoral Fiber Optic Towed Cable) system also continued successfully. In the USA Draka will supply power, signal and communication fibre cables for the new World Trade Center Transportation Hub, scheduled for completion in 2009, which will include around 1 km of pedestrian tunnels.

Outlook for 2007

The division aims to benefit from developments in the energy market and continue to outperform the relatively stable market growth level based on its position as a global supplier with strong local support capabilities. Demand is expected to continue at a good level, especially for medium-voltage cables.

Marine, Oil & Gas

Products	Cable solutions for the shipbuilding and oil and gas industries in compliance with strict industry standards
Market segments	Drilling rigs and vessels
Growth driver	Investments by oil industry
Market position	Strong position in North-western Europe, prominent in North America and Far East
Establishments	China, Netherlands, Norway, Scotland Singapore and USA
Employees	150
Customers	Oil and gas offshore industry, technical installation companies, shipyards

Marine, Oil & Gas supplies advanced, cost-effective cable solutions for the shipbuilding and oil and gas industries. The cables, produced in compliance with strict industry standards such as IEEE, IEC and NEK, contribute to human safety and ensure that vessels and drilling rigs can be used reliably for long periods. The division's products include halogen-free, flame-retardant, fire-resistant and dust-resistant cables with excellent physical and electrical properties. These cables are resistant to oil, wear and tear and petrochemical fluids, among other things.

Market developments

Both the deep-water drilling and maintenance sectors showed strong growth in 2006. Drilling activities in particular were driven by continued strong oil prices through the year, a trend that oil companies expect to continue. Offshore exploration in deeper waters is intensifying, with depths increasing from several hundred feet in the past decades to several thousand feet in many cases. This leads to orders for new platforms, semi-submersibles and FPSOs (Floating Production, Storage and Offloading vessels), with particularly strong activity in Korea and Singapore.

Fleet maintenance activities were also at a high level with an almost unprecedented expansion of capacity. Many rigs are now 20 years old or more, facing operators with the choice of renovation or replacement. As well as that, the recent hurricanes Katrina and Rita caused large losses of vessel and tanker capacity which is now being replaced. Cable manufacturers are generally operating at capacity to meet the resulting demand, which is also opening opportunities for smaller, regional players. Pressure on prices has reduced significantly, with manufacturers not always able to meet the strong demand.

Growth in general shipbuilding has also been strong, with record numbers of vessels built over the past five years. However the 20- to 25-year shipbuilding cycle is now turning down, so this sector has less growth potential than oil & gas.

Developments in the division

The new organisation which was rolled-out in 2005 is now fully operational, providing global coverage for both the new building and maintenance markets. The Draka distribution centres in Aberdeen and Singapore both started operations in April 2006. Together with the established Houston centre the division can now put together virtual project teams able to bid successfully for projects on a global basis. As a result of this reorganisation Draka is now the only wire and cable supplier in the industry with a dedicated oil & gas division and locations near all the major exploration and production centres. In this way the division has followed the market demand and positioned itself to serve its major global customers on a local basis.

Outlook for 2007

The relatively long planning horizons for both new building and maintenance projects, usually with lead-times to production of around three years, mean that demand will remain at a predictable and good level over this period. Capacity utilisation is already at a high level for 2007 and the outlook is expected to remain strong for the following years.

Mobile Network Cable

Products	Complete Draka Antenna Line Products for base stations
Market segments	Mobile telecommunication
Growth driver	Investments by mobile telecom operators
Market position	Global third-ranking position
Establishments	Brazil, China, Finland, Singapore and USA
Employees	180
Customers	Suppliers and operators of mobile telecommunication networks

Mobile Network Cable is one of the leading producers of mobile network cable, supplying the complete Draka Antenna Line Products for base stations. Products range from Radio Frequency feeder cables, jumper cables and flexible cables to connectors, EMP protectors and other accessories. The 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 division works according to the one stop shop principle, allowing customers to rely on fast delivery and service.

Market developments

Particularly strong growth was experienced in Asia where the largest markets India and Indonesia, as well as other countries such as Vietnam, are still building up their mobile telephony networks at a rapid rate. Network coverage has been greatly increased but there is still a high potential for further development in these markets. The same applied to a lesser extent in Eastern Europe where operators are still expanding their basic voice networks. In Western Europe there is a gradual increase in investments in new technologies such as 3G, although the major breakthroughs that were expected earlier have not yet occurred and investments in the existing 2G networks are continuing.

Developments in the division

The division continued its strategy of integrating the different cables and components into customer- and application-specific packages. These are especially important in developing countries where OEM customers – usually handling turnkey projects – prefer to purchase ready-to-use cable packages. New product lines launched during the year included WiMAX feeder cables and the RFA low-loss family of cables intended primarily for 3G applications. These cables offer recognised high performance levels, meeting customers' increasingly stringent specifications and countering the continuing pressure on prices. The strong market share in both Europe and Asia was further increased during the year. The market share in China was maintained despite the increasingly strong local competition.

MOBILE NETWORK CABLE

QUALITY OF CABLES AND FAST DELIVERY MAKE THE DIFFERENCE

Mobile Network Cable was able to further optimise the supply of products for mobile network cables in 2006. As well as that – and despite higher copper prices – it kept production costs under control, as logistics director Klaus Sundholm of Draka Mobile Network Cable explains.

What position do you hold in mobile network cables worldwide?

"We supply feeder cables which are used for a variety of mobile telecommunications applications. We have strong positions in our selected markets, especially in Europe and Asia, including China. Globally we are the third-largest player in the mobile network cable business."

The market in which you operate is very competitive. How do you deal with that?

"To meet the needs of global, regional and local customers, we have in addition to our factories in Oulu (Finland) and Wuhan (China), a strong value added distributor network in EMEA and Asia and a distribution centre in Singapore. This distribution network enables us to supply products to all our customers with the required short delivery times. We're optimistic for 2007 because our customers are further expanding their current mobile networks, and as well as that the demand for data transfer through mobile phones is increasing, which is accelerating the construction of new 3G networks. "

A lot of emphasis is placed on one-stop shopping. What does that mean for Mobile Network Cable?

"The one-stop shopping principle means we supply not only the feeder cables, but also a complete package of antenna line products for the mobile network, including jumpers and connectors as well as other accessories. We also provide technical support, guarantee that all components are compatible and – where necessary – provide training. In other words, through our value-added network we can fulfil our customers' requirements and provide them with unmatched flexibility in product range and delivery. This helps our customers win new projects, which in turn means new business for us. But what's even more important than that is the relationships that we have with our customers and suppliers. These are very close and open, which means we can make agreements that all those involved can count on."

Which quality criteria does Draka apply?

"Our cables and jumper cables meet the highest currently applicable environmental standards (ISO14001), as well as the highest quality demands (ISO9001). Recycling of materials and packaging and reduction of waste have been key focus areas in our production facilities for many years. Also, we are constantly working with our customers and suppliers to find more environment friendly solutions for our products and packaging. Our cables and jumper cables are built to last and perform well in all environmental conditions for decades, which also means that waste is minimised."

What impact does the copper price have on your performance?

"The world market price of copper has risen significantly. This is why we have done a lot of research with alternative materials, made a lot of efforts to minimise the usage of copper in our products and improved our production efficiency. We are also focused on finding supplier partners in new emerging markets, which can help us to retain our competitiveness relative to our competitors. We want to keep our production costs under control."

"FASTER, MORE
FLEXIBLE RESPONSE
THAN THE COMPETITION"

Outlook for 2007

The growth in the roll-out of 2G networks in Indonesia in particular, but also in India, is expected to continue in 2007 and the subsequent years. An additional line will be opened at the factory of Draka's joint venture in Wuhan, China, during 2007. This will increase capacity and enable production costs to be reduced.

Rubber Cable

Products	Flexible, rubber-insulated cables according to harmonised standards and client-specific designs
Market segments	Construction, industry, mining, wind turbines and solar systems
Growth driver	Construction, industrial investments, investments in alternative energy sources
Market position	Top 2/3 position in Europe; Global market leader in cable for wind turbines
Establishments	China, Denmark, Germany, Netherlands, Sweden and USA
Employees	550
Customers	Electrical wholesalers like Hagemeyer (Netherlands), Sonepar (France) and Rexel (France), industrial companies active in the mining and windmill markets

Rubber Cable develops, produces and sells flexible, rubber-insulated cables according to standard specifications, harmonised standards and client-specific designs. The division also supplies special flexible cables for power and medium-voltage applications. The rubber cables are applied in wind turbines, open-cast and underground mining and for magnetically levitated and high-speed trains. The division's special rubber cables are also used worldwide in IT, the robotic and processing industries, container terminals, industrial cranes, offshore platforms and building sites.

Market developments

Market growth continued to be strong in standard cables as well as in special cables for the industry and projects sectors. Growth is particularly strong in the renewable energy market, which includes energy generation from wind, solar, geothermal and biomass sources, with the growth of 15-20% in past years continuing in 2006. Solar energy in particular is expected to grow at around 30% in the coming years. Growth is particularly strong in the USA which since 2005 has been the world's largest wind energy market. The renewable energy markets are served through equipment manufacturers who are increasingly aware of the need for specific cable products for the various applications.

Developments in the division

The division's growth is in general somewhat higher than the already positive market trend, due to the continuing strong increase in market share. Major developments in 2006 included the start-up of rubber cable production in the Suzhou plant in China. The new factory buildings on this site are allowing a significant expansion of production, including rubber cables for the international market. Also important in 2006 was the acquisition of the German company Cornelia Thies Kabeltechniek. This serves the wind energy market with cable sets and systems and has a strong position in the German market.

Forward integration in the energy market is to be further extended by the start-up of cable sets and kits in a number of other factories. These will enable the division to further enhance its already strong position in this sector and to strengthen its links with customers. A new portfolio of products for the solar energy market was launched in 2006 under the brand name 'Drakaflex Sun', as part of the division's ambition to be among the top 3 players in this market worldwide. These special products underline the importance of focus, through which the division is able to increase its added value by offering not just products but complete solutions with products designed specifically to meet customers' needs.

Outlook for 2007

Growth is expected to remain good in the various markets in 2007. The division's aim is to maintain volume in the standard cables business while at the same time focusing on the growth opportunities for special cables and complete cable sets. In the renewable energy market growth is expected to continue at a rate of around 10% which is well over the level of the market as a whole.

Transport

Products	Cables for applications in cars, trucks and aircraft
Market segments	Car, truck and aircraft markets
Growth driver	Production of cars, trucks and aircrafts; additionally, the functionality drive in cars, trucks and aircrafts
Market position	European market leader for advanced automotive cables and key position in standard cable; important supplier of Airbus
Establishments	China, Czech Republic, France, Germany, Mexico, Philippines and Spain
Employees	1,075
Customers	System suppliers, such as Delphi (USA), Yazaki (Japan) and Lear (USA) Airbus (France) for aircraft cable

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

Market developments

In the transport sector cable developments are driven largely by the demand for new functionalities such as in car, truck and airplane communication, navigation, multimedia and entertainment. This has led to new multimedia cable types using high frequency technology.
Although cable developments are made largely in collaboration with the harness makers, the ability to draw on the expertise and application knowledge available in other divisions enables the required solutions to be provided quickly.

There is also increasing demand for halogen-free cables as a result of strong environmental pressure, and few if any competitors can offer these products with the required resistance to high temperatures and other operating conditions.
Cable sales were around 3% higher globally and slightly more in Europe, partly as a result of increased exports of smaller models to the US market as consumers there shift to more fuel-efficient vehicles.

Demand for aviation cables continued to be strong, led by Airbus to which the division supplies around 50% of its cable needs. Despite delays in the A380 programme, production of the A320 family remains strong at around 30 aircraft per month with each aircraft requiring around 200 km of cables. New, lighter double-wrapped cables developed for the A380 will also be applied in the A320 where the resulting weight savings will mean higher payload and improved fuel efficiency.

Developments in the division

As before customers are faced by strong cost pressures, and supplier reduction programmes lead them to select partners who can meet their needs on a global basis. The division is virtually the only independent global supplier to automotive wiring OEMs. Its ability to supply all customers' cable needs is a further strong proposition, simplifying their procurement and optimising logistics.

The acquisition of the Mexico and Philippines plants of IWG now enables the Transport division to supply customers in all three regions – US, Europe and Asia – from local production facilities. By acquiring the IWG operations, the division also secured the relevant regional approvals which can be transferred to other factories, thereby strengthening the division's position as a worldwide supplier. In this way sales to the top two or three harness makers have been increased, thereby leveraging the existing customer base.

The new plant in Suzhou (China) has been in production since April 2006, increasing the ability to serve the fast-growing Chinese market – which overtook Germany as the world's no. 3 automotive producing country in 2006 – from a state-of-the-art local plant.

Outlook for 2007

Overall market growth in 2007 is expected to continue, particularly in China. Sales expectations are significantly higher than in 2006 as the new plants in Mexico, the Philippines and China will contribute for a full year. In the aviation sector, the division continues to grow by continuing its supplies to Airbus, a major customer which expects to deliver around 450 aircrafts in 2007, 10% more than in 2006.

Draka Comteq

Draka Comteq primarily develops, produces and sells optical fibre, optical fibre cable and copper cable for applications in telecommunication and data communication. Draka Comteq also manages the engineering and installation of its products as well as complementary hardware products from others in networks throughout the world.

Draka and Alcatel have brought together their worldwide optical fibre and communication cable activities in Draka Comteq B.V. Draka has a 50.1% interest in Draka Comteq and Alcatel S.A. a 49.9% interest.

Profile of Draka Comteq

Draka Comteq approaches the international market for telecommunication and data communication cable with four divisions offering a complete product range to their customers:

- Draka Comteq Cable Solutions, EMEA (Europe, Middle East and Africa)
- Draka Comteq Cable Solutions, Americas
- Draka Comteq Cable Solutions, Asia/Pacific
- Draka Comteq Optical Fibre

The Draka Comteq divisions concentrate on the following areas:

Telecommunications	Copper and optical fibre cable solutions, passive access networks, connectivity, project services, and turnkey solutions
Data Communication	Copper and optical fibre cable solutions for Local Area Network (LAN's) applications
Optical Fibre	Development, production and sale of single mode, multimode and specialty optical fibre

Market position	Market leader in Europe, number one in China (optical fibre telecommunication cable), number three in North America (optical fibre telecommunication cable)
Establishments	Brazil, China, Denmark, France, Germany, Netherlands, Russia, Singapore, Slovakia, Spain, Sweden, United Kingdom and USA
Employees	Approximately 3,140

Research & development

The technological developments at Draka Comteq were once again dominated in 2006 by Fibre-To-The-Home, 10 Gbit Ethernet and High Definition Television. The R&D activities are continuing to make a major contribution towards the reduction of production costs and improved products for new higher performance applications. The improvement of the quality of production processes also remains an important objective of R&D.

Notable developments in 2006 included:

- Introduction of the latest generation of BendBright XS bend insensitive single mode fibre. Demand for BendBright XS continues to grow with new applications for access architecture where smaller bend radius provides better fit, form, and function.
- Draka Comteq continues to lead the European market in 10 gigabit LAN architecture cable solutions. New products in both fibre and copper cable were introduced and address the need for cable architecture to address the continuing demand for higher bandwidth cable systems.
- Introduction of the latest high performance Category 7a screened cable for ultra high performance systems where higher bandwidth and harsh operating conditions exist.
- Both DSL II 52 db and DSL III 62 db low loss switching cables have been introduced for central office applications which address the higher rates of information transfer.
- Industrial Ethernet cables, Toughcat, were introduced for extreme industrial applications in factory and other industrial applications.
- New high fibre count nanocables (216 fibres) were introduced for access solutions thus increasing the ability to reduce network costs per subscriber.
- High fibre count ruggedized cables were developed for the harsh sewer environments enabling difficult inner-city network deployments eliminating expensive and disruptive public works activity on the streets and highways.

Financial results

Draka Comteq posted substantially improved results in 2006, becoming profitable (excluding non-recurring items) for the first time since the formation of the joint venture in 2004. Draka Comteq's revenues rose 18.9% to € 593.2 million. Adjusted for the acquisition of Draktel (Brazil), organic growth turned out at 18.0%. Volume was higher in all market segments except copper telecommunication cable. Organic growth in revenues, however, was held back by the continuing pressure on selling prices.

Results (x € million)	2006	2005
Revenue	€ 593.2	€ 498.8
Operating result [1]	€ 5.5	€ (7.6)
Capital expenditure	€ 20.2	€ 12.9
Amortisation, depreciation and impairment	€ 23.4	€ 14.6
Operating result as % of revenue	0.9%	(1.5)%

[1] Excluding non-recurring items of € 26.8 million negative in 2006 and € 2.4 million negative in 2005.

The operating result excluding non-recurring items improved to € 5.5 million positive, as against € 7.6 million negative in 2005. The volume growth and continuing efforts to reduce the cost base contributed towards the improvement in the underlying results. By contrast the sustained pressure on selling prices and the higher raw material prices (copper, aluminium and polymers) were a negative factor.

Stop, Swap & Share project

The non-recurring charge of € 26.8 million in 2006 relates to the Stop, Swap & Share programme that was launched at Draka Comteq's Cable Solutions EMEA division in the second half of 2006. Good progress has already been made in implementing the actions identified by the project: the activities in Oulu (Finland) have been terminated and a start has been made on reducing staffing levels in Europe. The annual cost savings, estimated at around € 12 million, will be fully achieved in 2008. The project is expected to generate savings of around € 5 million in 2007.

Telecommunications

Products	Full range of copper and optical fibre telecommunication cables
Market segments	Telecommunication, cable network
Growth driver	Investments by telecom operators driven by growing demand for greater bandwidth
Market position	Optical fibre cable: No. 1 in Europe and China and no. 3 in US; outdoor copper cable: No. 3 in EMEA
Establishments	Brazil, China, France, Germany, Netherlands, Russia, Spain, Sweden and USA
Employees	1,590
Customers	Telecom operators such as KPN, Deutsche Telekom, France Telecom, Illiad, Telia/Sonera, Tele Denmark, AT&T/BellSouth, Verizon, China Telecom, Alcatel and Siemens

Within the Telecommunications market segment, Draka Comteq concentrates on copper and optical fibre cable solutions, project services and turnkey solutions. Its solutions for large and small networks enable the growing demand for greater bandwidth to be met, while it also provides long-distance cables for telecommunication networks. Apart from the development, production and delivery of cable solutions, Draka Comteq concentrates on the realization of complete installation projects. 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.

Market developments

The Telecommunication market segment remains highly competitive. Customers expect a high standard of service with continual price pressure. Within this market environment, the demand for telecommunication cable continued to rise worldwide in 2006. This increase was realized across the different market segments. Demand for optical fibre cable grew by approximately 15%. The construction of Fibre-To-The-Home (FTTH) networks, higher performing VDSL 2+ coupled with a sharp increase in consumer demand for bandwidth were the main drivers. Verizon led the way in FTTH deployment/development in the US. Europe continues to build momentum in this endeavour and Asia-Pacific showed a sharp increase through the infrastructure building programs in China. The demand for copper telecommunication cable showed a modest decline worldwide.

Developments at Draka Comteq

Draka Comteq performed well in 2006 gaining share in all of the major market sectors. Reduced costs, focused selling efforts, and overall attention to being the leader in customer satisfaction contributed to this success.

In the US, significant progress was achieved in expanding the customer base in optical fibre cable. Verizon was the most important addition where it gained a multi-year contract. As a result, new capacity in cabling and fibre was brought on line to support the growth. In Europe, Draka Comteq's unique ability to engineer cable and hardware solutions resulted in the successful acquisition of several new 'high profile' FTTH projects which include Amsterdam and Paris; and to successfully participate in FTTH developments in Denmark and other Nordic countries. In China, the market for telecommunications products grew dramatically.

Draka Comteq maintained its leadership position through its joint ventures. Its joint venture partner, YOFC, remains the market leader in China for fibre and optical cables. In addition, joint ventures in Shenzhen and Shanghai all performed well in this sector.

Outlook for 2007

The outlook for 2007 is for continued growth in demand for optical cable and related products. Future bandwidth demand will be driven by new triple-play services (voice, video and data) which require existing network upgrades and new networks to reach underdeveloped markets.

Data Communication

Products	Copper and optical fibre cable solutions for Local Area Network (LAN's) applications in the data and communication market, and, specialized cables for applications in broadcast / HDTV, RF, and OEM applications
Market segments	Data communication, broadcast
Growth driver	IT investments; investments in LAN's driven by growing demand for greater bandwidth
Market position	No. 1 in Europe
Establishments	China, Denmark, Germany, Netherlands, Singapore, Slovakia, United Kingdom and USA
Employees	720
Customers	Electrical wholesalers, OEM and system providers

With a wide product range and the ability to provide solutions for all forms of communication, Draka Comteq offers copper and optical fibre cable solutions within the data communication market for all kinds of data transmission. The applications extend to both the office and home environment. Draka Comteq also offers a unique blend of specialty cable for high performance applications for broadcast including new HDTV camera systems along with other specialized Original Equipment Manufacturers (OEM) applications.

Market trends

In 2006 the data communication market has continued its steady growth of approximately 5-6%. Both the copper cable and optical fibre cable segments contributed to this growth. Enterprise market demand for new higher performance LANs in both existing and new construction continues to be the key driver. Data centres and server farms are increasing bandwidth capabilities by upgrading to 10 gigabit performance cable solutions.

Developments at Draka Comteq

A significant part of Draka Comteq's sales in this sector are in the European market with a no. 1 market position, both in the field of copper and optical fibre data communication cable. Draka Comteq improved its market share further by concentrating on a new generation of products for applications requiring high bandwidth. Draka Comteq has laid the basis for these applications with the MaxCap 10 Gigabit optical fibre solutions. 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 in the third quarter of 2006 a new cable manufacturing facility in Presov (Slovakia). This facility employs initially a workforce of around 30 people, producing CAT 5 cables.

Draka Comteq's activities in Singapore reported record results, driven by higher sales in the Asian market and cost control. In the USA, Draka Comteq benefited from the growing market and expanded its activities in its Claremont, N.C. operation.

Outlook for 2007

The demand for more bandwidth and faster data transmission continues. Driven by these developments, the data communication cable market is expected to grow at a similar steady rate as experienced in prior years.

Optical Fibre

Products	Preforms, single mode and multimode optical fibre
Market segments	Telecommunications, data communication
Growth driver	Investments by telecom operators, IT investments
Market position	No. 1 worldwide in multimode optical fibre; No. 2 worldwide in single mode optical fibre
Establishments	Brazil, China, France, Netherlands and USA
Employees	820
Customers	Cable makers for telecommunications and data communication applications

In the optical fibre market Draka Comteq develops and manufactures single mode optical fibre (for telecommunication) and multimode optical fibre (for data communication), both for internal use and for sale to third parties.

The production of preforms and optical fibre ('drawn' from the preforms) takes place in Draka Comteq. The optical fibre is manufactured using Draka's own Plasma-activated Chemical Vapour Deposition (PCVD) process, which enables the core of the optical fibre to be produced with high efficiency. This is combined with the Advanced Plasma Vapour Deposition (APVD) process developed by Alcatel, a highly efficient method for manufacturing the overcladding of the optical fibre. Draka Comteq owns the intellectual property rights to both processes (PCVD and APVD).

Market trends

The optical fibre market reported a growth of around 27% in 2006 (84 million optical-fibre kilometres), an acceleration compared with 2005 when growth amounted to 13%. The single mode market segment showed the strongest growth (almost 30%) compared to around 5% for the multi mode market. Like 2005, there were discernible regional differences: demand in Asia showed strongest growth (almost 35%), the North American market grew by 25% while growth in North-western Europe was limited to 8-9%. The price of optical fibre, expressed in US dollars, was relatively stable for single-mode but the multi-mode segment was again under pressure.

Developments at Draka Comteq

Draka Comteq made further advances in 2006 as a leading player in the fibre market by leveraging on its ColorLock optical fibre, BendBright optical fibre and the MaxCap multimode broadband product range. Continued progress was made in improving the optical fibre production processes using the APVD and the PCVD procedures. This concerned both the efficiency of the production and the technical properties of the products themselves. In 2006, further expansion of the optical fibre facility at Claremont, North Carolina took place as part of the need to address the increasing demand for single mode fibres.

Outlook for 2007

The outlook for future growth in fibre demand is expected to be consistent with the upturn in both the telecommunications and data communication markets.

Main subsidiaries, associates and joint ventures

(100% owned by Draka Holding N.V., unless otherwise indicated, situation as at 8 March 2007)

Draka Cableteq

Asia

India	Associated Cables Pvt. Ltd (65%)
Malaysia	Sindutch Cable Manufacturer Sdn. Bhd
People's Republic of China	Suzhou Draka Cable Co.Ltd
	Draka Cables (Hong Kong) Ltd
	Draka NK Cables (Shanghai) Co., Ltd
Singapore	Draka Far East Pte. Ltd
	Oakwell Engineering Ltd. (29.9%)
	Singapore Cables Manufacturers Pte. Ltd
Sultanate of Oman	Oman Cables Industry Saog (34.8%)
Thailand	MCI-Draka Cable co. Ltd (65%)
Philippines	Draka Philippines Inc.

Australia

Australia	Draka Cableteq Australia Pvt. Ltd. (70%)

Europe

Belgium	Draka Belgium N.V.-S.A.
Czech Republic	Draka Kabely, S.r.o.
Denmark	Draka Denmark Copper Cable A/S
Estonia	Draka Keila Cables Ltd. (66%)
Finland	Draka NK Cables Ltd.
France	Draka Fileca-Foptica SAS
	Draka Paricable SAS
	Câbleries de Valenciennes SAS
Germany	Draka Deutschland GmbH
	Draka Industrial Cable GmbH
	Draka Kabeltechnik GmbH
	Draka Automotive GmbH
	Draka Service GmbH
	USB-Elektro Kabelkonfektions GmbH
Netherlands	Kabelbedrijven Draka Nederland B.V.
	Draka Elevator Products B.V.
	White Holding B.V.
Norway	Draka Norsk Kabel AS
Russia	Elkat Ltd (40%)
Spain	Draka Cables Industrial S.A.
Sweden	Draka Kabel Sverige Ab
Turkey	Wagner Kablo Sanayi Ve Ticaret A.S. (80%)
United Kingdom	Draka UK Ltd.
	White Products Ltd.

North America

Canada	Draka Elevator Products Inc.
United States	Draka Marine, Oil & Gas International LLc.
	Draka Cableteq Holdings, Inc.
	Draka Cableteq USA, Inc.
	Draka Elevator Products Inc.
Mexico	Draka Mexico Cables S. De R.I. De C.V.

South America

Brazil	Draka Cableteq Holding S.A. (99%)

Draka Comteq

Asia

Japan	Precision Fiber Optics Ltd. (25.1%)
People's Republic of China	Yangtze Optical Fibre & Cable Co. Ltd. (18.8%)
	NK Wuhan Cable Co. Ltd (67.8%)
	Draka Shanghai Optical & Electrical Cable Co. Ltd. (27.6%)
	Draka Comteq SDGI Fiber Co. Ltd. (27.6%)
	Yangtze Optical Fibre & Cable (Shanghai) Co. Ltd. (26.6%)
Singapore	Draka Comteq Datacom Cable Technologies Pte. Ltd (50.1%)

Europe

Denmark	Draka Comteq Denmark A/S (50.1%)
Finland	Draka Comteq Finland Ltd. (50.1%)
France	Draka Comteq France SAS (50.1%)
Germany	Draka Comteq Germany GmbH & Co. Kg (50.1%)
	Draka Comteq Berlin GmbH & Co. Kg (50.1%)
Netherlands	Draka Comteq Cable Solutions B.V. (50.1%)
	Draka Comteq Data B.V. (50.1%)
	Draka Comteq Fibre B.V. (50.1%)
	Draka Comteq Telecom B.V. (50.1%)
Norway	Draka Comteq Norway AS (50.1%)
Russia	Neva Cables Ltd. (37.6%)
Spain	Draka Comteq Spain Slu (50.1%)
	Draka Comteq Iberica Slu (50.1%)
Sweden	Draka Comteq Sweden Ab (50.1%)
United Kingdom	Draka Comteq UK Ltd. (50.1%)

North America

United States	Draka Comteq Americas Inc. (50.1%)

South America

Brazil	Draka Comteq Cabos Brasil S.A. (50.1%)
	Draktel Optical Fibre S.A. (35.1%)
	Telcon Fios e Cabos Para Telecomunicações S.A. (25.1%)

Risk management

In carrying out its activities, Draka is exposed to a number of business risks. The Company's policy is aimed at limiting and where possible hedging these risks. Despite the attention devoted to these risks and the management and control procedures applied, risks can never be eliminated completely. They are an inherent part of doing business given the wide diversity of markets, customers and geographical areas in which Draka operates. Draka's longterm risks are limited by:

- The great diversity of the markets in which Draka operates (both geographically and in terms of clients).
- The fact that no client accounts for more than 5% of Draka's worldwide sales.
- A widely spread group of suppliers.
- Price movements in important raw materials (copper, aluminium and polymers) which can be passed on within a reasonable period.
- State-of-the-art process technologies, often developed in-house.
- Informative, compliant and transparent reporting systems.
- The fact that net interest-bearing debt accounts for 19.8% of the balance sheet total, with current liabilities accounting for 7.6% in 2006.
- A highly skilled workforce.

The risks described below do not comprise an exhaustive list, but are a selection of the most important risk factors.

Operational risks

Portfolio of activities

Draka's core activities are generally sensitive to economic fluctuations which affect supply and demand within the cable industry. For Draka Cableteq, the development of Draka's low-voltage cable activities is closely related to the level of construction activity, whereas the special-purpose cable activities are influenced by developments in the transport and oil & gas sector. At Draka Comteq, the activities depend mainly on developments in IT and the telecom sector.

The impact of cyclical movements is limited by the:

- spread of Draka's activities;
- wide geographical spread;
- diversified customer base;
- size of the Company.

Competition

The global cable market is still fragmented. The world's ten biggest cable producers account for an estimated market share of about 35%. Draka is one of the world's leading cable producers, with an estimated market share of some 2.5%. This gives Draka a sixth-ranking position worldwide and a third-ranking position in Europe. The competition consists of a limited number of global players and a substantial number of cable producers operating regionally, often only locally.

Stock risks

In order to meet the wishes of specific client groups to have access on demand to the full product range within certain cable segments, Draka maintains consignment stocks of its products for such customers. However, holding stocks creates the risk of full or partial obsolescence of the products as well as the risk of price falls. The policy implemented by Draka of reducing the operating working capital by means of further optimising production (with plants concentrating on "product families") is expected to lead to a reduction in stocks whilst maintaining a full product range.

Raw materials

Copper, preforms for optical fibre, aluminium, PVC, polyethylene and other polymers are the raw materials needed for Draka's manufacturing process. Lack of raw materials can adversely impact on the results of the enterprise. Draka uses its strong position to procure raw materials and ensure their constant supply on the best possible terms.

Financial risks

Financing

In order to minimise the financial risks and sustain the Company's financial solidity in the long-term, Draka pursues an active policy to optimise balance sheet ratios. Thanks to the reclassification of part of the preference shares in 2006, the ratio of shareholders' equity to balance sheet total improved further.

Currency risks

Draka reports its financial results in euros. Given the international spread of its activities, this means it is exposed to currency influences that can affect the bottom line. The business is especially sensitive to changes in the exchange rate between the euro and the US dollar, Chinese renminbi, Brazilian real, Danish kroner, Norwegian kroner, Swedish krona, Czech koruna and Pound sterling.

Transaction risks are, in principle, hedged. Translation effects associated with investments in foreign participating interests are, in principle, not hedged.

Debtor risks

Draka's trade receivables position accounted for around 22.9% of the balance sheet total in 2006, almost unchanged in relation to 2005. The average credit term was around 58 days, a substantial reduction compared with 2005 (69 days). This still relatively long credit term

is explained by the activities of the group in Asia and Southern Europe, where long payment terms are common. Draka runs a bad debt risk in respect of its trade receivables position.
The debtor risks are managed and mitigated through alert and active policies. At the same time, a commitment to reducing the debtor positions forms part of Draka's focus on securing a minimal level of operating working capital requirements. The creditworthiness of new customers of sufficient size is assessed in advance.

Raw materials

Raw materials needed for Draka's manufacturing process (copper, preforms for optical fibre, aluminium, PVC, polyethylene and other polymers) are subject to price changes that can impact the results of the enterprise. Changes in the price of copper are however generally passed on to the customers. Furthermore, Draka's financial risk on its raw material requirements is reduced as much as possible by entering into derivative contracts.

Insurance

Draka is insured against a number of risks. Risks related to product liability and/or the loss of property and equipment are insured, as well as damages related to business interruption. In addition, insurance cover exists (in varying degrees) for pensions and medical costs to be incurred on behalf of Draka's employees. These policies are, if possible, entered into globally (via Draka Holding) or else via local subsidiaries.

YOFC

When Draka entered into the Draka Comteq joint venture with Alcatel, Draka agreed to contribute a controlling interest in Yangtze Optical Fibre & Cable Co Ltd. ('YOFC'), Draka's Chinese joint venture. A controlling interest in YOFC would enable Draka Comteq to transfer technology to YOFC and realise expected synergies of around € 14 million (assuming a 100% ownership of YOFC). To date, Draka has not been able to obtain such controlling stake in YOFC. At the time, Draka had agreed with Alcatel that if Draka fails to acquire a controlling stake in YOFC, Draka would pay Alcatel an amount based on the difference in production costs compared with the situation in which YOFC would have benefited from Alcatel's technology and Draka Comteq would have a majority stake in YOFC. This amount is based on dividends paid and YOFC's optical fibre production in a full financial year and is payable on 1 February of the following financial year. The agreement also states that if Alcatel sells its shares to Draka (e.g. by exercising its put option which vests on 1 July 2006), the purchase price for those shares would be determined as if Draka Comteq owns a majority stake in YOFC and as if YOFC would have access to the technology that would otherwise have been transferred.

Risk management and control systems

The Board of Management, supervised by the Supervisory Board is responsible for the adequate working of the Company's risk management and control systems.
Risk management forms an integral part of business management. The objective of the Company's risk management and control systems is to provide reasonable assurance that the Company's objectives are met, ensure compliance with legal requirements and by safeguarding the integrity of the Company's financial reporting and its related disclosures. In the years 2005 and 2006 the Board of Management put a lot of effort in a further improvement of the risk management and control systems. This development was also driven by the national and internal developments in corporate governance.
The Company's risk management approach is embedded in the governance structure, the Company's risk based framework of policies and procedures and in the periodic business planning and review cycles.

Corporate governance

Corporate governance is the system by which a company is directed and controlled. We believe that corporate governance is a critical factor in achieving business success. Solid internal controls and high ethical standards are key elements in good corporate governance.
In 2006 the Supervisory Board installed an Audit and Governance Committee ('A&GC'). The members are appointed from and by the Supervisory Board. The tasks and responsibilities are laid down in the A&GC charter.
An important responsibility of the A&GC is to supervise due compliance with the Company's internal risk control system.
During 2006 the Company developed a Corporate Code of Conduct, including a whistleblower procedure. The Code of Conduct was approved by the Supervisory Board in January 2007. In 2007 the Board of Management will implement the Code and publish it on the Company's website.
A more in-depth description of the Company's Corporate Governance Model can be found on page 50.

Risk based framework of policies and procedures

In 2006 the Board of Management implemented a groupwide, risk based internal control framework. The group's main risks were identified and assessed in a systematic way. The identification and assessment of the risks will periodically be re-evaluated.
The group's main policies, procedures and internal controls, that ensure effective control over identified relevant operational and financial risks, have been updated and documented in a comprehensive internal control framework. The framework was discussed with the Supervisory Board, which approved it early 2007.

In 2007, the newly established operational audit department will start to systematically review the effectiveness of this framework at the different layers within the Company. The operational audit department will periodically report its findings to the Board of Management, to the A&GC and, as the case may be, to the Supervisory Board. These findings will be used to further strengthen the framework.

Business planning and review process

The Company has a budget and internal reporting process with fixed procedures and detailed guidelines. The Board of Management periodically discusses in business reviews with division management the financial performance, operational and financial risks. The division's financial performance is evaluated and compared to the approved budgets and historic performance. On a quarterly basis forecasts are evaluated and updated if deemed necessary. The Company has installed clear procedures and trapped authority levels to approve capital expenditures. In 2007, on a semi-annual basis, the division management's accountability for its control over the financial reporting and its related disclosures will be enforced through the formal issuance of letters of representations.

In view of all the above, the Board of Management believes that in relation to the financial reporting risks that the Company's risk management and control framework provides a reasonable degree of certainty that the consolidated financial statements are free from material misstatement.

It should be noted that the above does not imply that these systems and procedures provide certainty as to the realization of operational and financial business objectives, nor can they prevent all misstatements, inaccuracies, fraud and non-compliance with rules and regulations.
The actual effectiveness of this process can only be assessed on the basis of the results over a longer period. In a rapidly changing world with constant new challenges, ever-increasing demands are placed on the internal risk management process. This means that these processes have to be updated regularly.

The policy of the Board of Management remains focused on the constant assessment and improvement of the risk management system. This process and their monitoring are periodically discussed by the Board of Management with the A&GC and Supervisory Board. In 2008, Draka will extend its reporting on the requirements of recommendation II 1.4 of the Corporate Governance Code.

RUBBER CABLE

RESPONSIVE TO DEMANDS IN THE SOLAR MARKET

As a system integrator in the fast-growing solar energy market, the German company Solarstocc designs, manufactures and markets photovoltaic products for solar electricity generation systems. The company aims to provide innovative, well engineered and highly efficient solar systems using the latest technology advances, which are easy to integrate at end-users' locations. Solarstocc's CEO Jakob Waehrens describes some of the demands the company places on its cables.

How long have you been using cables from Draka Rubber Cable, and which products do you mainly use?

"We have been a customer of Draka Rubber Cable since mid-2004. Up to then we bought the H07RN-F grade cable. But during a meeting with our Technical Director, Draka explained the risks of using this cable grade in our photovoltaic systems. They gave us a sample of their new Drakaflex Sun 90° 1.4kV DC LSHF (Low Smoke Halogen Free) product which we found met all our requirements and passed our internal tests."

What other benefits does the new LSHF cable grade offer you?

"Since 2004 we have been using this LSHF cable in 4 and 6 mm^2 cross-sections. An attractive additional feature is the printing of our company name on the outside of the cable. As well as that Draka offered us an initial stock of an agreed amount to ensure that we would always have a sufficient amount of the cable available immediately for our production needs without delivery delays."

How does the LSHF cable compare on price?

"The LSHF cable which we are now using is obviously a premium product compared with the formerly used type. But we felt that the inherent advantages of the LSHF product, as well as the strong support that we receive from Draka, were sufficient to compensate for that price difference."

What is your experience of Draka as a cable supplier?

"We find that Draka Rubber Cable is very responsive to our needs, and is quickly able to respond to any changes in product demands and in the market. And finally we find that Draka is able to deal quickly and effectively with any cable-related issues that arise. All together that adds up to a sound basis for a strong, long-term partnership."

"STRONG SUPPORT FROM
DRAKA IS BASIS FOR
LONG-TERM PARTNERSHIP"

Corporate governance

General

As of 2004, Dutch listed companies are required to report in their respective annual reports whether or not they comply with the principles and best-practice provisions of the Netherlands Corporate Governance Code (the 'Code').

The Board of Management and Supervisory Board of Draka Holding endorse the Code, meaning that Draka maintains long-term alliances with various parties. These stakeholders are the groups and individuals that directly or indirectly influence the achievement of Draka Holding's goals and objectives or are influenced by them. This includes for example employees, shareholders and other capital providers, suppliers, customers as well as the government and diverse groups in the society at large. The Board of Management and the Supervisory Board recognise their integral responsibility for correctly balancing these interests against securing the successful continuity of the business. Unless stated otherwise here, Draka Holding follows the best-practice ('Bp') provisions included in the Code.

Any substantial changes in Draka Holding's corporate governance structure or in the manner in which Draka complies with this Code will be presented to the General Meeting of Shareholders (hereinafter referred to as 'the General Meeting') as a separate item on the agenda.

Governance structure

Draka Holding N.V. is a public limited liability company under Dutch law. Draka Holding is registered in Amsterdam, the Netherlands. The management of Draka Holding is entrusted to the Board of Management, under the supervision of the Supervisory Board.

Role of the General Meeting

General Meetings are held at least once a year. The Annual General Meeting discusses the Annual report, adopts the financial statements, declares the dividend, discharges the members of the Board of Management and the members of the Supervisory Board from liability in the exercise of their managing and supervising duties respectively and appoints the auditor.

The General Meeting appoints, suspends or dismisses the members of the Board of Management and of the Supervisory Board. At the proposal of the Supervisory Board, the General Meeting determines the remuneration policy for the Board of Management. Decisions by the Board of Management involving a material change in the identity or character of the Company or its business are subject to the approval of the General Meeting.

The General Meeting decides on the issue of new shares. The General Meeting can delegate this power to another company body. At present, this authorisation to issue (and to grant rights to acquire) shares has been granted to the Board of Management, subject to Supervisory Board approval, for a period of eighteen months, starting from the General Meeting of 8 May 2006. This power is subject to a maximum of 10% of the issued share capital as at 8 May 2006. This restriction does not apply to the issue of any class B preference shares.

Draka has three types of shares: ordinary, preference and class B preference shares. As at 31 December 2006, only ordinary and preference shares had been issued. The Company has the possibility to issue class B preference shares in order to prevent or delay a hostile takeover by the acquisition of the majority of the shares in Draka Holding (Bp IV 3.9). No class B preference shares have so far been issued.

The General Meeting also decides on the acquisition of outstanding shares.

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 two hundred and fifty thousand euros (€ 250,000), may submit proposals for discussion at the General Meeting no later than sixty days before the meeting, in writing to the Board of Management or the Chairman of the Supervisory Board. These proposals will be included in the agenda unless, in the opinion of the Supervisory Board and the Board of Management, the Company has an important interest to not include them.

Role of the Supervisory Board

The responsibilities and working methods of the Supervisory Board are laid down in the Articles of Association of Draka Holding. The Supervisory Board is responsible for supervising all the policies and activities of the Board of Management and gives advice wherever this is appropriate. In doing so the Supervisory Board takes into account the interests of all the relevant parties, internally as well as externally. In performing their task, the members of the Supervisory Board focus on the interests of the Company and the business associated with it. For that purpose, the Board of Management timely provides the Supervisory Board with the data required for performing this task.

Members of the Supervisory Board are appointed by the General Meeting following proposals by the Supervisory Board. The General Meeting and the Central Works Council can make recommendations for appointment to the

Supervisory Board. The Central Works Council may recommend one third of the Supervisory Board members to be nominated by the Supervisory Board unless the Supervisory Board objects to the recommendation on the grounds that the recommended person would, in its view, not be capable of properly performing his or her duties as a member of the Supervisory Board or in case the Supervisory Board would no longer have the required composition as a result of such appointment. The remuneration of each member of the Supervisory Board is determined by the General Meeting.

Having a minimum requirement of three members the Supervisory Board currently consists of seven members. The composition of the Supervisory Board should take into account the nature of the Company, its activities and the desired expertise and background of its members. The Supervisory Board retirement rota is drawn up along the principles as expressed in the Code and is designed to prevent an unnecessary number of appointments or reappointments at the same time.

In 2006, the Supervisory Board decided to appoint three sub-committees from its own members. In view of the scale, diversity and complexity of the matters to be discussed, the committees contribute towards more effective decision-making by the Supervisory Board.

The respective sub-committees are:

1) The Audit and Governance Committee (consisting of Rob van Oordt, Chairman, and Annemiek Fentener van Vlissingen, Fritz Fröhlich and Graham Sharman, members)
2) The combined Remuneration and Nomination Committee (consisting of Fritz Fröhlich, Chairman, and Annemiek Fentener van Vlissingen and Rob van Oordt, members) and
3) The Strategy Committee (consisting of Graham Sharman, Chairman, and Annemieke Roobeek, Ludo van Halderen and Harold Fentener van Vlissingen, members)

The profile of Draka's Supervisory Board describes the requirements of serving on Draka's Supervisory Board as well as the characteristics and know how the Supervisory Board seeks in its board members.

The role, responsibilities and tasks of the Supervisory Board and its sub-committees are laid down in specific charters for the Supervisory Board and each sub-committee. The charters also record the working methods and composition. The Supervisory Board profile as well as all the charters including compositions of the Supervisory Board and each of its sub-committees are available at the Draka Holding website (www.draka.com).

At the time of writing this report, contrary to Bp III 2.1, the Supervisory Board includes two members, Annemiek Fentener van Vlissingen and Harold Fentener van Vlissingen, who do not qualify as independent.

At the time of writing, none of the members of the Supervisory Board held more than five supervisory directorships of other Dutch listed companies (whereby chairmanship counts double) apart from Fritz Fröhlich (Bp III 3.4).

Fritz Fröhlich exceeds the maximum number of supervisory memberships imposed by the Code by one. This is the result of his chairmanships of the Draka Holding N.V. and Randstad Holding N.V. supervisory boards, which count double. In March 2006, Fritz Fröhlich moved from Deputy Chairman to Chairman of the Supervisory Board, following the unexpected death of the previous Chairman, Frits Fentener van Vlissingen. In 2007, Fritz Fröhlich will reduce his number of board memberships by one such that he will again comply with the Code.

The Supervisory Board members appointed on 8 May 2006, Ludo van Halderen and Harold Fentener van Vlissingen and Annemieke Roobeek, followed an introduction program during their first months of membership. In view of the need of the Company to have long-term access to the required expertise, the Supervisory Board has decided to deviate from Bp III 3.5 by not implementing a maximum term of membership of the Supervisory Board.

Best practice provision III 5.1 states that the remuneration committee shall not be chaired by the Chairman of the Supervisory Board or by a former member of the Management Board of the Company, or by a Supervisory Board member who is a member of the managing board of another listed company. As stated under best practice provision III 5.1, Draka Holding's Supervisory Board has a combined remuneration and nomination committee, entitled the Remuneration and Nomination Committee. As Draka Holding attaches great value to the coordinating role of the Chairman of the Supervisory Board, especially in respect of the selection and nomination process of Supervisory Board and Board of Management members, the Chairman of the Supervisory Board will continue to chair the Remuneration and Nomination Committee.

In conformity with Bp III 7.3, Draka Holding has drawn up regulations containing rules relating to the ownership of and transactions in securities by Supervisory Board members, other than those issued by Draka Holding.

At present, Draka Holding does not comply with all the requirements of the Code regarding internal audits.

However, Draka Holding is considering possible steps in this area. The Supervisory Board will continue to monitor developments in the Company on this subject with care.

To the extent transactions within the meaning of Bp III 6.1 to Bp III 6.4 were conducted in 2006, the provisions of the Code were observed.

Role of the Board of Management

The Board of Management is responsible for the management and the successful realization of the long term strategy of Draka Holding and its operating companies. Board of Management members are appointed by the General Meeting, from among candidates nominated 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, not following the proposal of the Supervisory Board, can only be carried out by an absolute majority of the cast votes by a quorum of shareholders representing more than one third of the capital in issue.

In the event of a conflict of interest between Draka Holding and a member of the Board of Management, Draka Holding will be represented either by a member of the Board of Management or of the Supervisory Board to be designated by the Supervisory Board.

Since 8 May 2006, Ingolf Schulz has served as Chairman and Chief Executive Officer of the Board of Management. At the same time Ingolf Schulz continues to serve as Chief Executive Officer of Draka Cableteq.
Since 1 July 2006, the Board of Management consists of three members.

Particulars of the Board of Management

Ingolf Schulz (CEO and Chairman of the Board) (1948)	
Nationality	German
Supervisory Board memberships	None
Appointed	2004
Frank Dorjee (CFO) (1960)	
Nationality	Dutch
Supervisory Board memberships	None
Appointed	2005
Christian Raskin (CSO) (1947)	
Nationality	Belgian
Supervisory Board memberships	None
Appointed	2002

Draka Holding actively promotes awareness throughout the group of the importance of good corporate governance.

The structured management and control system within Draka Holding not only covers internal control on financial reporting, but also integrity, application of internal and external rules and regulations, personnel issues and care for health, safety and environment.

Draka Comteq has its own Supervisory Board, on which two representatives of each of the two current shareholders, Draka Holding and Alcatel, hold seats. In addition to the two Draka Holding representatives on the Supervisory Board of Draka Comteq, including its Chairman, the Chief Financial Officer of Draka Holding attends the Supervisory Board meetings of Draka Comteq.

Contrary to Bp II 1.1, two members of the Board of Management of Draka Holding are appointed for an indefinite period of time. Draka Holding is currently investigating the introduction of fixed-term contracts for all members of the Board of Management. With the exception of Frank Dorjee, no contractual exit schemes have been agreed with the members of the Board of Management. Also in his capacity of Chairman of the Board of Management, Ingolf Schulz has a contract including elements of the German legal system.

In conformity with Bp II. 2.6, Draka Holding has recorded a regulation imposing rules regarding the ownership of and trading in securities by Board of Management members, other than securities issued by Draka Holding.

No transactions within the meaning of the second sentence of Bp II 3.4 occurred during 2006.

Code of Conduct and Whistleblower policy

In the framework of good corporate governance, the Board of Management and the Supervisory Board of Draka Holding drew up a draft Code of Conduct in 2006, which reflects Draka Holding's core values and standards and includes a clear Mission Statement for all employees within the group. This Code of Conduct applies throughout Draka and covers all companies affiliated with Draka Holding. Next to the Code of Conduct a Whistleblower policy has been developed and is now being introduced. For the purpose of this policy, a compliance system is currently being developed, which will provide the basis for effective reporting of potential abuses within Draka. As part of the Whistleblower scheme, the Company secretary will serve as the central Compliance Officer. However, local compliance officers will also be appointed in the different countries in which Draka Holding operates.

Remuneration report

This report provides a description of the remuneration policy of the Board of Management and the Supervisory Board of Draka Holding N.V. as applied in 2006, as well as an overview of the remuneration policy planned for the next and following financial years. The remuneration report takes into account the provisions of the Dutch Corporate Governance Code.

During 2006, the Supervisory Board continued the remuneration policy as well as the remuneration structure of the Board of Management as it was revised in 2004 in compliance with the Dutch Corporate Governance Code. In addition, the long term incentive plan was further revised in 2006 and re-submitted to the General Meeting of 8 May 2006 for approval. The revised long term incentive plan took effect in 2006.

Based on an analysis of the effectiveness of the remuneration policy for the members of the Board of Management, conducted by the Remuneration and Nomination Committee, it has been decided to refine the policy on some items. The refined remuneration policy will be submitted for adoption at the Annual General Meeting of Shareholders in 2007.

This report consists of three parts. The first section is a description of the remuneration policy and remuneration structure of the Board in 2006 and is illustrated by tables. In the second section, the remuneration policy for the Board of Management for 2007 is discussed. The third section describes the remuneration received by the Supervisory Board.
This remuneration report is available on Draka's website (www.draka.com).

Remuneration policy Board of Management 2006

General

The remuneration policy of the Board of Management is designed to ensure that the Company is able to attract, motivate and retain qualified and expert members of the Board of Management, as required in order to achieve Draka's strategic objectives.

The underlying principles of the remuneration policy for 2006 and subsequent years can be described as follows:

- The total level of remuneration of the Board of Management must be comparable with a labour market peer group consisting of European companies operating in the same sector as Draka.
- The aim is to bring the base salaries of the Board of Management into line with the median level of the labour market peer group.
- Each member of the Board of Management is obliged to build up a significant portfolio of Draka Holding N.V. shares. Within five years starting on the date of appointment to the Board, each member of the Board is obliged to own shares equal in value to 100% of the annual base salary.

Remuneration structure 2006

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

- Base salary;
- Short term incentive;
- Long term incentive;
- Pension arrangement.

Base salary

The peer group against which Draka compares itself in order to determine the remuneration levels consists of 13 European companies operating in the same sector as Draka. The companies have been selected on the basis of the following criteria:

- Activities correspond with at least one of Draka's two core activities;
- Comparable geographical spread of activities;
- Comparable size;
- Head office in Europe.

The following companies form part of the labour market peer group:

Bekaert	Belgium
Daetwyler	Switzerland
Delta	United Kingdom
Essilor International	France
Leoni	Germany
Marconi Corp	United Kingdom
Nexans	France
NKT Holding	Denmark
Phoenix	Germany
PKC Group	Finland
Prysmian	Italy
Stork	Netherlands
TKH Group	Netherlands

Independent remuneration advisors use statistical models in order to gear the remuneration details of the companies to Draka's size.

Short term incentive

The Supervisory Board brought the bonus plan of the Board of Management into line with the Dutch Corporate Governance Code as from 2006. The bonus is based on pre-set performance criteria: 2/3rd of the bonus payment is based on financial targets and 1/3rd on a discretionary judgement of the Supervisory Board. Where considered desirable from the viewpoint of flexibility, the financial performance measures are adjusted annually, but must come within the Economic Profit framework. For 2006, the Net Operating Profit After Tax (NOPAT) and Net Working Capital as a percentage of revenue were used as performance measures. The discretionary judgement of the Supervisory Board is based on the attainment of agreed annual projects known as milestones. These milestones must be fully achieved in order to qualify for a bonus award. The bonus is paid annually in cash. The bonus payment in any one year relates to the performance in the preceding year.

Draka regards this combination of performance measures as an adequate indication of the short-term operational performance of the Company. The specific details of the targets are not publicly disclosed since these qualify as competition-sensitive and hence commercially confidential

TRANSPORT

ENVIRONMENTAL BENEFITS AND WEIGHT SAVING

Innovative cabling solutions are everyday business in the automotive industry, thanks to the fast increasing numbers of electrical and electronic subsystems together with rapid adoption of digital technology and multimedia applications. Draka Transport works closely together with leading automotive OEMs to develop those solutions and support their implementation.

Two specific cable developments that are finding their way into new automotive applications are the temperature-resistant 150°C HFFR compound and the FFC (Flexible Flat Cable). Representatives of two OEMs describe the benefits of these cables.

Norbert Tausch, Delphi Automotive Systems Customer Technology Center, Wuppertal, Germany:

For which vehicle functions do you use the new 150°C HFFR compound cables?
"Mainly for engine wiring, which by definition requires high temperature resistance. With their resistance to temperatures of -40 to +150°C (class T4) these cables meet our demands in full, while their ability to withstand short-term temperatures as high as 175°C gives a valuable extra safety margin."

Why did you select the new 150°C HFFR compound cables?
"As well as their temperature-resistant performance, these new cables meet demands for a halogen-free cable, in other words without brominated flame retardants. In fact these are the only halogen-free cables with class T4 temperature resistance that are available today. As well as meeting increasingly stringent environmental demands, these halogen-free cables eliminate health risks in case of fire and of course ensure easy disposal at end of life."

What benefits do the new cables give over the formerly used types?
"They replace the much more costly fluorinated cables, so as well as providing environmental benefits they also give us cost savings. And they are also much more flexible than the former fluorinated types, which simplifies installation and assembly."

Emmanuelle Girard, Engineering Manager Flat Cable Technology S-Y Systems Technologies, Toulouse, France:

For which vehicle functions do you use the new FFC (Flexible Flat Cables)?
"We use these cables mainly for wiring in headlining where of course a flat cable is ideal, but we are also studying possible applications such as floor, seat, door, dashboard, bumper and tailgate wiring."

What are the specific demands to which these cables are subject?
"For passenger compartment wiring the cables must be resistant to temperatures in the T1 (-40 to +85°C) and T2 (-40 to +100°C) ranges."

What other advantages do these new FFC cables offer?
"The most important advantage is weight saving, but also the fact that these flat cables require very little space. A cable that is only 0.30 mm thick and 120 mm wide has 90 tracks, each one able to carry a different signal, so that saves a lot of separate wiring which would take up much more space."

How do the FFC cables compare on cost?
"Using a single flat cable instead of many separate cables means much simpler assembly and allows us to further automate production of wiring harnesses, which of course immediately translates into cost savings. Reliability is also much higher and allows us to get close to zero-failures level. And once again the ability to carry more signals without adding extra wires gives us additional savings."

"FURTHER AUTOMATED HARNESS PRODUCTION SAVES COSTS"

Safety Systems Test Center,
Delphi Customer Technology Center, Wuppertal

information. On the advice of its Remuneration and Nomination Committee, the Supervisory Board will review the objectives each year in order to guarantee that they are challenging and realistic and in accordance with Draka's strategy.

If the pre-set targets for 2006 are met, a target bonus of 60% of the base salary can be achieved by the members of the Board of Management. In the event of outstanding performance, a maximum bonus of 90% of the base salary may be achieved by members of the Board of Management. If performance is below a certain threshold, no bonus will be paid. The Supervisory Board has the discretionary authority to adjust the short term incentive upward or downward.

Long term incentive plan

At the discretion of the Supervisory Board, a maximum of 40% of the gross short term incentive might be delivered in shares ("bonus shares") and the remaining 60% in cash. The bonus shares shall be retained for three years.

The long term incentive plan, as approved by the General Meeting of Shareholders in 2006, offers a matching facility that makes the expected value of the long-term remuneration competitive in the market.

Under the 2006 long term incentive plan, the bonus shares acquired through the annual bonus plan may be matched after a three-year period. The number of shares matched depends on Draka's Total Shareholder Return ('TSR') performance in comparison with a peer group over a three-year period, on the condition that:

- The original number of shares is retained for the three-year period;
- The member of the Board of Management is still employed by Draka.

The matching shares must be held for at least two years following their allocation.

TSR measures the price performance plus the payment of dividend. The Supervisory Board regards this measure as adequate for assessing the Company's long-term value creation. Draka's TSR performances are measured over a three-year period and they are compared with a peer group against which it competes for investment by shareholders. The TSR peer group therefore consists of competitors in the same industry which the Supervisory Board and the Board of Management regard as providing a basis for comparison for Draka's performance.

If Draka ranks fourth in the peer group as at 31 December 2008, the bonus shares will be matched with two additional matching shares. The table below shows the number of matching shares for the different positions within the TSR peer group:

Position	Number of matching shares for each bonus share
1	3
2	2 ⅔
3	2 ⅓
4	2
5	1 ⅔
6	1 ⅓
7	1
8 - 14	0

The TSR peer group currently consists of the following companies quoted on the financial markets as mentioned:

Belden CDT	NYSE
Commscope	NYSE
Corning	NYSE
Daetwyler	Swiss Stock Exchange
Fujikura	Tokyo Stock Exchange
Furukawa Electric	Tokyo Stock Exchange
General Cable Corp	NYSE
LS Cable	Korea Stock Exchange
Leoni	Frankfurt Stock Exchange
Nexans	Euronext Paris
NKT Holding	Copenhagen Stock Exchange
Sumitomo Electric Industries	Tokyo Stock Exchange
TKH Group	Euronext Amsterdam

Pension arrangements

The pension arrangements are based on a continuation of the existing arrangements for the members of the Board of Management.

Remuneration Board of Management 2006

Base salary 2006

During 2006, the base salary of Ingolf Schulz was increased by 30% following his promotion to Chairman of the Board of Management. The base salary of Frank Dorjee was increased by 25% in order to align his base salary level with the median market level. The base salary of Christian Raskin was increased by 3%.

Short term incentive 2006

With regard to the short term incentive 2006, all financial targets are fully achieved, which results in a maximum pay-out for this part of the annual bonus. With regard to the discretionary part, the Supervisory Board decided to pay out 30% of base salary. Therefore, the Supervisory Board decided to pay out the maximum bonus of 90% of base salary to the members of the Board of Management over 2006.

The bonus pay-outs over the financial year 2006 are presented in the remuneration table on page 57.

Pensions 2006

The members of the Board of Management, with the exception of Ingolf Schulz, are entitled to a defined contribution pension scheme. The pension able age is in principle 62 years.

Ingolf Schulz has a defined benefit scheme. In 2006, the annual contribution of 1.5% of the last salary was adjusted with restrospective effect to 2.5%. This resulted in a one-off charge of € 725,244 in 2006. With this, the deficiency in past pension contributions has been adjusted.

The defined contribution pension scheme of Frank Dorjee is structured as follows as from January 1, 2006:

- January 1, 2006 until reaching the age of 54 23.0%
- Age 55 - 59 28.6%
- As from age 60 36.1 %

The contribution under the pension scheme of Frank Dorjee is based on the base salary minus a franchise (in 2006: € 11,566).

The defined contribution scheme of Christian Raskin is based on 15% of the annual base salary, or € 57,750. The corresponding Dutch fiscal costs are € 90,284.

Loans 2006

The Company does not grant loans, guarantees or the like to members of the Board of Management of Draka.

Employment contracts 2006

The employment contracts with two of the members of the Board of Management are entered into for an indefinite period. One member of the Board of Management is appointed for a definite period.

The employment contract for a definite period, which applies to Ingolf Schulz, will end as per December 31, 2008. The employment contract does not provide for a notice period by either the Company or Ingolf Schulz himself.

The employment contract for an indefinite period for Frank Dorjee provides for a notice period of three months in case of termination by Frank Dorjee and of six months in the case of termination by the Company. An exit arrangement has been agreed with Frank Dorjee under which a full year's base salary would be paid if the employment contract were to be terminated before January 1, 2008 as a result of a Change of Control resulting in a significant erosion of Frank Dorjee's position.

With the exception of Frank Dorjee, the employment contracts of the current members of the Board of Management do not include a provision for an exit arrangement upon termination of employment.

The employment contract for an indefinite period for Christian Raskin provides for a notice period of three months in case of termination by Christian Raskin and of six months in the event of termination by the Company.

Overview 2006

The table below shows the remuneration of the Board of Management for 2006. As a result of reaching the pensionable age, respectively the step back from the Board of Management, the table reflects the remuneration for Garo Artinian and Sandy Lyons over the period January 1, 2006 until June 30, 2006.

Member	Base salary	Bonus	Pension	Others [2]	Total
Ingolf Schulz	481,112	445,500	847,230 [1]	37,736	1,811,578
Frank Dorjee	405,000	364,500	90,490	-	859,990
Christian Raskin	385,000	346,500	148,034	52,830	932,364
Sandy Lyons	202,500	243,000	202,500	139,044	787,044
Garo Artinian	368,890	115,438	124,243	118,965	727,536

1 In 2006, the annual contribution for the pension scheme of Ingolf Schulz of 1.5% of the last salary was adjusted with restrospective effect to 2.5%. This resulted in a one-off charge of € 725,244 in 2006.

2 'Others' primarily reflects the gross compensation for housing costs, education and life insurance contributions.

The number of options on ordinary Draka Holding N.V. shares owned by members of the Board of Management as per December 31, 2006 can be specified as follows:

Member	Year	Number of granted options	Exercise price
Ingolf Schulz	2002	1,117	€ 24.26
	2003	1,989	€ 7.42
	2004	4,294	€ 11.63
Christian Raskin	2002	2,750	€ 24.26
	2004	4,251	€ 11.63
	2005	5,038	€ 10.05

Until 2005, the options of all Board of Management members were granted as part of the 2002 long term incentive plan. In 2006, Christian Raskin exercised the options granted in 2003 and retained the obtained shares. As Frank Dorjee is employed as per March 1, 2005, no options were granted to him.

All members of the Board of Management hold shares in Draka Holding N.V. as at 31 December 2006.

Member	Number of shares
Ingolf Schulz	3,344
Christian Raskin	4,334
Frank Dorjee	4,737

Remuneration policy 2007

During 2006, the Remuneration and Nomination Committee analysed the effectiveness of the remuneration policy for the members of the Board of Management and decided to refine the remuneration policy on a number of items. The refined remuneration policy will be submitted for adoption at the Annual General Meeting of Shareholders in 2007.

Remuneration structure 2007

The remuneration package of the members of the Board of Management will continue to consist of a:
- Base salary;
- Short term incentive;
- Long term incentive;
- Pension arrangement.

The Remuneration and Nomination Committee decided to disentangle the short term and long term incentive plan, which is in line with market practice.

Base salary 2007

As a result of changes in activities and/or organisational structures within some of the current labour market peer companies, the peer group is adjusted and consists of European companies with comparable activities and/or comparable in terms of size and/or complexity. The following companies are included in this European labour market peer group:

Bekaert (Belgium)
Daetwyler (Switzerland)
Fugro (Netherlands)
Hagemeyer (Netherlands)
Legrand (France)
Leoni (Germany)
Nexans (France)
NKT Holding (Denmark)
Prysmian (Italy)
SBM Offshore (Netherlands)
Stork (Netherlands)
Telent (United Kingdom)

DRAKA COMTEQ

TWO MILLION KM OF OPTICAL FIBRE AND INNOVATIVE CABLES FOR PARIS

Keeping ahead of its telecom rivals, French triple-play provider Iliad intends to roll-out a new FTTH (Fibre-To-The-Home) network to serve more than two million customers in the Paris area. Services are scheduled to start in Paris in early 2007, spreading to other French cities where it aims to connect four million homes in a € 1 billion investment programme over the next five years. Iliad's CEO Michaël Boukobza provides some more details of its plans, and why they chose Draka Comteq to supply two million kilometres of advanced optical fibre and innovative cables.

What are the benefits of the new FTTH network, and how does it differ from consumers' present connections?
"With this new network we will offer our customers a dedicated optical fibre link to each household for their multimedia applications. That will enable them to migrate to a very high-speed connection of up to 50 Mbit/s for the same price as our current ADSL2+ offer, € 29.99 per month. In fact subscribers will be able to enjoy the same high speed internet access whatever the distance between their home and the optical node because of the symmetrical bandwidth of the FTTH service, in contrast to ADSL. On top of that, customers will have unlimited voice calls within France and to some international destinations, together with an HDTV service. As well as serving consumers directly, we will also make our network available to other service providers on a wholesale basis."

What specific demands did the cables and other components have to meet?
"The order is for advanced optical fibre cables and other innovative cables designed to be deployed rapidly and to resist the adverse conditions of installation in sewer environments. As well as that we were looking for small diameter cables with high fibre capacity. The cable structure also has to have a relatively high flexibility to allow the required small bend radius to be achieved. As well as the cables themselves, Draka will also supply associated connecting components designed for safety and ease of installation."

What were the main reasons for choosing Draka as the supplier for the optical fibre cables?
"We chose Draka for its proven skills and its ability to fulfil our specific requirements. In addition, we decided to join forces with Draka because of its ability to provide us with a complete FTTH solution. And finally we were pleased that Draka believed in our project right from the start, and was able to offer a rapid response in executing this contract."


"A COMPLETE
FIBRE-TO-THE-
HOME SOLUTION"

Remuneration levels will continue to be aligned with median market levels of a European peer group.

Short term incentive

A further analysis revealed that the disentanglement of the short term incentive plan and the long term incentive plan would be advisable. This new concept will be submitted to the General Meeting of Shareholders in 2007.

Following this disentanglement, the short term incentive will be paid out annually in cash. The defined performance criteria fit within the concept of Economic Profit and will be for 2007:

- Earnings before Interest & Tax ('EBIT');
- Net working capital as percentage of revenues.

In addition, 1/3rd of the bonus will be based on a discretionary judgement of the members of the Supervisory Board, based on so-called milestones and applying a 'test of reasonableness'.

In case the pre-defined targets will be achieved, a bonus will be paid out equal to 60% of base salary. For exceptional performance, the maximum bonus pay-out will be equal to 90% of base salary, while performance below threshold levels will result in no bonus pay-out.

Long term incentive

The long term incentive will be disentangled from the short term incentive as per 2007 and will consist of an annual conditional grant of performance shares. After a three year period, these performance shares might vest (i.e. become unconditional) based on Draka's Total Shareholder Return ('TSR') performance.

Performance will be measured against a group of selected companies. As from 2007, this performance peer group will consist of the following companies (primary listing):

Andrew Corp	NASDAQ
Belden CDT	NYSE
Commscope	NYSE
Daetwyler	Swiss Stock Exchange
Fugro	Euronext Amsterdam
Fujikura	Tokyo Stock Exchange
Hagemeyer	Euronext Amsterdam
General Cable Corp	NYSE
Leoni	Frankfurt Stock Exchange
Nexans	Euronext Paris
SBM Offshore	Euronext Amsterdam
Stork	Euronext Amsterdam
Superior Essex	NASDAQ

The table below reflects the number of shares – as a percentage of the initially granted number of shares – that will vest after the three-year performance period for each ranking within the peer group. In line with the principles of the Dutch Corporate Governance Code, vested shares should be held for an additional period of 2 years (from the moment of vesting).

Position	Number of shares that will vest (As percentage of number of shares initially 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 conditional grant of performance shares equals 55% of base salary. The Supervisory Board has the authority to grant additional (performance) shares in extraordinary circumstances. Under the condition of shareholders' approval, the Supervisory Board used this authority to conditionally grant Ingolf Schulz with 15,603 performance shares and Frank Dorjee with 12,394 performance shares.

Pensions 2007

The pension arrangements are based on a continuation of the existing arrangements for the members of the Board of Management.

Employment contracts 2007

With regard to the employment contract, no adjustments are made as compared to 2006. At this moment, Draka Holding examines the use of employment contracts for a definite period of time for the members of the Board of Management.

Remuneration policy Supervisory Board

The remuneration policy for the members of the Supervisory Board is based on the median level of Draka's European labour market peer group. This reference group is equal to the labour market peer group as applied for the members of the Board of Management.

In accordance with good governance, the remuneration of the Supervisory Board is not dependent on the results of the Company. Consequently, neither stock options nor

shares are granted to Supervisory Board members by way of remuneration. If any shareholdings in Draka are held by Supervisory Board members, they serve as a long-term investment in the Company. The Company does not provide any loans to its Supervisory Board members.
In addition to the fixed fee, members of the Supervisory Board are entitled to a reimbursement of expenses of € 908 and a reimbursement for travel and accommodation expenses.

A set of regulations has been adopted containing rules governing ownership of and transactions in securities by Supervisory Board members other than securities issued by Draka.

Remuneration 2006

The remuneration of the members of the Supervisory Board in 2006 can be specified as follows:

Supervisory Board	2006	2005
Fritz Fröhlich (Chairman)	€ 39,869	€ 35,433
Annemiek Fentener van Vlissingen (Deputy Chairman)	€ 34,782	€ 30,433
Frits Fentener van Vlissingen [1]	€ 10,285	€ 40,433
Harold Fentener van Vlissingen [2]	€ 20,644	€ 0
Ludo van Halderen [2]	€ 20,644	€ 0
Wim Jacobs [1]	€ 12,903	€ 30,433
Rob van Oordt	€ 30,966	€ 30,433
Annemieke Roobeek [2]	€ 20,644	€ 0
Graham Sharman	€ 30,966	€ 30,433
Aris Wateler [1]	€ 0	€ 10,755

[1] Frits Fentener van Vlissingen died on March 25, 2006. Wim Jacobs stepped down at the General Meeting of Shareholders of May 8, 2006. Aris Wateler stepped down at the General Meeting of Shareholders of May 9, 2005.

[2] All appointed during the General Meeting of Shareholders of May 8, 2006.

On 8 May 2006, the General Meeting of Shareholders adopted the Supervisory Board's proposal to fix the remuneration of Supervisory Board members in accordance with the pay increases provided for in the Collective Labour Agreement applying to Draka.

Remuneration 2007

On 11 May 2007, the Supervisory Board will propose to the General Meeting of Shareholders to set the following fees for the members of the Supervisory Board and the separate Committees with retrospective effect respectively as per January 1, 2007 and June 1, 2006:

	Chairman	Deputy Chairman	Other members
Supervisory Board	€ 60,000	€ 55,000	€ 50,000
Audit and Governance Committee	€ 10,000	-	€ 6,000
Remuneration and Appointment Committee	€ 7,500	-	€ 5,000
Strategy Committee	€ 7,500	-	€ 5,000

The fees for the separate committees will be paid pro rata over 2006.

The memberships of the above committees are published on Draka's website (www.draka.com).

As per December 31, 2006, Fritz Fröhlich owned 850 ordinary shares of Draka Holding N.V.

Amsterdam, 8 March 2007

Ingolf Schulz, Chairman and CEO
Frank Dorjee, CFO
Christian Raskin, CSO

Financial statements
2006

Consolidated statement of income

For the year ended 31 December

In millions of euro	Note	2006	2005
Revenue		2,529.4	1,878.7
Cost of sales		(2,290.8)	(1,703.9)
Gross profit		**238.6**	**174.8**
Selling and distribution expenses		(156.9)	(146.1)
Other income and expenses	5)	(24.0)	1.8
Operating result		**57.7**	**30.5**
Finance income		24.5	17.2
Finance expenses		(58.4)	(58.0)
Net financing costs	9)	**(33.9)**	**(40.8)**
Share of result of associates and joint ventures	13)	8.2	2.6
Result before tax		**32.0**	**(7.7)**
Income tax (expense) / benefit	10)	(8.6)	14.0
Result for the year		**23.4**	**6.3**
Attributable to:			
Equity holders of the company		21.8	4.4
Minority interests		1.6	1.9
Result for the year		**23.4**	**6.3**
Basic earnings per share (euro)	19)	0.57	0.12
Diluted earnings per share (euro)	19)	0.57	0.12

Consolidated balance sheet

As at 31 December

In millions of euro	Note	2006	2005
Assets			
Non-current assets			
Property, plant and equipment	11)	531.7	535.8
Intangible assets	12)	96.5	101.2
Investments in associates and joint ventures	13)	94.9	95.5
Deferred tax assets	10)	52.7	52.5
Other non-current financial assets	14)	32.2	33.3
Total non-current assets		**808.0**	**818.3**
Current assets			
Inventories	15)	433.7	363.6
Trade and other receivables	16)	458.8	439.0
Income tax receivable		2.4	2.2
Cash and cash equivalents	17)	42.1	14.5
Total current assets		**937.0**	**819.3**
Total assets		**1,745.0**	**1,637.6**
Equity			
Shareholders' equity			
Share capital		20.4	17.9
Share premium		311.4	237.3
Other reserves		95.1	105.0
Total equity attributable to equity holders of the company		**426.9**	**360.2**
Minority interests		12.2	10.1
Total equity	18, 34)	**439.1**	**370.3**
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	20)	268.2	392.0
Other interest-bearing liability	21)	127.7	137.0
Provision for employee benefits	22)	93.3	92.9
Other provisions	23)	26.1	35.7
Deferred tax liabilities	10)	26.1	34.1
Total non-current liabilities		**541.4**	**691.7**
Current liabilities			
Bank overdrafts	17)	32.0	27.6
Interest-bearing loans and borrowings	20)	107.2	31.0
Trade and other payables	24)	566.6	468.4
Income tax payable		26.8	23.1
Other provisions	23)	31.9	25.5
Total current liabilities		**764.5**	**575.6**
Total liabilities		**1,305.9**	**1,267.3**
Total equity and liabilities		**1,745.0**	**1,637.6**

Consolidated statement of cash flows

As at 31 December

In millions of euro	Note	2006	2005*
Result for the year		23.4	6.3
Adjustments for:			
Depreciation	11)	49.6	48.5
Amortisation	12)	5.1	4.5
Impairments	11)	6.3	5.1
Finance income	9)	(24.5)	(17.2)
Finance expenses	9)	58.4	58.0
Share of result of associates and joint ventures	13)	(8.2)	(2.6)
Income tax benefit / expense	10)	8.6	(14.0)
		118.7	**88.6**
Changes in inventories	15)	(70.1)	4.2
Changes in trade receivables	16)	(39.6)	(8.7)
Changes in trade payables	24)	93.4	87.9
Changes in other working capital		28.1	(28.6)
Changes in provisions		12.0	15.8
Other		1.4	(8.7)
		143.9	**150.5**
Interest paid		(39.9)	(40.9)
Income tax (paid) received		(1.3)	25.1
Application of provisions	22, 23)	(22.8)	(46.3)
Net cash from operating activities		**79.9**	**88.4**
Dividends received	13)	2.1	3.2
Proceeds from sale of intangible assets		-	2.2
Proceeds from sale of property, plant and equipment		8.6	4.1
Disposal of subsidiaries and associates, net of cash disposed		-	25.2
Acquisition of subsidiaries and associates, net of cash acquired	3)	(30.0)	(9.2)
Acquisition of intangible assets	12)	(1.9)	(4.1)
Acquisition of property, plant and equipment	11)	(45.6)	(41.0)
Net cash from investing activities		**(66.8)**	**(19.6)**
Redeemable preference shares issued		76.6	-
Redeemable preference shares redeemed		(129.5)	-
Convertible subordinated bond issued		-	100.0
Convertible subordinated bond redeemed		-	(48.6)
Subordinated loan issued		77.5	-
Movements in other bank loans		(14.2)	(138.5)
Net cash from financing activities	20)	**10.4**	**(87.1)**
Net increase/(decrease) in cash and cash equivalents		**23.5**	**(18.3)**
Cash and cash equivalents at 1 January		(13.1)	5.8
Exchange rate fluctuations on cash and cash equivalents		(0.3)	(0.6)
Cash and cash equivalents at 31 December	17)	**10.1**	**(13.1)**

* Adjusted for comparison purposes

Consolidated statement of changes in total equity

In millions of euro	Share capital	Share premium	Translation reserve	Hedging reserve	Retained earnings	Shareholders' equity	Minority interests	Total equity
Balance as at 31 December 2004	22.3	361.7	(5.0)	-	65.5	444.5	153.5	598.0
Change in accounting policy (IAS 32/39)	(4.4)	(124.4)	-	1.4	9.1	(118.3)	(139.0)	(257.3)
Balance as at 1 January 2005	**17.9**	**237.3**	**(5.0)**	**1.4**	**74.6**	**326.2**	**14.5**	**340.7**
Foreign exchange translation differences	-	-	17.1	-	-	17.1	0.3	17.4
Effective portion of changes in fair value	-	-	-	9.8	-	9.8	-	9.8
Result for the year	-	-	-	-	4.4	4.4	1.9	6.3
Total recognised income and expense	**-**	**-**	**17.1**	**9.8**	**4.4**	**31.3**	**2.2**	**33.5**
Convertible subordinated bonds issued and redeemed	-	-	-	-	2.7	2.7	-	2.7
Effect of acquisitions and divestments	-	-	-	-	-	-	(6.6)	(6.6)
Total direct changes in equity	**-**	**-**	**17.1**	**9.8**	**7.1**	**34.0**	**(4.4)**	**29.6**
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	-	-	(17.2)	-	-	(17.2)	(0.2)	(17.4)
Effective portion of changes in fair value	-	-	-	(15.4)	-	(15.4)	-	(15.4)
Result for the year	-	-	-	-	21.8	21.8	1.6	23.4
Total recognised income and expense	**-**	**-**	**(17.2)**	**(15.4)**	**21.8**	**(10.8)**	**1.4**	**(9.4)**
Preference shares issued	2.5	74.1	-	-	-	76.6	-	76.6
Share based payments	-	-	-	-	0.9	0.9	-	0.9
Effect of acquisitions and divestments	-	-	-	-	-	-	0.7	0.7
Total direct changes in equity	**2.5**	**74.1**	**(17.2)**	**(15.4)**	**22.7**	**66.7**	**2.1**	**68.8**
Balance as at 31 December 2006	**20.4**	**311.4**	**(5.1)**	**(4.2)**	**104.4**	**426.9**	**12.2**	**439.1**

Notes to the consolidated financial statements

Contents

1. General

Draka Holding N.V. ("the Company") is a company domiciled in Amsterdam, The Netherlands. The consolidated financial statements of the Company for the year ended 31 December 2006 comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's interest in associates and jointly controlled entities.

A summary of the main subsidiaries is included on page 45 of this Annual report.

The financial statements have been prepared by the Board of Management and authorised for issue on 8 March 2007. The financial statements will be submitted for approval to the Annual General Meeting of Shareholders on 11 May 2007.

The information concerning the subsidiaries that are included in the consolidated financial statements which is required under article 414 of Part 9, Book 2, of the Netherlands Civil Code, is filed at the trade register of the Chamber of Commerce in Amsterdam. The non-consolidated income statement has been drawn up in accordance with article 402, Part 9, Book 2 of the Netherlands Civil Code.

These consolidated financial statements serve as exemption regarding the otherwise obligatory filing pursuant to § 264b HGB of the German Commercial Code ("Handelsgesetzbuch") of statutory financial statements of Draka Comteq Berlin GmbH & Co. KG and Draka Comteq Germany GmbH & Co. KG.

2. Significant accounting policies

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

(b) Basis of preparation

The financial statements are presented in euro, rounded to the nearest million. They are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments held for trading and financial instruments classified as available-for-sale. Non-current assets and disposal groups held-for-sale are stated at the lower of their carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 28.

(c) Basis of consolidation

(I) Subsidiaries

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

(II) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

(III) Joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's share of the total recognised gains and losses of joint ventures on an equity accounted basis, from the date that joint control commences until the date that joint control ceases.

(IV) Other investments

Other investments are those entities in whose activities the group has no significant influence, and has no control. These investments are carried at fair value and changes are recognised in the income statement. Furthermore dividends are accounted for in the income statement when these become due. If an equity investment does not have a quoted market price in an active market and other methods of determining fair value do not result in a reasonable estimate, the investment is measured at cost less impairment losses.

(V) Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(d) Foreign currency

(I) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to euro at foreign exchange rates ruling at the dates the fair value was determined.

(II) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation as from 1 January 2004, are translated to euro at foreign exchange rates ruling at the balance sheet date. Goodwill and fair value adjustments arising on consolidation relating to acquisitions from before 1 January 2004 are denominated in euro. The revenues and expenses of foreign operations are translated to euro at rates approximating the foreign exchange rates ruling at the dates of the transactions. As from 1 January 2004 foreign exchange differences arising on retranslation are recognised in a separate component of equity.

A summary of the exchange rates to the euro of the main currencies applied in the Group:

Exchange rates	Balance sheet 31/12/2006	Balance sheet 31/12/2005	Income statement 2006	Income statement 2005
Brazilian real	0.35	0.36	0.37	0.33
Chinese renminbi	0.10	0.10	0.10	0.10
Czech crown	0.04	0.03	0.04	0.03
Danish crown	0.13	0.13	0.13	0.13
Norwegian crown	0.12	0.12	0.12	0.12
Oman rial	1.97	2.20	2.07	2.09
Pound sterling	1.49	1.46	1.47	1.46
Singapore dollar	0.50	0.51	0.50	0.48
Swedish crown	0.11	0.11	0.11	0.11
United States dollar	0.76	0.85	0.80	0.80

(III) Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations, and of related hedges are taken to translation reserve. They are released into the income statement upon disposal.

In respect of all foreign operations, any differences that have arisen after 1 January 2004, the date of transition to IFRS, are presented as a separate component of equity.

(e) Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to copper, foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its risk management policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are initially recognised at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see accounting policy f).

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date. The fair value of forward copper contracts is also their quoted market price at the balance sheet date.

(f) Hedging

(I) Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. When the forecasted transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or the forecast transaction for a non-financial asset or non-financial liability the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss. For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognised immediately in the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement.

(II) Hedge of monetary assets and liabilities

Where a derivative financial instrument is used to hedge economically the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in the income statement.

(g) Property, plant and equipment

(I) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy m). Self constructed assets are stated at cost. Depreciation on these assets starts upon usage.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(II) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of finance lease are stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses (see accounting policy m). Lease payments are accounted for as described in accounting policy v.

(III) Subsequent expenditure

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

(IV) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.
The estimated useful lives are as follows:

• land and buildings	30 - 50 years
• plant and equipment	8 - 20 years
• fixtures and fittings	3 - 10 years

The depreciation methods, useful lives and residual values are reassessed annually.

(h) Intangible assets

(I) Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries. In respect of business acquisitions that have occurred since 1 January 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is no longer amortised but is tested annually for impairment (see accounting policy m). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.
Negative goodwill arising on an acquisition is recognised directly in the income statement.

(II) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy m).

(III) Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated - amortisation (see below) and impairment losses (see accounting policy m).

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

(IV) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(V) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated - useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date.

Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

• patents and licenses	3 - 10	years
• development costs	5	years
• software	3	years
• other	5 - 7	years

The amortisation methods, useful lives and residual values are reassessed annually.

(i) Investments in equity securities
Financial instruments held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the income statement.
Other financial instruments held by the Group are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity, except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

The fair value of financial instruments classified as held for trading and available-for-sale is their quoted bid price at the balance sheet date.
Financial instruments classified as held for trading or available-for-sale investments are recognised / derecognised by the Group on the date it commits to purchase / sell the investments. Securities held-to-maturity are recognised / derecognised on the day they are transferred to / by the Group.

(j) Inventories
(I) Inventories
Inventories (raw material) are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses, taking into account the allowance for risk of obsolete inventory.

The cost of inventories is based on the weighted average purchase price (first in first out) and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories as finished goods and semi finished goods, cost includes an appropriate share of overheads based on normal operating capacity.

(II) Work in progress
Work in progress is stated at cost plus profit recognised to date (see accounting policy t) less a provision for foreseeable losses and less progress billings. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

(k) Trade and other receivables
Trade and other receivables are stated at amortised cost less impairment losses (see accounting policy m).

(l) Cash and cash equivalents
Cash and cash equivalents comprises cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(m) Impairment

The carrying amounts of the Group's assets other than inventories (see accounting policy j) and deferred tax assets (see accounting policy w), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see accounting policy m(I)).

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

(I) Calculation of recoverable amount

The recoverable amount of receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(II) Reversals of impairment

An impairment loss in respect of receivables carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(n) Share capital

(I) Preference share capital

Preference share capital is classified as equity if it is non-redeemable and any dividends are discretionary, or is redeemable but only at the Company's option. Dividends on preference share capital classified as equity are recognised as distributions within equity.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders or if dividend payments are not discretionary. Dividends thereon are recognised in the income statement as interest expense.

(II) Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity.

(III) Dividends

Dividends on redeemable preference shares, classified as equity, are recognised as a liability and expressed on an accrual basis. Other dividends are recognised as a liability in the period in which they are declared.

(o) Convertible subordinated bonds

Convertible subordinated bonds that can be converted to share capital at the option of the holder, where the number of shares issued does not vary with changes in their fair value, are accounted for as compound financial instruments. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds. The equity component is recognised initially at the difference between the fair value of the compound instruments as a whole and the fair value of the liability component. Subsequent measurement of the liability component is amortised cost by using the effective interest rate method. The equity element is not remeasured subsequent to initial recognition.

The repurchase price of convertible subordinated bonds is allocated to the liability and equity component. This allocation is based on a non-convertible debt the Group could have issued at repurchase date.

(p) Interest-bearing liabilities

(I) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses (if applicable).

(II) Put option on minority interest

Put options are recognised at discounted fair value and therefore follow accounting treatment applicable to financial instruments, with changes through the income statement.

(q) Employee benefits

(I) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

(II) Defined benefit plans

The Group accounts for the cost of pension plans and postretirement benefits other than pensions in accordance with IAS 19 'Employee Benefits'. A significant part of the Group's defined benefit plans are funded with plan assets that have been segregated and restricted in pension funds, trusts or have been insured to provide for the pension benefits to which the Group has committed itself.

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on high quality government or corporate bonds that have maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

Pension costs in respect of defined benefit plans primarily represent the increase in the actuarial present value of the obligation for pension benefits based on the employee service during the year and the interest on this obligation in respect of employee service in previous years, net of the expected return on plan assets.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

All actuarial gains and losses as at 1 January 2004, the date of transition to IFRS, were recognised. In respect of actuarial gains and losses that arise subsequent to 1 January 2004 in calculating the Group's obligation in respect of a plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds 10 per cent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised. Where the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

(III) Long-term service benefits

The Group's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. The discount rate is the yield at the balance sheet date on high quality corporate bonds that have maturity dates approximating to the terms of the Group's obligations.

(IV) Share-based payment transactions

The Group's long-term incentive plan is divided in share plans and an option plan. The plans allow Group employees to acquire shares of the Company. The fair value of options and shares granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled. The fair value of the options granted is measured using a binominal option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of the shares granted to the Board of Management is measured using the Monte Carlo approach. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

(r) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(I) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(II) Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

(III) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(s) Trade and other payables

Trade and other payables are stated at amortised cost.

(t) Business combinations

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition under IFRS 3 recognised at their fair values at the acquisition date. Goodwill arising on acquisition is recognised as an asset at the excess of the cost of the business combination over the Group's net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

If, after reassessment, the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceed the cost of the business combination, the excess is recognised immediately in the income statement.

(u) Revenue

(I) Goods sold and services rendered

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods also continuing management involvement with the goods.

(II) Rental income

Rental income is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

(III) Government grants

Government grants are recognised in the balance sheet initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in the income statement on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised in the income statement as cost of sales on a systematic basis over the useful life of the asset.

(v) Expenses

(I) Operating lease payment

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

(II) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(III) Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, dividends on redeemable preference shares, interest receivable on funds invested, dividend income, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in the income statement (see accounting policy f).

Interest income is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established which in the case of quoted securities is date. The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method.

(w) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Measurement of deferred tax assets or liabilities is based upon the enacted or substantially enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset, including assets arising from loss carry forwards, is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are not discounted.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

The change in tax rates is reflected in the period when the change has been enacted or substantively enacted at the balance sheet date.

(x) Earnings per share

Basic earnings per share ("EPS") are calculated by dividing the profit or loss attributable to holders of ordinary shares of the Group by the weighted average number of ordinary shares outstanding during the period. In order to calculate diluted EPS, profit or loss attributable to holders of ordinary shares, and the weighted number of shares outstanding, are adjusted for the effects of all dilutive potential ordinary shares.

(y) Consolidated statement of cash flows

The cash flows from operating activities are presented by the indirect method. Foreign currency cash flows are translated at the exchange rate at the date of the cash flow or using appropriate averages. Changes that have not resulted in cash flows such as translation differences, business combinations, financial leases, fair value changes, conversions of debt to equity, equity settled share based payments etc., have been eliminated for the purpose of preparing this statement. Dividends paid to ordinary shareholders are included in financing activities. Dividends received are classified as investing activities. Interest paid is included in operating activities. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(z) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

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

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and operating liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

(I) Business segments

The Group comprises the following main business segments:

- **Draka Cableteq** develops, produces and sells low-voltage and special-purpose cable for applications in premises and for Original Equipment Manufacturer (OEM) applications.

- **Draka Comteq** develops, produces and sells optical fibre, optical fibre cables and copper cables to the telecommunications and data communications markets.

(II) Geographical segments

The Cableteq and Comteq segments are managed on a worldwide basis, but operate in seven principal geographical areas; The Netherlands, United Kingdom, Scandinavia, Germany, Rest of Europe, Americas and Asia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

(aa) Non-current assets held for sale and discontinued operations
Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable IFRSs. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale are included in the income statement, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. A disposal group that is to be abandoned may also qualify.

(ab) New standards and interpretations not yet adopted
A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2006, and have not been applied in preparing these consolidated financial statements:

IFRS 7 Financial Instruments: Disclosures and the Amendment to IAS 1 Presentation of Financial Statements: Capital Disclosures require extensive disclosures about the significance of financial instruments for an entity's financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks. IFRS 7 and amended IAS 1, which become mandatory for the Group's 2007 financial statements, will require extensive additional disclosures with respect to Group's financial instruments and share capital.

IFRS 8 Operating Segments; the most important change from this new standard is that the basis for segmentation will change as well as segments to be reported. This standard will be effective as from 1 January 2009.

The new standards and interpretations which not have been adopted are not expected to have significant influence on the consolidated financial statements.

3. Acquisitions and divestments of subsidiaries
Acquisitions of subsidiaries
Cebu and Durango
On 3 July 2006, the Group acquired 100% of the shares of all insulated wire activities from International Wire Group, Inc. for an amount of € 28.5 million satisfied in cash. These activities are located in Cebu, Philippines and in Durango, Mexico. The acquisition is consolidated in the Group's financial statements as from July 2006.

If the acquisition of Cebu and Durango had occurred on 1 January 2006, Group's revenue would have increased by approximately € 50 million and net income would not have been materially changed.

Draktel Optical Fibre S.A.

On 1 January 2006, the Group increased its shareholding in Draktel (Brazil) from 50% to 70% by converting a loan into equity for an amount of € 0.8 million. The acquisition is consolidated in the Group's financial statements as from January 2006. As at 31 December 2005 the investment in Draktel Optical Fibre S.A. was classified as a joint venture.

The Group's revenue has been increased by approximately € 5 million in 2006.

Cornelia Thies Kabeltechnik GmbH

As per 1 October 2006, the Group acquired 100% of the shares in Cornelia Thies Kabeltechnik GmbH. The purchase consideration was satisified partly in cash and partly through an earn out arrangement. The earn out arrangement is based on the performance of the company over the fiscal years 2006 till 2011. We recognised a liability related to the earn out arrangement based on an estimate of the company's future performance. Differences between the actual and estimated performance will be recognised in goodwill. The acquisition has been consolidated in the Group's financial statements as from October 2006.

If the acquisition of Thies Kabeltechnik had occurred on 1 January 2006, Group's revenue would have increased by € 18 million and net income would not have been materially changed.

Effect of acquisitions

The acquisitions had the following effect on the Group's assets and liabilities:

Acquired net assets as at acquisition date

In millions of euro	Pre acquisition carrying amounts	Fair value adjustments	Recognised values on acquisitions
Property, plant and equipment	18.5	(11.4)	7.1
Inventories	11.9	3.6	15.5
Receivables	13.6	1.2	14.8
Liabilities	(7.0)	(3.4)	(10.4)
Net identifiable assets and liabilities	**37.0**	**(10.0)**	**27.0**
Goodwill on acquisitions			3.0
Consideration paid, satisfied in cash			**30.0**
Cash and cash equivalents acquired			-
Net cash outflow			**30.0**

4. Segment reporting

Business segments

In millions of euro	Draka Cableteq		Draka Comteq		Not allocated to segments/eliminations		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005
Revenue from external customers	1,936.2	1,379.9	593.2	498.8	-	-	2,529.4	1,878.7
Intersegment transactions	76.3	43.4	63.3	46.2	(139.6)	(89.6)	-	-
Revenue	**2,012.5**	**1,423.3**	**656.5**	**545.0**	**(139.6)**	**(89.6)**	**2,529.4**	**1,878.7**
Operating result (excluding non- recurring items)	99.6	57.7	5.5	(7.6)	(14.5)	(12.5)	90.6	37.6
Non-recurring items	(6.1)	(4.7)	(26.8)	(2.4)	-	-	(32.9)	(7.1)
Operating result	**93.5**	**53.0**	**(21.3)**	**(10.0)**	**(14.5)**	**(12.5)**	**57.7**	**30.5**
Net financing costs							(33.9)	(40.8)
Share of results of associates and joint ventures	5.8	0.9	2.4	1.7	-	-	8.2	2.6
Income tax (expense) / benefit							(8.6)	14.0
Result for the year							**23.4**	**6.3**
Capital expenditure	26.5	33.6	20.2	12.9	0.8	2.0	47.5	48.5
Depreciation and amortisation	37.4	38.6	17.1	14.1	0.2	0.3	54.7	53.0
Impairments	-	4.6	6.3	0.5	-	-	6.3	5.1
Segment operating liabilities	594.1	469.2	258.7	236.8	(134.9)	(83.5)	717.9	622.5
Segment assets	1,492.6	1.251.2	463.1	388.5	(305.6)	(97.6)	1,650.1	1,542.1
Investments in associates and joint ventures	24.1	19.2	70.8	76.3	-	-	94.9	95.5
Total assets	**1,516.7**	**1,270.4**	**533.9**	**464.8**	**(305.6)**	**(97.6)**	**1,745.0**	**1,637.6**

Geographical segments

In millions of euro	The Netherlands		United Kingdom		Scandinavia		Germany	
	2006	2005	2006	2005	2006	2005	2006	2005
Revenue from external customers	208.8	175.2	194.4	143.8	429.7	292.8	259.0	203.1
Total assets	361.5	304.9	127.7	111.9	245.4	235.8	223.1	221.2
Capital expenditure	7.1	9.9	1.3	0.4	6.7	7.9	3.4	3.8

In millions of euro	Rest of Europe		North America		Asia		Other regions	
	2006	2005	2006	2005	2006	2005	2006	2005
Revenue from external customers	704.1	564.4	296.6	230.5	256.8	152.2	180.0	116.7
Total assets	414.6	400.8	164.8	124.9	155.1	126.7	52.8	111.4
Capital expenditure	16.6	15.3	7.3	4.4	4.7	6.7	0.4	0.1

In millions of euro	Consolidated	
	2006	2005
Revenue from external customers	2,529.4	1,878.7
Total assets	1,745.0	1,637.6
Capital expenditure	47.5	48.5

5. Other income and expenses

In millions of euro	Note	2006	2005
Book profit on sale of subsidiaries and activities		-	15.9
Increase in provision Stop, Swap & Share project		(22.6)	(9.6)
Increase in other provisions		(6.3)	(4.9)
Increase in provisions	23)	**(28.9)**	**(14.5)**
Release of unused provisions and other		8.9	9.2
Stop, Swap & Share project expensed as incurred		(4.0)	(8.8)
		(24.0)	**1.8**

The impairment charge of € 6.3 million (2005: € 4.6 million) due to Stop, Swap & Share project is included in the cost of sales (see note 11).

As a result of these items the operating result can be split up as follows:

In millions of euro	2006	2005
Operating result	57.7	30.5
Non-recurring items:		
Book profit on sale of subsidiaries and activities	-	15.9
Stop, Swap & Share projects	(32.9)	(23.0)
	(32.9)	**(7.1)**
Operating result excluding non-recurring items	**90.6**	**37.6**

6. Personnel expenses

In millions of euro	2006	2005
Wages and salaries	295.9	291.7
Social security charges	64.4	62.3
Pension costs	20.6	19.6
Equity-settled share-based payments	0.9	-
	381.8	**373.6**

The 2005 personnel expenses are reclassified for comparison purposes.

Personnel

The categorisation of the average number of employees of the subsidiaries is as follows:

Average number of employees	2006	2005
Production	6,568	6,396
Sales	787	807
Research & development	243	285
Administration	1,164	1,362
Average during the year	**8,762**	**8,850**
At year-end	9,145	8,478
Of which in The Netherlands	1,096	1,225

7. Remuneration of the Board of Management and Supervisory Board

The remuneration of the current and former members of the Board of Management in 2006 amounted to € 5.1 million (2005: € 3.8 million) and the remuneration of the Supervisory Board in 2006 amounted to € 0.2 million (2005: € 0.2 million). See note 37 for additional details on remuneration.

8. Share-based payments

In June 2002 Draka Holding N.V. introduced a long-term incentive plan. This plan is divided into an option plan and a share plan. In May 2006 Draka Holding N.V. introduced a share plan for the Board of Management.

Share options

Under the option plan, the Company has granted stock options on its ordinary shares to qualifying members of senior management. The options are granted for eight years, with an initial three-year restriction period during which they cannot be exercised.

Share option arrangements granted before 7 November 2002 exist. The recognition and measurement principles in IFRS 2 have not been applied to these grants in accordance with the transitional conditions in IFRS 1 and IFRS 2.

The terms and conditions of the grants to Group's management are as follows, whereby all options are settled by physical delivery of ordinary shares:

Grant date	Number of instruments	Vesting conditions	Contractual life of options
At 15 May 2002	68,158	Three years of service	8 years
At 16 May 2003	95,910	Three years of service	8 years
At 17 May 2004	92,390	Three years of service	8 years
At 17 May 2005	130,144	Three years of service	8 years
At 17 May 2006	163,394	Three years of service	8 years
Total share options	**549,996**		

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2006	Number of options 2006	Weighted average exercise price 2005	Number of options 2005
Outstanding at the beginning of the period	€ 11.36	281,782	€ 13.38	256,458
Forfeited during the period	€ 22.27	(8,756)	€ 10.45	(49,376)
Exercised during the period	€ 8.57	(50,201)	€ 10.14	(55,444)
Granted during the period	€ 13.51	163,394	€ 10.05	130,144
Outstanding at the end of the period	**€ 12.41**	**386,219**	**€ 11.36**	**281,782**
Exercisable at the end of the period	€ 14.35	64,174	€ 12.85	94,064

The options outstanding at 31 December 2006 have an exercise price in the range of € 7.42 to € 24.26 and a weighted average contractual life of 6.9 years.
The fair value of the services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a binomial option pricing model. The contractual life of the option (8 years) is used as an input into this model. Expectations of early exercise are incorporated into the binomial option pricing model.

Fair value of share options and assumptions at measurement date	2006	2005	2004
Fair value at measurement date	€ 6.24	€ 4.64	€ 5.18
Share price	€ 13.51	€ 10.05	€ 11.63
Exercise price	€ 13.51	€ 10.05	€ 11.63
Expected volatility (expressed as weighted average volatility used in the modelling under binomial option pricing model)	43.3%	42.9%	42.1%
Option term	8 years	8 years	8 years
Expected dividends	0.2%	0.0%	0.7%
Risk-free interest rate (based on national government bonds)	4.1%	3.1%	4.0%

The expected volatility is based on the historic volatility (calculation based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to public available information.

Share options are granted under a service condition and, for grants to key management personnel, a non-market performance condition. Such conditions are not taken into account in the grant date fair value measurement of the services received. There are no market conditions associated with the share option grants.

Matching shares

Under the share plan, Draka Holding N.V. has granted qualifying members of its senior management the right to use part of their regular bonus to acquire ordinary Draka Holding N.V. shares. The shares cannot be transferred for an initial period of three years. After three years the Company will double the number of shares. At the end of 2006 the number of shares outstanding was 16,595 (2005: 13,892).
Matching shares arrangements granted before 7 November 2002 exist. The recognition and measure-

ment principles in IFRS 2 have not been applied to these grants in accordance with the transitional conditions in IFRS 1 and IFRS 2.

Matching shares Board of Management

Under the share plan, as approved by the General Meeting of Shareholders in 2006, Draka Holding N.V. has granted members of the Board of Management the right to use part of their regular bonus to acquire ordinary Draka Holding N.V. shares. The shares cannot be transferred for an initial period of three years. After three years the Company will multiply the number of shares, based on Draka's Total Shareholder Return ("TSR") in relation to a peer group. At the end of 2006 the number of shares outstanding was 10,983.
The estimate of the fair value of the shares received is measured based on the Monte Carlo approach. The fair value of the shares at measurement date amounted to € 16.27.

Recognised in the income statement

Total amounts recognised in the income statement in respect of all share-based payments amounted to € 0.9 million (2005: -).

9. Net financing costs

In millions of euro	2006	2005
Interest income	(1.1)	(1.5)
Change in fair value of the other interest-bearing liability	(23.3)	(14.0)
Net gain on remeasurement of derivatives through the income statement	(0.1)	(1.7)
Financial income	**(24.5)**	**(17.2)**
Interest expense	36.5	36.1
Dividend cumulative preference shares	7.7	9.2
Interest expense on the other interest-bearing liability	14.0	12.0
Net foreign exchange loss	0.2	0.7
Financial expenses	**58.4**	**58.0**
Net financing costs	**33.9**	**40.8**

10. Taxes

The income tax expense in the income statement amounted to € 8.6 million in 2006 (2005: € 14.0 million income tax benefit). The components of income taxes are as follows:

Recognised in the income statement

In millions of euro	2006	2005
Current income tax (expense)/benefit		
Current year	(21.4)	(2.7)
Deferred income tax (expense)/benefit		
Origination and reversal of temporary differences	(6.3)	5.6
Reduction in tax rate	1.0	0.5
Overprovided in prior years	5.3	0.6
Benefits of tax losses carry forward	12.8	10.0
Total tax result in income statement	**(8.6)**	**14.0**

Reconciliation of effective tax rate

In millions of euro	2006	2006 in %	2005	2005 in %
Result before tax	32.0	100%	(7.7)	100%
Income tax using the average corporation tax rate	10.4	33%	(4.4)	57%
Effect of change in tax rates	(1.0)	-3%	(0.5)	6%
Non-deductible expenses	5.3	17%	7.3	-95%
Tax exempt revenues	(5.7)	-18%	(6.5)	84%
Tax incentives not recognised in the income statement	(0.1)	-0%	0.1	-1%
Loss carry forwards not recognised	20.0	63%	2.8	-36%
Effect of tax losses recognised	(12.8)	-40%	(10.0)	130%
Under / (over) provided in prior years	(5.3)	-17%	(0.6)	8%
Other	(2.2)	-7%	(2.2)	29%
	8.6	**27%**	**(14.0)**	**182%**

Deferred tax recognised directly in equity

The Company has recognised the following components of its deferred tax position directly in Shareholders' equity:

In millions of euro	2006	2005
Relating to application of hedge accounting	(1.5)	4.7
Relating to equity component of convertible subordinated bonds	1.2	6.7
	(0.3)	11.4

Deferred tax assets and liabilities relate to the following balance sheet captions, of which the movements in temporary differences during the year are as follows:

In millions of euro	Balance 1 Jan 05	Recognised in income statement	Recognised in shareholders' equity	Balance 31 Dec 05
Property, plant and equipment	(33.8)	(0.9)		(34.7)
Intangible assets	16.4	(1.6)		14.8
Financial fixed assets	(0.2)	-		(0.2)
Receivables	(3.9)	1.0	(4.7)	(7.6)
Inventories	(1.9)	(1.0)		(2.9)
Interest-bearing loans and borrowings	14.3	0.3	(6.7)	7.9
Employee benefits	4.5	1.8		6.3
Provisions	9.1	5.4		14.5
Other current liabilities	(0.8)	1.1		0.3
Tax value of loss carry-forwards recognised	10.0	10.0		20.0
	13.7	**16.1**	**(11.4)**	**18.4**
Deferred tax assets	49.0			52.5
Deferred tax liabilities	35.3			34.1
Net deferred tax position	**13.7**			**18.4**

In millions of euro	Balance 1 Jan 06	Recognised in income statement	Recognised in shareholders' equity	Balance 31 Dec 06
Property, plant and equipment	(34.7)	(12.8)		(47.5)
Intangible assets	14.8	1.3		16.1
Financial fixed assets	(0.2)	0.2		0.0
Receivables	(7.6)	10.4	(4.7)	(1.9)
Inventories	(2.9)	(2.6)		(5.5)
Interest-bearing loans and borrowings	7.9	6.8		14.7
Employee benefits	6.3	2.0		8.3
Provisions	14.5	(9.9)		4.6
Other current liabilities	0.3	(0.7)	1.5	1.1
Tax value of loss carry-forwards recognised	20.0	16.7		36.7
	18.4	**11.4**	**(3.2)**	**26.6**
Deferred tax assets	52.5			52.7
Deferred tax liabilities	34.1			26.1
Net deferred tax position	**18.4**			**26.6**

In assessing the valuation of deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible or net operating losses will be deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax strategies in making this assessment. In 2006 and 2005 tax loss was recognised in several countries. In view of the improving economic conditions in these countries together with capital injections that were made to the subsidiaries concerned, taxable profits are forecasted for the future. Accordingly, no valuation allowance was recognised for these deferred tax assets.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

In millions of euro	2006	2005
Deductible temporary differences	-	6.3
Tax losses	243.0	227.7
	243.0	**234.0**

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits thereof.

The expiration of total tax losses is presented in the table below:

In millions of euro	2006	2005
2006	1.2	-
2007 - 2010	9.3	8.2
2010 and thereafter	89.0	92.4
Indefinite	180.2	147.0
	279.7	**247.6**

Analysis of the Group's tax loss carry forwards position in 2006 resulted in an adjustment of the 2005 unrecognized tax assets.

11. Property, plant and equipment

In millions of euro	Land and buildings	Plant and equipment	Fixtures and fittings	Under construction	Total
Balance as at 1 January 2005					
Cost	435.0	962.7	95.1	22.3	1,515.1
Accumulated depreciation and impairments	(204.5)	(688.4)	(69.9)	(0.1)	(962.9)
Carrying amount	**230.5**	**274.3**	**25.2**	**22.2**	**552.2**
Acquisitions	0.9	0.2	-	0.7	1.8
Capital expenditure	4.9	20.2	4.2	11.7	41.0
Depreciation charge for the year	(9.7)	(35.1)	(3.3)	(0.4)	(48.5)
Impairment losses	(1.1)	(3.2)	-	(0.8)	(5.1)
Reclassification	(0.2)	18.5	(10.6)	(9.3)	(1.6)
Disposals	(2.2)	(11.8)	(0.5)	(2.0)	(16.5)
Effect of movements in foreign exchange	3.8	7.7	0.3	0.7	12.5
Total changes	**(3.6)**	**(3.5)**	**(9.9)**	**0.6**	**(16.4)**
Balance as at 31 December 2005					
Cost	441.4	999.2	93.5	23.6	1,557.7
Accumulated depreciation and impairments	(214.5)	(728.4)	(78.2)	(0.8)	(1,021.9)
Carrying amount	**226.9**	**270.8**	**15.3**	**22.8**	**535.8**
Acquisitions	5.8	9.1	0.7	1.4	17.0
Capital expenditure	1.2	21.9	6.4	16.1	45.6
Depreciation charge for the year	(9.4)	(36.6)	(3.4)	(0.2)	(49.6)
Impairment losses	(0.3)	(6.0)	-	-	(6.3)
Reclassification	12.0	(3.0)	15.0	(22.5)	1.5
Disposals	(9.1)	(0.6)	-	(0.6)	(10.3)
Effect of movements in foreign exchange	0.2	(1.2)	(0.1)	(0.9)	(2.0)
Total changes	**0.4**	**(16.4)**	**18.6**	**(6.7)**	**(4.1)**
Balance as at 31 December 2006					
Cost	449.3	963.7	102.1	17.3	1,532.4
Accumulated depreciation and impairments	(222.0)	(709.3)	(68.2)	(1.2)	(1,000.7)
Carrying amount	**227.3**	**254.4**	**33.9**	**16.1**	**531.7**

For presentation purposes the Group reclassified the cost value and accumulated depreciation for the year 2005. The reclassification had no impact on the carrying amount.

In 2005 and 2006 the Group has reclassified assets to/from property, plant and equipment to/from intangible assets.

Depreciation and Impairment losses

The depreciation and impairment charge for an amount of € 55.9 million (2005: € 53.6 million) is recognised in the income statement as cost of sales.

Under Draka Comteq's Stop, Swap & Share project particular property, plant and equipment became idle in 2006 and therefore assets for an amount of € 6.3 million have been impaired. The Group has not reversed any impairment loss in 2006 and 2005.

Leased plant and machinery

The Group leases land, buildings, plant and equipment under a number of finance lease-agreements. At 31 December 2006, the net carrying amount of leased plant and equipment was € 28.0 million (2005: € 28.1 million). The leased land, buildings, plant and equipment secures lease obligations (see note 20).

Security

At 31 December 2006, mortgages have been granted as security for debts to credit institutions of € 3.1 million (2005: € 1.7 million) (see note 20).

Property, plant and equipment under construction

During the year ended 31 December 2006, the Group continued construction of a new factory and plant and equipment for own use. Costs incurred up to the balance sheet date totalled € 16.1 million (2005: € 12.4 million).

12. Intangible assets

In millions of euro	Goodwill	Patents and licences	Development costs	Software	Other	Total
Balance as at 1 January 2005						
Cost	55.5	20.7	4.6	32.7	1.9	115.4
Accumulated amortisation and impairments	-	(3.6)	(1.1)	(23.8)	(0.7)	(29.2)
Carrying amount	**55.5**	**17.1**	**3.5**	**8.9**	**1.2**	**86.2**
Acquisitions / Additions	15.2	0.2	-	1.6	2.5	19.5
Amortisation charge for the year	-	(0.2)	(0.4)	(3.4)	(0.5)	(4.5)
Reclassification	-	2.0	(2.0)	1.0	0.6	1.6
Disposals	-	(1.1)	(0.8)	(0.3)	-	(2.2)
Effect of movements in foreign exchange	0.4	-	-	0.2	-	0.6
Total changes	**15.6**	**0.9**	**(3.2)**	**(0.9)**	**2.6**	**15.0**
Balance as at 31 December 2005						
Cost	71.1	21.9	0.9	35.3	4.7	133.9
Accumulated amortisation and impairments	-	(3.9)	(0.6)	(27.3)	(0.9)	(32.7)
Carrying amount	**71.1**	**18.0**	**0.3**	**8.0**	**3.8**	**101.2**
Acquisitions / Additions	3.0	0.8	-	1.1	-	4.9
Amortisation charge for the year	-	(1.2)	(0.3)	(3.1)	(0.5)	(5.1)
Reclassification	(2.0)	-	-	0.1	0.4	(1.5)
Effect of movements in foreign exchange	(1.3)	(0.8)	-	(0.6)	(0.3)	(3.0)
Total changes	**(0.3)**	**(1.2)**	**(0.3)**	**(2.5)**	**(0.4)**	**(4.7)**
Balance as at 31 December 2006						
Cost	70.8	22.0	0.9	37.1	4.6	135.4
Accumulated amortisation and impairments	-	(5.2)	(0.9)	(31.6)	(1.2)	(38.9)
Carrying amount	**70.8**	**16.8**	**0.0**	**5.5**	**3.4**	**96.5**

For presentation purposes the Group reclassified the cost value and accumulated depreciation for the year 2005. The reclassification had no impact on the carrying amount.

In 2005 and 2006 the Group has reclassified assets to/from property, plant and equipment to/from intangible assets.

Goodwill

Acquisitions and additions include goodwill arising from acquisitions in subsidiaries (as stated in note 3).

Amortisation and impairment charge

The amortisation and impairment charge for an amount of € 5.1 million (2005: € 4.5 million) is recognised in the income statement as cost of sales.

Impairment loss and subsequent reversal

The Group has not incurred nor reversed any impairment losses in 2006 and 2005.

Impairment tests for cash-generating units containing goodwill

The following significant carrying amount of goodwill relate to:

In millions of euro	2006	2005
Alcatel's optical fibre activities	62.3	62.3

It is the Group's policy to carry out an impairment test in the fourth quarter each year on the goodwill of cash generating units. The valuation is carried out by an independent third party and is based on the actual results and the five year plan of the management. For the period after five years, a growth rate of 2% has been used.

The discount factor used is 9.9% (2005: 9.0%). The carrying amount of the units remains below its recoverable amount determined as value in use and therefore no impairment losses were recognised.

Patents and licences

Patents and licences include intellectual property rights relating to the business. The carrying amount of these rights is € 14.0 million and the remaining useful live is 13 years.

13. Investments in associates and joint ventures

The Group has the following significant investments in associates and joint ventures:

	Country		Ownership
		2006	2005
Oman Cables Industry (SAOG)	Oman	34.8%	34.8%
Draktel Optical Fibre S.A.[1]	Brazil	n/a	50.0%
Telcon Fios e Cabos Para Telecomunicações	Brazil	50.0%	50.0%
Draka Comteq SDGI Fiber Co. Ltd.	China	55.0%	55.0%
Yangtze Optical Fibre & Cable Co. Ltd.	China	37.5%	37.5%
Yangtze Optical Fibre & Cable (Shanghai) Co. Ltd.	China	53.1%	53.1%
Elkat Ltd.	Russia	40.0%	40.0%
Precision Fiber Optics Ltd.	Japan	50.0%	50.0%
Oakwell Engineering Ltd.	Singapore	29.9%	29.9%

1) As from January 2006 the Group increased her interest in Draktel to 70% and as from that date Draktel is consolidated in the Group's financial statements.

The Group's share of result in associates and joint ventures for the year ended 31 December 2006 was € 8.2 million (2005: € 2.6 million). During the year 2006 the Group received dividends from associates and joint ventures for an amount of € 2.1 million (2005: € 3.2 million).

Oakwell Engineering Ltd. and Oman Cables Industry (SAOG) are listed on public stock exchange markets. Based on the stock price at 31 December 2006, the fair value of the investment in Oakwell Engineering Ltd. amounts to € 6.8 million (31 December 2005: € 4.6 million) and the fair value of the investment in Oman Cable Industry (SAOG) amounts to € 65.8 million (31 December 2005: € 17.5 million).

Summary financial information of material associates and joint ventures at 100 per cent based on December 2006 available information:

In millions of euro	Total assets	Total liabilities	Total equity	Revenue	Result for the year
2006					
Oman Cables Industry (SAOG)	170.5	138.2	32.3	248.4	12.4
Oakwell Engineering Limited	48.8	28.1	20.7	69.3	1.2
Telcon Fios e Cabos Para Telecomunicações	33.0	17.7	15.3	56.4	3.7
Draka Comteq SDGI Fiber Co. Ltd.	14.7	2.5	12.2	14.8	0.5
Yangtze Optical Fibre & Cable (Shanghai) Co. Ltd.	18.5	9.0	9.5	22.2	0.3
Yangtze Optical Fibre & Cable Co. Ltd.	226.4	82.5	143.9	207.9	7.6
Elkat Ltd.	33.7	9.3	24.4	390.0	3.6
2005					
Oman Cables Industry (SAOG)	98.2	75.7	22.5	127.0	5.5
Oakwell Engineering Limited	42.2	20.6	21.6	51.4	1.2
Telcon Fios e Cabos Para Telecomunicações	24.7	10.4	14.3	32.9	1.5
Draka Comteq SDGI Fiber Co. Ltd.	17.8	5.3	12.5	14.5	0.1
Yangtze Optical Fibre & Cable (Shanghai) Co. Ltd.	18.8	9.0	9.8	17.2	0.4
Yangtze Optical Fibre & Cable Co. Ltd.	248.5	98.8	149.7	154.2	4.1
Elkat Ltd.	22.1	1.3	20.8	193.7	2.1

14. Other non-current financial assets

In millions of euro	2006	2005
Receivables	22.7	21.7
Promissory note	8.0	7.3
Loans to joint ventures	-	2.7
Other investments	1.5	1.6
	32.2	**33.3**

The fair value of the other non-current financial assets, cannot be determined reliably because there are no observable market prices for these assets. Therefore, a valuation technique has been used. The outcome of the valuation technique does not differ significantly from the carrying amounts.

15. Inventories

In millions of euro	2006	2005
Raw materials and consumables	105.3	97.6
Work in progress	30.7	11.8
Semi finished goods	59.3	41.0
Finished goods	238.4	213.2
	433.7	**363.6**

The increase in inventories compared to December 2005 is related to the steep increase in the copper price. At 31 December 2006, inventories have been pledged for an amount of € 1.7 million (2005: € 1.1 million).

16. Trade and other receivables

In millions of euro	2006	2005
Trade receivables	397.2	356.8
Trade receivables due from associates	2.5	3.3
Other current receivables and prepayments	57.4	62.6
Fair value derivatives	1.7	16.3
	458.8	**439.0**

At 31 December 2006, other current receivables include retentions of € 1.7 million (2005: € 0.5 million) relating to construction contracts in progress.

Trade receivables are shown net of impairment losses amounting to € 11.1 million (2005: € 14.7 million). The impairment losses recognised in the income statement amounted to € 2.1 million (2005: € 5.5 million).

At 31 December 2006, the fair value derivatives include interest rate swaps. At 31 December 2005, the fair value derivatives include derivative contracts related to raw materials for an amount of € 15.9 million.

17. Cash and cash equivalents

In millions of euro	2006	2005
Cash and cash equivalents	42.1	14.5
Bank overdrafts	(32.0)	(27.6)
Cash and cash equivalents in the statement of cash flows	**10.1**	**(13.1)**

Cash and cash equivalents are freely available.

18. Total equity

Total equity consists of shareholders' equity attributable to the equity holders of the company of € 426.9 million (2005: € 360.2 million) and minority interests of € 12.2 million (2005: € 10.1 million). See note 34 for additional details on shareholders' equity.

19. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2006 was based on the profit attributable to ordinary shareholders of € 20.4 million (2005: € 4.4 million) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2006 of 35,567,406 (2005: 35,567,406), calculated as follows:

Profit attributable to ordinary shareholders

In millions of euro	2006	2005
Result for the year	21.8	4.4
Dividends on redeemable cumulative preference shares	(1.4)	-
Result attributable to ordinary shareholders	**20.4**	**4.4**

Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2006 was based on profit attributable to ordinary shareholders of € 30.5 million (2005: € 9.7 million) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2006 of 43,940,855 (2005: 43,940,855), calculated as follows:

Profit attributable to ordinary shareholders (diluted)

In millions of euro	2006	2005
Profit attributable to ordinary shareholders	20.4	4.4
After-tax effect of interest on convertible subordinated bonds notes	10.1	5.3
Profit attributable to ordinary shareholders (diluted)	**30.5**	**9.7**

Weighted average number of ordinary shares (diluted)

In thousands of shares	2006	2005
Weighted average number of ordinary shares as at 31 December	35,567	35,567
Effect of conversion of Convertible subordinated bonds notes	8,374	8,374
Weighted average number of ordinary shares (diluted) as at 31 December	**43,941**	**43,941**

20. Interest-bearing loans and borrowings

In millions of euro	2006 Carrying amount	2006 Fair value	2005 Carrying amount	2005 Fair value
Non-current liabilities				
Convertible subordinated bonds	89.0	167.9	177.9	198.6
Redeemable preference shares	-	-	129.5	128.8
Subordinated loans	77.5	77.5	-	-
Bank facilities and loans	78.5	78.5	58.4	58.4
Finance lease liabilities	23.2	23.2	26.2	26.2
	268.2	**347.1**	**392.0**	**412.0**
Current liabilities				
Convertible subordinated bonds	94.3	95.8	-	-
Bank facilities and loans	4.8	4.8	19.3	19.3
Dividends on redeemable preference shares	4.0	4.0	9.2	9.2
Current portion of finance lease liabilities	4.1	4.1	2.5	2.5
	107.2	**108.7**	**31.0**	**31.0**
Total interest-bearing loans and borrowings	**375.4**	**455.8**	**423.0**	**443.0**

In millions of euro	Convertible subordinated bonds	Subordinated loans	Redeemable preference shares	Bank facilities and loans	Finance Leases	Total
Effective interest rate	7.5%	7.5%	7.0%	4.9%	9.9%	
Due in 2007	94.3	-	4.0	4.8	4.1	107.2
Due between 2008 - 2011	89.0	77.5	-	78.5	8.8	253.8
Due after 2011	-	-	-	-	14.4	14.4
Total interest-bearing loans and borrowings	**183.3**	**77.5**	**4.0**	**83.3**	**27.3**	**375.4**
Of which included in non-current	89.0	77.5	-	78.5	23.2	268.2
Of which included in current	94.3	-	4.0	4.8	4.1	107.2
Total interest-bearing loans and borrowings	**183.3**	**77.5**	**4.0**	**83.3**	**27.3**	**375.4**

The fair value of interest-bearing loans and borrowings has been estimated by calculating the discounted value of the loan and borrowings portfolio using an estimated yield curve, appropriated for the contract terms in effect at the end of the year. The carrying amounts of current portion of interest-bearing loans and borrowings approximate their fair value.

The Group has hedged the interest rate risk on the subordinated loan and the part of the Multicurrency revolving credit facility which is reserved for repayment of the 2007 convertible subordinated bonds.

More information about the Group's exposure to interest rate and foreign currency risk has been disclosed in note 25.

Convertible subordinated bonds

5 per cent. Convertible Subordinated Bonds due 2007

In millions of euro	2006	2005
Balance at 1 January	91.4	134.7
Repurchase of 48,555,000 convertible subordinated bonds	-	(48.6)
Debt settlement expense	-	2.1
Amortisation of interest expense	2.9	3.2
Carrying amount of liability at 31 December	**94.3**	**91.4**

In April 2007, noteholders have the option to convert the notes into ordinary Draka Holding N.V. shares at a conversion price of € 49.32. Notes that are not converted into ordinary shares will be redeemed at face value in April 2007.

4 per cent. Convertible Subordinated Bonds due 2010

In millions of euro	2006	2005
Balance at 1 January	86.5	-
Proceeds from issue of 100,000,000 convertible subordinated bonds	-	100.0
Transaction costs	-	(2.0)
Net proceeds	-	98.0
Amount classified as equity	-	(12.0)
Amortisation of interest expense	2.5	0.5
Carrying amount of liability at 31 December	**89.0**	**86.5**

In September 2010, noteholders have the option to convert the notes into ordinary Draka Holding N.V. shares at a conversion price of € 15.52. Notes that are not converted into ordinary shares will be redeemed at face value in September 2010.

Redeemable preference shares

Draka Holding N.V. has issued 11 series of cumulative preference shares as per January 2006. These series were divided in two categories A and B. All cumulative preference shares have a par/nominal value of 50 eurocents. Series 1 until and including Series 4 were issued in 1999. Series 5 until and including Series 9 were issued in 2000. Series 10 and 11 were issued in 2004.

The 15th of August 2006 was the dividend revision date for series 5 and 7. These series were formerly also categorised and referred to as the B series. Draka Holding N.V. has decided to continue these series for an amount of € 53.5 million. As a result of amendment of the terms, the shares are reclassified from liabilities to shareholders' equity. The maturity is six years and the annual dividend is 7.11%.

The 31st of December 2006 was the dividend revision date for series 1 to 4, 6 and 8 to 11. These series were formerly also categorised and referred to as the A series. Draka Holding N.V. has decided to continue series 3, 8 and 11 for an amount of € 23.1 million. As a result of amendment of the terms, the shares are reclassified from liabilities to shareholders' equity. The maturity is five years and the annual dividend is 7.06%. As per 1 January 2007, Draka Holding N.V. repurchased series 1, 2, 4, 6, 9 and 10.

As per 1 January 2007 the following series of cumulative preference shares remain with the following shareholders:

- Series 3, 8 and 11: Ducatus N.V.
- Series 5 and 7: Fortis

Subordinated loans

Subordinated loans comprise a new subordinated loan of € 77.5 million arranged in December 2006. An amount of € 54.3 million is used for the redemption of redeemable preference shares and the remaining part will be used for corporate purposes.

Bank loans and facilities

The bank loans and facilities comprise a combination of a committed Multicurrency revolving credit facility of € 370 million and various bilateral facilities on Group level as well as local facilities to various subsidiaries. An amount of € 175 million under the Multicurrency revolving credit facility is reserved for repayment of the 2007 convertible subordinated bonds as well as for the coverage of potential future growth.

The interest-bearing liabilities, except the convertible subordinated bonds, relate to various credit facilities from (a syndicate of) lending institutions. The interest payable of the Multicurrency revolving credit facility is variable and based on the relevant interbank interest rate plus a mark-up. If certain conditions are not met the loans become payable on demand. These conditions relate to solvency ratios, net profit and change of ownership of significant parts of the group. As at balance sheet date Draka Holding N.V. complied with these conditions.

The bank loans are secured over land and buildings with a carrying amount of € 3.1 million (2005: € 1.7 million) (see note 11).

Finance lease liabilities

Finance lease liabilities are payable as follows:

In millions of euro	Minimum lease payments 2006	Interest 2006	Principal 2006	Minimum lease payments 2005	Interest 2005	Principal 2005
Less than one year	6.3	2.2	4.1	3.9	1.4	2.5
Between one and five years	17.4	8.6	8.8	16.3	8.0	8.3
More than five years	20.6	6.2	14.4	24.3	6.4	17.9
	44.3	**17.0**	**27.3**	**44.5**	**15.8**	**28.7**

Under the terms of the lease agreements, no contingent rents are payable.

21. Other interest-bearing liability

As per 1 July 2004 Alcatel S.A. has a put option right which can be exercised as from 1 July 2006 pursuant to which it may sell its shares in Draka Comteq B.V. to the Group. According to IAS 32/39, which is applied as from 1 January 2005 the liability relating to the put option is estimated at it's present value of € 127.7 million at 31 December 2006 (31 December 2005: € 137.0 million) and included in the consolidated balance sheet of Draka Holding N.V. In the income statement 2006 financial expense of € 14.0 million (2005: € 12.0 million) and financial income of € 23.3 million (2005: € 14.0 million) is included.

Since no quoted market price exist for the valuation of the present value of the put option, valuation techniques have been used to calculate the interest bearing liability. The assumptions that have been used are based on estimates of management.

22. Provision for employee benefits

Defined benefit plans

Employee benefit plans have been established in many countries in accordance with the legal requirements, customs and the local situation in the country involved. In Europe a significant part of the employees are covered by defined benefit plans. The benefits provided by these plans are based on employees service years and compensation levels. The measurement date for all defined benefit plans is 31 December.

Contributions are made by the Group, as necessary, to provide assets to meet the benefits payable to defined benefit pension plan participants. These contributions are based on various factors including funded status, legal and tax considerations as well as local customs.

In the Netherlands the Group participates in a multi-employer pension plan. This pension plan is externally funded in PME, the Dutch industry wide pension fund for the Metalelektro. In accordance with IAS 19 the related pension scheme should be treated as a defined benefit plan. Since the assets and liabilities of this multi-employer plan can not be allocated in a systematic way to the employers the Group has chosen to adopt the exemption mentioned in paragraph 19.30 of IAS and treats the scheme as a defined contribution plan. The pension fund has a surplus. The coverage ratio per 31 December 2006 on the basis of the actual market interest rate amounts to 129%. The Group has no obligation to fund any deficits and is not entitled to any surpluses.

In millions of euro	2006	2005
Present value of unfunded obligations	65.9	67.0
Present value of funded obligations	263.1	253.2
Fair value of plan assets	(259.4)	(243.4)
Unrecognised net assets	7.3	6.7
Present value of net obligations	**76.9**	**83.5**
Unrecognised actuarial gains and (losses)	6.5	(2.7)
Recognised liability for defined benefit obligations	**83.4**	**80.8**
Liability for long-service leave	9.9	12.1
Total employee benefits	**93.3**	**92.9**
Actual return on plan assets	20.7	29.8

The unrecognised net assets primarily relate to a pension plan in the Netherlands, whereby the group is unable to control the surplus assets. The 2006 contribution to the Group's multi employer plan (PME) amounted to € 2.7 million (2005: € 2.3 million).

Movement in the liability for defined benefit obligations

In millions of euro	2006	2005
Liability for defined benefit obligations at 1 January	320.2	294.1
Benefits paid by the plan	(11.8)	(10.8)
Current service costs and interest	20.2	19.8
Actuarial (losses) or gains	(2.5)	20.6
Benefits paid by the employer	(2.7)	(3.9)
Employee contributions	1.1	1.1
Curtailments and settlements	(2.3)	(2.7)
Effect of exchange rate fluctuations	6.8	2.0
Liability for defined benefit obligations at 31 December	**329.0**	**320.2**

Movement in plan assets

In millions of euro	2006	2005
Fair value of plan assets at 1 January	243.4	218.2
Benefits paid by the plan	(11.8)	(10.8)
Employer contribution	4.2	3.5
Employee contribution	1.1	1.1
Expected return on plan assets	13.1	12.3
Actuarial (losses) or gains	7.6	17.5
Effect of exchange rate fluctuations	1.8	1.6
Fair value of plan assets at 31 December	**259.4**	**243.4**

Expense recognised in the income statement

In millions of euro	2006	2005
Interest on obligation	(14.1)	(14.1)
Current service costs	(6.1)	(5.6)
Expected return on plan assets	13.1	12.3
Curtailment	(0.4)	2.7
Other	-	(0.2)
	(7.5)	**(4.9)**

The 2007 expense is not expected to differ significantly from the 2006 expense recognised in the income statement

The Group also sponsors defined contributions and similar types of plans for a significant number of salaried employees. The total costs amounted to € 13.1 million (2005: € 14.7 million).

Actuarial assumptions

Principal weighted average actuarial assumptions at the balance sheet date:

	2006	2005	2004
Discount rate at 31 December	4.9%	4.6%	4.8%
Expected return on plan assets at 31 December	5.6%	5.4%	5.6%
Future salary increases	2.8%	2.8%	2.8%
Future pension increases	1.7%	1.7%	1.7%

The plan assets consist primarily of bonds, listed shares and related instruments. The allocation of the investments per asset category for the pension plans in the Netherlands at 31 December 2006 and 2005 is approximately as follows:

	2006	2005
Shares and related instruments	30%	31%
Bonds	69%	68%
Other	1%	1%

Historical information

In millions of euro	2006	2005	2004
Present value of the defined benefit obligation	329.0	320.2	294.1
Fair value of plan assets	259.4	243.4	218.2
Deficit in plan	**(69.6)**	**(76.8)**	**(75.9)**
Experience adjustments arising on plan liabilities	0.1	(25.1)	32.3
Experience adjustments arising on plan assets	5.5	10.9	(29.4)

Other employee benefit provisions

In several countries the Group established jubilee and long service plans in accordance with local customs. The provision resulting from these plans is recognised under other employee benefits. The Group has applied the same actuarial assumptions as those used in the actuarial calculation of the defined benefit post retirement plans. All actuarial gains or losses have been recognised in the income statement.

23. Other provisions

In millions of euro	Warranties	Restructuring	Onerous contracts	Other	Total
Balance at 1 January 2006	19.8	26.6	6.7	8.1	61.2
Provisions made during the year	0.9	24.9	2.3	0.8	28.9
Provisions used during the year	(0.7)	(13.0)	(0.2)	(2.0)	(15.9)
Provisions reversed during the year	(10.8)	(2.6)	-	(2.0)	(15.4)
Reclassifications	(1.2)	(2.5)	(2.8)	6.5	-
Effect of exchange rate fluctuations	(0.1)	(0.4)	-	(0.3)	(0.8)
Balance at 31 December 2006	**7.9**	**33.0**	**6.0**	**11.1**	**58.0**
Non-current	7.1	10.8	1.4	6.8	26.1
Current	0.8	22.2	4.6	4.3	31.9
	7.9	**33.0**	**6.0**	**11.1**	**58.0**

Warranties

The provision for product warranty reflects the estimated costs of replacement and free-of-charge services that will be incurred by the Group with respect to products sold. The Group expects to incur most of the liability within the time frame of 4 years.

Restructuring

During the year ended 31 December 2006, an additional provision of € 3.3 million was made for Draka Cableteq's Stop, Swap & Share project. The estimated costs are based on a detailed plan agreed between management and employees' representatives. The restructuring is expected to be completed in 2007.

During the year ended 31 December 2006, a provision of € 19.3 million was made for Draka Comteq's Stop, Swap & Share project. The estimated costs are based on a detailed plan agreed between management and employees' representatives. The decision and the related plans were announced in August 2006. The restructuring is expected to be completed in 2008.

Onerous contracts

The Group has non-cancellable lease for facilities which are no longer used due to changes in activities. The facilities are (partly) sublet where possible, but rental income is lower than the rental expense. The net obligation under the contracts was provided for.

Other provisions

Other provisions include among other things, expected losses on projects and provisions for plant dismantling and removal costs. The Group expects to incur most of the liability within the time frame of 4 years.

24. Trade and other payables

In millions of euro	2006	2005
Trade payables	414.0	320.6
Non-trade payables and accrued expenses	146.5	147.2
Fair value derivatives	6.1	0.6
	566.6	**468.4**

At 31 December 2006, fair value derivatives include an amount of € 5.7 million (2005: € 15.9 receivable) representing the net fair value of derivative contracts related to raw material transactions (note 25).

25. Financial instruments and risk management

Draka is exposed to risks primarily related to the copper price, credit risks, interest rate risks and foreign exchange risks in the normal course of the Group's business. Management actively monitors these exposures. To manage the volatility relating to price, currency and foreign exchange exposures the Group enters into derivative financial instruments. It is Draka's objective to reduce, where it is deemed appropriate, fluctuations in earnings and cash flows associated with changes in copper prices, interest rates and foreign currencies. Draka's policy and practice is to use derivative financial instruments to manage these exposures. Draka does not acquire, hold or issue derivatives for trading purposes.

Price risk

In its manufacturing process Draka uses raw materials, like copper, preforms for optical fibre, aluminium, pvc and other polymers. A change in prices of these materials may alter the operating margin of the Group. To reduce its risks the Group enters into derivative contracts. Depending on the characteristics of the hedged forecasted transactions, some of the instruments described above are designated and accounted for as cash flow hedges. The net fair value of derivative contracts related to hedge the copper price exposure at 31 December 2006 was € 5.7 million (2005: € 15.9 million).

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

Concentration of credit risk

Credit risk relates to the risk that counterparties would fail completely to perform as contracted. The Company does not have a significant exposure to individual customers or counterparties in respect of regular financial instruments and derivative financial instruments. To reduce the Group's exposure towards credit risk the management of the Company evaluates on an ongoing basis the financial position of significant customers or counterparties, but generally does not require collateral. Given the high credit ratings of the banks and counterparties in respect of derivative financial instruments, the management of the Company believes the credit risk to be limited.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Interest rate risk

It is the Group's policy to ensure that its long term commitments are not exposed to changes in interest rates. Short term liabilities are in principle on a floating basis. To reduce the interest exposure of its long term commitments the Group might enter into derivative contracts. Depending on the characteristics these contracts are designated and accounted for as cash flow hedges. The net fair value of these derivative contracts at 31 December 2006 was not material.

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the Euro. The currencies giving rise to this risk are primarily Pound Sterling, U.S.Dollar, Norwegian Crown, Swedish Crown, Czech Crown, Singapore Dollar and Chinese Renminbi.

The Group hedges most of its trade receivables and trade payables denominated in a foreign currency. Upon contracting sales orders the Group also hedges its estimated foreign currency exposure in respect of forecasted sales and purchases. The Group uses forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year after the balance sheet date. Where necessary, the forward exchange contracts are rolled over at maturity.

Recognised assets and liabilities

Changes in the fair value of forward exchange contracts that economically hedge monetary assets and liabilities in foreign currencies and for which no hedge accounting is applied are recognised in the income statement. Both the changes in fair value of the forward contracts and the foreign exchange gains and losses relating to the monetary items are recognised as part of net financing costs (see note 9). The fair value of forward exchange contracts used as economic hedges of monetary assets and liabilities in foreign currencies at 31 December 2006 was € 1.3 million negative (2005: € 0.5 million negative) recognised as fair value derivatives.

Sensitivity analysis

In managing interest rate and currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, permanent changes in foreign exchange and interest rates would have an impact on consolidated earnings.

At 31 December 2006, it is estimated that a general increase of one percentage point in interest rates would decrease the Group's profit before tax by approximately € 0.7 million (2005: € 1.3 million). Interest rate swaps are included in this calculation.

It is estimated that a general increase of one percentage point in the value of the euro against other foreign currencies would not significantly decrease the Group's profit before tax for both 2005 and 2006. The forward exchange contracts have been included in this estimation.

26. Off balance sheet commitments

Investment and supplier commitments

During the year ended 31 December 2006, the Group entered into contracts to purchase property, plant and equipment for an amount of € 1.2 million (2005: € 1.8 million). These commitments are expected to be settled in 2007.

Commitments under rental and lease agreements

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

In millions of euro	2006	2005
Less than one year	11.5	8.2
Between one and five years	24.0	24.8
More than five years	40.2	40.6
	75.7	**73.6**

The Group leases factories, warehouse facilities, machinery and equipment under operating leases. These leases expire at various dates during the next 20 years, with an option to renew the lease after expiry date. The leases do not include any significant contingent rentals.

Some of the leased properties have been sublet by the Group. Sublease payments of € 22.5 million are expected to be received until expiry date. The Group has recognised a provision of € 6.0 million in respect of one of these leases (see note 23).

During the year ended 31 December 2006, € 9.1 million (2005: € 11.0 million) was recognised as an expense in the income statement in respect of operating leases. An amount of € 1.4 million was recognised as income in the income statement in respect of subleases (2005: € 1.7 million).

Guarantees

Guarantees have been issued to an amount of € 50.9 million (2005: € 65.0 million).

27. Related parties

Identity of related parties

The Group has a related party relationship with its subsidiaries, associates and joint ventures and with its directors and executive officers. In addition, for an overview of important shareholders in the Group reference is made to Share Information, Disclosure of Major Holdings in Listed Companies Act in this Annual report. For an overview of the remuneration of the Board of Management and Supervisory Board, reference is made to note 37.

Transactions with associates and joint ventures

During the year ended 31 December 2006, associates and joint ventures purchased goods from the Group in the amount of € 7.0 million (2005: € 7.5 million) and at 31 December 2006 associates owed the Group € 5.0 million (2005: € 8.6 million). At 31 December 2006 the Group's trade receivables from associates and joint ventures amounted to € 3.8 million (2005: € 3.1 million) and trade payables to associates amounted to € 1.7 million (2005: € 1.1 million). Transactions with associates and joint ventures are priced on an arm's length basis. During the year ended 31 December 2006, the Group received dividends from associates and joint ventures for an amount of € 2.1 million (2005: € 1.2 million).

28. Accounting estimates and judgements

Management discussed with the Supervisory Board the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. Examples of discussed estimates are goodwill impairments and the valuation of interest bearing liabilities.

Key sources of estimation uncertainty

Note 12 contains information about the assumptions and their risk factors relating to goodwill impairment. Note 22 outlines the assumptions related to pension plans. In note 25 a detailed analysis is given of the foreign exchange exposure of the Group and risks in relation to foreign exchange rate fluctuations.

Critical accounting judgements in applying the Group's accounting principles

Except as already described in the notes to the financial statements no other critical accounting judgements in applying the Group's accounting policies exist that require further explanation.

Company financial statements

Company balance sheet as at 31 December

(before appropriation of the result)

In millions of euro	Note	2006	2005
Assets			
Non-current assets			
Intangible fixed assets	31)	2.0	1.4
Tangible fixed assets		0.9	-
Financial fixed assets	32)	1,035.6	965.9
Total non-current assets		**1,038.5**	**967.3**
Current assets			
Trade and other receivables	33)	570.7	195.1
Cash and cash equivalents		-	41.8
Total current assets		**570.7**	**236.9**
Total assets		**1,609.2**	**1,204.2**
Equity			
Shareholders' equity			
Share capital		20.4	17.9
Share premium		311.4	237.3
Translation reserve		(5.1)	12.1
Hedging reserve		(4.2)	11.2
Reserve for associates and joint ventures		36.7	30.6
Other reserves		45.9	46.7
Net income current year		21.8	4.4
Total shareholders' equity	34)	**426.9**	**360.2**
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	35)	331.7	413.5
Total non-current liabilities		**331.7**	**413.5**
Current liabilities			
Interest-bearing loans and borrowings	35)	586.5	209.1
Trade and other payables	36)	264.1	221.4
Total current liabilities		**850.6**	**430.5**
Total liabilities		**1,182.3**	**844.0**
Total equity and liabilities		**1,609.2**	**1,204.2**

Statement of income for the year ended 31 December

Income after taxes from investments in group companies	34.1	7.7
Other income (loss) after taxes	(12.3)	(3.3)
Result attributable to the shareholders	**21.8**	**4.4**

Notes to the company financial statements

Contents

29. General

The separate financial statements are part of the 2006 financial statements of Draka Holding N.V. With reference to the separate income statement of Draka Holding N.V., use has been made of the exemption pursuant to Section 402 of Book 2 of the Netherlands Civil Code.

30. Principles for the measurement of assets and liabilities and the determination of the result

In setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its separate financial statements, Draka Holding N.V. has made up use of the option provided in section 2:362 (8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the separate financial statements of Draka Holding N.V. are the same as those applied for the consolidated EU-IFRS financial statements. Associates and joint ventures, over which significant influence is exercised, are stated on the basis of the equity method. These consolidated EU-IFRS financial statements are prepared according to the standards laid down by the International Accounting Standards Board and adopted by the European Union (hereinafter referred to as EU-IFRS). Reference is made to the accounting principles of the consolidated financial statements.

For comparison purposes certain items, relating to financing of group companies, are reclassified. These reclassifications have not impacted shareholders' equity or net income of the Company.

The share in the result of associates and joint ventures consists of the share of Draka Holding N.V. in the result of these associates and joint ventures. Results on transactions, where the transfer of assets and liabilities between Draka Holding N.V. and its associates and joint ventures and mutually between associates and joint ventures themselves, are not incorporated insofar as they can be deemed to be unrealised.

31. Intangible fixed assets

In millions of euro	Goodwill	Software	Total
Balance as at 1 January 2006			
Cost	0.8	0.7	1.5
Accumulated amortisation	-	(0.1)	(0.1)
Carrying amount	**0.8**	**0.6**	**1.4**
Acquisitions / additions	0.8	-	0.8
Amortisation charge for the year	-	(0.2)	(0.2)
Total changes	**0.8**	**(0.2)**	**0.6**
Balance as at 31 December 2006			
Cost	1.6	0.7	2.3
Accumulated amortisation	-	(0.3)	(0.3)
Carrying amount	**1.6**	**0.4**	**2.0**

Goodwill

Acquisitions / additions include goodwill arising from acquisitions in subsidiaries (as stated in note 3).

32. Financial fixed assets

In millions of euro	Investments in group companies	Investments in associates and joint ventures	Amounts from group companies	Total
Balance as at 1 January 2006	333.8	95.5	536.6	965.9
Share in result	25.9	8.2	-	34.1
Effect of acquisitions	30.0	-	-	30.0
Dividend received	-	(2.1)	-	(2.1)
Financing and other movements	14.0	-	10.9	24.9
Translation differences	(10.5)	(6.7)	-	(17.2)
Balance as at 31 December 2006	**393.2**	**94.9**	**547.5**	**1,035.6**

Draka Holding N.V. is at the head of the group and has capital interests in susidiaries, associates and joint ventures presented on page 45.

33. Trade and other receivables

In millions of euro	2006	2005
Receivables from group companies	545.8	185.3
Other receivables	24.9	9.8
	570.7	**195.1**

Receivables from group companies are mainly due within 1 year.

34. Shareholders' equity

Attributable to equity holders of the Company

In millions of euro	Share capital	Share premium	Translation reserve	Hedging reserve	Reserve for associates and joint vent.	Retained earnings	Net income current year	Total
Balance as at 1 January 2005	17.9	237.3	(5.0)	1.4	29.4	54.2	(9.0)	326.2
Appropriation of the result 2004	-	-	-	-	-	(9.0)	9.0	-
Foreign exchange translation difference	-	-	17.1	-	-	-	-	17.1
Effective portion of changes in fair value	-	-	-	9.8	-	-	-	9.8
Result for the year	-	-	-	-	1.2	(1.2)	4.4	4.4
Convertible bonds issued and redeemed	-	-	-	-	-	2.7	-	2.7
Balance as at 31 December 2005	**17.9**	**237.3**	**12.1**	**11.2**	**30.6**	**46.7**	**4.4**	**360.2**
Appropriation of the result 2005	-	-	-	-	-	4.4	(4.4)	-
Foreign exchange translation difference	-	-	(17.2)	-	-	-	-	(17.2)
Effective portion of changes in fair value	-	-	-	(15.4)	-	-	-	(15.4)
Result for the year	-	-	-	-	6.1	(6.1)	21.8	21.8
Preference shares issued	2.5	74.1	-	-	-	-	-	76.6
Share based payments	-	-	-	-	-	0.9	-	0.9
Balance as at 31 December 2006	**20.4**	**311.4**	**(5.1)**	**(4.2)**	**36.7**	**45.9**	**21.8**	**426.9**

Share capital and share premium

In thousands of shares		Ordinary shares
	2006	2005
On issue at 1 January – fully paid	35,567	35,567
On issue at 31 December – fully paid	35,567	35,567

The Group has also issued redeemable preference shares (see note 20).

At 31 December 2006, the authorised share capital amounted to € 70,000,000 (2005: € 70,000,000), consisting of 58,000,000 (2005: 58,000,000) ordinary registered or bearer shares, 12,000,000 (2005: 12,000,000) preferences shares, and 70,000,000 (2005: 70,000,000) Class B preference shares. The nominal value of all shares is € 0.50 each. The maximum increase in the number of ordinary shares due to the conversion bonds is 8,373,449 (2005: 8,373,449), corresponding to 23.5% (2005: 23.5%) of the ordinary shares as at 31 December 2006.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets, except that preference shareholders participate only to the extent of the face value of the shares adjusted for any dividends in arrears. In respect of the Company's shares that are held by the Group (see below), all rights are suspended until those shares are reissued.

Share premium reserve
The total share premium reserve can be distributed free of tax.

Translation reserve
The translation reserve comprises all foreign exchange differences arising since 1 January 2004 from the translation of the financial statements of foreign operations. The reserve is not available for distribution to shareholders.

Hedging reserve
The hedging reserve is not available for distribution to shareholders.

Reserves for associates and joint ventures
Reserve for associates and joint ventures amounting € 36.9 million (2005: € 30.8 million), relating to the Group's share in their result that has not been distributed as dividend.

Dividends
A proposal will be made to the Annual General Meeting of Shareholders to pay a cash dividend of € 0,37 per share over the result after tax for 2006. Furthermore a dividend on redeemable preference shares is approved by Board of Management for an amount of € 1.4 million. The remainder will be added to retained earnings.

35. Interest-bearing loans and borrowings

In millions of euro	Note	2006	2005
Non-current liabilities			
Convertible subordinated bonds	20)	89.0	177.9
Redeemable preference shares	20)	-	129.5
Subordinated loans	20)	77.5	-
Bank facilities and loans		76.2	15.5
Group companies		89.0	90.6
		331.7	**413.5**
Current liabilities			
Convertible subordinated bonds	20)	94.3	-
Bank facilities and loans		488.2	199.9
Dividends on redeemable preference shares	20)	4.0	9.2
		586.5	**209.1**

36. Trade and other payables

In millions of euro	2006	2005
Trade creditors	192.1	163.8
Payables to group companies	30.9	35.9
Other current liabilities, accruals and deferred income	41.1	21.7
	264.1	**221.4**

37. Remuneration of the Board of Management and Supervisory Board

Board of Management

The remuneration of members of the Board of Management is determined by the Supervisory Board. The Company's policy concerning remuneration is designed to ensure that the Company is able to attract and retain suitable qualified members of the Board of Management. The remuneration package consists of a salary, a bonus payment and a long-term incentive in the form of shares.
In addition, individual pension schemes have been agreed with the members of the Board of Management.

The remuneration is determined annually in the light of the tasks and responsibilities of the individual members of the Board of Management. Based on pre set targets the level of the bonus payment made to members of the Board of Management is determined annually by the Supervisory Board after the end of the financial year. In addition to the financial targets the Supervisory Board has set discretionary targets for the individual members of the Board of Management on the basis of which the bonus is calculated. The bonuses for 2006 are shown in the remuneration table.

The remuneration of the current and former members of the Board of Management was as follows:

In thousands of euro	Salary	Pension charges	Bonus	Allowances [2]	Total
2006					
Garo Artinian [1]	369	124	115	119	727
Ingolf Schulz	481	847	446	38	1,812
Frank Dorjee	405	90	364	-	859
Christian Raskin	385	148	347	53	933
Sandy Lyons [1]	203	203	243	139	788
	1,843	**1,412**	**1,515**	**349**	**5,119**
2005					
Garo Artinian	460	491	241	176	1,368
Ingolf Schulz	380	182	162	51	775
Frank Dorjee	271	49	162	-	482
Christian Raskin	375	145	162	54	736
Jan van Kesteren	412	-	-	-	412
	1,898	**867**	**727**	**281**	**3,773**

1) Period 01/01/2006 - 30/06/2006

2) Housing and other allowances: 2005 is adjusted for comparison purposes

The number of options on Draka Holding N.V. ordinary shares and the number of ordinary shares owned by members of the Board of Management on 31 December 2006 was as follows:

	Exercise price	31 December 2002	31 December 2003	31 December 2004	31 December 2005	Number of options granted	31 December 2006
Christian Raskin							
2002	24.26	2,750	-	-	-	-	2,750
2003	-	-	-	-	-	-	-
2004	11.63	-	-	4,251	-	-	4,251
2005	10.05	-	-	-	5,038	-	5,038
2006	-	-	-	-	-	-	-
Ingolf Schulz							
2002	24.26	1,117	-	-	-	-	1,117
2003	7.42	-	1,989	-	-	-	1,989
2004	11.63	-	-	4,294	-	-	4,294
2005	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-
		3,867	**1,989**	**8,545**	**5,038**	**-**	**19,439**

The options and shares of all Board of Management members have been granted as part of the long-term incentive plan as detailed in note 8.

Number of shares owned	2006	2005
Frank Dorjee	4,737	-
Christian Raskin	4,334	-
Ingolf Schulz	3,344	1,432
	12,415	**1,432**

Supervisory Board

The remuneration of the members of the Supervisory Board is fixed and independent of the Company's financial results. Members of the Supervisory Board are also entitled to reimbursement of incurred costs.

The remuneration of the members of the Supervisory Board was as follows (x € 1,000):

In thousands of euro	2006	2005
Fritz Fröhlich	39.8	35.4
Annemiek Fentener van Vlissingen	34.7	30.4
Harold Fentener van Vlissingen	20.6	-
Ludo van Halderen	20.6	-
Rob van Oordt	30.9	30.4
Annemieke Roobeek	20.6	-
Wim Jacobs [3]	12.9	30.4
Graham Sharman	30.9	30.4
Aris Wateler [2]	-	11.0
Frits Fentener van Vlissingen [1]	10.2	40.4
	221.2	**208.4**

1) Frits Fentener van Vlissingen † 25 March 2006.

2) Aris Wateler retired at the Annual General Meeting of Shareholders held on 9 May 2005.

3) Wim Jacobs retired at the Annual General Meeting of Shareholders held on 8 May 2006.

As at 31 December 2006, Fritz Fröhlich owned 850 ordinary shares of Draka Holding N.V. (2005: 850).

38. Off balance sheet commitments

The Company has assumed joint and several liabilities for debts arising from legal actions of its Dutch subsidiaries, in accordance with Article 403, section 1, Part 9, Book 2 of the Netherlands Civil Code. The debts of these subsidiaries amounted to € 40.2 million (2005: € 30.4 million).

The Company has issued guarantees in respect of credit facilities granted to subsidiaries of € 38.5 million (2005: € 36.0 million).

Amsterdam, 8 March 2007

Board of Management
Ingolf Schulz, Chairman and CEO
Frank Dorjee, CFO
Christian Raskin, CSO

Supervisory Board
Fritz Fröhlich, Chairman
Annemiek Fentener van Vlissingen, Deputy Chairman
Harold Fentener van Vlissingen
Ludo van Halderen
Rob van Oordt
Annemieke Roobeek
Graham Sharman

Other information

Appropriation of result as provided for by the Articles of Association

Article 31 (1-12) of the Articles of Association states:

1. The profit evidenced by the annual accounts, as adopted and approved, shall be used first of all to pay the holders of Class B preference shares a dividend the percentage of which shall be equal to the average interest on deposits applied by the European Central Bank plus two and a half, increased by the debit interest surcharge commonly applied by the large banks in the Netherlands, weighted by the number of days to which the dividend payment relates. The amount of dividend is calculated on the basis of the paid-up portion of the nominal value. If any profit distribution referred to in the previous sentences cannot be made, whether in full or in part, on the grounds that the profit does not permit any such distribution, the deficit shall be charged against the distributable part of the Company's equity.

2. Subsequently, a dividend is paid on each preference share of a specific class. The amount and method of adopting the dividend shall be determined with the issue of the relevant class by the body authorised to issue the shares in question, all of this subject to the Supervisory Board's approval. The dividend shall be expressed as a percentage of the yield basis for the preference shares of the relevant class, as referred to in Article 8 paragraph 2 sub b. The resolution to issue preference shares of a specific class may provide:

   - that the dividend will be amended and readopted in accordance with the previous two sentences on the dates set out in the resolution (the "Dividend Review Dates");
   - that any deficit arising from the fact that the profit realised in a given year is insufficient to allow for payment of the full dividend on preference shares of the relevant class shall be charged against the profit of the next financial year(s) in which the profit is sufficient to allow for any such payment;
   - that any deficit arising from the fact that the profit realised in a given year is insufficient to allow for payment of the full dividend on preference shares of the relevant class shall be charged, where possible, against the Company's freely distributable reserves;
   - that the dividend to be paid on the relevant preference shares shall be subordinated to the dividend to be paid on preference shares of any other class or classes.

3. The Board of Management shall annually decide, subject to approval by the Supervisory Board, which portion of the distributable profit after application of paragraphs 1 and 2 of this Article is to be reserved.

4. The portion of the profit which remains after payment of dividends on the preference shares and retention in any reserve shall be distributed as dividend to the ordinary shareholders.

5. The Board of Management may resolve to pay interim distributions, if the Supervisory Board so approves.

6. The Company may only distribute profit to its shareholders up to the distributable portion of the Company's equity.

7. Deficits may only be charged against the statutory reserves in so far as permitted by statute.

8. The profit shall be distributed after adoption of the annual accounts which confirm the lawfulness of the distribution.

9. Interim dividends may be paid only if it is evident from the interim financial accounts that the requirement of paragraph 6 of this Article is satisfied. The interim financial accounts must depict the Company's financial position no earlier than as at the first day of the third month prior to that in which the resolution to pay an interim dividend is made public. The interim accounts shall be prepared with due observance of generally accepted principles of valuation. The amounts to be reserved by statute shall be included in the financial accounts, which are to be signed by the members of the Board of Management. If the signature of any of these members is missing, this fact and the underlying reason shall be duly reported. The interim financial accounts shall be deposited at the office of the Commercial Register within eight days of the date on which the resolution to distribute an interim dividend is announced.

10. The shares held by the Company in its own capital shall be counted in the calculation of the profit distribution.

11. Resolutions to pay interim dividends and other distributions shall be made public without delay.

12. Any claims by shareholders for payment of dividends shall lapse after five years.

Proposed appropriation of result

The following proposal will be presented to the shareholders for adoption at the Annual General Meeting of Shareholders.

Net income for the year 2006 will be appropriated as follows:

In millions of euro	2006
Reserve for associates and joint ventures	6.1
Dividend preference shares	1.4
Dividend ordinary shares	13.2
Other reserves	1.1
	21.8

Auditor's report

To: The general meeting of shareholders of Draka Holding N.V.

Report on the financial statements

We have audited the accompanying financial statements 2006 of Draka Holding N.V., Amsterdam as set out on page 63 to 113. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2006, the consolidated profit and loss account, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at 31 December 2006, the company profit and loss account for the year then ended and the notes.

Management's responsibility

The Board of Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the report of the Board of Management in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Draka Holding N.V. as at 31 December 2006, and of its result and its cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Draka Holding N.V. as at 31 December 2006, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the report of the Board of Management as set out on page 16 to 27 is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, 8 March 2007

KPMG ACCOUNTANTS N.V.

A.J.S.M. Oudejans RA

Trustee report

4 per cent. Convertible Subordinated Bonds 2005 due 2010 with principal amount of € 100,000,000 of Draka Holding N.V.

In compliance with the provisions of article 17, paragraph b 2 of the trust deed executed before Mr. R.J.J. Lijdsman on September 22, 2005, we report as follows.

Unless previously purchased, redeemed or converted as provided in the trust deed, the bonds will be redeemed at par on September 22, 2010. Up to and including September 15, 2010 the bonds are convertible into ordinary shares Draka Holding N.V. of € 0.50 nominal value on payment of the applicable conversion price. The current conversion price is € 15.52.

During the year no bonds have been offered for conversion or have been purchased. As a result, the outstanding amount of the bonds was € 100,000,000. The trustee is authorised irrevocably by Draka Holding N.V. to issue as many ordinary shares as required to allow full conversion of all outstanding bonds.

Draka Holding N.V. is authorised to redeem early all of the outstanding bonds:

1. on or after October 13, 2008, provided that within a period of 30 subsequent trading days, ending 5 trading days prior to the announcement of early redemption, the closing price of the ordinary shares in Draka Holding N.V. on Euronext Amsterdam N.V. for not less than 20 trading days shall have been at least 130% of the then applicable conversion price;
2. if at least 90% of the bonds originally issued has been converted or purchased.

In case of a "Change of Control" as referred to in the trust deed, Draka Holding N.V. will offer bond holders the opportunity to redeem their bonds early.

Amsterdam, January 16, 2007

N.V. Algemeen Nederlands Trustkantoor ANT

L.J.J.M. Lutz

5 per cent. Convertible Subordinated Bonds 2002 due 2007 with principal amount of € 143,750,000 of Draka Holding N.V.

In compliance with the provisions of article 16, paragraph b 2 of the trust deed executed before Mr. R.W. Clumpkens on April 15, 2002, we report as follows.

Unless previously purchased, redeemed or converted as provided in the trust deed, the bonds will be redeemed at par on April 15, 2007. Up to and including April 1, 2007 the bonds are convertible into ordinary shares Draka Holding N.V. of € 0.50 nominal value on payment of the applicable conversion price. The current conversion price is € 49.32.

During the year, no bonds were purchased and cancelled by the Company and no bonds were converted into ordinary shares. As at December 31, 2006 the outstanding amount of the bonds was € 95,195,000. The trustee is authorised irrevocably by Draka Holding N.V. to issue as many ordinary shares as required to allow full conversion of all outstanding bonds.

Draka Holding N.V. is authorised to redeem early all of the outstanding bonds:

1. provided that within a period of 30 subsequent trading days, ending 5 trading days prior to the announcement of early redemption, the closing price of the ordinary shares in Draka Holding N.V. on Euronext Amsterdam N.V. for 20 consecutive trading days shall have been at least 130% of the then applicable conversion price;
2. if at least 90% of the bonds originally issued has been converted or purchased.

In case of a "Change of Control" as referred to in the trust deed, Draka Holding N.V. will offer bond holders the opportunity to redeem their bonds early.

Amsterdam, January 16th, 2007

N.V. Algemeen Nederlands Trustkantoor ANT

L.J.J.M. Lutz

Ten years of Draka Holding N.V.

	2006 4)	2005 4)	2004 4)	2003	2002	2001	2000 2)	1999	1998	1997
RESULTS (x € million)										
Revenue	2,529	1,879	1,684	1,420	1,499	1,917	1,810	1,108	705	740
EBITDA	112	89	56	103	53	250	227	138	102	98
Operating result	58	31	(4)	42	(10)	189	171	100	79	75
Result before tax	32	(8)	(36)	8	(49)	153	132	89	67	62
Net income	22	4	(9)	11	(25)	118	97	67	55	48
BALANCE SHEET (x € million)										
Shareholders' equity	427	360	445	362	383	430	340	260	216	167
Guarantee capital 1)	620	702	624	563	618	556	503	450	285	247
Total assets	1,745	1,638	1,604	1,279	1,386	1,549	1,435	1,328	585	604
Current assets -/- non-interest bearing current liabilities	280	302	380	355	402	455	467	467	145	166
PER ORDINARY SHARE (x € 1)										
Shareholders' equity (excluding preference shares)	9.85	10.13	8.84	11.16	12.13	14.98	10.65	10.31	12.44	10.16
Net income after dividend on preference shares	0.57	0.12	(0.67)	0.12	(1.62)	5.43	4.58	3.75	3.19	2.91
Proposed dividend	0.37	-	-	0.10	-	1.63	1.37	1.02	0.96	0.87
Pay-out	30%	-	-	83%	0%	30%	30%	30%	30%	30%
Highest share price	26.60	14.30	20.90	16.85	45.71	67.35	89.40	49.30	44.47	45.15
Lowest share price	11.70	9.95	8.75	4.10	7.15	36.35	46.80	19.80	20.65	26.95
Market price at year end	25.80	13.23	10.70	15.60	9.45	39.50	57.40	49.30	23.28	39.84
Price / Earnings ratio on basis of price at year end	54.9	110.3	(16.0)	130.0	(5.8)	7.3	12.5	14.2	7.3	13.7
Price of convertible subordinated bond 2007 at year end	101%	100%	100%	94%	70%	-	255%	195%	117%	171%
Price of convertible subordinated bond 2010 at year end	168%	103%	-	94%	70%	-	255%	195%	117%	171%
RATIOS in %)										
Operating result / Revenue	2.3	1.6	(0.3)	3.0	(0.7)	9.9	9.4	9.0	11.1	10.2
ROTA 3)	1.9	(0.5)	(2.5)	0.7	(3.4)	10.6	9.5	9.3	12.8	13.1
Net income / Revenue	0.9	0.2	(0.5)	0.8	(1.7)	6.1	5.3	6.1	7.8	6.5
Net income / Average shareholders' equity (excluding preference shares)	6.1	1.3	(2.4)	3.0	(6.2)	30.5	32.2	28.3	28.9	29.8
Shareholders' equity / Total assets	24.5	22.0	27.7	28.3	27.6	27.8	23.7	19.6	36.9	27.8
Guarantee capital / Total assets	35.5	42.8	38.9	44.0	44.6	35.9	35.1	34.1	48.7	41.0
OTHER RATIOS										
Current ratio	1.2	1.4	1.4	1.5	1.3	1.1	1.3	1.4	1.6	1.5
Quick ratio	0.7	0.8	0.8	0.8	0.7	0.6	0.8	0.9	0.8	0.8
Revenue of total assets	1.5	1.0	1.1	1.1	1.1	1.2	1.2	0.8	1.2	1.2

1) Shareholders' equity, provision for deferred taxation and long-term part of subordinated bonds and –loans

2) Changed for comparison purposes (years before 2000 have not been restated)

3) Group result before taxation / Average total assets (prior years are changed accordingly)

4) IFRS

Colophon

Publication
Draka Holding N.V.

Design and production
Communicatie & Onderneming,
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Photography
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Getty Images
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