

Explanation of transition to IFRS

Summary

As from the financial year 2005, Draka Holding N.V. ('Draka' or 'The Company') will prepare its annual consolidated financial statements in accordance with International Financial Reporting Standards ('IFRS').

The transition to IFRS requires that Draka adjusts the amounts previously reported as from 1 January 2004 in its financial statements prepared in accordance with its previous basis of accounting, Dutch GAAP.

The most significant differences between Dutch GAAP and IFRS that have impacted the previously reported figures of 31 December 2004 are:

- The recognition of provisions relating to defined benefit pension plans and other employee benefits;
- Recognition of property, plant and equipment as well as financial liabilities with respect to finance leases that previously qualified as operating leases;
- Recognition of deferred tax assets and liabilities primarily related to the recorded IFRS adjustments;
- A write-down in inventories due to the disallowance of particular allocated mark-ups on semi-finished and finished products;
- Adjustment in goodwill related to the contribution of Draka Holding and Alcatel to Draka Comteq BV. Disallowance of goodwill amortisation under IFRS. Instead goodwill will be tested for impairment annually;
- Depreciation of property, plant and equipment not used in production and adjustment of average useful life;
- Joint ventures are accounted per 1 January using the equity method in stead of the proportionate method.

The impact of the transition to IFRS on previously reported equity and result can be summarised as follows:

Adjustment to equity <i>In millions of euro</i>	1 January 2004	30 June 2004	31 December 2004
Adjustment to equity	(42.1)	(40.4)	(39.0)
Adjustment to income statement <i>In millions of euro</i>		Six months ended 30 June 2004	Year ended 31 December 2004
Adjustment to result		2.3	2.6

The IAS 32 and IAS 39 standards pertaining to the disclosure, recognition and measurement of financial instruments have been adopted prospectively as from 1 January 2005 (in accordance with the exemption provided by IFRS 1). As of 1 January 2005, these standards will lead to adjustments with respect to:

- Cumulative preference shares have been reclassified from equity to liabilities under IFRS. This is the most significant adjustment resulting from the adoption of IAS 32 and IAS 39;
- According to IFRS the convertible subordinated bond has to be recorded at fair value without a conversion option;
- IFRS require the recognition and measurement of interest rate swaps (IRSs) at fair value. Under previous GAAP, IRSs were not recognised;
- The multicurrency loan has been valued at amortised cost and was stated at nominal value under Dutch GAAP.

The adoption of IAS 32 and IAS 39 results in a decrease of equity as per 1 January 2005 amounting to €114.2 million.

Presentation financial results 2004 under IFRS

This transition note provides a general overview of the impact of IFRS on the financial statements for 2004. This will not replace any of the Company's formal reporting. The figures in this transition note have not been audited. The financial information or accounting policies are not final and may change due to, amongst others: changes in standards and interpretations, additional reviews, market practice and audit procedures.

Changes in principles of valuation as a result of IFRS

The 2004 annual report of Draka Holding is drawn up in accordance with Dutch GAAP, for which reference is made to page 74-79 of the 2004 annual report. Changes to these principles and the effects on equity and on the result, as a result of IFRS, are given below. The effect of the most important changes on the equity as at 1 January 2004 and on the result for 2004 are also given.

Explanation of transition to IFRS

Introduction

As from the financial year 2005, Draka will prepare annual consolidated financial statements in accordance with IFRS.

The standards used are applied until the date of this document. Currently the International Accounting Standards Board is still discussing and amending existing standards as well as issuing new standards. If standards are changed, this could influence the outcome of the figures.

In preparing the balance sheets in accordance with IFRS as per 1 January 2004, 30 June 2004 and 31 December 2004, Draka has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (Dutch GAAP).

The IAS 32 and IAS 39 standards pertaining to the recognition, measurement and disclosure of financial instruments have been adopted prospectively as from 1 January 2005 and will result to an adjustment in Draka's balance sheet as per that date in accordance with the exemption granted by IFRS 1.

An explanation of how the transition from previous GAAP to IFRS has affected the Group's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

Reconciliation of equity and income statement

1. Reclassifications

In preparing the restated balance sheets and income statements under IFRS, certain items were reclassified for comparison purposes. These reclassifications have not impacted the Company's equity or result.

The main reclassification is due to the choice of the Company to account for joint ventures using the equity method as from 1 January 2004 in stead of the proportionate consolidation method.

Furthermore a reclassification pertains to the consolidation of a wholly-owned subsidiary as per 1 January 2004. In the financial statements for the year ended 31 December 2003, this entity had not been consolidated under Dutch GAAP. In the financial statements for the year ended 31 December 2004, this subsidiary was included in the consolidation. Therefore, no reclassification is required for the balance sheet as per 31 December 2004, nor is the income statement for the year ended 31 December 2004 affected.

Another reclassification relates to work in progress. Under previous GAAP, work in progress relating to construction contracts was classified under inventories. IFRS require work in progress arising under construction contracts to be classified as trade and other receivables.

2. Intangible assets

(a) goodwill amortisation

Under previous GAAP, capitalised goodwill was amortised on a straight-line basis over 20 years. In accordance with IFRS, amortisation of goodwill is no longer allowed but should be tested for impairment annually. Consequently, the amortisation charge recorded under previous GAAP (as from 1 January 2004) has been reversed and impairment tests did not reveal the need for the recognition of impairment losses.

The carrying book value of goodwill under previous GAAP has been taken as deemed cost in the IFRS opening balance sheet as per 1 January 2004, hence no adjustment in the opening balance has been made.

(b) goodwill Draka Comteq B.V.

On 1 July 2004 Draka Holding N.V. and Alcatel contributed their fibre, telecommunication and data communication activities to Draka Comteq B.V. Since the assets and liabilities were valued at the time of the contribution in accordance with Dutch GAAP, the goodwill amount under IFRS differs from the goodwill carrying amount under Dutch GAAP.

The effects of these adjustments on the various balance sheet items and income statement items are specified below.

Adjustments to balance sheet <i>In millions of euro</i>	1 January 2004	30 June 2004	31 December 2004
Intangible assets – goodwill	0.0	0.2	(2.2)
Total adjustment to equity	0.0	0.2	(2.2)
Adjustments to income statement <i>In millions of euro</i>		Six months ended 30 June 2004	Year ended 31 December 2004
Amortisation goodwill		0.2	2.1
Total adjustment to result		0.2	2.1

In addition the effect of reclassifications on intangible assets amounts per 1 January 2004 €2.1 million, 30 June 2004 €2.2 million and 31 December €(0.4) million as described in note 1.

3. Property, plant and equipment - component approach

The company applied the component approach per 1 January 2004. Further the company adjusted the average useful life of some fixed assets prospectively.

The effects of these adjustments on the various balance sheet items are specified below.

Adjustments to balance sheet <i>In millions of euro</i>	1 January 2004	30 June 2004	31 December 2004
Property, plant and equipment	(0.6)	(0.6)	(0.6)
Total adjustment to equity	(0.6)	(0.6)	(0.6)

In addition the effect of reclassifications on property, plant and equipment amounts per 1 January 2004 €(67.5) million, 30 June 2004 €(64.6) million and 31 December €(54.9) million as described in note 1.

4. Investments

Application of IFRS results in a change of the net asset value of investments. The change concerns property, plant and equipment that were not used in the production and were not depreciated under Dutch GAAP. Under IFRS these assets should be depreciated.

The effects of this adjustment on the various balance sheet items and income statement items are specified below.

Adjustments to balance sheet <i>In millions of euro</i>	1 January 2004	30 June 2004	31 December 2004
Investments using the equity method	(0.4)	(0.6)	(0.8)
Total adjustment to equity	(0.4)	(0.6)	(0.8)

Adjustments to income statement <i>In millions of euro</i>	Six months ended 30 June 2004	Year ended 31 December 2004
Total adjustment to result	(0.2)	(0.4)

In addition the effect of reclassifications relating to investments accounted for using the equity method are as follows: 1 January 2004 €55.9 million, 30 June 2004 €55.8 million and 31 December 2004 €60.3 million as described in note 1.

5. Leases

Under previous GAAP, certain leases were classified as operating leases based on certain quantitative criteria. As definitions for classification of land and buildings are slightly different under the application of IFRS, these leases are classified as finance leases under IFRS. Consequently, the related assets are recognised in the balance sheet of the Company under property, plant and equipment and the finance obligation is recognised as liability.

The effects of this adjustment on the various balance sheet items and income statement items are specified below.

Adjustments to balance sheet <i>In millions of euro</i>	1 January 2004	30 June 2004	31 December 2004
Property, plant and equipment	12.4	12.0	11.6
Trade debtors and other current receivables	0.0	(0.4)	(0.5)
Long term finance lease obligations	(13.7)	(13.6)	(13.4)
Current portion finance lease obligations	(0.2)	(0.1)	(0.2)
Total adjustment to equity	(1.5)	(2.1)	(2.5)

Adjustments to income statement <i>In millions of euro</i>	Six months ended 30 June 2004	Year ended 31 December 2004
Total adjustment to result	(0.6)	(1.0)

6. Deferred tax assets

The various IFRS adjustments have resulted in the recognition of deferred tax assets. To the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused tax credits can be utilised, the recognition of a deferred tax asset is mandatory under IFRS.

The effect of this adjustment on the various balance sheet items is specified below.

Adjustments to balance sheet <i>In millions of euro</i>	1 January 2004	30 June 2004	31 December 2004
Deferred tax asset	9.4	9.2	9.4
Total adjustment to equity	9.4	9.2	9.4

In addition the effect of reclassifications on deferred tax assets amounts per 1 January 2004 €2.5 million, 30 June 2004 €2.7 million and 31 December 2004 €(1.0) million as described in note 1.

7. Inventory valuation

Under Dutch GAAP, inventories recognised in the balance sheet included mark-ups for expenses that are no longer allowed under IFRS.

The effects of this adjustment on the various balance sheet items and income statement items are specified below.

Adjustments to balance sheet <i>In millions of euro</i>	1 January 2004	30 June 2004	31 December 2004
Inventories	(2.7)	(3.0)	(3.2)
Income tax payable	0.3	0.3	0.2
Total adjustment to equity	(2.4)	(2.7)	(3.0)

Adjustments to income statement <i>In millions of euro</i>	Six months ended 30 June 2004	Year ended 31 December 2004
Total adjustment to result	(0.3)	(0.6)

In addition the effect of reclassifications on inventories amounts per 1 January 2004 €(2.8) million, 30 June 2004 €(4.8) and 31 December 2004 €(2.9) million as described in note 1.

8. Employee benefits

Under Dutch GAAP assets or liabilities in respect of defined benefit plans were not recognised on the balance sheet. For defined benefit plans, IFRS require the recognition of all cumulative actuarial gains and losses in the balance sheet as at 1 January 2004. Employee benefits to be recognised under IFRS include pension plans as well as jubilee benefit provisions and medical expenses for retirees.

The provision for employee benefit calculations takes into account assumptions for salary increases, return on assets, discount rate and pension increases.

Draka has chosen to recognise actuarial gains and losses that exceed the corridor, over the expected average remaining working lives of the employees participating in the plan. To the extent that the corridor is not exceeded no actuarial gains and losses are recognized.

A surplus of one defined benefit pension plan is not recognised in the balance sheet, because certain criteria should be fulfilled to be able to recognise this asset. The interpretation committee of the IASB (IFRIC) has been asked for a final conclusion on this issue. As long as this final conclusion is not available Draka does not recognise this asset.

The positive result in 2004 is mainly related to curtailments, due to changes in the pension payment basis of one pension plan.

The effects of this adjustment on the various balance sheet items and income statement items are specified below.

Adjustments to balance sheet			
<i>In millions of euro</i>	1 January 2004	30 June 2004	31 December 2004
Provision for employee benefits	(41.9)	(38.8)	(43.1)
Total adjustment to equity	(41.9)	(38.8)	(43.1)
Adjustments to income statement		Six months	Year ended 31
<i>In millions of euro</i>		ended 30 June	December 2004
		2004	
Total adjustment to result		3.1	3.4

The effect of reclassifications on provision for employee benefits amounts per 1 January 2004 €0.1 million.

9. Provision for deferred taxation

Under previous GAAP a deferred taxation liability could be included when the carrying amount of an asset exceeds its tax base, whereas IFRS requires the recognition of a provision for deferred taxation in such circumstances.

The effects of this adjustment on the various balance sheet items are specified below.

Adjustments to balance sheet	1 January 2004	30 June 2004	31 December 2004
<i>In millions of euro</i>			
Provision for deferred taxation	(4.6)	(4.6)	(4.6)
Total adjustment to equity	(4.6)	(4.6)	(4.6)

The effect of reclassifications on provision for deferred taxation amounts per 31 December 2004 €3.1 million.

10. Cash

The choice of the company to account joint ventures using the equity method impacted immaterially the balance sheet item cash and bank per 1 January 2004, 30 June 2004 and 31 December 2004.

11. Cash Flow

The net cash flow per 31 December 2004 reduced with EUR 9.6 million, the impact is mainly reported in the operating cash flow.

Reconciliation of financial instruments – application of IAS 32 and 39 prospectively from 1 January 2005

As IAS 32 and IAS 39 are still under discussion in the IASB, the adjustments in 2005 can be affected by new regulations.

Adjustments as per 1 January 2005 <i>In millions of euro</i>	Effect of transition to IFRS
(a) Convertible subordinated bond	17.4
(b) Multicurrency loan	(0.1)
(c) Interest rate swaps	(2.0)
(d) Preference shares	(129.5)
Adjustment to equity 1 January 2005	<u>(114.2)</u>

(a) Convertible subordinated bond

The Company has issued a convertible subordinated bond that allows holders to obtain Company shares at an exercise price of EUR 49.32. Under Dutch GAAP, the convertible subordinated bond was recorded as liability at nominal value.

In accordance with IFRS, the convertible subordinated bond is accounted for as a compound financial instrument. One of the conditions of the convertible is a cash settlement option at the option of the company. Due to this option the complete instrument qualifies as a liability. The difference of the issue proceeds over the present value of the future interest and principle payments, discounted at the market rate of interest applicable to similar liabilities that do not have a conversion option has been recognised in equity. As at 1 January 2005 the fair value of the cash settlement option is nil. Future changes in the fair value above nil have to be charged to the income statement.

(b) Multicurrency loan

Under Dutch GAAP, the Company recognised non current liabilities at nominal value. In addition to this, accruals were made for interest payable amounts. In accordance with IFRS, the non current liabilities qualify as financial liabilities that should be recognised at amortised cost.

(c) Interest rate swaps

Under Dutch GAAP, the Company did not recognise interest rate swaps (IRSs) in the balance sheet. In accordance with IFRS, these IRSs qualify as derivatives and should therefore be recognised at fair value. Provided that the effectiveness of hedging interest risks is demonstrated, movements in the market value of IRSs may be recognised via shareholders' equity. If the hedge is ineffective then (part of) the movement in market value will be charged to the result.

(d) Cumulative preference shares

Under IFRS, the cumulative preference shares issued by the Company classify as a liability rather than as part of equity. This is due to the fact that the cumulative preference shares imply an obligation to pay a dividend that is independent of the Company's performance and financial position. The cumulative preference shares are therefore deemed to have the characteristics of a liability. The modified accounting treatment has no consequences for the solvency ratio required by financing institutions since it has been agreed that the preference share capital will be included in the calculation of the Company's solvency.

From the year 2005 onwards, dividends will lead to an interest expense in the Company's income statement and can no longer be directly deducted from equity.

Amsterdam, 30 August 2005

Board of Management

Explanation of transition of IFRS

1. Consolidated balance sheet
2. Consolidated income statement
3. Consolidated cash flow statement
4. Reconciliation of shareholder's equity from Dutch GAAP to IFRS
5. Reconciliation of result from Dutch GAAP to IFRS

Draka Holding N.V.

IFRS Transition note

Consolidated balance sheet

x € million	Note	Effect of transition to		IFRS	Effect of transition to		IFRS	Effect of transition to		IFRS
		Dutch GAAP	IFRS		Dutch GAAP	IFRS		Dutch GAAP	IFRS	
			1 January 2004			30 June 2004			31 December 2004	
Assets										
Non-current assets										
Intangible assets	(1), (2)	20.7	2.1	22.8	18.4	2.4	20.8	88.8	(2.6)	86.2
Property, plant and equipment	(1), (3), (5)	566.1	(55.7)	510.4	549.0	(53.2)	495.8	603.4	(43.9)	559.5
Investments accounted for using the equity method	(1), (4)	22.7	55.5	78.2	24.9	55.2	80.1	19.1	59.5	78.6
Deferred tax assets	(1), (6)	37.1	11.9	49.0	37.2	11.9	49.1	40.6	8.4	49.0
Financial non-current assets	(1)	22.5	(3.2)	19.3	24.2	(3.4)	20.8	27.3	(4.8)	22.5
Total non-current assets		669.1	10.6	679.7	653.7	12.9	666.6	779.2	16.6	795.8
Current assets										
Inventories	(1), (7)	281.8	(5.5)	276.3	346.6	(7.8)	338.8	373.9	(6.1)	367.8
Trade debtors	(1)	280.6	(26.4)	254.2	352.7	(30.2)	322.5	378.4	(30.3)	348.1
Income tax receivable	(1)	1.0	0.2	1.2	4.1	0.3	4.4	9.3	0.0	9.3
Other current receivables	(1), (5)	41.4	0.3	41.7	55.5	(6.9)	48.6	76.5	(2.4)	74.1
Cash and banks	(1), (10)	5.1	0.4	5.5	7.8	(2.0)	5.8	22.9	(9.2)	13.7
Total current assets		609.9	(31.0)	578.9	766.7	(46.6)	720.1	861.0	(48.0)	813.0
Total assets		1,279.0	(20.4)	1,258.6	1,420.4	(33.7)	1,386.7	1,640.2	(31.4)	1,608.8
Equity										
Shareholders equity										
Share capital paid and called up		14.0	0.0	14.0	14.0	0.0	14.0	22.3	0.0	22.3
Share premium reserve		221.6	0.0	221.6	221.6	0.0	221.6	361.7	0.0	361.7
Other reserves		126.7	(42.1)	84.6	128.7	(42.7)	86.0	111.1	(41.6)	69.5
Net income current year		0.0	0.0	0.0	1.4	2.3	3.7	(11.6)	2.6	(9.0)
Total equity attributable to equity holders of the parent		362.3	(42.1)	320.2	365.7	(40.4)	325.3	483.5	(39.0)	444.5
Minority Interest		5.0		5.0	6.6		6.6	166.7	(8.7)	158.0
Total equity		367.3	(42.1)	325.2	372.3	(40.4)	331.9	650.2	(47.7)	602.5
Liabilities										
Non-current liabilities										
Provisions	(1)	19.6	(2.7)	16.9	16.9	(1.6)	15.3	92.1	(1.5)	90.6
Provision for employee benefits	(1), (8)	38.6	41.8	80.4	38.2	38.8	77.0	46.9	43.1	90.0
Provision for deferred taxation	(1), (9)	37.1	4.6	41.7	36.0	4.6	40.6	33.8	1.5	35.3
Subordinated loans		163.5	0.0	163.5	156.3	0.0	156.3	143.8	0.0	143.8
Other non-current liabilities	(1), (5)	243.8	(10.7)	233.1	212.9	(10.3)	202.6	158.4	(10.3)	148.1
Total non-current liabilities		502.6	33.0	535.6	460.3	31.5	491.8	475.0	32.8	507.8
Current liabilities										
Suppliers and trade creditors	(1)	158.7	4.5	163.2	241.8	1.6	243.4	231.1	1.5	232.6
Income tax payable	(1)	0.1	0.8	0.9	6.1	0.8	6.9	5.2	2.8	8.0
Current portion loans payable		62.0	0.0	62.0	73.0	0.0	73.0	24.7	0.0	24.7
Other current liabilities	(1), (5)	188.3	(16.6)	171.7	266.9	(27.2)	239.7	254.0	(20.8)	233.2
Total current liabilities		409.1	(11.3)	397.8	587.8	(24.8)	563.0	515.0	(16.5)	498.5
Total liabilities		911.7	21.7	933.4	1,048.1	6.7	1,054.8	990.0	16.3	1,006.3
Total equity and liabilities		1,279.0	(20.4)	1,258.6	1,420.4	(33.7)	1,386.7	1,640.2	(31.4)	1,608.8

Consolidated income statement

x € million	Effect of transition to IFRS			Effect of transition to IFRS		
	Dutch GAAP		IFRS	Dutch GAAP		IFRS
	For six months ended 30 June 2004			For the year ended 31 December 2004		
Revenue	796.1	(6.2)	789.9	1,742.6	(58.3)	1,684.3
Cost of sales	(709.5)	9.2	(700.3)	(1,601.1)	61.4	(1,539.7)
Gross margin	86.6	3.0	89.6	141.5	3.1	144.6
Selling and distribution expenses	(69.5)	0.0	(69.5)	(148.9)	0.0	(148.9)
Operating result before financing costs	17.1	3.0	20.1	(7.4)	3.1	(4.3)
Net financing costs	(16.9)	0.2	(16.7)	(33.3)	(0.1)	(33.4)
Share in results of associates	1.0	(1.0)	0.0	1.9	0.1	2.0
Result before tax	1.2	2.2	3.4	(38.8)	3.1	(35.7)
Income tax expense	0.3	0.1	0.4	9.9	0.1	10.0
Result for the period	1.5	2.3	3.8	(28.9)	3.2	(25.7)
Attributable to:						
Equity holders of the parent	1.4	2.3	3.7	(11.6)	2.6	(9.0)
Minority interest	0.1	0.0	0.1	(17.3)	0.6	(16.7)
Result for the period	1.5	2.3	3.8	(28.9)	3.2	(25.7)

Consolidated cash flow statement

x € million	For six months ended 30 June 2004	For the year ended 31 December 2004
Operating result	20.1	(4.3)
Depreciation, amortisation and (reversal of) impairment losses	28.1	62.4
Operating profit before changes in working capital and provis	48.2	58.1
Non recurring items	2.1	25.2
Changes in working capital	(33.8)	(42.7)
Cash flow from operations	16.5	40.6
Net financing costs	(20.3)	(29.4)
Income tax (expense) benefit	1.3	(1.9)
Application of provisions	(2.7)	(11.7)
Other	(5.5)	(11.1)
Operating cash flow	(10.7)	(13.5)
Dividends received	1.1	0.8
Proceeds from sale of property, plant & equipment	4.0	4.3
Disposal of subsidiary, net of cash disposed of	0.0	0.0
Acquisition of subsidiary	(1.6)	(1.7)
Acquisition of property, plant & equipment	(9.6)	(25.1)
Cash flow from investment activities	(6.1)	(21.7)
Dividends paid	(9.5)	(9.0)
Issue of equity	0.0	147.5
Movements in other bank loans	26.6	(125.1)
Cash flow from financing activities	17.1	13.4
Net cash flow	0.3	(21.8)
Cash and cash equivalents at 1 January	5.5	5.5
Cash at acquisition date		30.0
Cash and cash equivalents under IFRS	5.8	13.7
Reconciliation of cash flow		
Net cash flow under Dutch GAAP	2.7	(12.2)
Cash and cash equivalents at 1 January under Dutch GAAP	5.1	5.1
Cash at acquisition date		30.0
Cash and cash equivalents under Dutch GAAP	7.8	22.9
Effect of transition to IFRS on net cash flow	(2.4)	(9.6)

Reconciliation of shareholders' equity from Dutch GAAP to IFRS

x € million

	1 January 2004	30 June 2004	31 December 2004	1 January 2005
Shareholders' equity as per the consolidated balance sheets on Dutch GAAP basis	362.3	365.7	483.5	444.5
Goodwill amortization / adjustment		0.2	(2.2)	
Property, plant and equipment	(0.6)	(0.6)	(0.6)	
Investments accounted for using the equity method	(0.4)	(0.6)	(0.8)	
Financial lease	(1.5)	(2.1)	(2.5)	
Deferred tax assets	9.4	9.2	9.4	
Inventory valuation	(2.4)	(2.7)	(3.0)	
Provision for Employee benefits	(41.9)	(38.8)	(43.1)	
Provision for deferred taxation	(4.6)	(4.6)	(4.6)	
Other	(0.1)	(0.5)	(0.4)	
Adjustment to minority			8.7	
Adjustments as from 1 January 2005				
Preference Shares				(129.5)
Non current liabilities				(0.1)
Convertible subordinated bond				17.4
Interest Rate Swaps				(2.0)
Total IFRS adjustments	<u>(42.1)</u>	<u>(40.4)</u>	<u>(39.0)</u>	<u>(114.2)</u>
Shareholders' equity in accordance with IFRS	<u>320.2</u>	<u>325.3</u>	<u>444.5</u>	<u>330.3</u>

Reconciliation of result from Dutch GAAP to IFRS

x € million

	<i>Note</i>	30 June 2004	31 December 2004
Result under Dutch GAAP		1.5	(28.9)
Inventory valuation	(7)	(0.3)	(0.6)
Provision for employee benefits	(8)	3.1	3.4
Goodwill amortization	(2)	0.2	2.1
Assets not used in production	(4)	(0.2)	(0.4)
Financial lease	(5)	(0.6)	(1.0)
Other		0.1	(0.3)
Total IFRS adjustments		<u>2.3</u>	<u>3.2</u>
Result under IFRS		<u>3.8</u>	<u>(25.7)</u>
IFRS adjustment attributable to:			
Equity holders of the parent		2.3	2.6
Minority interest			<u>0.6</u>
Result for the period		<u>2.3</u>	<u>3.2</u>