Draka

Press release

Amsterdam, 19 August 2010

2010 HALF-YEAR FIGURES[1]

SIGNS OF CAUTIOUS RECOVERY IN SEVERAL CABLE MARKET SEGMENTS

(€ million, unless stated otherwise)	H1 2010	H1 2009	Δ%
Revenues	**1,143.9**	**1,021.8**	**12**
Revenues at constant copper prices	**1,099.1**	**1,111.5**	**(1)**
EBITDA, excluding non-recurring items[2]	**65.1**	**71.8**	**(9)**
Operating result, excluding non-recurring items[2]	**34.0**	**41.0**	**(17)**
Operating result	**12.2**	**23.1**	**(47)**
Result for the period, excluding non-recurring items[2,3]	**20.0**	**19.4**	**3**
Result for the period[3]	**1.5**	**6.0**	**(75)**
Earnings per share, excluding non-recurring items (€)[2,4]	**0.36**	**0.41**	**(12)**
Cash flow from operating activities	**(17.3)**	**74.7**	**-**

- **Revenues** up 12%, mainly due to higher copper prices (+13%). Volume was 0.6% negative in H1 2010 but turned to 0.9% positive in Q2 2010 (first volume growth since H1 2008).
- **Operating result**, excluding non-recurring items, € 34.0 million, down 17% compared with H1 2009 but comparable with H2 2009 figure. Underlying improvement since Q2 2010 driven by volume growth.
- **Energy & Infrastructure** and **Industry & Specialty** posted lower operating results, but **Communications** reported a 76% increase.
- **Cost-reduction programmes** on schedule; additional savings of around € 15 million expected in H2 2010.
- **Result for the period**, excluding non-recurring items, € 20.0 million (+3%).
- **Operating working capital ratio** 16.6% (H1 2009: 15.8%), due to higher copper prices and exchange-rate effects. Return of normal seasonal pattern resulted in higher working capital and, consequently, lower cash flow from operating activities.
- **Tentative signs of recovery** with respect to industrial related cable activities, construction related cable activities in Asia and communication cable activities. The positive effects are expected to show in Draka's results from H2 2010.

Comment by Frank Dorjee, Chairman and CEO of Draka Holding N.V.: '*While demand stabilized on most of Draka's end-user markets in the first half of 2010, there was no relief from the highly competitive pressure, but further cost savings compensated for its effects and the operating result was close to that for the second half of 2009.*

The still fragile international economic recovery which started in 2010 is expected to benefit Draka's end-user markets and results as from the second half of this year. As we pursue our strategy of taking full advantage of market opportunities while exerting rigorous cost control, we expect the operating result (excluding non-recurring charges) in the second half to show an improvement on the first six months of 2010, provided the restoration of international market confidence is sustained.'

[1] All figures in this press release are unaudited.
[2] Excluding non-recurring items. Total non-recurring items in H1 2010 were € 21.8 million negative (or € 18.5 million net) and related to restructuring costs. Non-recurring items in H1 2009 were € 17.9 million negative
[3] Attributable to the equity holders of the Company.
[4] Per ordinary share after preference dividend of € 2.7 million.

Draka

H1 2010 in brief

In its reporting as from 2010, Draka will report revenues as usual on the basis of current copper prices and on the basis of a constant copper price of € 4.40/kg, which was the price in January 2007. Introducing reporting on a constant copper base gives a better insight in revenue and margin performance.

- **Revenues** at current copper prices: € 1,143.9 million, an increase of 11.9% on the first half of 2009. Volume was 0.6% negative in H1 2010 but turned to 0.9% positive in the second quarter (the first volume growth since H1 2008). Revenues at constant copper prices were 1.1% lower at € 1,099.1 million which was fully due to deconsolidations.

- **Operating result excluding non-recurring items**: down 17.1% at € 34.0 million. The lower result reflects a more difficult price environment, higher raw material prices and a less profitable product mix. The cost savings of € 15 million yielded by the Triple S programmes were not sufficient to fully compensate for the negative factors. The underlying results improved since Q2 2010 which was driven by volume growth.

- **Operating margin** at constant copper prices: 3.1%, compared with 3.7% in the first half of 2009. Energy & Infrastructure and Industry & Specialty reported lower margins of 3.6% and 3.5%, respectively, compared with 4.6% and 6.0%, respectively, in H1 2009, but Communications improved its margin to 4.5% (H1 2009: 2.6%).

- **Operating result including non-recurring items**: € 12.2 million compared with € 23.1 million in the same period in 2009. The non-recurring items of € 21.8 million negative related to restructuring costs.

- Status of current **Triple S projects and cost-reduction measures**: closure of the plants at Ystad (Sweden) and Årnes (Norway) should be completed in the second half of this year. Other measures, including further downsizing of automotive cable production in several countries (Automotive & Aviation) and various efficiency measures within the Communications Group, are proceeding according to plan. The headcount is expected to decrease by a further 300 in 2010, a reduction of 3.1% compared with year-end 2009. Total corresponding non-recurring expenses for 2010 are estimated at € 25 million. Cost savings in 2010 are expected to amount to some € 30 million, around € 15 million of which have been achieved in the first half of the year.

- **Result for the period, excluding non-recurring items:** € 20.0 million (H1 2009: € 19.4 million) and earnings per share € 0.36 (H1 2009: € 0.41).

- **Result for the period including non-recurring items**: € 1.5 million (H1 2009: € 6.0 million). The net non-recurring charge of € 18.5 million related to restructuring costs.

- **Operating working capital ratio**: 16.6% (H1 2009: 15.8%). The increase reflects the higher copper price and exchange-rate effects. Cash flow from operating activities was € 17.3 million negative (H1 2009: € 74.7 million positive).

- **Net debt:** € 42.4 million higher at € 337.4 million, due entirely to the increase in working capital.

2010 half-year figures

General

The stabilization of the markets which started in the second half of 2009 continued in the first half of 2010. The global economic recovery, with its implications for industrial activity, has mainly benefited cable demand in the emerging markets and there was no growth in the North American and European markets. Net growth in global cable demand in the first half of 2010 was modest, at only 2–3% (in volume terms, based on constant exchange rates and constant copper prices). At product level, all segments contributed to growth in the cable market except copper telecommunication cable, for which demand continued to decline.

Revenue

At current copper prices, revenues in the first half of 2010 were up 11.9% at € 1,143.9 million. The effect on revenue of higher copper prices was 13.0 percentage points positive. This is due to the fact that changes in copper price are being passed on in the price of cable products with some delay.

At constant copper prices, revenues amounted to € 1,099.1 million, down 1.1% compared with the same period in 2009. This was due entirely to disposals (3.0 percentage points negative), namely Draka's OPGW activities in Germany in June 2009 and its 55% interest in Draka Comteq SDGI Co Ltd in China in December 2009.

The organic growth of 1.9 percentage points reflected a combination of positive exchange-rate effects (2.5 percentage points), mainly due to the stronger dollar against the euro, and a marginal (0.6 percentage point) decrease in volume. The lower volume was the result of a poor first quarter due to the hard winter in Europe. In the second quarter volume picked up and showed a positive development (+0.9%).

(€ million)	**H1 2010**	**H1 2009**	**H2 2009**
Revenue (at current copper prices)[1]			
Energy & Infrastructure	409.4	349.9	344.5
Industry & Specialty	349.8	312.3	305.4
Communications	384.7	359.6	376.6
Draka total	1,143.9	1,021.8	1,026.5
Operating result[2]			
Energy & Infrastructure	13.7	18.3	13.5
Industry & Specialty	11.6	20.6	12.8
Communications	17.2	9.8	16.9
Unallocated	(8.5)	(7.7)	(8.9)
Draka total	34.0	41.0	34.3

[1] Due to reclassification of (OEM) revenues as between Energy & Infrastructure and Industry & Specialty, the revenues in H1 2009 and H2 2009 have been restated to facilitate comparison.
[2] Excluding non-recurring items. There was a total non-recurring charge of € 21.8 million in H1 2010. The non-recurring charge in H1 2009 was € 17.9 million.

Operating result

The operating result in the first half of 2010 was € 12.2 million, compared with € 23.1 million in the same period in 2009. On a like-for-like basis – excluding non-recurring items – the operating result was € 34.0 million, compared with € 41.0 million in the first half of 2009. The underlying results improved since Q2 2010 which was driven by volume growth.

The non-recurring charge of € 21.8 million related to a provision for and current costs of overhead-reduction and Triple S projects within Draka's three groups. Total non-recurring charges in the first half of 2009 were € 17.9 million.

Operating margin

The operating margin – the operating result excluding non-recurring items as a percentage of revenues at constant copper price – turned out at 3.1% compared with 3.7% in the same period in 2009. Margins were adversely affected by sustained competitive pressure, higher raw material prices that could not be passed on in full and a less favourable product mix. The effect of the additional efficiency and Triple S programmes (some € 15 million) mitigated the position to some extent but was not sufficient to offset the negative factors completely.

Other financial items

Net finance expense amounted to € 14.6 million, significantly lower than the same period in 2009 (€ 16.7 million). The decrease can be attributed mainly to the lower average net debt which was partly the result of the share issue in October 2009. The taxation item was € 0.6 million positive including the € 3.3 million tax effect of the non-recurring items. Excluding this effect, the effective tax rate was 13.9% (H1 2009: 18.9%). The share in the profit of equity-accounted investees amounted to € 4.1 million, compared with € 0.2 million in the first half of 2009. A significantly higher profit at Draka's associate in Oman (OCI) was largely responsible for this increase.

Result for the period

The result attributable to shareholders for the first half of 2010 declined to € 1.5 million from € 6.0 million in the same period in 2009. Excluding non-recurring items, the result improved to € 20.0 million, compared with € 19.4 million in the first six months of 2009.

Basic earnings per share

After appropriation of a dividend on preference shares of € 2.7 million, basic earnings per ordinary share for the period amounted to € 0.03 negative, compared with € 0.08 positive for the same period in 2009. Excluding non-recurring items, basic earnings per ordinary share amounted to € 0.36 positive (H1 2009: € 0.41 positive). The average number of ordinary shares in issue was 48,711,311, compared with 40,612,382 in the first six months of 2009. The increase reflects the share issue in October 2009. As at 30 June 2010, there were 48,736,597 ordinary shares in issue, unchanged from the position as at year-end 2009.

Financial position

Cash flow and operating working capital

Cash flow from operating activities amounted to € 17.3 million negative in the first half of 2010, compared with € 74.7 million positive in the first six months of 2009, due entirely to the increase in operating working capital in the first half of 2010.

The € 46.5 million increase in operating working capital to € 360.0 million was a product of the return of the normal seasonal pattern, with higher working capital in the first half of the year. The increase also reflected the rise in the average copper price, up 12.4% compared with December 2009, and exchange-rate movements. Thanks to action taken by Draka to minimize these effects, the growth in operating working capital as a percentage of revenues was held down to 16.6%, as against 15.8% in the same period in 2009.

Investments and acquisitions

Net investments in intangible assets and property, plant and equipment amounted to € 13.1 million, less than the amortization and depreciation charge of € 31.1 million. This expenditure related solely to regular maintenance and replacement investments.

In the area of acquisitions, Draka completed the purchase of Pressure Tube Manufacturing (New Jersey, USA) in the first half of 2010.

Balance sheet and financing

The balance sheet total as at 30 June 2010 was € 1,822.1 million. The 14.6% increase compared with year-end 2009 was due almost entirely to the growth of € 179.0 million in current assets, chiefly inventories and trade receivables.

Shareholders' equity amounted to € 594.6 million. Positive currency translation effects were largely responsible for the 8.2% increase compared with 31 December 2009. The solvency ratio (shareholders' equity as a percentage of balance sheet total) declined to 32.6% from 34.6% as at year-end 2009, reflecting the increase in the balance sheet total due to the growth in current assets. The guarantee capital (consisting of shareholders' equity, the provision for deferred tax liabilities and the long-term portion of the subordinated loans) amounted to € 610.7 million, or 33.5% of the total invested capital (year-end 2009: 35.8%).

Net interest-bearing debt was € 42.4 million (14.4%) higher at € 337.4 million, due entirely to the increase in operating working capital in absolute terms (€ 46.5 million). Net gearing (total net interest-bearing debt as a percentage of shareholders' equity) was 56.7%, compared with 53.7% as at year-end 2009. The net debt/ EBITDA ratio turned out at 2.4 (year-end 2009: 2.2), well below the covenant limit of 3.5.

The next three pages give an overview of the results of Draka's three groups, Energy & Infrastructure, Industry & Specialty and Communications.

Energy & Infrastructure

Headlines

- European construction market stabilizing, except for the Benelux where the market is not expected to stabilize until early 2011
- Level of construction activity recovering strongly in Asia-Pacific after a weak first quarter
- Lower volume, in line with the market trend, but market share retained
- Cost-reduction measures on schedule, closure of plant in Ystad (Sweden) completed
- Continuing focus on new segments (of the industrial, infrastructure and renewable energy markets) and high-margin products, such as halogen-free and fire-resistant cable, is starting to benefit sales

Financial result

(x € million, unless stated otherwise)	H1 2010	H1 2009	H2 2009
Revenues[1]	409.4	349.9	344.5
Revenues at constant copper prices	384.7	394.7	356.1
Operating result[2]	13.7	18.3	13.5
Operating margin (%)[3]	3.6	4.6	3.8

[1] Due to reclassification of (OEM) revenues as between Energy & Infrastructure and Industry & Specialty, the revenues in H1 2009 and H2 2009 have been restated to facilitate comparison (respectively € 14.5 million and € 15.6 million positive).
[2] Excluding non-recurring items. There was a non-recurring charge of € 9.0 million in H1 2010 relating to the closure of the plant in Ystad (Sweden) and other restructuring exercises. Non-recurring items in H1 2009 were € 3.8 million negative.
[3] Operating result as a percentage of revenues at constant copper prices.

Draka Energy & Infrastructure's revenues were 17.0% higher in the first half of 2010 at € 409.4 million. The increase reflects the positive effect on revenues of the higher average copper price (19.0 percentage points) and positive exchange-rate effects (3.5 percentage points). Volume was down 5.4%.

The operating result excluding non-recurring items declined to € 13.7 million (–25.1%) in the first half of 2010. The lower result was mainly due to lower capacity utilization at Draka's plants, reflecting the decline in volumes, and slightly lower market prices. These negative factors were partly offset by a further improvement in the product mix and additional cost savings (around € 5 million). Compared with the second half of 2009, the operating result showed a marginal increase (+1.5%).

Analysis by division

Europe

The European construction market in general stabilized at the relatively low level reached in the second half of 2009, except for the Benelux where demand continued to decline. With markets still highly competitive, the division's strategy of focusing constantly on added value products and services, the reliable supply of a comprehensive portfolio and the continuous improvement of products that save installation time, is bearing fruits even in these difficult market conditions. The cost base was further reduced by the closure of the plant in Ystad (Sweden). Both volume and result showed an improvement on the second half of 2009.

Asia-Pacific

Sales in Asia picked up after a sharp downturn in the second half of 2009 and a weak first quarter in 2010, thanks to the greatly improved economic climate and Draka's stronger position in the region, helped by the opening of a second plant in Malaysia. This improving trend is expected to continue in the second half of the year. Both volume and results were lower in the first half of 2010 compared with the good performance in the same period in 2009.

Industry & Specialty

Headlines

- Results bottomed out in H1 2010; outlook encouraging, given cautious recovery in orders received by Industrial, Cableteq USA and Offshore
- Automotive & Aviation profited from rising demand and cost savings
- Demand for elevator cable improved a little compared with H2 2009, result stable thanks to additional cost-reduction measures
- Renewable energy (wind and solar): substantial growth expected in H2 2010, based on higher order intake

Financial result

(x € million, unless stated otherwise)	H1 2010	H1 2009	H2 2009
Revenues[1]	349.8	312.3	305.4
Revenues at constant copper prices	335.3	345.0	320.8
Operating result[2]	11.6	20.6	12.8
Operating margin (%)[3]	3.5	6.0	4.0

[1] Due to reclassification of (OEM) revenues as between Energy & Infrastructure and Industry & Specialty, the revenues in H1 2009 and H2 2009 have been restated to facilitate comparison (respectively € 14.5 million and € 15.6 million negative).
[2] Excluding non-recurring items. There was a non-recurring charge of € 3.0 million in H1 2010 relating to the closure of the plant in Ystad (Sweden) and other restructuring exercises. Non-recurring items in H1 2009 were € 12.7 million negative.
[3] Operating result as a percentage of revenues at constant copper prices.

Industry & Specialty's revenues in the first half of 2010 were 12.0% higher at € 349.8 million. This increase was driven mainly by a positive copper-price effect (14.6 percentage points) and positive exchange-rate effects (1.8 percentage points). Volume was 4.4% lower; stronger demand for automotive cable compensated to some extent for the lower volume at the other divisions.

The operating result, excluding non-recurring items, was down 43.7% at € 11.6 million, with all divisions except Automotive & Aviation reporting lower profits. The underlying results improved since Q2 2010 which was driven by volume growth. Cost savings amounted to some € 4 million.

Analysis by division

Automotive & Aviation

The upturn in demand for automotive cable which started in the second half of 2009 continued in the first half of this year. However, volume at the aviation cable business (Airbus) was significantly lower. Thanks to rigorous cost-reduction programmes the divisional result was slightly positive.

Cableteq USA

By pursuing its niche-market strategy the division was able to report a slight volume increase. The result declined due to the unfavourable product mix. In the second half of 2010 the division will benefit from the recent acquisition of Pressure Tube Manufacturing (USA), which supplies specialised high pressure tube applications to the oil & gas industry.

Elevator Products

Although sharply lower, the result stabilized at the level of the second half of 2009. Future growth will come from the Chinese market, where the division is well positioned with two joint ventures.

Industrial

Due to a modest decline in volume, the result was lower. There are now signs of recovery from the low point reached in the early months of 2010, driven by rising demand and a growing order book.

Offshore

Results were lower in the first half of 2010 but better than in the second half of 2009, thanks to the increasing level of activity in the oil and gas sector. Completion of the start-up phase at the new subsea-cable plant in Norway is scheduled for the second half of 2010.

Communications

Headlines

- Global optical fiber market stable at record level reached in 2009; modest growth in Europe and US compensated for modest fall in China
- European telecom operators rolling out FTTH projects; group expects to benefit in H2 2010
- Demand for data communication cable recovering, especially for high-end applications such as 10GB networks in data centers
- Strong performance thanks to sustained growth in demand for optical fiber and further cost savings; volume up 8% and result over 75% higher compared with H1 2009

Financial result

(x € million, unless stated otherwise)	H1 2010	H1 2009	H2 2009
Revenues	384.7	359.6	376.6
Revenues at constant copper prices	379.1	371.8	379.4
Operating result[1]	17.2	9.8	16.9
Operating margin (%)[2]	4.5	2.6	4.5

[1] Excluding non-recurring items. There was a non-recurring charge of € 9.8 million in H1 2010 relating to various efficiency projects. Non-recurring items in H1 2009 were € 1.4 million negative.
[2] Operating result as a percentage of revenues at constant copper prices.

The Communications group's revenues in the first half of 2010 were 7.0% higher at € 384.7 million. Positive factors contributing to this increase were higher volume (8.4 percentage points), movements in the copper price (4.7 percentage points) and exchange-rate effects (2.2 percentage points). Negative factors (8.3 percentage points) were the sale of the OPGW activities in Germany in June 2009 and of the 55% interest in Draka Comteq SDGI Co Ltd in China in November 2009.

The operating result turned out at € 17.2 million, up 75.5% compared with the first half of 2009. The increase reflected volume growth, especially in the Optical Fiber division, additional cost savings (around € 6 million) and good performance by Draka's joint ventures in China. There was, however, no easing of the pressure on selling prices.

Analysis by market segment

Telecom Solutions

In the telecommunication cable market, the optical fiber segment continued to perform well, supported largely by demand from Asia which remained strong, and maintained the high level achieved in the second half of 2009. With China continuing to invest heavily in networks and the European and North American markets showing moderate growth, order volume improved slightly. Demand for copper telecommunication cable in Europe continued to be under pressure. Helped by the strength of the Chinese market, the strongly improved performance of Draka's activities in the USA and further cost savings, the division posted a higher result.

Multimedia & Specials

Demand for data communication cable started to recover after the steep decline in 2009, particularly for high-end applications such as 10GB networks in data centers. Demand for mobile network cable continued to fall in Western Europe, reflecting the operators' reluctance to invest. The division's result was close to that for the first half of 2009.

Optical Fiber

Demand for optical fiber was slightly higher in the first half of 2010, with modest growth in Europe and the United States compensating for a small decline in China. The optical fiber prices (in US dollars) remained stable. High capacity utilization at its plants enabled the division to post a sharply higher result.

Outlook for 2010

Driven by the economic recovery, global industrial activity is gradually recovering. The main uncertain factor is the level at which recovery can be maintained. Based on current trends, Draka expects the global cable market to show limited volume growth, in line with the level of industrial activity. In Europe, Draka's most important market, growth in the wire and cable segment is expected to be only marginal.

The prices of the cable industry's main raw materials (copper, aluminium and polymers) are predicted to remain volatile in the second half of 2010 and competition in several segments of the cable market is expected to remain strong, exerting sustained pressure on selling prices.

Against the background of the forecast market conditions and the improvement in several of its end-user markets (industrial related cable activities, construction related cable activities in Asia and communication cable activities), Draka is cautiously optimistic about the second half of the year. The cost savings are expected to reach around € 30 million in 2010, in line with previous forecasts.

In light of the above, Draka predicts that, barring unforeseen circumstances and provided the restoration of international market confidence is sustained, the operating result (excluding non-recurring charges) in the second half will show an improvement on the first six months of 2010.

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Cautionary note regarding forward-looking statements

This announcement contains forward-looking statements. Forward-looking statements are statements that are not based on historical fact, including statements about our beliefs and expectations. Any statement in this announcement that expresses or implies our intentions, beliefs, expectations or predictions (and the assumptions underlying them) is a forward-looking statement. Such statements are based on plans, estimates and projections as currently available to the management of Draka. Forward-looking statements therefore speak only as of the date they are made and we assume no obligation to publicly update any of them in the light of new information or future events.

Forward-looking statements involve inherent risks and uncertainties. A number of significant factors could therefore cause actual future results to differ materially from those expressed or implied in any forward-looking statement. Such factors include but are not limited to conditions on the markets in Europe, the United States and elsewhere from which we derive a substantial portion of our revenue, potential defaults on the part of borrowers or trading counterparties, the implementation of our restructuring programme including the envisaged reduction in headcount and the reliability of our risk management policies, procedures and methods. For more information on these and other factors, please refer to our annual report. The forward-looking statements contained in this announcement are made as of the date hereof and the companies assume no obligation to update any forward-looking statement contained in this announcement.

2010 Financial calendar (provisional)	
Publication of trading update for the second half of 2010	**Thursday, 11 November 2010 (before start of trading)**

Company profile

Draka Holding N.V. (‘Draka’) is the holding company of a number of operating companies that are active worldwide in the development, production and sale of cable and cable systems. Draka’s activities are divided into three groups: Energy & Infrastructure, Industry & Specialty and Communications.

Within these three groups, the activities are organised into divisions. Energy & Infrastructure consists of the Europe and Asia-Pacific divisions; Industry & Specialty consists of the Automotive & Aviation, Elevator Products, Cableteq USA and Industrial divisions and the Communications Group comprises the Telecom Solutions, Multimedia and Specials, Americas and Optical Fiber divisions.

Draka has 68 operating companies in 31 countries throughout Europe, North and South America, Asia and Australia. Worldwide, the Draka companies employ some 9,400 people. Draka Holding N.V.’s head office is in Amsterdam. In 2009, Draka reported revenue of € 2.0 billion and net income of € 48.3 million (excluding non-recurring items).

Draka Holding N.V. ordinary shares and subordinated convertible bonds are listed on NYSE Euronext

Amsterdam. The company is included in the Next150 index and the AMX index (Amsterdam Midkap index). Options on Draka shares are also traded on the NYSE Euronext Amsterdam Derivative Markets.

More information on Draka Holding N.V. can be found at www.draka.com.

Condensed consolidated statement of income

(unaudited)

In millions of euro	Six months ended 30 June 2010	2009
Revenue	1,143.9	1,021.8
Cost of sales	(1,046.2)	(920.2)
Gross profit	**97.7**	**101.6**
Selling, distribution and other expenses	(85.5)	(78.5)
Operating result	**12.2**	**23.1**
Net finance expense	(14.6)	(16.7)
Share of profit of equity accounted investees (net of income tax)	4.1	0.2
Result before income tax	**1.7**	**6.6**
Income tax benefit / (expense)	0.6	(0.1)
Result for the period	**2.3**	**6.5**
Attributable to:		
Equity holders of the company	1.5	6.0
Minority interests	0.8	0.5
Result for the period	**2.3**	**6.5**
Basic earnings per share (euro)	(0.03)	0.08
Diluted earnings per share (euro)	(0.03)	0.08

Condensed consolidated statement of comprehensive income

(unaudited)

In millions of euro	Six months ended 30 June 2010	2009
Result for the period	**2.3**	**6.5**
Foreign exchange translation differences	60.0	6.3
Effective portion of fair value changes of cash flow hedges (net of income tax)	(8.4)	18.7
Share of other comprehensive income of equity accounted investees	(0.3)	4.2
Other comprehensive income for the period	**51.3**	**29.2**
Total comprehensive income for the period	**53.6**	**35.7**
Attributable to:		
Equity holders of the company	49.4	35.0
Minority interests	4.2	0.7
Total comprehensive income for the period	**53.6**	**35.7**

The selected explanatory notes on pages 5-8 are an integral part of the condensed interim financial statements for the first half year 2010

Draka

Condensed consolidated balance sheet

(unaudited)

In millions of euro	30-06-2010	31-12-2009	30-06-2009
Assets			
Non-current assets			
Property, plant and equipment	561.2	541.7	553.9
Intangible assets	115.7	114.3	114.6
Investments in equity accounted investees	60.4	49.7	43.4
Deferred tax assets	57.9	51.9	53.4
Derivative financial instruments	0.1	0.6	-
Other non-current financial assets	15.1	15.0	21.6
Total non-current assets	**810.4**	**773.2**	**786.9**
Current assets			
Inventories	405.7	350.3	339.2
Trade and other receivables	519.8	381.4	457.9
Derivative financial instruments	-	9.5	2.2
Income tax receivable	1.6	0.9	1.6
Cash and cash equivalents	84.6	74.0	64.2
Total current assets	**1,011.7**	**816.1**	**865.1**
Total assets	**1,822.1**	**1,589.3**	**1,652.0**
Equity			
Shareholders' equity			
Share capital	27.2	27.2	22.8
Share premium	457.5	457.5	360.9
Retained earnings	84.0	84.1	112.9
Other reserves	25.9	(19.3)	(25.7)
Total equity attributable to equity holders of the company	**594.6**	**549.5**	**470.9**
Minority interests	25.2	**21.0**	**25.9**
Total equity	**619.8**	**570.5**	**496.8**
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	325.6	286.8	469.5
Provision for employee benefits	84.1	82.7	82.2
Derivative financial instruments	7.0	5.6	4.5
Other provisions	20.9	20.0	19.1
Deferred tax liabilities	16.1	19.0	24.0
Total non-current liabilities	**453.7**	**414.1**	**599.3**
Current liabilities			
Bank overdrafts	10.3	6.9	46.3
Interest-bearing loans and borrowings	85.9	74.7	25.1
Derivative financial instruments	8.5	5.0	4.4
Trade and other payables	617.5	489.3	463.7
Income tax payable	4.4	6.3	8.1
Other provisions	22.0	22.5	8.3
Total current liabilities	**748.6**	**604.7**	**555.9**
Total liabilities	**1,202.3**	**1,018.8**	**1,155.2**
Total equity and liabilities	**1,822.1**	**1,589.3**	**1,652.0**

The selected explanatory notes on pages 5-8 are an integral part of the condensed interim financial statements for the first half year 2010

Draka

Condensed consolidated statement of cash flows

(unaudited)

In millions of euro	Six months ended 30 June 2010	Six months ended 30 June 2009
Result for the period	2.3	6.5
Depreciation	27.8	28.0
Amortisation	3.3	2.8
Net finance expense	14.6	16.7
Share of profit of equity accounted investees	(4.1)	(0.2)
Equity-settled share based payments	0.9	1.2
Income tax (benefit) / expense	(0.6)	0.1
	44.2	**55.1**
Changes in inventories	(30.6)	40.1
Changes in trade receivables	(92.3)	(15.0)
Changes in trade payables	76.4	24.5
Changes in other working capital and other	18.7	1.5
	16.4	**106.2**
Interest paid	(12.3)	(21.9)
Income tax paid	(6.7)	(1.4)
Application of provisions	(14.7)	(8.2)
Net cash from operating activities	**(17.3)**	**74.7**
Dividends received	2.3	1.8
Proceeds from sale of property, plant and equipment	1.5	3.9
Disposal of subsidiaries and associates, net of cash disposed of	-	13.5
Acquisition of subsidiaries and associates, net of cash acquired	(3.0)	(6.7)
Acquisition of intangible assets	(1.3)	(3.5)
Acquisition of property, plant and equipment	(11.8)	(17.2)
Net cash used in investing activities	**(12.3)**	**(8.2)**
Dividends paid (preference shares)	(5.4)	(5.4)
Shares acquired and delivered under long-term incentive plans	0.2	-
Movements in bank loans	35.6	(86.4)
Net cash from financing activities	**30.4**	**(91.8)**
Net increase / (decrease) in cash and cash equivalents	**0.8**	**(25.3)**
Cash and cash equivalents at 1 January (net of bank overdrafts)	67.1	41.2
Exchange rate fluctuations on cash and cash equivalents	6.4	2.0
Cash and cash equivalents at 30 June (net of bank overdrafts)	**74.3**	**17.9**

The selected explanatory notes on pages 5-8 are an integral part of the condensed interim financial statements for the first half year 2010

Condensed consolidated statement of changes in total equity

(unaudited)

In millions of euro	Share capital	Share premium	Translation reserve	Hedging reserve	Preference shares dividend reserve	Retained earnings and other reserves	**Share-holders' equity**	Minority Interests	**Total equity**
Balance as at 31 December 2008	**22.8**	**360.9**	**(29.6)**	**(27.8)**	**5.4**	**108.7**	**440.4**	**25.4**	**465.8**
Foreign exchange translation differences	-	-	6.1	-	-	-	6.1	0.2	6.3
Effective portion of fair value changes of cash flow hedges (net of income tax)	-	-	-	22.9	-	-	22.9	-	22.9
Total income and expenses recognised directly in equity	**-**	**-**	**6.1**	**22.9**	**-**	**-**	**29.0**	**0.2**	**29.2**
Result for the period	-	-	-	-	2.7	3.3	6.0	0.5	6.5
Total recognised income and expense	**-**	**-**	**6.1**	**22.9**	**2.7**	**3.3**	**35.0**	**0.7**	**35.7**
Share-based payments	-	-	-	-	-	1.2	1.2	-	1.2
Effect of acquisitions and divestments	-	-	-	-	-	(0.3)	(0.3)	(0.2)	(0.5)
Dividends paid	-	-	-	-	(5.4)	-	(5.4)	-	(5.4)
Total direct changes in equity	**-**	**-**	**-**	**-**	**(5.4)**	**0.9**	**(4.5)**	**(0.2)**	**(4.7)**
Balance as at 30 June 2009	**22.8**	**360.9**	**(23.5)**	**(4.9)**	**2.7**	**112.9**	**470.9**	**25.9**	**496.8**
Balance as at 31 December 2009	**27.2**	**457.5**	**(22.8)**	**(1.9)**	**5.4**	**84.1**	**549.5**	**21.0**	**570.5**
Foreign exchange translation differences	-	-	56.6	-	-	-	56.6	3.4	60.0
Effective portion of fair value changes of cash flow hedges (net of income tax)	-	-	-	(8.7)	-	-	(8.7)	-	(8.7)
Total income and expenses recognised directly in equity	**-**	**-**	**56.6**	**(8.7)**	**-**	**-**	**47.9**	**3.4**	**51.3**
Result for the period	-	-	-	-	2.7	(1.2)	1.5	0.8	2.3
Total recognised income and expense	**-**	**-**	**56.6**	**(8.7)**	**2.7**	**(1.2)**	**49.4**	**4.2**	**53.6**
Share-based payments	-	-	-	-	-	1.1	1.1	-	1.1
Dividends paid	-	-	-	-	(5.4)	-	(5.4)	-	(5.4)
Total direct changes in equity	**-**	**-**	**-**	**-**	**(5.4)**	**1.1**	**(4.3)**	**-**	**(4.3)**
Balance as at 30 June 2010	**27.2**	**457.5**	**33.8**	**(10.6)**	**2.7**	**84.0**	**594.6**	**25.2**	**619.8**

The selected explanatory notes on pages 5-8 are an integral part of the condensed interim financial statements for the first half year 2010

Selected explanatory notes

1. General

Draka Holding N.V. ("the Company") is a company domiciled in Amsterdam, the Netherlands. The condensed consolidated interim financial statements for the first half year 2010 comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's interest in equity accounted investees.
The condensed consolidated interim financial statements have been prepared by the Board of Management and were authorized for issuance. The condensed consolidated interim financial statements have not been audited.

2. Significant accounting policies

Introduction

These condensed consolidated interim financial statements have been prepared in accordance with IFRS and its interpretations issued by the IASB, as adopted by the EU.
The accounting policies applied in these condensed consolidated interim financial statements are the same accounting policies as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2009 as included in the Annual Report 2009 issued on 19 February 2010, except for the adoption of the following new standards, amendments to standards and interpretations which have been adopted as relevant to the Company for the first time:

Accounting for business combinations

On January 1, 2010, the Company applied IFRS 3 'Business Combinations' (revised standard 2008) in accounting for business combinations. The revised standard has been applied prospectively and since there were no significant acquisitions during the first half of 2010, the change did not have a material impact on the Company's consolidated financial statements.

For acquisitions on or after January 1, 2010, the contingent consideration transferred is valued at fair value; changes after initial recognition are recorded in the profit and loss account. Transaction costs, other than those associated with the issue of debt or equity securities, which the Company incurs in connection with a business combination, are expensed as incurred.

Other IFRS standards and interpretations effective from January 1, 2010 did not have a material impact on the Company.

3. Basis for presentation

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting'. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2009. The consolidated financial statements of the Group as at and for the year ended 31 December 2009 are available upon request at the Company's office or at www.draka.com.

4. Estimates

The condensed consolidated interim financial statements 2010 are prepared in accordance with IAS 34, which requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.
In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2009.

5. Segment reporting

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

Six months ended 30 June (unaudited)	**Energy & Infrastructure**		**Industry & Specialty**		**Communications**		**Not allocated to segments / eliminations**		**Consolidated**	
In millions of euro	**2010**	**2009 1)**	**2010**	**2009 1)**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Revenue from external customers	409.4	349.9	349.8	312.3	384.7	359.6	-	-	1,143.9	1,021.8
Intersegment transactions	29.0	22.7	9.8	6.3	21.8	15.7	(60.6)	(44.7)	-	-
Revenue	**438.4**	**372.6**	**359.6**	**318.6**	**406.5**	**375.3**	**(60.6)**	**(44.7)**	**1,143.9**	**1,021.8**
Operating result (excluding non-recurring items)	13.7	18.3	11.6	20.6	17.2	9.8	(8.5)	(7.7)	34.0	41.0
Non-recurring items	(9.0)	(3.8)	(3.0)	(12.7)	(9.8)	(1.4)	-	-	(21.8)	(17.9)
Operating result	**4.7**	**14.5**	**8.6**	**7.9**	**7.4**	**8.4**	**(8.5)**	**(7.7)**	**12.2**	**23.1**
Net finance expense									(14.6)	(16.7)
Share of profit of equity accounted investees									4.1	0.2
Income tax benefit / (expense)									0.6	(0.1)
Result for the period									**2.3**	**6.5**

1) Due to reclassification of (OEM) revenues between Energy & Infrastructure and Industry & Specialty, the revenues in 2009 have been restated to facilitate comparison

6. Non-recurring items

In the first half of 2010 the Group recognised non-recurring items amounting to € 21.8 million. These costs relate for an amount of approximately € 7 million to the in January 2010 announced closing of the factory in Årnes (Norway) and approximately € 3 million to the in the last quarter of 2009 announced closure of the plant in Ystad. The remaining expenses primarily relate to the overflow of various in 2009 announced restructurings.

7. Acquisitions and disposals of subsidiaries

On April 27, 2010, the Company announced that it has reached an agreement to acquire certain assets of Pressure Tube Manufacturing (PTM), a specialty tubing manufacturer located in New Jersey, USA. The total acquisition price amounts to approximately $ 8.5 million, of which $ 4 million is paid in the first half of 2010. The remaining part will be paid in 2 tranches in 2011 and 2012.

8. Dividend

During the first half year of 2010 € 5.4 million dividend on redeemable preference shares was paid out for the 2009 financial year.

9. Interest-bearing loans and borrowings

Total interest-bearing loans and borrowings (non-current and current) increased with € 50 million compared to 31 December 2009, mainly due to an increase of the Multicurrency revolving credit facility primarily due to the seasonal increase in operating working capital.

10. Related parties transactions

There are no material changes in the nature, scope and (relative) scale in this reporting period compared to the disclosures in note 31 of the consolidated financial statements as at and for the year ended 31 December 2009.

11. Risk profile

In our Annual Report 2009 we have extensively described certain risk categories and risk factors which could have an (adverse) impact on our financial position and results. Those risk categories and risk factors are deemed incorporated and repeated in this report by reference.

Additional risks not known to us, or currently believed not to be material, could later turn out to have a material impact on our businesses, objectives, revenues, income, assets, liquidity, or capital resources.

12. Responsibility statement Board of Management

This report contains the semi-annual financial report of Draka Holding N.V. (‘the Company’), with limited liability, headquartered in Amsterdam, the Netherlands.

The semi-annual financial report for the six months ended 30 June 2010 consists of the condensed consolidated semi-annual financial statements, the semi-annual management report and responsibility statement by the Company’s Board of Management. The information in this semi-annual financial report is unaudited.

The condensed consolidated semi-annual financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s consolidated IFRS financial statements for the year ended 31 December 2009.

The Board of Management of the Company hereby declares that to the best of their knowledge, the semi-annual financial statements, which have been prepared in accordance with the applicable financial reporting standards for interim financial reporting, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole, and the semi-annual management report gives a fair review of the information required pursuant to section 5:25d(8)/(9) of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht).

Amsterdam, 19 August 2010

Board of Management
Frank Dorjee
Okke Koo

Review Report
To the shareholders of Draka Holding N.V.
Amsterdam

Introduction
We have reviewed the accompanying condensed consolidated interim financial statements of Draka Holding N.V., Amsterdam, which comprise the condensed consolidated balance sheet as at June 30, 2010, the condensed consolidated statement of income, condensed consolidated statement of comprehensive income, condensed consolidated statement of cash flows, condensed consolidated statement of changes in total equity for the six months' period ended June 30, 2010, and the notes thereto. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, „Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope
We conducted our review in accordance with Dutch law including standard 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at June 30, 2010 are not prepared, in all material respects, in accordance with IAS 34, „Interim Financial Reporting", as adopted by the European Union.

Amsterdam, December 17, 2010

Deloitte Accountants B.V.

Already signed: P.J. Bommel