Press release

Amsterdam, 12 May 2011

FIRST QUARTER 2011 FIGURES[1]

HIGHER PROFIT DRIVEN BY ORGANIC GROWTH, BETTER PRODUCT MIX AND COST SAVINGS

(€ million, unless stated otherwise)	Q1 2011	Q1 2010	Δ%
Sales	624	522	20
Adj. EBITDA[2]	35	25	37
Adj. operating result[3]	19	10	90
Operating result	10	-	NMF
Adj. net result for the period [4]	12	2	404
Net result for the period	1	(5)	NMF
Cash flow from operating activities	(65)	(32)	107

DISCLAIMER

Due to the acquisition of Draka by Prysmian certain Non-GAAP measures and definitions were revised according to Prysmian definitions. Furthermore, the accounting policies with respect to metal derivatives and employee benefits have changed. For more information reference is made to page 14 of this press release.

- **Sales** were up 20%, mainly due to higher copper prices (12%). Organic growth[5] amounted to 4% in Q1 2011, continuing the positive trend of H2 2010.
- **Organic growth** was driven by rising demand for high-end special-purpose cables and optical-fiber telecommunication cable and a modest recovery in European demand for low-voltage cable.
- **Adjusted EBITDA and adjusted operating result** were up by 37% and 90% respectively to € 35 million and € 19 million, driven by organic growth, better product mix and cost savings. All three Draka groups contributed to this improvement.
- **Energy & Infrastructure** more than doubled its adjusted operating result and **Industry & Specialty** and **Communications** posted growth in operating result of 56% and 36%, respectively.
- **Adjusted net result for the period** was € 12 million (+404%).
- **Operative net working capital[6]** was € 302 million (Q1 2010: € 286 million), reflecting higher volumes, higher copper prices and currency-translation effects. Net financial position[7] grew by € 13 million vs. Q1 2010 to € 344 million.

[1] The figures in this press release are unaudited.
[2] Defined as EBITDA before non-recurring income/ (expenses). Non recurring income/ (expenses) were € 6 million negative in Q1 2011 compared to € 10 million negative in Q1 2010.
[3] Defined as operating result before non-recurring income/ (expenses), the fair value in metal derivatives and other fair value items. Total adjustments were € 9 million negative in Q1 2011 compared to € 10 million negative in Q1 2010.
[4] Defined as result before non-recurring income/ (expenses), the fair value in metal derivatives and other fair value items, the effect of currency and interest rate derivatives, exchange rate differences and the related tax effects. Total adjustments amounted to € 11 million negative in Q1 2011 compared to € 7 million negative in Q1 2010.
[5] Organic growth is defined as sales growth excluding the effects of metal price, currency translation and perimeter changes.
[6] Operative net working capital includes inventories, trade accounts receivables, trade account payables and other receivables/(payables); balance of derivatives assets/(liabilities) is not included.
[7] Defined as the sum of the following items: 1) Borrowings from banks and other lenders; 2) Derivatives (assets and liabilities) for financial transactions; 3) Financial receivables; 4) Bank fees on loans; 5) Available-for-sale financial assets, not instrumental to the Group's activities; 6) Financial assets held for trading; 7) Cash and cash equivalents.

Q1 2011 in brief

- **Sales** were € 624 million, an increase of 19.6% compared with Q1 2010, reflecting a 4.0% organic growth and the 11.8% positive effect of the higher average copper price compared with Q1 2010. The effects on sales of exchange-rate movements and perimeter effects (acquisition of PTM in USA in June 2010) were 3.1% positive and 0.7% positive, respectively.

- **Adjusted operating result**: 90.3% higher at € 19 million. The improvement was driven by organic growth, a better product mix and cost savings. The cost savings in Q1 2011 amounted to some € 3 million. Negative factor affecting the result were higher non-metal material prices (mainly polymers).

- **Adjusted operating margin** 3.1% compared with 2.0% for the same period in 2010. Energy & Infrastructure recorded the strongest margin improvement, at 3.3% compared with 1.9% in Q1 2010. Industry & Specialty and Communications also reported better margins at 2.7% and 5.0%, respectively, as against 2.3% and 4.0% in the same period in 2010.

- **Operating result including non-recurring and special items**: € 10 million, compared with nil in Q1 2010. The non-recurring items were € 8 million negative and consisted mainly of restructuring costs and overhead reduction costs, consultants' expenses relating to the transaction with Prysmian and impairment of non-current assets. Additionally, special items were the fair value change in metal derivatives for an amount of € 1 million negative.

- **Adjusted net result for the period**: € 12 million (Q1 2010: € 2 million).

- **Net result for the period:** € 1 million positive (Q1 2010: € 5 million negative).

- **Operative net working capital ratio**: 12.1% (Q1 2010: 13.7%). Cash flow from operating activities was € 65 million negative compared with € 32 million negative in Q1 2010. The negative cash flow in Q1 reflects the increase in working capital compared with year-end 2010 due to normal seasonal effects. The negative cash flow in Q1 2011 was higher due to the higher copper price and the organic growth, which required more working capital.

- **Net financial position**: € 13 million higher at € 344 million, due entirely to the increase in working capital.

Q1 2011 figures

General

The first quarter of 2011 saw continued improvement in the economic conditions in the developed countries and continued high growth in the emerging markets, which sustained the rising global demand for cable. At product level, all segments contributed to growth in the cable market except copper telecommunication cable, for which demand continued to weaken.

Sales

Sales in Q1 2011 were 19.6% higher at € 624 million. The effect of higher copper prices on sales was 11.8 percentage points positive. This is due to the fact that changes in the copper price are passed on in the price of cable products with some delay. The remaining increase was mainly the product of a combination of organic growth (4.0 percentage points) and positive currency-translation effects (3.1 percentage points), in particular the strengthening of the dollar against the euro. The organic growth was due principally to strong demand for high-end special-purpose cable and optical fiber telecommunication cable and a modest recovery in demand for low-voltage cable in Europe.

The effect on sales of the acquisition of Pressure Tube Manufacturing (USA), which has been included in the consolidation since June 2010, was 0.7 percentage points positive.

(€ million)	**Q1 2011**	**Q1 2010**
Sales		
Energy & Infrastructure	224	186
Industry & Specialty	206	158
Communications	194	178
Draka total	**624**	**522**
Adjusted operating result		
Energy & Infrastructure	7	3
Industry & Specialty	6	4
Communications	10	7
Unallocated	(4)	(4)
Draka total	**19**	**10**

Operating result

The operating result in Q1 2011 was € 10 million, compared with nil in the same period in 2010. On a like-for-like basis – excluding non-recurring and special items – the adjusted operating result was € 19 million, an increase of 90.3% compared with Q1 2010. This improvement was driven by organic growth, a better product mix and cost savings.

The non-recurring items were € 8 million negative and consisted mainly of restructuring costs and overhead efficiency costs, consultants' expenses relating to the transaction with Prysmian and impairment of non-current assets. Additionally, special items were the fair value change in metal derivatives for € 1 million negative.

Operating margin

The operating margin – the adjusted operating result as a percentage of sales – turned out at 3.1% compared with 2.0% in Q1 2010. The improvement was driven by organic growth, which translated into higher capacity utilization rates at Draka's plants, cost savings (around € 3 million) and an improved product mix. Negative factor affecting the margin were the higher non-metal material prices (especially polymers).

Other financial items

Net finance expense amounted to € 9 million, up 53.8% compared with Q1 2010 (€ 7 million). This increase was due entirely to the non-recurring charge of € 4 million in relation to the settlement of interest-rate derivatives in connection with the repayment of Draka's credit facility due to its acquisition by Prysmian. Excluding this effect interest expense showed a decline. Income taxes amounted to € 2 million, including the positive tax effect on the non-recurring items of € 2 million. Excluding this effect, the effective tax rate was 21.8% (Q1 2010: 47.2%).

The share in the profit of equity-accounted investees amounted to € 2 million, compared with € 2 million in Q1 2010.

Net result for the period

The net result for Q1 2011 was € 1 million, compared with € 5 million negative in the same period in 2010. Excluding non-recurring and special items, the adjusted net result was € 12 million, compared with € 2 million in Q1 2010.

Financial position

Cash flow and operative net working capital

Cash flow from operating activities in Q1 2011 amounted to € 65 million negative, compared with € 32 million negative in Q1 2010, due almost entirely to the increase in operating working capital in Q1 2011.

The increase of € 75 million in operating working capital to € 302 million follows the normal seasonal pattern of higher working capital compared with year-end. The higher copper price, currency-translation effects and organic growth also converted into higher working capital. The operating working capital ratio (operative net working capital as a percentage of sales) was well under control, amounting to 12.1% compared with 13.7% in Q1 2010.

Investments and acquisitions

Net investments in intangible assets and property, plant and equipment amounted to € 6 million, less than the amortization and depreciation charge of € 16 million. The expenditure related solely to regular maintenance and replacement investments.

Balance sheet and financing

Total equity amounted to € 594 million, which was 3.2% lower compared with 31 December 2010, mainly due to negative currency-translation effects.

Net financial position increased by 25.9% or € 71 million to € 344 million, due almost entirely to the increase in operating working capital.

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

Energy & Infrastructure

Headlines

- Result doubled, thanks to improved product mix and modest organic growth
- European construction market showing some signs of recovery, apart from the Benelux and Spain where the markets continued to contract in Q1 2011
- Slow start in Asia-Pacific region in Q1 2011, but the outlook is encouraging with recovery in the construction sector and a growing order book
- Organic growth in line with the markets with stable market share
- Sustained focus on new segments (industry, infrastructure and renewable energy) and high-margin products, such as halogen-free and fire-resistant cable, is paying off

Financial result

(€ million, unless stated otherwise)	Q1 2011	Q1 2010
Sales	224	186
Adjusted operating result[1]	7	3
Operating margin (%)	3.3	1.9

[1] Excluding non-recurring items. There were no non-recurring items in Q1 2011. Non-recurring items in Q1 2010 were € 2 million negative.

Energy & Infrastructure reported sales growth of 21.0% in Q1 2011, to € 224 million, driven primarily by the positive effect on sales of higher average copper prices (15.9 percentage points). Organic growth was 1.2%. Currency-translation effects contributed 3.9 percentage points to the growth in sales.

The adjusted operating result increased 111.4% to € 7 million, due mainly to the improved product mix and slightly higher volume in the Europe division, which translated into higher capacity utilization at Draka's plants. Higher non-metal material prices (notably polymers) had an adverse impact on margins. Additional cost savings had an effect of approximately € 1 million on the result.

Analysis by division

Europe
The European construction markets improved a little in Q1 2011 compared with the same period in 2010. This improvement was driven mainly by continued growth in the Scandinavian countries, but was mitigated by weaker demand in the Benelux and Spain compared with the same period in 2010. Because volume is keeping pace with the market trend in the individual geographical markets, Draka's market share is remaining stable. The division's strategy of focusing constantly on offering added value by reliably supplying a complete range of products that achieve ever higher levels of performance is continuing to prove its worth in the current market conditions.

Asia-Pacific

The picture in the Asia-Pacific region remained mixed, with demand lower compared with Q1 2010, but the division's result benefited from the completion of a number of profitable contracts. Construction activity in the region is picking up and the order book is growing.

Industry & Specialty

Headlines

- Higher results for Industry & Specialty on the back of marked organic growth
- Engineered Specialties benefited greatly from strong growth at Pressure Tube Manufacturing
- Demand at Automotive remained at high levels; Aerospace stable
- Modest growth in demand for elevator cable, driven by continuing growth of Chinese market
- Offshore: growth reflecting ramp up of production in new subsea facility and order book
- Renewable Energy (wind and solar): outlook still good despite slow start

Financial result

(€ million, unless stated otherwise)	Q1 2011	Q1 2010
Sales	206	158
Adjusted operating result[1]	6	4
Operating margin (%)	2.7	2.3

[1] Excluding non-recurring items. There was a non-recurring charge of € 2 million in Q1 2011 which related to restructuring exercises and overhead efficiencies. Non-recurring items in Q1 2010 were € 1 million negative.

Industry & Specialty group sales in Q1 2011 were 30.0% higher at € 206 million, driven by substantial organic growth (9.7 percentage points), higher copper prices (15.3 percentage points) and gains on exchange (2.6 percentage points). Almost all divisions contributed to the higher volume, with Engineered Specialties and Offshore posting the fastest growth. The acquisition of PTM (USA) accounted for about 2.4 percentage points of the increase in sales.

The adjusted operating result was 55.6% higher at € 6 million. The excellent performance by Engineered Specialties accounted for most of this significant improvement in the result.

Analysis by division

Aerospace

Demand at Aerospace was stable, but the result benefited significantly from cost savings.

Automotive

Demand for automotive cable remained at a high level in Q1 2011, which translated into a greatly improved result.

Elevator

Despite modest organic growth, the result was sharply lower due partly to a less profitable product mix and price pressure. Recovery in the result will come from cost savings and growth in the Chinese market.

Engineered Specialties

Benefiting from its strategic focus on niche markets, the division was able to increase volume significantly. The greatly improved result can also be attributed partly to the acquisition of Pressure Tube Manufacturing (USA). Furthermore growth in utilities and irrigation also contributed.

Offshore

Despite strong organic growth, the division posted a lower result in Q1 2011, mainly due to start-up costs incurred in relation to substantial new orders for submarine cable.

Renewable Energy

The division's performance remained stable and the prospects are good, with an improving order book.

Draka

Communications

Headlines

- The result continued to improve, driven by organic growth, a better product mix and cost savings
- The global optical fiber market remained stable at 2010 level; modest growth in Europe compensated for slight decline in China
- Decisions by European telecom operators to extend FTTH projects had a positive effect in Q1
- Continuing strong demand within data communication cable segment for high-end applications such as 10GB networks in data centres

Financial result

(€ million, unless stated otherwise)	Q1 2011	Q1 2010
Sales	194	178
Adjusted operating result[1]	10	7
Operating margin (%)	5.0	4.0

[1] Excluding non-recurring items. There was a non-recurring charge of € 4 million in Q1 2011 which related to various efficiency projects and impairments. Non-recurring items in Q1 2010 were € 7 million negative.

The Communications group's sales were 8.9% higher in Q1 2011 at € 194 million. This increase is attributable to a combination of organic growth (1.9 percentage points), the positive effect of higher copper prices passed on in sales (4.3 percentage points) and gains on exchange (2.7 percentage points).

The adjusted operating result was € 10 million, up 36.1% compared with Q1 2010. This increase was driven by organic growth, better margins at Multimedia & Specials and good progress by Draka's joint ventures. Additional cost savings had an effect of approximately € 2 million on the result.

Analysis by market segment

Telecom Solutions

Demand for optical fiber cable increased, driven by the greater propensity on the part of telecom operators in Europe and the United States to invest in Fiber-to-the-Home (FTTH) projects. Growth was particularly strong in Europe, where Draka has fulfilled several major FTTH contracts. Helped by the good performance of Draka's joint ventures and further cost savings, the division posted a higher result.

Multimedia & Specials

Demand for data communication cable showed growth compared with Q1 2010, thanks to rising demand in Germany. Demand remained strong for cable for high-end applications such as 10GB networks in data centres. The division posted a significantly higher result, mainly due to the improved product mix.

Optical Fiber

Demand for optical fiber showed little change in Q1 2011, with growth in Europe compensating for a modest decline in China. Optical fiber prices (in US dollars) remained stable. The division posted a lower result compared with Q1 2010, mainly due to the weakening of the US$/€ exchange rate.

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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.

Profile

Draka Holding N.V. ('Draka') has been acquired by Prysmian Cables & Systems ('Prysmian'). Prysmian is world leader of the high-tech energy and telecom cables and systems industry. With sales of some € 7 billion (pro-forma 2010 Prysmian/Draka) and 22,000 employees across 50 countries and 98 plants, the Prysmian Group is a truly global business. Strongly positioned in high-tech markets, Prysmian offers the widest range of products, services, technologies and know-how in all market segments: underground and submarine cables and systems for power transmission and distribution; special cables for applications in diverse industrial sectors; cables and wires for the construction industry; optical fiber, fiber optic and copper cables and connectivity systems for telecommunications and data communications.

More information on Prysmian and Draka can be found at www.Prysmian.com and www.Draka.com.

Condensed consolidated statement of income
(unaudited)

In millions of euro	Three months ended 31 March 2011	Three months ended 31 March 2010
Sales	624	522
Change in inventories of work in progess, semi-finished and finished goods, and raw materials and consumables used	(415)	(331)
Other income	2	1
Fair value change in metal derivatives	(1)	-
Personnel costs	(94)	(92)
Amortisation, depreciation and impairment	(18)	(15)
Other expenses	(88)	(85)
Operating result	**10**	**-**
Net finance expense	(9)	(7)
Share of profit of equity accounted investees (net of income tax)	2	2
Result before income tax	**3**	**(5)**
Income tax benefit / (expense)	(2)	-
Result for the period	**1**	**(5)**
Attributable to:		
Equity holders of the company	-	(5)
Minority interests	1	-
Result for the period	**1**	**(5)**

Condensed consolidated statement of comprehensive income
(unaudited)

In millions of euro	Three months ended 31 March 2011	Three months ended 31 March 2010
Result for the period	**1**	**(5)**
Foreign exchange translation differences	(21)	25
Fair value gains / (losses) on available-for-sale financial assets	1	-
Effective portion of fair value changes of cash flow hedges (net of income tax)	2	(3)
Other comprehensive income for the period	**(18)**	**22**
Total comprehensive income for the period	**(17)**	**17**
Attributable to:		
Equity holders of the company	(16)	15
Minority interests	(1)	2
Total comprehensive income for the period	**(17)**	**17**

Draka

Condensed consolidated balance sheet
(unaudited)

In millions of euro	31-03-2011	31-12-2010	31-03-2010
Assets			
Non-current assets			
Property, plant and equipment	519	540	546
Intangible assets	112	114	114
Investments in equity accounted investees	56	59	56
Deferred tax assets	58	61	54
Derivative financial instruments	4	4	-
Other non-current financial assets	15	14	15
Total non-current assets	**764**	**792**	**785**
Current assets			
Inventories	459	400	399
Trade and other receivables	505	485	454
Derivative financial instruments	6	9	8
Income tax receivable	1	2	2
Held-for-sale assets	3	-	-
Cash and cash equivalents	100	139	80
Total current assets	**1,074**	**1,035**	**943**
Total assets	**1,838**	**1,827**	**1,728**
Equity			
Shareholders' equity			
Share capital	27	27	27
Reserves	545	556	537
Result for the period	-	5	(5)
Total equity attributable to equity holders of the company	**572**	**588**	**559**
Minority interests	**22**	**25**	**23**
Total equity	**594**	**613**	**582**
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	41	39	323
Provision for employee benefits	83	83	89
Derivative financial instruments	-	5	5
Other provisions	17	17	24
Other payables	4	5	5
Deferred tax liabilities	16	17	18
Total non-current liabilities	**161**	**166**	**464**
Current liabilities			
Bank overdrafts	6	10	9
Interest-bearing loans and borrowings	406	368	85
Derivative financial instruments	1	6	11
Trade and other payables	656	645	553
Income tax payable	6	7	6
Other provisions	8	12	18
Total current liabilities	**1,083**	**1,048**	**682**
Total liabilities	**1,244**	**1,214**	**1,146**
Total equity and liabilities	**1,838**	**1,827**	**1,728**

Condensed consolidated statement of cash flows
(unaudited)

In millions of euro	Three months ended 31 March **2011**	**2010**
Result for the period	1	(5)
Depreciation	14	14
Amortisation	2	2
Impairments	2	-
Fair value change in metal derivatives	1	-
Net finance expense	9	7
Share of profit of equity accounted investees	(2)	(2)
Income tax (benefit) / expense	2	-
	29	**16**
Changes in inventories	(68)	(38)
Changes in trade receivables	(40)	(49)
Changes in trade payables	35	40
Changes in other working capital and other	(11)	10
	(55)	**(21)**
Income tax paid	(1)	(3)
Application of provisions	(9)	(8)
Net cash from operating activities	**(65)**	**(32)**
Dividends received	2	-
Acquisition of intangible assets	(1)	(1)
Acquisition of property, plant and equipment	(5)	(4)
Net cash used in investing activities	**(4)**	**(5)**
Net interest paid	(6)	(6)
Cancellation interest rate swaps	(4)	-
Repayment promissory note Optelecom	6	-
Movements in bank loans	39	48
Net cash from financing activities	**35**	**42**
Net increase / (decrease) in cash and cash equivalents	**(34)**	**5**
Cash and cash equivalents at 1 January	139	74
Exchange rate fluctuations on cash and cash equivalents	(5)	1
Cash and cash equivalents at 31 March	**100**	**80**

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 2009	**27**	**458**	**(23)**	**(2)**	**6**	**78**	**544**	**21**	**565**
Foreign exchange translation differences	-	-	23	-	-	-	23	2	25
Effective portion of fair value changes of cash flow hedges (net of income tax)	-	-	-	(3)	-	-	(3)	-	(3)
Total income and expenses recognised directly in equity	**-**	**-**	**23**	**(3)**	**-**	**-**	**20**	**2**	**22**
Result for the period	-	-	-	-	1	(6)	(5)	-	(5)
Total recognised income and expense	**-**	**-**	**23**	**(3)**	**1**	**(6)**	**15**	**2**	**17**
Balance as at 31 March 2010	**27**	**458**	**-**	**(5)**	**7**	**72**	**559**	**23**	**582**
Balance as at 31 December 2010	**27**	**458**	**14**	**6**	**6**	**77**	**588**	**25**	**613**
Foreign exchange translation differences	-	-	(19)	-	-	-	(19)	(2)	(21)
Fair value gains / (losses) on available-for-sale financial assets	-	-	-	-	-	1	1	-	1
Effective portion of fair value changes of cash flow hedges (net of income tax)	-	-	-	2	-	-	2	-	2
Total income and expenses recognised directly in equity	**-**	**-**	**(19)**	**2**	**-**	**1**	**(16)**	**(2)**	**(18)**
Result for the period	-	-	-	-	1	(1)	-	1	1
Total recognised income and expense	**-**	**-**	**(19)**	**2**	**1**	**-**	**(16)**	**(1)**	**(17)**
Put options held by non-controlling interests	-	-	-	-	-	-	-	(2)	(2)
Total direct changes in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2)**	**(2)**
Balance as at 31 March 2011	**27**	**458**	**(5)**	**8**	**7**	**77**	**572**	**22**	**594**

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 quarter 2011 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 2010 as included in the Annual Report 2010 issued on 14 February 2011, except for the policies applied in connection with metal derivative financial instruments (hedging) and employee benefits.

Furthermore, due to the acquisition of Draka by Prysmian certain Non-GAAP measures and definitions were revised according to Prysmian definitions.

Change of accounting policies

As of 1 January 2011 hedge accounting for metal derivatives is no longer applied. As of that date all fair value changes of all metal derivatives are recognised in the income statement on line item fair value change in metal derivatives. The outstanding balance of the hedging reserve at 31 December 2010 remains in equity and is recognised in the income statement as soon as the hedged transaction takes place. 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.

As of 1 January 2011 Draka has abandoned the "corridor" method in which cumulative unrecognised actuarial gains and losses were only recognised in the income statement if they exceeded 10% of the greater of the present value of the defined benefit obligation and the fair value of the plan assets. As of 2011 the cumulative unrecognised actuarial gains and losses are included in the provision for employee benefits with the resulting effect charged directly to equity. The comparative figures have been restated to reflect this change in accounting policy; the provision for employee benefits increased and shareholders' equity decreased with respectively € 6 million in March 2010 and € 1 million in December 2010.

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 2010. The consolidated financial statements of the Group as at and for the year ended 31 December 2010 are available upon request at the Company's office or at www.draka.com.

4. Estimates

The condensed consolidated interim financial statements 2011 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 2010.

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.

Three months ended 31 March (unaudited)	**Energy & Infrastructure**		**Industry & Specialty**		**Communications**		**Not allocated to segments / eliminations**		**Consolidated**	
In millions of euro	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Sales from external customers	224	186	206	158	194	178	-	-	624	522
Intersegment transactions	21	10	1	4	9	11	(31)	(25)	-	-
Sales	**245**	**196**	**207**	**162**	**203**	**189**	**(31)**	**(25)**	**624**	**522**
Operating result (excluding non-recurring items and fair value change in metal derivatives)	7	3	6	4	10	7	(4)	(4)	19	10
Non-recurring items	-	(2)	(2)	(1)	(2)	(7)	(2)	-	(6)	(10)
Assets impairment	-	-	-	-	(2)	-	-	-	(2)	-
Fair value change in metal derivatives	-	-	-	-	-	-	(1)	-	(1)	-
Operating result	**7**	**1**	**4**	**3**	**6**	**-**	**(7)**	**(4)**	**10**	**-**
Net finance expense									(9)	(7)
Share of profit of equity accounted investees									2	2
Income tax benefit / (expense)									(2)	-
Result for the period									**1**	**(5)**

6. Non-recurring items and assets impairment

In the first quarter of 2011 the Group recognised non-recurring items and assets impairment amounting to € 8 million. An impairment charge of € 2 million is recognised on idle land in Germany. The completion of the downsizing of the Wire & Cable Assemblies (WCA) activities in relation to severance payments and impairments contributed € 2 million to the non-recurring items. The remaining advisory and other fees with respect to the takeover of Draka by Prysmian amounted to € 2 million. The remaining expenses primarily relate to the overflow of in earlier years announced restructurings.

In the first quarter of 2010 the Group recognised non-recurring items amounting to € 10 million. These costs related for an amount of approximately € 6 million to the in January 2010 announced closing of the factory in Årnes (Norway) and approximately € 1 million to the in the last quarter of 2009 announced closure of the plant in Ystad. The remaining expenses primarily related to the overflow of various in 2009 announced restructurings.

7. Interest-bearing loans and borrowings

Total interest-bearing loans and borrowings (non-current and current) increased with € 39 million compared to 31 December 2010, mainly due to the seasonal increase in operating working capital. As a result of the change in control the multicurrency revolving credit facility was repaid and replaced by an intercompany loan from Prysmian.

8. 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 30 of the consolidated financial statements as at and for the year ended 31 December 2010.