Draka UK Limited

Directors' report and financial statements

Registered in England and Wales number 00939069

31 December 2003

Contents

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2003.

Principal activities

In the United Kingdom, Draka operates through Draka UK Limited, which engages in the development, production and sale of instrumentation cable for industrial applications as well as multimedia and coaxial cable for the computer industry. In addition, Draka UK supplies low voltage cable for industrial and residential construction through wholesale companies. Draka UK also supplies fire-resistant cable for many applications.

Business review

The economic conditions throughout 2003 continued to be difficult. Growth in Europe was limited whilst some countries were in recession. As a result there was no recovery in demand for telecommunication and data communication cable whilst price erosion continued, particularly in structured cabling. Declining worldwide construction activities led to a drop in demand for low-voltage cable. This in turn led to lower factory capacity utilisation that, together with raw material price pressures not fully recovered in selling prices, had a negative impact on margins. Despite this turnover of £111.7 million was only 3% lower than 2002.

In response to these market conditions Draka UK continued its cost reduction policy and the generation of optimum free cash flow through reductions in working capital. The benefits from reorganisation initiatives in previous years were realised in 2003, with significant cost reductions being recognised. These initiatives allowed the company to make loan repayments of £9.2m during the year.

Future developments

Based on a cautious economic recovery in Europe conditions in the cable market are expected to improve in 2004. Key to this will be a willingness of companies' to invest in telecommunications and data communication for which the parent company, Draka Holding NV, has sought to consolidate its position through a joint venture with Alcatel, France. As a consequence the company transferred its telecommunication and data communication business to Draka Comteq UK Limited on 30 June 2004, a new company formed to participate in the joint venture.

Draka UK is also concentrating on efficient manufacturing of low-voltage cable through production initiatives.

Results and dividends

The company recorded a loss on ordinary activities after taxation, for the year ended 31 December 2003 of £5,321,000 *(2002: £5,245,000 loss)*. The directors do not recommend the payment of a dividend *(2002: £nil)*.

Directors and their interests

The directors who held office during the year were as follows:

RP Gouldstone
SK Bell (resigned 24 May 2004)
I Dew
RA George
RW Nash

No director who held office at the end of the year had any disclosable interest in the share capital or debentures of the company or any group company.

Directors' report *(continued)*

Disabled employees

The company gives every consideration to applications for employment from disabled persons, where a handicapped or disabled person may adequately cover the requirements of the job. Employees who become disabled during employment are given continued employment where possible, and equal opportunities for training and career development are provided for all disabled employees.

Employee consultation

During the year, the company has continued its practice of keeping employees informed on matters affecting them and on various factors relating to the performance of the company. This has been achieved through formal and informal meetings. Employees are consulted regularly on a wide range of matters affecting their interests. Additionally twice a year the Draka UK Management Board meets with the Works Council to discuss business issues and operational activities.

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

I Dew
Company secretary

Registered office

PO Box 6500
Alfreton Road
Derby
DE24 4ZH

21 February 2005

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG

KPMG LLP
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Independent auditors' report to the members of Draka UK Limited

We have audited the financial statements on pages 5 to 18.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

21 February 2005

Chartered Accountants
Registered Auditor

Profit and loss account

for the year ended 31 December 2003

	Note	**2003**	2002
		£000	£000
Turnover	*2*	**111,651**	115,863
Cost of sales		**(102,894)**	(106,160)
Gross profit		**8,757**	9,703
Distribution costs		**(7,492)**	(7,790)
Administrative expenses		**(5,103)**	(3,228)
Operating loss		**(3,838)**	(1,315)
Exceptional item – reorganisation costs	*3*	**-**	(2,258)
Interest receivable and similar income	*6*	**67**	42
Interest payable and similar charges	*7*	**(1,550)**	(2,083)
Loss on ordinary activities before taxation	*8*	**(5,321)**	(5,614)
Tax on loss on ordinary activities	*9*	-	369
Loss for the financial year	*18*	**(5,321)**	(5,245)

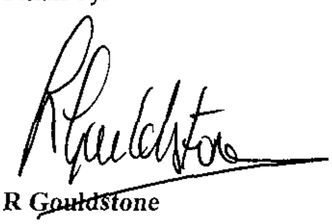
There were no recognised gains or losses in either the current or preceding years other than those disclosed in the profit and loss account.

In both the current and preceding year, the company made no material acquisitions and had no discontinued operations.

Balance sheet
as at 31 December 2003

	Note		2003		2002
		£000	**£000**	£000	£000
Fixed assets					
Intangible assets - negative goodwill	*10*		**(5,004)**		(5,561)
Tangible assets	*11*		**22,996**		25,971
			17,992		20,410
Current assets					
Stocks	*12*	**13,040**		14,532	
Debtors	*13*	**30,725**		31,267	
Cash at bank and in hand		**931**		97	
		44,696		45,896	
Creditors: amounts falling due within one year	*14*	**(29,481)**		(19,929)	
Net current assets			**15,215**		25,967
Total net assets employed			**33,207**		46,377
Financed by:					
Creditors: amounts falling due after more than one year	*15*		**36,134**		43,983
Capital and reserves					
Called up share capital	*17*	**202**		202	
Share premium account	*18*	**5,000**		5,000	
Capital redemption reserve	*18*	**5,120**		5,120	
Profit and loss account	*18*	**(13,249)**		(7,928)	
Equity shareholders' funds	*18*		**(2,927)**		2,394
Total financing			**33,207**		46,377

These financial statements were approved by the board of directors on 21 February 2005 and were signed on its behalf by:



R Gouldstone
Director

I Dew
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

The financial statements have been prepared on the going concern basis that the directors believe to be appropriate. The company is dependent for its working capital on funds provided to it by Draka Holding NV, the company's ultimate parent undertaking. Draka Holding NV has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company.

Cash flow statement

Under FRS 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of Draka Holding NV, which is incorporated in the Netherlands, and its cash flows are included within the consolidated cash flow statement of that company.

Basis of consolidation

As the company is wholly owned by Draka Holding NV, which is incorporated in the Netherlands, it has applied the provisions of Section 228 of the Companies Act 1985 in not preparing consolidated financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

Goodwill

When the fair value of the consideration for an acquired undertaking exceeds the fair value of its separable net assets the difference is treated as purchased goodwill and is capitalised and amortised through the profit and loss account over its estimated economic life.

Where the fair value of the separable net assets exceeds the fair value of the consideration for an acquired undertaking the difference is treated as negative goodwill and is capitalised and amortised through the profit and loss account in the period in which the non-monetary assets acquired are recovered. In the case of fixed assets this is the period over which they are depreciated and, in the case of current assets, the period over which they are sold or otherwise realised.

Turnover

Turnover comprises the value of sales (excluding VAT and trade discounts) of goods and services in the normal course of business.

Tangible fixed assets

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Freehold land	nil
Freehold buildings	2½%
Plant and machinery	5%-33%
Fixtures and fittings	10-20%
Motor vehicles	25%

Provision is made for impairment of assets where the net present value of the future cash flows deriving from a fixed asset is less than the carrying value of that asset.

Notes *(continued)*

1 Accounting policies *(continued)*

Stocks

Stocks are stated at the lower of average cost and net realisable value. Costs include all direct costs incurred in bringing stocks to their present state and location including an appropriate proportion of manufacturing overheads.

Taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19. Deferred tax assets are recognised only to the extent that they are considered to be recoverable in the foreseeable future.

Pensions

The company operates a number of pension schemes providing benefits based on final pensionable pay. The assets of these schemes are held separately from those of the company in independently administered funds. Contributions to these schemes are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

2 Turnover

Turnover by geographical market is as follows:

	2003	2002
	£000	*£000*
United Kingdom	**69,321**	79,241
Netherlands	**3,128**	2,123
Germany	**3,568**	4,028
Rest of Europe	**17,155**	14,559
Far East	**13,265**	11,717
North America	**513**	259
Rest of the world	**4,701**	3,936
	111,651	115,863

No further segmental analysis has been presented as the company has only one class of business. All turnover arises from continuing activities.

Notes *(continued)*

3 Exceptional items

	2003	2002
	£000	£000
Restructuring costs	-	2,258

Following the acquisition of the Delta business the company carried out a substantial restructuring programme. This incorporated the reorganisation of the manufacturing operations and rationalisation of the workforce and ancillary activities.

4 Remuneration of directors

	2003	2002
	£000	£000
Directors' emoluments:		
Emoluments in respect of qualifying services	**478**	484

The aggregate of emoluments of the highest paid director was £137,000 *(2002: £151,000)*. He is a member of a defined benefit scheme, under which his accrued pension at the year-end was £43,000 *(2002: £39,000)*.

	Number	Number
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	**5**	5

5 Staff numbers and costs

The average number of persons employed (full-time equivalent) by the company during the year (including directors) was as follows:

	Number of employees	
	2003	2002
Production	**564**	618
Sales	**70**	87
Research and development	**19**	18
Management and other	**84**	110
	737	833

The aggregate payroll costs for these persons (including directors) were as follows:

	£000	£000
Wages and salaries	**16,098**	19,870
Social security costs	**1,307**	1,474
Pension costs	**1,250**	1,070
	18,655	22,414

Notes *(continued)*

6 Interest receivable and similar income

	2003	2002
	£000	£000
Bank deposits	**67**	40
Other interest	**-**	2
	67	42

7 Interest payable and similar charges

	2003	2002
	£000	£000
Bank loans and overdrafts	**174**	163
Inter group loan balances	**1,375**	1,919
Other interest	**1**	1
	1,550	2,083

8 Loss on ordinary activities before taxation

		2003	2002
		£000	£000
This is stated after charging/(crediting):			
Depreciation	- owned assets	**3,396**	3,117
	- leased assets	**-**	1
Auditors' remuneration	- audit fees	**80**	82
	- non-audit fees	**171**	220
Operating lease costs		**706**	867
Loss on disposal of fixed assets		**-**	39
Foreign exchange (gain)/loss		**(85)**	34

Notes *(continued)*

9 Tax on loss on ordinary activities

Analysis of credit in the year

	2003	2002
	£000	£000
UK corporation tax credit at 30% *(2002: 30%)*	-	-
Total current tax credit	-	-
Deferred taxation - origination and reversal of timing differences	-	(369)
	-	(369)

Factors affecting the tax credit for the current year

The current tax credit for the year is lower *(2002: lower)* than the standard rate of corporation tax in the UK of 30% *(2002: 30%)*. The differences are explained below:

	£000	£000
Current tax reconciliation:		
Loss on ordinary activities before tax	**(5,321)**	(5,614)
Current tax at 30% *(2002: 30%)*	**(1,596)**	(1,684)
Effects of:		
Expenses not deductible for tax purposes	**554**	379
Capital allowances for the year in excess of depreciation	**224**	(121)
Other timing differences	**78**	171
Additions to trading losses carried forward	**740**	1,255
Total current tax credit	-	-

10 Intangible assets

	Negative goodwill £000
Cost:	
At 1 January 2003 and 31 December 2003	9,591
Accumulated depreciation:	
At 1 January 2003	4,030
Charge for the year	557
At 31 December 2003	4,587
Net book value:	
At 31 December 2003	**5,004**
At 31 December 2002	5,561

Notes *(continued)*

11 Tangible fixed assets

	Land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost or valuation:					
At 1 January 2003	3,729	59,578	6,339	459	70,105
Additions	8	278	131	4	421
Disposals	-	(16)	(24)	-	(40)
At 31 December 2003	3,737	59,840	6,446	463	70,486
Accumulated depreciation:					
At 1 January 2003	964	39,932	2,895	343	44,134
Charge for the year	126	2,369	868	33	3,396
Disposals	-	(16)	(24)	-	(40)
At 31 December 2003	1,090	42,285	3,739	376	47,490
Net book value:					
At 31 December 2003	**2,647**	**17,555**	**2,707**	**87**	**22,996**
At 31 December 2002	2,765	19,646	3,444	116	25,971

Included within land and buildings is land valued at £70,000 that is not depreciated.

12 Stocks

	2003 £000	2002 £000
Raw materials and consumables	**2,491**	4,086
Work in progress	**2,444**	2,592
Finished goods and goods for resale	**8,105**	7,854
	13,040	14,532

13 Debtors

	2003 £000	2002 £000
Trade debtors	**17,190**	18,128
Amounts owed by group undertakings	**9,225**	8,426
Other debtors	**591**	1,029
Prepayments and accrued income	**839**	614
Pension surplus	**2,880**	3,070
	30,725	31,267

Notes *(continued)*

14 **Creditors:** amounts falling due within one year

	2003	2002
	£000	£000
Bank overdrafts	**330**	4,051
Trade creditors	**7,827**	5,528
Amounts owed to group undertakings	**19,657**	7,839
Other tax and social security	**394**	373
Other creditors	**296**	149
Accruals and deferred income	**977**	1,989
	29,481	19,929

15 **Creditors:** amounts falling due after more than one year

	2003	2002
	£000	£000
Amounts repayable, other than by instalments to group undertakings		
Not wholly repayable within five years	**1,750**	1,750
Wholly repayable within five years	**34,384**	42,233
	36,134	43,983

There are no repayment terms associated with amounts repayable after five years.

16 Provisions for liabilities and charges

	Deferred taxation
	£000
At 1 January 2003	-
Credit in the profit and loss account	-
At 31 December 2003	-

The amounts provided for deferred taxation are set out below:

	2003	2002
	£000	£000
Tax effect of timing differences because of:		
Excess of capital allowances over depreciation	**4,093**	4,330
Other timing differences	**(4,093)**	(4,330)
	-	-

A deferred tax asset of £4.0m in respect of tax losses carried forward has not been recognised. The asset will be recoverable in future years if the company generates taxable profits.

Notes *(continued)*

17 Called up share capital

	2003	2002
	£000	£000
Authorised		
300,000 ordinary shares of 1p each	**3**	3
200,000 deferred shares of £1 each	**200**	200
	203	203
Allotted issued and fully paid:		
200,001 ordinary shares of 1p each	**2**	2
200,000 deferred shares of £1 each	**200**	200
	202	202

18 Reconciliation of shareholders' funds and movements on reserves

	Share capital £000	Share premium £000	Capital redemption £000	Profit and loss account £000	Total £000
At 1 January 2003	202	5,000	5,120	(7,928)	2,394
Loss for the year	-	-	-	(5,321)	(5,321)
At 31 December 2003	**202**	**5,000**	**5,120**	**(13,249)**	**(2,927)**

19 Commitments

(a) At 31 December 2003 the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings		Other assets	
	2003	2002	**2003**	2002
	£000	£000	**£000**	£000
Leases which expire:				
Within one year	-	-	**97**	115
In the second to fifth years inclusive	-	-	**110**	240
After five years	**351**	351	**190**	-
	351	351	**397**	355

(b) Capital commitments at 31 December 2003, for which no provision has been made in the financial statements, were as follows:

	2003	2002
	£000	£000
Authorised and contracted for	**-**	229

Notes *(continued)*

19 Commitments *(continued)*

(c) Guarantees

The company has a duty deferment guarantee with Customs and Excise of £360,000 and performance bonds of £256,000.

The company unconditionally guarantees the borrowings of Draka UK Group Limited.

(d) The company has hedging commitments associated with copper sales with the parent company, Draka Holding NV, of £984,000 *(2002: copper purchases £270,000).*

20 Pension commitments

The company operates two defined benefit Plans in the UK, the Draka UK Pension Plan and the Draka UK (ex DCC) Pension Plan. The assets of the Plans are held separately from those of the company.

Company contributions are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by an independent qualified actuary on the basis of triennial valuations using the defined accrued benefit method.

The most recent valuation for the Draka UK Plan was performed as at 6 April 2002. The principal assumptions adopted were future investment returns of 9% per annum pre retirement and 8% per annum post retirement and average salary increases of 6% per annum. The valuation showed that the market value of the Plan's assets was £5,176,000 at 6 April 2002 representing 105% of the benefits that had accrued to members on these assumptions with a surplus of £256,000. A new Schedule of Contributions for the Draka UK Plan was put in place in November 2002, and the company agreed to continue to pay contributions at a rate of 9.3% per annum of pensionable salaries. Expenses are paid in addition.

The most recent valuation for the Draka UK (ex DCC) Plan was performed as at 6 April 2003. The principal assumptions adopted were future investment returns of 8.6% per annum pre retirement and 6.5% per annum post retirement and average salary increases of 5% per annum. The valuation showed that the market value of the Plan's assets was £24,171,000 at 6 April 2003 representing 93% of the benefits that had accrued to members on these assumptions with a deficit of £1,801,000. The Company has agreed to contribute at a rate of 14.5% of pensionable earnings. Expenses are paid in addition.

Overall the pension cost for the Plans was £1,250,000 *(2002:£1,070,000)*. There is a prepayment of £2,880,000 *(2002: £3,070,000)* in the balance sheet. This arises from a surplus in the Draka UK (ex DCC) Pension Plan as a result of the bulk transfer of assets and liabilities from the Delta Pension Plan in 2000. This surplus has been recognized in full as a prepayment.

Whilst the Company continues to account for pension costs in accordance with Statement of Standard Accounting Practice 24 'Accounting for Pension costs' under FRS 17 'Retirement benefits', the following transitional disclosures are required:

Approximate valuations have been carried out on a set of assumptions consistent with those required under FRS 17 by a qualified Actuary. The major assumptions and calculation dates for these valuations were:

	31 December 2003	31 December 2002
Discount rate	**5.50%**	5.75%
Rate of increase in pensionable salaries	**4.20%**	3.75%
Inflation assumption	**2.70%**	2.25%
Rate of increase in pensions in payment	**2.50%**	2.25%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Notes *(continued)*

20 Pension commitments *(continued)*

The net pension asset or liability that would be recognised on the balance sheet if FRS 17 had been adopted in full would be as follows:

	31 December 2003		31 December 2002	
	Long-term expected rate of return	**Value**	Long-term expected rate of return (assumed)	Value
	%	***£000***	%	£000
Equities	**8.0%**	**29,700**	8.0%	23,000
Bonds	**5.0%**	**4,600**	5.0%	5,000
Other	**4.0%**	**1,300**	4.0%	1,400
Total market value of assets		**35,600**		29,400
Present value of liabilities		**(44,900)**		(37,000)
Deficit in the plans		**(9,300)**		(7,600)
Related deferred tax asset		**2,790**		2,280
Net pension liability		**(6,510)**		(5,320)

An analysis of the amount that would have been charged to operating profit is as follows:

	2003	2002
	£000	£000
Current service cost	**1,550**	1,400
Settlements and curtailment	**-**	-
Total operating charge	**1,550**	1,400

An analysis of the amount that would have been credited to other financing income is as follows:

	2003	2002
	£000	£000
Expected return on pension assets	**2,170**	2,600
Interest on pension liabilities	**(2,160)**	(1,900)
Other financing income	**10**	700

Notes *(continued)*

20 Pension commitments *(continued)*

An analysis of the amount that would have been recognised in the statement of total recognised gains and losses (STRGL) is as follows:

	2003	2002
	£000	£000
Actual return less expected return on pension Plans assets	**3,350**	(9,000)
Experience gains and losses arising on pension Plans liabilities	**30**	(700)
Changes in assumptions underlying the present value of the Plans liabilities	**(4,600)**	(3,300)
Actuarial loss recognised in STRGL	**(1,220)**	(13,000)

An analysis of the movement in surplus/(deficit) over the period is as follows:

	2003	2002
	£000	£000
(Deficit)/surplus in the plan at the beginning of the year	**(7,600)**	5,600
Current service cost	**(1,550)**	(1,400)
Company contributions paid	**1,060**	500
Other financing income	**10**	700
Past service costs	**-**	-
Settlements and curtailments	**-**	-
Actuarial losses	**(1,220)**	(13,000)
Deficit in the plan at the end of the year	**(9,300)**	(7,600)

A history of experience gains and losses over the period is as follows:

	2003	2002
	£000	£000
Difference between the expected and actual return on plans assets:		
Amount	**3,350**	(9,000)
Percentage of Plans assets	**9%**	-31%
Experience gains and losses on plans liabilities:		
Amount	**30**	(700)
Percentage of present value of Plans liabilities	**0%**	-2%
Total amount which would be recognised in statement of total recognised gains and losses:		
Amount	**(1,220)**	(13,000)
Percentage of present value of Plans liabilities	**-3%**	-35%

Notes *(continued)*

21 Related party transactions

As the company is a wholly owned subsidiary of Draka Holding NV the company has taken advantage of the exemption contained within FRS 8 'Related party transactions' and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Draka Holding NV, within which this company is included, can be obtained from the address given in note 22.

22 Ultimate parent and controlling company

The company is controlled by RMCA Holdings Limited, its parent undertaking. The ultimate controlling party is Draka Holding NV, its ultimate parent undertaking.

The company is a subsidiary undertaking of Draka Holding NV, which is incorporated in the Netherlands.

The smallest and largest group of companies which publishes consolidated financial statements and of which this company is a member is Draka Holding NV.

Copies of these consolidated financial statements can be obtained from the Company Secretary, Draka UK Limited, PO Box 6500, Alfreton Road, Derby, DE24 4ZH.

23 Post balance sheet event

On 30 June 2004 the company transferred its telecommunication and data communication business to a new company, Draka Comteq UK Limited. The assets and liabilities were transferred at carrying value whilst Draka UK Limited retained land and buildings pertaining to the operation and these were then leased to the new company..