Company Registration No. 939069

DRAKA UK LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2009

REPORT AND FINANCIAL STATEMENTS 2009

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REPORT AND FINANCIAL STATEMENTS 2009

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

K I Samuel	(resigned 31 January 2010)
I P Rice	
A E J Carter	
J G Siebring	(appointed 27 March 2009 and resigned 26 March 2010)
C R J Willems	(appointed 27 March 2009)
R De Ruijter	(appointed 27 March 2009)
J H Schutton	(appointed 27 March 2009)

SECRETARY

A E J Carter

REGISTERED OFFICE

PO Box 6500
Alfreton Road
Derby
DE21 4ZH

AUDITORS

Deloitte LLP
Chartered Accountants and Statutory Auditors
2 Hardman Street
Manchester
United Kingdom

LEGAL ADVISORS

Eversheds LLP
115 Colemore Row
Birmingham
B3 3AL

DIRECTORS' REPORT

The directors present their report, business review and the audited financial statements for the year ended 31 December 2009

PRINCIPAL ACTIVITIES

Draka UK Limited is a wholly owned subsidiary of Draka Holding NV, a company quoted on the stock exchange of The Netherlands Draka UK Limited engages in the development, manufacture, distribution and sale of high quality electrical cables for industrial and domestic purposes, fire-resistant cable for many applications, instrumentation cables for industrial applications, and copper wires primarily for use in cable manufacture

Draka UK Limited benefits from close technical and commercial cooperation with its sister companies, which form the Draka Group around the world

BUSINESS REVIEW

As Draka UK Limited is a wholly owned subsidiary, there are no benefits to its shareholder of providing a detailed business review within the report or financial statements The shareholder is kept fully appraised of all important strategies and key performance indicators through normal monthly management reporting

Draka UK Limited's strategy is designed to improve profit performance whilst managing working capital within acceptable levels In 2009 working capital controls were maintained but underlying profitability was impacted by the movement in the general economy and more specifically the local residential building markets

Emphasis within the business continues to focus upon customer service, product development in order to fulfil our customers' needs, and employee training in order to strengthen the Draka UK Team We plan to continue progress in all areas and react accordingly to current market conditions During 2010 the business continued to progress its environmental policy which will reduce its environmental impact going forward and acknowledged the importance of this to the long term viability of the business and industry

2009 saw difficult trading conditions as the world economy struggled following the banking crisis Draka throughout the year has increased its focus on forecasting and cost base accordingly, reacting to the changing market conditions and aligning the business to maintain its position with its peers

Key performance indicators for the business include profitability, working capital ratios, customer service performance and the monitoring of the business wide training strategy

2009 saw the closure of the Llanelli wire drawing plant following the 2008 announcement This closure was finally concluded on 31 January 2010 following the final exit of the site and following clearing up and removal of machinery from the site Draka retains a small market share in the UK wire drawing business serviced from its Derby production site

RESULTS AND DIVIDENDS

The company recorded a trading loss on ordinary activities before interest, tax and one-off reorganisation costs, of £0 9m (2008 £1 6m profit)

The loss for the financial year after taxation was £3 5m (2008 £2 8m loss) The directors do not recommend the payment of a dividend (2008 £nil)

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

In 2009, prices of copper, steel wire, compounds and all major raw materials for the business saw significant increases in the first half year with prices ebbing towards the later part of 2009 The business has been largely successful in passing this volatility through to its selling prices Risk associated with copper price volatility of inventory and between the time of taking a sales order and fulfilling the sales order is comprehensively mitigated by the use of copper futures contracts

The directors include in their considerations, all key business risks relating to commodity raw material price and exchange rate fluctuations and takes steps to mitigate these risks through the use of futures contracts

DIRECTORS' REPORT (CONTINUED)

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

In addition the general economic outlook for the UK, public & private construction and electrical sectors, impacting the company's demand for its products, is constantly reviewed This entails review and benchmarking of all direct and indirect expenditure, along with the organisational structure, in addition to continually improving quality and delivery performance, by capitalising on technical expertise and by maintaining strong relationships with customers

The company has implemented and continued with the following measures to manage this risk

- Reducing costs through redundancy programmes,
- Reducing overhead costs through natural wastage,
- Participating in various Draka NV cost saving initiatives, including the group purchasing initiative, to pool spend and increase purchasing power to leverage more cost savings across all areas of the business,
- Regular forecast and pricing reviews to closely monitor sales order intake activity,
- Insurance of trade debtors in this climate is policy and, where unavailable, significant increase in focus on credit checks and the stringent internal approval hierarchy, and
- Introduction of the 'Lean' and Six Sigma methodology throughout operations, including back office processes, seeking cost savings and efficiency gains

In relation to cash flow and liquidity risk, the company meets its day to day working capital requirements through an intercompany cash pool During 2010 the company entered into a Framework Agreement to arrange a factoring facility on a non recourse basis in respect of eligible receivables as well as the provision of related services This was part of Holding Company initiative to improve Cashflow management within the business, and released £7 3m cash from gross debtors at 31 December 2009

GOING CONCERN

In considering the appropriateness of the going concern basis of preparation, the Directors have considered forecasts for the next 12 months, which include detailed cash flow forecasts and working capital availability These forecasts show that that the company has adequate resources to continue in operational existence for the foreseeable future Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and accounts

DIRECTORS

The directors are as noted on page 1 and served throughout or during the period and thereafter

CHARITABLE AND POLITICAL DONATIONS

During the year, the company has made charitable donations of £150 (2008 £1,890) No political contributions were made in the current or preceding year

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged It is the policy of the company that the training, career development and promotion of disabled persons should, as far as practicable, be identical with that of other 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

DIRECTORS' REPORT (CONTINUED)

AUDITORS

Each person who is a director at the date of the approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

By order of the board

A E J Carter
Director

21 June 2010

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DRAKA UK LIMITED

We have audited the financial statements of Draka UK Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 26 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DRAKA UK LIMITED (CONTINUED)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Damian Sanders (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Manchester, United Kingdom
29 June 2010

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2009

	Note	£000	2009 £000	£000	2008 £000
Turnover					
Continuing operations		87,221		126,753	
Discontinued operations		35,607		106,920	
	2		122,828		233,673
Cost of sales					
Continuing operations		(80,665)		(115,131)	
Discontinued operations		(36,301)		(104,652)	
			(116,966)		(219,783)
Gross profit					
Continuing operations		6,556		11,622	
Discontinued operations		(694)		2,268	
			5,862		13,890
Distribution costs					
Continuing operations		(3,422)		(6,593)	
Discontinued operations		(116)		(1,823)	
			(3,538)		(8,416)
Total administrative expenses					
Continuing operations		(2,857)		(2,404)	
Discontinued operations		(374)		(1,459)	
			(3,231)		(3,863)
Operating (loss)/profit					
Continuing operations		277		2,625	
Discontinued operations		(1,184)		(1,014)	
			(907)		1,611
Exceptional items	3		(1,279)		(3,747)
Other interest receivable and similar income	6		7		55
Other finance (charges)/ income (net)	7		(30)		560
Interest payable and similar charges	8		(448)		(739)
Loss on ordinary activities before taxation	9		(2,657)		(2,260)
Tax on loss on ordinary activities	10		(861)		(518)
Retained loss for the financial year			(3,518)		(2,778)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 December 2009

	Note	2009 £000	2008 £000
Loss for the year		(3,518)	(2,778)
Actuarial losses recognised on pension scheme	22	(7,370)	(9,360)
Deferred tax impact of pension scheme accounting	10	2,064	2,620
Total recognised loss relating to the year		(8,824)	(9,518)

BALANCE SHEET
31 December 2009

	Note	£000	2009 £000	£000	2008 £000
Fixed assets					
Intangible assets - negative goodwill	11		(1,186)		(1,932)
Tangible assets	12		6,857		7,621
			5,671		5,689
Current assets					
Stocks	13	15,019		13,319	
Debtors	14	22,630		36,182	
Cash at bank and in hand		15,214		10,819	
		52,863		60,320	
Creditors amounts falling due within one year	15	(39,379)		(42,616)	
Net current assets			13,484		17,704
Total assets less current liabilities			19,155		23,393
Creditors amounts falling due after more than one year	16		(1,750)		(1,750)
Net assets excluding pension liability			17,405		21,643
Net pension liability	22		(10,584)		(5,998)
Net assets including pension liability			6,821		15,645
Capital and reserves					
Called up share capital	18		202		202
Share premium account	19		40,553		40,553
Capital redemption reserve	19		5,120		5,120
Profit and loss account	19		(39,054)		(30,230)
Shareholders' funds	20		6,821		15,645

The financial statements of Draka UK Ltd (company registration number 939069) were approved by the board of directors on 21 June 2010 and were signed on its behalf by

I. P Rice
Director

A E J Carter
Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

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 on a going concern basis in accordance with applicable law and UK accounting standards and under the historical cost convention

After making enquiries and based on the discussion outlined on page 3, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements

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 Draka Holding NV's financial statements are publicly available (see note 26)

Goodwill and negative 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, impaired or sold In the case of current assets, it is the period over which they are sold or otherwise realised

Stocks

Stocks are stated at the lower of weighted 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 Provision is made for obsolete, slow-moving or defective items where appropriate

Turnover

Turnover comprises the value of sales (excluding VAT and trade discounts) of goods and services in the normal course of business and is recognised when the goods are delivered to the customer

Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment 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	2 5%
Plant and machinery	5%-33%
Fixtures and fittings	10-20%
Motor vehicles	25%

Assets under construction are transferred into the relevant fixed asset categories once they are ready for use

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

1 ACCOUNTING POLICIES (continued)

Share based payments

The share option programme allows certain employees to acquire shares of Draka Holding N V Where material the fair value of options granted is recognised as an employee expense with a corresponding increase in equity The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting

Derivative financial instruments

The company seeks to match copper sales to purchases, as far as possible This is performed by placing sales and purchase contracts with other group companies

Currency contracts are also held with other group companies to cover sales and purchases in a foreign currency The Company does not hold or issue derivative financial instruments for speculative purposes

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

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 Pension scheme assets are measured using market values Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability The pension scheme deficit is recognised in full The movement in the scheme deficit is split between operating charges, finance items and in the statement of total recognised gains and losses, actuarial gains and losses

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 contracted rate or the exchange rate ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Cash

Draka Holding NV has the legal ownership of the company's bank account with Bank Mendes Gans However the company is exposed to substantially all of the risks and rewards of ownership of the bank account and therefore records the balance as either cash at bank or bank overdraft in the balance sheet

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

2 TURNOVER

Turnover arises solely in the UK and an analysis of turnover by geographical destination is as follows

	2009 £'000	2008 £'000
United Kingdom	82,946	118,344
Europe	7,330	23,503
Rest of the world	7,037	13,994
Internal	25,515	77,832
	122,828	233,673

No further segmental analysis has been presented as the company has only one class of business

3 EXCEPTIONAL ITEMS

During 2009 the company discontinued operations of the wire drawing production facility located in Llanelli, Wales Associated exceptional costs of this discontinued operation were £856,000 (2008 £3,747,000) These costs include impairment of assets, redundancy and other one-off closure costs In addition, redundancy costs of £423,000 were incurred in 2009 at the Derby site

The effect of the exceptional items on the amount charged to the profit and loss account for taxation was a credit of £358,000 (2008 £1,068,000)

4 REMUNERATION OF DIRECTORS

	2009 £'000	2008 £'000
Directors' emoluments in respect of qualifying services	287	282
Company contributions to defined benefit pension schemes	26	21
	313	303

The highest paid director received emoluments of £109,820 and company pension contributions of £9,724 were made to a defined benefit scheme on his behalf

The highest paid director is a member of the Company's defined benefit pension scheme and had accrued entitlements of £1,806 under the scheme at the end of the year (2008 £5,403)

	Number	Number
Retirement benefits are accruing to the following number of directors under		
Defined benefit schemes	3	3

Mr Siebring, Mr Willems, Mr De Ruijter and Mr Schutton received remuneration from Draka Holding NV in the current period It is not considered practicable to allocate this between services provided to that company, and services provided in their capacity as directors of Draka UK Ltd

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

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 2009	2008
Production	230	347
Sales	56	60
Management and other	28	31
	314	438

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

	2009 £'000	2008 £'000
Wages and salaries	9,019	11,413
Social security costs	772	975
Pension costs	1,680	1,400
	11,471	13,788

6 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2009 £'000	2008 £'000
Bank interest receivable	7	55

7 OTHER FINANCE (CHARGES)/INCOME (NET)

	2009 £'000	2008 £'000
Expected return on pension scheme assets (note 22)	3,160	3,810
Interest on pension scheme liabilities (note 22)	(3,190)	(3,250)
	(30)	560

8 INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £'000	2008 £'000
Bank loans and overdrafts	7	86
Inter group loan balances	41	82
Other interest charges	400	571
	448	739

Included in "Other interest charges" in 2009 is £71,000 relating to foreign exchange losses (2008 £183,000)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

9. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2009 £'000	2008 £'000
This is stated after charging/(crediting):		
Depreciation	800	1,548
Negative goodwill amortisation	(746)	(843)
Operating lease costs		
- plant and machinery	176	174
- other	767	591
Foreign exchange loss	71	183
Exceptional items	1,279	3,747
Auditors' remuneration		
fees payable to the company's auditor for the audit of the company's annual financial statements	80	80

No fees were paid to the company's auditors in respect of non-audit services in either the current or prior period

10 TAX ON LOSS ON ORDINARY ACTIVITIES

Analysis of charge in the year

	2009 £'000	2008 £'000
Corporation tax		
- current year charge	-	-
Total current tax	-	-
Deferred tax		
- current year charge – see note 17	582	271
- movement in pension scheme – see note 17	(1,785)	(2,373)
Total tax on loss on ordinary activities	(1,203)	(2,102)
Shown in the financial statements as		
Tax charge on profit on ordinary activities	861	518
Tax credit on pension movement within the statement of recognised gains and losses	(2,064)	(2,620)
	(1,203)	(2,102)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

10 TAX ON LOSS ON ORDINARY ACTIVITIES (continued)

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2008 lower) than the standard rate of corporation tax in the UK of 28% (2008 28 5%) The differences are explained below

	2009 £'000	2008 £'000
Current tax reconciliation		
Loss on ordinary activities before tax	(2,657)	(2,260)
Current tax at 28 0% (2008 28 5%)	(744)	(644)
Effects of		
Expenses not deductible for tax purposes	26	46
Other timing differences	(5)	(114)
Capital allowances in excess of depreciation	168	263
Non-taxable goodwill amortisation	(209)	(239)
Trading losses carried forward	1,044	939
FRS 17 adjustment	280	(251)
Total current tax charge	-	-

11 INTANGIBLE FIXED ASSETS

	Negative goodwill £'000
Cost:	
At 1 January 2009 and 31 December 2009	9,591
Accumulated amortisation.	
At 1 January 2009	7,659
Credit for the year	746
At 31 December 2009	8,405
Net book value.	
At 31 December 2009	1,186
At 31 December 2008	1,932

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

12 TANGIBLE FIXED ASSETS

Included within land and buildings is land valued at £70,000 (2008 £70,000) that is not depreciated

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Assets under construction £'000	Total £'000
Cost						
At 1 January 2009	3,854	27,758	5,187	237	585	37,621
Additions	-	701	256	-	-	957
Transfers	-	549	-	-	(549)	-
Disposals	-	(6,122)	(17)	-	-	(6,139)
At 31 December 2009	3,854	22,886	5,426	237	36	32,439
Accumulated depreciation						
At 1 January 2009	1,681	23,169	4,921	230	-	30,001
Charge for the year	124	584	88	4	-	800
Disposals	-	(5,203)	(16)	-	-	(5,219)
At 31 December 2009	1,805	18,550	4,993	234	-	25,582
Net book value						
At 31 December 2009	2,049	4,336	433	3	36	6,857
At 31 December 2008	2,174	4,598	256	8	585	7,621

13 STOCKS

	2009 £'000	2008 £'000
Raw materials and consumables	1,003	1,480
Work in progress	2,705	3,085
Finished goods and goods for resale	11,311	8,754
	15,019	13,319

There is no material difference between the replacement cost of stock and its carrying value stated above The company holds consignment stock from suppliers which it does not recognise until the raw material is used in production At the year-end, the company held £141,134 (2008 £93,042) of consignment stock which it has not recognised

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

14 DEBTORS

	2009 £'000	2008 £'000
Amounts falling due within one year		
Trade debtors subject to financing arrangements		
- Gross debt (net of provision for bad debts)	12,104	14,824
- Non-returnable amounts received	(7,272)	-
Amounts owed by group undertakings	17,618	19,914
Prepayments and accrued income	78	761
Deferred tax asset (note 17)	102	683
	22,630	36,182

15 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £'000	2008 £'000
Trade creditors	5,361	7,123
Amounts owed to group undertakings	29,470	30,571
Other tax and social security	1,186	1,767
Other creditors	1,949	1,815
Accruals and deferred income	1,413	1,340
	39,379	42,616

There is no interest accruing on amounts owed to group undertakings No security is held against these loans

16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2009 £'000	2008 £'000
Amounts payable to group undertakings	1,750	1,750

There are no repayment terms associated with or interest accruing on amounts owed to group undertakings No security is held against these loans

17 PROVISIONS FOR LIABILITIES

	Deferred taxation £'000
At 1 January 2009	683
Movement during year	(581)
Deferred tax asset at 31 December 2009	102

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

17. PROVISIONS FOR LIABILITIES (continued)

The amounts provided for deferred taxation are set out below

	2009 £'000	2008 £'000
Tax effect of timing differences because of		
Excess of depreciation over capital allowances	102	374
Other timing differences	-	309
	102	683

A deferred tax asset of £8 4m (2008 £6 5m) in respect of tax losses and other timing differences carried forward has not been recognised The deferred tax asset in the balance sheet at 31 December 2009 is £102,000 (2008 £683,000) The remainder of the asset will be recoverable in future years as the company generates taxable profits

The deferred taxation asset relating to pension deficit (note 22)

	2009 £'000	2008 £'000
At 1 January	2,331	(42)
Movement in the profit and loss account during the year	(279)	(247)
Movement in the statement of recognised gains and losses in the year	2,064	2,620
At 31 December	4,116	2,331

18 CALLED UP SHARE CAPITAL

	2009 £'000	2008 £'000
Authorised		
300,000 (2008 300,000) ordinary shares of 1p each	3	3
200,000 (2008 200,000) deferred shares of £1 each	200	200
	203	203
Allotted issued and fully paid:		
200,002 (2008 200,002) ordinary shares of 1p each	2	2
200,000 (2008 200,000) deferred shares of £1 each	200	200
	202	202

The deferred shares do not have the right to a dividend

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

19 RESERVES

	Share premium account £'000	Capital Redemption Reserve £'000	Profit and loss £'000
At 1 January 2009	40,553	5,120	(30,230)
Loss for the year	-	-	(3,518)
Actuarial loss recognised on pension scheme net of tax	-	-	(5,306)
At 31 December 2009	40,553	5,120	(39,054)

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009 £'000	2008 £'000
Loss for the year	(3,518)	(2,778)
Other recognised losses (net)	(5,306)	(6,740)
Net change in shareholders' funds	(8,824)	(9,518)
Opening shareholders' funds	15,645	25,163
Closing shareholders' funds	6,821	15,645

21 COMMITMENTS

(a) At 31 December 2009 the company was committed to making the following payments during the next year in respect of operating leases

	Land and buildings		Other assets	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Leases which expire				
Within one year	-	-	86	171
In the second to fifth years inclusive	50	50	339	118
After five years	305	314	-	-
	355	364	425	289

(b) Capital commitments for the current and preceding period end, for which no provision has been made in the financial statements, were as follows

	2009 £'000	2008 £'000
Authorised and contracted for	-	540

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

21 COMMITMENTS (continued)

(c) Guarantees

The company has a duty deferment guarantee with Customs and Excise of £30,000 (2008 £30,000) and performance bonds of £108,000 (2008 £18,534)

The company unconditionally guarantees the borrowings of Draka UK Group Limited, which were £nil at the year end

In December 2007, the Company entered into a €625 million revolving credit agreement, amended in February 2008 to €675m, between the Company (as guarantor), and other Draka Companies, Draka Holding NV, Cooperatieve Centrale Raiffeisen Boerenleenbank BA, ABM AMRO Bank NV, Fortis Bank (Nederland) NV, ING Bank NV and NIBC Bank NV

During 2010 the Company entered into a Framework Agreement to, amongst other things, arrange a factoring facility on a non recourse basis in respect of eligible receivables as well as the provision of related services The company entered into the Framework Agreement between, amongst others ING Commercial Finance B V and ING Lease France SA (the Buyers), the Company and Draka Holding N V This involved, amongst other things, the Buyers under the Framework Agreement making available to the Company an English factoring facility

(d) The company has hedging commitments associated with copper purchases with the parent company, Draka Holding NV, with a fair value of £nil (2008 £840,615)

22 PENSION COMMITMENTS

The Company is the principal employer of the Draka UK Section of the Draka UK Pension Plan (the "UK Plan") The UK Plan is a defined benefit pension scheme operating in the UK The last valuation of the UK Plan was completed as at 5 April 2008 The calculations for FRS17 purposes have been estimated by rolling up the results of this valuation Agreed company contributions for Draka UK Ltd are 11% of Pensionable Salaries from 1 December 2008, rising to 13% of Pensionable Salaries from 1 December 2011 In addition, Draka UK Ltd will contribute an additional £14,500 per month to the UK Plan in respect of funding deficit contributions

The Company is also the principal employer of the Draka UK (ex DCC) Pension Plan ("the ex DCC Plan") which is a defined benefits plan operating in the UK The last valuation of the ex DCC Plan was completed as at 5 April 2006 The calculation for FRS 17 purposes have been estimated by rolling up the results of this valuation Agreed Company contributions for Draka UK Limited are 13 3% of Pensionable Earnings plus £66,528 per month to the ex DCC Plan

The disclosure note below combines the assets and liabilities allocated to the Company for both Plans The ex DCC Plan is a multi-employer scheme and the assets are pooled The estimated asset figures below include Draka UK Ltd's share of the ex DCC Plan's assets, these have been calculated using the actual rate of return achieved by the Plan, allowing for the cashflows allocated to Draka UK Ltd

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 are shown on page 23

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

22. PENSION COMMITMENTS (continued)

The amounts recognised in the balance sheet are as follows

	31/12/2009 £m	31/12/2008 £m
Present value of funded obligations	62 70	49 66
Fair value of scheme assets	(48 00)	(41 33)
	14 70	8 33
Present value of unfunded obligations	-	-
Deficit	14 70	8 33
Related deferred tax asset	(4 12)	(2 33)
Net Liability	**10 58**	**6 00**

The pension scheme assets include no assets from the Company's own financial instruments The pension scheme assets also include no property occupied by, or other assets used, by the Company

The amounts recognised in profit or loss are as follows

	31/12/2009 £m	31/12/2008 £m
Current service cost	0 65	1 40
Interest on obligation	3 19	3 25
Expected return on scheme assets	(3 16)	(3 81)
Losses (gains) on curtailments and settlements	-	0 19
Total	**0 68**	**1 03**
Actual return on scheme assets	**7 50**	**(14 48)**

Of the charge for the year of £0 68m, £0 65m has been included in administrative expenses and £0 03m as other finance income £7 4m (2008 £9 3m) has been recognised in the statement of total recognised gains and losses in respect of actuarial losses

Changes in the present value of the defined benefit obligation are as follows

	31/12/2009 £m	31/12/2008 £m
Opening defined benefit obligation	49 66	55 50
Service cost	0 65	1 40
Interest cost	3 19	3 25
Actuarial losses (gains)	11 71	(8 93)
Losses (gains) on curtailments	-	0 19
Contributions by scheme participants	0 26	0 34
Benefits paid	(2 77)	(2 09)
Closing defined benefit obligation	**62 70**	**49 66**

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

22 PENSION COMMITMENTS (continued)

Changes in the fair value of scheme assets are as follows

	31/12/2009 £m	31/12/2008 £m
Opening fair value scheme assets	41 33	55 65
Expected return	3 16	3 81
Actuarial gains (losses)	4 34	(18 29)
Contributions by employer	1 68	1 91
Contributions by scheme participants	0 26	0 34
Benefits paid	(2 77)	(2 09)
Closing fair value of scheme assets	**48 00**	**41.33**
Amount of loss recognised in the STRGL	**(7.37)**	**(9 36)**

The major categories of scheme assets as a percentage of total scheme assets are as follows

	31/12/2009 %	31/12/2008 %
Equities	59	59
Bonds	16	17
Other	25	24

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	31/12/2009 %	31/12/2008 %
Discount rate	5 85	6 55
Expected return on scheme assets (at the beginning of the period)	7 70	7 20
Future salary increases	4 10	3 70
Future revaluation of pensions in deferment	3 60	3 20
Future pension increases (RPI max 5%)	3 50	3 07
Future pension increases (RPI max 5% min 3%)	3 80	3 51
Future pension increases (RPI max 2 5%)	2 4	2 28
Mortality – current pensions		
Actuarial tables used	PXA92 YOB MC+3	PXA92 YOB MC+3
Male life expectancy at age 65 (years from 65)	19 9	19 8
Mortality – future pensioners currently aged 45		
Actuarial tables used	PXA92 YOB MC+3	PXA92 YOB MC+3
Male life expectancy at age 65 (years from 65)	21 1	21 1

Where investments are held in bonds and cash, the expected long term rate of return is taken to be the yields generally prevailing on such assets at the balance sheet date A higher rate of return is expected from equities, which is based more on realistic future expectations than on the returns that are available historically The overall expected long term rate of return on assets is then the average of these rates taking into account the underlying asset portfolio of the pension scheme

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

22 PENSION COMMITMENTS (continued)

	31/12/2009 %	31/12/2008 %
The expected rate of return for each asset class were (at the beginning of each period)		
Equities	9 00	7 80
Bonds	6 20	4 50
Other	5 60	4 50

Amounts for the current and previous four periods are as follows

	2009 £m	2008 £m	2007 £m	2006 £m	2005 £m
Defined benefit obligation	62 70	49 66	55 50	55 56	53 8
Scheme assets*	(48 00)	(41 33)	(55 65)	(51 65)	(46 70)
Deficit (surplus)	14 70	8 33	(0 15)	3 91	7 10
Experience adjustments on scheme liabilities	(2 42)	0 39	0 03	1 38	(0 60)
Experience adjustments on scheme assets	4 34	(18 29)	(0 01)	1 76	5 44
Cumulative amount recognised in STRGL	(23 90)	(16 53)	(7 17)	(9 88)	(13 02)

*Asset values for years prior to 2008 are quoted at mid value (see paragraph 95C of the amendment)

23 FAIR VALUE OF ASSETS AND LIABILITIES

The company has forward currency contracts at 31 December that it has not recognised, with fair values as follows

Commitment to buy US Dollars with a fair value of £2,281 (2008 £748,594) and Euros with a fair value of £9,190,788 (2008 £5,597,296)

Commitment to sell US Dollars with a fair value of £nil (2008 £nil) and Euros with a fair value of £2,875,091 (2008 £9,200,914)

24 SHARE BASED PAYMENTS

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

Share options

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

All options are settled by physical delivery of ordinary shares

The fair value of the services received in return for share options granted are measured by reference to the fair value of share options granted The estimate of the fair value of services received is measured based on a binomial option pricing model The contractual life of the option (8 years) is used as an input into this model Expectations of early exercise are incorporated into the binomial option pricing model

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

24 SHARE BASED PAYMENTS (continued)

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

The number of options on Draka Holding NV ordinary shares at 31 December 2009, granted as part of the long-term incentive plan, was as follows

	Number of options 31 Dec 2008	Number of options granted	Number of options exercised	**Number of options 31 Dec 2009**
K I Samuel	468	1,650	-	**2,118**
I P Rice	140	1,784	-	**1,924**

The exercise price of share options on this date was €7 95 (2008 €23 44)

25 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 26

26. ULTIMATE PARENT AND CONTROLLING COMPANY

The company is controlled by RMCA Holdings Limited, its immediate 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, DE21 4ZH