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28 AUGUST 2007

Good progress in the first half, net profit up 21%

- **Kendrion expects concrete results concerning the implementation of the "Focused acceleration" strategy before the end of 2007**
- **Upward trend sustained in second quarter (organic revenue growth of 5%)**
- **Prospects for Kendrion Electromagnetic promising both short-term and looking further ahead**
- **Robust recovery in Kendrion Automotive Metals results**
- **Kendrion Distribution Services doing well, though operating result growth depressed by ICT system implementation in the Netherlands**

Kendrion N.V. key figures for the second quarter and first half-year 2007

(EUR million)

	Q2 2007	Q2 2006	Δ
Revenue	154.6	142.9	+8%
Operating result	8.7	7.5	+16%
Net profit	5.1	4.5	+13%

	HY1 2007	HY1 2006	Δ
Revenue	309.2	280.8	+10%
Operating result	16.0	13.5	+19%
Net profit	9.4	7.8	+21%

Kendrion CEO, Piet Veenema: 'The first half of 2007 developed well for Kendrion, with further improvements in results across the board, coupled once again with better margins. Given current market trends and the good performance of the business we are also upbeat about the second half of the year. At the same time, it should be borne in mind that the acquisitions completed in mid-2006 will mean that growth in the second half of 2007 will not be quite as strong. Kendrion is continuing at full pace with the implementation of the company's *Focused Acceleration* strategy and expects to make good progress on this front in the second half of the year.'

Progress[1]

Kendrion's business operations did well in the first half of 2007. Revenue was up by 10%, with a 5% increase on an organic basis. The operating result showed a strong improvement of 19%, with the acquisitions of Kendrion SKA and the Essåplast Group in 2006 making a healthy contribution to this. Net profit for the first half was up by 21%, with earnings per share for the first six months of 2007 turning out at EUR 0.91 (2006: EUR 0.76).

Kendrion Electromagnetic achieved 16% organic growth in revenue in the second quarter. The operating result for the first half of the year was up by 21% (2007: EUR 7.3 million, 2006: EUR 6.0 million). The industrial activities of this part of the business are profiting from the economic upturn in Germany. The same side of the Kendrion Electromagnetic business also secured a major order from Siemens USA in the American market (components for mail sorting systems). Kendrion Electromagnetic's automotive activities are establishing an increasingly important position in the market for electromagnetic components for diesel engines. Current sales in this segment of the market, of around EUR 5 million a year, are expected to increase to sales of more than EUR 30 million annually in the next few years.

Kendrion Automotive Metals reported further improvements, partly owing to the division's focus on high volume stamping activities. Though first-half revenue was down by 3%, owing to the lower level of Safety Product activities experienced since mid-2006, the operating result almost doubled (2007: EUR 3.0 million, 2006: EUR 1.6 million), partly as a consequence of the acquisition of Kendrion SKA in 2006. Metal prices were reasonably stable. The reorganisations in 2006 also helped to lift the operating result. Following on from these reorganisations, the merger of a number of production companies in Sweden is currently in progress. This will yield further savings in the fields of administration, production and quality management. In the second half of the year, an assembly unit in Germany will be closed, with the activities transferred to Eastern Europe. These steps will lead to further efficiency improvements and cost savings. The associated costs will be minimal.

The Kendrion Distribution Services operating result for the first six months rose by 11% (2007: EUR 7.9 million, 2006: EUR 7.1 million) on the back of 4% organic growth in revenue. Vink had a good first half in the Scandinavian countries and in Belgium in particular. In France, too, good progress is being made. In Germany, a new warehouse in the vicinity of Stuttgart was recently commissioned. In the Netherlands, the improvement in results in the first half of the year was depressed by the implementation of the within Vink already broad applied ICT system. Implementation is now complete. Market conditions for the Vink Group are encouraging. Servico again had a good first half, although the heating market in Belgium was affected by a change in consumer subsidy rules.

Financial position

The balance sheet total was up by EUR 27.3 million compared with year-end 2006, at EUR 318.8 million. This increase is largely accounted for by the organic growth, which was achieved, combined with the usual seasonal patterns. Longer lead times on the part of suppliers, however, means that inventory levels are higher than normal. The net debt position (EUR 96.5 million) consequently rose by EUR 9.0 million compared with year-end 2006. As previously indicated, the level of investment in 2007 will be high.

The solvency as at mid-2007 was in excess of 29%.

[1] See comments on page 10 (5.6)

Dividend

In the wake of the successfully implemented financial reorganisation of the company in 2003 and 2004, Kendrion has not declared a dividend for the past few years. However, if the current progress continues, Kendrion considers resuming dividend payment for 2007. The final decision will be taken early in 2008.

Taxation

In July, the German government approved a package of tax measures, including lowering the corporate income tax rate from around 40% to around 30%. This reduction in the tax rate will mean having to write down the deferred tax assets by an amount of approximately EUR 3 million (non-cash) in the third quarter of 2007, consequently depressing the net profit for 2007 by a similar amount.

Progress with strategy

As previously reported, Kendrion is pursuing a strategy of introducing greater focus into its operations, with the aim of achieving market-leading positions. The focus of acquisitions will be on further growth of Kendrion Electromagnetic but we are also seeking to strengthen Distribution Services, particularly in Germany and France. Kendrion expects to make good progress in the pursuit of its strategy in the second half of the year.

Prospects

Almost all of Kendrion’s activities have reported progress in recent years in terms of market position and internal organisation. Based on the present state of the market combined with the current progress being made by the company’s activities, Kendrion accordingly expects to see a further improvement in its operating result in the second half of the year compared with the corresponding period in 2006.

Profile of Kendrion N.V.

Kendrion N.V. designs, manufactures and sells high-quality electromagnetic and metal components. It also processes and distributes semi-finished plastics. The company currently has approximately 2,800 employees in 16 countries in Europe, as well as in China and the United States.

Kendrion seeks to develop strong leading positions in selected niche markets in Europe. Its mission is to be a leading international company that uses its existing know-how, innovative skills and commercial strengths to provide effective solutions its customers in industry with. In doing so it seeks to be a transparent, flexible and reliable company that combines entrepreneurial zest with clear profit objectives.

Kendrion’s shares are listed on the Euronext Amsterdam NV stock exchange.

Zeist, 28 August 2007

Executive Board of Kendrion N.V.

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Annexes

Consolidated interim condensed financial statements

1. Consolidated income statement
2. Consolidated balance sheet
3. Consolidated statement of recognised income and expense
4. Consolidated cash flow statement
5. Notes to the condensed consolidated interim report

Other annexes

6. Important dates for 2007 and 2008

Annex 1 -- Consolidated income statement

(EUR million)	Q2 2007	Q2 2006	period ended 30-6-2007	period ended 30-6-2006	2006
Revenue	154,6	142,9	309,2	280,8	568,5
Other operating income	1,4	1,0	2,5	2,3	3,2
	156,0	143,9	311,7	283,1	571,7
Changes in inventories of finished goods and work in progress	(1,5)	(0,2)	(2,7)	0,2	(1,6)
Raw materials and subcontracted work	95,8	88,6	192,4	173,7	352,5
Staff costs	32,2	29,8	63,9	58,5	114,6
Depreciation and amortisation	3,3	3,4	6,5	6,7	13,5
Other operating expenses	17,5	14,8	35,6	30,5	67,6
Results from operating activities	**8,7**	**7,5**	**16,0**	**13,5**	**25,1**
Finance income	0,1	(0,0)	0,3	(0,0)	0,7
Finance expense	(1,7)	(1,3)	(3,4)	(3,2)	(6,8)
Net finance costs	**(1,6)**	**(1,3)**	**(3,1)**	**(3,2)**	**(6,1)**
Share of profit of equity accounted investees	-	0,1	-	0,4	0,4
Profit before income tax	**7,1**	**6,3**	**12,9**	**10,7**	**19,4**
Income tax expense	(2,0)	(1,8)	(3,5)	(2,9)	(5,1)
Profit for the period	**5,1**	**4,5**	**9,4**	**7,8**	**14,3**
Attributable to:					
Equity holders of the company	5,1	4,5	9,4	7,8	14,3
Minority interest	-	-	-	-	-
Profit for the period	**5,1**	**4,5**	**9,4**	**7,8**	**14,3**
Basic earnings per share (EUR)	0,50	0,45	0,91	0,76	1,39
Diluted earnings per share (EUR)	0,50	0,45	0,91	0,76	1,39

- Unaudited figures -

Annex 2 -- Consolidated balance sheet

(EUR million)	30 June 2007	30 June 2006	31 Dec. 2006
Assets			
Property, plant and equipment	72,0	68,7	69,2
Intangible assets	15,7	7,8	16,1
Other investments, including derivatives	3,9	3,3	3,3
Deferred tax assets	20,7	20,3	20,9
Total non-current assets	**112,3**	**100,1**	**109,5**
Inventories	86,6	73,1	74,7
Current tax assets	1,7	1,7	0,9
Trade and other receivables	114,5	103,1	100,3
Cash and cash equivalents	3,7	4,8	5,5
Assets classified as held for sale	-	-	0,6
Total current assets	**206,5**	**182,7**	**182,0**
Total assets	**318,8**	**282,8**	**291,5**
Liabilities			
Equity			
Share capital	20,6	20,6	20,6
Share premium	75,2	75,2	75,2
Reserves	(12,1)	(26,8)	(26,5)
Retained earnings	9,4	7,8	14,3
Total equity attributable to equity holders of the company	**93,1**	**76,8**	**83,6**
Minority interest	0,2	0,2	0,2
Total equity	**93,3**	**77,0**	**83,8**
Liabilities			
Loans and borrowings	86,7	82,0	76,7
Employee benefits	7,4	8,6	7,2
Government grants received in advance	0,1	0,2	0,1
Provisions	2,9	3,9	3,5
Deferred tax liabilities	3,4	3,8	3,8
Total non-current liabilities	**100,5**	**98,5**	**91,3**
Bank overdraft	13,0	10,0	9,2
Loans and borrowings	0,5	0,5	7,1
Current tax liabilities	3,2	3,5	2,1
Trade and other payables	108,3	93,3	98,0
Total current liabilities	**125,0**	**107,3**	**116,4**
Total liabilities	**225,5**	**205,8**	**207,7**
Total equity and liabilities	**318,8**	**282,8**	**291,5**

- Unaudited figures -

Annex 3 – Consolidated statement of recognised income and expense

(EUR million)	**1st half year 2007**	**1st half year 2006**	**Year 2006**
Currency translation differences for non eurozone operations	(0,8)	0,7	0,2
Net result on hedge of net investment in non eurozone operation	0,3	(0,9)	-
Effective part of changes in fair value of cash flow hedges	0,6	0,1	0,2
Income and expense recognised directly in equity	**0,1**	**(0,1)**	**0,4**
Profit for the period	9,4	7,8	14,3
Total recognised income and expense for the period	**9,5**	**7,7**	**14,7**
Attributable to:			
Equity holders of the company	9,5	7,7	14,7
Minority interest	-	-	-
Total recognised income and expense for the period	**9,5**	**7,7**	**14,7**

- Unaudited figures -

Annex 4 – Consolidated cash flow statement

(EUR million)	30 June 2007	30 June 2006	31 Dec. 2006
Cash flows from operating activities			
Profit for the period	9,4	7,8	14,3
Adjustments for:			
Net finance costs	3,1	3,2	6,1
Income tax expense	3,5	2,9	5,1
Depreciation on tangible fixed assets	5,9	6,1	12,3
Amortisation on intangbile assets	0,6	0,6	1,2
Operating profit before changes in working capital and provisions	**22,5**	**20,6**	**39,0**
Change in trade and other receivables	(14,2)	(18,6)	(13,2)
Change in inventories	(11,9)	(4,3)	(3,6)
Change in trade and other payables	10,3	6,6	8,4
Change in provisions	(0,3)	(2,2)	(6,0)
Cash flow from operating activities	**6,4**	**2,1**	**24,6**
Interest paid	(3,3)	(2,6)	(5,5)
Income tax paid	(3,5)	(1,7)	(6,0)
Net cash from operating activities	**(0,4)**	**(2,2)**	**13,1**
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	-	(2,6)	(9,5)
Net investments in property, plant and equipment and intangible assets	(8,7)	(4,7)	(12,3)
Sale of other investments	-	0,5	0,8
Net cash from investing activities	**(8,7)**	**(6,8)**	**(21,0)**
Free cash flow	**(9,1)**	**(9,0)**	**(7,9)**
Cash flows from financing activities			
Long-term borrowings received	10,0	76,7	73,8
Repayment of long term borrowings	-	(11,6)	(14,3)
Repayment of short-term borrowings	(6,7)	(4,3)	2,3
Dividends paid to minority interests	-	-	(0,1)
Dividend	-	-	-
Net cash from financing activities	**3,3**	**60,8**	**61,7**
Net increase in cash and cash equivalents	(5,8)	51,8	53,8
Effect of exchange rate fluctuations on cash held	0,2	(0,2)	(0,7)
	(5,6)	51,6	53,1
Cash and cash equivalents as at 1 January	(3,7)	(56,8)	(56,8)
Cash and cash equivalents end of period	(9,3)	(5,2)	(3,7)
	(5,6)	51,6	53,1

- Unaudited figures -

Annex 5 – Notes to the condensed consolidated interim report

5.1 Reporting entity

Kendrion N.V. (the 'Company') has its registered office in Zeist, Netherlands. The condensed consolidated interim report of the Company for the first half of 2007 includes the Company and its subsidiaries (together referred to as the 'Group') and the Group's investments in associates.

The consolidated financial statements of the Group for the 2006 financial year are available on request from the Company's office, located at Utrechtseweg 33, Zeist, or by visiting www.kendrion.com.

5.2 Declaration of conformity

This condensed consolidated interim report has been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 *Interim Financial* Reporting. It does not contain all the information required for a complete set of financial statements and should be read in conjunction with the 2006 consolidated financial statements of the Group.

This condensed consolidated interim report was approved by the Executive Board and Supervisory Board on 27 August 2007.

5.3 Principal accounting policies

Unless otherwise stated in the following pages, the accounting policies applied by the Group in preparing this condensed consolidated interim report are the same as the policies applied by the Group in preparing the consolidated financial statements for 2006.

5.4 Estimates

The preparation of interim reports requires judgements on the part of the management, which makes estimates and assumptions affecting the application of the accounting policies and reported carrying amounts of assets and liabilities and the amounts of income and expenses. The actual results may differ from these estimates.

Unless otherwise stated in the following pages, the significant judgements formed by the management in the application of the Group's accounting policies and the main sources of estimates are the same as the judgements and sources that were used in the preparation of the consolidated financial statements for 2006.

5.5 Financial risk management

Group policy and objectives with regard to financial risk management are the same as those set forth in the 2006 consolidated financial statements.

5.6 Segment information for the first half-year

(EUR million)	Kendrion Electromagnetic		Kendrion Automotive Metals		Kendrion Distribution Services		Holding companies / Eliminations		Consolidated	
	HY1 2007	HY1 2006	HY1 2007	HY1 2006	HY1 2007	HY1 2006	HY1 2007	HY1 2006	HY1 2007	HY1 2006
Revenue	77,4	67,0	59,2	54,3	172,6	159,5	-	-	309,2	280,8
Added value / Net margin	41,0	36,9	25,5	22,0	55,5	50,1	-	0,2	122,0	109,2
Added value / Net margin %	53,0%	55,1%	43,1%	40,5%	32,2%	31,4%			39,5%	38,9%
Operating result	7,3	6,0	3,0	1,6	7,9	7,1	(2,2)	(1,2)	16,0	13,5
ROI (rolling over 12 months)	24,7%	22,5%	9,4%	3,4%	23,0%	22,2%			15,8%	13,3%
ROS (rolling over 12 months)	9,2%	8,6%	3,7%	1,4%	4,3%	4,1%			4,6%	4,0%

As a result of agreements reached with the Dutch tax authorities, the holding company expenses passed on to foreign subsidiaries in the form of a management fee have been higher since mid-2006 than in the past. In order to provide a clear insight into the figures, the operating result on activities shown will since the end of 2006 be the operating result before deduction of the management fee, but including directly related holding company costs. The half-year figures 2006 shown above have been adjusted accordingly.

5.7 Seasonal aspects of business operations

The separate divisions are not subject to seasonal effects. In general, however, the second half of the year has fewer working days as a result of holidays in the third quarter and in the month of December.

- Unaudited figures -

5.8 Tax

The effective tax rate for the Group at consolidated level in the first half of 2007 was 27% (full year 2006: 27%, first half of 2006: 28%).

Tax position

As at the end of June 2007, Kendrion recognised tax loss carryforwards amounting to approximately EUR 18 million in the Netherlands, leading to deferred tax assets of EUR 4.5 million. Overall, the Dutch tax entity had available loss relief totalling EUR 21 million in round figures as at 30 June 2007.

In Germany, recognised tax loss carryforwards as at the end of June 2007 were EUR 33 million in respect of ‘Körperschaftsteuer’ (corporation tax) and EUR 36 million in respect of ‘Gewerbesteuer’ (business tax), giving deferred tax assets of EUR 15 million. As at 30 June 2007, the available loss relief comprised an estimated EUR 90 million in respect of *Körperschaftsteuer* and approximately EUR 42 million in respect of *Gewerbesteuer*. By far the greater part of these figures (90%) has not yet been finalised in the form of the issuing of a tax assessment.

In July, the German government approved a package of tax measures, including lowering the corporate income tax rate from around 40% to around 30%. This reduction in the tax rate will mean having to write down the deferred tax assets by an amount of approximately EUR 3 million (non-cash) in the third quarter of 2007, consequently depressing the net profit for 2007 by a similar amount.

5.9 Property, plant and equipment

Investment commitments

During the first half of 2007, the Group contracted to acquire property, plant and equipment totalling EUR 4.6 million (first half of 2006: EUR 3.7 million).

5.10 Loans and other financial commitments

There has been no change compared with the situation as at February 2007 described in the 2006 financial statements (page 75 ‘Banking consortium credit facility’). The covenants were complied with in all cases as at 30 June 2007.

5.11 Contingent liabilities

The information relating to contingent liabilities contained in the 2006 financial statements (page 81, item 18) continues to apply. There is nothing further to report.

Appendix 6 – Important dates for 2007 and 2008

Financial year 2007

Publication of results for Q3 2007	Tuesday, 6 November 2007	Before the stock exchange opens
Publication of 2007 full-year figures	Tuesday, 26 February 2008	Before the stock exchange opens
Press and analysts' meeting	Tuesday, 26 February 2008	10.00 / 11.30 a.m.
General Meeting of Shareholders	Monday, 7 April 2008	2.30 p.m.

Financial year 2008

Publication of results for Q1 2008	Wednesday, 7 May 2008	Before the stock exchange opens
Publication of H1 2008 results	Tuesday, 26 August 2008	Before the stock exchange opens
Press and analysts' meeting	Tuesday, 26 August 2008	10.00 / 11.30 a.m.
Publication of results for Q3 2008	Tuesday, 4 November 2008	Before the stock exchange opens