



P R E S S R E L E A S E

K E N D R I O N N . V .

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Good performance in first half year, further focus in activities

- Kendrion Electromagnetic division performs well
- Acquisition of Tri-Tech LLC in USA to strengthen Kendrion Electromagnetic
- Kendrion Distribution Services division improves performance in second quarter, with the exception of the activities in Germany
- Increased focus on developing industrial (electromagnetic) activities, investigating possible sale of the Kendrion Distribution Services division
- Outlook: Further improvement in revenue and operating profit in the second half of 2008 in comparison to the same period of 2007, improvement will be visible primarily in fourth quarter

Key figures of Kendrion N.V. in second quarter and first six months of 2008
(EUR million)

	<u>Q2 2008</u>	<u>Q2 2007¹</u>	<u>Δ</u>
Revenue	145.7	135.7	+7%
Operating profit	9.5	8.7	+10%
Net profit	5.4	5.2	+4%

	<u>HY1 2008</u>	<u>HY1 2007¹</u>	<u>Δ</u>
Revenue	290.8	268.7	+8%
Operating profit	18.2	16.2	+12%
Net profit	10.3	9.4	+10%

¹ Normalised: excluding the disposed Automotive Metals activity and including the acquisition of Linnig Antriebstechnik

Kendrion CEO Piet Veenema: 'The Kendrion Electromagnetic division performed positively and completely in line with the expectations in the first six months of 2008. Kendrion will consequently focus more sharply on this activity within the framework of the "Focused Acceleration" strategy with a view to further strengthening Kendrion's positioning as an international, high-tech and fast-growing company. The market in which Kendrion Electromagnetic operates affords good opportunities for attaining this objective. This has furthermore led us to the decision to launch an investigation into the possible sale of our Kendrion Distribution Services activity. We expect to be able to provide additional information regarding the results of this investigation within the coming half year.

Developments

The company put in a satisfactory performance in the second quarter of 2008 with organic revenue growth of 7% and a 10% rise in operating profit. The increase in profit was somewhat lower at 4% in the second quarter due to tax effects. In combination with a good first quarter, Kendrion was consequently able to achieve a good half-year performance with operating profit and net profit rising by 12% and 10% respectively in the first six months of 2008.

Kendrion Electromagnetic benefited from good market conditions and realised organic revenue growth of 13% in the first six months of 2008. Demonstrable improvements were achieved across all the business units of Kendrion Electromagnetic (both automotive and industrial). Linnig Antriebstechnik, which was acquired in late 2007, made a good contribution to this result. This activity has now also been successfully integrated into Kendrion Electromagnetic. Additional costs were incurred in the second quarter of 2008 due to the launch of a number of larger projects in primarily Austria. A new low-cost production unit was opened in Romania in order to counter price pressure in some segments. The level of activity increased further in China and, particularly, in the Czech Republic.

Kendrion Distribution Services achieved organic revenue growth of 4% in the first six months of 2008 and this growth is attributable almost entirely to increased volume. Kendrion Distribution Services' operating profit improved by 13% (EUR 1.0 million) in the first six months of 2008 in comparison to the same period of last year. This result includes the losses incurred on the sale of the Vink activities in the United Kingdom and Ireland earlier this year and includes a book profit on the sale of a building in Norway. The latter sale is a result of the expansion of the Vink activities and the company's relocation to a new building in Norway. On balance there is a positive effect of EUR 0.8 million on operating profit. Further deterioration currently only persists in Germany and this is mainly limited to one region of this country. In addition to the organisational measures implemented earlier this year, this continued decline led to a subsequent reorganisation in June of this year. This measure resulted in a considerable reduction in costs in this region of Germany. The roll-out of the ERP system within the Vink organisation is now once again progressing to plan.

Servico also once again performed well in the second quarter of 2008.

Financial position

The balance sheet total rose by EUR 14 million in comparison to year-end 2007 to a total of EUR 317 million. This increase is largely attributable to the realised organic growth and customary seasonal patterns. Due in part to the above and owing to the dividend that was paid out in the first six months of 2008 and the post-payment for acquisitions, the net debt position increased by EUR 14.7 million in comparison to year-end 2007. The free cash flow from operations improved by EUR 8 million in comparison to the first six months of 2007.

Net investments totalled EUR 5.1 million in the first six months of 2008 with a depreciation level of EUR 5.8 million.

Solvency amounted to 30% in mid-2008.

Acquisition of Tri-Tech LLC

Kendrion reached an agreement with the owners of Tri-Tech LLC concerning the acquisition of this company. Tri-Tech LLC is located in Mishawaka, Indiana in the United States and has approximately 35 employees. The company generates annual revenue of approximately USD 5 million. Tri-Tech LLC's core activity entails the development and production of electromagnetic components for soft drink dispensers. The company is profitable and is being acquired in order to further strengthen Kendrion Electromagnetic's industrial activities. The industrial activities conducted by Kendrion Electromagnetic are expected to grow further in the years ahead, due in part to a recently acquired project in the United States and the continued expansion of its service activities in this country. Within the context of this growth, the acquisition of Tri-Tech will serve to substantially support these activities by further strengthening Kendrion's base in the United States. It has been decided in consultation with the sellers not to disclose any further details regarding the purchase price. The company will begin contributing to earnings per share immediately upon finalisation of the acquisition.

Strategy

Kendrion is committed to introducing greater focus to its activities based on its "Focused Acceleration" strategy. The related aim is to attain leading and profitable market positions in a limited number of niche markets. Kendrion furthermore attaches considerable importance to a well-defined and clear company profile. Within the framework of this approach, the Automotive Metals activity was divested and Linnig Antriebstechnik was acquired in 2007. The acquisition of Tri-Tech LLC likewise corresponds with this strategy. Kendrion has also started an investigation into the possibility of selling its Distribution Services activities. This will be carried out by Rabo Securities. Kendrion expects to be able to announce the results of the investigation before the end of this year.

Outlook

Kendrion benefited from good market conditions in the first six months of this year. Macro-economic conditions are now, however, expected to deteriorate somewhat in the second half of the year. This could primarily have an impact on the trading activities. Kendrion nonetheless expects to achieve both improved revenue and operating profit in the second half of 2008 in comparison to the same period of last year in view of the order portfolio at Kendrion Electromagnetic and its market positions. This improvement will be primarily apparent in the fourth quarter.

Profile of Kendrion N.V.

Kendrion N.V. develops, manufactures, and markets high-quality electromagnetic components and also distributes and processes semi-finished plastics. The company has more than 2,500 employees in 18 countries around the world.

Kendrion's mission is to build on its strong positions of leadership in its selected niche markets in Europe and be a leading international company that leverages its existing know-how, innovative capabilities and commercial strengths to provide effective solutions to its industrial customers. In doing so, Kendrion is committed to remaining a transparent, flexible and reliable company in which entrepreneurial zeal is combined with clear profit targets.

Kendrion's shares are listed on NYSE Euronext's Amsterdam market.

Zeist, 26 August 2008

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. Financial calendar 2008 and 2009

Normalised quarterly figures

The normalised quarterly figures for 2007 that include Linnig Antriebstechnik and exclude Automotive Metals are published on our website. These figures have been used for drafting this press release.

The consolidated income statement provided in Annex 1 has been revised with respect to the first and second quarter of 2007 as if the Automotive Metals activity that was divested on 21 December 2007 was actually terminated as of 1 January 2007. These figures exclude Linnig Antriebstechnik that was acquired at the end of 2007.

Annex 1 – Consolidated income statement

Consolidated income statement (EUR million)

	Q2 2008²	Q2 2007^{1,2}	period ended 30-6-2008²	period ended 30-6-2007^{1,2}	2007
Revenue	145,7	125,5	290,8	250,0	501,0
Other operating income	4,1	1,2	5,3	2,2	2,9
	149,8	126,7	296,1	252,2	503,9
Changes in inventories of finished goods and work in progress	(1,1)	(1,0)	(2,0)	(1,9)	(0,4)
Raw materials and subcontracted work	90,2	78,7	179,5	157,4	313,4
Staff costs	30,5	25,2	60,8	50,2	99,7
Depreciation and amortisation	3,0	2,4	5,8	4,8	10,1
Other operating expenses	17,7	14,2	33,8	28,7	59,3
Result before net finance costs	9,5	7,2	18,2	13,0	21,8
Finance income	0,1	0,0	0,3	0,1	0,4
Finance expense	(1,6)	(1,3)	(3,6)	(2,7)	(6,4)
Net finance costs	(1,5)	(1,3)	(3,3)	(2,6)	(6,0)
Profit before income tax	8,0	5,9	14,9	10,4	15,8
Income tax expense	(2,6)	(1,8)	(4,6)	(3,1)	(2,6)
Profit from continuing operations	5,4	4,1	10,3	7,3	13,2
Result on sale of discontinued operations (net of income tax)	-	1,0	-	2,1	(9,5)
Profit for the period	5,4	5,1	10,3	9,4	3,7
Attributable to:					
Equity holders of the company	5,4	5,1	10,2	9,4	3,6
Minority interest	0,0	0,0	0,1	0,0	0,1
Profit for the period	5,4	5,1	10,3	9,4	3,7
Basic earnings per share (EUR)	0,52	0,50	1,00	0,92	0,35
Diluted earnings per share (EUR)	0,52	0,50	1,00	0,92	0,35
Basic earnings per share continuing operations (EUR)	0,52	0,50	1,00	0,71	1,27
Diluted earnings per share continuing operations (EUR)	0,52	0,50	1,00	0,71	1,27

1 = The comparative income statement Q2 2007 + half year 2007 has been represented as if the at 21 December 2007 discontinued operation Automotive Metals has been discontinued from the start of the comparative period

2 = Unaudited figures for the half year and quarterly figures.

- Unaudited figures -

Annex 2 – Consolidated balance sheet

Consolidated balance sheet as at:
(EUR million)

	30 June 2008	30 June 2007	31 Dec. 2007
Assets			
Property, plant and equipment	57,5	72,0	57,5
Intangible assets	48,6	15,7	49,2
Other investments, including derivatives	3,9	3,9	3,8
Deferred tax assets	20,0	20,7	21,0
Total non-current assets	130,0	112,3	131,5
Inventories	75,0	86,6	69,2
Current tax assets	0,8	1,7	2,1
Trade and other receivables	104,5	114,5	90,7
Cash and cash equivalents	6,9	3,7	9,6
Total current assets	187,2	206,5	171,6
Total assets	317,2	318,8	303,1
Equity and liabilities			
Equity			
Share capital	20,6	20,6	20,6
Share premium	71,3	75,2	75,2
Reserves	(7,1)	(12,1)	(11,2)
Retained earnings	10,2	9,4	3,6
Total equity attributable to equity holders of the company	95,0	93,1	88,2
Minority interest	0,2	0,2	0,6
Total equity	95,2	93,3	88,8
Liabilities			
Loans and borrowings	93,0	86,7	87,1
Employee benefits	7,9	7,4	7,7
Government grants received in advance	0,1	0,1	0,1
Provisions	3,0	2,9	3,0
Deferred tax liabilities	5,4	3,4	4,9
Total non-current liabilities	109,4	100,5	102,8
Bank overdraft	13,7	13,0	7,5
Loans and borrowings	0,2	0,5	0,2
Current tax liabilities	4,3	3,2	3,8
Trade and other payables	94,4	108,3	100,0
Total current liabilities	112,6	125,0	111,5
Total liabilities	222,0	225,5	214,3
Total equity and liabilities	317,2	318,8	303,1

- Unaudited figures -

Annex 3 – Consolidated statement of recognised income and expense

Consolidated statement of recognised income and expense

(EUR million)

	1st half year 2008	1st half year 2007	Year 2007
Currency translation differences for non euro zone operations	0,7	(0,8)	(0,3)
Net result on hedge of net investment in non euro zone operation		0,3	
Released currency translation differences as a result of a (partial) disposal of net investments in the non euro zone	(0,3)		0,6
Effective part of changes in fair value of cash flow hedges	0,5	0,6	0,6
Goodwill adjustment recognised directly in equity	(0,2)		
Purchase own shares	(0,2)		
Income and expense recognised directly in equity	0,5	0,1	0,9
Profit for the period	10,3	9,4	3,7
Total recognised income and expense for the period	10,8	9,5	4,6
Attributable to:			
Equity holders of the company	10,7	9,5	4,5
Minority interest	0,1	-	0,1
Total recognised income and expense for the period	10,8	9,5	4,6

- Unaudited figures -

Annex 4 – Consolidated cash flow statement

Consolidated cash flow statement

(EUR million)

	30 June 2008	30 June ¹ 2007	31 Dec. 2007
Cash flows from operating activities			
Profit for the period	10,3	9,4	3,7
<i>Adjustments for:</i>			
Net finance costs	3,3	2,6	6,0
Income tax expense	4,6	3,1	2,6
(Gain) loss on disposal of shares of discontinued operations		(2,2)	9,5
Depreciation on property, plant and equipment	4,7	4,2	8,7
Amortisation on intangible assets	1,1	0,6	1,4
Operating profit before changes in working capital and provisions	24,0	17,7	31,9
Change in trade and other receivables	(13,6)	(18,0)	(10,8)
Change in inventories	(5,7)	(10,9)	(2,7)
Change in trade and other payables	(5,6)	10,1	14,1
Change in provisions	0,2	(0,2)	(0,7)
Cash flow from operating activities	(0,7)	(1,3)	31,8
Interest paid	(3,7)	(2,8)	(5,5)
Income tax paid	(1,2)	(3,0)	(2,5)
Net cash from operating activities	(5,6)	(7,1)	23,8
Cash flows from investing activities			
Disposal of subsidiary, net of cash disposed of			31,4
Acquisition of subsidiary, net of cash acquired	(0,3)	0,0	(39,9)
Net investments of property, plant and equipment and intangible assets	(5,4)	(7,3)	(16,2)
Net investments of other investments	(0,0)	0,3	(0,5)
Net cash from investing activities	(5,7)	(7,0)	(25,2)
Free cash flow	(11,3)	(14,1)	(1,4)
Cash flows from financing activities			
Long-term borrowings drawn down	5,9	10,0	40,0
Repayment of borrowings (non-current)		(1,0)	(27,3)
Repayment of borrowings (current)			(5,2)
Dividends paid	(3,9)		
Net cash from financing activities	2,0	9,0	7,5
Net cash from operating activities of discontinued operations		6,0	8,7
Net cash from investing activities of discontinued operations		(1,0)	(1,0)
Net cash from financing activities of discontinued operations		(5,5)	(8,5)
Total cash flow of discontinued operations		(0,5)	(0,8)
Net increase in cash and cash equivalents	(9,3)	(5,6)	5,3
Effect of exchange rates	0,4	0,0	0,5
	(8,9)	(5,6)	5,8
Cash and cash equivalents as at 1 January	2,1	(3,7)	(3,7)
Cash and cash equivalents end of period	(6,8)	(9,3)	2,1
	(8,9)	(5,6)	5,8

1 = These figures has been represented as if the at 21 December 2007 discontinued operation Automotive Metals has been discontinued from the start of the comparative period

- 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, the Netherlands. The condensed consolidated interim report of the Company for the first half of 2008 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 2007 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 2007 consolidated financial statements of the Group.

This condensed consolidated interim report was approved by the Executive Board and Supervisory Board on 25 August 2008.

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 2007.

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 2007.

5.5 Financial risk management

Group policy and objectives with regard to financial risk management are the same as those set forth in the 2007 consolidated financial statements.

- Unaudited figures -

5.6 Segment information for the first half year

Segment reporting

(EUR million)

	Kendrion Electromagnetic		Kendrion Distribution Services		Holding companies / Eliminations		Consolidated	
	HY1 2008	HY1 2007	HY1 2008	HY1 2007	HY1 2008	HY1 2007	HY1 2008	HY1 2007
Revenue	109,2	77,4	181,6	172,6	-	-	290,8	250,0
Added value / Net margin	56,1	41,0	62,3	55,5	0,1	-	118,5	96,5
Added value / Net margin %	51,4%	53,0%	34,3%	32,2%			40,7%	38,6%
Operating result	11,6	7,3	8,9	7,9	(2,3)	(2,2)	18,2	12,9
ROI (rolling over 12 months)	22,1%	24,7%	21,7%	23,0%			12,4%	15,8%
ROS (rolling over 12 months)	9,7%	9,2%	4,2%	4,3%			4,9%	4,6%

The figures stated for 2007 correspond with the income statement and have not been normalised with Linnig Antriebstechnik that was acquired in late 2007. Please refer to the Kendrion website for the normalised figures.

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.

5.8 Tax

The effective tax rate for the Group at consolidated level in the first half of 2008 was 31% (full year 2007: 24%, first half of 2007: 27%).

5.9 Property, plant and equipment

Investment commitments

During the first half of 2008, the Group contracted to acquire property, plant and equipment totalling EUR 4.7 million (first half of 2007: EUR 4.6 million).

- Unaudited figures -

5.10 Loans and other financial commitments

There has been no change compared to the situation described in the 2007 financial statements (page 80/81, item 10). The covenants were complied with in all cases as at 30 June 2008.

5.11 Contingent liabilities

The information relating to contingent liabilities contained in the 2007 financial statements (page 91, item 17) continues to apply. There is nothing further to report.

- Unaudited figures -

Annex 6 – Financial calendar 2008 - 2009

Press conference / analysts' meeting	Tuesday, 26 August 2008	10:00 / 11:30 a.m.
Publication of Q3 2008 results	Tuesday, 4 November 2008	Before start of trading
Publication of 2008 full-year figures	Tuesday, 24 February 2009	Before start of trading
Press conference / analysts' meeting	Tuesday, 24 February 2009	10:00 / 11:30 a.m.
General Meeting of Shareholders	Monday, 6 April 2009	2:30 p.m.
Publication of Q1 2009 results	Tuesday, 5 May 2009	Before start of trading
Publication of H1 2009 results	Tuesday, 25 August 2009	Before start of trading
Press conference / analysts' meeting	Tuesday, 25 August 2009	10:00 / 11:30 a.m.
Publication of Q3 2009 results	Tuesday, 10 November 2009	Before start of trading