press release

TKH Group N.V. (TKH)
First-half 2007 results

Net profit TKH Group up 14% in 1st half

- **Increase in turnover in 1st half 2007 with 20.7% to € 384.8 million, of which 16.1% organic and 4.6% through acquisitions.**
- **Increase in operating result by 10.0% to € 25.7 million.**
- **Strong profit growth Cable Group (+27.7%) and Technical Trading Group (+ 17.6%) through turnover growth and rise in contribution from system deliveries.**
- **High start-up costs in 2nd quarter relating to large share of innovations reduce profit Machinery Group (-42.1%).**
- **Acquisitions mark key step in growth strategy.**

Outlook

- **Expected growth in net profit for the full year 2007 between 15 and 20% according to previous announcement.**

Key figures first half 2007
(in € million unless otherwise stated)

	1st half 2007	1st half 2006	Difference in %
Turnover	384.8	318.7	+ 20.7
Operating result (EBIT)	25.7	23.4	+ 10.0
Net profit	17.4	15.3	+ 13.6
Net earnings per ordinary share (in €)	0.51	0.46	+ 10.9
Solvency	46.3%	47.3%	
ROS	6.7%	7.3%	

Key figures second quarter
(in € million unless otherwise stated)

	Q2 2007	Q2 2006	Difference in %
Turnover	187.0	168.0	+ 11.3
Operating result (EBIT)	13.0	14.0	- 7.4
Net profit	9.2	9.1	+ 1.3
ROS	7.0%	8.4%	

Alexander van der Lof, CEO of TKH: "TKH, supplier of technical solutions, took important steps in the progress of its strategy in the first half of the year with the acquisitions announced. This has further strengthened the technology component in important growth segments within our portfolio. The Cable Group and Technical Trading Group recorded strong turnover and profit growth. The market approach of the three business segments, Telecom, Building and Industrial Solutions, is clearly bearing fruit and TKH has been successful in its transformation into a solution supplier."

The innovations in the field of tyre building systems, such as flexible manufacturing systems, strengthen our prominent position with advanced solutions in the tyre manufacturing industry. In the short term, this means high costs, but within a number of years this should result in a breakthrough in the further outsourcing of the production of tyre manufacturing systems which is currently still being produced by tyre manufacturers."

Financial developments

Turnover in the first half of 2007 increased by € 66.1 million (+20.7%) to € 384.8 million (H1 2006: € 318.7 million). Organic growth was 16.1%, while growth from acquisitions realised in the second half of 2006 and first half of 2007 was 4.6%.

The gross margin as a percentage of turnover fell from 39.0% to 37.1%, largely due to the increased raw material prices. Despite the strong rise in innovation costs, TKH was able to limit the increase in operating costs to 15.7%. Depreciations, at € 6.5 million, were above the € 5.4 million recorded in the first half of 2006.

The operating result was up 10.0% to € 25.7 million in the first half of 2007, from € 23.4 million in the first half of 2006. The Cable Group in particular contributed to the positive development of the results due to an increase in the contribution from specialty cables and system deliveries. The Technical Trading Group also saw its results improve, largely due to the increase in the contribution from deliveries with high added value in the form of systems. The results of the Machinery Group dropped due to high start-up costs relating to the very high contribution from innovations in the turnover.

Financial income and expenses dropped to € 1.6 million in the first half of 2007, from € 2.1 million in the same period last year. The tax burden increased slightly to 28.8% (H1 2006: 28.4%).

Net profit in the first half of 2007 rose to € 17.4 million, an increase of 13.6% compared to € 15.3 million in the comparable period of 2006. Earnings per share came in at € 0.51 (H1 2006: € 0.46).

Net bank debt increased by € 31.5 million compared with year-end 2006, largely as a result of the turnover growth and ensuing need for working capital and investments. Expressed as a percentage of turnover, working capital increased slightly to 22.9%, from 22.7% in the first half of 2006. Solvency was down slightly at 46.3% (H1 2006: 47.3%).

The number of employees (FTE) as per 30 June 2007 was 3,074, (30 June 2006: 2,714).

Strategy progress

In terms of the geographical market development of the TKH group, we made an important move with the acquisition in July 2007 of the French CAE Groupe, with an annual turnover of more than € 120 million. In addition, we acquired USE System Engineering, Transmea and New Electronic Technology (NET) with a joint annual turnover of around € 20 million. These companies have further boosted the technology component within the TKH Group, particularly in the field of information systems and security systems. TKH sees these segments as important growth segments within its portfolio.

Segmentation solutions

TKH approaches the market on the basis of three business segments: Telecom, Building and Industrial Solutions. Within the solutions segments, Building Solutions once again developed positively. The development of the system activities and innovations in the field of cable, security solutions and automation in buildings in particular resulted in turnover growth in this segment.

The Telecom Solutions segment showed limited growth. The outdoor telecom market was still experiencing a reduced investment level. Investments in the upgrading of network capacity were a low priority, while the demand for conventional technology is falling.

The Industrial Solutions segment benefited from a higher level of investments in the industry. Turnover increased mostly in the field of systems for machine building, the medical industry and the shipbuilding industry.

In the first half of 2007, innovations accounted for 23.4% of the turnover, which was well above the target of at least 15%.

Developments per group

Technical Trading Group

The Technical Trading Group turnover increased to € 123.7 in the first half of 2007, up 8.5% on € 114.0 million in the first half of 2006. Of this amount, € 6.0 million came from the acquisitions Schneider Intercom and Funea. Organic turnover growth was 3.2%.

Turnover growth was realised primarily in Germany and Poland in the Building and Industrial Solutions segments. The Telecom Solutions segment showed a drop in turnover. The investments in the upgrading of copper networks remained limited in the first half of the year, which meant it was not possible to offset the drop in demand for conventional systems for telecom networks.

The operating result increased to € 11.4 million in the first half of 2007, up 17.6% from € 9.7 million in the first half of 2006. The growth of the share of deliveries with a high added value in the form of systems had a positive impact on the operating result. Good progress was made in technical solutions for the elderly-care sector, as well as the security sector, which further strengthened the market position of TKH in these segments. The margin (ROS) increased to 9.2% in the first half of 2007, from 8.5% in the same period of 2006.

Cable Group

The turnover of the Cable Group increased to € 189.9 million in the first half, up 25.9% from € 150.8 million. Organic turnover growth was 20.8%, with 4.6% of this due to increased raw material prices. This organic turnover increase was partly the result of various new market positions taken in eastern and western Europe. In addition, positive market conditions in the construction and installation sector and the growing demand for Fibre-to-the-Home solutions also contributed to the turnover growth.

The operating result rose to € 14.8 million in the first half of 2007, up 27.7% from € 11.6 million in the first half of 2006. The increase in the operating result was in line with the increase in turnover. Due to actions undertaken in 2006 to improve efficiency and expand capacity, the capacity utilisation remained stable at around 90%.

Due to the development of new market positions, the improvement of ROS in the Cable Group was limited. This ROS improved slightly to 7.8%, from 7.7%.

Machinery Group

The Machinery Group saw its turnover increase to € 74.1 million in the first half of 2007, up 32.6% from the € 55.9 million recorded in the same period of 2006. The turnover growth was a result of the strong increase in demand for tyre building systems in 2006. More than 60% of the turnover realised consisted of innovations in the field of tyre building systems. These newly introduced solutions, including modules to make tyre manufacture production more flexible, respond to the demand within the tyre manufacturing industry for the implementation of further efficiency improvements and for an improvement in the quality of car tyres.

Due to the fact that a large number of these new systems were still in the prototyping stage, with ensuing high start-up costs, the operating result dropped to € 3.4 million in the first half of the year, down 42.1% from € 5.9 million. In addition, extra costs were incurred due to the limited availability of qualified technical personnel in the United States. The centralisation of machinery building activities in the Netherlands to a single location also resulted in temporarily higher costs. The order intake is irregular due to the project character of the contracts. The order intake started off slowly in the first half but has recovered strongly from July 2007 as a result of a number of larger projects.

The ROS dropped to 4.6% in the first half of 2007, from 10.6% in the first half of 2006. As noted earlier, we expect a margin of 6 to 7% for the full year 2007. The average margin target for this segment in the coming years is around 10%.

Outlook

The activities in the Technical Trading Group and the Cable Group are developing positively, particularly in the Building and Industrial Solutions segments.

For the Machinery Group, we expect the higher cost levels to normalise in the course of the second half of the year. On the one hand, because the prototyping stage of a large number of projects will be completed and we will be able to benefit more from series-size advantages, while on the other hand the realised capacity expansion in China will reduce production costs.

Based partly on the realised result in the first half of 2007 and barring unforeseen circumstances, we expect net profit for the full year 2007 to exceed the net profit in the full year 2006 by 15 to 20%, according to previous announcement.

Haaksbergen, 31 August 2007

Executive Board

For further information: J.M.A. (Alexander) van der Lof MBA,
Chairman of the Executive Board
tel. + 31 (0)53 5732901
Website: www.tkhgroup.com

Calendar

22 November 2007	Trading update Q3 2007
12 March 2008	Publication annual results 2007
6 May 2008	Trading update Q1 2008
7 May 2008	General Meeting of Shareholders

Profile

Technical solutions provider, TKH Group NV (TKH) is an internationally operating group of companies specialised in creating and supplying innovative Telecom, Building and Industrial Solutions.

The activities in the form of technologies, know-how, products and added value such as consulting, development, assembly and delivery of systems, form the building blocks for innovative solutions. These activities are concentrated in three groups: the Technical Trading Group, the Cable Group and the Machinery Group. At TKH the solutions play the central role, not the kind of activity (group).

The Telecom Solutions consist of solutions ranging from basic infrastructure to home networking applications, for both the outdoor and indoor telecom (ICT) -markets.

The Building Solutions comprise solutions ranging from efficient electrical engineering to ICT systems for the health care sector. In this segment TKH concentrates on cable systems and networks, intercom systems, nurse paging systems, access control and electricity distribution.

The Industrial Solutions consist of advanced solutions for production automation, car and truck tyre building systems and industrial applications in the field of speciality cable and cable accessories.

The 39 companies in the TKH Group are active all over the world. Its growth is concentrated on North West and Eastern Europe and Asia. In 2006 TKH secured a turnover of € 686 million with 2,961 employees.

Consolidated Profit and Loss Account
in thousands of euros

	1st half 2007		1st half 2006	
Net turnover		**337,114**		296,674
Changes in inventory of finished goods and work in progress		**47,080**		20,802
Other operating income		**586**		1,191
Total operating income		**384,780**		318,667
Costs of raw materials, consumables, trade products and subcontracted work	**242,219**		194,275	
Personnel expenses	**76,041**		64,782	
Depreciation	**6,494**		5,416	
Other operating expenses	**34,281**		30,789	
Total operating expenses		**359,035**		295,262
Operating result		**25,745**		23,405
Financial income and expenses		**-1,566**		-2,083
Share in result of associates		**246**		31
Result before tax		**24,425**		21,353
Tax on profit		**7,045**		6,054
Net result		**17,380**		15,299
Attributable to:				
Shareholders of the company		**17,387**		15,214
Minority interest		**-7**		85
		17,380		15,299
Earnings per share				
Weighted average number of shares (x 1,000)		33,981		33,232
Weighted average number of shares for the purpose of diluted earnings per share (x 1,000)		34,294		33,880
Ordinary earnings per share (€)		0.51		0.46
Diluted earnings per share (€)		0.51		0.45

Consolidated balance sheet
in thousands of euros

	30-06-2007		31-12-2006	
Assets				
Non-current assets				
Intangible non-current assets	**47,895**		44,320	
Tangible non-current assets	**130,299**		121,838	
Financial non-current assets	**2,901**		2,850	
Deferred tax assets	**4,272**		4,384	
Total non-current assets		**185,367**		173,392
Current assets				
Inventories	**136,473**		119,750	
Receivables	**166,082**		155,921	
Cash and cash equivalents	**5,626**		9,970	
Total current assets		**308,181**		285,641
Assets held for sale		**2,490**		5,534
Total assets		**496,038**		464,567
Liabilities				
Group equity				
Group equity	**228,506**		219,932	
Minority interest	**1,268**		1,294	
Total group equity		**229,774**		221,226
Long term liabilities				
Long term liabilities	**26,107**		26,031	
Deferred tax liabilities	**18,012**		18,335	
Other provisions	**11,761**		12,208	
Long term liabilities		**55,880**		56,574
Short-term liabilities				
Trade debts and other payables	**193,891**		171,302	
Current tax liabilities	**11,200**		9,288	
Provisions	**5,293**		6,177	
Total short-term liabilities		**210,384**		186,767
Total liabilities		**496,038**		464,567

Consolidated cash flow statement
in thousands of euros

	1st half 2007	1st half 2006
Cash flow from operating activities		
Operating result	**25,745**	23.405
Depreciation	**6,494**	5.416
Changes in provisions	**-1,362**	-1.883
Changes in working capital	**-31.051**	-20.255
Cash flow from operations	**-174**	6.683
Interest received/(paid)	**-1.313**	-2.053
Income tax on profit received/(paid)	**-5.209**	-4.058
Net cash flow from operations (A)	**-6.696**	572
Cash flow from investing activities		
Dividends received from non-consolidated associates	**135**	135
Investments in tangible fixed assets and assets held-for-sale	**-14,864**	-4,893
Disposals in tangible fixed assets and assets held-for-sale	**3,319**	0
Acquisition of subsidiaries	**-2,387**	-3.389
Acquisition of associates	**0**	-391
Acquisition of other intangible non-current assets	**-1,886**	-769
acquisition of other financial non-current assets	**-186**	0
Net cash flow from investing activities (B)	**-15,869**	-9.307
Cash flow from financing activities		
Dividends paid	**-7,960**	-5.196
Purchase of shares	**-1,414**	0
Share and option schemes	**-457**	1.518
Receipts from long term finance facilities	**76**	0
Repayment of long-term debts	**0**	-241
Net cash flow from financing activities (C)	**-9,755**	-3.919
Net decrease in cash and cash equivalents (A+B+C)	**-32,320**	-12.654
Exchange differences	**813**	1.685
Change in available funds	**-31,507**	-10.969
Cash and cash equivalents at 1 January	**-43,138**	-23.134
Cash and cash equivalents at 30 June	**-74,645**	-34.103
The balance of cash and cash equivalents at 30 June consisted of:		
* Cash and cash equivalents	**5,626**	7.504
* Bank overdraft	**-80,271**	-41.607
Balance of cash and cash equivalents	**-74,645**	-34.103

Consolidated statement of changes in group equity

In thousands of euros

	Issued share capital	Share premium	Statutory reserve	Revaluation reserve	Translation reserve	Cash flow hedge reserve	Other reserve	Total	Minority interest	Total equity
Position as at 1 January 2006	**8,467**	**6,233**	**893**	**21,687**	**7,539**	**-11**	**142,175**	**186,983**	**188**	**187,171**
Profit in financial year							35,043	35,043	323	**35,366**
Changes in cash flow hedges						194		194		**194**
Revaluations				1,484			491	1,975		**1,975**
Change in tax rates				790				790		**790**
Exchange differences					-1,465			-1,465		**-1,465**
Share and option schemes							830	830		**830**
Total profit	**0**	**0**	**0**	**2,274**	**-1,465**	**194**	**36,364**	**37,367**	**323**	**37,690**
Dividends paid	165	-165					-5,245	-5,245		**-5,245**
Share and option schemes							827	827		**827**
Capitalised development costs			1,601				-1,601	0		**0**
Acquisitions								0	783	**783**
Other changes								0		**0**
Position as at 31 December 2006	**8,632**	**6,068**	**2,494**	**23,961**	**6,074**	**183**	**172,520**	**219,932**	**1,294**	**221,226**
Profit in financial year							17,387	17,387	-7	**17,380**
Changes in cash flow hedges						302		302		**302**
Exchange differences					716			716		**716**
Share and option schemes							175	175		**175**
Total profit	**0**	**0**	**0**	**0**	**716**	**302**	**17,562**	**18,580**	**-7**	**18,573**
Dividends paid	119	-119					-7,960	-7,960		**-7,960**
Purchase of shares							-1,414	-1,414		**-1,414**
Share and option schemes							-632	-632		**-632**
Capitalised development costs			1,166				-1,166	0		**0**
Acquisitions								0	-19	**-19**
Position as at 30 June 2007	**8,751**	**5,949**	**3,660**	**23,961**	**6,790**	**485**	**178,910**	**228,506**	**1,268**	**229,774**

Notes to the interim financial report

1 Accounting principles for financial reporting

The interim financial report has been prepared in accordance with IAS 34 Interim Financial Reporting. The accounting policies are disclosed in the annual financial statements 2006.

The following reclassifications have been made in the balance sheet, and the comparable figures have also been amended:

* Reclassification of the active deferred asset ensuing from sell-off losses to payable taxes for an amount of € 12,885,000 (2006: € 12,200,000) relating to completed liquidations
* Reclassification of assets held for sale from non-current assets
* Reclassification of provisions to long-term and short-term debts.

2 Statutory capital

On 24 April 2007, the General Meeting of Shareholders approved a change to the articles of association to split the (depositary receipts of) shares, from one (1) (depositary receipt of) share with a nominal value of € 1, into four (4) (depositary receipts of) shares with a nominal value of € 0.25. The split was effected as per 14 May 2007. The number of outstanding (depositary receipts of) shares as per 31 December 2006 was the equivalent of 33,730,520. As a result of the exercise of options rights and share schemes, on balance 23,840 (depositary receipts of) shares were delivered and sold. In addition, a stock dividend of 477,779 (depositary receipts of) shares was paid out from the share premium reserve. As a result, the number of (depositary receipts of) shares outstanding with third parties as per 30 June 2007 was 34,232,139.

3 Dividend

At the General Meeting of Shareholders the dividend was declared at € 2.10 per (depositary receipt of) ordinary share. The dividend was proposed at the option of shareholders in cash or as a stock dividend. The dividend on the priority shares was declared at € 0.05 per share. These figures are before the share split. The total amount in dividends paid in the first half of 2007 was € 7,959,743 and this amount was charged to the other reserves. For stock dividend an amount of € 119,434 was charged against the share premium reserve.

4 Information by segment

	1st half 2007	1st half 2006	2nd half 2006
Turnover			
Technical Trading Group	**123,703**	114,044	125,570
Cable Group	**189,905**	150,829	176,917
Machinery Group	**74,085**	55,856	66,677
Eliminations	**-2,913**	-2,062	-2,339
Total turnover	**384,780**	318,667	366,825
Operating result			
Technical Trading Group	**11,436**	9,722	12,713
Cable Group	**14,774**	11,565	14,544
Machinery Group	**3,436**	5,938	6,697
Non-allocated income and expenses	**-3,901**	-3,820	-3,780
Total operating result	**25,745**	23,405	30,174

5 Acquisitions

During the first half of 2007, TKH acquired the following interests:

Name participation	Country	Ownership and control	Consolidated as from	Activity
USE System Engineering B.V.	Netherlands	75%	1 January 2007	Technical trading
Transmea B.V.	Netherlands	80%	1 June 2007	Technical trading

The transactions in which a majority interest was acquired have been accounted for through the purchase method of accounting. Goodwill in the amount of € 1.5 million was paid for the acquisitions, in which net assets with a value of minus € 0.1 million were acquired. The acquisitions have not yet made a contribution to the results in the first half of the year. The minority shareholders in the above-mentioned companies have granted TKH an option to acquire the remaining shares. In addition, TKH has an obligations to purchase the shares if the local management offers these shares for sale. The option rights can be exercised in early 2009 and early 2010 respectively. The sum of the rights and obligations is dependent on future results. In view of the fact that future results cannot be reliably determined, the rights and obligations have not been valued.

6 Contingent liabilities

The contingent liabilities which are not reflected in the balance sheet, as reported in the financial statements for 2006, have not essentially changed in the first half of 2007.

7 Events after balance sheet date

On 6 July 2007, TKH has expanded its 30% minority stake in New Electronic Technology (NET) GmbH in Germany to a majority stake of 84%. NET has 28 employees (FTEs) and realises annual turnover of around € 17 million.

On 30 July 2007, TKH reached agreement on the acquisition of 100% of the shares in CAE Groupe in France. The fixed purchase price of the CAE Groupe shares is € 75 million. Depending on the results development in 2007, an additional payment of € 15 million may be payable. To finance the acquisition, TKH has issued 400,000 (1.14%) new (depositary receipts of) shares which have been placed with the management and the other former shareholders of CAE Groupe. In 2006, CAE Groupe recorded turnover of € 122.1 million with a normalised operating result of € 12.0 million. The company employs a staff of 300.

With the exception of the aforementioned acquisitions, no events took place after the balance sheet date that significantly impact the insight into the recent most recent interim period.

8 Signature of semi-annual report

Haaksbergen, 30 August 2007

Executive Board
J.M.A. van der Lof MBA, *chairman*
J.E. Vaandrager

To the shareholders and Supervisory Board of TKH Group NV

Review report

Introduction

We have reviewed the attached consolidated interim financial information for the six-month period ended June 30, 2007 of TKH Group N.V., Haaksbergen, which comprises the condensed consolidated balance sheet as at June 30, 2007, the condensed consolidated income statement, the condensed consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six-month period then ended. Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with IAS 34 "Interim Financial Information" as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the attached consolidated interim financial information as at June 30, 2007 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Information" as adopted by the European Union.

Enschede, 30 August 2007

Deloitte Accountants B.V.

A.J.E. Jansman