Royal Ten Cate

Press release

IR &
corporate communication

TenCate operating result continues to grow strongly in second quarter (+27%)

- Sales H1 2007: € 426 million (+7%; organic +9%)
- EBIT H1 2007: € 29.9 million (+27%; organic +19%)
- EBIT margin 7.0% (H1 2006: 5.9%)
- Net profit H1 2007: € 19.4 million (+20%, excluding the result from divestments)
- Influence of profit contribution from recent acquisitions not fully visible due to revaluation and higher amortisation/depreciation (under IFRS); result consequently € 1.1 million lower
- Strong performance by market group TenCate Protective Fabrics
- Sales in market group TenCate Aerospace & Armour Composites down due to deferment of projects to second half of 2007
- Slight recovery of US geosynthetics market; good market developments in Asia and Europe
- Start-up costs for substantial capacity increase and associated logistical adjustments in synthetic turf production; strong contribution by TenCate Thiolon Middle East
- Strong second half of 2007 expected; profit growth for 2007 as a whole expected to be at least 25% (excluding result on divested activities)

General performance in second quarter of 2007
Sales rose in the second quarter by 13% to € 235 million. The increase in sales was due in particular to the excellent performance by the TenCate Protective Fabrics market group. On the basis of new products and its technological capacity, TenCate has been successful with protective fabrics, especially for the US Army (Gen 2 / Defender™ M).

The sales of the market group TenCate Aerospace & Armour Composites continued to lag expectations. An important element of the sales from project orders will however accrue in the second half of the year.

In the synthetic turf sector, start-up costs were incurred in relation to the sizeable increase in capacity, which involved logistical adjustments in the Netherlands. TenCate Thiolon Middle East came up to expectations and made a strong contribution.

The American market for geosynthetics staged a slight recovery at the end of the quarter.

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The profit contribution of the recent acquisitions (Roshield and Mattex) in the second quarter was adversely affected by the introduction of IFRS accounting requirements. On the one hand the revaluation of acquired stocks led to (one-off) pressure on margins, while on the other the fair-value determination of tangible and intangible assets resulted in an increase in amortisation / depreciation charges of € 1.1 million.

The operating result rose by 27% from € 15.0 million to € 19.0 million. Organic growth amounted to 14%. The net profit in the second quarter (excluding the result from divestments) rose by 22% to € 13.3 million (2nd quarter 2006: € 10.9 million).

First half of 2007
Sales in the first half of the year amounted to € 426 million (organic +9%). The currency effect on sales amounted to -4%. The operating result rose to € 29.9 million (+27%, of which 19% organic). The currency effect on the operating result amounted to -7.5%. In addition the EBIT margin improved to 7.0% (H1 2006: 5.9%).

The net profit, adjusted for divestments, rose by 20% from € 16.1 million to € 19.3 million. The currency effect on the net profit amounted to -5%. Adjusted for the above mentioned additional amortisation and depreciation charges as a result of acquisitions, net profit ('cash earnings') rose by 26.7%.

Earnings per share (adjusted for the result from divestments) rose by 10% to € 0.85. During the first half of the year the share capital increased by 2,492,866 ordinary shares due to a share issue and the stock dividend. There are at present 23,556,158 shares in issue.

Outlook
TenCate is maintaining its previously issued forecast for 2007, under which the net profit (adjusted for the results on divestments) is expected to increase by at least 25% barring unforeseen circumstances.

The expectations for the second half of 2007 are positive. Strategically TenCate operates in growth markets, in which significant acquisitions have been made. With its focus on core markets TenCate has leading positions in these market niches.

In the case of the sector Geosynthetics & Grass and the market group TenCate Aerospace & Armour Composites, higher sales and an increased profit contribution are expected in relation to the first half of the year.

The market for protective and safety fabrics is also expected to continue developing strongly in the second half of 2007. After the three previously announced US Army orders, the US Marine Corps has now also selected the Defender™ M fabric for fire-resistant protection.

Performance by sector

Advanced Textiles & Composites

(x € m.)	Q2 2007	Q2 2006	H1 2007	H1 2006
Net sales	**84.8**	71.9	**168.0**	149.8
EBIT	**8.7**	5.2	**16.7**	11.1
EBIT margin	**10.3%**	7.2%	**9.9%**	7.4%

The sector Advanced Textiles & Composites displayed strong (+14%) organic growth during the first half of 2007. In view of the previously announced US Army orders, the growth in the field of innovative safety fabrics may be regarded as exceptional. On the basis of the technological and innovative know-how available within the group the market for safety fabrics is also being developed further by TenCate in Europe. The first orders were recently received for high-grade fire-resistant fabrics (Millenia Light™) for the European firefighting market. Demand for fire-resistant protection is also growing for military applications outside the United States; the market potential is considerable. It will not, however, be possible to respond properly to the demand until the raw material suppliers have expanded their production capacity.

Sales saw a general trend towards higher quality, which is positive for margin growth.

Partly through acquisitions, TenCate has substantially strengthened its position as a material supplier in the aerospace and armour core markets. In the field of antiballistics (armour composites) delays were encountered with order fulfilment. TenCate has strengthened its position in the UK market, resulting in an order for vehicle armour. This order will be delivered in the second half of this year. Other important orders are also scheduled for delivery in the second half of the year. The main focus of sales in the field of antiballistics will therefore be in the second half.

In the field of aerospace composites the expectations are positive. A substantial expansion of the production capacity for TenCate CETEX® will be achieved in the second half of this year in order to meet the growing demand for this material for the Airbus A380. The Boeing sales element will also grow in importance in the medium term. TenCate CETEX®, which was certified by Boeing several years ago, is being applied in both interior and structural elements in Boeing aircraft, especially the latest 737 and 777 models. CETEX® will also be used in the interior of the Boeing 787 (Dreamliner) and, thanks to recent developments, also in elements of the aircraft structure such as hull and wing sections. The material is delivered both directly and to first-tier partners in the US, Europe and Japan.

The recent announcement of the acquisition of Phoenixx represents a strengthening of the developments in thermoplastic composites for the aviation sector. The acquisition was completed after recent approval by the United States government.

Geosynthetics & Grass

(x € m.)	Q2 2007	Q2 2006	H1 2007	H1 2006
Net sales	**132.8**	112.1	**221.3**	191.6
EBIT	**10.7**	9.5	**13.2**	11.9
EBIT margin	**8.1%**	8.5%	**6.0%**	6.2%

The organic growth of sales by the sector Geosynthetics & Grass amounts to 8%. Margins are under pressure by the shrinking market for geosynthetics in the United States on the one hand and by a temporary reduction of efficiency in synthetic turf production on the other. The latter was brought about by a sharp increase in production capacity and the associated logistical conversion in the Netherlands, which was coupled with start-up costs. The adaptations in production were effected in the course of the first half of 2007.

The acquisition of Mattex (TenCate Thiolon Middle East) at the end of March this year represents a substantial strengthening and brings forward the growth opportunities created by the strong increase in worldwide demand for monofilament fibres.

The synthetic turf division operates worldwide as a single integrated group, taking full advantage of economies of scale. The market for the Grass group is characterised by the buoyant growth of an evolving market. Since 2006 the demand for monofilament fibres has grown extremely strongly.

The scale that TenCate has now achieved in the production of synthetic turf fibres has resulted in a more balanced product portfolio. This enables improvement of the margin.

The EBIT margin for the sector as a whole fell to 6%. The fall was primarily attributable to the Geosynthetics market group, reflecting the weaening in the United States market since mid-2006.

Sales and margins in the US geosynthetics market are staging a slight recovery, although this is still at an early stage. Market conditions in Asia and Europe are substantially more positive.

Technical Components / Holding & Services

(x € m.)	Q2 2007	Q2 2006	H1 2007	H1 2006
Net sales	**17.8**	24.4	**37.0**	56.2
EBIT	**-0.4**	0.3	**0.0**	0.6

Turnover and operating result of this group have been influenced by the desinvestment of TenCate Plasticum and Business Key. Following the sale of these companies in the Technical Components sector, TenCate Enbi was added to the Holding & Services sector for financial reporting purposes. TenCate Enbi accounts for less than 10% of group sales.

For TenCate Enbi the market centres increasingly on Asia, where TenCate Enbi achieves a strong growth in sales. The extension of the customer base, particularly in Asia, and the broadening of the product portfolio on the basis of rubber and foam technology, are important strategic objectives.

In Europe and the United States sales fell in line with the structural changes in the existing market, but good progress was recorded with generating sales in new market segments.

Financial
The tax rate fell from 32.8% to 22.6%. One reason was a non-recurrent tax credit of € 1.3 million relating to previous years.

The investments in fixed assets of € 29 million are above the 2006 level (€ 25 million). The investments are primarily related to capacity build-up in Asia (geosynthetics) and capacity expansion (synthetic grass and composites).

The higher interest charges are due to the increased (average) debt position and the increase in interest rates. The net interest-bearing debt at 30 June 2007 amounted to € 246 million.

Almelo, 22 August 2007
Royal Ten Cate

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The complete statistical annex may be found on www.tencate.com

Audio webcast: commencement of presentation for the press 10.30 hours (in Dutch)
Conference call: 22 August 11.45 hours (CET); phone in from 11.30 hours
The telephone number for the conference call is +31 (0)20 7133497. An operator will explain the procedure.

KEY FIGURES

million euro's	January-June 2007	2006		Q1 2007	Q2 2007	Q1 2006	Q2 2006
Revenues	426.3	397.6	7.2%	190.9	235.4	189.2	208.4
EBITDA	43.9	35.1	25.1%	16.9	27.0	14.4	20.7
EBIT	29.9	23.6	26.7%	10.9	19.0	8.6	15.0
Net profit	19.4	19.4	0.0%	6.0	13.4	5.2	14.2
Net profit (excl. gain divested companies)	19.3	16.1	19.9%	6.0	13.3	5.2	10.9
Profit per share	0.86	0.93	-7.5%	0.28	0.58	0.25	0.68
Profit per share (excl. gain divested companies)	0.85	0.77	10.4%	0.28	0.57	0.25	0.52

Key figures per sector

million euro's	January-June 2007	2006		Q1 2007	Q2 2007	Q1 2006	Q2 2006
Advanced Textiles & Composites							
Revenues	168.0	149.8	12.1%	83.2	84.8	77.9	71.9
EBIT	16.7	11.1	50.5%	8.0	8.7	5.9	5.2
EBIT margin	9.9%	7.4%	33.8%	9.6%	10.3%	7.6%	7.2%
Investments	8.9	4.3	107.0%	3.7	5.2	2.3	2.0
Depreciation and amortisation	4.1	3.0	36.7%	1.9	2.2	1.5	1.5
Net capital employed (at the end of)	177.4	120.4	47.3%	169.5	177.4	121.9	120.4
Return on capital employed	19.4%	18.2%	6.6%	19.1%	22.3%	19.2%	17.2%
Number of staff-years (at the end of)	1,229	1,177	4.4%	1,221	1,229	1,191	1,177
Geosynthetics & Grass							
Revenues	221.3	191.6	15.5%	88.5	132.8	79.5	112.1
EBIT	13.2	11.9	10.9%	2.5	10.7	2.4	9.5
EBIT margin	6.0%	6.2%	-3.2%	2.8%	8.1%	3.0%	8.5%
Investments	19.7	19.2	2.6%	10.5	9.2	13.6	5.6
Depreciation and amortisation	8.9	6.7	32.8%	3.6	5.3	3.2	3.5
Net capital employed (at the end of)	385.8	226.9	70.0%	368.1	385.8	228.9	226.9
Return on capital employed	8.4%	11.2%	-25.0%	4.5%	11.4%	4.4%	17.1%
Number of staff-years (at the end of)	1,952	1,617	20.7%	1,648	1,952	1,636	1,617
Technical Components / Holding & Services *							
Revenues	37.0	56.2	-34.2%	19.2	17.8	31.8	24.4
EBIT	0.0	0.6	-	0.4	-0.4	0.3	0.3
Investments	0.3	1.7	-82.4%	0.1	0.2	0.9	0.8
Depreciation and amortisation	1.0	1.8	-44.4%	0.5	0.5	1.1	0.7
Net capital employed (at the end of)	37.9	56.6	-33.0%	33.9	37.9	73.6	56.6
Number of staff-years (at the end of)	732	715	2.4%	741	732	917	715

* 2006 figures adjusted for comparison purposes

TENCATE

CONSOLIDATED PROFIT AND LOSS ACCOUNT

million euro's	second quarter 2007	second quarter 2006	up to second quarter 2007	up to second quarter 2006
Revenues	235.4	208.4	426.3	397.6
Changes in inventories of finished products and work in progress	-2.8	-5.3	8.9	6.1
Raw materials and manufacturing supplies	-120.2	-103.9	-226.9	-207.9
Work contracted out and other external expenses	-13.1	-9.4	-21.9	-18.4
Personnel costs	-45.7	-44.2	-90.2	-91.3
Depreciation and amortisation	-8.0	-5.7	-14.0	-11.5
Other operating costs	-26.6	-24.9	-52.3	-51.0
Total operating expenses	-216.4	-193.4	-396.4	-374.0
Operating result (EBIT)	19.0	15.0	29.9	23.6
Net financial expenses	-2.9	-2.2	-5.0	-3.8
Result before tax	16.1	12.8	24.9	19.8
Profit tax	-2.9	-4.2	-5.6	-6.5
Result after tax before divestment of activities	13.2	8.6	19.3	13.3
Result from associated companies	-	2.3	-	2.8
Result from divested activities after tax	0.1	3.3	0.1	3.3
Result after tax	**13.3**	**14.2**	**19.4**	**19.4**
Attributable to:				
Shareholders of the company (net profit)	13.4	14.2	19.4	19.4
Minority interests	-0.1	-	-	-
Operating result as a % of sales	8.1%	7.2%	7.0%	5.9%
Return on capital employed	13.1%	19.8%	12.2%	14.7%
Weighted average number of shares outstanding (x 1,000)				
- basic	23,081	20,876	22,544	20,867
- diluted	23,308	21,424	22,743	21,415
Per € 2.50 share				
- cash flow	0.92	0.94	1.48	1.48
- net earnings	0.58	0.68	0.86	0.93
- diluted net earnings	0.58	0.65	0.85	0.90
Number of staff-years (at the end of)			3,913	3,509
of which in the Netherlands			981	986

This report is unaudited

CONSOLIDATED BALANCE SHEET

million euro's	**June 2007**		**end of 2006**		**June 2006**	
Fixed assets						
Tangible fixed assets	210.6		165.8		155.6	
Intangible fixed assets	140.7		12.4		12.7	
Associated companies	1.3		1.3		18.4	
Long term receivable associated companies	-		-		0.5	
Other Long term receivables	5.1		5.1		3.9	
Deferred tax receivables	11.6		11.9		11.0	
Total fixed assets		369.3		196.5		202.1
Current assets						
Inventories	167.3		157.7		146.0	
Receivables						
- Trade debtors	160.6		109.0		128.1	
- Tax receivables	3.3		4.7		2.7	
- Other receivables	15.8		14.5		15.4	
- Cash and cash equivalents	6.7		6.7		5.0	
Total current assets		353.7		292.6		297.2
Total assets		723.0		489.1		499.3
Equity						
Share capital	58.9		52.7		52.7	
Share premium reserve	50.7		6.3		6.3	
Statutory reserves *	-4.6		-2.0		28.3	
Other reserves *	176.8		105.7		85.6	
Undistributed result	19.4		76.0		19.4	
Equity attributable to shareholders	301.2		238.7		192.3	
Minority interests	0.2		0.2		-	
Group equity		301.4		238.9		192.3
Long-term liabilities						
Long-term debts	228.2		63.5		127.7	
Pension liabilities	30.5		31.8		33.0	
Provisions	11.6		11.8		19.5	
Deferred tax liabilities	0.9		0.2		0.5	
Total long-term liabilities		271.2		107.3		180.7
Short-term liabilities						
Banks, current accounts	23.4		29.1		27.4	
Repayment of long-term debts	0.9		1.3		0.5	
Trade creditors and other payables	118.4		103.1		94.0	
Provisions	4.2		5.8		3.0	
Tax payable	3.5		3.6		1.4	
Total short-term liabilities		150.4		142.9		126.3
Total liabilities		421.6		250.2		307.0
Total group equity and liabilities		723.0		489.1		499.3

* June 2006: adjusted for comparison purposes

This report is unaudited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

million euro's

		2007	2006
As at the 1st of January		238.7	181.8
Plus:	Result 2007 respective 2006	19.4	19.4
	Issued 2,106,329 number of shares	5.2	-
	Premium on issued share capital	45.4	-
	Share based payments option rights	0.6	1.3
	Issue of repurchased shares for share saving scheme / option scheme	0.5	0.3
		309.8	202.8
Less:	Dividend paid out in cash	-4.7	-5.8
	Exchange differences subsidiaries	-3.9	-4.7
As at 30 June		301.2	192.3

CONSOLIDATED STATEMENT OF CASH FLOWS
million euro's

	1st half year 2007		2006	
Operating profit	29.9		23.6	
Depreciation and amortisation	14.0		11.5	
Result from sale of tangible and intangible fixed assets	-0.2		-0.5	
Share-based payment transactions settled in equity instruments	0.6		-	
Change in provisions	-3.0		0.6	
Cash flow from operating activities before change in working capital		**41.3**		**35.2**
Change in inventories	-5.2		2.2	
Change in receivables	-38.8		-31.2	
Change in short-term liabilities	3.6		8.2	
Changes in working capital		**-40.4**		**-20.8**
		0.9		**14.4**
Interest paid		-4.5		-4.0
Profit tax paid		-5.2		-3.8
Cash flow from operating activities		**-8.8**		**6.6**
Income from sale of tangible fixed assets	0.8		1.3	
Interest received	-		0.1	
Dividend received	-		0.6	
Divested activities less cash	7.2		15.4	
Receipt of long-term receivables	0.2		0.1	
Acquisitions of operating companies less cash acquired	-177.5		-	
Investments in intangible fixed assets	-1.0		-	
Capital expenditures	-27.9		-25.2	
Increase in long-term receivables	-0.3		-0.4	
Cash flow from investment activities		**-198.5**		**-8.1**
Proceeds from the issue of repurchased own shares	0.5		0.3	
Issue of 2,106,329 shares	50.6		-	
Drawing on long-term debt	219.4		0.2	
Repayment of long-term debt	-55.2		-0.6	
Dividend payment to shareholders	-4.7		-5.8	
Cash flow from financing activities		**210.6**		**-5.9**
Change in cash *		**3.3**		**-7.4**
Cash on 1 January		-22.4		-21.3
Currency differences in cash		2.4		6.3
Cash as at 30 June		**-16.7**		**-22.4**

* Notes
Cash includes: cash and cash equivalents minus banks, current accounts.
The cash flow summary has been drawn up according to the indirect method.

Explanatory notes on the abridged consolidated interim report

General information
The abridged consolidated interim report of Royal Ten Cate (the company) for the first half-year of 2007 relates to the Company and its operating companies (referred to collectively as the Group) and the Group's interests in associated companies (non-consolidated) and a joint venture.

Statement of compliance
This abridged consolidated interim report has been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 *Interim financial reporting.* It does not contain all the information that is required for full financial statements and should be read in combination with the Group's 2006 consolidated financial statements.

This abridged consolidated interim report was prepared by the Executive Board, and was approved by the Supervisory Board on 21 August 2007.

Accounting policies and determination of results
For the accounting policies and determination of results, reference is made to pages 75 to 85 of the 2006 financial statements.

Estimates
The preparation of interim reports requires judgement by the management, who make estimates and assumptions that affect the application of policies for financial reporting and the reported value of assets and liabilities and the amounts of income and expenditure. The actual results may differ from these estimates.

Unless otherwise stated, in preparing this abridged consolidated interim report, the significant judgements made by the management in applying the Group's policies for financial reporting and the key sources of estimation are the same as those applied to the consolidated 2006 financial statements.

Acquisitions and sale of operating companies

Acquisitions
On 15 February 2007 the Group acquired the shares of Roshield A/G, Odense Denmark for a cash payment of € 35 million.

On 29 March 2007 the Group acquired the assets and liabilities of Mattex Leisure Industry for a cash payment of $ 178 million. Advance payments on investments in machinery and a higher working capital ultimately led to an aggregate acquisition sum of $ 189 million.

The amounts of the acquisitions have been allocated to the identified acquired assets and liabilities, which are based on the market value.

Effect of the acquisitions

The effect of the above-mentioned acquisitions on the assets and liabilities was as follows:

	Stated values	Fair value adjustments	Book values
Tangible fixed assets	32.2	5.5	26.7
Intangible fixed assets	20.3	20.3	-
Deferred tax receivables	0.5	-	0.5
Inventories	9.4	1.0	8.4
Trade and other receivables	19.3	-	19.3
Cash and cash equivalents	0.3	-	0.3
Deferred tax liabilities	-1.3	-1.3	-
Interest-bearing loans	-0.1	-	-0.1
Banks, current accounts	-0.9	-	-0.9
Trade creditors and other payables	-14.1	-	-14.1
Balance of identifiable assets and liabilities	65.6	25.5	40.1
Goodwill on acquisition	111.3		
Purchase price paid in cash	176.9		
Cash acquired minus short-term bank debts	0.6		
Cash outflow	177.5		

Divestment

Business Key, Barcelona Spain was sold on 16 February 2007. The proceeds of this amounted to € 7.2 million (including debts), which resulted in a capital gain of € 0.1 million.

Outstanding shares

On 12 February 2007, 2,106,329 shares were issued at a price of € 24.50. In April 2007, 386,537 shares were issued relating to stock dividend. As of 30 June 2007, the number of outstanding shares amounted to 23,556,158 (as of 30 June 2006: 21,063,292). The average number of outstanding shares over the first half-year of 2007 amounted to 22,543,802 (first half-year of 2006: 20,866,818).

Repurchased shares

In the first half-year of 2007, 37,800 shares were issued through the exercise of options and 3,274 shares were issued relating to the share savings scheme. As of 30 June 2007, the balance of the repurchased shares was of a total of 467,872.

Dividend

At the Annual General Meeting of Shareholders on 29 March 2007, the dividend was set at € 0.70 per ordinary share of € 2.50. The dividend was made payable in cash or as a stock dividend at a ratio of 2 new shares for 83 dividend rights. As of 27 April 2007, € 4.7 million had been paid out in cash and 386,537 shares had been issued relating to stock dividend.

Long-term liabilities

On 16 February TenCate arranged a new syndicated loan of € 250 million through a consortium of 10 banks. The previous syndicated loan has been repaid in full.

Liabilities not shown in the balance sheet

As of 30 June 2007, the Group entered into contractual liabilities for the purchase of tangible fixed assets to an amount of € 30.1 million (as of 30 June 2006: € 31.0 million). Of this, € 18.6 million has already been pre-paid and included under tangible fixed assets.

Post balance sheet events
On 27 July TenCate announced in a press release to be in the final stages of acquiring the composite company Phoenixx TPC Inc. (USA). The closing has taken place on 12 August.

Almelo, 21 August 2007
Executive Board

To the Supervisory Board and shareholders of Royal Ten Cate nv

Review report

Introduction
We have reviewed the accompanying consolidated balance sheet of Koninklijke Ten Cate nv as at 30 June 2007, and the related consolidated statements of income, changes in equity and cash flows for the six month period then ended (interim financial information). Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review
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 accompanying consolidated interim financial information as at 30 June 2007 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Enschede, 21 August 2007

KPMG ACCOUNTANTS N.V.

A.J.M. Oude Weernink RA