

## Press Release

investor relations

---

### TenCate records profit growth of 47% for first half of 2008

- Sales first half 2008: € 511.6 million (+20%; +8% autonomous)
- EBITA first half 2008: € 45.3 million (+45%; +5% autonomous)
- EBITA margin: 8.9% (first half 2007: 7.3%)
- Net profit before amortization and excluding result from divested activities and exceptional items (cash earnings): € 30.3 million (+47%)
- Net profit first half 2008: € 25.4 million (2007: €19.4 million)
- Very strong second quarter: EBITA grows by 59% to € 31.9 million
- Autonomous sales growth Advanced Textiles & Composites sector +15%
- Autonomous sales growth Geosynthetics & Grass sector +8%
- Good market outlook
- Rise in cash earnings of at least 30% expected for 2008 as a whole

#### General performance second quarter 2008

Sales in the second quarter of 2008 increased by 28% to € 302 million. In autonomous terms growth was 11%. The currency effect on sales amounted to -8%. The growth can be attributed to both American military orders for protective fabrics and vehicle armour (acquisition of Composix) and to European military orders for vehicle armour.

In addition, there were increasing sales of aerospace composites, mainly due to the deliveries to Airbus Industries and strong growth in the sales of synthetic turf activities.

Apart from the geosynthetics market in the US, which is mainly related to activities in the construction and infrastructure industry, there was in the second quarter a continuation of the growth in the core markets in which TenCate occupies leading positions worldwide.

The recent opening of the production site in China for geosynthetics and the joint venture in Thailand for safety fabrics has strengthened our position in the rapidly growing Asian markets.

The operating result before amortization (EBITA) rose in the second quarter to € 31.9 million (+59%). In autonomous terms, the rise amounted to 10%. The currency effect on EBITA amounted to -13% in the second quarter.

The EBITA margin rose from 8.5% to 10.5% in the second quarter.

The net profit before amortization and excluding the result from divested activities and exceptional items (cash earnings) increased by 52% to € 21.8 million in the second quarter. (Amortization amounted to € 3.8 million in the second quarter.)

### **First half 2008**

Sales in the first half amounted to € 511.6 million (2007: € 426.3 million). This sales growth of 20% was to a large extent the result of acquisitions. On an autonomous basis sales increased by 8%.

The currency effect on sales amounted to -8%, primarily as a result of the weak American dollar.

The operating result before amortization was € 45.3 million, a rise of 45% compared to the first half of 2007. In autonomous terms the rise was 5%. The currency effect was -12%.

The EBITA margin rose from 7.3% to 8.9% in the first half of the year.

Cash earnings amounted to € 30.3 million for the first six months of 2008 (compared to 2007: +47%). The growth is above the previously indicated profit growth based on provisional figures, due to the completion of the processing of acquisitions.

The total amortization charge rose to € 4.9 million (2007: € 1.3 million) as a result of the acquisitions made during the first half

The net profit for the first half of 2008 amounted to € 25.4 million (2007: € 19.4 million).

Net earnings per share for the first six months were € 1.08 (2007: € 0.86).

### **Outlook for 2008**

The market outlook for TenCate 's major core markets remains favourable. TenCate therefore expects once again a strong annual result.

The net profit before amortization and excluding the result from divested activities and exceptional items (cash earnings), which amounted to € 46.6 million in 2007, is expected to increase by at least 30%, barring unforeseen circumstances. The amortization charge for 2008 as a whole will be approximately € 10 million (2007: € 3.6 million).

## Performance by sector

### Advanced Textiles & Composites

(x € million)	Q2 2008	Q2 2007	H1 2008	H1 2007
<b>Net sales</b>	<b>149.9</b>	84.8	248.2	168.0
<b>EBITA</b>	<b>21.2</b>	9.1	<b>30.8</b>	17.3
<b>EBITA margin</b>	<b>14.2%</b>	10.7%	<b>12.4%</b>	10.3%

The Advanced Textiles & Composites sector showed a growth in sales of 48% in the first half. A major proportion of the increase in sales resulted from the acquired company Composix. In the first half of the year sales increased by 15% on an autonomous basis. The currency effect amounted to -9%.

The results too showed very strong growth. In autonomous terms, EBITA rose in the first half of the year by 11%

The further rise in the EBITA margin reflects the increase in the proportion of products with a high functional value and distinctive capability.

Sales in this sector are to a large extent determined by the tightening up of the requirements relating to levels of protection with regard to fire-resistance and armour for military personnel and materiel. The American defence market is of particular importance in this respect.

The defence orders for safety fabrics form a major part of the total sales in this sector. In the future too the demand for fire-resistant fabrics will continue to develop strongly, in view of the safety requirements of the US army and increasing interest from Europe.

TenCate Defender™ M material, which was specially developed by TenCate to meet the specifications of the US army, is the leading product in this market. The capacity relating to fibre production by suppliers has now been brought in line with current needs. In the second half of the year volumes may be stepped up further.

Sales in Europe in the field of safety fabrics, where sales are primarily generated in the industrial market for professional wear and protective clothing, are at a lower level than the previous year.

TenCate recently entered into a joint venture with a Thai producer in order to secure a position in the emerging Asian market for protective fabrics. The joint venture will become operational in mid-August.

The acquisition of Xennia plc (75%) in March 2008 represents an acceleration in the marketing of inkjet technology for certain industrial applications, including production processes in the textile sector. TenCate will exclusively deploy this

technology in markets for technical textiles (functional materials). Other industrial sectors will be allowed to use the technology under licence.

In previous years the company focused mainly on research projects for third parties. In the first half of 2008 Xennia made a number of major commercial breakthroughs using its own technology solutions.

As a result of the acquisition of Composix at the end of January 2008 TenCate secured an excellent starting position in the American market for vehicle armour. The acquisition has enabled TenCate to tender for large-scale projects. This has resulted in substantial orders in this market in the first half of 2008.

In Europe sales of vehicle armour increased. For the remainder of the year too there is a well-filled order book in the field of both antiballistic products and personal protection.

With regard to aerospace composites sales increased, mainly as a result of the production of composite materials (TenCate Cetex<sup>®</sup>) for the Airbus A380. The acquisition of Phoenixx (US) has enabled TenCate to take a major step in the development of UD technology for the aerospace sector. Its position as a development partner and supplier to the entire aircraft industry will consequently be strengthened.

Through the acquisition of the company YLA / CCS in the US, TenCate has acquired a leading position in the field of composites for the space industry. TenCate materials were once again incorporated in NASA's recent Mars Mission.

### **Geosynthetics & Grass**

(x € million)	Q2 2008	Q2 2007	H1 2008	H1 2007
<b>Net sales</b>	<b>139.1</b>	132.8	<b>236.5</b>	221.3
<b>EBITA</b>	<b>13.6</b>	11.4	<b>16.9</b>	14.0
<b>EBITA margin</b>	<b>9.7%</b>	8.6%	<b>7.1%</b>	6.3%

Sales growth for the first six months amounted to 7%. In autonomous terms the rise was 8%. The negative currency effect put downward pressure to an amount of 7% on sales growth.

On an autonomous basis the rise in EBITA amounted to 14% in the first half of 2008. A higher EBITA margin was achieved through cost reductions and better process management, although the sharp rise in the price of raw materials had a negative effect on this. Market prices can only be brought in line with developments in the raw materials market (PE / PP) after a certain time lag.

The growth in the Geosynthetics & Grass sector was achieved under less favourable market conditions. These are due on the one hand to economic factors

and the sharply rising costs of raw materials and on the other hand to the current cash crunch resulting from the problems in the financial markets.

The Asian market for geosynthetics continues to develop strongly. TenCate opened a production site in China in mid-June in order to meet the growing demand. The American geosynthetics market is unremittingly sluggish.

Apart from applications in infrastructure and the construction industry, TenCate has developed a number of interesting applications in the field of water management, the environment and industry. A large order for example was secured for the manufacture of cages for large-scale natural fish farming (TenCate Aquagrid®).

Although the synthetic turf market shows continuing growth, there are major regional differences. In Europe the football market is strongly represented in synthetic turf. In America and Asia the market is dominated by multipurpose sports pitches for schools, universities and other institutions. On balance the growth of the synthetic turf market currently falls short of the long-term market outlook (15%-20% growth).

#### **Technical Components / Holding & Services**

(x € million)	Q2 2008	Q2 2007	H1 2008	H1 2007
<b>Net sales</b>	13.2	17.8	26.9	37.0
<b>EBITA</b>	-2.9	-0.4	-2.4	0.0

TenCate Enbi showed a decline in sales, which was mainly due to delays in new projects. These will go ahead later in the year. TenCate Enbi regularly generates new qualifications for new types of inkjet and laser copiers, for which the components must once again be developed. The timing of the launch of these new models will have an impact on the trend in sales of TenCate Enbi as one of the major suppliers in this industry.

A successful policy has been pursued in respect of the acquisition of qualifications for major Asian producers.

#### **Financial**

Investments in the first half of the year amounted to € 29.4 million (2007: € 28.9 million). These investments are in part related to projects that were already started in 2007 or were approved in that year. For 2008 as a whole investments will be at a lower level than in the previous financial year.

Important projects included the expansion of the production capacity for composites, particularly in the light of the increasing production for Airbus, the

construction of the new geosynthetics plant in China and the expansion of synthetic turf production in Dubai and the US.

The tax rate for the first six months rose from 23% in 2007 to 30% in 2008. The rise was due to a non-recurring tax credit in 2007 and a non-deductible part of the amortization item, which has risen sharply in the current financial year. The altered geographic composition of profit, in which the proportion from the US has increased, also led to a higher average tax charge.

The net interest-bearing debt increased in the first half to € 349 million (2007: € 246 million) as a result of the acquisitions made.

The net finance charges were favourably affected by the exchange rate trend of the American dollar, the lower level of dollar interest and the positive development in value of interest and currency instruments.

Almelo, 20 August 2008  
Royal Ten Cate

---

*For further information:*

F. R. Spaan

Director Investor Relations & Corporate Development

Tel: + 31 546 544 338

Mob: + 31 6 12 96 17 24

[f.spaan@tencate.com](mailto:f.spaan@tencate.com)

[www.tencate.com](http://www.tencate.com)



## KEY FIGURES

million euros

	January-June			Q1	Q2	Q1	Q2
	2008	2007		2008	2008	2007	2007
<u>Consolidated profit &amp; loss account</u>							
Revenues	511.6	426.3	20.0%	209.4	302.2	190.9	235.4
Operating result before depreciation and amortisation (EBITDA)	59.4	43.9	35.3%	20.4	39.0	16.9	27.0
Operating result before amortisation (EBITA)	45.3	31.2	45.2%	13.4	31.9	11.2	20.0
Operating result before amortisation as % of revenues	8.9%	7.3%	21.0%	6.4%	10.6%	5.9%	8.5%
Operating result (EBIT)	40.4	29.9	35.1%	12.3	28.1	10.9	19.0
Net profit	25.4	19.4	30.9%	7.3	18.1	6.0	13.4
Net profit excluding amortisation, divested activities and extraordinary results (cash earnings)	30.3	20.6	47.1%	8.4	21.8	6.3	14.3
<u>Consolidated balance sheet</u>							
Net capital employed	711.5	594.4	19.7%	664.9	711.5	564.5	594.4
Net interest-bearing debt	349.1	245.8	42.0%	318.5	349.1	222.5	245.8
<u>Consolidated cash flow balance</u>							
Cash flow from operating activities	-11.3	-8.8	28.4%	-14.3	3.0	-7.8	-1.0
Investment / divestments of fixed assets	-25.0	-28.1	-11.0%	-9.1	-15.9	-14.0	-14.1
Free cash flow	-36.3	-36.9	-1.6%	-23.4	-12.9	-21.8	-15.1
Net acquisition / disposal of operating companies and associated companies	-86.7	-170.3	-49.1%	-75.7	-11.0	-165.8	-4.5
<u>(x 1.000)</u>							
Number of outstanding shares at period end	23,967	23,556	1.7%	23,556	23,967	23,170	23,556
Average number of outstanding shares (before dilution)	23,422	22,544	3.9%	23,004	23,429	21,591	23,081
Average number of outstanding shares (after dilution)	23,494	22,743	3.3%	23,061	23,506	22,285	23,308
<u>Per-share data</u>							
Net profit	1.08	0.86	25.5%	0.32	0.76	0.28	0.58
Net profit excluding amortisation, divested activities and extraordinary results (cash earnings)	1.29	0.91	41.6%	0.37	0.92	0.29	0.62
Diluted net profit	1.08	0.85	26.7%	0.32	0.76	0.27	0.58
Diluted net profit excluding amortisation, divested activities and extraordinary results (cash earnings)	1.29	0.91	42.4%	0.37	0.92	0.28	0.63
<u>Employees</u>							
Number of staff at year-end	4,345	3,913	11.0%	4,168	4,345	3,610	3,913
of which in the Netherlands	968	981	-1.3%	965	968	971	981



KEY FIGURES PER SECTOR million euros	January-June			Q1	Q2	Q1	Q2
	2008	2007		2008	2008	2007	2007
<b>Advanced Textiles &amp; Composites</b>							
Revenues	248.2	168.0	47.7%	98.3	149.9	83.2	84.8
EBITA	30.8	17.3	78.0%	9.6	21.2	8.2	9.1
EBITA margin	12.4%	10.3%	20.4%	9.8%	14.2%	9.9%	10.7%
Capital expenditures	5.4	8.9	-39.3%	2.4	3.0	3.7	5.2
Depreciation	4.2	3.5	20.0%	2.0	2.2	1.7	1.8
Amortisation	3.6	0.6	500%	0.5	3.1	0.2	0.4
Net capital employed at period-end	269.6	175.5	53.6%	250.7	269.6	166.7	175.5
Number of staff-years at period-end	1,467	1,229	19.4%	1,377	1,467	1,221	1,229
<b>Geosynthetics &amp; Grass</b>							
Revenues	236.5	221.3	6.9%	97.4	139.1	88.5	132.8
EBITA	16.9	14.0	20.7%	3.3	13.6	2.6	11.4
EBITA margin	7.1%	6.3%	12.7%	3.4%	9.7%	2.9%	8.6%
Capital expenditures	21.8	19.7	10.7%	9.6	12.2	10.5	9.2
Depreciation	9.0	8.1	11.1%	4.5	4.5	3.5	4.6
Amortisation	1.3	0.7	85.7%	0.6	0.7	0.1	0.6
Net capital employed at period-end	407.1	380.3	7.0%	371.2	407.1	362.7	380.3
Number of staff-years at period-end	2,143	1,952	9.8%	2,067	2,143	1,648	1,952
<b>Technical Components / Holding &amp; Services</b>							
Revenues	26.9	37.0	-27.3%	13.7	13.2	19.2	17.8
EBITA	-2.4	0.0	-	0.5	-2.9	0.4	-0.4
Capital expenditures	2.2	0.3	633%	0.6	1.6	0.1	0.2
Depreciation	0.9	1.0	-5.1%	0.5	0.4	0.5	0.5
Amortisation	-	-	-	-	-	-	-
Net capital employed at period-end	34.8	38.6	-9.8%	35.1	34.8	43.0	38.6
Number of staff-years at period-end	735	732	0.4%	724	735.0	741	732





**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

million euros

	second quarter		up to second quarter	
	2008	2007	2008	2007
Revenues	302.2	235.4	511.6	426.3
Changes in inventories of finished products and work in progress	-7.6	-2.8	6.6	8.9
Raw materials and manufacturing supplies	-161.8	-120.2	-282.3	-226.9
Work contracted out and other external expenses	-15.8	-13.1	-27.4	-21.9
Personnel costs	-49.8	-45.7	-95.9	-90.2
Depreciation	-7.1	-6.9	-14.1	-12.7
Amortisation	-3.8	-1.1	-4.9	-1.3
Other operating costs	-28.2	-26.6	-53.2	-52.3
Total operating expenses	-274.1	-216.4	-471.2	-396.4
Operating result (EBIT)	28.1	19.0	40.4	29.9
Net financial expenses	-1.9	-2.9	-4.1	-5.0
Result before tax	26.2	16.1	36.3	24.9
Profit tax	-8.1	-2.9	-10.9	-5.6
Result from divested activities after tax		0.1	-	0.1
Result after tax	18.1	13.3	25.4	19.4
Atributable to:				
Shareholders of the company (net profit)	18.1	13.4	25.4	19.4
Minority interests	-	-0.1	-	-
<u>Per-share data</u>				
Net profit	0.76	0.58	1.08	0.86
Diluted net profit	0.76	0.58	1.08	0.85



## CONSOLIDATED BALANCE SHEET

million euros	June 2008	end of 2007	June 2007
<b>Fixed assets</b>			
Tangible fixed assets	229.4	218.1	210.6
Intangible fixed assets	201.5	136.8	140.7
Associated companies	6.7	1.3	1.3
Other Long term receivables	4.7	4.9	5.1
Deferred income tax receivables	12.4	13.6	11.6
<b>Total fixed assets</b>	<b>454.7</b>	<b>374.7</b>	<b>369.3</b>
<b>Current assets</b>			
Inventories	187.5	176.2	167.3
Receivables			
- Trade debtors	203.3	145.8	160.6
- Income tax receivables	0.4	3.8	3.3
- Other receivables	19.6	16.6	15.8
- Cash and Cash equivalents	6.5	4.8	6.7
<b>Total current assets</b>	<b>417.3</b>	<b>347.2</b>	<b>353.7</b>
<b>Total assets</b>	<b>872.0</b>	<b>721.9</b>	<b>723.0</b>
<b>Equity</b>			
Share capital	59.9	58.9	58.9
Share premium reserve	49.6	50.7	50.7
Statutory reserve	-33.1	-19.5	-4.6
Other reserves	211.3	173.6	176.8
Undistributed result	25.4	46.4	19.4
Equity attributable to shareholders	313.1	310.1	301.2
Minority interests	1.5	0.3	0.2
<b>Group equity</b>	<b>314.6</b>	<b>310.4</b>	<b>301.4</b>
<b>Long-term liabilities</b>			
Long-term debts	337.2	222.3	228.2
Pension liabilities	26.6	28.5	30.5
Provisions	12.6	11.4	11.6
Deferred income tax liabilities	5.0	0.9	0.9
<b>Total long-term liabilities</b>	<b>381.4</b>	<b>263.1</b>	<b>271.2</b>
<b>Short-term liabilities</b>			
Banks, current accounts	18.1	12.5	23.4
Repayment of long-term debts	0.3	0.4	0.9
Trade creditors and other payables	146.8	128.9	118.4
Provisions	3.6	3.4	4.2
Income tax payable	7.2	3.2	3.5
<b>Total short-term liabilities</b>	<b>176.0</b>	<b>148.4</b>	<b>150.4</b>
<b>Total liabilities</b>	<b>557.4</b>	<b>411.5</b>	<b>421.6</b>
<b>Total group equity and liabilities</b>	<b>872.0</b>	<b>721.9</b>	<b>723.0</b>



**CONSOLIDATED OVERVIEW OF CHANGES IN GROUP EQUITY**

million euros

	<u>2008</u>	<u>2007</u>
As at January. 1st	310.1	238.7
Exchange rate differences	-14.9	-3.9
Result 1st half year	<u>25.4</u>	<u>19.4</u>
Total result 1st half year	10.5	15.5
Cash dividend	-8.5	-4.7
Issued share capital	-	5.2
Premium on issued share capital	-	45.4
Share based payments option rights	0.7	0.6
Deliverance of own shares re options	<u>0.3</u>	<u>0.5</u>
Total other changes	-7.5	47.0
As at end of 2nd quarter	<u>313.1</u>	<u>301.2</u>



## CONSOLIDATED STATEMENT OF CASH FLOWS

million euros

	second quarter		up to second quarter	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Operating profit	28.1	19.0	40.4	29.9
Depreciation and amortisation	10.9	8.0	19.0	14.0
Result from sale of tangible fixed assets	-0.2	-0.2	-2.7	-0.2
Share-based payment transactions settled in equity instruments	0.3	0.3	0.7	0.6
Change in provisions	0.8	-1.5	-0.1	-3.0
<b>Cash flow from operating activities before change in working capital</b>	<b>39.9</b>	<b>25.6</b>	<b>57.3</b>	<b>41.3</b>
Change in inventories	20.8	3.4	0.8	-5.2
Change in receivables	-39.1	-18.8	-54.5	-38.8
Change in short-term liabilities	-12.4	-5.2	-4.4	3.6
<b>Changes in working capital</b>	<b>-30.7</b>	<b>-20.6</b>	<b>-58.1</b>	<b>-40.4</b>
Interest paid	9.2	5.0	-0.8	0.9
Profit tax paid	-3.1	-2.6	-6.9	-4.5
	-3.1	-3.4	-3.6	-5.2
<b>Cash flow from operating activities</b>	<b><u>3.0</u></b>	<b><u>-1.0</u></b>	<b><u>-11.3</u></b>	<b><u>-8.8</u></b>
Income from sale of tangible fixed assets	0.5	0.5	4.1	0.8
Dividend received	-	-	-	-
Receipt of long-term receivables	0.2	0.1	0.2	0.2
Divested activities less cash	-	0.2	-	7.2
Acquisitions of operating companies less cash acquired	-11.0	-4.7	-86.7	-177.5
Investments in intangible fixed assets	-0.4	-0.8	-0.5	-1.0
Capital expenditures	-16.3	-13.8	-28.9	-27.9
Increase in long-term receivables	0.2	-0.2	-0.2	-0.3
<b>Cash flow from investment activities</b>	<b><u>-26.8</u></b>	<b><u>-18.7</u></b>	<b><u>-112.0</u></b>	<b><u>-198.5</u></b>
Proceeds from the issue of repurchased own shares	0.1	0.2	0.3	0.5
Issue share capital	-	-0.2	-	50.6
Change of long-term debt	22.0	18.5	127.6	166.6
Dividend payment to shareholders	-8.6	-4.7	-8.6	-4.7
Dividend payment to minority shareholders	-	-	-	-
<b>Cash flow from financing activities</b>	<b><u>13.5</u></b>	<b><u>13.8</u></b>	<b><u>119.3</u></b>	<b><u>213.0</u></b>
Change in cash	-10.3	-5.9	-4.0	5.7
Cash on beginning of the period	-1.4	-10.8	-7.7	-22.4
<b>Cash as at end of June</b>	<b><u>-11.7</u></b>	<b><u>-16.7</u></b>	<b><u>-11.7</u></b>	<b><u>-16.7</u></b>



## 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 of 2008 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 two joint ventures.

### **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 2007 consolidated financial statements.

This abridged consolidated interim report was prepared by the Executive Board and released for publication by the Supervisory Board on 19 August 2008.

### **Accounting policies and determination of earnings**

The accounting policies and determination of earnings and methods of calculation have been applied as referred to on pages 77 to 88 inclusive of the 2007 financial statements.

### **Estimates**

The preparation of interim reports requires judgment 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 judgments 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 preparation of the consolidated 2007 financial statements.

### **Acquisition of operating companies**

On 30 January 2008 the Group acquired the shares of Composix Co, Newark, Ohio in the United States for a cash payment of USD 68 million.

On 12 March 2008 the Group acquired the shares of YLA Inc. and CCS Composites Inc., both from Benica, California in the United States for a cash payment of USD 32 million.

On 14 March 2008 the Group acquired 75% of the shares of Xennia Technology Ltd., Cambridge in the United Kingdom for a cash payment of GBP 8 million.

On 14 May 2008 the Group acquired 50% of the shares in Edel Grass for a cash payment of EUR 5.5 million.

In addition to the above amounts, another supplementary payment may be payable for Composix, Xennia and Edel Grass in the future.



The acquisitions are accounted for in the books in accordance with the "Purchase Accounting Method" (IFRS 3).

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

The adoption of the purchase price allocation for Edel Grass is not yet complete. This is expected to be completed in the third quarter.

The effect of the acquisitions on sales and result, should these be included from 1 January 2008, cannot be determined on the basis of Royal Ten Cate policies.

### Effect of the acquisitions

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

	<u>Stated values</u>	<u>Fair value adjustments</u>	Book values
Tangible fixed assets	8.0	-	8.0
Intangible fixed assets	35.0	34.1	0.9
Associated companies	0.9	-	0.9
Deferred income tax receivables	0,7	0.1	0.6
Inventories	19.7	1.1	18.6
Trade and other receivables	14,5	-	14.5
Cash and cash equivalents	1,5	-	1.5
Minority interest	-1.3	-1.0	-0.3
Deferred tax liabilities	-5,6	-5.6	-
Other provisions	-0.6	-0.5	-0.1
Banks, current account	-1.8	-	-1.8
Trade creditors and other payables	<u>          </u>	<u>-0.1</u>	<u>-23.0</u>
Balance of identifiable assets and liabilities	47,9	<u>28.1</u>	<u>19.8</u>
Goodwill upon acquisition	<u>44.7</u>		
Purchase price	92.6		
To be paid / settled	-6.2		
Cash acquired minus short-term bank debts	<u>0.3</u>		
Cash outflow	<u>86.7</u>		

### Outstanding shares

In May 2008, 410,743 shares were issued in connection with a stock dividend.

At the end of the quarter the number of outstanding shares amounts to 23,966,901 (June 2007: 23,556,158).

### Repurchased shares

In the first half of 2008 15,400 repurchased shares were issued through the exercise of options and another 3,827 shares in connection with the united-linked savings plan.

At the end of the quarter the balance of repurchased shares was 536,647 (June 2007: 467,872).



### **Dividend**

At the Annual General Meeting of Shareholders on 2 April 2008 the dividend was set at € 0.80 per ordinary share of € 2.50. The dividend was made payable on 2 May 2008 in cash Or as a stock dividend at a ratio of 1 new share for 30 dividend rights.  
On 2 May 2008 € 8,6 million was paid in cash and 410,743 shares were issued in connection with a stock dividend.

### **Long-term liabilities**

On 27 February 2008 TenCate increased its syndicated loan from €250 million to €400 million with a consortium of 12 banks. The interest margin payable is dependent on the debt / ebitda ratio and was increased on average by 12.5 basis points.

### **Tax position**

The rise in the tax rate from 23% to 30% was due to a non-recurring tax credit in 2007 and to the altered geographic composition of the group's activities.

### **Post balance sheet events**

On 11 July Ten Cate announced that Ten Cate Advanced Textiles bv and Union Textile Industries Public Company Limited from Thailand had signed an agreement for the formation of Ten Cate - Union Protective Fabrics Asia Ltd.

The company has a share capital of 385 million baht (approx. €7.5 million). TenCate has an interest of 50.65% in this company.

Almelo, 19 August 2008  
Executive Board