

Press Release

investor relations

TenCate generates sales of more than €1 billion and profit growth of 35%

- **Revenues 2008: € 1,033 million (+ 17%; + 5% in autonomous terms)**
- **EBITA 2008: € 95.4 million (+ 31%)**
- **EBITA margin 2008: 9.2% (2007: 8.2%)**
- **Net result before amortization and excluding result from divested activities and exceptional items (cash earnings) 2008: € 62.7 million (+ 35%)**
- **Net result 2008: € 51.1 million (2007: € 46.4 million)**
- **Revenues fourth quarter 2008: € 251 million (+ 11%)**
- **EBITA fourth quarter 2008: € 24.3 million (+ 9%)**
- **Dividend proposal € 0.85 (stock and optional dividend (cash / shares); 2007: € 0.80 optional dividend (cash / shares))**

General performance in the fourth quarter of 2008

TenCate operates in sustainable growth markets and recorded an 11% growth in sales in the fourth quarter. Autonomous growth in sales stagnated, however, due to the effects of the global tightness on the financial markets. There was evidence of a reduction in inventories among our customers, which had a delaying effect. Although there was still little indication of a structurally lower demand in end markets, some delay in projects did occur.

There was a peak in the sales in the fourth quarter of 2007, principally as a result of the delivery of military orders (armour). This effect did not occur to the same extent in the fourth quarter of 2008, which put pressure on the autonomous growth rate in the quarterly comparison.

EBITA rose by 9% to €24.3 million. It should be noted here that exceptional items of €4.1 million were included in the EBITA for the fourth quarter of 2007. After correction to take account of these items, EBITA increased by 34%. The currency effect was +6%.

The net result for the fourth quarter amounted to €13.8 million (-13%). When corrected to take account of the exceptional items of €3.4 million net in 2007, there was an increase of approximately 11%.

Annual figures for 2008

Revenues

TenCate broke through the sales barrier of €1 billion with sales of €1,033 million (2007: €886 million). Sales increased on an annual basis by 17%, which can be attributed mainly to acquisitions. On an autonomous basis the increase amounted to 5%.

The buy & build strategy is directed at bringing about or accelerating growth in acquired companies. The pro forma autonomous growth in sales for 2008 (including the autonomous sales growth of acquired companies) amounted to 8%.

The autonomous growth was restrained in particular by TenCate Enbi and by the cautious trend in the European professional wear market.

The strongest autonomous growth was recorded in the American market for protective fabrics, primarily as a result of positive developments in the field of fire-resistant military applications (TenCate Defender™M and TenCate Gen2). The sales of armour composites developed favourably, especially following the acquisition of Composix.

The growth in revenues of the Geosynthetics & Grass sector was due mainly to synthetic turf activities. This growth is in part the result of the price increases that were implemented.

Operating result before amortization

The operating result before amortization (EBITA) rose by 31% to €95.4 million. This increase can be attributed mainly to acquisitions.

The EBITA margin rose to 9.2% (2007: 8.2%), thus approaching the financial objective of 10%.

Excluding the exceptional items in 2007 referred to above, the autonomous growth in EBITA amounted to 38%. On an annual basis the currency effect on EBITA is -5%.

Profit

The net profit before amortization and the result from divested activities and excluding exceptional items (cash earnings) is indicated as the basis for profit growth in 2008 (2007: €46.6 million).

Cash earnings for 2008 amounted to €62.7 million (+ 35%). Cash earnings per share amounted to €2.68 (2007: €2.04).

Net profit for 2008 amounted to €51.1 million (2007: €46.4 million). Net profit excluding the result from divested activities and exceptional items amounted to €43.0 million for 2007.

Net earnings per share for 2008 amounted to €2.18 (2007: €2.04).

Dividend policy

In view of the performance of the global economy, Ten Cate pursued early on in 2008 a cautious investment policy and took a number of cost-cutting measures.

The ratio between the net debt position and EBITDA amounted to 2.6 (bank covenant: 3.0) at the end of December 2008.

A financial objective was formulated in which the ratio between the net debt position and EBITDA should be structurally below 2.5. TenCate has a solid balance sheet with solvency of 42%.

TenCate pursues a consistent dividend policy, which is based on a payout ratio of 40% and, at the option of the shareholders, payment in cash or as a stock dividend. In the past more than 50% of TenCate shareholders always opted for a stock dividend, in view of the growth potential of the share.

TenCate operates in sustainable growth markets and, as stated in the outlook, it expects growth prospects particularly in the current market situation. TenCate has built up a good track record in respect of acquisitions. Its buy & build strategy has resulted in a substantial growth in earnings per share in recent years. TenCate's growth objective requires net earnings growth per share before amortization to be at least 10%.

In view of the objectives referred to above, it is proposed to set the dividend for 2008 at €0.85 per share (2007: €0.80 per share), with half payable in stock dividend and the other half either payable in cash or in the form of a stock dividend. The value of the stock dividend will slightly exceed the cash dividend.

Financial

Investments amounted to €48 million (2007: €63 million). The most important investments related to the expansion of synthetic turf production, the new geosynthetics plant in China and expansion of the production capacity for aerospace composites (including UD technology).

Working capital amounted to €262 million at the end of December 2008. In addition to the effect of acquisitions, the increase compared to 2007 was due to the restraint exercised by market players as a result of cutbacks in inventories (de-stocking).

Cash flow from operational activities rose from €27.8 million to €48.7 million.

The net interest-bearing debt for 2008 increased from €230.4 million to €331.1 million, mainly as a result of acquisitions. Net financing expenditure amounted to €13.7 million. This includes a gain of €3.7 million from changes in the value of financial instruments and from foreign exchange differences.

The tax rate amounted to 27.3%, compared to 20.5% in the previous year. In 2007 there was a non-recurring tax credit. The higher tax rate is linked to an increasing profit share of the American activities, where a relatively high tax rate applies (approximately 35%).

Outlook for 2009

TenCate operates in sustainable growth markets. The basis for the company's growth is formed by global trends in the field of water management and the environment, the growing demand for light-weight materials in transport and haulage (reduction in fuel costs) and an increasing focus on safety and protection. The current economic and financial situation may temporarily restrain market trends.

Protective materials for defence markets represent a major part of the sales within the Advanced Textiles & Composites sector. In the field of personal protection and armour (vehicles), the policy of governments is not expected to differ greatly from the past. A number of future projects have already been announced.

The outlook for the European market for work wear for industrial end-users is cautious. The outlook for high-grade protective fabrics for the professional wear market remains positive.

The space and aerospace markets are guided by long-term developments, although the present shortage on the finance market may give rise to temporary delays.

In the United States the picture for the geosynthetics market remains cautious. Outside the United States the markets for geosynthetics continue to enjoy a distinctive profile. The intentions of governments to stimulate the economy by means of infrastructure projects will have a positive effect on the geosynthetics market worldwide.

Synthetic turf continues to gain ground worldwide. The sports market is usually related to government budgets.

The proposed holding in TigerTurf announced recently will further strengthen TenCate's market position. This is a continuation of the end-user marketing strategy in the synthetic turf market.

Thanks to the company's good global strategic positioning, growth prospects are occurring in this market in particular. TenCate will continue to study possible ways to exploit these growth prospects, in view of the growth in profits achieved in this way in the past.

TenCate continues to pursue its cautious investment policy and strives to achieve sustained cost control, as introduced early in 2008 .

Unlike the year under review, no profit forecast will be issued for the current financial year, in view of the present market situation.

Performance by sector

Advanced Textiles & Composites Sector

(x €million)	Q4 2008	Q4 2007	2008	2007
Net sales	122.2	100.3	481.0	350.3
EBITA	15.8	14.6	61.5	40.2
EBITA margin	12.9%	14.6%	12.8%	11.5%

Of the total sales for 2008 of €481 million generated by the Advanced Textiles & Composites sector, 58% came from the Advanced Textiles group and 42% from the Advanced Composites group.

The sales of the Advanced Textiles & Composites sector increased to €122.2 million (in autonomous terms +3%) in the fourth quarter. The currency effect on sales amounted to +6% for the fourth quarter.

EBITA increased to €15.8 million in the fourth quarter. This increase was due entirely to acquisitions and to the currency effect of +6%. The EBITA margin amounted to 12.9% in the fourth quarter. The margin declined slightly as a result of a change in the product mix, in part due to lower European sales in the aerospace market.

Over the year as a whole strong autonomous growth was achieved in the American market for protective fabrics, with a substantial growth in sales for military applications (TenCate Defender™M-portfolio). Whilst there was growth in protective fabrics in the US, there was a decline in demand in the European market in the fourth quarter. This was mainly related to the market for work wear for industrial end-users. Unlike the European market, TenCate sales in the American industrial market grew in the fourth quarter. TenCate launched new products here a relatively short time ago, such as TenCate Tecasafe™Plus.

The Asian market is an emerging market for protective fabrics. TenCate recently entered into a partnership here with a Thai manufacturer through the establishment of TenCate Union - Protective Fabrics Asia Ltd (50.65% holding). This company was still at the start-up stage in the fourth quarter.

The contribution by the American Composix was substantial. Since its acquisition at the end of January 2008, TenCate has been involved in major projects in the field of vehicle armour, such as the MRAP and Stryker programme. These sales are project-specific. There were no large deliveries in this field in the fourth quarter. In Europe TenCate has built up a stable position in the armour market and sales developed favourably in 2008.

There was a temporary decline in the demand for aerospace composites (TenCate Cetex®) in the fourth quarter. The reason for this was the major cutbacks in inventories in the entire value chain. The core of these sales lies in the European aerospace market. The industry has given no indication of a downward adjustment to the number of modern passenger aircraft yet to be built. In the US there was a considerable downturn among the builders of small business aircraft.

Geosynthetics & Grass Sector

(x €million)	Q4 2008	Q4 2007	2008	2007
Net sales	115.6	111.1	497.8	468.3
EBITA	8.8	4.5	37.8	30.4
EBITA margin	7.6%	4.1%	7.6%	6.5%

Of the total sales for 2008 of €497.8 million generated by the Geosynthetics & Grass sector, 62% came from the Geosynthetics group and 38% from the Grass group.

The sales of the Geosynthetics & Grass sector increased slightly in the fourth quarter to €115.6 million (in autonomous terms -2%). The currency effect on sales amounted to +3% in the fourth quarter.

The sharp decline in the prices of raw materials in the last few months of the year and the situation on the financial markets caused customers to exercise some caution in building up inventories for the new season. Customers also phased projects for budgetary reasons. Insufficient advantages were gained from the sharp decrease in the price of raw materials in the fourth quarter of 2008.

EBITA amounted to €8.8 million in the fourth quarter. The EBITA margin increased substantially in this quarter. The currency effect amounted to +10%. The improvement in the margin for the year as a whole can be mainly attributed to the Grass group, where start-up costs were incurred in 2007 after sizeable investments in production capacity.

The Mattex organization which we acquired was fully integrated into the TenCate Grass group in 2008. This has led to gains in efficiency. The American geosynthetics activities showed flexibility by bringing costs in line with the continuing weak local market conditions.

Although the margin for the entire sector is still under the formulated objective (minimum EBITA margin 10%), a considerable improvement has been achieved under difficult conditions

Technologies Sector

At the time of the publication of the 2008 annual accounts, a new sector was introduced, in which technological developments are carried out. Xennia Technology has been incorporated in this sector. This company integrates hardware, software and ink formulations, to provide solutions within the rapidly developing industrial inkjet printer market. Xennia also supplies a number of platforms (components for inkjet print systems).

TenCate has initiated the development of digital textile finishing processes, together with Xennia, including those for the production of smart textiles.

As the development partner of OEM's, Xennia also supplies technology solutions and components for markets other than those in which TenCate is involved.

The figures from Xennia are included in the Advanced Textiles & Composites sector. Xennia turned in a good performance, in which commercial successes were achieved. These show great promise for the future.

Technical Components / Holding & Services Sector

(x €million)	Q4 2008	Q4 2007	2008	2007
Net sales	13.6	15.0	53.8	67.4
EBITA	-0.3	3.1	-3.9	2.4

The decline in the EBITA of the Technical Components / Holding & Services sector is linked to the exceptional items of €4.1 million in 2007 referred to above and taking a provision in 2008 for a reorganization of TenCate Enbi..

The OEM players on the market mainly for desktop printers and copiers in which TenCate Enbi operates have announced measures worldwide, as a result of the current economic situation. TenCate Enbi also cannot avoid taking appropriate cost control measures. The market is not expected to recover in the short term.

TenCate Enbi's strength lies in the fact that the group is a global player that has a diversified portfolio of products and strong development capacity. On the basis of this TenCate Enbi has a strong relationship with the major OEM's in the American and European markets and growing sales in Asia. It is possible that smaller regional competitors of TenCate Enbi are less resilient and thus less able to withstand the current difficult market conditions.

Almelo, Wednesday, 4 March 2009
Royal Ten Cate

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The Royal Ten Cate **press conference** relating to the annual accounts for 2008 will be held on **Wednesday 4 March at 10.30 a.m. in the Hilton Hotel**, Apollolaan 138, **Amsterdam**. Those wishing to register may do so via media@tencate.com.

Royal Ten Cate

TenCate is a multinational company which combines textile technology with related chemical processes and material technology in the development and production of functional materials with distinctive characteristics. Systems and materials from TenCate come under four areas of application: safety & protection, space & aerospace, infrastructure & the environment, and sport & recreation. TenCate occupies leading positions in protective fabrics, composites for space and aerospace, antiballistics, geosynthetics and synthetic turf. TenCate is listed on the NYSE Euronext.

KEY FIGURES In € mln	January-December			Jan-Sept	Q4	Jan-Sept	Q4
	2008	2007		2008	2008	2007	2007
Consolidated profit & loss account							
Revenues	1,032.6	886.0	16.5%	781.2	251.4	659.6	226.4
Operating result before depreciation and amortisation (EBITDA)	126.1	102.1	23.5%	93.0	33.1	70.4	31.7
Operating result before amortisation (EBITA)	95.4	73.0	30.7%	71.1	24.3	50.8	22.2
Operating result before amortisation (EBITA) as % of revenues	9.2%	8.2%		9.1%	9.7%	7.7%	9.8%
Operating result (EBIT)	83.8	69.4	20.7%	63.2	20.6	48.3	21.1
Net profit	51.1	46.4	10.1%	37.3	13.8	30.6	15.8
Net profit excluding amortisation, divested activities and exceptional results (cash earnings)	62.7	46.6	34.5%	45.3	17.4	32.9	13.7
Consolidated balance sheet							
Net capital employed	746.6	585.0	27.6%	728.9	746.6	582.2	585.0
Net interest-bearing debt	331.1	230.4	43.7%	337.1	331.1	235.3	230.4
Consolidated cash flow balance							
Cash flow from operating activities	48.7	27.8	75.2%	23.7	25.0	19.8	8.0
Investment / divestments of fixed assets	-35.2	-51.8	-32.0%	-35.1	-0.1	-46.3	-5.5
Free cash flow	13.5	-24.0	156.2%	-11.4	24.9	-26.5	2.5
Net acquisition / disposal of operating companies and associated companies	-88.1	-175.1	-49.7%	-87.3	-0.8	-175.7	0.6
<u>(x 1,000)</u>							
Number of outstanding shares at period end	23,967	23,556	1.7%	23,967	23,967	23,556	23,556
Average number of outstanding shares (before dilution)	23,426	22,797	2.8%	23,425	23,433	22,725	23,012
Average number of outstanding shares (after dilution)	23,495	22,967	2.3%	23,502	23,472	22,935	23,156
Per-share data							
Net profit	2.18	2.04	6.9%	1.60	0.58	1.35	0.69
Net profit excluding amortisation, divested activities and exceptional results (cash earnings)	2.68	2.04	31.4%	1.93	0.75	1.44	0.60
Diluted net profit	2.17	2.02	7.4%	1.59	0.58	1.33	0.69
Diluted net profit excluding amortisation, divested activities and exceptional results (cash earnings)	2.67	2.03	31.5%	1.94	0.73	1.43	0.60
Employees							
Number of employees (FTE) at period-end	4,437	4,020	10.4%	4,398	4,437	3,991	4,020
- of which in the Netherlands	931	975	-4.5%	946	931	980	975

KEY FIGURES PER SECTOR

In € mln	January-December			Jan-Sept	Q4	Jan-Sept	Q4
	2008	2007		2008	2008	2007	2007
Advanced Textiles & Composites							
Revenues	481.0	350.3	37.3%	358.8	122.2	250.0	100.3
EBITA	61.5	40.2	53.0%	45.7	15.8	25.6	14.6
EBITA margin	12.8%	11.5%		12.7%	12.9%	10.2%	14.6%
Capital expenditures	11.7	17.0	-31.2%	7.8	3.9	12.3	4.7
Depreciation	9.0	9.3	-3.2%	6.4	2.6	5.3	4.0
Amortisation	8.6	1.5		5.8	2.8	1.0	0.5
Net capital employed at period-end	286.4	197.6	44.9%	280.1	286.4	186.4	197.6
Return on average net capital employed	22.9%	22.6%					
Number of employees (FTE) at period-end	1,651	1,238	33.4%	1,640	1,651	1,224	1,238
Geosynthetics & Grass							
Revenues	497.8	468.3	6.3%	382.2	115.6	357.2	111.1
EBITA	37.8	30.4	24.3%	29.0	8.8	25.9	4.5
EBITA margin	7.6%	6.5%		7.6%	7.6%	7.3%	4.1%
Capital expenditures	29.0	44.9	-35.4%	24.4	4.6	34.5	10.4
Depreciation	20.0	17.9	11.7%	14.2	5.8	12.8	5.1
Amortisation	3.0	2.1	42.9%	2.1	0.9	1.5	0.6
Net capital employed at period-end	427.4	354.8	20.5%	415.8	427.4	368.9	354.8
Return on average net capital employed	8.8%	8.9%					
Number of employees (FTE) at period-end	2,129	2,053	3.7%	2,027	2,129	2,017	2,053
Technical Components / Holding & Services							
Revenues	53.8	67.4	-20.2%	40.2	13.6	52.4	15.0
EBITA	- 3.9	2.4		-3.6	-0.3	-0.7	3.1
Capital expenditures	7.3	1.0		7.0	0.3	0.7	0.3
Depreciation	1.7	1.9	-10.5%	1.3	0.4	1.5	0.4
Number of employees (FTE) at period-end	657	729	-9.9%	731	657	750	729

CONSOLIDATED PROFIT AND LOSS ACCOUNT

In € mln

	4th quarter		year	
	2008	2007	2008	2007
Revenues	251.4	226.4	1.032.6	886.0
Changes in inventories of finished products and work in progress	9.0	6.0	18.0	11.7
Raw materials and manufacturing supplies	-128.7	-115.5	-562.0	-463.6
Subcontracted work and other external expenses	-18.9	-18.4	-60.7	-54.9
Personnel costs	-49.3	-46.4	-190.3	-178.3
Depreciation	-8.8	-9.5	-30.7	-29.1
Amortisation	-3.7	-1.1	-11.6	-3.6
Other operating costs	-30.4	-20.4	-111.5	-98.8
Total operating expenses	-230.8	-205.3	-948.8	-816.6
Operating result	20.6	21.1	83.8	69.4
Net financial expenses	-4.5	-2.8	-13.7	-11.3
Result before tax	16.1	18.3	70.1	58.1
Profit tax	-2.4	-2.6	-19.1	-11.9
Result from divested activities after tax		0.2	-	0.3
Result after tax	13.7	15.9	51.0	46.5
Atributable to:				
Shareholders of the company (net profit)	13.8	15.8	51.1	46.4
Minority interests	- 0.1	0.1	- 0.1	0.1
<u>Per-share data</u>				
Net profit	0.58	0.69	2.18	2.04
Diluted net profit	0.58	0.69	2.17	2.02

CONSOLIDATED BALANCE SHEET

In € mln	31 December 2008	31 December 2007
Fixed assets		
Goodwill	165.1	115.1
Other intangible fixed assets	47.0	21.7
Tangible fixed assets	247.4	218.1
Financial fixed assets	10.9	6.2
Deferred profit tax receivables	14.2	13.6
Total fixed assets	484.6	374.7
Current assets		
Inventories	211.5	176.2
Receivables		
- Trade debtors	168.9	145.8
- Income tax receivables	2.5	3.8
- Other receivables	16.3	16.6
Cash and cash equivalents	5.4	4.8
Total current assets	404.6	347.2
Total assets	889.2	721.9
Equity		
Share capital	59.9	58.9
Share premium reserve	49.7	50.7
Statutory reserve	-5.9	-19.5
Other reserves	212.1	173.6
Undistributed result	51.1	46.4
Equity attributable to shareholders	366.9	310.1
Minority interests	5.1	0.3
Group equity	372.0	310.4
Long-term liabilities		
Long-term debts	316.2	222.3
Pension liabilities	24.3	28.5
Provisions	9.6	11.4
Deferred profit tax liabilities	5.2	0.9
Total long-term liabilities	355.3	263.1
Short-term liabilities		
Cash credit, current accounts	19.4	12.5
Repayment of long-term debts	0.9	0.4
Trade creditors and other payables	132.6	128.9
Provisions	4.4	3.4
Income tax payable	4.6	3.2
Total short-term liabilities	161.9	148.4
Total liabilities	517.2	411.5
Total group equity and liabilities	889.2	721.9

CONSOLIDATED OVERVIEW OF CHANGES IN SHAREHOLDERS EQUITY

In € mln

	<u>2008</u>	<u>2007</u>
As at January, 1st	310.1	238.7
Exchange rate differences	12.2	-18,8
Result up to 4 th quarter	51.1	46,4
Total result up to 4 th quarter	<u>63.3</u>	<u>27.6</u>
Cash dividend	-8.6	-4,7
Issued share capital	-	5,3
Premium on issued share capital	-	45,3
Share based payments transactions settled in equity instruments	1.7	1,1
Purchased shares for share savings scheme / option scheme	-	-4,2
Deliverance of own shares regarding options	0.4	1,0
Total other changes	<u>-6.5</u>	<u>43.8</u>
As at end of year	<u><u>366.9</u></u>	<u><u>310.1</u></u>

CONSOLIDATED STATEMENT OF CASH FLOWS

In € mln

	2008	4th quarter 2007	2008	year 2007
<u>Cash flow from operating activities</u>				
Result after tax	13.7	15.9	51.0	46.5
<u>Adjustments:</u>				
Depreciation and impairment	8.8	9.5	30.7	29.1
Amortisation	3.7	1.1	11.6	3.6
Net financial expenses	8.2	2.8	17.4	11.3
Profit tax	2.4	2.6	19.1	11.9
Net result on divested activities	-	-0.2	-	-0.3
Result from sale of tangible fixed assets	-3.9	-9.6	-6.7	-9.7
Share-based payment transactions settled in equity instruments	0.7	0.3	1.7	1.1
Change in provisions	0.8	-0.2	-2.2	-5.3
Cash flow from operating activities before change in working capital	34.4	22.2	122.6	88.2
<u>Changes in working capital</u>				
Change in inventories	-11.3	-10.8	-14.6	-19.8
Change in receivables	31.8	5.1	-0.7	-31.6
Change in short-term liabilities	-14.6	-0.3	-20.5	16.2
Total changes in working capital	5.9	-6.0	-35.8	-35.2
	40.3	16.2	86.8	53.0
Net interest paid	-8.7	-2.9	-18.7	-11.1
Profit tax paid	-6.6	-5.3	-19.4	-14.1
Cash flow from operating activities	25.0	8.0	48.7	27.8
<u>Cash flow from investment activities</u>				
Income from sale of tangible fixed assets	8.7	10.2	12.8	11.1
Interest received	-	0.3	-	0.3
Receipt of long-term receivables	-0.8	0.1	-	0.2
Divested activities less cash	-	0.6	-	7.8
Acquisitions of operating companies less cash acquired	-0.8	-	-88.1	-182.9
Investments in intangible fixed assets	-0.4	-0.1	-1.2	-1.4
Investments in tangible fixed assets	-8.4	-15.6	-46.8	-61.5
Increase in long-term receivables	1.0	-0.3	-	-0.5
Cash flow from investment activities	-0.7	-4.8	-123.3	-226.9

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

In € mln

	<u>2008</u>	4th quarter <u>2007</u>	<u>2008</u>	year <u>2007</u>
Cash flow from financing activities				
Issue share capital	-	-	-	50.6
Proceeds from the issue of repurchased own shares	-	0.5	0.4	1.0
Purchased shares for share savings scheme / option scheme	-	-3.5	-	-4.2
Change of long-term debt	-30.8	-3.2	74.4	159.1
Dividend payment to shareholders	-	-	-8.6	-4.7
	<u>-30.8</u>	<u>-6.2</u>	<u>66.2</u>	<u>201.8</u>
Cash flow from financing activities				
Change in cash	-6.5	-3.0	-8.4	2.7
Cash at beginning of the period	-9.6	-16.7	-7.7	-22.4
Currency differences	<u>2.1</u>	<u>12.0</u>	<u>2.1</u>	<u>12.0</u>
Cash as at end of 4th quarter	<u>-14.0</u>	<u>-7.7</u>	<u>-14.0</u>	<u>-7.7</u>

Explanatory Notes on the Abridged Consolidated Interim Report

General Information

The abridged consolidated interim report of Royal Ten Cate (the Company) for the first to the fourth quarter of 2008 inclusive relates to the Company and its operating companies (referred to collectively as the 'Group') and the Group's interest in associated companies (non-consolidated) and proportionally consolidated joint ventures.

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 3 March 2009.

The financial statements were audited and approved by KPMG Accountants N.V. and will be presented to the Annual General Meeting of Shareholders for adoption on 9 April 2009.

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 amount 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.

Acquisitions of operating companies

On 30 January 2008 the Group acquired 100% of the shares of Composix Co, Newark, Ohio in the United States for a cash payment of USD 68 million to the original shareholders.

The Group's sales would have been €8 million higher if the acquisition had taken place on 1 January 2008. The net result would not have been materially different. The goodwill paid amounted to €19.8 million.

On 12 March 2008 the Group acquired 100% of the shares of YLA, Inc. and CCS Composites Inc., both from Benica, California in the United States, for a cash payment jointly of USD 32 million.

The Group's sales would have been €4.8 million higher if the acquisition had taken place on 1 January 2008. The net result would not have been materially different. The goodwill paid amounted to €13.1 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.

The sales and net result would not have been materially different if the acquisition had taken place on 1 January 2008. The goodwill paid amounted to €7.3 million.

On 14 May 2008 the Group acquired 50% of the shares in Edel Grass bv, Genemuiden in the Netherlands for a cash payment of €5.5 million to the original shareholder.

Edel Grass was proportionally consolidated in the Group's figures on 14 May. The Group's sales would have been €2.6 million higher if the acquisition had taken place on 1 January 2008. The net result would not have been materially different. The goodwill paid amounted to €2.9 million.

On 16 August 2008 the Group acquired 50.65% of the shares in the newly established company Ten Cate-Union Protective Fabrics Asia Ltd., Bangkok in Thailand for a cash contribution and a contribution in assets. This newly established company will be fully consolidated into the Group's figures, taking into account a minority interest of 49.35%. This acquisition led to a cash outflow of €0.1 million. The goodwill paid amounted to €0.1 million.

An additional payment (earn-out) may still be payable in the future for Composix, Xennia and Edel Grass, in addition to the amounts referred to above.

The expected earn-out was taken into account when determining the purchase price.

The acquisitions are recorded 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 were based on market value.

The total goodwill acquired during 2008 amounted to €44.8 million and relates principally to employee potential and synergy advantages.

The total contribution of the acquisitions made in 2008 to the Group's sales for 2008 amounted to €124.6 million. The effect of the acquisitions on the after-tax result amounted to €10.4 million.

Effect of the acquisitions

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

	Stated values	Market value adjustments	Book values
Tangible fixed assets	11.9	0.4	11.5
Intangible fixed assets	34.8	34.5	0.3
Deferred tax credits	0.5	-	0.5
Inventories	19.3	0.7	18.6
Trade and other receivables	16.4	-	16.4
Cash and cash equivalents	2.2	-	2.2
Minority interest	-5.4	-1.2	-4.2
Deferred tax liabilities	-5.7	-5.7	-
Other provisions	-0.3	-	-0.3
Interest-bearing loans	-0.1	-	-0.1
Banks, current account	-1.8	-	-1.8
Trade creditors and other payables	-22.9	-0.1	-22.8
Balance of identifiable assets and liabilities	48.9	28.6	20.3
Goodwill upon acquisition	44.8		
Purchase price	93.7		
To be paid/settled	-5.2		
Cash acquired minus short-term bank debts	-0.4		
Cash outflow	88.1		

Outstanding shares

In May 2008, 410,743 shares were issued in connection with a stock dividend. At the end of the year the number of outstanding shares amounted to 23,966,901 (December 2007: 23,556,158).

Repurchased shares

During 2008, 24,800 repurchased shares were issued through the exercise of options and another 3,827 shares in connection with the unit-linked savings plan. At the end of the quarter the balance of repurchased shares amounted to 527,247 (December 2007: 555,874).

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

The syndicated loan of €400 (2007: €250 million) was taken out with a syndicate of 12 banks on 16 February 2007 and adjusted on 27 February 2008. €306 million of this facility was drawn as at 31 December 2008.

The interest percentage due is linked to the debt/EBITDA-ratio. The interest margin on Euribor respectively Libor is expected to be in between 0.40% and 1.00%. End 2008 the margin amounted 0.725% (2007: 0.50%).

Tax position

The tax rate amounted to 27.3%, compared to 20.5% in the previous year. In 2007 there was a non-recurring tax credit. The higher tax rate is linked to an increasing profit share of the American activities, where a relatively high tax rate applies (approximately 35%).

Almelo, 4 March 2009
Executive Board