ROYAL TEN CATE

Press release

investor relations

TenCate net profit up 92% to € 46.0 million in 2010

Highlights of 2010

- **Sales in 2010: €984.5 million (2009: €842.1 million; 17% of which +10% autonomous).**
- **EBITA in 2010: € 85.0 million (2009: €41.5 million; +109% autonomous).**
- **EBITA margin in 2010: 8.6% (2009: 4.9%).**
- **Net profit in 2010: € 46.0 million (2009: € 23.9 million).**
- **EBITA Advanced Textiles & Composites sector up 38% to € 43.8 million.**
- **EBITA Geosynthetics & Grass sector increases by 87% to € 31.4 million.**
- **Considerable recovery in the result of synthetic turf activities.**
- **Strong growth in sales of TenCate Defender™ M products; sales in fourth quarter approx. US $ 60 million.**
- **Dividend proposal: € 0.75 per share, in cash or as a stock dividend, at shareholder's discretion (2009: € 0.60 per share, stock dividend option).**

Loek de Vries, Chairman of the Executive Board and CEO: 'In 2010 TenCate achieved an autonomous growth in sales of 10%, in an uncertain economic climate. There is a positive operational trend, partly in view of the quality of the composition of the profit.
The TenCate companies in the Netherlands also made a positive contribution as a result of a successful restructuring process. Production costs were reduced and a greater focus was brought to bear on the composition of the product portfolio.
The results for 2010 form a good basis for the continuation of this growth'.

General performance in the second half of 2010
Sales in the second half of 2010 increased by 16% on an autonomous basis (+8% currency effect) to € 529.9 million. Orders for TenCate Defender™ M and armour composites (antiballistics) made a strong contribution here.

The Advanced Textiles & Composites sector achieved an autonomous growth in sales of 28%, compared to the second half of 2009.

The operating result before the amortization of intangible fixed assets (EBITA) amounted to € 46.8 million and rose by 127% (autonomous 132%) as a result of this positive development, which was also considerable (second half 2009: € 20.6 million). The EBITA margin in the second half of 2010 was 8.8% (second half of 2009: 5.0%).

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The net result for the second half of 2010 amounted to € 26.4 million (2009: € 8.7 million).

Annual figures for 2010
Sales in 2010 as a whole amounted to €985 million (2009: €842 million). On an autonomous basis the increase in sales amounted to 10% (currency effect +4%; effect of acquisitions/ divestments +3%).

The dominant theme of the year 2010 was recovery. TenCate Protective Fabrics and the TenCate Grass group showed the greatest increase in sales and result. On the back of the reorganizations implemented in 2009, TenCate Enbi produced an excellent result.

The buy & build strategy was continued in 2010, after priority had been given to cash management and balance sheet management in 2009. In 2010 AML UK (armour composites) was acquired, which has brought about strategic strengthening of the European armour activities.

EBITA rose in 2010 to €85.0 million (autonomous +109%; currency effect +14%; acquisitions / divestments -18%).

The EBITA margin is 8.6% (2009: 4.9%). The EBITA (margin) was affected by tight conditions and price increases on the raw materials market. These increases in the price of raw materials were passed on to the market with a time lag.

The EBITA margin at sector level came under pressure and decreased by 1% as a result of an internal reallocation of costs, which are treated as gains at holding level. The total impact of this amounts to approx. €8 million.

Net profit in 2010 was up by 92% to €46.0 million (2009: €23.9 million). Net earnings per share amounted to €1.84 (2009: €0.97).

Dividend proposal
The dividend policy is based on a pay-out ratio of approximately 40% of net profit, payable at shareholders' discretion either in cash or shares charged to the share premium reserve.

It is proposed to set the dividend for 2010 at €0.75 per €2.50 par value share, payable at shareholders' discretion either in cash or in shares charged to the share premium reserve.

Financial
In 2010 TenCate once again pursued a cautious investment policy, in view of the economic climate. In the field of aerospace composites in particular, investments in recent years have been of such an order that capacity is now sufficient to meet the expected growth in demand.

Investments in tangible fixed assets and intangible assets (capitalization of development costs) amounted to €16.2 million and €5.1 million respectively, at a depreciation and amortization level of €44.9 million.

The net interest-bearing debt amounted to €240.7 million at the end of 2010 (end of December 2009: €195.5 million). The debt position has increased, in part as a result of the increase in working capital (growth in sales). The debt ratio at the end of 2010 (debt / EBITDA ratio) amounted to 2.09 (end of 2009: 2.36).

Net financing expenses decreased from €12.7 million to €10.0 million in 2010, in part attributable to the decrease in the average debt.

The tax rate remained at approximately 28%, which is virtually the same as the previous year. The improved potential of the Dutch TenCate companies will have the effect of lowering the future tax rate.

Current performance and outlook
The order intake is developing favourably on the whole. Public sector bodies and related groups of customers represent a considerable share of sales. No significant negative effect is expected from reduced public expenditure for the group as a whole because TenCate materials are underpinned by global trends, which are of importance for these market groups.

A number of promising developments are taking place in the markets in which TenCate operates.

Activities in the aerospace industry are increasing and, after some initial delays, new aircraft programmes have now reached the production stage. Another promising development is the Active Blast Defence System (ABDS™). This is a patented concept intended to better protect military vehicles against roadside bombs.

In the synthetic turf market TenCate has introduced a development focused on increasing integration and collaboration within the value chain, with particular attention to sustainable synthetic turf systems. The priority here lies in margin growth (upstream in combination with downstream activities).

In summary, the developments below form the main pillars for further growth:

- Continued strong performance of TenCate Defender™ M and expansion of applications (for example, riot police) and new geographic markets;
- Growth in market share of the industrial market for protective fabrics;
- Recovery in the aviation industry;
- The marketing of earlier technological developments (such as new synthetic turf systems and expansion of applications for composites);
- Good starting position in armour markets (EU and US);
- Growth in Asian and South American markets (geotextiles, protective fabrics);

- Increased profit margin of geosynthetics activities.

In view of the above developments, barring unforeseen circumstances, further growth in sales and net profit is expected.

Performance by sector

Advanced Textiles & Composites Sector

(x € mln.)	H2 2010*	H2 2009	2010*	2009
Net revenue	**255.4**	182.0	**448.4**	397.3
EBITA	**27.7**	11.4	**43.8**	31.7
EBITA margin	**10.9%**	6.2%	**9.8%**	8.0%

The EBITA margin on an annual basis at sector level came under pressure and decreased by 1% as a result of internal reallocation of costs. This reallocation was implemented in the second half of the year.

The autonomous increase in sales in 2010 amounted to 6% (currency effect +4%; acquisitions / divestments +3%). EBITA rose in 2010 on an autonomous basis by 27% (currency effect +6%; acquisitions / divestments +5%). This increase can mainly be attributed to the strong contribution of the American composites companies and of TenCate Protective Fabrics USA. The Dutch TenCate companies also showed a marked improvement in their results.

The contribution of TenCate Protective Fabrics USA is substantial, as a result of sharply increased sales in the second half of the year. TenCate Defender™ M is the standard fire-resistant protection of the American military in Iraq and Afghanistan. The lifting of import restrictions for foreign fibres into the United States (Berry Amendment) has recently been extended to 2015.

In addition to the defence market, the industrial market also showed an increase in sales, in part as a result of an increased market share. The excellent position of the newly developed product portfolio (including TenCate Tecasafe™ Plus) will ensure that we can respond successfully to the needs of the market.

As from the second half of the year, there was an increase in sales within the TenCate Space & Aerospace Composites market group resulting from the resumption of production of new types of aircraft (mainly Airbus A380).

The European armour market was cautious, partly as a result of tight budgetary conditions in public sector bodies. In the American armour market, by contrast, TenCate was involved in a number of projects (Stryker, FMTV, MRAP programme).

The acquired company AML UK, which was integrated into the European TenCate Advanced Armour group, strengthened the market position and put in a good performance.

TenCate signed a collaboration agreement for the patent development of the Active Blast Defence System (ABDS™), as well as the right to acquire a majority interest in a company that is to be formed for marketing this concept. The concept offers improved protection of military vehicles against roadside bombs and has considerable market potential. At the end of 2010 a demonstrator was built for this, which showed the successful operation of the principle.

Geosynthetics & Grass Sector

(x €mln.)	H2 2010*	H2 2009	2010*	2009
Net revenue	**242.6**	199.3	**469.3**	392.1
EBITA	**12.6**	12.3	**31.4**	16.8
EBITA margin	**5.2%**	6.2%	**6.7%**	4.3%

The EBITA margin on an annual basis at sector level came under pressure and decreased by 1% as a result of internal reallocation of costs. This reallocation was implemented in the second half of the year.

The autonomous growth in sales of the Geosynthetics & Grass sector amounted to 12% (currency effect +5%; acquisitions / divestments +3%). The increase in sales in 2010 occurred in both market groups, although there were additional sales at the TenCate Grass group from consolidated downstream activities (acquisition effect).

EBITA for 2010 as a whole rose considerably (+87%; autonomous +118%; currency effect +20 %; acquisitions / divestments -51%), in particular as a result of a strong recovery within the upstream activities of TenCate Grass. The logistical actions implemented at the end of 2009 contributed favourably to this. The priority as regards production in Dubai produced a positive contribution to the reduction in the costs structure. There was also increased market demand for high-grade, sustainable TenCate synthetic turf fibres.

EBITA was affected in the second half of the year by the initial costs announced in the third quarter relating to the coordination of downstream activities in the synthetic turf market and by a provision taken for the planned transfer of the production of geotextiles from Almelo to Nijverdal-Noord. As a result, the upward trend of the EBITA margin did not continue in 2010.

Recovery was seen in the American geosynthetics market, which in terms of size is the most important. The improvement in its performance resulted from an increase in the number of infrastructure projects and intensive targeting of the South American market. Sales in the Asian geosynthetics market continued to grow (autonomous+7%). In Europe sales remained stable, although the number of infrastructure projects declined. Efforts to retain volumes involved some pressure on margins.

Earlier, a development had been initiated at the TenCate Grass group focused on far-reaching forms of collaboration within the value chain. To this end some minority interests were taken in the past in companies that develop and market synthetic turf systems. The interest in the TigerTurf group was increased to 80% according to contract.

Other parties have now shown an interest in aligning themselves with this strategic quality concept. The costs of continuing to follow the qualitative and organizational developments independently are too high for companies that operate only regionally. FIFA too, through its FIFA Preferred Producer programme (FPP), greatly values higher quality assurance. Both Edel Grass and GreenFields are certified under the FIFA FPP programme.

Technologies Sector / Technical Components / Holding & Services

x € mln.)	H2 2010*	H2 2009	2010*	2009
Net revenue	**31.9**	27.2	**66.8**	52.7
EBITA	**6.5**	-3.1	**9.8**	-7.0

The reallocation of €8 million was implemented in the second half of the year

Sales by the other activities are mainly attributable to TenCate Enbi and Xennia Technology.

At TenCate Enbi the positive effects of the turnaround were visible. Sales were well above (approx. 32%) the level of 2009. The reduction in the break-even level led to a strong profit contribution.

Xennia Technology did not live up to financial expectations. This could mainly be ascribed to the supply problems of a strategic supplier. As a result, the inkjet project within TenCate was also delayed. Due to this development Xennia Technology increased the number of its suppliers in 2010. A start was also made on the production of its own inks, and software activities for operating systems were acquired. The potential of the selected market segments (textiles, packaging, medical applications, decoration, printed electronics) continues to develop strongly. The outlook for growth remains unchanged.

EBITA in this sector is the result of the balance between holding activities and the operational company activities of TenCate Enbi and Xennia Technology. In previous years EBITA was negative because holding costs (financing charges, etc.) were the decisive factor. In 2010 joint operational activities produced a markedly positive contribution. The result within the holding was also positively affected by the reallocation of costs to the amount of approximately €8 million.

Royal Ten Cate
Almelo, Wednesday 2 March, 2011

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Royal Ten Cate (TenCate) is a multinational company that combines textile technology, chemical processes and material technology in the development and production of functional materials with distinctive characteristics. TenCate products are sold worldwide.

Systems and materials from TenCate come under four areas of application: safety & protection; space and aerospace; infrastructure & the environment; sport and recreation. TenCate occupies leading positions in safety fabrics, composites for space and aerospace, advanced armour, geosynthetics and synthetic turf. TenCate is listed on NYSE Euronext (AMX).

KEY FIGURES

in millions of euros	2010	2009		1st half year 2010	1st half year 2009	2nd half year 2010	2nd half year 2009
Consolidated profit & loss account							
Revenues	984.5	842.1	17%	454.6	433.6	529.9	408.5
Operating result before depreciation and amortisation (EBITDA)	119.5	75.4	58%	55.4	38.7	64.1	36.7
Operating result before amortisation (EBITA)	85.0	41.5	105%	38.2	20.9	46.8	20.6
Operating result before amortisation as % of revenues	8.6%	4.9%	76%	8.4%	4.8%	8.8%	5.0%
Operating result (EBIT)	74.6	32.7	128%	33.1	16.3	41.5	16.4
Net profit	46.0	23.9	92%	19.6	15.2	26.4	8.7
Consolidated balance sheet							
Net capital employed at period-end	715.4	620.9	15%	708.8	707.9	715.4	620.9
Net interest-bearing debt at period-end	240.7	195.5	23%	238.0	287.2	240.7	195.5
Consolidated cash flow balance							
Cash flow from operating activities	29.1	144.8		16.8	42.3	12.3	102.5
Investment / divestments of tangible and intangible fixed assets	-20.4	-12.9		-8.3	-7.3	-12.1	-5.6
Free cash flow	8.7	131.9		8.5	35.0	0.2	96.9
Net acquisition / disposal of operating companies and associated companies	-24.7	3.3		-16.7	9.1	-8.0	-5.8
(x 1,000)							
Number of outstanding shares at period-end	25,502	25,068	2%				
Average number of outstanding shares (before dilution)	25,026	24,544	2%				
Average number of outstanding shares (after dilution)	25,216	24,616	2%				
Per-share data							
Net profit	1.84	0.97	90%	0.78	0.62	1.06	0.35
Diluted net profit	1.82	0.97	88%	0.78	0.62	1.04	0.35
Employees							
Number of staff at period-end *)	4,271	3,805	12%	4,237	4,040	4,271	3,805
- of which in the Netherlands *)	785	862	-9%	803	945	785	862

*) excluding contracted staff

KEY FIGURES PER SEGMENT

				1st half year		2nd half year	
in millions of euros	**2010**	**2009**		**2010**	**2009**	**2010**	**2009**
Advanced Textiles & Composites							
Revenues	448.4	397.3	13%	193.0	215.3	255.4	182.0
EBITA	43.8	31.7	38%	16.1	20.3	27.7	11.4
EBITA margin	9.8%	8.0%	23%	8.3%	9.4%	10.9%	6.2%
Capital expenditures	4.5	4.2	7%	1.7	2.2	2.8	2.0
Depreciation	10.0	9.4	6%	5.0	4.9	5.0	4.5
Amortisation	5.2	4.8	8%	2.6	2.6	2.6	2.2
Net capital employed	281.7	234.0	20%	260.2	261.9	281.7	234.0
Number of staff at period-end *)	1,519	1,340	13%	1,425	1,417	1,519	1,340
Geosynthetics & Grass							
Revenues	469.3	392.1	20%	226.7	192.8	242.6	199.3
EBITA	31.4	16.8	87%	18.8	4.5	12.6	12.3
EBITA margin	6.7%	4.3%	56%	8.3%	2.3%	5.2%	6.2%
Capital expenditures	9.9	9.0	10%	4.3	5.3	5.6	3.7
Depreciation	22.5	22.3	1%	11.1	11.8	11.4	10.5
Amortisation	3.7	3.0	23%	1.7	1.5	2.0	1.5
Net capital employed	380.8	332.7	14%	403.6	389.3	380.8	332.7
Number of staff at period-end *)	2,128	1,795	19%	2,203	1,977	2,128	1,795
Other							
Revenues	66.8	52.7	27%	34.9	25.5	31.9	27.2
EBITA	9.8	-7.0		3.3	-3.9	6.5	-3.1
Capital expenditures	6.9	4.1	68%	3.1	0.6	3.8	3.5
Depreciation	2.0	2.2	-9%	1.1	1.1	0.9	1.1
Amortisation	1.5	1.0	50%	0.8	0.5	0.7	0.5
Number of staff at period-end *)	624	670	-7%	609	646	624	670

*) excluding contracted staff

CONDENSED CONSOLIDATED PROFIT & LOSS ACCOUNT

in millions of euros	2010	2009	first half year 2010	first half year 2009	2nd half year 2010	2nd half year 2009
Revenues	984.5	842.1	454.6	433.6	529.9	408.5
Changes in inventories of finished products and work in progress	17.8	-29.8	15.5	-8.8	2.3	-21.0
Raw materials and manufacturing supplies	-501.1	-391.6	-238.7	-204.7	-262.4	-186.9
Work contracted out and other external expenses	-73.9	-63.1	-27.9	-32.4	-46.0	-30.7
Personnel costs	-188.0	-173.0	-90.5	-92.4	-97.5	-80.6
Depreciation	-34.5	-33.9	-17.2	-17.8	-17.3	-16.1
Amortisation	-10.4	-8.8	-5.1	-4.6	-5.3	-4.2
Other operating costs	-119.8	-109.2	-57.6	-56.6	-62.2	-52.6
Total operating expenses	-909.9	-809.4	-421.5	-417.3	-488.4	-392.1
Operating result (EBIT)	**74.6**	**32.7**	**33.1**	**16.3**	**41.5**	**16.4**
Impairment financial fixed asset	-	-4.9	-	-4.9	-	-
Net finance costs	-10.0	-7.8	-5.4	-4.7	-4.6	-3.1
Pre-tax income	64.6	20.0	27.7	6.7	36.9	13.3
Profit tax	-17.9	-5.6	-8.2	-1.8	-9.7	-3.8
Result from divested activities after profit tax	-	9.5	-	10.1	-	-0.6
Net income associates	-1.3	-0.8	-0.4	-0.1	-0.9	-0.7
Result after tax	**45.4**	**23.1**	**19.1**	**14.9**	**26.3**	**8.2**
Profit for the period attributable to:						
Shareholders of parent company (net profit)	46.0	23.9	19.6	15.2	26.4	8.7
Minority interests	-0.6	-0.8	-0.5	-0.3	-0.1	-0.5
Result after tax	**45.4**	**23.1**	**19.1**	**14.9**	**26.3**	**8.2**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

			first half year		2nd half year	
in millions of euros	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Result after tax	**45.4**	**23.1**	**19.1**	**14.9**	**26.3**	**8.2**
Other comprehensive income, net of profit tax						
Foreign currency translation differences for foreign operations	19.0	-6.5	38.2	-1.1	-19.2	-5.4
Result hedge accounting	-3.4	-0.2	-4.5	0.7	1.1	-0.9
Other comprehensive income. net of profit tax	**15.6**	**-6.7**	**33.7**	**-0.4**	**-18.1**	**-6.3**
Total comprehensive income	**61.0**	**16.4**	**52.8**	**14.5**	**8.2**	**1.9**
Total comprehensive income attributable to:						
Shareholders of parent company	61.2	17.0	52.7	14.8	8.5	2.2
Minority interests	-0.2	- 0.6	0.1	-0.3	-0.3	-0.3
Total comprehensive income attributable to	**61.0**	**16.4**	**52.8**	**14.5**	**8.2**	**1.9**

TENCATE

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in millions of euros	31-12-2010		31-12-2009	
Fixed assets				
Goodwill	192.6		161.9	
Other intangible fixed assets	50.2		41.9	
Tangible fixed assets	214.2		214.7	
Investments in associated companies	5.2		18.9	
Financial fixed assets	10.1		6.6	
Deferred profit tax receivables	20.3		19.8	
Total fixed assets		492.6		463.8
Current assets				
Inventories	216.9		155.0	
Receivables				
- Trade debtors	151.0		100.8	
- Profit tax receivables	0.7		3.2	
- Other receivables	18.1		12.9	
Cash and cash equivalents	11.6		12.8	
Total current assets		398.3		284.7
Total assets		890.9		748.5
Equity				
Share capital	63.8		62.7	
Share premium reserve	45.8		46.9	
Reserve for translation differences	3.3		-15.3	
Hedging reserve	-3.6		-0.2	
Reserve for own shares	-10.4		-11.7	
Other reserves and Undistributed result	333.0		298.4	
Total shareholders' equity	431.9		380.8	
Minority interests	3.8		4.1	
Group equity		435.7		384.9
Long-term liabilities				
Long-term debts	195.2		192.0	
Pension liabilities	18.5		21.0	
Provisions	10.2		10.4	
Deferred profit tax liabilities	4.2		4.3	
Total long-term liabilities		228.1		227.7
Short-term liabilities				
Cash loans. overdrafts	55.7		14.7	
Repayment of long-term debts	1.4		1.6	
Trade creditors and other payables	159.3		112.1	
Provisions	7.1		4.8	
Profit tax liabilities	3.6		2.7	
Total short-term liabilities		227.1		135.9
Total liabilities		455.2		363.6
Total group equity and liabilities		890.9		748.5

TENCATE

CONSOLIDATED OVERVIEW OF CHANGES IN SHAREHOLDERS EQUITY

in millions of euros	2010	2009
As at January. 1st	380.8	366.9
Exchange rate differences	18.6	-6,7
Result hedge accounting. after tax	-3.4	-0,2
Result for the year	46.0	23,9
Total result	61.2	17.0
Cash dividend	-5.9	-4,5
Share based payments transactions settled in equity instruments	1.4	1,2
Deliverance of own shares re share savings & option scheme	1.3	0,1
Acquisition of non-controlling interest without a change of control	-6.9	-
Total other changes	-10.1	-3.2
As at end of year	431.9	380.8

CONSOLIDATED CASH FLOW STATEMENT

in millions of euros

	2010		2009	
Cash flow from operating activities				
Result after tax	45.4		23.1	
Adjustments:				
Depreciation	34.5		33.9	
Amortisation	10.4		8.8	
Net finance costs excluding exchange differences	10.4		8.0	
Impairment financial fixed assets	-		4.9	
Profit tax	17.9		5.6	
Net result from associated companies	1.3		0.8	
Result from divested activities after profit tax	-		- 9.5	
Result from sale of tangible fixed assets	- 0.1		- 1.3	
Costs of option scheme	1.4		1.2	
Change in provisions and pension liabilities	- 6.6		- 2.2	
Total cash flow from operating activities before change in working capital		**114.6**		**73.3**
Changes in working capital:				
Inventories	- 43.3		46.1	
Receivables	- 36.0		62.9	
Short-term liabilities	19.8		- 15.5	
Total changes in working capital		**- 59.5**		**95.5**
		55.1		168.8
Interest paid		- 8.3		- 9.0
Profit tax paid		- 17.7		- 15.0
Total cash flow from operating activities		**29.1**		**144.8**
Cash flow from investing activities				
Income from sale of tangible fixed assets	0.9		4.4	
Interest received	0.1		1.1	
Divested activities less cash	-		22.0	
Acquisitions of operating companies less cash acquired	- 24.0		- 0.3	
Investments in intangible fixed assets	- 5.1		- 4.2	
Investments in tangible fixed assets	- 16.2		- 13.1	
Investments in associated companies	- 0.2		- 18.4	
Investments in other companies	- 0.5		-	
Increase in long-term receivables	- 2.1		- 2.0	

Total cash flow from investing activities		**- 47.1**		**- 10.5**
Cash flow from financing activities				
Issue of repurchased shares	1.3		0.1	
Repayment of long-term debt	- 221.6		- 117.3	
Drawing of long-term debt	203.8		-	
Dividend payment to shareholders	- 5.9		- 4.5	
Total cash flow from financing activities		**- 22.4**		**- 4.5**
Change in cash & cash equivalents		**- 40.4**		**12.6**
Cash & cash equivalents at the beginning of the period		- 1.9		- 14.0
Currency differences in cash		- 1.8		- 0.5
Cash & cash equivalents at the end of the period		**- 44.1**		**- 1.9**

TENCATE

EXPLANATORY NOTES ON THE ABRIDGED CONSOLIDATED REPORT

General information
The abridged consolidated report of Royal Ten Cate (the Company) for the first to the fourth quarter of 2010 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), other participating interests (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 2009 consolidated financial statements.
This abridged report was prepared by the Executive Board and released for publication by the Supervisory Board on 1 March 2011.

The financial statements for 2010 were audited and will be approved by KPMG Accountants and will be presented to the Annual General Meeting of Shareholders for adoption on 21 April 2011.

Acounting policies and determination of earnings

Accounting for business combinations
From 1 January 2010 the Group has applied IFRS 3 Business Combinations (2008) in accounting for business combinations. The change in accounting policy has been applied prospectively and has had no material impact on earnings per share.

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as the fair value of the consideration transferred, the recognised amount of any non-controlling interests in the acquire, and, if applicable, the fair value of the existing equity interest in the acquiree. The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed are deducted from the considation.
When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. Non-controlling interests, if any, are valued against the proportionate share of identifiable assets of the acquire at acquisition date.
Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Accounting for acquisitions of non-controlling interests
From 1 January 2010 the Group has applied IAS 27 Consolidated and Company Financial Statements (2008) in accounting for acquisitions of non-controlling interests. The change in accounting policy has been applied prospectively and has had no impact on earnings per share.
Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions.
Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

The accounting policies and determination of earnings and methods of calculation have been applied as referred to on pages 90 to 103 inclusive of the 2009 financial statements.

Estimates
The preparation of the abridged consolidated report 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 amount of income and expenditure. The actual results may differ from these estimates.
Unless otherwise stated, in preparing this abridged consolidated 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 in the preparation of the consolidated 2009 financial statements.

Segment information
The Group has three segments, as described below. The business segments offer different products and services, and are managed separately and use different technologies. The following summary describes the operations in each of the Group's business segments.

Advanced Textiles & Composites
Manufacturing and sale of protective and safety fabrics for professional wear, outdoor fabrics, composites for personal and vehicle protection and composites for technological applications in aerospace.

Geosynthetics & Grass
Manufacturing and sale of fabrics and non-wovens for civil engineering, environmental projects, recreational and industrial applications and of synthetic turf fibres and backing for a variety of applications.

Other
Manufacturing and sale of rubber and foam rollers for the office equipment industry and related products, development, production and sale of ink jet technology and related components for industrial applications, as well as country holding and service companies and eliminations.

Acquisitions
On 9 February 2010 the Group acquired 51% of the shares of AML UK Ltd, Swindon (United Kingdom); on 5 October 2010 the remaining 49% was acquired. The purchase price was GBP 12.2 million in cash; goodwill amounted to € 4.6 million. AML UK (now TenCate Advanced Armour UK Ltd) is a leading company in the armour market in the United Kingdom and is mainly involved in the design and production of materials for vehicle armouring. It also offers a range of products for the security market. Expansion of the European activities of TenCate Advanced Armour through the acquisition of AML will bring about a wider geographic presence, particularly in one of the largest global markets. The combination of the technology, production capacity, purchasing power and market positions of the two companies enables strong synergetic results to be achieved. This strategic step increases the relative importance of composites within the total portfolio of TenCate materials. This acquisition has been included in the reporting of the Advanced Textiles & Composites sector.

On 28 April 2010 the Group acquired an additional interest of 31% of the shares of TigerTurf NZ Ltd, Auckland (New Zealand), TigerTurf UK Ltd, Hartlebury (United Kingdom), TigerSports Americas Inc, Austin (United States) and TigerTurf Australia Pty Ltd, Campbellfield (Victoria, Australia) for a cash payment of NZD 14.7 million. Goodwill amounted to € 15.9 million. The Group now holds 80% of the shares of the TigerTurf group and has an option to purchase the remaining 20% of the shares in 2011. The selling party also has the option to sell this 20% of the shares to the Group. On 31 December 2010 the consideration still to be paid amounted to € 4.2 million and TigerTurf has been entirely included in the consolidated figures.

This acquisition has been included in the Geosynthetics & Grass sector. The fixing of the purchase price allocation has not yet been completed.

Profits tax
The tax rate at 28% remained virtually the same as last year (28%). The high rate of tax in the US was compensated by results in countries with a relatively lower tax rate.

Impairments
The impairment loss in 2009 of € 4.9 million relates to an investment in a non-strategic equity participation within the Geosynthetics & Grass segment.

Share capital and share premium
Issuance of ordinary shares
In May 2010, 434,327 shares were issued in connection with a stock dividend. As of 31 December 2010 the number of outstanding shares amounted to 25,501,907 (31 December 2009: 25,067,580).

Repurchased shares
In 2010 84,200 repurchased shares were issued through the exercise of options. In connection with the unit-linked savings plan 3,936 shares were issued. At the end of the year the balance of repurchased shares amounted to 433,256 (31 December 2009: 521,392).

Long-term liabilities
In December 2010 the old syndicated loan was paid off. The new syndicated loan of € 450.0 million (2009: € 388.9 million), from which may be withdrawn in a variety of currencies, was taken out with a syndicate of eleven banks on 8 December 2010. On 31 December 2010 € 188.8 million of this facility was withdrawn (2009: € 185.1 million). The period to maturity of the loan is five years (until 8 December 2015). Repayment will be made in full at maturity. The loan is valued at amortized cost price in accordance with the effective-interest method.

The interest percentage to be paid is linked to the net debt / EBITDA ratio which will be calculated each quarter over the twelve preceding months. EBITDA will for acquired and divested companies be fixed at a twelve-monthly basis. In addition, the EBITDA will be adjusted in accordance with the agreements with the bank for non-recurring items and non-cash market value adjustments in the interest rate. The interest rate surcharge above

Euribor or Libor will be between 0.70% and 1.50%. A utilization fee of 0.20% is due if more than 50% of the facility is withdrawn. At the end of 2010 the interest rate surcharge was 1.20% (2009: 0.625%).

Related parties
During the 2010 financial year, associated companies, other (non-consolidated) participating interests and joint ventures purchased goods from the Group for an amount of € 19.2 million (2009: € 20.9 million). As of 31 December 2010 the outstanding trade receivables due to the Group from associated companies amounted to € 3.9 million (2009: € 6.6 million) and from joint ventures € 0.2 million (2009: € 0.1 million). The Group has less than € 0.1 million in outstanding trade accounts payable to associated companies and joint ventures.

Transactions with other associated companies and joint ventures take place on an objective, business basis

Almelo, 1 March 2011
Executive Board