

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

for the first six months

in millions of euros	Share capital	Share premium	Retained earnings of associated companies	Translation differences	Hedging reserve	Retained earnings	Undistributed profit	Undistributed result	Total share-holders' equity	Minority interest	Group equity
<b>Balance as at 1 January 2008</b>	<b>58.9</b>	<b>50.7</b>	<b>1.3</b>	<b>- 20.8</b>	<b>-</b>	<b>173.2</b>	<b>0.4</b>	<b>46.4</b>	<b>310.1</b>	<b>0.3</b>	<b>310.4</b>
<b>Total comprehensive income for the period</b>											
Result for the 1 <sup>st</sup> half year								25.4	25.4		25.4
<b>Other comprehensive income</b>											
Foreign currency translation differences for foreign operations				- 14.9					- 14.9		- 14.9
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>- 14.9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25.4</b>	<b>10.5</b>	<b>-</b>	<b>10.5</b>
<b>Contribution by and distributions to owners</b>											
Appropriation of 2007 profit			1.4			26.5	- 0.3	- 27.6	-		-
Dividend paid								- 8.5	- 8.5		- 8.5
Stock dividend	1.0	- 1.0				10.3		- 10.3	-		-
Share-based payments						0.7			0.7		0.7
Issue of repurchased shares						0.3			0.3		0.3
Changes as a result of consolidation										1.2	1.2

Total other changes	1.0	- 1.0	1.4	-	-	37.8	- 0.3	- 46.4	- 7.5	1.2	- 6.3
<b>Balance at the end of the first half year 2008</b>	<b>59.9</b>	<b>49.7</b>	<b>2.7</b>	<b>- 35.7</b>	<b>-</b>	<b>211.0</b>	<b>0.1</b>	<b>25.4</b>	<b>313.1</b>	<b>1.5</b>	<b>314.6</b>

for the first six months

in millions of euros	Share capital	Share premium	Retained earnings of associated companies	Translation differences	Hedging reserve	Retained earnings	Undistributed profit	Undistributed result	Total share-holders' equity	Minority interest	Group equity
<b>Balance as at 1 January 2009</b>	<b>59.9</b>	<b>49.7</b>	<b>2.7</b>	<b>- 8.6</b>	<b>-</b>	<b>212.0</b>	<b>0.1</b>	<b>51.1</b>	<b>366.9</b>	<b>5.1</b>	<b>372.0</b>
<b>Total comprehensive income for the period</b>											
Result for the 1st half year								15.2	15.2	- 0.3	14.9
<b>Other comprehensive income</b>											
Foreign currency translation differences for foreign operations				- 1.1					- 1.1		- 1.1
Effective portion of changes in fair value of cash flow hedges, net of tax					0.7				0.7		0.7
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>- 1.1</b>	<b>0.7</b>	<b>-</b>	<b>-</b>	<b>15.2</b>	<b>14.8</b>	<b>- 0.3</b>	<b>14.5</b>



**Contribution by and distributions**

**to owners**

Appropriation of 2008 profit						29.5	- 0.1	- 29.4	-	-	
Release legal reserve			- 2.7			4.1		- 1.3	0.1	- 0.1	
Dividend paid								- 4.5	- 4.5	- 4.5	
Stock dividend	2.8	- 2.8				15.9		- 15.9			
Share-based payments						0.7			0.7	0.7	
Issue of repurchased shares						0.1			0.1	0.1	
<b>Total other changes</b>	<b>2.8</b>	<b>- 2.8</b>	<b>- 2.7</b>	<b>-</b>	<b>-</b>	<b>50.3</b>	<b>- 0.1</b>	<b>- 51.1</b>	<b>- 3.6</b>	<b>- 0.1</b>	<b>- 3.8</b>
<b>Balance at the end of the first half year 2009</b>	<b>62.7</b>	<b>46.9</b>	<b>-</b>	<b>- 9.7</b>	<b>0.7</b>	<b>262.3</b>	<b>-</b>	<b>15.2</b>	<b>378.1</b>	<b>4.6</b>	<b>382.7</b>



**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
for the first six months

in millions of euros

	<u>2009</u>	<u>2008</u>
<b><u>Cash flow from operating activities</u></b>		
Result after tax	14.9	25.4
<u>Adjustments:</u>		
Depreciation	17.8	14.1
Amortisation	4.6	4.9
Net interest income and expense	4.7	4.1
Impairment financial fixed assets	4.9	-
Profit tax	1.8	10.9
Net result from associated companies	0.1	-
Result from divested activities	- 10.1	-
Result from sale of tangible fixed assets	- 0.4	- 2.7
Costs of option scheme	0.7	0.7
Change in provisions and pension liabilities	- 2.1	- 0.1
<b>Total cash flow from operating activities before change in working capital</b>	<b>36.9</b>	<b>57.3</b>
<u>Changes in working capital:</u>		
Inventories	15.2	0.8
Receivables	8.4	- 54.5
Short-term liabilities	- 9.2	- 4.4
<b>Total changes in working capital</b>	<b>14.4</b>	<b>- 58.1</b>
	<b>51.3</b>	<b>- 0.8</b>
Interest paid	- 3.7	- 6.9
Profit tax paid	- 5.3	- 3.6
<b>Total cash flow from operating activities</b>	<b><u>42.3</u></b>	<b><u>- 11.3</u></b>
<b><u>Cash flow from investing activities</u></b>		
Income from sale of tangible fixed assets	0.8	4.1
Receipt of long-term receivables	-	0.2
Divested activities less cash	22.0	-
Acquisitions of operating companies less cash acquired	- 0.3	- 86.7
Investments in intangible fixed assets	- 0.1	- 0.5
Investments in tangible fixed assets	- 8.0	- 28.9
Investments in financial fixed assets	- 12.6	-



Increase in long-term receivables	0.4	- 0.2
<b>Total cash flow from investing activities</b>	<b>2.2</b>	<b>- 112.0</b>
<b><u>Cash flow from financing activities</u></b>		
Issue of repurchased shares	-	0.3
Change of long-term debt	- 25.9	127.6
Dividend payment to shareholders	- 4.5	- 8.6
<b>Total cash flow from financing activities</b>	<b>- 30.4</b>	<b>119.3</b>
<b>Change in cash</b>	<b>14.1</b>	<b>- 4.0</b>
Cash on 1 January	-14.0	-7.7
Currency differences in cash	0.1	-
<b>Cash as at end of June</b>	<b>0.2</b>	<b>- 11.7</b>

## EXPLANATORY NOTES ON THE CONDENSED CONSOLIDATED INTERIM REPORT

### Reporting entity

The condensed consolidated interim report of Royal Ten Cate nv (the Company) for the first half year of 2009, 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.

### Statement of compliance

This condensed consolidated interim report has been prepared in accordance with *IAS 34 Interim Financial Reporting* as adopted by the European Union. It does not contain all the information that is required for full financial statements and should be read in combination with the group's 2008 consolidated financial statements.

This condensed consolidated interim report was prepared by the Executive Board and released for publication by the Supervisory Board on 25 August 2009.

### Accounting policies and determination of earnings

As of 1 January 2009 the Group determines and presents operating segments based on the information that internally is provided to the CODM-committees, who is the chief operating decision maker of the segment. This presentation is due to the adoption of IFRS 8 *Operating segments*. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

The accounting policies and determination of earnings and methods of calculation have been applied as referred to on pages 81 to 94 inclusive of the 2008 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 condensed 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 2008 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 engineers, environmental projects, recreational and industrial applications and manufacture and sale of synthetic turf fibres and carpet backing.

#### *Other*

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

### Information about reporting segments for the first half year

Segment information In millions of euros	Advanced Textiles & Composites		Geosynthetics & Grass		Other		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008
Revenues	215.3	246.0	192.8	236.5	25.5	29.1	433.6	511.6
Intercompany sales	0.4	0.9	-	-	- 0.4	- 0.9	-	-
<b>Total revenues</b>	<b>215.7</b>	<b>246.9</b>	<b>192.8</b>	<b>236.5</b>	<b>25.1</b>	<b>28.2</b>	<b>433.6</b>	<b>511.6</b>
<b>Operating result</b>	<b>17.7</b>	<b>28.0</b>	<b>3.0</b>	<b>15.6</b>	<b>- 4.4</b>	<b>- 3.2</b>	<b>16.3</b>	<b>40.4</b>
Net finance costs							- 9.6	- 4.1
Gain on divested activities							10.1	-
Net income from associates and other participating interests							- 0.1	-
Profit tax							- 1.8	- 10.9
Minority interest							0.3	-
<b>Net income</b>							<b>15.2</b>	<b>25.4</b>
Assets of segments	305.4	324.7	448.9	469.9	52.6	51.6	806.9	846.2
Investments in associates and other participating interests			14.0	5.8		0.9	14.0	6.7
Unallocated assets	-	-	-	-	-	-	19.4	19.1
<b>Total assets</b>	<b>305.4</b>	<b>324.7</b>	<b>462.9</b>	<b>475.7</b>	<b>52.6</b>	<b>52.5</b>	<b>840.3</b>	<b>872.0</b>



### Divestment of activities

On 26 June 2009 the Group sold its 50% interest in the joint venture Geofabrics Australasia Pty Ltd in Australia to its partner Noel P Hunt International Ltd. The purchase price of the shares amounts to AUD 40 million (approximately €23 million).

in thousands of euros	2009	2008
<b>Results of divested activities</b>		
Revenue	15.0	15.0
Expenses	- 13.3	- 13.6
	-----	-----
Results from operating activities	1.7	1.4
Profit tax	- 0.5	- 0.4
	-----	-----
Results from operating activities, net of profit tax	1.2	1.0
Gain on divested activities	10.1	-
Profit tax on gain on divested activities	-	-
	-----	-----
Net income	11.3	1.0

### Acquisitions

On 31 March 2009 the Group acquired 49% of the shares of TigerTurf NZ Ltd, Onehunga, Auckland, New Zealand, TigerTurf (UK) Ltd, Hartlebury, United Kingdom, TigerSports Americas Inc, Austin in the United States of America and TigerTurf Australia Pty Ltd, Campbellfield, Victoria in Australia for a consideration in cash of €12.6 million including acquisition costs. The Group has an option to buy the other 51% of the shares, as well as the vendor has the option to sell the additional 51% of the shares to the Group. This 49% interest is accounted for as an investment in associates in the financial statement.

### Profit tax expense

Profit tax expense is recognised based on management's best estimate of the weighted average annual profit tax rate expected for the full financial year applied to the profit before tax of the interim period. The Group's consolidated effective tax rate in respect of continuing operations for the first six months 2009 was 27%. (First six months 2008: 30%).

The main reason for this decrease is the fact that in several countries tax loss carry forward has been utilised. This effect has been partly offset by the impairment of the non strategic equity participation which is treated as a non tax deductible item.

### Impairments

This concerns an impairment loss of € 4.9 million with respect to the investment in a non-strategic equity participation of the geosynthetics activities within the segment Geosynthetics & Grass .

### Share capital and share premium

- **Issuance of ordinary shares**

In May 2009, 1,100,679 shares were issued in connection with a stock dividend. As at the end of the first half year 2009 the number of outstanding shares amounted to 25,067,580 (December 2008: 23,966,901).

- **Repurchased shares**

During the first six months 2009, no repurchased shares were issued through the exercise of options. 5,776 shares were issued in connection with the unit-linked savings plan. At



the end of the second quarter the balance of repurchased shares amounted to 521,471 (December 2008: 527,247).

- **Dividend**

At the Annual General Meeting of Shareholders on 9 April 2009 the dividend was set at € 0.85 per ordinary share of € 2.50. The dividend was made payable on 8 May 2009 for 50% as a stock dividend and for the other 50% in cash or as a stock dividend. The ratio amounted of 1 new share for 33 dividend rights.

On 8 May 2009 € 4.5 million was paid in cash and 1,100,679 shares were issued in connection with stock dividend.

#### **Long-term liabilities**

The syndicated loan of € 392.4 million (as per 31 December 2008: € 400 million) which is available for drawing in various currencies, was concluded with a syndicate of banks on 16 February 2007 and was amended on 27 February 2008 from € 250 million to € 400 million and recently, due to the divestment of our 50% share in Geofabrics Australasia Pty Ltd, towards € 392.4. Of this facility € 279.2 million was drawn as at the end of the first half year 2009 (31 December 2008: € 306 million).

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%. At the end of the first half year 2009 the margin amounted 0.725% (as per 31 December 2008: 0.725%).

#### **Related parties**

During the first six months of the year, associates, other participating interests and a joint venture purchased goods from the Group amounting to € 11 million. As at the end of June, the outstanding trade receivables due to the Group from associates and other participating interests amounted to € 22.3 million and from joint ventures € 1.1 million. The Group has neither accounts payable to associates, other participating interests nor to the joint venture as per the end of June.

Almelo, 25 August 2009

Executive Board