TENCATE

CORPORATE

Press release

investor relations

TenCate continues upward trend with profit increase of 28%

Highlights of 2011

- **Growth in sales of 16% to € 1,139 million (+12% organic)**
- **Operating result (EBITA) up 21% to € 102.5 million (+27% organic)**
- **EBITA margin in 2011: 9.0% (2010: 8.6%)**
- **Net profit up 28% to € 58.7 million**
- **Advanced Textiles & Composites: strong growth in sales and substantial increase in operating result**
- **Geosynthetics & Grass: growth in sales and non-recurring decline in operating result**
- **Dividend proposal: € 0.95 per share (+27%), in cash or as a stock dividend at shareholder's discretion (2010: € 0.75 per share, stock dividend option)**

Loek de Vries, president and CEO: 'In 2011 TenCate continued the upward trend that started in 2010, as a result of which sales and profit once again rose sharply to record levels. Sales and net profit amounted to € 1,139 million (+16%) and € 59 million (+28%) respectively.

The Advanced Textiles & Composites sector recorded a very strong performance, in part as a result of the excellent positioning of the protective fabrics portfolio (including TenCate Defender™ M and TenCate Tecasafe® Plus) and through growth mainly in the sales of aerospace composites.
This growth in sales was accompanied by a rise in the EBITA margin of this sector to 13%.

The Geosynthetics & Grass sector saw a rise in sales of 12%, although the development in results was disappointing.
TenCate Geosynthetics put in an excellent performance worldwide with innovative products and large-scale TenCate Geotube® projects.
The results of the Grass group came under pressure, in part as a result of the ending of an important supply contract. Because of economic conditions TenCate will refine its strategy in respect of synthetic turf activities. This will be implemented at an accelerated pace to achieve further cost reductions and to serve the market more effectively.

Most core activities enjoyed a successful year, in which the global growth of "performance materials" was clearly manifested. This has created positive expectations for the future.
These expectations are in part based on the leading market themes of safety and protection as well as infrastructure and the environment. These themes will ensure growth in the longer term. Developments that will accelerate growth for the next few years relate to the TenCate ABDS™ active blast countermeasure system

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(vehicle armour), automotive composites, 3D weaving technology (synthetic turf) and inkjet technology (protective fabrics). This will enable the cornerstones of product differentiation and technological innovation from the business model operated by TenCate (value chain management model) to be further developed'.

2011 Full-year figures
Sales for 2011 amounted to € 1,139 million (2010: € 985 million). In organic terms sales increased by 12% (currency effect -3%; effect of acquisitions / divestments +7%).

Organic growth occurred principally at the Advanced Textiles & Composites sector. The TenCate Protective Fabrics market group recorded an excellent performance. The Space & Aerospace Composites and Advanced Armour market groups also developed strongly. The consequent increase in the results is in part attributable to a substantially higher result at the composites production facility in the Netherlands. This development is principally due to the increased production of new Airbus aircraft (A380 / A350 XWB).

The Geosynthetics & Grass sector showed a mixed picture. TenCate Geosynthetics developed favourably, but the sales of the Grass group came under pressure.

EBITA rose in 2011 by 21% to € 102.5 million (organic +27%; currency effect -6%).

The good performance within the Advanced Textiles & Composites sector resulted in substantial growth in EBITA. As a result of the trend in sales within the Grass group, there was pressure of a passing nature on the operating result of the Geosynthetics & Grass sector.

The net profit for 2011 rose by 28% to € 58.7 million (2010: € 46.0 million). Net earnings per share amounted to € 2.31 (2010: € 1.84).

General performance in the second half of 2011

(x € mln)	H2 2011	H2 2010	2011	2010
Net sales	**546.4**	529.9	**1,138.8**	984.5
EBITA	**46.4**	46.8	**102.5**	85.0
EBITA margin	**8.5%**	8.8%	**9.0%**	8.6%

Sales for the second half of 2011 amounted to € 546 million (+3%). The organic change in revenue in the second half of the year amounted to -2%. The currency effect was -2%.

The Advanced Textiles & Composites sector and the Geosynthetics & Grass sector recorded an organic change in revenue of -5% and -1% respectively in the second half of the year.

In order to judge the TenCate results in the second half of the year, it is important to consider the breakdown of sales of TenCate Defender™ M. As a result of catch-

up demand, sales of TenCate Defender™ M were at a high level, in particular in the fourth quarter of 2010 and the first half of 2011.
In the fourth quarter of 2011 US troops withdrew from Iraq (at an accelerated rate). In the last quarter sales to the US Army were clearly below the level of the fourth quarter of 2010.

There was a strong trend in sales in armour composites resulting from the delivery of various project-related orders, particularly in Europe.

TenCate Geosynthetics continued its good performance in the second half of the year.
In the second half of the year market demand for synthetic turf unexpectedly declined, and consequently the Grass group was unable to continue the improvement in the result that had started in 2010. There was also increasing price pressure in end markets.

The operating result before the amortization of intangible assets (EBITA) remained virtually unchanged at € 46.4 million in the second half of the year. The organic decline amounted to -2%. The currency effect was -2%. The EBITA margin in the second half of 2011 amounted to 8.5%.

The Advanced Textiles & Composites sector and the Geosynthetics & Grass sector recorded an organic change in EBITA of +2% and 0% respectively in the second half of 2011.

Net profit for the second half of 2011 amounted to € 25.6 million (2010: € 26.4 million).

Other financial information
In 2011 also investment policy remained cautious. The total of investments in fixed assets amounted to € 25.7 million (2010: € 21.3 million), € 4.4 million of which were intangible, principally through activated development costs.

The net interest-bearing debt amounted to € 288.7 million at the end of 2011 (2010: € 240.7 million). In addition to acquisition effects, a major reason for the rise related to the increase in working capital. This was mainly due to further growth in sales at the Advanced Textiles & Composites sector.

The debt ratio at the end of 2011 (debt / EBITDA ratio) remained virtually unchanged at 2.12 (2010: 2.09).
The net financing expenses rose by € 1.3 million to € 11.3 million, principally as result of an average higher debt as well as through higher interest on loans.

Dividend proposal
The dividend policy is based on a pay-out ratio of approximately 40% of net profit. It is proposed to set the dividend for 2011 at € 0.95 per € 2.50 par value share, payable at shareholder's discretion either in cash or in shares charged to the share premium reserve.

Current performance and outlook for 2012
TenCate operates predominantly in growth markets. Although the tight budgetary conditions experienced by governments will persist in 2012, the positive market trends for TenCate are expected to remain intact and to continue.

There was a very strong first half in 2011. The reason for this was to be found principally in the catch-up demand by the US Army for TenCate Defender™ M products. The sales of TenCate Defender™ M will end up at a lower level in 2012 as a result of the gradual withdrawal of US troops from Afghanistan.
It is expected that compensation will be found in new projects within the US Army and that there will be sustained growth in sales in markets outside the US. During 2011 a large number of new wear trials were started by armies outside the US. The positive developments in complementary markets (security services, industry) of both TenCate Defender™ M and TenCate Tecasafe™ Plus will also contribute to further growth.

The growth in sales of composite materials for the aircraft industry and aerospace may well continue. This market is mainly based on long-term contracts.

The geosynthetics activities are also expected to record continuing growth, with further development of the market in emerging countries (BRIC countries) being pursued.
The Grass group will take further organizational measures to achieve an improvement in its results in the short term.

The greater commercial focus at Xennia Technology should result in an improvement in the results.

No significant contribution is as yet expected from the TenCate ABDS™ active blast countermeasure system for the current financial year. The application of such a system in vehicle programmes requires a certain period of technical and logistical preparation. In the defence market there is great interest in this system.

As a result of the more even breakdown of sales of TenCate Defender™ M products, 2012 is expected to present a different picture from 2011. The performance in the first half of 2012 will therefore not be comparable with that seen in 2011.

Partly in view of a number of long-term contracts and larger projects that have already started or are in its portfolio, TenCate expects to record a result for 2012 as a whole that at least matches the level of 2011, barring unforeseen circumstances.

Performance by sector

Advanced Textiles & Composites Sector

(x € mln)	**H2 2011**	H2 2010	**2011**	2010
Net sales	**248.9**	255.4	**538.4**	448.4
EBITA	**29.1**	27.7	**70.3**	43.8
EBITA margin	**11.7%**	10.8%	**13.1%**	9.8%

Sales for 2011 rose in organic terms by 21% to € 538.4 million (currency effect -4%; effect of acquisitions / divestments +3%). EBITA rose in organic terms in 2011 by 65% (currency effect -7%; effect of acquisitions / divestments +3%). In 2011 there were record sales of TenCate Defender™ M products. Sales in the industrial markets for safety fabrics also increased sharply, both in the US and in Europe. This trend also resulted in a considerable improvement in the result at the Dutch production facility. In Asia there is also great interest in TenCate safety fabrics, such as TenCate Tecasafe™ Plus.

The market for space and aerospace composites developed favourably. The sales of TenCate Cetex®, the thermoplastic composite material that is used in the new generation of aircraft from Airbus, Boeing and others, developed strongly.
A number of new opportunities also presented themselves in complementary markets, such as the automotive market.

There was a slight growth in sales in the field of armour materials. In the fourth quarter a number of projects were completed. There is increasing strategic focus on armour systems for vehicles. In the second half of the year the plant in France for aerospace armour systems became operational and the first deliveries took place as part of the Eurocopter programme.

At the end of 2011 the shares of ABDS ApS were acquired. As a result the international contacts of TenCate in the market for vehicle armour can be used to maximum effect to launch the TenCate ABDS™ active blast countermeasure system. The acquisition was completed and the required government approvals obtained in early 2012.

Geosynthetics & Grass Sector

(x € mln)	**H2 2011**	H2 2010	**2011**	2010
Net sales	**258.3**	242.6	**525.9**	**469.3**
EBITA	**12.4**	12.6	**26.3**	**31.4**
EBITA margin	**4.8%**	5.2%	**5.0%**	**6.7%**

Sales in 2011 rose in organic terms by 2% to € 525.9 million (currency effect -3%; effect of acquisitions / divestments +13%). On the one hand, sales rose at the TenCate Geosynthetics market group worldwide (+16% organic), on the other hand, there was a decline in the sales of synthetic turf yarns (-16% organic).

The EBITA for 2011 declined on an organic basis by 7% to € 26.3 million. The currency effect and the effect of acquisitions / divestments amounted to -7% and -2% respectively.

TenCate Geosynthetics put in a strong performance. Throughout the world TenCate is more and more often involved in larger infrastructure and environmental projects. A new development that is enjoying great interest is the detection of subsidence and underground leaks, to which TenCate, with TenCate GeoDetect®, is responding. In such system solutions TenCate works closely with environmental consultancy firms, construction companies and dredging companies.

TenCate Grass has not been able to fully compensate for the initial loss of volume resulting from the ending of the relationship with a major customer in 2011. In the synthetic turf market both the number of installations and the price of sports pitches also came under pressure in the course of 2011.

A number of new high quality US and European market players affiliated themselves with TenCate during the year, which constitutes a further strengthening of the downstream activities. The formation of a geographically strongly represented downstream activity is expected to be completed in the course of 2012.

Technologies Sector / Technical Components Sector / Holding & Services

(x € mln)	**H2 2011**	H2 2010	**2011**	2010
Net sales	**39.2**	**31.9**	**74.5**	**66.8**
EBITA	**4.9**	**6.5**	**5.9**	**9.8**

Revenues came mainly from TenCate Enbi and Xennia Technology. TenCate Enbi showed a slight decline in sales, in particular as a result of the lower volume of sales of one of its larger customers. The facility in China (Zhuhai) is obtaining a growing number of qualifications for components for Asian producers of printers and copiers. As a result of the earthquake in Japan, which forced Japanese producers to transfer their production elsewhere, TenCate Enbi in Zhuhai also received orders from new Japanese producers.

The British company Xennia Technology Ltd (79%) is specialized in the development of industrial production processes based on inkjet technology. Xennia combines technology (hardware solutions) with operating systems (software) and self-developed ink formulae to create industrial production systems.

Progress was made in developing the ceramics market in 2011. This market generated a significant share of the revenues in 2011. The largest sales area is China, which uses the technology for the printing of ceramic tiles for interior use. The ceramics industry applies the inkjet technology so as to achieve not only product improvements but also substantial cost savings by digitalizing the process. TenCate sees new opportunities in this technology for digitalizing coating processes. In 2012 the production of protective fabrics in the Netherlands using this technology will start up.

The decline in EBITA was due to a slight decrease in the result at both TenCate Enbi and Xennia Technology and by a lower EBITA at holding level as a result of non-recurring benefits in the fourth quarter of 2010.

Although there was considerable growth in sales at Xennia Technology, the results still lagged behind, partly due to relatively high development and patent costs.

Royal Ten Cate
Almelo, Wednesday 29 February 2012

The press conference relating to the 2011 full-year figures will be held on **Wednesday, 29 February 2012 between 10.30 and 11.30 am** in the **Hilton Hotel**, Apollolaan 138, Amsterdam. Please register for the Dutch audio webcast at www.tencate.com.

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

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

KEY FIGURES

in millions of euros	2011	2010		1st half year 2011	1st half year 2010	2nd half year 2011	2nd half year 2010
Consolidated profit & loss account							
Revenues	1,138.8	984.5	16%	592.4	454.6	546.4	529.9
Operating result before depreciation and amortisation (EBITDA)	137.5	119.5	15%	73.3	55.4	64.2	64.1
Operating result before amortisation (EBITA)	102.5	85.0	21%	56.1	38.2	46.4	46.8
Operating result before amortisation as % of revenues	9.0%	8.6%	5%	9.5%	8.4%	8.5%	8.8%
Operating result (EBIT)	89.6	74.6	20%	50.1	33.1	39.5	41.5
Net profit	58.7	46.0	28%	33.1	19.6	25.6	26.4
Consolidated balance sheet							
Net capital employed at period-end	808.8	715.4	13%	795.3	708.8	808.8	715.4
Net interest-bearing debt at period-end	288.7	240.7	20%	318.8	238.0	288.7	240.7
Consolidated cash flow balance							
Cash flow from operating activities	49.3	29.1		-28.7	16.8	78.0	12.3
Investment / divestments of tangible and intangible fixed assets	-22.3	-20.4		-13.2	-8.3	-9.1	-12.1
Free cash flow	27.0	8.7		-41.9	8.5	68.9	0.2
Net acquisition / disposal of operating companies and associated companies	-34.8	-24.7		-34.4	-16.7	-0.4	-8.0
Number of outstanding shares (x 1,000)							
Number of outstanding shares at period-end	25.929	25.502	2%				
Average number of outstanding shares (before dilution)	25.452	25.026	2%				
Average number of outstanding shares (after dilution)	25.736	25.216	2%				
Per-share data							
Net profit	2.31	1.84	26%	1.30	0.78	1.01	1.06
Diluted net profit	2.28	1.82	25%	1.28	0.78	1.00	1.04
Employees							
Number of staff at period-end *)	4.353	4.271	2%	4.526	4.237	4.353	4.271
- of which in the Netherlands *)	819	785	4%	847	803	819	785

*) excluding contracted staff

KEY FIGURES PER SEGMENT

in millions of euros	2011	2010		1st half year 2011	1st half year 2010	2nd half year 2011	2nd half year 2010
Advanced Textiles & Composites							
Revenues	538.4	448.4	20%	289.5	193.0	248.9	255.4
EBITA	70.3	43.8	61%	41.2	16.1	29.1	27.7
EBITA margin	13.1%	9.8%	34%	14.2%	8.3%	11.7%	10.8%
Capital expenditures	8.3	4.5	84%	2.4	1.7	5.9	2.8
Depreciation	9.7	10.0	-3%	4.8	5.0	4.9	5.0
Amortisation	5.6	5.2	8%	2.9	2.6	2.7	2.6
Net capital employed	314.3	281.7	12%	302.7	260.2	313.4	281.7
Number of staff at period-end *)	1.582	1.519	4%	1.578	1.425	1.582	1.519
Geosynthetics & Grass							
Revenues	525.9	469.3	12%	267.6	226.7	258.3	242.6
EBITA	26.3	31.4	-16%	13.9	18.8	12.4	12.6
EBITA margin	5.0%	6.7%	-25%	5.2%	8.3%	4.8%	5.2%
Capital expenditures	12.2	9.9	23%	8.6	4.3	3.6	5.6
Depreciation	23.4	22.5	4%	11.5	11.1	11.9	11.4
Amortisation	5.5	3.7	49%	2.2	1.7	3.3	2.0
Net capital employed	429.5	380.8	13%	429.1	403.6	429.8	380.8
Number of staff at period-end *)	2.160	2.128	2%	2.325	2.203	2.160	2.128
Other							
Revenues	74.5	66.8	12%	35.3	34.9	39.2	31.9
EBITA	5.9	9.8	-40%	1.0	3.3	4.9	6.5
Capital expenditures	5.2	6.9	-25%	2.3	3.1	2.9	3.8
Depreciation	1.9	2.0	-5%	0.9	1.1	1.0	0.9
Amortisation	1.8	1.5	20%	0.9	0.8	0.9	0.7
Number of staff at period-end *)	611	624	-2%	623	609	611	624

*) excluding contracted staff

CONDENSED CONSOLIDATED PROFIT & LOSS ACCOUNT

in millions of euros	2011	2010	1st half year 2011	1st half year 2010	2nd half year 2011	2nd half year 2010
Revenues	1,138.8	984.5	592.4	454.6	546.4	529.9
Changes in inventories of finished products and work in progress	-17.1	-17.8	-9.3	-15.5	-7.8	-2.3
Raw materials and manufacturing supplies	586.3	501.1	299.8	238.7	286.5	262.4
Work contracted out and other external expenses	99.5	73.9	58.0	27.9	41.5	46.0
Personnel costs	205.2	188.0	105.0	90.5	100.2	97.5
Depreciation	35.0	34.5	17.2	17.2	17.8	17.3
Amortisation	12.9	10.4	6.0	5.1	6.9	5.3
Other operating costs	127.4	119.8	65.6	57.6	61.8	62.2
Total operating expenses	1.049.2	909.9	542.3	421.5	506.9	488.4
Operating result (EBIT)	**89.6**	**74.6**	**50.1**	**33.1**	**39.5**	**41.5**
Net finance costs	-11.3	-10.0	-5.7	-5.4	-5.6	-4.6
Pre-tax income	78.3	64.6	44.4	27.7	33.9	36.9
Profit tax	-18.7	-17.9	-11.1	-8.2	-7.6	-9.7
Net income associates	-1.3	-1.3	-0.1	-0.4	-1.2	-0.9
Result after tax	**58.3**	**45.4**	**33.2**	**19.1**	**25.1**	**26.3**
Profit for the period attributable to:						
Shareholders of parent company (net profit)	58.7	46.0	33.1	19.6	25.6	26.4
Minority interests	-0.4	-0.6	0.1	-0.5	-0.5	-0.1
Result after tax	**58.3**	**45.4**	**33.2**	**19.1**	**25.1**	**26.3**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in millions of euros	2011	2010	1st half year 2011	1st half year 2010	2nd half year 2011	2nd half year 2010
Result after tax	**58.3**	**45.4**	**33.2**	**19.1**	**25.1**	**26.3**
Other comprehensive income, net of profit tax						
Foreign currency translation differences for foreign operations	3.8	19.0	-23.9	38.2	27.7	-19.2
Result hedge accounting	-0.9	-3.4	0.7	-4.5	-1.6	1.1
Actuarial results pensions *)	-14.1	-3.8	7.0	-1.9	-21.1	-1.9
Other comprehensive income, net of profit tax	**-11.2**	**11.8**	**-16.2**	**31.8**	**5.0**	**-20.0**
Total comprehensive income	**47.1**	**57.2**	**17.0**	**50.9**	**30.1**	**6.3**
Total comprehensive income attributable to:						
Shareholders of parent company	47.4	57.4	17.3	50.8	30.1	6.6
Minority interests	-0.3	-0.2	-0.3	0.1	-	-0.3
Total comprehensive income	**47.1**	**57.2**	**17.0**	**50.9**	**30.1**	**6.3**

*) Changed for comparison reasons

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in millions of euros	31-12-2011		31-12-2010	
Fixed assets				
Goodwill	212.0		192.6	
Other intangible fixed assets	61.0		50.2	
Tangible fixed assets	221.9		214.2	
Investments in associated companies	4.6		5.2	
Financial fixed assets	11.1		10.1	
Deferred profit tax receivables *)	21.1		18.9	
Total fixed assets		531.7		491.2
Current assets				
Inventories	267.9		216.9	
Receivables				
- Trade debtors	152.4		151.0	
- Profit tax receivables	6.5		0.7	
- Other receivables	22.2		18.1	
Cash and cash equivalents	22.7		11.6	
Total current assets		471.7		398.3
Total assets		1,003.4		889.5
Equity				
Share capital	64.8		63.8	
Share premium reserve	44.8		45.8	
Reserve for translation differences	7.0		3.3	
Hedging reserve	-4.5		-3.6	
Reserve for own shares	-15.6		-10.4	
Other reserves and Undistributed result *)	369.3		339.6	
Total shareholders' equity	465.8		438.5	
Minority interests	3.7		3.8	
Group equity		469.5		442.3
Long-term liabilities				
Long-term debts	275.1		195.2	
Pension liabilities *)	22.6		10.5	
Provisions	15.0		10.2	
Deferred profit tax liabilities	8.0		4.2	
Total long-term liabilities		320.7		220.1
Short-term liabilities				
Cash loans, overdrafts	35.4		55.7	
Repayment of long-term debts	0.9		1.4	
Trade creditors and other payables	169.1		159.3	
Provisions	5.0		7.1	
Profit tax liabilities	2.8		3.6	
Total short-term liabilities		213.2		227.1
Total liabilities		533.9		447.2
Total group equity and liabilities		1,003.4		889.5

*) Changed for comparison reasons

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CONSOLIDATED OVERVIEW OF CHANGES IN SHAREHOLDERS EQUITY

in millions of euros	**2011**	**2010**
As at January 1st		380.8
Change of accounting policy		10.4
As at January 1st adjusted	438.5	391.2
Result for the year	58.7	46.0
Actuarial results pensions	-14.1	-3.8
Exchange rate differences	3.7	18.6
Result hedge accounting, after tax	-0.9	-3.4
Total result	47.4	57.4
Cash dividend	-6.3	-5.9
Share based payments transactions settled in equity instruments	1.9	1.4
Purchase of own shares	-7.6	-
Deliverance of own shares re share savings & option scheme	2.4	1.3
Acquisition of non-controlling interest without a change of control	-10.5	-6.9
Total other changes	-20.1	-10.1
As at end of year	465.8	438.5

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CONSOLIDATED CASH FLOW STATEMENT

in millions of euros

	2011		2010	
Cash flow from operating activities				
Result after tax	58.3		45.4	
Adjustments:				
Depreciation	35.0		34.5	
Amortisation	12.9		10.4	
Net finance costs excluding exchange differences	11.1		10.4	
Profit tax	18.7		17.9	
Net result from associated companies	1.3		1.3	
Result from sale of tangible fixed assets	-0.9		-0.1	
Costs of option scheme	1.9		1.4	
Other	-2.1		-	
Change in provisions and pension liabilities	-7.8		-6.6	
Total cash flow from operating activities before change in working capital		**128,4**		**114.6**
Changes in working capital:				
Inventories	-37.9		-43.3	
Receivables	9.9		-36.0	
Short-term liabilities	-18.4		19.8	
Total changes in working capital		**-46.4**		**-59.5**
		82.0		55.1
Interest paid		-11.2		-8.3
Profit tax paid		-21.5		-17.7
Total cash flow from operating activities		**49.3**		**29.1**
Cash flow from investing activities				
Income from sale of tangible fixed assets	3.4		0.9	
Interest received	-		0.1	
Acquisitions of operating companies less cash acquired	-29.3		-24.0	
Investments in intangible fixed assets	-4.4		-5.1	
Investments in tangible fixed assets	-21.3		-16.2	
Investments in associated companies	-5.5		-0.2	
Investments in other companies	-		-0.5	
Increase in long-term receivables	-0.7		-2.1	
Total cash flow from investing activities		**-57.8**		**-47.1**
Total cash flow from operating and investing activities		-8.5		-18.0

Cash flow from financing activities

Issue of repurchased shares	2.4		1.3	
Paid for repurchased shares	-7.6		-	
Repayment of long-term debt	-15.0		-221.6	
Drawing of long-term debt	69.5		203.8	
Dividend payment to shareholders	-6.3		-5.9	
Total cash flow from financing activities		**43.0**		**-22.4**
Change in cash & cash equivalents		**34.5**		**-40.4**
Cash & cash equivalents at the beginning of the period		-44.1		-1.9
Currency differences in cash		-3.1		-1.8
Cash & cash equivalents at the end of the period		**-12.7**		**-44.1**

EXPLANATORY NOTES ON THE CONDENSED CONSOLIDATED ANNUAL REPORT

General information

The condensed consolidated annual report of Royal Ten Cate (the Company) for the first to the fourth quarter of 2011 inclusive relates to the Company and its operating companies (referred to collectively as the 'Group') and the Group's interests in associated companies (non-consolidated), other participating interests (non-consolidated) and proportionately 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 2010 consolidated financial statements.
This condensed annual report was prepared by the Executive Board and released for publication by the Supervisory Board on 29 February 2012.

The financial statements for 2011 were audited and will be approved by KPMG Accountants. They will be presented to the Annual General Meeting of Shareholders for adoption on 19 April 2012.

Accounting policies and determination of earnings
Change of accounting policy pensions

With effect from 2011 the actuarial gains and losses arising in the computation of the Group's pension obligations will be directly credited or debited to group equity (OCI method). These results were formerly not processed as long as they amounted to less than 10% of the highest cash value of the gross obligation under the defined pension entitlements, or of the fair value of the fund investments ('Corridor' method). This change was implemented in order better to express the changes in the pension provisions in the financial statements and it anticipates the change in future IFRS standards. The change was implemented with retrospective effect from 1 January 2010.

The reform of the system has had no material effect on the result in 2010 and 2011 and no effect on earnings per share. The effect of the reform of the system on the balance sheet at the end of 2010 and 2011 is as follows:

	1 januari 2010		31 december 2010		31 december 2011	
	Before change of accounting policy	After change of accounting policy	Before change of accounting policy	After change of accounting policy	Before change of accounting policy	After change of accounting policy
Group equity	384,9	395,3	435,7	442,3	477,0	469,5
Pension obligations	21,0	8,4	18,5	10,5	13,4	22,6
Deferred profit tax assets	19,8	17,6	20,3	18,9	19,4	21,1

The accounting policies and determination of earnings and computation methods are applied as included on pages 95 to 110 of the financial statements for 2010.

Estimates

The preparation of the condensed consolidated annual 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 condensed consolidated annual report, the significant judgements made by the management in applying the Group's policies for financial reporting and the key sources of estimation are the same as those applied in the preparation of the consolidated 2010 financial statements.

Segment Information
The Group has three segments, as described below. The sectors 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 fabrics for professional wear, outdoor fabrics, composites for personal and vehicle protection and composites for technological applications in space and 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 inkjet technology and related components for industrial applications, as well as country holdings and service companies and eliminations.

Acquisitions
On 25 February 2011 the Group acquired control of the GreenFields Group (hereafter 'GreenFields'). The Group now holds 90% of the shares in GreenFields, which represents an increase of 58% compared with 31 December 2010. The other shareholder in GreenFields has the right to acquire an additional 5% holding provided certain profitability requirements are met.
GreenFields develops and markets synthetic turf systems directly and through partners, principally for sports applications. Thanks to a well developed international network and good quality support, GreenFields as FIFA Preferred Producer is responsible for a relevant share of the FIFA-related market.
This acquisition has been included in the reporting of the Geosynthetics & Grass sector.

On 18 March 2011 the Group completed the acquisition of the assets of Emas Kiara Industries Berhad (Rawang, Malaysia). Emas Kiara Industries is a full-line producer and supplier of a wide range of geosynthetic products and solutions, with its primary focus on the Asian markets. The addition of the production capacity, employees and product brands of Emas Kiara will strengthen the position of TenCate Geosynthetics in this rapidly growing region of the world. These activities concentrate on the fast-growing environmental, infrastructure and water management applications in the region.
This acquisition has been included in the reporting of the Geosynthetics & Grass sector.

On 10 May 2011 TenCate acquired the assets of Difco Performance Fabrics Inc in Montreal (Quebec, Canada). The assets that were acquired by TenCate include all the Difco brand names and other intellectual property rights that relate to the Difco product portfolio of protective fabrics. In addition, inventories and debtor positions were also acquired. As a result of this transaction, the commercial presence and production activities of TenCate in the markets for protective fabrics in the US and Canada will be expanded. This acquisition has been included in the reporting of the Advanced Textiles & Composites sector.

On 7 June 2011 the Group reached an agreement with the curator in respect of the acquisition of the tangible and intangible assets of the insolvent company Osiris Inkjet Systems B.V. in Hengelo.

On 16 November 2011 TenCate acquired control of ABDS ApS. As of 31 December 2011 TenCate holds 51% of the shares in ABDS (at the end of 2010: 10%). In December 2011 it was agreed with the remaining shareholders to acquire all the shares; this transaction was completed in early 2012. At the end of 2011 ABDS ApS was fully consolidated. ABDS ApS is engaged in the development and market preparation of the TenCate ABDS® active blast countermeasure system, a system for the protection of army vehicles against roadside bombs. The implementation of the system will take place in accordance with the plans in the course of 2012-2013.
This acquisition has been included in the reporting of the Advanced Textiles & Composites sector.

Profit tax
The tax rate decreased from 28% in 2010 to 24% in 2011. The fiscal position has improved as a result of the generating of profit in the Netherlands, a more even spread of profit across the countries and benefiting from non-recurring tax advantages, in particular investment advantages in Asia.

Share capital and share premium

Issuance of ordinary shares
In May 2011, 427,007 shares were issued in connection with a stock dividend. As of 31 December 2011 the number of outstanding shares amounted to 25,928,914 (31 December 2010: 25,501,907).

Repurchased shares
In 2011, 308,820 shares were repurchased. There were 121,755 repurchased shares issued through the exercise of options, the investment plan, a director's remuneration and exchange of K-shares. At the end of the year the balance of the repurchased shares was 620,321 (2010: 433,256).

Long-term liabilities
As of 31 December 2011 the syndicated loan facility amounted to €450.0 million (2010: € 450.0 million) Of this facility €267.4 million was drawn on 31 December 2011 (2010: €188.8 million). The term of the loan runs until 8 December 2015.
The interest percentage to be paid is linked to the net debt / EBITDA ratio, which is

calculated each quarter over the twelve preceding months. The actual ratio at the end of December 2011 was 2.12, remaining comfortably within the bank covenant limit.

Related parties

During the 2011 financial year, associated companies, other (non-consolidated) participating interests and joint ventures purchased goods from the Group for an amount of €14.8 million (2010: €19.2 million). As of 31 December 2011 the outstanding trade receivables due to the Group from associated companies amounted to €1.5 million (2010: €3.9 million) and from joint ventures €2.2 million (2010: €0.2 million). The Group has €0.1 million in outstanding trade accounts payable to associated companies and joint ventures (2010: €0.1 million).

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

Almelo, 29 February 2012
Executive Board