

**VELCRO®**

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**THOMSON  
FINANCIAL**

**THIRD QUARTER INTERIM REPORT**

**NINE MONTHS ENDED**

**JUNE 30, 2003**

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**VELCRO  
INDUSTRIES N.V.**

## REPORT TO SHAREHOLDERS:

Sales for the first nine months of fiscal year 2003 were \$195,654,000, which was an increase of 4% over 2002. Sales for the third quarter were \$67,905,000, also a 4% increase over the prior year.

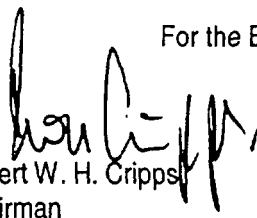
Operating earnings for the first nine months were \$24,875,000, an increase of 6% over last year. For the quarter, operating earnings were \$8,222,000, which was an 8% decrease from the third quarter of 2002.

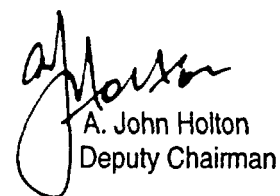
The Company has maintained modest sales growth, despite increased competitive pressures and widespread economic uncertainties. The decline in operating earnings during the third quarter reflects these difficult business conditions, and unfavorable currency fluctuations. The Company continues to pursue profitable growth opportunities, through new product introductions, new applications and increased market penetration.

For the nine months, investment income was \$2,020,000 compared to \$2,444,000 of investment income for the first nine months of last year. Investment income for the third quarter was \$901,000, up from \$575,000 last year.

The above factors resulted in net earnings of \$17,396,000 (\$.58 per share) for the nine months and \$5,654,000 (\$.19 per share) for the third quarter. These earnings were 13% higher than the first nine months of 2002 and 3% higher for the third quarter.

For the Board of Directors

  
Robert W. H. Cripps  
Chairman

  
A. John Holton  
Deputy Chairman

August 8, 2003

## VELCRO INDUSTRIES N.V. and Subsidiary Companies UNAUDITED CONSOLIDATED CONDENSED BALANCE SHEET At June 30, 2003

	June 30, 2003 US\$'000	Sept. 30, 2002 US\$'000
Current Assets	99,471	94,929
Current Liabilities	(48,535)	(49,140)
Net Current Assets	50,936	45,789
Non Current Assets	240,522	222,745
Long-term Liabilities	(27,137)	(32,546)
NET ASSETS	<u>264,321</u>	<u>235,988</u>
Equity Accounts	271,003	242,685
Less: Treasury Shares	(7,065)	(7,065)
Parent Shareholders' Equity	263,938	235,620
Minority Interests in Subsidiary Companies	383	368
TOTAL EQUITY	<u>264,321</u>	<u>235,988</u>

The notes to the unaudited consolidated interim financial statements are an integral part hereof.

**VELCRO INDUSTRIES N.V. and Subsidiary Companies**  
**UNAUDITED CONSOLIDATED CONDENSED**  
**INCOME STATEMENT**  
**Nine Months Ended June 30, 2003**

	Quarter Ended June 30,		Nine Months Ended June 30,	
	<u>2003</u> US\$'000	<u>2002</u> US\$'000	<u>2003</u> US\$'000	<u>2002</u> US\$'000
Sales	67,905	65,581	195,654	187,341
Operating Expenses	<u>(59,683)</u>	<u>(56,666)</u>	<u>(170,779)</u>	<u>(163,909)</u>
Operating Earnings	8,222	8,915	24,875	23,432
Royalties and Other Income	81	106	278	388
Interest Expense	(357)	(407)	(1,048)	(1,703)
Interest Income	464	609	1,559	1,912
Other Investment Income	<u>437</u>	<u>(34)</u>	<u>461</u>	<u>532</u>
Earnings before Income Taxes	8,847	9,189	26,125	24,561
Income Tax Expense	<u>3,176</u>	<u>3,698</u>	<u>8,714</u>	<u>9,171</u>
Earnings after Income Taxes	5,671	5,491	17,411	15,390
Income Applicable to Minority Shareholders	<u>17</u>	<u>4</u>	<u>15</u>	<u>5</u>
<b>NET EARNINGS</b>	<u><u>5,654</u></u>	<u><u>5,487</u></u>	<u><u>17,396</u></u>	<u><u>15,385</u></u>
Average Number of Shares Outstanding during the Period	30,040,490	30,040,490	30,040,490	30,040,490
Basic and Diluted Earnings Per Share (In US\$1)	.19	.18	.58	.51
Dividends Per Share (In US\$1)	---	---	.30	.15

The notes to the unaudited consolidated interim financial statements are an integral part hereof

**VELCRO INDUSTRIES N.V. and Subsidiary Companies**  
**UNAUDITED CONSOLIDATED CONDENSED**  
**CASH FLOW STATEMENT**  
**Nine Months Ended June 30, 2003**

	Nine Months Ended June 30,	
	<u>2003</u> US\$'000	<u>2002</u> US\$'000
Cash Flow from Operating Activities	25,985	34,783
Cash Flow from Investing Activities	(10,203)	(14,713)
Cash Flow from Financing Activities	<u>(16,335)</u>	<u>(19,902)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(553)	168
Cash and Cash Equivalents at Beginning of Period	<u>15,438</u>	<u>9,963</u>
Cash and Cash Equivalents at End of Period	<u><u>14,885</u></u>	<u><u>10,131</u></u>

The notes to the unaudited consolidated interim financial statements are an integral part hereof.

**VELCRO INDUSTRIES N.V. and Subsidiary Companies**  
**UNAUDITED CONSOLIDATED CONDENSED STATEMENT**  
**OF CHANGES IN EQUITY ACCOUNTS**  
**Nine Months Ended June 30, 2003**

	Capital Stock US\$'000	Capital in Excess of Par Value US\$'000	Retained Earnings US\$'000	Revaluation Reserve US\$'000	Cumulative Translation Adjustment US\$'000	Total US\$'000
Balance at October 1, 2001	20,389	2,901	204,002	--	(5,858)	221,434
Net earnings			15,385			15,385
Effect of adopting IAS 39 as of October 1, 2001				18,210		18,210
Net decrease in fair value of marketable securities				(5,335)		(5,335)
Net gains on sales of marketable securities				(347)		(347)
Adjustments on translation of subsidiaries					3,240	3,240
Dividends paid			(4,506)			(4,506)
Balance at June 30, 2002	<u>20,389</u>	<u>2,901</u>	<u>214,881</u>	<u>12,528</u>	<u>(2,618)</u>	<u>248,081</u>

	Capital Stock US\$'000	Capital in Excess of Par Value US\$'000	Retained Earnings US\$'000	Revaluation Reserve US\$'000	Cumulative Translation Adjustment US\$'000	Total US\$'000
Balance at October 1, 2002	20,389	2,901	221,739	1,228	(3,572)	242,685
Net earnings			17,396			17,396
Net increase in fair value of marketable securities				13,290		13,290
Net gains on sales of marketable securities				(261)		(261)
Adjustments on translation of subsidiaries					6,905	6,905
Dividends paid			(9,012)			(9,012)
Balance at June 30, 2003	<u>20,389</u>	<u>2,901</u>	<u>230,123</u>	<u>14,257</u>	<u>3,333</u>	<u>271,003</u>

The notes to the unaudited consolidated interim financial statements are an integral part hereof.

**SELECTED EXPLANATORY NOTES TO THE UNAUDITED  
CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**1. Accounting Standards**

Consistent with the most recent annual financial statements for the year ended September 30, 2002, the interim financial statements have been prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Committee (IASC) and adopted by the International Accounting Standards Board.

**2. Dividends**

The dividend of \$0.30 per common share was paid on January 3, 2003 to shareholders of record as of December 4, 2002.

**3. Related Parties**

In April 2003, Cohere Limited increased its shareholding in Velcro Industries N.V. to 24,641,367 shares, which represents approximately 82% of the outstanding shares.

**4. Segment Information**

For management purposes, the Company is organized on a world-wide basis into two business segments, manufacturing and sales and investments. Business segment information is summarized as follows:

	For the Nine Months Ended June 30, 2003		
	Manufacturing & Sales US\$'000	Investments US\$'000	Consolidation US\$'000
Segment Revenue:			
External sales	195,654		195,654
Investment income		2,020	2,020
Segment Results	25,468	1,705	27,173

	For the Nine Months Ended June 30, 2002		
	Manufacturing & Sales US\$'000	Investments US\$'000	Consolidation US\$'000
Segment Revenue:			
External sales	187,341		187,341
Investment income		2,444	2,444
Segment Results	24,178	2,086	26,264

**VELCRO INDUSTRIES N.V.**  
**15 PIETERMAAI, WILLEMSTAD, CURACAO**  
**NETHERLANDS ANTILLES**



**TRANSFER AGENTS AND REGISTRAR**  
**COMPUTERSHARE TRUST COMPANY OF CANADA**  
**MONTREAL, CANADA**

**MELLON INVESTOR SERVICES, LLC**  
**RIDGEFIELD PARK, NEW JERSEY, USA**