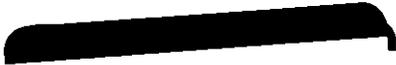


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THIRD QUARTER INTERIM REPORT

NINE MONTHS ENDED

JUNE 30, 2008

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VELCRO  
INDUSTRIES N.V.

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## REPORT TO SHAREHOLDERS:

Sales for the first nine months of fiscal year 2008 were \$224,965,000, which was a decrease of 2% from the first nine months of fiscal year 2007. Sales for the third quarter were \$79,513,000, which was a decrease of 3% from the comparable period last year.

Operating profit for the nine months was \$17,530,000, a 35% decrease from the first nine months of fiscal year 2007. For the quarter, operating profit was \$6,994,000, which was a 31% decrease from the third quarter of last year.

Sales declines during the third quarter and for the first nine months of fiscal year 2008 reflect global economic slowdowns, particularly in the automotive sector in North America. However, demand for our products remains strong, and the Company continues to pursue growth opportunities through increased market penetration and new products and applications. The declines in operating profits during the third quarter and for the first nine months of fiscal year 2008 result from economic slowdowns and other unfavorable business conditions. These unfavorable conditions include increased costs for energy, transportation and raw materials. The Company is taking measures to help mitigate the effects of these unfavorable business conditions.

As more fully explained in Note 4, on October 1, 2007, the Company commenced a cash tender offer to purchase all outstanding shares of its common stock. This tender offer expired November 5, 2007, at which time the Company repurchased 2,594,375 shares.

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### VELCRO INDUSTRIES N.V. and Subsidiary Companies UNAUDITED CONSOLIDATED CONDENSED BALANCE SHEET At June 30, 2008

Current Assets  
Current Liabilities  
Net Current Assets  
Non Current Assets  
Non Current Liabilities  
NET ASSETS

Equity Accounts  
Less: Treasury Shares  
PARENT SHAREHOLDERS' EQUITY

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

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As more fully explained in Note 5, during the third quarter of fiscal year 2008, the Company cancelled the 3,352,326 shares of its common stock held in Treasury.

Investment income totaled \$5,910,000 for the first nine months of fiscal year 2008, compared to \$7,462,000 of investment income for the first nine months of last year. Investment income for the third quarter was \$517,000 compared to \$1,756,000 for the third quarter of last year. The decrease in investment income reflects sales of marketable securities during the first quarter of fiscal year 2008, the proceeds of which were used to repurchase shares of the Company's common stock in connection with the cash tender offer, and a decline in the level of realized capital gains on sales of marketable securities during the second and third quarters of 2008.

The above factors resulted in profit for the period of \$15,484,000 (\$.56 per share) for the first nine months of fiscal year 2008 and \$4,255,000 (\$.16 per share) for the third quarter. These earnings were 34% below the first nine months of fiscal year 2007 and 47% below for the third quarter.

For the Board of Directors



Robert W. H. Cripps  
Chairman



Wil de Hollander  
President and Chief Executive Officer

August 8, 2008

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<u>June 30,</u> <u>2008</u>	<u>Sept. 30,</u> <u>2007</u>
US\$'000	US\$'000
143,582	146,786
<u>(54,836)</u>	<u>(57,824)</u>
88,746	88,962
252,796	296,435
<u>(16,951)</u>	<u>(3,872)</u>
<u>324,591</u>	<u>381,525</u>
324,591	388,590
<u>---</u>	<u>(7,065)</u>
<u>324,591</u>	<u>381,525</u>

**VELCRO INDUSTRIES N.V. and Subsidiary Companies**  
**UNAUDITED CONSOLIDATED CONDENSED INCOME STATEMENT**  
**Nine Months Ended June 30, 2008**

Sales  
Operating Expenses  
Operating Profit  
Interest Income  
Interest Expense  
Investment Income:  
    Interest Income  
    Other Investment Income  
Profit before Income Taxes  
Income Tax Expense  
Profit for the Period Attributable to the Equity Holders of the Company

Average Number of Shares Outstanding During the Period

Basic and Diluted Earnings Per Share (in US\$1)

Dividends Per Share (in US\$1)

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

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**VELCRO INDUSTRIES N.V. and Subsidiary Companies**  
**UNAUDITED CONSOLIDATED CONDENSED CASH FLOW STATEMENT**  
**Nine Months Ended June 30, 2008**

Cash Flow from Operating Activities  
Cash Flow from Investing Activities  
Cash Flow from Financing Activities  
Net Increase (Decrease) in Cash and Cash Equivalents  
Cash and Cash Equivalents at Beginning of Period  
Effect of Exchange Rate Fluctuations on Cash Held  
Cash and Cash Equivalents at End of Period

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

Quarter Ended June 30,		Nine Months Ended June 30,	
<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
US\$'000	US\$'000	US\$'000	US\$'000
79,513	81,751	224,965	229,676
<u>(72,519)</u>	<u>(71,628)</u>	<u>(207,435)</u>	<u>(202,899)</u>
6,994	10,123	17,530	26,777
112	160	510	470
<u>(293)</u>	<u>(158)</u>	<u>(678)</u>	<u>(317)</u>
339	776	3,765	4,700
<u>178</u>	<u>980</u>	<u>2,145</u>	<u>2,762</u>
7,330	11,881	23,272	34,392
<u>3,075</u>	<u>3,792</u>	<u>7,788</u>	<u>10,940</u>
<u>4,255</u>	<u>8,089</u>	<u>15,484</u>	<u>23,452</u>
27,446,115	30,040,490	27,789,257	30,040,490
.16	.27	.56	.78
---	---	.32	.32

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Nine Months Ended June 30,	
<u>2008</u>	<u>2007</u>
US\$'000	US\$'000
17,097	20,547
26,645	(11,599)
<u>(49,135)</u>	<u>325</u>
( 5,393)	9,273
42,180	20,684
<u>596</u>	<u>374</u>
<u>37,383</u>	<u>30,331</u>

**VELCRO INDUSTRIES N.V. and Subsidiary Companies**  
**UNAUDITED CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**Nine Months Ended June 30, 2008**

	Capital Stock <u>US\$'000</u>
Balance at October 1, 2006	20,389
Net increase in fair value of marketable securities	
Net gains on sales of marketable securities	
Foreign exchange translation differences	
Amounts recognized directly in equity	
Profit for the period attributable to the equity holders of the Company	
Profit for the period and amounts recognized directly in equity	
Dividends paid	
Balance at June 30, 2007	<u>20,389</u>

	Capital Stock <u>US\$'000</u>
Balance at October 1, 2007	20,389
Net decrease in fair value of marketable securities	
Net gains on sales of marketable securities	
Repurchase of shares	
Cancellation of treasury shares	(2,218)
Foreign exchange translation differences	
Amounts recognized directly in equity	<u>(2,218)</u>
Profit for the period attributable to the equity holders of the Company	
Profit for the period and amounts recognized directly in equity	<u>(2,218)</u>
Dividends paid	
Balance at June 30, 2008	<u>18,171</u>

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

Capital in Excess of Nominal Value US\$'000	Retained Earnings US\$'000	Revaluation Reserve US\$'000	Cumulative Translation Adjustment US\$'000	Treasury Stock US\$'000	Total US\$'000
2,901	300,626	18,743	10,936	(7,065)	346,530
		16,356			16,356
		(2,565)			(2,565)
			<u>3,156</u>		<u>3,156</u>
		13,791	3,156		16,947
	<u>23,452</u>				<u>23,452</u>
	23,452	13,791	3,156		40,399
	(9,613)				(9,613)
<u>2,901</u>	<u>314,465</u>	<u>32,534</u>	<u>14,092</u>	<u>(7,065)</u>	<u>377,316</u>

Capital in Excess of Nominal Value US\$'000	Retained Earnings US\$'000	Revaluation Reserve US\$'000	Cumulative Translation Adjustment US\$'000	Treasury Stock US\$'000	Total US\$'000
2,901	324,408	23,622	17,270	(7,065)	381,525
		(11,793)			(11,793)
		(2,054)			(2,054)
				(55,346)	(55,346)
(2,901)	(57,292)			62,411	0
			<u>5,558</u>		<u>5,558</u>
(2,901)	(57,292)	(13,847)	5,558	7,065	(63,635)
	<u>15,484</u>				<u>15,484</u>
(2,901)	(41,808)	(13,847)	5,558	7,065	(48,151)
	(8,783)				(8,783)
<u>0</u>	<u>273,817</u>	<u>9,775</u>	<u>22,828</u>	<u>0</u>	<u>324,591</u>

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

**1. Accounting Standards**

The interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and its interpretations as adopted by the International Accounting Standards Board, consistent with the most recent annual financial statements for the year ended September 30, 2007

**2. Dividends**

The dividend of US\$0.32 per common share was paid on February 15, 2008 to shareholders of record as of January 15, 2008.

**3. Taxes**

As noted in the 2007 Annual Report, the Canadian tax authorities issued withholding tax assessments totaling approximately US\$11.9 million for the years 1995 through 2004. The Canadian subsidiary paid these assessments and filed appeals with the Canadian tax authorities.

	For the Nine Months Ended June 30, 2008		
	<u>Manufacturing &amp; Sales</u> US\$'000	<u>Investments</u> US\$'000	<u>Consolidation</u> US\$'000
Segment Revenue:			
External sales	224,965		224,965
Investment income		5,910	5,910
Segment Results	18,241	5,709	23,950

#### 4. Repurchase of Shares

As noted in the 2007 Annual Report, on October 1, 2007, the Company commenced a cash tender offer to purchase all outstanding shares of its common stock at a purchase price of US\$21.00 per share. This offer expired on November 5, 2007. Upon expiration of this offer, 2,594,375 shares were validly tendered, all of which were repurchased by the Company for a total purchase price of approximately US\$55.3 million, which included costs directly attributable to the tender offer. Cohere Limited did not tender any shares pursuant to the offer.

#### 5. Cancellation of Treasury Shares

During the third quarter of 2008, the Company cancelled the 3,352,326 shares of its common stock which had been held in Treasury. Treasury shares included 2,594,375 shares of common stock that were repurchased in November 2007 at the conclusion of the tender offer, as well as 757,951 shares that were in Treasury, prior to the tender offer. The Company no longer holds any Treasury shares.

#### 6. 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, 2007		
<u>Manufacturing &amp; Sales</u> US\$'000	<u>Investments</u> US\$'000	<u>Consolidation</u> US\$'000
229,676		229,676
	7,462	7,462
27,496	7,213	34,709

**VELCRO INDUSTRIES N.V.**  
CASTORWEG 22-24, WILLEMSTAD, CURACAO  
NETHERLANDS ANTILLES

♦  
**TRANSFER AGENTS AND REGISTRAR**

**COMPUTERSHARE INVESTOR SERVICES INC.**  
MONTREAL, CANADA

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

**END**