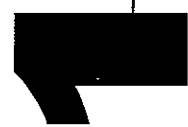




FIRST QUARTER INTERIM REPORT

THREE MONTHS ENDED

DECEMBER 31, 2008



**VELCRO
INDUSTRIES N.V.**

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

REPORT TO SHAREHOLDERS:

Sales for the first quarter of fiscal year 2009 were \$60,029,000, which was a decrease of 13% from 2008. There was an operating loss for the quarter of \$1,083,000, compared to an operating profit of \$3,871,000 for the comparable period last year. The decreases in sales and profit reflect declines in consumer spending, particularly in the North American automotive sector, and adverse global economic conditions. The Company continues to pursue growth opportunities and cost containment programs.

Investment activities for the first quarter resulted in a loss of \$21,578,000, compared to a profit of \$5,051,000 for the first quarter of 2008. These results reflect the steep stock market decline during the period, which resulted in the Company recording an additional impairment loss of \$20,754,000 on assets in the Company's investment portfolio as of December 31, 2008.


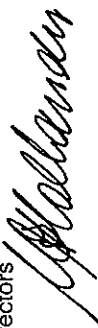
The above factors resulted in a net loss of \$24,314,000 (\$.89 per share) for the first quarter, compared to a net profit of \$6,919,000 (\$.24 per share) during the corresponding period for 2008.

As more fully explained in Note 4, on January 8, 2009, the Company commenced a cash tender offer to purchase all outstanding shares of its common stock. This tender offer expired on February 10, 2009, on which date the Company repurchased 471,272 shares.

At the Annual General Meeting of Shareholders held on February 11, 2009, all items on the Agenda in the Notice to Shareholders were approved. The following Directors were elected: Colin R. Beaven, Dominique Burnier, Edward J.S. Cripps, Robert W.H. Cripps, Wil de Hollander, Derek R Gray, A. John Holton, Rodney C. Howkins and Pauwla van Sambeek-Ronde.

The Board approved the following officers:

Robert W.H. Cripps	Chairman
A. John Holton	Deputy Chairman
Wil de Hollander	President and Chief Executive Officer
Peter A. Pelletier	Secretary and Treasurer
Pauwla van Sambeek-Ronde	Joint Secretary

	For the Board of Directors
	President and Chief Executive Officer

February 12, 2009

**VELCRO INDUSTRIES N.V. and Subsidiary Companies
UNAUDITED CONSOLIDATED CONDENSED BALANCE SHEET
At December 31, 2008**

Current Assets	Dec. 31	Sept. 30
Current Liabilities	2008	2008
Net Current Assets	US\$'000	US\$'000
Non Current Assets	127,160	143,290
Non Current Liabilities	(50,453)	(52,847)
NET ASSETS	<u>76,707</u>	<u>90,443</u>
	214,015	229,480
	(20,188)	(20,199)
	<u>270,534</u>	<u>299,724</u>
	<u>270,534</u>	<u>299,724</u>

EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS' OF THE COMPANY

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
Three Months Ended December 31, 2008

	Dec. 31 2008 <u>US\$'000</u>	Dec. 31 2007 <u>US\$'000</u>
Revenue from Sales	60,029	68,738
Operating Expenses	<u>(61,112)</u>	<u>(64,867)</u>
Operating Profit/(Loss)	81	3,871
Interest Income	(331)	250
Interest Expense	(21,578)	(163)
Results from Investment Activities	<u>(22,911)</u>	<u>5,051</u>
Profit/(Loss) before Income Taxes	1,403	9,009
Income Tax Expense	<u>(24,314)</u>	<u>2,090</u>
Profit/(Loss) for the Period Attributable to the Equity Holders of the Company	27,446,115	28,468,082
Average Number of Shares Outstanding During the Period	(89)	.24
Basic and Diluted Earnings/(Loss) Per Share (in US\$1)	.20	.32

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
Three Months Ended December 31, 2008

	Dec. 31 2008 <u>US\$'000</u>	Dec. 31 2007 <u>US\$'000</u>
Cash Flow from Operating Activities	(1,826)	2,263
Cash Flow from Investing Activities	(7,091)	53,043
Cash Flow from Financing Activities	945	<u>(52,108)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	<u>(7,972)</u>	3,198
Cash and Cash Equivalents at Beginning of Period	49,785	42,180
Effect of Exchange Rate Fluctuations on Cash Held	326	164
Cash and Cash Equivalents at End of Period	<u>42,139</u>	<u>45,542</u>

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

VELCRO INDUSTRIES N.V. and Subsidiary Companies
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Three Months Ended December 31, 2008

	Capital Stock US\$'000	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
Balance at October 1, 2007	20,389	2,901	324,408	23,622	17,270	(7,065)	381,525
Net decrease in fair value of marketable securities	---	---	---	(3,931)	---	---	(3,931)
Net gains on sales of marketable securities	---	---	---	(1,756)	---	---	(1,756)
Repurchase of shares	---	---	---	---	---	(55,293)	(55,293)
Foreign exchange translation differences	---	---	---	(5,687)	1,199	---	1,199
Amounts recognized directly in equity	---	---	6,919	(5,687)	1,199	(55,293)	(59,781)
Profit for the period attributable to the equity holders of the Company	---	---	6,919	(5,687)	1,199	(55,293)	6,919
Profit for the period and amounts recognized directly in equity	---	---	(8,783)	(5,687)	1,199	(55,293)	(52,862)
Dividends declared	---	---	---	---	---	---	(8,783)
Balance at December 31, 2007	<u>20,389</u>	<u>2,901</u>	<u>322,544</u>	<u>17,935</u>	<u>18,469</u>	<u>(62,358)</u>	<u>319,880</u>

	Capital Stock US\$'000	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
Balance at October 1, 2008	18,171	---	265,886	(1,463)	17,130	---	299,724
Net decrease in fair value of marketable securities	---	---	---	(19,348)	---	---	(19,348)
Net losses on sales of marketable securities	---	---	---	1,751	---	---	1,751
Impairment of marketable securities	---	---	---	20,754	---	---	20,754
Foreign exchange translation differences	---	---	---	---	(2,544)	---	(2,544)
Amounts recognized directly in equity	---	---	---	3,157	(2,544)	---	613
Loss for the period attributable to the equity holders of the Company	---	---	(24,314)	---	---	---	(24,314)
Loss for the period and amounts recognized directly in equity	---	---	(24,314)	3,157	(2,544)	---	(23,701)
Dividends declared	---	---	(5,489)	---	---	---	(5,489)
Balance at December 31, 2008	<u>18,171</u>	<u>---</u>	<u>236,083</u>	<u>1,694</u>	<u>14,586</u>	<u>---</u>	<u>270,534</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, 2008, 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.

2. Dividends

The dividend of US\$0.20 per common share payable on February 13, 2009 to shareholders of record as of January 13, 2009 has been recorded as a liability as of December 31, 2008.

3. Marketable Securities

As noted in the 2008 Annual Report, the Company's holdings are diversified and have a volatility similar to the overall market. As such, the Company's marketable securities would react similarly to the S&P500 index. The S&P500 index fell by twenty-two percent during the first quarter of fiscal year 2009. As a result of this decline, an impairment loss in the amount of US\$20,754,000 was recorded during the first quarter.

4. Subsequent Event

On January 8, 2009, the Company commenced a cash tender offer to purchase all outstanding shares of its common stock for cash at a purchase price of US\$21.00 per share. The tender offer expired on February 10, 2009. Upon expiration of the offer, 471,272 shares were validly tendered, all of which were repurchased by the Company. Cohere Limited did not tender any shares pursuant to the offer.

5. 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 Three Months Ended		
	December 31, 2007		
	Manufacturing & Sales US\$'000	Investments US\$'000	Consolidation US\$'000
Segment Revenue:			
External Sales	60,029	5,051	68,738
Investment Income/(Loss)	(898)	4,985	5,051
Segment Results	(898)	4,985	9,172

	For the Three Months Ended		
	December 31, 2008		
	Manufacturing & Sales US\$'000	Investments US\$'000	Consolidation US\$'000
Segment Revenue:			
External Sales	60,029	(21,578)	60,029
Investment Income/(Loss)	(898)	(21,682)	(21,578)
Segment Results	(898)	(21,682)	(22,580)