BEKAERT

better together

Annual Report 2008

Resilient the world over

Resilient the world over

'Resilient the world over' underscores Bekaert's resilience and strength. Our presence in a wide range of sectors and diverse regions. Our flexibility in changing circumstances and during temporary downturns. Our daring to invest forthwith in emerging markets. The capability to continually renew ourselves in mature markets. Our willingness to work together with our customers, *better together*, so that we all reap the benefits.

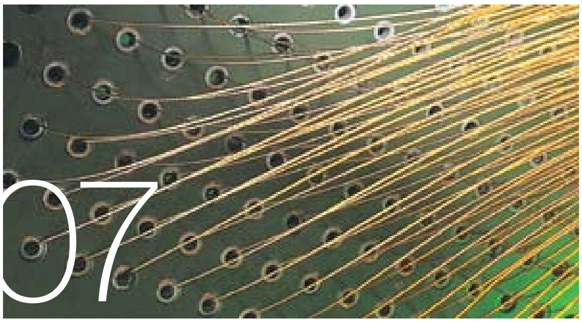
Our performance in 2008 is not the only thing that can best be described as 'resilient the world over'. *Resilience* is one of the 3 pillars of our corporate culture, along with trust and integrity. It is one of the qualities we have to thank for our 128-year corporate history. In that sense, *resilience* is also a quality attributed to our plants in over 35 countries and to every one of our 23 000 employees.

'Resilient the world over' took on an added dimension in the fourth quarter of 2008. Due to the infection of the real economy by the turmoil in the financial markets, *resilience* has grown in importance. Our challenge in 2009 is to prove that we are resilient the world over, even in an adverse worldwide climate.

Commissioned by Gates, subcontractor of Vensys windmills, Bekaert looked for the ideal reinforcement of the drive system of the rotor blades. In order to meet the stringent requirements for maneuverability, tensile strength, length stability and adhesion, we developed a high-quality steel cord. Through this, Gates was able to offer the end customer a solution which was lighter to install, maintenance-free and with guaranteed sustainable function.
Read more about this on page 81.

Table of Contents

Report of the Board of Directors



Financial review

Bert De Graeve
Chief Executive Officer

Baron Buysse CMG CBE
Chairman of the Board of Directors

Message from the Chairman and the Chief Executive Officer

Dear Reader, 2008 was a highly unusual year. Bekaert achieved record-breaking results in the first three quarters, with increases in sales the like of which had never been seen before. During the final quarter, however, the turmoil in the financial markets began to affect the real economy. The prices of raw materials sank, inventories decreased and orders dropped. So Bekaert ultimately finished the year with consolidated sales of € 2 662 million, an increase of 22.5% compared to 2007. The operating result before non-recurring items came to € 294.2 million and earnings per share were € 8.828.

Rewarding strategic options

We have reaped the rewards of our strategic efforts towards sustainable profitable growth in our sales as well as our results.

Indeed, this strategy has resulted in broad geographical coverage, with a clear emphasis on growth markets. We anticipated the past year's growth in China, Brazil and Central Europe, as well as other areas, so we were ideally positioned to capitalize on growth in these markets.

Thanks to the rapid, organic increase in volume in the growth markets, we have coped successfully with the economic slowdown in the mature markets. We even held our ground in traditional sectors such as automotive and construction. In addition, we were able to introduce a variety of new solutions and products in fast-growing market segments. By focusing on innovation, we successfully anticipated worldwide opportunities in offshore, energy, mining and green technology.

In other words, then, our strategy of sustainable profitable growth has made us resilient the world over.

Likewise, the necessary rapid translation of increased raw materials prices into our sales prices is visible in our record sales.

Clear emphasis on growth markets

Over the course of 2008, we have continued to implement, and have even accelerated, our strategy of sustainable profitable growth, thereby rapidly consolidating our presence in the growth markets. Indeed, in just the past five years we have built up steel cord capacity in China to a level which it has taken us 50 years to achieve in the rest of the world. Now, thanks to the 50/50 joint venture we have set up with our Chinese partner, Ansteel, we will be able to penetrate new growth markets in inland China as well.

We have also invested in additional production capacity in Indonesia and India, and have succeeded in selling an increasingly broader portfolio of wire products on the Asian market.

In Latin America, we managed to strategically reinforce our positions – which, until recently, had been fragmented across different companies. Along with our Ecuadorian partners we set up a holding company which, as of 1 January 2009, encompasses our stakes in companies in Ecuador, Venezuela, Colombia and Peru. This platform, in which Bekaert holds 80% of the shares, enables us to combine the common interests of our operations in the region and – from a more powerful position – achieve further growth.

In Russia, we started the construction of our own production platform in the Lipetsk Special Economic Zone, south of Moscow. Production at the plant is planned to start in 2010 and we anticipate further investments in the future. In Turkey, we acquired the remaining 50% of shares from our partner in Beksa.

The very competitive market circumstances and stagnation in Western European demand have compelled us to reconfigure our production platform in this region. In Belgium this resulted in the concentration of steel cord activities at the Aalter plant, due to the closure of the plant in Lanklaar, while activities at Waregem were gradually integrated into other production plants. Likewise, we announced the closure of the steel wire plant in Hemiksem, also in Belgium.

Ready for growth

The global reinforcement of our production platform will ensure that we are ideally positioned in the future to pick up and take advantage of growth signals.

We have made the decision to continue to invest in innovation, as well. Our investments in process innovation enable us to increase our operational performance with minimal impact on the environment. In order to stimulate our growth, we will continue to collaborate closely with our customers and partners to make targeted investments in product innovation.

View from the turning point

From the beginning of the fourth quarter of 2008, the malaise in the financial markets started to affect the real economy. Trust between market players has been eroded, investments delayed, inventories drawn down, and orders postponed. The domino effect is global and affects nearly every sector.

The current crisis is a direct result of that breakdown of trust. Borrowers, creditors, investors and shareholders have lost faith in each other and this has dealt a profound blow not just to the financial system, but to the entire economy.

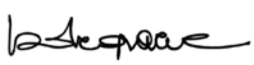
In response to these developments in the market, we were quick to take a number of measures to safeguard our strong financial position. Increased efforts were made to further reduce working capital, investment projects were spread over longer periods or postponed, and cost-saving measures were taken at every level and in every region.

This crisis also proves the importance of the values that characterize Bekaert: resilience, integrity and trust, as well as an integrated quality consciousness. They comprise the core values of our company and of our policy on sustainability.

The challenge for 2009 is to close ranks and let these values inspire all of us, throughout the whole of this fast growing organization, more than ever before. We will have to be resilient to make the switch from high-gear growth to adapting to more difficult circumstances. We will monitor the integrity of our activities and our quality assurance to the fullest, control costs and undertake the actions needed to keep our organization healthy. We will have to have faith in our customers, in our partners and in each other to achieve progress in these difficult times.

In order to meet that challenge, we are appealing to all of our stakeholders. In the past year, they have proven yet again that they believe in our competence. First and foremost, we want to thank our customers most sincerely for the close, long-term cooperation which fosters innovation. Our partners and suppliers deserve our thanks too, because they share our aspiration for top quality and operational excellence. Likewise, we are grateful to our shareholders for their faith in our strategic options. And last but not least, our thanks go to our 23 000 employees for the ambition and expertise with which they bring our strategy to life, day in and day out. We call on each and every one of them to continue, in 2009, to build the future of our company on the foundations we have laid with our values.

Because 2009 will undoubtedly be a difficult year, fundamentally different from 2008, it is up to us to prove that we are resilient the world over and that we are well prepared to continue the success of the past 128 years.



Bert De Graeve
Chief Executive Officer

Baron Buysse
Chairman of the Board of Directors

"Our strategy has proved its strength. It has made us more resilient, so that we can react appropriately to these challenging circumstances."

Milestones

Sergei B . Ivanov, Deputy Prime Minister, presents the 000 Bekaert Lipetsk certificate to Baron Buysse, Chairman of Bekaert.

Bekaert and Ansteel sign an LOI for future collaboration in China.

January

- In order to strengthen its position in Russia, Bekaert announces plans to invest in a new steel cord production plant in the Lipetsk Special Economic Zone. The more than € 97 million investment will occur in phases.

- Bekaert issues a bond loan with a five-year term at a value of € 100 million. This issue is part of refinancing of the existing credit facilities and the short-term debt instruments.

February

- Bekaert and Haci Ömer Sabanci Holding sign a letter of intent for the take-over of 50% of the shares in Beksa Celik Kord Sanayi ve Ticaret AS. Consequently, Beksa becomes wholly owned by Bekaert, who already had a 50% interest in the company. The purchase price is € 40.3 million.

March

- On 1 March 2008, Geert Roelens joins the Bekaert Group Executive Committee. He succeeds Marc Vandecasteele, retiring after over 36 years of service. Geert Roelens is responsible worldwide for directing and developing Bekaert's steel cord activities.

- In mid-March, Bekaert announces its 2007 annual results: record consolidated sales were achieved of € 2 174 million, which translates into an EBITDA of € 299 million, an 8% and 14% increase, respectively, compared to the previous year.

April

- Bekaert achieves double-digit growth in combined sales in the first quarter of 2008. The increased demand for advanced wire products, particularly in Asia and Latin America, and the immediate transfer of increased materials prices both contributed significantly to this.

May

- In May 2008, Mr. Gary J. Allen leaves the Board of Directors, having reached the official age limit. Dr Alan Begg – Senior Vice President of SKF, Sweden – takes his place as independent director.

- Bekaert and Ansteel sign a letter of intent for future collaboration. Both parties will examine opportunities for strategic partnering in order to more effectively meet the increasing demand for advanced wire products on the Chinese market.

- The official groundbreaking of the additional production facility Bekaert Binjiang Advanced Products Co, Ltd is celebrated in Jiangyin (China). With this plant Bekaert is further expanding its position in the Jiangsu province.

June

- Bekaert and Sulzer announce an agreement in connection with the take-over of Bekaert's diamond-like carbon coating activities.

- Bekaert and Ansteel decide to set up a 50/50 joint venture for the construction of a new steel cord plant in the Shuangqiao district of Chongqing, in inland China. Operations are set to begin in 2009. This will extend Bekaert's activities in China further inland.

Inauguration of the expansion of the Indonesian plant in the presence of HRH Prince Philippe.

The showroom in the Bekaert Welcome Center had a facelift.

- Bekaert reconfigures steel cord activities in Belgium. These measures include the closure of the plant in Lanklaar, affecting 136 jobs. The activities in Waregem are gradually integrated into other plants in the Bekaert group. The steel cord activities in Belgium are thus largely concentrated in Aalter.

July-August

- Bekaert exceeds expectations with the publication of its mid-year results: the intense focus on growth markets such as China and Brazil, the optimization of the company's product portfolio, and a successful transfer of the increased materials prices contributed to a combined sales growth of 18% and an increase of the result for the period attributable to the Group with 73%.

September

- The Bekaert share reaches a historic high of € 121.24 on 2 September.

- On 23 September, Bekaert Japan celebrates its 40th birthday. The office is now a high-performing sales office for Bekaert's products in the region.

- On 25 September, Bekaert organizes its first World Safety Day, with the motto '*better together* in safety and health'. With this *première* – a day when all plants around the world focus on health and safety on the shop floor – management reaffirms its commitment to this matter.

October

- In October, Bekaert announces the establishment of a holding company which will include the partner companies in the northern region of Latin America. This allows for the reinforcement of the strategic positions in the region and the merging of common interests of the related operations.

November

- Bekaert successfully completes the next phase of the expansion project in Indonesia. The official opening took place in the presence of HRH Prince Philippe, minister of Economics Vincent Van Quickenborne and the Chairman of the Board of Directors, Baron Buysse. The investment is aimed at serving customers throughout all of South-East Asia, Australia and New Zealand.

December

- Bekaert announces its plans to close the production plant in Hemiksem, dedicated to the production of steel wires for various industrial applications. This plan affects 264 employees. The competition from Central Europe and Asia, combined with structural overcapacity in low-carbon wires, weighs increasingly heavily on profitability.

- The fully renovated showroom at the Bekaert Welcome Center in Zwevegem (Belgium) is inaugurated on 8 December. Updating was needed given the dynamic change in product portfolio and the global growth in new markets.

01

Bekaert: resilient the world over

Bekaert became 'resilient the world over' thanks to a consistent strategic focus on sustainable profitable growth. Our strategy is supported by two mainstays: technological leadership on the one hand, and global market leadership on the other. Both foster and reinforce each other.

Bekaert profile

Bekaert is a global player in advanced metal transformation and advanced materials and coatings headquartered in Belgium. With 23 000 employees and customers in over 120 countries, together we achieved combined sales of € 4 billion in 2008.

Bekaert's core skills are transforming metal wire and applying coating technology. As the leading purchaser in the world, we buy more than 2.5 million tons of wire rod annually, our primary raw material. Depending on the customer's requirements, we draw wire from it in different diameters and strengths, even to ultrafine fibers of 1 micron. We group the wires into cords; weave or knit them into fabric; or process them into an end product. We are distinguished by our market-oriented innovation. Depending on the application, we give our wires or other materials, such as film and sputter targets, specific properties using highly technological coatings. We thus create added value for our customers.

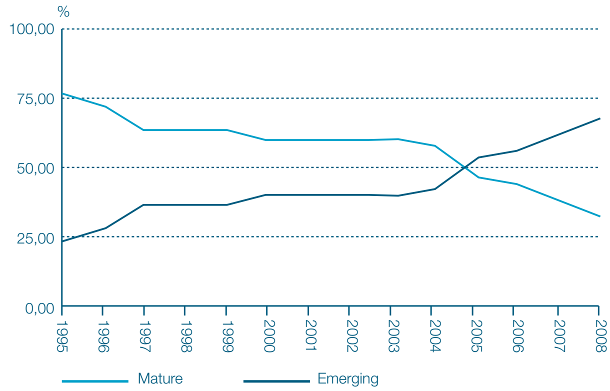
Bekaert is unique for its combination of metal transformation and coating technology, which has brought forth a wide variety of products, tailored to the client's needs.

A strategy@work

Bekaert's long-term strategy is focused on sustainable profitable growth. Year after year, we strengthen the two driving forces with which we achieve our company strategy: worldwide market leadership and technological leadership.

Our company wants to be present worldwide where there are markets for our products and systems. Over the course of the past five years, we have steadily strengthened our presence in the growth markets. Already in 2005, Bekaert achieved a greater share of combined sales in emerging markets than in Western, mature markets.

development of combined sales in emerging markets vs. mature markets



In close cooperation with partners and customers, we are conducting research and development both at the Bekaert Technology Center in Deerlijk and at Bekaert Asia R&D Centre in Jiangyin. We invest mainly in products with high added value. Innovation is an increasingly important engine of growth for our company.

Our combined aspiration to achieve global market leadership and technological leadership has resulted in sustainable profitable growth. Over the course of our 128-year existence, Bekaert has become a resilient company, more resistant to temporary downturns in certain markets or regions. The steady increase in both our sales and our profitability also enables us to invest further in the future of our company.

The Bekaert Way

The strategy of sustainable profitable growth and our *better together* philosophy are further expanded today in 'The Bekaert Way'. This determines the building blocks: the way in which the entire company, the various entities and the many employees work toward sustainable profitable growth.

Vision

Sustainable Profitable Growth

Our vision is reflected in our baseline:
better together for growth, for profitability, for sustainability.

Corporate Social Responsibility

People / Environment / Society

We want to achieve growth in a responsible manner, with respect for our employees. That is why health and safety on the work floor remain the most important *Key Performance Indicators.*

We strive to have as little impact as possible on the environment with our products and our production activities. We implement an integrated environmental policy worldwide in our operations.

Total Quality Management

Preferred Supplier / Committed Employees / Operational Excellence

We are also continuing to work in our long tradition of *Total Quality Management*. We want our customers to acknowledge us as a preferred supplier. That aspiration requires the passion and dedication of our staff around the world. Our operational excellence is the binding agent between our employees' top performance and our satisfied customers.

Way of working

Customer Focus / Innovation / Result Driven / Self Management / Talent Focus

All of this requires a structured approach to work. And it also requires that all employees have specific skills: customer focus; focus on innovation, the key to our long-term success; being result-driven; self-management and a focus on talent.

Because Bekaert's ambitions will only reach as far as our talents dare to aspire.

Values

Resilience / Trust / Integrity

Our 3 basic values grow in importance as we continue aggressive growth and have more and more employees from the most diverse countries and cultures.

- Resilience is synonymous with versatility, flexibility and adaptability: qualities that have allowed us to build on 128 years of success.
- Confidence – that of our co-workers, our shareholders, our society – we have to earn it every day anew.
- And the integrity of the professional, of the team player who is loyal to Bekaert, is an essential building block of our success.

The three values are not only a basis, but also a guideline for the way in which decisions and choices are made at Bekaert.

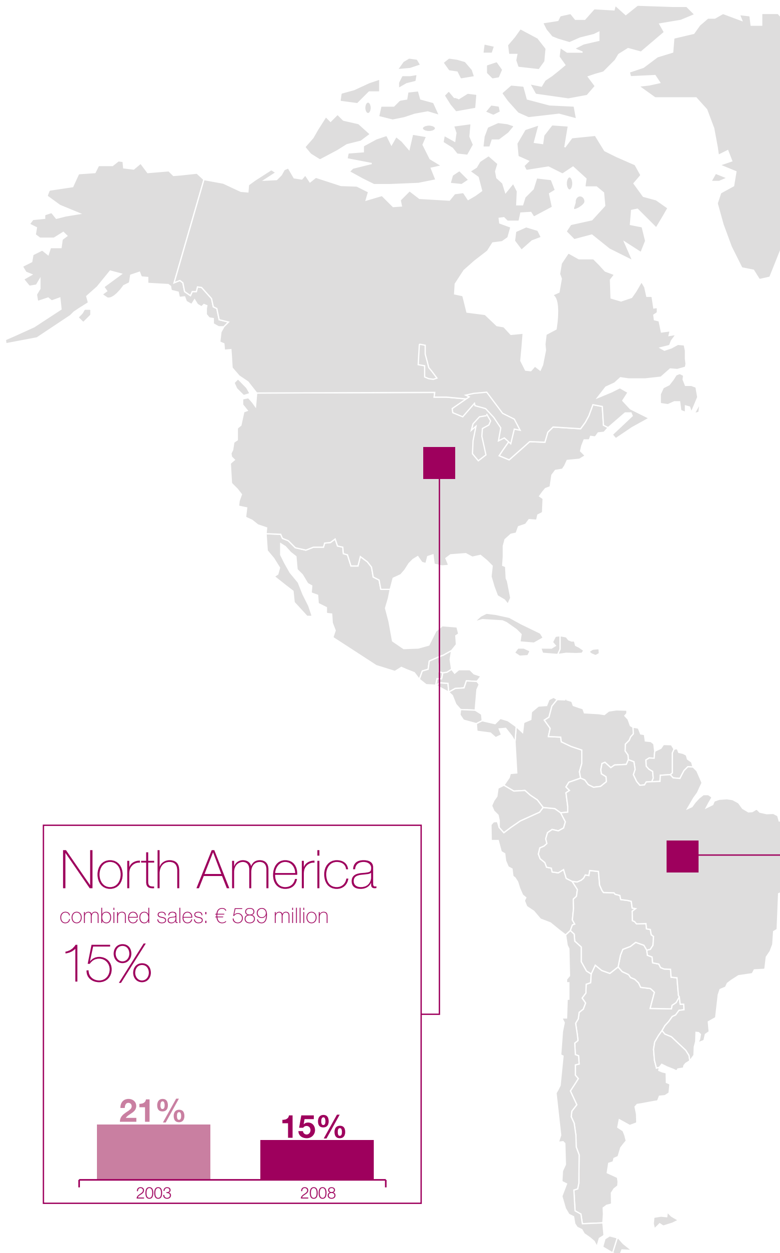
Global market leadership

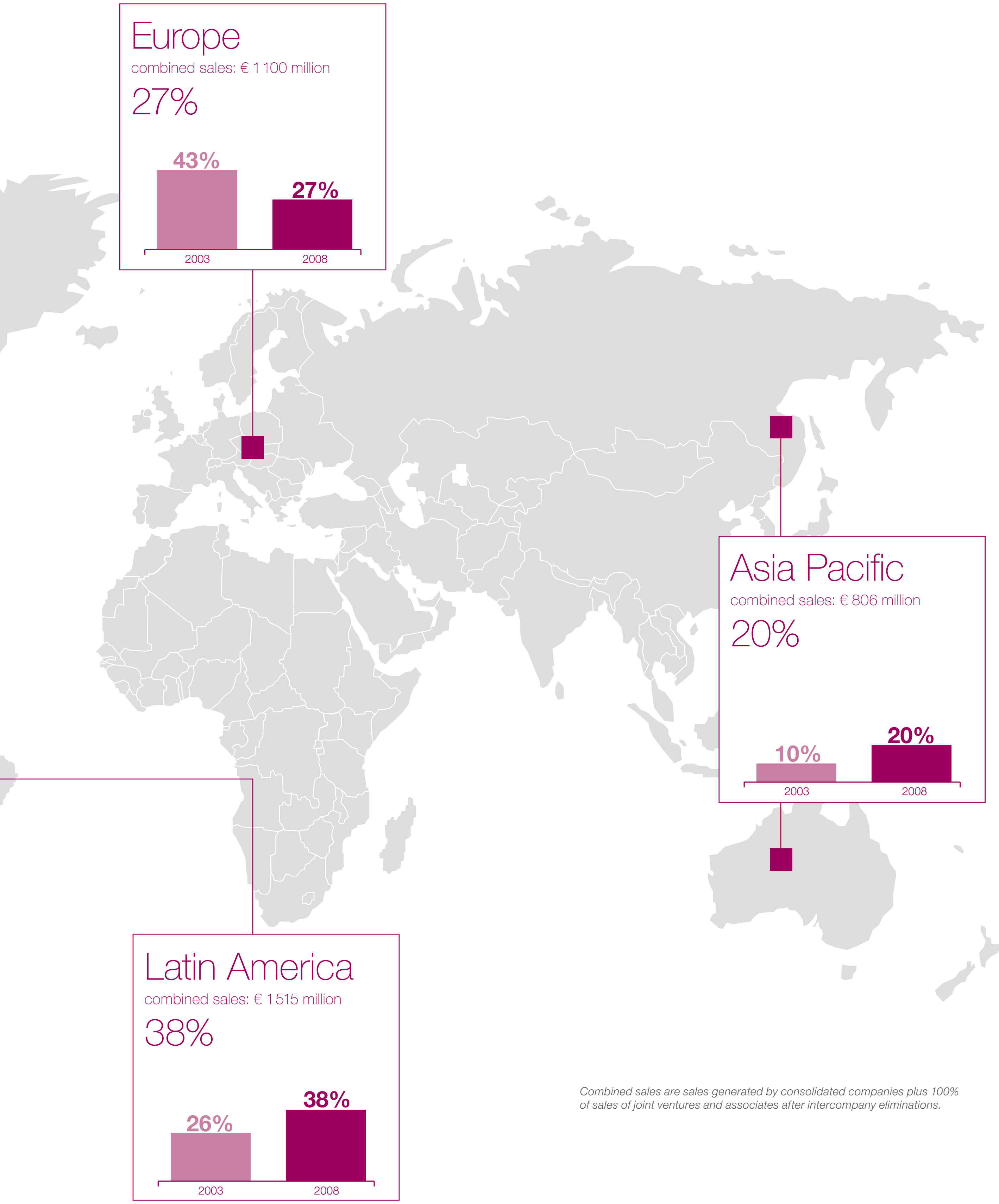
From our home base in Western Europe, Bekaert has always invested in future **growth markets**. We started in the 50s with the first joint venture in Latin America. We have been active in China since the early 90s. Later we followed our customers to Central Europe, to meet the growing demand there. Today we are adding to our production platforms in Russia, China, Latin America, India and Indonesia.
Thanks to our strong presence in the growth markets, we have succeeded in being close to our customers and optimally meeting their requirements. In these markets, the demand for products that meet increasingly higher quality standards is rising, a demand that Bekaert can respond to perfectly with an extensive product portfolio.
At the same time, our presence in these markets allows us to respond quickly to opportunities that arise.

In the **mature markets** of Western Europe and North America, our customers want to achieve growth via new products and new functionalities that are better, stronger, faster, longer-lasting and containing less raw materials.
Bekaert – focused on market-orientated innovation – brainstorms with them and develops both new production methods and innovative products. In recent years, for example, we have launched steel cord with ever higher tensile strength for lighter, and as a result more energy-efficient tires; we develop metal fibers for the filtration of diesel soot particles and for environmentally friendly burners; we are launching biodegradable wires on the market for applications in agriculture, and our fine cable applications create added value for wind turbine manufacturers. These future oriented products protect our position in mature markets and may later find their way to the growth markets.

Globally we are anticipating macro-economic factors. We are expanding our portfolio to support growing global transport: with updated steel cord for radial tires for cars, buses and trucks, for example. We have responded to the increasing exploration for raw materials with cables and wefts for conveyor belts and with wire mesh protection in mine shafts. We also ensure that the right products are distributed to the right markets. For example, we are anticipating growth in construction, telecommunication and infrastructure in emerging markets by selectively expanding our portfolio.

Thanks to our focused approach, our strategy of worldwide market leadership makes us versatile. We are succeeding in enjoying the growth of specific markets and segments.





Combined sales are sales generated by consolidated companies plus 100% of sales of joint ventures and associates after intercompany eliminations.

Technological leadership

In 2008, 2.6% of the consolidated sales – € 68.5 million – went to investments in technology and innovation. As in the previous years, that effort resulted in an improvement of the product mix with new products and in innovative production methods.

With our R&D, we and our customers anticipate the big challenges of tomorrow. We focus on the mobility issue; the need for sufficient and clean resources and energy; and the need for materials with new properties. Thanks to focused developments, we can reply to the maximum to growth segments such as energy and electricity transmission, green energy (primarily solar energy), telecommunication, mining, oil and gas. These activities are seeing especially rapid growth.

Our own engineering department supports Bekaert's technological leadership worldwide. The department develops and builds all advanced technological production lines and sees to continual process optimization.

Our drive for technological leadership results in innovations in all sectors and in all of the markets in which Bekaert is present. Thanks to this leverage, we manage to consolidate our increase in income and profitability, year after year, in both mature markets and in growth markets.

Building resilience worldwide, BRIC(K) by BRIC(K)

Bekaert is further expanding its position in Eastern Europe with the investment in a steel cord plant in **Russia**, 400 km to the south of Moscow. In mid-December 2008 the groundwork started in the Lipetsk Special Economic Zone after thorough preparation in cooperation with teams from Belgium, Slovakia, Turkey, China and Bekaert Engineering. Plant start-up is planned for January 2010.

In **Brazil**, Bekaert has been fortifying its position year after year. One of the BBN plants in Feira de Santana (Bahia) has been expanded annually since its inception in 2005. In 2008 there was investment in additional capacity for spring wire, welding wire and PC strand. With this investment, Bekaert is anticipating the growing concentration of industry in the northeast of Brazil.

In July of 2008, a year following the start of the construction, the manufacturing line for Dramix® steel fibers successfully started operations in **Indonesia**. Together with the Shanghai plant, PT Bekaert Indonesia will become the primary supplier of Dramix® for the Asian region. In 2008, the plant expanded its manufacturing capabilities for galvanized wires with Bezinal® and Bezinal® Color coated wires for fencing solutions.

Back in **China**, in Jiangyin, where Bekaert is already active with several plants and an engineering center, construction started in May 2008 on a state-of-the-art complex which will house our Chinese R&D activities, including laboratories and a pilot production line. The building is expected to be finished in mid-2009.

In 2008, in record time, Bekaert built a new steel cord plant in the Shuangqiao district of Chongqing. The plant, which came into use early 2009 and put more than 100 employees to work at start-up, was built in only 140 working days. However, the work was hindered by poor weather conditions and a lack of construction materials as a result of the rebuilding of nearby Sichuan, which was hit by an earthquake in 2008. With this investment, Bekaert is setting its sights on the Southwestern **Chinese market**, anticipating the growing presence of tire manufacturers in the region under the stimulus of the central government's 'West Development' program.

Board of Directors

The main task of the Board of Directors, under the leadership of the Chairman, is to determine the company's general policy and supervise its activities. The Board of Directors is the company's supreme decision-making body in all matters other than those in respect of which decision-making powers are reserved to the General Meeting of Shareholders by law or the articles of association. The Board of Directors has fourteen members.

Picture taken in Shanghai during the visit of the Board of Directors to Bekaert's Chinese operations in September 2008.

At the General Meeting of shareholders on 13 May 2009, Julien De Wilde is to retire from the Board of Directors. The Board is highly appreciative of his valuable contribution to Bekaert's development and results during the past years.

Manfred Wennemer will be nominated for Director at the upcoming General Meeting. The broad international management experience of Mr. Wennemer, notably in his former role as CEO of Continental AG, would offer Bekaert the opportunity to strengthen its Board of Directors with an independent Director with highly valuable expertise.

Bekaert Group Executive

Dominique Neerinck
Chief Technology Officer
Group Executive Vice President
Industrial coatings

Geert Roelens
Group Executive Vice President
Advanced wire products/Steelcord

The Bekaert Group Executive assumes the operational responsibility for the company's activities. The executive management – chaired by the Chief Executive Officer – consists of five members. They are responsible for various activity platforms, for finance and administration and for technology and innovation. The Bekaert Group Executive acts under the supervision of the Board of Directors.

02

Strong in diverse sectors

It is not only our wide geographical coverage which provides sustainable growth.
The distribution of activities in diverse sectors also contributes to our resilience.

The automotive sector

Products

- Tire cord
- Bead wire
- Suspension spring wire
- Clutch spring wire
- Wires for windscreen wiper arms and blades
- Wires and cables for window systems
- Wires and fibers for car seats
- Window film
- Medium for the filtration of diesel soot particles
- Heating cord
- Welding wire
- Steel cord reinforced thermoplastic strips for bumpers
- Attachment spring wire for hub caps
- Wire for door locks
- Wheel weights

etc.

The automotive sector is the most significant buyer of Bekaert products, accounting for 31% of our sales, of which our tire reinforcement business represents the largest share.

Bekaert supplies steel cord for nearly all tire manufacturers in the world: one in four tires worldwide is reinforced with Bekaert steel cord. 55% of our offerings in this range is destined for trucks and industrial transport; the rest for passenger vehicles. Of this market segment approximately 75% is supplied to the replacement market, which is less susceptible to economic market fluctuations.

Other innovative products are delivered to automakers' suppliers. We supply our customers with specialized products that satisfy the highest quality standards: suspension spring wire, wire and fibers for car seats, wire for airbags, wire and cables for window systems, wires for windscreen wiper components, welding wire, window film, etc.

In this sector, we are constantly striving to make products of higher quality that do not inflate the costs. For example, the windscreen wipers of the past generation were able to be replaced – thanks to our flat and shaped wires – by a higher-performing, less complex wiper that is finding particular success in the technologically advanced quality vehicles. Bumper reinforcement based on steel cord and glass fiber is another innovative Bekaert application that allows for a higher level of functional integration and offers greater design possibilities for automakers.

Environmental protection and sustainability are also driving forces behind innovation in the automotive sector. Products which ensure that solutions last longer or that cars consume less are seeing robust growth.

Tires show the way

Trends in the tire market always have an impact on the steel cord market. The weight of tire cord and bead wire accounts for over 10% of the weight of tires on passenger vehicles; in buses and trucks, the share of steel cord in the tire weight is even more than 20%. Weight reduction – directly linked to fuel savings – has a high priority these days among tire manufacturers. That is why Bekaert, in cooperation with customers, is seeking solutions that contribute to this.

The overall tire market is undergoing steady, stable growth of 3% annually, primarily thanks to the stability in the replacement market. The new vehicle tire market accounts for less than one third of the total market and one fourth of Bekaert's tire reinforcement business.

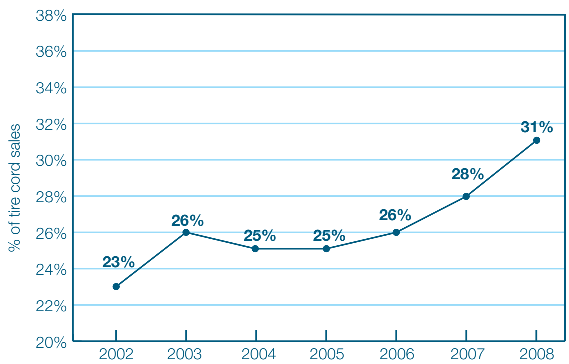
The rise in the newest high-performance and high-rim tires in the Western markets is leading to a further increase in the use of steel cord.

In addition, the share of radial tires is growing. Bus and truck tires in particular are increasingly often reinforced with steel cord in the emerging markets. Globally there has been an annual booked increase of 6 to 8%.

There is also a noticeably increasing demand – thanks to peaking mining – for radial tires for off-road vehicles.

Since 2001, Bekaert has increasingly turned to the most rapidly growing segments, namely those of steel cord for specialized tires: the high performance tires; radial tires for heavy transport; and off-road tires. These tires require not only specific wire properties, but also a different steel cord construction.

performance cords* represent an ever increasing part of our portfolio of products



** High-end cords destined for passenger car and truck tire reinforcement, reducing tire weight and prolonging tire lifetime.*

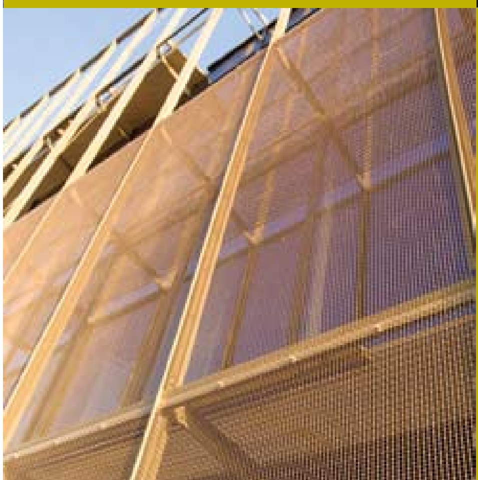
Bekaert is imperceptibly present in nearly all of the components of the automobile: under the hood, in the steering mechanism and power system, in the doors and windows, the wheel housing and bumper, and in the interior.

Steel cord consists of cord structures that are used to reinforce radial tires. High-performance tires, which take on in the Western markets, contain steel cord that is stronger, thus requiring less steel. As a result the weight of the wheel lowers as does fuel consumption.

“A passenger car may contain up to 30 kg of Bekaert wire products.”

In car seats Bekaert wire is found as insulator wire and extremely thin multifilament yarn. This Bekinox VN yarn is used for seat heating because of its durability, flexibility, unique conductive properties and corrosion resistance, ensuring comfortable and long-lasting effectiveness.

The impressive CCTV Tower – that symbolizes the vision of progress in China – was completed in cooperation with Bekaert. The contractor opted for a combination of Dramix® steel fibers and other concrete-reinforcing materials for the reinforcement of the 256-meter-high column structure because of the guaranteed fracture-free result. A high-level performance…



With Bekinox®Color, Bekaert has launched the first colored variety of stainless steel wires onto the market. Thanks to the coating in colored PET (Polyethylene Terephtalate), Bekinox®Color perfectly combines aesthetic appearance and functionality making the material extremely useful in architectural and decorative applications. In 2008, Wire Weavers Haver & Boecker contracted Bekaert to supply the PET coated wires which are used for the transparent mesh façade of the prestigious office building EIJSSEN in Hasselt (Belgium). Bekaert supplied the gold and copper colored wire in different diameters for the elegant sun screen made of pretensioned wire mesh elements covering the north-west and south-west wings, as well as the roof of the building.

Manufacturers of integrated solutions for natural disasters, such as landslides and loosening rock formations, use Bekaert Bezinal® steel wire. They value its higher corrosion resistance combined with effective properties to combat metal fatigue, ensuring seamless processes and long-lasting solutions.

“5 million m³ of concrete is being reinforced with Dramix® steel fibers annually.”

The construction sector

Products

- Dramix® en Dramix® Green steel fiber for concrete reinforcement GREEN PRODUCT
- Murfor® masonry reinforcement
- Stucanet® plaster lath
- Mesh Track
- Bitufor®
- Wires and cables for hoisting applications and lifts
- Gas burners and heat exchangers GREEN PRODUCT
- Cable wire for bridges
- Cables for motorway median barriers
- Wire for fencing products
- Gabions for erosion and cliff protection
- Welded mesh
- Window film GREEN PRODUCT
- Nails and annealed wire

etc.

The construction sector accounts for 23% of Bekaert's sales. Our wire, mesh and innovative fiber products find applications in construction, in lifts and burners, in fencing and reinforcement, in roads and bridges, in architectural solutions, in concrete reinforcement and window film. We focus on sustainable, cost-efficient applications with a minimum impact on the environment.

We offer customers in the construction sector not only nails and nail wire, prestressed concrete cord and wires, plaster laths and corner protectors, but also solutions for erosion protection. Murfor® masonry reinforcement is the reference for safer and more durable buildings. Bitufor® is prescribed by various road managers as the standard for the restoration and upgrading of asphalt. Cables and cable wires for construction machines, bridges and lifts find applications in the construction sector. With these products, Bekaert profits fully from the improvement in the standard of living and the increase in investments in emerging markets.

In growth markets such as Latin America, it is generally the construction sector that is the first to pick up as a result of investments in infrastructure such as the construction of bridges, roads and utilities and private and industrial housing construction. These tend to be the more traditional building products in our portfolio – such as nails, nail wire, welded mesh and masonry reinforcement – that represent a large share of the volume. 15% of the sales we achieve in construction is generated by products that are specifically attuned to the demand in Latin America. Our strong presence in the local markets triggers on a number of new product developments for specific applications, such as in mining.

In the mature markets, we see a different pattern of demand that is characterized by higher quality requirements such as materials with a high resistance to corrosion and that allow for faster, simpler completion. Here we achieve growth in the construction sector thanks to ground-breaking solutions such as Dramix®, steel fiber for concrete reinforcement, and Dramix® Green, the environmentally friendly variation. In 2007, Dramix® earned the CE label, giving it a jump on competing alternatives.

Both the search for more environmentally friendly solutions and the drive for better materials, greater safety and lower energy consumption are driving forces behind our growth in the construction sector. For example, our window film protects against solar heat, ultraviolet rays and the consequences of glass breakage. Our gas burners achieve a very high efficiency and excel in environmental friendliness.

Dramix® - a global solution

With Dramix®, Bekaert has had year after year of success in more and more applications and in more and more countries. Customers include specialized flooring companies, concrete plants, prefab concrete companies and general contractors. Thanks to the high-quality concrete reinforcement fibers, these companies work more quickly and more safely and they produce more durable structures. Dramix® is not only a standard in industrial buildings but also in tunnel construction and mining. Dramix® steel fibers are a sustainable solution: they offer the benefit that less steel needs to be used for reinforcement in comparison to the conventional reinforcement steel, yet with identical results.

Dramix® was also used on a daily basis in 2008 for international projects:

- in the high-speed train link between France and Italy;
- in the metro of São Paulo, Madrid and New York;
- in the Jin Pin Hydro project in China, the largest dam ever built.
- in the Metrobus in Istanbul: a 120 000 m² link between the city center of Istanbul and the airport.

Utilities

Products

- Wire and cable for oil and gas exploration
- Wire for the reinforcement of telecom and energy cables
- Wire for the reinforcement of overhead power lines
- Flat and profiled wires for the reinforcement of flexible pipes
- Steel cord reinforced thermoplastic strips
- Sawing wire for cutting silicon
- Burners for environmentally friendly incineration of residual gases during oil extraction
- High-pressure vessels for water desalinization

  etc.

Utilities is one of the most robustly growing sectors. This sector now comprise a combined 16% of Bekaert's sales while a few years ago they accounted for less than 5%. We make a particular contribution to the production and distribution of energy, but are also active in facilities for water and telecom.

Our solutions for this sector include cable reinforcement; wires and cables for oil and gas drilling; high-pressure vessels for desalinization; and burners that guarantee optimum incineration of residual gases during oil extraction.

In these industrial sectors, the drive towards renewable energy is a preeminent driving force behind our innovation. With sawing wire, for example, we make it possible for manufacturers in the photovoltaic industry to cut silicon for solar cells with a minimum loss of materials.

The price of fossil energy sources has increased substantially in recent years given the higher demand on the part of both consumers and industry for energy and given the scenarios of the exhaustion of energy reserves. This price level will probably be maintained in the years to come. This opens the door for the use of advanced technologies for the extraction of energy sources in increasingly difficult circumstances. Bekaert can respond to this thanks to its extensive knowledge of mechanical strengths, coatings, specific wire forms and applications. Our steel cord reinforced thermoplastic strips – that withstand pressure up to 500 bar – emerge from the need to keep the output of existing oil sources up to level.

Also with the distribution of oil, gas and electricity, the requirements for performance and low maintenance are increasing; here, too, the need for high-quality and durable products is on the rise.
The privatization of the market of electricity providers for example has increased the need for energy transport. Distributors are studying opportunities to increase their network capacities at the lowest possible cost. For this reason, they prefer to retain their existing networks and to make replacements with high-voltage cables that are able to operate at higher capacities. However, increased capacities also mean that cables are heated to higher temperatures. Bekaert is responding to this need with its Bezinal® coating, resistant to 300°C, as an alternative for the traditional zinc coating (150°C). In addition, this coating is highly corrosion-resistant and ensures long durability. Distributors also benefit from the Bekaert reinforcement wire's high tensile qualities. These make the wire lighter and prevent the cable from sagging.

Ultimately, the need for efficiency is increasing for energy consumption: consumers as well as industry want to deal with energy more economically. Bekaert responds to this need with energy-efficient burners and window film.

Provisions for water and telecom are seeing global growth thanks to the multiplicity of infrastructure projects in emerging markets.

On and under the sea surface, cables and wires are exposed to extreme conditions. Now that companies drill deeper and deeper into the sea to access oil or gas, the equipment to pump the oil must be able to resist increasingly higher pressures. Bekaert is responding to this trend with its high-tensile cables for anchoring drilling platforms and wire for the reinforcement of the pipes for gas or oil extraction. Because of the high-tensile properties, lighter wires can be made with the same breaking load, making them excellent for deep sea applications.

“Five years ago, the utilities sector did not even count for 5% of our revenues.
The same sector today contributes 16%.”

Our Clean Enclosed Burners utilize advanced technologies for environmentally friendly combustion of waste gasses.

Bekaert is also a key supplier to the photovoltaic industry with its sawing wire for cutting silicon, used in solar panels. In the interest of our customers, we are continuously researching stronger sawing wire to reduce breakage during production as much as possible. The increasingly thinner diameter of the sawing wire contributes to the optimization of the silicon material output.

Agriculture

Products

- Biodegradable wire coating GREEN PRODUCT
- Tensioning wire for plant support and binding
- Vineyard wire
- Fencing products
- Barbed wire
- Spiral wire for the livestock feed industry
- Wire for fish farming cages and oyster breeding
- Wire for fishing ropes for industrial fishing

etc.

Agriculture accounts for 9% of Bekaert's sales. In all agricultural sectors, we are working on future-orientated innovations that make day-to-day work easier and increase productivity. The sector is a customer for our specialized fencing solutions, among other products. In growth markets like Latin America, we are particularly successful with the traditional wire products such as barbed wire, while our growth in more mature markets comes from specialties such as fences with specific requirements for tensile strength and corrosion resistance. Viticulturists choose our vineyard wires to support grape branches, and our metal fiber burners to trim excess foliage. Fish cages are also made increasingly with high-quality Bekaert wires.

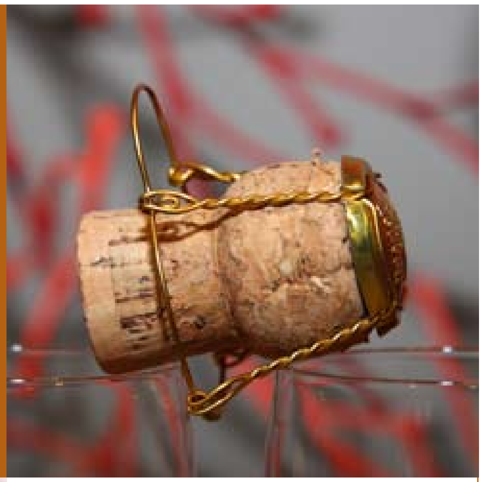
The unique coating of Bekaert wire provides optimum corrosion resistance for oyster cages, which are highly susceptible to rust as they are permanently under water.

Viticulturists like to devote themselves entirely to the cultivation of grapes for wine making. They rely on Bekaert vineyard wire that ensures minimum maintenance thanks to its exceedingly high quality.

Matetic vineyard, Chile.

"Agriculture accounts for 9% of Bekaert's sales."

Bekaert is the market leader of champagne cork wire for *muselets*, the iron casing around the cork. With the passage of time, Bekaert has perfected the technology for the ideal champagne cork wire: strong, but easily pliable, with a soft coating that does not flake off.



Bookbinding wire is a classic in the Bekaert range of products. Thanks to our coating technology, we are able to provide the graphic design industry with bookbinding wire in a wide variety of colors. Bekaert also introduced a biodegradable polymer coating variant to the market.

"Bekaert customers use some 6000 kilometers of bookbinding wire on an annual basis."

Consumer goods

Products

- Champagne cork wire
- Wire for kitchen utensils
- Steel wool wire
- Spring wire for bedding and seating
- Bra wire
- Staples
- Music wire
- Bookbinding and stitching wire
- Wire for medical instruments (catheters, etc.) etc.

Consumer goods comprise a combined 9% of Bekaert's sales. The many different applications that Bekaert wire finds itself in attest to the degree to which we succeed in satisfying diverse requirements. End customers have a choice of our wires in a variety of coatings and colors in the form of champagne cork *muselets*, paper clips, fishhooks, staples, spokes, etc. and durable and industrial applications such as ski lift cable, inkjet cartridges, heat-resistant textile, etc.

Bekaert also supplies rope wire for crane and hoisting applications for use in the construction and mining industries, as well as at harbors. We distinguish ourselves in these areas with a vast supply of diameter and tensile strength varieties, the result of which is an outstanding performance with regard to breaking load and excellent fatigue properties for wire.

"Globally, 4 out of every 5 Polyurethane (PU) timing belts are reinforced with Bekaert fine steel cords."

Machines used to sweep airport runways use Bekaert brush wire, a cut above for its durability and noise reduction levels.

Manufacturers of machines for the conveyance of flour or feed within industrial bakeries and cattle farms, turn to Bekaert for auger wire. We supply them with high-quality wire that guarantees forming stability for a longer service life and optimal coiling capacity.

Equipment

Products

- Brush wire
- Card clothing
- Wire for revolving tops
- Fine cord for timing belts
- Hoisting cables for cranes
- Spring wire
- Shaped wire
- Hose wire

etc.

Accounting for a combined 7% of sales, machine builders and operators utilize a variety of our specialized wire products for components. These include spring and shaped wire, hydraulic filter media, fine cord and hose wire. Our solutions are used both in the construction of machines and in the machine equipment itself.

Basic materials

Products

- Cables and woven materials for conveyor belts
- Carding wire for the textile industry
- Hot gas filtration media
- Polymer filtration media
- Paper-drying systems
- Sputter targets & hardware
- Heat-resistant separation materials
- Fibers for protective clothing

etc.

A not insignificant portion of Bekaert products – 5% of sales – is used in the production or exploration of basic materials: coal, metal, glass, pulp and paper, chemicals and textiles.

For example, we provide cables and wefts for conveyor belts for diverse industries. Or in filter media for the production of synthetic fibers and films. Bekaert offers customers in the textile industry wires for carding. We also produce high-grade steel wire for the heddles and springs of Jacquard looms. In the glass industry, we are a trendsetter with our sputter hardware and rotating targets.

“We knit metal fibers, around 1/50th of a human hair, into filter media used in the chemical industry.”

Bekaert steel cord also strengthens conveyor belts used in stone quarries, aboveground mines and industrial applications such as cokes ovens or cement ovens. Here we conduct research into ways in which we might increase the load capacity or stress and length of the conveyor belts, as well as ways in which we might render the belts more resistant to impact and heat.

With our sputter hardware and rotating sputter targets, we are undeniably a trendsetter in the glass industry. This technology has grown worldwide into the standard for coating vast glass surfaces with ultra-thin layers, as a result of which the glass acquires specific properties.

Cooperation reaches new heights in Dubai

Burj Dubai, the tallest man-made structure in the world, adorns the skyline of Dubai. Just like the Dubai Metro, it is one of Dubai's prestigious projects. Both must be completed at the end of 2009. Ducab has powered these projects with low, medium and high-voltage cables with a contract value of USD 135 million. This will require 9 000 metric tons of cable protection wire and Bekaert supplies this.

Ducab, formerly Ducab-BICC, has developed into a regional giant since 1979 in the hands of the governments of Dubai and Abu Dhabi. The company is one of the most modern producers of advanced cable technology in the Middle East. The production units in Jebel Ali and Abu Dhabi occupy an area of at least 1 090 000 m^2.

The partnership between Ducab and Bekaert is already two decades old. Ducab relied on Bekaert's support initially in Jebel Ali, which is Ducab's first facility and has expanded usage progressively in the other plants in Abu Dhabi.

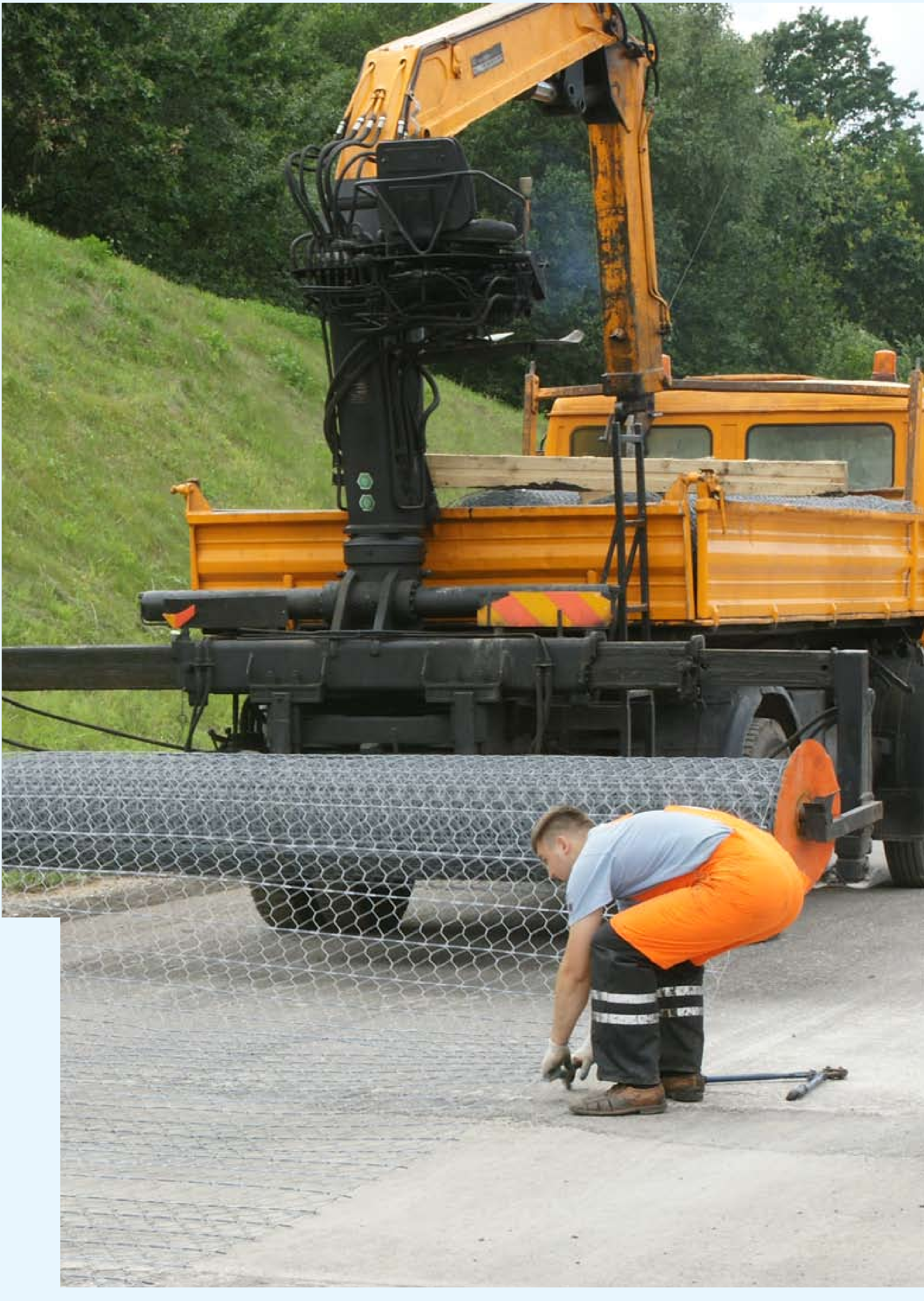
For both of these prestigious projects in Dubai, we provide Ducab with 3.15 mm of heavy galvanized cable armoring wire. We guarantee prompt delivery with strict quality control from facilities in the Czech Republic, the United Kingdom and Indonesia. Ducab works with us because of our consistency in terms of quality, the ability to deliver huge volumes as well as our local presence.

“Ducab considers Bekaert an important partner in supply chain management. Prestigious projects such as the Dubai Metro and Burj Dubai – the tallest tower in the world – can only be supported by world players like Bekaert. Ducab and Bekaert believe in ‘Total Quality Excellence’; our partnership perfectly illustrates the baseline, *better together.*”

Ali Al Nahdi, Purchasing Manager,
Supply chain department Ducab (on the left in the picture)

Dubai Metro

At a height of 818 meters and with 160 habitable floors, Burj Dubai is the highest skyscraper in the world to date.



Toward better roads in Poland

Poland's road surfaces need upgrading to cope with increasing heavy transport. A few years ago, the Polish authorities conducted a test of Mesh Track. This Bekaert solution for road surface repair – a substrate of woven steel nets covered with two layers of asphalt – came out on top. In the past two years, more than 1 000 000 m^2 of road surface have been repaired using it.

Mesh Track is an extraordinary technical performer, economical and durable: thanks to this product, annual road repairs can be avoided. In comparison to traditional solutions, it is also easy and quick to install. In addition, Mesh Track is ISO-certified, which assures ongoing uniform high quality.

In 2008, GBP road builder, specialized in 'slurry sealing', carried out the for Bekaert largest ever Mesh Track project in Poland. Commissioned by the General Directory for Transit roads and highways in Krakow, GBP, in concert with Bekaert, tackled National Road no. 4, with repair work over 230 000 m^2. More specifically, this concerned the southern route around Tarnòw.

This route – part of the west-east connection between Germany and Ukraine, covered by an immense amount of heavy traffic – was pocked with big potholes in the asphalt. GBP installed Mesh Track over the entire width of the road and mended 950 cracks in the first 9 000 m.

For 7 years now, Bekaert has offered road builder GBP the security of on-time delivery – no easy job in roadwork – and on site support. Together we thus guarantee seamless completion and a high-quality end result for years to come…

Application of Mesh Track during repair works of the route around Tarnòw, installed in 1997.

"For me as a contractor, it is important that we are assured of a product with a high quality standard. Bekaert also offers us outstanding support on site and professional planning made to measure. This approach also gives me the confidence to provide security to the Administration."

Ryszard Wrzesien, GBP proprietor

03

Cultivating resilience the world over

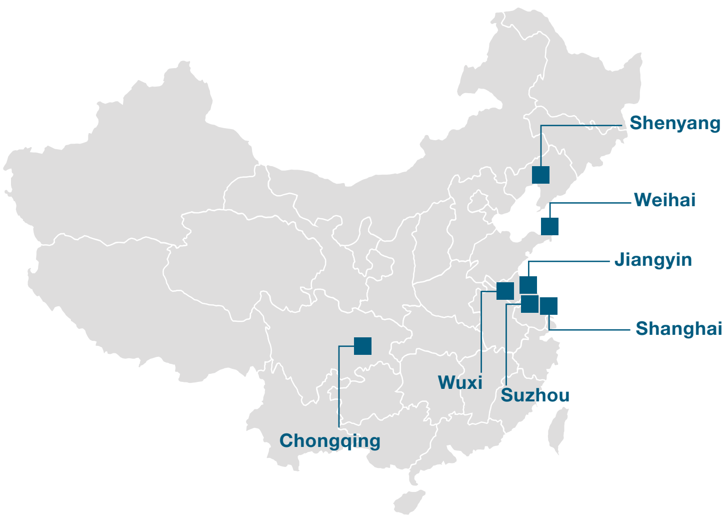
In the past 5 years, we managed to achieve a significant shift. Whereas the growth markets of Central Europe, Latin America and Asia accounted for only 35% of our combined sales in 2002, the share of these markets has now increased to 70%. Bekaert has thus grown in recent years to become a true global player on every continent, close to our customers, supporting them with a customized range and approach.

"In 2008, we achieved a production capacity of over 300 000 tons in China – built up over 5 years – an achievement which took us 50 years to complete in the rest of the world. With the new steel cord plant in Chongqing, we want to achieve growth further inland as well."

Geert Roelens
Group Executive Vice President
Advanced wire products/Steelcord

China: the world's tire factory?

In late 2008, Bekaert had 12 plants in China (including 2 under construction), spread over 7 sites. In 5 of these plants, steel cord is made for tire reinforcement. Some plants produce various other wire products. Jiangyin is also home to the Bekaert Research & Development Center and the Engineering plant for Asia.



In the past five years, Bekaert has rapidly expanded its steel cord capacity in China. The goal, to boost this by late 2008 to 300 000 tons, had already been achieved by the summer.

China has been continually building up its image as 'the world's tire factory': the country already consumes 30% of all steel cord worldwide and further growth is expected. The lion's share of the steel cord that is produced by Bekaert in China is utilized locally. After all, the country has a population exceeding 1.3 billion, 200 to 300 million of whom have the purchasing power and ambition to achieve a high standard of living. The road network is growing systematically, and the market for passenger vehicles is growing proportionately. The market for truck tires also has great potential. The radialization ratio of truck tires (the share of truck tires reinforced with steel cord) had increased to 53% in late 2008.

Thanks to the efforts of recent years, Bekaert has a strong presence in China. In 2008, we recruited approximately 6 employees a day, 7 days a week. At the end of the year, we had over 6 700 employees. At the same time, we managed to achieve continuing improvements of safety and quality; in cost-consciousness and time-to-market; in energy-consciousness and waste reduction. Our extensive, highly qualified sales network is continually striving to better respond to market fluctuations and changing customer requirements.

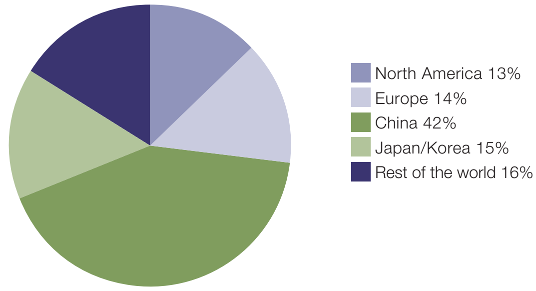
As Chinese market leader, Bekaert was ideally positioned to benefit from the great market growth of the first half of 2008, growth that was accelerated by the Olympic Games. In the last quarter there was a noticeable slow-down: inventories were downsized and prices dropped.

At the same time, we managed to expand our product portfolio in China. After all, demand is on the rise in construction and infrastructure as well as consumer goods. We penetrated into new markets with concrete reinforcement, advanced wires, sawing wire, special steel cord constructions for off-road tires, etc.

In our Suzhou plant we continued to work on the development of filters for the euro-5 standard. The filter media for the petrochemical industry have not yet achieved the expected success. However our filter fibers are finding their way into a wide range of new applications, such as sports clothing and heated seats.

In 2009, we will again expand our steel cord production capacity. In June, Bekaert and Ansteel – abbreviation for Anshan Iron and Steel Group Corporation – decided to set up a 50/50 joint venture for the construction of a new plant. The production plant is being built in the Shuangqiao district of Chongqing, the inland Chinese automobile metropolis. The first phase encompasses an investment of € 40 million. This project is in line with the goals and activities for the westward development of China by the government and by customers to whom Bekaert wants to ensure sustained local support. The start-up of the production plant is planned for 2009.

regional spread of truck and bus radial tires worldwide production



42% of the global truck and bus radial tires are produced in China now. The share is expected to increase to 47% by 2012.

In Beijing in 2008, the 'A 30-year history. Exhibition on China's Opening Up' took place. This illustrated how the Chinese economy grew and changed during the past decade. As one of the primary Belgian investors, Bekaert was promoted by the Chinese government as a perfect example of a bilateral win-win cooperation and economics and trade between China and Belgium.

Bekaert R&D centers have the equipment and expertise to test and co-develop rubber reinforcement characteristics in collaboration with the tire manufacturers.

In July 2008 the plant in Karawang (Indonesia) shipped its first container of Dramix® steel fibers to our joint venture BOSFA in Australia.

India and Indonesia: enhancing positions

In India and Indonesia as well, we have consolidated our position over the course of 2008. We broadened our product portfolio and enlarged the scale for certain products.

Growth in Indonesia – the GDP increased by 8% in 2008 – is increasingly generated by the dynamics of the local market. Construction, utilities and industry are seeing growth.

Bekaert has two plants in Indonesia. The start-up of wire activities in Karawang in 2008 contributed significantly to the strong increase in the sale of advanced wire products in Asia. In the past year, the production lines for Dramix® concrete reinforcement fibers and galvanized wires (for cable reinforcement, fences and pulp baling) were added. In November, the new production lines were officially inaugurated in the presence of HRH Prince Philippe and Baron Buysse. The Indonesian plant will respond to the increasing demand for building products in South-East Asia, Australia and New Zeeland. It will also play a more significant role in the worldwide production platform of Bekaert.

The market in India has seen major growth in recent years thanks to increasing interest among foreign investors, a boom in IT and property, and in capital markets. In 2008, the GDP grew by approximately 7.7%; India is thus one of the fastest-growing economies in the world.

Bekaert now has three plants in India all centered around Pune. The site in Ranjangaon houses manufacturing for tire cord, hose reinforcement wire, and advanced filters. In the center of Pune Bekaert has a carding wire plant which supplies tops to the textile industry. In Lonand, as part of a joint venture with Mukand, Bekaert has recently constructed a factory to produce stainless steel wire. Phase one of this project is scheduled to be operational by May 2009. Pune is one of the main university cities in India: to take advantage of the proximity of highly qualified researchers Bekaert Engineering has one of its design centers here. Bekaert sees India as a key growth market and therefore closely monitors opportunities for further expansion.

“With the establishment of the regional holding we are creating major leverage for future growth in the area.”

Henri-Jean Velge
Group Executive Vice President
Advanced wire products/Wire
Advanced materials

Latin America: structural reinforcement

The first activities of our business in Latin America date from the 1950s. The region currently represents nearly 40% of combined group sales. Various successful joint ventures and subsidiaries in Brazil, Chile, Colombia, Ecuador, Peru and Venezuela are the basis of that success. Thanks to the combination of knowledge of the local market and technological Bekaert know-how, we have managed to steadily increase not only our geographical distribution but our portfolio as well.

Today, the majority of the Latin American Bekaert subsidiaries work the market with a broad product portfolio: we could thereby serve our customers optimally in these traditionally closed markets. We have a broad basis and produce great volumes.

Last year, we were able to reap the fruits of strong economic growth in Latin America. Brazil, Chile and Ecuador, for example, saw a politically stable year with economic growth and an increasingly free market. In Venezuela we were able to respond to the boom in construction and infrastructure projects due to our strong local position. Here Bekaert has had a strong presence since days of old. Colombia offers great growth prospects for the years to come.

In October 2008, Bekaert, together with the members of the Kohn family in Ecuador, announced the establishment of a regional holding, in which Bekaert holds 80% of the shares and the partner 20%. This holding company covers the interests of Bekaert and the Kohn family in the related companies in Venezuela, Colombia, Ecuador and Peru.

This fundamental reconfiguration of the legal structure offers us the possibility to develop a combined market strategy for the entire region. It also allows us to achieve scale benefits both in terms of investments and in marketing efforts. The regional holding will also offer us the possibility to anticipate market opportunities more flexibly.

In line with our tradition, we will ensure that the local character and best practices of the plants are retained, while the outstanding relationship and cooperation with our partner, our customers and all other stakeholders will be continued further.

In 2008, Latin American plants performed excellently. With various wire products we are achieving nice results in the mining industry and other industries in Chile, Peru and Ecuador. We are strong in construction as well. Heavy rainfall had a negative impact on the sale of agricultural products. For that reason, gabions for the combat of erosion were successful. The demand for steel cord in Brazil was also very high in the first three quarters. In the fourth quarter, this dropped sharply; customers downsized their inventories.

In Brazil we responded to market growth last year with an extended wire product portfolio. We achieved strong results with Dramix® concrete fiber reinforcement, both on the local market and in the export markets of North America and Mexico. In addition, we are setting up a network of exclusive distributors who supply total solutions for fencing. We developed high-performance wire products with outstanding fatigue

properties for steel-processing companies and mining companies. We carried out an ambitious investment program. The plant in Bahia, that was started up three years ago, again increased its production capacity and was expanded with the addition of a new plant.
In order to meet the increasing demand for steel cord, the decision was made to expand the capacity of the plant in Itaúna.

In Colombia, we started the sale of spring wire in 2008 which had good results with diverse industrial customers. Together with our customers, we developed a training plan for 2 000 sales agents to better position our brand names in the market. These efforts resulted in a significant volume increase.

In Venezuela, we started with an expansion project for fine galvanized wire. In function of the increasing demand, we enhanced wire capacity in Ecuador. Additionally initiatives were taken to further improve customer services, amongst others by installing a call center and providing equipment that enables customers to bend our welded mesh panels on site to tailor-made concrete reinforcement beams or columns. The construction of an internal transportation system and the modernization of the electrical installations contributed to a more ergonomic and safer working environment.

In Peru too wire capacity expanded, driven by the rising demand for gabions. Furthermore the commercial organization has been adapted in order to orient it towards a total solution-oriented customer approach.

In Santiago, Chile, we replaced our three old distribution centers with a single new one, good for a roofed-over surface of 12 000 m^2. The modern and extensive distribution center allows us to supply our customers more quickly and efficiently and to cut our costs by means of optimum stock management.

In the year to come, people are predicting that the growth ratio in Latin America will drop from an average 4.5% to 3.3%. Agriculture in particular is supposedly going to suffer from the downturn in the economy. However, growth is predicted in construction, traditionally the strongest sector in Latin America. Growth is also predicted in oil and industry as well – domains in which Bekaert had good results in 2008. Thanks to the past years of growth, people also expect that the governments will be equipped to stimulate the economy and to whip up weakened demand.

In order to protect miners from rock fall the ceiling and walls of the tunnels in underground mines, through which the ores are removed, are being reinforced with steel meshes.

Strong in mines

Every year, some 1 to 1.2 million square meters of tunnels in Chilean mines are secured with wire mesh. In 2008, the Inchalam plant in Chile introduced a brand-new wire mesh for the reinforcement of mine shafts and tunnels. This ‘Malla de Fortificación’ is stronger and safer than the traditional solutions, can be more easily installed owing to its lower weight, and allows important savings on material use due to its flexible format selection. It is cheaper per square meter than the traditional solutions. The substantially lighter but stronger mesh was developed in 2006, tested in 2007 and brought to market in 2008. With success. The high-quality high-carbon product was approved last year and is being used by the leading mining companies. One of the users is Codelco, the biggest player in underground copper mining worldwide. In 2009, Inchalam expects to break through further in the mining market.

Customer orientation pays off in Venezuela

For years, Bekaert has strengthened its customer focus via proactive Voice of the Customer (VOC) exercises with key customers. Employees of various Bekaert divisions of the local production plant discuss with the customer's various staff which improvements could be made in production and service. Then these items are tackled and optimized one by one.

In 2008, Vicson – the Bekaert plant in Venezuela – completed a VOC exercise with Emtec, a manufacturer of insulation panels for the construction industry who purchases a large volume of galvanized wire every month. The constructive exercise resulted in various improvements for both parties: better inventory management, substantial productivity improvement of the cutting machines, better safety for the workers, improved orderliness in the halls, installation of extra machines that increase the fencing and panels productivity by 50%.

The greatest improvement, both parties feel, is the connection of trust that was reinforced. Efficiency, safety and productivity are common goals we are continually working on.


JURAJ

Europe: shift continues

In Western Europe, Bekaert is confronted with low demand and difficult market circumstances for both steel cord and wire products.

The shift in industrial production of tires from Western Europe to Central Europe is continuing. Manufacturers are demanding increasingly that they be supplied locally and more inexpensively so that they can be competitive in these growth markets. That is why we decided in June 2008 to reconfigure our steel cord activities in Belgium. The plant in Lanklaar – largely focused on semi-manufactures – was consequently closed. It was announced that the weaving activities in Waregem are to be transferred to Zwevegem; the fine cord activities with high added value will be integrated into the plant in Aalter.

Thus we are concentrating steel cord activities in Belgium largely in Aalter. This plant can further focus on the production of high-grade steel cord products for the lighter high-tensile and more environmentally friendly tires. Aalter will continue to present itself as the technological platform for the European steel cord activities, in close cooperation with the Technology Center in Deerlijk. In 2008, investments were made in environmentally friendly production methods and in extra capacity for sawing wire.

In December, we announced plans to also close the production plant in Hemiksem that concentrates on the production of steel wire for industrial applications. Bekaert is seeing a chronic downturn in the Western European market for these product lines, necessitating an adjustment to the production platform. The production of steel wire will be concentrated in Belgium at the Zwevegem site. This plant will focus further on specialized variations of the product range.

The activities in stainless wires had difficulties last year. The price of nickel jumped all over the map between € 18 000 and € 40 000 per ton, causing both pricing and market demand to be extremely unstable.

We did do well last year with our cable reinforcement wire. We supplied undersea power cable for the ‘Great Gabbaert’ project – the largest wind farm in Europe, located in the North Sea off the English coast. We also contributed further to the Sappei Project – the ocean floor link between the electricity transmission network in Sardinia and the Italian mainland: we supplied the galvanized protective wire for the 400-km-long undersea high-voltage cable.

We also strengthened our position in the overhead power conductor activity. We worked with some key cable producers on upgrading the existing transmission networks on the basis of our high-tensile wires and high corrosion resistance.

In the plants in Central and Eastern Europe, capacity was used to its fullest; volumes and sales grew heartily. The plants in Hlohovec and Bohumín ran at top capacity. The construction industry and consumer products in particular provided for robust growth in Central Europe.

Bekaert hoisting cable for crane applications.

Manufacturers of integrated solutions to prevent surface rock from loosening rely on Bekaert Bezinal® steel wire.

Advanced coatings: further focus on growth potential

In industrial coatings, Bekaert had an increase in sales for sputter hardware, largely due to the growth of applications within the market for thin photovoltaic film. The activities in sputter targets focused further on the development of new products that meet the growing needs in this new industry. In LAGC (Large Area Glass Coatings), further growth can be expected as part of further regulation of the use of coated low E glass.

In June, Bekaert and Sulzer announced an agreement in connection with the take-over of Bekaert's diamond-like carbon coating activities. These activities are subsumed under six plants, two of which are in the United States (Amherst, NY and Research Triangle Park, NC), one in Belgium (Zulte), two in France (Limoges and Bons-en-Chablais), and one in Germany (Herford).

The specialized film coatings performed well, thanks to steady growth in Asia and the expansion of industrial applications, but this growth was canceled out by currency rate fluctuations. In the fourth quarter, the residential and automotive demand in North America and Europe dropped as a result of the credit crisis.

Bezinal® makes strides

With the new generation of Bezinal®, Bekaert developed a corrosion-resistant coating that is eight times better than zinc coating. During the past year, this coating not only made strides in Western Europe and North America, but also in new markets – especially in Central Europe – and in new applications:

- Bezinal® coated wires were used both for erosion control and for breeding cages.
- In fencing, many customers switched from heavy galvanized wire to light coated Bezinal® 2000 wire: a cost-effective solution.
- For tow leader cable, a special underwater cable for seismic research, we introduced Bezinal® coated high-tensile wires.

Turkey

In Turkey, Bekaert signed a take-over agreement for the acquisition of the remaining 50% of the shares in Beksa Celik Kord Sanayi ve Ticaret AS from Haci Ömer Sabanci Holding. The purchase price was € 40.3 million. Consequently, Beksa became wholly owned by Bekaert.

Beksa, located in Izmit, manufactures steel cord products and Dramix® steel fibers for various industrial applications in the automotive industry and construction, as well as other industries. With this transaction, Beksa – now known as Bekaert Izmit – is fully integrated into Bekaert's international production platform; the plant will be developed further as a key supplier to the growing domestic tire market and as an export basis for construction products.

In Turkey, Bekaert and Haci Ömer Sabanci Holding signed the take-over of Beksa.

Russia

In January Bekaert announced plans to invest in a new steel cord production plant in the Lipetsk Special Economic Zone in order to strengthen its position in Russia. The more than € 97 million investment will be phased in the period 2008-2013.

With the decision to start up our own production platform there, we are responding to the increasing local demand for top-quality steel cord products for tire reinforcement. The economic developments in Russia also create opportunities in other sectors. Construction, mining, oil exploration and utilities are on the upswing there; businesses in these industries are actively seeking high-quality products.

In addition, the Russian steel industry has invested heavily in extra capacity in recent years. Our presence in this market will also allow us to source raw materials.

The Lipetsk zone, approximately 400 km south of Moscow, is located strategically because of its proximity to target group markets, the favorable logistical conditions, the presence of energy supplies and of trained labor.

In Russia, Bekaert has already built up a customer portfolio for steel cord products for tire reinforcement, steel fiber for concrete reinforcement and other specialized wire products. These are distributed from our sales office in Moscow and delivered from our plants in Central Europe.

In 2008, preparations were made for the construction of the production plant. In November, the first stone was laid in the Lipetsk Zone. The completion of the first phase is planned for January 2010. Capacity will be expanded gradually over the next years.


KGS

Delving deep into Swedish mines

Innumerable victims have died in mines over the course of history. Safety is therefore especially important in this industry. That is why many mining companies choose Dramix® to reinforce mine tunnels and shafts. Our high-quality fibers, which can be mixed with concrete without clumping, have an outstanding reputation for safety.

For more than a decade already, we have enjoyed preferred supplier status for Dramix® with the Swedish mining companies LKAB and Boliden. Both are located in the extreme north of Sweden and account for the production of millions of metric tons of quality ore per year. We do our best to provide optimum service to these customers: our staff speaks the local language, keeps stock on-site and offers extremely flexible service.

"We don't have a constant pattern of demand: one week we need more Dramix® than we do another, also because the quality of the rocks varies greatly. But the worst thing that can happen to us is when the mining has to stop because we're short on rock reinforcement," says Patrik Johansson, manager of the concrete factory in Malmberget and responsible for rock reinforcement at LKAB. "That is why Bekaert keeps local stock in Gothenburg. Even when we recently found out on a Friday evening that our stock was running low, Bekaert ensured next-day transport over 1 800 km."

In late 2008, our efforts reaped rewards. We finalized a long-term agreement with the purchasing center of LKAB and Boliden for delivery of Dramix® and technical cooperation.

Thomas Larsson adds: "Bekaert's glued Dramix® fibers have proven their quality throughout the years: for mining companies it is crucial that there is no clotting of the concrete which can cause obstructions of the shotcrete equipment with production losses as a result. Dramix® never let us down in this respect. In the years to come, we will invest heavily in mines; after all, the demand for mining products is on the rise around the world. Our need for rock support will therefore increase."

Dramix® steel fibers

"Bekaert's glued Dramix® fibers have proven their quality throughout the years: for mining companies it is crucial that there is no clotting of the concrete which can cause obstructions of the shotcrete equipment with production losses as a result. Dramix® never let us down in this respect."

Thomas Larsson, purchaser at LKAB (on the left in the picture)

North America: mitigating difficult market conditions

North America suffered all year from the difficult market conditions in both the residential construction sector and in the automotive sector which found their origins in the credit crisis. The drop in SUVs and pick-ups had a substantial impact on our product range for steel cord. The plants in Rogers, Rome and Clarksdale that handle steel cord production in the United States rearranged their portfolio, worked on cutting costs and tried to meet customers' demands optimally in other market segments. Our plants and customers responded to the demand for high-tensile, lighter steel cord with finer filaments. Rogers was reconfigured from a high-volume plant to a flexible multiproduct plant. The North American steel cord business has thus succeeded in decreasing its dependence on the automotive industry to some degree.

2008 was a good year for wire products in North America. The three US wire production plants – Shelbyville, Van Buren and Orrville – had good capacity loads. At the same time, investments were made in close cooperation with customers for market-focused innovation. In fencing and in other wire products, we profited from the favorable market conditions in agriculture. We saw large growth particularly in the Bezinal® coated fencing. We grew in transmission and distribution applications for aluminium conductor reinforced steel; we were able to develop an export market from North America, amongst others for the flexible pipe business. Finally, we started additional distribution activities through which we offer a number of complementary products in the North American market. Part of the sales increase we achieved in North America was impacted negatively by the currency rate fluctuations.

In our Canadian plant, we restructured and new management was appointed. The year 2008 was difficult there.

Excellent supplier

In 2008, Bekaert received recognition from Eaton Corporation – worldwide energy player whom we supply in Europe, North and Latin America and Singapore – as 1 of the 8 best suppliers from a total of 8 000. The Supplier Excellence Award attests to our ability to distinguish ourselves when it comes to quality, productivity, innovation and technology.


DECKER
25035

Increased safety via cable security

In the United States, medians are generally not protected by a guardrail. The resulting head-on accidents often take a huge toll. More and more US governments are interested in cable median barriers to decrease the number of fatal accidents. In contrast to concrete and metal guardrails, cable systems are easy and inexpensive to install. In addition, they offer better protection.

As this cable security catches on, we are working on continuing improvements to our solutions. The Bekaert plant in Van Buren, Arkansas, is especially focused on this.

Gibraltar Cable Barrier Systems is one of the companies that started working with our solutions. The company turned an existing Bekaert product – a 3 x 7-3/4" diameter cable – into an integral part of a patented, innovative and cost-effective motorway security cable system. This prevents vehicles from crossing the motorway and colliding with oncoming traffic by catching and entangling the vehicle within the cable system.

The company received a Federal Highway Administration Acceptance Letter for its innovative solution. Whereas the Bekaert cables for the initial projects were supplied via a distributor, over the past years a tight partnership has developed between Bekaert and Gibraltar Cable Barrier System. In 2008, the company installed the new system in 15 different states in North America.

A new product emerged from the close cooperation between both parties: a cable closure with K-12 rating. This rating is given by the Department of Defense and Homeland Security to materials with anti-ramming and anti-terrorist protective properties. Gibraltar is thereby the first and only company with a K-12 rated cable median barrier system in the portfolio.

And this market is still on the move. In 2009, Bekaert will also supply prestretched cables and steel terminals that are cut and finished to size. The plans for the future are numerous.

Bekaert and Gibraltar cooperated on a cable barrier that received a K-12 rating. The barrier can stop an LB truck weighing 15 000 lb colliding head-on at 80 km per hour.

"We are particularly pleased with the professionalism and willingness our new partner has exhibited. This has allowed us to not only have success in the past year, but we will undoubtedly be able to expand our joint market in the future as well."

Ron Faulkenberry, General Sales Manager Gibraltar Cable

04

Driving forces of growth: technology and innovation

Bekaert is particularly R&D-intensive. The resources that we invest in technology and innovation amount to approximately 7% of the added value that we achieve.

Technology and innovation

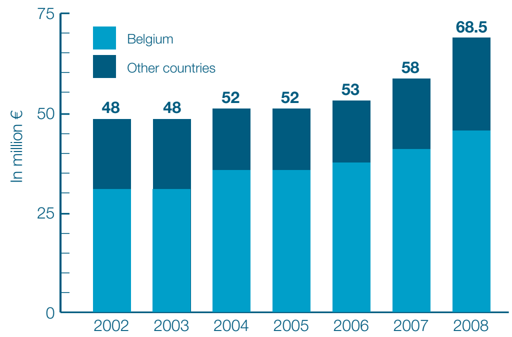
Technological leadership is one of the leverages Bekaert uses to achieve sustainable profitable growth. Our research and development activities are focused both on new products and product applications; innovative production processes that limit the costs, the environmental impact and energy consumption; and breakthroughs in machines and production equipment.

Our efforts for the development of new materials and products focus mainly on our two technological core competences. On the one hand, the Bekaert Technology Center conducts research into metal transformation and into the mechanical properties of metal, such as strength, ductility and fatigue. On the other hand, we research how we can improve the surface properties of metal using coatings: for example, adhesion and corrosion resistance. The technology center aims to optimize the synergy between both research fields.

The business itself drives the majority of R&D investments: over 70% of projects are initiated by the production and sales centers. The technological research is perfectly attuned to the customers' global needs. It is geared towards a number of highly promising key projects that we redefine every year.

Many technology projects occur in close cooperation with external partners: customers, universities and research institutions. Bekaert has successfully applied this type of 'open innovation' for many years.

evolution technology expenses



Our cooperation projects have resulted in various successful applications, such as metal fibers for diesel particulate filters and steel cord with ever higher tensile strength for lighter, more durable tires.

R&D is growing in importance and impact

Bekaert is an R&D-intensive company; the resources we invest in technology and innovation account for approximately 2.6% of consolidated sales and 7% of the added value we achieve.

Over the period 2002-2008, investments in technology grew substantially; both in terms of the operating budget and in terms of staff.

Of the over 500 employees currently more than 300 work in the Technology Center in Deerlijk (Belgium). Approximately 200 employees work on developing specific products and providing technological customer support in China. Over the course of 2009, both teams will be developed further and expanded where necessary.

2008 Trends

During the past year, the Technology Center has worked mainly on advanced wire products such as rubber reinforcement for wires and cords with high tensile strength, improving fatigue resistance, new steel cord constructions, steel cord reinforced thermoplastic strips and flat and shaped wires for different applications such as windshield wiper blades

“Innovation contributes towards enriching our product mix and thus sustainably ensures our profitability.” Dominique Neerinck
Chief Technology Officer
Group Executive Vice President Industrial coatings

and the offshore industry, advanced spring wire uses and environmentally friendly coatings for low carbon specialties.

Three trends have manifested themselves:

Internationalization is accelerating
In 2006, Bekaert made the decision to set up a technology activity in China as well, as an expansion of the Bekaert Technology Center in Belgium. The goal is to better support local customers and to accelerate global growth. In 2007, we started up the Bekaert Asia Research & Development Center in Jiangyin (Jiangsu province). The investment in a brand-new R&D building equipped with labs, pilot lines and offices will be completed in mid-2009.

In the meantime, the technology center in China is undertaking various activities. The Bekaert Asia Research & Development Center already provided for lab test services for buyers of steel cord in China. It also engages in engineering; it produces and installs nearly all the machines and spare parts for steel cord activities.

In 2008, the activities were expanded to include R&D projects: the innovative development, the implementation, upgrade and protection of current and future technology. Attempts are being made to draw on local talent and local skills; and to keep the finger on the pulse of our local customers.

In addition, the research center is also setting up joint R&D projects with local manufacturers, customers, research centers and universities. Bekaert capitalizes upon the knowledge that is present locally. The Chinese market is pre-eminently focused on innovation, after all. Year after year, we launch new steel cord constructions on the market, specifically geared to local needs.

In that respect, the Chinese technology center reinforces Bekaert’s competitive position both directly and indirectly. We will invest further in 2009 in infrastructure, people, and competencies.

In recent years, the technology efforts have been internationalized at a high speed. Not only has a significant technology arm been expanded in China, but the technology team in Belgium has welcomed a growing number of nationalities and disciplines. Simultaneously, the number of expatriates has also increased: increasingly more technicians are moving to another technology office or local plant for a certain assignment. Within the framework of this expansion and internationalization, a strategic thought process was undertaken, including growing needs for information protection.

Cross-functional cooperation is increasing
Bekaert’s Engineering department develops and provides for all the critical equipment for the various production plants around the world. Thanks to this department, we not only have the most advanced machines and equipment, it is also a cornerstone of our process efficiency. With the specialized, in-house knowledge of specific production needs, we can attune our method ideally to those of our customers. Key factors in the workings of Engineering in 2008 were total quality management, global sourcing in combination with centralized design and assembly and teamwork across the department’s borders.

This ever closer cooperation between Engineering, the Technology Center and the production plants provides for significantly quicker and more efficient innovation, for rapid and tangible results and better technical support. The projects are reflected especially in our competitiveness. For example we managed in recent years to reduce the investment cost for machines and systems.

At our pilot plant in Deerlijk (Belgium) – where the first tons of new products are being manufactured – cross-functional cooperation is working well. It has accelerated production at our plants worldwide.

During the past year, we expanded the pilot plant by a third more capacity, so that we can now also test new production equipment. The pilot plant now offers Bekaert diverse advantages. Not only can test lots be made here without disturbing production, we can also expand our knowledge and speed up our time to market. In addition, research constantly results in improved processes here that are perfectly transferable to production.

Innovation is driven by the environment and energy

In the development of new products, we are constantly paying attention to the challenges of tomorrow: the demand for sufficient and clean materials, the growing need for mobility, the demand for materials with improved properties.

We want to deploy the challenges as a driving force behind our growth. Some examples:

- Our ultrathin metal fibers that are used for gas burners excel thanks to their extremely efficient incineration and low NO_x and hydrocarbon emissions.
- The clean enclosed burners for torching gas at oil fields or plants take care of the incineration of superfluous gases. We thus greatly decrease the hydrocarbon emissions and limit the CO emissions to 10% of what is customary. These burners are the standard in areas with strict regulations such as California, Texas or the Netherlands.
- We came up with an environmentally friendly application for the weights used to balance wheels, conventionally made of lead or zinc. The steel shaped wire by Bekaert offers the same functionality and thus is a full-fledged alternative to contaminating lead and expensive zinc.
- We developed biodegradable polymer coatings on wires for agricultural uses.
- Our sintered or welded fibers – intended for diesel particulate filters – are distinct for their outstanding filtering of fine particulate that can be harmful to health.
- As steel cord becomes stronger and lighter, tires weigh less and the fuel consumption of cars and trucks is reduced. The ultratensile steel cord was developed at Deerlijk.
- Bekaert heating cord – comprised of extremely thin wires with plastic coating – is a key component to limit soot emissions by trucks.
- We develop water-based coatings for champagne cork wire in our production process; an environmentally friendly alternative to solvent-based coatings.
- Dramix® Green is an improved version of the success product Dramix®. The green version links the aesthetic benefit of a smooth surface with high durability thanks to an environmentally friendly rust inhibitor.
- We developed a superior coating for galvanized steel cord that promotes adhesion with polymers, rendering the use of solvents unnecessary for our customers.

Innovation, open more than ever

Bekaert engages in 'open innovation' not just with big customers. Cooperation with other parties as well – universities, research centers, etc. – leads to faster innovation; to finding complementary knowledge and capacities; to R&D at lower cost. 'Open innovation' results in a proactive view of new ideas and new developments.

Co-development

We also continued work in 2008 on joint development projects for various tire projects. One of these projects is aimed at a new generation of light-weight tires with a weight savings of 30% and a reduction of rolling resistance of 25% compared to conventional tires. This would create a 5% savings in the vehicle's total fuel consumption. The tires would be produced from different polymers than conventional rubber and reinforced with high tensile strength steel cord.

Using state-of-the-art R&D, Bekaert elevator wires and cables provide manufacturers with innovative solutions that not only meet high performance levels, but also enable the development of new solutions for the market.

Member of FMTC

Engineering is an active member of the Flanders Mechatronics Technology Center. With 5 to 7 projects a year, we combine forces with other companies at this center to remain on top of machine technology.

In 2008, this cooperation resulted in different success stories. Thus the FMTC supplied a segment of the software architecture for a new SCADA (Supervisory Control and Data Acquisition) system, through which we can save significantly on development time. This system, which will be rolled out worldwide in all Bekaert production offices, puts us in a position to permanently monitor the machine equipment for critical quality parameters.

In addition, there is a cooperation for a project involving wireless sensors with ultra-low capacity. Through these, the life span of the battery of a wireless sensor in a bunching machine can be increased six times, which results in a substantial reduction of maintenance costs.

We have worked on the BANG project with Indian tire manufacturer Apollo since 2007: Bekaert Apollo New Generation. Together we conduct research into the development of the highest-performing rubber/steel cord combination. The program also includes the production of tires and field testing. This project allows Bekaert to reinforce its strategic position in the growth pool that is India.

Cooperation with institutes and organizations

We are continuing our existing cooperation with various institutes and organizations. We actively contributed to the operations of Flanders Drive II, that supports automotive-related research.

In 2008, we were the first Belgian partner to join the M2i: the Materials Innovation Institute. This institute performs research into the field of structural and functional materials. It will not only stimulate economic growth, but also sustainable society. By combining forces with M2i, Bekaert gains access to research results regarding coatings on wire products.

We also signed an R&D framework agreement with the University of Trnava, the Slovakian Technology University. We will not only conduct joint research there, but also be able to tap into an extra pool of talent.

Risk capital

In addition, we also invested in 2008 in long-term innovation by providing € 5.5 million venture capital to start-ups. We acquire holdings in young companies whose know-how or activities are complementary to those of Bekaert. For example, we invested in Pangaea Ventures Fund II as one of the strategic partners. The fund invests in young North American companies active in clean technology and advanced materials. We consider the contribution by other companies, universities or other knowledge centers enriching. By combining our forces, we can innovate more quickly, more intensely and better geared to the market. This is also an example of our *better together* philosophy.

Intellectual property *'protected'*

The Bekaert Technology Center signs for an average of 40 new inventions a year, bringing our total numbers to 380 patented inventions and 2 140 patent rights at the end of 2008. Last year was also a record-breaking year – with 46 first-time patent filings – when it came to new patents.

Extra attention in China

In recent years, the technology activities in China have also contributed to Bekaert's patent portfolio: in 2008, the first two patent applications were filed from China.

That is why Bekaert is making efforts there more than anywhere to familiarize people with the concept of intellectual property and to guarantee its protection. Every employment contract contains clauses regarding confidentiality, protection of intellectual property and a non-competition clause. At the same time, all researchers and staff at Bekaert are informed and sensitized to the importance of knowledge protection. In 2008, a first Round Table took place on the topic, as well as a competition between the various Chinese plants. All Chinese steel cord plants were externally audited and evaluated on the basis of a balanced score card specially developed for the purpose.

Thanks

Our thanks go out to the Institute for the encouragement of Innovation through Science and Technology in Flanders (IWT). The subsidies for highly educated scientific personnel are essential to the ongoing foothold of our R&D in Belgium. In 2008, we presented 5 new projects to the IWT. In addition, Bekaert registered for 2 European projects of the FP7 Framework Program.

Search for new materials pays off

The 2008 AVK Innovations Award went to the Quadrant Plastic Composites consortium (world leader in glass mat thermoplastic), voestalpine Polynorm Plastics (key supplier to the automotive industry) and Bekaert. These three parties joined to seek materials for more environmentally friendly and safer vehicles.

They developed the steel cord reinforced EASI GMT material, an abbreviation for Energy, Absorption, Safety, Integrity Glass Mat Thermoplastic. This material is comprised of a hybrid reinforcement structure consisting of glass and steel fiber in a polypropylene matrix.

Weight-wise EASI is some 30% lighter than traditional materials, while satisfying all the current safety standards and crash tests. The new material can replace metal parts, offers greater design possibilities and allows for a greater degree of functional integration than steel does. It can be used in crash-resistant structural components such as bumpers, door sections, floor sections, etc.

Tighter grip on ambitious expansion plans

In India, Bekaert has had a strong market presence for over a decade now. Activities are concentrated in Pune, where Bekaert produces a range of steel cord products, filtration systems and services, and carding products. And because India is a strategically important growth market, Bekaert hosts an engineering and business development cell there too.

In India, the radialization degree – the number of tires reinforced with steel cord – is growing fast, as is the number of cars and the number of asphalted roads. Major advantages of radial tires are significantly better road grip, increased tire mileage and enhanced safety. Passenger car tires today have reached a radialization degree of 95%. Truck and bus radials, too, saw significant growth over the past 3 years, moving from around 4% in 2005 to over 10% in 2008. This figure is expected to reach 16% by 2010-2011. All Indian tire companies have invested heavily to leverage the expected growth in this segment.

One of the leading Indian tire manufacturers, Apollo Tyres Ltd., is a fast-expanding company with ambitious plans. At present, Apollo is the No. 16 (Global Tire Report 2007) tire manufacturer in the world. They have a clear vision; they want to double their turnover in the next 2 years and, over time, become one of the top 10 players in the global tire industry. Today, Apollo has plants in India and South Africa, a technical center in Europe, sales offices in several countries and different investments planned in other regions.

Since it started in 1999, the relationship between Apollo and Bekaert has been an undeniable win-win. Apollo gains from Bekaert's technological know-how and expertise while Bekaert rides the company's impressive wave of expansion. Bekaert has worked closely to offer various steel cord options, improved processability and developmental projects. This has allowed Apollo to capitalize on the fast growth in the segment of passenger car radial tires.

In 2008, both companies worked closely on new product introductions, supply chain management and administrative flows to better support Apollo's Indian and South African operations. And to seize growth opportunities in the segment of truck and bus radial tires, they joined forces in technology partnerships like BANG: 'Bekaert Apollo New Generation'.

Key to the future growth of truck and bus radials is to enhance carcass life and, in doing so, offer improved retreadability. In the BANG program, Bekaert and Apollo are collaborating to prolong the life of the body ply and develop a superior level of steel cord rubber adhesion. The tire's mileage should increase as a consequence. While Bekaert brings its expertise on coating technologies to the table by offering several brass coating options, Apollo works on fine-tuning and adjusting their design elements. This will enable Apollo to offer state-of-the-art truck and bus tires to the Indian market.

"The Bekaert team was highly committed, diligent and knowledgeable and they have deployed all the available resources, including world-class laboratory facilities, for the successful completion of BANG which will, no doubt, be highly beneficial to both parties."

PK Mohamed, Chief Adviser, Research & Technology, Apollo Tyres

05

Corporate sustainability: it's in our DNA

Corporate sustainability is gaining interest. At Bekaert, too, an increasing number of activities and initiatives have been launched that are given a place under the broad umbrella of sustainability. In 2008, we honed our definition of sustainable enterprise, we set priorities and determined quantifiable, Bekaert-specific targets.

Corporate sustainability

A healthy and safe working environment for our employees and concern for the environment have long been intrinsic components of Bekaert's aspirations for sustainable profitable growth. In the coming years we will formulate even more clearly defined goals and a more general approach to reducing our impact on the environment – via process innovation, product development and infrastructure – and to streamlining local community support.

Our staff: of capital importance

Our 23 000 highly qualified and driven employees create the dynamic that characterizes the international corporate culture at Bekaert. They are recruited and supported throughout their career by local HR departments who keep their fingers on the pulse of the labor market. These services are centrally managed and coached.

In 2008, as in 2007, we added a large number of newcomers to the company.

In order to attract this great diversity of profiles – both in tight labor markets and in quickly growing economies – we made our HR tools and processes more professional. In 2007, we worked on the Bekaert e-recruitment tool that was implemented worldwide in 2008. Last year, a total of 19 000 CVs were registered. Some 4 400 applicants around the world were tested using the online testing tool that is available for all job levels in 24 languages. These smart, efficient methods are necessary to support our rapid growth.

Acting as a responsible employer in difficult times

Due to the challenging economic circumstances in 2008 Bekaert found it necessary to rearrange its activities, which included the announcement of its intention to close a number of sites. As a responsible employer, Bekaert is dedicated to correctly informing the employees affected by the restructuring and closings, and to the immediate commencement of consultations with the social partners. This occurs in accordance with all valid legal regulations. We attach great importance to the maximal re-employment of our employees and provide career guidance support. This may be in the form of internal transfer, individually supported outplacement or retraining. For employees who cannot assume any other position within the organization, we provide fair financial accommodation.

Lifelong learning

Learning is synonymous with improving at Bekaert. That is why Bekaert invests substantially in continuing staff training. We make efforts when we welcome the many newcomers, as well as to increase the proactivity and efficiency of current employees. And we organize trainings for operational excellence in key projects.

In this way, we focus not only on acquiring additional skills, but also on optimizing daily work. Bekaert considers learning and development as a long-term investment that contributes to the company's sustainability.

In emerging markets especially – China, Central Europe and Latin America – Bekaert undertook special training efforts in 2008 to optimize the integration of the many newcomers. These introductory programs are a critical success factor indeed.

Up-and-coming staff in China

In China, we made massive efforts in 2008 to rapidly recruit 2 300 newcomers. We achieved good results thanks to our greatly increased campus presence and the employee referral program whereby employees refer applicants.

The average age of the Chinese staff is only 29: it is a challenge there to assimilate staff into the Bekaert corporate culture. In addition, this young average age requires substantial training efforts. A new initiative is the mini-MBA program that China Europe International Business School in Shanghai worked out, tailored to Bekaert. 40 managers will take part over a two-year period.

In the competitive Chinese labor market, we are working hard to retain good staff. The average staff turnover in Chinese Bekaert plants is approximately 6%: less than half the market average. Our salary policy, good relationships with local governments, and our positive image of a strong growing company play a key role in this. Bekaert is also recognized in various cities as an employer of choice.

> "When it comes to the safety of our staff we can never be overly ambitious." Bert De Graeve, Chief Executive Officer

Dealing with labor shortages in Central Europe
The Central European labor market is marked by labor shortages: the high number of foreign investors creates a highly competitive labor market. Bekaert has accordingly made various efforts to bolster our name recognition as an employer. With our joint innovation projects with the University of Trnava (Slovakia), participation in various job fairs, good working conditions, and an employee referral program, we are attracting talent.

Alignment in Latin America
As part of the establishment of the regional holding in Latin America that spans the Bekaert subsidiaries in Venezuela, Colombia, Peru and Ecuador, these plants commenced aligning their HR policy. They started by determining uniform job levels, performance management and remuneration systems.

Technologists in Western Europe
Belgium also continues to be a major recruitment center. Here we attract mainly technical profiles who are deployed abroad as well. There is a noticeable internationalization in this respect.

Last year, we organized an extensive number of training programs in Europe to meet the needs of the many newcomers to research and development. The number of training programs for managers in research and development, for example, doubled compared to previous year. Also the number of participants in introductory programs increased substantially.

In Belgium, Bekaert obtained subsidies from the Flemish government to support staff training programs. These subsidies are a crucial support to maintain the high competitive level of our employees. In order to be able to cope with competition from foreign plants with lower wages, the Belgian plants have to continually invest in highly technological products, machines and processes. To do this, we need well-educated employees, both in operational, technical and general respects.

We not only attach great importance to Talent Management – we also stimulate the development of talent via partnerships with universities and student associations. Bekaert supports BEST, the Board of European Students of Technology. This pioneering European initiative creates a bridge between universities, technology students and the industry. In Belgium, Bekaert is a partner in the 'Technological Enterprise' project at the Vrije Universiteit Brussel: a corporate economic education for specific technological sectors.

Belief and mission

Bekaert believes that we derive our strength as a company from the lasting relationships we build with our customers, suppliers and other business partners, with a clear focus on creating win-win solutions.
Continuously meeting customer expectations is the foundation of our growth.
Our people make the difference. We believe that the resilience, trust and integrity they demonstrate in their daily work generate the power needed to fulfil our mission.
Sustainability also stems from the way we take full responsibility for the impact of our operations on the environment and society.

Our mission is:

- To safeguard the future of the company through sustainable profitable growth while consistently generating adequate returns.
- To be recognized as a world leader in our selected business segments, offering our customers – as their preferred supplier – innovative and high-quality products and services.
- To maintain our position as an employer of choice for the best talent by providing professional growth opportunities and competitive rewards, thereby reflecting the value we place on global diversity.

Worldwide

In addition, we are making efforts to build culture bridges within the group. For various years we have organized a ‘ChinaConduct’ workshop for employees who often work together with Chinese colleagues. In 2007 we organized the first ‘IndiaConduct’. In 2008, we expanded this cycle with ‘RussiaConduct’ and ‘JapanConduct’.

Some other training packages were also thoroughly updated in 2008. The safety training for production managers was expanded to a two-day program, a new training curriculum for critical purchasing positions was written, and the general induction program for managers was updated.

Health and safety

Safety has been a key concern at Bekaert since the days of old: it is embedded in our long tradition of operational excellence. Performance in this area was monitored continually and compared globally. In 2008, a target was set for a 15% decrease of accidents; we outperformed our target with a decrease of 18%.

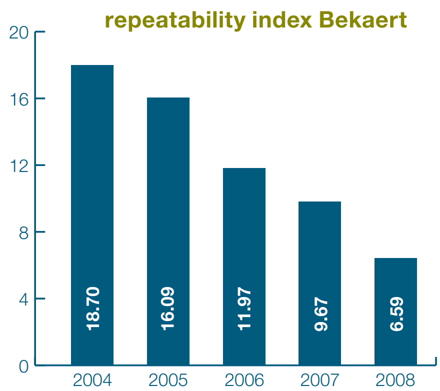
Safety is also an action item in the annual plans of each Bekaert plant. Annually, Bekaert presents a special certificate to the plants that have distinguished themselves in this respect.

In 2008, the safety policy of the various European and North American plants was subjected to an audit by the group environment and safety department on the basis of the Bekaert safety management evaluation system. Based on the results, plants were asked to draw up an improvement plan.

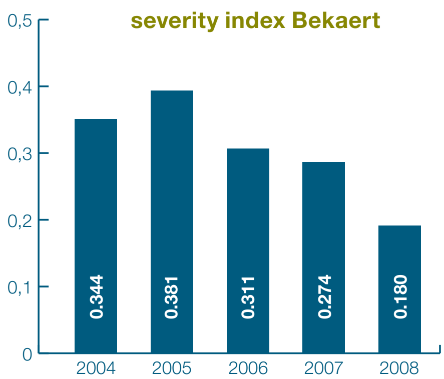
Based on the company’s beliefs and mission, we defined sustainability as follows:

We acknowledge that our pursuit for sustainable profitable growth must take into consideration the broader economic, ambient and social impact of our activities.
That is why we integrate the interests of customers, staff, shareholders, communities and other stakeholders into all aspects of our activities.

Bekaert strives for operational excellence in a manner that is friendly to the surroundings, safe, healthy and socially responsible. Bekaert invests in clean and energy-efficient infrastructure, production processes and products. Bekaert always complies with local standards and regulations.



Number of lost time accidents (LTA) per million worked hours



Number of lost days due to occupational accident per thousand worked hours

Good employer

In 2008, Bekaert confirmed its image as an active recruiter. We were present the world over in 2008 at various key job events, fairs and workshops. Here we attract employees with the skills and talents to make business plans reality. We offer them optimum guidance and competitive pay.

Our many efforts to be an employer of choice were noticed externally. In China we were awarded the 'Liaoning Labor Award' because of the good dialogue we maintain with social partners. In the same province, our personnel policy was positively recognized, for which we received the 'Excellent contribution award of CSR compliance' from the local government.

In Belgium, Bekaert won the 'Top Employer Award' for the second time in a row. This prize was awarded by CRF International, a global HR research firm. An independent panel of experts examined the HR policy and practices for highly educated professionals. Bekaert received maximum scores for all the criteria, running from pay to chances of promotion to training opportunities.

In other countries as well, we have been recognized as a 'Great Place to Work'. In Ecuador for example, we took fourth place in the ranking of industrial top employers; we were evaluated for the trust, interpersonal relationships and pride prevailing among employees.

Plants learning from plants

Bekaert wants to stimulate learning amongst plants too. In cooperation with clients and suppliers, specific products and processes are being developed in Key Learning Plants. These plants ensure flawless implementation of new technology in other plants and play a key role in client complaint prevention.

Bekaert plants that distinguished themselves in 2008 by successive years without accidents causing lost time:

- Bekaert Corporation, Spring Green (Wisconsin, United States): 10 years
- BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda (Itaúna, Brazil): 8 years
- Bekaert Toko Metal Fiber Co Ltd (Tokio, Japan): 7 years
- PT Bekaert Indonesia (Karawang, Indonesia): 6 years
- Bekaert Corporation, Rogers (Arkansas, United States): 4 years
- Industrias del Ubierna SA (Burgos, Spain): 3 years
- NV Bekaert SA (Zwevegem-Moen, Belgium): 2 years
- BBA-Belgo Bekaert Arames Ltda (Sabará, Brazil): 2 years
- BBN-Belgo Bekaert Nordeste SA (Feira de Santana, Commercial Products, Brazil): 2 years

Produced in 2008 without any accidents causing lost time:

- United States: Bekaert Corporation, Shelbyville (Kentucky); Bekaert Carding Solutions Inc. (Simpsonville, South Carolina)
- Latin America: BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda (Vespasiano, Brazil)
- India: Bekaert Industries Private Limited, Pune
- China: Bekaert Jiangyin Wire Products Co Ltd, China Bekaert Steel Cord Co (both in Jiangyin); Shanghai Bekaert-Ergang Co Ltd (Shanghai); Bekaert New Materials Co Ltd (Suzhou), Bekaert Carding Solutions (Wuxi)

In all Chinese production plants, a behavior-based safety system was introduced: the safety conduct of employees was observed and corrected. During two regional meetings, employees shared successful efforts to achieve ongoing improvements. The number of accidents decreased (by 59%) as well as the severity of the accidents (by 53%).

Five Chinese plants went all of 2008 without lost time accidents. The plant in Shenyang was recognized for its efforts as an 'Excellent Enterprise in Safety Management' by the Shenyang development zone in 2008.

The safety tree model was implemented at all steel cord plants. This model was developed by the university of Burgos together with the Spanish Bekaert steel cord plant Ubisa. It provides a safety action plan based on four drivers for safety: the involvement of the management; the management and control of risks; training and communication; and employee participation. They were asked to not only report unsafe situations and actions but also to perform a risk analysis and to propose corrective actions.
To introduce this model to all steel cord plants, two-day regional workshops were organized in which both plant managers and safety coordinators took part.
For the European managers in operations, a two-day training was initiated in 2008 on safety policy, the hazards of our products and machines and the responsibilities involved.

In Latin America, health and safety were also worked on in 2008. Internal campaigns were conducted around 'manos seguras' and 'safety month'. Various initiatives to combat stress were also taken.

On 25 September 2008, Bekaert organized a *première*: the first World Safety Day, going by the motto '*better together* in safety and health'. By means of this action, the management clearly presented the importance of health and safety at all plants the world over. The 23 000 employees were encouraged via various activities to keep safety awareness high and to actively contribute towards the continuous improvement of results. All the regional plants took some time to think about current safety results and targets. A safety audit was held everywhere, with points for improvement and elements of risk being mapped out. Via a video message, the CEO called on everyone to contribute towards a safe and healthy work environment. Knowledge was also exchanged via testimonials on experiences implementing the safety policy.

Environmental protection in our production

With less use of materials, more modest energy consumption and reduced waste, we are striving to impact the environment we live in as little as possible.

We set up an internal benchmark that compares all our plants in terms of emissions, water pollution, the use of energy, water and materials for each end product. This international comparison is part of our Total Environmental Care management system. It is also impetus to continually perform better.

An employee from Vicson (Venezuela) verifies the quality of the waste water.

With the new water treatment plant in Karawang, Indonesia, Bekaert will be able to significantly reduce the waste waters of its manufacturing lines.

REACH-compliance

REACH is the European regulation for the registration, evaluation and admission of chemical substances.

Bekaert proactively aspires to REACH compliance. We submitted a preregistration for all the substances for which this is needed. Based on a detailed analysis of hundreds of primary and secondary materials, we identified the most critical ones and the strategic suppliers. Via detailed questionnaires, we could also expand the knowledge and awareness of REACH where necessary.

Based on this information, we could ascertain that we can continue to offer our current product range in the future as well: the necessary primary and secondary materials will remain available. Based on a thorough screening of our end products, it turned out that these do not contain any substances of very high concern listed on the applicant list of the ECHA (European Chemicals Agency).

Energy-driven process innovation

These days, the increasing cost of energy is a driving force at Bekaert for process innovation. After all, the energy costs involved in the production of wire and steel cord are considerable: many typical Bekaert processes like annealing, galvanizing, wire drawing and bunching are energy-intensive processes.

Because energy production is partially responsible for global warming, the European Commission developed the 20/20/20 targets. By 2020 they want to achieve a 20% reduction in CO_2 emissions, be 20% more energy-efficient and achieve a 20% share of renewable energy in the total energy mix.

Through various initiatives, Bekaert has sought for a number of years to map out and reduce energy consumption of the steel cord and wire plants. In 2008, there was intensive work on this.

Our infrastructure and our equipment are checked in regular internal audits for energy losses. At the same time, we determine which parameters have an impact internationally on energy consumption. We also discover best practices that are shared and conveyed within the group.

With countless process improvement projects we are also continually looking for ways to use less energy. To this end, we drafted the 'Green 2007' action plan. Over the past two years, our environmental experts and specialists in mechanical engineering have been looking for the way to produce steel cord with the lowest possible CO_2 emissions per ton. In 2008, we invested in measures resulting in a reduction of the energy consumed in our steel cord and wire plants. Every expansion of our plant infrastructure, machines and process lines is immediately equipped with the existing ‘green’ ideas. This project resulted in substantial energy savings by recuperating heat, reducing friction, improving insulation and rendering motors more efficient.

In 2009, as in previous years, an investment budget is reserved for the implementation of energy-saving solutions in our existing steel cord and wire plants.

Before the end of 2010, the combination of retrofit energy savings and energy-saving solutions to new machines will result in an annual reduction of more than 200 000GJoule thermal and electric energy.

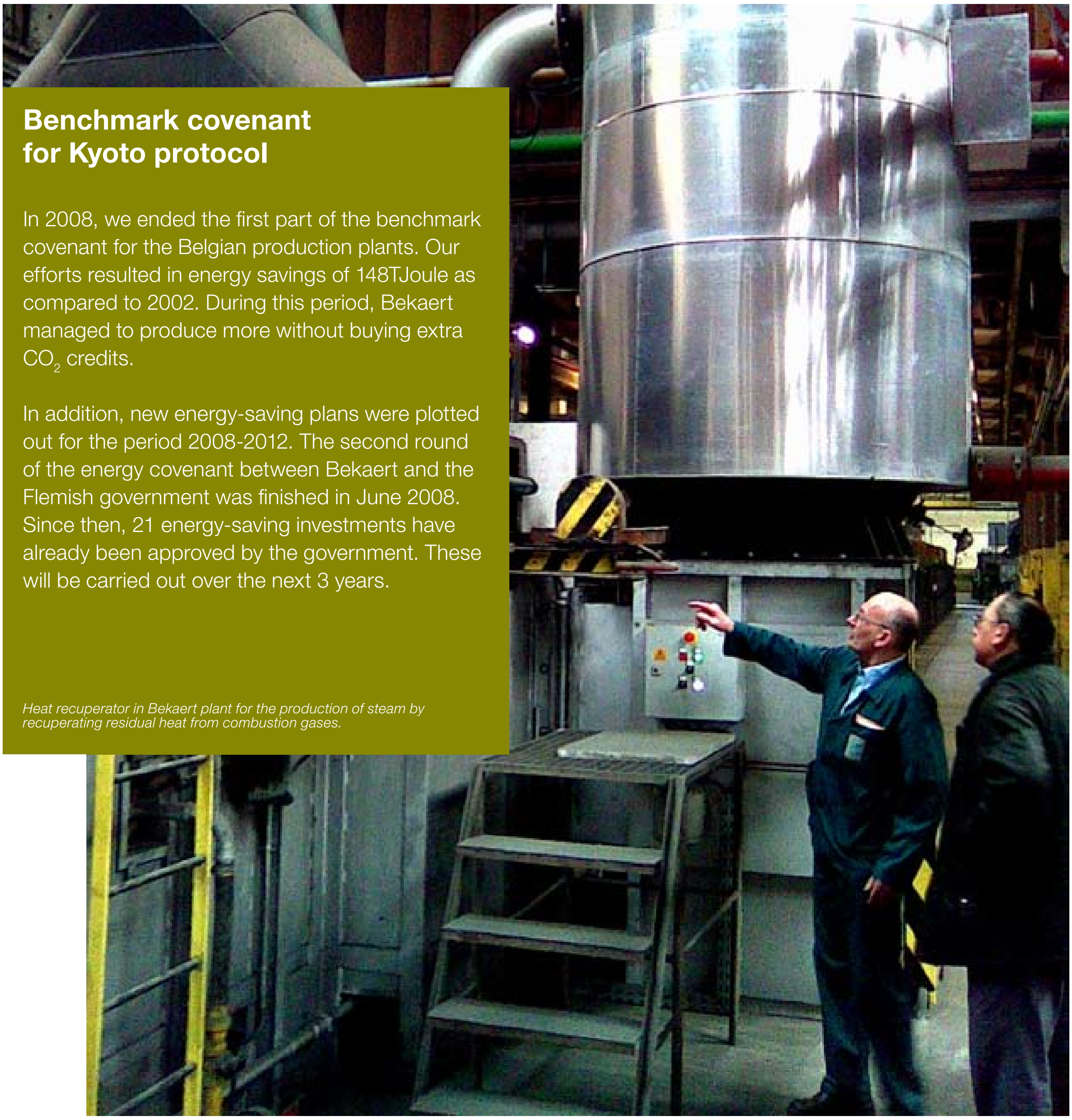
In addition, we defined a research project in 2008 aiming to achieve fundamental breakthroughs in the energy consumption of typical Bekaert processes. For example, we are looking for alternative thermal treatment methods and new methods of producing energy from heat recuperation.

The use of renewable energy was examined in 2008 for a few pilot projects. We are studying the techno-economic feasibility of wind energy and photovoltaic cells for various production departments.

Benchmark covenant for Kyoto protocol

In 2008, we ended the first part of the benchmark covenant for the Belgian production plants. Our efforts resulted in energy savings of 148TJoule as compared to 2002. During this period, Bekaert managed to produce more without buying extra CO_2 credits.

In addition, new energy-saving plans were plotted out for the period 2008-2012. The second round of the energy covenant between Bekaert and the Flemish government was finished in June 2008. Since then, 21 energy-saving investments have already been approved by the government. These will be carried out over the next 3 years.



Heat recuperator in Bekaert plant for the production of steam by recuperating residual heat from combustion gases.

Sense of public responsibility vis-à-vis the community

In the local communities in which we operate, we want to be a loyal, responsible partner. We attach great importance to interacting with local governments in a transparent, constructive way. We make a commitment to comply with national legislation and collective labor agreements. Bekaert is an adherent of the Universal Declaration of Human Rights and the treaties and recommendations of the International Labor Organization.

Bekaert attaches special importance to learning. That is why support by the company is often geared towards educational projects.

Some examples:

- The Bekaert University Scholarship Program offers scholarships to talented students from the three top universities in China.
- For years Bekaert is funding the China Europe International Business School, a renowned business school in Shanghai, China.
- In Peru, Bekaert provides free 'summer school' not just for the children of our own staff, but also for other children in the village. Workshops are organized for their mothers too.
- The Dezheng elementary school in Guizhou (China) received financial support, computers and school supplies from Bekaert.
- In Colombia, Bekaert supports CENA, a project for the support and enhancement of technical training programs.

We also selectively support local activities and projects for social, cultural and economic development. For example, in Latin America we finance vaccination campaigns for children; in China we support various social projects.

VOLUNTADES DE ACERO

At several plants Bekaert is structuring its community efforts by means of voluntary work programs, such as the Voluntades de Acero program in Peru. In Brazil the Pro-Volunteer – BBA Social Program coordinates support to social organizations related to childcare, educational and other community projects. On Volunteer Day (Day V) in 2008 many employees actively contributed to these organizations by performing refurbishment works.

In order to help the victims of the earthquake in the Sichuan area, Bekaert donated 5 million renmenbi, of which 2 million to the Chongqing Red Cross in June 2008. Mr Tu Jing Ping, Deputy Secretary General of Chongqing Municipality, accepted the donation on behalf of Chongqing Municipality.


Centro de Distribución
& Capacitación
Prodac
Cementos Lima S.A
UNICON
Prodac
Cementos Lima S.A
UNICON

Structural housing construction project in Ecuador

"Living in a decent house might go without saying in many countries, but in Ecuador it is not so. We have a housing shortage of approximately one million. 33% of Ecuadorians do not have their own home. Becoming an owner is a dream here!
In the mid-90s, Ideal Alambrec – the Bekaert plant in Ecuador – developed a housing project: Camilo Kohn. This project helps employees and their family members buy a house in a safe area. So it is not just our staff who benefit from Bekaert's sense of civic responsibility. Their family members and the entire society reap the benefits."

Walter Salvador,
Bekaert Ideal Alambrec, Ecuador

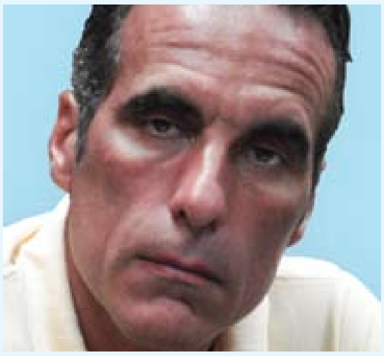
Assistance with reconstruction after the earthquake in Sichuan, China

"In May, the Chinese province of Sichuan – particularly the districts of Wenchuan and Beichuan – were hit by a huge earthquake. The heavy tremor shook up southwestern China. Thousands of people died, tens of thousands lost their homes. Bekaert's executive management immediately decided to offer the victims help. Here in Weihai we also decided to do something. Everyone agreed; no wonder, since it is one of the company's values to help people in need. The result? Bekaert, the Chinese plants and the staff raised € 0.5 million. We donated that amount to the emergency relief operations and reconstruction."

Diao Qingli,
Bekaert Shandong Tire Cord, Weihai, China

Training center in Ica, Peru

"During a severe earthquake in Ica in August 2007, 510 people were killed and 1 500 injured, 17 000 houses were destroyed, 85 000 people affected. One of the reasons for the high number of victims? The current use of improper construction techniques.
In order to contribute to reconstruction, Prodac, our local Bekaert plant, joined with others active in the construction industry: the top cement manufacturer in the country Cementos Lima, and Unicon. Together we set up a training center on the Prodac premises. People who want to build can come follow a course on proper building techniques and materials. This training is free to all victims of the earthquake. In this way, we make a structural contribution towards better housing for Peruvians."



Manuel Gallofre,
Bekaert Prodac, Peru

Versatile solution for profit in wind energy

Few alternative energy sources spark the imagination quite so much as wind. Nonetheless, top technology is required in order to convert this natural energy into electricity. Wind energy is gaining in interest because of climate change and the scarcity of fossil fuels. This results in more research and quicker innovation among wind energy producers as well as suppliers, including Gates…

In order to bolster performance capacity, wind turbines are built ever higher and farther out to sea. This greatly increases the forces to be transmitted and the weight of the transmission system of the blades increases disproportionately. Accordingly, a search is on for new transmission systems. These systems provide for optimum energy production: they adjust the position of the rotor blades based on wind direction and speed. When wind speeds are high, such as during storms or hurricanes, the pressure on the blades is very high. In order to prevent these from going into overdrive and the equipment from destroying itself, the drive systems of the rotor blades move the blades 'out of the wind' during these times: by turning them sideways, they stop.
Gates, for example, one of the suppliers of Vensys windmills, in cooperation with their partner Walther Flender, has developed an alternative drive system for blades that makes use of synchronous belts.

The rubber synchronous belts are traditionally reinforced with glass fiber: a strong material, resistant to the great force exchange. Glass fiber is too elastic, however, causing belts to expand over time and for the blades to be less precisely adjusted. Since wind turbines should use their energy source optimally in the long term and so that the safety of the systems can be guaranteed, there was only one choice but to use the Bekaert steel cord.

Bekaert was asked about the technical possibilities of steel cord. In order to meet the high requirements of maneuverability, tensile strength, length stability and adhesion with the Gates rubber, Bekaert developed a high-quality steel cord comprised of 83 twisted wires. What additional advantages does this steel cord reinforced belt solution offer? It is substantially lighter compared to gearboxes, the traditional system for blade drives, which greatly simplifies their installation at great heights. In addition, the complex architecture of steel cord offers sufficient flexibility to be able to be stretched over the small gears with which newer types of wind turbines are fitted to save space. And what is more: the steel cord reinforced belts are maintenance-free; in contrast to gearboxes, they do not need to be oiled at all. Gates can thus offer wind turbine manufacturers a solution that guarantees sustainable, precise rotor blade adjustment.

"The drive belts that determine the position of the rotor blades, depending on the wind direction and speed, are essential to the safe, prolonged operation of wind turbines. A malfunction can even result in the total loss of the system.
In our search for ultra-strong, length-stable material, we ended up at Bekaert. Bekaert provided us with high-quality steel cord with which we could meet the needs of our end customers perfectly."

Hans Metzen, Application Engineer Gates

06

Corporate Governance

Bekaert attaches great importance to good corporate governance and is aware that good governance of listed companies is an important factor in investment decisions. The company complies with internationally accepted standards and rules. In accordance with the Belgian Code on Corporate Governance, the Board of Directors has on 16 December 2005 adopted the Bekaert Corporate Governance Charter.

Corporate Governance

Bekaert complies in principle with the Belgian Corporate Governance Code, and explains in its Charter or in this Corporate Governance Chapter why it departs from a few of its provisions.

Board of Directors

The Board of Directors consists of fourteen members, eight of whom are nominated by the principal shareholders. The Chairman and the Chief Executive Officer are never the same individual. The Chief Executive Officer is the only Board member with an executive function. All other members are non-executive directors. Three of the directors are independent within the meaning of Article 524 of the Companies Code and provision 2.3 of the Belgian Corporate Governance Code: Dr Alan Begg, Sir Anthony Galsworthy and Lady Barbara Thomas Judge. Sir Anthony Galsworthy was first appointed in 2004. Lady Judge was appointed in 2007. Dr Begg was appointed in 2008, and has since completed his induction programme. Those three Directors also satisfy the independence criteria of the new Article 526ter of the Companies Code.

The Bekaert Corporate Governance Charter is available at www.bekaert.com

Name	First appointed	Expiry of current term	Principal occupation (*)	Number of ordinary meetings attended	Number of extraordinary meetings attended
Chairman					
Baron Buysse	2000	2009	NV Bekaert SA	7	2
Executive Director					
Bert De Graeve	2006	2009	NV Bekaert SA	7	2
Members nominated by the principal shareholders					
Baron Bekaert	1994	2009	Director of companies	7	2
Roger Dalle	1998	2010	Director of companies	7	3
Count Charles de Liedekerke	1997	2009	Director of companies	7	2
François de Visscher	1992	2010	President, de Visscher & Co. LLC (United States)	6	2
Hubert Jacobs van Merlen	2003	2009	President & CEO, IEE SA (Luxembourg)	6	2
Maxime Jadot	1994	2009	President of the Directoire, Fortis Banque France	6	1
Bernard van de Walle de Ghelcke	2004	2010	Partner, Linklaters LLP (Belgium)	7	2
Baudouin Velge	1998	2010	CEO, Interel PR & PA (Belgium)	7	2
Independent Directors					
Dr Alan Begg (**)	2008	2011	Senior Vice President Technology Development and Quality, SKF (Sweden)	4	1
Sir Anthony Galsworthy	2004	2010	Advisor to Standard Chartered Bank (United Kingdom)	7	1
Lady Barbara Thomas Judge	2007	2010	Chairman of the UK Atomic Energy Authority (United Kingdom)	6	1
Other Members					
Julien De Wilde	2002	2009	Director of companies	7	2

(*) The detailed resumes of the Board members are available at www.bekaert.com.
(**) Appointed on 14 May 2008.

Activity report

The Board met on ten occasions in 2008. There were seven regular and three extraordinary meetings. In light of its aim to keep in touch with Bekaert's global operations the Board held one of its regular meetings in China. The Board has on one occasion passed a resolution by the unanimous written consent of the Directors.

In addition to its statutory powers and powers under the Articles of Association, the Board of Directors also considered the following matters, among others, in 2008:

- the 2008 budget;
- major investments, acquisition projects, and other changes in the shareholders' portfolio;
- the buy-back of shares;
- the follow-up of the long-term strategy of the Group and its major components;
- the closure of the Lanklaar factory;
- the plans for the period 2009-2011;
- the financial crisis in the second half of the year, its impact on Bekaert, and the company's answer to the changed economic and financial conditions.

Remuneration

The remuneration of the members of the Board of Directors is reflected in the table below.

Directors Remuneration (Board fees)

in €	Fixed remuneration	Variable Board attendance	Variable Committee attendance	Total 2008
Chairman				
Baron Buysse	500 040	-	-	500 040
Directors				
Gary Allen	18 592	2 479	-	21 071
Alan Begg	23 240	12 395	2 974	38 609
Baron Bekaert	37 184	22 311	4 461	63 956
Roger Dalle	37 184	22 311	4 461	63 956
Bert De Graeve	37 184	22 311	-	59 495
Count Charles de Liedekerke	37 184	22 311	4 461	63 956
François de Visscher	37 184	19 832	2 974	59 990
Julien De Wilde	37 184	19 832	-	57 016
Sir Anthony Galsworthy	37 184	19 832	5 948	62 964
Hubert Jacobs van Merlen	37 184	19 832	-	57 016
Maxime Jadot	37 184	17 353	8 922	63 459
Lady Barbara Thomas Judge	37 184	14 874	4 461	56 519
Bernard van de Walle de Ghelcke	37 184	22 311	-	59 495
Baudouin Velge	37 184	22 311	2 974	62 469
Total	**988 080**	**260 295**	**41 636**	**1 290 011**

CEO Remuneration*

in €	Fixed remuneration	Variable remuneration	Other contractual remuneration	Total 2008
Bert De Graeve	656 372	450 000	167 679	1 274 051
Number of stock options granted				8 000

(*) The fixed remuneration includes the Board fee received as member of the Board of NV Bekaert SA.

Committees of the Board of Directors

The Board of Directors has established three advisory committees.

Audit and Finance Committee

The Audit and Finance Committee advises the Board on the appointment, the dismissal and the remuneration of the Statutory Auditor and on the extent of its control mission, and generally on all subjects relating to the annual statutory and consolidated accounts and the half-year results, and on the activities of the Internal Audit Department.

The Committee has four members, who are non-executive directors. Contrary to provision 5.2/1 of the Belgian Corporate Governance Code, it is chaired by the Chairman of the Board: Bekaert wishes the Chairman to preside over all committees, to enable him to discharge as effectively as possible his specific duties with regard to the protection of the interests of all shareholders.

The Committee further consists of three directors, one of whom is independent. Contrary to provision 5.2/1 of the Belgian Corporate Governance Code, according to which at least a majority of the members should be independent, Bekaert takes the view that the Audit and Finance Committee should reflect the balanced composition of the full Board. The competence in accounting and auditing of Lady Judge, the independent Director on the Committee, is demonstrated by the position of vice chairman of the Financial Reporting Council, the British accounting and corporate governance regulator, which she held until the end of 2007.

The Chief Executive Officer and the Chief Financial Officer are no members of the Committee, but are invited to attend its meetings. This arrangement guarantees the essential interaction between the Board of Directors and executive management.

Name	Expiry of current term	Number of meetings attended
Baron Buysse	2009	3
François de Visscher	2010	2
Baudouin Velge	2010	2
Lady Barbara Thomas Judge	2010	3

The Committee met three times in 2008. The main items on the agenda included:

- the annual and half-year results and the quarterly trading updates;
- the activities and reports of the Statutory Auditor;
- the treasury situation;
- Bekaert's financing actions as a result of the financial crisis.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee advises the Board on the (re)appointment of Directors, the appointment and remuneration of the members of the Bekaert Group Executive, the remuneration policy with respect to senior management, and all aspects of the company's subscription rights and option plans.

The Committee has four members, who are non-executive directors. It is chaired by the Chairman of the Board and further consists of three directors, one of whom is independent. Contrary to provision 5.4/1 of the Belgian Corporate Governance Code, according to which at least a majority of the members should be independent, Bekaert takes the view that the Nomination and Remuneration Committee should reflect the balanced composition of the full Board.

Name	Expiry of current term	Number of meetings attended
Baron Buysse	2009	3
Roger Dalle	2010	3
Maxime Jadot	2009	3
Dr Alan Begg (*)	2011	2

(*) Appointed on 25 June 2008.

The Committee met three times in 2008. The main items on the agenda were:

- the positioning of the HR department in function of Bekaert's geographic expansion;
- the appointment of a new independent Director and new members of senior management;
- the annual offer of subscription rights and stock options.

Strategic Committee

The Strategic Committee advises the Board on the general policy of the company, and on the most important strategic decisions concerning the company's development.

The Committee has six members, five of whom are non-executive directors. It is chaired by the Chairman of the Board and further consists of the Chief Executive Officer and four directors, one of whom is independent.

Name	Expiry of current term	Number of meetings attended
Baron Buysse	2009	3
Bert De Graeve	2009	3
Baron Bekaert	2009	3
Count Charles de Liedekerke	2009	3
Maxime Jadot	2009	3
Sir Anthony Galsworthy	2010	3

The Committee met three times in 2008. The main item on the agenda was the follow-up of the long-term strategy of the Group and its major components.

Executive Management

Composition

The Bekaert Group Executive has five members. It is chaired by the Chief Executive Officer and further consists of four members, who bear the title of Group Executive Vice President and who are responsible for the various activity platforms, finance and administration, and technology.

Name	Position	Appointed
Bert De Graeve	Chief Executive Officer	2006
Bruno Humblet	Chief Financial Officer Specialized films	2006
Dominique Neerinck	Chief Technology Officer Industrial coatings	2006
Geert Roelens	Advanced wire products / Steelcord	2008
Henri-Jean Velge	Advanced wire products / Wire Advanced materials	1998

Remuneration

The remuneration of the members of the Bekaert Group Executive and of senior management is reflected in the table below.

Group Executive Vice Presidents and Senior Management Remuneration

in thousand €	2007	2008
Number of persons	19	19
Short-term employee benefits		
Basic remuneration	3 669	3 912
Variable remuneration	1 836	1 954
Remuneration as directors of subsidiaries	547	502
Post-employment benefits		
Defined benefit pension plans	231	227
Defined contribution pension plans	400	426
Share-based payment benefits	277	746
Total gross remuneration	**6 960**	**7 767**
Average gross remuneration per person	366	409
Number of subscription rights and options granted (stock option plans)	25 350	45 400

A number of stock options is offered each year to each member of the Bekaert Group Executive. The decision to accept an offer of options, and consequently the number of options to be granted, reflects a personal choice that may be influenced by multiple considerations, and the disclosure on an individual basis of the number of options granted would therefore intrude the privacy of the persons concerned: for that reason Bekaert has elected to deviate from provision 7.17 of the Belgian Corporate Governance Code, and only to disclose on an individual basis the number of options granted to the Chief Executive Officer.

Contractual arrangements

The hiring and termination arrangements made with the members of the Bekaert Group Executive contain no provisions which can be characterized as unusual in light of current Belgian legislation or practice. As such, and contrary to provision 7.18 of the Belgian Corporate Governance Code, Bekaert does not provide further details of such contractual arrangements.

Shares and shareholders

Our approach

Bekaert is committed to providing high-quality financial information to its shareholders. Clarity and transparency are not empty words and it is Bekaert's intention to engage constantly in an open dialogue with its shareholders.

Bekaert has always chosen to respond promptly to international standards. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), which have been adopted by the European Union.

By creating value for the customer, Bekaert also creates value for shareholders and other stakeholders. Both private and institutional investors benefit from our sustained commitment to transparent reporting, be it at shareholders' or analysts' meetings. As a consequence, our shareholders have become more and more international.

Share identification

The Bekaert share is listed on NYSE Euronext Brussels exchange as ISIN BE0003780948 (BEKB) and was first listed in December 1972. The VVPR strip is listed under ISIN BE0005569406 (BEKS). The ICB sector code is 2727 Diversified Industrials.

Bekaert share in 2008

The share started the year at a price of € 90.59 but dropped fairly quickly in the wake of the downturn in the financial markets to € 73.50 in the third week of January. The February announcement of robust sales figures and the March announcement of good results for 2007 were the basis of a rise in the share price in the first six months of the year, peaking on 19 May at € 109.37.

The second half of the year got off to a difficult start and the share dropped in mid-July to € 89.35. The half-year results were awaited with hesitance. Strong results for the first half of 2008 were marked by better than expected resilience in the United States and in the construction industry, the steady, organic growth in China and in Latin America, the possibility of passing on the costs of raw materials, as well as a product mix in which innovative products provided for higher added value. That all resulted in accelerated growth and an increase of the EBIT margin to 11.2% over the first half of the year. Immediately after these results were announced, the share saw its highest ever one-day increase of over 13%. On 2 September the share price climbed further to a historic high of € 121.24. The highest target price at that time was € 147.

	2003	2004	2005	2006	2007	2008
Price as at 31 December (in €)	50.50	58.75	78.95	94.70	92.00	48.32
Price high (in €)	50.75	59.95	78.95	102.60	113.90	121.24
Price low (in €)	31.00	43.37	55.30	69.20	82.90	43.70
Price average (in €)	41.22	50.06	65.13	81.99	98.19	88.53
Strips as at 31 December (in €)	0.79	0.51	0.62	0.56	0.45	0.68
Daily volume	28 950	33 439	39 639	58 414	57 430	74 380
Daily turnover (in millions of €)	1.2	1.7	2.6	4.5	5.4	6.4
Annual turnover (in millions of €)	304	435	653	1 228	1 433	1 652
Market capitalizaton (in millions of €)	1 115	1 285	1 700	1 984	1 824	956
Free float (in %)	59.7	57.9	57.2	56.1	61.7	60.9

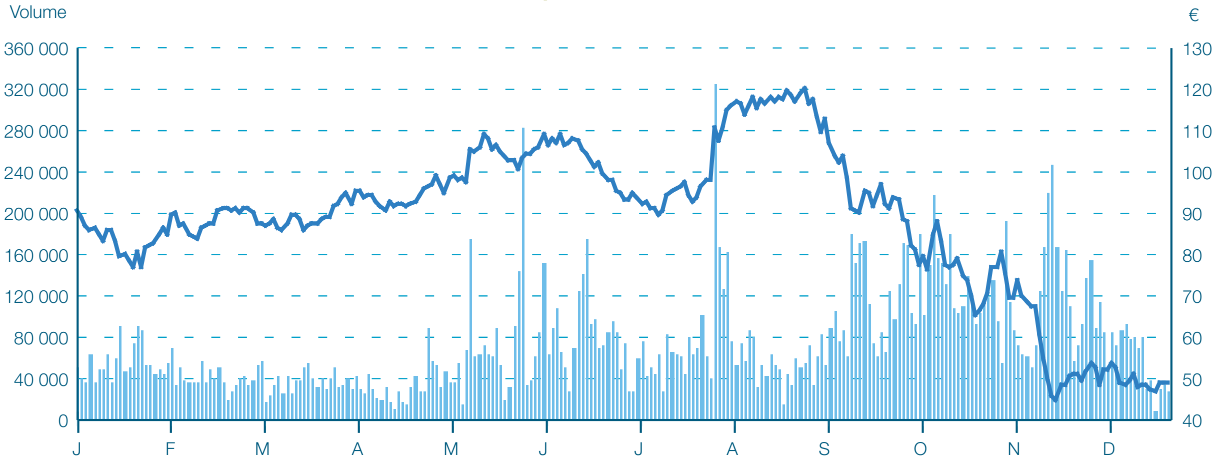
The effects of the credit crisis began to become noticeable shortly thereafter in the huge slow-down of the real economy. The United States had already been in a recession for nearly a year and, technically speaking, the eurozone also entered a recession. The United Kingdom watched in disillusionment as their GDP dropped by 0.5% in the third quarter. The fear of deflation and globalization of the recession intensified the pressure on the growth countries. China was feeling the effects but took key steps to support its national economy. On a worldwide scale orders decreased, the pipeline of inventories dropped to the bare minimum, giving rise to a sharp decrease in activity in the industry. The banks' restrictive credit policies shifted attention to the debt structure and businesses' refinancing options. Bekaert, with its relatively low level of debt and strong balance sheet structure, has remained fairly unscathed by this problem.

Given these rapidly deteriorating macro-economic conditions and the forced sale of shares by cash-strapped institutional investors, the already volatile situation became even more volatile. Most companies saw their share prices plummet. Whereas Bekaert kept its head up during the first three quarters, its share price also dropped by 64% from its early September rate to € 43.70 on 20 November 2008. The third quarter publication of a sales increase topping 40% did not bring any relief. The fear of negative consequences connected to the severe slow-downs in the automotive and building industries and the expectation that growth countries will also suffer greatly from the credit crisis have overshadowed all else. On 31 December 2008, the share traded at € 48.32, far below book value.
In late December, Bekaert confirmed its membership in the BEL20, the Belgian reference index.

Volumes traded

The average daily trading volume was 74 380 in 2008, a 30% increase over 2007. The volumes were low in the first half of the year, while liquidity increased markedly in the second half, even reaching a monthly average in October of 135 000 shares a day. The volume peaked on 1 August at 330 000, a completely different picture than 2001 when a daily volume of only 18 000 shares was achieved.

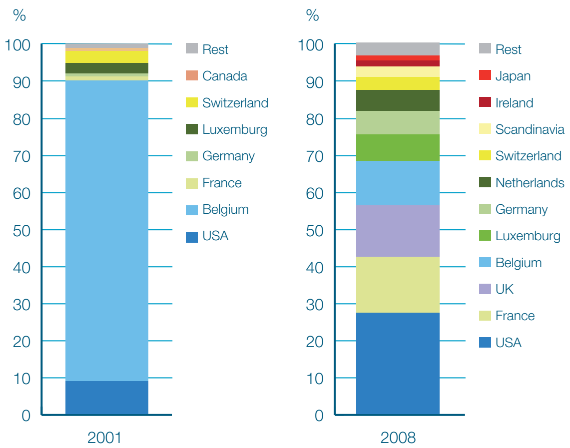
traded volume and price of Bekaert shares in 2008



Bekaert versus BEL20

Bekaert versus NEXT100 and NEXT150

increasing internationalization of our shareholder structure



Bekaert versus BEL20, NEXT100 and NEXT150 (2008)

From February to November, the share did better than the reference indexes. It was only at the end of the year that all leads were lost. The BEL20 index fell from 4 117 points at the beginning of the year to just 1 784 points in autumn.

Internationalization of our shareholder structure and significant participations

After a strong internationalization of the shareholder structure in previous years, 2008 saw about the same geographical distribution as the year before.

In connection with the entry into force of the Act of 2 May 2007 on the disclosure of significant participations (the Transparency Act), Bekaert has in its Articles of Association set the thresholds of 3% and 7.50% in addition to the legal thresholds of 5% and each multiple of 5%. Three notifications of participations in shares of NV Bekaert SA as of 1 September 2008 were received under the transitory provisions of the Transparency Act. There has also been one subsequent notification. An overview of the current notifications of participations of 3% or more can be found in the Financial Review (Parent company information: interests in share capital) in this annual report.

The principal shareholders own 39.11% of the shares. One international institutional shareholder holds more than 3% of the shares. On 31 December, Bekaert had 103 registered shareholders who represent a combined total of 2.9%.

Capital structure

The registered capital of NV Bekaert SA amounts to € 174 668 000, and is represented by 19 783 625 shares without par value. The shares are in registered, bearer or non-material form.

The number of VVPR strips is 4 007 626.

The total number of outstanding subscription rights under the SOP1 and SOP 2005-2009 stock option plans is 276 978.

A total of 113 625 subscription rights were exercised in 2008 under the SOP1 1999-2004 employee stock option plan, resulting in the issue of 113 625 new NV Bekaert SA shares and VVPR strips, and an increase of the registered capital by € 1 005 000 and of the share premium by € 4 357 333.

Bekaert purchased a total of 238 800 own shares in 2008:

- 22 800 shares were delivered to the individuals who had exercised their options under the SOP2 stock option plan;
- 161 000 shares were canceled in the framework of a share buy-back program: and
- 55 000 shares are held as treasury shares.

As a result of those movements, the number of issued shares decreased by 47 375 and the number of VVPR strips increased by 113 625.

In 2008 a third issue of subscription rights took place under the SOP 2005-2009 stock option plan: 76 400 subscription rights were issued to members of the Bekaert Group Executive, senior management and senior executive personnel. Each subscription right is convertible into one newly issued NV Bekaert SA share with VVPR strip at an exercise price of € 85.00. A fourth offer of 100 900 subscription rights was made on 18 December 2008. Each subscription right of the fourth series is convertible into one newly issued NV Bekaert SA share with VVPR strip at an exercise price of € 49.98. An aggregate 207 836 subscription rights had been granted under the SOP 2005-2009 stock option plan as of 31 December 2008.

14 500 options were granted under the SOP2 stock option plan in 2008: each option will be convertible into one existing NV Bekaert SA share with VVPR strip at an exercise price of € 85.00. A new offer of 21 500 options was made on 18 December 2008. Each option of this series is convertible into one existing NV Bekaert SA share with VVPR strip at an exercise price of € 49.98. A total of 116 420 options had been granted under the SOP2 stock option plan as of 31 December 2008.

The SOP 2005-2009 and SOP2 plans comply with the Act of 26 March 1999.

Detailed information about capital, shares and stock option plans is given in the Financial Review (Note 6.11) of this annual report.

Bekaert's dividend policy

It is in the policy of the Board of Directors to propose a profit appropriation to the General Meeting of Shareholders which, insofar as the profit permits, provides a stable or growing dividend while maintaining an adequate level of cash flow in the company for investment and self-financing in order to support growth. In practice, this means that the company seeks to maintain a pay-out ratio of around 40% of the result for the period attributable to the Group over the longer term.

in €	2004	2005	2006	2007	2008
Per share					
Gross dividend	2.00	3.00	2.50	2.76	2.80
Gross dividend without exceptionals	1.88	2.00	2.50	2.76	2.80
Net dividend	1.50	2.25	1.88	2.07	2.10
Net dividend with VVPR strip	1.70	2.55	2.13	2.35	2.38
Coupon number	6	7	8	9	10
Date of payment	18/05/05	17/05/06	16/05/07	21/05/08	20/05/09

Appropriation of available profit

In the light of the company's strong performance in 2008 and its confidence in the future, the Board of Directors will propose that the General Meeting of Shareholders approves the distribution of a gross dividend of € 2.80 per share. If this proposal is accepted, the net dividend per share will be € 2.10, and the net dividend on shares with VVPR strip, giving entitlement to reduced withholding tax of 15%, will be € 2.38 per share.

General Meetings of Shareholders

The Ordinary General Meeting was held on 14 May 2008. An Extraordinary General Meeting was held on the same day. A Special General Meeting took place on 16 April 2008. The resolutions of the three meetings are available at www.bekaert.com

For more detailed information we refer to the Bekaert Shareholders' Guide 2008 and www.bekaert.com

Conduct Policies

Statutory conflicts of interests in the Board of Directors

In accordance with Article 523 of the Companies Code, a member of the Board of Directors should give the other members prior notice of any agenda items in respect of which he has a direct or indirect conflict of interests of a financial nature with the company, and should refrain from participating in the discussion of and voting on those items. A conflict of interests arose twice in 2008 in respect of the Chief Executive Officer, who on both occasions complied with the provisions of Article 523.

On 13 March 2008 the Board had to determine the remuneration of the Chief Executive Officer. Excerpt from the minutes:

On the motion of the Nomination and Remuneration Committee, the Board approves:

- the grant of a bonus of € 450 000 to the Chief Executive Officer for 2007;
- the 2008 bonus target proposal for the Chief Executive Officer, as amended; and
- an increase of the fixed remuneration of the Chief Executive Officer by 5% for 2008.

On 12 December 2008 the Board had to determine the offer of stock options to the Chief Executive Officer. Excerpt from the minutes:

The Nomination and Remuneration Committee has recommended to grant 10 000 stock options to the Chief Executive Officer: as those options are for existing shares, the Company will have to purchase a number of shares on the stock exchange equal to the number of options that will be exercised by the Chief Executive Officer. The options to be offered will be accounted for as equity-settled share-based payments in accordance with IFRS2. Assuming the Chief Executive Officer accepts all of the 10 000 options to be offered, and based on an exercise price provisionally estimated at € 50.204, the cost of such options can be estimated to be € 161 800. The correct cost can only be determined upon the acceptance of the offer, i.e. on 16 February 2009. The amount will be subject to a straight-line amortization over the three-year vesting period.
The Board resolves to make an offer of options on 18 December 2008 in accordance with the list submitted to the Nomination and Remuneration Committee meeting of 11 December 2008, and to offer 10 000 options to the Chief Executive Officer.
All options of the 18 December 2008 offer are for new shares pursuant to the Stock Option Plan 2005-2009, except that those for the self-employed members of the Bekaert Group Executive are for existing shares pursuant to the Stock Option Plan SOP2.

Other transactions with Directors and Executive Management

The Bekaert Corporate Governance Charter contains conduct guidelines with respect to direct and indirect conflicts of interests of the members of the Board of Directors and the Bekaert Group Executive that fall outside the scope of Article 523 of the Companies Code. Those members are deemed to be related parties to Bekaert, and have to report on an annual basis their direct or indirect transactions with Bekaert or its subsidiaries. The only potential conflict of interests of which Bekaert is aware concerns transactions between a company of a member of the Board of Directors and a subsidiary of Bekaert (cf. Note 7.6 of the Financial Review of this annual report): those transactions are effected upon normal commercial terms.

Market abuse

In accordance with provision 3.7 of the Belgian Corporate Governance Code, the Board of Directors has on 27 July 2006 promulgated the Bekaert Insider Dealing Code, which is included in its entirety in the Bekaert Corporate Governance Charter as Appendix 4. The Code restricts transactions in Bekaert securities by members of the Board of Directors, the Bekaert Group Executive, senior management and certain other persons during closed and prohibited periods. The Code also contains rules concerning the mandatory internal notification of intended transactions, as well as the disclosure of executed transactions through a notification to the Belgian Banking, Finance and Insurance Commission (CBFA). The Chairman of the Board is the Compliance Officer for purposes of the Bekaert Insider Dealing Code.

Elements pertinent to a take-over bid

Restrictions on the transfer of securities

The Articles of Association contain no restrictions on the transfer of the shares, except in case of a change of control, for which the prior approval of the Board of Directors has to be requested in accordance with Article 11bis of the Articles of Association.

Subject to the foregoing the shares are freely transferable. The Board is not aware of any restrictions imposed by law on the transfer of shares by any shareholder.

Restrictions on the exercise of voting rights

Each share entitles the holder to one vote. The Articles of Association contain no restrictions on the voting rights, and each shareholder can exercise his voting rights provided he was validly admitted to the General Meeting and his rights had not been suspended. The admission rules to the General Meeting are laid down in Article 31 of the Articles of Association. Pursuant to Article 11 the company is entitled to suspend the exercise of the rights attaching to securities belonging to several owners.

No person can vote at General Meetings using voting rights attaching to securities that had not been reported timely in accordance with the law.

The Board is not aware of any other restrictions imposed by law on the exercise of voting rights.

Agreements among shareholders

The Board of Directors is not aware of any agreements among shareholders that may result in restrictions on the transfer of securities or the exercise of voting rights, except those disclosed in the notifications referred to in the Financial Review (Parent company information: interests in share capital) in this annual report.

Appointment and replacement of Directors

The Articles of Association (Articles 15 and following) and the Bekaert Corporate Governance Charter contain specific rules concerning the (re)appointment, the induction and the evaluation of Directors.

Directors are appointed for a term not exceeding four years (in practice usually for three years) by the General Meeting of Shareholders, who can also dismiss them at any time. An appointment or dismissal requires a simple majority of votes. The candidates for the office of Director who have not previously held that position in the company must inform the Board of Directors of their candidacy at least two months before the Ordinary General Meeting.

Only if and when a position of Director prematurely becomes vacant can the remaining Directors appoint (co-opt) a new Director. In such a case the next General Meeting will make the definitive appointment.

The appointment process for Directors is led by the Chairman of the Board. The Nomination and Remuneration Committee submits a reasoned recommendation to the full Board, who on that basis decides which candidates will be nominated to the General Meeting for appointment. Directors can as a rule be reappointed for an indefinite number of terms, provided they should be at least 35 and at most 64 years of age at the moment of their initial appointment and they have to resign in the year in which they reach the age of 67.

Amendments to the Articles of Association

The Articles of Association can be amended by the General Meeting in accordance with the Companies Code. Each amendment to the Articles requires qualified majority of votes.

Authority of the Board of Directors to issue or buy back shares

The Board of Directors is authorized by Article 45 of the Articles of Association to increase the registered capital in one or more times by a maximum amount of € 170 000 000. The authority is valid for five years, but can be extended by the General Meeting.

Within the framework of that authority the Board can also during a period of three years increase the registered capital, upon receipt by the company of a notice from the CBFA of a public take-over bid, and

provided that:
- the shares to be issued are fully paid up upon issue;
- the issue price of such shares is not lower than the price of the bid; and
- the number of shares to be issued do not exceed 10% of the issued shares representing the capital prior to the capital increase.

This authority can also be extended by the General Meeting.

The Board of Directors is authorized by Article 12 of the Articles of Association to acquire a maximum number of shares that in the aggregate represent no more than 10% of the issued capital, during a period of 18 months (that can be extended by the General Meeting), at a price ranging between minimum € 1 and maximum 30% above the arithmetic average of the closing price of the share during the last 30 trading days preceding the Board's resolution to acquire. The Board is authorized to cancel all or part of the purchased shares during the 18-month period. The Board is also authorized to acquire shares if required to prevent a threatened serious harm to the company, including a public take-over bid. Such authority is granted for a period of three years, but can be extended by the General Meeting.

Articles 12bis and 12ter of the Articles of Association provide rules for the disposal of purchased shares and for the acquisition and disposal of shares by subsidiary companies.

The powers of the Board of Directors are more fully described in the applicable legal provisions, the Articles of Association and the Bekaert Corporate Governance Charter.

Change of control

NV Bekaert SA is a party to a number of significant agreements that take effect, alter or terminate upon a change of control of the company following a public take-over bid or otherwise. To the extent that those agreements grant rights to third parties that affect the assets of the company or that give rise to a debt or an obligation of the company, those rights were granted by the Special General Meetings held on 13 April 2006 and 16 April 2008 in accordance with Article 556 of the Companies Code: the minutes of those meetings were filed with the Registry of the Commercial Court of Kortrijk on 14 April 2006 and 18 April 2008 and are available at www.bekaert.com.

Most agreements are joint venture contracts (describing the relationship between the parties in the context of a joint venture company), contracts whereby financial institutions commit funds to the company or one of its subsidiaries, and service contracts. Each of those contracts contains clauses that, in the case of a change of control of the company, entitle the other party, in certain cases and under certain conditions, to terminate the contract prematurely and, in the case of financial contracts, also to demand early repayment of the loan funds. The joint venture contracts provide that, in the case of a change of control of the company, the other party can acquire the company's shareholding in the joint venture (except for the Chinese joint ventures, where the parties have to agree whether one of them will continue the joint venture on its own, whereupon that party has to purchase the other party's shareholding), whereby the value for the transfer of the shareholding is determined in accordance with contractual formulas that aim to ensure a transfer at an arm's length price.

Other elements

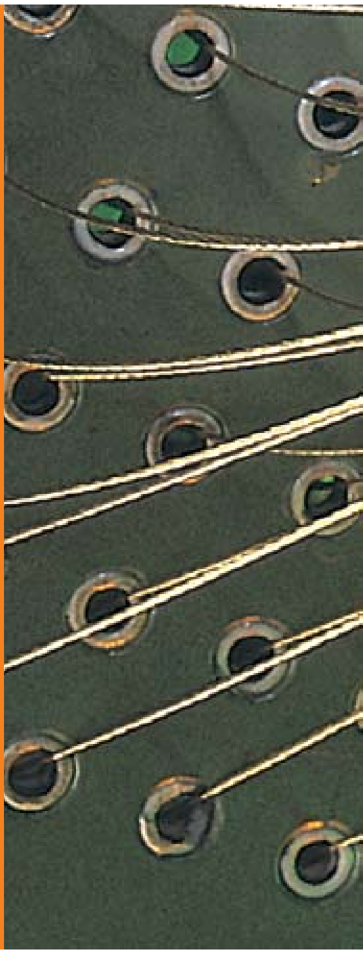
- The company has not issued securities with special control rights.
- The control rights attaching to the shares acquired by employees pursuant to the stock option plans are exercised directly by the employees.
- No agreements have been concluded between the company and its Directors or employees providing for compensation if as a result of a take-over bid the Directors resign or are made redundant without valid reason or if the employment of the employees is terminated.

“Successful companies respond swiftly to change. The measures Bekaert adopted in 2008 bear testimony to our resilience. We intend to remain just as effective in 2009 in our decisions.”

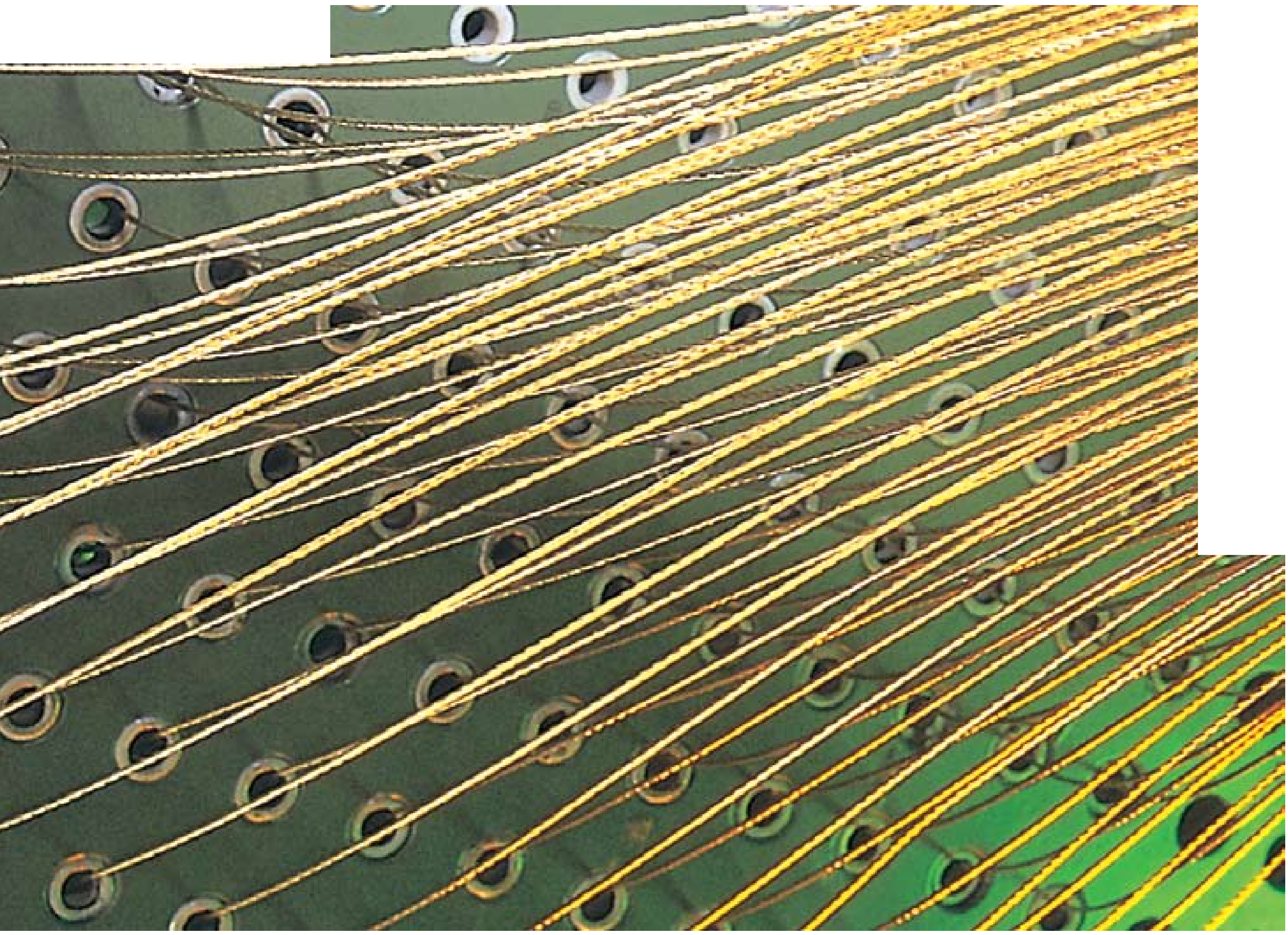
Baron Buysse, Chairman of the Board of Directors

07

2008: evidence of sustainable profitable growth



“In 2008 Bekaert achieved the best results ever. At the same time, we took significant steps to optimize our worldwide presence.”
Bert De Graeve, Chief Executive Officer



Key figures*

Combined figures

in millions of €	2007	2008	TREND
Sales	3 419	4 010	+17.3%
Capital expenditure	239	290	+21.3%
Personnel as at 31 December	20 380	22 570	+10.8%

Consolidated financial statements

in millions of €	2007	2008	TREND
Sales	2 174	2 662	+22.5%
Operating result (EBIT)	175	210	+20.5%
EBIT before non-recurring items	186	294	+57.9%
Result from continuing operations	162	192	+18.7%
Result from discontinued operations	-	-	
Result for the period	162	192	+18.7%
attributable to the Group	153	174	+13.9%
attributable to minority interests	9	18	+103.0%
Cash flow	277	376	+35.7%
EBITDA	299	412	+38.0%
Depreciation PP&E	109	125	+14.2%
Amortization and impairment	15	77	+416.1%
Balance sheet			
Equity	1 147	1 172	+2.2%
Non-current assets	1 336	1 409	+5.4%
Capital expenditure (PP&E)	192	239	+24.0%
Balance sheet total	2 313	2 667	+15.3%
Net debt	448	627	+40.0%
Capital employed	1 534	1 835	+19.7%
Working capital	494	653	+32.2%
Employees as at 31 December	15 242	16 971	+11.3%
Ratios			
EBITDA on sales	13.7%	15.5%	
EBIT on sales	8.0%	7.9%	
EBIT interest coverage	5.8	5.5	
ROCE	11.9%	12.5%	
ROE	14.3%	16.5%	
Capital ratio	49.6%	44.0%	
Gearing (Net debt on equity)	39.1%	53.5%	
Net debt on EBITDA	1.5	1.5	

Joint ventures and associates

in millions of €	2007	2008	TREND
Sales	1 245	1 348	+8.3%
Operating result (EBIT)	139	182	+30.9%
Net result	102	125	+22.5%
Group's share in net result	47	56	+19.1%
Capital expenditure	47	51	+8.5%
Depreciation	40	34	+5.0%
Group's share in equity	210	195	-7.1%
Employees as at 31 December	5 138	5 599	+9.0%

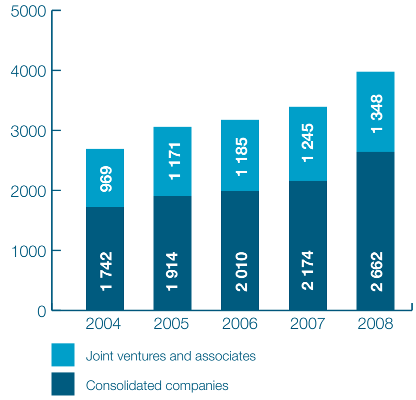
Key figures per share

NV BEKAERT SA	2007	2008	TREND
Number of shares as at 31 December	19 831 000	19 783 625	
Market capitalization as at 31 December	1 824	956	
Per share (in €)			
EPS	7.63	8.83	+15.73%
Gross dividend	2.760	2.800	+1.45%
Net dividend	2.070	2.100	+1.45%
Net dividend with VVPR strip	2.346	2.380	+1.45%
Valorization (in €)			
Price as at 31 December	92.00	48.32	
Price (average)	98.19	88.53	

More detailed figures are available in the Bekaert Shareholders' Guide 2008.

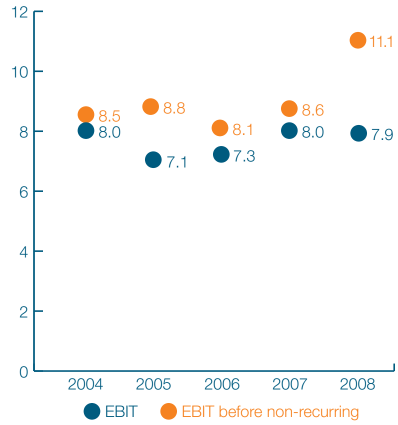
Sales

in millions of €



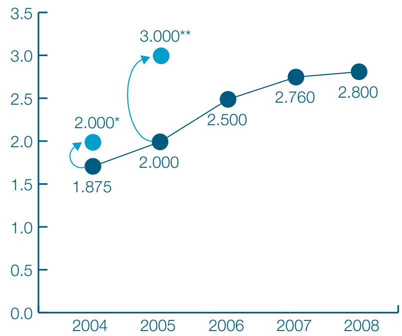
EBIT on sales

in %



Gross dividend

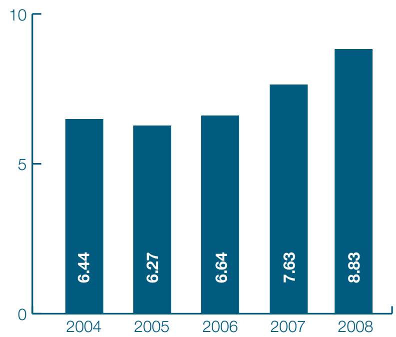
in €



* Exceptional payment for 125th anniversary
** Exceptional payment (sale Bekaert Fencing NV)

EPS

in €



Key figures per segment

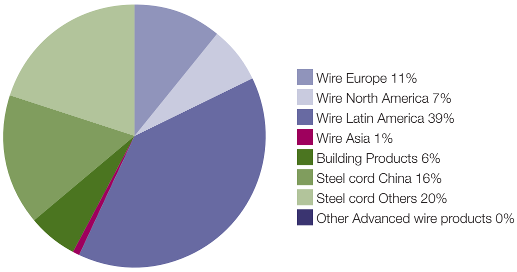
Advanced wire products

3 690 million combined sales

92%

Advanced wire products in millions of €	**2007**	**2008**	**TREND**
Sales	1 844	2 331	+26.4%
Operating result (EBIT)	208	290	+39.4%
EBIT on sales (%)	11%	13%	-
Combined sales[1]	3 095	3 690	+19.2%

Combined sales by activity platform



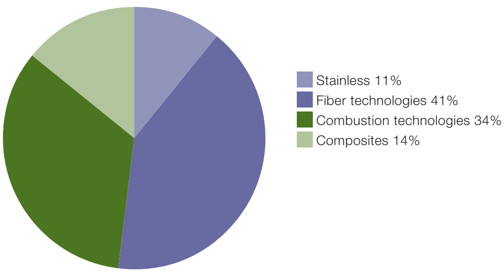
Advanced materials

199 million combined sales

5%

Advanced materials in millions of €	**2007**	**2008**	**TREND**
Sales	204	199	-2.1%
Operating result (EBIT)	17	-17	-
EBIT on sales (%)	8.5%	-8.5%	-

Sales by activity platform



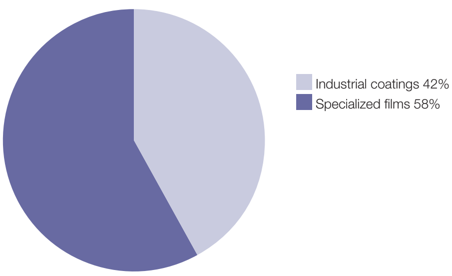
Advanced coatings

120 million combined sales

3%

Advanced coatings in millions of €	**2007**	**2008**	**TREND**
Sales	124	120	-3.1%
Operating result (EBIT)	-1	3	-
EBIT on sales (%)	-0.6%	2.2%	-

Sales by activity platform



[1] *Combined sales are sales generated by consolidated companies plus 100% of sales of joint ventures and associates after intercompany elimination.*

Summary of financial review

The combination of strong organic growth in emerging markets, an innovation-based product mix, and overall price increases reflecting higher raw materials prices, resulted in vigorous sales growth in 2008.

Bekaert's continued efforts to enhance its global operational excellence and innovation strategy, combined with accelerated growth in emerging markets and fast-growing industries, contributed to the strong earnings growth.

Consolidated figures

Record sales

In 2008, Bekaert achieved consolidated sales of € 2.66 billion and combined sales of € 4.01 billion, an increase of 22.5% and 17.3% respectively. Growth in consolidated sales stemmed 17.7% from organic growth, largely driven by passed-on raw materials price increases, and 5.8% from the acquisitions in Vicson (Venezuela) and Proalco (Colombia). Fluctuations in several exchange rates largely compensated each other with a net negative impact of 1.0%. More information on combined sales figures can be found on the next page.

Financial Review

Continuing strong dividend

In the light of Bekaert's strong performance in 2008 and confidence in its future, the Board of Directors will propose that the General Meeting of Shareholders on 13 May 2009 approve the distribution of a gross dividend of € 2.80 per share, compared with € 2.76 last year. If this proposal is accepted, the net dividend per share will amount to € 2.10 and the net dividend on shares with VVPR strip, entitling the holder to reduced withholding tax of 15%, will be € 2.38.
The dividend will be payable as from 20 May 2009.

Non-recurring items

Non-recurring expenses totaled € 83.8 million and included provisions for the restructuring of the Belgian manufacturing operations of advanced wire products (€ 42.5 million); for production platform moves within Europe; for environmental liabilities; and for several asset impairments, including those related to carding solutions (other advanced wire products: € 10 million) and several activities within the advanced materials segment (€ 18.8 million), applying mainly to stainless and combustion technologies.

Excellent financial results

Bekaert achieved a record operating result (EBIT) before non-recurring income and expenses of € 294 million, compared with € 186 million for the financial year 2007 (+58%). This equates to an EBIT margin on sales be-

"Bekaert delivers vigorous growth, record results and continuing strong dividend."

Bruno Humblet
Chief Financial Officer
Group Executive Vice President
Specialized films

fore non-recurring items of 11.1%, compared with 8.6% last year. Including non-recurring items, EBIT was € 210 million (2007: € 175 million), representing an EBIT margin on sales of 7.9% compared with 8.0%. EBITDA reached a record high € 412 million, compared with € 299 million in 2007 (+38%).

The increase in interest charges was due to the net debt position incurred to finance major capital expenditures and an increased working capital level in line with growth. Taxation on profit amounted to € 25 million compared with € 19 million in 2007.
Notwithstanding the transfer of Vicson and Proalco to the consolidated perimeter, the share in the results of joint ventures and associated companies totaled € 56 million (2007: € 47 million). This increase, reflecting the higher results posted by joint ventures, was mainly driven by the operations in Brazil.

The result for the period therefore attained € 192 million, compared with € 162 million in 2007. After third-party minority interests (€ 17.7 million as against € 8.7 million), the result for the period attributable to the Group was € 174 million, compared with € 153 million last year. Bekaert ended the year with earnings per share of € 8.83 (2007: € 7.63), an increase of 16%. Before non-recurring items the earnings per share amounted to € 13.08 compared with € 8.22 a year ago, a significant increase of 59%.
Cash flow attributable to the Group totaled € 376 million as against € 277 million in 2007.

Strong balance sheet

As at 31 December 2008, shareholders' equity represented 44% of total assets. Net debt increased to € 627 million (2007: € 448 million), mainly due to capital expenditure programs and increased working capital in line with growth. The gearing ratio (net debt to equity) was 53.5%.
Bekaert repurchased 238 800 of its own shares in 2008. The company canceled 161 000 shares, kept 55 000 in portfolio, and delivered 22 800 to option holders. This reduced the total number of outstanding shares to 19 783 625 as at year-end 2008.

Cash flow statement

Net cash flow from operating activities amounted to € 222 million (2007: € 221 million). Operating working capital increased by € 162 million to € 653 million, mainly reflecting organic growth. Cash flows from investing activities amounted to € 243 million, of which € 239 million from expansions in Asia, Slovakia and Belgium. Acquisitions and other portfolio investments represented an investment of € 44 million (mainly the acquisition of the remaining 50% of the shares in Beksa Celik Kord Sanayi ve Ticaret AS, Turkey). Dividends received from joint ventures amounted to € 46 million. The share buy-back program represented a cash outflow of € 20 million.

Other activities

Bekaert further increased its investments in research and development, totaling € 68.5 million in 2008 (+21%). These R&D expenses applied to the activities of the technology centers in Deerlijk (Belgium) and in Jiangyin (China). The engineering department, which is the main supplier of proprietary machinery for the company's investment programs, operated at a high activity level during the first nine months of the year, and adjusted to changing market circumstances and the subsequent investment spread from the fourth quarter onwards.

Combined sales figures per segment

Bekaert **advanced wire products** posted vigorous sales growth across nearly all activity platforms throughout 2008. Earnings increased significantly as a result of accelerated business development in emerging countries and Bekaert's continued efforts for product portfolio and capacity optimization.

- **Significant expansion in emerging markets**
  Steel cord China (+64%), wire Asia (+74%) and wire Latin America (+20%) represented 56% of the revenues of the advanced wire products business segment, versus 52% in the same period of last year. Combined with sales generated by the Central European activity platforms, total sales in emerging markets added up to over 70%.

- **Accelerated growth through innovation**
  Major investments in R&D and in Bekaert's production capacity for product innovations – especially when built up in emerging countries – created strong leverage on results. These innovation efforts allowed Bekaert to significantly improve profitability, taking maximum advantage of growth sectors such as energy and mining.

- **Adjusted production capacity in mature markets**
  In wire North America, sales grew by almost 20%. This strong growth was driven partly by the start-up of a sales and trading operation. Lower market demand in North America and in Western Europe has led to almost flat sales in steel cord others. Wire Europe experienced difficult market conditions, especially in the Western European platforms. Bekaert took appropriate actions in 2008 to adjust the wire and steel cord capacity in Belgium in line with declining demand.

Throughout 2008, sales of **advanced materials** were relatively stable in the aggregate, but showed fluctuations by individual activity platform and ended with a 2% decline year-on-year. The sales drop in stainless was the result of decreased volumes and sustained pressure on margins from strong fluctuations in nickel-based raw materials prices. Other activity platforms operated in a highly competitive market environment and were impacted by the economic downturn towards the end of the year. Consequently, Bekaert advanced materials ended with an almost break-even operating result before non-recurring items.

Both in terms of sales and results, the **advanced coatings** segment showed comparable year-on-year figures in the aggregate. Industrial coatings was particularly impacted by the economic downturn in the last months of the year, while the nominal growth of specialized film coatings (+6%) was canceled out entirely by exchange rate movements. Solid growth in industrial film applications compensated for the declining demand from residential and car film markets.

For more information we refer to the Financial review.

- **EPS before non-recurring items**
  € 13.08 +59%
- **EBIT before non-recurring items of**
  € 294 million +58%
- **EBITDA of**
  € 412 million +38%
- **Consolidated sales of**
  € 2.66 billion +23%
- **Combined sales of**
  € 4.01 billion +17%
- **EPS**
  € 8.83 +16%
- **Strong dividend of**
  € 2.80 per share

Growth in mutual trust

Latin America was the first region of the world after Western Europe on which Bekaert set its sights. As early as the 1940s, the first contacts were established with partners in Argentina and Chile. In the decades that followed, Bekaert also established a foothold in locations including Ecuador, Venezuela, Brazil and Honduras.

Time and time again, the company sought out partners who share the same long-term vision and ambitions, who want to work together towards sustainable profitable growth. In 2008, a breakthrough was achieved in Latin America. Together with members of the Kohn family – one of Bekaert's first investment partners on the continent – an agreement was reached to establish a holding that covers the interests of both partners in the related companies in Venezuela, Colombia, Ecuador and Peru.

Tomás Kohn – scion of the second generation – attests to the shared past and plans for the future:

"Our cooperation with Bekaert started some 40 years ago. The Ecuadorian company my father had established in 1940 – active in the manufacture of wire products – wanted to obtain a license for the production of Motto® barbed wire. We were looking to expand our product range with Bekaert's well-known brand. Although Bekaert first hesitated to licence its brand, we entered into talks with Jozef Van Giel, then Vice President of Bekaert in Latin-America.

The Motto® idea turned into a much bigger endeavor. Bekaert was the ideal partner in another of our projects: the manufacture of steel wire. We sought a company that was willing to invest in Ecuador and that had broad experience in wire-making and in the development of wire-making equipment. Fortunately, we also proved to be a suitable partner for Bekaert: not only could we offer access to the local market, but we also provided skilled management and in-depth country knowledge. The partnership was created and the Ecuadorian joint venture Ideal Alambrec was born.

Through the years, the feeling of trust and mutual respect remained. As a result we could always find accord in what could be contentious matters; both parties were sufficiently certain that decisions were made on the basis of long-term needs that were fair to all partners. Our trust was never compromised and there was always a free flow of ideas, technology, know-how and people in both directions.

It is thanks to this mutual trust that we agreed to move from our 50-50 position in the Ecuadorian company to a smaller share in a larger entity in 2008. I am excited with the opportunities that the new holding structure opens and am delighted that its name is Bekaert Ideal, placing the name my father gave to his nascent venture in 1940 next to the name of the man who started Bekaert 60 years earlier. We now have the challenge of growing in the dynamic and globalized 21st century economy while preserving the principles that enabled us to lead successful and responsible businesses since their inception.

Combining the management of several Latin American plants will allow us to develop an integrated policy for production, technology, purchasing, marketing, HR, administration and finance. In addition, the holding will offer the basis for further growth in the Central American and Caribbean region. The opportunities are there and we are poised to pursue them."

> "When I think back on the long paths that Bekaert and the Kohn family have traveled, I can state with certainty that we have always been *'better together.'* I am confident that it will be that way in the future as well, as we capitalize on the growth opportunities that we have created with the establishment of Bekaert Ideal."

Tomás Kohn, member of the Board of Bekaert Ideal

Aerial picture of Ideal Alambrec, the Bekaert plant in Ecuador.

08

Bekaert: Financial review

From a financial point of view, 2008 was a memorable year for Bekaert and for the world. Bekaert proved its resilience by posting record sales and operating result (EBIT) before non-recurring items despite a dramatic global economic slowdown from September.

Table of contents

Consolidated financial statements

Consolidated income statement

in thousands of € - Year ended 31 December	Notes	2008	2007
CONTINUING OPERATIONS			
Sales	5.1	2 662 377	2 173 598
Cost of sales		-2 060 619	-1 739 669
Gross profit		**601 758**	**433 929**
Selling expenses		-121 815	-98 239
Administrative expenses		-113 648	-96 582
Research and development expenses		-68 534	-56 700
Other operating revenues	5.1	10 831	14 597
Other operating expenses	5.2	-14 365	-10 665
Operating result (EBIT) before non-recurring items	**5.3**	**294 227**	**186 340**
Non-recurring items	5.3	-83 758	-11 738
Operating result (EBIT)	**5.4**	**210 469**	**174 602**
Interest income	5.5	4 947	2 517
Interest expense	5.5	-46 360	-35 017
Other financial income and expenses	5.6	-7 829	-8 482
Result from continuing operations before taxes		**161 227**	**133 620**
Income taxes	5.7	-25 533	-19 095
Result from continuing operations (consolidated companies)		**135 694**	**114 525**
Share in the results of joint ventures and associates	5.8	56 109	47 100
Result from continuing operations		**191 803**	**161 625**
DISCONTINUED OPERATIONS			
Result from discontinued operations		**-**	**-**
RESULT FOR THE PERIOD		**191 803**	**161 625**
Attributable to			
the Group		*174 075*	*152 890*
minority interests	*6.13*	*17 728*	*8 735*

Earnings per share in € per share	**5.9**	**2008**	**2007**
Result for the period attributable to the Group			
Basic		*8.828*	*7.630*
Diluted		*8.793*	*7.580*

The accompanying notes are an integral part of this income statement.

Consolidated statement of comprehensive income

in thousands of € - Year ended 31 December	Notes	2008	2007
Result for the period		**191 803**	**161 625**
Other comprehensive income	**5.10**		
Exchange differences		4 383	5 748
Cash flow hedges	6.12	-3 853	-4 168
Remeasurement of net assets held prior to acquiring control	6.12	-	9 140
Available-for-sale investments	6.12	-15 523	8 139
Actuarial gains and losses (-) on defined-benefit plans	6.12	-52 032	26 255
Share of other comprehensive income of joint ventures and associates		-95	1 349
Other		-4	94
Deferred taxes relating to other comprehensive income	5.10	9 445	-3 809
Other comprehensive income for the period, net of tax		**-57 679**	**42 748**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**134 124**	**204 373**
Attributable to			
the Group		*113 109*	*196 008*
minority interests	*6.13*	*21 015*	*8 365*

The accompanying notes are an integral part of this statement of comprehensive income.

Consolidated balance sheet

Assets as at 31 December

in thousands of €	Notes	2008	2007
Non-current assets		**1 408 708**	**1 335 478**
Intangible assets	6.1	52 332	51 887
Goodwill	6.2	59 133	70 118
Property, plant and equipment	6.3	1 070 667	917 617
Investments accounted for using the equity method	6.4	199 869	215 560
Other non-current assets	6.5	17 960	74 851
Deferred tax assets	6.6	8 747	5 445
Current assets		**1 258 456**	**977 079**
Inventories	6.7	510 541	385 443
Trade receivables	6.7	483 176	437 743
Other receivables	6.8	52 982	52 694
Short-term deposits		13 560	15 179
Cash and cash equivalents		104 761	58 063
Other current assets	6.9	72 300	20 395
Assets classified as held for sale	6.10	21 136	7 562
Total		**2 667 164**	**2 312 557**

Equity and liabilities as at 31 December

in thousands of €	Notes	2008	2007
Equity		**1 172 332**	**1 146 586**
Share capital	6.11	174 668	173 663
Retained earnings		1 098 816	995 481
Other reserves	6.12	-142 902	-70 990
Equity attributable to the Group		**1 130 582**	**1 098 154**
Minority interests	**6.13**	**41 750**	**48 432**
Non-current liabilities		**513 684**	**525 507**
Employee benefit obligations	6.14	143 375	120 796
Provisions	6.15	32 237	25 151
Interest-bearing debt	6.16	288 099	322 495
Other non-current liabilities	6.17	10 663	2 055
Deferred tax liabilities	6.6	39 310	55 010
Current liabilities		**981 148**	**640 464**
Interest-bearing debt	6.16	503 128	252 953
Trade payables	6.7	253 824	231 745
Employee benefit obligations	6.7/6.14	117 566	83 381
Provisions	6.15	30 271	12 434
Income taxes payable		18 150	12 642
Other current liabilities	6.18	53 502	44 434
Liabilities associated with assets classified as held for sale	6.10	4 707	2 875
Total		**2 667 164**	**2 312 557**

The accompanying notes are an integral part of this balance sheet.

Consolidated statement of changes in equity

in thousands of €	Share capital	Retained earnings	Other reserves[1]			Equity attributable to the Group	Minority interests	Total
			Share premium	Hedging and revaluation reserves	Cumulative translation adjustments			
Balance as at 1 January 2007	**173 300**	**1 004 780**	**11 032**	**-19 130**	**-109 854**	**1 060 128**	**48 850**	**1 108 978**
Total comprehensive income for the period[2]	-	150 524	-	39 366	6 118	196 008	8 365	204 373
Gross increase or decrease in minority interests	-	-	-	-	-	-	382	382
Transfer from equity method	-	-	-	-	-	-	-1 574	-1 574
Share-based payment plans	-	717	-	-	-	717	-	717
Creation of new shares	363	-	1 478	-	-	1 841	-	1 841
Acquisition of own shares	-	-110 950	-	-	-	-110 950	-	-110 950
Dividends	-	-49 590	-	-	-	-49 590	-7 591	-57 181
Balance as at 31 December 2007	**173 663**	**995 481**	**12 510**	**20 236**	**-103 736**	**1 098 154**	**48 432**	**1 146 586**
Balance as at 1 January 2008	**173 663**	**995 481**	**12 510**	**20 236**	**-103 736**	**1 098 154**	**48 432**	**1 146 586**
Total comprehensive income for the period[2]	-	183 417	-	-71 352	1 044	113 109	21 015	134 124
Gross increase or decrease in minority interests[2]	-	-13 730	-	-	-	-13 730	-19 901	-33 631
Transfer of cumulative translation adjustments of EURO currencies	-	5 962	-	-	-5 962	-		-
Share-based payment plans	-	1 724	-	-	-	1 724	-	1 724
Creation of new shares	1 005	-	4 358	-	-	5 363	-	5 363
Acquisition of own shares[2]	-	-19 749	-	-	-	-19 749	-	-19 749
Dividends	-	-54 289	-	-	-	-54 289	-7 796	-62 085
Balance as at 31 December 2008	**174 668**	**1 098 816**	**16 868**	**-51 116**	**-108 654**	**1 130 582**	**41 750**	**1 172 332**

The accompanying notes are an integral part of this statement.

[1] *See note 6.12 ‘Other reserves’.*

[2] *See note 5.10 ‘Total comprehensive income and statement of changes in equity’.*

Consolidated cash flow statement

in thousands of € - Year ended 31 December	Notes	2008	2007
Operating activities			
Operating result (EBIT)		210 469	174 602
Non-cash and investing items included in operating result	7.1	227 889	115 100
Income taxes paid		-27 505	-24 874
Gross cash flows from operating activities		**410 853**	**264 828**
Change in operating working capital	6.7	-162 363	-41 933
Other operating cash flows	7.1	-26 279	-1 484
Cash flows from operating activities		**222 211**	**221 411**
Investing activities			
New business combinations and other portfolio investments	7.2	-44 177	-14 736
Proceeds from disposals of investments		668	4 210
Dividends received		46 066	54 715
Purchase of intangible assets	4	-12 391	-7 393
Purchase of property, plant and equipment	4	-238 622	-192 415
Other investing cash flows		5 292	3 744
Cash flows from investing activities		**-243 164**	**-151 875**
Financing activities			
Interest received		4 947	2 517
Interest paid		-36 495	-33 340
Gross dividend paid		-62 156	-57 213
Proceeds from non-current interest-bearing debt		149 711	66 041
Repayment of non-current interest-bearing debt		-25 274	-2 016
Cash flows from current interest-bearing debt		40 245	59 012
Purchase of treasury shares	6.11	-19 749	-110 950
Other financing cash flows	7.1	15 672	13 363
Cash flows from financing activities		**66 901**	**-62 586**
Net increase or decrease (-) in cash and cash equivalents		**45 948**	**6 950**
Cash and cash equivalents at the beginning of the period		**58 063**	**52 139**
Effect of exchange rate fluctuations		750	-1 026
Cash and cash equivalents at the end of the period		**104 761**	**58 063**

The accompanying notes are an integral part of this statement.

Notes to the consolidated financial statements

1. General information

NV Bekaert SA (the 'Company') is a company domiciled in Belgium. The Company's consolidated financial statements include those of the Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in companies accounted for using the equity method. The consolidated financial statements were authorized for issue by the Board of Directors of the Company on 12 March 2009.

2. Summary of principal accounting policies

2.1. Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) which have been endorsed by the European Union.

New and amended standards and interpretations

Interpretations and amendments effective in 2008
The following interpretations and amendments which become effective in 2008 have been adopted by the Group:

- IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognized as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The new guidance in IFRIC 14 has no impact on the Group's financial statements.

- IFRIC 11, IFRS 2 – Group and Treasury Share Transactions, provides guidance on how to account for share-based transactions involving group or treasury shares in the stand-alone accounts of the parent and group companies. This interpretation has no impact on the Group's financial statements.

- IAS 39 (Amendment), Financial Instruments: Recognition and Measurement, and IFRS 7 (Amendment), Financial Instruments: Disclosures (effective 1 July 2008). The changes to IAS 39 permit an entity to reclassify non-derivative financial assets out of the 'fair value through profit or loss' (FVTPL) and 'available-for-sale' (AFS) categories in limited circumstances. Such reclassifications will trigger additional disclosure requirements. This amendment has no impact on the Group's financial statements.

The following interpretations which also become effective in 2008 are irrelevant to the Group's operations:
- IFRIC 12, Service Concession Arrangements.
- IFRIC 13, Customer Loyalty Programmes.

Standard early adopted by the Group
The Group has elected to early apply IAS 1 (Revised 2007), Presentation of Financial Statements (effective from 1 January 2009). Under the revised standard, all income and expenses, whether recognized in profit or loss or directly in equity, are presented in a statement of comprehensive income. This statement of comprehensive income can be integrated with the income statement, but Bekaert opted for presenting both an income statement and a statement of comprehensive income. As a consequence, the statement of changes in equity only lists owner-related

changes in equity. Furthermore, when a change in accounting policy is applied retroactively, a restated balance sheet is presented as at the beginning of the earliest period presented.

Standards, amendments and interpretations that are not yet effective in 2008 and have not been early adopted
The Group did not elect for early application of the following new or amended standards, which will have an impact when applied:

- IFRS 8, Operating Segments (effective from 1 January 2009). IFRS 8 will replace IAS 14, Segment Reporting. The new standard requires a management approach, under which segment information is presented on the same basis as that used for internal reporting purposes. The management organization and internal reporting structure are presently under review; the new structures will probably shift the focus from a business segmentation to a geographical segmentation as from 2009.

- IAS 23 (Amendment), Borrowing Costs (effective from 1 January 2009). The amendment requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. A qualifying asset is one that takes a substantial period of time to get ready for use or sale. The current accounting policy of the Group is to expense all borrowing costs. However, the expected impact of the amended IAS 23, which is applicable prospectively to qualifying assets for which the construction starts on or after 1 January 2009, is assessed to be limited in view of expected future investments in qualifying assets.

- IAS 27 (Revised 2008), Consolidated and Separate Financial Statements (effective from 1 January 2010). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. Consequently, such transactions will not result in goodwill or gains and losses recognized in profit or loss. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognized in profit or loss.

- IFRS 3 (Revised 2008), Business Combinations (effective from 1 January 2010). The revised standard includes some significant changes. The purchase consideration to acquire a business, including contingent payments, should be recorded at fair value at the acquisition date, while subsequent adjustments to the contingent payments resulting from events after the acquisition date should be recognized in profit or loss. The so-called full goodwill option, which can be elected on a case by case basis, allows the acquirer to measure the non-controlling interest in the acquiree either at fair value or at its proportionate share of the acquiree's net assets. All acquisition-related costs, such as consulting fees, should be expensed.

At this stage, the Group does not expect first adoption of the following amendments to standards and new interpretations to have a material impact on the financial statements:

- IFRS 2 (Amendment), Share-based Payment (effective from 1 January 2009), relating to vesting conditions and cancellations;

- IAS 32 (Amendment), Financial Instruments: Presentation, and IAS 1 (Amendment), Presentation of Financial Statements (both effective from 1 January 2009), relating to puttable financial instruments and obligations arising on liquidation;

- IFRS 1 (Amendment), First-time Adoption of IFRS, and IAS 27 (Amendment), Consolidated and Separate Financial Statements (both effective from 1 January 2009), relating to the measurement of the initial cost of investments in subsidiaries, joint ventures and associates in the separate financial statements;

- IAS 39 (Amendment), Financial Instruments: Recognition and Measurement (effective from 1 January 2010) relating to recognition of eligible hedged items;

- IFRS 5 (Amendment), Non-current Assets Held for Sale and Discontinued Operations, and consequential amendments to IFRS 1, First-time Adoption of IFRS (both effective from 1 July 2009), published in May 2008 in part I of the Improvements to IFRSs. This amendment requires that all of a subsidiary's assets and liabilities be classified as held for sale if a partial disposal sale plan results in loss of control.

- IAS 28 (Amendment), Investments in Associates, and consequential amendments to IAS 32, Financial Instruments: Presentation, and IFRS 7, Financial Instruments: Disclosures (both effective from 1 January 2009), published in May 2008 in part I of the Improvements to IFRSs. This amendment requires that an investment in an associate be treated as a single asset for the purpose of impairment testing.

- IAS 36 (Amendment), Impairment of Assets (effective from 1 January 2009), published in May 2008 in part I of the Improvements to IFRSs. This amendment requires that, where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculations be made.

- IAS 38 (Amendment), Intangible Assets (effective from 1 January 2009), published in May 2008 in part I of the Improvements to IFRSs. This amendment requires that any prepayment only be recognized as an asset in the event that payment has been made in advance of obtaining right of access to goods or receipt of services.

- IAS 19 (Amendment), Employee Benefits (effective from 1 January 2009), published in May 2008 in part I of the Improvements to IFRSs.
Plan amendments reducing benefits affected by future salary increases constitute a curtailment, and plan amendments reducing benefits attributable to past service give rise to a negative past service cost. Plan administration costs should be deducted from the return on plan assets only to the extent that such costs have been excluded from the measurement of the defined benefit obligation.
The distinction between short-term and long-term employee benefits will be based on whether benefits are due to be settled within or after 12 months of the employee service being rendered. IAS 37, Provisions, Contingent Liabilities and Contingent Assets, specifies that contingent liabilities should be disclosed, not recognized, and now IAS 19 has been amended to the same effect.

- IAS 39 (Amendment), Financial Instruments: Recognition and Measurement (effective from 1 January 2009), published in May 2008 in part I of the Improvements to IFRSs.

- IAS 1 (Amendment), Presentation of Financial Statements (effective from 1 January 2009), published as part of the IASB's annual improvement project.

- A number of other minor amendments (all of which are effective from 1 January 2009) have been published in May 2008 in part II of the Improvements to IFRSs, which are unlikely to have an impact on the Group's accounts. These minor amendments relate to IFRS 7, Financial Instruments: Disclosures, IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, IAS 10, Events after the Reporting Period, IAS 18, Revenue, IAS 20, Accounting for Government Grants and Disclosure of Government Assistance, IAS 29, Financial Reporting in Hyperinflationary Economies, IAS 34, Interim Financial Reporting, IAS 40, Investment Property and IAS 41, Agriculture.

- IFRIC 15, Agreements for the Construction of Real Estate (effective from 1 January 2009), clarifying the recognition of revenue by real estate developers for sales of units, such as apartments or houses, 'off plan', before construction is complete.

- IFRIC 16, Hedges of a Net Investment in a Foreign Operation (effective from 1 October 2008), clarifying that net investment hedging should relate to functional currency risk only and that hedging instruments may be held anywhere in the Group.

- IFRIC 17, Distribution of Non-cash Assets to Owners (effective from 1 January 2010). The interpretation clarifies that (i) a dividend payable should be recognized when the dividend is appropriately authorized; (ii) an entity should measure the dividend payable at the fair value of the net assets to be distributed; and (iii) an entity should recognize the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss.

- IFRIC 18, Transfers of Assets from Customers (effective from 1 January 2010), clarifying the requirements for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water).

2.2. General principles

Basis of preparation
The consolidated financial statements are presented in thousands of euros, under the historical cost convention, except for investments held for trading and available for sale, which are stated at their fair value. Financial assets which do not have a quoted price in an active market and the fair value of which cannot be reliably measured are carried at cost. Unless explicitly stated, the accounting policies are applied consistently with the previous year.

Principles of consolidation

Subsidiaries

Subsidiaries are entities over which NV Bekaert SA exercises control, which generally means that NV Bekaert SA, directly or indirectly, holds more than 50% of the voting rights attaching to the entity's share capital and is able to govern its financial and operating policies so as to obtain benefits from its activities. In accordance with IFRS 3, Business Combinations, acquisitions are accounted for using the purchase method. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognized at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, which are recognized at fair value less costs to sell. The financial statements of subsidiaries are included in the consolidated financial statements from the date when the Group acquires control until the date when control is relinquished. All intercompany transactions, balances with and unrealized gains on transactions between Group companies are eliminated; unrealized losses are also eliminated unless the impairment is permanent. Equity and net result attributable to minority shareholders are shown separately in the balance sheet and income statement, respectively.

Joint ventures and associates

A joint venture is a contractual arrangement whereby NV Bekaert SA and other parties undertake, directly or indirectly, an economic activity that is subject to joint control, i.e. where the strategic, financial and operating policy decisions require the unanimous consent of the parties sharing control. Associates are companies in which NV Bekaert SA, directly or indirectly, has a significant influence and which are neither subsidiaries nor joint ventures. This is presumed if the Group holds at least 20% of the voting rights attaching to the shares. The financial information included for these companies is prepared using the accounting policies of the Group. The consolidated financial statements include the Group's share of the results of joint ventures and associates accounted for using the equity method from the date when joint control or significant influence commences until the date when joint control or significant influence ceases. If the Group's share of the losses of a joint venture or associate exceeds the carrying amount of the investment, the investment is carried at nil value and recognition of additional losses is limited to the extent of the Group's commitment. Unrealized gains arising from transactions with joint ventures and associates are set against the investment in the joint venture or associate concerned to the extent of the Group's interest. The carrying amounts of investments in joint ventures and associates are reassessed if there are indications that the asset has been impaired or that impairment losses recognized in prior years have ceased to apply. The investments accounted for using the equity method in the balance sheet include the carrying amount of any related goodwill.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euro, which is the Company's functional and the Group's presentation currency. Financial statements of foreign entities are translated as follows:

- assets and liabilities are translated at the closing exchange rate of the European Central Bank;
- income, expenses and cash flows are translated at the weighted average exchange rate for the year;
- shareholders' equity is translated at historical exchange rates.

Exchange differences arising from the translation of the net investment in foreign subsidiaries, joint ventures and associates at the closing exchange rates are included in shareholders' equity under 'cumulative translation adjustments'. On disposal of foreign entities, cumulative translation adjustments are recognized in the income statement as part of the gain or loss on the sale. In the financial statements of the parent company and its subsidiaries, assets and liabilities denominated in foreign currency are translated at the exchange rate at the balance sheet date. Unrealized and realized foreign-exchange gains and losses are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges. Goodwill is treated as an asset of the acquiree and is accordingly accounted for in the acquiree's currency and translated at the closing rate.

2.3. Balance sheet items

Intangible assets
Intangible assets acquired in a business combination are initially measured at fair value; intangible assets acquired separately are initially measured at cost. After initial recognition, intangible assets are measured at cost or fair value less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives. The amortization period and method are reviewed at each financial year-end. A change in the useful life of an intangible asset is accounted for prospectively as a change in estimate. Under the provisions of IAS 38, intangible assets may have indefinite useful lives. If the useful life of an intangible asset is deemed indefinite, no amortization is recognized and the asset is reviewed at least annually for impairment.

Licenses, patents and similar rights
Expenditure on acquired licenses, patents, trademarks and similar rights is capitalized and amortized on a straight-line basis over the contractual period, if any, or the estimated useful life, which is normally considered to be not longer than ten years.

Computer software
Generally, costs associated with the acquisition, development or maintenance of computer software are recognized as an expense when they are incurred, but external costs directly associated with the acquisition and implementation of acquired ERP software are recognized as intangible assets and amortized over five years on a straight-line basis.

Rights to use land
Rights to use land are recognized as intangible assets and are amortized over the contractual period on a straight-line basis.

Research and development
Expenditure on research activities undertaken with the prospect of gaining new scientific or technological knowledge and understanding is recognized in the income statement as an expense when it is incurred.

Expenditure on development activities where research findings are applied to a plan or design for the production of new or substantially improved products and processes prior to commercial production or use is capitalized if, and only if, all of the recognition criteria set out below are met:
- the product or process is clearly defined and costs are separately identified and reliably measured;
- the technical feasibility of the product is demonstrated;
- the product or process is to be sold or used in-house;
- the assets are expected to generate future economic benefits (e.g. a potential market exists for the product or, if for internal use, its usefulness is demonstrated); and
- adequate technical, financial and other resources required for completion of the project are available.

In most cases, these recognition criteria are not met. Capitalized development costs are amortized from the commencement of commercial production of the product on a straight-line basis over the period during which benefits are expected to accrue. The period of amortization does not normally exceed ten years. An in-process research and development project acquired in a business combination is recognized as an asset separately from goodwill if its fair value can be measured reliably.

Emission rights
In the absence of any IASB standard or interpretation regulating the accounting treatment of CO_2 emission rights, the Group has applied the ‘net approach’, according to which:
- the allowances are recognized as intangible assets and measured at cost (the cost of allowances issued free of charge being therefore zero) and
- any short position is recognized as a liability at the fair value of the allowances required to cover the shortfall at the balance sheet date.

Other intangible assets
Other intangible assets mainly include customer lists and other intangible commercial assets, such as brand names, acquired separately or in a business combination. These are amortized on a straight-line basis over their estimated useful life.

Goodwill
Goodwill represents the excess of acquisition cost over the Group’s interest in the net fair value at the date of acquisition of the acquiree’s identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is carried at cost less any accumulated impairment losses. Goodwill is not amortized, but is reviewed for impairment at least annually. The excess of the Group’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities over the acquisition cost is recognized immediately as a profit. In accordance with IFRS 3, the purchase of a minority interest after control is obtained cannot be accounted for as a

business combination but an appropriate accounting treatment is not foreseen in the current standard. As a consequence, Bekaert has decided to apply the accounting principles set out in IAS 27 (revised January 2008), Consolidated and Separate Financial Statements, in this respect. Consequently, a purchase of a minority interest after control is obtained is accounted for as a transaction between equity holders in that capacity. As such, the purchase of a minority interest cannot give rise to goodwill or to a gain or loss in the income statement. Any difference between the fair value of the acquired minority interest and the purchase consideration is recognized directly in equity.

Impairment of goodwill

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit's value may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit in proportion to the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Property, plant and equipment

The Group has opted for the historical cost model and not for the revaluation model. Property, plant and equipment acquired separately is initially measured at cost. Property, plant and equipment acquired in a business combination is initially measured at fair value, which thus becomes its deemed cost. After initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes all direct costs and all expenditure incurred to bring the asset to its working condition and location for its intended use. Borrowing costs are not capitalized, since the Group did not elect for early adoption of the recently amended IAS 23, Borrowing Costs. Depreciation is provided over the estimated useful lives of the various classes of property, plant and equipment on a straight-line basis. The useful life and depreciation method are reviewed at least at each financial year-end. Unless revised due to specific changes in the estimated economic useful life, annual depreciation rates are as follows:

- land	0%
- buildings	5%
- plant, machinery and equipment	8%-16.7%
- furniture and vehicles	20%
- computer hardware	25%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (see section on 'Impairment of assets' below). Gains and losses on disposal are included in the operating result.

Leases

Finance leases

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Items of property, plant and equipment acquired by way of finance lease are stated at the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine it; otherwise the Company's incremental borrowing rate is used. Initial direct costs are included as part of the asset. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. A finance lease gives rise to a depreciation expense for the asset as well as a finance expense for each accounting period. The depreciation policy for leased assets is consistent with that for owned depreciable assets.

Operating leases

Leases under which substantially all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognized as an expense on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognized, on a straight-line basis, as a reduction of rental expense over the lease term. Improvements to buildings held under operating leases are depreciated over their expected useful lives, or, where shorter, the term of the relevant lease.

Government grants
Government grants relating to the purchase of property, plant and equipment are deducted from the cost of those assets. They are recognized in the balance sheet at their expected value at the time of initial government approval and corrected, if necessary, after final approval. The grant is amortized over the depreciation period of the underlying assets.

Financial assets
The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss (FVTPL)
Financial assets are classified as at fair value through profit or loss if they are held for trading. Financial assets at FVTPL are stated at fair value, with any resultant gains or losses recognized in profit or loss. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as at FVTPL unless they are designated and effective as hedges.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. The Group's loans and receivables category comprises trade and other receivables, short-term deposits and cash and cash equivalents in the balance sheet. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, have original maturities of three months or less and are subject to insignificant risk of change in value. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

Available-for-sale financial assets
Non-current available-for-sale assets include investments in entities which were not acquired principally for the purpose of selling in the short term, and which are neither consolidated nor accounted for using the equity method. Assets classified in this category are stated at fair value, with any resultant gains or losses recognized directly in equity, except if there exists an impairment loss, in which case the loss accumulated in equity is recycled to the income statement. However, they are stated at cost if they do not have a quoted price in an active market and their fair value cannot be reliably measured by alternative valuation methods.

Impairment of financial assets
Financial assets, other than those at FVTPL, are tested for impairment when there is objective evidence that they could be impaired. An impairment loss is directly recognized in the income statement. For trade receivables, amounts deemed uncollectible are written off against the allowance account for trade receivables at each balance sheet date. Additions to and recoveries from this allowance account are reported under 'selling expenses' in the income statement.

Inventories
Inventories are valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out (FIFO) method. For processed inventories, cost means full cost including all direct and indirect production costs required to bring the inventory items to the stage of completion at the balance sheet date. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and costs necessary to make the sale.

Share capital
When shares are repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a change in equity. Repurchased shares (treasury shares) are presented in the balance sheet as a deduction from equity.
The result on the disposal of treasury shares sold or cancelled is recognized in retained earnings.

Minority interests
Minority interests represent the shares of minority shareholders in the equity of subsidiaries which are not fully owned by the Group. The item includes the minority shareholders' proportion of the fair values of net assets recognized on acquisition of a subsidiary (business combination) together with the appropriate proportion of subsequent profits and losses.
The losses applicable to the minority in a consolidated subsidiary may exceed the minority interest in the equity of the subsidiary. Any such excess, and any further losses applicable to the minority, are charged to the Group's profit except to the extent that the minority has a binding obligation and is able to reimburse the losses. If the subsidiary subsequently reports profits, all such profits are credited to Group income until the minority's share of losses previously absorbed by the Group has been recovered.

Provisions
Provisions are recognized in the balance sheet when the Group has a present obligation (legal or constructive) as a result of a past event, which is expected to result in an outflow of resources embodying economic benefits which can be reliably estimated. Each provision is based on the best estimate of the expenditure required to settle the present obligation at the balance sheet date. When appropriate, provisions are measured on a discounted basis.

Restructuring
A provision for restructuring is only recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly before the balance sheet date. Restructuring provisions include only the direct expenditure arising from the restructuring which is necessarily incurred on the restructuring and is not associated with the ongoing activities of the entity.

Site remediation
A provision for site remediation in respect of contaminated land is recognized in accordance with the Group's published environmental policy and applicable legal requirements.

Employee benefit obligations
The parent company and several of its subsidiaries have pension, death benefit and health care benefit plans covering a substantial part of their workforce.

Defined-benefit plans
Most pension plans are defined-benefit plans with benefits based on years of service and level of remuneration. For defined-benefit plans, the amount recognized in the balance sheet (net liability) is the present value of the defined-benefit obligation less the fair value of any plan assets and any past service costs not yet recognized. The present value of the defined-benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods. The present value of the defined-benefit obligation and the related current and past service costs are calculated using the projected unit credit method. The discount rate used is the yield at balance sheet date on high-quality corporate bonds with remaining terms to maturity approximating those of the Group's obligations. Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions.
The Group has elected to recognize all actuarial gains and losses through equity, whereas the former policy was to defer recognition in accordance with the corridor approach.

Past service cost is the increase in the present value of the defined-benefit obligation for employee service in prior periods and resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits.
Past service costs are recognized as an expense on a straight-line basis over the average period to vesting. To the extent that the benefits are already vested following the introduction of, or changes to, a defined-benefit plan, past service costs are expensed immediately. Where the calculated amount to be recognized in the balance sheet is negative, an asset is only recognized if it does not exceed the net total of any unrecognized past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan (the asset ceiling principle). Past service costs are also recognized immediately if their deferred recognition would result under the asset ceiling principle in a gain being recognized solely as a result of a past service cost in the current period. The amount charged to the income statement consists of the aggregate of current service cost, recognized past service cost, interest cost, expected return on plan assets and impact of the change in asset ceiling. In the income statement, current and past service costs are included in the operating result and all other elements are included in interest expense. Pre-retirement pensions in Belgium and plans for medical care in the United States are also treated as defined-benefit plans.

Defined-contribution plans
Obligations in respect of contributions to defined-contribution pension plans are recognized as an expense in the income statement as they fall due. Death and disability benefits granted to employees of the parent company and its Belgian subsidiaries are covered by independent pension funds. Death and disability benefits granted to the staff of other Group companies are mainly covered by external insurance policies where premiums are paid annually and charged to the income statement.
As defined-contribution plans in Belgium are legally subject to a minimum guaranteed return, the Belgian supplementary pension plan for managers, which offers participants limited investment choice, is accounted for as a defined-benefit plan. The other Belgian defined-contribution plans for blue-collar and white-collar employees are still accounted for

as defined-contribution plans, as the legally required return is basically guaranteed by the insurance company.

Other long-term employee benefits
Other long-term employee benefits, such as service awards, are accounted for using the projected unit credit method. However, the accounting method differs from the method applied for post-employment benefits, as actuarial gains and losses and past service cost are recognized immediately.

Share-based payment plans
The Group issues equity-settled and cash-settled share-based payments to certain employees. Stock option plans which allow Group employees to acquire shares of NV Bekaert SA are of the equity-settled type.

Share appreciation rights plans and phantom stocks plans are of the cash-settled type, as they entitle Group employees to receive payment of cash bonuses, the amount of which is based on the price of the Bekaert share on the Euronext stock exchange.

Equity-settled share-based payments are recognized at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant.
The fair value determined at the grant date of the equity-settled share-based payments is expensed, with a corresponding increase in equity (retained earnings), on a straight-line basis over the vesting period, based on the Group's estimate of the stock options that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Cash-settled share-based payments are recognized as liabilities at fair value, which is remeasured at each reporting date and at the date of settlement. Changes in fair value are recognized in the income statement. The Group uses a binomial model to estimate the fair value of the share-based payment plans.

Interest-bearing debt
Interest-bearing debt includes loans and borrowings which are initially recognized at the fair value of the consideration received net of transaction costs incurred. In subsequent periods, they are carried at amortized cost using the effective interest-rate method, any difference between the proceeds (net of transaction costs) and the redemption value being recognized in the income statement on a straight-line basis over the period of the liability. If financial liabilities are hedged using derivatives qualifying as a fair value hedge, both the hedging instruments and the hedged items are recognized at fair value (see accounting policies for derivatives and hedging) on a clean-price basis, i.e. excluding accrued interests.

Trade payables and other current liabilities
Trade payables and other current liabilities, except derivatives, are stated at cost, which is the fair value of the consideration payable.

Income taxes
Income taxes are classified as either current or deferred taxes. Current income taxes include expected tax charges based on the accounting profit for the current year and adjustments to tax charges of prior years. Deferred taxes are calculated, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. The principal temporary differences arise from depreciation of property, plant and equipment, provisions for pensions, pre-pensions and other post-retirement benefits, and tax losses carried forward. Deferred taxes are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be realized or settled, based on tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized; this criterion is reassessed at each balance sheet date. Deferred tax on temporary differences arising on investments in subsidiaries, associates and joint ventures is provided for, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

Derivatives, hedging and hedging reserves
The Group uses derivatives to hedge its exposure to foreign-exchange and interest-rate risks arising from operating, financing and investing activities. The net exposure of all subsidiaries is managed on a centralized basis by Group Treasury in accordance with the aims and principles laid down by general management. As a policy, the Group does not engage in speculative or leveraged transactions.

Derivatives are initially and subsequently measured and carried at fair value. The fair value of traded derivatives is equal to their market value. If no market value is available, the fair value is calculated using standard financial valuation models, based upon the relevant market rates at the reporting date. In the case of interest-bearing derivatives, the fair values correspond to the clean price, excluding interest accrued.

The Group applies hedge accounting in accordance with IAS 39 to reduce income statement volatility. Depending on the nature of the hedged item, a distinction is made between fair value hedges, cash flow hedges and hedges of a net investment in a foreign entity.

Fair value hedges are hedges of the exposure to variability in the fair value of recognized assets and liabilities. The derivatives classified as fair value hedges and the related hedged asset or liability are both carried at fair value. The corresponding changes in fair value are recognized in the income statement. When a hedge ceases to be highly effective, hedge accounting is discontinued and the adjustment to the carrying amount of a hedged interest-bearing financial instrument is recognized as income or expense and will be fully amortized on a straight-line basis over the period of maturity of the hedged item.

Cash flow hedges are hedges of the exposure to variability in future cash flows related to recognized assets or liabilities, highly probable forecast transactions or unrecognized firm commitments. Changes in the fair value of a hedging instrument that qualifies as a highly effective cash flow hedge are recognized directly in shareholders' equity (hedging reserve). The ineffective portion is recognized immediately in the income statement. If the hedged cash flow results in the recognition of a non-financial asset or liability, all gains and losses previously recognized directly in equity are transferred from equity and included in the initial measurement of the cost or carrying amount of the asset or liability. For all other cash flow hedges, gains and losses initially recognized in equity are transferred from the hedging reserve to the income statement when the hedged firm commitment or forecast transaction results in the recognition of a profit or loss. When the hedge ceases to be highly effective, hedge accounting is discontinued prospectively and the accumulated gain or loss is retained in equity until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, any net cumulative gain or loss previously reported in equity is transferred to the income statement.

If a net investment in a foreign entity is hedged, all gains or losses on the effective portion of the hedging instrument, together with any gains or losses on the foreign-currency translation of the hedged investment, are taken directly to equity. Any gains or losses on the ineffective portion are recognized immediately in the income statement. The cumulative remeasurement gains and losses on the hedging instrument, that had previously been recognized directly in equity, and the gains and losses on the currency translation of the hedged item are recognized in the income statement only on disposal of the investment.

In order to comply with the requirements of IAS 39 regarding the use of hedge accounting, the strategy and purpose of the hedge, the relationship between the financial instrument used as the hedging instrument and the hedged item and the estimated (prospective) effectiveness are documented by the Group at the inception of the hedge. The effectiveness of existing hedges is monitored on a quarterly basis. Hedge accounting for ineffective hedges is discontinued immediately.

The Group also uses derivatives that do not satisfy the hedge accounting criteria of IAS 39 but provide effective economic hedges under the Group's risk management policies. Changes in the fair value of any such derivatives are recognized immediately in the income statement.

Impairment of assets

Goodwill and intangible assets with an indefinite useful life or not yet available for use are reviewed for impairment at least annually; other tangible and intangible fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized in the income statement as and when the carrying amount of an asset exceeds its recoverable amount (being the higher of its fair value less costs to sell and its value in use). The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction less the costs to sell, while value in use is the present value of the future cash flows expected to be derived from an asset. Recoverable amounts are estimated for individual assets or, if this is not possible, for the cash-generating unit to which the assets belong. Reversal of impairment losses recognized in prior years is included as income when there is an indication that the impairment losses recognized for the asset are no longer needed or the need has decreased, except for impairment losses on goodwill, which are never reversed.

2.4. Income statement items

Revenue recognition
Revenue is recognized when it is probable that the economic benefits associated with a transaction will flow to the entity and the amount of the revenue can be measured reliably. Sales are recognized net of sales taxes and discounts. Revenue from the sale of goods is recognized when delivery takes place and the transfer of risks and rewards is completed. When it can be measured reliably, revenue from construction contracts is recognized by reference to the stage of completion. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of the contract costs incurred that are likely to be recoverable. In the period in which it is determined that a loss will result from the performance of a contract, the entire amount of the estimated ultimate loss is charged against income. No revenue is recognized on barter transactions involving the exchange of similar goods or services. Interest is recognized on a time-proportional basis that reflects the effective yield on the asset. Royalties are recognized on an accrual basis in accordance with the terms of agreements. Dividends are recognized when the shareholder's right to receive payment is established.

Non-recurring items
Operating income and expenses that are related to restructuring programs, impairment losses, environmental provisions or other events and transactions that are clearly distinct from the normal activities of the Group are presented on the face of the income statement as non-recurring items. Bekaert believes that the separate presentation of non-recurring items is essential for the readers of its financial statements to understand fully the sustainable performance of the Group.

2.5. Statement of comprehensive income and statement of changes in equity

The statement of comprehensive income has been introduced as a consequence of electing for the IAS 19 option to recognize actuarial gains and losses on defined-benefit plans directly in equity. Its purpose is to present an overview of all income and expenses recognized both in the income statement and in equity. In accordance with the revised guidance of IAS 1 Presentation of Financial Statements (revised September 2007), an entity can elect to present either a single statement of comprehensive income or two statements, i.e. an income statement immediately followed by a comprehensive income statement. The Group elected to do the latter. A further consequence of presenting a statement of comprehensive income is that the content of the statement of changes in equity is confined to owner-related changes only.

2.6. Miscellaneous

Non-current assets held for sale and discontinued operations
A non-current asset or disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. A discontinued operation is a component of an entity which the entity has disposed of or which is classified as held for sale, which represents a separate major line of business or geographical area of operations and which can be distinguished operationally and for financial reporting purposes.

For a sale to be highly probable, the entity should be committed to a plan to sell the asset (or disposal group), an active program to locate a buyer and complete the plan should be initiated, and the asset (or disposal group) should be actively marketed at a price which is reasonable in relation to its current fair value, and the sale should be expected to be completed within one year from the date of classification. Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs necessary to make the sale. Any excess of the carrying amount over the fair value less costs to sell is included as an impairment loss. Depreciation of such assets is discontinued as from their classification as held for sale. Comparative balance sheet information for prior periods is not restated to reflect the new classification in the balance sheet.

Contingencies
Contingent assets are not recognized in the financial statements. They are disclosed if the inflow of economic benefits is probable. Contingent liabilities are not recognized in the financial statements, except if they arise from a business combination. They are disclosed unless the possibility of a loss is remote.

Events after the balance sheet date
Events after the balance sheet date which provide additional information about the company's position as at the balance sheet date (adjusting events) are reflected in the financial statements. Events after the balance sheet date which are not adjusting events are disclosed in the notes if material.

3. Critical accounting judgments and key sources of estimation uncertainty

3.1. General business risks

Like many global companies, Bekaert is exposed to risks affecting businesses which are expanding around the world both in mature markets and in rapidly developing growth markets. The growth of these economies, the potential political and financial risks they present, the emergence of new technologies and competitors, the shifting economic flows between continents, the growing environmental awareness, the volatile supply of and demand for raw materials and the probability of consolidation of all or part of industrial segments present as many risks for the Group as they create opportunities. The Bekaert Group Executive, the Strategic Committee and the Board of Directors monitor these developments closely and take the actions they consider necessary to safeguard the Group's future as effectively as possible.

With regard to the current economic crisis, Bekaert is confident that its broad geographical coverage with a strong presence in emerging markets, as well as its growing portfolio of product innovations, will be of strategic importance. Bekaert will closely monitor market developments and customer requirements, so advantage can be taken of opportunities the moment they arise.

3.2. Critical judgments in applying the entity's accounting policies

- Management considers that a constructive obligation exists to provide pre-retirement schemes for employees as from the first day of service (cf. note 6.14 'Employee benefit obligations') and therefore these pre-retirement schemes are treated as defined-benefit plans using the projected unit credit method.

- Management considers that research and development expenditure generally does not meet the criteria for recognition as an asset (cf. note 6.1 'Intangible assets').

- Management considers that the functional currency of Bekaert Izmit Celik Kord Sanayi ve Ticaret AS (Turkey) is the euro, consistent with the economic substance of the transactions relevant to that entity. For the same reason, management considers that the functional currency of Vicson SA (Venezuela) is the US dollar. Consequently, the financial statements of these subsidiaries have been prepared in their functional currency.

- Management considers that the intended sale of the subsidiaries related to the diamond-like carbon coating business, for which a letter of intent has been signed in June 2008, is not significant enough to qualify as a discontinued operation as defined in IFRS 5, §32.

- Management considers that Bekaert, given its minority participating interest of 13.4% at year-end 2008, has no significant influence in Shougang Concord Century Holdings Ltd and therefore the investment is treated as a financial asset available for sale. Management assessed there were insufficient indications for an impairment of the participation in Shougang Concord Century Holdings Ltd, because this holding company currently does not find itself in financial problems, it faithfully complies with its payment obligations, it is not more severely hit by the economic crisis than other listed companies of the same sector and there is also no question of entering bankruptcy or other financial reorganization. Notwithstanding the current decrease in market value, management assesses there is no significant or prolonged decline in the fair value below the cost of investment. Consequently, management decided not to impair the investment. The adjustment to market value has been recorded in equity.

3.3. Key sources of estimation uncertainty

- Deferred tax assets are recognized for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. In making its judgment, management takes into account elements such as long-term business strategy and tax planning opportunities (cf. note 6.6

'Deferred tax assets and liabilities').

- Based on the expected economic life of specific product lines in advanced wire products and advanced materials, which is expected to be significantly shorter than average, higher depreciation rates are applied, i.e. 16.7% instead of 8% for plant, machinery and equipment, to dedicated assets which are not expected to be reallocated to another product line.

- Due to the sharp decrease in wire rod prices, the Group has made an in-depth assessment of the net realizable value of its total inventories at year-end, analyzed between wire rod, work in progress and finished goods. Wire rod inventories, to the extent that these were in excess of an average consumption level, were valued taking into account the current replacement value. The remaining wire rod inventories were valued at historical cost.

- Credit risk related to customers: in the context of the deterioration of the economic situation, management has closely reviewed the outstanding trade receivables, also considering ageing, payment history and credit insurance coverage. This has led to an increase in the bad debt reserve, mainly in China (cf. note 6.7 'Operating working capital').

- Employee benefit obligations: the defined-benefit obligations are based on actuarial assumptions such as discount rate and expected rate of return on plan assets, which are extensively detailed in note 6.14 'Employee benefit obligations'.

- Provisions for environmental issues: at each year-end an estimate is made of future expenses in respect of soil pollution, based on the advice of an external expert (cf. note 6.15 'Provisions').

- Impairment: the Group performs annual impairment tests on goodwill and on cash-generating units for which there are indicators that the carrying amount might be higher than the recoverable amount. This analysis is based upon assumptions such as market evolution, market share, margin evolution and discount rates (cf. note 6.2 'Goodwill').

- Tax receivable (ICMS) in Brazil: recovery of the tax receivables of Belgo Bekaert Arames Ltda and BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda is deemed probable as several action plans have already been implemented and negotiations are being conducted with the Government of State of Minas Gerais. The recovery of these amounts still depends on management being able to carry out the plans as presently foreseen. Management's expectation is that they will. Other tax claims in Brazil have not been provided for, supported by legal advice (cf. note 6.4 'Investments accounted for using the equity method').

4. Segment reporting

Two segmentations are presented below: a primary segmentation by business segment and a secondary segmentation by geographical market. The business segmentation is based on an in-depth analysis of various factors defining the distinguishing components of each segment (including the risk profile, the nature of the products, services and production processes and the potential for similar long-term financial performance) and on the Group's current internal financial reporting. Detailed information on the segments is also available in the 'Summary of the Financial Review' in the 'Report of the Board of Directors'.

Key data by primary reporting segment

Only capital employed elements (intangible assets, goodwill, property, plant and equipment and the elements of the operating working capital) are allocated to the various segments. All other assets and liabilities (excluding equity) are reported as unallocated corporate assets or liabilities. 'Other' mainly consists of the functional unit technology, unallocated expenses for group management and services. Sales prices between segments are determined on an arm's length basis.

2008 in thousands of €	**Advanced wire products**	**Advanced materials**	**Advanced coatings**	**Other**	**Eliminations**	**Consoli-dated**
Net sales to external customers	2 330 917	196 952	119 446	15 062	-	2 662 377
Net sales to other segments	369	2 503	845	153 743	-157 460	-
Total net sales	**2 331 286**	**199 455**	**120 291**	**168 805**	**-157 460**	**2 662 377**
Operating result (EBIT) before non-recurring items	351 924	1 319	3 900	-53 448	-9 468	294 227
Non-recurring items	-61 641	-18 351	-1 276	-2 490	-	-83 758
Operating result (EBIT)	**290 283**	**-17 032**	**2 624**	**-55 938**	**-9 468**	**210 469**
Depreciation and amortization	140 642	16 643	8 430	8 390	-8 196	165 909
Impairment losses	17 011	18 769	-	-	-	35 780
EBITDA	**447 936**	**18 380**	**11 054**	**-47 548**	**-17 664**	**412 158**
Segment assets	1 992 083	149 791	110 343	189 812	-251 033	2 190 996
Unallocated corporate assets	-	-	-	-	-	476 168
Total assets	**-**	**-**	**-**	**-**	**-**	**2 667 164**
Segment liabilities	332 787	44 514	21 134	108 307	-151 182	355 560
Unallocated corporate liabilities	-	-	-	-	-	1 139 272
Total liabilities	**-**	**-**	**-**	**-**	**-**	**1 494 832**
Capital employed	1 659 296	105 277	89 209	81 505	-99 851	1 835 436
Average capital employed	1 501 448	112 780	95 291	66 918	-91 867	1 684 570
Return on average capital employed (ROCE)	19.3%	-15.1%	2.8%	-	-	12.5%
Capital expenditure – PP&E	223 115	12 850	5 558	19 618	-22 519	238 622
Capital expenditure – intangible assets	9 944	126	21	2 300	-	12 391
Share in the results of joint ventures and associates	56 678	-569	-	-	-	56 109
Investments accounted for using the equity method (excl. goodwill)	196 757	3 113	-	-	-	199 870
Number of employees (year-end)	13 545	1 256	574	1 596	-	16 971

2007 in thousands of €	Advanced wire products	Advanced materials	Advanced coatings	Other	Eliminations	Consoli-dated
Net sales to external customers	1 842 432	200 834	122 340	7 992	-	2 173 598
Net sales to other segments	1 377	2 702	1 814	147 959	-153 852	-
Total net sales	**1 843 809**	**203 536**	**124 154**	**155 951**	**-153 852**	**2 173 598**
Operating result (EBIT) before non-recurring items	215 342	17 240	3 043	-36 503	-12 782	186 340
Non-recurring items	-7 063	-36	-3 822	-817	-	-11 738
Operating result (EBIT)	**208 279**	**17 204**	**-779**	**-37 320**	**-12 782**	**174 602**
Depreciation and amortization	104 060	8 348	9 155	5 029	-6 903	119 689
Impairment losses	1 549	-	2 739	-	-	4 288
EBITDA	**313 888**	**25 552**	**11 115**	**-32 291**	**-19 685**	**298 579**
Segment assets	1 675 997	171 646	122 230	136 847	-243 913	1 862 807
Unallocated corporate assets	-	-	-	-	-	449 750
Total assets	**-**	**-**	**-**	**-**	**-**	**2 312 557**
Segment liabilities	332 397	51 363	20 857	84 517	-160 031	329 103
Unallocated corporate liabilities	-	-	-	-	-	836 868
Total liabilities	**-**	**-**	**-**	**-**	**-**	**1 165 971**
Capital employed	1 343 600	120 283	101 373	52 330	-83 882	1 533 704
Average capital employed	1 271 882	115 915	112 705	46 107	-74 615	1 471 993
Return on average capital employed (ROCE)	16.4%	14.8%	-0.7%	-	-	11.9%
Capital expenditure – PP&E	186 112	14 525	5 969	6 312	-20 503	192 415
Capital expenditure – intangible assets	3 748	1 109	17	2 519	-	7 393
Share in the results of joint ventures and associates	47 159	-59	-	-	-	47 100
Investments accounted for using the equity method (excl. goodwill)	209 618	157	-	-	-	209 775
Number of employees (year-end)	12 276	1 177	663	1 126	-	15 242

Key data by secondary reporting segment

2008 in thousands of €	Europe	North America	Latin America	Asia	Other regions	Consolidated
Net sales	1 095 247	558 781	216 200	759 212	32 937	2 662 377
Total assets before consolidation	*2 514 996*	*406 427*	*252 592*	*1 268 156*	-	*4 442 171*
Intercompany eliminations	*-1 486 443*	*-6 198*	*-5 476*	*-192 604*	-	*-1 690 721*
Total assets by region	**1 028 553**	**400 229**	**247 116**	**1 075 552**	**-**	**2 751 450**
Consolidation adjustments	-	-	-	-	-	-84 286
Total assets after consolidation	**-**	**-**	**-**	**-**	**-**	**2 667 164**
Capital expenditure						
PP&E	*65 205*	*14 869*	*5 783*	*152 765*	-	*238 622*
Intangible assets	*4 118*	*94*	-	*8 179*	-	*12 391*
2007						
Net sales	1 050 762	511 087	71 116	505 520	35 113	2 173 598
Total assets before consolidation	*2 504 279*	*364 952*	*265 813*	*850 879*	-	*3 985 923*
Intercompany eliminations	*-1 497 258*	*-5 435*	*-1 043*	*-76 741*	-	*-1 580 477*
Total assets by region	**1 007 021**	**359 517**	**264 770**	**774 138**	**-**	**2 405 446**
Consolidation adjustments	-	-	-	-	-	-92 889
Total assets after consolidation	**-**	**-**	**-**	**-**	**-**	**2 312 557**
Capital expenditure						
PP&E	*59 151*	*8 870*	*1 360*	*123 034*	-	*192 415*
Intangible assets	*3 955*	*109*	-	*3 329*	-	*7 393*

The allocation of net sales shows the revenue from external customers by geographical area based on the geographical location of the customers. Total assets and capital expenditure are allocated by geographical location of the assets.

5. Income statement items and other comprehensive income

5.1. Sales and other operating revenues

in thousands of €	2008	2007	%
Sales	2 662 377	2 173 598	22.5

Growth in consolidated sales stemmed 17.7% from organic growth, largely driven by passed-on raw material price increases, and 5.8% from the full year effect of the acquisitions of Vicson SA (Venezuela) and Proalco SA (Colombia) in 2007. Fluctuations in several exchange rates largely compensated each other with a net negative impact of 1.0%. Sales are reported by business segment and geographical market in note 4 'Segment reporting' and in the 'Summary of the Financial Review' in the 'Report of the Board of Directors'.

Other operating revenues

in thousands of €	2008	2007
Royalties received	8 636	8 756
Gains on disposal of PP&E and intangible assets	656	1 630
Realized exchange results on sales and purchases	-2 795	-4 195
Tax rebates	803	1 589
Government grants	979	4 795
Miscellaneous	2 552	2 022
Total	**10 831**	**14 597**

Miscellaneous revenues in 2008 relate mainly to insurance claims (€ 0.7 million) (2007: € 0.3 million), services to third parties (€ 0.3 million) (2007: € 0.5 million), reversal of provisions (€ 0.3 million) and other miscellaneous income (€ 1.2 million) (2007: € 0.7 million).

5.2. Other operating expenses

in thousands of €	2008	2007
Losses on disposal of PP&E and intangible assets	-2 065	-827
Amortization of intangible assets	-2 447	-2 847
Personnel charges	-2 636	-2 791
Bank charges	-2 049	-1 874
Other taxes	-296	-288
Miscellaneous	-4 872	-2 038
Total	**-14 365**	**-10 665**

Miscellaneous expenses in 2008 relate mainly to a provision for a refund of subsidies (€ 1.5 million), insurance expenses (€ 0.7 million) (2007: € 0.7 million), expenses relating to fixed assets (€ 0.6 million) (2007: € 0.4 million), provision for claims (€ 0.5 million), donations (€ 0.3 million) and other miscellaneous expenses (€ 1.3 million) (2007: € 0.5 million).

5.3. Operating result (EBIT) before and after non-recurring items

in thousands of €	2008	2007	%
Operating result (EBIT) before non-recurring items	294 227	186 340	57.9

Bekaert's consolidated operating result (EBIT) before non-recurring items amounted to € 294.2 million, compared with € 186.3 million in 2007.

In advanced wire products, an accelerated growth in emerging markets, made possible by important investments, and product portfolio renewal were the main drivers for the excellent results posted in 2008. Market demand in almost all product segments was quite strong during the first three quarters but the global economic crisis started to have a negative impact on the order entry in the last quarter. Bekaert was able to adapt selling prices with the changes in wire rod prices without much delay. The drive for innovation and its extensive product and technology portfolio have allowed Bekaert to significantly improve its product mix. The result was positively impacted by the first full year consolidation of the entities Vicson SA (Venezuela) and Proalco SA (Colombia), which were acquired on 1 October 2007. Higher depreciation as a result of the huge investment program had a negative impact on the operating result.

In advanced materials, the results of stainless were adversely impacted by volume decline and reduced nickel-based wire rod prices. After a strong first semester, the demand for fiber products declined in the second semester (especially the deliveries for diesel particulate filters). The traditional burner business performed quite well while some deliveries in burner systems were postponed due to project financing issues.

In advanced coatings, the industrial coatings booked less project business than in 2007. For specialized films, a depressed market in the US was offset by nice growth in Asia and in part of Europe.

Bekaert further increased its efforts in research and technology substantially, while the engineering department operated at a very high activity level.

in thousands of €	2008	2007
Operating result (EBIT) before non-recurring items	294 227	186 340
Restructuring	*-50 558*	*-13 426*
Impairment losses	*-28 837*	*-1 239*
Other	*-4 363*	*2 927*
Non-recurring items	-83 758	-11 738
Operating result (EBIT)	**210 469**	**174 602**

The restructuring program mainly consisted of the adjustment of the Belgian operational footprint with the closure of the plants in Lanklaar and Hemiksem and the transfer of the equipment of the Waregem plant to other Belgian plants. Also included are the relocation of assets within the Zwevegem plant and within the steel cord platform in Slovakia. Restructuring cost includes impairments for € 6.9 million.

Impairments outside of restructurings result from a detailed analysis of the recoverable amounts of the asset portfolio. In view of the fast deterioration of the economic situation that started in the 4th quarter and the lack of visibility for the midterm, Bekaert revised the assumptions, especially lowering the growth component. Impairments on goodwill and assets were booked for stainless (€ 8.1 million), burner systems (€ 8.5 million), advanced filtration (€ 1.9 million) within the advanced materials segment and for carding solutions (€ 10.0 million) within the advanced wire products segment. The methodology used for the impairment tests is described in disclosure 6.2 'Goodwill'.

Other non-recurring items include additional provisions as a result of an update of the environmental liabilities assessed by an external consultant, partly offset by non-recurring income (€ 5.0 million), mainly related to gains on the sale of land and buildings.

5.4. Operating result (EBIT) by nature

The table below provides information on the major items contributing to the operating result (EBIT), categorized by nature.

in thousands of €	2008		2007	
Sales	2 662 377	100%	2 173 598	100%
Other operating revenues	10 831	-	14 597	-
Total operating revenues	**2 673 208**	**-**	**2 188 195**	**-**
Own construction of PP&E	143 431	-	116 814	-
Raw materials	-1 116 160	42%	-838 326	39%
Semi-finished products and goods for resale	-128 109	5%	-108 763	5%
Change in work-in-progress and finished goods	91 719	3%	13 494	1%
Staff costs	-524 216	20%	-472 608	22%
Depreciation and amortization	-165 909	6%	-119 689	6%
Impairment losses	-35 780	1%	-4 288	-
Transport and handling of finished goods	-98 394	4%	-92 632	4%
Consumables and spare parts	-157 378	6%	-119 481	5%
Utilities	-139 068	5%	-118 713	5%
Maintenance and repairs	-56 752	2%	-49 340	2%
Miscellaneous operating expenses	-276 123	10%	-220 061	10%
Total operating expenses	**-2 462 739**	**93%**	**-2 013 593**	**93%**
Operating result (EBIT)	**210 469**	**8%**	**174 602**	**8%**

Miscellaneous includes marketing expenses, IT, consulting, travel, export duties and others.

5.5. Interest income and expense

in thousands of €	2008	2007
Interest income on financial assets carried at amortized cost	4 947	2 517
Interest income	**4 947**	**2 517**
Interest expense on financial liabilities carried at amortized cost	*-38 230*	*-24 790*
Interest expense on financial liabilities carried at fair value	*-4 988*	*-8 104*
Interest and similar expense	-43 218	-32 894
Interest element of interest-bearing provisions	-3 142	-2 123
Interest expense	**-46 360**	**-35 017**
Total	**-41 413**	**-32 500**

The increase in interest expense reflects the financial debt evolution (cf. note 6.16 'Interest-bearing debts'). Interest expense on financial liabilities carried at amortized cost relates to all interest-bearing debt which is not hedged by a fair value hedge. Interest expense on financial liabilities carried at fair value relates both to interest-bearing debt hedged by a fair value hedge and to interest-rate risk mitigating derivatives (see note 7.3 'Financial risk management and financial derivatives'). Since interest-rate risk mitigating derivatives were used in connection with financial liabilities only, all interest expense adjustments from those derivatives are recorded as interest expense on financial liabilities at fair value.

The interest element of interest-bearing provisions relates mainly to the interest expense net of the expected return on plan assets of defined-benefit plans (see note 6.14 'Employee benefit obligations').

5.6. Other financial income and expenses

in thousands of €	2008	2007
Value adjustments to derivatives	-11 824	-13 988
Value adjustments to hedged items	4 678	-12 370
Unrealized exchange results on underlying items of derivatives held for trading	6 945	25 342
Impact of derivatives (see note 7.3)	**-201**	**-1 016**
Other unrealized exchange results	-1 998	695
Realized exchange results	-6 591	-13 344
Gains and losses on disposal of financial assets	158	4 151
Dividends from other shares	459	239
Write-downs and write-down reversals of loans and receivables	-283	-
Other	627	793
Total	**-7 829**	**-8 482**

Value adjustments include changes in the fair value of all derivatives, other than those designated as cash flow hedges, and of all debt hedged by fair value hedges (cf. note 7.3 ‘Financial risk management and financial derivatives’). Unrealized exchange results relate to the effect of translating balance sheet items at closing rates and realized exchange results relate to transactions other than normal trading sales and purchases.

5.7. Income taxes

in thousands of €	2008	2007
Current taxes for the year	-34 031	-25 338
Adjustment to current taxes in respect of prior periods	645	2 800
Deferred taxes	7 853	3 443
Total tax expense	**-25 533**	**-19 095**

Relationship between tax expense and accounting profit

In the table below, accounting profit is defined as the result from continuing operations before taxes.

in thousands of €	2008	2007
Accounting profit	161 227	133 620
Tax expense at the theoretical domestic rates applicable to profits of taxable entities in the countries concerned	-40 428	-28 203
Theoretical tax rate	-25.1%	-21.1%
Tax effect of:		
Non-deductible items	*-4 345*	*-3 824*
Other tax rates and special tax regimes	*43 404*	*30 414*
Non-recognition of deferred tax assets	*-15 221*	*-13 172*
Utilization of deferred tax assets not previously recognized	*446*	*2 787*
Current tax adjustments relating to prior periods	*645*	*2 800*
Taxes on distributed and undistributed earnings	*-10 614*	*-10 461*
Other	*580*	*564*
Total tax expense	**-25 533**	**-19 095**

The theoretical tax rate was negatively impacted by the increase in the statutory tax rate in China (25%). Other tax rates and special tax regimes reflect temporary tax holidays and notional interest deduction.

5.8. Share in the results of joint ventures and associates

Despite the worldwide economic downturn in the fourth quarter, the joint ventures in Latin America generally realized a sizeable growth in profits over 2008. Only BMB, the Brazilian steel cord company whose functional currency is the US dollar, was negatively affected by deferred taxes as a result of the substantial devaluation of the Brazilian real before year-end. After the closure of its steel cord plant, BOSFA Pty Ltd now only acts as a sales office for building products. Mukand Bekaert Wire Industries Pvt Ltd, a greenfield for manufacturing stainless products, is still in the start-up phase.

in thousands of €		2008	2007
Joint ventures			
BOSFA Pty Ltd	Australia	537	-1 680
Bekaert Faser Vertriebs GmbH	Germany	54	74
Belgo Bekaert Arames Ltda and subsidiary	Brazil	45 048	29 864
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Brazil	-1 612	4 236
Inchalam group	Chile	9 465	7 068
Ideal Alambrec group	Ecuador	3 281	2 309
Vicson SA and subsidiaries[1]	Venezuela	-	5 292
Mukand Bekaert Wire Industries Pvt Ltd	India	-624	-133
Subtotal - joint ventures		**56 149**	**47 030**
Associates			
Jiangyin Fasten-Bekaert Optical Cable Steel Products Co Ltd	China	-40	70
Subtotal - associates		**-40**	**70**
Total - joint ventures and associates		**56 109**	**47 100**

[1] *On 1 October 2007 Bekaert acquired the remaining 50% of the shares in Vicson SA (Venezuela), which became a subsidiary.*

Refer to note 7.9 'Subsidiaries, joint ventures and associates' for the list of legal entities related to this note.

5.9. Earnings per share

2008	Number
Weighted average number of ordinary shares (basic)	19 718 641
Dilution effect of subscription rights	77 569
Weighted average number of ordinary shares (diluted)	19 796 210

in thousands of €	Basic	Diluted
Result for the period attributable to the Group and to ordinary shareholders	174 075	174 075
Earnings per share (in €)	**8.828**	**8.793**

2007	Number
Weighted average number of ordinary shares (basic)	20 039 098
Dilution effect of subscription rights	130 791
Weighted average number of ordinary shares (diluted)	20 169 889

in thousands of €	Basic	Diluted
Result for the period attributable to the Group and to ordinary shareholders	152 890	152 890
Earnings per share (in €)	**7.630**	**7.580**

The weighted average closing price during 2008 was € 88.53 per share (2007: € 98.19 per share). The following options and subscription rights were out of the money (and therefore antidilutive) for the period presented, but could potentially dilute basic earnings per share in the future (cf. note 6.11 'Ordinary shares, treasury shares, subscription rights and share options').

Antidilutive instruments	Date granted	Weighted average exercise price (in €)	Number granted	Number outstanding
SOP2 - options	19.02.2007	90.52	12 500	12 500
SOP 2005-2009 - subscription rights	19.02.2007	90.52	60 670	60 670

5.10. Total comprehensive income and statement of changes in equity

Total comprehensive income includes both the result of the period recognized in the income statement and the other comprehensive income recognized in equity. Other comprehensive income includes all changes in equity other than owner-related changes, which are analyzed in the statement of changes in equity.

The table below lists the elements of total comprehensive income by equity caption.

in thousands of €	2008	2007
Result for the period attributable to the Group	174 075	152 890
Deferred taxes booked in equity	9 440	-3 809
Share of other comprehensive income of joint ventures and associates	-95	1 349
Other	-3	94
Retained earnings	**183 417**	**150 524**
Hedging reserve	-3 797	-4 168
Revaluation reserve for available-for-sale investments	-15 523	8 139
Revaluation reserve for actuarial gains and losses on defined-benefit plans	-52 032	26 255
Remeasurement of net assets held prior to acquiring control	-	9 140
Hedging and revaluation reserves	**-71 352**	**39 366**
Exchange gains and losses	1 044	6 118
Cumulative translation adjustments	**1 044**	**6 118**
Result for the period attributable to minority interests	17 728	8 735
Hedging reserve	-56	-
Deferred taxes booked in equity	5	-
Exchange gains and losses	3 338	-370
Minority interests	**21 015**	**8 365**
Total comprehensive income	**134 124**	**204 373**

The following table analyzes the deferred taxes booked in equity by item of other comprehensive income:

in thousands of €	2008	2007
Cash flow hedges	1 330	2 017
Actuarial gains and losses on defined-benefit plans	8 564	-5 552
Undistributed earnings	-454	-274
Total deferred tax booked in equity	**9 440**	**-3 809**

The statement of changes in equity mainly consists of the following owner-related changes in 2008:
- A decrease in retained earnings of € 13.7 million and a decrease in minority interests of € 26.6 million relating to the purchase of the remaining interests in Beksa Celik Kord Sanayi ve Ticaret AS (cf. note 6.13. 'Minority interests');
- A decrease of € 19.7 million in retained earnings relating to the acquisition of 238 800 own shares, 55 000 of which (€ 4.8 million) were held as treasury shares at the balance sheet date.

6. Balance sheet items

6.1. Intangible assets

Cost in thousands of €	**Licenses, patents & similar rights**	**Computer software**	**Rights to use land**	**Development costs**	**Other**	**Total**
As at 1 January 2007	34 782	43 585	13 840	5 939	21 451	119 597
Expenditure	56	4 160	3 114	-	63	7 393
Disposals and retirements	-	-828	-	-4 442	-268	-5 538
Transfers	-388	776	748	-	-	1 136
New consolidations	-	-	-	-	460	460
Deconsolidations	-	-	-	-	-180	-180
Exchange gains and losses (-)	-4	-746	-700	-69	-1 189	-2 708
As at 31 December 2007	**34 446**	**46 947**	**17 002**	**1 428**	**20 337**	**120 160**
As at 1 January 2008	34 446	46 947	17 002	1 428	20 337	120 160
Expenditure	-	4 203	8 133	-	54	12 390
Disposals and retirements	-1 358	-2 164	-	-233	-	-3 755
Transfers	29	29	-	-	-43	15
Reclassification as held for sale	-	-67	-	-	-	-67
Exchange gains and losses (-)	2	378	2 593	11	-2 613	371
As at 31 December 2008	**33 119**	**49 326**	**27 728**	**1 206**	**17 735**	**129 114**

Accumulated amortization and impairment in thousands of €	**Licenses, patents & similar rights**	**Computer software**	**Rights to use land**	**Development costs**	**Other**	**Total**
As at 1 January 2007	21 479	28 209	2 122	5 243	5 034	62 087
Charge for the year	3 276	4 820	340	162	3 318	11 916
Impairment losses	-	113	-	-	-	113
Disposals and retirements	3	-92	-	-4 442	-267	-4 798
Transfers	-383	383	43	-	-	43
Deconsolidations	-	-	-	-	-54	-54
Exchange gains (-) and losses	-4	-551	-103	-69	-307	-1 034
As at 31 December 2007	**24 371**	**32 882**	**2 402**	**894**	**7 724**	**68 273**
As at 1 January 2008	24 371	32 882	2 402	894	7 724	68 273
Charge for the year	2 644	4 930	387	224	2 661	10 846
Impairment losses	-	309	290	-	1 452	2 051
Disposals and retirements	-1 307	-1 973	-	-233	-	-3 513
Transfers	29	14	-	-	-43	-
Reclassification as held for sale	-	-67	-	-	-	-67
Exchange gains (-) and losses	1	352	349	11	-1 521	-808
As at 31 December 2008	**25 738**	**36 447**	**3 428**	**896**	**10 273**	**76 782**
Carrying amount as at 31 December 2007	**10 075**	**14 065**	**14 600**	**534**	**12 613**	**51 887**
Carrying amount as at 31 December 2008	**7 381**	**12 879**	**24 300**	**310**	**7 462**	**52 332**

The implementation of ERP software (SAP) accounted for € 4.2 million (2007: € 4.2 million) of the expenditure. The rights to use land, acquired for new plants in Jiangyin and Chongqing in China, cost € 8.1 million. Licenses, patents and similar rights consist mainly of intellectual property relating to the specialized films activity acquired in 2001, with a carrying amount of € 7.0 million (2007: € 9.6 million). Other intangible assets predominantly consist of customer lists acquired in a business combination. The carrying amount mainly relates to Cold Drawn Products Ltd (€ 3.7 million vs. € 6.8 million in 2007) and to Bekaert Advanced Filtration SA (€ 1.0 million vs. € 2.2 million in 2007).

No intangible assets have been identified as having an indefinite useful life at the balance sheet date.

6.2. Goodwill

Cost in thousands of €	2008	2007
As at 1 January	75 157	82 206
Deferred payment adjustments	-	-19
Exchange gains and losses (-)	1 116	-5 095
Transfers	-	-1 751
Reclassification as held for sale	-1 681	-184
As at 31 December	**74 592**	**75 157**

Impairment losses in thousands of €	2008	2007
As at 1 January	5 039	5 241
Impairment losses	10 568	-
Exchange gains (-) and losses	-148	-202
As at 31 December	**15 459**	**5 039**
Carrying amount as at 31 December	**59 133**	**70 118**

This note relates only to goodwill on acquisition of subsidiaries. Goodwill in respect of companies accounted for using the equity method is disclosed in note 6.4 'Investments accounted for using the equity method'.

The reclassification of goodwill to assets classified as held for sale relates to the subsidiary Sorevi SAS (France) and the BACT plant in the United States.

Goodwill by cash-generating unit (CGU)

Goodwill acquired in a business combination is allocated on acquisition to the cash-generating units (CGU) that are expected to benefit from that business combination.

The carrying amount of goodwill and related impairment have been allocated as follows:

Segment in thousands of €	Cash-generating unit	Carrying amount 31 Dec 2008	Impairment 2008	Carrying amount 31 Dec 2007
Subsidiaries				
Advanced wire products	Bekaert Canada Ltd	3 779	-	3 779
Advanced wire products	Orrville plant	8 429	-	7 968
Advanced wire products	Carding solutions	-	-1 073	1 073
Advanced wire products	Cold Drawn Products	2 350	-	3 052
Advanced materials	Advanced filtration	-	-995	995
Advanced materials	Combustion technologies	3 027	-	3 027
Advanced materials	Solaronics	5 055	-8 500	13 613
Advanced coatings	Industrial coatings	4 285	-	4 285
Advanced coatings	BACT United States plant	-	-	198
Advanced coatings	Sorevi SAS	-	-	1 496
Advanced coatings	Specialized films	32 208	-	30 632
Subtotal		**59 133**	**-10 568**	**70 118**
Joint ventures and associates				
Advanced wire products	Belgo Bekaert Arames Ltda	4 633	-	5 785
Subtotal		**4 633**	**-**	**5 785**
Total		**63 766**	**-10 568**	**75 903**

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually on the basis of their value in use, applying the following assumptions:

- The time horizon is normally 12 years (average lifetime of equipment) but can differ case by case.

- The future free cash flows are based on the latest budgeting/planning exercises for the coming 3 years. All cash flows thereafter are extrapolations made by the management of the cash-generating unit. Given the current economic crisis and the uncertain outlook in the midterm, the Group takes a conservative approach on sales (no growth except for specialized films with a 3% increase during the first 5 years) and on the evolution of sales margins (EBITDA on sales between 5 and 10%). No cost structure improvements are taken into account unless they can be substantiated.

- The future cash flows are based on the assets in their current condition and do not include future restructuring not yet committed or future capital expenditures improving or enhancing the assets in excess of their originally assessed standard of performance. Only that capital expenditure required to maintain the assets in good working order is included. The cash outflows relating to working capital are calculated as a percentage of incremental sales based on the past performance of the specific cash-generating unit.

- The discount factor is based on a (long-term) pre-tax cost of capital, the risks being implicit in the cash flows. The discount factor is 9.5%, representing a 50/50 average of the pre-tax cost of debt (7%) and the pre-tax cost of equity financing (12%). This discount factor is applied for impairment exercises for the European and North American regions, which have approximately the same cost of capital. If impairment exercises are needed for other regions (e.g. Latin America), the discount factor is determined on a case by case basis.

The most important parameters for determining the future free cash flows are the evolution of the market, the market share and the margin on sales (based on assumptions related to sales prices and cost prices). These assumptions are based on the figures of last year (e.g. the market evolution), the performances of the current year as well as the budgets for the next three years. The assumptions for the following years are conservative because the outlook is rather limited. Due to the severe economical crisis the current assumptions show a lower growth compared to the assumptions used in the previous years.
The tests resulted in an impairment of the goodwill in 2008 for carding solutions, advanced filtration and Solaronics on the grounds that the results were not in line with the original business plans and short-term improvements are uncertain. The impairment for carding solutions was booked due to the very low market demand in Europe and China, for advanced filtration and Solaronics due to the lower growth than originally foreseen in the business plan at the moment of acquisition.

Based on current knowledge, reasonable changes in key assumptions (including discount rate, sales and margin evolution) would not generate material impairments for any of the other cash-generating units.

The tests did not reveal the need to recognize any impairment losses on goodwill in 2007.

6.3. Property, plant and equipment

Cost in thousands of €	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Leases and similar rights	Other PP&E	Assets under construction and advance payments	Total
As at 1 January 2007	488 806	1 540 167	66 906	3 939	5 538	58 007	2 163 363
Expenditure	17 377	48 201	4 766	82	17	121 972	192 415
Disposals and retirements	-33 256	-56 912	-1 966	-7	-1 542	-128	-93 811
Transfers	20 457	83 429	-1 073	-502	83	-103 530	-1 136
New consolidations	25 600	18 331	1 484	-	-	3 080	48 495
Deconsolidations	-	-	-32	-	-	-	-32
Reclassification as held for sale	2 885	-3 952	-71	-771	-94	-	-2 003
Exchange gains and losses (-)	-16 733	-47 596	-1 913	-124	1	-1 705	-68 070
As at 31 December 2007	**505 136**	**1 581 668**	**68 101**	**2 617**	**4 003**	**77 696**	**2 239 221**
As at 1 January 2008	505 136	1 581 668	68 101	2 617	4 003	77 696	2 239 221
Expenditure	10 336	24 458	4 123	18	469	199 218	238 622
Disposals and retirements	-7 843	-61 996	-8 337	-325	-29	-344	-78 874
Transfers	42 070	120 361	7 400	-176	-1 627	-168 043	-15
Reclassification as held for sale	-13 493	-18 541	-1 428	-700	-810	-1 138	-36 110
Exchange gains and losses (-)	25 450	78 108	2 099	-264	36	9 258	114 687
As at 31 December 2008	**561 656**	**1 724 058**	**71 958**	**1 170**	**2 042**	**116 647**	**2 477 531**
Accumulated depreciation and impairment							
As at 1 January 2007	281 362	995 874	54 255	2 034	4 356	-	1 337 881
Charge for the year	19 500	83 362	5 524	443	201	-	109 030
Impairment losses	-	4 175	-	-	-	-	4 175
Disposals and retirements	-31 033	-56 761	-1 811	-7	-928	-	-90 540
Transfers	579	3 490	-3 631	-481	-	-	-43
Deconsolidations	-	-	-19	-	-	-	-19
Reclassification as held for sale	3 573	-1 316	-44	-187	-78	-	1 948
Exchange gains (-) and losses	-9 882	-30 659	-1 457	-76	6	-	-42 068
As at 31 December 2007	**264 099**	**998 165**	**52 817**	**1 726**	**3 557**	**-**	**1 320 364**
As at 1 January 2008	264 099	998 165	52 817	1 726	3 557	-	1 320 364
Charge for the year	20 803	96 841	6 446	230	225	-	124 545
Impairment losses	2 778	20 225	159	-	-	-	23 162
Disposals and retirements	-7 067	-58 220	-8 018	-304	-30	-	-73 639
Transfers	-201	1 081	939	-110	-1 709	-	-
Reclassification as held for sale	-12 378	-10 198	-1 147	-342	-810	-	-24 875
Exchange gains (-) and losses	7 966	27 500	1 138	-224	56	-	36 436
As at 31 December 2008	**276 000**	**1 075 394**	**52 334**	**976**	**1 289**	**-**	**1 405 993**
Carrying amount as at 31 December 2007 before investment grants and reclassification of leases	**241 037**	**583 503**	**15 284**	**891**	**446**	**77 696**	**918 857**
Net investment grants	-393	-847	-	-	-	-	-1 240
Reclassification of leases	420	157	314	-891	-	-	-
Carrying amount as at 31 December 2007	**241 064**	**582 813**	**15 598**	**-**	**446**	**77 696**	**917 617**
Carrying amount as at 31 December 2008 before investment grants and reclassification of leases	**285 656**	**648 664**	**19 624**	**194**	**753**	**116 647**	**1 071 538**
Net investment grants	-3	-868	-	-	-	-	-871
Reclassification of leases	-	111	83	-194	-	-	-
Carrying amount as at 31 December 2008	**285 653**	**647 907**	**19 707**	**-**	**753**	**116 647**	**1 070 667**

The investment programs in Belgium, China, Indonesia and Slovakia accounted for most of the expenditure. The net exchange gain for the year (€ 78.3 million) relates mainly to exchange gains on assets denominated in US dollars (€ 9.4 million), Chinese renminbis (€ 60.3 million) and Slovak korunas (€ 14.9 million) and exchange losses on assets denominated in British pounds (€ -1.8 million), Indian rupees (€ -1.3 million) and Canadian dollars (€ -1.8 million). Impairment losses were recognized mainly on assets related to the stainless business in Belgium (due to the very low demand and the declining market in a number of products) and the carding business in Belgium and China. The methodology for impairment testing is consistent with the one presented in note 6.2 'Goodwill'. The reclassifications as held for sale relate to the intended sale of the subsidiaries involved in the diamond-like carbon coating business for which a letter of intent has been signed in June 2008. No items of PP&E are pledged as securities.

6.4. Investments accounted for using the equity method

Investments excluding related goodwill

Carrying amount

in thousands of €	2008	2007
As at 1 January	209 775	232 402
Capital increases and decreases	3 349	183
Result for the year	56 109	47 100
Dividends	-39 540	-52 435
Exchange gains and losses	-34 362	1 252
Changes in consolidation method	-	-18 502
Transfers	-	-1 574
Other comprehensive income	-95	1 349
As at 31 December	**195 236**	**209 775**

Exchange losses relate mainly to the substantial weakening of both the Brazilian real and the Chilean peso.

Related goodwill

Cost

in thousands of €	2008	2007
As at 1 January	5 785	5 345
Exchange gains and losses	-1 152	440
As at 31 December	**4 633**	**5 785**
Carrying amount of related goodwill as at 31 December	**4 633**	**5 785**
Total carrying amount of investments accounted for using the equity method as at 31 December	**199 869**	**215 560**

Combined items

The Group's share of the assets, liabilities and results of joint ventures and associates (excluding related goodwill) is summarized below:

in thousands of €	2008	2007
Property, plant and equipment	121 360	134 128
Other non-current assets	22 052	29 421
Current assets	172 528	185 178
Non-current liabilities and minority interests	-32 416	-27 978
Current liabilities	-88 288	-110 974
Total net assets	**195 236**	**209 775**

	2008	2007
Sales	625 487	567 420
Operating result (EBIT)	83 655	63 928
Result for the period	56 109	47 100
Total comprehensive income for the period	56 014	48 449

The Group's share in the equity of the companies accounted for using the equity method is analyzed as follows:

in thousands of €		2008	2007
Joint ventures			
BOSFA Pty Ltd	Australia	2 850	3 335
Bekaert Faser Vertriebs GmbH	Germany	102	115
Belgo Bekaert Arames Ltda and subsidiary	Brazil	105 860	122 266
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Brazil	18 650	21 868
Inchalam group	Chile	49 836	49 689
Ideal Alambrec group	Ecuador	13 488	11 076
Mukand Bekaert Wire Industries Pvt Ltd	India	3 011	43
Subtotal for joint ventures		**193 797**	**208 392**
Associates			
Jiangyin Fasten-Bekaert Optical Cable Steel Products Co Ltd	China	1 439	1 383
Subtotal for associates		**1 439**	**1 383**
Total for joint ventures and associates excluding related goodwill		**195 236**	**209 775**
Carrying amount of related goodwill		**4 633**	**5 785**
Total for joint ventures and associates including related goodwill		**199 869**	**215 560**

No major contingent assets relating to joint ventures and associates have been identified at the balance sheet date. The main contingent liabilities identified at the balance sheet date relate to taxes at Belgo Bekaert Arames Ltda and BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda. These Brazilian joint ventures are faced with several tax claims, most of which date back several years, for a total nominal amount of € 23.8 million, and with problems to recover ICMS tax receivables with a total carrying amount of € 22.0 million. Evidently, any potential losses resulting from the above-mentioned contingencies would only affect the Group to the extent of their interest in the joint ventures involved (i.e. 45%).

6.5. Other non-current assets

in thousands of €	2008	2007
Loans and receivables - non-current	3 700	3 104
Derivatives (cf. note 7.3)	5 478	47 460
Available-for-sale financial assets	8 782	24 287
Total other non-current assets	**17 960**	**74 851**

Available-for-sale financial assets - non-current

Carrying amount

in thousands of €	2008	2007
As at 1 January	24 287	18 663
Expenditure	62	827
Disposals and closures	-2	-
Fair value changes	-15 523	8 140
Transfers	-11	-3 103
Reclassification as held for sale	-31	-150
Exchange gains and losses	-	-90
As at 31 December	**8 782**	**24 287**

The investment in Shougang Concord Century Holdings Ltd, a Hong Kong Stock Exchange listed company which is classified as available for sale has been restated to fair value, which amounted to € 8.0 million (2007: € 23.5 million).

6.6. Deferred tax assets and liabilities

Carrying amount	Assets		Liabilities	
in thousands of €	2008	2007	2008	2007
As at 1 January	5 445	18 589	55 010	60 430
Increase or decrease via income	-8 275	-9 323	-16 128	-12 766
Increase or decrease via equity	9 702	-3 420	257	389
New consolidations	-	2 417	-	9 244
Deconsolidations	-	-1	-	-18
Reclassification as held for sale	-150	-	-1 147	-232
Exchange gains and losses	2 025	-2 817	1 318	-2 037
As at 31 December	**8 747**	**5 445**	**39 310**	**55 010**

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items:

	Assets		Liabilities	
in thousands of €	2008	2007	2008	2007
Intangible assets	1 282	1 665	6 203	7 151
Property, plant and equipment	2 178	3 800	24 311	36 897
Financial assets	-	793	43 020	30 981
Inventories	8 803	3 004	9 787	5 103
Receivables	3 604	1 601	1 308	446
Other current assets	75	18	-	12
Employee benefit obligations	15 731	9 908	-	-
Other provisions	2 792	722	-	81
Other liabilities	1 289	2 223	4 960	7 842
Tax losses carried forward, tax credits and recoverable income taxes	23 272	15 214	-	-
Tax assets / liabilities	**59 026**	**38 948**	**89 589**	**88 513**
Set-off of assets and liabilities	-50 279	-33 503	-50 279	-33 503
Net tax assets / liabilities	**8 747**	**5 445**	**39 310**	**55 010**

The deferred tax liabilities on financial assets relate mainly to temporary differences arising from undistributed profits from subsidiaries, joint ventures and associates.

Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following deductible items (gross amounts):

in thousands of €	2008	2007	Variance 2008 vs 2007
Deductible temporary differences	143 853	99 149	44 704
Capital losses	29 965	69 662	-39 697
Trade losses	90 236	90 225	11
Total	**264 054**	**259 036**	**5 018**

None of the accumulated capital losses as at 31 December 2008 are expected to expire in the coming years.
The decrease of the unrecognized deferred tax assets in respect of the capital losses is due to the expiry of capital losses at Bekaert Corporation (United States).

6.7. Operating working capital

in thousands of €	2008	2007
Raw materials and consumables	205 688	161 235
Work in progress and finished goods	271 814	200 720
Goods purchased for resale	33 039	23 488
Inventories	**510 541**	**385 443**
Trade receivables	483 176	437 743
Advances paid	15 147	-
Trade payables	-253 824	-231 745
Advances received	-5 054	-6 448
Remuneration and social security payables	-88 395	-83 381
Employment-related taxes	-8 287	-7 529
Operating working capital	**653 304**	**494 083**

Average operating working capital represented 21.5% of sales (2007: 21.8%). Operating working capital increased by € 159.2 million in 2008, explained primarily by:
- increase of € 28.9 million from currency movements;
- decrease of € 31.3 million from substantial write-downs on inventories and trade receivables;
- decrease of € 0.8 million from reclassifications to assets and liabilities held for sale;
- increase of € 162.4 million related to organic growth.

Additional information is as follows:
- Inventories
  Net write-downs in 2008 amounted to € 17.9 million (2007: net write-downs of € 2.3 million). Due to the sharp decrease in wire rod prices, the Group has made an in-depth assessment of the net realizable value of its total inventories at year-end, analyzed between wire rod, work in progress and finished goods. Wire rod inventories, to the extent that these were in excess of an average consumption level, were valued taking into account the current replacement value. No inventories were pledged as security for liabilities (2007: none).
- Trade receivables
  Net write-downs in 2008 amounted to € 13.4 million (2007: net reversal of write-downs of € 0.5 million). In the context of the deterioration of the economic situation, management has closely reviewed the outstanding trade receivables, also considering ageing, payment history and credit insurance coverage. This has led to an increase in the bad debt reserve, mainly in China. More information about allowances and past due receivables is provided in the following table:

Trade receivables

in thousands of €	2008	2007
Gross amount	502 217	444 509
Allowance for bad debts (impaired)	-19 041	-6 766
Net carrying amount	483 176	437 743
of which past due but not impaired		
amount	*158 634*	*89 737*
average number of days outstanding	*102*	*94*

Regarding trade receivables that are neither impaired nor past due, there are no indications that the debtors will not meet their payment obligations. For more information on credit enhancement techniques we refer to note 7.3 'Financial risk management and financial derivatives'.

6.8. Other receivables

Carrying amount in thousands of €	2008	2007
As at 1 January	52 694	53 814
Increase or decrease	-428	-5 288
New consolidations	-	3 988
Deconsolidations	-314	-10
Reclassification as held for sale	-	-15
Exchange gains and losses	1 030	205
As at 31 December	**52 982**	**52 694**

Other receivables relate mainly to € 44.3 million (2007: € 31.8 million) in respect of taxes and € 2.0 million (2007: € 2.3 million) in respect of royalties. None of these receivables are significantly overdue.

6.9. Other current assets

Carrying amount in thousands of €	2008	2007
Current loans and receivables	109	2 813
Advances paid	15 147	-
Derivatives (cf. note 7.3)	45 331	7 348
Deferred charges and accrued revenues	11 713	6 530
Overfunded defined-benefit plans (cf. note 6.14)	-	3 704
As at 31 December	**72 300**	**20 395**

6.10. Assets classified as held for sale and liabilities associated with those assets

Carrying amount in thousands of €	2008	2007
As at 1 January	7 562	1 687
Increase	16 147	6 656
Disposal	-3 453	-
Reclassifications	-	-561
Exchange gains and losses	880	-220
As at 31 December	**21 136**	**7 562**

in thousands of €	2008	2007
Individual items of property, plant and equipment	1 050	2 130
Disposal groups	20 086	5 432
Total assets classified as held for sale	**21 136**	**7 562**
Disposal groups	4 707	2 875
Total liabilities associated with assets classified as held for sale	**4 707**	**2 875**

The changes in individual items of property, plant and equipment relate to the premises of Lanklaar (Belgium), which have been classified as held for sale, and the sale of the building in Durham (United States), for which a gain of € 1.3 million was reported in other non-recurring items.
As for the disposal groups, the subsidiary Bekaert Precision Surface Technology (Suzhou) Co Ltd (China) has been sold, while Precision Surface Technology Pte Ltd (Singapore) is still classified as held for sale. In 2008, the subsidiaries relating to the diamond-like coating business have been classified as held for sale.

6.11. Ordinary shares, treasury shares, subscription rights and share options

Issued capital

in thousands of €		Nominal value	Number of shares
1	As at 1 January 2008	173 663	19 831 000
	Movements in the year		
	Issue of new shares	*1 005*	*113 625*
	Cancellation of shares	-	*-161 000*
	As at 31 December 2008	174 668	19 783 625
2	Structure		
2.1	Classes of ordinary shares		
	Ordinary shares without par value	*174 668*	*19 783 625*
2.2	Registered shares	-	572 044
	Non-material shares	-	14 309 727
	Bearer shares	-	4 901 854
Authorized capital not issued		**168 995**	

A total of 113 625 subscription rights were exercised under the Company's SOP1 stock option plan in 2008, requiring the issue of a total of 113 625 new shares of the Company.
The Company purchased a total of 238 800 of its own shares in 2008, of which 161 000 were cancelled, resulting in a reduction in the reserves of € 19.7 million. Of the remainder, 22 800 shares were transferred to the individuals who had exercised options under the Company's SOP2 stock option plan, and 55 000 are held as treasury shares.
Details of the stock option plans outstanding during the year are as follows:

Overview of SOP1 Stock Option Plan

Date offered	Date granted	Date of issue of subscription rights	Exercise price (in €)	Number of subscription rights: Granted	Exercised	Forfeited	Outstanding	First exercise period	Last exercise period
17.12.1999	15.02.2000	04.04.2000	52.60	35 790	34 685	505	600	01.06 - 15.06.2003	15.11 - 30.11.2012
17.12.1999	15.02.2000	04.04.2000	52.60	2 830	240	2 590	-	01.06 - 15.06.2003	15.11 - 30.11.2009
17.12.1999	15.02.2000	04.04.2000	52.60	1 000	1 000	-	-	01.06 - 15.06.2003	15.11 - 30.11.2004
14.07.2000	12.09.2000	26.09.2000	54.00	106 647	100 927	820	4 900	01.06 - 15.06.2004	22.05 - 15.06.2013
14.07.2000	12.09.2000	26.09.2000	54.00	5 415	960	4 355	100	01.06 - 15.06.2004	22.05 - 15.06.2010
14.07.2000	12.09.2000	26.09.2000	49.85	4 750	4 750	-	-	01.06 - 15.06.2004	22.05 - 15.06.2005
13.07.2001	11.09.2001	26.09.2001	41.94	139 639	137 505	806	1 328	22.05 - 30.06.2005	22.05 - 15.06.2014
13.07.2001	11.09.2001	26.09.2001	41.94	3 875	3 755	120	-	22.05 - 30.06.2005	22.05 - 15.06.2011
12.07.2002	10.09.2002	25.09.2002	47.48	35 384	32 464	240	2 680	22.05 - 30.06.2006	22.05 - 15.06.2015
12.07.2002	10.09.2002	25.09.2002	47.48	360	300	-	60	22.05 - 30.06.2006	22.05 - 15.06.2012
11.07.2003	09.09.2003	06.10.2003	40.89	33 580	30 220	-	3 360	22.05 - 30.06.2007	22.05 - 15.06.2013
09.07.2004	07.09.2004	30.09.2004	47.29	167 394	109 780	-	57 614	22.05 - 30.06.2008	22.05 - 15.06.2014
				536 664	**456 586**	**9 436**	**70 642**		

Overview of SOP2 Stock Option Plan

Date offered	Date granted	Exercise price (in €)	Number of options: Granted	Exercised	Forfeited	Outstanding	First exercise period	Last exercise period
26.07.2000	24.09.2000	49.85	2 850	2 850	-	-	01.06 - 15.06.2004	22.05 - 15.06.2013
13.07.2001	11.09.2001	41.94	11 450	11 450	-	-	22.05 - 30.06.2005	22.05 - 15.06.2014
12.07.2002	10.09.2002	47.48	3 040	3 040	-	-	22.05 - 30.06.2006	22.05 - 15.06.2015
11.07.2003	09.09.2003	40.89	2 780	2 780	-	-	22.05 - 30.06.2007	22.05 - 15.06.2013
09.07.2004	07.09.2004	47.29	32 800	22 800	-	10 000	22.05 - 30.06.2008	22.05 - 15.06.2014
22.12.2005	20.02.2006	71.39	28 000	-	-	28 000	22.05 - 30.06.2009	15.11 - 15.12.2015
15.03.2006	14.05.2006	85.85	2 000	-	-	2 000	22.05 - 30.06.2010	15.11 - 15.12.2015
15.09.2006	14.11.2006	74.10	6 500	-	-	6 500	22.05 - 30.06.2010	15.08 - 14.09.2016
21.12.2006	19.02.2007	90.52	12 500	-	-	12 500	22.05 - 30.06.2010	15.11 - 15.12.2016
20.12.2007	18.02.2008	85.00	14 500	-	-	14 500	22.05 - 30.06.2011	15.11 - 15.12.2017
			116 420	**42 920**	**-**	**73 500**		

Overview of SOP 2005-2009 Stock Option Plan

Date offered	Date granted	Date of issue of subscription rights	Exercise price (in €)	Number of subscription rights: Granted	Exercised	Forfeited	Outstanding	First exercise period	Last exercise period
22.12.2005	20.02.2006	22.03.2006	71.39	70 766	-	1 500	69 266	22.05 - 30.06.2009	15.11 - 15.12.2015
21.12.2006	19.02.2007	22.03.2007	90.52	60 670	-	-	60 670	22.05 - 30.06.2010	15.11 - 15.12.2016
20.12.2007	18.02.2008	22.04.2008	85.00	76 400	-	-	76 400	22.05 - 30.06.2011	15.11 - 15.12.2017
				207 836	**-**	**1 500**	**206 336**		

SOP1 Stock Option Plan	2008 Number of subscription rights	2008 Weighted average exercise price (in €)	2007 Number of subscription rights	2007 Weighted average exercise price (in €)
Outstanding as at 1 January	184 267	47.28	226 073	46.67
Forfeited during the year	-	-	60	41.94
Exercised during the year	-113 625	47.19	-41 866	43.97
Outstanding as at 31 December	**70 642**	**47.41**	**184 267**	**47.28**

SOP2 Stock Option Plan	2008 Number of options	2008 Weighted average exercise price (in €)	2007 Number of options	2007 Weighted average exercise price (in €)
Outstanding as at 1 January	81 800	65.22	72 080	59.89
Granted during the year	14 500	85.00	12 500	90.52
Exercised during the year	-22 800	47.29	-2 780	40.89
Outstanding as at 31 December	**73 500**	**74.68**	**81 800**	**65.22**

SOP 2005-2009 Stock Option Plan	2008 Number of subscription rights	2008 Weighted average exercise price (in €)	2007 Number of subscription rights	2007 Weighted average exercise price (in €)
Outstanding as at 1 January	131 436	80.22	70 766	71.39
Forfeited during the year	-1 500	71.39	-	-
Granted during the year	76 400	85.00	60 670	90.52
Outstanding as at 31 December	**206 336**	**82.05**	**131 436**	**80.22**

Weighted average remaining contractual life

in years	2008	2007
SOP1	5.4	6.4
SOP2	5.6	7.6
SOP 2005-2009	8.0	8.4

No subscription rights or options under either plan were exercisable at year-end (2007: none). The weighted average share price at the date of exercise in 2008 was € 106.92 for the SOP1 subscription rights (2007: € 105.07) and € 106.71 for the SOP2 options (2007: € 104.27). The exercise price of the subscription rights and options is equal to the lower of (i) the average closing price of the parent company shares during the thirty days preceding the date of the offer, and (ii) the last closing price preceding the date of the offer. When subscription rights are exercised under the SOP1 plan, equity is increased by the amount of the proceeds received. Under the terms of the SOP1 and SOP2 plans (cf. 'Corporate Governance' section in the 'Report of the Board of Directors'), any subscription rights or options granted through 2004 were vested immediately.

Under the terms of the SOP 2005-2009 stock option plan, which was approved by the Board of Directors on 16 September 2005, up to 850 000 subscription rights will be offered to the members of the Bekaert Group Executive, Senior Management and senior executive personnel during the period 2005-2009. The dates of grant of each offering are scheduled in the period 2006-2010. The vesting conditions of the SOP 2005-2009 grants, as well as of the SOP2 grants beginning in 2006, are such that the subscription rights or options will be fully vested on 1 January of the fourth year after the date of the offer.

The options granted under SOP2 and the subscription rights granted under SOP 2005-2009 are recognized at fair value in accordance with IFRS 2 (cf. note 7.4 'Share-based payments').

6.12. Other reserves

Carrying amount

in thousands of €	2008	2007
Share premium	16 868	12 510
Hedging and revaluation reserves	-51 116	20 236
Cumulative translation adjustments	-108 654	-103 736
Total other reserves	**-142 902**	**-70 990**

Hedging reserve

in thousands of €	2008	2007
As at 1 January	-5 211	-1 043
New instruments added	-	-
Recycled to income statement	3 853	-7 718
Fair value changes of existing instruments	-7 650	3 550
As at 31 December	**-9 008**	**-5 211**
Of which		
Cross-currency interest-rate swaps (on Eurobonds)	*-8 758*	*-5 886*
Interest rate swaps (on debt in Chinese renminbi)	*-250*	*675*

Changes in the fair value of hedging instruments designated as effective cash flow hedges are calculated and recognized directly in equity on a quarterly basis. In accordance with IFRS hedge accounting policies for cash flow hedges, exchange gains or losses arising from translating the underlying debt at the closing rate are offset by recycling the equivalent amounts to the income statement on a quarterly basis.

Revaluation reserve for available-for-sale investments

in thousands of €	2008	2007
As at 1 January	7 677	-462
Fair value changes	-15 523	8 139
As at 31 December	**-7 846**	**7 677**
Of which		
Investment in Shougang Concord Century Holdings Ltd	*-7 846*	*7 677*

The revaluation of the investment in Shougang Concord Century Holdings Ltd is based on the closing price of the share on the Hong Kong Stock Exchange. The decrease in market value in 2008 mainly relates to the general crisis on the stock markets.

Revaluation reserve for actuarial gains and losses on defined-benefit plans

in thousands of €	2008	2007
As at 1 January	8 630	-17 625
Actuarial gains and losses (-) of the period	-52 032	26 255
As at 31 December	**-43 402**	**8 630**

The actuarial gains and losses on defined-benefit plans result from a remeasurement of the defined-benefit obligations and plan assets to fair value at the balance sheet date. The actuarial losses recognized in 2008 mainly relate to the general crisis on the stock markets.

Other revaluation reserve

in thousands of €	2008	2007
As at 1 January	9 140	-
Remeasurement of net assets held prior to acquiring control	-	9 140
As at 31 December	**9 140**	**9 140**

The remeasurement of net assets held prior to acquiring control relates to the fact that Bekaert already held an interest of 50% in the net assets of Vicson SA (Venezuela) and its subsidiaries prior to acquiring control by the acquisition of the remaining 50% in 2007.

6.13. Minority interests

Carrying amount

in thousands of €	2008	2007
As at 1 January	48 432	48 850
Increase (-) or decrease in ownership	-26 573	-4 290
Share of net profit of subsidiaries	17 728	8 735
Hedging reserves and deferred taxes booked in equity	-51	-
Dividend pay-out	-7 796	-7 591
Capital increases	6 672	1 524
New consolidations	-	3 148
Transfers from investments accounted for using the equity method	-	-1 574
Exchange gains and losses (-)	3 338	-370
As at 31 December	**41 750**	**48 432**

The increase in ownership relates to the purchase of the remaining 50% in Beksa Celik Kord Sanayi ve Ticaret AS (subsequently called Bekaert Izmit Celik Kord Sanayi ve Ticaret AS) from the Sabanci group, effective as from 1 January 2008.

6.14. Employee benefit obligations

The total net liabilities for employee benefit obligations, which amounted to € 260.9 million as at 31 December 2008 (€ 200.5 million as at year-end 2007), are as follows:

in thousands of €	2008	2007
Liabilities for		
Defined-benefit pension plans	*90 299*	*42 571*
Other defined-benefit plans	*55 979*	*60 993*
Other long-term employee benefits	*2 472*	*2 393*
Share-based payment employee benefits	*585*	*990*
Short-term employee benefits	*88 395*	*83 381*
Other employee benefit obligations	*23 211*	*13 849*
Total liabilities in the balance sheet	**260 941**	**204 177**
of which		
non-current liabilities	*143 375*	*120 796*
current liabilities	*117 566*	*83 381*
Assets for		
Defined-benefit pension plans	-	*-3 704*
Total assets in the balance sheet	**-**	**-3 704**
Total net liabilities	**260 941**	**200 473**

Post-employment benefit plans

In accordance with IAS 19 Employee benefits, post-employment benefit plans are classified as either defined-contribution plans or defined-benefit plans.

Defined-contribution plans

For defined-contribution plans, Bekaert pays contributions to publicly or privately administered pension funds or insurance companies. Once the contributions have been paid, the Group has no further payment obligation. These contributions constitute an expense for the year in which they are due. Bekaert participates in a multi-employer defined-benefit plan in the Netherlands funded through the Pensioenfonds Metaal & Techniek. This plan is treated as a defined-contribution plan because no information is available with respect to the plan assets attributable to Bekaert; contributions for this plan amounted to € 1.0 million (2007: € 0.8 million). Due to the financial crisis, the contribution rate to this plan will be increased by 1%.

Defined-contribution plans

in thousands of €	2008	2007
Expenses recognized	9 480	9 365

Defined-benefit plans

Several Bekaert companies operate retirement benefit and other post-employment benefit plans. These plans generally cover all employees and provide benefits which are related to salary and length of service. Most assets in Belgium are invested in mixed portfolios of shares and bonds, mainly denominated in local currency. Plan assets in the United States are invested in annuity contracts providing a guaranteed rate of return, in fixed-income funds and in equities. The pension funds hold no direct positions in Bekaert shares, nor do they own any property used by a Bekaert entity. It is general Group policy to fund pension benefits on an actuarial basis with contributions paid to insurance companies, independent pension funds or a combination of both.

Movement in defined-benefit obligation	**Pension plans**		**Other plans**	
in thousands of €	**2008**	**2007**	**2008**	**2007**
Present value as at 1 January	220 188	241 830	60 993	75 462
Current service cost	11 127	10 325	1 359	1 662
Interest cost	11 415	10 536	3 058	2 869
Plan participants' contributions	4	7	152	168
Past service cost	202	-53	-	-
New consolidations and deconsolidations	-	2 791	-	-
Curtailments	-525	-3 418	-932	-
Reclassifications from other employee benefit obligations	-	170	-	4 133
Benefits paid	-17 635	-16 770	-9 398	-9 828
Actuarial gains (-) and losses	-5 352	-15 827	443	-12 881
Exchange gains (-) and losses	5 174	-9 403	304	-592
Present value of defined-benefit obligation as at 31 December	**224 598**	**220 188**	**55 979**	**60 993**

Other plans relate to pre-retirement pensions in Belgium (defined-benefit obligation € 50.4 million (€ 56.3 million in 2007)) and other post-employment benefits for medical care in the United States (defined-benefit obligation € 5.6 million (€ 4.6 million in 2007)), which are not externally funded. Of the defined-benefit obligation in Belgium, an amount of € 18.7 million (2007: € 20.9 million) relates to employees in active service who have not yet entered into any pre-retirement agreement.

Movement in plan assets	**Pension plans**		**Other plans**	
in thousands of €	**2008**	**2007**	**2008**	**2007**
Fair value as at 1 January	181 321	186 813	-	-
Expected return on plan assets	*11 348*	*11 390*	-	-
Actuarial gains and losses (-)	*-56 989*	*-2 456*	-	-
Actual return on plan assets	-45 641	8 934	-	-
Company contributions	13 911	10 385	9 246	9 660
Plan participants' contributions	4	7	152	168
New consolidations and deconsolidations	-	-	-	-
Benefits paid	-17 635	-16 610	-9 398	-9 828
Exchange gains and losses (-)	2 687	-8 208	-	-
Fair value of plan assets as at 31 December	**134 647**	**181 321**	**-**	**-**

Funded status as at 31 December	**Pension plans**		**Other plans**	
in thousands of €	**2008**	**2007**	**2008**	**2007**
Present value of funded obligations	*194 695*	*190 771*	-	-
Fair value of plan assets	*-134 647*	*-181 321*	-	-
Surplus (-) or deficit for funded plans	60 048	9 450	-	-
Present value of unfunded obligations	29 903	29 417	55 979	60 993
Present value of net obligations	**89 951**	**38 867**	**55 979**	**60 993**
Unrecognized past service cost	348	-	-	-
Net assets (-) and liabilities	**90 299**	**38 867**	**55 979**	**60 993**
Amounts in the balance sheet				
Assets	-	*-3 704*	-	-
Liabilities	*90 299*	*42 571*	*55 979*	*60 993*

Movement in liability	**Pension plans**		**Other plans**	
in thousands of €	**2008**	**2007**	**2008**	**2007**
Net assets (-) and liabilities as at 1 January	38 867	55 022	60 993	75 462
Contributions paid and direct benefit payments	-13 911	-10 544	-9 246	-9 660
Expense recognized in the income statement	11 209	5 995	3 485	4 531
Actuarial gains (-) and losses recognized through equity	51 637	-13 371	443	-12 881
New consolidations and deconsolidations	-	2 988	-	-
Reclassifications from other employee benefit obligations	-	170	-	4 133
Exchange gains (-) and losses	2 497	-1 393	304	-592
Net assets (-) and liabilities as at 31 December	**90 299**	**38 867**	**55 979**	**60 993**
Amounts in the balance sheet				
Assets	-	*-3 704*	-	-
Liabilities	*90 299*	*42 571*	*55 979*	*60 993*

The cumulative actuarial gains and losses (-) recognized through equity amount to € -52.6 million for pension plans and to € 9.2 million for other plans.

The amounts recognized in the income statement are as follows:

Net benefit expense	**Pension plans**		**Other plans**	
in thousands of €	**2008**	**2007**	**2008**	**2007**
Current service cost	11 127	10 325	1 359	1 662
Interest cost	11 415	10 536	3 058	2 869
Expected return on plan assets	-11 348	-11 390	-	-
Past service cost	539	-59	-	-
Curtailments and settlements	-524	-3 417	-932	-
Total	**11 209**	**5 995**	**3 485**	**4 531**

Estimated contributions (including direct benefit payments) for 2009 are as follows:

Estimated contributions and direct benefit payments	
in thousands of €	**2009**
Pension plans	16 834
Other plans	8 178
Total	**25 012**

Fair values of plan assets at 31 December were as follows:

Fair value of plan assets by type In thousands of €	2008	2007
Equity instruments	56 210	98 150
Debt instruments	64 438	71 488
Insurance contracts	13 999	11 683
Total plan assets	**134 647**	**181 321**
Equity instruments (%)	42%	54%
Debt instruments (%)	48%	39%
Insurance contracts (%)	10%	7%
Total plan assets (%)	**100%**	**100%**

Financial market-related parameters are derived from recent market information and determined in agreement with the contracted actuaries. The discount rate is based on the yields for AA corporate bonds with maturities approximating to those of the benefit obligations. The expected rate of return on plan assets is a weighted return based on the target asset allocation by plan. The expected rate of return on equity instruments is based on the aggregate of the risk-free rate and an average risk premium of 3%, weighted by the different types of equity instrument. The risk premium may vary between parts of the world and for different types of equity instrument. The target mix is dependent on the investment strategy of each fund and may vary from 0% to 70% equity instruments. The principal actuarial assumptions on the balance sheet date (weighted averages) were:

Actuarial assumptions	Pension plans		Other plans	
in thousands of €	2008	2007	2008	2007
Discount rate	5.7%	5.5%	5.7%	5.3%
Expected return on plan assets	6.0%	6.7%	-	-
Future salary increases	3.8%	3.9%	3.3%	3.3%
Health care cost increases (initial)	-	-	8.0%	8.2%
Health care cost increases (ultimate)	-	-	5.0%	5.0%
Health care (years to ultimate rate)	-	-	5	4
Life expectancy of a man aged 65 (years) at balance sheet date	18.8	19.2	18.8	19.3
Life expectancy of a man aged 65 (years) ten years from the balance sheet date	20.6	-	20.6	-

Weighted averages for other plans are slightly different from those for pension plans because of regional variations; the actuarial assumptions for each country were, however, identical. A sensitivity analysis of assumptions concerning the increase of health care costs shows the following effects:

Sensitivity analysis on health care cost assumptions in thousands of €	1% increase	1% decrease
Service cost and interest cost	66	-56
Defined-benefit obligation	440	-398

The following table presents a historical overview of the key indicators of the last 5 years:

Historical overview in thousands of €	2008	2007	2006	2005	2004
Pension plans					
Present value of defined-benefit obligation	224 598	220 188	241 830	242 474	427 483
Fair value of plan assets	134 647	181 321	186 813	183 880	303 668
Surplus (-) or deficit	89 951	38 867	55 017	58 594	123 815
Experience adjustments arising on					
plan liabilities	*-2 566*	*-3 854*	*258*	*320*	*n/a*
plan assets	*-56 989*	*-2 456*	*7 793*	*8 614*	*7 224*
Other plans					
Present value of defined-benefit obligation	55 979	60 993	75 462	79 147	93 790
Fair value of plan assets	-	-	-	-	-
Surplus (-) or deficit	55 979	60 993	75 462	79 147	93 790
Experience adjustments arising on					
plan liabilities	*1 694*	*-1 869*	*-1 449*	*382*	*n/a*
plan assets	-	-	-	-	-

Other long-term employee benefits

The other long-term employee benefits relate to service awards.

Share-based payment employee benefits

The Group issued stock appreciation rights (SARs) to certain employees, granting them the right to receive the intrinsic value of the SARs at the date of exercise. At 31 December 2008, the Group had recorded liabilities of € 0.6 million (2007: € 0.9 million) for these rights. These liabilities were measured at fair value in accordance with IFRS 2 (cf. note 7.4 'Share-based payments'). In the past, the Group has also issued phantom stocks to certain employees, granting them the right to receive the intrinsic value of the shares at the date of exercise.
At 31 December 2008, the Group had recorded liabilities of € 0.01 million (2007: € 0.1 million) for these rights, measured at intrinsic value. Since the amounts involved are immaterial and the plan is now closed, the effort of determining the fair value of these liabilities by means of a model was deemed unwarranted.

Short-term employee benefit obligations

Short-term employee benefit obligations relate to liabilities for remuneration and social security that are due within twelve months after the end of the period in which the employees render the related service.

Other employee benefit obligations

The remaining other employee benefit obligations relate to termination benefits and taxes on future contributions.

6.15. Provisions

in thousands of €	Restructuring	Legal claims	Environment	Other	Total
As at 1 January 2008	**6 180**	**4 680**	**23 007**	**3 718**	**37 585**
Additional provisions	11 348	4 766	8 059	14 542	38 715
Unutilized amounts released	-777	-122	-2 985	-570	-4 454
Increase in present value	-	50	-	-	50
Charged to the income statement	**10 571**	**4 694**	**5 074**	**13 972**	**34 311**
New consolidations	-	-	-	-	-
Amounts utilized during the year	-4 416	-1 938	-1 533	-2 329	-10 216
Exchange gains (-) and losses	139	99	225	365	828
As at 31 December 2008	**12 474**	**7 535**	**26 773**	**15 726**	**62 508**
Of which					
current	*12 474*	*3 153*	*1 142*	*13 502*	*24 768*
non-current	-	*4 382*	*25 631*	*2 224*	*37 740*

The additional provisions for restructuring relate to the reorganization of advanced wire activities in Belgium and Slovakia. The major part of the increase in the provisions for legal claims refers to warranty provisions for the specialized films business in the United States and the combustion business in Europe. The additional environmental provisions are based on the appraisal of an external expert and relate mainly to soil sanitation in Belgium, of which the timing at this stage is not fixed. The increase for other provisions mainly relates to onerous contracts for wire rod purchases in North America, which will be settled in the first semester of 2009.

6.16. Interest-bearing debt

Information concerning the contractual maturities of the Group's interest-bearing loans and borrowings (current and non-current) is given below:

Carrying amount in thousands of €	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total
Interest-bearing debt				
Finance leases	*73*	*84*	-	*157*
Credit institutions	*401 845*	*87 747*	-	*489 592*
Bonds	*101 210*	*100 000*	*100 268*	*301 478*[1]
As at 31 December 2008	**503 128**	**187 831**	**100 268**	**791 227**

Carrying amount in thousands of €	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total
Interest-bearing debt				
Finance leases	*222*	*409*	*73*	*704*
Credit institutions	*252 731*	*123 085*	-	*375 816*
Bonds	-	*100 910*	*98 018*	*198 928*[2]
As at 31 December 2007	**252 953**	**224 404**	**98 091**	**575 448**

[1] *Includes € 45.3 million in fair value adjustments as a result of hedge accounting (reduces net debt by € 45.3 million).*

[2] *Includes € 51.3 million in fair value adjustments as a result of hedge accounting (reduces net debt by € 51.3 million).*

As a general principle, loans are entered into by Group companies in their local currency to avoid currency risk. If funding is in another currency without an offsetting position on the balance sheet, the companies hedge the currency risk through derivatives (cross-currency interest-rate swaps or forward exchange contracts). Consequently, in accordance with IFRS, the financial liabilities in respect of credit institutions and bonds include value adjustments which are offset by the fair value of the derivatives. Bonds, commercial paper and debt towards credit institutions are unsecured.

For further information on financial risk management we refer to note 7.3 'Financial risk management and financial derivatives'.

Net debt calculation

The debt calculation of the Group reflects the amount to be repaid as a result of hedging with a derivative, rather than the amount presented as a financial liability in the balance sheet. The financial liabilities are therefore adjusted for either the impact of the spot revaluation, where they relate to a cash flow hedge or trading, or the full fair value adjustment, where they relate to fair value hedges. The table below summarizes the calculation of the net debt (the amounts eliminated as described above being included as 'value adjustments').

in thousands of €	2008	2007
Non-current interest-bearing debt	288 099	322 495
Value adjustments	-45 330	-51 309
Current interest-bearing debt	503 128	252 953
Total financial debt	**745 897**	**524 139**
Current loans	-109	-2 813
Short-term deposits	-13 560	-15 179
Cash and cash equivalents	-104 761	-58 063
Net debt	**627 467**	**448 084**

6.17. Other non-current liabilities

Carrying amount

in thousands of €	2008	2007
Other non-current amounts payable	513	629
Derivatives (cf. note 7.3)	10 150	1 426
Total	**10 663**	**2 055**

6.18. Other current liabilities

Carrying amount

in thousands of €	2008	2007
Other amounts payable	3 814	4 485
Derivatives (cf. note 7.3)	6 436	1 933
Advances received	5 054	6 448
Other taxes	21 346	19 492
Accruals and deferred income	16 852	12 076
Total	**53 502**	**44 434**

Other taxes relate mainly to VAT payable and payroll taxes withheld. The accrued interest on outstanding interest-bearing debt is the most significant item of the accruals (€ 14.2 million).

7. Miscellaneous items

7.1. Notes to the cash flow statement

Summary

in thousands of €	2008	2007
Cash from operating activities	222 211	221 411
Cash from investing activities	-243 164	-151 875
Cash from financing activities	66 901	-62 586
Net increase or decrease in cash and cash equivalents	**45 948**	**6 950**

Details of selected items

in thousands of €	2008	2007
Non-cash and investing items included in operating result		
Depreciation and amortization	165 909	119 689
Impairment losses on assets	35 780	4 288
Gains (-) and losses on disposals of assets	3 018	707
Provisions for liabilities and charges	21 458	-10 301
Equity-settled share-based payments	1 724	717
Total	**227 889**	**115 100**
Other operating cash flows		
Changes in other current liabilities and assets	-19 282	1 380
Withholding tax on royalties	-4 363	-3 026
Miscellaneous	-2 634	162
Total	**-26 279**	**-1 484**
Other financing cash flows		
New shares issued following exercise of subscription rights	5 363	1 841
Capital paid in by minority interests	6 672	1 524
Increase (-) or decrease in current loans and receivables	2 677	-2 893
Increase (-) or decrease in current financial assets	960	12 891
Total	**15 672**	**13 363**

7.2. Effect of acquisitions and other portfolio investments

No new business combinations were realized in 2008, in the sense that the Group did not acquire control over any new entities. Bekaert did acquire full ownership of Beksa Celik Kord Sanayi ve Ticaret SA (Turkey) by purchasing the minority interest from Haci Ömer Sabanci Holding AS for an amount of € 40.3 million. In accordance with IAS 27 (revised January 2008), the excess of the purchase consideration over the carrying amount of this minority interest, i.e. an amount of € 13.7 million, was deducted directly from retained earnings. The main other portfolio investment consisted of the capital contributions in Mukand Bekaert Wire Industries Pvt Ltd (India), a joint venture established in 2007, for an amount of € 3.8 million.

7.3. Financial risk management and financial derivatives

Principles of financial risk management

The Group is exposed to risks from movements in exchange rates, interest rates and market prices that affect its assets and liabilities. Financial risk management within the Group aims at reducing the impact of these market risks through ongoing operational and financing activities. Selected derivative hedging instruments are used depending on the assessment of risk involved. The Group hedges only the risks that affect the Group's cash flow. Derivatives are used exclusively as hedging instruments and not for trading or other speculative purposes. To reduce the credit risk, hedging transactions are generally only concluded with financial institutions whose credit rating is at least A.

The guidelines and principles of the Bekaert financial risk policy are defined by the Audit and Finance Committee and overseen by the Board of the Group. Group Treasury is responsible for implementing the financial risk policy. This encompasses defining appropriate policies and setting up effective control and reporting procedures.
The Audit and Finance Committee is regularly kept informed as to the currency and interest-rate exposure.

Currency risk

The Group's currency risk can be split into two categories: translational and transactional currency risk.

Translational currency risk

A translation risk arises when the financial data of foreign subsidiaries are converted into the Group's presentation currency, the euro. The main currencies are US dollar, Chinese renminbi, Slovak koruna, Czech koruna, Brazilian real and Chilean peso. Since there is no impact on the cash flows, the Group does not hedge against such risk.

Transactional currency risk

The Group is exposed to transactional currency risks resulting from its investing, financing and operating activities.

Foreign currency risk in the area of investment results from the acquisition and disposal of investments in foreign companies. At the reporting date, the Group was not exposed to any significant risk from foreign currency transactions in the field of investments. As a consequence, no hedging transactions were outstanding at the reporting date.

Foreign currency risk in the financing area results from financial liabilities in foreign currencies. In line with its policy, Group Treasury hedges these risks. Cross-currency interest-rate swaps and forward exchange contracts are used to convert financial obligations denominated in foreign currencies into the entity's functional currency. At the reporting date, the foreign currency liabilities for which currency risks were hedged consisted of Eurobonds and intercompany loans mainly in euro, US dollar and British pound. Due to the hedges, the Group was not exposed to any significant currency risk in the area of financing at the reporting date.

Foreign currency risk in the area of operating activities arises from commercial activities with sales and purchases in foreign currencies, as well as payments and receipts of royalties and dividends. The Group uses forward exchange contracts to hedge the forecasted cash inflows and outflows for the coming six months. Significant exposures and firm commitments beyond that time frame may also be covered. Due to the hedges outstanding at the reporting date, the Group was not exposed to any significant currency risk in the area of its operating activities.

Currency sensitivity analysis

Currency sensitivity in relation to the operating activities

The table below summarizes the Group's net foreign currency positions of trade receivables and trade payables at the reporting date for the most important currency pairs. Positive amounts indicate that the Group has a net future cash inflow in the first currency. In the table, the 'Total exposure' column represents the position on the balance sheet, while the 'Total derivatives' column includes all financial derivatives hedging those balance sheet positions as well as forecasted transactions. The annualized volatility is based on the daily movement of the exchange rate of the reported year, with a 95% confidence interval.

Currency pair - 2008 in thousands of €	Annualized volatility in %	Total exposure	Total derivatives	Open position
AUD/CNY	38.56%	589	-1 030	-441
EUR/CNY	22.74%	-730	-1 607	-2 337
EUR/CZK	17.00%	5 072	-	5 072
GBP/EUR	19.74%	3 688	-4 567	-879
JPY/EUR	32.59%	-	-490	-490
SEK/EUR	14.07%	-	-1 840	-1 840
TRY/EUR	36.64%	4 607	-	4 607
AUD/USD	39.01%	2 723	-2 593	130
SGD/USD	12.26%	535	-	535
USD/JPY	25.21%	1 418	612	2 030
GBP/USD	22.87%	2 335	-	2 335
USD/COP	36.82%	-1 999	2 768	769
USD/CNY	3.51%	3 252	5 420	8 672
USD/CAD	26.16%	-287	-	-287
USD/EUR	23.43%	10 652	-38 143	-27 491

Currency pair - 2007 in thousands of €	Annualized volatility in %	Total exposure	Total derivatives	Open position
AUD/CNY	20.10%	1 800	-853	947
CAD/EUR	14.56%	1 847	-372	1 475
EUR/CNY	9.96%	-2 162	-718	-2 880
EUR/CZK	7.10%	4 442	-11 141	-6 699
EUR/SKK	10.15%	18 127	-13 535	4 592
GBP/EUR	8.18%	2 354	-2 126	228
JPY/EUR	17.46%	-326	-964	-1 290
NOK/EUR	8.78%	949	-1 950	-1 001
SEK/EUR	7.37%	1 702	-1 347	355
TRY/EUR	22.41%	4 579	-	4 579
USD/CNY	2.78%	1 230	-1 940	-710
USD/EUR	10.40%	25 244	-23 172	2 072
USD/INR	9.99%	-3 163	-	-3 163

If rates had weakened/strengthened by the above estimated possible changes, with all other variables constant, the result for the period before taxes would have been € 3.5 million lower/higher (2007: € 0.6 million).

Currency sensitivity in relation to hedge accounting

Some derivatives are also part of effective cash flow hedges in relation to the Eurobond issued in 2005 to hedge the currency risk. Exchange rate fluctuations in the currencies involved (US dollar and euro) affect the hedging reserve in shareholders' equity and the fair value of these hedging instruments. If the euro had weakened/strengthened by the above estimated possible changes, with all other variables constant, the hedging reserve in shareholders' equity would have been € 0.5 million higher/lower (2007: € 0.5 million).

Interest-rate risk

The Group is exposed to interest-rate risk, mainly in the US dollar, Chinese renminbi and euro. To minimize the effects of interest-rate fluctuations in these regions, the Group manages the interest-rate risk for net debt denominated in the respective currencies of these countries separately. General guidelines are applied to cover interest-rate risk:

- The target average life of long-term debt is four years.
- The allocation of long-term debt between floating and fixed interest rates must remain within the defined limits approved by the Audit and Finance Committee.

Group Treasury uses interest-rate swaps and cross-currency interest-rate swaps to ensure that the floating and fixed portion of the long-term debt remains within the defined limits. The Group also purchases forward starting interest-rate options to convert fixed and floating-rate long-term debt to capped long-term debt. As such, the Group is protected against adverse fluctuations in interest rates while still having the ability to benefit from decreasing interest rates.

The following table summarizes the average interest rates.

	Long-term			Short-term	Total
Average interest rate 2008	**Fixed rate**	**Floating rate**	**Total**		
US dollar	4.68%	3.22%	3.99%	4.41%	4.21%
Chinese renminbi	5.19%	5.59%	5.31%	4.49%	4.82%
Euro	4.71%	4.81%	4.72%	3.64%	4.24%
Other	15.12%	22.14%	20.16%	8.08%	11.83%
Total	**5.07%**	**5.87%**	**5.33%**	**4.61%**	**4.93%**

	Long-term			Short-term	Total
Average interest rate 2007	**Fixed rate**	**Floating rate**	**Total**		
US dollar	5.36%	5.68%	5.51%	5.25%	5.40%
Chinese renminbi	4.84%	6.09%	5.27%	5.52%	5.42%
Slovak koruna	-	-	-	4.43%	4.43%
Euro	-	6.46%	6.46%	5.01%	6.12%
Other	3.25%	13.03%	12.06%	8.84%	9.00%
Total	**5.10%**	**6.02%**	**5.53%**	**5.47%**	**5.50%**

Interest-rate sensitivity analysis

Interest-rate sensitivity of the financial debt

As disclosed in note 6.16, the total financial debt of the Group as of 31 December 2008 amounted to € 745.9 million (2007: € 524.1 million). Of the total debt, 62.4% (2007: 70.2%) was bearing a floating interest rate, 14.5% (2007: 11.3%) a capped interest rate and 23.1% (2007: 18.5%) a fixed interest rate.

On the basis of the annualized daily volatility of the 3-month Interbank Offered Rate in 2008 and 2007, the reasonable estimates of possible changes, with a 95% confidence interval, are set out in the table below for the main interest rates.

Currency	Interest rate at 31 Dec 2008	Annualized volatility in %	Range interest rate
Chinese renminbi[1]	4.860%	30.797%	3.336% - 6.357%
Euro	2.892%	16.885%	2.404% - 3.380%
US dollar	1.425%	61.097%	0.554% - 2.296%

Currency	Interest rate at 31 Dec 2007	Annualized volatility in %	Range interest rate
Chinese renminbi[1]	6.570%	11.520%	5.813% - 7.327%
Euro	4.684%	8.140%	4.303% - 5.065%
Slovak koruna	4.300%	20.060%	3.437% - 5.163%
US dollar	4.703%	13.880%	4.050% - 5.355%

[1] *For the Chinese renminbi, the interest rate is the PBOC benchmark interest rate for lending up to six months.*

Applying the estimated possible increase in the interest rates to the floating and capped rated debt, with all other variables constant, the result for the period before tax would have been € 4.9 million lower (2007: € 0.4 million lower). Applying the estimated possible decrease in the interest rates to the floating and capped rated debt, with all other variables constant, the result for the period before tax would have been € 4.9 million higher (2007: € 1.0 million higher).

Interest-rate sensitivity in relation to hedge accounting
Changes in market interest rates in relation to derivatives that are part of effective cash flow hedges to hedge payment fluctuations resulting from interest movements affect the hedging reserve in shareholders' equity and the fair value of these hedging instruments. Applying the estimated possible increases of the interest rates to these transactions, with all other variables constant, the hedging reserve in shareholders' equity would have been € 0.6 million higher (2007: € 1.0 million). Applying the estimated possible decreases of the interest rates to these transactions, with all other variables constant, the hedging reserve in shareholders' equity would have been € 2.1 million lower (2007: € 1.0 million).

Credit risk

The Group is exposed to credit risk from its operating activities and certain financing activities. In respect of its operating activities, the Group has a credit policy in place, which takes into account the risk profiles of the customers in terms of the market segment to which they belong. Based on activity platform, product segment and geographical area, a credit risk analysis is made of customers and a decision is taken regarding transfer of the credit risk to an insurer. The exposure to credit risk is monitored on an ongoing basis and credit evaluations are made of all customers. In terms of the characteristics of some advanced wire products activities with a limited number of global customers, the concentration risk is closely monitored and, in combination with the existing credit policy, action is taken as and when needed. Based on this credit strategy, the credit risk exposure was 44.1% (2007: 43%) covered by credit insurance policies as at 31 December 2008. In respect of financing activities, transactions are normally concluded with counterparties that have at least an A credit rating. There are also limits allocated to each counterparty which depend on their rating. Due to this approach, the Group considers the risk of counterparty default to be limited in both operating and financing activities.

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its obligations as they come due because of an inability to liquidate assets or obtain adequate funding. To ensure solvency and financial flexibility at all times, the Group, in addition to its available cash, has several uncommitted short-term credit lines (credit lines whereby the margin is not contractually agreed upon upfront) at its disposal in the major currencies and in amounts considered adequate for current and near-future financial needs. These facilities are generally of the mixed type and may be utilized, for example, for advances, overdrafts, acceptances and discounting. The Group also has committed credit facilities at its disposal up to a maximum equivalent of € 125.0 million (2007: € 125.0 million) at floating interest rates with fixed margins. These credit facilities will mature in 2012 and 2013. At year-end, € 43.0 million was outstanding under these facilities (2007: € 23.1 million). In addition, the Group has a commercial paper and medium-term note program available for a maximum of € 123.9 million (2007: € 123.9 million).
€ 34.7 million of commercial paper notes were outstanding as at 31 December 2008 (2007: € 15.3 million).

The total contractually agreed outflows of the Group's financial liabilities (including interest payments and trade payables, without compensation for gross settled derivatives) as at 31 December 2008 are: € 989.8 million in 2009, € 78.4 million in 2010, € 171.5 million for 2011-2013 and € 162.1 million in 2014 and later.

The following table shows the Group's contractually agreed (undiscounted) outflows in relation to financial liabilities. Only net interest payments and principal repayments are included.

2008 in thousands of €	**2009**	**2010**	**2011-2013**	**2014 and thereafter**
Financial liabilities - principal				
Trade payables	*-253 824*	-	-	-
Interest-bearing debt	*-501 918*	*-57 995*	*-129 836*	*-100 000*
Derivatives - net settled	-	-	-	-
Derivatives - gross settled	*-193 386*	-	-	*-47 007*
Financial liabilities - interests				
Trade payables	-	-	-	-
Interest-bearing debt	*-33 322*	*-16 273*	*-30 829*	*-8 250*
Derivatives - net settled	*-1 536*	*-1 623*	*-3 419*	*-1 844*
Derivatives - gross settled	*-5 840*	*-2 481*	*-7 456*	*-4 955*
Total undiscounted cash flow	**-989 826**	**-78 372**	**-171 540**	**-162 056**

2007 in thousands of €	**2008**	**2009**	**2010-2012**	**2013 and thereafter**
Financial liabilities - principal				
Trade payables	*-231 745*	-	-	-
Interest-bearing debt	*-252 953*	*-170 244*	*-53 187*	*-100 136*
Derivatives - net settled	-	-	-	-
Derivatives - gross settled	*-105 410*	-	-	-
Financial liabilities - interests				
Trade payables	-	-	-	-
Interest-bearing debt	*-25 200*	*-18 650*	*-14 646*	*-12 381*
Derivatives - net settled	*-64*	*-126*	*-531*	*-315*
Derivatives - gross settled	*-1 622*	-	-	-
Total undiscounted cash flow	**-616 994**	**-189 020**	**-68 364**	**-112 832**

All instruments held at the reporting date and for which payments had been contractually agreed are included. Forecasted data relating to future, new liabilities is not included. Amounts in foreign currencies have been translated at the closing rate at the reporting date. The variable interest payments arising from the financial instruments were calculated using the applicable forward interest rates.

Hedging

All financial derivatives the Group enters into, relate to an underlying transaction or forecasted exposure. In function of the expected impact on the income statement and if the stringent IAS 39 criteria are met, the Group decides on a case by case basis whether hedge accounting will be applied. The following sections describe the transactions whereby hedge accounting is applied and transactions which do not qualify for hedge accounting but constitute an economical hedge.

Hedge accounting

Depending on the nature of the hedged exposure, IAS 39 makes a distinction between fair value hedges, cash flow hedges and hedges of a net investment. Fair value hedges are hedges of the exposure to variability in the fair value of recognized assets and liabilities. Cash flow hedges are hedges of the exposure to variability in future cash flows related to recognized assets or liabilities, highly probable forecasted transactions or unrecognized firm commitments. Hedges of a net investment are hedges of the exposure to variability of the net investment in the assets of an entity with a different functional currency.

Fair value hedges

In 2001, Bekaert Corporation, a US based entity, issued a fixed rated 100 million Eurobond. Simultaneously, the entity entered into a cross-currency interest-rate swap to convert the fixed euro payments into floating US dollar payments. In 2005, Bekaert Corporation issued a new fixed rated 100 million Eurobond. Simultaneously, the entity also entered into two € 50 million cross-currency interest-rate swap to convert half of the fixed euro payments into floating US dollar payments and the other half of the fixed euro payments into fixed US dollar payments. During 2005, the entity reduced its floating US dollar exposure from € 50 million to € 30.9 million.
The Group has designated the 2001 Eurobond and the portion of € 30.9 million from the 2005 Eurobond as hedged items in a fair value hedge (the remaining € 69.1 million is treated as hedged item in a cash flow hedge – see next section). The changes in the fair values of the hedged items resulting from changes in the spot rate USD/EUR are offset against the changes in the value of the cross-currency interest-rate swaps. Credit risks are not addressed or covered by this hedging.

The Group has designated cross-currency interest-rate swaps with an aggregate notional amount of € 130.9 million (2007: € 130.9 million) as fair value hedges as at 31 December 2008, the fair value amounting to € 41.1 million (2007: € 43.6 million). The change in fair value of the hedging instruments during 2008 resulted in a loss of € 4.8 million (2007: € 12.3 million gain) and this was included in other financial income and expenses.

The remeasurement of the hedged items resulted in a gain of € 4.7 million (2007: € 12.4 million loss), and this was also included in other financial income and expenses.

Cash flow hedges

- The currency risk and interest-rate risk resulting from the remaining € 69.1 million of the 2005 Eurobond (see previous section on fair value hedges) has been hedged using a cross-currency interest-rate swap for € 50 million and a combination of a cross-currency interest-rate swap and an interest-rate swap for € 19.1 million. These financial derivatives convert fixed euro payments into fixed US dollar payments. The Group has designated the related portion of the Eurobond as hedged item. The objective of the hedge is to eliminate the risk from payment fluctuations as a result of changes in the exchange and interest rates. Credit risks are not addressed or covered by this hedging.

- To hedge the interest-rate risk resulting from floating-rate long-term loans in Chinese renminbi, the Group has used interest-rate swaps to convert the floating-rate payments to fixed-rate payments. The Group has designated the loans as hedged items. The objective of the hedge is to eliminate the risk from payment fluctuations as a result of changes in the interest rates. Credit risks are not addressed or covered by this hedging.

As at 31 December 2008, the Group has designated cross-currency interest-rate swaps and interest-rate swaps with notional amounts totaling € 102.4 million (2007: € 98.5 million) as cash flow hedges, the fair value amounting to € -4.5 million (2007: € 3.4 million). During 2008, losses totaling € 7.7 million (2007: € 3.6 million gains) resulting from the change in fair values of cross-currency and interest-rate swaps were taken directly to equity (hedging reserve). These changes represent the effective portion of the hedge relationship. € 3.7 million (2007: € -7.7 million) was released from equity (hedging reserve) to other financial income to offset the unrealized exchange results recognized on the remeasurement of the Eurobond at closing rate.

Hedges of a net investment

The Group has no outstanding transactions for hedging a net investment.

Economic hedging

The Group also uses financial instruments that represent an economic hedge but for which no hedge accounting is applied, either because the criteria to qualify for hedge accounting defined in IAS 39 ‘Financial Instruments: Recognition and Measurement’ are not met or because the Group has deliberately chosen not to apply hedge accounting. These derivatives are treated as free-standing instruments held for trading.

- The Group uses cross-currency interest-rate swaps and forward exchange contracts to hedge the currency risk on intercompany loans involving two entities with different functional currencies. Until now, the Group has elected not to apply hedge accounting as defined in IAS 39 since all cross-currency interest-rate swaps are floating-to-floating and, hence, the fair value gain or loss on the financial instruments is expected to offset the foreign-exchange result arising from the remeasurement of the intercompany loans. The Group has entered into cross-currency interest-rate swaps with notional amounts totaling € 219.6 million (2007: € 229.1 million), the fair value amounting to € 0.2 million (2007: € 4.7 million). The major currencies involved are US dollars, Canadian dollars and British pounds. Foreign-exchange contracts represented a notional amount of € 56.4 million (2007: € 12.0 million) with a fair value of € 0.6 million (2007: € -0.7 million). During 2008, a loss of € 3.1 million (2007: loss of € 25.8 million) resulting from changes in the fair values was recognized under other financial income and expenses. This result was offset by a gain of € 6.5 million (2007: gain of € 25.3 million), recognized under unrealized exchange results, arising on the remeasurement of the intercompany loans at spot rate.

- To manage its interest-rate exposure, the Group uses interest-rate swaps, forward rate agreements and interest-rate options to convert its floating-rate debt into a fixed and/or capped rate debt. None of these interest-rate derivatives were designated as hedges as defined in IAS 39. Of the total outstanding debt as at 31 December 2008, the interest-rate exposure on the equivalent of € 148.0 million of floating debt (2007: € 112.8 million) was hedged using interest-rate swaps. The Group also purchased additional interest-rate options which resulted at year-end in an outstanding notional amount totaling € 272.4 million (2007: € 135.9 million), as well as forward rate agreements with a notional amount of € 158.1 million (2007: nil). The fair value at year-end of the interest-rate swaps amounted to € -4.7 million (2007: € -0.6 million) and that of the interest-rate options to € 2.6 million (2007: € 0.4 million).
  The fair value of the forward rate agreements amounted to € -0.6 million (2007: nil). During 2008, a loss of € 2.7 million (2007: € 0.4 million loss) resulting from the changes in fair values was recognized under other financial income and expenses.

- Finally, the Group uses forward exchange contracts to limit its commercial foreign-exchange risk. Since the Group has not designated its forward exchange contracts as cash flow hedges, the fair value change is recorded immediately under other financial income and expenses. As at 31 December 2008, the notional amount of the forward exchange contracts relating to commercial transactions was € 106.1 million (2007: € 79.2 million). The fair value at year-end amounted to € -0.5 million (2007: € 0.7 million), with a loss of € 1.2 million (2007: less than € 0.1 million loss) being partly offset by unrealized exchange gains on receivables and payables of € 0.4 million (2007: less than € 0.1 million gain). However, the forward exchange contracts also relate to forecasted commercial transactions, for which there is no offsetting position on the balance sheet.

The following table analyzes the notional amounts of the derivatives according to their maturity date:

2008 in thousands of €	**Due within one year**	**Due between one and 5 years**	**Due after more than 5 years**
Interest-rate swaps	123 815	28 742	46 705
Interest-rate options	143 709	128 742	-
Forward rate agreements	158 080	-	-
Forward exchange contracts	149 097	13 399	-
Cross-currency interest-rate swaps	281 708	-	94 015
Total	**856 409**	**170 883**	**140 720**

2007 in thousands of €	**Due within one year**	**Due between one and 5 years**	**Due after more than 5 years**
Interest-rate swaps	85 592	29 389	27 172
Interest-rate options	135 860	-	-
Forward exchange contracts	78 329	12 871	-
Cross-currency interest-rate swaps	229 149	100 000	100 000
Total	**528 930**	**142 260**	**127 172**

The following table summarizes the fair values of the various derivatives carried. A distinction is made depending on whether these are part of a hedging relationship as set out in IAS 39 (fair value hedge or cash flow hedge).

Fair value of current and non-current derivatives in thousands of €	Assets 2008	Assets 2007	Liabilities 2008	Liabilities 2007
Financial instruments				
Forward exchange contracts				
Held for trading	*3 031*	*1 084*	*2 854*	*1 110*
Interest-rate options				
Held for trading	*2 624*	*413*	*-*	*-*
Forward rate agreements				
Held for trading	*-*	*-*	*568*	*-*
Interest-rate swaps				
Held for trading	*19*	*3*	*4 742*	*609*
In connection with cash flow hedges	*-*	*659*	*261*	*-*
Cross-currency interest-rate swaps				
Held for trading	*2 799*	*6 264*	*2 625*	*1 549*
In connection with fair value hedges	*41 067*	*43 599*	*-*	*-*
In connection with cash flow hedges	*1 269*	*2 786*	*5 536*	*91*
Total	**50 809**	**54 808**	**16 586**	**3 359**
Non-current	5 478	47 460	10 150	1 426
Current	45 331	7 348	6 436	1 933
Total	**50 809**	**54 808**	**16 586**	**3 359**

The table below shows how the use of derivatives mitigated the impact of the underlying risks on the income statement:

2008 in thousands of €	**Hedged item**	**Hedging instrument**	**Recognized in equity**	**Impact on income statement**
Fair value hedges	Fair value changes	Fair value changes		
Cross-currency interest-rate swaps	*4 678*	*-4 773*	*-*	*-95*
Cash flow hedges	Spot price changes	Fair value changes		
Cross-currency interest-rate swaps and interest-rate swaps	*3 773*	*-7 671*	*-3 898*	*-*
Discontinued hedge relationship - depreciation	*-*	*-*	*80*	*-80*
	Underlying risk	**Financial derivative**		
Held for trading	Spot price changes	Fair value changes		
Cross-currency interest-rate swaps	*4 186*	*-4 537*	*-*	*-351*
Interest-rate swaps	*-*	*-3 857*	*-*	*-3 857*
Forward rate agreements	*-*	*-537*	*-*	*-537*
Interest-rate options	*-*	*1 686*	*-*	*1 686*
Forward exchange contracts				
relating to intercompany loans	*2 325*	*1 467*	*-*	*3 792*
relating to commercial transactions	*434*	*-1 273*	*-*	*-839*
Total	**-**	**-**	**-3 818**	**-281**

Of the total income statement effect in 2008, € -0.2 million is recognized in other financial income and expenses and € -0.1 million, i.e. the depreciation relating to the discontinued hedge relationship, is recognized in interest expense.

2007 in thousands of €	**Hedged item**	**Hedging instrument**	**Recognized in equity**	**Impact on income statement**
Fair value hedges	Fair value changes	Fair value changes		
Cross-currency interest-rate swaps	*-12 370*	*12 289*	-	*-81*
Cash flow hedges	Spot price changes	Fair value changes		
Cross-currency interest-rate swaps and interest-rate swaps	*-7 711*	*3 552*	*-4 211*	-
Discontinued hedge relationship - depreciation	-	-	*78*	*-78*
	Underlying risk	**Financial derivative**		
Held for trading	Spot price changes	Fair value changes		
Cross-currency interest-rate swaps	25 329	-25 221	-	108
Interest-rate swaps	-	*-570*	-	*-570*
Interest-rate options	-	*122*	-	*122*
Forward exchange contracts				
relating to intercompany loans	*8*	*-580*	-	*-572*
relating to commercial transactions	*5*	*-28*	-	*-23*
Total	**-**	**-**	**-4 133**	**-1 094**

Of the total income statement effect in 2007, € -1.0 million was recognized in other financial income and expenses and € -0.1 million, i.e. the depreciation relating to the discontinued hedge relationship, was recognized in interest expense.

Additional disclosures on financial instruments by class and category

The following tables list the different classes of financial assets and liabilities with their carrying amounts in the balance sheet and their respective fair value and analyzed by their measurement category in accordance with IAS 39, Financial Instruments: Recognition and Measurement or IAS 17, Leases.

Cash and cash equivalents, short-term deposits, trade receivables, other receivables, loans and receivables primarily have short terms to maturity; hence, their carrying amounts at the reporting date approximate the fair values. Furthermore, the Group has no exposure to collateralized debt obligations (CDO's). Trade payables also generally have short times to maturity and, hence, their carrying amounts also approximate their fair values. The fair values of interest-bearing debt are calculated as the present value of the future cash flows, based on the applicable yield curve and the Group's credit spread. The fair value of the derivatives is calculated using standard financial valuation models using market data.

The following categories and abbreviations are used in the table below:

Abbreviation	**Category in accordance with IAS 39**
L&R	Loans & Receivables
AfS	Available for Sale
FAFVTPL	Financial Assets at Fair Value Through Profit or Loss
FLMaAC	Financial Liabilities Measured at Amortized Cost
Hedge accounting	Hedge accounting
FLFVTPL	Financial Liabilities at Fair Value Through Profit or Loss

2008 in thousands of €	Category in accordance with IAS 39	Carrying amount 2008	Amounts recognized in balance sheet in accordance with IAS 39 at Amortized cost	Fair value through equity	Fair value through profit or loss	Amounts recognized in balance sheet in accordance with IAS 17	Fair value 2008
Assets							
Cash and cash equivalents	L&R	104 761	104 761	-	-	-	104 761
Short term deposits	L&R	13 560	13 560	-	-	-	13 560
Trade receivables	L&R	483 176	483 176	-	-	-	483 176
Other receivables	L&R	52 982	52 982	-	-	-	52 982
Loans and receivables	L&R	3 809	3 809	-	-	-	3 809
Available for sale financial assets	AfS	8 782	785	7 997	-	-	8 782
Derivative financial assets							
- without a hedging relationship	FAFVTPL	8 473	-	-	8 473	-	8 473
- with a hedging relationship	Hedge accounting	42 336	-	1 269	41 067	-	42 336
Liabilities							
Interest-bearing debt							
- finance leases	n.a.	157	-	-	-	157	160
- credit institutions	FLMaAC	456 313	456 313	-	-	-	467 039
- credit institutions	Hedge accounting	33 279	33 279	-	-	-	33 279
- bonds	Hedge accounting	201 478	69 107	-	132 371	-	202 030
- bonds	FLMaAC	100 000	100 000	-	-	-	112 940
Trade payables	FLMaAC	253 824	253 824	-	-	-	253 824
Derivative financial liabilities							
- without a hedging relationship	FLFVTPL	10 789	-	-	10 789	-	10 789
- with a hedging relationship	Hedge accounting	5 797	-	5 797	-	-	5 797
Aggregated by category in accordance with IAS 39							
Loans and receivables	L&R	658 288	658 288	-	-	-	658 288
Available-for-sale financial assets	AfS	8 782	785	7 997	-	-	8 782
Financial assets - hedge accounting	Hedge accounting	42 336	-	1 269	41 067	-	42 336
Financial assets at fair value through profit or loss	FAFVTPL	8 473	-	-	8 473	-	8 473
Financial liabilities measured at amortized cost	FLMaAC	810 137	810 137	-	-	-	833 803
Financial liabilities - hedge accounting	Hedge accounting	240 554	102 386	5 797	132 371	-	241 106
Financial liabilities at fair value through profit or loss	FLFVTPL	10 789	-	-	10 789	-	10 789

2007 in thousands of €	Category in accordance with IAS 39	Carrying amount 2007	Amounts recognized in balance sheet in accordance with IAS 39 at Amortized cost	Fair value through equity	Fair value through profit or loss	Amounts recognized in balance sheet in accordance with IAS 17	Fair value 2007
Assets							
Cash and cash equivalents	L&R	58 063	58 063	-	-	-	58 063
Short term deposits	L&R	15 179	15 179	-	-	-	15 179
Trade receivables	L&R	437 743	437 743	-	-	-	437 743
Other receivables	L&R	52 694	52 694	-	-	-	52 694
Loans and receivables	L&R	5 916	5 916	-	-	-	5 916
Available for sale financial assets	AfS	24 287	768	23 519	-	-	24 287
Derivative financial assets							
- without a hedging relationship	FAFVTPL	7 764	-	-	7 764	-	7 764
- with a hedging relationship	Hedge accounting	47 044	-	3 445	43 599	-	47 044
Liabilities							
Interest-bearing debt							
- finance leases	n.a.	704	-	-	-	704	701
- credit institutions	FLMaAC	346 427	346 427	-	-	-	339 235
- credit institutions	Hedge accounting	29 389	29 389	-	-	-	29 389
- bonds	Hedge accounting	198 928	69 107	-	129 821	-	194 495
Trade payables	FLMaAC	231 745	231 745	-	-	-	231 745
Derivative financial liabilities							
- without a hedging relationship	FLFVTPL	3 268	-	-	3 268	-	3 268
- with a hedging relationship	Hedge accounting	91	-	91	-	-	91
Aggregated by category in accordance with IAS 39							
Loans and receivables	L&R	569 595	569 595	-	-	-	569 595
Available-for-sale financial assets	AfS	24 287	768	23 519	-	-	24 287
Financial assets - hedge accounting	Hedge accounting	47 044	-	3 445	43 599	-	47 044
Financial assets at fair value through profit or loss	FAFVTPL	7 764	-	-	7 764	-	7 764
Financial liabilities measured at amortized cost	FLMaAC	578 172	578 172	-	-	-	570 980
Financial liabilities - hedge accounting	Hedge accounting	228 408	98 496	91	129 821	-	223 975
Financial liabilities at fair value through profit or loss	FLFVTPL	3 268	-	-	3 268	-	3 268

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the net debt and equity balance. The Group's overall strategy remains unchanged from 2007. Actions are taken to increase the average tenor of the debt.

The capital structure of the Group consists of net debt, which includes the elements disclosed in note 6.16 'Interest-bearing debt' and equity (both attributable to the Group and to minority interests).

Gearing ratio

The Group's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Group has a target gearing ratio of 50% determined as the proportion of net debt to equity.

Gearing in thousands of €	2008	2007
Net debt	627 467	448 084
Equity	1 172 332	1 146 586
Net debt to equity ratio	**53.5%**	**39.1%**

7.4. Share-based payments

Equity-settled share-based payments

Options granted under the SOP2 stock option plan and subscription rights granted under the SOP 2005-2009 stock option plan (cf. note 6.11 'Ordinary shares, treasury shares, subscription rights and share options') are accounted for as equity-settled share-based payments in accordance with IFRS 2.

During 2008, 14 500 options (2007: 12 500) and 76 400 subscription rights (2007: 60 670) were both granted at a weighted average fair value per unit of € 18.15 (2007: € 26.10). The Group has recorded an expense against equity of € 1.7 million (2007: € 0.7 million) based on a straight-line amortization of the fair value of these options and subscription rights over the vesting period. The fair value of the options and the subscription rights is determined using a binomial pricing model. The inputs to the model are: share price at grant date, exercise price, expected volatility of 27% (2007: 28%), expected dividend yield of 2.5% (2007: 2.5%), vesting period of 3 years, contractual life of 10 years, employee exit rate of 9.3% (2007: 9.2%) and a risk-free interest rate of 4.1% (2007: 4.0%). To allow for the effects of early exercise, it was assumed that the employees would exercise the options and the subscription rights after vesting date when the share price was 1.25 (2007: 1.25) times the exercise price. Historical volatility was between 25% and 30% at grant date.

Cash-settled share-based payments

Stock Appreciation Rights (SARs) granted by the Group (cf. note 6.14 'Employee benefit obligations') are accounted for as cash-settled share-based payments in accordance with IFRS 2. The fair value of the SARs is determined using a binomial pricing model. The inputs to the model are: share price at balance sheet date, exercise price, expected volatility of 41% (2007: 26%), expected dividend yield of 2.5% (2007: 2.5%), vesting period of 3 years, average contractual life of 5.2 years (2007: 4.6 years), employee exit rate of 0% (2007: 0%) and a risk-free interest rate of 3.3% (2007: 4.2%). To allow for the effects of early exercise, it was assumed that the employees would exercise the SARs after vesting date when the share price was 1.45 (2007: 1.7) times the exercise price. Historical volatility was between 25% and 41%.

The Group recorded total expenses of € 0.3 million (2007: € 0.3 million) during the year in respect of SARs.
At 31 December 2008, the total intrinsic value of the vested SARs was € 0.3 million (2007: € 0.8 million).

7.5. Off-balance-sheet commitments

As at 31 December, the important commitments were:

in thousands of €	2008	2007
Guarantees given to third parties	352	374
Commitments to purchase fixed assets	18 425	16 394
Commitments to invest in venture capital funds	3 940	1 810

In October 2008, Bekaert signed a memorandum of understanding with its partners in Ecuador to establish a holding company covering the business in the northern part of Latin America, in which Bekaert was to become the principal shareholder. Meanwhile, Bekaert has finalized the deal in March 2009 (cf. note 7.7 'Events after the balance sheet date').

The Group has entered into several rental contracts classified as operating leases mainly with respect to vehicles and buildings, predominantly in Europe and the United States. A large portion of the contracts contain a renewal clause, except those relating to most of the vehicles. The assets are not subleased to a third party.

Future payments

in thousands of €	2008	2007
Within one year	11 512	11 338
Between one and five years	20 698	20 161
More than five years	2 032	2 476
Total	**34 242**	**33 975**

Expenses

in thousands of €	2008	2007
Vehicles	8 111	6 677
Industrial buildings	3 461	4 723
Equipment	1 626	1 341
Offices	2 928	2 554
Other	357	189
Total	**16 483**	**15 484**

2008	**Weighted average lease term** (in years)	**Weighted average fixed period of rental** (in years)
Vehicles	4	4
Industrial buildings	5	4
Equipment	4	4
Offices	5	4
Other	3	3

2007	**Weighted average lease term (in years)**	**Weighted average fixed period of rental (in years)**
Vehicles	4	4
Industrial buildings	7	5
Equipment	4	4
Offices	5	3
Other	4	4

No major contingent assets or liabilities have been identified, which relate to the fully consolidated companies (cf. note 6.4. for contingencies relating to investments accounted for using the equity method).

7.6. Related parties

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated in the consolidation and are accordingly not disclosed in this note. Transactions with other related parties are disclosed below.

Transactions with joint ventures and associates

in thousands of €	2008	2007
Sales of goods	29 606	20 709
Purchases of goods	13 031	25 428
Royalties and management fees received	8 495	8 591
Interest and similar income	34	2
Interest and similar expense	1	-
Dividends received	36 820	52 089

Outstanding balances with joint ventures and associates

in thousands of €	2008	2007
Non-current receivables	-	33
Trade receivables	9 981	4 904
Other current receivables	2 041	8 213
Trade payables	2 626	2 340
Other current payables	10	383

Transactions with other related parties

in thousands of €	2008	2007
Bege sro (Slovakia)		
Sales of goods	*89*	*59*

Outstanding balances with other related parties

in thousands of €	2008	2007
Bege sro (Slovakia)		
Trade receivables	*7*	-

Baron Bekaert, a member of the Board of Directors, has control of the Slovak company Bege sro. The main transactions to be considered as being between related parties are the sales of wire products by Bekaert Hlohovec as (Slovakia) to Bege sro. They were effected at arm's length. The amounts outstanding are unsecured and are payable in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Total Key Management includes the Board of Directors, the CEO, the members of the Bekaert Group Executive (cf. last page of the Financial Review) and Senior Management (cf. last page of the Financial Review).

Total Key Management remuneration

in thousands of €	2008	2007
Number of persons	34	35
Short-term employee benefits		
Basic remuneration	*5 388*	*5 167*
Variable remuneration	*2 684*	*2 587*
Remuneration as directors of subsidiaries	*633*	*700*
Post-employment benefits		
Defined-benefit pension plans	*395*	*393*
Defined-contribution pension plans	*426*	*400*
Share-based payment benefits	992	190
Total gross remuneration	**10 518**	**9 437**
Average gross remuneration per person	309	270
Number of subscription rights and options granted (stock option plans)	53 400	32 850

Please refer to the Corporate Governance section of this annual report for the disclosures required by the Belgian Corporate Governance code.

7.7. Events after the balance sheet date

- Under the terms of the SOP 2005-2009 stock option plan, an offer of 100 900 subscription rights was made on 18 December 2008. 96 050 of those subscription rights were accepted, and were granted on 16 February 2009. Their exercise price is € 49.98. The 96 050 accepted subscription rights represent a fair value of € 1.2 million.
- Under the terms of the SOP2 stock option plan, an offer of 21 500 options was made on 18 December 2008. All 21 500 options were accepted, and were granted on 16 February 2009. Their exercise price is € 49.98. The 21 500 accepted options represent a fair value of € 0.3 million.
- On 19 February 2009, the Board of Directors has approved the issuance of a dual tranche (3 years / 5 years) retail Eurobond for an initial total amount of € 150 million.
- On 6 March 2009, Bekaert and its Ecuadorean partners finalized the deal through which they merged their interests in:
    - o Vicson SA in Venezuela;
    - o Productora de Alambres Colombianos Proalco SA in Colombia;
    - o Ideal Alambrec SA in Ecuador;
    - o Productos de Acero Cassadó SA (Prodac SA) in Peru.

The merger was effected by the establishment of Bekaert Ideal SL, a Spanish holding company in which 80% of the shares are held by Bekaert and the remaining 20% by its partners. As a result of the merger, Bekaert indirectly owns 80% of each of Vicson SA, Proalco SA and Ideal Alambrec SA, and 52% of Prodac SA. The latter two companies, which have been accounted for using the equity method in the present financial statements, will become subsidiaries and therefore will be fully consolidated by Bekaert as from 1 January 2009. The accounting of the above transaction is not yet finalized.

7.8. Services provided by the statutory auditor and related persons

During 2008, the statutory auditor and persons professionally related to him performed additional services for fees amounting to € 1 083 000. These fees relate essentially to further assurance services (€ 70 000), tax advisory services (€ 818 000) and other non-audit services (€ 195 000). The additional services were approved by the Audit and Finance Committee.

The audit fees for NV Bekaert SA and its subsidiaries amounted to € 1 404 602.

7.9. Subsidiaries, joint ventures and associates

Companies forming part of the Group as at 31 December 2008

Subsidiaries

Industrial companies	*Address*	*%*
Europe		
Bekaert Advanced Coatings NV	Deinze, Belgium	100
Bekaert Advanced Filtration SA	Sprimont, Belgium	100
Bekaert Bohumín sro	Bohumín, Czech Republic	100
Bekaert Carding Solutions Ltd	Cleckheaton, United Kingdom	100
Bekaert Carding Solutions NV	Zwevegem, Belgium	100
Bekaert Carding Solutions SAS	Roubaix, France	100
Bekaert Combustion Technology BV	Assen, Netherlands	100
Bekaert Dymonics GmbH	Herford, Germany	100
Bekaert Hemiksem NV	Hemiksem, Belgium	100
Bekaert Hlohovec as	Hlohovec, Slovakia	100
Bekaert Petrovice sro	Petrovice, Czech Republic	100
Bekaert Progressive Composites SA	Munguía, Spain	100
Bekaert Slovakia sro	Sládkovičovo, Slovakia	100
Bekintex NV	Wetteren, Belgium	100
Cold Drawn Products Ltd	Cleckheaton, United Kingdom	100
Industrias del Ubierna SA	Burgos, Spain	100
OOO Bekaert Lipetsk	Gryazi, Russian Federation	100
Solaronics SA	Armentières, France	100
Sorevi SAS	Limoges, France	100
North America		
Bekaert Canada Ltd	Vancouver, Canada	100
Bekaert CEB Technologies Canada Ltd	Calgary, Canada	100
Bekaert Corporation	Wilmington (Delaware), United States	100
Bekaert Progressive Composites LLC	Wilmington (Delaware), United States	100
Bekaert Specialty Films LLC	Wilmington (Delaware), United States	100
Delta Wire LLC	Wilmington (Delaware), United States	100
Latin America		
Productora de Alambres Colombianos Proalco SA	Bogotá, Colombia	88
Vicson SA	Valencia, Venezuela	100
Asia		
Bekaert Ansteel Tire Cord (Chongqing) Co Ltd	Chongqing City, China	50
Bekaert Binjiang Advanced Products Co Ltd	Jiangyin (Jiangsu province), China	90
Bekaert Binjiang Steel Cord Co Ltd	Jiangyin (Jiangsu province), China	90
Bekaert Carding Solutions Pvt Ltd	Pune, India	100
Bekaert (China) Technology Research and Development Co Ltd	Jiangyin (Jiangsu province), China	100
Bekaert Industries Pvt Ltd	Taluka Shirur, District Pune, India	100
Bekaert Izmit Celik Kord Sanayi ve Ticaret AS	Izmit, Turkey	100
Bekaert (Jiangyin) Advanced Coatings Co Ltd	Jiangyin (Jiangsu province), China	100
Bekaert Jiangyin Wire Products Co Ltd	Jiangyin (Jiangsu province), China	90
Bekaert New Materials (Suzhou) Co Ltd	Suzhou (Jiangsu province), China	100
Bekaert (Shandong) Tire Cord Co Ltd	Weihai (Shandong province), China	100

Bekaert Shenyang Advanced Products Co Ltd	Shenyang (Liaoning province), China	100
Bekaert-Shenyang Steel Cord Co Ltd	Shenyang (Liaoning province), China	98
Bekaert Toko Metal Fiber Co Ltd	Tokyo, Japan	70
Bekinit KK	Tokyo, Japan	60
China Bekaert Steel Cord Co Ltd	Jiangyin (Jiangsu province), China	90
Precision Surface Technology Pte Ltd	Singapore	67
PT Bekaert Advanced Filtration	Tangerang, Indonesia	100
PT Bekaert Indonesia	Karawang, Indonesia	100
Shanghai Bekaert-Ergang Co Ltd	Shanghai, China	70
Wuxi Bekaert Textile Machinery and Accessories Co Ltd	Wuxi (Jiangsu province), China	75

Sales offices, warehouses and others	***Address***	***%***
Europe		
Barnards Unlimited	Cleckheaton, United Kingdom	100
Bekaert (Schweiz) AG	Baden, Switzerland	100
Bekaert AS	Roskilde, Denmark	100
Bekaert Asia NV	Zwevegem, Belgium	100
Bekaert CEB Technologies BV	Assen, Netherlands	100
Bekaert-CMTM GmbH	Friedrichsdorf, Germany	100
Bekaert Combustion Technology Ltd	Solihull, United Kingdom	100
Bekaert France SAS	Antony, France	100
Bekaert Ges mbH	Vienna, Austria	100
Bekaert GmbH	Friedrichsdorf, Germany	100
Bekaert Ltd	Cleckheaton, United Kingdom	100
Bekaert Norge AS	Frogner, Norway	100
Bekaert Poland Sp z oo	Warsaw, Poland	100
Bekaert Specialty Films Nordic AB	Norrtälje, Sweden	100
Bekaert Specialty Films (UK) Ltd	Droitwich, United Kingdom	100
Bekaert Svenska AB	Gothenburg, Sweden	100
Lane Brothers Engineering Industries	Cleckheaton, United Kingdom	100
Leon Bekaert SpA	Trezzano Sul Naviglio, Italy	100
OOO Bekaert Wire	Moscow, Russian Federation	100
Pantheus Expert SRL	Bucharest, Romania	100
Rylands-Whitecross Ltd	Sheffield, United Kingdom	100
Sentinel (Wire Products) Ltd	Cleckheaton, United Kingdom	100
Sentinel Wire Fencing Ltd	Cleckheaton, United Kingdom	100
Solaronics AB	Vänusborg, Sweden	100
Solaronics GmbH	Achim, Germany	100
Solaronics Oy	Vantaa, Finland	100
Sorevi NV	Zulte, Belgium	100
Tinsley Wire Ltd	Cleckheaton, United Kingdom	100
Twil Company	Cleckheaton, United Kingdom	100
North America		
Bekaert Carding Solutions Inc / Bekaert Solutions de Cardage Inc	Fredericton, Canada	100
Bekaert Carding Solutions Inc	Wilmington (Delaware), United States	100
Bekaert NCD Inc	Marietta (Georgia), United States	100
Bekaert Specialty Films (Canada) Inc	Oakville, Canada	100

Latin America		
Bekaert Specialty Films de Mexico SA de CV	Monterrey, Mexico	100
Bekaert Trade Latin America NV	Curaçao, Netherlands Antilles	100
Bekaert Trade Mexico S de RL de CV	Mexico City, Mexico	100
Specialty Films de Services Company SA de CV	Monterrey, Mexico	100

Asia		
Bekaert Advanced Products (Shanghai) Co Ltd	Shanghai, China	100
Bekaert Hong Kong Ltd	Hong Kong, China	100
Bekaert Japan Co Ltd	Tokyo, Japan	100
Bekaert Korea Ltd	Seoul, Korea	100
Bekaert Management (Shanghai) Co Ltd	Shanghai, China	100
Bekaert Middle East LLC	Dubai, United Arab Emirates	49
Bekaert Singapore Pte Ltd	Singapore	100
Bekaert Specialty Films (SEA) Pte Ltd	Singapore	100
Bekaert Taiwan Co Ltd	Taipei, Taiwan	100
Bekaert Tarak Aksesuarlari ve Makineleri Ticaret AS	Istanbul, Turkey	100

Australia		
Bekaert Specialty Films Australia Pty Ltd	Seven Hills, Australia	100

Financial companies	*Address*	*%*
Becare Ltd	Dublin, Ireland	100
Becorp Holding Corporation	Wilmington (Delaware), United States	100
Bekaert Building Products Hong Kong Ltd	Hong Kong, China	100
Bekaert Carding Solutions Hong Kong Ltd	Hong Kong, China	100
Bekaert Coördinatiecentrum NV	Zwevegem, Belgium	100
Bekaert do Brasil Ltda	Contagem, Brazil	100
Bekaert Holding BV	Assen, Netherlands	100
Bekaert Holding Hong Kong Ltd	Hong Kong, China	100
Bekaert Ibérica Holding SL	Burgos, Spain	100
Bekaert Industrial Coatings Hong Kong Ltd	Hong Kong, China	100
Bekaert North America Management Corporation	Wilmington (Delaware), United States	100
Bekaert Services Hong Kong Ltd	Hong Kong, China	100
Bekaert Specialty Films Hong Kong Ltd	Hong Kong, China	100
Bekaert Specialty Wire Products Hong Kong Ltd	Hong Kong, China	100
Bekaert Stainless Products Hong Kong Ltd	Hong Kong, China	100
Bekaert Steel Cord Products Hong Kong Ltd	Hong Kong, China	100
Bekaert Strategic Partnerships Hong Kong Ltd	Hong Kong, China	100
Bekaert Wire Products Hong Kong Ltd	Hong Kong, China	100
InverVicson SA	Valencia, Venezuela	100
Numelino SL	Burgos, Spain	100
Sentinel Garden Products Ltd	Cleckheaton, United Kingdom	100
Sowinvest SCRL	Sprimont, Belgium	100

Joint ventures

Industrial companies	*Address*	*%*
North America		
Wire Rope Industries Ltd[1]	Pointe-Claire, Canada	50

Latin America		
Acma SA[1]	Santiago, Chile	50
Acmanet SA[1]	Talcahuano, Chile	50
Belgo Bekaert Arames Ltda	Contagem, Brazil	45
Belgo Bekaert Nordeste SA[2]	Feira de Santana, Brazil	45
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Vespasiano, Brazil	45
Ideal Alambrec SA[3]	Quito, Ecuador	50
Industrias Chilenas de Alambre - Inchalam SA[1]	Talcahuano, Chile	50
Procables SA[1]	Callao, Peru	48
Productos de Acero Cassadó SA[4]	Callao, Peru	40
Productos de Acero SA Prodinsa[1]	Maipu, Chile	50
Transportes Puelche Ltda[1]	Talcahuano, Chile	50
Asia		
Mukand Bekaert Wire Industries Pvt Ltd	Pune, India	50

Sales offices, warehouses and others	***Address***	***%***
Europe		
Bekaert Faser Vertriebs GmbH	Idstein, Germany	50
Netlon Sentinel Ltd	Blackburn, United Kingdom	50
North America		
Wire Rope Industries Inc[1]	Wilmington (Delaware), United States	50
Latin America		
Prodalam Argentina SA[1]	Buenos Aires, Argentina	50
Prodalam SA[1]	Santiago, Chile	50
Prodinsa Ingeniería y Proyectos SA[1]	Santiago, Chile	50
Asia		
Bekaert Engineering (India) Pvt Ltd	New Delhi, India	40
Australia		
BOSFA Pty Ltd	Port Melbourne, Australia	50

Financial companies	***Address***	***%***
Acma Inversiones SA[1]	Talcahuano, Chile	50
Alambres Andinos SA (Alansa)[3]	Quito, Ecuador	50
Bekaert Handling Group AS	Middelfart, Denmark	50
Impala SA[1]	Panama, Panama	50
Industrias Acmanet Ltda[1]	Talcahuano, Chile	50
Inversiones Invafer Ltda[1]	Santiago, Chile	50

Associates

Industrial companies	Address	%
Asia		
Jiangyin Fasten-Bekaert Optical Cable Steel Products Co Ltd	Jiangyin (Jiangsu province), China	30

[1] *Belongs to the Inchalam group (cf. notes 5.8 and 6.4).*

[2] *Is a subsidiary of Belgo Bekaert Arames Ltda (cf. notes 5.8 and 6.4).*

[3] *Belongs to the Ideal Alambrec group (cf. notes 5.8 and 6.4).*

[4] *Is a joint venture of the Ideal Alambrec group and the Inchalam group (cf. notes 5.8 and 6.4).*

Changes in 2008

1. New investments

Subsidiaries	Address	%
Bekaert Ansteel Tire Cord (Chongqing) Co Ltd	Chongqing City, China	50
Bekaert Binjiang Advanced Products Co Ltd	Jiangyin (Jiangsu province), China	90
Bekaert Holding Hong Kong Ltd	Hong Kong, China	100
Bekaert Industrial Coatings Hong Kong Ltd	Hong Kong, China	100
Bekaert (Jiangyin) Advanced Coatings Co Ltd	Jiangyin (Jiangsu province), China	100
Bekaert Specialty Films Hong Kong Ltd	Hong Kong, China	100
Bekaert Strategic Partnerships Hong Kong Ltd	Hong Kong, China	100
OOO Bekaert Lipetsk	Gryazi, Russian Federation	100
Pantheus Expert SRL	Bucharest, Romania	100
Sorevi NV	Zulte, Belgium	100

2. Increases / decreases in ownership

Subsidiaries	Address	
Bekaert Izmit Celik Kord Sanayi ve Ticaret AS	Izmit, Turkey	From 50 to 100%
Bekaert Precision Surface Technology (Suzhou) Co Ltd	Suzhou (Jiangsu province), China	From 67 to 0%

3. Mergers / conversions

Subsidiaries	Merged into
Aluheat BV	Bekaert Combustion Technology BV
Bekaert Engineering NV	Bekaert Coördinatiecentrum NV
Bekaert Russia Holding BV	Bekaert Holding BV

4. Name changes

New name	Former name
Bekaert Izmit Celik Kord Sanayi ve Ticaret AS	Beksa Celik Kord Sanayi ve Ticaret AS
BOSFA Pty Ltd	Bekaert Australia Steel Cord Pty Ltd
Numelino SL	Numelino SA

5. Closed down

Companies	***Address***
Bekaert Carding Solutions (Changzhou) Co Ltd	Changzhou (Jiangsu province), China
Bekaert Carding Solutions Srl	Bergamo, Italy
Tinsley Wire (Ireland) Ltd	Dublin, Ireland
Wire Rope Industries Distribution Ltd	Pointe-Claire, Canada

In accordance with Belgian legislation, the table below lists the registered numbers of the Belgian companies.

Companies	***Company number***
Bekaert Advanced Coatings NV	BTW BE 0423.237.031 RPR Gent
Bekaert Advanced Filtration SA	TVA BE 0430.104.631 RPM Liège
Bekaert Asia NV	BTW BE 0406.207.096 RPR Kortrijk
Bekaert Carding Solutions NV	BTW BE 0405.443.271 RPR Kortrijk
Bekaert Coördinatiecentrum NV	BTW BE 0426.824.150 RPR Kortrijk
Bekaert Engineering NV	BTW BE 0405.388.239 RPR Kortrijk
Bekaert Hemiksem NV	BTW BE 0403.676.188 RPR Antwerpen
Bekintex NV	BTW BE 0452.746.609 RPR Dendermonde
NV Bekaert SA	BTW BE 0405.388.536 RPR Kortrijk
Sowinvest SCRL	TVA BE 0478.543.956 RPM Liège

Parent company information

Annual report of the Board of Directors and financial statements of NV Bekaert SA

Parent company accounts

The financial statements of the parent company, NV Bekaert SA, are presented below in a condensed form.
In accordance with Belgian company law, the directors' report and financial statements of the parent company, NV Bekaert SA, together with the statutory auditor's report, have been deposited at the National Bank of Belgium.

They are available on request from:

NV Bekaert SA
President Kennedypark 18
BE-8500 Kortrijk
Belgium
www.bekaert.com

The statutory auditor issued an unqualified report on the financial statements of NV Bekaert SA.

Condensed income statement

in thousands of € - Year ended 31 December	2008	2007
Sales	607 999	605 707
Operating profit or loss	625	46 260
Financial result	36 589	62 929
Extraordinary result	-100 307	-24 204
Current and deferred income taxes	4 507	1 783
Profit or loss for the year	**-58 586**	**86 768**

Condensed balance sheet after profit appropriation

in thousands of € - 31 December	2008	2007
Fixed assets	**1 487 123**	**1 522 577**
Formation expenses, intangible fixed assets	27 728	29 135
Tangible fixed assets	81 353	73 590
Financial fixed assets	1 378 042	1 419 852
Current assets	**294 140**	**376 117**
Total assets	**1 781 263**	**1 898 694**
Shareholders' equity	**608 466**	**730 754**
Share capital	174 668	173 663
Share premium	16 868	12 511
Revaluation surplus	1 995	1 995
Statutory reserve	17 366	17 366
Untaxed reserves	3 951	11 177
Unavailable reserve	4 808	-
Reserves available for distribution, retained earnings	388 636	513 652
Investment grants	174	390
Provisions and deferred taxes	**75 600**	**85 759**
Creditors	**1 097 197**	**1 082 181**
Amounts payable after one year	670 450	210 450
Amounts payable within one year	426 747	871 731
Total equity and liabilities	**1 781 263**	**1 898 694**

Valuation principles
Valuation and foreign-currency translation principles applied in the parent company's financial statements are based on Belgian accounting legislation.

Summary of the annual report of the Board of Directors
Sales increased by 0.4% compared with 2007 and amounted to € 608 million. In advanced wire products, sales of steel cord products were lower, sales of low carbon wire products were at the same level and sales for high carbon wire products were higher compared to previous year. Market demand for building products was again very high. In advanced materials, sales of fiber technologies – mainly diesel particulate filter – increased with 16% in 2008.

The operating result amounted to € 0.6 million (2007: € 46.3 million). The strong decrease of the operating result is due to an increase of the consumption and the prices for various goods and services and higher personnel charges.

The financial result decreased to € 36.6 million (2007: € 62.9 million) due to a lower dividend income.

The extraordinary result amounted to € -100.3 million (2007: € -24.2 million), mainly due to write-downs on financial assets.

Net loss for the year ended 31 December 2008 amounted to € -58.6 million (2007: net profit of € 86.8 million).

Environmental programs
The provision for environmental programs increased to € 17.2 million (2007: € 14.6 million).

Information on research and development
Information on the company's research and development activities can be found in the 'Technology and Innovation' section in the 'Report of the Board of Directors'.

Conflicts of interests
Reference is made to the 'Corporate Governance' section in the 'Report of the Board of Directors'.

Interests in share capital
In connection with the entry into force of the Act of 2 May 2007 on the disclosure of significant participations (the Transparency Act), NV Bekaert SA has in its Articles of Association set the thresholds of 3% and 7.50% in addition to the legal thresholds of 5% and each multiple of 5%. Three notifications of participations in shares of NV Bekaert SA as of 1 September 2008 were received under the transitory provisions of the Transparency Act. There has also been one subsequent notification. An overview of the current notifications of participations of 3% or more is presented below. On 31 December 2008 the total number of shares securities conferring voting rights was 19 783 625.

Declarant	Date of declaration	Number of shares	Percentage of total number of issued shares
AXA SA (25, Avenue Matignon, FR-75008 Paris, France), on behalf of AXA Belgium, AXA France Vie and AXA France Iard	17.10.2008	598 821	3.03%
Stichting Administratiekantoor Bekaert (Chasséveld 1, NL-4811 DH Breda, The Netherlands), on its own behalf and on behalf of Velge & Co (in liquidation), Berfin SA, Subeco SA and Millenium 3 SA	27.10.2008	7 736 861	39.11%

AXA SA has declared that it is acting in its capacity as parent company or controlling person of AXA Belgium, AXA France Vie and AXA France Iard.

Stichting Administratiekantoor Bekaert (holding 7 604 621 shares) has declared that it is acting in concert with Velge & Co (in liquidation) (19 000 shares), Berfin SA (30 640 shares), Subeco SA (52 600 shares) and Millenium 3 SA (30 000 shares) in that they have concluded an agreement (a) aimed either at acquiring control, at frustrating the successful outcome of a bid or at maintaining control, and (b) to adopt, by concerted exercise of the voting rights they hold, a lasting common policy. Stichting Administratiekantoor Bekaert is not controlled. The other above-mentioned persons are controlled by physical persons, (i) whose (directly or indirectly held) individual participation does not reach 3% and (ii) who (on an individual basis) have an interest of less than 3%.

On 8 December 2007 Stichting Administratiekantoor Bekaert disclosed in accordance with Article 74 of the Act of 1 April 2007 on public takeover bids that it was holding individually more than 30% of the securities with voting rights of Bekaert on 1 September 2007.

Proposed appropriation of NV Bekaert SA 2008 result

The loss for the year ended 31 December 2008 was € -58 586 287, compared with a profit after tax of € 86 768 327 for the year ended 31 December 2007. An amount of € 7 226 373 is transferred from untaxed reserves resulting in a loss of € -51 359 914 available for appropriation.

At the General Meeting of Shareholders on 13 May 2009, the Board of Directors will propose that the above result be appropriated as follows:

	in €
Loss of the year 2008 to be appropriated	-51 359 914
Profit brought forward from previous year	32 242 392
Transfer from reserves	74 357 672
Profit for distribution (gross dividend)	**55 240 150**

The Board of Directors will propose that the General Meeting of Shareholders approve the distribution of a gross dividend of € 2.80 per share (2007: € 2.76 per share). If this proposal is accepted, the net dividend per share will be € 2.10, and the net dividend on shares with VVPR strip, giving entitlement to reduced withholding tax of 15%, will be € 2.38 per share.

The dividend will be payable in euros from 20 May 2009 onwards upon presentation of dividend coupon no. 10 at the following banks:
- ING Belgium, Fortis Bank, KBC Bank, Bank Degroof and Dexia Bank in Belgium;
- Société Générale in France;
- ABN AMRO Bank in the Netherlands;
- UBS in Switzerland.

Appointments pursuant to the Articles of Association

The term of office of Baron Buysse, Mr Bert De Graeve, Baron Bekaert, Count Charles de Liedekerke, and Messrs Hubert Jacobs van Merlen, Maxime Jadot and Julien De Wilde as Directors will expire at the close of the Ordinary General Meeting of Shareholders of 13 May 2009. All of them except Mr De Wilde seek re-appointment.

The Board of Directors proposes that the General Meeting:
- re-appoint Baron Buysse, Mr Bert De Graeve, Baron Bekaert, Count Charles de Liedekerke, and Messrs Hubert Jacobs van Merlen and Maxime Jadot as Directors for a term of three years, up to and including the Ordinary General Meeting to be held in 2012;
- appoint Mr Manfred Wennemer as Director, and as from 1 January 2010 as an independent Director within the meaning of Article 526ter of the Companies Code and provision 2.3 of the Belgian Corporate Governance Code, for a term of three years, up to and including the Ordinary General Meeting to be held in 2012.

Bedrijfsrevisoren /
Reviseurs d'entreprises
Berkenlaan 8b
B-1831 Diegem
Belgium

Tel.: +32 2 800 20 00
Fax: +32 2 800 20 01
http://www.deloitte.be

Auditor's Report

NV BEKAERT SA

STATUTORY AUDITOR'S REPORT TO THE SHAREHOLDERS' MEETING ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

To the shareholders

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the consolidated financial statements together with the required additional comment.

Unqualified audit opinion on the consolidated financial statements

We have audited the accompanying consolidated financial statements of NV BEKAERT SA ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. Those consolidated financial statements comprise the consolidated balance sheet as at 31 December 2008, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 2,667,164 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 174,075 (000) EUR.

The financial statements of several significant entities included in the scope of consolidation which represent total assets of 13,498 (000) EUR and a total profit of 3,281 (000) EUR have been audited by other auditors. Our opinion on the accompanying consolidated financial statements, insofar as it relates to the amounts contributed by those entities, is based upon the reports of those other auditors.

The board of directors of the company is responsible for the preparation of the consolidated financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Reviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of

NV BEKAERT SA

the group's internal control. We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole. Finally, the board of directors and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence we have obtained, together with the reports of other auditors on which we have relied, provides a reasonable basis for our opinion.

In our opinion, and based upon the reports of other auditors, the consolidated financial statements give a true and fair view of the group's financial position as of 31 December 2008, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU and with the legal and regulatory requirements applicable in Belgium.

Additional comment

The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements are the responsibility of the board of directors.

Our responsibility is to include in our report the following additional comment which does not change the scope of our audit opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law and is in agreement with the consolidated financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the group, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.

Diegem, 14 March 2009

The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL

Represented by

Geert Verstraeten

Member of
Deloitte Touche Tohmatsu

Bekaert Group Executive

Bert De Graeve	Chief Executive Officer
Bruno Humblet	Chief Financial Officer & Group Executive Vice President Advanced Coatings/Specialized films
Dominique Neerinck	Chief Technology Officer & Group Executive Vice President Advanced Coatings/Industrial coatings
Geert Roelens	Group Executive Vice President Advanced Wire Products/Steelcord
Henri-Jean Velge	Group Executive Vice President Advanced Wire Products/Wire & Advanced materials

Senior Management

Jacques Anckaert	Investor Relations Officer
Philippe Armengaud	Chief Purchasing Officer
Danny Chambaere	General Manager Building Products
Bruno Cluydts	General Manager Bekaert Stainless Technologies
Patrick De Keyzer	Global Manager Steelcord Technology, Quality and Manufacturing
Marc de Sauvage	General Manager Bekaert Engineering
Mark Goyens	President Bekaert Asia
Lieven Larmuseau	General Manager Rubber Reinforcement
Carlos Loncke	Business Controller Wire products
Rick McWhirt	Operations Manager Steelcord Products North and South America
Alejandro Sananez	General Manager Andina Region
Frans Van Giel	General Manager Group Business Development
Geert Van Haver	General Manager Wire Europe
Herman Vandaele	General Manager Corporate Projects
Curd Vandekerckhove	General Manager Sawing Wire
Geert Voet	General Manager Wire Americas
Frank Vromant	Global Manager Steelcord Finance, IT, Supply Chain Management and Strategic Projects
Bart Wille	Chief HR Officer

Company Secretary
Pierre Schaubroeck

Auditors
Deloitte Bedrijfsrevisoren

Investor relations
Jacques Anckaert
T +32 56 23 05 72
F +32 56 22 85 57
investor.relations@bekaert.com

Corporate communication
Katelijn Bohez
T +32 56 23 05 71
F +32 56 23 05 48
press@bekaert.com

Documentation
www.bekaert.com
corporate@bekaert.com

The annual report for the 2008 financial year is available in English and Dutch on www.bekaert.com

Editor: Katelijn Bohez, Corporate Communication Manager
Coordination: Nathalie Meert, Corporate External Communication Manager
Design: The Crew Corporate Communication - Belgium (www.thecrewcommunication.com)

Financial definitions

Added value	Operating result (EBIT) + remuneration, social security and pension charges + depreciation, amortization and impairment of assets.
Associates	Companies in which Bekaert has a significant influence, generally reflected by an interest of at least 20%. Associates are accounted for using the equity method.
Capital employed (CE)	Working capital + net intangible assets + net goodwill + net property, plant and equipment. The average CE is computed as capital employed at previous year-end plus capital employed at balance sheet date divided by two.
Capital ratio	Equity relative to total assets.
Cash flow	Result from continuing operations of the Group + depreciation, amortization and impairment of assets. This definition differs from that applied in the consolidated cash flow statement.
Combined figures	Sum of consolidated companies +100% of joint ventures and associated companies after elimination of intercompany transactions (if any). Examples: sales, capital expenditure, number of employees.
Dividend yield	Gross dividend as a percentage of the share price on 31 December.
EBIT	Operating result (earnings before interest and taxation).
EBIT interest coverage	Operating result divided by net interest expense.
EBITDA	Operating result (EBIT) + depreciation, amortization and impairment of assets.
Equity method	Method of accounting whereby an investment (in a joint venture or an associate) is initially recognized at cost and subsequently adjusted for any changes in the investor's share of the joint venture's or associate's net assets (i.e. equity). The income statement reflects the investor's share in the net result of the investee.
Gearing	Net debt relative to equity.
Joint ventures	Companies under joint control in which Bekaert generally has an interest of approximately 50%. Joint ventures are accounted for using the equity method.
Net capitalization	Net debt + equity.
Net debt	Interest-bearing debt net of current loans (included in other current assets), shor-term deposits and cash and cash equivalents. For the purpose of debt calculation only, interest bearing debt is remeasured to reflect the effect of any cross-currency interest-rate swaps (or similar instruments), which convert this debt to the entity's functional currency.
Non-recurring items	Operating income and expenses that are related to restructuring programs, impairment losses, environmental provisions or other events and transactions that are clearly distinct from the normal activities of the Group.
Pay-out ratio	Gross dividend as a percentage of result for the period attributable to the Group.
Price-earnings ratio	Share price divided by result for the period attributable to the Group per share.
Return on capital employed (ROCE)	Operating result (EBIT) relative to average capital employed.
Return on equity (ROE)	Result for the period relative to average equity.
Subsidiaries	Companies in which Bekaert exercises control and generally has an interest of more than 50%.
Working capital (operating)	Inventories + trade receivables + advances paid - trade payables - advances received - remuneration and social security payables - employment-related taxes.

Statement from the responsible persons

The undersigned persons state that, to the best of their knowledge:
- the consolidated financial statements of NV Bekaert SA and its subsidiaries as of 31 December 2008 have been prepared in accordance with the International Financial Reporting Standards, and give a true and fair view of the assets and liabilities, financial position and results of the whole of the companies included in the consolidation; and
- the annual report on the consolidated financial statements gives a fair overview of the development and the results of the business and of the position of the whole of the companies included in the consolidation, as well as a description of the principal risks and uncertainties faced by them.

On behalf of the Board of Directors:

Bert De Graeve
Chief Executive Officer

Baron Buysse
Chairman of the Board of Directors

Financial calendar

First-quarter trading update 2009	13 May 2009
General Meeting of shareholders	13 May 2009
Dividend payable (coupon n°10)	20 May 2009
2009 half year results	31 July 2009
Third-quarter trading update 2009	13 November 2009
Fourth-quarter trading update 2009	26 February 2010
2009 results	26 February 2010
2009 annual report available on internet	31 March 2010
First-quarter trading update 2010	12 May 2010
General Meeting of shareholders	12 May 2010
Dividend payable (coupon n°11)	19 May 2010

What would you like to know about Bekaert?

http://www.bekaert.com

http://www.bekaert.com/shareholders2008/

http://www.bekaert.com/corporatebrochure2008/

NV Bekaert SA
President Kennedypark 18
BE-8500 Kortrijk
Belgium
T +32 56 23 05 11
F +32 56 23 05 48
corporate@bekaert.com
www.bekaert.com