BEKAERT

better together

Annual Report 2010

Staying on course...
... in a changing world

Diving deep into the development of super ultra strength wire
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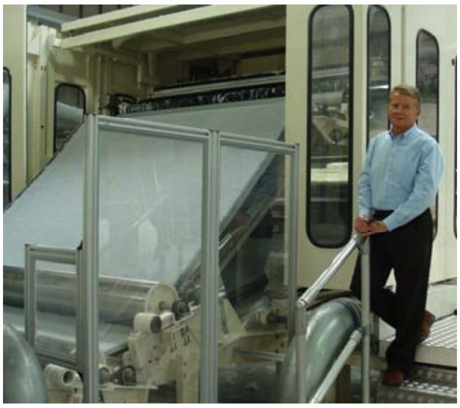

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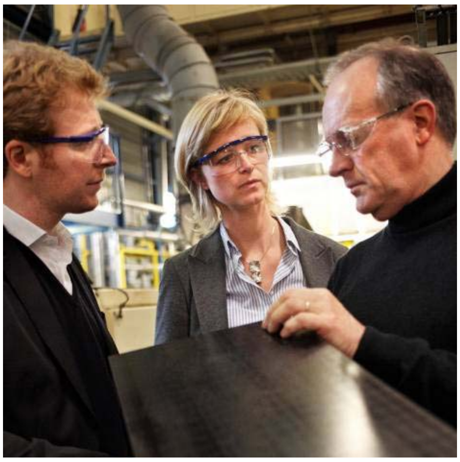

Staying on course ...
... in a changing world.

The dynamics of today's economy, as the world is seeking its geopolitical balance, require organizations to be versatile.

Bekaert is privileged in this matter. With an industrial footprint that spans the globe, we are witnessing market developments from the front seat. From this position we can act swiftly wherever growth opportunities arise. In 2010 we did grasp these opportunities in markets and regions where recovery had set in.

As a result we could round off the year with excellent results, making us stronger, and ensuring that we stay on course to pursue our strategy...

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"Bekaert acts as a barometer of world economy. With an industrial footprint that is spanning the globe we are witnessing market dynamics from the front seat. And we can act upon them."

Baron Buysse CMG CBE
Chairman of the Board of Directors

Bert De Graeve
Chief Executive Officer

Message from the Chairman and the Chief Executive Officer

Dear reader,

In 2010 the world sighed with relief as economies worldwide showed signs of strong recovery from the global financial crisis that dominated the two previous years. Business in the emerging markets had already picked up in the second half of 2009. In the second quarter of 2010 the mature markets followed suit.

Overall, Bekaert achieved a strong performance in 2010. Having succeeded in securing our position in the challenging year 2009 thanks to swift cost-control measures and proactive production alignment, we were able to respond fast to the opportunities created in 2010 as demand picked up again. As a result, all of our plants recorded excellent capacity utilization.

Bekaert is well on track, we are proud to say. The operating result (EBIT) amounted to € 534 million or 16.4% margin on sales, while operational cash flow (EBITDA) grew to € 725 million and EBITDA on sales to 22.2%, both a historic high. In October we acknowledged our shareholders' continued trust in our strategy by issuing a gross intermediate dividend of € 2 per share (pre-split).

On course by systematically following our strategy

The theme of this 2010 annual report is 'Staying on course in a changing world'. It reflects our firm belief that Bekaert's consistent strategy, relying on a diversified geographic presence and product portfolio, combined with innovation and operational excellence, pays off in an economic climate prone to geographic dynamics and cyclic fluctuations.

By systematically following our strategy we can respond swiftly to opportunities whenever and wherever these arise in the world. The worldwide economic recovery in 2010 brought Bekaert many such opportunities, which we seized quickly and decisively in both the mature and emerging markets.
In the mature markets recovery set in and sales demand developed positively throughout 2010. In all segments, except for the still beleaguered construction sector, customers were restocking to cater for new orders and also benefited from the upturn in the economy.

As regards the emerging markets, the recovery that had begun in 2009 continued throughout 2010. China remained a major consumer of Bekaert steel cord. South Asia and Eastern and Central Europe, too, recorded an upswing in demand while our customer portfolio continued to expand there.

Bekaert's quality products and unique flexibility in the area of renewable energy have ensured solid performance in the past years. The exceptional growth experienced in 2010, however, will be difficult to sustain as the market is increasingly subject to volatility of incentive programs, increased capacity, and uncertain technological development paths.

Consolidating the track towards sustainable growth

In 2010, we took a number of initiatives that will keep us on track for sustainable growth – both geographically and technologically – in the years to come. We invested heavily to support our growth strategy: in hiring and training employees around the world, in expanding production capacity, in a broader product portfolio, in technological leadership and in environmentally-friendly processes.

In the emerging markets we stepped up and broadened our investments. Not just in China, but also in India, Indonesia, Latin America, Central Europe and Russia. In Latin America, these efforts took the shape of further integration of our activities in Colombia, Ecuador, Venezuela and Peru, for example.

In 2010, we kept our investments in technological leadership on track too: we celebrated the official opening of the Bekaert India Technical Center near Pune (India) and of the Bekaert Asia Research and Development Center in Jiangyin, (Jiangsu Province, China). These facilities represent important milestones in working *better together* with our customers in Asia.

Innovation at Bekaert is more than just a driver of economic growth. In 2010, China was also the backdrop for a landmark achievement in the sustainable development of our manufacturing footprint. We seized the opportunity of the expansion of our plant in Shenyang, Liaoning Province, to build the greenest Bekaert steel cord plant ever. In the areas of optimized energy conservation, reduced environmental impact and enhanced workspace comfort we achieved major improvements.

Determined to maintain our steady course

Bekaert continuously expands its presence in countries where industrial growth is predominant. In that sense, our global development reflects the global political and economical dynamics.

Striking examples of new market conditions are the economic power balance shift to the East and the emergence of the automotive market in China and India. With a manufacturing footprint that is spanning the globe, we are particularly well equipped to monitor how the world is seeking to attain its geopolitical balance. It allows us to respond to new developments swiftly, too, by leveraging our balanced geographic positions.

Bekaert has always enjoyed the trust of its shareholders in the Bekaert strategy as we set out on our endeavors. We take this opportunity to thank them for their loyalty and trust.

The shareholder value we create is a consequence of our strategy. In order to keep creating shareholder value we will need to focus on business potential on the one hand and on the challenges that lay ahead on the other. The Bekaert values – resilience, trust and integrity – remain the foundation of all our actions.

In the coming years, we will keep implementing our strategy systematically by stepping up investments in the growth markets and in the development of our product portfolio. As our strategy is guiding us towards continued growth, one of our biggest challenges for the future lies in ensuring that our organizational structures support this growth while maintaining our corporate standards.

We are convinced that the track we have laid down for Bekaert is the right one. And we will keep consolidating that track together with our 27 000 employees worldwide. They have shown unequaled dedication to the *better together* philosophy that so accurately describes Bekaert's overall approach. We extend our heartfelt gratitude to them and we are convinced that in 2011 they will again be the driving force behind another successful Bekaert year.

“While shifting economic powers and the dynamics in emerging markets bring along uncertainties, our diversified regional presence and product portfolio are strong assets as we maintain our course...”

The Bekaert 2010 track in brief

Bekaert acquired two Bridgestone steel cord plants and entered into a multi year supply agreement with Bridgestone.

On 24 March 2010 Their Royal Highnesses Prince Philippe and Princess Mathilde of Belgium inaugurated the new Bekaert Technical center in Ranjangaon (India).

At the opening ceremony of the new Bekaert Asia Research and Development Center, the local government of Jiangyin city conveyed its appreciation for Bekaert's R&D investments.

January

On 20 January 2010 Dmitry Medvedev, President of the Russian Federation, and three Deputy Prime Ministers visit the new Bekaert steel cord plant at the Lipetsk Special Economic Zone (SEZ). They are welcomed by Bert De Graeve, Chief Executive Officer of Bekaert. On the same day the Bekaert Management organizes an inauguration event to which it invites its main customers and suppliers in the region.

February

To strengthen Bekaert's position in the tire cord market, Bekaert and Bridgestone sign on 1 February 2010 an agreement for the purchase by Bekaert of BMI, Sardinia (Italy) and BSSH, Huizhou (Guangdong Province, China). The share deal includes all the personnel and assets of the two manufacturing sites. As part of this transaction, Bekaert and Bridgestone enter into a long-term supply agreement of tire cord to Bridgestone.

Bekaert's 2009 annual results show sustained profitability. Bekaert has demonstrated that its solid strategy also proves effective in a difficult economic environment.

March

On 24 March 2010, Bekaert celebrates the opening of its new technical center in Ranjangaon, near Pune (India). The Bekaert India Technical Center will support Bekaert's customers in India with enhanced technical services in the form of product quality testing, technical assessments and related dedicated assistance. The official inauguration ceremony takes place in the presence of Their Royal Highnesses Prince Philippe and Princess Mathilde of Belgium.

Bekaert launches a global fund-raising initiative throughout the company to help its Chilean employees whose houses have been damaged by the violent earthquake of 27 February 2010. The initiative to help finance the reconstruction and refurbishing of the employees' houses is later expanded to support Indonesian colleagues affected by the devastating floods in the Karawang area. Overall, € 550 000 was collected, enough to cover all the costs incurred by the 267 affected employees. A true illustration of what *better together* stands for.

April

On 20 April 2010 Bekaert opens the new Bekaert Asia Research and Development Center in Jiangyin, Jiangsu Province (China). Next to the Technology Center in Belgium, it is Bekaert's second R&D Center in the world. The new eight-story, state-of-the-art facility employs over 350 researchers and laboratory technicians. It is equipped to provide fast and appropriate support to Bekaert's customers and operations in a wide range of activities.

May

On 29 May 2010 Baron Velge, Honorary Chairman of Bekaert, passes away at the age of 80. The late Jean-Charles Velge, grandson of Bekaert founder Leo Leander Bekaert, joined Bekaert in 1957 to take on various operational responsibilities. He held the positions of President and Chief Executive Officer from 1985 until 1997. Baron Velge was highly respected and esteemed in Belgium and abroad.

In 2010 Chairman Baron Buysse invited the Board Members on a short and intensive tour through Chile, Ecuador and Peru. On the picture: the Members of the Board of Directors, the Members of the Bekaert Group Executive and the Ecuadorian Bekaert Management Team.

Bert De Graeve received the Shanghai Honorable Citizenship Award for his contributions made to the city of Shanghai.

June

Bekaert welcomes its Board members, customers, suppliers and other key business partners at the Bekaert Day in the Belgian Pavilion of the Shanghai World Expo.

July

The Bekaert 2010 half year results show a record performance in volatile markets, reflecting strong volume growth in all regions. In the first half of 2010, Bekaert achieved consolidated sales of € 1.5 billion and combined sales of € 2.1 billion, a year-on-year increase of 27.9% and 30.8% respectively. Bekaert believes it can raise the EBIT margin target to 10% or higher for the next three years. The Board announces the decision to propose the distribution of an intermediate dividend of € 2 per share (pre-split) and a three-for-one share split.

August

Brazilian newspaper Valor Econômico ranks Belgo Bekaert Nordeste (BBN) as the top company in Brazil in the metallurgical/steelmaking industry. Organized every year, the ‘Valor 1000’ award grades the thousand largest companies in Brazil per industry, based on seven criteria: sustainable growth, net revenue, value generation, profitability, margin, current liquidity and asset turnover. This is the second time BBN is the winner in its industry, the first time in 2005.

September

Bekaert starts the procedure for taking a participation in the spring wire and overhead conductor business of Xinyu Iron & Steel Co Ltd in Xinyu, Jiangxi Province (China).

The Board of Directors of Bekaert visits the company’s operations in Ecuador, Peru and Chile.

October

On 7 October 2010 a Special General Meeting approves the distribution of a gross intermediate dividend of € 2 per share (pre-split), as proposed by the Board of Directors. An Extraordinary General Meeting approves a three-for-one share split, as proposed by the Board of Directors.

On 8 October 2010 Bekaert inaugurates its newly expanded steel cord plant in Shenyang, Liaoning Province (China). The expansion project adds another 25 000 tons of tire cord capacity, bringing the total annual tire cord capacity of Bekaert in China to 450 000 tons by year-end. In the expansion works Bekaert has deployed the newest technologies for optimized energy conservation, reduced environmental impact and enhanced workspace comfort, making it Bekaert’s greenest steel cord plant ever.

November

On 13 November, the Belgian-American Chamber of Commerce celebrates Belgian Entrepreneurship in the United States and honors Baron Buysse, Chairman of Bekaert, with a ‘Lifetime Achievement Award’.

December

Bekaert issues 8-year bonds for the total amount of € 100 million in the form of a public offering in Belgium and the Grand Duchy of Luxembourg. The net proceeds of the bond issue will be used to fund important capital investments in emerging countries and to refund certain bank indebtedness.

Bert De Graeve, CEO of Bekaert, is honored with the Shanghai Honorable Citizenship Award, the highest award acknowledging extraordinary contributions made by expatriates to the city of Shanghai. The Mayor of Shanghai put this nomination forward to pay tribute to Bert De Graeve’s active participation in and constructive suggestions to the International Business Leaders’ Advisory Council, of which he is a member.

Board of Directors

Baron Buysse CMG CBE
Chairman

Bert De Graeve
Chief Executive Officer

Count Charles de Liedekerke

François de Visscher

Maxime Jadot

Lady Barbara Thomas Judge

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.

Dr. Alan Begg

Baron Leon Bekaert

Roger Dalle

Sir Anthony Galsworthy

Hubert Jacobs van Merlen

Bernard van de Walle de Ghelcke

Baudouin Velge

Manfred Wennemer

Bekaert Group Executive

Henri-Jean Velge
Group Executive Vice President Wire

Bruno Humblet
Chief Financial Officer

Group Executive Vice
President Specialized films

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.

01

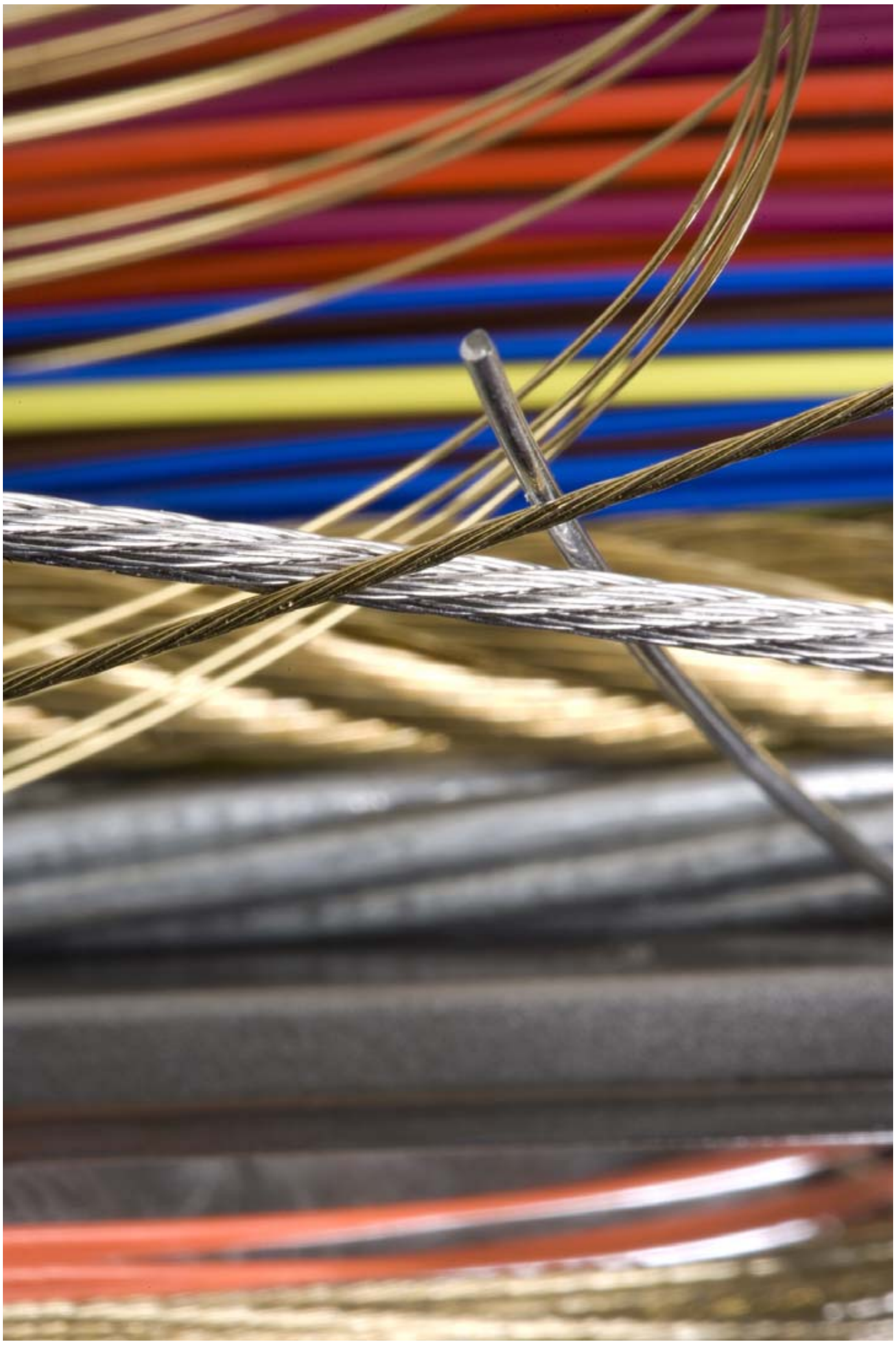
A long term strategy that keeps us on track

After the turbulent year 2009, Bekaert's strategy of sustainable profitable growth has proven effective in 2010 too. Bekaert performed well because it scrupulously implements its strategy and constantly builds on the three key strategy elements that guarantee structural long-term growth: global market leadership by geographic expansion, technological leadership through innovation and operational excellence.

Bekaert - company profile

Bekaert (Euronext Brussels: BEKB) is a global technological leader in advanced metal transformation and advanced materials and coatings, and a market leader in drawn wire products and applications. Headquartered in Belgium, Bekaert employs over 27 000 people worldwide. Serving customers in 120 countries, Bekaert pursues sustainable profitable growth in all its activities and generated combined sales of € 4.5 billion in 2010.

Bekaert employs unique metal treatment technologies to deliver on a global scale a quality portfolio of drawn steel wire products and coating solutions. As our basic material we purchase more than 2.6 million tons of wire rod per year. Depending on our customers' requirements, we draw wire from it in different diameters and strengths, even as thin as ultrafine fibers of one micron. We group the wires into cords; weave or knit them into fabric; or process them into an end product.



Bekaert is unique for its combination of metal transformation and coating technologies, which brought forth a wide variety of products, tailored to our customers' needs.

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 130 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.

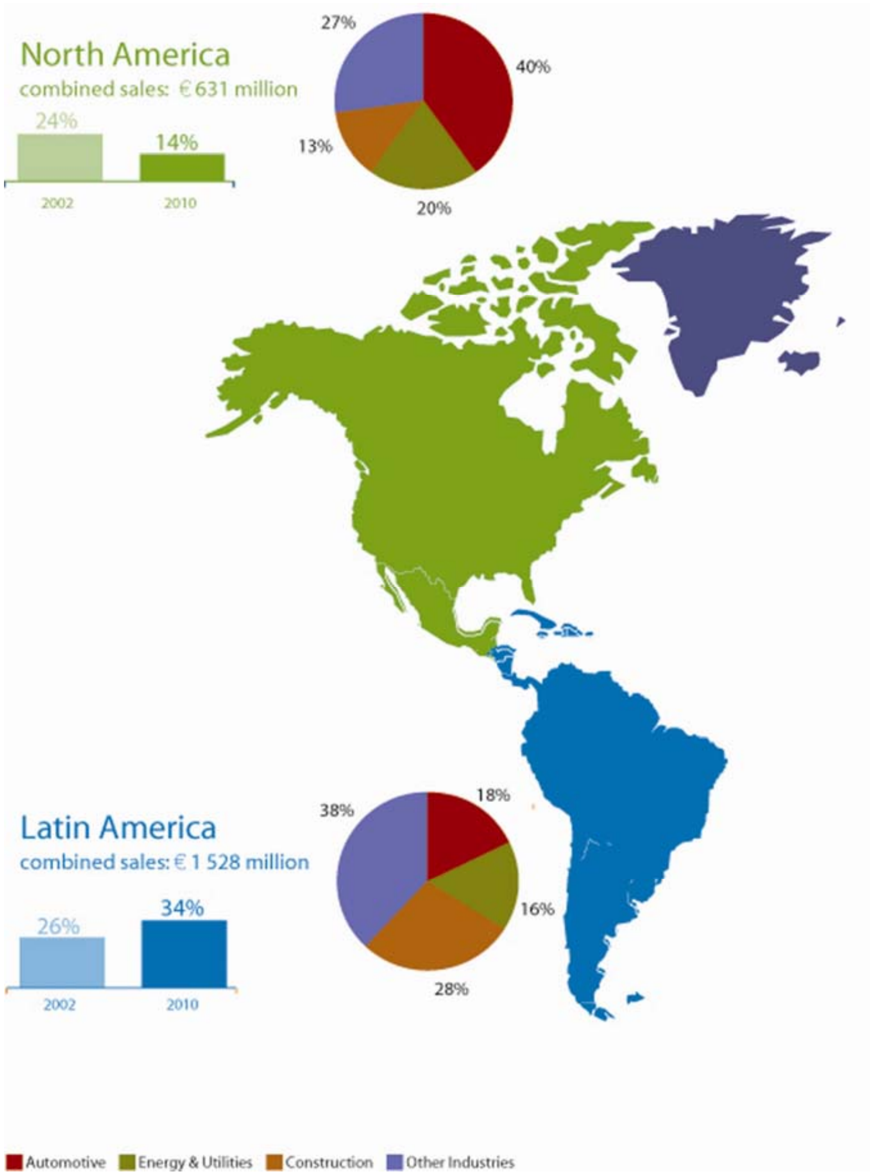
Global market leadership

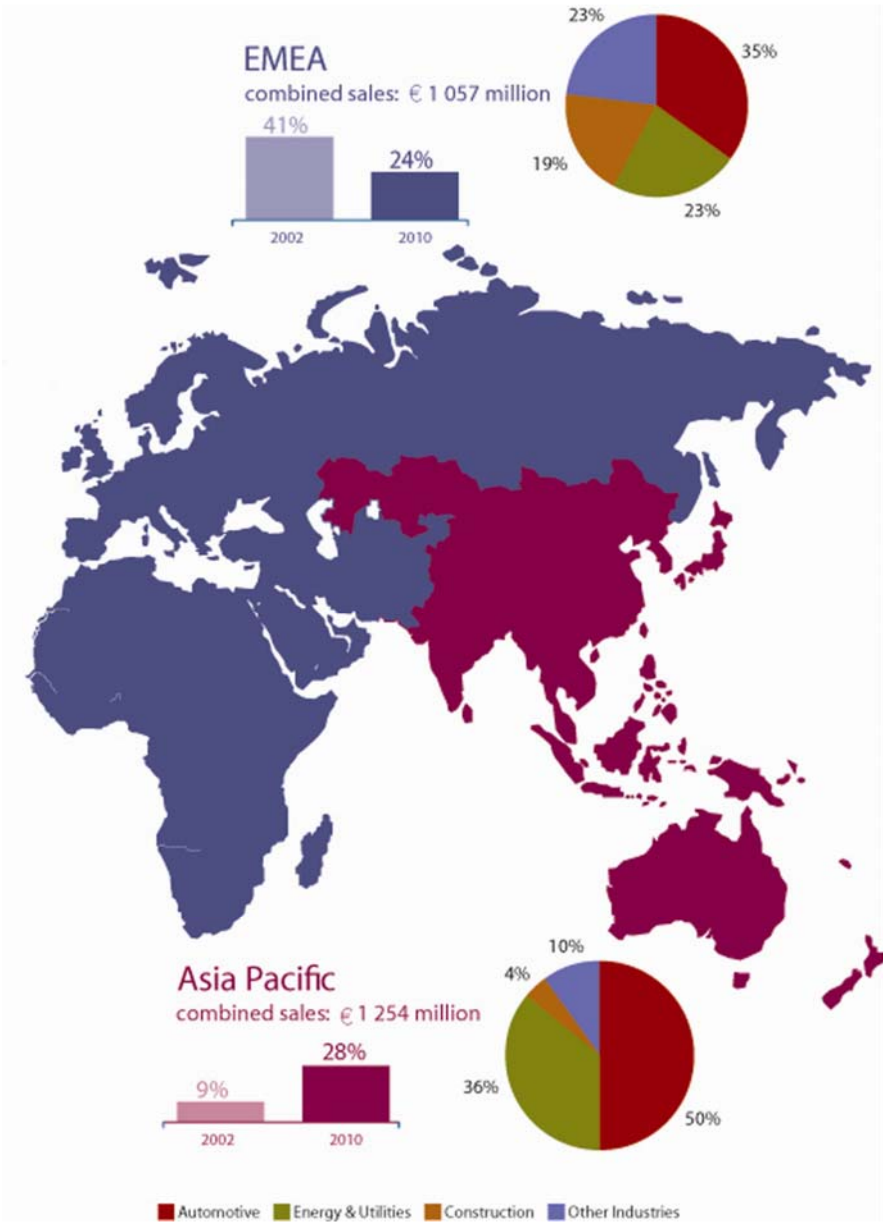
For over half a century now, Bekaert has shown its pioneering spirit by investing in emerging markets worldwide. We were among the world's first to set up operations in Latin America, Asia and Central Europe when early signs of opportunities appeared. Today, our production platforms in the emerging markets are operating at high capacity utilization. Overall, they account for 74% of our combined sales in 2010.

In spite of the economic downturn in 2009, we never stopped investing in these emerging markets. And in 2010 we stepped up this investment policy, on a broader scale and at an accelerated pace. And not just in China. Bekaert is investing significantly in its production activities in India, Indonesia, Russia and Slovakia. This is how we are able to strengthen our production platforms in the growth markets in order to further consolidate the base for our global market leadership strategy.

In the mature markets we continue to diversify our product offering and introduce innovations that make our products stronger, more durable and more eco-friendly.

In **Latin America** Bekaert manufactures a broad product portfolio spread over the region: from wire and cord solutions for the automotive industry to barbed wire for agriculture, and meshes and ropes for mining. This well balanced mix of markets and products resulted in satisfactory performance for the whole region in 2010. We met growing demand in agriculture, construction, automotive and utilities markets.





Both the automotive and the energy and utilities sectors in **Asia Pacific** performed outstandingly. In the overall sales volume for the region in 2010 they represent shares of 50% and 36% respectively.

Even though the industrial platform in **North America** is going through difficult times, business in the automotive sector has picked up again. As for the energy and utilities sector, the recession year 2009 almost brought investments in the oil & gas industry to a complete halt.

In the **EMEA** region Bekaert is present in both the mature Western European markets and the emerging markets of Central and Eastern Europe. The mix of market maturity and the alignment of product offerings to local market needs are major reasons why Bekaert performed fairly well in Europe in 2010. The construction and automotive sectors showed good performance in Central Europe, illustrating the high correlation between Bekaert's growth and industrial growth. In the Western European markets however the construction sector faced many challenges.

Bekaert will continue to step up the implementation of its strategy of global market leadership. However, we must remain cautious in order to be ready to take on the challenges that lay ahead. Pioneering in a world that is trying hard to find its economic and political balance means entering highly volatile market conditions. Even though Bekaert has taken great strides in 2010, many more have yet to be taken in order to ensure that we can continue to achieve high performance.

Technological leadership

Innovation is a key growth engine for Bekaert. In close cooperation with our business partners and customers we conduct research and development, focusing on highly specific problems or business situations. We do this at the Bekaert Technology Center in Deerlijk (Belgium) and at the Bekaert Asia Research and Development Center in Jiangyin (China). For the latter we opened in 2010 a state-of-the-art facility to house its 350 researchers and laboratory technicians.

The new Technical Center in Pune (India), which was inaugurated in 2010, is another facility contributing to the high level of customer-driven innovation that sets Bekaert apart from its competitors. Our development labs in the Netherlands, Chile, Brazil, India and in the U.S. complete our global technology platform.

In 2010 we both accelerated and broadened our investments in innovation and technology. The allocated budget totaled € 79 million or 2.4 % of the consolidated sales.

As a consequence of our strategy of technological leadership the Bekaert product portfolio has shifted. Energy & Utilities, for example, which used to represent a fraction of our turnover, today accounts for about 24%. Thanks to mostly new, innovative products we were able to achieve fast growth in these sectors.

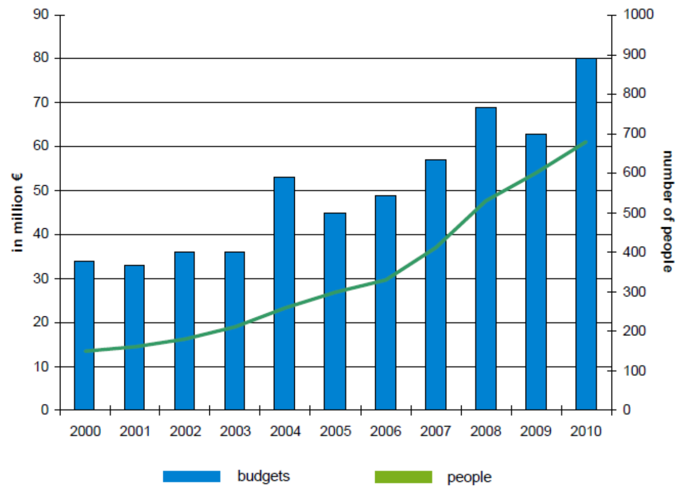
With a range of dedicated products for the photovoltaics and wind energy markets Bekaert continues to answer the growing need for alternative energy sources. Our sawing wire to slice polysilicon ingots into ultra-thin wafers, thin film coatings, back sheets for the overall design of solar crystalline modules, and steel cord for the reinforcement of belts for wind turbines are examples of these products.

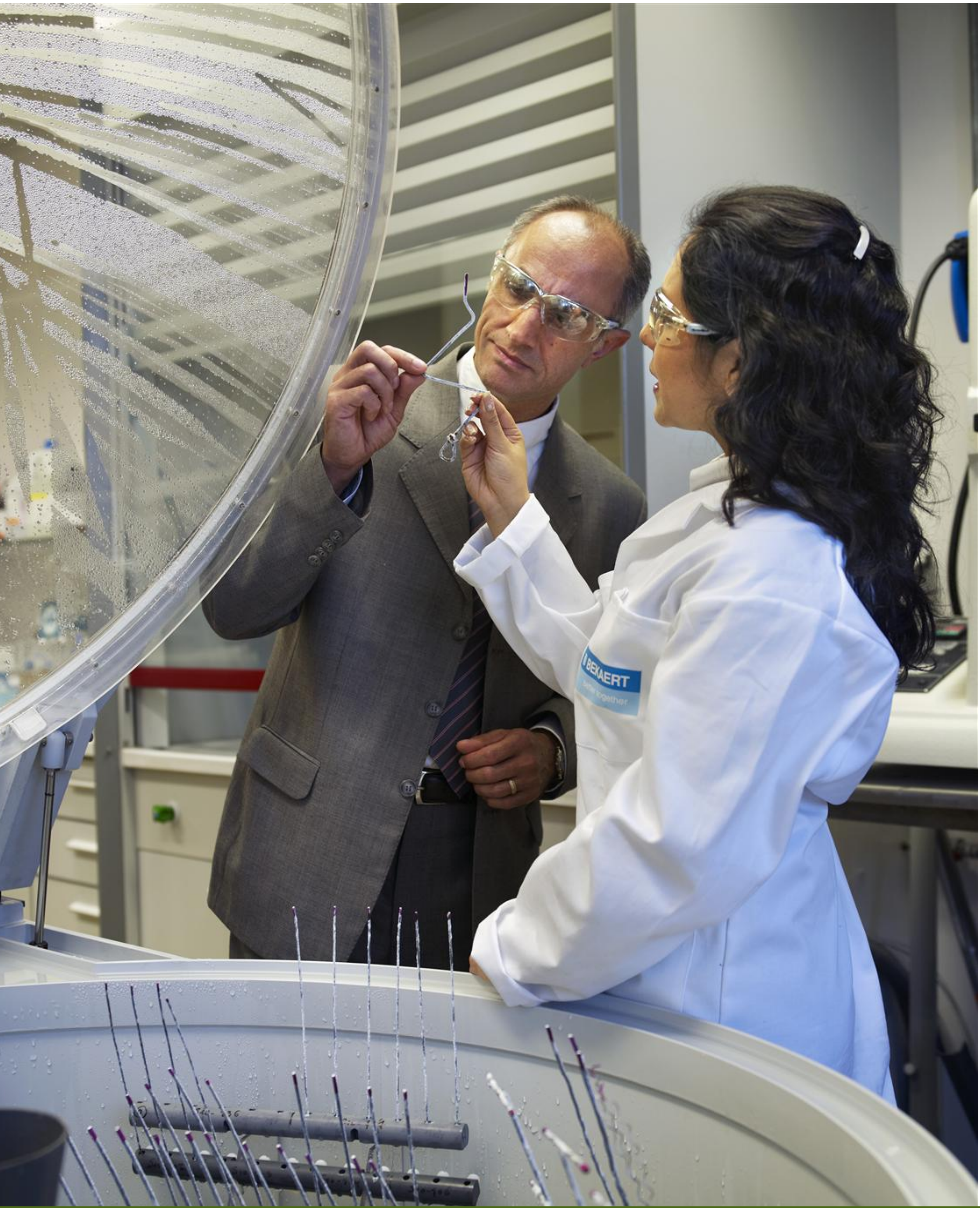
Global energy consumption keeps rising steadily. As the demand for energy grows, so does the demand for solutions to extract oil and gas from ever deeper wells and to transport energy safely and efficiently to the consumers. To meet those needs, Bekaert has developed wires, ropes and steel reinforced strips, resisting corrosion, pressure and heat.

Bekaert's in-house engineering department, for its part, designs, assembles and installs production lines and globalizes spare parts asset management. It played a crucial role in 2010 in the construction of our greenest steel cord plant in the world, which is located in Shenyang (Liaoning Province, China).

All these successful innovation projects are the results of our efforts to secure technological leadership. Both in the mature markets where they are crucial to guarantee business sustainability and in the emerging markets where they accelerate growth. If we want to remain at the forefront of technological development we have to ask ourselves the question as to how we can deploy our products in new situations and add value to our customers' activities.

Evolution in R&D expenses and people





Research and development is key for Bekaert as it offers our customers the most innovative solutions and secures our technological leadership position. In order to achieve the best possible result, we attach particular importance to co-development, starting from highly specific problems or business situations. Customer-driven innovation is an asset that helps us stay ahead of the competition.

Operational excellence

Bekaert believes that operational excellence is a prerequisite to a successful strategy. A constant drive to improve our business processes and a permanent focus on Total Quality Management are inherent in the Bekaert DNA. The task of putting these ambitions into practice on a day-to-day basis is in the hands of the Bekaert employees.

Worldwide, Bekaert has expanded significantly in recent years and we are working hard to cement the Group in its new structure. Last year we welcomed around 5 000 new employees. This has consequences for the maturity of our organization and requires robust training efforts.

At present, Bekaert is doing well, especially in the emerging markets and thanks to its innovative product portfolio. Should growth rates start to slow down, Bekaert's driving principle of operational excellence will become even more pivotal in putting us ahead of our competitors.

And if we want to maintain our operational excellence at its high level, we will need to pay increased attention to the maturity of our organization and to integrating our corporate philosophy in our most recently added production platforms. It is crucial that all our employees continue working *better together* at delivering top performance, resulting in satisfied customers.

Bekaert's driving principle of operational excellence will become even more pivotal in putting us ahead of our competitors.

02

Spanning a wide range of industries

The distribution of our activities across a wide range of diverse sectors is a key contributor to our resilience. Together with our world-spanning presence, these strategic advantages ensure our sustainable growth.

Automotive

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
- Steel cord reinforced GMT for bumper beams
- Attachment spring wire for hub caps
- Wire for door locks
- Wheel weights
- etc.

Green application

Around 33% of Bekaert's sales are generated in the automotive sector, making it our largest buyer. With often invisible steel cord and wire products, Bekaert is present in nearly all automobile components: under the hood, in the steering mechanism and power system, in the doors and windows, the wheel housing and bumper, and in the interior.

Our steel cord business constitutes the lion's share of sales in this sector. We supply to almost all of the world's truck & bus and passenger car tire manufacturers, generating sales of 60% and 40% in these segments respectively. Approximately 75% is supplied to the replacement market, which is generally less subject to cyclic fluctuations than the OEM market.

The automotive sector is evolving at an extremely high pace from national markets and national manufacturing to global manufacturing for increasingly global markets. All major OEM and car manufacturers are present in every region in the world, in mature and in emerging markets. In the latter, the passenger car has become a fast-growing consumer good. The same quality brand of materials and products around the world is key for many OEMs. Bekaert's global presence and quality standards support these needs. Our worldwide technological leadership in metal transformation provides us with the same quality solutions for the hundreds of different applications on various continents.

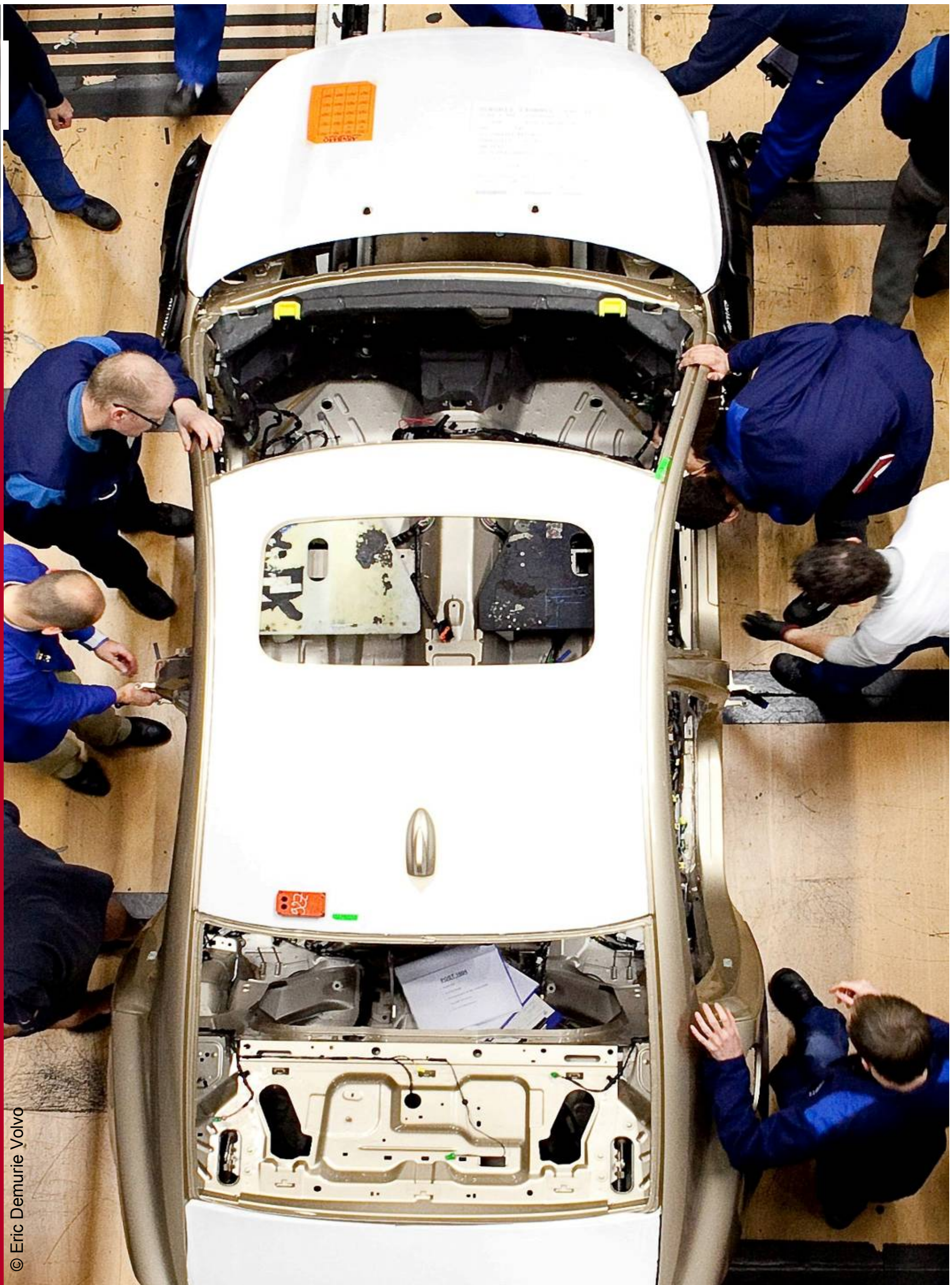
Consumer preferences are changing rapidly: the global demand for small and basic cars is rising. Increasingly stringent emission regulations are challenging the automotive sector too. GDP growth, cost reduction, safety, comfort and environmental constraints are the main drivers of the automotive industry. Bekaert's comprehensive innovation strategy provides us with all the tools to successfully exploit the many opportunities that arise.

Helping tire manufacturers in meeting new regulatory requirements

According to the European new tire regulatory framework for 2012-2020, tires for cars, vans and trucks produced after July 2012 will have to be classified and labeled for wet grip, rolling resistance and noise performance. The objectives of this new tire labeling system are twofold: make products' performance more transparent and reduce the CO_2 bill through lower rolling resistance. Other regions will issue similar legislation in order to promote high-quality tires.

This new regulation poses real technological challenges for tire makers. Bekaert helps its customers meet these challenges by offering a dedicated solution that contributes to weight and rolling resistance reduction.

↑ Our product offerings for car applications are not limited to tire cord. Bekaert also produces a wide range of other products such as wires for windscreen wipers, window elevator rope, suspension springs and many more.→



© Eric Demurie Volvo

Steel cord offers a reliable solution for tire reinforcement. ↓

"1 out of 4 tires around the world is reinforced with Bekaert tire cord."

The new steel cord reinforced Glass Mat Reinforced Thermoplastic strips used in bumper beams combine the advantages of composites and those of metal solutions. →

↑ Oil resources are becoming scarce, so there is an increasing need to extract oil from deeper wells that are sometimes harder to reach. Bekaert supports companies in this technologically challenging environment with its extensive knowledge of mechanical strengths, coatings, specific wire forms, and applications.

"Steel cord reinforced thermoplastic based pipes allow for up to 4 times faster installation than steel pipes."

← Bekaert Armofor® composite strips combine high pressure performance and corrosion resistance with the advantages of a light-weight material for pipes used in oil exploration.

Bekaert is present in various steps of the energy supply chain. Our strands for overhead power lines are used in transmission towers, while our sawing wire is used to cut polysilicon for the production of solar cells.
→
←

Energy & Utilities

Products

- Sawing wire to cut polysilicon ✱
- 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
- Backsheet film for photovoltaic applications ✱
- AZO rotatable sputter targets for photovoltaic applications ✱
- Armofor® steel cord reinforced composite strips for water injection pipes
- Mooring lines strands and rope wires for oil platforms and drilling ships
- Steel cord reinforced belts for wind turbines ✱
- Burners for the environmentally friendly incineration of residual gasses during oil extraction ✱
- etc.

✱ *Green application*

The energy and utilities sector is experiencing strong growth, accounting for 24% of Bekaert's sales. Our products are aimed at energy generation and distribution, but also at activities in telecom. Bekaert is supporting the sector with the reinforcement of cables and overhead power lines. In addition, we deliver crucial components for oil and gas drilling, mining and solar power generation like sawing wire used to cut polysilicon. These products give our customers access to innovative technologies and solutions that allow them to extract, convey, produce, and distribute energy and other resources in an efficient and safe way.

2010 marked another strong year for the energy sector, in both mature and emerging markets. The shift from fossil fuels towards renewable resources experienced a boost due to the various stimulus plans, incentive programs and huge investments in sustainable energy supplies.

In addition, the ever-rising need for energy, especially in the emerging countries, has called for sustainable solutions. Europe has also emerged as the leader in harnessing solar and wind energy.

Bekaert has made great strides in the development of a wide variety of innovative products that support the drive towards renewable energy. Prime examples are our sawing wire, which allows manufacturers in the photovoltaic industry to cut polysilicon ingots into wafers for the production of solar cells with a minimum loss of material and our steel cord reinforced belts that are used in wind turbines.

Further growth is equally expected from the traditional energy markets as electricity consumption is rising and distribution networks need to be revamped and expanded. High-voltage lines are being upgraded with new conductors to cope with higher transmission demands over longer distances. Producers of transmission and distribution power cable are therefore increasingly calling upon Bekaert for wires and coatings that ensure greater strength and higher temperature resistance to reinforce and protect the conductor's steel core.

Meanwhile, oil and gas remain the biggest resources for energy generation. As the circumstances for oil recovery become more and more challenging, they require constantly improved methods and materials. Energy companies are increasing their oil and gas exploration and recovery efforts. On every continent and every sea they aim to get maximum results in oil and gas drilling, making them truly global players. Because of Bekaert's worldwide presence, we are well positioned to supply these companies and their contractors with high-quality solutions like steel cord reinforced composite strips, flat and profiled wires to reinforce offshore pipes, and wires and cables for on- and offshore oil and gas exploration.

Construction

Products

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

✱ *Green application*

The construction sector accounts for 18% of Bekaert's sales. The list of different applications for which our wire, mesh and innovative fiber products are used is as long as it is diverse: in roads and bridges, tunnels and mines, in architectural and landscaping solutions, concrete reinforcement, etc.

We supply traditional building products such as nails, nail wire, prestressed concrete strands and wires, plaster laths, corner protection and masonry reinforcement. And we produce more advanced products like Dramix® fibers for concrete reinforcement, cables and wires for hoisting applications and elevators, and guide rail cables that increase safety on the highways. Bekaert offers a product portfolio ranging from the smallest nail to the largest fence, always with a sharp focus on sustainability, cost-efficiency and minimum impact on the environment.

In the emerging markets, general contractors and other parties in the value chain have, just like Bekaert, established a strong local presence. Companies that represent a major share of our customer portfolio are building new plants or are investing in local offices, driven by the demand for housing and infrastructure.

In the mature markets, contractors seek global market diversification, while Bekaert has the ability to serve them wherever they are looking for possibilities to expand their businesses.

← The new building for the administrative services of the state of Minas Gerais in Belo Horizonte, Brazil is hung from 1 080 plastic-coated, prestressed concrete strands from Bekaert. The two other administrative buildings integrate Bekaert Murfor® reinforced masonry.

Gabions are wire cages, filled with selected stones or lined with geotextiles in order to form strong embankments, retaining walls, or riverbank linings. They are made of welded panels. Covering the wire with Bekaert's Bezinal® coating results in corrosion resistant gabions.↓

"Every year 5 million m^3 of concrete is being reinforced with Dramix® steel fibers invented by Bekaert."

↑ On 15 October 2010 engineers have drilled through the last remaining rock to create the world's largest tunnel under the Swiss Alps. The 57 km Gotthard rail tunnel has taken 14 years to build.
The tunnel is reinforced with Bekaert's Dramix® steel fibers for shotcrete applications.

Agriculture

Products

- Biodegradable wire
- 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.

Green application

Agriculture is another important sector for Bekaert. Bekaert provides innovative solutions that facilitate the growing of crops, the raising of cattle, and the farming of fish and oysters.

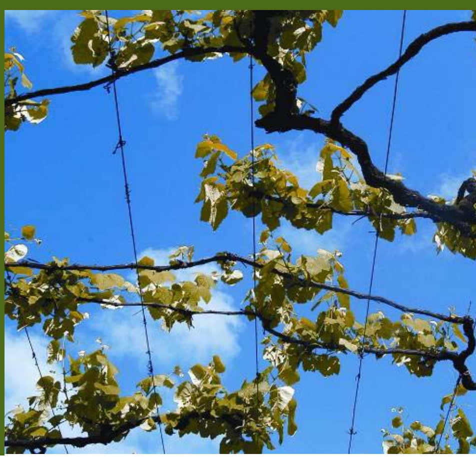
Through our global footprint and our mix of trading and manufacturing, we can offer our customers total packages. An example? Through Prodalam in Chile, Bekaert offers more than just vineyard wire. We provide an answer to all of the sector's requirements: wires, posts, fencing, tools, shading, joining and tensioning devices. This has greatly increased sales and turned the one-stop-shop service approach to our customers into a reality.

← Bekaert offers a broad range of wires in terms of diameters and grades for industrial fishing. Our wires offer excellent corrosion resistance thanks to galvanized and Bezinal® coated rope wires.

At Bekaert we have been providing the highest quality fencing products to the agricultural industry for 130 years. We listen to our customers and develop innovative fencing solutions that better meet our customers' needs. →

Vineyards and other fruit and vegetable growers around the world rely on our wire for training their vines, especially the recently developed biodegradable version of our Bekaert wire.

→



"Agricultural solutions account for 6% of Bekaert's combined sales."

← End users have their choice of our wires in a variety of coatings and colors, including champagne cork muselets and spoke wire as well as industrial applications such as ski lift cables and many more →.

You can find Bekaert wire in a variety of stationery items. Our customers annually use 3.5 million kilometer of bookbinding wire. →

"Every year 500 million bottles of champagne are opened via the muselet made of Bekaert wire."

Consumer goods

Products

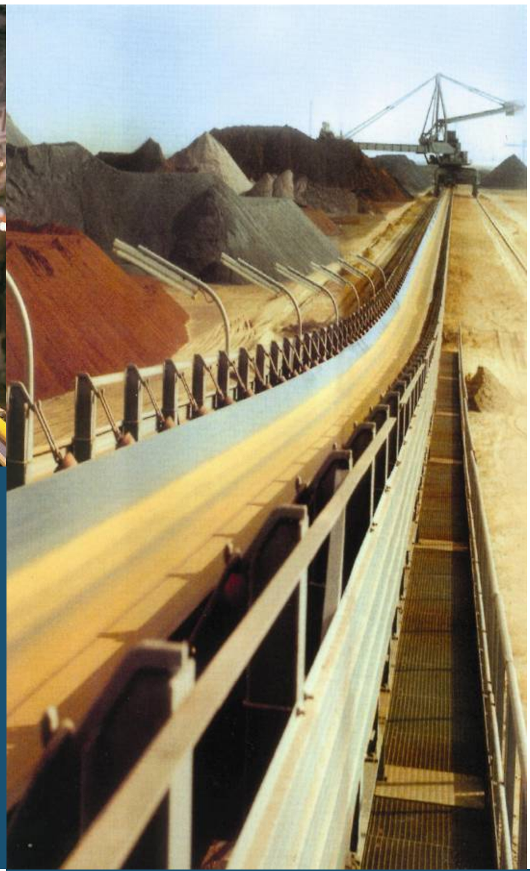
- Champagne cork wire
- Wire for kitchen utensils
- Spring wire for bedding and seating
- Bra wire
- Staple wire
- Music wire
- Bookbinding and stitching wire
- Wire for medical instruments
- etc.

We have always been a dependable name for wired consumer goods in the established markets, and we are becoming one in the emerging consumer markets as well.

As a global organization, Bekaert is in an excellent position to supply wire for stationery items, books, music instruments, and kitchen tools. As higher quality and comfort standards and functionalities are required, the demand for more advanced coated steel wire products evolves accordingly.

Besides bra wire, heatable clothing yarns, champagne cork wire and upholstery spring wires, our products are needed for springs in electronics and toys. In hospitals wire is used, for example, in monitoring devices, catheters and diabetes sampling strips. The consumption of these applications thrives on the increased concern for wellness and health. To sum it up: Bekaert's products go around the world to support the evolution of emerging into established consumer markets.

Bekaert Bekinox® stainless steel fibers and yarns, for instance in fabric for protective clothing, are used to safely discharge static electricity which can lead to explosions or damage electronic equipment. →



←
Bekaert gas filtration media, elements and systems are used for product and catalyst recovery, the cleansing of process gases, the purification of process gas streams and for emission control.

↑ Fleximat® and belt cord are reinforcement solutions for conveyor belts in long haul and industrial applications.

"The strongest conveyor belt in the world is reinforced with Bekaert steel cord and has an actual breaking strength of 7800 N/mm."

Basic materials

Products

- Cords and woven materials for conveyor belts
- Shovel ropes for mining applications
- Hot gas filtration media ✱
- Polymer filtration media ✱
- Paper-drying systems
- Sputter targets & hardware for the glass industry
- Heat resistant separation materials
- Fibers for protective clothing
- etc.

✱ *Green application*

Bekaert's products for the production or exploration of basic materials add value at different stages of the value chain of coal, metals, glass, pulp and paper, chemicals and textiles.

For example, we provide cords and wefts for conveyor belts for diverse industries or filter media for the production of synthetic fibers and films. In the glass industry, we are a trendsetter with our sputter hardware and rotating targets.

Equipment

Products

- Brush wire
- Carding wire for the textile industry
- Fine cord for timing belts
- Hoisting cables for cranes
- Spring wire
- Shaped wire
- Hose wire
- etc.

Machine builders and operators employ a selection of our specialized wire products for components.
As Bekaert builds its own proprietary machinery, we know exactly what it means to make high-performance equipment, thus allowing a manufacturing company to produce goods with a focus on operational excellence.

At Bekaert, improving processes is always on our minds.

The overall non-sector dedicated industry to which we supply our materials and components is characterized by a demand for higher quality output at a lower total cost of ownership. In the textile industry Bekaert offers customers wires for carding and for the heddles and springs of Jacquard looms. Our fasteners, spring wire, timing belt cords and brush wire are merely a few examples of product groups in which our know-how has made us the preferred partner of a large and diverse customer base.

← Our brush wire is highly corrosion and fatigue resistant and thus assures a longer life time.

Bekaert produces an extensive range of high carbon rope wires for hoisting rope applications, providing an excellent ductility on wire level leading to optimal fatigue properties on rope level. →

Bekaert developed Syncrocord®, a comprehensive product family of steel cords to reinforce synchronous belts. They all offer a unique combination of outstanding processability and reliable belt performance. Their distinctive properties determine the flexibility, accuracy, lifetime and power transmission the timing belt needs. →

“Worldwide 3 out of 4 polyurethane timing belts are reinforced with Bekaert fine steel cords.”

"At Textor Textile Technologies we are convinced that Bekaert SiroLock® will be a valuable tool in increasing productivity and web quality over the coming years. We are producing web weights and qualities that are world class and at rates that increase each year. Without SiroLock® we would not be in this position."

Phillip Butler, Director of Textor Textile Technologies

Boosting productivity for the nonwoven textile industry

Testimonial

Textiles is one of the many industries in which Bekaert has built up a strong expertise. Together with the Commonwealth Scientific and Industrial Research Organization of Australia (CSIRO), we developed SiroLock®, a unique carding wire that significantly improves the carding process for nonwoven textile products. Australian leading producer of nonwoven textiles, Textor Textile Technologies, was one of the first in the business to enjoy the SiroLock® benefits: increased productivity, better product quality, and significant cost-savings.

For quite some time now, the nonwoven textile industry has been dealing with dwindling price margins, augmenting the need for more cost-efficiency. At the same time customers' quality requirements have been increasing.

Driven by the market demand for lighter and thinner products, the industry needs to manufacture finer and lighter nonwoven webs and deliver more homogeneous products to meet customers' quality requirements. Furthermore, new and specific fiber blends, including finer fibers, have to be processed in order to produce high-quality webs and to develop new nonwoven products.

Answering market needs with new carding technology

In 2001 we partnered with Australia's CSIRO which had gathered vast experience in wool fiber research. They developed the concept of SiroLock®: a highly efficient carding wire comprising a unique step in its geometrical design which brings fiber control to a completely new level. The involvement of the Bekaert Technology Center and Bekaert Engineering in this partnership aimed at developing new proprietary technology in order to enable the production of SiroLock® wire.

Bekaert's contribution focuses on making the SiroLock® technology market-ready and introducing the carding solution to the industry of nonwoven textile. This industry segment brings together a multitude of players, each with their own specific applications and machine configurations. For them, Bekaert has designed a range of specific carding wires within the SiroLock® product family, suited for doffer and worker rollers for different applications in the segment of carded nonwoven textiles.

Multiple benefits for the industry

By processing bales of fibers into a web, leading nonwoven textile company Textor manufactures 'roll goods', rolls of nonwoven webs which are further processed into end products by its customers. One of the most important applications of the nonwoven webs made by Textor is 'wet wipes', consumer products used in healthcare and hygienics. Once the bales are opened and pulled apart into flocks of fiber, the actual carding process takes place, separating the fibers and forming a fiber web.

In the carding process, two types of rollers play a major part: the 'workers' which are doing the main work on the card opening the fiber tufts to individualize the fibers, and the 'doffers' which remove the fibers from the card and guide them to the condenser rollers to give the fibers a specific orientation in the web. Fitting SiroLock® wire to these particular rollers offers significant advantages.

So how does it work? SiroLock® controls the fibers at the step at the front of the wire. This enables it to take up to 50% more fibers than a conventional carding wire. As a result production increases, while quality is maintained and even improved. At the same time, there is less recycling of fibers on the cylinder, resulting in reduced loading of the cylinder wire and, in turn, less cleaning time for the cylinder roller.

A 30% capacity increase at Textor

Textor started using SiroLock® on the workers of its carding equipment in 2008. This led to a 30% increase in production capacity, as well as a significant improvement in web uniformity. Today, the innovative SiroLock® wire is successfully being used in the nonwoven textile industry all over Europe, in the Middle East and in Asia Pacific.

Optimum performance in the safest conditions is critical in oil & gas extraction ... as much as it is a driver of Bekaert's operational excellence approach.

Diving deep into the development of Super Ultra Strength wire

Deeper and deeper still. That is how far oil & gas corporations are obliged to drill wells to find the resources that can meet the world's demand for energy. To ensure the safest conditions for these operations, all equipment used is expected to live up to the strictest standards.

In close collaboration with a long-time customer and global leader in the oil & gas exploration industry, Bekaert developed a super ultra strength wire for reliable reinforcement of a cable used to explore the most challenging boreholes around the globe.

Innovation is key to survival in the oil & gas business. What distinguishes our customer from its competitors is the high quality of its so-called wire-line cable. As heavy and rather expensive sampling equipment tools are attached to the cable, it is crucial that optimum performance and reinforcement of the cable be ensured.

The challenge: Develop a high performance wire that comes close to zero welds

Our customer needed stable levels of super ultra strength wire for the armoring of its wire-line cable. In addition, the wire fractures which are the so-called 'weak spots' in the cable had to be reduced to a minimum for every 30 000 feet of cable. Breaks mean more manual checking, welding and rechecking, a highly labor intensive and time-consuming process.

Of course, the cable had to be extremely reliable when used in field operations. If such a cable were to fail, this could result in severe delays and huge financial losses.

A global approach: *better together*

The development of the low fracturing, very high tensile wire started at our wire plant in Hlohovec (Slovakia) where our customer clarified its needs. From then on close contact was maintained to streamline the development progress.

For the project we identified critical points, translated project needs and attuned implementation to the people with the best fitting skills and the appropriate equipment for the job. Dedicated project teams were set up both at the customer's and at Bekaert Hlohovec. High levels of flexibility and reaction time were achieved.

More uptime and higher reliability

In a timeframe of around three months, we succeeded in showing improvement and stable results over time: the number of breaks was reduced by more than 85%, surpassing the initial target set by the customer.

The benefits for the customer? Increased uptime during the cable armoring process and a higher reliability of cables in the borehole. This gives our customer a competitive edge in the exploration of ever deeper wells and the ability to consolidate even further its leading market position.

"The results of the development of a low fracturing, very high tensile wire with Bekaert were astounding. And they were achieved in a very short timeframe of a few months."

03

Our performance by segment

In 2010 Bekaert was able to respond fast to the opportunities that arose wherever a recovery from the global economic crisis set in or where markets grew substantially. To this end we timely brought into effect several capacity increase investments, notably in the emerging markets. In the established markets too we could benefit from the recovery that had set in. Consequently we could take full advantage of our balanced geographic positions.

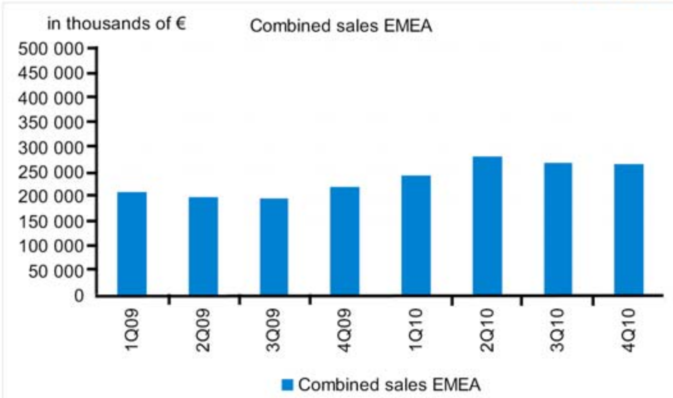
The strong cooperation between our production platform, the Bekaert Technology Center and Bekaert Engineering assures a unique competitive advantage.

EMEA: thriving on a mix of markets

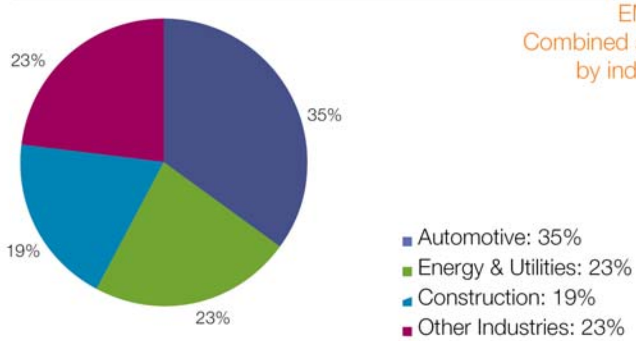
Bekaert in EMEA

Combined sales:	€ 1 057 million
Capital expenditures (PP&E):	€ 62 million
Total assets:	€ 907 million
Employees:	6 800

EMEA:
Combined sales 2009-2010
by quarter



EMEA:
Combined sales
by industry



Bekaert's presence in the mature Western European markets on the one hand and the emerging markets of Eastern and Central Europe on the other resulted in an overall good performance in the EMEA region in 2010.

Mature Europe

Economic conditions in Western Europe improved slightly in 2010. From Bekaert's viewpoint, almost all sectors performed well throughout the year. In Germany especially, our products were in high demand.

In 2010, we witnessed the surprisingly quick and stable revival of the Western European automotive industry, which boosted our steel cord business. Construction, however, was the exception in the upward economic trend.

To further strengthen our position in the tire cord market we acquired the Bridgestone tire cord plant BMI in Sardinia (Italy). As part of this transaction, Bekaert and Bridgestone have entered into a long-term supply agreement of tire cord to Bridgestone.

After a seamless transition, during which we maintained full and faultless continuity of supplies and plant production, we initiated the integration of the plant in the Bekaert Group. We began brand visualization and the alignment of all systems and procedures according to schedule. In 2010 already the plant played a major part in helping Bekaert meet the high tire cord demand.

As part of the takeover agreement with Arisawa, Bekaert sold its progressive composites plant in Munguía (Spain).

The former Bridgestone plant in Sardinia (Italy) was successfully integrated after the acquisition by Bekaert.

The market demand for our metallic coated low carbon wires (fencing wire, pulp-baling wire, gabion wire,…) and rope wires for fishing, hoisting and automotive applications was overall rather good across Western Europe. However, in some segments such as offshore rope wire and armoring wire for data transmission cables, the markets remained rather sluggish as projects were postponed due to lack of financing. Demand for our innovative specialty wire products was high in 2010, driven by the increased prices of iron ore and consequently those of steel, and historically low stocks in the entire European supply chain. This benefited our sales of wiper components, spring wires for automotive applications and low carbon applications like bookbinding wire and champagne cork wire). In addition, we focused on the further alignment of sales and marketing teams and the production teams in the different plants.

Innovation and product development are key drivers to secure sustainable profitable growth.

As for technological development, we focused on new and cost-effective processes and improved products with higher tensile strength performance and better corrosion resistance.

Innovation and product development at our European manufacturing platforms will be a determining factor in future success. The strong link with the Bekaert Technology Center (Deerlijk, Belgium) and Bekaert Engineering (Ingelmunster, Belgium) provides our Western European production platform with a unique competitive advantage.

Emerging Europe

Slovakia – Czech Republic

In 2010 the economies of Central and Eastern Europe picked up gradually: overall GDP growth recovered to an average of 3% in most countries.

Bekaert is a major player in supplying wire and wire products to the main automotive hubs of Central and Eastern Europe. The region offers plenty of room for growth, as indicated by the figures on vehicle use per person, rising motor vehicle registrations and higher purchasing power driving the demand for higher-quality cars.

Here the emergent construction sector acted in 2010 as a stabilizer for the overall economy. The key drivers for this trend are new non-residential construction and civil engineering projects, both benefitting from EU structural funds.

In order to be close to its customers, Bekaert long ago began establishing a strong manufacturing foothold in these attractive regions. In 2010 we continued expansion works at our production plants in Hlohovec and in Sládkovičovo (Slovakia).

In recognition of our continuous efforts to reduce the environmental impact of our operations, our plant at Bohumín (Czech Republic) received the ISO 14001 certificate in 2010.Throughout 2010 we focused on further cost optimization, skill development and building up technological competence in order to secure sustainable profitability and further growth in the region.

Russia

In 2010 the Russian GDP grew by 4%, while inflation continued to drop sharply from 11.7 in 2009 to 6.7%.

At our new steel cord plant in Lipetsk (Russia) we implemented investments, commissioning of equipment and customer approvals as foreseen in the first stage of the plant's investment plan.

In Lipetsk Bekaert produces steel cord used to reinforce radial passenger car, truck and bus tires. The outstanding support of the Lipetsk Special Economic Zone (SEZ) and the local authorities has proven crucial in ensuring progress in the building and infrastructure works.

The Bekaert plant in Lipetsk (Russia) was opened in 2010. Our team in Lipetsk was able to assure a high production output from the start and established a growing customer base.

From left to right: Arnold Roos (Locobouw), Geert Bettens (Bekaert) and Wim Vriens (DCN Diving)

"Reliability is key in the underwater pumping of steel fiber reinforced concrete. Our divers need to be sure that the product is easily pumpable and does not cause lump formation. That is why we prefer the glued concept of Dramix®".
Wim Vriens, Director of Operations, DCN Diving

Pioneering in underwater tunnel support

A new rail tunnel is being constructed under the River Scheldt to provide additional access to the increasing cargo traffic in and out of the port of Antwerp (Belgium). Once completed in 2014, the tunnel will be a historic first, as it is extremely close to the bed of the Kanaaldok port terminal. Since pushing the limits of tunnel construction means deploying the best technology available, Bekaert was glad to contribute to this challenging project.

Steel fiber reinforced concrete for safety

The Liefkenshoek rail tunnel called for the use of a huge concrete slab as protection during the drilling process. According to Locobouw[1], the main contractor, the concrete 'floor' will prevent overpressure from escaping to the surface, which could otherwise cause a collapse. In addition, it will protect the tunnel from damage when ships anchor in the port waters above.

To construct this 2 meters thick, 32 meters wide and 270 meters long fiber reinforced concrete slab, Bekaert offered an integrated solution with at its core 600 tons of Dramix® steel fibers and all the dosage equipment to cast it according to specifications and within a tight timeframe.

Short timeframe for a challenging job

Since no reinforcement cages or mesh could be used and the concrete slab had to be one solid, monolithic structure, ensuring a continuous flow of concrete during the casting process was crucial to success. Timing was another important issue: traffic at this location in the Antwerp port could only be halted temporarily. So, the casting had to be completed in a minimum of time.

Bekaert lives up to high standards

Locobouw selected Bekaert and its Dramix® steel fibers based on strenuous testing at the technical university of Braunschweig (Germany). We were the only supplier of steel fiber to live up to the high standards set for this challenging project.

Bekaert was also the only bidder capable of providing the right kind and numbers of automatic dosage equipment to ensure a continuous flow of steel reinforced concrete.

Furthermore, DCN Diving, the company in charge of the underwater activities, preferred to work with steel fiber reinforced concrete as it significantly increases operating speed and safety compared to reinforcement cages.

Our totally integrated solution guaranteed the automatic lowest possible dosage of the steel fibers, and a perfect spread in the concrete mixture as a result. Our 24h technical assistance and the availability of spare parts and backup personnel were key to rounding off the project on time and in conformity with the high quality standards.

Putting our knowhow to future use

Our experience with the long-distance pumping of steel fiber reinforced concrete in the Liefkenshoek rail tunnel project was essential in the success of another major project in tunnel construction, this time in the rail link with Brussels Airport (Belgium).

In the near future, we will again partner up with DCN for a concrete casting project at an underwater location in Utrecht (the Netherlands), once more putting into practice our *better together* philosophy.

[1] *Temporary association of MBG, CEI De Meyer, VINCI Construction Grands Projects and Wayss & Freytag*

> "Together with the project partners we performed the necessary tests to fine-tune the composition and the pumpability of the steel fiber reinforced concrete. Because of Bekaert's concept involving glued steel fibers, pumping of the concrete over 250 meters went fluently."

Arnold Roos, Project Manager, Locobouw

From left to right: Frans Janssen (Shell Global Solutions) and Philippe Scheerlinck (Bekaert) at Shell Technology Centre in Amsterdam (The Netherlands).

Pushing pressure limits to maximize oil output

The days of 'easy oil' are over. As conventional oil reserves are running dry, oil companies need to invest in new technology that enables them to operate in seemingly inaccessible environments, Shell and Bekaert partnered to test Bekaert's steel cord based pipe reinforcement solution which would allow Shell to push pressure limits and go farther…

Testimonial

Exploring new materials for high pressure performance

Shell was looking for an alternative pipe solution that could withstand pressures of up to 300 bar while offering excellent corrosion protection. This type of pipe was required to subtract oil by water injection, whereby water is injected under high pressure into the reservoir to sweep the remaining oil from the well. Existing solutions like traditional steel pipes or aramid-reinforced thermoplastic pipes fell short of meeting these needs. When Frans Janssen, Subject Matter Expert Polymers and Composites at Shell Global Solutions, found out about Bekaert's Armofor® steel cord reinforced composite strips, he was interested to test it. Bekaert's solution combines the advantages of a light-weight material (as compared to steel strips and wire) which enables flexible design and easy installment with high corrosion resistance. In addition it offers the high pressure performance Shell needed thanks to the particular performance of steel cords.

Teaming up for *better (together)* results

As Shell learned that Bekaert was an expert in steel cord corrosion protection research, the Shell team decided to set up a joint development project. Purpose of the project was to test the corrosion protection mechanism of the thermoplastic strips with zinc coated steel cord, a combination which is new to the industry and for which there are no standard test results available. The research results had to reveal the amount of zinc needed to make sure that the solution warrants a lifespan of 20 years, which is critical to oil field operators. Frans Janssen: "Shell was actively involved in defining the parameters of the test environment as these had to correspond with field conditions (temperature, pressure, exposure to CO_2, O_2, H_2S, water and hydrocarbons), whereas Bekaert designed the experimental set-up, provided the required measurement techniques and developed the composite strip samples. Bringing in these complementary competencies really speeded up the process." Based on the research results Bekaert developed an Armofor® corrosion model. This cleared the way for the first onshore field trial in Oman in March 2010. This trial was successfully executed, which opened up opportunities for offshore testing. Frans Janssen: "On a personal level there was a very good 'rapport' between team members and we are particularly appreciative of Bekaert's professionalism throughout the project, which was demonstrated by a fast response time, their flexibility in making resources available and high quality project management."

Expanding the field

Encouraged by the results of the first research project, Shell asked Bekaert to take the lead in an additional test – which is currently running – with modified parameters in order to expand the application range of the Armofor® strips.

"Although reinforced thermoplastic pipes are still relatively new to the market, they are growing in importance and well on their way to claim a larger portion of the pipeline business. This new development will definitely help oil companies."

Frans Janssen, Subject Matter Expert Polymers & Composites at Shell Global Solutions

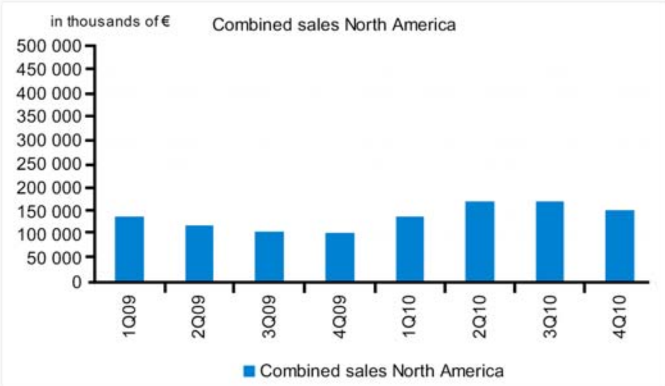
Our North American plants delivered strong performance in various market segments.

North America: back on course

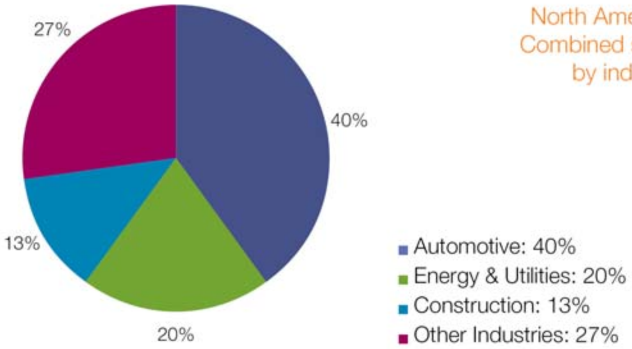
Bekaert in North America

Combined sales:	€ 631 million
Capital expenditures (PP&E):	€ 15 million
Total assets:	€ 319 million
Employees:	2000

North America:
Combined sales 2009-2010
by quarter



North America:
Combined sales
by industry



In 2010 North America rebounded from the economic downturn. Market demand in the automotive sector picked up strongly, while industrial and agricultural applications continued to perform well.

The negative GDP evolution in the U.S. turned to a positive 2.6% in 2010. Inflation remained at a low level, keeping rod prices stable.

Even though tire cord sales have not returned to pre-recession levels in North America, Bekaert continued improving output and performance levels that had begun at the end of 2009. By mid-year 2010, faced with soaring customer demand, we had to source products from both our local platforms and our overseas plants.

Our steel cord plant in Rogers (Arkansas) recruited additional personnel and further expanded its production capacity. As for the latest innovations, the plant now offers a wide product portfolio focusing more on high-in-demand ultra tensile products.

The Bekaert plant in Rome (Georgia) also took in additional personnel. It expanded its bead wire production capacity through the almost complete integration of the equipment of the closed Clarksdale plant. Both plants, Rome and Rogers, have been operating at high capacity levels since mid-year 2010.

Hose wire production has seen a full recovery back to 2008 levels. Spiral hose wire demand reached record highs. The main driver for this demand is the recovery of the earth moving equipment industry.

Our entire wire production platform in the U.S. delivered very good results. The continued focus on working capital reduction and control proved successful. And despite the relatively difficult economic environment we did not halt investments in capacity expansion and in new product and process development.

Our continuous efforts to provide our customers with high quality products proved successful.

Doing so, Bekaert aligned its production facilities in Shelbyville (Kentucky), Orville (Ohio) and Van Buren (Arkansas) with specific North-American demand in various sectors.

In 2010, all of Bekaert's wire plants in the U.S. received the ISO 14001 certification.

After a turbulent year in the eye of the financial storm, Bekaert Specialty Films in San Diego (California) brought its film business up to a stable level. The strategy of strong cost-control measures and a redirected focus on industrial applications proved successful.

As part of the takeover agreement with Arisawa, Bekaert sold its progressive composites plant in Vista, California and herewith divested its activity platform of pressure vessels, which accounted for less than 1% of the Group's consolidated sales.

Performance at our wire plant in Vancouver (Canada) remained below expectations. Nevertheless, the plant showed improvement despite the challenging circumstances. Bekaert Wire Rope Industries, our joint venture company in Pointe Claire (Canada) which produces rope for mining applications, the oil & gas industry, and structure and lifting applications, delivered excellent results in a difficult year.

In open pit-mining, Bekaert high-carbon rope wire is a key component of shovel ropes and of ropes for excavators and draglines.

Operational excellence is a common objective and way of working in all Bekaert entities.

In Latin America, a well balanced mix of markets and products resulted in good performance for Bekaert throughout 2010.

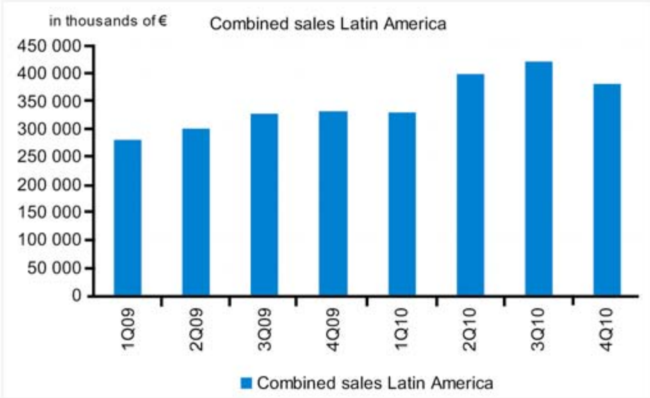
Latin America: a balanced performance

Bekaert in Latin America

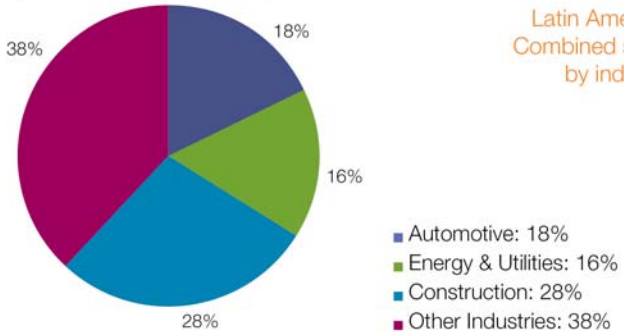
Consolidated sales: (*)	€ 311 million
Combined sales:	€ 1 528 million
Capital expenditures (PP&E): (*)	€ 7 million
Total assets: (*)	€ 189 million
Employees:	7 300

(*) Consolidated entities

Latin America: Combined sales 2009-2010 by quarter



Latin America: Combined sales by industry



In Latin America, a well balanced mix of markets and products resulted in good performance for Bekaert throughout the whole region in 2010 with the exception of Venezuela.

In September 2010 the Board of Directors visited the plants in Chile, Peru and Ecuador.

In general, the economic performance of the Latin America region was good, with a GDP growth of 5.7% and higher demand in the construction sector and the consumption of durable goods, including automotive.

The exception to this trend was the Venezuelan economy which continued to suffer from lack of growth, high inflation and high interest rates.

The recovery of construction and infrastructure development in the emerging regions led to a worldwide surge in demand for minerals. Actual growth in mining operations is likely to continue as emerging regions keep urbanizing and industrializing.

Our business in the region achieved outstanding results across all sectors, including construction. Rising demand for raw materials was key to our increased business. Our well distributed presence in different Latin American countries allowed us to benefit from this growth in different mining activities such as copper and aluminum, and in agriculture.

We took additional steps in the Latin American markets towards the integration of our production platforms by further consolidating our activities in the Bekaert Ideal Holding. Collective purchasing activities by the Holding secured competitive prices. To answer the strong drive in demand we invested in capacity expansion at several plants.

Ecuador

The Ecuadorian economy grew in 2010 by 1.9%. Inflation was down to 3.3% versus 4.3% in 2009.

In 2010 we continued the integration of Ideal Alambrec, our Bekaert operations in Ecuador, into the Bekaert Ideal Holding. The company celebrated its 70th anniversary in 2010 and released the Manual para la Construcción, a toolkit compiled to provide construction workers with training and safe building practices in order to erect safer housing units for low income families.

Colombia

The Colombian economy showed a strong performance in 2010 with a GDP of 4.5% versus 0.7% in 2009. The interest rates were amongst the lowest in Latin America, favoring construction projects as well as the consumption of durable goods with financing becoming more accessible for the local population.

The diplomatic and commercial relations with Venezuela suffered major fluctuations during the year impacting the overall activity of the country, since Venezuela is an important commercial partner and traditionally the second most important destination for Colombian exports.

Our subsidiary Proalco obtained the ISO 14001 certification in 2010 and is leading several environmental and educational projects involving children and other representatives of the communities near our plant in Muña, south of Bogota.

The Muña plant broke its production record for the second year in a row, leading to an increase of production output.

Our plant in Ecuador released the 'Manual para la Construcción'. During workshops construction builders are being trained to build earthquake resistant houses for lower income families.

Venezuela

The Venezuelan economy continued to shrink in 2010 as GDP ended 2.5% lower than the previous year. Also, inflation and interest rates remained high in 2010.

During 2010, Venezuela suffered from a severe energy crisis. As a consequence, our local wire rod producer faced production restrictions thus preventing normal supply to our Venezuelan subsidiary Vicson. We maximized our efforts to maintain supply to our customers, including the import of raw materials. Both top line sales and result were hit drastically as a result of the foreign exchange effect. In 2010 Vicson celebrated its 60th anniversary.

Peru

The Peruvian economy continued to grow at a very fast pace in 2010, as illustrated by the 8.7% GDP growth. Prodac, the Bekaert subsidiary in Peru, performed very well throughout the year.

The agricultural and mining sectors are expanding fast, while the development of construction activities is being supported by low interest rates.

Chile

Chilean GDP grew by 5% in 2010 with only 1.7% inflation.

The severe earthquake in February 2010 had only a temporary effect on the continuity of our operations and business in Chile.

With the entire Bekaert community working *better together* and thanks to the strong commitment and spirit of our workers, we resumed all activities at the plant in a mere three weeks. Despite the fact that a significant number of our Chilean employees had to deal with damage or difficult situations at home because of the earthquake (e.g. cut off from water supplies), they spared no effort to keep serving our customers.

Many of our Chilean colleagues suffered from a severe earthquake in February 2010. The solidarity of Bekaert colleagues from all around the world was tremendous. Even our Indonesian colleagues, who had to deal with floods during that same period, contributed to the better together action which was set up to help the victims.

The Chilean mining industry is very active in the northern part of the country and is planning to expand. In anticipation of increasing demand, Prodalam, our distribution arm in Chile has opened new branches in Antofagasta to better serve the needs of our mining customers there.

Brazil

The economy in Brazil was fueled by a Brazilian GDP increase of 7.5%, the highest in 8 years of the Lula government. Due to a very strong Real, domestic prices continued to decrease and import levels increased.

Bekaert has been actively supporting a growth strategy in Brazil for many years, taking advantage of favorable market conditions for our activities, including political stability, sound economic policies and a large domestic market allowing economies of scale and export opportunities. The company's outstanding performance is closely related to the economic boost experienced in the Northeast of Brazil, mainly in Bahia. In order to prepare for the impending migration of business to the region, we realized expansion works of the plants' capacity.

Already back in early 2009 local tire cord demand in Brazil had picked up again and pushed the capacity utilization of our local production platform in Itaúna to its maximum towards the end of the year. The Itaúna plant also expanded its market share with several local tire producers and succeeded in replacing low profile products with higher tensile steel cord.

Our activities for the construction industry were boosted, as the Brazilian government is stepping up its investments in civil construction due to a significant need for infrastructure (bridges, railways, etc.) and two major sporting events: the 2014 FIFA World Cup and the 2016 Olympic Games. A spectacular example of civil engineering, the 3 595 meter long Rio Negro bridge in Amazônia, the second largest river bridge in the world, is tensioned by stay cable and prestressed strands from Bekaert's joint venture plants.

Belgo Bekaert Nordeste, our joint venture in the Bahia state, was crowned 'Company of the Year in metallurgy and steelmaking industry'. This award, given by the newspaper Valor Econômico, is considered to be the most prestigious public corporate award in the country. It scores companies on the basis of seven criteria: sustainable growth, net income, value generation, profitability, activity margin, current liquidity and asset turnover.

The Rio Negro bridge in Brazil is tensioned by stay cable and prestressed strands from Bekaert's joint venture plants.

Bekaert provides support for rescue operations in the San José mine

Bekaert made a vital contribution to the rescue of the 33 trapped Chilean miners through its local joint venture company Prodinsa. It provided a rotation resistant rope to be used as back-up wire rope for the hoisting of the rescue capsule.

The Chilean company ASMAR (Astilleros y Maestranza de la Armada) was responsible for developing and engineering the now famous rescue capsule. Yet, from the early development stages, it became clear that the issue of the possible capsule rotation during the hoist had to be tackled.

Prodinsa, therefore, suggested to use rotation resistant steel wire rope. ASMAR was immediately interested. The rotation resistance of Prodinsa's IZAFLEX wire rope is achieved by stranding of the inner wire layer in one direction and the outer layer in the reverse direction. The wire rope consists of 245 high-carbon level wires which provide high traction resistance.

After thorough testing at the San José mine site, Prodinsa provided a 1 000 m long 24 mm diameter rotation resistant rope to be used as back-up wire rope for the hoisting of the 600 kg rescue capsule.

The Chilean minister of Mining Lawrence Golborne, inspects the tests with the ropes provided by Prodinsa.

Alejandro Villagro, Prodinsa field technician, participated in the testing and installation maneuvers of the capsule that was used to rescue the miners in the San José mine in Chile.

Testing the rescue capsule: Prodinsa field technician Alejandro Villagro reports

On Monday 20 September 2010 Prodinsa field technician Alejandro Villagro gets in touch with Manuel Montecinos, who is in charge of the rescue operation. Two days later he departs from the designated camping site for Codelco personel at Bahia Inglesa heading for the San José mine. This is his story:

“With a 40 meters long and 24 mm thick IZAFLEX wire rope and a Crosby wedge socket in the back of the car, we are on the road. After what seems an endless drive, we finally arrive at the San José Mine.

In the middle of the desert, the usually calm atmosphere at the mine camp is disrupted by the presence of police and international press. Families of miners talk among each other and eye every vehicle that enters the scene, hoping it’s the one that will bring the crucial help.

Manuel Montecinos greets me and immediately asks for the rope, which I hand over. Andres Sougarret (Codelco Drilling Engineer, second in command for the rescue operation after the Chilean Mining Ministry) and Rene Aguila (Codelco third in command for the rescue operation), express their gratitude for our technical assistance and our products.

The rescue capsule, the same I saw on TV a hundred times over, lies on a truck covered by a black canvas. We get to work and test the installation maneuvers, grabbing the capsule with the wire rope and the wedge socket. Everything goes well. The final test of the day, with strong pulls and the empty capsule attached, is successful too.

The next day we repeat the procedure, this time with a volunteer inside. Manual Montecinos is the first to go in. The capsule with him inside is lifted 15 meters in the air and then lowered 40 meters in a simulation pipe, about 200 meters from where the actual rescue pipe was drilled.

When he submerges, his face is filled with joy: the wire rope lives up to the expectations. Everybody witnessing this crucial test is infected with his happiness. People clap their hands in joy. I hug people I will probably never see again.

At the end of the day, overwhelmed with emotion, I set off to my family in Santiago. I am satisfied knowing that the tests of the IZAFLEX wire rope and the wedge socket where successful and that we have made an essential contribution to the rescue of the 33 miners.”

> “I am satisfied knowing that the tests of the IZAFLEX wire rope and the wedge socket were successful and that we have made an essential contribution to the rescue of the 33 miners.”
>
> Alejandro Villagro, Prodinsa field technician

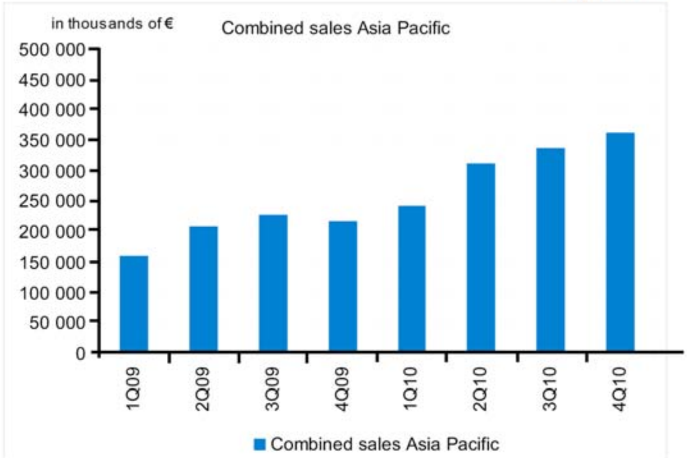
In our Asian R&D center 350 researchers and laboratory technicians are working on innovative solutions to give our customers in the region a competitive edge in their market. Laboratory services include material analysis, prototype development and production and specific R&D.

Asia Pacific: maintaining a steady course

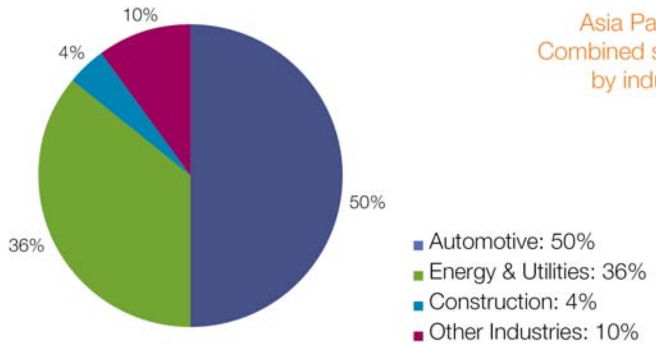
Bekaert in the Asia Pacific region

Combined sales:	€ 1 254 million
Capital expenditures (PP&E):	€ 152 million
Total assets:	€ 1 521 million
Employees:	11 200

Asia Pacific: Combined sales 2009-2010 by quarter



Asia Pacific: Combined sales by industry



China: diversifying potential

Both automotive and energy, two fast-growing sectors in China, performed outstandingly in 2010. To support the sustainability of our operations in Asia, we continued diversifying our portfolio in the region, which was accelerated with continued investments.

All through 2010 China continued its growth path, reflected by a GDP growth of around 10%. This positive trend, however, is expected to reach more controlled levels in 2011.

There was a steady increase in Chinese infrastructure investment in 2010.

Automotive sales grew significantly: 30% more passenger cars and in excess of 75% more commercial vehicles were sold. As for energy and utilities, the country's electricity generation increased by 16%. Major investments, for instance in new power transmission lines, further boosted the country's power grid capacity.

China spared no effort to meet the strict energy-conservation goals of its 11th Five Year Plan (2006-2010). In the course of 2010, it began shutting down outdated capacity in major industrial sectors including power, coal, steel, cement, non-ferrous metal, coke, paper, tannery and printing.

In addition, new regulations on foreign direct investments were announced, stimulating high-tech industries, services sectors, energy-saving and environmental protection while discouraging polluting and energy-gorging projects.

To strengthen our position in the tire cord market, in 2010 Bekaert acquired the tire cord plant of Japanese tire manufacturer Bridgestone in Huizhou (Guangdong Province, China) and entered into a long-term supply agreement of tire cord to Bridgestone. With this acquisition – and similarly that of Bridgestone's tire cord plant in Sardinia (Italy) – we further consolidated our long-term partnership relation with this major customer. The new Huizhou plant will be developed as Bekaert's growth platform in the southern part of China.

The new Tire Industrial plan that was issued late 2010 in China supports the growth of our steel cord business as it aims to raise the radialization rate for large bus & truck tires to about 100% in 2015.

A milestone in eco-efficiency: Bekaert's greenest steel cord plant

We expanded our steel cord plant in Shenyang (Liaoning Province, China) to boost our tire cord capacity in the region. In the expansion works we deployed the newest technologies for optimized energy conservation, reduced environmental impact and enhanced workspace comfort, making it our greenest steel cord plant ever worldwide. We designed and manufactured new equipment for optimized energy-efficiency. Immediate measurable results include an 18% reduction in CO_2 emissions, a waste volume decrease by a factor 8; a 35% cut in material handling loads, and a decrease in machine noise exposure by 8 dB(A) on average.

This milestone in the sustainable development of our manufacturing footprint is the result of several Bekaert teams operating *better together* and could only be achieved with support from the Liaoning Province and the Shenyang City and Economic & Technological Development Zone government. The Shenyang expansion project fits perfectly within China's energy-conservation goals as described in its 11th Five Year Plan.

In 2010 we acquired the former Bridgestone steel cord plant in Huizhou, China. The plant will play a major role in our growth strategy in the southern part of China.

Supporting China's ambitious 'green' goals

The Chinese government is determined to make further strides in terms of emission reduction and pollution control. Its decision taken in late 2009 by which it aims to reduce its carbon intensity (the amount of carbon emitted per unit of GDP) by 40 to 45% by 2020, compared to the 2005 level, demonstrates this commitment.

With the 'greenest plant' initiative, Bekaert is actively supporting the targets set by the Chinese government and the Liaoning Province in terms of energy conservation and environmental protection. By choosing Shenyang as the location of our greenest plant, we contribute to the development of Shenyang as a national ecological model city.

Considered a prime example of energy-efficient industrial construction in the city, the Shenyang plant received in December 2010 the "Demonstration of a state-of-the-art 'green' building" award from the Shenyang Urban-Rural Construction Committee.

Ready to tap into growing energy business

Also within the framework of this Five-Year Plan, China invested heavily in new electricity grid infrastructure in medium and low-voltage crosslinked polyethene cables as well as extra high voltage cables. Bekaert also benefited from these investments in the power distribution sector with our dedicated offerings. In the renewable energy market, our sawing wire business recorded excellent performance triggered by the still strong demand for solar panels in Europe.

The complex transaction process of the intended shareholding in the spring wire and overhead conductor business of Xinyu Iron & Steel Co., Ltd in Xinyu, Jiangxi Province, China, is taking more time than anticipated. Bekaert expects progress in the course of 2011.

Building on our strong foundations

In 2010 we inaugurated a brand-new facility for our Asian R&D activities – Bekaert's second worldwide, complementing our center in Deerlijk (Belgium). In the Asian facility, Bekaert's 350 researchers and laboratory technicians combine their know-how to provide fast and appropriate support to Bekaert's customers and operations in a wide range of activities. Examples are laboratory services for material analysis, prototype development and production, and specific R&D.

As for our building materials, in 2010 we laid down the foundations for a strong business. Sales rose strongly throughout the year. To cater to market needs, we started production of special Dramix® steel fibers for high-performance concrete used in infrastructural precast applications. As a service center for our Asian customers we opened a concrete lab in the Bekaert Asia Research and Development Center in Jiangyin (Jiangsu Province, China).

Challenges looming ahead on the horizon

The considerable investments made in 2010 in our production platform in China, in the diversification of our product portfolio and in creating a future-proof R&D facility were major steps in the right direction.

Many challenges still lay ahead in China for Bekaert. For one thing, Bekaert continues to focus on establishing an organization capable of supporting its strong growth in the region. This includes ensuring an optimal working environment for our workforce and maintaining an open dialogue between management and staff. However, other measures must be taken to successfully maintain our strategy.

For now, the automotive and utilities sectors are growing in China and generate good business for our steel cord and wire activities. But we intend to be ready to offer new and innovative Bekaert products and applications for other sectors as well. Further investments in broadening our production platform, therefore, are likely in order to improve our market position in China.

At the Bekaert Asia R&D Center in Jiangyin, China, teams of highly qualified scientists and engineers work closely with lead customers.

India and Indonesia: sustaining steady growth

Our production platforms in both India and Indonesia performed at maximum capacity utilization. To meet increased demand we continued to expand our capacity and broaden our product portfolio.

India: land of opportunities

India's strong GDP growth (+8%) continued in 2010. The Indian economy remained generally unaffected by the global economic downturn thanks to large-scale government support, a strong domestic performance and major infrastructure projects.

Both the construction and the automotive markets have grown considerably in recent years and will continue to do so in the years to come, driven by increased consumer purchasing power and by government infrastructure projects for commercial and residential building, rapid transit rail systems, and roads. India's National Highway Development Program is one of those ambitious infrastructure projects.

In 2010 all of Bekaert's major local customers invested massively in truck and bus radial tire capacity and expanded investments to passenger car radial tire capacity as well. As a result, our tire cord business in India performed outstandingly in 2010. Sales of hose reinforcement and building products also experienced sustained growth. Sales of Bekaert's building products increased by 70% over 2009, with the completion of 127 projects including important references at Toyota, Coca Cola and Mahindra. In order to meet the strong increase in demand, we boosted production capacity, stepped up investment plans and optimized efficiency in our existing infrastructure.

At our plant in Ranjangaon, which produces steel cord, wire and filtration products, we launched targeted programs to increase equipment efficiency. We commissioned the new expansion for the production of tire cord for passenger car radial tires. Other expansions were put on the fast track.

The convergence of government policies, economy's growth and people's purchasing power have all contributed to the phenomenal growth of the Indian automotive industry. Further growth can be expected from the execution of the National Highway Development Plan, the largest highway upgrade project with a planned investment of USD 48.4 billion: 30 644 kilometers of highway to be built through 2015. Today 3 out of 4 radial tires in India use Bekaert steel cord.

Thanks to the launch of new production lines for passenger car, trucks and bus radials, our steel cord plant in Ranjangaon was able to increase its capacity by 45% in eight months. In addition, we began the construction of three new bays at the plant to keep pace with the increased market demand for truck and bus radials and hose reinforcement wire. Our advanced filtration activities achieved a major milestone with the production of the first leaf discs.

Towards the end of 2010, we installed a production line at a new flat and shaped wire factory in our Ranjangaon plant. This facility manufactures shaped high-carbon and stainless steel wire.

In the presence of Their Royal Highnesses Prince Philippe and Princess Mathilde of Belgium we inaugurated the Bekaert India Technical Center in Ranjangaon. In line with its strategy of technological leadership, Bekaert aims to support its customers in India with enhanced technical services in the form of product quality testing, technical assessments and related dedicated assistance.

Bekaert Engineering India, for its part, started its first assembly unit in the Ranjangaon plant.

At the new Mukand Bekaert wire facility in Lonand, output increased gradually throughout 2010 as both export and domestic sales increased. We focused on the added value segments of spring wire and welding wire and achieved significant improvements in production efficiency. The plant reached high capacity levels throughout 2010.

Indonesia: foundations for a broader base

Easily obtainable credit and low interest rates, coupled with an abundance of new, locally assembled low-priced car models, fueled the boom in the Indonesian automotive sector in 2010. Both industrial and commercial construction markets continued to experience strong growth.

The performance of our production platform in meeting the rise in demand in Indonesia was outstanding. As a result of excellent quality, high service levels and optimal operational performance, Bekaert has become a preferred supplier for its customers in the region.

For Dramix® steel fibers and our wire activities we received in 2010 the ISO 9001 certification. For our tire cord activities we were certified ISO TS16949, a crucial certification required by the automotive industry.

At our production site in Karawang a large expansion is ongoing to cope with the strong growth in steel cord demand. The radialization rate of truck and bus tires is increasing in the region. At the same time, a large portion of our customers are expanding their production capacity for export business.

In addition to ensuring that it has the capacity to meet growing demand from customers in Indonesia, Thailand, Malaysia and Vietnam, Bekaert aims to develop the steel cord plant in Karawang also into an overseas export platform.

At Bekaert Advanced Filtration production increased by more than 50%. Further strides were made in terms of product diversification with new products for the oil, gas and petrochemical industries.

Our Indonesian plants are ideally positioned to serve both the domestic and broader Asian Pacific markets.

Bekaert is active in India, where it today operates a regional headquarters and three manufacturing plants, located in Pune, Ranjangaon and Lonand. Our activities are focused on the growing local needs of the automotive and construction markets. We also serve the textile and plastic industry and produce stainless steel wire specialties.

Conveying it *better together* for lower cost-of-ownership

Tens of thousands of kilometers of conveyor belts are being used the world over to transport heavy materials. Still, the weak point in conveyor belts remains their poor resistance against cuts and impact, which significantly reduces their lifetime. To keep these belt rips to a minimum, Bekaert has been working with conveyor belt manufacturers to develop and implement belt reinforcement solutions based on steel cord.

One such company is Oriental Rubber, a major player in the rubber conveyor belt business, operating from Pune (about 160 kilometers from Mumbai) in India.

Keep belt rips to a minimum

Traditional textile conveyor belts have the tendency to creep and have low cutting resistance. As a result, frequent regulation of the tensioning station and occasional belt repairs and replacements are required. Oriental Rubber wanted to extend their portfolio with a textile belt that offered superior cutting resistance. Bekaert then introduced them to Fleximat®, a woven steel cord fabric with steel cord in transversal and/or longitudinal direction.

By embedding high-strength steel cords in the rubber covers of the belt, solid protection can be provided against impact and rip damage. Another advantage for Oriental Rubber was that Fleximat® could be easily integrated in their existing calendaring process, with no need to invest in a creel room. With the Fleximat® range Oriental Rubber can lower the total cost-of-ownership for their customers considerably: at a scrap recycling plant in Australia, the lifetime of the belt was prolonged by a factor 5 to 6!

Creating value beyond the product

Oriental Rubber aims to be a solution-provider for their customers, offering added-value service to the product.

In Bekaert they found a supplier that could actually support them in establishing this added value with the end-customer. One example is the on-site technical training Bekaert offered to operators from Oriental Rubber on 'splicing', which is a time-consuming process that is needed to rejoin parts of the belt and which involves the removal of the rubber and transversal reinforcement in the belt. Thanks to the training provided, the time needed to complete the splicing was significantly reduced to 6 hours. In the same spirit Oriental Rubber asked Bekaert to supply joint training to one of their end-customers and train their maintenance team on how to perform splicing more efficiently.

Fulfilling ambitions through partnerships

Oriental Rubber has set a clear goal: they aim to tackle the Indian market more aggressively, reach out to the global market with higher production volumes, and expand their product range through continuous innovation. To this end they want to tie in with suppliers who can handle an international supply chain in view of their global expansion.

Testimonial

> “We want the learning curve on product development to be short and are therefore seeking the support of partners who are a technological leader in their field. Bekaert has exhibited such support by testing samples, offering technical information and conducting frequent technical visits and assisting us with both in-house and end-customer training.”

Vikram Makar (left on the picture), joint managing director of Oriental Rubber

Vishal Makar (right on the picture), joint managing director of Oriental Rubber: "We immediately felt a fit between our companies in terms of corporate philosophy and valuing long-term relationships, which is embedded in the Indian culture. The Bekaert India team, also located in Pune, fully supported us in establishing the Fleximat® based belt product in our portfolio."

04

Technology and innovation setting the Bekaert course

Bekaert aims to be at the forefront of technological innovation, as it is a fundamental pillar in our strategy of sustainable profitable growth. Our research and development efforts are directed at new products and product applications, and at designing innovative production processes that reduce cost, environmental impact and energy consumption. Similarly, we aim to introduce production equipment that raises efficiency.

Technology and innovation setting the Bekaert course

Our customers' demands stimulate our urge to innovate. As a result, Bekaert puts great effort into developing new products. This results in the constant renewal and extension of our product portfolio. The ultimate goal: improving our customers' and our own processes and ensuring products enjoy a longer lifespan, superior properties, a lower total cost of ownership or a lower environmental footprint.

Two major technological core competencies are at the center of our R&D efforts. The first lies in our ongoing research into metal transformation and into the mechanical properties of metal, such as strength, ductility, and fatigue. The second focal point in our R&D consists of improving metal surface properties like adhesion, corrosion resistance and wear resistance through the application of various types of coating.

When it comes to long-term research into metal transformation technologies (heat treatments, wire drawing, cord making), Bekaert is indisputably the worldwide leader. Using this expertise we have developed high-strength wires and custom profiled wires to armor flexible risers in offshore oil & gas applications. Other examples are high-performance reinforcement materials for automotive applications such as steel cord reinforced GMT for bumper beams, ultra tensile steel cord for tire reinforcement and fine cord for timing belts.

Our research in advanced coatings (both metallic and polymer based) has led to advanced corrosion resistant coatings such as Bezinal®3000 and Bezinal®PLUS. These coatings have been applied to enhance the lifetime and performance of products such as fish rope wire, hoisting rope, and ACSS strands and wire.

Bekaert's worldwide R&D at a glance

R&D is part of Bekaert's DNA. The resources invested in technology and innovation account for 2.4% of consolidated sales.

Between 2003 and 2010, we substantially stepped up our investments in technology, in terms of both operating budget and allocated staff. In 2010 Bekaert further increased its R&D budget from € 63 million to € 79 million.

Currently, Bekaert employs over 700 dedicated staff in technology and innovation. At our Technology Center in Deerlijk (Belgium) more than 350 employees, representing 12 different nationalities, work in R&D. In excess of 350 people make up the R&D teams in the Bekaert Asia Research and Development Center in Jiangyin (China).

With the new Technical Center in Pune (India), our technology activities in India will also be playing an increasingly important role.

As for the protection of our intellectual property, in 2010 we filed 41 patents.

Strengthening our global R&D footprint

It is Bekaert's ambition to continuously enhance its innovation capabilities along four main research pillars: new coating technologies, metal transformation technologies, low energy manufacturing and eco-friendly processing. Our two major R&D centers in Deerlijk (Belgium) and in Jiangyin (China) aim to leverage the synergy between these research domains into new developments and products with e.g. superior mechanical properties, advanced surface properties, and related manufacturing processes with minimum environmental impact.

Cross-functional teams bringing together Bekaert staff from technology, engineering and the business units worldwide are the driving force behind our innovation. When it comes to technology and engineering services, Bekaert is clearly opting for a global footprint. It keeps us in close proximity to our customers and allows us to serve them more efficiently. The diversity and complementarity of skills at our Belgian and Chinese R&D centers allow for maximum creativity in our search for new solutions.

In 2010 we inaugurated an eight-story high facility for the over 350 researchers and laboratory technicians at the Bekaert Asia Research and Development Center. In this new building, our Asian R&D flagship center is able to provide fast and focused support to Bekaert's customers and operations, ranging from laboratory services for material analysis, prototype development and production, to specific R&D.

Also in 2010, we inaugurated, in the presence of Their Royal Highnesses Prince Philippe and Princess Mathilde of Belgium, the Bekaert India Technical Center in Ranjangaon (India). We established this center in response to increased demand for steel reinforcement solutions in India driven by tire manufacturing companies wanting to capitalize on the shift towards radial tires. The center provides tailored support for our customers in India and serves as the ideal environment to set up joint development programs. It offers enhanced technical services in the form of product quality testing, technical assessments and related dedicated assistance.

In addition to our R&D centers in Belgium and China, and our new technical center in India, Bekaert operates technical development centers in Chile, Brazil, the Netherlands and the U.S.

From 'more wire' to 'more than wire': building up knowledge on our customers' processes

Bekaert aims to optimize the value of its solutions by acquiring an in-depth knowledge of its customers' processes. By better understanding the different influences and interactions in the customer's production processes we are able to advise 'beyond' the wire. This way we can act like a 'process partner' who thinks along with the customer to identify opportunities.

We are working closely together with customers, machine-suppliers, institutes and universities in order to raise and expand our level of know-how. We also call upon the in-house expertise that has built up throughout the years, especially in terms of analysis capabilities for wire geometry and morphology, metallurgical properties and fractures, surface chemistry, etc. For specific offerings we even go so far as to simulate the customer's production environment at our own premises, by operating there the equipment that the customer uses.

For many years now, we have also been developing fatigue, impact and compression tests in order to simulate the behavior of our steel cord in passenger car or truck tires and advise tire manufacturers accordingly. In doing so, we aim to mirror as much as possible the quality tests our customers are deploying to get products approved.

Bekaert is ready for future growth in India, which is one of the reasons why we installed the Bekaert India Technical Center (BITC) in Ranjangaon. Bekaert's first steel cord technical center in India supports the technological challenges and needs faced by local tire manufacturers as India surges forward in steel reinforced radial tires.

Open innovation in East and West

Cooperation with other organizations leads to faster innovation, to complementary knowledge and capacities, and to more cost-efficient R&D. While many of our development projects are in cooperation with industrial partners, we rely mainly on academic partners for our longer term research.

In 2010, we cooperated with the Institute of Metal Research in Shenyang, Tsinghua University and Beijing Research & Design Institute of Rubber Industry, both in Beijing. At the same time, we worked on establishing similar collaboration programs with Indian research institutes.

In Belgium, we were active in research programs with the Belgian universities in Leuven and Ghent.

Other research partnerships in Belgium were set up with the Strategic Initiative Materials (SIM) in Ghent, a new initiative to cluster and boost material research in Flanders and create a strategic external platform for Bekaert's Belgium-based R&D facilities.

Building up application knowledge

In 2010 we took the technology partnerships with our customers to the next level. It involves taking our customers' process in-house to build up application knowledge in close collaboration with the customer and with machine manufacturers. In short, we invest together with our customers and help them optimize their production processes.

Protecting our intellectual property

In 2010 Bekaert filed 41 first patent applications. This is the second highest number ever, reflecting our ever growing efforts in R&D.

We also further expanded our IP team in Belgium, while in China, our IP team focused on bringing about systems capable of further improving the quality of the confidentiality structure.

Acknowledgements

Our thanks go to the Flemish government agency for Innovation by Science and Technology (IWT). Its subsidies for R&D projects, involving highly-educated scientific personnel and researchers in Flanders are pivotal in securing the foothold of our R&D activities in Belgium.

In 2010, we presented six new R&D projects to IWT, and we applied for the Eureka Label for those projects involving European partners. Furthermore, Bekaert registered for two new European projects under the FP7 Framework Program.

Engineering for green and lean performance

Bekaert Engineering in Ingelmunster (Belgium) further increased its efforts focusing on ergonomics, safety, lowering energy consumption and reducing environmental impact. In 2010 we launched several prototypes in industrial settings. These offer promising results in terms of energy-savings, both for plant equipment and infrastructures. The start-up of our steel cord plant extension in Shenyang (Liaoning Province, China) is a striking example of the efforts deployed in the second year of our Energy R&D project.

The activities of Bekaert Engineering grew further in 2010, as a new assembly line was commissioned at our Pune plant (India) and the existing design activities expanded. In Jiangyin (Jiangsu Province, China) we are building a new assembly workshop. Plans are to move all Bekaert Engineering activities at the site to the new building in the second quarter of 2011. Here as well, the design department was expanded. These initiatives are crucial to keep supporting the expansion of Bekaert activities worldwide.

In both our wire and our steel cord activities we finalized a number of new projects, marketing new products with high added value to our customers. Several of these projects were completed in close collaboration with external research centers such as the Flanders' Mechatronics Technology Centre (FMTC) and Ghent University (Belgium).

Within our steel cord operations, we further extended Global Asset and Maintenance Management (GAMM) with excellent results in the areas of standardization, spare parts management, energy reduction and the uptime of machines and installations.

To streamline operations we migrated the complete ERP system of Bekaert Engineering – for both the Jiangyin (China) and Ingelmunster (Belgium) sites – to the Bekaert SAP platform in the course of 2010.

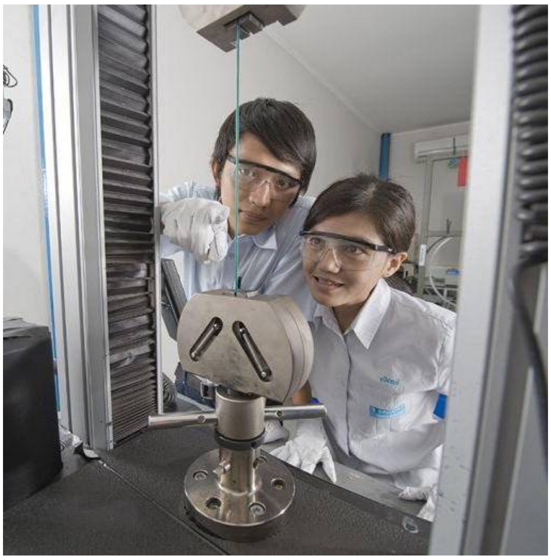
One of the elements that differentiate Bekaert from the competition is the fact that we have our own engineering department on a global level that designs and develops total plant layouts and production lines.

A broader product portfolio through innovation, with a clear focus on eco-friendly solutions

Our investments in R&D have been yielding results year after year in the form of new products and processes contributing to the growth of Bekaert. Increasingly, environmental concerns are influencing our business and our innovation strategy. This is illustrated by the many 'green' R&D projects conducted by Bekaert, e.g. in wind energy (wind turbines) and recycling (re-usable filtration products). Below are some examples of new products that have been successfully introduced in 2010 in a wide range of industries.

In automotive we made significant progress in developing higher strength steel cord. In tire applications, ultra tensile means less use of rubber, leading to a reduction in weight and rolling resistance. All these factors contribute to a reduction in vehicle fuel consumption. For the upcoming electrical cars this means a clear advantage in increased mileage.

For our customers in the energy and utilities industry, in 2010 we achieved further advances in the development of shaped wires used in offshore flexible pipes. We invented a fundamentally new process which allows us to reach hitherto impossible mechanical properties. Once again Bekaert delivers a breakthrough to its customers, as such wires are subjected to increasingly higher technical requirements.



To meet specific customer needs and assure high quality products, we continuously test and improve wire characteristics such as tensile strength.

As for our sawing wire activity for the photovoltaic industry, a new milestone was achieved in our labs when the tensile strength of very thin sawing wire was raised even further. This opens new horizons in the improvement of wafering processes, in cutting accuracy and speed increase.

In 2010, after several years of intensive R&D and extensive field testing from Chile to Japan, we introduced fish farming mesh to cater to the growing marine fish farming activity. We can now offer a solution with clear advantages in wear time, anti-fouling, protection against natural predators and ease of installation.

R&D is the key driver of Bekaert's technological leadership. Its role is not limited to the development of new technologies and processes. It is also essential in the co-development of solutions and applications alongside our customers.

From left to right: Dries Moors (Bekaert), Veerle Van Wassenhove (Bekaert) and Kees van Koert (voestalpine Polynorm Plastics Solutions)

Composite and steel cord go *better together* in strong bumpers

For several years now, suppliers to the automotive industry have been facing a number of challenges. Increased safety requirements, weight reduction, freedom of design, cost reduction and eco-friendliness all are factors that determine the success of an automotive part. Thanks to the integration of Bekaert steel cord fabric, voestalpine Polynorm Plastics Solutions could reestablish its position in the market of crash resistant components for the automotive industry.

Major industrial challenges

Industry safety standards have become increasingly stringent over the past years. Polynorm experienced this first hand when the latest impact tests caused the traditional Glass Mat Reinforced Thermoplastic (GMT) composite used in its bumper beams to break. In order to keep playing a part in the structural automotive parts market the company had to make its GMT material crash-resistant. They started scanning the market for partners who could assist them in bringing about this ‘breakthrough’ innovation.

When composite and steel cord meet …

After discovering Bekaert at the K2001 trade fair, Polynorm selected us as their development partner. Why Bekaert? The Product Development manager of Polynorm was already familiar with the possibilities of using steel cord in the reinforcement of oil exploration pipes. He knew we were the only company with the know-how to make the fabric Polynorm was looking for.

“The combination of Bekaert steel cord and our Glass Matt Reinforced Thermoplastic was essential for Polynorm in order to introduce a solution compliant with the latest automotive safety and impact tests.”

Kees van Koert,
Director Product Development at
voestalpine Polynorm Plastics Solutions
.

The birth of a unique steel cord-based composite

The new steel cord reinforced GMT that originated from the co-development project was labeled EASI, an acronym for its key properties: Energy Absorption, Safety and Integrity. It is a unique product in the market, as it combines the advantages of composites (freedom of design and weight reduction) and those of metal solutions (high stiffness and top performance in crash tests). As for the environmental impact, weight has been reduced by up to 30% compared to traditional steel bumper beams. In addition, EASI material is easily grinded for recycling purposes. The steel parts can be magnetically removed and the composite recycled through traditional means. And a life cycle analysis performed by the University of Lausanne acknowledged the ‘green’ advantages of the material combination as compared to other bumper systems.

A first series introduction

The co-developed EASI material received the 2008 Innovations Award from the German Federation of Reinforced Plastics (AVK). In 2009 Polynorm began marketing EASI GMT material, which in turn led to the first series integration of rear bumper beams for a new exclusive type of sports car. Since the bumper for this model was not a standard design, the challenge was to process it with a minimum of handling in order to cut costs while not having to compromise on design. To do this in aluminum was simply not economically viable. EASI offered a cost-friendly alternative as it was possible to integrate all functions of the bumper (such as sensors, license plate and cables) in one molding step. This freedom of design, combined with the weight advantage and the crash performance proved the right solution.

05

Corporate sustainability

Bekaert's global Corporate Social Responsibility (CSR) strategy is centered on 4 main pillars, namely our responsibility in the workplace, in the marketplace, towards the environment and towards society. Our CSR efforts and activities are therefore focused in such a way that balanced consideration is given to the interests of all our respective stakeholders, i.e. employees, shareholders, partners, local governments and the communities in which we are active.

Corporate sustainability

Within this effort our specific attention goes to improving health and safety in the workplace, reducing our environmental impact as well as addressing local needs in the communities in which we operate. In 2010, we were able to make further strides in establishing our role as a corporate citizen.

In 2010, Bekaert reinforced its role as a globally sustainable corporation by:

- Substantially increasing learning & development efforts towards our employees:
  - On average 44 hours of training per year per employee (figure for Bekaert subsidiaries), almost doubling last year's figures (24 hours per employee)
  - Significant increase in all regions (EMEA +77%, North America +64%, Latin America +74%) but most notably in Asia Pacific (+ 284%), following from our growth in this region
  - 53% of total training hours went to training of operators in China
  - The percentage of employees who received a performance review in 2010 increased further compared to 2009:

% of population	Managers	White collars	Blue collars
covered in a Performance Management System	100	100	85
with link performance & base pay	100	95	50
with link performance & variable bonus	100	80	80

- Continuing to launch new initiatives in the field of employee safety and health;
- Investing over € 2 million in energy-saving measures at our wire and steel cord plants;
- Diversifying our talent pool with 48 different nationalities in our management, with 64% originating from the mature markets and 36% from the emerging markets;
- Hosting 12 governmental and diplomatic delegations at the Bekaert Group Headquarters in Belgium throughout 2010. A larger number of delegations were hosted at corporate and local events.

Bekaert is about people

What is the driving force behind Bekaert's global success? It lies, undeniably, with its 27 000 highly qualified and motivated employees. They create the dynamics that characterize our international corporate culture. In 2010, where our growth required us to push performance limits, it was they, again, who made all the difference. Day in and day out, their resilience, trust and integrity generated the much needed force to achieve our goals, in all the regions in which we are active.
Our strong business growth, especially in the emerging markets, required us to recruit a large number of people at an accelerated pace. To anticipate future changes we also brought our training and development programs up to speed, whether in Latin America, Asia Pacific, North America or Europe. And we further improved local HR processes and aligned them with our central HR department to maximize synergies on a worldwide scale.

Stepping up recruitment & selection to support growth

To support our worldwide growth, we recruited almost 5 000 new employees in 2010, over 3 000 of whom in China. The reinforcement of our employer brand and the reaffirmation of our strong position in the labor market played a key part in the success of this large-scale recruitment operation.

Our global recruitment and selection teams collaborated closely with the regional HR teams who improved recruitment and selection processes in their respective regions in 2010. We also enhanced our eRecruitment system by training recruiters worldwide, thus ensuring we had certified eRecruitment experts in each region.

In addition, Bekaert partnered with specialist recruitment vendors, thereby securing a permanent influx of candidates for our key job positions. And we strengthened our recruitment and selection teams, particularly those in Europe and Asia Pacific.

We sharpened our focus on campus recruitment activities and we now aim to consolidate these efforts in 2011. As for career events, in 2010 we organized several initiatives such as 'The Bekaert Experience' (France) and 'Bekaert Breakfast' (Slovakia); we also participated in other job fairs like 'Top Women' (Belgium) and 'Careers in Asia' (U.K.).

Recruitment focus on China

Recruitment efforts in China peaked, as we succeeded in attracting in excess of 3 000 new employees in 2010.

We intensified and extended our collaboration with search partners in the region. In addition, we stepped up campus hiring activities by adding three more universities to our list, now totaling eleven. Bekaert participated for the second time in 'Careers in Asia', a recruitment event that supports Asian-based companies in attracting, selecting and recruiting high-caliber Asian graduates and early-career professionals living outside their home countries.

We intensified our internal hiring process in order to reach higher retention and give our employees even more options to change jobs within Bekaert. Even though the market average of employee turnover is 18% in China, with initiatives such as this one, Bekaert is able to keep this figure below 10%.
Other initiatives that contributed to the success of our recruitment efforts in China included an employee referral program and a more effective use of our eRecruitment system by connecting it with more job boards.

Developing Bekaert leadership

Good leadership is even more crucial in order for a company to seize business growth opportunities and be successful in an increasingly complex environment. In 2010, we developed a comprehensive leadership development program called 'A Bekaert Leadership Journey'. The program, which consists of three modules, each focusing on different aspects of leadership, will be spread over 3 years.

Our management employees participate in a series of development programs throughout their career.

Linking people development with business strategy

For several years now, Bekaert has been putting together an all-level overview of the strengths, development needs and opportunities of its worldwide managerial employees.

This is done through the 'Talent Review Process', a structured approach to discussing our managerial employees' sustained performance over the past few years and projections on their future development capabilities. As a result, we identify actions to build on leadership capabilities which can be implemented through personal development plans.

In 2010, around 1 500 managerial employees were reviewed. The information gathered was used in our management succession planning process, which focuses on the identification of possible successors for key job roles and decisions on development assignments to prepare the successors for their next role.

Encouraging talent movement across jobs and regions

Bekaert has established 'Resources Councils' in an effort to promote and fertilize talent movement across the different business or function units and across the regions. These councils discuss the appointment of managerial employees to a particular job function wherever in the world, and non-managerial employees who show potential to rise to managerial level.

After having set up 'Resources Councils' for job functions in technology and finance in 2009, we rolled out those for IT and HR in 2010, and we fine-tuned the processes involved even more. The councils also generated input for proactive career planning for identified talents in order to build up our leadership pipeline of specific job functions.

Training programs for marketing & sales employees

Bekaert has a long tradition of developing training programs for new managers and technologists. As the importance of marketing and sales is growing in our global organization, we set up similar initiatives for our marketing & sales employees in 2010.

A close collaboration between our central HR department and all our business platforms worldwide has led to the development of a standardized training program tailored to the different marketing and sales profiles we have within Bekaert.

Working with blue collar employees for better shop floor conditions and competency management

Bekaert is currently also running a number of programs to expand the competencies of its blue collar employees throughout its business platforms.

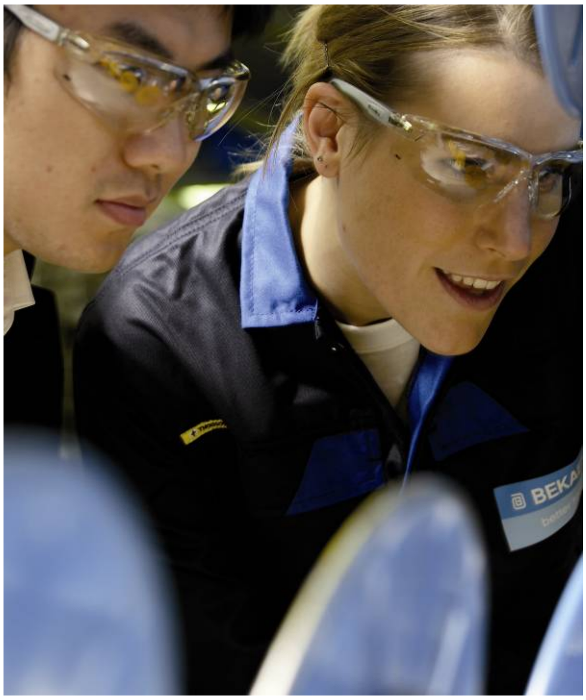
In 2010, Proalco, our subsidiary in Colombia, launched a competence management system consisting of four main modules, each of which includes evaluation, training, career, and succession planning.

For the operations module we developed job re-training courses for each production line. The instructors of the on-the-job training sessions are operators who have participated in train-the-trainer workshops.

Following a challenging 2009 with high employee turnover and the reorganization of our European production platform, our wire plant in Hlohovec (Slovakia) implemented a shop floor improvement project in 2010.

We organized several workshops with operators, foremen, and supervisors from the production units to solve key issues and provide solutions to improvement challenges. A subsequent action plan was implemented in Total Quality Management work groups and in the employees' individual targets.

This led to a more motivated, committed group of operators and first line managers who have a better understanding of the products they are making and of their customers' expectations.



Operators, foremen and supervisors participated in several workshops to improve the newest technology production processes.

From the designer's table to the production floor: Ensuring a seamless knowledge transfer to build our greenest steel cord plant

Bekaert offers its employees every chance to develop their career. Koen Verstrepen joined the Bekaert Engineering Department in Belgium in September 2008, after obtaining a master's of science degree in mechanical engineering. Less than two years later, he was able to play a key part in the design of Bekaert's greenest steel cord plant ever.

"The opportunity to perform R&D aimed at redesigning equipment and processes to make them more energy efficient was the main reason why I opted to work at Bekaert. With a clear focus on R&D and the decision to manufacture its own equipment via an in-house Engineering department Bekaert created the conditions to make a substantial contribution to reducing its energy consumption.

To turn the new Shenyang plant in China into Bekaert's greenest steel cord plant all knowledge and expertise available within the Bekaert Engineering and R&D departments had to be deployed. Since the focus of the Shenyang project was on the energy saving aspect, I became a member of the project team.

Koen Verstrepen, R&D project manager, Bekaert Engineering Department

My role was threefold. First of all I was a liaison between the team in Shenyang and the technology department in Belgium. This meant transferring knowledge from the designers of the energy-efficient machines and infrastructure to the local teams that needed to implement these new designs.

Secondly, I used my experience from earlier energy projects to assess the huge amount of ideas being submitted in Shenyang. Finally, I was responsible for quantifying and explaining the benefits obtained in the project.

The work of many

Turning the ambitious plan into reality – the implementation of 141 ideas for environmentally-friendly processes within less than one year – was only possible thanks to the excellent collaboration of many. I was able to experience the power of *better together* firsthand as the project relied on the joint expertise of engineering, technology, production, local employees and local government… I was amazed to see the commitment everyone showed. Moreover, the management strongly supported the project, accelerating its progress.

The whole project was a huge learning experience from beginning to end. I enjoyed seeing the ideas becoming reality and I also became familiar with Chinese culture faster than I could have ever imagined.

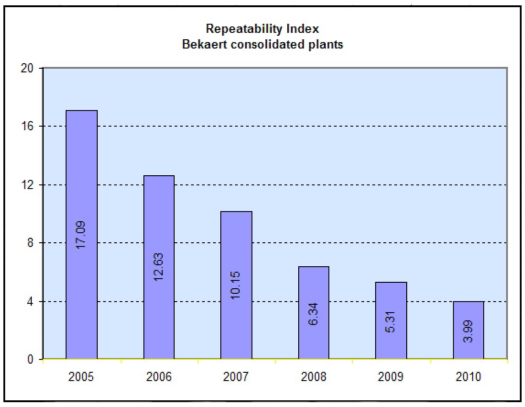
It gave me enormous satisfaction to help implement these state-of-the-art technologies. And the fact that I was not only contributing to a more successful Bekaert but also to a greener society doubled my motivation."

The project team

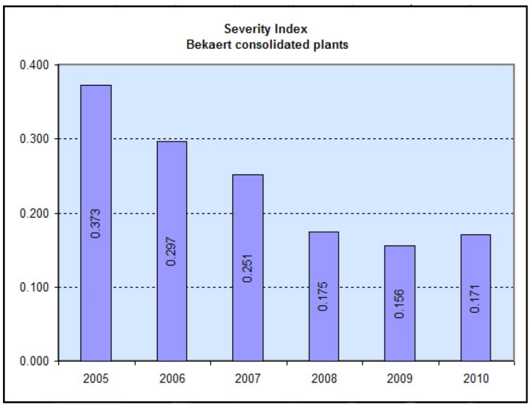
Health and safety first

At Bekaert safety comes before everything else. Throughout our long tradition of operational excellence, safety has always played a pivotal role in our activities. Safety objectives are, therefore, a mandatory component in the annual business plan drawn up for each of our plants. Bekaert constantly monitors safety performance and executes uniform worldwide benchmarking to implement best practices in all its plants.
In 2010 Bekaert stayed on track, further improving safety results.

Half (52%) of the consolidated plants worked without Lost Time Accidents (LTA).



Repeatability Index= Number of lost time accidents (LTA) per million worked hours.



Severity Index= Number of lost days due to occupational accident per thousand worked hours.

In 2010 the number of lost time accidents decreased again, the repeatability index decreased to 3.99; the severity index increased to 0.171 due to two bus accidents in China.

A safety model to keep us on track

Bekaert keeps its safety performance on track with the help of its own 'Safety Tree Model'. The model provides a safety action plan based on four drivers for safety: the involvement of plant managers; the management and control of risks; training and communication; and employee participation. It is a model in which involvement and active safety participation of all employees are key.

After implementing the 'Safety Tree Model' in our steel cord plants worldwide, we continued on this path towards increased safety in our other plants by running intensive training programs and seminars in 2010.

We set up initiatives to share action plans and information. In addition, all major steel cord plants in China obtained the OHSAS 18001 (Occupational Health and Safety Assessment Series) certification.

We directed further efforts at improving work conditions for Bekaert employees, focusing on office and workplace ergonomics, in particular on load handling. These efforts involved audits, as well as the development of documents and training tools to evaluate and solve ergonomic issues. In order to increase internal traffic safety a 'fork lift safety checklist' was developed and implemented.

Two regional safety and environmental round tables were organized, one in Europe and one in North America, at which best practices were shared amongst the different EHS plant, regional and group coordinators.

The EHS coordinators shared their experiences during the European safety and environment round table.

Drawing attention to Health & Safety on a worldwide scale

In September 2010 we organized for the third consecutive year an International Health & Safety Day, a worldwide initiative to reaffirm our commitment to a healthy and safe working environment.

All our employees around the world participated in lectures, videoconferences and other initiatives aimed at raising safety awareness. The 2010 theme was ‘Order and Cleanliness’, thus underpinning how much a neat work place contributes to safety.

Those employees who had contributed greatly to increasing health and safety were rewarded on this eventful day. Once more, the Bekaert International Health & Safety Day was the high point of a year-round commitment to optimum health and safety conditions.

During our annual International Health & Safety Day several activities took place. In our plant in Vicson (Venezuela) a fire drill exercise was organized.

Safety in our production platforms around the globe

Our production plants play a pivotal role in deploying safety activities, making results sustainable and improving them even further.

In Latin America, our steel cord joint venture plant at Itaúna (Brazil) achieved an impressive first-time milestone: ten years without any LTA. This achievement is the result of more than a decade of dedicated actions driven by the commitment and efforts of the plant’s employees. They successfully consolidated a culture focused on the workers’ safety.

This was emphasized by a ceremony on our International Health & Safety Day.

Tribute was paid to the achievements of all employees of our joint venture plant in Itaúna (Brazil) for ten years without LTA by unveiling a sculpture of a tree, symbolizing the success of the safety tree model.

2010 sees safety reversal in Colombia

Proalco (Colombia) became a consolidated plant in 2007. Still in 2009, it was one of the four plants responsible for 50% of all Bekaert accidents on a worldwide scale. A change of culture and the implementation of our standard tools, including the Safety Tree approach and Bekaert Observation Program (BOP), combined with enhanced communication on the topic, resulted in a reversal in safety results by the end of 2010. To achieve this, Proalco has been actively working on the identification, evaluation and control of risks. The number of reported potential risk situations tripled in 2010.

The increased safety awareness and change in mindset became very visible from the second half of the year, with a 60% drop in LTAs and 84% fewer lost days compared to 2009. Nowadays all levels of the organization correct each other whenever they are performing an unsafe action.

Our Karawang plant in Indonesia has held a ‘lost time accidents free’ track record for seven years in a row now, an extraordinary result taking into account the introduction of diverse activities from different business platforms in recent years.

Our Weihai plant in China has worked more than 6 million hours without having a lost time accident, a record in the Bekaert Group.

Despite our efforts in the field of safety in Asia Pacific and good performance on the shop floor, two major traffic accidents occurred in 2010 in China with shuttle buses bringing our employees from the plant to their home.

The accidents had grave consequences: 69 employees were injured. All injured employees were taken to hospitals where they received immediate medical care. Most of them were discharged relatively fast and some of them were even able to get back to work once they had been checked at the hospital. However, a small group had to undergo extensive surgery and is still recovering.

After the accidents, the general managers and HR teams worked day and night to provide optimal support to their injured colleagues. Our teams collaborated diligently with the hospitals to ensure that the best medical care and support was given, as the full and speedy recovery of all the unfortunate wounded colleagues remained a priority.

Embracing safety as priority n°1 in Belgium

In our wire plants in Zwevegem (Belgium), too, we have been able to turn safety results around. The enabler of this change was a dedicated action plan, a joint effort of operational managers and supervisors. The fact that safety was developed as a management priority n°1 was another decisive element in reaching today's results. For the third year in a row we were able to reduce the number of accidents and frequency rate by more than 50%.

Reducing our environmental footprint

Bekaert clearly aspires to keep its impact on the environment as small as possible: we strive to use fewer materials, bring down our energy consumption and reduce waste.

Bekaert develops products that contribute to a cleaner environment. We manufacture photovoltaic backsheets and sawing wire to slice polysilicon ingots into wafers used in solar cells, we have introduced steel (instead of lead) wheel weights for more eco-friendly tire balancing and energy-saving window film for cars and buildings. In addition we offer biodegradable wire, ultra-tensile steel cord to reinforce tires, sintered metal fibers applied in stirling engines or in diesel particulate filters, and much more.

At the same time we are putting our concern for the environment into practice by developing new and eco-friendlier production processes at our plants worldwide.

Bekaert's greenest steel cord plant

In October 2010 Bekaert inaugurated its greenest ever steel cord plant in Shenyang (Liaoning Province, China). Seizing the opportunity of the expansion of its steel cord activities in Shenyang, Bekaert pulled together the newest technologies for optimized energy conservation, reduced environmental impact and enhanced workspace comfort. Major improvements were realized in each of these three domains.

This ambitious project consolidated all of Bekaert's previous, more scattered efforts in the field of energy consumption reduction by integrating them in one single plant. It challenged our whole organization to contribute to this 'green' initiative by generating new ideas. Many of these suggestions – totaling more than 140, big and small – were implemented. An improvement process is never finished. Bekaert continues, therefore, to focus on energy efficiency, waste and noise reduction, and improved material handling. Not only in our plant in Shenyang, but also in our other plants worldwide.

A global approach to 'greener' initiatives

2010 signified a new approach for Bekaert in dealing with energy issues. While, before, we would identify opportunities for energy improvement to then pursue them, we switched to examining the energy consumption of all equipment in a structured way and comparing it with the state-of-the-art, but also with emerging technologies.

This new approach allowed us, for example, to define projects for 2011 in which we will be incorporating technology in our designs.

Where infrastructure is concerned, we continued our efforts in the area of lighting. All of our U.S. wire plants, for example, were equipped with low-energy lighting systems in 2010. In several plants, we replaced old boilers with more energy-efficient equipment. In addition, we used the energy models designed during previous years to optimize the infrastructure design of our new plants.

As for production processes, we launched more energy-efficient process lines into production in 2010, achieving breakthrough savings for gas, steam and electricity consumption. Several retrofit initiatives were taken, focusing on low temperature heat recovery on process lines, the reduction of losses in machine drive trains, and new manufacturing processes on more energy-efficient machines.

Steering towards worldwide certification

Bekaert has incorporated a strong commitment towards the protection of the environment in its strategy for sustainable profitable growth. In 2009, therefore, it was decided that all production plants worldwide should be ISO 14001 certified. In 2010, again, we made further headway in the attainment of this goal.

Bekaert considers employee awareness and a *better together* spirit crucial in implementing and maintaining an effective, lean, continuously improving and environmentally friendly performance-based management system.

Our employees' involvement makes them aware of what needs to be done to protect the environment; it empowers them to correct any infraction, and enables them to recommend continuous improvement opportunities.

Environmental awards and achievements that acknowledge our efforts

As a pilot case for the Group, Bekaert's operations in Burgos (Spain) issued a Sustainability Report up to the standards of the Global Reporting Index (GRI) Reporting Framework. Certified by Bureau Veritas, the Sustainability Report was able to claim a GRI C+ level. With the report, Bekaert in Burgos, appeals to the voice of the stakeholders by monitoring its performance against a number of indicators that refer to our triple accountability (economical, environmental and social), as a reference to further optimize the dialogue and our efforts in these areas.

Our window films business in San Diego (U.S.) obtained in 2010 the Environmental Product Declaration (EPD), reporting the full environmental impact of Solar Gard® and Panorama® architectural solar control films. Bekaert Specialty Films is one of only a handful of companies in the U.S. to have achieved this milestone. The EPD of Solar Gard® proves that the environmental impact of making its solar control window film – including raw material extraction, manufacturing, distribution to 90 countries worldwide and disposal – is offset by the positive impact of installing an energy saving window film, making it carbon-negative.

Our plant in Rogers (U.S.) was awarded the Pollution Prevention Excellence Award 2010 by the City of Rogers. It rewarded our efforts in the development, maintenance and improvement of the plant's Pollution Prevention Plan.

The city of Rogers rewarded our efforts in the development, maintenance and improvement of the plant's Polution Prevention Plan.

Supporting communities across the globe

Bekaert strives to be a loyal, responsible partner within the local communities in which it operates. We make a point of interacting with local governments in a transparent, constructive way, and we are firmly committed to complying with national legislation and collective labor agreements. Bekaert adheres to the Universal Declaration of Human Rights and the treaties and recommendations of the International Labor Organization.

In supporting local communities, Bekaert attaches high importance to learning. Educational projects, therefore, form the backbone of funding and other community-building activities. In addition to these, we also support local activities and projects for social, cultural and economic development, and for disaster relief.

Supporting educational and social initiatives

Helping youth and society in Asia

Ever since 1999, Bekaert has been supporting the Shenyang Enlighten Intelligence Kindergarten. This organization provides preschool education to both disabled and non-disabled children.

In 2010, we donated advanced electrical teaching equipments for each classroom. The aim is to help disabled children learn easily and efficiently. On the celebration of Children's Day, Bekaert also donated toys and teaching aids to the children.

In China Bekaert provided financial support to the Gift of Sight program established by the China Foundation for Disabled Persons (CFDP) and aimed at restoring sight to the visually impaired. The money went to a special fund which finances surgery aimed at restoring sight for people suffering from cataract blindness, and at fighting poverty caused by this condition.

Also in 2010, through the Bekaert University Scholarship Program, we supported talented students from three top level institutions: Xi'an Jiao Tong University, University of Science and Technology Beijing, and Harbin Institute of Technology.

With the funds donated by Bekaert, a brand-new 6 200 m² playground was completed in 2010 for the Weihai Welfare Home for Children in the city of Weihai. This project is one of Bekaert's initiatives, aimed at contributing to the wellbeing of orphans and disabled children in the local community.

Also in the city of Weihai, Bekaert provided financial support to the Xi Yuan School for the construction of a children's recreation activity center, a place where kids can enrich their extracurricular life, develop their reading skills, and practice a wide range of sports activities. The opening ceremony of the 'Children's Recreation Activity Center for Migrants Family' of the Xi Yuan School was held in June 2010.

China shows appreciation for Bekaert's community support

- Our tire cord plant in Weihai was awarded the title of 'Model Enterprise in harmony and sustainability' by the Working Committee and the Administrative Committee of the Weihai Economical & Technological Development Zone
- The Bekaert Asia Headquarters received from the Red Cross Society of China, Shanghai Branch, a 'Certificate of Appreciation' in recognition of its contribution to and support for the Red Cross services and humanitarian aid and relief.
- Bert De Graeve, CEO of Bekaert, was awarded 'Honorable citizen of Shanghai' by the Shanghai municipality.

Latin America

Peru

In 2010 our Peruvian subsidiary Prodac entered into an alliance with two institutions: Cayetano Heredia Peruvian University and Empresarios por la Educación. These have developed an overall methodology to improve the way public school teachers teach reading and writing skills. Prodac co-financed this project.

The 'Reading to grow' program is based on the strength of abilities of public teachers. By improving teaching methods, children learn to write & read fluently.

In another project in Peru, our Prodac plant contributed funds to the Summer School of the nearby Sarita Colonia community. The Sarita Colonia Summer School offers children between five and seventeen free courses to develop their arts and sports abilities.

Since 2008, Prodac (Lima, Peru) supports the summer school of the Sarita Colonia community, a town located nearby.

In addition, Prodac received recognition from Global Compact, the United Nations' international network that supports a shared set of principles on environment, labor and human rights, for its 'Tu Casa' program. The program helps its employees and families with limited economic resources find a place to live.

Colombia

Proalco, our subsidiary in Colombia, developed in 2010 the environmental training and awareness program 'Niños defensores del Agua/Our children as water defenders' in cooperation with the regional environment authority CAR. The program promotes the sustainable use of natural resources.

Through events and conferences we raised the awareness of some 150 children of our plant's employees on environmental care. In an awareness workshop, the children learned about caring for natural resources, by answering questions such as "Why is water essential for life and how can we use and save water and energy in our home?"

During the first stage of this program, children controlled water and energy consumption in their homes with the help of an informative notebook, containing tips on how to reduce water and energy usage. An award was given to the two families showing the best decrease in energy and water consumption, thereby consolidating also at family level the children's newly acquired resource savings culture.

Brazil

In Brazil, Bekaert is a partner in the Welding City program, which aims at training youth at risk in welding methods so that they can enter the labor market. The first group of students graduated in February 2010.

Belgo Bekaert Arames collaborates closely with SENAI, the National Service for Industrial Training and with the communities which are home to a lot of socially vulnerable youth. SENAI trains these youngsters in specific professions such as welding. Since there is no shortage of job opportunities for skilled welders in Brazil, these young people are able to find work matching their qualifications faster after completing the training. Bekaert provides the materials used during the training sessions.

Also in Brazil, Bekaert partnered with APAE, an association of parents and friends of children with special needs. Since separate schools for disabled children do not exist in Brazil, teachers are often not qualified to interact appropriately with these children. The aim of the cooperation program is to prepare teachers to deal with and stimulate the interaction between the special needs children and their non-disabled schoolmates. Through donations, Bekaert supports lectures, workshops and training courses. 35 teachers were trained in 2010.

Still in Brazil, Bekaert donated funds to sponsor a European tour of the Orquestra Jovem de Contagem, a project designed to train 250 young people as professional musicians or music teachers. The main objective here is to keep the children and adolescents off the street where they run the risk of getting involved in drugs and/or gangs.

Belgo Bekaert Arames and its employees sponsored a tour of 30 students to Europe. During the tour the Orquestra Jovem de Contagem performed in Germany and the Czech Republic.

North America

In the Rogers (U.S.) plant, we participated in the Head Start program, the country's most successful, longest-running, national school readiness program. It provides comprehensive education, health, nutrition, and parent involvement services to disadvantaged children and their families. Throughout 2010 the teams in Rogers raised money through fundraising to buy Christmas gifts for disadvantaged children.

Contributing with our products and knowhow

Anticipating earthquakes: training to improve housing construction in Ecuador

In Ecuador, Ideal Alambrec Bekaert produced and distributed a construction manual to introduce the concept of seismic-resistant building and encourage builders to follow safety rules during construction.

Since two thirds of all houses in Ecuador are built according to less-formal processes and because the country is a high-risk seismic region, the Construction Guide can offer useful best practices and help low-income families build a safer home.

The Construction Guide provides building instructions and guidelines, adequate and safe practices for the construction process and thirteen construction models for houses ranging between 36 m² and 120 m², including blue prints and construction tables. It is distributed during a series of workshops that Ideal Alambrec Bekaert organizes throughout the country over a period of one year. The goal is to train a total of 2 000 builders.

The Board of Directors and the Bekaert Group Executive visited the training site where builders learn how to build safe and seismic resistant houses.

HR team: rolling up their sleeves for a safe playground

Seizing the opportunity of our European HR meeting in France in 2010, Bekaert linked its team building event to a contribution to a social organization. We opted for the Institut médico-éducatif (IME) in Clairefontaine (France) which provides guidance to mentally and physically disabled children. A full day's teambuilding activity involved 40 of Bekaert's HR employees building a safe playground from scratch. This was a great experience for the HR team, as they were able to combine growing as a team with contributing to society. With this project Bekaert wants to stimulate initiatives that contribute to the society in which we live, as an alternative to traditional team building events.

As an alternative for traditional team building activities, 40 members of Bekaert's Global HR team built a safe playground for the children of the Institut médico-éducatif in Clairefontaine, France.

Donation of window film in China

In 2010 Bekaert and the China Europe International Business School (CEIBS) renewed their long-running partnership. As a result, Bekaert donated Solar Gard® window film to the CEIBS new Beijing campus.

Not only will the window film significantly reduce the school's energy usage in Beijing, it will also trim down its heating and cooling expenses. As part of the partnership agreement, Bekaert will also act as a mentor for the CEIBS Green Campus Initiative and other programs emphasizing energy efficiency, social responsibility, and 'green innovation'.

In April 2010 Bekaert, together with other CEIBS Corporate Partners, was honored for its support of the new Beijing campus.

Still in China, Bekaert actively supported the construction of the Belgium EU Pavilion at the 2010 World Expo in Shanghai, through advice and coordination and by supplying Bekaert products such as Dramix® steel fibers for concrete reinforcement and solar control window films.

Encouraging volunteering

In Peru Bekaert supports the 'Programa Voluntades de Acero', a corporate volunteering program established in 2008 by Prodac employees with the help of the organization 'Volunteer Work'.

The program is intended to promote and support the volunteering practice among employees. During volunteering days, Prodac employees got to know the children involved in the 'Reading to grow' project, valued their work, and entertained them with reading and writing related activities.

'Citizens of Tomorrow' is another project supported by Bekaert in Brazil. In 2010 Bekaert and its employees again raised funds for several social initiatives from the 'Pró Voluntário' Program, through clothing and blood donations for instance. Some 150 employees volunteered, raising enough money to help a total of 700 people.

Disaster relief

If 2009 was the year of the global financial crisis, 2010 definitely was the year of natural disasters, affecting the lives of millions of people around the globe. Earthquakes shook Haiti, Chile, Turkey, Mexico and China. Severe flooding left destruction and desolation in its wake in Peru, France, Brazil and Indonesia.

Thanks to its worldwide presence, Bekaert did not hesitate to set the wheels of its corporate social responsibility program in motion whenever it learned that employees and their families were affected. We invited everyone in the Bekaert Group to assist the victims of the severe earthquake in Chile in February and the devastating floods in Indonesia in March.

Bekaert launched the *better together* campaign ‘Today I work for my colleagues in Chile’, a call for all Bekaert employees and entities worldwide to donate the equivalent of one or more hours’ salary to help the Bekaert earthquake victims. The initiative to help finance the reconstruction and refurbishing of the employees’ houses was later expanded to support Indonesian colleagues affected by the devastating floods in the Karawang area.

Overall, € 274 772 was collected. Our action proved inspirational beyond our expectations: we also received contributions from many members of the Bekaert family, our Board of Directors, and from various Bekaert associations, retired employees and business partners.

This amount was doubled by Bekaert at the corporate level to a round figure of € 550 000. This fantastic result perfectly illustrated the fact that *better together* are words we put into practice when our colleagues are in need.

After Qinghai Province in China was hit by a 7.1-magnitude earthquake on 14 April 2010, Bekaert initiated an employee donation program to support the disaster relief efforts for victims in the Yushu county.

Over 7 900 Bekaert employees in China made a donation, totaling an amount of CNY 487 759. The money raised in Bekaert's plants in Jiangyin, Shenyang, Weihai, Wuxi, Suzhou, Chongqing, Huizhou and Shanghai was doubled by Bekaert at the regional corporate level to reach the round figure of CNY 1 million. The donations were made available for the disaster relief program of the Yushu victims via the China Red Cross organization.

better together in Chile disaster relief

In the middle of the night on 27 February 2010, Chile was awakened by an earthquake of magnitude 8.8 on the Richter scale, with its epicenter in Concepción. Hundreds of aftershocks followed, one reaching a magnitude of 7.2 on 11 March.

In Santiago, four Bekaert joint venture plants suffered rather limited damage: Prodalam, Acma, Acmanet and Prodinsa. Inchalam, the largest production plant in Concepción, was affected the most: roofs and walls, infrastructure and utilities and production lines were damaged.

We immediately started repair works, thus showing the resilience of our organization. Customers and suppliers were contacted to streamline operations. In a minimum of time we resumed normal activity.

In the first days after the earthquake, teams from the Bekaert joint venture in Santiago helped their colleagues in Concepción by organizing water and food supply convoys. Clothes and mattresses were brought to the employees who had lost everything. Actions to search for missing colleagues were set up.

Employees who immediately needed relocation to safer rented houses were issued temporarily loans. Damage assessments were made and technical support for reconstruction ensured. Although the Bekaert employees in Chile were still going through difficult times themselves, they started helping other victims too by volunteering to build emergency housing for those who were spending their nights in tents.

Chile: donations put to immediate use

In Chile, a total of 155 employees in all of the Bekaert companies sustained material damage as a result of the earthquake, most of them in Concepción. 65% of them suffered light to moderate damage, 20% dealt with severe or irreparable damage and 15% were hit by the subsequent floods.

With the € 500 000 donation we were able to cover the costs of reconstructing and refurbishing the employees' houses. This allowed families who had suffered total loss and were not covered by insurance to move into newly built houses. Other employees' houses were repaired under strict technical supervision.

Thanks to the generosity of Bekaert and its worldwide workforce, the employees in Chile whose houses were severely damaged by the earthquake, could move into new houses.

The Karawang floods: a personal account by a Bekaert employee

In Indonesia heavy rainfalls had caused the Jatiluhur water reservoir dam to overflow and subsequently the River Citarum burst its banks. As the Karawang area was flooded with water reaching levels up to three meters, 112 Bekaert employees and their families suffered property damage and many of them had to be evacuated. This is the story of Virmansyah, employee of PT Bekaert Indonesia and his wife Desi.

"Every year the Citarum River reaches high water levels, but this time the dike could not stop the river from bursting its banks and reaching the local people's homes. Some 40% of the Karawang area was flooded.

We were evacuated from our home. Luckily we were taken in at the home of an HR colleague.

Employees who were struck by the floods received ample support from Bekaert in the form of cleaning up, evacuation, repainting houses or alternative housing. But Bekaert also helped by offering food and drinking water, replacing furniture and providing medical care.

The initial shock of the floods was huge. People were generally quite disheartened. But that soon changed when we saw that Bekaert was helping all of its employees. In Indonesia we say 'gotong royong' when referring to working together hand in hand to achieve a goal. This concept is well known in Indonesian culture and in the corporate culture at Bekaert. It was amazing to see such a level of volunteering and how much colleagues were ready to lend a hand to anyone who needed it."

The € 50 000 that was collected through the Bekaert fund-raising initiative was sufficient to offset entirely the temporary loans issued for immediate support.

06

Corporate Governance Statement

In accordance with the original Belgian Code on Corporate Governance published in 2004, the Board of Directors has, on 16 December 2005, adopted the Bekaert Corporate Governance Charter. Following the publication of the 2009 Belgian Code on Corporate Governance, the Board of Directors has, on 22 December 2009, adopted the 2009 Code as the reference code for Bekaert and revised the Bekaert Corporate Governance Charter (the 'Bekaert Charter').

Corporate Governance Statement

Bekaert complies in principle with the Belgian Corporate Governance Code and explains in the Bekaert Charter or in this Corporate Governance Statement why it departs from some 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.

Four of the directors are independent in accordance with the criteria of Article 526ter of the Belgian Companies Code and provision 2.3 of the Belgian Corporate Governance Code: Dr Alan Begg (appointed in 2008), Sir Anthony Galsworthy (first appointed in 2004), Lady Barbara Thomas Judge (first appointed in 2007), and Mr Manfred Wennemer (appointed in 2009, independent since 1 January 2010).

The Belgian Corporate Governance Code is available at www.corporategovernancecommittee.be
The Bekaert Corporate Governance Charter is available at www.bekaert.com

Name	First appointed	Expiry of current term	Principal occupation (*)	Number of regular meetings attended
Chairman				
Baron Buysse	2000	2012	NV Bekaert SA	6
Chief Executive Officer				
Bert De Graeve	2006	2012	NV Bekaert SA	6
Members nominated by the principal shareholders				
Baron Bekaert	1994	2012	Director of companies	6
Roger Dalle	1998	2013	Director of companies	6
Count Charles de Liedekerke	1997	2012	CEO, Joris Ide Group (Belgium)	6
François de Visscher	1992	2013	President, de Visscher & Co. LLC (United States)	5
Hubert Jacobs van Merlen	2003	2012	President & CEO, IEE SA (Luxembourg)	6
Maxime Jadot	1994	2012	CEO and Chairman of the Executive Board, BNP Paribas Fortis (Belgium) (as from 1 March 2011)	6
Bernard van de Walle de Ghelcke	2004	2013	Of Counsel, Linklaters LLP (Belgium)	6
Baudouin Velge	1998	2013	CEO, Interel Belgium (Belgium)	6
Independent Directors				
Dr Alan Begg	2008	2011	Senior Vice President Group Technology and Development, SKF (Sweden)	5
Sir Anthony Galsworthy	2004	2012	Advisor to Standard Chartered Bank (United Kingdom)	6
Lady Barbara Thomas Judge	2007	2013	Chairman Emeritus of the UK Atomic Energy Authority (United Kingdom)	6
Manfred Wennemer	2009	2012	Director of companies	5

(*) The detailed résumés of the Board Members are available at www.bekaert.com.

The Board held six regular meetings in 2010. In line with its intention to keep in touch with Bekaert's global operations the Board held one of its regular meetings in Ecuador. In addition to its statutory powers and powers under the Articles of Association and the Bekaert Charter, the Board of Directors examined the following matters, among others, in 2010:

- a review of the long term strategy of the Group in light of the economic, financial and geopolitical developments, and the follow-up of the strategy;
- the acquisition of two tire cord plants from Bridgestone;
- the disposal of the diamond like coatings and composites activities;
- the 2010 budget;
- the plans for the period 2011-2013;
- a proposal to split the Bekaert shares, VVPR strips, subscription rights and share options, and to abolish the existing bearer securities;
- a proposal to distribute an intermediate dividend in the gross amount of € 2.00 per pre-split share;
- the grant of new subscription rights and stock options in accordance with the existing stock option plans;
- the implementation of a new Share Option Plan 2010-2014 ('SOP2010-2014');
- the buy-back of Company shares;
- the debt position of the Group, including the public issue of bonds in the aggregate amount of € 100 million.

Committees of the Board of Directors

The Board of Directors has established three Advisory Committees.

Audit and Finance Committee

The Audit and Finance Committee is composed as required by Article 526bis §2 of the Companies Code: all of its four members are non-executive Directors, and one member, Lady Judge, is independent. Her competence in accounting and auditing is demonstrated by her position as vice chairman of the Financial Reporting Council, the British accounting and corporate governance regulator, which she held until the end of 2007.

Contrary to provision 5.2/3 of the Belgian Corporate Governance Code, the Committee 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 protecting the interests of all shareholders. Contrary to provision 5.2/4 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 Chief Executive Officer and the Chief Financial Officer are not 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	2012	4
François de Visscher	2013	3
Baudouin Velge	2013	4
Lady Barbara Thomas Judge	2013	3

The Committee met four times in 2010. In addition to its statutory powers and its powers under the Bekaert Charter the Committee discussed the following main subjects:

- the treasury situation;
- the development of an enterprise risk management process.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee has four members, all of whom 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. As from 1 January 2011 the composition of the Committee has been adapted to conform to the requirements of the Belgian Corporate Governance Act of 6 April 2010.

Name	Expiry of current term	Number of meetings attended
Baron Buysse	2012	5
Roger Dalle	2013	5
Maxime Jadot	2012	5
Dr Alan Begg	2011	5

The Committee met five times in 2010. In addition to its powers under the Articles of Association and the Bekaert Charter, the Committee discussed the following main subjects:

- the implications of the Belgian Corporate Governance Act of 6 April 2010 on the composition of the Committee and the remuneration of the executive management;
- the succession of the Chairman of the Board;
- the development of a Bekaert leadership program.

Strategic Committee

The Strategic 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	2012	4
Bert De Graeve	2012	4
Baron Bekaert	2012	3
Count Charles de Liedekerke	2012	4
Maxime Jadot	2012	4
Sir Anthony Galsworthy	2012	4

The Committee met four times in 2010. In addition to its powers under the Articles of Association and the Bekaert Charter, the Committee prepared the review by the full Board of the long term strategy of the Group in light of the economic, financial and geopolitical developments.

Evaluation

The main features of the process for evaluating the Board of Directors, its Committees and the individual Directors are described in paragraph II.3.4 of the Bekaert Charter. For that reason they are not described in this statement as prescribed by provision 4.15 of the Belgian Corporate Governance Code.

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 businesses, finance and administration, and technology.

Name	Position	Appointed
Bert De Graeve	Chief Executive Officer	2006
Bruno Humblet	Chief Financial Officer and Group Executive Vice President Specialized films	2006
Dominique Neerinck	Chief Technology Officer and Group Executive Vice President Industrial coatings	2006
Geert Roelens	Group Executive Vice President Steelcord	2008
Henri-Jean Velge	Group Executive Vice President Wire	1998

Remuneration Report

Bekaert has reviewed the remuneration policy of its executive management in light of the relevant provisions of the Belgian Corporate Governance Act, and will report in accordance with the requirements of the Act in the Corporate Governance Statement of its 2011 annual report. For the present Statement covering 2010, Bekaert has elected to continue the reporting format used in previous years, even though this implies the non-compliance with certain reporting provisions under Principle 7 of the Belgian Corporate Governance Code: Bekaert prefers to introduce the reporting format required by the Act simultaneously with the reporting on its revised remuneration policy.

Remuneration policy for non-executive Directors

The remuneration policy for non-executive Directors is described in paragraph II.7.1 of the Bekaert Charter.

Remuneration policy for Executive Management

The remuneration policy for executive management is described in paragraph IV.7 of the Bekaert Charter.

Remuneration of Directors

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

In €	Fixed remuneration	Variable Board attendance	Variable Committee attendance	Total Gross 2010
Chairman				
Baron Buysse	500 040			500 040
Directors				
Alan Begg	37 184	12 395	7 435	57 014
Baron Bekaert	37 184	14 874	4 461	56 519
Roger Dalle	37 184	14 874	7 435	59 493
Bert De Graeve	37 184	14 874	-	52 058
Count Charles de Liedekerke	37 184	14 874	5 948	58 006
François de Visscher	37 184	12 395	4 461	54 040
Sir Anthony Galsworthy (*)	37 184	14 874	5 948	58 006
Hubert Jacobs van Merlen	37 184	14 874	-	52 058
Maxime Jadot	37 184	14 874	13 383	65 441
Lady Barbara Thomas Judge	37 184	14 874	4 461	56 519
Bernard van de Walle de Ghelcke	37 184	14 874	-	52 058
Baudouin Velge	37 184	14 874	5 948	58 006
Manfred Wennemer	37 184	12 395	-	49 579
Total	**983 432**	**185 925**	**59 480**	**1 228 837**

(*) In addition to the above-mentioned fees, Sir Anthony Galsworthy received a remuneration of € 2 974 on account of his assistance provided in a specific matter at request of the Board of Directors.

Remuneration of the Chief Executive Officer

The remuneration of the CEO is reflected in the table below.

in €	Fixed remuneration (*)	Variable remuneration	Other contractual remuneration	Total 2010	
Bert De Graeve	694 038	475 000	179 792	1 348 830	
Number of stock options granted				30 000	(**)

(*) The fixed remuneration includes the remuneration received as a member of the Board of NV Bekaert SA.
(**) Number stock split-adjusted three-for-one share split

Remuneration of Executive Management

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

In thousand €	2009	2010
Number of persons	22	22
Short-term employee benefits		
Basic remuneration	4 576	4 926
Variable remuneration	2 248	2 566
Remuneration as directors of subsidiaries	675	743
Post-employment benefits		
Defined-benefit pension plans	312	348
Defined-contribution pension	498	527
Share-based payment benefits	723	1 368
Total gross remuneration	**9 032**	**10 478**
Average gross remuneration per person	411	476
Number of subscription rights and options granted (stock option plans)	187 500	128 400

Stock options

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 on the privacy of the persons concerned: for that reason Bekaert has elected to deviate from provision 7.16 of the Belgian Corporate Governance Code and only to disclose, on an individual basis, the number of options granted to the Chief Executive Officer.

Other than the stock options referred to above, no shares or rights to acquire shares are granted to the CEO or to any other member of the Bekaert Group Executive.

Shares and shareholders

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 new international standards. The consolidated financial statements are 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 as ISIN BE0974258874 (BEKB) and was first listed in December 1972. The VVPR strip is listed as ISIN BE0005640140 (BEKS). The ICB sector code is 2727 Diversified Industrials.

The Bekaert share in 2010

The year 2010 began with a sharp increase in the share price from € 108.50 (before share split) at year-end to € 118.20 in the first week of January followed by a slip back to a low of € 98.60 on 5 February. European Markets came under pressure as investors sold out of risk on heightened concern over the state of the budget deficits in Greece, Portugal and Spain. Worse than expected United States jobless claims data and the news flow on credit restrictions in China added to the worries over the economic recovery. The announcement of the acquisition of two Bridgestone tire cord plants and a multi-year supply agreement could not support the share at this moment due to the overall negative market sentiment.

At the day of publication of the 2009 results in February, the share price increased by about 10% to € 118.90 and continued to increase the following week to around € 125 due to positive changes in recommendations and target prices. The initiation of coverage by new brokers boosted further the share price to a new high of € 141.50. This level of share price tempered liquidity temporarily; existing shareholders were not willing to sell while potential shareholders were waiting for a dip in share price.

Macro developments continued to drive volatility, with a pickup in risk aversion stemming from the skepticism surrounding the ability of the Greek funding package to dampen sovereign credit contagion concerns. The European markets were searching for direction as strength in corporate numbers was offset by ongoing negative sentiment around those sovereign debt issues. Asian markets came under pressure in response to concerns about global growth slowdown rather than a credit or liquidity crunch. As a consequence the share price dropped sharply to around € 118 early May.

After the Euro area governments and the European central bank laid out a set of measures in order to safeguard the financial stability, the share price recovered by a strong increase of around 13% in one day. The same week, Bekaert announced its 2010 first quarter sales, which were very strong, based on a broad recovery in mature markets, a continuation of the Chinese success story and an indication of a similarly strong second quarter. The share reacted immediately with another increase by 8%, totaling an increase by more than 20% in one week. The share reached a new high of € 148.05 on 21 June. Following the strong gains, the share was pausing for breath at around € 140, waiting for half year results.

On the day of the announcement, the share price peaked to € 169.95 as a consequence of the robust first half 2010 results. The faster than expected recovery in the mature markets was well received on top of the excellent results in the emerging markets and the successful innovative products in the energy sector. The record profitability, the announcement of an interim dividend and a share split were all triggers to start further upgrades in recommendations.

The institutional investor market became very active and the fact that the Bekaert market capitalization increased to above USD 6 billion attracted new large cap investors. At the same time, the global visibility of Bekaert towards the financial community increased substantially.

The better-than-expected first half 2010 earnings and a relatively solid set of European data helped to improve the risk tone in the third quarter. Risk aversion dominated still in August but reversed in September after better-than-expected macro data from United States and China, helping to counter ‘double-dip’ fears. Currencies saw large moves; the euro gained more than 10% against the USD. Equity markets rallied in September, gains were led by the automotive sector, as one of the strongest sectors. Tire manufacturers confirmed the strong market environment and announced large investment programs in emerging markets.

Bekaert reported on 10 November sustained strong demand throughout the first nine months of 2010. Revenue was lifted by a better product mix driven by Bekaert's continued innovation efforts. Bekaert's sales for the first nine months of 2010 equaled total sales of 2009 and consequently the sales numbers were higher than expected. Almost all product groups and respective markets maintained solid growth, with the automotive and renewable energy sectors as fast developing markets. The share price reached an all time high of € 234.85 on 21 October 2010. The market capitalization reached a historic high of € 4.7 billion (USD 6.5 billion).

CEO Bert De Graeve receives the Best Bel20® performer award for the excellent track record of the Bekaert share during 2010.

After a strong third quarter, Bekaert indicated that fourth quarter consolidated sales would be in line with the average quarterly sales of the first half of 2010. This has led to some short-term profit taking after the very strong run staged by the Bekaert stock during the last two years.

The three-for-one share split as proposed by the Board of Directors came into effect on 10 November 2010 resulting in an adjusted share price of € 77.12 (from € 231.35).

Bekaert became at the end of November a member of the MSCI Europe index. On 31 December 2010, the share closed at € 85.90, an increase by more than 137% compared to 31 December 2009. Bekaert confirmed its membership in the Bel20®, the Belgian reference index, and was ranked No. 10. The share price reached a high of € 86.96 on 31 December 2010 and outperformed the Bel20® index by about 128%. The market capitalization reached an all time high of € 5.1 billion (USD 6.7 billion).

Share split-adjusted figures

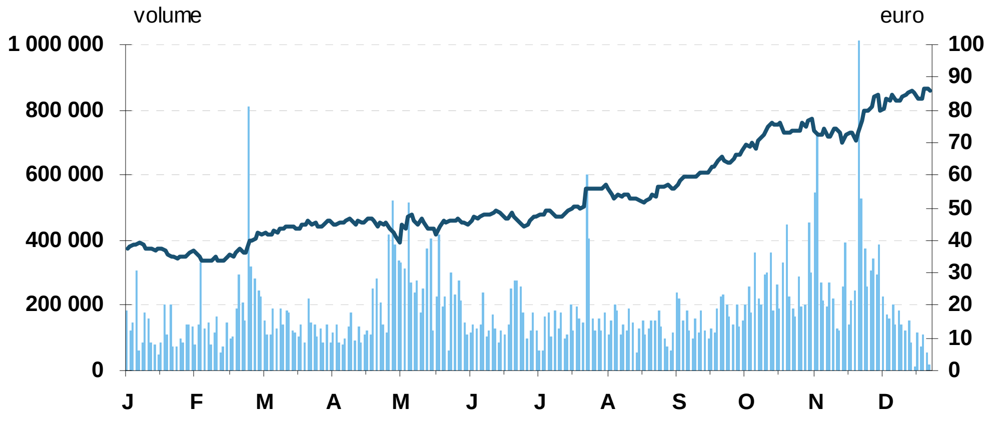
After share split 3:1, in €	2006	2007	2008	2009	2010
Price as at 31 December	31.57	30.67	16.11	36.17	85.90
Price high	34.20	37.97	40.41	36.47	86.96
Price low	23.07	27.63	14.57	12.42	32.87
Price average closing	27.33	32.73	29.51	25.14	53.82
Strips as at 31 December	0.19	0.15	0.23	0.27	0.23
Daily volume	175 242	172 290	223 140	215 601	195 856
Daily turnover (in millions of €)	4.5	5.4	6.4	5.0	8.8
Annual turnover (in millions of €)	1 228	1 433	1 652	1 310	2 833
Velocity (%, annual)	69	72	96	93	85
Velocity (%, adjusted free float)	115	111	148	143	130
Free float (in %)	56.1	61.7	60.9	61.0	61.9

Volumes traded

The average daily trading volume was about 196 000 shares in 2010, about the same level as over 2009. There was a strong correlation between a volume increase and the moment of a result communication.

The volume peaked on 30 November, as 2 730 000 shares were handled in one day when Bekaert entered the MSCI Europe index. As a reference, in 2001 only 54 000 shares were traded per day.

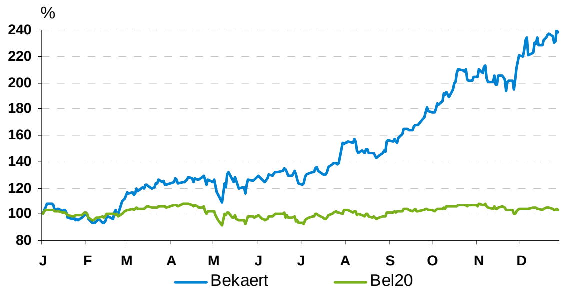
Bekaert closing prices and volumes in 2010



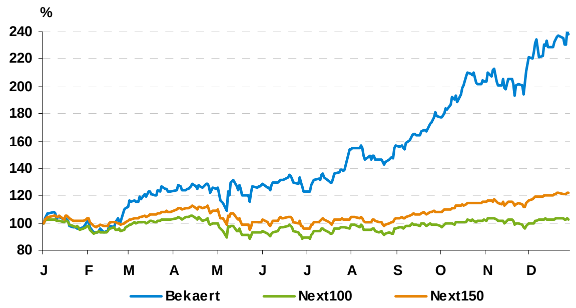
Bekaert versus Bel20®, NEXT100 and NEXT150

Bekaert is positioned as No. 10 out of 20 companies, with a market capitalization of € 5 144 million, a *free float* market capitalization of € 3 344 million (61.88% and within the *free float* band of 65%), velocity at 130% and a weight of about 5.0 % (from 2.14%). Year on year, the share increased by 137% and outperformed the Bel20® index by 128%, the Next100 by 136% and the Next150 by 115%.

Bekaert versus Bel20® (2010)



Bekaert versus the NEXT100 and the NEXT150 (2010)



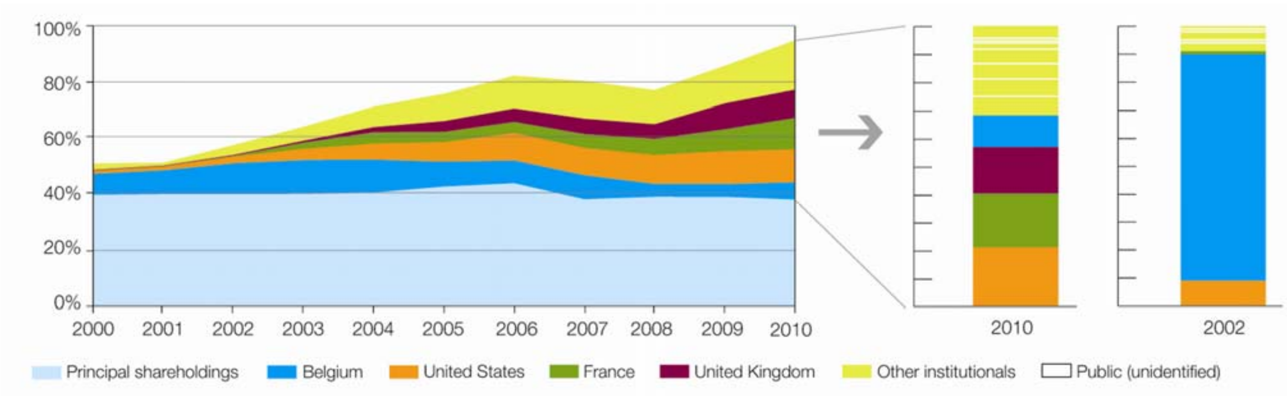
Internationalization of the shareholder structure and significant participations

The shareholder structure showed a strong internationalization in previous years and this trend was maintained in 2010. The United Kingdom in particular, but also France and Asia, have taken a larger stake.

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%. 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).

The principal shareholders own 38.12% of the shares, while the identified institutional shareholders own 56.8% of the shares. One international institutional investor holds 3%. Of the total number of Bekaert shares, 2.9% are in registered form.

Increasing internationalization of our institutional shareholder structure



Capital structure

An Extraordinary General Meeting held on 7 October 2010 decided to split each of the Company's shares, VVPR strips, subscription rights and share options into three new securities, and to abolish the Company's existing bearer securities. The split became effective as of 10 November 2010. All numbers of Bekaert shares, VVPR strips, subscription rights and share options, as well as all prices of the Bekaert shares and VVPR strips and exercise prices of subscription rights and share options mentioned in this annual report are post-split numbers and prices, unless otherwise stated.

As of 31 December 2010 the registered capital of NV Bekaert SA amounts to € 176 242 000, and is represented by 59 884 973 shares without par value. The shares are in registered or non-material form.

The number of VVPR strips is 12 556 976.

The total number of outstanding subscription rights under the SOP1 and SOP2005-2009 stock option plans is 784 336.

A total of 381 566 subscription rights were exercised in 2010 under the SOP1 and SOP2005-2009 employee stock option plans, resulting in the issue of 381 566 new Company shares and VVPR strips, and an increase of the registered capital by € 1 124 000 and of the share premium by € 8 177 296.38.

In addition to the 89 700 treasury shares held as of 31 December 2009, Bekaert purchased 965 700 own shares in 2010. Those aggregate 1 055 400 shares were used as follows in 2010:

- 91 700 shares were delivered to the individuals who had exercised their options under the SOP2 stock option plan in 2010; and
- the remaining 963 700 shares are held as treasury shares.

As a result of the above-mentioned movements, the number of issued shares and the number of VVPR strips each increased by 381 566.

In 2010 a fifth and final issue of subscription rights took place under the SOP2005-2009 stock option plan: 225 450 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 € 33.990. An aggregate 1 137 108 subscription rights have been granted under the SOP 2005-2009 stock option plan.

In 2010 a final grant of 49 500 options took place under the SOP2 stock option plan: each option will be convertible into one existing NV Bekaert SA share with VVPR strip at an exercise price of € 33.990. A total of 463 260 options have been granted under the SOP2 stock option plan.

A new NV Bekaert SA Share Option Plan 2010-2014 ('SOP2010-2014') was proposed by the Board of Directors and approved by a Special General Meeting in 2010. The plan will be the successor to the SOP 2005-2009 and SOP2 plans, and will offer options to acquire existing Company shares to the members of the Bekaert Group Executive, senior management and a limited number of management employees of the Company and a number of its subsidiary companies. There will be one offer of share options in each of the years 2010 through 2014, and the aggregate number of share options to be offered will be determined each year by the Board of Directors on the motion of the Nomination and Remuneration Committee. The number of share options to be offered to each individual beneficiary will be variable in part, based on an assessment of such person's long term contribution to the success of the Company. The share options will be offered to the beneficiaries for free. Each accepted share option will entitle the holder to acquire one existing share of the Company against payment of the exercise price, which will be conclusively determined at the time of the offer and which will be equal to the lower of: (i) the average closing price of the Company shares during the thirty days preceding the date of the offer, and (ii) the last closing price preceding the date of the offer. The share options cannot be exercised during a period of three years after the date of their grant nor after a period of ten years from the date of their offer. A first offer of 398 400 options was made on 16 December 2010.

The SOP2005-2009, SOP2 and SOP2010-2014 plans comply with the relevant provisions of the Act of 26 March 1999 and with Articles 520ter and 525, last paragraph, of the Companies Code.

Detailed information about capital, shares and stock option plans is given in the Financial Review (Note 6.11 to the consolidated financial statements).

Bekaert's dividend policy

It is 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 future 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 October a Special General Meeting approved the distribution of a gross intermediate dividend of € 0.667 per share (€ 2.00 pre-split), as proposed by the Board of Directors. This corresponds to a net dividend per share of € 0.50 (€ 1.50 pre-split).

in €	2006	2007	2008	2009	2010
Per share (*)					
Intermediate dividend					0.667
Dividend May	0.83	0.92	0.93	0.98	1.000
Total Gross dividend	0.83	0.92	0.93	0.98	1.667
Total Net dividend	0.63	0.69	0.23	0.74	1.250
Total Net dividend with VVPR strip	0.71	0.78	0.26	0.83	1.417
Coupon number	8	9	10	11	12 & 13

(*) All indicators per share before 2010 are stock split-adjusted to enable comparison with 2010 figures.

Appropriation of available profit

In light of the Group's strong performance in 2010 and its confidence in the future, the Board of Directors will propose that the General Meeting of Shareholders to be held on 11 May 2011 approve the distribution of a gross dividend of € 1.00 per share. If this proposal is accepted, the net dividend per share will be € 0.750, and the net dividend on shares with VVPR strip, reducing the withholding tax to 15%, will be € 0.850 per share. Together with the gross intermediate dividend of € 0.667 per share paid in October 2010, this will result in an aggregate gross dividend of € 1.667 per share for 2010.

General Meetings of Shareholders

The Annual General Meeting was held on 12 May 2010. Extraordinary General Meetings were held on 12 May and 7 October 2010. Special General Meetings took place on 14 April and 7 October 2010. The resolutions of the five meetings are available at www.bekaert.com.

More detailed information is available in the Bekaert Shareholders' Guide 2010 and at 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 2010, and the provisions of Article 523 were complied with on both occasions.

On 25 February 2010 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 € 475 000 to the Chief Executive Officer for 2009;*
- *the 2010 bonus target proposal for the Chief Executive Officer;*
- *an increase of the remuneration of the Chief Executive Officer for 2010 as follows: annual base salary by € 65 000, annual target bonus by € 100 000, and annual target long term incentives by € 100 000; and*
- *the offer of 30 000 stock options (post-split adjusted) to the CEO on 17 December 2009 under the Stock Option Plan SOP2.*

On 9 November 2010 the Board had to determine the future remuneration of the Chief Executive Officer, as well as the first offer of options to the Chief Executive Officer under the new SOP2010-2014 share option plan. Excerpt from the minutes:

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

- *the proposed new Variable Pay Policy for the Bekaert Group Executive, as well as the proposed adaptations to the remuneration packages of the Chief Executive Officer and the BGE members;*
- *the offer of 30 000 options (post-split) to the Chief Executive Officer.*

Other transactions with Directors and Executive Management

The Bekaert 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. Bekaert is not aware of any potential conflict of interests concerning such transactions occurring in 2010 (cf. Note 7.6 to the consolidated financial statements).

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 Charter as Appendix 4. The Bekaert Insider Dealing 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.

Internal control and risk management system

Internal control and risk management systems in relation to the preparation of the consolidated financial statements

The following description of Bekaert's internal control and risk management systems is based on the Internal Control Integrated Framework (1992) and the Enterprise Risk Management Framework (2004) published by the Committee of Sponsoring Organizations of the Treadway Commission ('COSO').

Control environment

The accounting and control organization consists of three levels: (i) the accounting team in the different legal entities or shared service centers, responsible for the preparation and reporting of the financial information, (ii) the controllers at the different levels in the organization (such as plant and segment), responsible *inter alia* for the review of the financial information in their area of responsibility, and (iii) the Group Control Department, responsible for the final review of the financial information of the different legal entities and for the preparation of the consolidated financial statements.

Next to the structured controls outlined above, the Internal Audit Department conducts a risk based audit program to validate the internal control effectiveness in the different processes at legal entity level to assure a reliable financial reporting.

Bekaert's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) which have been endorsed by the European Union. Such financial statements are also in compliance with the IFRS as issued by the International Accounting Standards Board.

All IFRS accounting principles, guidelines and interpretations, to be applied by all legal entities, are grouped in the IFRS manual, which is available on the Bekaert intranet to all employees involved in financial reporting. Such manual is regularly updated by Group Control in case of relevant changes in IFRS, or interpretations thereof, and the users are informed of any such changes. IFRS trainings take place in the different regions when deemed necessary or appropriate.

The vast majority of the Group companies use Bekaert's global enterprise resource planning ('ERP') system, and the accounting transactions are registered in a common operating chart of accounts, whereby accounting manuals describe the standard way of booking of the most relevant transactions. Such accounting manuals are explained to the users during training sessions, and are available on the Bekaert intranet.

All Group companies use the same software to report the financial data for consolidation and external reporting purposes. A reporting manual is available on the Bekaert intranet and trainings take place when deemed necessary or appropriate.

Risk assessment

Appropriate measures are taken to ensure a timely and qualitative reporting and to reduce the potential risks related to the financial reporting process, including: (i) proper coordination between the Corporate Communication Department and Group Control, (ii) careful planning of all activities, including owners and timings, (iii) guidelines which are distributed by Group Control to the owners prior to the quarterly reporting, including relevant points of attention, and (iv) follow-up and feedback of the timeliness, quality and lessons learned in order to strive for continuous improvement.

A quarterly review takes place of the financial results, findings by the Internal Audit Department, and other important control events, the results of which are discussed with the Statutory Auditor.

Material changes to the IFRS accounting principles are coordinated by Group Control, reviewed by the Statutory Auditor, reported to the Audit and Finance Committee, and acknowledged by the Board of Directors of the Company. Material changes to the statutory accounting principles of a Group company are approved by its Board of Directors.

Control activities

The proper application by the legal entities of the accounting principles as described in the IFRS manual, as well as the accuracy, consistency and completeness of the reported information, is reviewed on an ongoing basis by the control organization (as described above). In addition, all relevant entities are controlled by the Internal Audit Department on a periodic basis.

Policies and procedures are in place for the most important underlying processes (sales, procurement, investments, treasury, etc.) and are subject to: (i) an evaluation by the respective management teams using a self-assessment tool, and (ii) control by the Internal Audit Department on a rotating basis.

A close monitoring of potential segregation of duties conflicts in the ERP system is carried out.

Information and communication

Bekaert has deployed in the majority of the Group companies a global ERP system platform to support the efficient processing of business transactions and provide its management with transparent and reliable management information to monitor, control and direct its business operations.

The provision of information technology services to run, maintain and develop those systems is to a large extent outsourced to professional IT service delivery organizations which are directed and controlled through appropriate IT governance structures and monitored on their delivery performance through comprehensive service level agreements.

Together with its IT providers, Bekaert has implemented adequate management processes to ensure that appropriate measures are taken on a daily basis to sustain the performance, availability and integrity of its IT systems. At regular intervals the adequacy of those procedures is reviewed and audited and where needed further optimized.

Proper assignment of responsibilities, and coordination between the pertinent departments, ensures an efficient and timely communication process of periodic financial information to the market. In the first and third quarter a trading update is released, whereas at midyear and year-end all relevant financial information is disclosed. Prior to the external reporting, the sales and financial information is subject to (i) the appropriate controls by the above-mentioned control organization, (ii) review by the Audit and Finance Committee, and (iii) approval by the Board of Directors of the company.

Monitoring

Any significant change of the IFRS accounting principles as applied by Bekaert is subject to review by the Audit and Finance Committee and approval by the Board of Directors, including the first-time adoption of IFRS in 2000.

On a periodic basis, the members of the Board of Directors are updated on the evolution and important changes in the underlying IFRS standards.

All relevant financial information is presented to the Audit and Finance Committee and the Board of Directors to enable them to analyze the financial statements. All related press releases are approved prior to communication to the market.

Relevant findings by the Internal Audit Department and/or the Statutory Auditor on the application of the accounting principles, as well as the adequacy of the policies and procedures, and segregation of duties, are reported to the Audit and Finance Committee.

Also a periodic treasury update is submitted to the Audit and Finance Committee.

A procedure is in place to convene the appropriate governing body of the Company on short notice if and when circumstances so dictate.

Internal control and risk management systems in general

The Board of Directors and the Bekaert Group Executive have approved the Bekaert Code of Conduct, which was first issued on 1 December 2004 and updated on 1 March 2009. The Code of Conduct sets forth the Bekaert mission and beliefs as well as the basic principles of how Bekaert wants to do business. Implementation of the Code of Conduct is mandatory for all companies of the Group. The Code of Conduct is included in the Bekaert Charter as Appendix 3 and available at www.bekaert.com. More detailed policies and guidelines are developed as considered necessary to ensure consistent implementation of the Code of Conduct throughout the Group.

Bekaert's internal control framework consists of a set of group policies for the main business processes, which applies Group-wide. Bekaert has different tools in place to constantly monitor the effectiveness and efficiency of design and the operation of the internal control framework. A mandatory training on internal control is organized for all new employees and a self-assessment tool is in place allowing management teams to evaluate themselves on the internal control status. The Internal Audit Department monitors the internal control situation based on the global framework and reports to the Audit and Finance Committee at each of its meetings.

The Bekaert Group Executive regularly evaluated the Group's exposure to risk, its potential financial impact and the actions required to monitor and control the exposure.

At the request of the Board of Directors and the Audit and Finance Committee management has developed a global enterprise risk management ('ERM') framework to assist the Group in managing uncertainty in Bekaert's value creation process on an explicit basis. The ERM process was discussed by the Audit and Finance Committee in 2010, and will be submitted to the Board of Directors in 2011.

Elements pertinent to a takeover 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 11 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 10 the company is entitled to suspend the exercising of 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 timely reported 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 in this annual report (Parent company information: interests in share capital).

Appointment and replacement of Directors

The Articles of Association (Articles 15 and following) and the Bekaert Charter contain specific rules concerning the (re)appointment, induction and 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, which 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 which, 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 are 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 a 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 (Banking, Finance and Insurance Commission Belgium) of a public takeover 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 does 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 20% of the issued capital, during a period of five years (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 five-year period. The Board is also authorized to acquire shares, if required, to prevent a threatened serious harm to the company, including a public takeover 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 subsidiaries.

The powers of the Board of Directors are more fully described in the applicable legal provisions, the Articles of Association and the Bekaert 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 takeover 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, 16 April 2008, 15 April 2009 and 14 April 2010 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, 18 April 2008, 17 April 2009 and 16 April 2010 respectively 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 takeover bid, the Directors resign or are made redundant without valid reason or if the employment of the employees is terminated.

“The dynamics of today’s economy require organizations to be versatile without losing the long-term horizon. Bekaert is privileged in this matter as our global presence enables us to act swiftly wherever growth opportunities arise.”

07

Key figures and résumé of financial results

Bekaert's strategy, with its focus on innovation, operational excellence and growth markets proved successful in 2010. Bekaert was able to respond fast to the opportunities that arose wherever a recovery from the global economic crisis set in or where markets grew substantially. The company brought into effect several capacity increase investments, thereby meeting the strong demand for high-end products in sectors with vigorous growth throughout 2010.

Key figures*

Combined figures

in millions of €	2009	2010	TREND
Sales	3 343	4 469	+33.7%
Capital expenditure (PP&E)	189	271	+43.4%
Personnel as at 31 December	22 592	27 089	+19.9%

Consolidated financial statements

in millions of €	2009	2010	TREND
Sales	2 437	3 262	+33.9%
Operating result (EBIT)	232	534	+130.1%
Operating result before non-recurring items (REBIT)	257	562	+119.1%
Result for the period	170	399	+133.8%
attributable to the Group	152	368	+142.2%
attributable to non-controlling interests	18	31	+66.8%
Cash flow	305	558	+82.9%
EBITDA	386	725	+88.0%
Depreciation PP&E	139	158	+13.8%
Amortization and impairment	14	33	+127.9%
Balance sheet			
Equity	1 374	1 697	+23.5%
Non-current assets	1 536	1 766	+15.0%
Capital expenditure (PP&E)	158	230	+45.4%
Balance sheet total	2 830	3 673	+29.8%
Net debt	395	522	+32.0%
Capital employed	1 752	2 267	+29.4%
Working capital	519	841	+62.0%
Employees as at 31 December	18 103	21 877	+20.8%
Ratios			
EBITDA on sales (%)	15.8%	22.2%	
REBIT on sales (%)	10.5%	17.2%	
EBIT on sales (%)	9.5%	16.4%	
EBIT interest coverage	4.9	12.2	
ROCE	12.9%	26.6%	
ROE	13.4%	26.0%	
Capital ratio	48.5%	46.2%	
Gearing (Net debt on equity)	28.8%	30.8%	
Net debt on EBITDA	1.0	0.7	

Joint ventures and associates

in millions of €	2009	2010	TREND
Sales	905	1 207	+33.3%
Operating result	104	103	-1.4%
Net result	82	81	-0.9%
Group's share net result	38	36	-4.5%
Capital expenditure (PP&E)	31	41	+30.9%
Depreciation	30	26	-11.1%
Group's share equity	213	237	+11.3%
Employees as at 31 December	4 489	5 212	+16.1%

Key figures per share

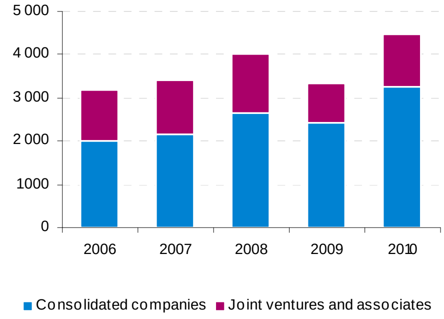
NV Bekaert SA	2009**	2010	TREND
Number of shares as at 31 December	59 503 407	59 884 973	
Market capitalization as at 31 December (in millions of €)	2 152	5 144	
Per share (in €)			
EPS	2.56	6.21	+142.1%
Gross dividend	0.980	1.667	+70.10%
Net dividend	0.735	1.250	+70.07%
Net dividend with VVPR strip	0.833	1.417	+70.11%
Valorization (in €)			
Price as at 31 December	36.17	85.90	
Price (average)	25.14	53.82	

** More detailed figures are available in the Bekaert Shareholders' Guide 2010.*

*** All indicators per share are stock split-adjusted to enable comparison with 2010 figures.*

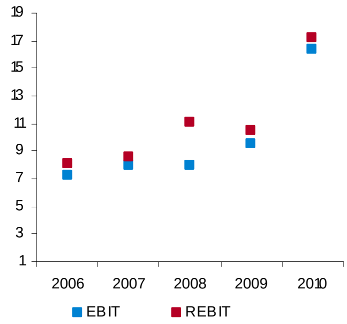
Sales

in millions of €



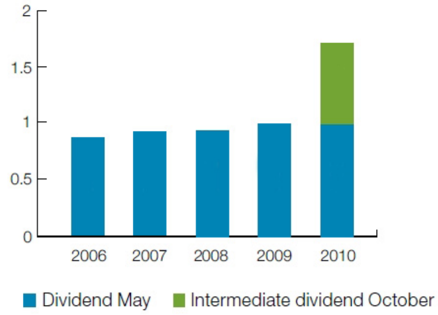
EBIT on sales

in %



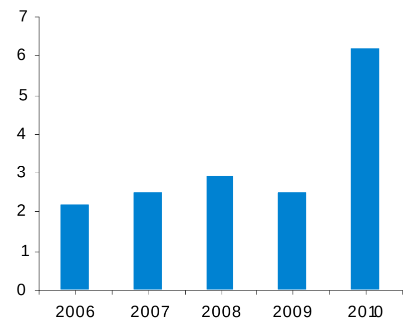
Gross dividend**

in €



EPS**

in €



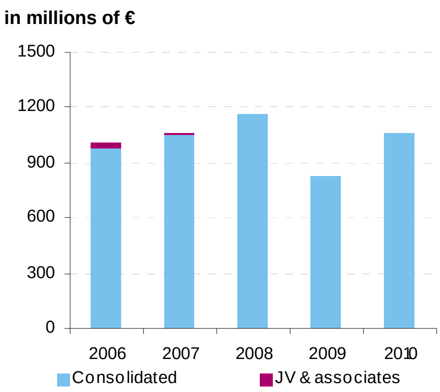
Key figures per segment

EMEA in million €	2009	2010
Sales	827	1 066
Operating result (EBIT)	-19	87
EBIT on sales (%)	-2.3%	8.1
EBITDA	47	144
EBITDA on sales (%)	5.7%	13.5%
Combined sales	823	1 057

EMEA
€ 1 057 million
combined sales

24%

Sales EMEA

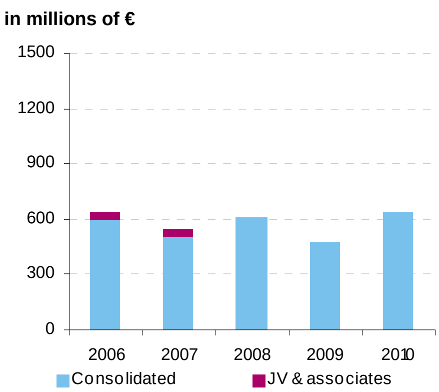


NORTH AMERICA in million €	2009	2010
Sales	473	638
Operating result (EBIT)	-8	32
EBIT on sales (%)	-1.8%	5.0%
EBITDA	13	50
EBITDA on sales (%)	2.7%	7.8%
Combined sales	469	631

NORTH AMERICA
€ 631 million
combined sales

14%

Sales North America

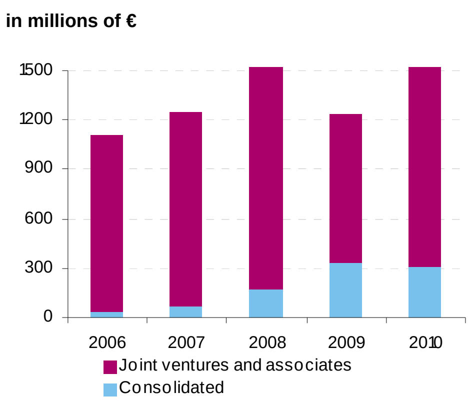


LATIN AMERICA in million €	2009	2010
Sales	327	311
Operating result (EBIT)	26	14
EBIT on sales (%)	8.0%	4.4%
EBITDA	36	38
EBITDA on sales (%)	11.1%	12.3%
Combined sales	1 237	1 528

LATIN AMERICA
€ 1 528 million
combined sales

34%

Sales Latin America

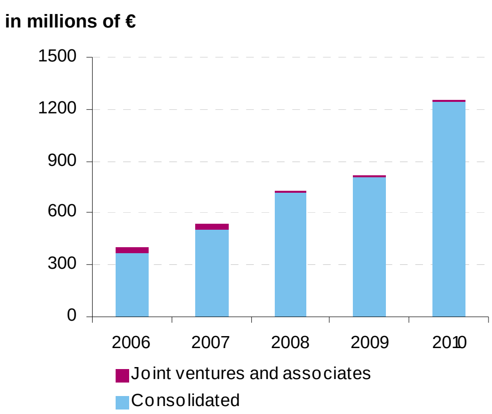


ASIA PACIFIC in million €	2009	2010
Sales	809	1 248
Operating result (EBIT)	288	467
EBIT on sales (%)	35.6%	37.4%
EBITDA	349	560
EBITDA on sales (%)	43.2%	44.9%
Combined sales	814	1 254

ASIA PACIFIC
€ 1 254 million
combined sales

28%

Sales Asia Pacific



Summary of financial review

Sales

Bekaert achieved consolidated sales of € 3.3 billion and combined sales of € 4.5 billion, an increase of 34% compared with 2009. [1 2]

Strong volumes drove an organic consolidated sales growth of 31.5%. The net movement in acquisitions and divestments contributed 1.4%, while currency effects added 1.0%. [3]

The combined sales' increase was 26.4% from organic growth and 1.0% from the net movement in acquisitions and divestments. The currency effect was larger (+6.3%) at the combined sales level due to the strong Brazilian Real and Chilean Peso.

Financial Review

70% dividend increase

In light of Bekaert's strong performance in 2010 the Board of Directors will propose that the General Meeting of Shareholders approve the distribution of a gross dividend of € 1 per share. This will bring the total gross dividend (including the intermediate dividend of € 0.667 [4] distributed as from 15 October 2010) to € 1.667, compared with € 0.980 last year. The dividend of € 1, which is subject to approval by the General Meeting of Shareholders on 11 May 2011, equals a net dividend per share of € 0.750 (€ 0.850 on shares with VVPR strip, entitling the holder to reduced withholding tax of 15%) and becomes payable as from 18 May 2011.

Excellent results

Bekaert achieved an operating result before non-recurring items (REBIT) of € 562.5 million. This equates to a REBIT margin on sales of 17.2%.

Non-recurring expenses amounted to € 28.2 million and mainly related to a partial impairment of the Vicson plant assets in Venezuela (€ 12.4 million) and provisions for the reconversion projects of closed down factories and environmental liabilities (€ 10.9 million). Including non-recurring items, EBIT was € 534.3 million, representing an EBIT margin on sales of 16.4%. EBITDA reached € 724.7 million, representing an EBITDA margin on sales of 22.2%.

Selling and administrative expenses increased as a result of the business growth, but decreased to a lower ratio on sales (8.1% compared with 8.9% in 2009). Research and development expenses grew by 25% in line with Bekaert's continuous innovation strategy.

Interest expenses amounted to € 59.4 million (versus € 62.9 million). Other financial income and expenses turned positive (€ 17.7 million versus € -8.9 million), mainly due to foreign exchange gains in Venezuela (versus losses in 2009) and on dividends from China.

Taxation on profit amounted to € 139.5 million, largely exceeding the taxation in previous years (€ 33.9 million in 2009), and driven by higher profits and an increased overall tax rate as a result of expired tax holidays in China as well as updated assumptions on tax positions. Bekaert expects a comparable effective tax rate in 2011.

The share in the result of joint ventures and associated companies amounted to € 36.1 million, which is slightly below the € 37.8 million of 2009.

The result for the period thus reached € 398.5 million. After non-controlling interests (€ 30.9 million), the result for the period attributable to the Group was € 367.6 million, compared with € 151.8 million in 2009. Earnings per share rose to € 6.21 from € 2.56 in 2009.

1 *All comparisons are made relative to the financial year 2009.*
2 *Combined sales are sales of consolidated companies plus 100% of sales of joint ventures and associates after intercompany elimination.*

3 *The generally positive effects of most currency movements versus the Euro were almost entirely compensated by the weak applicable exchange rate of the Venezuelan Bolivar.*
4 *All indicators per share (EPS, dividend) are stock split-adjusted (three-for-one) to enable comparison with 2010 figures.*

Healthy balance sheet

As at 31 December 2010, shareholders' equity represented 46.2% of total assets. Net debt increased to € 521.9 million, mainly due to a working capital increase as a result of the growing business. Average working capital on sales was brought down to 20.9%. The gearing ratio (net debt to equity) was 30.8% compared with 28.8% as at 31 December 2009.

Cash flow statement

Cash from operating activities amounted to € 342.5 million (2009: € 497.4 million). Operating working capital increased by € 276.9 million due to the growing business. Cash flow attributable to investing activities amounted to € 210.5 million: € 230.3 million related to expenditure from investments in, amongst others, Asia Pacific, Slovakia, Russia and Belgium and € 29.7 million from the acquisition of the two former Bridgestone steel cord plants. Dividends received from joint ventures represented a positive cash flow of € 40.4 million.

Investment update

Bekaert further accelerated its high investments in research and development, totaling € 79.3 million in 2010, an increase of 25%. These R&D expenses mainly applied to the activities of the international technology centers in Deerlijk (Belgium) and Jiangyin (China). In March 2010, Bekaert opened a new technical center in Ranjangaon (India) to support the local customers with dedicated development services. The engineering department, which is the main supplier of proprietary machinery for the company's investment programs, operated at a high activity level throughout the year, supporting the many capacity expansion programs.

Several expansion projects came into effect to support the growth in the emerging markets. Capital expenditure amounted to € 247.6 million in 2010 (of which € 230.3 million in property, plant and equipment) and is expected to attain at least the same level in 2011. Investments in China, Indonesia, Slovakia and Russia are in the course of implementation. In India, Bekaert is accelerating its expansion investments with a 75% tire cord capacity increase of its existing plant in Ranjangaon, as well as the purchase of land to build a new steel cord production plant in Thervoy Kandigai (Chennai, located in South East India), to cater for the growing demand from tire makers based in Chennai.

In order to support its worldwide growth, Bekaert has recruited almost 5 000 employees in 2010 and currently employs over 27 000 people worldwide.

The complex transaction process of the intended shareholding in the spring wire and overhead conductor business of Xinyu Iron & Steel Co., Ltd in Xinyu, Jiangxi Province (China) is taking more time than anticipated. Bekaert expects progress in the course of 2011.

On 22 December 2010 Bekaert signed the final agreement for the takeover by Arisawa of Bekaert's Progressive Composites plants in Vista (California) and in Munguía (Spain). Bekaert herewith divested its activity platform of pressure vessels, which accounted for less than 1% of the Group's consolidated sales.

Bekaert implemented a three-for-one share split on 10 November 2010. All share-related figures in this press release are split-adjusted.

Bekaert bought back 965 700 shares in 2010 at an average price of € 61.84. The total number of shares booked as treasury shares as at 31 December 2010 amounts to 963 700.

Sales by segment

EMEA

Sustained recovery and further change and improvement in product mix resulted in higher sales and profits across all activity platforms in EMEA, with the exception of building products. Both in Western and in Central Europe, Bekaert's manufacturing platforms operated at high capacity utilization levels driven by increased demand. Normal seasonality is reflected in the activity levels of the second half of the year.

The price evolution of steel-based raw materials added to the segment's revenues and profit mainly in the first half of the year, after a long period of steep decline until halfway through 2009.

Bekaert's constantly renewing product portfolio and continued efforts to enhance its operational excellence, as well as the company's timely implemented restructuring measures in Europe, also contributed to the strong earnings growth.

North America

In North America, market demand in the automotive sector picked up strongly in 2010, while the industrial and agricultural applications continued to perform well. Profitability increased as a result of better capacity utilization driven by higher volumes in most activities, while highly competitive market circumstances put margins under pressure.

Continued weak performance of Bekaert's Progressive Composites plant in Vista, (California) negatively impacted the segment's profitability and led to the divestiture of the activities in December 2010.

Latin America

In Venezuela, sales and profits have been negatively affected since the beginning of the year as a result of supply restrictions and the applicable exchange rate of the Bolivar. Top line sales were hit drastically as a result of the foreign exchange effect (€ -117 million). Due to the uncertain economic environment in the country, Bekaert also booked an impairment loss of € 12 million on the Vicson assets in the first half of the year. While circumstances continue to be difficult, the operational activities remain at acceptable levels.

Bekaert's subsidiaries in Ecuador, Colombia and Peru delivered robust sales growth in 2010.

Combined revenues were up 23.6% in Latin America. Bekaert's joint ventures in Brazil and Chile reported increased sales in a highly competitive environment which was caused by the strong local currencies.

Asia Pacific

Compared to 2009, the sales and profit growth in Asia Pacific reflects a solid demand driven by strong industrial development across the region. This applies to most product groups and respective markets, with the automotive and solar energy related sectors as fast developing markets. Sales and profit growth from increased volumes largely offset the impact of somewhat eroding margins toward the end of the year.

Depreciation, amortization and impairment losses increased by more than 50% mainly due to the higher depreciation costs on plant assets, reflecting the many expansion programs that came into effect in the region.

EBITDA margin on sales of
22.2% (2009: 15.8%)

EBIT of
€ 534 million (2009: € 232 million)

EBIT margin on sales of
16.4% (2009: 9.5%)

Net debt of
€ 522 million (2009: € 395 million)

Gearing of
30.8% (2009: 28.8%)

EPS
€ 6.21 (2009: € 2.56)[1]

Consolidated sales of
€ 3.3 billion (2009: € 2.4 billion)

Combined sales of
€ 4.5 billion (2009: € 3.3 billion)

Total gross dividend of
€ 1.667 (2009: € 0.980)[1]

[1] *2009 indicators per share (EPS, dividend) are stock split-adjusted (three-for-one) to enable comparison with 2010 figures.*

08

Bekaert: Financial review

In last year’s annual report we described the progress of ‘RedCop’ (REDesign Consolidation Process), an ambitious project led by our Finance department. The project, involving the implementation of a globally standardized and highly automated financial reporting tool, aimed to improve data quality, intermediate reporting, and efficiency gains in financial management.

With this project, Bekaert won first prize in the contest Best Finance Team of the year (2010), category ‘large enterprises’, organized by CFO Magazine, the leading trade magazine for the CFO community in Belgium. The new reporting tool was used to compile the financial figures you can find in this report.

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Consolidated financial statements

Consolidated income statement

in thousands of € - Year ended 31 December	Notes	2010	2009
Sales	5.1.	3 262 496	2 437 328
Cost of sales	5.1.	-2 358 225	-1 903 161
Gross profit	**5.1.**	**904 271**	**534 167**
Selling expenses	5.1.	-128 998	-105 401
Administrative expenses	5.1.	-135 830	-110 621
Research and development expenses	5.1.	-79 330	-63 430
Other operating revenues	5.1.	15 978	15 442
Other operating expenses	5.1.	-13 602	-13 392
Operating result before non-recurring items (REBIT)	**5.1.**	**562 489**	**256 765**
Non-recurring items	5.1.	-28 221	-24 574
Operating result (EBIT)	**5.1.-2.**	**534 268**	**232 191**
Interest income	5.3.	9 305	6 253
Interest expense	5.3.	-59 356	-62 933
Other financial income and expenses	5.4.	17 694	-8 944
Result before taxes		**501 911**	**166 567**
Income taxes	5.5.	-139 464	-33 902
Result after taxes (consolidated companies)		**362 447**	**132 665**
Share in the results of joint ventures and associates	5.6.	36 064	37 773
RESULT FOR THE PERIOD		**398 511**	**170 438**
Attributable to			
the Group		*367 647*	*151 792*
non-controlling interests	*6.13.*	*30 864*	*18 646*

Earnings per share in € per share	**5.7.**	**2010**	**2009**
Result for the period attributable to the Group			
Basic		*6.205*	*2.563*
Diluted		*6.173*	*2.557*

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

Consolidated statement of comprehensive income

in thousands of € - Year ended 31 December	Notes	2010	2009
Result for the period		**398 511**	**170 438**
Other comprehensive income			
Exchange differences	5.8.	125 364	7 251
Net investment hedges (exchange differences effect)	7.3.	-8 665	-
Cash flow hedges	6.12.	-1 068	5 909
Remeasurement of net assets held prior to acquiring control	6.12.	-	7 952
Available-for-sale investments	6.12.	-664	15 055
Actuarial gains and losses (-) on defined-benefit plans	6.12.	-9 099	10 031
Share of other comprehensive income of joint ventures and associates		-6	-1
Other		-	-1
Deferred taxes relating to other comprehensive income	5.8.	909	1 794
Other comprehensive income for the period, net of tax		**106 771**	**47 990**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**505 282**	**218 428**
Attributable to			
the Group		*469 417*	*202 275*
non-controlling interests	*6.13.*	*35 865*	*16 153*

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**	**2010**	**2009**
Non-current assets		**1 765 873**	**1 535 524**
Intangible assets	6.1.	73 051	50 709
Goodwill	6.2.	58 097	54 302
Property, plant and equipment	6.3.	1 295 115	1 127 714
Investments in joint ventures and associates	6.4.	243 795	218 559
Other non-current assets	6.5.	32 128	40 609
Deferred tax assets	6.6.	63 687	43 631
Current assets		**1 907 264**	**1 293 989**
Inventories	6.7.	507 650	358 413
Trade receivables	6.7.	774 308	479 630
Other receivables	6.8.	63 942	49 289
Short-term deposits		104 699	154 636
Cash and cash equivalents		338 238	121 171
Other current assets	6.9.	118 427	121 924
Assets classified as held for sale	6.10.	-	8 926
Total		**3 673 137**	**2 829 513**

Equity and liabilities as at 31 December in thousands of €	**Notes**	**2010**	**2009**
Equity		**1 696 627**	**1 373 581**
Share capital	6.11.	176 242	175 118
Share premium		27 582	19 404
Retained earnings	6.12.	1 463 838	1 168 913
Other Group reserves	6.12.	-56 995	-78 599
Equity attributable to the Group		**1 610 667**	**1 284 836**
Non-controlling interests	**6.13.**	**85 960**	**88 745**
Non-current liabilities		**936 879**	**820 976**
Employee benefit obligations	6.14.	150 893	135 623
Provisions	6.15.	34 335	29 383
Interest-bearing debt	6.16.	700 488	598 146
Other non-current liabilities	6.17.	9 452	5 085
Deferred tax liabilities	6.6.	41 711	52 739
Current liabilities		**1 039 631**	**634 956**
Interest-bearing debt	6.16.	320 315	151 360
Trade payables	6.7.	341 664	247 131
Employee benefit obligations	6.7./6.14.	128 231	98 393
Provisions	6.15.	15 257	8 683
Income taxes payable		94 666	39 402
Other current liabilities	6.18.	139 498	87 721
Liabilities associated with assets classified as held for sale	6.10.	-	2 266
Total		**3 673 137**	**2 829 513**

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

Consolidated statement of changes in equity

				Other Group reserves[1]				
in thousands of €	Share capital	Share premium	Retained earnings	Other reserves	Cumulative translation adjust-ments	Equity attributable to the Group	Non-controlling interests	Total
Balance as at 1 January 2009	**174 668**	**16 868**	**1 098 816**	**-51 116**	**-108 654**	**1 130 582**	**41 750**	**1 172 332**
Total comprehensive income for the period	-	-	151 791	40 958	9 526	202 275	16 153	218 428
Capital contribution by non-controlling interests	-	-	-	-	-	-	5 646	5 646
Effect of acquisitions and disposals	-	-	-1 913	2 492	1 951	2 530	23 625	26 155
Equity-settled share-based payment plans	-	-	-	1 560	-	1 560	-	1 560
Creation of new shares	450	2 536	-	-	-	2 986	-	2 986
Treasury shares transactions	-	-	-471	2 231	-	1 760	-	1 760
Dividends	-	-	-55 240	-	-	-55 240	-46	-55 286
Equity reclassifications	-	-	-24 070	22 452	1	-1 617	1 617	-
Balance as at 31 December 2009	**175 118**	**19 404**	**1 168 913**	**18 577**	**-97 176**	**1 284 836**	**88 745**	**1 373 581**
Balance as at 1 January 2010	**175 118**	**19 404**	**1 168 913**	**18 577**	**-97 176**	**1 284 836**	**88 745**	**1 373 581**
Total comprehensive income for the period	-	-	367 646	-9 646	111 417	469 417	35 865	505 282
Capital contribution by non-controlling interests	-	-	-	-	-	-	1 639	1 639
Effect of acquisitions and disposals	-	-	25 553	-24 977	-626	-50	-1 203	-1 253
Equity-settled share-based payment plans	-	-	-	2 547	-	2 547	-	2 547
Creation of new shares	1 124	8 178	-	-	-	9 302	-	9 302
Treasury shares transactions	-	-	-517	-57 111	-	-57 628	-	-57 628
Dividends	-	-	-97 757	-	-	-97 757	-39 086	-136 843
Balance as at 31 December 2010	**176 242**	**27 582**	**1 463 838**	**-70 610**	**13 615**	**1 610 667**	**85 960**	**1 696 627**

[1] *See note 6.12. 'Retained earnings and other Group reserves'.*

The accompanying notes are an integral part of this statement.

Consolidated cash flow statement

in thousands of € - Year ended 31 December	Notes	2010	2009
Operating activities			
Operating result (EBIT)		534 268	232 191
Non-cash and investing items included in operating result	7.1.	192 766	108 941
Income taxes paid		-113 305	-31 141
Gross cash flows from operating activities		**613 729**	**309 991**
Change in operating working capital	6.7.	-276 886	195 642
Other operating cash flows		5 635	-8 233
Cash flows from operating activities		**342 478**	**497 400**
Investing activities			
New business combinations	7.2.	-29 650	-3 299
Other portfolio investments		-289	-63
Proceeds from disposals of investments	7.2.	12 596	-525
Dividends received		40 360	41 070
Purchase of intangible assets	4./6.1.	-17 276	-8 136
Purchase of property, plant and equipment	4./6.3.	-230 339	-158 396
Other investing cash flows	7.1.	14 085	2 362
Cash flows from investing activities		**-210 513**	**-126 987**
Financing activities			
Interest received		9 578	4 872
Interest paid		-53 033	-44 069
Gross dividend paid		-118 504	-50 625
Proceeds from non-current interest-bearing debt		163 643	397 984
Repayment of non-current interest-bearing debt		-75 060	-159 747
Cash flows from current interest-bearing debt		121 004	-284 532
Treasury shares transactions	6.12.	-57 738	1 760
Other financing cash flows	7.1.	90 222	-206 240
Cash flows from financing activities		**80 112**	**-340 597**
Net increase or decrease (-) in cash and cash equivalents		**212 077**	**29 816**
Cash and cash equivalents at the beginning of the period		**121 171**	**104 761**
Effect of exchange rate fluctuations		4 990	-13 406
Cash and cash equivalents at the end of the period		**338 238**	**121 171**

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' or 'Bekaert') and the Group's interest in joint ventures and associates accounted for using the equity method. The consolidated financial statements were authorized for issue by the Board of Directors of the Company on 18 March 2011.

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 (IFRSs) which have been endorsed by the European Union. These financial statements are also in compliance with the IFRSs as issued by the IASB.

New and amended standards and interpretations

Standards, interpretations and amendments effective in 2010

The following new and revised standards and interpretations have been adopted in the current period and have affected the amounts reported in these financial statements:

- IAS 27 (Revised 2008), Consolidated and Separate Financial Statements (effective from 1 January 2010). The revised standard requires the effects of all share 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. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- 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.

The following revised standards and new interpretations have also been adopted in these financial statements. Their adoption has not had any impact on the amounts reported in these financial statements but may impact the accounting for future transactions or arrangements.

- IFRIC 17, Distributions 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.

- IAS 39 (Amendment), Financial Instruments: Recognition and Measurement (effective from 1 January 2010). This amendment deals with eligible hedged items.

- IFRS 2 (Amendment), Share-based Payment – Group cash-settled and share-based payment transactions (effective from 1 January 2010), issued in June 2009. In addition to incorporating IFRIC 8, Scope of IFRS 2, and IFRIC 11, IFRS 2 – Group and treasury share transactions, the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation.

- IAS 1 (Amendment), Presentation of Financial Statements (effective from 1 January 2010), published in April 2009 as part of the IASB's annual improvements project. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current.

- IAS 38 (Amendment), Intangible Assets (effective from 1 January 2010), published in April 2009 as part of the IASB's annual improvements project. The amendment provides further guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if they have similar useful economic lives.

- IAS 17 (Amendment), Leases (effective from 1 January 2010), published in April 2009 in part I of the Improvements to IFRSs. This amendment specifies that a lease of land can be classified as a finance lease even if title is not expected to pass to the lessee at the end of the lease term.

- IAS 18 (Amendment), Revenue (effective from 1 January 2010), published in April 2009 in part I of the Improvements to IFRSs. This amendment provides additional guidance to determine whether an entity is acting as a principal or as an agent.

- IAS 36 (Amendment), Impairment of Assets (effective from 1 January 2010), published in April 2009 in part I of the Improvements to IFRSs. This amendment specifies that, for the purpose of impairment testing, each cash-generating unit (or group of units) shall represent the lowest level within the entity at which the goodwill is managed for internal purposes, and shall not be larger than an operating segment before aggregation, as defined in IFRS 8 paragraph 8.

- A number of other minor amendments (all of which are effective from 1 January 2010) have been published in April 2009 in part I of the Improvements to IFRSs. These minor amendments relate to: IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, IAS 7, Statement of Cash Flows, IFRS 8, Operating Segments, IFRIC 9, Reassessment of Embedded Derivatives, IFRIC 16, Hedges of a Net Investment in a Foreign Operation.

Standards, amendments and interpretations that are not yet effective in 2010 and have not been early adopted

The Group did not elect for early application of the following new or amended standards, which are expected to have an impact when applied:

- IFRS 9 (Issued November 2009 and amended October 2010), Financial Instruments (effective from 1 January 2013). The present version of the new standard mainly simplifies the classification and measurement of financial assets and financial liabilities.

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:

- IAS 24 (Revised 2009), Related Party Disclosures (effective from 1 January 2011). This revision basically introduces exemptions for state-owned entities. It also clarifies and simplifies the definition of related parties.

- IAS 32 (Amendment), Financial Instruments: Presentation (effective from 1 January 2011). This amendment deals with the classification of rights issues.

- IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments (effective from 1 January 2011). This interpretation provides guidance on debt for equity swaps.

- IFRIC 14 (Amendment), IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective from 1 January 2011). This amendment deals with the prepayments of a minimum funding requirement.

- The Improvements to IFRSs published in May 2010. These amendments relate to IFRS 1, First-time Adoption of IFRSs, IFRS 3, Business Combinations, IFRS 7, Financial Instruments: Disclosures, IAS 1, Presentation of Financial Statements and transition requirements for amendments arising as a result of IAS 27, Consolidated and Separate Financial Statements, IAS 34, Interim Financial Reporting and IFRIC 13, Customer Loyalty Programmes.

- IFRS 7 (Amendment), Financial Instruments: Disclosures (effective 1 January 2012), relating to Transfers of Financial Assets, published in October 2010. This amendment intends to improve the quality of the information about financial assets (i) that have been ‘transferred’ but are still (partially) recognized by the entity or (ii) that are no longer recognized by the entity, but with which the entity continues to have some involvement.

- IAS 12 (Amendment), Income Taxes (effective 1 January 2012), relating to Deferred Tax: Recovery of Underlying Assets, more specifically when investment properties are measured using the fair value model under IAS 40, Investment Property. Since the Group does not apply this model, the amendment is deemed irrelevant.

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. 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 non-controlling shareholders are shown separately in the balance sheet and income statement, respectively. Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity. When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:
- the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

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 in joint ventures and associates 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 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, monetary 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 resulting from this translation 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 substan-

ially 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 and business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.
The identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date. Goodwill is measured as the difference between:
(i) the sum of the following elements:
- Consideration transferred;
- Amount of any non-controlling interests in the acquiree;
- Fair value of the Group's previously held equity interest in the acquiree (if any); and

(ii) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, this difference is negative ("negative goodwill"), it is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.
When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Impairment of goodwill

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are 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 directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. 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%-25%
- R&D testing equipment	16.7%-25%
- 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.

Non-controlling interests

Non-controlling interests represent the shares of minority or non-controlling shareholders in the equity of subsidiaries which are not fully owned by the Group. At the acquisition date, the item is either measured at its fair value or at the non-controlling shareholders' proportion of the fair values of net assets recognized on acquisition of a subsidiary (business combination). Subsequently, it is adjusted for the appropriate proportion of subsequent profits and losses. The losses attributable to non-controlling shareholders in a consolidated subsidiary may exceed their interest in the equity of the subsidiary. A proportional share of total comprehensive income is attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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 as from its 2007 annual report, 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, undistributed earnings 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 presents an overview of all income and expenses recognized both in the income statement and in equity. In accordance with IAS 1 Presentation of Financial Statements, 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 uncertain economic outlook, Bekaert is confident that its broad geographical coverage with a strong presence in emerging markets, as well as its growing portfolio of product innovations, are of strategic importance. Bekaert continues to monitor market developments and customer requirements closely, so advantage can be taken of opportunities the moment they arise.

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

- Management assessed that a constructive obligation exists to provide pre-retirement schemes for employees as from the first day of service (see 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 concluded that the criteria for capitalizing development expenditure were not met (see note 6.1. 'Intangible assets').

- Management concluded 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 concluded that the functional currency of Vicson SA (Venezuela) is the US dollar. Consequently, hyperinflationary accounting is not applicable to Vicson SA.

- In accordance with Venezuelan laws, all US dollar transactions concluded by Venezuelan companies should be approved by the monetary foreign exchange control authorities (CADIVI). US dollars received should be sold to CADIVI at the official rate and approved payments in US dollars are effected via CADIVI at the official rate. Since the government introduced a dual-rate foreign exchange system in January 2010, imports designated as "non-essential" receive a rate of 4.3 VEF/USD, and "essential" goods are exchanged at a rate of 2.6 VEF/USD. The fact that, at least until the reform enacted in May 2010, transactions in certain securities were exempted from the CADIVI regulations, created a parallel foreign currency exchange market in Venezuela through which entities could obtain foreign currency, albeit generally at a higher rate than the official ones. As announced in last year's annual report, management decided to use the parallel rate for unapproved transactions, which was 5.97 VEF/USD at 31 December 2009 and 7.70 VEF/USD before the parallel market was closed down in May 2010. In early June 2010, the government introduced additional regulations including currency exchange bands under a newly regulated system (the SITME or Sistema de Transacciones cib Titulos en Moneda Extranjera) controlled by the Central Bank of Venezuela (BCV). Under the new regulations, entities domiciled in Venezuela can access the SITME by buying US dollar denominated securities through banks authorized by the BCV, up to a maximum of USD 350 000 per month. Next to the SITME system, Vicson can also subscribe to government bonds to cover its remaining foreign currency needs. Therefore, management concluded that the restrictions of the SITME system do not imply a loss of control. Any foreign currency transaction outside the CADIVI or SITME system could be considered illegal, and hence the use of the parallel rate to remeasure foreign currency transactions is deemed inappropriate. Therefore, management decided to use the SITME rate established by the BCV, which was 5.40 at the balance sheet date. The effect of translating the monetary items at the SITME rate at balance sheet date is included in other financial income and expenses (see note 5.4. 'Other financial income and expenses').

Bekaert initially uses the SITME rate when recording any foreign currency transaction and recognizes a realized exchange result when the dollars are obtained at another rate (including the CADIVI rates).

- Management concluded that Bekaert, given its non-controlling interest of 13.0% at year-end 2010, has no significant influence in Shougang Concord Century Holdings Ltd and therefore the investment is treated as a financial asset available for sale.

- Given its global presence, Bekaert is exposed to tax risks in many jurisdictions. Tax authorities in those jurisdictions conduct regular tax audits which may reveal potential tax issues. While the outcome of such tax audits is not certain, management is convinced that Bekaert, based on an overall evaluation of potential tax liabilities, has recorded adequate tax liabilities in its consolidated financial statements.

- Management concluded that the Company has control over Bekaert Ansteel Tire Cord (Chongqing) Co Ltd and accordingly consolidates this entity.

- Management concluded that the assumptions used for the impairment test performed on Vicson SA in June 2010 were still valid at year-end 2010. Consequently, it has not made any changes to the impairment loss of USD 16.4 million recognized in the financial statements for the first semester of 2010.

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 (see note 6.6. 'Deferred tax assets and liabilities').

- Based on the expected economic life of specific product lines, which is expected to be significantly shorter than average, higher depreciation rates are applied to dedicated assets which are not expected to be reallocated to another product line. Consequently, depreciation percentages ranging from 10% to 25% are used instead of 8% for plant, machinery and equipment. R&D testing equipment dedicated to specific product lines is also depreciated at 25% p.a. Other R&D testing equipment is depreciated at 16.7% p.a.

- Credit risk related to customers: management closely reviews the outstanding trade receivables, also considering ageing, payment history and credit risk coverage. Specific and general bad debt allowances recognized are based on management's best estimates at the balance sheet date (see 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 (see 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 (see 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 highly probable as several action plans have already been successfully implemented. Other tax claims in Brazil, including claims relating to the taxability of ICMS incentives received by Belgo Bekaert Nordeste, have not been provided for, supported by legal advice (see note 6.4. ‘Investments in joint ventures and associates’).

- Fair value adjustments for business combinations: in accordance with IFRS 3, Business Combinations (revised 2008), Bekaert remeasures the assets, liabilities and contingent liabilities acquired through a business combination to fair value. Similarly, contingent consideration is also measured at fair value. Where possible, fair value adjustments are based on external appraisals or valuation models, e.g. for contingent liabilities and intangible assets which were not recognized by the acquiree. Internal benchmarks are often used for valuing specific production equipment. All of these valuation methods rely on various assumptions such as estimated future cash flows, remaining useful economic life etc.

4. Segment reporting

The Group uses a geographical segmentation since it is the best enabler to evaluate the nature and financial effects of the business and to make stakeholders understand our business as a whole in a transparent way. Key in this approach has been the increasing importance of the regions following from the Company's growth strategy, with a clear focus on the emerging markets.

The Company's regional businesses are typically characterized by common cost drivers, a product portfolio that is tailored to regional industry requirements, and specific distribution channels. They distinguish themselves in terms of political, economic and currency risks and growth drivers of the business. Adding to the relevance of the segmentation is the fact that the Company sells approximately 90% of its products in the region where they are produced. According to IFRS 8, four reporting segments have been defined, reflecting the company's presence in four main regions:

1) EMEA – Europe, Middle-East and Africa (2010: 33% of consolidated sales)
2) North America (2010: 19% of consolidated sales)
3) Latin America (2010: 10% of consolidated sales)
4) Asia Pacific (2010: 38% of consolidated sales)

Key data by 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 are reported as unallocated corporate assets or liabilities. 'Other' mainly consists of the functional unit technology and unallocated expenses for group management and services. The geographical segmentation is based on the location of the Bekaert entities rather than on the location of its customers. Since it is Bekaert's strategy to produce as close as possible to the customers, most customers are serviced by Bekaert entities in their own region.

2010 in thousands of €	EMEA	North America	Latin America	Asia Pacific	Other	Elimina-tions	Consoli-dated
Net sales	1 065 914	637 639	310 959	1 247 984	-	-	3 262 496
Operating result before non-recurring items (REBIT)	95 321	34 109	25 918	470 729	-55 986	-7 602	562 489
Non-recurring items	-8 751	-2 142	-12 357	-4 041	-930	-	-28 221
Operating result (EBIT)	**86 570**	**31 967**	**13 561**	**466 688**	**-56 916**	**-7 602**	**534 268**
Depreciation and amortization	56 023	18 079	12 268	89 924	11 236	-14 504	173 026
Impairment losses	1 288	-	12 357	3 772	-		17 417
EBITDA	**143 881**	**50 046**	**38 186**	**560 384**	**-45 680**	**-22 106**	**724 711**
Segment assets	907 282	319 359	188 501	1 521 024	205 477	-396 542	2 745 101
Unallocated assets	-	-	-	-	-	-	928 036
Total assets	**-**	**-**	**-**	**-**	**-**	**-**	**3 673 137**
Segment liabilities	281 157	61 004	33 614	268 391	124 899	-291 218	477 847
Unallocated liabilities	-	-	-	-	-	-	1 498 663
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**1 976 510**
Capital employed	626 125	258 355	154 887	1 252 633	80 578	-105 324	2 267 254
Average capital employed	594 185	238 938	151 287	1 048 864	78 380	-102 035	2 009 618
Return on average capital employed (ROCE) [1]	14.6%	13.4%	9.0%	44.5%	-	-	26.6%
Capital expenditure – PP&E	62 414	14 919	6 511	151 895	17 189	-22 589	230 339
Capital expenditure – intangible assets	3 420	6	820	9 629	3 401	-	17 276
Share in the results of joint ventures and associates	-	-	35 941	123	-	-	36 064
Investments in joint ventures and associates	102	-	239 636	4 057	-	-	243 795
Number of employees (year-end)	5 763	1 742	2 268	10 224	1 880	-	21 877

2009 in thousands of €	EMEA	North America	Latin America	Asia Pacific	Other	Elimina-tions	Consoli-dated
Net sales	827 313	473 476	327 327	809 212	-	-	2 437 328
Operating result before non-recurring items (REBIT)	1 637	-4 981	27 540	287 878	-59 447	4 138	256 765
Non-recurring items	-20 779	-3 333	-1 264	-75	877	-	-24 574
Operating result (EBIT)	**-19 142**	**-8 314**	**26 276**	**287 803**	**-58 570**	**4 138**	**232 191**
Depreciation and amortization	53 743	20 045	10 074	61 583	7 471	-13 075	139 841
Impairment losses	12 236	1 270	-	-	-	-	13 506
EBITDA	**46 837**	**13 001**	**36 350**	**349 386**	**-51 099**	**-8 937**	**385 538**
Segment assets	784 316	266 114	178 764	988 935	146 921	-262 809	2 102 241
Unallocated assets	-	-	-	-	-	-	727 272
Total assets	**-**	**-**	**-**	**-**	**-**	**-**	**2 829 513**
Segment liabilities	222 071	46 594	31 077	143 841	70 739	-164 063	350 259
Unallocated liabilities	-	-	-	-	-	-	1 105 673
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**1 455 932**
Capital employed	562 245	219 520	147 687	845 094	76 182	-98 746	1 751 982
Average capital employed	608 716	251 230	117 231	836 071	80 315	-99 852	1 793 709
Return on average capital employed (ROCE) [1]	-3.1%	-3.3%	22.4%	34.4%	-	-	12.9%
Capital expenditure – PP&E	53 493	10 224	9 463	81 363	14 742	-10 889	158 396
Capital expenditure – intangible assets	3 040	313	-	3 148	2 969	-1 334	8 136
Share in the results of joint ventures and associates	705	-	37 404	-336	-	-	37 773
Investments in joint ventures and associates	807	-	214 521	3 231	-	-	218 559
Number of employees (year-end)	5 208	1 674	2 090	7 456	1 675	-	18 103

[1] *ROCE: Operating result (EBIT) relative to average capital employed*

Revenue by product application

in thousands of €	2010	2009	variance (%)
Net sales			
Steel wire products	*2 884 114*	*2 167 004*	*33.1%*
Stainless products	*185 019*	*126 345*	*46.4%*
Coatings & other	*193 363*	*143 979*	*34.3%*
Total	**3 262 496**	**2 437 328**	**33.9%**

Additional information by country

The table below shows the relative importance of Belgium (i.e. the country of domicile), China and the USA for Bekaert in terms of revenues and non-current assets (i.e. intangible assets, goodwill, property, plant and equipment).

in thousands of €	2010	% of total	2009	% of total
Net sales from Belgium	330 169	10%	266 999	11%
Net sales from China	1 077 053	33%	711 898	29%
Net sales from USA	587 020	18%	431 529	18%
Net sales from other countries	1 268 254	39%	1 026 902	42%
Total net sales	**3 262 496**	**100%**	**2 437 328**	**100%**
Non-current assets located in Belgium	144 874	10%	154 349	13%
Non-current assets located in China	679 488	48%	521 136	42%
Non-current assets located in USA	118 747	8%	113 138	9%
Non-current assets located in other countries	483 154	34%	444 102	36%
Total non-current assets	**1 426 263**	**100%**	**1 232 725**	**100%**

5. Income statement items and other comprehensive income

5.1. Operating result (EBIT) by function

in thousands of €	2010	2009	variance
Sales	3 262 496	2 437 328	825 168
Cost of sales	-2 358 225	-1 903 161	-455 064
Gross profit	**904 271**	**534 167**	**370 104**
Selling expenses	-128 998	-105 401	-23 597
Administrative expenses	-135 830	-110 621	-25 209
Research and development expenses	-79 330	-63 430	-15 900
Other operating revenues	15 978	15 442	536
Other operating expenses	-13 602	-13 392	-210
Operating result before non-recurring items (REBIT)	**562 489**	**256 765**	**305 724**
Non-recurring items	-28 221	-24 574	-3 647
Operating result (EBIT)	**534 268**	**232 191**	**302 077**

Sales and gross profit in thousands of €	2010	2009	variance (%)
Sales	3 262 496	2 437 328	33.9%
Cost of sales	-2 358 225	-1 903 161	23.9%
Gross profit	**904 271**	**534 167**	**69.3%**
Gross profit in % of sales	27.7%	21.9%	

Bekaert's consolidated sales increased with 34% compared to 2009, which was impacted by a weak market demand, primarily in the first half. The sales growth reflects an organic growth of 32% resulting from (i) a strong volume increase in all regions, (ii) a positive product mix effect, and (iii) some price increases reflecting higher raw material prices. Exchange rate fluctuations and the net effect of acquisitions and disposals each add about 1%.

The substantially higher gross profit is driven by higher volumes and related better capacity utilization, as well as innovative products driving a further mix improvement.

Sustained recovery and further improvement in product mix resulted in higher sales and profits across all activity platforms in EMEA, with the exception of building products.

In North America, market demand in the automotive sector picked up strongly in 2010, while the industrial and agricultural applications continued to perform well. Profitability increased as a result of better capacity utilization driven by higher volumes in most activities, while highly competitive market circumstances put margins under pressure.

Sales in Latin America decreased with 5% reflecting an organic growth of 23%, which is more than off-set by a negative exchange rate impact of 28% reflecting the use of a more open market exchange rate in Venezuela. In general, a strong business growth is realized in all markets and an acceptable activity level is obtained in Venezuela.

The sales and profit growth in Asia Pacific reflects a solid demand driven by strong industrial development across the region. This applies to most product groups and respective markets, with the automotive and utilities sectors as fast developing markets.

Overheads in thousands of €	2010	2009	variance (%)
Selling expenses	-128 998	-105 401	22.4%
Administrative expenses	-135 830	-110 621	22.8%
Research and development expenses	-79 330	-63 430	25.1%
Total	**-344 158**	**-279 453**	**23.2%**

Selling and administrative (S&A) expenses increased with 23% to support the global business growth. Thanks to further economies of scale, the S&A expenses decreased from 8.9% to 8.1% on sales.

Research and development increased with 25% to support our innovation program across all regions and sectors.

Other operating revenues in thousands of €	2010	2009	variance
Royalties received	10 014	7 543	2 471
Gains on disposal of PP&E and intangible assets	3 259	145	3 114
Realized exchange results on sales and purchases	-437	-1 245	808
Tax rebates	-	123	-123
Government grants	1 238	5 502	-4 264
Miscellaneous	1 904	3 374	-1 470
Total	**15 978**	**15 442**	**536**

Government grants relate mainly to subsidies in China (€ 1.1 million) and Belgium (€ 0.2 million). There are no indications that the conditions attaching to those grants will not be complied with in future and therefore it is not expected that subsidies may have to be refunded.

Other operating expenses in thousands of €	2010	2009	variance
Losses on disposal of PP&E and intangible assets	-3 328	-1 278	-2 050
Amortization of intangible assets	-2 025	-1 941	-84
Personnel charges	-1	-2 480	2 479
Bank charges	-2 757	-1 886	-871
Miscellaneous	-5 492	-5 807	315
Total	**-13 603**	**-13 392**	**-211**

Amortization of intangible assets mainly relates to intangibles recognized during the initial accounting for the acquisition of Cold Drawn Products Ltd (€ 1.7 million, same as in 2009) and Bekaert (Huizhou) Steel Cord Co Ltd (€ 0.2 million). As from 2010, all personnel charges have been allocated to the appropriate function in the income statement.

Non-recurring items in thousands of €	2010	2009	variance
Restructuring	428	-14 820	15 248
Impairment losses	-17 723	-8 845	-8 878
Other	-10 926	-909	-10 017
Total	**-28 221**	**-24 574**	**-3 647**

Restructuring reflects a broad range of minor events, which have been more than offset by a gain on the sale of land. The 2010 impairment losses relate to (i) a partial impairment of plant assets in Vicson – Venezuela (€ 12.4 million), (ii) machinery in Indonesia (€ 3.1 million), and (iii) assets in advanced filtration (€ 1.4 million). Based on the unfavorable and fluctuating economic conditions in Venezuela, as well as the uncertainty for the near future, an impairment test was performed on Vicson. The resulting impairment loss is based on the value in use, using a discount rate of 11.6%. The impairment of machinery in Indonesia is a consequence of a decision to move to new technology (see note 6.3. 'Property, plant and equipment').
The other non-recurring costs mainly relate to provisions for environmental liabilities.

5.2. 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 €	2010		2009	
Sales	3 262 496	100%	2 437 328	100%
Other operating revenues	15 978	-	15 442	-
Total operating revenues	**3 278 474**	**-**	**2 452 770**	**-**
Own construction of PP&E	105 536	3.2%	68 760	2.8%
Raw materials	-1 156 941	35.5%	-876 914	36.0%
Semi-finished products and goods for resale	-104 423	3.2%	-63 226	2.6%
Change in work-in-progress and finished goods	72 717	-2.2%	-110 810	4.5%
Staff costs	-596 923	18.3%	-499 070	20.5%
Depreciation and amortization	-173 026	5.3%	-139 841	5.7%
Impairment losses	-17 980	0.6%	-13 506	0.6%
Transport and handling of finished goods	-120 873	3.7%	-84 440	3.5%
Consumables and spare parts	-261 833	8.0%	-142 298	5.8%
Utilities	-183 803	5.6%	-136 125	5.6%
Maintenance and repairs	-47 613	1.5%	-36 838	1.5%
Expenses operating leases	-21 983	0.7%	-18 850	0.8%
Commissions in selling expenses	-5 821	0.2%	-4 261	0.2%
Export VAT and export customs duty	-27 555	0.8%	-14 401	0.6%
ICT costs	-21 778	0.7%	-18 612	0.8%
Advertising and sales promotion	-9 470	0.3%	-6 584	0.3%
Travel, restaurant & hotel	-40 812	1.3%	-31 297	1.3%
Consulting and other fees	-30 113	0.9%	-28 030	1.2%
Office supplies and equipment	-12 941	0.4%	-10 964	0.4%
Venture capital funds R&D	-1 440	0.0%	-1 042	0.0%
Temporary or external labor	-12 655	0.4%	-5 802	0.2%
Insurance expenses	-4 794	0.1%	-3 559	0.1%
Miscellaneous	-69 683	2.1%	-42 869	1.8%
Total operating expenses	**-2 744 206**	**84.1%**	**-2 220 579**	**91.1%**
Operating result (EBIT)	**534 268**	**16.4%**	**232 191**	**9.5%**

5.3. Interest income and expense

in thousands of €	2010	2009
Interest income on financial assets carried at amortized cost	9 305	6 253
Interest income	**9 305**	**6 253**
Interest expense on financial liabilities carried at amortized cost	*-48 973*	*-48 903*
Interest expense on financial liabilities carried at fair value	*-4 287*	*-5 051*
Interest and similar expense	-53 260	-53 954
Interest element of interest-bearing provisions	-6 096	-8 979
Interest expense	**-59 356**	**-62 933**
Total	**-50 051**	**-56 680**

The increase in interest income originates mainly from short-term investments of cash surpluses generated in Asia Pacific. The average quarterly financial debt hardly moved and is reflected by the status quo in interest and similar expense. 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’). Its decrease is mainly related to the favorable effect of higher returns on plan assets.

5.4. Other financial income and expenses

in thousands of €	2010	2009
Value adjustments to derivatives	*-515*	*-39 429*
Value adjustments to hedged items	*1 982*	*37 140*
Unrealized exchange results on underlying items of derivatives held for trading	*2 918*	*-265*
Impact of derivatives (see note 7.3)	4 385	-2 554
Other unrealized exchange results	23 073	7 107
Realized exchange results	-9 345	-14 406
Translation gain on Vicson SA	134	1 569
Gains and losses on disposal of financial assets	-1 105	293
Dividends from other shares	1 063	3
Write-downs and write-down reversals of loans and receivables	-427	-1 087
Other	-84	131
Total	**17 694**	**-8 944**

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 (see note 7.3. ‘Financial risk management and financial derivatives’). Unrealized exchange results relate to the effect of translating monetary balance sheet items at closing rates and realized exchange results relate to transactions other than normal trading sales and purchases. ‘Translation gain on Vicson SA’ represents the effect of translating the monetary items of Vicson at the SITME rate (2009: parallel rate) against the bolivar fuerte at balance sheet date (see note 3.2. ‘Critical judgments in applying the entity’s accounting policies’).

5.5. Income taxes

in thousands of €	2010	2009
Current taxes for the year	-170 315	-60 986
Adjustment to current taxes in respect of prior periods	3 455	2 276
Deferred taxes	27 396	24 808
Total tax expense	**-139 464**	**-33 902**

Relationship between tax expense and accounting profit

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

in thousands of €	2010	2009
Accounting profit	501 911	166 567
Tax expense at the theoretical domestic rates applicable to profits of taxable entities in the countries concerned	-124 290	-28 168
Tax expense related to distribution of retained earnings	-21 022	-15 917
Total theoretical tax expense	-145 312	-44 085
Theoretical tax rate	-29.0%	-26.5%
Tax effect of:		
Non-deductible items	*-15 934*	*-15 754*
Other tax rates and special tax regimes	*29 947*	*38 735*
Non-recognition of deferred tax assets	*-16 401*	*-38 656*
Utilization of deferred tax assets not previously recognized	*2 609*	*1 913*
Tax adjustments relating to prior periods	*7 673*	*-934*
Changes in distribution of retained earnings	*-*	*27 247*
Other	*-2 046*	*-2 368*
Total tax expense	**-139 464**	**-33 902**
Effective tax rate	-27.8%	-20.4%

Other tax rates and special tax regimes reflect temporary tax holidays and notional interest deduction. In 2009, the difference between theoretical and effective tax expense was impacted by a one-time positive impact due to changes in cash repatriation strategy for € 27.2 million.

5.6. Share in the results of joint ventures and associates

The results for the Brazilian joint ventures were adversely affected by the strengthening of the Brazilian real, which entailed lower prices and eroding margins. In Chile, the consequences of the earthquake of 27 February were felt throughout the year, as import competition was fueled by domestic material shortages and production standstills. By year-end however, Inchalam managed to regain part of its lost market share.

in thousands of €		2010	2009
Joint ventures			
BOSFA Pty Ltd	Australia	123	-336
Belgo Bekaert Arames Ltda and subsidiary	Brazil	23 924	25 953
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Brazil	4 131	3 188
Inchalam group	Chile	7 886	8 264
Bekaert Handling Group AS [1]	Denmark	-	704
Total		**36 064**	**37 773**

[1] *Bekaert Handling Group AS has been liquidated early January 2010.*

Refer to note 7.8. 'Subsidiaries, joint ventures and associates' for the list of legal entities related to this note.

5.7. Earnings per share

2010	Number
Weighted average number of ordinary shares (basic)	59 249 600
Dilution effect of subscription rights	309 064
Weighted average number of ordinary shares (diluted)	59 558 664

	Basic	Diluted
Result for the period attributable to the Group and to ordinary shareholders (in thousands €)	367 647	367 647
Earnings per share (in €)	**6.205**	**6.173**

2009	Number
Weighted average number of ordinary shares (basic)	59 220 618
Dilution effect of subscription rights	135 312
Weighted average number of ordinary shares (diluted)	59 355 930

	Basic	Diluted
Result for the period attributable to the Group and to ordinary shareholders (in thousands €)	151 792	151 792
Earnings per share (in €)	**2.563**	**2.557**

In November 2010, the Bekaert share was split in three. Consequently, and in accordance with IAS 33, Earnings per Share, comparative figures for 2009 have been restated to an after-split situation. The weighted average closing price during 2010 was € 53.82 per share (2009: € 25.14 per share). None of the outstanding options and subscription rights were out of the money, and therefore antidilutive, for the period presented. For more information about subscription rights, please refer to 6.11. Ordinary shares, treasury shares, subscription rights and share options.

5.8. Total comprehensive income

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 exchange differences (€ 125.4 million) mainly relate to foreign entities reporting in Chinese renminbis (€ 68.6 million), Brazilian reais (€ 22.5 million), US dollars (€ 12.6 million) and Chilean pesos (€ 11.1 million).

6. Balance sheet items

6.1. Intangible assets

in thousands of €	Licenses, patents & similar rights	Computer software	Rights to use land	Develop-ment costs	Other	Total
Cost						
As at 1 January 2009	33 119	49 326	27 728	1 206	17 735	129 114
Expenditure	311	6 168	1 471	-	186	8 136
Disposals and retirements	-	-4 054	-	-136	-2 715	-6 905
Transfers [1]	-4 108	137	-	-69	4 129	88
Reclassification to (-) / from held for sale	-	67	-	-	-	67
New consolidations	38	1	92	-	1 380	1 510
Exchange gains and losses (-)	-9	-205	-977	-	630	-561
As at 31 December 2009	**29 350**	**51 439**	**28 315**	**1 001**	**21 345**	**131 449**
As at 1 January 2010	29 350	51 439	28 315	1 001	21 345	131 449
Expenditure	694	4 756	11 700	-	126	17 276
Disposals and retirements	-644	-190	-663	-	-	-1 497
Transfers [1]	12	-	-	-	7	19
Reclassification to (-) / from held for sale	-	-	663	-	-	663
New consolidations	-	-	11 525	-	-	11 525
Deconsolidations	-	-67	-	-	-	-67
Exchange gains and losses (-)	42	793	3 921	-	816	5 571
As at 31 December 2010	**29 453**	**56 731**	**55 461**	**1 001**	**22 294**	**164 940**
Accumulated amortization and impairment						
As at 1 January 2009	25 738	36 447	3 428	896	10 273	76 782
Charge for the year	2 815	3 847	555	124	2 528	9 870
Impairment losses	-	-	-	-	753	753
Disposals and retirements	-	-4 054	1	-136	-2 710	-6 899
Transfers	-4 108	73	-	-69	4 104	-
Reclassification to (-) / from held for sale	-	67	-	-	-	67
Exchange gains (-) and losses	-4	-186	-133	-	490	167
As at 31 December 2009	**24 441**	**36 195**	**3 850**	**815**	**15 438**	**80 740**
As at 1 January 2010	24 441	36 195	3 850	815	15 438	80 740
Charge for the year	2 784	4 347	863	117	2 370	10 481
Impairment losses	-	-	-	-	35	35
Disposals and retirements	-641	-135	-248	-	-	-1 024
Deconsolidations	-	-67	-	-	-	-67
Reclassification to (-) / from held for sale	-	-	248	-	-	248
Exchange gains (-) and losses	12	559	457	-	448	1 476
As at 31 December 2010	**26 596**	**40 898**	**5 171**	**933**	**18 290**	**91 888**
Carrying amount as at 31 December 2009	**4 909**	**15 243**	**24 464**	**186**	**5 907**	**50 709**
Carrying amount as at 31 December 2010	**2 857**	**15 833**	**50 290**	**68**	**4 004**	**73 052**

[1] *Transfers equal zero if the balances of 'Intangible assets' and 'Property, plant and equipment' (see note 6.3.) are added up.*

The expenditure on software mainly relates to ERP software (SAP). The new consolidations of € 11.5 million in 2010 relate to the recently acquired Bridgestone plant in Huizhou (China), while the expenditure on rights to use land of € 11.7 million mainly relates to India and China. Licenses, patents and similar rights consist mainly of intellectual property relating to the specialized films activity acquired in 2001, with a carrying amount of € 1.7 million (2009: € 4.3 million) and the customer portfolio in the Acertec deal of € 0.7 million (2009: nil). Other intangible assets predominantly consist of customer lists and trade marks acquired in a business combination. The carrying amount mainly relates to Cold Drawn Products Ltd (€ 0.6 million vs. € 2.2 million in 2009), Bekaert Corporation (€ 1.6 million vs. € 1.7 million in 2009) and Ideal Alambrec SA (€ 1.1 million vs. € 1.2 million in 2009).

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

6.2. Goodwill

This note relates only to goodwill on acquisition of subsidiaries. Goodwill in respect of joint ventures and associates is disclosed in note 6.4. 'Investments in joint ventures and associates'.

Cost in thousands of €	**2010**	**2009**
As at 1 January	76 560	74 592
Increases	-	866
Exchange gains and losses (-)	3 977	-605
Deconsolidation	-3 043	-
Reclassification from / to (-) held for sale	-	1 707
As at 31 December	**77 494**	**76 560**

Impairment losses in thousands of €	**2010**	**2009**
As at 1 January	22 258	15 459
Impairment losses	-	6 770
Deconsolidation	-3 011	-
Exchange gains (-) and losses	149	29
As at 31 December	**19 396**	**22 258**
Carrying amount as at 31 December	**58 097**	**54 302**

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 €	**Group of cash-generating units**	**Carrying amount 31 Dec 2010**	**Impairment 2010**	**Carrying amount 31 Dec 2009**	**Impairment 2009**	**Carrying amount 31 Dec 2008**
Subsidiaries						
EMEA	Cold Drawn Products Ltd	2 600	-	2 520	-	2 350
EMEA	Combustion - heating EMEA	3 027	-	3 027	-	3 027
EMEA	Combustion - drying EMEA	-	-	-	-5 065	5 055
EMEA	Industrial coatings EMEA	4 285	-	4 285	-	4 285
EMEA	Diamond Like Coatings [1]	-	-	-	-1 705	-
North America	Bekaert Canada Ltd and Van Buren plant (USA)	4 821	-	4 246	-	3 779
North America	Orrville plant (USA)	8 779	-	8 142	-	8 429
North America	Specialized films North America	33 697	-	31 199	-	32 208
Latin America	Bekaert Ideal SL companies	844	-	844	-	-
Asia Pacific	Bekaert Jiangyin Wire Products Co Ltd	44	-	39	-	-
Subtotal		**58 097**	**-**	**54 302**	**-6 770**	**59 133**
Joint ventures and associates						
Latin America	Belgo Bekaert Arames Ltda	6 777	-	5 985	-	4 633
Subtotal		**6 777**	**-**	**5 985**	**-**	**4 633**
Total		**64 874**	**-**	**60 287**	**-6 770**	**63 766**

[1] *This cash-generating unit was classified as held for sale at 31 December 2008, has been reclassified to goodwill again in 2009 and was disposed in 2010.*

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 uncertain outlook in the midterm, the Group takes a conservative approach on extrapolations (no increase in sales and sales margins). 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. A weighted average cost of capital (WACC) is determined for euro, US dollar and Chinese renminbi regions. For countries with a higher perceived risk, the WACC is raised with 1% - 4%. The WACC is pre-tax based, since relevant cash flows are also pre-tax based. Similarly, it is stated in real terms (without inflation), since cash flows are also stated in real terms. In determining the weight of the cost of debt vs. the cost of equity, a target gearing (net debt relative to equity) of 50% is used. The discount factors are reviewed at least annually.

Discount rates for impairment testing			**Euro region**	**USD region**	**CNY region**
Group target ratio's					
Gearing: net debt/equity		50%			
% debt		33%			
% equity		67%			
% LT debt		75%			
% ST debt		25%			
Cost of Bekaert debt			**4.7%**	**4.9%**	**6.3%**
Long term interest rate			5.0%	5.3%	6.6%
Short term interest rate			3.6%	3.7%	5.5%
Cost of Bekaert equity	$= R_f + B \cdot E_m$		**9.4%**	**8.4%**	**11.6%**
Risk free rate= R_f			3.9%	2.9%	6.1%
Beta = B		1.1			
Market equity risk premium= E_m		5%			
Corporate tax rate			**25.0%**	**25.0%**	**25.0%**
Cost of equity before tax			**12.5%**	**11.1%**	**15.5%**
WACC - nominal			**9.9%**	**9.0%**	**12.5%**
Expected inflation			2.0%	2.0%	3.0%
WACC in real terms			**7.9%**	**7.0%**	**9.5%**

The tests did not result in an impairment of the goodwill in 2010 of any cash-generating unit. 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 cash-generating units.

6.3. Property, plant and equipment

in thousands of €	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Leases and similar rights	Other PP&E	Assets under construc-tion	Total
Cost							
As at 1 January 2009	561 656	1 724 058	71 958	1 170	2 042	116 647	2 477 531
Expenditure [1]	55 250	137 318	6 707	-	213	-33 985	165 501
New leases	-	-	-	119	-	-	119
Disposals and retirements	-3 578	-82 104	-7 682	-226	-5	-351	-93 946
New consolidations	27 019	31 929	2 332	-	-	7 650	68 931
Transfers [2]	-	-	-	-	-	-88	-88
Reclassification to (-) / from held for sale	-4 107	16 695	692	700	786	1 197	15 962
Exchange gains and losses (-)	-9 528	-27 996	-799	72	-30	-1 312	-39 593
As at 31 December 2009	**626 712**	**1 799 899**	**73 208**	**1 835**	**3 005**	**89 757**	**2 594 417**
As at 1 January 2010	626 712	1 799 899	73 208	1 835	3 005	89 757	2 594 417
Expenditure [1]	59 701	137 214	9 976	75	3 003	21 859	231 828
Disposals and retirements	-25 768	-46 052	-4 807	-	-456	-26	-77 108
New consolidations	18 730	16 676	595	-	-	322	36 323
Deconsolidations	-1 919	-26 518	-958	-700	-810	-451	-31 355
Transfers [2]	-	-	-	-	-	-19	-19
Reclassification to (-) / from held for sale	17 224	1 570	719	-	-	-	19 513
Exchange gains and losses (-)	38 031	107 477	3 975	45	124	6 205	155 857
As at 31 December 2010	**732 711**	**1 990 267**	**82 708**	**1 255**	**4 866**	**117 649**	**2 929 456**
Accumulated depreciation and impairment							
As at 1 January 2009	276 000	1 075 394	52 334	976	1 289	-	1 405 993
Charge for the year	24 314	107 203	9 081	160	264	-	141 022
Impairment losses	358	5 739	-	-	-	-	6 096
Disposals and retirements	-3 401	-75 510	-7 406	-207	-5	-	-86 529
New consolidations	1 533	2 722	276	-	-	-	4 531
Reclassification to (-) / from held for sale	-1 528	8 040	406	342	796	-	8 056
Exchange gains (-) and losses	-3 903	-13 538	-547	65	-14	-	-17 937
As at 31 December 2009	**293 373**	**1 110 049**	**54 145**	**1 336**	**2 329**	**-**	**1 461 232**
As at 1 January 2010	293 373	1 110 049	54 145	1 336	2 329	-	1 461 232
Charge for the year	26 475	122 261	9 106	101	634	-	158 577
Impairment losses	6 286	11 507	198	-	-	-	17 991
Disposals and retirements	-22 241	-40 122	-4 605	-	-189	-	-67 157
New consolidations	-88	113	-123	-	99	-	-
Deconsolidations	-1 350	-18 790	-736	-435	-810	-	-22 120
Reclassification to (-) / from held for sale	13 759	1 548	719	-	-	-	16 026
Exchange gains (-) and losses	11 929	48 821	2 476	33	57	-	63 317
As at 31 December 2010	**328 144**	**1 235 388**	**61 179**	**1 035**	**2 121**	**-**	**1 627 867**
Carrying amount as at 31 December 2009 before investment grants and reclassification of leases	**333 339**	**689 850**	**19 063**	**499**	**676**	**89 757**	**1 133 185**
Net investment grants	-3	-5 467	-	-	-	-	-5 470
Reclassification of leases	295	102	102	-499	-	-	-
Carrying amount as at 31 December 2009	**333 631**	**684 484**	**19 165**	**0**	**676**	**89 757**	**1 127 714**
Carrying amount as at 31 December 2010 before investment grants and reclassification of leases	**404 567**	**754 880**	**21 528**	**221**	**2 745**	**117 649**	**1 301 589**
Net investment grants	-1 401	-5 072	-	-	-	-	-6 474
Reclassification of leases	-	86	135	-220	-	-	-
Carrying amount as at 31 December 2010	**403 166**	**749 893**	**21 663**	**0**	**2 745**	**117 649**	**1 295 116**

1 *Difference in expenditure because of investment grants which are netted in the cash flow statement.*
2 *Transfers equal zero if the balances of 'Intangible assets' (see note 6.1.) and 'Property, plant and equipment' are added up.*

The investment programs in Belgium, China, India, United States, Russia and Slovakia accounted for most of the expenditure. The net exchange gain for the year (€ 92.1 million) relates mainly to assets denominated in Chinese renminbis (€ 66.5 million), US dollars (€ 13.7 million), Indian rupees (€ 2.8 million), Peruvian nuevos soles (€ 2.5 million) and Colombian pesos (€ 2.3 million).
The effect of reviewing the remaining economic useful life of equipment dedicated to specific product lines accounted for an increase in depreciation of € 7.0 million. Impairment losses mainly related to the wire business in Venezuela (€ 12.4 million), a brass coating line in Indonesia (€ 3.1 million) and the Advanced Filtration business in Belgium and Indonesia (€ 1.0 million). The methodology for impairment testing is consistent with the one presented in note 6.2. 'Goodwill'. For reclassifications to or from held for sale, please refer to note 6.10. 'Assets classified as held for sale and liabilities associated with those assets'.
No items of PP&E are pledged as securities.

6.4. Investments in joint ventures and associates

Investments excluding related goodwill

Carrying amount in thousands of €	**2010**	**2009**
As at 1 January	212 574	195 236
Capital increases and decreases	-21	-4
Result for the year	36 064	37 773
Dividends	-39 298	-41 066
Exchange gains and losses	28 410	40 673
Changes in consolidation method	-	-20 058
Deconsolidations	-705	-
Transfers	-	21
Other comprehensive income	-6	-1
As at 31 December	**237 018**	**212 574**

For an analysis of the result for the year, please refer to note 5.6. 'Share in the results of joint ventures and associates'. Exchange gains and losses relate mainly to the substantial swings in closing rates of both the Brazilian real (2.2 in 2010 vs 2.5 in 2009) and the Chilean peso (625.4 in 2010 vs 729.5 in 2009).

Related goodwill

Cost in thousands of €	**2010**	**2009**
As at 1 January	5 985	4 633
Exchange gains and losses	792	1 352
As at 31 December	**6 777**	**5 985**
Carrying amount of related goodwill as at 31 December	**6 777**	**5 985**
Total carrying amount of investments in joint ventures and associates as at 31 December	**243 795**	**218 559**

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 €	2010	2009
Property, plant and equipment	149 490	125 281
Other non-current assets	106 466	61 088
Current assets	220 051	170 327
Non-current liabilities and non-controlling interests	-110 714	-63 307
Current liabilities	-128 275	-80 815
Total net assets	**237 018**	**212 574**

in thousands of €	2010	2009
Sales	569 466	442 007
Operating result (EBIT)	52 340	50 878
Result for the period	36 064	37 773
Total comprehensive income for the period	36 058	37 772

The Group's share in the equity of joint ventures and associates is analyzed as follows:

in thousands of €		2010	2009
Joint ventures [1]			
BOSFA Pty Ltd	Australia	4 057	3 231
Bekaert Faser Vertriebs GmbH	Germany	102	102
Belgo Bekaert Arames Ltda and subsidiary	Brazil	140 056	127 175
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Brazil	15 534	14 802
Inchalam group	Chile	77 269	66 559
Bekaert Handling Group AS [2]	Denmark	-	705
Total for joint ventures excluding related goodwill		**237 018**	**212 574**
Carrying amount of related goodwill		**6 777**	**5 985**
Total for joint ventures including related goodwill		**243 795**	**218 559**

[1] *The Group has no more associates since 1 January 2009, when its only associate Jiangyin Fasten-Bekaert Optical Cable Steel Products Co Ltd was merged with Bekaert Jiangyin Wire Products Co Ltd.*
[2] *The investment in Bekaert Handling Group AS has been liquidated early 2010.*

No major contingent assets relating to joint ventures and associates have been identified at the balance sheet date. The main contingencies identified at the balance sheet date relate to taxes at Belgo Bekaert Arames Ltda, Belgo Bekaert Nordeste SA and BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda. These Brazilian joint ventures are faced with problems to recover ICMS tax receivables with a total carrying amount of € 21.6 million (2009: € 18.5 million), claims relating to ICMS incentives totaling € 9.4 million (2009: € 7.7 million) and several other tax claims, most of which date back several years, for a total nominal amount of € 35.1 million (€ 38.7 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 €	2010	2009
Loans and receivables - non-current	5 192	5 780
Derivatives (cf. note 7.3.)	3 760	10 900
Available-for-sale financial assets	23 176	23 929
Total other non-current assets	**32 128**	**40 609**

Available-for-sale financial assets - non-current

Carrying amount in thousands of €	2010	2009
As at 1 January	23 929	8 782
Expenditure	289	62
Disposals and closures	-440	-22
Fair value changes	-664	15 055
Transfers	62	21
Reclassification as held for sale	-	31
As at 31 December	**23 176**	**23 929**

The fair value changes relate to the investment in Shougang Concord Century Holdings Ltd, a Hong Kong Stock Exchange listed company which is classified as available for sale.

6.6. Deferred tax assets and liabilities

Carrying amount in thousands of €	Assets 2010	Assets 2009	Liabilities 2010	Liabilities 2009
As at 1 January	43 631	8 747	52 739	39 310
Increase or decrease via income statement	16 909	2 303	-10 487	-22 505
Increase or decrease via equity	1 299	698	390	-1 107
New consolidations	5 474	3 975	3 659	8 110
Deconsolidations	-477	-	-1 182	-
Reclassification as held for sale	-	150	-	1 091
Exchange gains and losses	3 683	-543	3 424	-461
Change in set-off of assets and liabilities	-6 832	28 301	-6 832	28 301
As at 31 December	**63 687**	**43 631**	**41 711**	**52 739**

Recognized deferred tax assets and liabilities

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

in thousands of €	Assets 2010	Assets 2009	Liabilities 2010	Liabilities 2009	Net assets 2010	Net assets 2009
Intangible assets	498	832	11 164	7 319	-10 666	-6 487
Property, plant and equipment	17 759	4 293	23 116	30 445	-5 357	-26 152
Financial assets	2 983	-	29 958	30 340	-26 975	-30 340
Inventories	3 688	3 040	3 996	3 523	-308	-483
Receivables	2 834	2 515	41	113	2 793	2 402
Other current assets	403	457	648	850	-245	-393
Employee benefit obligations	29 470	28 086	331	59	29 139	28 027
Other provisions	1 129	1 307	434	498	695	809
Other liabilities	8 698	2 795	834	1 571	7 864	1 224
Tax losses carried forward, tax credits and recoverable income taxes	25 036	22 285	-	-	25 036	22 285
Tax assets / liabilities	**92 498**	**65 610**	**70 522**	**74 718**	**21 976**	**-9 108**
Set-off of assets and liabilities	-28 811	-21 979	-28 811	-21 979	-	-
Net tax assets / liabilities	**63 687**	**43 631**	**41 711**	**52 739**	**21 976**	**-9 108**

The deferred taxes on property, plant and equipment relate mainly to temporary differences due to differences in useful lives between IFRS and tax books. The deferred tax liabilities on financial assets relate mainly to temporary differences arising from undistributed profits from subsidiaries, joint ventures and associates.

Movements in deferred tax assets/(liabilities) arise from the following:

2009 in thousands of €	**As at 1 January**	**Recognized via income statement**	**Recognized via equity**	**Acquisitions and disposals**	**Reclassific-ations**	**Exchange gains and losses**	**As at 31 December**
Temporary differences							
Intangible assets	-4 921	-1 433	-	-317	2	182	-6 487
Property, plant and equipment	-22 133	4 434	-	-7 281	-1 064	-108	-26 152
Financial assets	-43 020	11 580	1 108	-	-	-8	-30 340
Inventories	-984	-2 030	-	2 260	-	271	-483
Receivables	2 296	167	-	13	2	-76	2 402
Other current assets	75	-527	-	30	-	29	-393
Employee benefit obligations	15 731	11 050	752	993	-	-499	28 027
Other provisions	2 792	-1 963	-	-	-	-20	809
Other liabilities	-3 671	4 813	-65	41	119	-13	1 224
Tax losses carried forward, tax credits and recoverable income taxes	23 272	-1 283	10	126	-	160	22 285
Total	**-30 563**	**24 808**	**1 805**	**-4 135**	**-941**	**-82**	**-9 108**

2010 in thousands of €	**As at 1 January**	**Recognized via income statement**	**Recognized via equity**	**Acquisitions and disposals**	**Reclassific-ations**	**Exchange gains and losses**	**As at 31 December**
Temporary differences							
Intangible assets	-6 487	-954	-	-2 677	-	-548	-10 666
Property, plant and equipment	-26 152	16 569	-	5 745	-	-1 519	-5 357
Financial assets	-30 340	2 080	1 307	-	-	-22	-26 975
Inventories	-483	1 342	-	-895	-	-272	-308
Receivables	2 402	-653	-	794	-	250	2 793
Other current assets	-393	184	-	-6	-	-30	-245
Employee benefit obligations	28 027	336	-398	-76	-	1 250	29 139
Other provisions	809	-182	-	-	-	68	695
Other liabilities	1 224	6 668	-	-93	-	65	7 864
Tax losses carried forward, tax credits and recoverable income taxes	22 285	2 006	-	-272	-	1 017	25 036
Total	**-9 108**	**27 396**	**909**	**2 520**	**-**	**259**	**21 976**

Unrecognized deferred tax assets

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

in thousands of €	**2010**	**2009**	**Variance 2010 vs 2009**
Deductible temporary differences	130 186	91 566	38 620
Capital losses	28 787	26 881	1 906
Trade losses and tax credits	307 495	261 984	45 511
Total	**466 468**	**380 431**	**86 037**

The majority of the trade losses have no expiry date and the rest will not expire in the near future.

6.7. Operating working capital

in thousands of €	2010	2009
Raw materials, consumables and spare parts	*209 380*	*149 241*
Work in progress and finished goods	*254 503*	*181 212*
Goods purchased for resale	*43 767*	*27 960*
Inventories	507 650	358 413
Trade receivables	774 308	479 630
Advances paid	36 879	31 472
Trade payables	-341 664	-247 131
Advances received	-7 537	-6 524
Remuneration and social security payables	-115 621	-84 257
Employment-related taxes	-13 026	-12 347
Operating working capital	**840 989**	**519 256**

Operating working capital increased by € 321.7 million in 2010, explained by:

- increase of € 276.9 million related to organic growth (as reflected in the consolidated cash flow statement);
- increase of € 42.5 million from currency movements;
- decrease of € 4.7 million from net write-downs on inventories and trade receivables;
- increase of € 14.3 million from new consolidations;
- decrease of € 7.3 million from deconsolidations.

Average operating working capital represented 20.8% of sales (2009: 24.1%).

Additional information is as follows:

- Inventories

  The cost of inventories recognized as an expense during the period amounted to € 2 136.9 million (2009: € 1 731.4 million), including net write-downs in 2010 of € 5.2 million (2009: net reversals of write-downs of € 2.7 million). No inventories were pledged as security for liabilities (2009 none).

- Trade receivables

  The important increase in trade receivables reflects the strong sales growth in the 4th quarter compared to the same quarter in 2009.
  Net reversals of write-downs in 2010 amounted to € 0.5 million (2009: net reversals of write-downs of € 6.0 million).

More information about allowances and past due receivables are provided in the following table:

Trade receivables in thousands of €	2010	2009
Gross amount	789 345	493 966
Allowance for bad debts (impaired)	-15 037	-14 336
Net carrying amount	774 308	479 630
of which past due but not impaired		
amount	*138 330*	*103 566*
average number of days outstanding	*67*	*101*

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 €	**2010**	**2009**
As at 1 January	49 289	52 982
Increase or decrease	11 508	-9 056
Write-downs and write-down reversals	-344	-1 087
New consolidations	825	8 355
Deconsolidations	-461	-
Reclassifications	137	298
Exchange gains and losses	2 988	-2 203
As at 31 December	**63 942**	**49 289**

Other receivables relate mainly to taxes (€ 52.3 million (2009: € 39.3 million)), reinsurance balances receivable (€ 0.2 million (2009: € 1.1 million)), employee loans (€ 3.9 million (2009: € 2.3 million)) and investment grants (€ 1.5 million (2009: € 1.9 million)). No collection issues are expected.

6.9. Other current assets

Carrying amount in thousands of €	**2010**	**2009**
Current loans and receivables	52 381	68 144
Advances paid	36 879	31 472
Derivatives (cf. note 7.3.)	21 464	13 613
Deferred charges and accrued revenues	7 703	8 695
As at 31 December	**118 427**	**121 924**

The current loans and receivables mainly relate to loans with venture partners in China (€ 45.3 million), to a loan with BOSFA Pty Ltd (€ 1.9 million) and to various cash guarantees (€ 5.1 million).

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

Carrying amount in thousands of €	**2010**	**2009**
As at 1 January	8 926	21 136
Increase	-	3 935
Deconsolidations	-5 964	-
Reclassifications	-3 902	-15 993
Exchange gains and losses	940	-152
As at 31 December	-	**8 926**

in thousands of €	**2010**	**2009**
Individual items of property, plant and equipment	-	3 653
Disposal groups	-	5 273
Total assets classified as held for sale	**-**	**8 926**
Disposal groups	-	2 266
Total liabilities associated with assets classified as held for sale	**-**	**2 266**

The reclassifications in 2010 relate to the premises of the former Jiangyin Fasten-Bekaert Optical Cable Steel Products Co Ltd (China) and to the Lanklaar site in Belgium, both of which have been reclassified to PP&E before being sold. With respect to the disposal groups, Precision Surface Technology Pte Ltd (Singapore) has been sold in December 2010. In January 2010, Bekaert has sold its controlling interest in Bekinit Kabushiki Kaisha (Japan), which was classified as held for sale on 31 December 2009. All of these amounts belong to the Asia Pacific segment.
After a period in which the negotiations with the potential acquirer of the diamond-like carbon coating (DLC) business had been discontinued, the DLC assets and liabilities have been classified again as held for sale before the interim reporting of 30 June 2010, and they have been sold on 1 July. Part of the DLC business belonged to the North America segment and part to the EMEA segment.
Gains or losses on disposal of the disposal groups classified as held for sale are analyzed in note 7.2. ‘Effect of new business combinations and business disposals’. No additional impairment losses or reversals of impairments have been recognized before any of these deals were effected.

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 2010	175 118	59 503 407
	Movements in the year		
	Issue of new shares	*1 124*	*381 566*
	Cancellation of shares	-	-
	As at 31 December 2010	176 242	59 884 973
2	Structure		
2.1	Classes of ordinary shares		
	Ordinary shares without par value	*176 242*	*59 884 973*
2.2	Registered shares	-	1 718 871
	Non-material shares	-	57 320 021
	Bearer shares	-	846 081
Authorized capital not issued		**167 421**	

On 7 October 2010, an Extraordinary General Meeting approved a three-for-one share split as proposed by the Board of Directors. The split came into effect on 10 November 2010. Consequently, all 2009 data on shares, options and subscription rights have been stock-split adjusted to enable comparison with 2010 data.

A total of 381 566 subscription rights were exercised under the Company's SOP1 and SOP 2005-2009 stock option plans in 2010, requiring the issue of a total of 381 566 new shares of the Company.

In addition to the 89 700 treasury shares held as of 31 December 2009, the Company purchased 965 700 own shares in 2010. Those aggregate 1 055 400 shares were used as follows in 2010:
- 91 700 shares were delivered to the individuals who had exercised their options under the Company's SOP2 stock option plan in 2010; and
- the remaining 963 700 shares are held as treasury shares as of 31 December 2010.

No shares were canceled in 2010.

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	Out-standing	First exercise period	Last exercise period
17.12.1999	15.02.2000	04.04.2000	17.533	107 370	104 595	1 515	1 260	01.06 - 15.06.2003	15.11 - 30.11.2012
17.12.1999	15.02.2000	04.04.2000	17.533	8 490	720	7 770	-	01.06 - 15.06.2003	15.11 - 30.11.2009
17.12.1999	15.02.2000	04.04.2000	17.533	3 000	3 000	-	-	01.06 - 15.06.2003	15.11 - 30.11.2004
14.07.2000	12.09.2000	26.09.2000	18.000	319 941	313 026	2 460	4 455	01.06 - 15.06.2004	22.05 - 15.06.2013
14.07.2000	12.09.2000	26.09.2000	18.000	16 245	2 880	13 365	-	01.06 - 15.06.2004	22.05 - 15.06.2010
14.07.2000	12.09.2000	26.09.2000	16.617	14 250	14 250	-	-	01.06 - 15.06.2004	22.05 - 15.06.2005
13.07.2001	11.09.2001	26.09.2001	13.980	418 917	415 659	2 418	840	22.05 - 30.06.2005	22.05 - 15.06.2014
13.07.2001	11.09.2001	26.09.2001	13.980	11 625	11 265	360	-	22.05 - 30.06.2005	22.05 - 15.06.2011
12.07.2002	10.09.2002	25.09.2002	15.827	106 152	104 352	720	1 080	22.05 - 30.06.2006	22.05 - 15.06.2015
12.07.2002	10.09.2002	25.09.2002	15.827	1 080	1 080	-	-	22.05 - 30.06.2006	22.05 - 15.06.2012
11.07.2003	09.09.2003	06.10.2003	13.630	100 740	99 300	-	1 440	22.05 - 30.06.2007	22.05 - 15.06.2013
09.07.2004	07.09.2004	30.09.2004	15.763	502 182	482 556	-	19 626	22.05 - 30.06.2008	22.05 - 15.06.2014
				1 609 992	**1 552 683**	**28 608**	**28 701**		

Overview of SOP2 Stock Option Plan

Date offered	Date granted	Exercise price (in €)	Number of options: Granted	Exercised	Forfeited	Out-standing	First exercise period	Last exercise period
26.07.2000	24.09.2000	16.617	8 550	8 550	-	-	01.06 - 15.06.2004	22.05 - 15.06.2013
13.07.2001	11.09.2001	13.980	34 350	34 350	-	-	22.05 - 30.06.2005	22.05 - 15.06.2014
12.07.2002	10.09.2002	15.827	9 120	9 120	-	-	22.05 - 30.06.2006	22.05 - 15.06.2015
11.07.2003	09.09.2003	13.630	8 340	8 340	-	-	22.05 - 30.06.2007	22.05 - 15.06.2013
09.07.2004	07.09.2004	15.763	98 400	98 400	-	-	22.05 - 30.06.2008	22.05 - 15.06.2014
22.12.2005	20.02.2006	23.797	49 200	49 200	-	-	22.05 - 30.06.2009	15.11 - 15.12.2015
22.12.2005	20.02.2006	23.797	34 800	34 800	-	-	22.05 - 30.06.2009	15.11 - 15.12.2020
15.03.2006	14.05.2006	28.617	6 000	6 000	-	-	22.05 - 30.06.2010	15.11 - 15.12.2020
15.09.2006	14.11.2006	24.700	19 500	19 500	-	-	22.05 - 30.06.2010	15.08 - 14.09.2016
21.12.2006	19.02.2007	30.173	37 500	27 500	-	10 000	22.05 - 30.06.2010	15.11 - 15.12.2021
20.12.2007	18.02.2008	28.333	12 870	-	-	12 870	22.05 - 30.06.2011	15.11 - 15.12.2017
20.12.2007	18.02.2008	28.333	30 630	-	-	30 630	22.05 - 30.06.2011	15.11 - 15.12.2022
18.12.2008	16.02.2009	16.660	64 500	-	-	64 500	22.05 - 30.06.2012	15.11 - 15.12.2018
17.12.2009	15.02.2010	33.990	49 500	-	-	49 500	22.05 - 30.06.2013	15.11 - 15.12.2019
			463 260	**295 760**	**-**	**167 500**		

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	Out-standing	First exercise period	Last exercise period
22.12.2005	20.02.2006	22.03.2006	23.797	21 600	6 900	14 700	-	22.05 - 30.06.2009	15.11 - 15.12.2015
22.12.2005	20.02.2006	22.03.2006	23.797	190 698	180 033	-	10 665	22.05 - 30.06.2009	15.11 - 15.12.2020
21.12.2006	19.02.2007	22.03.2007	30.173	28 200	20 700	7 500	-	22.05 - 30.06.2010	15.11 - 15.12.2016
21.12.2006	19.02.2007	22.03.2007	30.173	153 810	143 540	600	9 670	22.05 - 30.06.2010	15.11 - 15.12.2021
20.12.2007	18.02.2008	22.04.2008	28.333	14 100	-	7 500	6 600	22.05 - 30.06.2011	15.11 - 15.12.2017
20.12.2007	18.02.2008	22.04.2008	28.333	215 100	-	-	215 100	22.05 - 30.06.2011	15.11 - 15.12.2022
18.12.2008	16.02.2009	20.10.2009	16.660	288 150	-	-	288 150	22.05 - 30.06.2012	15.11 - 15.12.2018
17.12.2009	15.02.2010	08.09.2010	33.990	225 450	-	-	225 450	22.05 - 30.06.2013	15.11 - 15.12.2019
				1 137 108	**351 173**	**30 300**	**755 635**		

SOP1 Stock Option Plan	2010 Number of subscription rights	2010 Weighted average exercise price (in €)	2009 Number of subscription rights	2009 Weighted average exercise price (in €)
Outstanding as at 1 January	132 477	15.865	211 926	15.865
Forfeited during the year	-300	18.000	-	-
Exercised during the year	-103 476	15.815	-79 449	15.702
Outstanding as at 31 December	**28 701**	**16.027**	**132 477**	**15.865**

SOP2 Stock Option Plan	2010 Number of options	2010 Weighted average exercise price (in €)	2009 Number of options	2009 Weighted average exercise price (in €)
Outstanding as at 1 January	209 700	22.756	220 500	24.894
Granted during the year	49 500	33.990	64 500	16.660
Exercised during the year	-91 700	23.589	-75 300	23.797
Outstanding as at 31 December	**167 500**	**25.619**	**209 700**	**22.756**

SOP 2005-2009 Stock Option Plan	2010 Number of subscription rights	2010 Weighted average exercise price (in €)	2009 Number of subscription rights	2009 Weighted average exercise price (in €)
Outstanding as at 1 January	808 875	23.873	619 008	27.351
Granted during the year	225 450	33.990	288 150	16.660
Forfeited during the year	-600	30.175	-25 200	27.045
Exercised during the year	-278 090	27.563	-73 083	23.797
Outstanding as at 31 December	**755 635**	**25.529**	**808 875**	**23.873**

Weighted average remaining contractual life in years	2010	2009
SOP1	3.2	4.4
SOP2	8.8	9.1
SOP 2005-2009	9.5	10.8

No subscription rights or options under either plan were exercisable at year-end (2009: none). The weighted average share price at the date of exercise in 2010 was € 56.14 for the SOP1 subscription rights (2009: € 32.66), € 71.23 for the SOP2 options (2009: € 32.77) and € 57.66 for the SOP 2005-2009 plan (2009: € 32.81). The exercise price of the subscription rights and options is equal to the lower of (i) the average closing price of the Company's share 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 or SOP 2005-2009 plan, equity is increased by the amount of the proceeds received. Under the terms of the SOP1 and SOP2 plans any subscription rights or options granted through 2004 were vested immediately.

Under the terms of the SOP 2005-2009 stock option plan an aggregate 1 137 108 subscription rights have been granted during the period 2006-2010. An aggregate 463 260 options have been granted under the terms of the SOP2 plan.

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. In accordance with the Economic Recovery Act of 27 March 2009, the exercise period of the SOP2 options and SOP 2005-2009 subscription rights granted in 2006, 2007 and 2008 was extended by five years in favor of the persons who were plan beneficiaries and subject to Belgian income tax at the time such extension was offered. The incremental fair value granted as a result of this amounts to € 0.3 million.

A new stock option plan (SOP 2010-2014) was proposed by the Board of Directors and approved by a Special General Meeting of Shareholders in 2010. The plan, which will be the successor to the SOP2 and SOP 2005-2009 plans, will offer options to acquire existing Company shares to the members of the Bekaert Group Executive, Senior Management and a limited number of management employees of the Company and a number of its subsidiary companies. There will be one offer of options in each of the years 2010 through 2014, and the grant dates are scheduled in the period 2011-2015. The exercise price of the SOP 2010-2014 options is determined in the same manner as in the previous plans, and the vesting conditions are the same as those of the SOP 2005-2009 grants and the SOP2 grants beginning in 2006.

The options granted under SOP2 and the subscription rights granted under SOP 2005-2009 are recognized at fair value in accordance with IFRS 2 (see note 6.12. 'Retained earnings and other Group reserves').

6.12. Retained earnings and other Group reserves

Carrying amount in thousands of €	**2010**	**2009**
Hedging reserve	*-4 187*	*-3 119*
Revaluation reserve for available-for-sale investments	*6 545*	*7 209*
Actuarial gains and losses on defined-benefit plans	*-41 746*	*-33 019*
Fair value remeasurements for business combinations	*-5 392*	*19 584*
Deferred taxes booked in equity	*26 196*	*25 383*
Equity-settled share-based payment plans	*7 663*	*5 116*
Treasury shares	*-59 689*	*-2 577*
Other reserves	-70 610	18 577
Cumulative translation adjustments	13 615	-97 176
Total other Group reserves	**-56 995**	**-78 599**
Retained earnings	**1 463 838**	**1 168 913**

The movements in the main items of other reserves were as follows:

Hedging reserve in thousands of €	**2010**	**2009**
As at 1 January	-3 119	-9 008
Recycled to income statement	5 522	-2 342
Fair value changes to hedging instruments	-6 590	8 231
As at 31 December	**-4 187**	**-3 119**
Of which		
Cross-currency interest-rate swaps (on Eurobonds)	*-4 187*	*-3 119*

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 €	**2010**	**2009**
As at 1 January	7 209	-7 846
Fair value changes	-664	15 055
As at 31 December	**6 545**	**7 209**
Of which		
Investment in Shougang Concord Century Holdings Ltd	*6 545*	*7 209*

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. After a steep recovery in 2009, the share price slightly declined in 2010.

Actuarial gains and losses on defined-benefit plans in thousands of €	**2010**	**2009**
As at 1 January	-33 019	-43 402
Actuarial gains and losses (-) of the period	-8 727	10 383
As at 31 December	**-41 746**	**-33 019**

The actuarial gains and losses on defined-benefit plans result from a remeasurement of the defined-benefit obligations and any related plan assets to fair value at the balance sheet date.

Fair value remeasurements for business combinations in thousands of €	**2010**	**2009**
As at 1 January	19 584	9 140
Interests remeasured	-24 976	7 952
Non-controlling interests disposed	-	2 492
As at 31 December	**-5 392**	**19 584**

In accordance with IFRS 3, Business Combinations, all of the acquirees' assets, liabilities and contingent liabilities were remeasured to fair value at the acquisition date. The interests remeasured in 2010 relate to the Bridgestone business combination (see note 7.2. 'Effect of new business combinations and business disposals').

Deferred taxes booked in equity in thousands of €	**2010**	**2009**
As at 1 January	25 383	23 704
Deferred taxes relating to other comprehensive income	813	1 679
As at 31 December	**26 196**	**25 383**

Deferred taxes relating to other comprehensive income are also recognized directly in equity (see note 5.8. 'Total comprehensive income').

Equity-settled share-based payment plans in thousands of €	**2010**	**2009**
As at 1 January	5 116	3 556
Equity instruments granted	2 547	1 560
As at 31 December	**7 663**	**5 116**

Options granted under the SOP2 stock option plan and subscription rights granted under the SOP 2005-2009 stock option plan (see 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 2010, 49 500 options (2009: 64 500) were granted at a weighted average fair value per unit of € 9.53 (2009: € 4.17) and 225 450 subscription rights (2009: 288 150) were granted at a weighted average fair value per unit of € 9.46 (2009: € 4.12). The Group has recorded an expense against equity of € 2.5 million (2009: € 1.6 million) based on a straight-line amortization over the vesting period of the fair value of options and subscription rights granted over the past three years. 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 of € 37.10 at grant date (2009: € 13.83), exercise price of € 33.99 (2009: € 16.66), expected volatility of 41% (2009: 42%), expected dividend yield of 2.5% (2009: 2.5%), vesting period of 3 years, contractual life of 10 years, employee exit rate of 2% (2009: 10%) and a risk-free interest rate of 4.0% (2009: 4.2%). To allow for the effects of early exercise, it was assumed that the employees would exercise the options and the subscription rights after the vesting date when the share price was 1.25 (2009: 1.25) times the exercise price.

Treasury shares in thousands of €	**2010**	**2009**
As at 1 January	-2 577	-4 808
Shares purchased	-59 791	-
Proceeds from shares sold	2 163	1 760
Price difference on shares sold	517	471
As at 31 December	**-59 688**	**-2 577**

In 2010, 91 700 shares were sold for an amount of € 2.2 million to beneficiaries of the SOP2 plan who had exercised their options (see note 6.11. 'Ordinary shares, treasury shares, subscription rights and share options').

6.13. Non-controlling interests

Carrying amount in thousands of €	**2010**	**2009**
As at 1 January	88 745	41 750
Changes in Group structure	-1 203	23 625
Share of net profit of subsidiaries	30 864	18 646
Share of other comprehensive income excluding CTA	-282	-219
Dividend pay-out	-39 086	-46
Capital increases	1 639	5 646
Reclassification from retained earnings	-	1 617
Exchange gains and losses (-)	5 283	-2 274
As at 31 December	**85 960**	**88 745**

In 2010, the changes in Group structure mainly relate to the disposal of Bekinit KK (Japan) and Precision Surface Technology Pte Ltd (Singapore), in which the Group formerly owned a controlling interest of 60% and 67% respectively.
In 2009, the changes in Group structure related to the step acquisitions through which Bekaert acquired control of Ideal Alambrec SA (Ecuador), Prodac SA (Peru) and Jiangyin Fasten-Bekaert Optical Cable Steel Products Co Ltd (China). Substantial dividends on profits of 2007 through 2009 were declared by the Group's Chinese subsidiaries.

6.14. Employee benefit obligations

The total net liabilities for employee benefit obligations, which amounted to € 279.1 million as at 31 December 2010 (€ 234.0 million as at year-end 2009), are as follows:

in thousands of €	2010	2009
Liabilities for		
Defined-benefit pension plans	*85 548*	*71 887*
Other defined-benefit plans	*56 120*	*60 267*
Other long-term employee benefits	*2 087*	*2 372*
Cash-settled share-based payment employee benefits	*8 590*	*2 070*
Short-term employee benefits	*115 621*	*84 257*
Other employee benefit obligations	*11 158*	*13 163*
Total liabilities in the balance sheet	**279 124**	**234 016**
of which		
non-current liabilities	*150 893*	*135 623*
current liabilities	*128 231*	*98 393*
Assets for		
Defined-benefit pension plans	*-*	*-*
Total assets in the balance sheet	**-**	**-**
Total net liabilities	**279 124**	**234 016**

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 € 0.5 million (2009: € 0.9 million).

Defined-contribution plans in thousands of €	2010	2009
Expenses recognized	12 617	12 155

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 or bonds, 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 in thousands of €	**Pension plans** 2010	2009	**Other plans** 2010	2009
Present value as at 1 January	225 913	224 598	60 267	55 979
Current service cost	12 446	12 977	1 609	1 822
Interest cost	12 208	13 321	3 060	3 717
Plan participants' contributions	5	6	155	146
Past service cost	15	118	-	-
New consolidations	1 497	5 406	-	3 673
Deconsolidations	-190	-	-	-
Settlements	-	-553	-	-
Reclassifications within employee benefit obligations	-1 661	-2 309	1 661	5 903
Benefits paid	-19 254	-25 654	-8 973	-11 053
Actuarial gains (-) and losses	12 990	4 505	-2 424	1 415
Exchange gains (-) and losses	7 414	-6 502	765	-1 335
Present value of defined-benefit obligation as at 31 December	**251 383**	**225 913**	**56 120**	**60 267**

Other plans mainly relate to pre-retirement pensions in Belgium (defined-benefit obligation € 43.9 million (€ 51.2 million in 2009)) and other post-employment benefits for medical care in the United States (defined-benefit obligation € 5.5 million (€ 4.8 million in 2009)), which are not externally funded. Of the defined-benefit obligation in Belgium, an amount of € 13.6 million (2009: € 18.2 million) relates to employees in active service who have not yet entered into any pre-retirement agreement.

Movement in plan assets in thousands of €	**Pension plans** 2010	2009	**Other plans** 2010	2009
Fair value as at 1 January	154 201	134 647	-	-
Expected return on plan assets	*9 541*	*7 570*	-	-
Actuarial gains and losses (-)	*1 467*	*15 951*	-	-
Actual return on plan assets	11 008	23 521	-	-
Company contributions	15 320	24 195	8 818	10 907
Plan participants' contributions	5	6	155	146
Deconsolidations	-75	-	-	-
Settlements	-	-452	-	-
Benefits paid	-19 254	-25 654	-8 973	-11 053
Exchange gains and losses (-)	4 616	-2 062	-	-
Fair value of plan assets as at 31 December	**165 821**	**154 201**	**-**	**-**

Movement in reimbursement rights in thousands of €	**Pension plans** 2010	2009	**Other plans** 2010	2009
Fair value as at 1 January	511	-	-	-
Expected return on reimbursement rights	*22*	*23*	-	-
Actuarial gains and losses (-)	*-12*	*20*	-	-
Actual return on reimbursement rights	10	43	-	-
Company contributions	9	24	-	-
New consolidations and deconsolidations	-	514	-	-
Benefits paid	-62	-70	-	-
Fair value of reimbursement rights as at 31 December	**468**	**511**	**-**	**-**

Reimbursement rights arise from reinsurance contracts covering retirement pensions, death and disability benefits in Germany.

Funded status as at 31 December in thousands of €	**Pension plans**		**Other plans**	
	2010	**2009**	**2010**	**2009**
Present value of funded obligations	*219 367*	*195 942*	-	-
Fair value of plan assets	*-165 821*	*-154 201*	-	-
Surplus (-) or deficit for funded plans	53 546	41 741	-	-
Present value of unfunded obligations	32 016	29 972	56 120	60 267
Present value of net obligations	**85 562**	**71 713**	**56 120**	**60 267**
Unrecognized past service cost	-14	174	-	-
Net assets (-) and liabilities	**85 548**	**71 887**	**56 120**	**60 267**
Amounts in the balance sheet				
Assets	-	-	-	-
Liabilities	*85 548*	*71 887*	*56 120*	*60 267*

Movement in liability in thousands of €	**Pension plans**		**Other plans**	
	2010	**2009**	**2010**	**2009**
Net assets (-) and liabilities as at 1 January	71 887	90 299	60 267	55 979
Contributions paid and direct benefit payments	-15 320	-24 195	-8 818	-10 906
Expense recognized in the income statement	14 918	18 548	4 669	5 539
Expected return on reimbursement rights	22	23	-	-
Actuarial gains (-) and losses recognized through equity	11 523	-11 445	-2 424	1 415
New consolidations and deconsolidations	1 382	5 406	-	3 673
Reclassifications within employee benefit obligations	-1 661	-2 309	1 661	5 903
Exchange gains (-) and losses	2 797	-4 440	765	-1 336
Net assets (-) and liabilities as at 31 December	**85 548**	**71 887**	**56 120**	**60 267**
Amounts in the balance sheet				
Assets	-	-	-	-
Liabilities	*85 548*	*71 887*	*56 120*	*60 267*

The actuarial gains and losses (-) recognized through equity are as follows:

Changes recognized in equity in thousands of €	**Pension plans**		**Other plans**	
	2010	**2009**	**2010**	**2009**
Cumulative changes as at 1 January	-41 116	-52 561	7 757	9 172
Actuarial gains and losses (-) for the period	-11 523	11 445	2 424	-1 415
Cumulative changes as at 31 December	**-52 639**	**-41 116**	**10 181**	**7 757**

The amounts recognized in the income statement are as follows:

Net benefit expense in thousands of €	**Pension plans**		**Other plans**	
	2010	**2009**	**2010**	**2009**
Current service cost	12 446	12 977	1 609	1 822
Interest cost	12 208	13 321	3 060	3 717
Expected return on plan assets	-9 541	-7 570	-	-
Expected return on reimbursement rights	-22	-23	-	-
Past service cost	-173	-57	-	-
Curtailments and settlements	-	-100	-	-
Total	**14 918**	**18 548**	**4 669**	**5 539**

Estimated contributions and direct benefit payments for 2011 are as follows:

Estimated contributions and direct benefit payments in thousands of €	**2011**
Pension plans	21 460
Other plans	8 360
Total	**29 820**

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

Fair value of plan assets by type in thousands of €	**2010**	**2009**
Equity instruments	78 554	71 916
Debt instruments	65 226	64 353
Insurance contracts	22 041	17 932
Total plan assets	**165 821**	**154 201**
Equity instruments (%)	47%	47%
Debt instruments (%)	39%	42%
Insurance contracts (%)	13%	11%
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 4%, 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:

	Pension plans		**Other plans**	
Actuarial assumptions	**2010**	**2009**	**2010**	**2009**
Discount rate	5.1%	5.2%	5.0%	5.3%
Expected return on plan assets	6.3%	6.3%	-	-
Future salary increases	3.8%	3.6%	3.8%	3.9%
Health care cost increases (initial)	-	-	7.5%	8.0%
Health care cost increases (ultimate)	-	-	5.0%	5.0%
Health care (years to ultimate rate)	-	-	5	6
Underlying inflation rate	2.6%	2.4%	2.5%	2.1%
Life expectancy of a man aged 65 (years) at balance sheet date	18.9	18.9	18.9	18.9
Life expectancy of a man aged 65 (years) ten years from the balance sheet date	20.6	20.5	20.5	20.6

Weighted averages for other plans are slightly different from those for pension plans because of regional variations. Sensitivity analyses on discount rate and health care cost assumptions show the following effects:

	Pension plans		**Other plans**	
Sensitivity analysis on discount rate in thousands of €	**0.25% increase**	**0.25% decrease**	**0.25% increase**	**0.25% decrease**
Service cost and interest cost	-44	30	35	-36
Defined-benefit obligation	-8 437	8 730	-1 014	1 043

Sensitivity analysis on health care cost in thousands of €	**1% increase**	**1% decrease**
Service cost and interest cost	79	-67
Defined-benefit obligation	543	-485

The above analyses were done on a mutually exclusive basis, and holding all other assumptions constant.

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

Historical overview in thousands of €	**2010**	**2009**	**2008**	**2007**	**2006**
Pension plans					
Present value of defined-benefit obligation	251 383	225 913	224 598	220 188	241 830
Fair value of plan assets	165 821	154 201	134 647	181 321	186 813
Surplus (-) or deficit	85 562	71 712	89 951	38 867	55 017
Experience adjustments arising on					
plan liabilities	*2 496*	*-3 836*	*-2 566*	*-3 854*	*258*
plan assets	*1 467*	*15 951*	*-56 989*	*-2 456*	*7 793*
Other plans					
Present value of defined-benefit obligation	56 120	60 267	55 979	60 993	75 462
Fair value of plan assets	-	-	-	-	-
Surplus (-) or deficit	56 120	60 267	55 979	60 993	75 462
Experience adjustments arising on					
plan liabilities	*-3 153*	*-1 226*	*1 694*	*-1 869*	*-1449*
plan assets	-	-	-	-	-

Other long-term employee benefits

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

Cash-settled share-based payment employee benefits

The Group issued stock appreciation rights (SARs) to certain management employees, granting them the right to receive the intrinsic value of the SARs at the date of exercise. These SARs 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 38% (2009: 41%), expected dividend yield of 3.0% (2009: 3.2%), vesting period of 3 years, average contractual life of 5.4 years (2009: 5.4 years), employee exit rate of 0% (2009: 0%) and a risk-free interest rate of 3.2% (2009: 2.7%). 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 1.30 (2009: 1.44) times the exercise price. Historical volatility was between 25% and 41%.

The Group recorded total expenses of € 6.1 million (2009: € 1.6 million) during the year in respect of SARs. At 31 December 2010, the total fair value of the vested unexercised SARs was € 7.7 million (2009: € 1.6 million).

At 31 December 2010, the Group had recorded liabilities of € 8.6 million (2009: € 2.1 million) for SARs. These liabilities were measured at their closing date fair value in accordance with IFRS 2. The main reason for the steep increase in both the expenses and the liabilities is two-fold: the spectacular rise of the Bekaert stock price and the increase in the number of beneficiaries in the emerging countries.

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 €	Restruc-turing	Claims	Environment	Other	Total
As at 1 January 2010	**3 274**	**5 046**	**26 401**	**3 345**	**38 066**
Additional provisions	2 813	6 021	12 180	3 183	24 197
Unutilized amounts released	-1 941	-1 621	-1 019	-2 279	-6 860
Charged to the income statement	**872**	**4 400**	**11 161**	**904**	**17 337**
New consolidations	1 244	-	340	-	1 584
Deconsolidations	-	-467	-174	-	-641
Amounts utilized during the year	-2 821	-913	-2 303	-1 238	-7 275
Exchange gains (-) and losses	53	120	144	204	521
As at 31 December 2010	**2 622**	**8 186**	**35 569**	**3 215**	**49 592**
Of which					
current	*2 622*	*6 590*	*4 732*	*1 313*	*15 257*
non-current	-	*1 596*	*30 837*	*1 902*	*34 335*

The movements in the provisions for restructuring mainly relate to (i) the further execution of reorganizations started in prior years in Slovakia, UK and Belgium, and (ii) collective termination agreements in the newly acquired Steelcord plant in Sardinia (Italy), which also accounts for the majority of the ending balance. An important part of the increase in the provisions for claims refers to a quality issue in the composites business. The movements in the environmental provisions are based on the appraisal of an external expert, whereby the increase is mainly driven by an update of the expected cost and change in destination related to soil sanitation for historical sites in EMEA. The movements in the other provisions, as well as the ending balance, relate mainly to provisions for repayment of subsidies and indemnification related to a lease contract.

6.16. Interest-bearing debt

In December 2010, Bekaert has issued a new Eurobond for € 100 million which matures on 23 December 2018. The net proceeds of this Eurobond will be used to repay certain bank indebtedness and to fund important capital investments in emerging countries such as China, India, Indonesia and Russia. With this bond issue, Bekaert aims to achieve an optimal balance between short-term and long-term debt, on the one hand, and between bank financing and financing through the capital markets, on the other hand.
Information concerning the contractual maturities of the Group's interest-bearing loans and borrowings (current and non-current) is given below:

2010 in thousands of €	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total
Interest-bearing debt				
Finance leases	*72*	*123*	-	*195*
Credit institutions	*320 243*	*98 825*	-	*419 068*
Bonds	-	*501 540*	*100 000*	*601 540*
Carrying amount	**320 315**	**600 488**	**100 000**	**1 020 803**
Value adjustments	-	-3 621	-	-3 621
Total financial debt	**320 315**	**596 867**	**100 000**	**1 017 182**

2009 in thousands of €	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total
Interest-bearing debt				
Finance leases	*134*	*360*	-	*494*
Credit institutions	*151 226*	*96 736*	36	*247 998*
Bonds	-	*400 000*	*101 014*	*501 014*
Carrying amount	**151 360**	**497 096**	**101 050**	**749 506**
Value adjustments	-	-	-10 191	-10 191
Total financial debt	**151 360**	**497 096**	**90 859**	**739 315**

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 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 €	2010	2009
Non-current interest-bearing debt	700 488	598 146
Value adjustments	-3 621	-10 191
Current interest-bearing debt	320 315	151 360
Total financial debt	**1 017 182**	**739 315**
Current loans	-52 380	-68 144
Short-term deposits	-104 699	-154 636
Cash and cash equivalents	-338 238	-121 171
Net debt	**521 865**	**395 364**

6.17. Other non-current liabilities

Carrying amount in thousands of €	2010	2009
Other non-current amounts payable	503	500
Derivatives (cf. note 7.3.)	8 949	4 585
Total	**9 452**	**5 085**

6.18. Other current liabilities

Carrying amount in thousands of €	2010	2009
Other amounts payable	27 468	4 252
Derivatives (cf. note 7.3.)	20 131	17 103
Advances received	7 537	6 524
Other taxes	53 663	32 255
Accruals and deferred income	30 699	27 587
Total	**139 498**	**87 721**

Other amounts payable relate mainly to dividends payable. Other taxes relate mainly to VAT payable and other non-income taxes payable. The accrued interest on outstanding interest-bearing debt is the most significant item of the accruals (€ 24.5 million).

7. Miscellaneous items

7.1. Notes to the cash flow statement

Summary in thousands of €	**2010**	**2009**
Cash from operating activities	342 478	497 400
Cash from investing activities	-210 513	-126 987
Cash from financing activities	80 112	-340 597
Net increase or decrease in cash and cash equivalents	**212 077**	**29 816**

Of the increase in cash and cash equivalents of € 212.1 million, an amount of € 154.6 million is explained by a reclassification of short-term deposits as cash and cash equivalents.

Details of selected items in thousands of €	**2010**	**2009**
Non-cash and investing items included in operating result		
Depreciation and amortization	173 026	139 841
Impairment losses on assets	17 980	13 506
Recognition in income statement of negative goodwill	-563	-
Gains (-) and losses on disposals of assets	-3 694	5 012
Provisions for liabilities and charges	3 470	-50 977
Equity-settled share-based payments	2 547	1 559
Total	**192 766**	**108 941**
Other investing cash flows		
Proceeds from disposal of intangible assets	1 837	5
Proceeds from disposal of property, plant and equipment	12 262	2 403
Other	-14	-46
Total	**14 085**	**2 362**
Other financing cash flows		
New shares issued following exercise of subscription rights	9 301	2 986
Capital paid in by minority interests	1 639	5 646
Increase (-) or decrease in current and non-current loans and receivables	23 015	-71 052
Increase (-) or decrease in current financial assets	52 141	-140 464
Impact of unrealized exchange results on non working capital items	12 791	-3 356
Cash-out related to derivative financial instruments	-8 665	-
Total	**90 222**	**-206 240**

Similarly, of the decrease in current financial assets of € 52.1 million, an amount of € 154.6 million is explained by a reclassification of short-term deposits as cash and cash equivalents.

7.2. Effect of new business combinations and business disposals

Early 2010, Bekaert announced the acquisition of two Bridgestone tire cord plants i.e. BMI, Sardinia (Italy) and BSSH, Huizhou (Guangdong Province, China). The acquisition was finalized through a share deal covering 100% of the shares and effective from 31 March. As part of this transaction, Bekaert and Bridgestone have entered into a long-term agreement to supply tire cord to Bridgestone. The business combination fits in the Group's strategy to be the number one global tire cord supplier to the tire industry and reinforces the Group's market leadership in the EMEA region. The total purchase consideration for this deal amounted to € 31.9 million and was settled in cash. The fair value of the net assets acquired was measured at € 32.5 million, resulting into a negative goodwill of € 0.6 million. Consequently, a gain of € 0.6 million was recognized in the non-recurring items section of the income statement. The limited negative goodwill implies that this is an equitable deal.
In accordance with IFRS 3 Business Combinations (revised 2008), acquisition-related costs have been excluded from the consideration paid and recognized as expenses for the period. An amount of € 0.9 million has been reported as administrative expenses in the income statement.

The table below presents the net assets acquired by balance sheet caption, showing the effect of fair value adjustments applied in accordance with IFRS 3 Business Combinations (revised 2008). It also clarifies the amount shown in the consolidated cash flow statement as 'new business combinations'.

Total in thousands of €	**Acquiree's carrying amount before combination**	**Fair value adjustments**	**Fair value**
Intangible assets	892	10 632	11 524
Property, plant and equipment	74 187	-37 863	36 324
Deferred tax assets	-	5 474	5 474
Inventories	8 705	2 843	11 548
Trade receivables	13 645	-2 547	11 098
Advances paid	13	-	13
Other receivables	825	-	825
Cash and cash equivalents	2 298	-	2 298
Other current assets	81	-	81
Non-current employee benefit obligations	-1 753	255	-1 498
Provisions	-230	-110	-340
Deferred tax liabilities	-	-3 659	-3 659
Current interest-bearing debt	-31 399	-	-31 399
Trade payables	-6 552	-1	-6 553
Current employee benefit obligations	-1 750	-1	-1 751
Current provisions	-1 244	-	-1 244
Other current liabilities	-230	-	-230
Total net assets acquired in a business combination	**57 488**	**-24 977**	**32 511**
Negative goodwill	-	-	-563
Consideration paid			**31 948**
Cash acquired			-2 298
New business combinations			**29 650**

The substantial positive fair value adjustment on intangible assets relates to the rights to use land in Huizhou.
The substantial negative fair value adjustment applied to the property, plant and equipment is based on a discounted cash flow model.
Although the supply agreement with Bridgestone represents an intangible asset, its fair value was deemed nil. Of the € -2.5 million fair value adjustments to the trade receivables, only € -0.1 million relates to a general bad debt allowance. The remaining part relates to cut-off adjustments offset by equivalent adjustments to the inventories.

The effect on consolidated sales and on the result for the period is shown below:

in thousands of €	**Date of acquisition**	**Net sales for the period**	**Result for the period**
Bridgestone acquisition	31 March 2010	45 956	-3 744

It is impracticable to recalculate the consolidated sales and results for the period as if the acquisition date were 1 January, mainly because this would cause undue effort and cost in view of its limited relevance.

On 1 July 2010, Bekaert sold its diamond-like carbon coating business to Sulzer (Switzerland). The deal covers the move of 6 production plants (in EMEA and North America) and 150 employees to Sulzer.
On 22 December 2010 Bekaert signed the final agreement for the takeover by Arisawa (Japan) of Bekaert's Progressive Composites plants in Vista, California and in Munguía, Spain. Bekaert herewith divested its activity platform of pressure vessels, which accounted for less than 1% of the Group's consolidated sales.

The table below presents the net assets disposed by balance sheet caption. It also clarifies the amount shown in the consolidated cash flow statement as 'Proceeds from disposal of investments'. The other disposals relate to Bekinit KK (Japan), Precision Surface Technology Pte Ltd (Singapore) and Bekaert Handling Group AS (Denmark), none of which is material enough to be disclosed separately.

in thousands of €	Diamond-like carbon coating business	Composites business	Other disposals	Total disposals
Goodwill	-	-	-33	-33
Property, plant and equipment	-9 204	13	-	-9 191
Investments	-351	-	-649	-1 000
Other non-current assets	-28	-3	-	-31
Deferred tax assets	-103	-374	-	-477
Inventories	-448	-3 395	-	-3 843
Trade receivables	-2 673	-6 493	-	-9 166
Other receivables	-285	-176	-	-461
Cash and cash equivalents	-2 242	-4 979	-	-7 221
Assets held for sale	-	-	-5 964	-5 964
Other current assets	-45	-34	-	-79
Non-controlling interests	-	-	1 121	1 121
Non-current employee benefit obligations	115	74	-	189
Provisions	27	187	-	214
Non-current interest-bearing debt	244	-	-	244
Deferred tax liabilities	1 181	1	-	1 182
Current financial liabilities	28	-508	-	-480
Trade payables	648	3 228	-8	3 868
Advances received	12	272	-	284
Current employee benefit obligations	970	546	-	1 516
Current provisions	-	428	-	428
Income taxes payable	75	-	-	75
Liabilities associated with assets held for sale	-	-	2 658	2 658
Other current liabilities	313	4 836	96	5 245
Total net assets disposed	**-11 766**	**-6 377**	**-2 779**	**-20 922**
Gain or loss (-) on disposal	-109	-390	-606	-1 105
Consideration received	**11 657**	**5 987**	**2 173**	**19 817**
Cash disposed	-2 242	-4 979	-	-7 221
Proceeds from disposals of investments	**9 415**	**1 008**	**2 173**	**12 596**

The contribution of the main disposed businesses to the consolidated sales (before disposal) and to the result for the period (including the result on disposal) is shown below:

in thousands of €	Date of disposal	Net sales for the period	Result for the period
Diamond-like carbon coating business	1 July 2010	8 049	-360
Composites business	22 December 2010	23 467	-3 842

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 mainly hedges the risks that affect the Group's cash flows. 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 Chinese renminbi (considering the growing weight of the activities in China), US dollar, Czech koruna, Brazilian real and Chilean peso. Since there is no impact on the cash flows, the Group usually does not hedge against such risk. However, in view of its intention to stream up important amounts of dividends from its Chinese subsidiaries, the Group has decided to hedge its translational risk in renminbi. In February 2010, the Group entered into non-deliverable forward contracts (NDFs) with various financial institutions for a total of CNY 1.8 billion with expiry date in November 2010. These NDFs have been designated as an effective net investment hedge, i.e. a hedge of an investment in a foreign operation. As a result of this hedge, cumulative translation adjustments on the Chinese renminbi have decreased by € 8.7 million.

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 and US dollar. Due to the hedges, the Group was not exposed to any significant currency risk in the area of financing at the reporting date.

A transactional currency risk has arisen in November 2010 due to administrative delay in the settlement of intra group dividend payments. In December 2010, the group entered into non-deliverable forward contracts (NDFs) with various financial institutions for a total of CNY 2.2 billion with expiry date in January and February 2011. The fair value of these NDFs amounted to a gain of € 0.1 million at the balance sheet 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. The Group uses forward exchange contracts to hedge the forecasted cash inflows and outflows for the coming three 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 - 2010 in thousands of €	**Annualized volatility in %**	**Total exposure**	**Total derivatives**	**Open position**
AUD/USD	23.99%	2 752	-3 146	-393
CAD/CNY	19.02%	63	-347	-283
CAD/USD	19.33%	1 389	-	1 389
CNY/EUR	17.90%	663	-	663
EUR/CNY	17.90%	-23 674	2 246	-21 428
EUR/CZK	8.79%	5 656	1 875	7 531
EUR/GBP	15.57%	-1 797	-	-1 797
EUR/INR	16.01%	-1 420	2 015	595
EUR/JPY	23.51%	979	-	979
EUR/RUB	13.52%	-2 135	-	-2 135
EUR/USD	18.54%	-3 723	10	-3 713
GBP/CZK	18.66%	1 006	-	1 006
GBP/EUR	15.57%	1 168	-1 313	-145
GBP/USD	16.86%	1 206	-	1 206
IDR/USD	10.44%	-1 569	-	-1 569
JPY/CNY	16.64%	1 905	-	1 905
JPY/USD	16.68%	402	-492	-90
NZD/USD	23.81%	151	-157	-6
SGD/CNY	9.45%	1 736	-	1 736
USD/CNY	2.76%	15 394	-16 106	-712
USD/COP	20.09%	-294	106	-187
USD/EUR	18.54%	18 749	-8 965	9 784
USD/INR	14.52%	-8 674	8 462	-213
USD/PEN	7.91%	1 058	-	1 058
USD/SGD	9.97%	-1 144	-	-1 144

Currency pair - 2009 in thousands of €	**Annualized volatility in %**	**Total exposure**	**Total derivatives**	**Open position**
AUD/USD	31.22%	1 583	-2 152	-569
CHF/EUR	10.48%	-201	-1 618	-1 818
EUR/CNY	20.60%	-2 086	-331	-2 417
EUR/CZK	16.30%	4 192	-1 284	2 908
EUR/GBP	20.37%	-1 148	-	-1 148
EUR/RUB	20.11%	-2 379	-	-2 379
EUR/USD	21.26%	-4 127	-	-4 127
GBP/CZK	24.14%	756	-	756
GBP/EUR	20.37%	655	-3 288	-2 633
JPY/USD	21.66%	902	-1 183	-281
NOK/EUR	64.16%	278	-958	-680
SEK/EUR	19.38%	378	-2 292	-1 914
USD/CNY	2.81%	7 477	-10 430	-2 953
USD/INR	17.75%	-3 015	3 021	6
USD/EUR	21.26%	19 467	-21 407	-1 939
USD/JPY	21.66%	-964	-	-964
USD/PEN	18.14%	4 412	-	4 412

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 € 0.6 million lower/higher (2009: € 2.1 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 € 0.6 million higher/lower (2009: € 0.5 million).
If the euro had weakened/strengthened against the renminbi by the above estimated possible changes, with all other variables constant, the effect of the net investment hedge in China (see Net investment hedge in the 'Consolidated Statement of comprehensive income') on the cumulative translation adjustments (CTA) in shareholders' equity would have been € 37.4 million higher/lower.

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 portions of the long-term debt remain 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 at the balance sheet date.

	Long-term			Short-term	Total
2010	**Fixed rate**	**Floating rate**	**Total**		
US dollar	5.39%	6.06%	5.41%	1.65%	3.43%
Chinese renminbi	5.19%	4.88%	5.11%	4.70%	4.86%
Euro	5.54%	4.53%	5.53%	-	5.53%
Other	6.81%	6.12%	6.72%	5.00%	5.45%
Total	**5.61%**	**4.87%**	**5.56%**	**3.35%**	**4.94%**

	Long-term			Short-term	Total
2009	**Fixed rate**	**Floating rate**	**Total**		
US dollar	6.46%	5.91%	6.44%	1.24%	4.09%
Chinese renminbi	5.18%	4.89%	5.16%	4.27%	5.00%
Euro	5.46%	4.18%	5.42%	-	5.42%
Other	5.30%	17.45%	13.71%	4.16%	6.91%
Total	**5.53%**	**9.45%**	**5.77%**	**2.83%**	**5.19%**

Interest-rate sensitivity analysis

Interest-rate sensitivity of the financial debt

As disclosed in note 6.16. 'Interest-bearing debt', the total financial debt of the Group as of 31 December 2010 amounted to € 1 017.2 million (2009: € 739.3 million). The following table shows the currency and interest rate profile, i.e. the percentage distribution of the total financial debt by currency and by type of interest rate (fixed, floating, capped).

Currency and interest rate profile 2010	Long-term Fixed rate	Long-term Floating rate	Long-term Capped rate	Short-term Floating rate	Total
US dollar	8.7%	0.3%	-	9.9%	18.9%
Chinese renminbi	7.6%	2.6%	-	17.0%	27.2%
Euro	42.0%	0.4%	2.2%	-	44.6%
Other	2.1%	0.3%	-	6.9%	9.3%
Total	**60.4%**	**3.6%**	**2.2%**	**33.8%**	**100.0%**

Currency and interest rate profile 2009	Long-term Fixed rate	Long-term Floating rate	Long-term Total	Short-term Floating rate	Total
US dollar	10.6%	0.6%	-	9.1%	20.3%
Chinese renminbi	17.4%	1.4%	-	3.8%	22.6%
Euro	35.1%	1.2%	11.7%	-	48.0%
Other	0.8%	1.8%	-	6.5%	9.1%
Total	**63.9%**	**5.0%**	**11.7%**	**19.4%**	**100.0%**

On the basis of the annualized daily volatility of the 3-month Interbank Offered Rate in 2010 and 2009, the reasonable estimates of possible interest rate changes, with a 95% confidence interval, are set out in the table below for the main currencies.

Currency	Interest rate at 31 Dec 2010	Annualized volatility in %	Range interest rate
Chinese renminbi[1]	3.69%	18.95%	2.99% - 4.39%
Euro	1.01%	13.39%	0.87% - 1.15%
US dollar	0.30%	35.78%	0.19% - 0.41%

Currency	Interest rate at 31 Dec 2009	Annualized volatility in %	Range interest rate
Chinese renminbi[1]	4.86%	18.95%	3.94% - 5.78%
Euro	0.70%	16.33%	0.59% - 0.81%
US dollar	0.25%	38.60%	0.15% - 0.35%

[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 € 1.2 million lower (2009: € 0.6 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 € 1.2 million higher (2009: € 0.6 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 € 1.5 million higher (2009: € 2.3 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 € 1.7 million lower (2009: € 3.0 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 sector and geographical area, a credit risk analysis is made of customers and a decision is taken regarding the covering of the credit risk. 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 steel wire 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 54.8% (2009: 46.2%) covered by credit insurance policies and by trade finance techniques as at 31 December 2010. 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 liquidity and financial flexibility at all times, the Group, in addition to its available cash, has several uncommitted short-term credit lines 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 (2009: € 125.0 million) at floating interest rates with fixed margins. These credit facilities will mature in 2012 and 2013. At year-end, € 4.4 million was outstanding under these facilities (2009: € 2.5 million). In addition, the Group has a commercial paper and medium-term note program available for a maximum of € 123.9 million (2009: € 123.9 million). No commercial paper notes were outstanding as at 31 December 2010 (2009: none).

The total contractually agreed outflows of the Group's financial liabilities (including interest payments, trade and other payables, without compensation for gross settled derivatives) as at 31 December 2010 are: € 830.7 million in 2011, € 276.9 million in 2012, € 554.8 million for 2013-2015 and € 119.8 million in 2016 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.

2010 in thousands of €	**2011**	**2012**	**2013-2015**	**2016 and thereafter**
Financial liabilities - principal				
Trade payables	*-341 664*	*-*	*-*	*-*
Other payables	*-176 300*	*-*	*-*	*-*
Interest-bearing debt	*-320 315*	*-232 569*	*-367 919*	*-100 000*
Derivatives - gross settled	*-116 485*	*-*	*-115 851*	*-5 969*
Financial liabilities - interests				
Interest-bearing debt	*-44 192*	*-37 645*	*-51 820*	*-13 500*
Derivatives - net settled	*-2 052*	*-1 866*	*-3 092*	*-*
Derivatives - gross settled	*-5 957*	*-4 835*	*-16 142*	*-283*
Total undiscounted cash flow	**-1 006 965**	**-276 915**	**-554 824**	**-119 752**

2009 in thousands of €	**2010**	**2011**	**2012-2014**	**2015 and thereafter**
Financial liabilities - principal				
Trade payables	*-244 337*	*-*	*-*	*-*
Other payables	*-76 409*	*-*	*-*	*-*
Interest-bearing debt	*-143 152*	*-66 666*	*-438 637*	*-100 036*
Derivatives - gross settled	*-88 316*	*-*	*-6 890*	*-90 823*
Financial liabilities - interests				
Interest-bearing debt	*-33 940*	*-31 522*	*-63 789*	*-4 125*
Derivatives - net settled	*-2 429*	*-1 442*	*-1 326*	*-479*
Derivatives - gross settled	*-4 541*	*-3 430*	*-13 915*	*-4 809*
Total undiscounted cash flow	**-593 124**	**-103 060**	**-524 557**	**-200 272**

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 2005, Bekaert Corporation, a US based entity, issued a fixed rated 100 million Eurobond. Simultaneously, the entity also entered into two € 50.0 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 € 50.0 million to € 30.9 million.

The Group has designated the portion of € 30.9 million from the 2005 Eurobond as a hedged item in a fair value hedge (the remaining € 69.1 million is treated as a 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 € 30.9 million (2009: € 30.9 million) as fair value hedges as at 31 December 2010, the fair value amounting to € 2.1 million (2009: € 3.7 million). The change in fair value of the hedging instruments during 2010 resulted in a loss of € 1.9 million (2009: € 37.1 million loss) which was recognized in other financial income and expenses. The remeasurement of the hedged items resulted in a gain of € 2.0 million (2009: € 37.1 million gain), and this was also recognized 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 a 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.

As at 31 December 2010, the Group has designated cross-currency interest-rate swaps and interest-rate swaps with notional amounts totaling € 88.2 million (2009: € 88.2 million) as cash flow hedges, the fair value amounting to € -2.7 million (2009: € 3.6 million). During 2010, losses totaling € 6.6 million (2009: € 8.2 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. A total amount of € 5.4 million was credited to equity (hedging reserve) against other financial income and expenses to offset the unrealized exchange gains (2009: losses of € 2.4 million) recognized on the remeasurement of the Eurobond at closing rate.

Hedges of a net investment

In February 2010 the Group has entered into non-deliverable forward (NDF) contracts amounting to a sale of CNY 1 837 million against € 200 million to be settled on 30 November 2010. The Group thereby intended to lock in the euro amounts of a part of the dividends expected to be declared by Bekaert Binjiang Steel Cord Co Ltd, a Chinese subsidiary with functional currency renminbi, to Bekaert Specialty Wire Products Hong Kong Limited, its parent with functional currency euro. The Group has designated these NDFs as a hedge of its net investment in Bekaert Binjiang Steel Cord Co Ltd. No ineffectiveness has been recognized in profit or loss on these NDFs throughout the period. In accordance with IAS 39, the loss of € 8.7 million on the settlement of the NDFs has been recognized directly in equity (in cumulative translation adjustments).

The Group has no outstanding transactions for hedging a net investment at the balance sheet date.

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 elected 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 nearly 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 € 143.0 million (2009: € 95.6 million), the fair value amounting to € 0.5 million (2009: € -2.1 million). The major currencies involved are US dollars, Canadian dollars and British pounds. Foreign-exchange contracts represented a notional amount of € 75.6 million (2009: € 47.2 million) with a fair value close to nil (2009: € -0.3 million). During 2010, a gain of € 2.8 million (2009: loss of € 3.2 million) resulting from changes in the fair values of cross-currency interest-rate swaps and forward exchange contracts was recognized under other financial income and expenses. A gain of € 3.7 million (2009: gain of € 1.0 million) has been 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 to a fixed and/or capped rate debt. Except for an interest-rate swap for USD 25.0 million, none of these interest-rate derivatives were designated as hedges as defined in IAS 39. As at 31 December 2010, the interest-rate exposure of debt was hedged using interest-rate swaps for a total gross amount of € 115.0 million (2009: € 320.1 million). The Group also purchased additional interest-rate options which resulted at year-end in an outstanding notional amount totaling € 25.0 million (2009: € 127.8 million). No forward rate agreements were outstanding at 31 December 2010 (2009: none). The fair value at year-end of the interest-rate swaps amounted to € -3.6 million (2009: € 3.4 million) and that of the interest-rate options close to nil (2009: € 1.9 million). During 2010, a loss of € 1.8 million (2009: € 1.1 million gain) resulting from the changes in fair values was recognized under other financial income and expenses.

- 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 2010, the notional amount of the forward exchange contracts relating to commercial transactions was € 42.2 million (2009: € 58.6 million). The fair value at year-end amounted to € -0.2 million (2009: € -0.7 million), with a gain of € 0.4 million (2009: € 0.2 million loss). An additional loss of € 0.7 million (2009: € 1.2 million loss) was incurred from unrealized exchange losses on receivables and payables. However, the forward exchange contracts also relate to forecasted commercial transactions, for which there is no offsetting position on the balance sheet.

- Finally, the Group has entered into non-deliverable forward contracts (NDFs) for a notional amount of € 249.4 million with expiry date in January and February 2011 to limit its foreign exchange risk on dividends receivable from its Chinese subsidiaries. The fair value of these NDFs amounted to a gain of € 0.1 million.

The following table analyzes the notional amounts of the derivatives according to their maturity date:

2010 in thousands of €	**Due within one year**	**Due between one and 5 years**	**Due after more than 5 years**
Interest-rate swaps	114 807	48 645	-
Interest-rate options	25 000	-	-
Forward exchange contracts	367 173	-	-
Cross-currency interest-rate swaps	120 532	115 851	5 969
Total	**627 512**	**164 496**	**5 969**

2009 in thousands of €	**Due within one year**	**Due between one and 5 years**	**Due after more than 5 years**
Interest-rate swaps	166 649	108 299	45 120
Interest-rate options	102 766	25 000	-
Forward exchange contracts	105 793	-	-
Cross-currency interest-rate swaps	88 316	6 890	90 823
Total	**463 524**	**140 189**	**135 943**

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	**Assets**		**Liabilities**	
in thousands of €	**2010**	**2009**	**2010**	**2009**
Financial instruments				
Forward exchange contracts				
Held for trading	*674*	*597*	*925*	*1 521*
Interest-rate options				
Held for trading	*38*	*1 931*	-	-
Interest-rate swaps				
Held for trading	*378*	*330*	*3 966*	*3 761*
In connection with cash flow hedges	-	-	*2 042*	-
Cross-currency interest-rate swaps				
Held for trading	*20 668*	*13 016*	*20 207*	*15 115*
In connection with fair value hedges	*2 141*	*3 745*	-	-
In connection with cash flow hedges	*1 325*	*4 894*	*1 940*	*1 291*
Total	**25 224**	**24 513**	**29 080**	**21 688**
Non-current	3 760	9 833	8 949	4 957
Current	21 464	14 680	20 131	16 731
Total	**25 224**	**24 513**	**29 080**	**21 688**

The table below shows how the use of derivatives mitigated the impact of the underlying risks on the income statement:

2010 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	*1 982*	*-1 911*	*-*	*71*
Cash flow hedges	Spot price changes	Fair value changes		
Cross-currency interest-rate swaps and interest-rate swaps	*5 440*	*-6 590*	*-1 150*	*-*
Discontinued hedge relationship - depreciation	*-*	*-*	*82*	*-82*
	Underlying risk	**Financial derivative**		
Held for trading	Spot price changes	Fair value changes		
Cross-currency interest-rate swaps	*2 237*	*2 633*	*-*	*4 870*
Interest-rate swaps	*-*	*63*	*-*	*63*
Interest-rate options	*-*	*-1 894*	*-*	*-1 894*
Forward exchange contracts				
relating to intercompany loans	*1 505*	*124*	*-*	*1 629*
relating to intercompany dividends	*-81*	*81*	*-*	*-*
relating to commercial transactions	*-743*	*389*	*-*	*-354*
Total	**-**	**-**	**-1 068**	**4 303**

Of the total income statement effect in 2010, € 4.4 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.

2009 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	*37 140*	*-37 121*	*-*	*19*
Cash flow hedges	Spot price changes	Fair value changes		
Cross-currency interest-rate swaps and interest-rate swaps	*-2 424*	*8 242*	*5 818*	*-*
Discontinued hedge relationship - depreciation	*-*	*-*	*81*	*-81*
	Underlying risk	**Financial derivative**		
Held for trading	Spot price changes	Fair value changes		
Cross-currency interest-rate swaps	*1 069*	*-2 268*	*-*	*-1 199*
Interest-rate swaps	*-*	*1 188*	*-*	*1 188*
Forward rate agreements	*-*	*568*	*-*	*568*
Interest-rate options	*-*	*-692*	*-*	*-692*
Forward exchange contracts				
relating to intercompany loans	*-114*	*-894*	*-*	*-1 008*
relating to commercial transactions	*-1 220*	*-210*	*-*	*-1 430*
Total	**-**	**-**	**5 899**	**-2 635**

Of the total income statement effect in 2009, € -2.6 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.

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 and 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 (CDOs). Trade and other payables also generally have short times to maturity and, hence, their carrying amounts also approximate their fair values.

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
n.a.	Not applicable

2010 in thousands of €	Category in accordance with IAS 39	Carrying amount 2010	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 2010
Assets							
Cash and cash equivalents	L&R	338 238	338 238	-	-	-	338 238
Short-term deposits	L&R	104 699	104 699	-	-	-	104 699
Trade receivables	L&R	774 308	774 308	-	-	-	774 308
Other receivables	L&R	63 942	63 942	-	-	-	63 942
Loans and receivables	L&R	57 573	57 573	-	-	-	57 573
Available for sale financial assets	AfS	23 176	789	22 387	-	-	23 176
Derivative financial assets							
- without a hedging relationship	FAFVTPL	21 759	-	-	21 759	-	21 759
- with a hedging relationship	Hedge accounting	3 465	-	1 324	2 141	-	3 465
Liabilities							
Interest-bearing debt							
- finance leases	n.a.	195	-	-	-	195	195
- credit institutions	FLMaAC	419 068	419 068	-	-	-	419 068
- credit institutions	Hedge accounting	-	-	-	-	-	-
- bonds	Hedge accounting	101 540	69 107	-	32 433	-	104 986
- bonds	FLMaAC	500 000	500 000	-	-	-	527 830
Trade payables	FLMaAC	341 664	341 664	-	-	-	341 664
Other payables	FLMaAC	176 300	176 300	-	-	-	176 300
Derivative financial liabilities							
- without a hedging relationship	FLFVTPL	25 099	-	-	25 099	-	25 099
- with a hedging relationship	Hedge accounting	3 981	-	3 981	-	-	3 981
Aggregated by category in accordance with IAS 39							
Loans and receivables	L&R	1 338 760	1 338 760	-	-	-	1 338 760
Available-for-sale financial assets	AfS	23 176	789	22 387	-	-	23 176
Financial assets - hedge accounting	Hedge accounting	3 465	-	1 324	2 141	-	3 465
Financial assets at fair value through profit or loss	FAFVTPL	21 759	-	-	21 759	-	21 759
Financial liabilities measured at amortized cost	FLMaAC	1 437 032	1 437 032	-	-	-	1 464 862
Financial liabilities - hedge accounting	Hedge accounting	105 521	69 107	3 981	32 433	-	108 967
Financial liabilities at fair value through profit or loss	FLFVTPL	25 099	-	-	25 099	-	25 099

2009 in thousands of €	Category in accordance with IAS 39	Carrying amount 2009	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 2009
Assets							
Cash and cash equivalents	L&R	121 171	121 171	-	-	-	121 171
Short term deposits	L&R	154 636	154 636	-	-	-	154 636
Trade receivables	L&R	479 630	479 630	-	-	-	479 630
Other receivables	L&R	49 289	49 289	-	-	-	49 289
Loans and receivables	L&R	73 924	73 924	-	-	-	73 924
Available for sale financial assets	AfS	23 929	878	23 051	-	-	23 929
Derivative financial assets							
- without a hedging relationship	FAFVTPL	15 874	-	-	15 874	-	15 874
- with a hedging relationship	Hedge accounting	8 639	-	4 894	3 745	-	8 639
Liabilities							
Interest-bearing debt							
- finance leases	n.a.	494	-	-	-	494	490
- credit institutions	FLMaAC	247 998	247 998	-	-	-	247 998
- credit institutions	Hedge accounting	-	-	-	-	-	-
- bonds	Hedge accounting	101 014	69 107	-	31 907	-	103 283
- bonds	FLMaAC	400 000	400 000	-	-	-	425 563
Trade payables	FLMaAC	244 337	244 337	-	-	-	244 337
Other payables	FLMaAC	76 409	76 409	-	-	-	76 409
Derivative financial liabilities							
- without a hedging relationship	FLFVTPL	20 397	-	-	20 397	-	20 397
- with a hedging relationship	Hedge accounting	1 291	-	1 291	-	-	1 291
Aggregated by category in accordance with IAS 39							
Loans and receivables	L&R	878 650	878 650	-	-	-	878 650
Available-for-sale financial assets	AfS	23 929	878	23 051	-	-	23 929
Financial assets - hedge accounting	Hedge accounting	8 639	-	4 894	3 745	-	8 639
Financial assets at fair value through profit or loss	FAFVTPL	15 874	-	-	15 874	-	15 874
Financial liabilities measured at amortized cost	FLMaAC	968 744	968 744	-	-	-	994 307
Financial liabilities - hedge accounting	Hedge accounting	102 305	69 107	1 291	31 907	-	104 574
Financial liabilities at fair value through profit or loss	FLFVTPL	20 397	-	-	20 397	-	20 397

Financial instruments by fair value measurement hierarchy

The fair value measurement of financial assets and financial liabilities can be characterized in one of the following ways:

- *'Level 1'* fair value measurement: the fair values of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices in active markets for identical assets and liabilities. This mainly relates to available-for-sale financial assets such as the investment in Shougang Concord Century Holdings Ltd (see note 6.5. 'Other non-current assets').
- *'Level 2'* fair value measurement: the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments. This mainly relates to derivative financial instruments. Forward exchange contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching the maturities of the contracts. Interest- rate swaps, forward rate agreements and interest-rate options are measured at the present value of future cash flows estimated and discounted using the applicable yield curves derived from quoted interest rates adjusted for the Group's credit spread. The fair value measurement of cross-currency interest-rate swaps is based on discounted estimated cash flows using quoted forward exchange rates, quoted interest rates adjusted for the Group's credit spread and applicable yield curves derived there from.
- *'Level 3'* fair value measurement: the fair values of the remaining financial assets and financial liabilities are derived from valuation techniques which include inputs which are not based on observable market data. As at the balance sheet date, no 'Level 3' techniques were used to determine the fair value of any financial assets or financial liabilities.

The following table provides an analysis of financial instruments measured at fair value in the balance sheet, in accordance with the fair value measurement hierarchy described above:

2010 in thousands of €	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets - hedge accounting				
Derivative financial assets	*-*	*3 465*	*-*	*3 465*
Financial assets at fair value through profit or loss				
Derivative financial assets	*-*	*21 759*	*-*	*21 759*
Available-for-sale financial assets				
Equity investments	*22 387*	*-*	*-*	*22 387*
Total assets	**22 387**	**25 224**	**-**	**47 611**
Financial liabilities - hedge accounting				
Interest-bearing debt	*-*	*32 433*	*-*	*32 433*
Derivative financial liabilities	*-*	*3 981*	*-*	*3 981*
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	*-*	*25 099*	*-*	*25 099*
Total liabilities	**-**	**61 513**	**-**	**61 513**

2009 in thousands of €	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets - hedge accounting				
Derivative financial assets	*-*	*8 639*	*-*	*8 639*
Financial assets at fair value through profit or loss				
Derivative financial assets	*-*	*15 874*	*-*	*15 874*
Available-for-sale financial assets				
Equity investments	*23 051*	*-*	*-*	*23 051*
Total assets	**23 051**	**24 513**	**-**	**47 564**
Financial liabilities - hedge accounting				
Interest-bearing debt	*-*	*31 907*	*-*	*31 907*
Derivative financial liabilities	*-*	*1 291*	*-*	*1 291*
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	*-*	*20 397*	*-*	*20 397*
Total liabilities	**-**	**53 595**	**-**	**53 595**

There were no transfers between Level 1 and 2 in the period.

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 2009. 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 non-controlling interests).

Gearing ratio

The Group's Audit and Finance 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 €	**2010**	**2009**
Net debt	521 865	395 364
Equity	1 696 627	1 373 581
Net debt to equity ratio	**30,8%**	**28,8%**

7.4. Off-balance-sheet commitments

As at 31 December, the important commitments were:

in thousands of €	2010	2009
Guarantees given to third parties on behalf of subsidiaries	378 835	247 770
Commitments to purchase fixed assets	33 755	14 270
Commitments to invest in venture capital funds	1 465	2 058

The increase in guarantees given to third parties mainly relates to the higher draw downs by the Chinese and Indian companies.
The Group has entered into several rental contracts classified as operating leases mainly with respect to vehicles and buildings, predominantly in Europe. A large portion of the contracts contain a renewal clause, except those relating to most of the vehicles and the equipment. The assets are not subleased to a third party.

Future payments in thousands of €	2010	2009
Within one year	14 956	14 045
Between one and five years	27 834	19 007
More than five years	11 547	183
Total	**54 337**	**33 235**

Expenses in thousands of €	2010	2009
Vehicles	9 323	6 372
Industrial buildings	4 493	5 185
Equipment	1 899	1 763
Offices	5 259	4 560
Other	1 009	970
Total	**21 983**	**18 850**

2010	Weighted average lease term (in years)	Weighted average fixed period of rental (in years)
Vehicles	3	3
Industrial buildings	7	4
Equipment	4	4
Offices	4	4
Other	11	3

2009	Weighted average lease term (in years)	Weighted average fixed period of rental (in years)
Vehicles	4	4
Industrial buildings	4	4
Equipment	4	4
Offices	4	4
Other	17	3

No major contingent assets or liabilities have been identified, which relate to the fully consolidated companies. The entities of the Group are subjected to regular tax audits in their jurisdictions. While the ultimate outcome of tax audits is not certain, we have considered the merits of our filing positions in our overall evaluation of potential tax liabilities and believe we have adequate liabilities recorded in our consolidated financial statements for exposures on these matters. Based on our evaluation of the potential tax liabilities and the merits of our filing positions, we also believe it is unlikely that potential tax exposures over and above the amounts currently recorded as liabilities in our consolidated financial statements will be material to our financial condition (see note 6.4. 'Investments in joint ventures and associates' for tax contingencies relating to joint ventures and associates).

7.5. 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 €	**2010**	**2009**
Sales of goods	29 556	14 603
Purchases of goods	14 661	8 680
Royalties and management fees received	9 741	7 369
Interest and similar income	135	6
Dividends received	39 761	41 066

Outstanding balances with joint ventures and associates in thousands of €	**2010**	**2009**
Trade receivables	10 459	5 384
Other current receivables	122	150
Trade payables	5 457	2 321

None of the related parties have entered into any other transactions with the Group that meet the requirements of IAS 24 Related Party Disclosures.

Total Key Management includes the Board of Directors, the CEO, the members of the Bekaert Group Executive (see last page of the Financial Review) and Senior Management (see last page of the Financial Review).

Total Key Management remuneration in thousands of €	**2010**	**2009**
Number of persons	36	37
Short-term employee benefits		
Basic remuneration	*6 388*	*6 055*
Variable remuneration	*3 275*	*2 955*
Remuneration as directors of subsidiaries	*921*	*817*
Post-employment benefits		
Defined-benefit pension plans	*528*	*486*
Defined-contribution pension plans	*527*	*498*
Share-based payment benefits	1 642	863
Total gross remuneration	**13 281**	**11 674**
Average gross remuneration per person	369	316
Number of subscription rights and options granted (stock option plans)	158 400	217 500

The disclosures relating to the Belgian Corporate Governance Code are included in the Corporate Governance Statement of this annual report.

7.6. Events after the balance sheet date

A first offer of 398 400 options was made on 16 December 2010 under the terms of the SOP 2010-2014 stock option plan. 360 925 of those options were accepted, and were granted on 14 February 2011. Their exercise price is € 77.000. The granted options represent a fair value of € 6.4 million.

7.7. Services provided by the statutory auditor and related persons

During 2010, the statutory auditor and persons professionally related to him performed additional services for fees amounting to € 1 003 964. These fees relate essentially to further assurance services (€ 164 877), tax advisory services (€ 824 420) and other non-audit services (€ 14 667). The additional services were approved by the Audit and Finance Committee.

The audit fees for NV Bekaert SA and its subsidiaries amounted to € 1 642 306.

7.8. Subsidiaries, joint ventures and associates

Companies forming part of the Group as at 31 December 2010

Subsidiaries

Industrial companies	*Address*	*%*
EMEA		
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	Bradford, United Kingdom	100
Bekaert Carding Solutions NV	Zwevegem, Belgium	100
Bekaert Combustion Technology BV	Assen, Netherlands	100
Bekaert Hemiksem NV	Zwevegem, Belgium	100
Bekaert Hlohovec as	Hlohovec, Slovakia	100
Bekaert Izmit Celik Kord Sanayi ve Ticaret AS	Izmit, Turkey	100
Bekaert Petrovice sro	Petrovice, Czech Republic	100
Bekaert Sardegna SpA	Assemini, Italy	100
Bekaert Slovakia sro	Sládkovičovo, Slovakia	100
Bekintex NV	Wetteren, Belgium	100
Cold Drawn Products Ltd	Bradford, United Kingdom	100
Industrias del Ubierna SA	Burgos, Spain	100
OOO Bekaert Lipetsk	Gryazi, Russian Federation	100
Solaronics SA	Armentières, France	100
North America		
Bekaert Canada Ltd	Vancouver, Canada	100
Bekaert Corporation	Wilmington (Delaware), United States	100
Bekaert Specialty Films LLC	Wilmington (Delaware), United States	100
Latin America		
Ideal Alambrec SA	Quito, Ecuador	80
Productora de Alambres Colombianos Proalco SAS	Bogotá, Colombia	80
Productos de Acero Cassadó SA	Callao, Peru	52
Vicson SA	Valencia, Venezuela	80
Asia Pacific		
Bekaert Ansteel Tire Cord (Chongqing) Co Ltd	Chongqing, 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 (Huizhou) Steel Cord Co Ltd	Huizhou (Guangdong province), China	100
Bekaert Industries Pvt Ltd	Taluka Shirur, District Pune, India	100
Bekaert (Jiangyin) Advanced Coatings Co Ltd	Jiangyin (Jiangsu province), China	100
Bekaert Jiangyin Wire Products Co Ltd	Jiangyin (Jiangsu province), China	82
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
China Bekaert Steel Cord Co Ltd	Jiangyin (Jiangsu province), China	90
Mukand Bekaert Wire Industries Pvt Ltd	Pune, India	74
PT Bekaert Advanced Filtration	Karawang, 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*	*%*
EMEA		
Barnards Unlimited	Bradford, United Kingdom	100
Bekaert AS	Vejle, Denmark	100
Bekaert Carding Solutions SAS	Armentières, France	100
Bekaert CEB Technologies BV	Assen, Netherlands	100
Bekaert Combustion Technology Ltd	Solihull, United Kingdom	100
Bekaert Emirates LLC	Dubai, United Arab Emirates	49
Bekaert France SAS	Antony, France	100
Bekaert Ges mbH	Vienna, Austria	100
Bekaert GmbH	Friedrichsdorf, Germany	100
Bekaert Ltd	Bradford, United Kingdom	100
Bekaert Middle East LLC	Dubai, United Arab Emirates	49
Bekaert Norge AS	Frogner, Norway	100
Bekaert Poland Sp z oo	Warsaw, Poland	100
Bekaert Romania SRL	Bucharest, Romania	100
Bekaert (Schweiz) AG	Baden, Switzerland	100
Bekaert Specialty Films Nordic AB	Norrtälje, Sweden	100
Bekaert Specialty Films (UK) Ltd	Grimley, United Kingdom	100
Bekaert Svenska AB	Gothenburg, Sweden	100
Bekaert Tarak Aksesuarlari ve Makineleri Ticaret AS	Istanbul, Turkey	100
Lane Brothers Engineering Industries	Bradford, United Kingdom	100
Leon Bekaert SpA	Trezzano Sul Naviglio, Italy	100
OOO Bekaert Wire	Moscow, Russian Federation	100
Rylands-Whitecross Ltd	Bradford, United Kingdom	100
Sentinel (Wire Products) Ltd	Bradford, United Kingdom	100
Sentinel Wire Fencing Ltd	Bradford, United Kingdom	100
Solaronics AB	Vänersborg, Sweden	100
Solaronics GmbH	Achim, Germany	100
Solaronics Oy	Vantaa, Finland	100
Tinsley Wire Ltd	Bradford, United Kingdom	100
Twil Company	Bradford, United Kingdom	100
North America		
Bekaert Carding Solutions Inc / Bekaert Solutions de Cardage Inc	Saint John, Canada	100
Bekaert Carding Solutions Inc	Wilmington (Delaware), United States	100
Bekaert Specialty Films (Canada) Inc	Oakville, Canada	100
Bekaert Specialty Films de Mexico SA de CV	Monterrey, Mexico	100
Bekaert Trade Mexico S de RL de CV	Mexico City, Mexico	100
Specialty Films de Services Company SA de CV	Monterrey, Mexico	100
Latin America		
Bekaert Trade Latin America NV	Curaçao, Netherlands Antilles	100
Prodac Contrata SAC	Lima, Peru	52
Prodac Selva SAC	Ucayali, Peru	52
Productos de Alambre de Guatemala SA	Ciudad de Guatemala, Guatemala	100
Asia Pacific		
Bekaert Advanced Products (Shanghai) Co Ltd	Shanghai, China	100
Bekaert Japan Co Ltd	Tokyo, Japan	100
Bekaert Korea Ltd	Seoul, Korea	100
Bekaert Management (Shanghai) Co Ltd	Shanghai, China	100
Bekaert Singapore Pte Ltd	Singapore	100
Bekaert Specialty Films Australia Pty Ltd	Seven Hills, Australia	100
Bekaert Specialty Films (SEA) Pte Ltd	Singapore	100
Bekaert Specialty Films (Suzhou) Co Ltd	Suzhou (Jiangsu province), China	100
Bekaert Taiwan Co Ltd	Taipei, Taiwan	100

Financial companies	Address	%
Alambres Andinos SA (Alansa)	Quito, Ecuador	80
Becare Ltd	Dublin, Ireland	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 Ideal SL	Burgos, Spain	80
Bekaert Industrial Coatings Hong Kong Ltd	Hong Kong, China	100
Bekaert Investments NV	Zwevegem, Belgium	100
Bekaert Investments Italia SpA	Trezzano Sul Naviglio, Italy	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
Bekaert Xinyu Hong Kong Limited	Hong Kong, China	100
InverVicson SA	Valencia, Venezuela	80
Sentinel Garden Products Ltd	Bradford, United Kingdom	100

Joint ventures

Industrial companies	Address	%
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
Industrias Chilenas de Alambre - Inchalam SA[1]	Talcahuano, Chile	50
Procables SA[1]	Callao, Peru	48
Productos de Acero SA Prodinsa[1]	Maipu, Chile	50
Transportes Puelche Ltda[1]	Talcahuano, Chile	50
Wire Rope Industries Ltd[1]	Pointe-Claire, Canada	50

Sales offices, warehouses and others	Address	%
EMEA		
Bekaert Faser Vertriebs GmbH	Idstein, Germany	50
Netlon Sentinel Ltd	Blackburn, United Kingdom	50
Latin America		
Prodalam SA[1]	Santiago, Chile	50
Prodinsa Ingeniería y Proyectos SA[1]	Santiago, Chile	50
Wire Rope Industries Inc[1]	Wilmington (Delaware), United States	50
Asia Pacific		
Bekaert Engineering (India) Pvt Ltd	New Delhi, India	40
BOSFA Pty Ltd	Port Melbourne, Australia	50

Financial companies	Address	%
Acma Inversiones SA[1]	Talcahuano, Chile	50
Impala SA[1]	Panama, Panama	50
Industrias Acmanet Ltda[1]	Talcahuano, Chile	50
Inversiones Invafer Ltda[1]	Santiago, Chile	50

[1] *Belongs to the Inchalam group (see notes 5.6. and 6.4.).*

[2] *Is a subsidiary of Belgo Bekaert Arames Ltda (see notes 5.6. and 6.4.).*

Changes in 2010

1. New investments

Subsidiaries	Address	%
Bekaert (Huizhou) Steel Cord Co Ltd	Huizhou (Guangdong province), China	100
Bekaert Investments Italia SpA	Trezzano Sul Naviglio, Italy	100
Bekaert Sardegna SpA	Assemini, Italy	100
Bekaert Specialty Films (Suzhou) Co Ltd	Suzhou (Jiangsu province), China	100
Bekaert Xinyu Hong Kong Limited	Hong Kong, China	100
Productos de Alambre de Guatemala SA	Ciudad de Guatemala, Guatemala	100

2. Increases / decreases in ownership

Subsidiaries	Address	
Bekaert Dymonics GmbH	Herford, Germany	From 100 to 0%
Bekaert Progressive Composites LLC	Wilmington (Delaware), United States	From 100 to 0%
Bekaert Progressive Composites SA	Munguía, Spain	From 100 to 0%
Nikko Techno KK	Tokyo, Japan	From 60 to 10%
Precision Surface Technology Pte Ltd	Singapore	From 67 to 0%
Sorevi NV	Zulte, Belgium	From 100 to 0%
Sorevi SAS	Limoges, France	From 100 to 0%

3. Mergers / conversions

Subsidiaries	Merged into
Becorp Holding Corporation	Bekaert Corporation
Bekaert NCD Inc	Bekaert Corporation

4. Name changes

New name	Former name
Bekaert (Huizhou) Steel Cord Co Ltd	Bridgestone (Huizhou) Steel Cord Co Ltd
Bekaert Sardegna SpA	Bridgestone Metalpha Italia SpA
Nikko Techno KK	Bekinit KK
Productora de Alambres Colombianos Proalco SAS	Productora de Alambres Colombianos Proalco SA

5. Closed down

Companies	Address
Bekaert-CMTM GmbH	Friedrichsdorf, Germany
Bekaert Handling Group AS	Middelfart, Denmark
Bekaert Hong Kong Ltd	Hong Kong, China
Delta Wire LLC	Wilmington (Delaware), United States

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 Carding Solutions NV	BTW BE 0405.443.271 RPR Kortrijk
Bekaert Coördinatiecentrum NV	BTW BE 0426.824.150 RPR Kortrijk
Bekaert Hemiksem NV	BTW BE 0403.676.188 RPR Kortrijk
Bekaert Investments NV	BTW BE 0406.207.096 RPR Kortrijk
Bekintex NV	BTW BE 0452.746.609 RPR Dendermonde
NV Bekaert SA	BTW BE 0405.388.536 RPR Kortrijk
Sorevi NV	BTW BE 0898.947.696 RPR Gent

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 (the ‘Company’), are presented below in a condensed form. In accordance with Belgian company law, the directors' report and financial statements of the Company, together with the statutory auditor’s report, will be deposited with the National Bank of Belgium as provided by law.

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 the Company.

Condensed income statement

in thousands of € - Year ended 31 December	2010	2009
Sales	465 397	349 154
Operating profit or loss	15 103	-59 815
Financial result	-20 327	109 724
Extraordinary result	8 992	-13 410
Current and deferred income taxes	992	2 866
Profit or loss for the year	**4 760**	**39 365**

Condensed balance sheet after profit appropriation

in thousands of € - 31 December	2010	2009
Fixed assets	**1 741 643**	**1 742 808**
Formation expenses, intangible fixed assets	35 422	32 442
Tangible fixed assets	81 269	82 660
Financial fixed assets	1 624 952	1 627 706
Current assets	**338 395**	**227 759**
Total assets	**2 080 038**	**1 970 567**
Shareholders' equity	**508 083**	**592 519**
Share capital	176 242	175 118
Share premium	27 582	19 404
Revaluation surplus	1 995	1 995
Statutory reserve	17 624	17 512
Untaxed reserves	-	-
Unavailable reserve	59 670	2 578
Reserves available for distribution, retained earnings	224 913	375 811
Investment grants	57	101
Provisions and deferred taxes	**65 723**	**59 886**
Creditors	**1 506 232**	**1 318 162**
Amounts payable after one year	860 450	400 450
Amounts payable within one year	645 782	917 712
Total equity and liabilities	**2 080 038**	**1 970 567**

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 33.3 % compared with 2009 and amounted to € 465.4 million.

Sales of low carbon and high carbon wire products were much higher compared to the crisis year 2009. The sales of building products stays on the same level as previous year. The increase was the highest in steelcord products used for the reinforcement of tires and also the export to other Bekaert plants grew in 2010.

The operating result amounted to € 15.1 million (2009: € -59.8 million). The strong increase of the operating result is due to a steep rise of sales and a better product mix, as well as a substantial increase in royalty income.

The financial result decreased to € -20.3 million (2009: € 109.7 million) due to a lower dividend income.

The extraordinary result amounted to € 9.0 million (2009: € -13.4 million); there were reversals of write-downs on financial assets of € 12.2 million, loss on disposals of PP&E (€ -1.7 million) and extraordinary write-downs (€ -1.5 million).

Net profit for the year ended 31 December 2010 amounted to € 4.8 million (2009: net profit of € 39.4 million).

Environmental programs

The provision for environmental programs increased to € 27.0 million (2009: € 17.1 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 Statement of this annual report.

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) the Company 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%. An overview of the current notifications of participations of 3% or more is presented below. On 31 December 2010 the total number of securities conferring voting rights was 59 884 973.

Notifier	Date of notification	Number of voting rights	Percentage of total number of voting rights
AXA S.A. (25, Avenue Matignon, FR-75008 Paris, France), on behalf of AXA Belgium, AXA France Vie and AXA France Iard	17.10.2008	1 796 463	3.00%
Stichting Administratiekantoor Bekaert (Chasséveld 1, NL-4811 DH Breda, The Netherlands), on its own behalf and on behalf of Velge International NV, Berfin SA, Subeco SA, Millenium 3 SA and Gedecor SA	27.10.2008, 28.08.2009, 31.08.2010	22 829 697	38.12%

AXA SA has declared that it is acting in its capacity as parent company or controlling person of the companies referred to in its notification.

Stichting Administratiekantoor Bekaert (holding 22 357 977 shares) has declared that it is acting in concert with Velge International NV (57 000 shares), Berfin SA (91 920 shares), Subeco SA (157 800 shares), Millenium 3 SA (90 000 shares) and Gedecor SA (75 000 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 the Company on 1 September 2007.

Proposed appropriation of NV Bekaert SA 2010 result

The after-tax profit for the year was € 4 759 842, compared with a profit after tax of € 39 364 770 for the previous year.

At the General Meeting of Shareholders on 11 May 2011, the Board of Directors will propose that the above result be appropriated as follows:

	in €
Profit of the year 2010 to be appropriated	4 759 842
Transfer from available reserves	98 452 955
Transfer to statutory reserves	-112 400
Transfer to equity	-4 647 442
Profit for distribution (gross dividend)	**98 452 955**

The Board of Directors will propose that the General Meeting of Shareholders approves the distribution of a gross dividend of € 1.00 per share (in addition to the intermediate dividend of € 0.667 per share approved by the General Meeting of Shareholders on 7 October 2010 and paid on 15 October 2010) (2009: € 0.98 per share). If this proposal is accepted, the net dividend per share will be € 0.75, and the net dividend on shares with VVPR strip, giving entitlement to reduced withholding tax of 15%, will be € 0.85 per share. Together with the intermediate dividend the total net dividend will amount to € 1.250 per share, and € 1.417 per share with VVPR strip.

The dividend will be payable in euros from 18 May 2011 onwards upon presentation of dividend coupon no. 13 at the following banks:
- ING Belgium, BNP Paribas Fortis, KBC Bank, Bank Degroof and Dexia Bank in Belgium;
- Société Générale in France;
- ABN AMRO Bank in the Netherlands;
- UBS in Switzerland.

Appointment pursuant to the Articles of Association

The term of office of the independent Director Dr Alan Begg will expire at the close of the Ordinary General Meeting of Shareholders of 11 May 2011. The Board of Directors proposes that the General Meeting re-appoint Dr Alan Begg as independent Director for a term of three years, up to and including the Ordinary General Meeting to be held in 2014.

Auditor’s report

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NV Bekaert SA
Statutory auditor's report
on the consolidated financial statements
for the year ended 31 December 2010

The original text of this report is in Dutch

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 2010, the consolidated income statement, the consolidated statement of comprehensive income, 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 3,673,137 EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 367,647 EUR.

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 Réviseurs 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 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 provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as of 31 December 2010, 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, 18 March 2011

The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by

Joël Brehmen

Bekaert Group Executive

Bert De Graeve	Chief Executive Officer
Bruno Humblet	Chief Financial Officer & Group Executive Vice President Specialized films
Dominique Neerinck	Chief Technology Officer & Group Executive Vice President Industrial coatings
Geert Roelens	Group Executive Vice President Steelcord
Henri-Jean Velge	Group Executive Vice President Wire

Senior Management (as per year-end 2010)

Jacques Anckaert	Investor Relations Officer
Philippe Armengaud	Chief Purchasing Officer & General Manager Group Business Development
Danny Chambaere	General Manager Building Products
Bruno Cluydts	General Manager Bekaert Stainless Technologies
Patrick De Keyzer	General Manager Technology Wire
Marc de Sauvage	General Manager Bekaert Engineering
Mark Goyens	President Bekaert Asia
Lieven Larmuseau	General Manager Rubber Reinforcement
Carlos Loncke	Business Controller Wire
Rick McWhirt	Global Steelcord Operations Manager
Alejandro Sananez	General Manager Bekaert Andina
Geert Van Haver	General Manager Industrial Steel Wire
Herman Vandaele	General Manager Corporate Projects
Curd Vandekerckhove	General Manager Sawing Wire
Geert Voet	General Manager Wire Ropes
Frank Vromant	Business Controller Steelcord
Bart Wille	Chief HR Officer
Zhong Zhang	General Manager Steelcord Asia North

Company Secretary

Pierre Schaubroeck

Auditors

Deloitte Bedrijfsrevisoren

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The annual report for the 2010 financial year is available in English and Dutch on annualreport.bekaert.com

Editor & coordination: Katelijn Bohez, Corporate Communications Manager

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), short 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.
REBIT	EBIT before non-recurring items
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%.
Velocity	Velocity is calculated by taking the sum of the daily division of the number of shares traded by the outstanding number of shares existing the same day, for the twelve previous months.
Velocity (adjusted)	Velocity divided by the free-float band of 65% end 2007.
Working capital (operating)	Inventories + trade receivables + advanced 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 2010 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 2011	11 May 2011
General meeting of shareholders	11 May 2011
Dividend ex-date	13 May 2011
Dividend payable (coupon n° 13)	18 May 2011
2011 half year results	29 July 2011
Third quarter trading update 2011	10 November 2011
2011 results	24 February 2012
2011 annual report available on the Net	29 March 2012
First quarter trading update 2012	9 May 2012
General meeting of shareholders	9 May 2012
Dividend ex-date	11 May 2012
Dividend payable (coupon n°14)	16 May 2012
2012 half year results	27 July 2012
Third quarter trading update 2012	14 November 2012

What would you like to know about Bekaert?

www.bekaert.com

www.bekaert.mobi

More detailed financial figures are available in the Shareholders' Guide 2010, available on bekaert.com (investor's datacenter)

The Annual Report and Shareholders' Guide 2010 are downloadable for iPad in the iTunes store.

Available on the iPad App Store

BEKAERT
better together

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